

**Open Harvest Cooperative
Board of Directors Meeting Minutes
Wednesday, December 2, 2015
6:00 – 8:00PM
Two Pillars Church, 1430 South Street**

Present **Board Directors:** Carla McCullough (Board Chair), Brandé Payne (Vice Chair), Ross Brockley, John Christensen, Sarah Disbrow, Ellen Dubas, Mary Hansen, Bob Hutkins, Molly Phemister, Nick Svoboda. **Staff Members:** Kelsi Swanson (General Manager), Skylar Falter, Matt Pirog, Nicole Saville. **Member Owners:** Paula Shafer (notetaker).

Absent **(Informed) Board Directors:** Megan Jackson, Barbara DiBernard, Steven McFadden, Kat Shiffler
(Uninformed) None

6:03 pm **Welcome, Introductions, Announcements:** The Board Chair called the meeting to order, welcomed board members, staff and member owners.

The board chair announced that Stephen McFadden resigned from the board, effective December 31, 2015. She also announced a combined going away party for the GM and the stepping down of the board chair to be held December 30, 2015. Further details are to be announced shortly in an email. Since this was the final board meeting for the GM, she was presented with a gift. This was the final meeting in which the board chair will act in that capacity, so she was also presented with a gift and a card.

The vice chair circulated a list for each board member to indicate the committees on which he or she serves.

6:07 pm **Consensus items: Approval of minutes and agenda:** The chair presented the draft November board meeting minutes, the draft Annual Meeting minutes, and the December agenda for approval.

Consensus items: The board approved the November board meeting minutes, the Annual Meeting minutes, and the December agenda with no changes.

6:15 PM **Reserved Member Comments:** No member owners reserved time for comments.

6:20 pm **Member Equity Redemption Request:** The chair presented a member equity redemption request from member owner 12697 in the amount of \$25.

Consensus item: The board approved the equity redemption request.

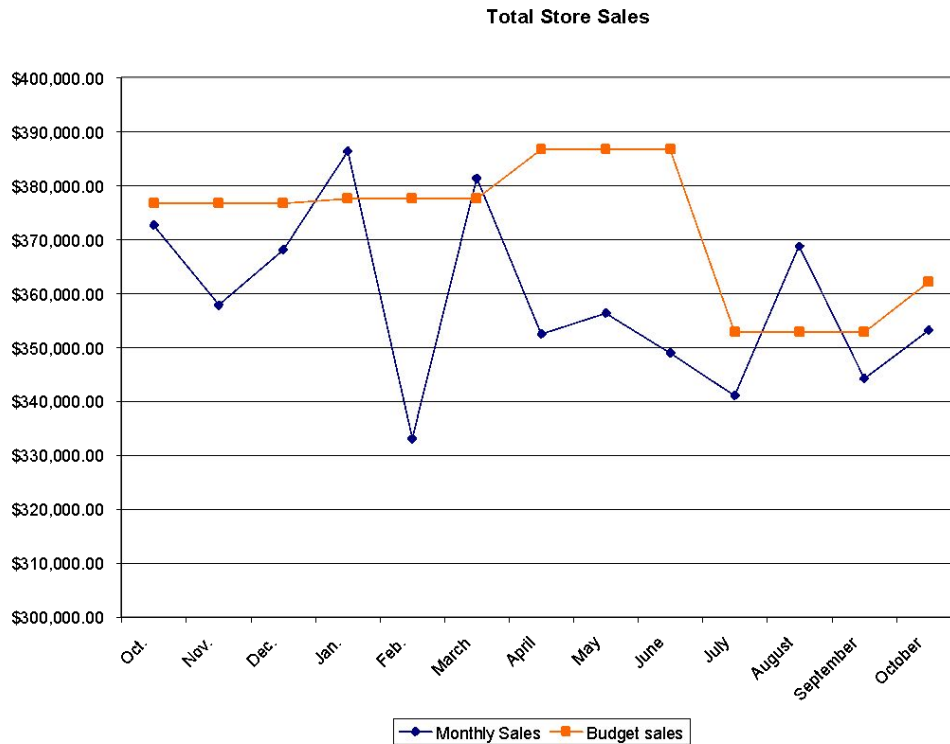
6:08 PM **GM Monthly Report:** The GM discussed the highlights of her monthly report, which was distributed prior to the meeting.

