

**Open Harvest Cooperative**

**Board of Directors Meeting Minutes**

**Wednesday, April 1, 2015**

**6:00 – 8:00PM**

**Two Pillars Church, 1430 South Street**

**Present**      **Board Directors:** Carla McCullough (Board Chair), Brandé Payne (Vice Chair), Megan Jackson (Secretary), Sarah Bauman, Barbara DiBernard, Sarah Disbrow, Mary Hansen, Bob Hutkins, Steven McFadden, Molly Phemister, Lin Quenzer, Kat Shiffler, Janet Squires, Nick Svoboda. **Staff Members:** Kelsi Swanson (General Manager). **Member Owners:** Ross Brockley, Tanika Cooper (staff), Ellen Dubas, Paula Shafer (notetaker).

**Absent**      **Board Directors:** John Christensen

6:02 pm      **Welcome, Introductions, Announcements:** The Vice Chair called the meeting to order, welcomed board members, staff, and member owners. She announced that the board retreat has been scheduled for June 20, 2015.

6:05 pm      **Consensus items: Approval of minutes and agenda:** The Vice Chair presented the draft March board meeting minutes and the April agenda for approval. One change to the minutes was noted.

**Consensus items:** The board approved the March meeting minutes with the change and the April agenda with no changes.

6:10 PM      **Reserved Member Comments:** None

6:06 PM      **GM Monthly Report:** The GM discussed the highlights of her monthly report, which was distributed prior to the meeting.

**SALES**

February 2015 Sales: \$333,045

Original Budget: \$377,527 (3rd qtr. budget of \$1,132,582/3)

February 2014 Sales: \$359,958

**AP TO INVENTORY RATIO**

Accounts Payable as of February 28, 2015 was \$167,506 and the last inventory was \$233,918. This is a ratio of .72.

Date	2/14	3/14	4/14	5/14	6/14	7/14	8/14	9/14	10/14	11/14	12/14	1/15
AP to Inv. Ratio	.66	.79	.82	.59	.68	.74	.78	.71	.83	.86	.70	.81

(You want a maximum of .75 or .80 for an AP to Inventory Ratio. More than one means you owe more than the wholesale value of the inventory on your floor)

## **WAGES AND SALARIES**

Wages and Salaries for February 2015 were 18.49% of store sales, or \$61,581

Wages and Salaries budgeted for the 3rd quarter was 19.5% of store sales, or \$64,944

Wages and Salaries for February 2014 were 21.22% of store sales, or \$76,383

## **TOTAL OPERATING EXPENSE**

Total Operating Expense for February 2015 were 39.87% of store sales, or \$132,794

Total Operating Expense budgeted for the 3rd quarter was 37.58%, or \$125,158

Total Operating Expense for February 2014 were 38.02% of store sales, or \$136,867

## **TOTAL STORE SALES PER LABOR HOUR (SPLH)**

February 2015 Total Store SPLH was \$68.39

February 2014 Total Store SPLH was \$58

3/14	4/14	5/14	6/14	7/14	8/14	9/14	10/14	11/14	12/14	1/15
\$59	\$60	\$57	\$55	\$53	\$56	\$59	\$57	\$57	\$60	\$69

*\*The ratio of how many hours you schedule to generate your sales, expressed as a dollar figure. The higher the number, the more efficient you are using peoples time, or your customers are making higher dollar or more item department purchases.*

## **MEMBERSHIP NUMBERS FOR FEBRUARY 2015**

- Renewals - 71
- New Members - 32
- Membership Forfeitures - 0
- Member Equity Redeemed - 0
- Total Member Count- 2857

