

**Open Harvest Cooperative  
Board of Directors Meeting Minutes  
Wednesday, December 3, 2014  
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, John Christensen, Barbara DiBernard, Mary Hansen, Bob Hutkins, Steven McFadden, Molly Phemister, Kat Shiffler. **Staff Members:** Kelsi Swanson (General Manager), Amy Tabor (Outreach Coordinator). **Member Owners:** Paula Shafer (notetaker).

**Absent**      **Board Directors:** Sarah Disbrow, Lin Quenzer, Janet Squires, Nick Svoboda.

6:07 PM      **Welcome, Introductions, Announcements:** The Board Chair called the meeting to order, welcomed board members, staff, and member owners. The Chair presented a card to the General Manager (GM) on behalf of the Board thanking her for all the hard work of the past year.

6:08 PM      **Consensus items: Approval of minutes and agenda:** The Chair presented the draft November board meeting minutes, draft Annual meeting minutes, and the December agenda for approval.

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

6:09 PM      **Member Equity Redemption Request:** The estate of MemberOwner number 5717 requested a redemption of equity; the amount is \$330. At board request, the GM agreed to include with the redemption check a note acknowledging the member's contribution to Open Harvest over the years.

**Consensus item:** The board approved the redemption of the Member Owner's equity.

6:11 PM      **GM Monthly Report:** The GM discussed the highlights of her monthly report, which was distributed prior to the meeting.

**SALES**

October 2014 Sales: \$372,682

Original Budget: \$376,667 (2nd qtr. budget of \$1,130,000/3)

October 2013 Sales: \$423,525

**AP TO INVENTORY RATIO**

Accounts Payable as of October 31  
\$231,831. This is a ratio of .83.

Date	10/13	11/13	12/13	1/14	2/14	3/14	4/14	5/14	6/14	7/14	8/14	9/14
AP to Inv. Ratio	.76	.73	.64	.70	.66	.79	.82	.59	.68	.74	.78	.71

(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 October 2014 were 20.40% of store sales, or \$76,016  
Wages and Salaries budgeted for the 2nd quarter was 19.5% of store sales, or \$72,673  
Wages and Salaries for October 2013 were 19.45% of store sales, or \$82,387

**TOTAL OPERATING EXPENSE**

Total Operating Expense for October 2014 were 42.04% of store sales, or \$156,667  
Total Operating Expense budgeted for the 2nd quarter was 36.67%, or \$136,662  
Total Operating Expense for October 2013 were 36.92% of store sales, or \$156,380

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

October 2014 Total Store SPLH was \$56.65  
October 2013 Total Store SPLH was \$57

	11/13	12/13	1/14	2/14	3/14	4/14	5/14	6/14	7/14	8/14	9/14
Total Store SPLH	\$61	\$55	\$52	\$58	\$59	\$60	\$57	\$55	\$53	\$56	\$59

Membership numbers for October 2014 (Member Owner Drive Month!)

- o Renewals - 189
  - o New Members - 106
  - o Membership Forfeitures - 62
  - o Member Equity Redeemed - 0
  - o Total Member Count- 2805
- Store sales have yet to rebound after a year of decline since Whole Foods opened last December. The store’s management team will analyze the impact after December 11 Whole Foods.
  - Despite down sales, the entire staff has been working together to rebuild sales with many promotional activities and events, and food celebrations. While continuing to work on improving sales, the store is operating as though the current environment is its new normal.

- The GM has had further communication with Hambleton Resources Inc. concerning the Antelope Valley project. The market study company agreed to provide sales projections for input to the Open Harvest decision about whether to pursue an additional store in the new development. The GM will report to the board when she has more information.
- The GM has developed a plan for complying with the new state minimum wage which takes effect in January. The plan specifics will be discussed in executive session.
- The new plan will be communicated to the staff in an all staff meeting on December 16  
this meeting, which contains the necessary edits made to reflect the changes.
- 2014 has been a challenging year at the Co-op, but the GM has a strong Management Team that she believes will help her to move the Co-op through this slump and into future generations of Co-op success.
- The store's year-over-year sales for November are down 16%. This is different than the projections from the marketing study performed last year, which had forecast a rebound by this time after the opening of Whole Foods in December of 2013.
- The Open Harvest Brand Manager resigned, effective January 5, 2015.
- The GM will take maternity leave for one month from mid-May to mid-June and requested that the Board calendar be modified to accommodate her leave.