SALES

October 2015 Sales: \$353,188

Original Budget: \$362,132 (2nd qtr. budget of \$1,086,395 /3)

October 2014 Sales \$372,682



AP TO INVENTORY RATIO

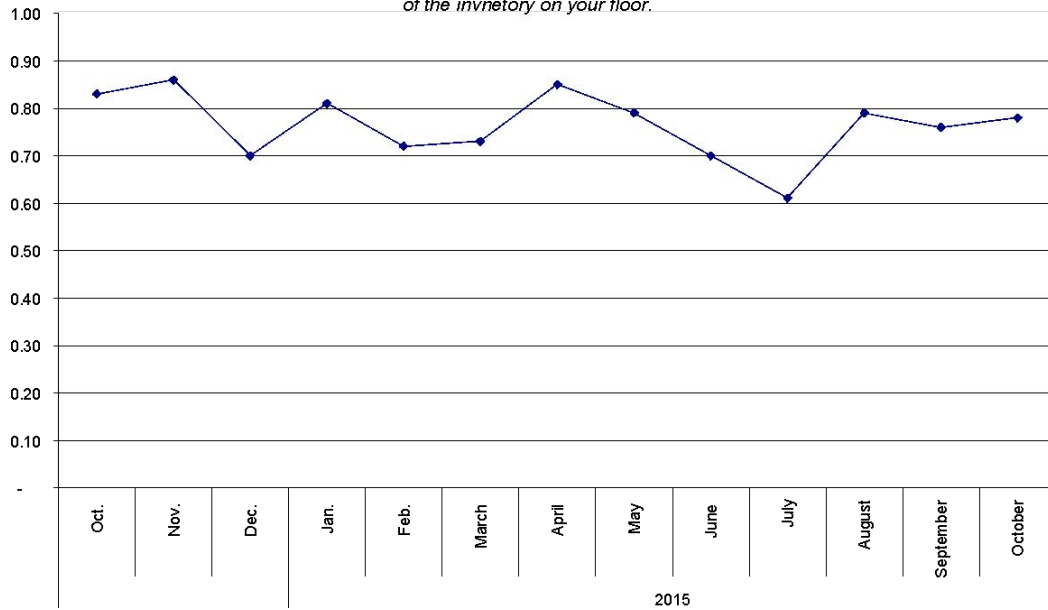
Accounts Payable as of October 31, 2015 was \$176,516 and the last inventory was \$225,593. This is a ratio of .78.

Date	10/1	11/1	12/1	1/1	2/1	3/15	4/15	5/15	6/15	7/15	8/15	9/15
	4	4	4	5	5							
Rati	.83	.86	.70	.81	.72	.73	.85	.79	.70	.61	.79	.76

(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)

AP to Inventory Ratio

You want a maximum of .75 to .80, more than one means you owe more than the wholesale value of the inventory on your floor.



