

## **Onion River Co-op/City Market**

Board of Directors Meeting

November 18, 2019

### **Board Attendance:**

Faye Mack, Board Member, President

Eric Boehm, Board Member, Vice President

Jim Rudolph, Treasurer

Joanna Grossman, Board Member

Caroline Keller, Board Member

Leah Soderquist, Board Member

Allison Searson, Board Member, Secretary (By Phone)

### **Absent:**

Julia Curry, Board Member

### **Also in attendance:**

Michael Healy, Board Facilitator

John Tashiro, General Manager

Caroline Aubry, Membership Manager

Kiersten Hallquist, Member & Board Minutes-Taker

Madelyn Cataford, Director of Finance

Mae Quilty, Outreach & Education Manager

Garth Allen, Gallagher, Flynn & Company

Steve Austin, Gallagher, Flynn & Company

Serrill Flash, Member

Jody Landon, Member

Jackie Majoros, Member

Caitlin Waddick, Member

A quorum was established and the meeting started at 6:03 PM.

### **Preliminaries**

#### Review Agenda

The Agenda was accepted as written.

#### Review Minutes

The October 21, 2019 minutes were accepted with the following changes: open member response on page 3 – “Will collaborate with John to come up with proposals” changed to “Will collaborate with John to review the information and develop a formal response.”

#### Review Action Items

The Action Items list was reviewed and accepted with one item removed.

John, Jim, Julia, and Faye met with Patrick last month and discussed ideas regarding recruitment and expanding representation. The Board members committed to bringing the messages back to the board and follow-up with Patrick early, in 2020.

## **Open Member Time**

The Board Members, special guests, City Market staff, and members in attendance introduced themselves. Members did not have anything to share at this time.

## Auditor's Presentation

Garth Allen and Steve Austin from Gallagher, Flynn & Company presented their Annual Audit Review to the Board. Garth and Steve shared their appreciation to Madelyn and her team for all of their contributions and support to this years' audit. Highlights from the presentation included but were not limited to a brief orientation to an audit and its purpose, a walkthrough of the Report to the Board (audit findings), presentation of the financial statement, ratio financial analysis,

Summary of the Annual Audit Review report to the Board included unqualified report on the financial statements, recorded audit adjustments, no uncorrected misstatements, 2018 reclassification of \$1mm of restricted cash and cash equivalents to non-current assets due to bank requirements (Mascoma), and no significant deficiencies or material weaknesses in internal control to report.

They briefly presented on the NCB debt assigned to CFNE. When the debt was assigned, there were covenants from NCB that were incorrectly carried over to CFNE; this was due to an administrative error based on a CFNE employee transition. City Market Leadership is working to secure waivers to remove the covenants and amend the note, and these should be in place soon, returning City Market to compliance.

Financial statements are a moment in time and only across two years. The financial ratio analysis helps show the Board the financial changes over time – five-year trend and “big picture.” The focus looked at revenues in the Downtown and South End stores, operating expenses, and the ratio between the two. Operating costs are an investment City Market has been focusing energy into since the opening of the new store; however, after three years of investment, City Market sales are starting to grow at a greater rate than the store's operating expenses. Assets also have significantly grown over time, which is expected with the opening and growth in the downtown store.

City Market continues to present a strong balance sheet as the debt to income ratio continues to go down. The auditors recommended the Board continue to closely monitor their working capital ratio, which is a quality indicator of financial health. The Cash and CD balance revealed continued compliance, as well.

The CNFE covenants were the only reported noncompliance and the leadership team presented a plan to return the store to compliance in the foreseeable future.

The Board asked clarifying questions.

The auditors reported a healthy balance sheet, with strong equity, strong cash position, paying off debt, and strong sales. They did not have any significant concerns to report.

## **Executive Session**

The Board moved into Executive Session at 6:58 PM to hear a check in from the Gallagher, Flynn & Company auditors. The Board returned from Executive Session and the half-time stretch at 7:26 PM.

## **GM Reporting**

### Monthly GM Update

John presented his report to the Board. Highlights included a significant rise in sales this month, reaching 1000 pre-order turkey sales as of this evening on their way to setting a new record, and supporting the recent Grand Opening of REI (new local co-op).

