



*Mike Violette

WHAT A DIFFERENCE A YEAR CAN MAKE

Not only does this issue mark the end of our second quarter FY18, it is the end of my first year as President and CEO of AG New England. I would like to start off by thanking our Associates, Customers and Board of Directors for their help and support throughout my first year. It is because of this

help and support that my first year was an exceptional experience, and we made some significant improvements throughout our organization. I have the strongest team of whom I have ever had the pleasure to work with. I am very grateful and appreciative for all they do for me.

Our second quarter was very successful as we achieved our sales budget and exceeded prior year sales by nearly 2%. Just as importantly we have done an excellent job of continuing to reduce expenses in a number of areas. We focused a great deal of our attention last year on developing long term solutions, and we are realizing the benefits from this strategy. We need to continually look for ways to improve as well as ensuring we maintain the fixes we put in place. Our financial performance has improved significantly from the prior fiscal year for the first two quarters. We are in a very good place halfway through the fiscal year.

We continue with our Topco transition, which has presented its share of challenges for AG and our retailers. Fortunately we feel many of these are now behind us. Certainly there are some additional challenges which may lie in front of us but we feel we have plans in place to minimize the impact on our retailers. I am still 100% confident that the change to Topco will be become one of the most positive changes in our company's history. This move is critically important to the long-term success of AGNE and the Independent Retailers we serve. It becomes more important every year that we work together with the other wholesale cooperatives to leverage our buying power. There are many more significant benefits to come from this transition.

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A REPORT FROM THE BOARD OF DIRECTORS

As your new Chairman, I first want to thank you for giving me the opportunity to serve you, and I want you to know that you have my pledge to carry on the great work of the Board, chaired so very well by Tom Bradbury since 2006.

Since the last Board of Directors' report in the May issue of the *Distributor*, your Board has been hard at work tackling a number of important issues. At the May Board meeting, Company CFO Steve Murphy presented the financial results for the year ending April 1, 2017, noting that the company realized income before patronage and taxes of \$3,503,096. Members' equity and investment increased to a record \$27.8 million and the Company returned \$2.7 million in total patronage to its Members. Overall, it was a strong year financially for the Company, with net income after patronage and taxes slightly ahead of the prior fiscal year. It was also important to note, that the Company finished the year with seven periods in a row exceeding the budgeted bottom line, so it was a strong and consistent end to the fiscal year.

At the May Board meeting, there was also an update from our Senior VP of Supply Chain Management, Steve Creed, on the many things that are being done at the warehouse to improve retention in what is continuing to

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*Mike Daley



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WHAT A DIFFERENCE A YEAR CAN MAKE

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As I discussed throughout my President's Message in our Annual Report, our success is all about people. Without the right people, it's impossible to produce the results we need to be successful and competitive. I have focused on communicating with our people and listening to their ideas and suggestions, and will continue to do so. There are a number of things we have changed and improved because of our associates' suggestions. In my position, one of my most important responsibilities is to get the right people together so they can accomplish the task at hand, while eliminating as many obstacles as possible. I am so fortunate to be surrounded by such a talented group of associates who are

committed to serving the needs of our Independent Retailers and living up to our Mission Statement every day.

In last quarter's *Distributor* we published an *Everyday People* feature story on Alice Bonin and her courage and determination as she fights MS and focuses her attention to living life on her terms. Many of us have been very touched by Alice's courage and determination. We received a lot of very positive feedback from many associates concerning Alice's story, and because we have many associates who have interesting stories to tell, *Everyday People* will now be a regular part of the *Distributor*. Do you have an interesting story you would like to tell

or know of someone that does? If so, please contact Sue Johnson. I know I look forward to learning more about the many special people I have the pleasure to work with.

At the time this *Distributor* is published, summer will be in the rear view mirror and our focus will be towards the holiday season. It has always amazed me how fast time goes by in this business, but that is part of why so many of us find it attractive. The only certainty we have is that we will never be bored. I hope you had an enjoyable summer and all is well with you and your family.

All my Best,

Mike

A REPORT FROM THE BOARD OF DIRECTORS

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be an extremely tight employment market. Improvements in the pay scales, training and benefits packages have been made this year and the improvements are paying off. Workforce retention has improved, allowing us to have better trained, experienced employees who are more productive.

