

Finland Cooperative Regular Meeting March 28, 2019

Present: Kaare Melby, Stacy Breden, Matt Morris, Honor Schauland, Sue Rian, Michelle Duhant, Andy Gomez. Assistant Manager Karl Klinker comes in at 5:45pm and leaves at 6:40pm. Manager Mike Coyle comes in at 7:05pm and leaves around 9pm.

Meeting called to order at 5:10pm for closed session.

Board discussion about vacation for all employees and how it works.

Meeting opened at 5:45pm.

Karl comes in.

Karl gives update on AEOA project - everything is done, including the light at the end of the building.

Karl's vacation situation is straightened out. He has received his vacation hours. We'll discuss his review date at a later time.

Karl is asked if he is willing to serve as the interim manager. He is willing. Karl says he needs to learn to do payroll, and the snapshot reports. He is willing to make phone calls and figure things out. He needs to get ahold of the accountant and ask what numbers they need from where. He knows how to do sales tax, inventory and fuel. He is not as confident with working numbers, breaking things out according to department and margins. He's seen it done, but hasn't done it. Never had to do business tax before. Knows how to make sure we're not losing on product. Has not had experience dealing with taxes and dealing with the government. Accountants might charge us more because there may end up being more work on their end.

Go through snapshot report. Charge accounts are slow right now. Accounts that aren't paying still aren't paying. ATM still not working. Karl explains how the ATM works. Discuss paying off the old roof loan. Discuss status of gas tanks - they are approaching the end of their useful life.

Discuss delinquent accounts - to Karl's knowledge, no letters have been sent.

Freezer was ordered for around \$4,000 including shipping and handling.

Loading dock - Karl talked to Pudgy about the township road centerline and how that would work. Also talked to hardware driver about how to best accommodate him. *need to talk to Planning and Zoning.

Karl is asked about perpetual inventory. It's going to take man-hours to start at zero and then count things and get them into the system. Once it's into place it can't mess up unless you don't

count something. It's attainable. Would need to talk to North Country Business Systems to get going.

Tobacco overhead is here and just have to figure out how to hang it.

Discuss compensation for Karl as interim manager. He throws out . That's just a starting point for negotiation, he will accept less because he likes his job and wants to keep the other employees working there.

Karl asks what Board will be looking for in a new manager. Karl wants to have room for growth in his position. He is not sure he can stay in his position at his current rate of pay or close to it for more than 5 years. He likes his team. He wants personalities to work together. He's not the strongest numbers guy, but he thinks he has a lot to offer. He wants to be transparent, work with the board, wants employees to be taken care of. Other employees are willing to step up and help out as well. They are ready for the coming changes.

Karl is thanked for his info and his time and he leaves at 6:40pm.

Board discussion of the information provided.

Treasurer's Report: Board has \$666.16

Mike comes in at 7:05pm.

Go over Accounts Receivable. Review letters to delinquent accounts #25, #51, #43 should be sent out tomorrow. #64 is pending an address investigation and may be uncollectible if we can't find an address.

Discuss other transition items. Mike has a instruction sheet for how to do payroll that anyone should be able to follow. Went over anode testing with Karl today. Testing required every 3 years. 2016 - 12,000 gal premium tank failed testing. B&D didn't come to fix because they got bought out. They know, but they haven't come to fix. MPCA knows that we are waiting for B & D (now MN Petroleum) to deal with it. This is the 3rd year, so we're due for another test in October. Barry's the in-house scheduler for MN Petroleum in Hermantown, he's worked with them since way back when. ***Karl needs to call Barry and get this scheduled ASAP.** Only other company Mike knows of is O'Day if MN Petroleum can't do it. ***Someone (likely Karl) needs to be Class A certified - online test for fuel stuff. *Everyone else in the store needs to be Class C certified - paper instructions that each employee reads and signs.** Went over the spill bucket monitoring record with Karl today. As long as you initiate the repair or call the repair guys and get it scheduled, then the MPCA is fine. Also need to do end of period working papers - everything is completed through February 16th so far, but needs to be sent to the accountant. We just completed March period but the paperwork is not done. April will be the final period of the year and the year end. ***Mike wants to know if he should complete March and send it to Licari. Board says yes, please.** Mike explains how all of the invoices and check

