

Open Harvest Cooperative
Board of Directors Meeting Minutes
Wednesday, February 4, 2015
6:00 – 8:00PM Two Pillars Church
Lincoln, Nebraska

Present **Board Directors:** Carla McCullough, John Christensen, Barbara DiBernard, Mary Hansen, Bob Hutkins, Nick Svoboda, Megan Jackson, Brandé Payne, Janet Squires, Sarah Disbrow, Sarah Bauman. **Staff Members:** Kelsi Swanson, General Manager, and Amy Tabor, Brand Manager. **Guest Members:** Tanika Cooper, Matt Pirog, and Brian McCue.

Absent **Board Directors:** Steven McFadden, Molly Phemister, Kat Shiffler, Lin Quenzer

6:02 pm **Welcome, Introductions, and Announcements:** Board Chair, Carla McCullough, called the meeting to order and welcomed everyone. The Board’s annual retreat date has been set for June 20th.

6:05 pm **Consensus items: Approval of January minutes and February agenda:** The Chair presented the draft January meeting minutes and January executive session minutes for approval. No concerns were raised and the minutes were approved. The February meeting agenda was presented and approved with no concerns. No members requested time for reserved comments.

6:06 pm **GM Monthly Report:** General Manager (GM), discussed the highlights of her monthly report, which was distributed prior to the meeting.

SALES

December 2014 Sales: \$368,120
Original Budget: \$376,667 (2nd qtr. budget of \$1,130,000/3)
December 2013 Sales: \$420,399

AP TO INVENTORY RATIO

Accounts Payable as of December 31, 2014 was \$153,229 and the last inventory was \$217,920. This is a ratio of .70.

Date	12/13	1/14	2/14	3/14	4/14	5/14	6/14	7/14	8/14	9/14	10/14	11/14
AP to Inv. Ratio	.64	.70	.66	.79	.82	.59	.68	.74	.78	.71	.83	.86

(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 December 2014 were 20.13% of store sales, or \$74,088.

Wages and Salaries budgeted for the 2nd quarter was 19.5% of store sales, or \$71,783.

Wages and Salaries for December 2013 were 20.95% of store sales, or \$80,143.

TOTAL OPERATING EXPENSE

Total Operating Expenses for December 2014 were 39.42% of store sales, or \$145,099.

Total Operating Expenses budgeted for the 2nd quarter was 36.67%, or \$134,990.

Total Operating Expenses for December 2013 were 40.80% of store sales, or \$156,097.

TOTAL STORE *SALES PER LABOR HOUR (SPLH)

December 2014 Total Store SPLH was \$60.27

December 2013 Total Store SPLH was \$55

1/14	2/14	3/14	4/14	5/14	6/14	7/14	8/14	9/14	10/14	11/14
\$52	\$58	\$59	\$60	\$57	\$55	\$53	\$56	\$59	\$57	\$57

**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 people's time, or your customers are making higher dollar or more item department purchases.*

Membership numbers for December 2014

- Renewals - 74
- New Members - 23
- Membership Forfeitures - 0
- Member Equity Redeemed - 1
- Total Member Count- 2867

Sales have been stronger these past few weeks, and the store has been achieving the weekly sales goal of \$84,000 to make the new labor budget work.

The bakery re-set was completed this week; bread is now located back by the deli counter. This allowed us to open up some nice flex area to work with at the front of the store. The GM is working with a Board Member to have his business, Oak Creek Plants and Flowers, rent space as a vendor and sell fresh flowers. Open Harvest will receive a portion of sales. The Board discussed if there were any concerns about having a Board member enter into a business arrangement with Open Harvest. The Board policies do not restrict this type of business arrangement and there were no concerns.

Cash flow has improved with the changes made in December and January; a Reserve Fund repayment plan will be presented to the board later in this meeting.

It has been over six months since the annual equity payments for Member Owners was changed from \$40 to \$25. The change to \$25 for an annually equity payments has been positive for the store. We are seeing more members join, fewer forfeitures for lapsed memberships, and member sales as a % compared to non-member sales is up.

A board member asked if we have the ability to set up an auto-renewal for membership if they use their credit card. This could increase renewals if it's more convenient for members. The GM commented that while it could provide benefits, it would also require setting up a significant security structure to keep personal credit cards on file.

Sun Mart, across the street from the store, has closed. Marketing events are in the works to reach out to households in the neighborhood to remind them that Open Harvest is right across the street.

The GM will present her maternity leave coverage plan to the board at the March meeting. A board member stressed the importance of having staff managers, especially those who will be most involved during this time, attend the Board meetings. The GM reminded the Board that staff members who are part of the succession plan will attend at least one meeting annually. She will encourage them to schedule that meeting before she goes on maternity leave.

Things at the store have calmed down a bit post-holidays and following the labor reduction/restructuring Open Harvest went through in December and January. Everyone is still working hard and getting used to the "new normal" but employee morale seems much improved.

The Brand Manager presented the Outreach Report

Local Foodshed Working Group Meeting

Tuesday, February 10th from 4:30 to 5:30 PM

Lancaster Manor, 1001 South Street

Gentle Healing with Flower Essences

Thursday, February 26th from 6:00 to 8:00 PM

2 Pillars Church, 1430 South Street, Suite 110

Discover the gentle healing power of flower essences in this fun, hands-on class with Elizabeth Wolf, "Elixir Mixtress" of Good Medicine Apothecary. \$15 for public / \$12 for Owners / \$5 for Staff.

February Donations

Nebraska Sustainable Agriculture Society – Winter Conference

Pat Clinch Benefit – Ingredients & Silent Auction Item

Outlinc – Silent Auction Item

Prairie Hill Learning Center – Silent Auction Item

Urban Homestead Series

The Urban Homestead Series Classes are starting soon. We partner with Community Crops to host these classes, and are increasing the number of classes this year to twenty.