In May, a number of Board sub-committees reported to the Board, including the Nominating Committee. Five excellent candidates were considered for four Board openings in June, based on the committee's interviews, deliberations and other factors going into their final recommendations. It is encouraging to see more candidates applying for positions than there are vacancies. We always welcome new Members for consideration for Board involvement as openings become available.

The Audit Committee met with the Auditors regarding the year-end audit and had received the management report, noting that management was well prepared. The auditors returned a good, clean report, which is expected and always very important to us!

The Capital Structure Committee met with the Board, giving them the committee's recommendations for Patronage distribution in June, which the Board approved as follows:

30% in cash and 70% in Class B stock for Members who have not met their investment requirements. 50% cash, 30% in Class B stock and 20% in Certificates for Members who have met the Class B Stock requirement and 100% in cash for Members who have met 1.5 times the Class B stock requirement.

Interest rates on all Certificates of Indebtedness issued this year would

be at 3.75%. At the same time, the Committee recommended, and the Board approved, a share value of \$218.00, which equated to a \$5 dollar increase over the previous year.

Based on approval by the Board on Patronage distribution, Class B Stock evaluation and the clean audit report from the auditors, the Board accepted the audited financial statements of the Company for the fiscal year ending April 1, 2017.

Mike Violette, President & CEO, also reported on efforts by Topco and AGNE, to work through the various label and start-up challenges with the change from Western Family, noting that the "Full Circle" private label was next to be fully integrated into our lineup.

Mr. Violette also informed the Board of AG Management's decision to lock in a long-term fuel contract that will

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EVERYDAY PEOPLE



*Tricia Tropiano

They say your life changes in the blink of an eye. For AG's Tricia Tropiano, that blink came far too soon.

Tricia was living her

dream, with a wonderful family, two beautiful grandsons and a happy future planned with her new husband. And in one terrible moment, her world came crashing down when Roger passed away suddenly. "I lost the one person in my life that I wanted to spend the rest of my life with," she said. From that moment, Tricia's life began a downward spiral that threatened her physical and mental health, her career, and her family. And she didn't know how to stop it. As she said "I started digging my own grave, and depression and anxiety got the better of me. My health deteriorated. I found it hard to find the energy to get up in the morning and get dressed for work. I was jeopardizing everything I had worked so hard for." Tricia felt isolated and struggled with day to day life. Going to work was difficult; going home to her family was difficult "because they didn't understand the depth of my emotional loss. I really didn't see a future personally or professionally."

The spark that ignited a transformation that changed everything in her life came when she learned her son was expecting her third grandson. At her lowest point, this was the one thing that showed her she had so much more to live for. Somehow, from deep within, Tricia found the

strength to reach out for help. She began grief counseling and slowly realized she wasn't alone. "I put a group of people around me who were positive," she said. "Except for your family and coworkers, you choose the people you surround yourself with. I found people who gave me positive reinforcement and helped me make the changes in my life that I really needed to make." All of a sudden, things began to fall into place. Tricia wanted to be around longer than just seeing her grandsons graduate from high school. "I wanted to see them graduate from college. I wanted to watch them get married and have the energy and stamina to dance with them at their wedding. I was beginning to actually see a future for myself."

Tricia credits a number of AG associates for helping her through these difficult times. In particular, she is thankful to Tracy Noel, AG's Human Resources Manager. "Tracy gave me wonderful support. I could talk with her and get my frustrations out and she opened my eyes to what was really happening and how my behavior was affecting my customers and coworkers," she said. "She helped me rethink what I was feeling." Her manager and director "were so supportive. They gave me chances even I didn't think I deserved. I guess they saw something in me that I couldn't see in myself and I will be forever grateful for everything they did for me."

Also during this time Tricia began a physical transformation that continues today. "When I was really down, I put on a lot of weight, and I knew I needed to make some serious changes to my lifestyle." Lea Chandonnet, AG's Benefits Specialist initiated a walking challenge two years ago. Tricia asked if she could participate even if she couldn't reach all of the goals and challenges, and Lea encouraged her every step of the way. "Initially, the

quarter mile walk was difficult, but Lea kept encouraging me, and every little milestone gave me the willpower to push a little harder and strive to reach another goal. Today, I am a CrossFit athlete. I've run a 5k. I can play with my grandsons in the park without exhausting myself. I've participated in AG's wellness challenges like boot camp, yoga and kickboxing. Two years ago I couldn't even imagine doing these things. Two years ago I depended on a sleep apnea machine. Today, I sleep great and wake up refreshed.

