

**Open Harvest Cooperative  
Board of Directors Meeting Minutes  
Wednesday, October 1, 2014  
6:00 – 8:00 PM  
Two Pillars Church, 1430 South Street  
(Approved Nov. 5, 2014)**

**Present**            **Board Directors:** Carla McCullough (Board Chair), Sarah Bauman, John Christensen, Barbara DiBernard, Sarah Disbrow, Mary Hansen, Megan Jackson, Steven McFadden, Brandé Payne, Lin Quenzer, Kat Shiffler, Janet Squires. **Staff Members:** Kelsi Swanson (General Manager), Co Nygren (Finance/HR Manager). **Member Owners:** Paula Shafer (note taker). **Guest:** Dave Thomson, auditor.

**Absent**            **Board Directors:** Bob Hutkins (Vice Chair), Molly Phemister, Nick Svoboda.

**6:04 pm**            **Welcome, Introductions, Announcements:** The Board Chair called the meeting to order, welcomed board members, staff, and member owners.

Announcements:

1. Board members should return completed insurance forms to the finance/HR manager at the meeting or in the store.
2. The discussion of the co-op Ends is scheduled for the November meeting.
3. Board's self-evaluation, required by the G policies, is delayed until November.

**6:06 pm**            **Consensus items: Approval of minutes and agenda:** The Chair presented the draft meeting minutes for September and the October agenda for approval. **Consensus items:** The board approved the September meeting minutes and the October agenda.

**6:08 pm**            **Reserved Member Comments:** The Finance/HR Manager commented on the draft Bylaws. Article 4.2 states that board officers shall hold office for one year, which presents challenges because the learning curve for those jobs is long. An initial term of 2 years, with re-election for 1 year, allows the officer to be knowledgeable and more productive for a longer period of time. This also ensures consistency.

**6:09 pm**            **GM Monthly Report:** The General Manager (GM) discussed the highlights of her monthly report, which was distributed prior to the meeting.

**SALES**

August 2014 Sales: \$372,886

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

August 2013 Sales: \$422,929

**AP TO INVENTORY RATIO**

Accounts Payable as of August 31<sup>st</sup> 2014 was \$174,451 and the last inventory was \$222,523. This is a ratio of .78.

| Date             | 8/13 | 9/13 | 10/13 | 11/13 | 12/13 | 1/14 | 2/14 | 3/14 | 4/14 | 5/14 | 6/14 | 7/14 |
|------------------|------|------|-------|-------|-------|------|------|------|------|------|------|------|
| AP to Inv. Ratio | .61  | .83  | .76   | .73   | .64   | .70  | .66  | .79  | .82  | .59  | .68  | .74  |

(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 August 2014 were 20.05% of store sales, or \$74,753  
 Wages and Salaries budgeted for the 1<sup>st</sup> quarter was 19.5% of store sales, or \$72,713  
 Wages and Salaries for August 2013 were 19.52% of store sales, or \$82,539

**TOTAL OPERATING EXPENSE**

Total Operating Expense for August 2014 were 38.79% of store sales, or \$144,634  
 Total Operating Expense budgeted for the 1<sup>st</sup> quarter was 39.04%, or \$145,575  
 Total Operating Expense for August 2013 were 37.63% of store sales, or \$159,144

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

August 2014 Total Store SPLH was \$56  
 August 2013 Total Store SPLH was \$59

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

| Date | 10/13 | 9/13 | 10/13 | 1/14 | 2/14 | 3/14 | 4/14 | 5/14 | 6/14 | 7/14 |
|------|-------|------|-------|------|------|------|------|------|------|------|
| SPLH | \$57  | \$61 | \$55  | \$52 | \$58 | \$59 | \$60 | \$57 | \$55 | \$53 |

Membership numbers for August 2014

- Renewals - 82
- New Members - 51
- Membership Forfeitures - 0
- Member Equity Redeemed - 1
- Total Member Count- 2717

Summary

- Member numbers continue to improve since the change to \$25 equity at the beginning of August 2014. Along with the higher member count, the member sales as a % have improved.