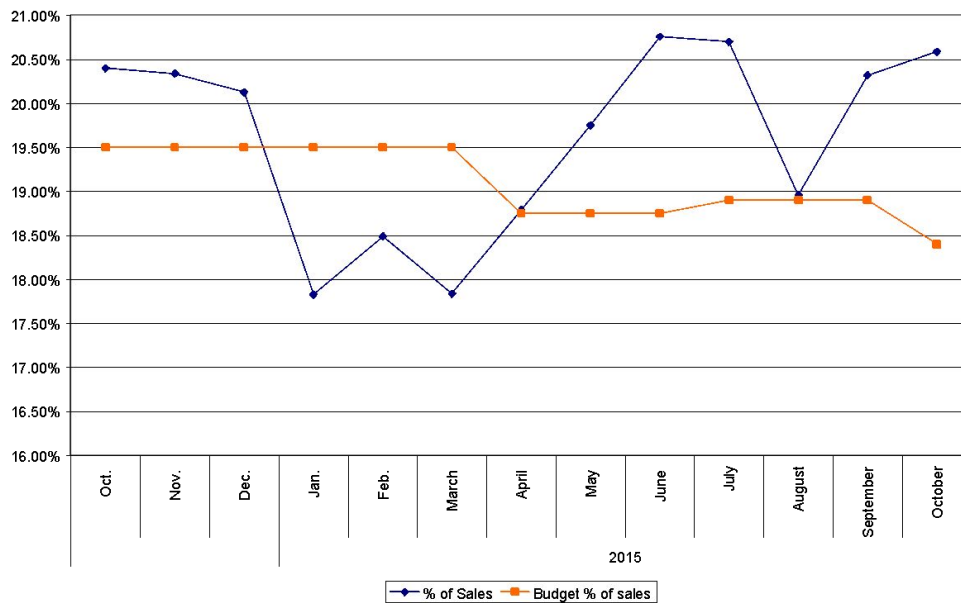
WAGES AND SALARIES

Wages and Salaries for October 2015 were 20.59% of store sales, or \$72,734

Wages and Salaries budgeted for the 2nd quarter was 18.40% of store sales, or \$64,987

Wages and Salaries for October 2014 were 20.2% of store sales, or \$76,016

Labor as % of Sales

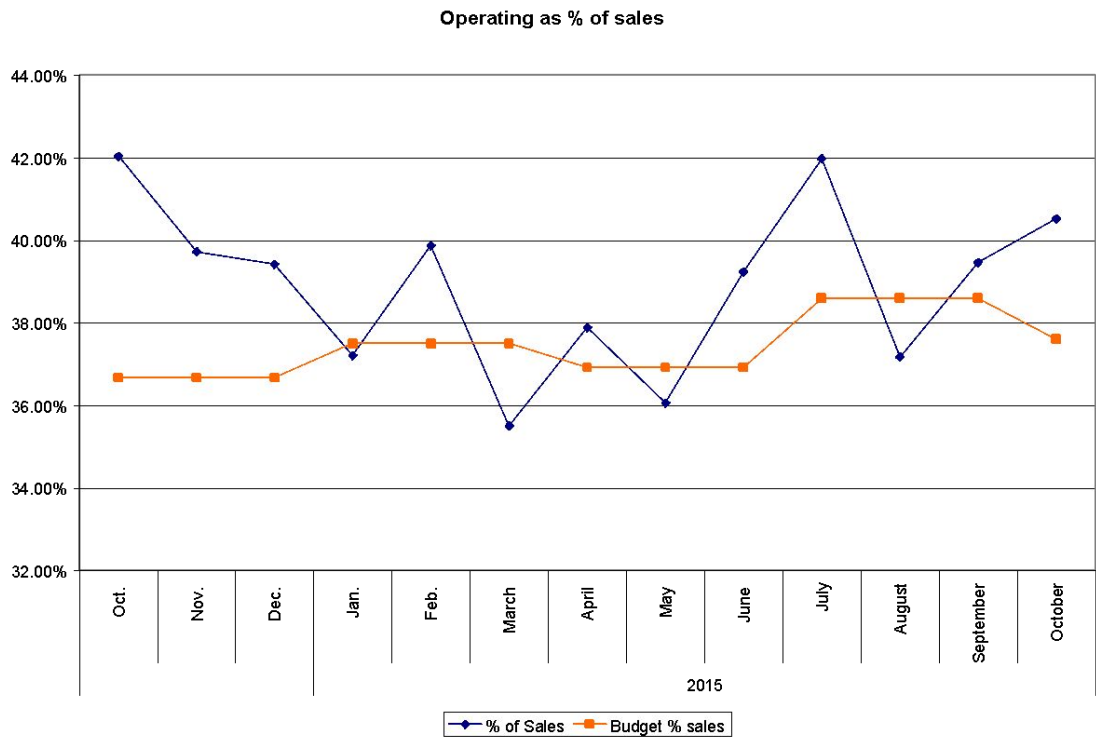


TOTAL OPERATING EXPENSE

Total Operating Expense for October 2015 were 40.52% of store sales, or \$143,115

Total Operating Expense budgeted for the 2nd quarter was 37.6%, or \$132,799

Total Operating Expense for October 2014 were 42.04% of store sales, or \$156,667

