

**MINUTES OF MEETING OF THE
BOARD OF DIRECTORS OF
RIVER MARKET COMMUNITY CO-OP**

Call to Order

The Board of Directors of River Market Community Co-op held a regular meeting on September 14, 2021, at 6:30 p.m. via Zoom.

The following directors were present and constituted a quorum of the Board:

Directors in Attendance

David Mickelson
Mead Stone
Karen Hulstrand
Christina Arndt
Victoria Bradford Styrbicki
Venee Russ
Mr. Quie

The following individuals were also present at the meeting: owner Dana Jackson, owner Paula Gilbertson, Sarah Budenske (CPA), Ms. Morrison (GM), Ms. Petrick (Board Admin.)

Mr. Mickelson chaired and called the meeting to order and announced that this meeting was held pursuant to a written notice of meeting which was given to all directors. A copy of this notice was ordered inserted in the minute book preceding the minutes of this meeting.

Owner Comments

Mr. Mickelson began the October meeting by inviting owner comments. Ms. Jackson opened by saying that she thinks communication at the River Market (from store to owners) has greatly improved. She explained that the September/October newsletter was especially well done; interesting and informative. Ms. Jackson specifically pointed out the GM explanation of product policy and closed her comments by emphasizing that the newsletter was a good communication piece for owners and members.

Mr. Mickelson asked if Paul Gilbertson had any comments to add and asked if she was attending the meeting in a professional sense or as an owner. Ms. Gilbertson responded that she

was acting as a support for Ms. Morrison and there to observe.

Mr. Mickelson then stated that there was a minor point of order: that there would be no previous meeting minutes to review. He then called attention to the Consent Agenda and asked Directors if there would be any pulled Reports. Ms. Morrison asked if there could be a change in the order of reports -if Sarah Budenske could give her presentation first, followed by the GM report. Mr. Mickelson agreed. Mr. Mickelson then asked Directors again if there would be any pulled reports for the meeting. Mr. Stone requested to pull the Policy& Rules committee report from August (2021).

Mr. Mickelson then moved the meeting to the Business Section starting with the Auditor's report and Ms. Morrison introduced Sarah Budenske (CPA) for her presentation to the group. Ms. Morrison explained that Ms. Budenske would be presenting a review (vs. an audit).

Auditor's Report

Ms. Budenske introduced herself to the Directors and asked if this report was given to all directors prior to the meeting. She also explained what accounting policies were used to determine the financials and how key factors and assumptions were used to develop the estimates presented.

For example, Ms. Budenske explained some estimates were used that could affect financial statements such as:

- Estimate of depreciation (assets)
- Inventory value based on average cost margin
- Gift Card redemptions
- Estimate of deferred income tax provision

Ms. Budenske continued by outlining specific risk factors that exist:

- Disclosure of major vendors and related purchase agreements
- Disclosure of debt term and outstanding balances

Following these items, Ms. Budenske highlighted some notable financial metrics for the FYE of 2021 (6/30/2021) based on a 3-year comparison:

- Gross Margin (good stable increase)
- Labor Ratio (decreased = staffing shortage)
- Debt to Equity Ratio (decreased = PPE loan turned to equity)
- Current Ratio (overall very healthy)
- Long-term portion of Debt (equity = strong position)

Ms. Budenske closed her presentation by re-stating that these are the key metrics taken into consideration to get an understanding of how the River Market is doing. Ms. Budenske then moved on to the financial statements for review.

Key Points:

- Balance Sheets
- Statements of Operations
- Statements of Member's Equity
- Statement of cash flows
- Schedule of operating expenses
- Assets
 - a.) Current
 - b.) Property and Equipment
 - c.) Other

During this part of the discussion Ms. Morrison, Mr. Mickelson and Ms. Gilbertson all added comments and further explanation to different items mentioned above.

