



Minutes of River Market  
Board of Directors Meeting  
December 12th, 2017  
6:30 p.m. in the River Market Loft

**Attendance**

**Directors Attending**

Alison Komarek  
Nate Hart  
Kellie Seth  
Matt Ludt  
Chris Jensen  
Carolyn Babilius  
April Rust  
Dan Puraty  
Brock Ehnert

**Directors Not Attending**

**Also Attending**

Mead Stone  
Nicole Sullivan

**Call to Order 6:33 pm**

- President Alison Komarek called the River Market Board of Directors meeting to order at 6:33 pm. Directors Dan Puraty and Carolyn Babilius were welcomed back to the Board.

**Owner comments**

- None.

## Points of order

- None.

## Approval of Procedural Documents

The Consent Agenda was called. Items on the Consent Agenda were:

- A. Meeting Agenda
- B. Open Meeting Minutes 11/14
- C. New & Leaving Owners List
- D. GM Informational Report
- E. Director Rust's Currents Article
- F. C.2 - Aggregate Compliance Report
- G. C.6 – Aggregate Compliance Report

- **Director April Rust pulled item B – Open Meeting Minutes 11/4 and item D – GM Informational Report. All other items were approved.**
- President Alison Komarek explained the new procedure for monitoring C reports to the new directors. The C reports are placed on the consent agenda along with an aggregate compliance report.
- There was a late addition to the agenda items. Mead Stone will be passing out a D and B report survey exercise.

## Business

### Seating of new Directors 6:39 pm

- New Directors Dan Puraty and Carolyn Babilus were voted in by the Board electronically and signatures formalized the appointments prior to this meeting.

- Both have served previously on the Board and thus were welcomed back and asked if they were in need of anything.
- Participation on Committees was discussed. Dan Puraty will serve on the Policy and Rules Committee and also has possible interest in serving on the GM Search Committee. Carolyn Babilus will serve on the Board Development Committee.
- Elissa Cottle was previously charged with assessing the D4 monitoring report. This has now been reassigned to Dan Puraty. This report along with the other D reports is due in February.

### **BOD/GM Open Discussion – 6:43 pm**

- Mead Stone opened up for questioning from the directors and noted the increased detail of the monthly GM report.
- Director April Rust asked for clarification on which is the Lyskey lease. Mead confirmed that it is the current office and meeting space across the street from the store.
- Mead has spoken to the landlord, Tom Wortman who stated that he would be happy to extend the lease for another 5 years if we don't find another option. Both this lease and the store lease will be up in 2020. A typical standard lease length is first a 10 year with 5 year extensions. We have had two 5 year extensions. Tom stated that he is not planning on selling the building in which the store is located.
- Update regarding the gentleman with a possible cracked tooth – the insurance company is taking care of the situation.
- Mead was contacted by Bill Turnblad from the City to ask if River Market would support the car show this year. Mead said no as the event takes away from sales and causes issues with parking. Other businesses had the same viewpoint for the car show as well as the Music in the Park on Sundays.
- Andre Bessette is collaborating with St. Thomas undergrad marketing students to market certain items in the store.
- Mead Stone thanked Carolyn Babilus for her assistance with the marketing plan as we have been receiving great customer feedback from the implemented program.
- Harvest Moon's announcement of a search for a new GM was discussed.
- Mead confirmed that he is retiring in late August, 2018.
- The word is getting out amongst the co-op grape vine regarding Mead's retirement and the search for a new GM starting.

## Assessment of Financial Condition 6:55 pm

- This discussion was in regards to River Market's current cash situation. Up until recently the cash on hand has been in the 6 figure amount but is currently substantially less.
- The Board Executive Committee therefore requested an additional B.1 Financial Condition report to be submitted along with financials posted on Backpack.
- The question is how did the amount of cash on hand have such a reduction so rapidly and what position does that put us in terms of solvency?
- We do have a \$60,000 line of credit at Lake Elmo Bank which has not been used but would that be sufficient and what would the implications be for tapping into that?

The cash status is as follows:

1) Four Tuesdays ago the cash on hand was \$35,000

2) The following week we gained as Thanksgiving was good but it was a payroll week (payroll is about \$50,000) leaving the cash at \$55,898

3) The week after that was not a payroll week leaving the cash at \$72,741

4) We are now at \$51,156 and it seems to be stabilizing at this amount.