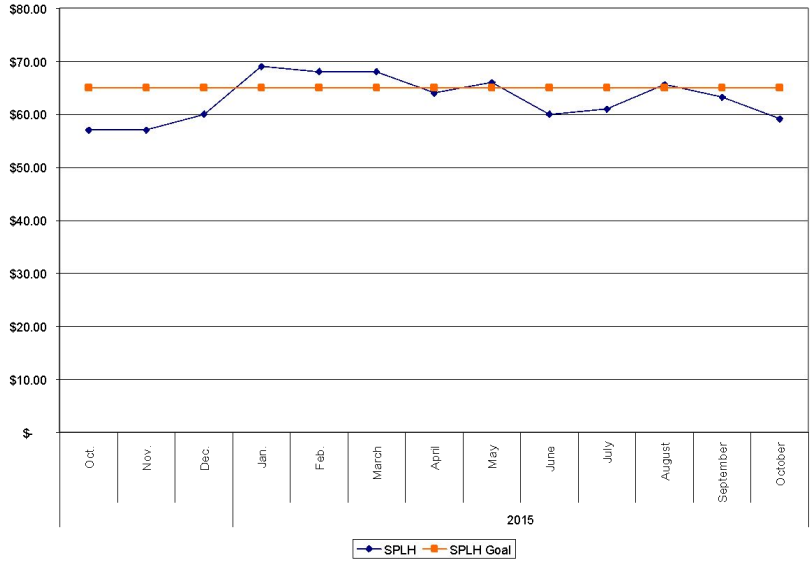


TOTAL STORE SALES PER LABOR HOUR (SPLH)

October 2015 Total Store SPLH was \$59.16

October 2014 Total Store SPLH was \$57

11/1	12/1	1/1	2/1	3/1	4/1	5/1	6/1	7/1	8/1	9/1
4	4	5	5	5	5	5	5	5	5	5
\$57	\$60	\$69	\$68	\$68	\$64	\$66	\$60	\$61	\$66	\$63