Ms. Budenske ended her presentation with an overview of the financials that included:

- Summary of significant accounting policies
- Use of Estimates
- Revenue recognition
- Subsequent Events
- Cash Equivalents

Followed by:

- Accounts Receivable
- Inventories
- Investment in other co-ops
- Presentation Sales Tax
- Compensated Absences
- PPP Award
- Income Taxes
- Advertising

In addition:

- Concentration of Risk (purchasing agreement)
- Note Payable (line of credit)
- Long-term debt
- Member's Equity
- Union Labor
- Employee Benefit Plan

- Patronage Rebate
- Income Tax provisions
- Lease

Ms. Budenske completed her presentation and Mr. Mickelson opened the floor for any questions or comments. A brief discussion ensued. Mr. Mickelson asked Ms. Budenske what area of concern the board should be aware of. Ms. Budenske indicated that she didn't find much to worry about, but one area to look at is the Equipment and Lease. There could be some decisions to be made there. Mr. Mickelson asked what financial areas we could concentrate on improving. Ms. Budenske pointed out the accumulative deficit and stated the importance of sustaining positive numbers years.

Mr. Mickelson then asked what the board should know that did not appear in her report. Ms. Budenske explained that when she went in and spoke to staff that they were all responsive, were knowledgeable and offered good input.

Mr. Mickelson thanked Ms. Budenske for her review and presentation. He then asked her to respond to 7 statements that required either an affirmative response or other:

The General Manager will not:

1. *Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion, to be insufficient.*
TRUE
2. *Allow solvency, or the relationship of debt to Member-Owners' equity, to be insufficient.*
TRUE
3. *Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.*
TRUE
4. *Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.*
TRUE
5. *Allow late payment of contracts, payroll, loans or other financial obligations.*
TRUE
6. *Use restricted funds for any purpose other than that required by the restriction.*
TRUE
7. *Allow financial record keeping systems to be inadequate or out of conformity with GAAP. (Generally Accepted Accounting Principles)*
TRUE

Mr. Mickelson then made a request for a motion to accept the review as presented. Ms. Bradford Styrbicki made the motion to accept Ms. Budenske's report. Mr. Stone seconded the motion and Mr. Mickelson asked for a vote by a show of hands. **ALL in FAVOR.** Motion passes

Mr. Mickelson then excused Ms. Budenske from the meeting and all the Directors thanked her for her time. Mr. Mickelson then moved the meeting to the next item of business: The GM/Open Discussion.

GM Report/Open Discussion

Ms. Morrison opened the GM Report by making a small grammar correction to the “planet” portion of her report. As a side note, Ms. Morrison mentioned there are no C-shares to pay for September and October. She then gave a brief financial update (account balance) and invited any questions from Directors. Ms. Morrison then referred to a topic of discussion at a previous meeting about the NCG Fall meeting for designated representatives and notified the event was made virtual which allows her to be in town for the board meeting that month.

Next, Ms. Morrison stated that there was an engagement opportunity for board members if interested. The RM finds itself short of parking lot attendants and are looking for people to help monitor the parking lot during the Art Fair (and noted it could be a good opportunity to promote the Annual Meeting). The next item she mentioned was a discussion about a market study and stated that this is not something that the RM is in a hurry to do at this point.

Ms. Morrison finished her report informing the group that Anthony (HR Manager) just celebrated his 10 -year anniversary at the River Market and opened the floor to questions. A brief discussion followed about some financial metrics that were provided in the B1 report. Ms. Hulstrand asked more about the Changemakers project and Ms. Morrison gave further detail about the SAHS students establishing a vegetable garden.

Mr. Mickelson thanked Ms. Morrison for her report and moved the meeting to the next item on the agenda: planning of the Annual Owners meeting.

