

**FarmWorks Investment Cooperative Annual General Meeting
Tatamagouche Centre
April 17, 2016**

Minutes recorded by Executive Assistant Barb Sweet

Directors present: Peter Hicklenton, Linda Best, Ann Anderson, Leslie Brown, Richard Melvin, David Bethune, Chloe Kennedy, Val VanOostrum

New Directors Present: John Webster, Andrew Meade

Absent with Regrets: Richard Donald, Bruce Wright, Chris Atwood, Rupert Jannasch

Guest Speakers: Lil MacPherson, Kirk Rasmussen

Shareholders in addition to Directors Present: Lil MacPherson, Nancy Eisner, Carol Bradley, Silvana Castillo, Michael MacMillan, Sherry Redden, Nancy Eisener, Larry Baxter, Jane Matheson, Penni Burrell, MJ Sakurai, Av Singh

Guests: Bryan Pike, Barbara Guy

Welcome and Introductions

Guest Speakers

Lil MacPherson - "We can eat our way out of climate change." "To me the very foundation of business, life, a province, a country is to make sure you have enough food for yourself. It's like looking after your home: you make sure you have enough food for your family,"

Kirk Rasmussen - "FarmWorks helped make our dream come true. When we received the support of FarmWorks it opened a door for us and I'd like to hold the door open for others."

Linda made a small tribute to Jimmie Lamb at Meadowbrook, who passed away Friday, April 15. "Be the best you can be, because you never know when the end will come."

Call to Order

Peter called the meeting to order at 3pm. FarmWorks Bylaws indicate that quorum at the AGM is constituted of the number of shareholders and directors present. Quorum was established for decisions made at the AGM to be passed.

Approval of the Agenda

Leslie Brown moved. Linda Best seconded. Motion carried.

Minutes of the 2015 AGM

Call for motion to approve minutes from 2015 AGM. Ann Anderson moved. Carol Bradley seconded. Motion carried.

Business arising from the Minutes

No errors or omissions. No business to report.

Report on the CEDIF and Investments

Linda gave a report of the CEDIF. She spoke about the tax credit, asked if anyone needs clarification on what the tax credits to shareholders are. She also showed the composition of the current board and our advisors; specifically, some of our advisors, and how they are pivotal to helping FarmWorks (FW). FW makes good use of our advisors as required. Linda showed a slide on our strategic and operational goals:

STRATEGIC GOALS

Promote investing locally and buying local food to gain health, economic, social, environmental and other benefits that result from growing and processing food in Nova Scotia.

Use investment vehicles to allow Nova Scotians to invest a significant percentage of their capital in NS agriculture and food related enterprises

OPERATIONAL GOALS

Sell shares each year in the Community Economic Development Investment Fund.
Invest strategically in agricultural enterprises to increase participants' sustainable local food production and profitability by 10% per year.

Provide mentoring support and facilitate farm and food-related innovation and diversification in partnership with government and non-government organizations.

Linda mentioned the Liverpool Agriculture Day meeting where Agriculture Minister Keith Colwell spoke about how the department has been dealing with Food Safety and now it is time for them (NS government) to work on Food Security. She mentioned how the regulations have put some businesses out of the business. When it comes to food security, if you take out supply management, less than 8% of our food is grown in NS. Farm Loan Board (FLB) is primarily focused on loans over \$100K and they do not have the resources to mentor and help all small businesses. \$2.6 billion dollars are spent on food in NS annually, most of which comes from away.

In November 2015, January and February 2016 FW held more than 30 sessions across the province. Fifth offer raised \$361,400 from 53 new and 52 continuing shareholders.

Of the previous \$1, 033,400 that we have taken in, we have loaned out \$1,295,000 and there is over \$72,000 in the bank. FW keeps a loan reserve of \$50,000 in the bank at all times. \$23K in loan repayments come in monthly. Breanna Graham (FW research student) will be presenting some of her research on FW successes and outcomes at the Food Summit in May.