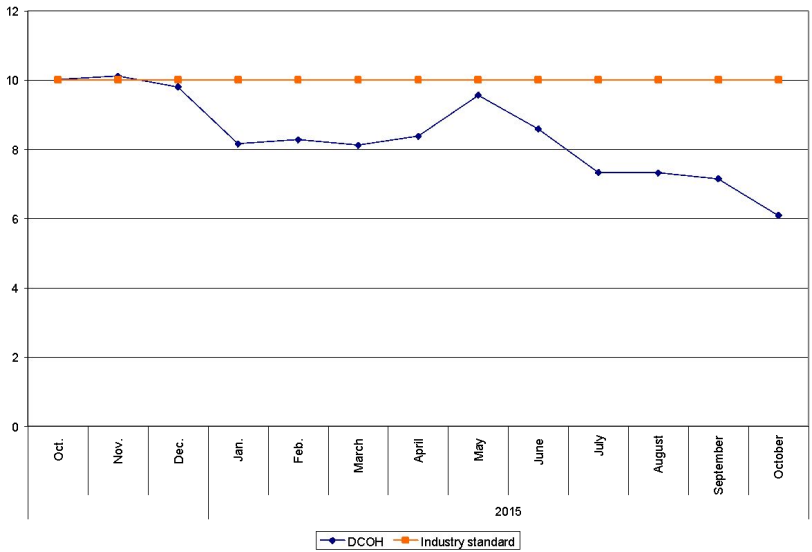


****DAYS CASH ON HAND (DCOH)**

October 2015 DCOH 6.09

October 2014 DCOH 10.01

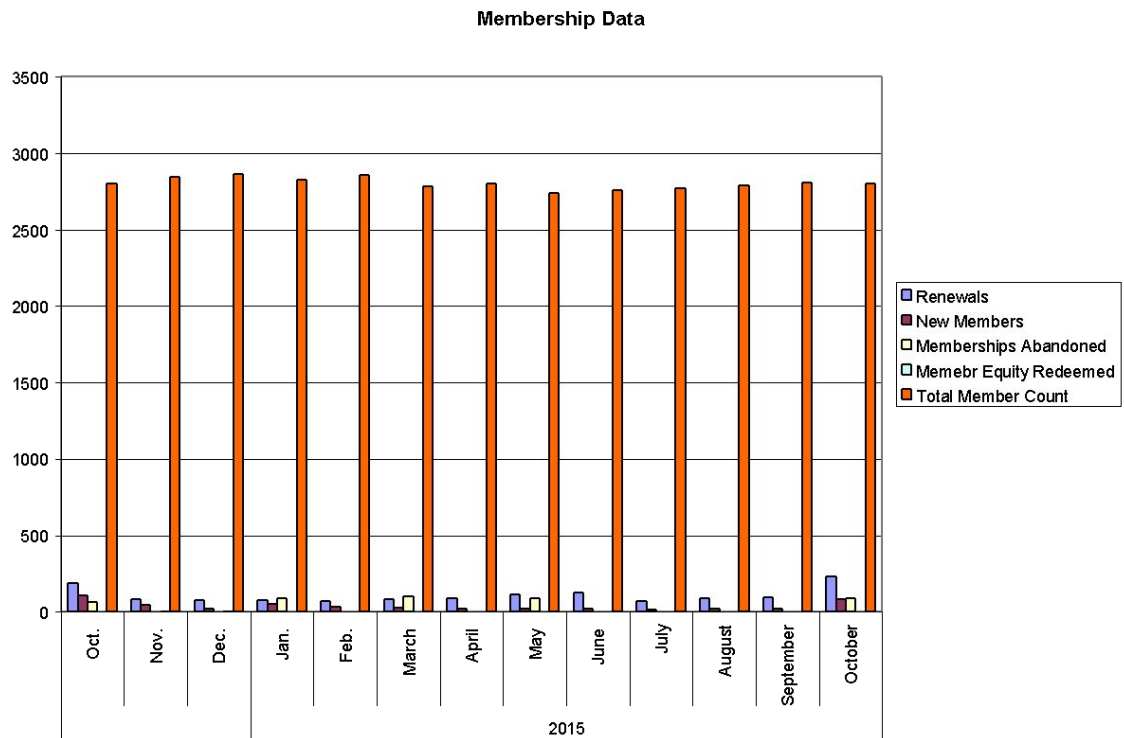
11/1	12/1	1/15	2/15	3/15	4/15	5/15	6/15	7/15	8/15	9/15
4	4									
10.11	9.8	8.15	8.28	8.11	8.37	9.56	8.59	7.33	7.32	7.15



MEMBERSHIP NUMBERS - October 2015

- Renewals - 230
- New Members - 83

- Memberships Abandoned - 86
- Member Equity Redeemed - 0
- Total Member Count - 2804



SUMMARY

- Sales for November have improved. The store is trending close to sales for the same quarter last year. The customer count has increased as well as the basket size.
- The improvement is a result of the November member coupon, the introduction of the Co-op Basics program, advertising in the Journal Star newspaper, continual progress on store re-sets, price checking and being competitive as much as possible.
- Since this is the store's busy time of the year, most of the GM's time has been spent preparing for the holiday rush. Where possible, she is completing projects and preparing to handover work for an interim manager(s) to assume responsibility until a new GM is hired. She committed to making the management transition for the staff and the store as smooth as possible.
- The GM briefly discussed the NCG's member agreement revisions, which were distributed electronically prior to the meeting.

The chair requested approval to give the GM permission to sign the revised NCG (National Co-op Grocers) member agreements.

Consensus item: The board approved that the chair signs on behalf of the board and gave the GM permission to sign the revised NCG member agreements.

OUTREACH ACTIVITIES SUMMARY

- CASA Giving Tree: December 1st –21st: In store
- Holiday Harvest Farmers Market: December 13th: 10 AM - 2 PM: Park Centers Banquet Hall, 2608 Park Blvd
- Food Bank of Lincoln: November & December: In store

The GM asked whether the board wants to continue receiving outreach reports, since that function has been reduced due to the store’s financial issues. The board requested to be informed only when important activities are happening in the store.

6:20 PM **Monitor L4 (Member Owner Rights and Responsibilities):** The GM discussed the highlights of her L4 report, which was distributed prior to the meeting and asserted compliance. The board chair asked for consensus on the L4 report.

Consensus item: The board approved compliance with the L4 policy.

6:25 PM **Board Operations Committee (distribute new Bylaws, meeting reports):** The GM distributed copies of the new Bylaws and reported that they were also posted on the store bulletin board and added to the co-op’s website.

The operations committee met with the staff in early November to describe the process for maintaining store operations during the period when the store does not have a permanent GM. The committee also allowed time for the staff to ask questions. One staff member was elected by other staff to serve on the search committee.

The operations committee reported that the GM Search Committee was formed and approved by the board via email in November. The charter for the GM search committee was also approved via email during November.

6:27 PM **GM Search Committee (timeline, budget, NCG engagement agreement):** As noted above, the search committee was formed through emails among the board members during November.

Consensus item: The GM search committee charter was approved through emails among the board members during November.