## **SUMMARY**

- The Total Member Owner count is trending up, which means that member ownership is increasing.
- The store continues to meet its goals for labor hours worked and weekly sales.
- It has also continued to save \$1,000 per week towards repayment to the store's reserve fund.
- In March the store retired the member loans that were due in 2015. Total paid was \$12,590 (\$11,000 principle, \$1,590 interest). The final installment of member loan payments will be in March of 2016. The bank loan that was incurred for the 2009 expansion is on target to be retired in October of 2016.
- The store's Brand Manager is hiring an outreach coordinator, and expects to make a decision next week. A board member asked whether hiring additional staff would impact labor costs. There is a plan in place to shift labor in other departments to make the new position work and not add too much to overall labor costs.
- The store is planning an All Staff Meeting on April 8.
- The succession plan for the GM's maternity leave from mid-May to mid-June has been completed. The store's current Food Service Manager, who will work closely with the store's Finance Manager and Front End Manager, will be the ultimate decision maker during the GM's leave.
- The 2015/2016 Budget and Business planning is in progress, and the final documents will be presented to the Board at the May meeting.

- A board member asked whether the frequent equipment failures are an indicator that replacing equipment should be a priority over repayment of the cash reserves. All grocery stores experience equipment issues; the repairman indicated that Open Harvest's incidence of failures is lower than other area stores.
- A board member asked what is planned for the now-closed grocery store that was located across the street from Open Harvest. The belief is that the hospital owns the property and will probably convert it to parking.
- The Ross Theater is currently showing a 3 minute commercial at no charge to the store. In-store customer feedback has been positive; apparently this advertisement has contributed to member ownership increases and sales improvement.

#### Outreach Activities Summary

- Open Harvest Board Elections, April 12–25
- UNL Organic Farming Class Tour, April 13 6-8 PM
- Local Foodshed Working Group Meeting, April 14 4:30-5:30 PM
- Open Harvest Story mobile Kickstarter! Fundraiser, April 16 – May 15
- Storytelling: June 4-7, 10 AM - 6 PM
- Lincoln Earth Day, April 18 10 AM - 2 PM
- URBAN HOMESTEAD CLASS SCHEDULE
  - Indian Cuisine, April 14 6-8 PM
  - Building Raised Beds, April 25 1-3 PM
  - Gourmet Mushroom Cultivation, April 28 6-8 PM
- RECENT DONATIONS:
  - Eastridge Elementary School
  - American Heart Association - Lincoln Heart Walk
  - Lincoln Earth Day
  - Montessori School for Young Children

6:20 PM

**Monitor L6 (Asset Protection):** The GM asked if there were questions about her L6 report, which was distributed prior to the meeting. One board member asked which bank the store patronizes. The store has accounts at both Union and Westgate, which are local banks. A board member asked whether the South Street Business Association is still active. The GM replied that the association is active, but that Open Harvest does not participate often, although it has in the past.

**Consensus item:** The board approved the L6 report.

6:22 PM

**Monitor L7 (Communication and Counsel to the Board):** The GM briefly discussed the L7 report, which was distributed prior to the meeting. She forwards many reports and/or articles to the board as these are received and asked if the board wishes to have more information. Two board members commented that they appreciated the consistent reporting that is provided by the GM.

**Consensus item:** The board approved the L7 report.

6:24 PM

**Monitor M1-M4 (Board-General Manager Linkage):** This discussion was based on the current versions of the policies that describe the interactions between the board and the GM.

- M1 (Unity of control). The board and GM agreed that the board acts as a group to direct the GM.
- M2 (GM directs staff). The GM is accountable for directing staff, the board has no authority to do that. The GM asked whether the Ends reflect the board's expectations. That will be discussed at the board retreat.
- M3 (Delegation to GM). The board has developed policies to direct the GM, which are being updated at present.
- M4 (GM job performance). The board evaluates the GM and writes the annual employment contract for the GM. A board member commented that this process has improved this year.

6:32 PM

**Policy Revisions Discussion:** The committee has worked for a year to revise policies. A draft version was distributed to the board prior to the meeting. Some typographical errors were pointed out. The following modifications were discussed and agreed upon.