Registration for the Spring Session opens February 27th -- people will be able to register online via www.communitycrops.org or in-store -- all class info, registration forms and instructor bios will be on our website by 2/27. All class registration is \$5 for Staff (some classes will have an additional materials fee that you must pay).

MARCH 17 Seed Starting

MARCH 14 Fruit Tree Pruning

MARCH 31 City Chickens

APRIL 14 Indian Cuisine

APRIL 25 Building Raised Beds

APRIL 28 Gourmet Mushroom Cultivation

MAY 12 Worm Farming

MAY 23 Foraging Wild Edibles

The Harvest Basics program, formerly known as Co-op Value, is rolling out in early March with an inset in the Local Value to the neighborhood highlighting staple products and sales. This will go out to about 30,000 people in three different zip codes around the store.

Fresh Thyme Farmers Market is another store coming into town and will be another, new competitor. The GM and Management Team is still doing research on the new company, but their focus seems to be on fresh departments. They feature their fresh departments in their center store, and have grocery on the perimeter of the store.

6:38 pm **Monitor L4 (Financial Condition):** The GM discussed the highlights of her L4 report, which was non-compliant. The plan for the re-payment of the borrowed \$50,000 from the cash reserve is to save \$1,000 a week, and pay the full amount back by the end of 2015. The GM will update the board monthly on this savings plan, and if the store was able to save the desired amount the previous month.

7:03 pm **Finance Committee:** The Finance Committee Chair reported that the committee had met, along with the GM, in January and discussed the details that have already been covered. Sales for prepared foods has been adjusted to include bakery and deli. John's opinion is that the steps the GM has taken to reduce expenses has been done well. There is little left to cut at this point, which also means if sales continue to drop there won't be much more in expenses to

eliminate. It is important now to focus on increasing sales at the store. The Finance Committee will meet again in February.

- 7:07 pm **Membership Structures Committee:** The Committee Chair reported that the Committee met with the goal of revisiting equity structure. Now that the bylaws have been changed, the Board could move to a full share. The Committee agreed that given the change from \$40 to \$25 membership was recently implemented, it may not be a good time to make further changes going to a full share. The Committee recommends that the Board give it at least a year, while continuing to discuss options. The Committee is now considering shifting their attention to organizing events such as meetings with the member ownership. Last year, these meetings provided an opportunity to engage and educate, were a good place to get feedback from membership, and were generally well attended. Additionally, they could be an opportunity to get more direct feedback from members on what they want from the store. The Committee will meet again in February to discuss.
- 7:17 pm **Election Committee:**The Committee Chair reported that there are 6 open seats up for the 2015 election, with several Board members up for re-election. Applications are due February 20th. the Committee discussed that it has been recruiting, including asking previous member owners that ran in past elections. A sheet was passed around for members to suggest others. Before the March board meeting when the slate is presented, applicants will need to meet with the Election Committee and the Committee will host a meet and greet. The Committee discussed how the Board could encourage more people to vote by possibly having Board members volunteer or having the information at the store be presented as you walk in, not walk out.
- 7:26 pm **Board Operations Committee:** The Committee Chair reported that the Committee's charter is still in draft form. The Committee was formed to create a better succession plan, to promote leadership development, to support the board chair by sharing responsibilities, and to promote better knowledge among the officers. Marilyn recommended the Committee be called "Board Operations" so that the committee is not perceived as having greater decision making power. Many other co-ops have a staff member who assists the Board. Since our Board does not and we have a relatively large board, it makes sense to share the duties and responsibilities amongst Board officers (Chair, Vice-Chair and Secretary). The board officers went to CBLD Board Leadership Workshop in MN. The officers discussed the value of the conference, learning about strategic leadership and building more visioning into time with the Board and hearing about using the model of strategic conversations to facilitate the decision making process.
- 7:32 pm **40th Anniversary Committee:** The Committee met on January 11th with 11 members of staff, Board, and one Member Owner.. A commemorative t-shirt has already been made. The tag line, "Celebrating 40 years of _____"; real food, real community, real local will be used. Board members are putting together a radio documentary to capture the history of the co-op, which KZUM will air and help promote. A big event is being planned with a tentative date of October 10, 2015, which complements the Fall member drive, and will happen in the parking lot or near the store to help generate sales. The radio project will

need to raise around \$6,000, the goal is to do this through a Kick-starter or similar crowd funding source.

7:37 pm **Policy Committee:** The Policy Committee asked the Board to consider if our Ends Statement needed to be revised. This is on the agenda for the Board's Spring Retreat in June. The Board discussed G5.5 regarding board absences and decided to make the following revisions to the policy: members are allowed only three unexcused absences and no more than five total absences in a calendar year. The Committee will also look into a leave of absence policy and include language for members to provide 1-month notice of resignation. The Board discussed G4.3 regarding the decision making process and agreed to reincorporate previous policy language regarding using consensus.

7:51 pm **Guest Members' Comments:** Guests commented on the Open Harvest website not providing many resources or language about the importance of co-ops and membership. It also lacks information about the Board policies, which could be useful information for members who want to be more engaged or learn more about the Board. The GM reminded the Board that the website is still a work in progress, and updates to the website require expenses and staff time. The Board Chair suggested the Policy Committee consider putting the policies on the website, especially now that they are going to be easier to read. Another guest commented that it seems like the importance of membership has changed, that there is a lack of urgency and knowledge about the need for members to support the co-op. Some members may have seen the 5% monthly discount as a significant benefit, without it there is a need to communicate the importance of membership.

8:05 pm **Adjourn.**