In two years, my physical and mental health turned completely around, in no small part because of so many people who believed in me."

Professionally, Tricia has also grown. She is conquering her fear of public speaking by participating in AG's Toastmaster Club. She gets great satisfaction through providing much needed services to her AG customers. She began her AG career at Harvest Market in Bedford and Vista Foods on McGregor Street, and came to work at the Distribution Center in 2007. Today, as AG's DSD/Host Support Coordinator, Tricia currently provides services to 65 customers with a mix of DSD and host support, saying "it's so important for retailers to be compliant with weights & measures today, and stores can potentially save thousands of dollars in fines by having accurate information in their scanning systems and on their shelf tags." For Tricia's customers, back-door receiving accuracy plays a big role in maintaining margins. She ensures price changes and promotions are maintained so her customers can make well-informed retail decisions, and she is instrumental in putting together AG's DSD bulletin, which can be found on MyAGNE. Tricia hopes to work more with AG's convenience retailers in the future.

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EVERYDAY PEOPLE

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Today, Tricia shares a home with her extended family, son Anthony and his wife Nicole, and their three boys, Aidan, 10, Vito, 5 and Lorenzo, 1, and looks forward to a bright future with those who mean the most to her, both personally and professionally. What would Tricia say to someone facing a similar life changing event? "Surround yourself with positive people. Understand that you won't get through it alone. Find somebody, like a counselor, who can give you the support you need," she advises. Tricia misses Roger the most during major life events, but she is thankful for her cheerleaders and knows she is living the life he would want her to live. "I'm fulfilling some of the dreams we had together," she said.

MEMBERS AND CUSTOMERS

- Paul Greenan

As the air temperatures have begun to cool, and the season changes from summer to fall, we welcome our new customers that have joined since the May 2017 issue of the *Distributor*.

From Massachusetts we welcome Menemsha Market in Menemsha; Harbor Point Market in Dorchester; Frank Anthony's in Boston, Muscarella's Market in Boston; Mike's Market in North Andover, and Prestige Market in Dartmouth. (conversion from French and Bean to Member)

From New Hampshire we welcome, Bunny's Convenience in Manchester (new member) and Fenton's Landing in Sunapee.

From Vermont we welcome Hilliker's Market in Newport Center, and MKT Grafton, in Grafton.

From Maine we welcome Friends and Family in Ellsworth, (ownership change); and Steuben Country Store in Steuben. (conversion from French and Bean to Member)

We welcome each of the new customers and look forward to serving them and growing our business together in the future.

We also want to say thanks to our entire customer base for their continued support.

We wish everyone a busy and profitable fall selling season as we close out calendar year 2017.

FROM JUNE TO SEPTEMBER, THESE ASSOCIATES ACHIEVED 10 OR MORE YEARS OF SERVICE

Joshua Button	10	Jorge Pineda.....	13
James Gaudet	10	Vasyl Tovtyn.....	13
Paul Salisbury	10	Meho Mehic	14
Trent Beshaw.....	11	William Palin	14
Fred Bowles	11	Linda A. Caron	15
Lionel C. Braz	11	Kelly Coco	15
Robert Cika	11	Kevin Kistler.....	15
Tracy L. Deane	11	Sarah Parker	16
Terrance Duquette	11	Deborah Demers.....	17
Daniel Lisee.....	11	Paul Desmarais.....	17
Beth Maltzie.....	11	Robert Kayler.....	17
Abdelrazig Bashir.....	12	Doreen Andreotti.....	18
Robert Bonenfant	12	James Driscoll	18
Stephen Felton.....	12	John Gallagher	18
Andrew Matott.....	12	Dana Bassett.....	21
Leonard Miner	12	Tamie Lacey	24
Bryan Mons	12	Christine A. Lyle	28
Ben Parker.....	12	Cynthia L. Smith.....	28
Ronald Winckler	12	Carol J. Benoit	30
Darcia Anderson	13	Cynthia Corliss	30
Robert Fillis.....	13	Lawrence R. Marcy	30
Steven Oleary	13	Normand G. Dusseault.....	36
Samantha Olen.....	13		