FarmWorks is a "blind pool" investment portfolio (shareholders do not know in advance what businesses will receive loans) and prior to lending due diligence, including the application, business plan and financial statements etc. are examined closely by the review team for each loan. FW is about relationship lending. There are lots of meetings and conversations with each

client during the review process. Decisions about loans are first about the character and commitment of the individual client, and about their financials and business plan.

FW is making a tremendous difference in the food culture of NS. Linda mentioned the article about the Port Grocer as an example of one of FW success stories. The Port Grocer is reestablishing the community of Port Medway and the spinoff from their business is contributing to the resurgence of Port Medway.

Linda showed a short video from Chris Atwood that discussed finances and his wish to reoffer as a Director.

Chair's Report

FW growth over the last four years has been extraordinary. We are operating in the black in revenue vs. expenses. We run a very efficient operation. We can all take a lot of pride in the number of businesses and jobs that we have invested in. There is a lot of work and activity involved in growing the cooperative and in developing and growing relationships with our clients. A CEDIF can be a high-risk investment. We mitigate that risk by developing relationships and continuing to maintain the relationship. The diligence that we apply in these relationships is our biggest guarantee. Many of our clients have won regional, provincial and national awards. FW is not the only player involved in financing these businesses but has been key to many of them by helping to secure other financing. FW recognized from the beginning that we needed to support both ends of the food spectrum. We are pleased to support primary producers and along the spectrum to distributors and on to markets and restaurants. Supporting food business all along this continuum is important to ensure that there is also market pull for those primary producers. Peter mentioned the number of craft brewers FW has supported, which has led to a bigger demand for malts and hops locally; which, in turn, is creating the drive for producers to provide these products.

FW depends very much on partnerships in what we do. Our loans are capped at \$25K for first-time loans at this time, but some clients have come back for a second loan, which has been granted. For many businesses this is just a drop in the bucket in opening costs; for this reason we have forged strong relationships with the various partners including CBDCs across the province, also with Futurpreneur and the Credit Union network. Putting together these pieces helps to make these partnerships feasible and successful.

Peter thanked the group for coming to the meeting. Always encouraged by the diversity of support from our shareholders; who represent a cross-section the population in both geography and age. It is all about Nova Scotians helping Nova Scotians.

Report on the Audited Financial Statements

Linda reported that the total number of people working in FarmWorks supported businesses is 200+. There are about 10 clients that clearly state that they would not have been in business without FW, which represents at least 150+ employees and owners. Linda reported that we have had two losses this year, and we are still working with both of these businesses and we are still hopeful to receive at least some of this money back.

The Finance Report is attached.

Expense, as a percentage of the total income, is at a good ratio. Linda considers 2014 at the year we proved the concept. Notwithstanding the losses from the two businesses, we are on track to continue having income exceed expenses.

Linda explained the additional tax credits available for shareholders if they leave their money in FW CEDIF at five years. FW is on track to extend a dividend next year at the 5-year anniversary. The Board intends that going forward our expenses will remain the 2% area, leaving 2% for dividends and 2% for losses. Linda talked about how Barb is coming on board to start taking on some the operational duties from Linda and Ann and assist the board with continuing to move FW forward.

Leslie brought up the FarmWorks Flavour Trails that we have on the website and how we can start to promote these food trails as mini-vacations around the province.

Linda says that those who sell the shares do not receive commission on the shares that we sell.

Motion to approve financial reports. Linda moved acceptance of financials. Richard seconded. Motion carried.

Appointment of Auditor for next year

Linda and Peter have met with Athena Koros about providing comprehensive and timely bookkeeping services to FW. Peter Hicklenton moved to accept Kelly Coombs as auditor. Leslie Brown seconded. Motion carried.

Report of the Nominating Committee

FW does not have a nominating committee at this time. Stephen Anderson was the chair of the nominating committee but he has stepped down due to work commitments. The Executive has acted as the Nominating Committee. There are currently three openings on the board. Stephen Anderson, Alison Scott-Butler and Lucia Stephen have all stepped down as directors this year.