- M4: The decision regarding the GM's bonus will coincide with the store's audit, which is complete in October. The GM review committee will update the annual summary of L-monitoring reports from the previous May through April.
- L1: Paragraph 1.9 should allow the GM to use the reserve (emergency) account under certain conditions and still be compliant with the policy.
- The finance committee recommended an increase in the amount of cash held in reserve for emergencies. They discussed two approaches to establishing reserves that can be used: a percentage of revenue or a fixed amount as is the current policy. The finance committee recommended the fixed amount approach with an increase from \$100,000 to \$150,000 by January 2017. The board discussed the merits of increasing the reserve amount and discussed whether it would effect a decision to paying a patronage dividend to the member owners if the Co-op were profitable enough in a given year. It was asked how the amount of \$150,000 was derived. The board suggested that additional research be conducted to decide on an appropriate amount for a co-op of this size. The board agreed to the wording for the policy with the caveat that the specific amount will be researched in and added at the next board meeting.
- L2: No changes to the draft were required.
- L3: No changes to the draft were required.
- L4: The paragraph L4.1.2 was deleted.
- L4.3: No changes to the draft were required.
- L6: The policy regarding personnel, anti-discrimination and written job descriptions was reworded so that the store's current Employee Handbook which documents these items would suffice. The policy also requires that the anti-discrimination policy be publicly stated.
- G1: The paragraphs 1.1 through 1.5 were reordered to reflect a logical progression of the policies.
- G1.2a: The policy will include the 10 policy governance principles in the appendix.

- G4: A wording change was made to protect the ability of a board member to dissent while preserving the board's ability to effectively use its time.
- G5: A wording change was made to ensure that a director commits to ethical conduct in performing his or her duties on the board.
- The board discussed, but did not reach agreement on the remaining paragraphs of the G5 policy. Specific discussion concerned documentation of potential conflicts of interest. The discussion of this and the remaining draft policies was tabled until the May meeting.
- At the next meeting the board will discuss the policies from G5 forward and the specific cash reserve amount.

- 7:38 PM **Election:** The committee's report was distributed prior to the meeting. The candidate Meet and Greet is scheduled for April 11 at noon at the Two Pillars Church. The election voting will be April 12 through 25.
- 7:40 PM **Membership Structures:** The committee's report was distributed electronically to the board prior to the meeting. The committee decided that member owner engagement is presently high with the 40<sup>th</sup> Anniversary celebration, the election, and the story telling event. Thus the committee will forego a member meeting and develop a survey over the next few months. One purpose of the survey is to gather data to use in lobbying the city council to obtain a liquor license.
- 7:44 PM **Finance:** The committee reviewed the draft policies, which were previously discussed. The GM and the finance manager will work to develop visual representations of some of the data presented in the GM monthly report. The committee has increased its meeting frequency to monthly from quarterly to better monitor the store's financials. It will meet the last Friday of each month.
- 7:46 PM **Board Operations Draft Committee Charter:** A draft of the committee charter was distributed prior to the meeting.
- Consensus item:** The board approved the Board Operations Committee Charter.
- 7:48 PM **40th Anniversary:** The committee met on March 18<sup>th</sup>. A Kickstarter campaign will be held from mid-April through mid-May to raise funds for the story mobile. This event will be held in conjunction with KZUM in the store's parking lot June 4-7.
- A store volunteer and staff reunion will be held in June 2016 as part of the anniversary.
- The official opening of the store was apparently July 3, 1975, according to the original Articles of Incorporation.
- 7:53 PM **GM Evaluation:** The draft committee charter was distributed to the board prior to the meeting.
- Consensus item:** The board approved the committee charter.
- The procedure will be similar to that used in prior years with the goal of having a signed contract prior to the GM's maternity leave.

7:57 pm

**Guest Members' Comments:** A guest member who arrived late and did not hear the GM's monthly report asked whether the store met its weekly sales goals. The GM replied that the store had met its goals and that the information also is posted in the store.

A board member suggested that a mailbox for the board be placed in the store and the GM agreed it was a good idea. Follow up discussion at another meeting about this.

7:58 pm

**Adjourn**