The committee formulated a timeline and budget for conducting the GM search which was distributed electronically to the entire board prior to the meeting. With the GM’s resignation announcement, NCG replaced its consultant for the store, CE Pugh, with a consultant who specializes in hiring GMs. That consultant, Paula Gilbertson, has been assigned and drew up an agreement describing her work with Open Harvest. She will focus on hiring the new GM and will mentor that person for 1 year to ensure a smooth transition of management. This service is part of the membership in the NCG and therefore is provided at no additional cost.

There are options in the agreement that can be added if needed. The options would incur additional cost and could include Paula Gilbertson acting as the interim GM if one cannot be found internally. Additionally, there are resources through CBLD to add another consultant if needed or get information through the use of some of the time in our existing contract with them.

The GM search will be funded through the savings in payroll from the GM's resignation. The proposed schedule is to complete the job description by mid-December. Board members were asked to prioritize job qualifications from a list that was provided by the CBLD template. Advertising will begin as soon as possible after the description is completed. The search committee is targeting February 1st as the deadline for accepting applications, although this deadline will need to be flexible.

A board member asked whether there are time limits in the NCG engagement agreement. He was concerned that the search committee could potentially hire a poorly qualified candidate because the NCG consultant's time was ending and the board was rushed to complete the process by a certain date. He also asked how long the store could sustain itself without a permanent GM. The chair reiterated that our NCG consultant would play an active role in the process for as long as the process takes and again, could assume some or all of the GM duties to keep the store moving forward during the process. She has done this with other NCG member co-ops.

The finance committee chair asserted that it would be difficult to teach a new GM about financial management and suggested that the new GM have strong finance skills. He noted that the board would be able to teach the GM about co-ops, but it would be more difficult to teach financial skills.

A concern was voiced with respect to the loss of the services of CE Pugh whose suggestions for the store have been very creative. The replacement of Pugh was not negotiable; NCG made the change to Gilbertson when they learned of GM resignation. Gilbertson specializes in hiring and supporting new GMs, but will also help make sure the goals and suggestions put forth by CE Pugh will not be neglected during the transition.

A question was raised asking if an interim GM will be in place by the time that the GM leaves. The current plan is for an interim GM to be selected from the store staff, although that person is to be determined. The goal is to have that person selected in time to spend at least a week in training with the current GM.

The chair requested approval of the search committee timeline, budget, and the NCG engagement agreement.

Consensus item: The board approved the search committee timeline, budget, and the NCG engagement agreement.

- 6:56 PM **Annual Meeting (wrap-up, final):** The committee chair could not be at the meeting and will report at the next meeting.
- 6:58 PM **40th Anniversary (meeting report):** The GM reported that this committee was disbanded December 2nd as the staff and board needs to focus on the store issues. One committee member suggested that the committee's picnic planned for June still be scheduled. The board will decide at a later date.
- 7:00 PM **Finance Committee (meeting report):** The committee did not meet in November but will do so on December 30th from 12-1pm at Two Pillars Church.
- 7:01 PM **Election Committee (meeting report):** An article has been placed in the store's newsletter, *The Dirt*, announcing the election and encouraging members to run for the board. The committee will contact potential candidates and await applications. There was a suggestion that the board actively recruit potential new members as there will be at least 2 open seats. Additionally, there was a suggestion that the board look to recruit members with a financial background.
- 7:07 PM **Policy Committee (approve 2016 Board calendar, recruit new committee members):** The former committee chair and one committee member resigned in the past few months. The operations committee asked for volunteers for the committee. Reforming the committee will continue to be a priority.

The board chair requested approval of the 2016 Board Calendar.

Consensus item: The board approved the 2016 Board Calendar.

- 7:17 PM **Strategic Planning (report):** There will be a meeting on December 19th to discuss obtaining a liquor license. Since the GM chairs this committee, a new chair is needed and will be discussed at the upcoming committee meeting and named before December 31.
- 7:23 PM **Board Officer Elections:** The board was presented with a slate of candidates for officer positions. The officers will make up the new Operations Committee members and will begin serving December 3. The board voted and the results were: Chair: Brandé Payne, Vice Chair: Megan Jackson, Secretary: Mary Hansen.
- 7:27 PM **Guest Members' Comments:** None.
- 7:29 PM **Adjourned to Executive Meeting.**