#### Outreach Activities Summary

- CASA Giving Tree, December 1–22.
- November 22 Holiday Harvest Farmers Market was successful. Although the foot traffic was estimated to be lower than last year, some vendors reported that sales were higher. There was good press coverage of it.
- The next Holiday Harvest Farmers Market will be on December 13, 11-3.
- Local Foodshed Working Group Meeting, December 9, 4:30-6:00
- Get to Know Your Co-op, December 18 2-3 (STAFF ONLY) and 6-7 (Member Owners)
- The January Episode of *Shape of the City* will feature the Co-op Wellness Manager, Nicole Saville. This will be aired on Cable Channel 10 - Health TV.

The National Cooperative Grocers Association (NCGA) reported that October was a slower than normal sales month throughout its membership, with 42 stores experiencing negative sales growth. The negative growth range was between 0.03% and 24%.

6:26 PM

**Monitor L1 (Customer Service and Value):** The GM reported that her annual L1 report, which was distributed prior to the meeting, was very similar to the last report.

**Consensus item:** The board approved the L1 (Customer Service and Value) report.

6:28 PM **Policy Committee:** The 2015 Board Calendar, which was distributed prior to meeting, was discussed. Changes requested were:

- Move L5 to May from June.
- Move the GM Evaluation, GM Bonus, and GM Contract ahead by one month each to accommodate the GM's leave
- The June monthly report will be given by a yet to be named manager from the store.

**Consensus item:** The board approved the 2015 Board Calendar with the above changes.

The chair has received Committee Charters for the following committees:

- Policy
- Finance
- 40<sup>th</sup> Anniversary
- (draft) Membership Structures

The committee is progressing with its rewrite of the policy manual, which will be submitted to the board by January.

6:34 PM **Board Election Committee:** The committee met and agreed that Nick Svoboda will serve as committee chair. The candidate application was reviewed and updated. It will be ready to be posted in the store as required by policy. An article announcing the opening of the board election application process will be written for the next edition of the store newsletter. The committee will notify the 6 Board Members whose terms are expiring. The candidates who ran in the last election will be contacted and asked to run again. The Board members were encouraged to contact member owners who they believe will be good candidates, asking them to run. The GM will generate a new copy of the Top 100 member owner shoppers list for the election committee as well to generate possible new board candidates.

6:40 PM **Finance Committee:** The committee did not meet in November, but will meet in December.

6:41 PM **Membership Structures Committee:** The committee did not meet in November, but will meet in December to continue discussion on "fair share".

6:43 PM **Board Leadership Report:** The leadership of the board (Chair, Vice Chair, and Secretary) met to discuss various aspects of their role. The executive leadership decided that a formal committee was required. The committee will write a charter to present in January.

The committee is concerned with succession of leadership, effective communication, balanced workload, and smooth transitions when new board officers are elected. To date, the committee has made several decisions:

- The Vice Chair will facilitate at least 2 meetings per year.
- The Vice Chair is the planned successor to the Chair.
- All members of the Leadership Committee will participate in the monthly phone call with the CBLD consultant.
- All members of the committee will participate in the monthly meeting with the GM.
- All members of the committee will attend the CBLD conference in January in Minnesota at no cost to the board or the store.
- Over the coming year, the committee will write a set of working documents that will describe the procedures, processes, and protocols used by the board. These documents will become a part of the orientation package distributed to new board members.
- The protocol for monthly meeting minutes will change:
  1. The Secretary will take responsibility for the process.
  2. The notes will be forwarded to the GM within 1 day.
  3. Within 2 days, the GM will review and forward the notes with her edits to the Secretary.
  4. Within 2 days the Secretary will review and forward the notes with her edits to the Chair.
  5. Within 2 days the Chair will review and forward the draft minutes with her edits to the board, or the Secretary will forward minutes to the board if no edits are made by the Chair within 3 days.

Several meeting attendees discussed whether the committee will be necessary if the board size is reduced. A large board is useful when board absenteeism is high; the board size is larger than many other co-ops of similar size. The policy committee is going to address absenteeism in its new policies. Another consideration in reducing the size is that individuals on the board may be reluctant to eliminate their jobs. A new policy reducing the size of the board could be implemented over a period of time; e.g. 4 years.

- 6:59 PM **Policy Governance Training:** This item was moved to January or February when the new policies are expected to be approved.
- 7:00 PM **Guest Members' Comments:** With no owners present, one board member used this time to report that the Jocelyn Institute is meeting at Mahoney Park on December 16th to discuss using the Pershing Center as a Food Hub.
- 7:01PM **Adjourn to Executive Session**