

**Open Harvest Cooperative
Board of Directors Meeting Minutes
Wednesday, November 5, 2014
6:00 – 8:00 PM
Two Pillars Church, 1430 South Street
(Approved Dec. 3, 2014)**

Present **Board Directors:** Carla McCullough (Board Chair), Bob Hutkins (Vice Chair), Sarah Bauman, John Christensen, Barbara DiBernard, Mary Hansen, Megan Jackson, Steven McFadden, Brandé Payne, Molly Phemister, Lin Quenzer, Janet Squires, Nick Svoboda. **Staff Members:** Kelsi Swanson (General Manager). **Member Owners:** Paula Shafer (note taker). **Guests:** None.

Absent **Board Directors:** Sarah Disbrow, Kat Shiffler

6:06 PM **Welcome, Introductions, Announcements:** The Board Chair called the meeting to order, welcomed board members, staff, and member owners. A board member announced that the Center for Great Plains Studies is holding a seminar on local food on November 12 at 3:30.

6:08 PM **Consensus items: Approval of minutes and agenda:** The Chair presented the draft October meeting minutes; draft October Executive session minutes, the Annual Owner meeting minutes, and the November agenda for approval.

Concerns were raised with the Annual Owner Meeting minutes. Those will be revised and discussed next month.

Consensus items: The board approved the October meeting minutes with no changes, the October Executive session minutes with no changes, and the agenda with one change.

6:11 PM **Reserved Member Comments:** The chair presented an equity redemption request for member number 11849 in the amount of \$65. The household has relocated out of Lincoln.

Consensus item: The board approved the redemption of the owner's equity.

6:12 PM **GM Monthly Report:** The General Manager (GM) played the video of Open Harvest's new commercial. She reported that the store marketing team will review the ad, making some minor changes. It will be in use by the end of the year on both TV and social media. One board member suggested that future ads include a more diverse cast.

The GM discussed the highlights of her monthly report, which was distributed prior to the meeting.

SALES

September 2014 Sales: \$373,584

Original Budget: \$370,000 (1st qtr. budget of \$1,110,000/3)

September 2013 Sales: \$401,708

AP TO INVENTORY RATIO

Accounts Payable as of September 30th 2014 was \$163,451 and the last inventory was \$231,525. This is a ratio of .71.

Date	9/13	10/13	11/13	12/13	1/14	2/14	3/14	4/14	5/14	6/14	7/14	8/14
AP to Inv. Ratio	.83	.76	.73	.64	.70	.66	.79	.82	.59	.68	.74	.78

(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 September 2014 were 20% of store sales, or \$74,734

Wages and Salaries budgeted for the 1st quarter was 19.5% of store sales, or \$72,849

Wages and Salaries for September 2013 were 19.26% of store sales, or \$79,092

TOTAL OPERATING EXPENSE

Total Operating Expense for September 2014 were 38.33% of store sales, or \$143,182

Total Operating Expense budgeted for the 1st quarter was 39.04%, or \$145,847

Total Operating Expense for September 2013 were 39.37% of store sales, or \$161,711

TOTAL STORE SALES PER LABOR HOUR (SPLH)

September 2014 Total Store SPLH was \$59

September 2013 Total Store SPLH was \$62

10/13	11/13	12/13	1/14	2/14	3/14	4/14	5/14	6/14	7/14	8/14
\$57	\$61	\$55	\$52	\$58	\$59	\$60	\$57	\$55	\$53	\$56

Membership numbers for September 2014

- Renewals - 82
- New Members - 44
- Membership Forfeitures - 0

- Member Equity Redeemed - 0
- Total Member Count- 2761

Summary

- The October Member Owner Drive was very successful this year. The drive resulted in 109 new owners and 185 renewals for a total of 294. This is an improvement over the 2013 October drive which brought in 66 new owners and 177 renewals, for a total of 243.
- Peg Nolan, a Development Advisor with the National Cooperative Grocers Association (NCGA), visited Open Harvest in early October. She worked directly with the store’s managers to set short and long term goals for the store. This is a service provided free of charge by the NCGA.
- The Fall Bulk sale concluded.
- Common Good Farms is setting up a booth in the store’s parking lot on Saturday to synergistically promote and sell local food with Open Harvest.
- Holiday planning for November and December is in progress.
- The 2013/2014 Annual Report is complete. Copies were distributed to the board.
- Morale appears to be positive in the store, despite the ongoing sales slump. Store staff is focusing on achieving the SPLH goals for this 2nd (current) quarter.
- The first 40th Anniversary Committee Meeting is planned for the second half of November and will be reported on at the December board meeting.