Upcoming Events

**Tuesday, October 10 -
Wednesday, October 11**
Pennsylvania Food Merchants
Association 2017 Fall Legislative
Conference

Wednesday, October 18
Maine Grocers and Food Producers
Association Annual Meeting & Maine
Food Means Business Summit

Wednesday, November 1
Massachusetts 111th Annual Meeting and
Hall of Fame/Community Service Award
Presentations

February 11-14, 2018
The NGA Show - Where Independents
Gather
The Mirage Hotel and Casino, Las Vegas

A REPORT FROM THE BOARD OF DIRECTORS

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last through October, 2017. Based on recent weather events driving up the cost of fuel, the contract proved to be great insurance to ensure that no fuel surcharge increases would happen during this period of storm related increases, at least through October.

The Annual Meeting was held on June 21st this year at Grace Capital Church, a great neighbor allowing us to hold our Annual Meeting there each year. Mr. Bradbury called the Annual meeting to order and congratulated the recently elected Board Members. Although Tom will no longer be the Chair, he is not departing fully from the Board, staying on as a Director Emeritus for a one year term.

With Tom's departure as Chair, it was an appropriate opportunity for him, in his annual speech to the stockholders, to reflect on his family's long history with AG. He greatly valued the expertise and support, offered by many AGNE associates, that he counted on over the years to grow and thrive. He recalled the family's early years of operating the store, when the family didn't have a lot of disposable income and an overnight stay at Storyland was considered a vacation. That all changed after he went on his first AGNE retailer trip, allowing him and his family much needed time away to recharge their batteries and spoil themselves (his words, not mine).

In time, Tom served on AG's Retail Advisory Council and from there, the Board of Directors. In 2006, he was elected Chairman of the Board, just as the cooperative arrived in Pembroke. Through these years, many critically important decisions for the cooperative had to be made under the Chairman's watch. Chief among them was defining the core values of the cooperative, and developing AGNE's Mission Statement. They are words the AGNE associates live by each and every day, set in stone

as a permanent reminder of the importance of what they do for the Independent Retailers they serve.

We truly want to thank Tom for all of his years of dedication to AG and welcome him on the Board as a Director Emeritus, where his wisdom and insight will continue to inspire us.

Following Tom's Speech, Steve Murphy, CFO, gave the annual Treasurer's report on the FY 2017 Financial Statements. Steve noted key financial highlights of the year, reporting on sales, earnings and patronage at Associated Grocers, French & Bean, ALC and AG Supermarkets, with reference to the Audited Annual Financial Statements in the Members' folders. With sales of \$488 million and income before patronage and taxes of \$3.5 million, it was a good year for the Cooperative. Patronage to Members came in at \$2.7 million with after-patronage income coming in at the 3rd best year ever for AGNE. The CFO also graphically illustrated the history of Members' Equity, noting that this year was again, a new record for the membership. The value of Class B Stock for the new year was also presented, and is now \$218 per share, also a new record for the Cooperative. Steve wrapped up the Treasurer's report thanking the Membership for their continued support and participation in AGNE.

Ed Rawson, SVP of Sales & Merchandising, also spoke at the Annual Meeting, giving a detailed update on Sales and Membership growth. Although this was a tough year to compare to last year's 53 weeks for sales, Ed illustrated that if the 53rd week from last year was removed for comparison, we did experience a modest sales growth of \$1.5 million, as compared to the prior year. He also highlighted the modest growth in Member stores, and the stable number of Affiliated stores. Ed went on to explain

sales trends at AGNE and the subsidiaries, and then highlighted some of the key programs at AGNE that have helped our Members over the past year, including the low interest financing of equipment, better known as the LIFE program.