- The cash was reduced by about \$160,000 from where it was previously.
- There were three payrolls in November which contributed to the reduction.
- December cash will look good due to when the cut off is for reporting figures compared to when bills get paid. Following that we will be tight.
- The staff have been notified that there may be layoffs and have been asked to take PTO if they have any.
- Easter is early, April 1<sup>st</sup>, which may not be a good thing for sales.
- In terms of solvency, Mead stated he feels optimistic as we have run on less cash in the past. If need be we can tap into the line of credit which would bring us back up into a 6 figure amount. However, that loan needs to be paid off in a year.
- Orders have been reduced.
- We are down by \$59,000 in sales for the last quarter.
- Mead does not want to reduce the staff until after the holidays.
- Some customers are going to the new Whole Foods in Woodbury and HyVee in Oakdale and will hopefully return. There is a possibility that this may be happening given that December sales are up by 4% so far.

- November sales were down by 7%. The whole quarter we were down by 4.2% and expenses are going up.
- Mead has measures and backups in place but that doesn't solve the underlying problem of reduced sales.
- Mead reiterated that we are looking at focusing on what we do best which is customer service, fresh produce and the Deli. We have brought in an expert to look at the deli menu and will be doing this again.
- At this stage we are not looking to get into delivery as that is for fewer people's needs and would rather concentrate on the 4000 owners that do come into the store.
- The possibility of hiring a marketing firm was discussed to help get the word out beyond the existing owners. Mead felt that coming into the holidays was not a good time for this and also stated that we have hired a marketing company in the past and resulted in a 10% loss in sales from comparative sales in the previous year.
- Discussion ensued regarding focusing on existing customers and working with them to increase interest and sales. Perhaps marketing could be looked at to generate sales for Easter.
- The egg coupon still brings in people.
- Even though there is optimism on measures in place there is still concern over how quickly the shift occurred and if we had another shift like we did in November could we sustain that? Do we need to put additional things in place to prepare for possible down turns? Could we reach out to other co-ops in the region to see if they are experiencing the same concerns or have proven methods to overcome similar challenges?
- It is important to be proactive regarding these concerns.
- We have a \$40,000 commitment to purchase remaining stock from Spiral Foods if they were to close. This commitment was made during a time when River Market was not experiencing cash challenges nor was there any prediction of cash challenges. The commitment is managed by the bank. The board asked Mead to inquire if we have any flexibility to detach ourselves from this commitment if necessary.
- Mead has not seen good results from passed marketing and thinks that staff reduction is at least tangible. He is also hoping for a reduction in medical insurance costs. Mead will also reach out to other co-op contacts.
- It was discussed that there are many people in Stillwater who are likely not aware of the co-op and what it offers. There is also a perception amongst people that the co-op is expensive. How do we get the word out on what we offer and that you can shop in a budget friendly way?
- The possibility of Directors being on other local Boards or being involved in other community activities could help spread the word.
- Mead was asked what, does good customer service really mean. How do we describe that differently to other businesses and how do we prove it? Mead responded by describing that we have had an overwhelming response from owners stating how good the customer service is plus we always score high results from the secret shopper.

- What is missing from online shopping is the personal learning from expertise – that is the message we need to get out. Diving deeply into what we mean by customer service and promote that aspect, e.g. the difference between finding something on a shelf and having personal knowledge about the product and manufacturer.
- At the core, River Market is doing a lot of things that people outside the co-op world are looking for, therefore, we need to communicate that to them.
- The possibility of test marketing emails was discussed. Looking at monitoring what helps to grow sales within our current customer / owner base and then using that information for possible external marketing.
- Increasing free PR was discussed. We have been mentioned in press articles such as the Tribune regarding the effect of the new bridge. A well written press release is more likely to get published if the press is looking for content. Participating in more awards could generate some publicity.
- It is far more cost effective to get existing customers to increase sales than to recruit new shoppers. We should have excellent emails to existing customers and then see which ones get the best responses and use that for Facebook advertising and optimization.
- Conversation ensued regarding possible up-selling (suggestive selling) in the store. This can be very effective. Comparison with Trader Joes was discussed regarding genuine conversation of products the staff recommends.
- The customer counts were down as well as the sales in November. Costco did open in Woodbury in November, however, the general thought was that those buyers would already have been going to the Maplewood Costco and therefore not affect our sales. We have had down turns with competition opening in the past but competition is only going to increase.
- Mead will send weekly updates of the finances to the Executive Committee and also contact the bank in regards to getting more details on our obligations with Spiral Foods.
- We are up to date on all bills as we pay 10 days out. All wages have also been paid and are up to date.
- Mead will continue to investigate the reason for the rapid and significant reduction in cash. He will also reach out to other co-ops for possible support.
- Mead was asked if he needed anything else in terms of support at this stage. Mead said no at this point but may look at the possibility of bringing in Sara Budenske, our accountant, if necessary to look into the last couple of months.