register has to be categorized each period. Mike is not confident that Karl could do this - he doesn't have the bookkeeping background. Year end inventory is coming up. You help RIS count the store's inventory. The only part they don't count is the Midwest Fastener area, the bulk nail island. Margins - have gone through that with Karl occasionally. Margins on individual items translate into Department margins. We guess what the margins are going to be in each department based on historical data. That's done each month, then we do physical inventory at the end of the fiscal year and adjust. Then Mike calculates from the past year what it is likely to be and has a high, low and middle projected margin - and then communicates that with the accountant. So someone will have to do that going forward.

Question asked about an individual with a personal charge who has owed for a long time. Mike doesn't know - there are some old slips from before we cut off personal charging, it could be one of those.

What other accounts are there? Places we have money, places we owe money? Other than the township loan, nothing. Credit cards? None. There are debit cards. Debit cards come out of the main checking account. Board approved a credit card awhile back, but Mike says he never got one. Menards rebates - Mike has been using them up as needed. Is there a balance? Used a whole bunch up. Just got one, but doesn't have it with. Doesn't remember the amount. They're just cards - no one's name. \$150 - maybe \$160 for the one that just came. Has copies of all of them at the store.

Asked about how a personal credit card use would have been reimbursed. Used one to go to the food show - Mason wrote a reimbursement check to the store, store wrote a check to Mike to cover his card bill.

Mike brought breakdown of time for the last 3 months, weekly reports on salary and benefits. Gives Secretary a binder with all this information. For last 6 weeks - he staples the receipts for shopping to his time sheet. Has also been breaking down time by every quarter hour.

***Mural needs to be coated with clear poly.** Done when it was installed a few years back - supposed to be good for 10 years, but it faces the sun - it needs to be done more often.

Spreadsheet for payroll is actually the HR document - it explains all the protocols for Sunday pay, holiday pay, vacation hours earned and used. Employees start dates are all in the binder. That all comes from the schedule document that Karl works from. It starts out as the schedule and then numbers are solidified and it becomes the payroll spreadsheet.

State of MN audited because of unemployment a few years ago. Store came out owing a couple bucks. Mileage logs are in the store in the locked file cabinet.

Mike hands over the store debit card to President.

Fuel is getting better, Karl has been getting good at that. Getting #1 diesel fuel is difficult. Strategy is to keep the tanks full in the winter months. Not an issue anymore, because the season is over, but **will need to be on the ball before next winter.**

Mike steps out.

Board discusses the information given and how best to proceed. Mike has a list of action items for training Karl, Mike and Karl must both sign off on and report to the board. Board will be checking in during the next week to see progress. Board will recess this meeting for a week in order to be able meet again in a week (April 4th) to reassess.

Board plans to talk to other employees in the next week to assess where they are at.

Mike is called back in. Board goes over expectations and agreement for transition training. Mike signs.

Mike requests that a board member show up for staff meeting tomorrow March 29th, 1pm. Stacy will be there.

Mike asks about how the board wants to take care of his vacation. Board will review. Mike points out that it can go on this year or next accounting year.

Mike leaves.

Discuss what to offer Karl as interim manager - board is pretty comfortable with \$. Not until Mike is done. Discuss what we could offer an accountant. If Sue is interested that would be ideal. She doesn't want to lose her health insurance, so can we offer her something else? Board will try to talk to her and see what she would need.

Possible meeting with the employees - April 5th.

Michelle motions, Andy seconds to recess this meeting until April 4th to continue evaluation of transition then. All in favor. Meeting recessed at 9:17pm.

Continuation of March Finland Cooperative Regular Meeting April 4, 2019
Present: Kaare Melby, Stacy Breden, Matt Morris, Honor Schauland, Sue Rian, Michelle Duhant, Andy Gomez. Assistant Manager Karl Klinker comes in at 6:35pm and leaves at 7:36pm.

Meeting is opened at 6:09pm.

Discuss compensation for Interim Manager position.

We are offering \$ _____ at this time for Interrim Manager, we will renegotiate in the future if necessary.