- An owner drive is in progress for October targeting additional new and renewing owners.
- Store sales are still down compared to last year, but there has been an improvement over the last four weeks. The staff has met the SPLH goal thus far, and continues to work on it for this next Quarter.
- The formation of a 40-year anniversary committee is in progress; participants to date are: Board: Nick, Megan, Mary, Stephen, Sarah D., Staff: Kelsi, Amy T., BJ, and Angie Nelson, Member Owner: Keith Dubas.
- The staff/volunteer/board member Holiday Party is scheduled for October 18<sup>th</sup>.
- The GM attended the NCGA General Assembly Conference in Seattle last week. The conference focus was on improving retail operations, including a review of current trends in the natural and organic foods market. Many stores comparable to Open Harvest are experiencing flat or negative sales growth. While this occurred during the economic instability of 2008-2009, the current trend is due to increased competition. The GM attended a seminar at the conference on sales improvement. The emphasis was on improving efficiency.
- The store is busy with upcoming inventory, bulk sale, member drive, and preparing for the holiday season. Operations are continuing at the new level of labor and other efficiencies. Becoming accustomed to this new normal has been a challenge, but it has to be done and people are doing it.

#### Outreach Activities Summary

- Fall Member/Owner Drive: October 1 – 31. Target is 150 new owners.
- Beer + Cheese, PART 4: October 14, 6-8 PM. Zipline Brewing Co., 2100 Magnum Cir., Lincoln
- Local Foodshed Working Group Meeting: October 14, 4:30 - 5:30 PM, Lancaster Manor Chapel, 1001 South Street
- Get to Know Your Co-op : October 16, 6-7 PM
- Annual Owner Meeting: November 2, 1:30 – 4:00 PM. Ploughshare Brewing Co., 1630 P Street

**6:30 pm**

**Monitor L4 (Financial Condition) with Finance Committee report.** The GM reported on the financial condition of the store. The debt to Union Bank and owners is being serviced as planned. The repayment to the store's reserve fund is rescheduled for complete repayment by the end of the calendar year. For this reason, the GM asserted non-compliance with the policy.

A board member commented that the impact of the efficiencies that have been enacted within the store will not be visible immediately. This is especially true in situations where a business is experiencing negative growth. The current situation is not a big problem because there is motion toward paying off the loan from the cash reserves.

The board chair asked if there were further questions or concerns with the L4 report. The board raised no further concerns.

**6:41 pm**      **Annual Review of Financial Records – External Auditor Presentation.** The external account presented a review of the 2013-2014 financial year. The board approved the review report with two changes.

**7:13 pm**      **Annual Meeting Committee Report:** The Annual Meeting is scheduled for November 2, 1:30-4:00 pm at Ploughshare. The GM raised the budget for the meeting from \$1500 to \$2000. The additional funds were gained by eliminating attendance at the 2015 CCMA Conference.

**7:23 pm**      **Policy Committee:** The committee is progressing with revision of the policies to be consistent with the changes to the Articles of Incorporation, the Bylaws, and the CBLD template. The committee accepted two action items for the November meeting:

1. Produce a Board Calendar Draft
2. Review the charters of all board committees

**7:25 pm**      **Election Committee:** There was no action in September. Volunteers for this committee include Sarah D, Nick, Bob and Barbara. One staff member and one non-board, non-staff Owner will be recruited. The committee will meet in October.

**7:28 pm**      **Membership Structures Committee:** The Bylaws and Articles of Incorporation were drafted, reviewed by counsel, posted to the store’s website for owner review, and reviewed by the board’s consultant, chair, and finance manager. Consensus Items: the board approved the length of term of board officers to be 1 year. The board approved the Articles of Incorporation with three changes. The board approved the bylaws with two changes.

**8:18 pm**      **Guest Members’ Comments:** None.

**8:19 pm**      **Adjourn to Executive Session GM Bonus Evaluation**