Ed went on to report on major projects in the past year, including Jericho Market in Vermont and Foodies in Belmont, Massachusetts, with new stores built from the ground up, and major expansions at the Littleton Cooperative and Mayflower Foods in Plymouth, Massachusetts. It is encouraging to see this type of investment from our Membership and we are expecting to see more of it in the upcoming year, with one new store already planned by City Market in South Burlington, Vermont and a couple of major remodels at Crosby's in Marblehead, Massachusetts and Lovell Lake Food Center in Sanbornville, New Hampshire.

Wrapping up the meeting was the President's Message from Mike Violette, and Mike's focus was all about the People of AGNE. Without the right people, it is impossible to produce the results needed to be both successful and competitive. Mike will continue to focus on strong communication with AG's associates, listening to what they have to say and acting when appropriate. He expressed his appreciation for being surrounded by a talented group of associates who are so committed to serving the needs of our Membership and living up to our Mission Statement. He concluded by stating that the same holds true with our independent retailers. People are, and will continue to be, the key differentiators between us and the big box stores. Superior customer service and the quality of people at our independent stores are things that we can do better than any of the chains. We encourage all of our Members to invest time with their people because they are the key to our success in this ever-changing marketplace.

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TOPCO OWN BRANDS KICK UP THE HEAT THIS FALL

We are very excited to announce the roll-out of two NEW OWN BRANDS this fall! Retailers attending AG's Fall Show saw first-hand a great selection of @ease and Full Circle items and got the opportunity to save significant costs with a combination of show cash, volume incentives and the new **On the Shelf** introductory program.

@ease is a line of frozen appetizers, skillet meals, and hand-held stuffed sandwiches that compare to well-known brands like TGI Friday's, Chili's, Panda Express, and Hot Pockets. Full Circle Market offers natural and organic selections across numerous center store categories.

Retailers who were unable to attend the show can still take advantage of the **On the Shelf** Program by contacting their Retail Counselor. Details were distributed via AG truck mail and can be found on MyAGNE.

Both of these new brands will be supported through AG's circular and Budget Stretcher programs, and a demo program will be available to qualifying retailers.

Also introduced at the Show was a selection of free point of sale materials to support the @ease, Paws, Simply Done, and Full Circle Market product lines. These materials will be available to ship in October; please contact the print shop to order.



A REPORT FROM THE BOARD OF DIRECTORS

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Following the Annual Meeting, the Board had a brief meeting, electing two candidates for Director Emeritus for the 2017-2018 term, Thomas E. Bradbury and James G. Crosby. The Board of Directors also voted in the Company Officers for the 2017-2018 term.

Under new Business, the Board approved one new Member application, Bunny's Convenience, located in Manchester, New Hampshire.

At the July Board meeting, the annual election of Directors and Officers of the Subsidiaries took place, with the Board welcoming our newest Board Member, John Beaupre. John is the co-owner of Ayotte's Country Store, Mountainside Grocers and Sugarloaf Grocery, all located in John's hometown of Carrabassett Valley, Maine. John is also extremely active in his community, sitting several non-profit Boards, in addition to volunteering his time in helping worthwhile causes in the area. His businesses thrive on quality service, as well as quality people, so his values are truly in line with ours and we are very fortunate to have him bring all of that to our Board.

Also at the July Meeting, CFO Steve Murphy reported on the first quarter results of the Company, noting that it was a very good first quarter, with bottom line results exceeding budget and also showing a substantial improvement over the same quarter last year. One of the biggest areas of improvement over the prior year was costs within warehouse and transportation. Improvements in employee retention have continued to provide a better trained, more productive workforce.

Under new business, the Board approved three new Member applications: Bholay Corp, d/b/a Prestige Market, Dartmouth, MA; Family Markets LLC, d/b/a Friends & Family Market, Ellsworth, ME, and Steuben Country Store LLC, Steuben, ME.

Best wishes for a great Fall Selling Season to all our Members from your Board of Directors.

DOLLAR PROGRAM

Retailers competing with dollar stores will soon have a new tool at your disposal with the roll-out of AG's new Dollar Program. We are partnering with Homestart Products to provide retailers with a variety of HBW products, household cleaners, paper products and laundry items that can retail at \$1.00 and realize margins ranging between 20% and 50%. Plan-o-grams are available in 4' and 8' sets, and products will be available in less than full case quantities (3 or more units). For more information, please contact your Retail Counselor.

CONNECT WITH US!