One member of the board asked how many managers the store employs. The GM responded that she has 12 direct reports.

Outreach Activities Summary

- Holiday Sample Weekend: November 15–16, 11 AM - 3 PM
- Holiday Local Producer Demo Week: November 17–21, 4:30-6:30
- Holiday Harvest Farmers Market: November 22, 11 AM - 3 PM
Open Harvest is a sponsor, as it was last year, and will have a booth this year as well. Last year, the store saw a spike in sales the weekend of the Holiday Farmer’s Market.
- Local Foodshed Working Group Meeting: November 11th, 4:30-5:30
- Get to Know Your Co-op: November 20, 6-7 PM

6:32 PM

Monitor ENDS policy: The GM discussed the Monitor ENDS report that she distributed to the board. A board member suggested that future ENDS reports include a year by year comparison for all quantifiable items. The GM asserts compliance. Consensus item: The board approved the Monitor ENDS report.

6:47 PM

Monitor L4 (1st quarter) – The GM discussed the L4 report. She asserts non-compliance due to the stores’ current unfavorable financial position.

6:51 PM

Finance: The Finance committee chair reported on its meeting with the GM to review the L4 report in detail. Increased competition from all other grocery stores in Lincoln as well as the national chains that have established a presence in Lincoln are contributing the declining sales. All departments in the store are experiencing negative sales growth; controlling costs in this environment is difficult.

The NCGA is offering an additional adviser to the food service department free of charge.

A board member asked how the newly passed increase to the minimum wage will impact the store. On January 1, 13-15 employees will get raises; the GM and finance manager are still analyzing the full impact. The experienced employees who are currently being paid at the rate of the new minimum will get raises as well, which creates a “domino up” effect increasing wages for more employees.

A board member asked if there were potential morale issues among those more experienced employees. The store must comply with the law.

A board member requested a report of the number of labor hours will be affected by wage increase at the time that the GM reports more completely on the impact.

7:09 PM

Annual Meeting – 2014 wrap up: The attendance was equal to last year; 60 Member Owner’s signed in, with a total head count of 97 people at the event. The venue, service, and band were good. All feedback was positive. The costs were higher than planned though.

A board member suggested that the meeting return to a pot luck event which would save money. That was the custom up until 3 years ago, and the 40th Anniversary celebration is a good opportunity to return to traditions.

The Amended and Restated Bylaws and Articles of Incorporation were passed by the member ownership.

7:15 PM

Policy – Draft 2015 Board Calendar, Committee Charters: Drafting the new policy manual is in progress and will be available to the board in December.

The Board Calendar which had been electronically distributed to the board was discussed. A board member suggested that Annual Meeting Committee be formed in June in order to allow better planning and to hold the meeting in October, the month of the 40th anniversary activities.

A review of committee charters is needed. The policy committee chair will send each committee chair a copy of the charter that is on record as well as a template charter. Each committee chair will update the charter, if needed; return it to the Policy

Committee chair for approval at the December meeting.

7:27 PM Election: The committee did not meet last month. One committee member agreed to hold a meeting to form the committee, develop a charter, and elect a chair.

7:28 PM Membership Structures – Bylaws and Articles wrap up: The Bylaws and Articles are completed. The committee will meet this month to start planning the equity structure.

7:29 PM Board Officer Elections: The board officer elections were held.

There was one nomination for secretary: Megan Jackson, who was elected unanimously.

There was one nomination for vice chair: Brandé Payne, who was elected unanimously.

There was one nomination for chair: Carla McCullough, who was elected unanimously.

7:46 PM Board Self-Evaluation: A survey of board members conducted prior to the meeting was reviewed. The board's main strength is the strong leadership from the chair.

Suggestions for improvements included:

- Increase attendance
- Prepare better for meetings
- Spend more time future visioning

Specific suggestions for improvements were discussed.

1. Because the board meeting format does not allow time for brainstorming, the board discussed having a visioning meeting to augment the June retreat and possibly be scheduled during the winter.
2. Establish an attendance policy. Perhaps the policy could allow no more than three unexcused absences per year.

8:03 PM Guest Members' Comments: With no owner's present, the board used this time to discuss the following:

1. One board member was asked to forward via email his letter to the editor of the local newspaper to the other board members.
2. One board member invited the board to attend the Native American Buffalo Feast on 30 November at the Sacred Winds Methodist Church.
3. Open Harvest has been approached by a developer concerning a grocery store in a new development.

8:12 PM Adjourn