There are 3 nominations to fill the vacant positions:

Rupert Jannasch: He has been involved in the Agricultural community of NS for a long time. He has been one of our advisors since FW was founded. He is a farmer and also very active in ACORN.

Andy Meade: Born and raised in NS. He is a graduate of SMU and Dal (Law). He just moved back to Woodville, NS. He wants to be part of FW. He has run his own business in venture finance for the last 16 years and he feels his experience would be of benefit to FW. He understands relationship lending and wants to learn about farming. He spoke about his experience working in lending internationally, and he feels that he can be of benefit to FW.

John Webster: Currently works for Sobeys, with category management to set best practices and Standard Operating Procedures. He has an MBA from Dalhousie. He grew up in a farming community. He is very comfortable with looking at business plans, validating and suggesting improvements.

Nominations from the floor

Peter called for nominations from the floor, three times (as per Robert's Rules of Order). Ann Anderson moved to accept the list of directors by acclamation. Val VanOostrum seconded. Motion carried. Congratulations to our new Directors.

Election of New Directors

Rupert Jannasch, Andy Meade and John Webster were all elected by acclamation to the FW Board of Directors.

Elected for 2016/ 2017

Peter Hicklenton – Waterville	2019	Chair
Chloe Kennedy – Halifax	2019	Secretary in Training
Ann Anderson – Wolfville	2017	Secretary
David Bethune – Halifax	2019	Treasurer in Training
Linda Best – Greenwich	2017	Treasurer
Richard Melvin – Pereau	2017	Director
Chris Atwood – Yarmouth	2019	Director
Bruce Wright – South Shore	2018	Director
Valerie VanOostrum – Berwick	2018	Director
Leslie Brown – Halifax	2018	Director
Richard Donald – Halifax	2018	Director
Rupert Jannasch – Summerville	2019	Director
Andrew Meade – Berwick	2017	Director
John Webster – New Glasgow	2017	Director

Leslie Brown motioned that FW thank those directors who are stepping down this year. All seconded. Motion carried.

New Business

Peter opened up to the floor for shareholders to bring up new business.

Carol Bradley asked about the national securities commission and how that might affect us. Linda said that we haven't heard any more about this. FW met with senior staff at the department of Finance who assured us that the CEDIF program was safe. We haven't seen any indication that there will be changes. Linda mentioned that NB, PEI and NL are all working towards or already have set up programs like NS CEDIF programs. Other provinces are moving towards these types of programs and so it will help to protect it.

Richard Melvin wanted to get a sense of what shareholders thoughts were about the interest rate applied to FW loans. He mentioned our expenses, and providing dividend, to give us a little bit more room in our income stream to help cover losses and increase in expenses. Linda mentioned that CBDC could charge up to 9% for unsecured debt. Linda thinks that raising the interest rate on the loans is something that we need to consider carefully. Peter mentioned that we get comments from both ends that the rate is too high or too low, so we are probably just about right. But changes in the external environment may cause us to change our interest rate.

Sheri Redden (ISANS) mentioned that many of her clients have a hard time accessing capital to start their business. ISANS discourages their client's from using any equity that they have because that is money that they will need to live on. She feels that many of them would be willing to pay a higher interest in order to access the money. Sheri mentioned that during a meeting the Credit Union, Credit Union staff mentioned that they are pulling out of lending to restaurants. Peter feels that FW can help to fill that gap. The credit unions work off of statistics, and restaurants, generally, do not have a good track record.

Peter mentioned that Richard Donald and Bruce Wright sent their regrets for not being able to attend the meeting.

Linda invited everyone to the Food Summit and May Flavours. She mentioned that they are working towards turning FANS into a charity. Richard Bridges may help turn Friends of Agriculture in Nova Scotia into a registered charity. The Food Summit is meant to raise public awareness of the multiple benefits of food production.

Adjournment

Peter asked for a Motion to Adjourn. Jane Matheson motioned.

Meeting adjourned at 4:15pm.