## **GM Search Committee Update 8:05 pm**

- Director April Rust stated that the plan for the committee was to have 4 or 5 people, possibly 6 on the committee.
- April explained that so far there has been a session with Melanie Reid from CDS Consultants, going through the GM Search Tool Kit as well as having had a study and engagement session on the topic. Through these sessions it was decided that the majority of the members on the GM Search Committee should be Board Directors.
- The Board has appointed Lisa, the River Market HR Manager to the committee.
- The Board approved that the additional staff member would be selected through a combined process of an application as well as a staff vote.
- The staff vote was held and the person with the highest number of votes was Barbara.
- The possibility of also including the person with the next highest number of votes was discussed. After much discussion it was decided to remain with the approved intent of selecting one additional staff member for the committee.
- Director Dan Puraty will be given time to review the GM Search Committee's Charter in order to decide if he would like to serve on the committee. He will make his decision by the January, 2018 Board meeting.
- The GM Committee will be spending time updating the timeline and working on the budget over the next month.
- The Committee will contact Barbara to coordinate with her.
- There were 39 staff votes out of about 69 staff members.

## **Closed Session 8:22**

- **President Alison Komarek moved that the Board enter into a closed session.**
- **The Board held a closed session from 8:22 pm until 8:27 pm.**
- **The open session resumed at 8:27 pm.**

## **Policy and Rules Committee 8:27 pm**

- The Board engaged in the C-Report survey exercise for this month.
- No committee update.
- At this time Mead also handed out surveys for B7 – Communication with the Board and the D2 reports.

## **Events/training 8:40 pm**

- The next CBLD 101 and Applied Governance training will be on January 6<sup>th</sup> in St. Paul. The title for this session is “Building a Great Relationship with your GM”
- Directors Rust, Seth, Ehnert, Jensen, and Hart are interested in possibly attending.
- Those interested in attending will send an email to the Board to notify when they decide.
- There is no limit to the number of people from the Board who may attend.
- Individual registration is required.
- The CDS invitation to this event is open to all people interested in attending. Mead will forward the invitation to the staff and managers.

## **Media: Currents; Website, etc. 8:51**

- Director Rust’s article for Currents was approved through the Consent Agenda.
- Mead will be writing an article to coincide with the Board’s article.

## Reports 8:59

- Director April Rust pulled item B – Meeting Minutes for 11/14/17.
- A bullet stating that Melanie Reid will be meeting with the Board in January will be removed due to it being a miscommunication.
  
- **Director April Rust moved that we accept the Open Meeting Minutes for 11/14/17 with the amendment of that bullet being removed. Director Matt Ludt seconded. Motion carries unanimously.**
  
  
- Director April Rust pulled item D – GM Informational Report.
  
- **Director Alison Komarek moved that the Board accepts the GM Informational Report with the additional implementation of a revised monitoring plan to include weekly reports from Mead to the Board on cash status. Mead is also asked to report back to the Board promptly on the situation with Spiral Foods and on any potential discussions with Sara Budenske or other resources regarding identification of the source(s) of the recent cash reduction or planning for financial stability. Director April Rust seconded. Motion carries unanimously.**

## Director Questions & Assignments

### January Meeting Assignments:

#### Leadership Tasks and Work

- Plan Logistics for Spring Retreat

#### Board Monitoring Reports

- C Report Monitoring Review

**GM Activities**

- GM monthly report
- B.7 Communication with the Board
- B.8 Logistical Support

**Board Development Committee**

- Confirm which existing Directors are up for re-election, assess board composition, update Board Application and Application Packet

**Other**

- CBLD Consultant Call
- February 20th is Current's Deadline
- Dan Puraty will update the Board's message board.
- Spring Retreat is on hold for now until it is decided that there is a need.

**Open Session Adjournment 9:07 pm**

Respectfully Submitted

Nicole Sullivan

Board Administrative Assistant