

**Wild Oats Cooperative Inc.**  
**Board of Directors Meeting Minutes -- Zoom video-conference**  
**Thursday, August 24, 2023: 7:00- 9:00 PM**

**Board Members Present:** Jose Constantine, Tom Cragg, Marc Freedman, Sarah Jacobson, Michelle Juneau, Jeff Strait, and Lee Venolia. Bob Allard and Peter Siegenthaler were absent

**Managers:** Netse Lytle

**Meeting convened at 7:00 PM**

**Member-Owner Comments**

- No member-owners attended the meeting. Tom Cragg sent the Board an email received from a member-owner that makes very favorable comments about Netse Lytle

**Board and Meeting Logistics**

- Tom Cragg reviewed with the Board the meeting agenda and the Board calendar
- Tom Cragg noted a few revisions to the July 2023 draft minutes. In particular, Tom pointed out the new addition of “action items” to the minutes. He will do some research on how other co-op boards handle action items. Sarah Jacobson moved and Jeff Strait seconded a motion to accept the minutes, as amended, for the July 2023 Board meeting. Motion passed 5 to zero with three abstentions
- Tom Cragg walked the Board through a decision tree (created by the Board’s consultants at Columinate) that provides guidance on how the Board should react to management reports (as part of the policy-governance model that Wild Oats follows)

**Management Report L3 – Financial Condition and Activities (FY 2023 Q4 and full year)**

- Netse Lytle responded to questions with regard to the L3 report for the fourth quarter of fiscal year 2023
  - A few minor typos were noted in the report
  - The history of lower third quarter profits at the store was discussed. Netse Lytle stated that he and his team recognize this history but aim nevertheless to make the third quarter profitable. Net income in the third quarter of fiscal 2023 was seriously affected by one-time tax payments related to previous years’ net income.
  - The liquidity benchmarks used in the L3 were discussed
  - Jeff Strait commented that Q4 looked pretty good and shows that the store is getting control over cost of goods sold. The store saw an increase in gross profit margin in Q4.
  - Jeff also noted lower cost for wages in fiscal year 2023 compared to the previous year. Jeff wondered if there were fewer employees or fewer hours worked. Netse Lytle made some comments on wages and speculated that personnel changes may have improved the wage comparison. Netse also explained that the store attempts to manage wages and hours in reaction to weekly sales estimates. Netse promised to provide some FTE figures for the Board. The need for an assistant for the General Manager was again mentioned
- Netse Lytle responded to questions with regard to the L3 report for the full fiscal year 2023
  - A number of issues were discussed related to the financial results for the full fiscal year

2023, including credit card fees (compared to budget) and the unexpected federal and state taxes related to past years' net income. Jeff Strait pointed out that the financial results were better, when compared to benchmarks, if these unexpected taxes are backed out.

- Jeff Strait also noted that the full year results, such as the slight drop in year-to-year sales, seem to reflect a post-COVID normal.
- Sarah asked Netse to add a comparison to the previous year's results in future versions of the L3 report that cover the full fiscal year's results
- Netse mentioned that National Cooperative Grocers makes data available that allows the store to compare its financial results to peer co-ops in the area.
- Jeff Strait moved and Sarah Jacobson seconded a motion to accept the two L3 reports, recognizing that the General Manager's has shown the Board plans to address non-compliant issues. Motion passed 7-0

### **General Manager Comments on Building Improvements**

- Netse Lytle discussed his conversation with a Columinate consultant who specializes in renovation projects and financial forecasting. This consultant is working on a quote to assist Netse in exploring the feasibility of a building renovation
  - Netse noted that the consultant emphasized the need for a "market study" as the start of any feasibility study. Netse discussed the action steps necessary to complete this study at Wild Oats. Jeff Strait felt that a market study that looked at people who do not shop at the store would be helpful. He is also skeptical that a new study will provide any new insights from the study performed in 2018. Netse noted that store sales and competition have changed since the last market study from 2018 which argues for an update.
  - The availability of a site plan prepared for previous building expansion studies was discussed.
  - Marc Freedman suggested that the feasibility study include product profitability analysis
- Tom Cragg mentioned comments made by the store's Board consultant regarding the issue of the Board's role in preparing a building improvement plan. Her opinion was that this plan was totally the General Manager's responsibility and should have been part of the Three-Year Business Plan which was presented and accepted at the July 2023 Board meeting. It seems clear that major implementation steps will occur during the current three-year business plan period.
- Jeff Strait suggested that the next report from Netse Lytle on building improvements should be a project timeline for action items to occur over the next few months, such as the market study, consultant contracting, etc. The Board asked Netse to present a near-term project timeline at the upcoming September 2023 Board meeting.

### **The Board moved into Executive Session at approximately 8:10 pm to discuss the Annual Meeting and Board Candidates**

- Michelle Juneau briefed the Board on Annual Meeting plans to date. The meeting is scheduled for October 24 at the Williams Inn. The Board discussed a variety of ideas concerning how to conduct the meeting, the refreshments to be served, and activities to attract a good-size audience. Food cannot be brought into the Williams Inn from the store for consumption there (but could be brought packaged to take home). Alternative venues for future annual meetings were discussed that might allow the store to better highlight its prepared food offering.
- The Board discussed various candidates for the Board

**Executive Session ended at 8:30 pm**

**General Manager Comments**

- Netse Lytle invited the Board members to the store's upcoming ice cream social
- The store's outside auditors are beginning to start work and requested copies of meeting minutes for recent Board and Finance Committee meetings
- Store will participate in the "Hay Days" at the Williamstown Historical Museum

**MEETING CLOSING**

- The next Board meeting is scheduled for September 21, 2023
- The meeting ended at approximately 8:40 pm

**Action Items Resulting from the Meeting:**

1. Tom Cragg – Research how other co-op boards handle action items
2. Netse Lytle – Provide the Board with FTE report to the Board
3. Netse Lytle – Provide the Board with NCG benchmark financial data on peer stores
4. Netse Lytle – Look for a site plan and other drawings from previous Wild Oats expansion studies
5. Netse Lytle – Present a building improvement project timeline at the September 2023 Board meeting
6. Netse Lytle – Email requests for Annual Report write-ups
7. Tom Cragg – Provide recent Board minutes to the store for the auditors

**Minutes Prepared by: Tom Cragg**