The Board shared their appreciation to the finance and culture teams for their work and dedication to the post-union contract processing.

The Board shared observations and asked clarifying questions.

Mae presented on annual professional development training provided to the staff, including recent training on GMOs in light of an upcoming January legislation focus. She also surveyed the staff on desired future trainings after the GMO training delivery.

### B3: Asset Protection

John presented the B3 report to the Board. The Board asked clarifying questions and shared observations.

The lease to the current off-site office building lease expires May 31, 2020. The leadership team is exploring their options for leadership office space.

John shared with Board the recent receipt of a significant loan repayment from Brattleboro that City Market had previously extended.

The Board accepted the report as demonstrating compliance with the policy, with the exception of 3.4.6 and 3.8. as ongoing areas of non-compliance. However, the Board accepted the plan to return to compliance as written.

### B4: Financial Condition

John presented the B4 report to the Board.

The Board accepted the report as demonstrating compliance with the policy, with the exception of B4.3., B4.5., and B4.10 as an ongoing area of non-compliance. However, the Board accepted the plan to return to compliance as written.

### Reflection on Elections

Faye facilitated Board reflection on the election process. The Board shared personal reflections and observations. Some feedback included a truly positive experience, individuals being overwhelmed or unable to engage votes due to the high number of candidates, continuing to ensure a board member is present during the board orientation sessions (validation of Board Education Committee purpose and usefulness), providing a small guide/info card on board meeting process, Change the Story as a

community tool to help facilitate inclusive and accessible language in job description and recruitment work, and appreciation for the video component. The Board shared continued interest in recruiting more diverse candidates, more representative of the local community.

The Board felt it is worthwhile to continue the Board perpetuation committee to continue to explore how we might move forward in the election process.

In light of the low voter turnout, the Board suggested data mining or research occur to explore the demographics of our current voting population and how we might expand the reach. John noted that the voting turnout has stayed relatively static across recent elections. The Board shared that facilitating candidates is definitely a strength, however, voting and navigating the candidates continues to be a challenge for the voting constituents.

The Board shared an appreciation for the City Market Board Election as a way for community members to individually decide to opt-into a local leadership position. A lot of local boards have targeted recruitment.

#### Reflection on GM Evaluation

Faye provided a quick overview of the GM evaluation process. The Board shared personal observations and reflections on the process. The Board shared their appreciation for the well-orchestrated communications throughout.

John re-affirmed the value in the conversations that occur during the evaluation process. He shared his appreciation for the Board's dedication to the process, recognizing it is time-consuming, but worthwhile. He truly values the feedback.

#### Reflection on retreat

The Board shared the retreat was a very positive experience. The Board shared appreciation for the member engagement presentation, the facilitated feedback exercises, and the integration of the Leadership Team. They feel more informed and better equipped in their roles.

#### **Open Board Time**

The Board shared local updates and developments.

Faye shared her appreciation for a seamless turkey ordering process. She also shared enjoying opportunities to connect with co-op staff.

Jim enjoyed the conversation with Patrick Brown, which occurred a few weeks ago, and felt very solution-driven.

Joanna explored whether the South End Store might explore more entertaining or fun music...

John provided a brief update on the Champlain Parkway Project and engaging in discussions with Petra Cliffs leadership as they navigate the permitting process.

## **Future Planning**

### Open Member Time Response

The Board did not have member comments to address.

### Review Board Calendar

The Board reviewed the calendar.

Leah signed up to do the Community Service Award in January. Caroline signed up for March.

John thanked the Board for their responses regarding meetings for the upcoming year.

Next month is Julia Curry's last board meeting after nine years.

## **Wrap Up**

The Board shared and appreciation for the accessibility of the data and information presented by the auditors.

The dinner was delicious!

## **Executive Session**

The Board moved into Executive Session at 8:39 PM to review B4 financial statements.

The Board came out of Executive Session at 9:06 PM.

## **Adjourn**

The Board adjourned at 9:10 PM.

## **Action Items**

**John** will provide a follow-up to the "Four Seasons" discussion by the end of December 2019.

**John** will look into the NCG survey and report that was shared at the Co-op Café for the November Board meeting.

**Madelyn** will provide the Board with a summary of the current Cyber Insurance policy.