Annual Meeting Planning

Mr. Mickelson explained to Directors that priorities for tonight’s meeting were to establish the order and time of events. He then noted that Mr. Quie had shared a draft agenda and presented the document to the group. A discussion ensued among Directors about the:

- Pre-meeting Assembly (5 min.)
- Blue Zone Speaker (30 min.)
- Summary (10 min.)
- Business Meeting (10 min.)
- Annual Reports (30 min.)
-Q&A
- New & Unfinished Business (25 min.)
- Results of Votes
- Adjournment

Mr. Mickelson requested a motion to accept the Annual Meeting Agenda as presented. Ms. Bradford Styrbicki made the motion to accept the Annual Meeting Agenda. Mr. Quie seconded the motion. Mr. Mickelson asked for a vote by a show of hands. **ALL in FAVOR.** Motion passes.

Mr. Mickelson then excused Directors for a 5-minute break.

7:54 p.m. Break

8:00 p.m. Resume

2021 C Report Recap

Mr. Mickelson resumed the meeting and opened the floor to Mr. Stone to lead the group through the 2021 C Report review. Mr. Mickelson also mentioned to the group that the 2022 C Report schedule is in process.

Mr. Stone started the review by noting that only 1 of the 8 reports had all “yes” answers – meaning that every Director felt that we were in compliance. The report not in compliance was an item in the C5 report. Mr. Stone then gave a recap for all C Reports/comments:

- C1 Governing Style
- C2 The Board’s Job
- C3 Annual Agenda Planning
- C4 Board Meetings
- C5 Director’s Code of Conduct
- C6 Officer’s Rules
- C7 Board Committee Principles
- C8 The Governance Investment

Mr. Mickelson followed the recap by asking Directors that have more experience – how this review feels to them. Both Mr. Stone and Ms. Morrison commented on the loss of Directors and spoke to their experience with the board. Mr. Mickelson then asked Ms. Gilbertson for her input. Ms. Gilbertson recognized previous comments and asked how the results of the reports would be implemented. She asked what steps are going to be taken to avoid this in the future and explained that the responses are areas where the Board can focus/improve.

Directors asked a few questions and a conversation followed about the plan for the 2022 C Report. Mr. Mickelson asked if there were any other comments or questions about the C reports. None were raised. He then moved the meeting to the next item.

Pulled Reports

- Mr. Stone presented the group with a question about an agenda item that was on Policy & Rules Committee for August 2021
- Mr. Stone asked the group for input regarding the approval of the Appendix to the C Reports
- Following a brief conversation it was agreed that the Board needs to update the Appendix (simplified procedures allowed by Robert's Rules of Order for board meetings)
- Once updated and the board has the chance to review and the Appendix can be discussed further
- Mr. Mickelson noted Directors would receive related materials

Mr. Mickelson requested a motion to accept the P&R Report. Mr. Stone made the motion to accept the report. Ms. Hulstrand seconded the motion. Mr. Mickelson asked for a vote by a show of hands. **ALL in FAVOR.** Motion passes.

Mr. Mickelson requested a motion to accept the balance of the consent agenda items. Mr. Stone made the motion to accept the balance of the consent agenda items. Mr. Quie seconded the motion. Mr. Mickelson asked for a vote by a show of hands. **ALL in FAVOR.** Motion passes.

Meeting Evaluation

Mr. Mickelson asked if there was any further discussion. No requests were made. Mr. Mickelson moved the meeting to the PLUS/DELTA exercise.

Meeting Evaluation (Plus/Delta)

Plus:

- Mr. Stone appreciated Paula Gilbertson's presence at the meeting
- Ms. Morrison thanked Ms. Hulstrand for asking interesting questions
- Ms. Hulstrand thanked Paul for putting out the agenda for the Annual Meeting (Blue Zones)
- Paula Gilbertson thanked everybody for the meeting and thanked Sarah Budenske (CPA)

Delta:

- Ms. Morrison commented on the challenges with technology (admin./platforms, etc.)

8:40 p.m. Closed Session

9:10 p.m. Resume Open Meeting

ADJOURNMENT

There being no further business to come before the Board at this meeting, on motion duly made and seconded, the meeting was adjourned at 9:10 p.m.

Nealy C. Petrick
Board Administrator
9/14/2021