Karl comes in at 6:35pm.

Asked how training is going: going really well. Mike has been really encouraging. He knows Karl learns by doing, by making mistakes. Has done full process of payroll, did full accounting for last period so that's ready to be sent to the accountant. Not terribly hard, just detail work to do your due diligence with the checkbook and cross checking. Can do the breaking out for subdepartments for the grocery order now. Will do payroll on Sunday by himself. Made a 60 item flowchart on how to do it. Lots of notes, sometimes right on the spreadsheet so it's readable. Nothing bad to say about working with Mike for training - straightforward and good communication. Karl knows he is not an aged professional. Now that he knows how it works, now he needs to do it. Practice makes perfect. If mistakes are made, accountant will call and ask. Feel way more comfortable now. Thought it would all be much more difficult. Having Excel classes really helped to be prepared. When Mike comes back, going to start on the next period accounting. Want to put a letter together to let business accounts know that Karl will be handling them from now on.

Asked if Karl still wants the interim manager position? Yes, he feels good about that.

Asked if he feels comfortable interviewing potential employees. He does, but definitely wants a procedure and hiring process. Discuss that another person is needed for closing.

Discuss employees concern about high turnover items for the store that are more cost effective to get in Duluth rather than off the truck. Karl is going tomorrow for township training, so will pick up then. His mileage is being paid by the Township, so not necessary. Future trips will likely qualify for mileage from the store.

Are you comfortable disciplining an employee for...say...tardiness? Karl has already had to deal with that particular issue. Tries to communicate clearly with the employees - tries to talk to people ahead of time about issues. Try to make people feel heard, but sorry this is why this happened. Lines do need to be drawn, this is acceptable, this is not. A beautiful thing about the team we have right now, they check themselves. If there's an issue, one of the employees is out of line, they nip it in the bud sometimes before I even hear about it.

Karl is asked if he has discussed his current wage with the other employees. No.

Karl is offered the Interim Manager position at _____. He says that he would be more comfortable at _____. He would feel like he was being taken seriously at _____.

Karl leaves the room.

We don't have enough information at this time. Let's see if he can do this job first. Board wants a probationary period to see how he does. We want to review this and renegotiate at the June meeting.

Karl comes back in. Offer is made.

Karl asks what will be decided in June. We will review and renegotiate. Karl asks when the will take effect. Board agrees that it should happen ASAP. Karl agrees. Board will write up a contract for Karl to sign. Motion Stacy, Michelle to hire Karl Klinker as Interim Manager at starting on Sunday April 7th - to be reevaluated and negotiated at the June meeting. All in favor.

Board agrees that Karl can hire as needed, but we want communication. We want 2 people on at closing.

Karl wants to talk to Tom Klinker and Ric Lindberg about a thorough checkover of the store to determine the problem areas. Wants to figure out solutions and figure out plans. Needs to be cost effective, but also needs to happen and we need to be prepared so there are no surprises. Safety and security stuff needs to happen immediately. Wants to clean the store thoroughly, rearrange some stuff to create more room in the shed.

Discuss store email accounts and passwords. David Dietz fixed the email - Karl will give him something (store credit/gift card) to show appreciation.

Karl leaves at 7:36pm.

Discuss how to move forward.

In the future, Licari should be in charge of calculating vacation time and adding it to people's pay records.

Review draft vacation policy. ***Honor will call Licari about how they do vacation time - will finalize the policy by next meeting.**

Discuss shares and dividends and how to move forward with that project. Discuss old minutes.

Discuss 2019 Annual Meeting - Kaare motions, Andy seconds, Drawing will be \$250 for the cashier who made the sale (need not be present) and \$250 for the member whose slip is drawn, plus that same member gets one of the 1913 silver coins, and that member needs to be present to win. We will give away a coin each year until we run out - we have 19 coins in our possession at this time. All in favor.

Discuss safety deposit box vs safe in the store. They will be stored in a secure location -

Stacy Breden motions, Sue Rian seconds to remove Michael Coyle from all accounts and debit/credit card accounts effective immediately. Remove Anne Unruh from the debit/credit accounts effective immediately. Signers should be Interim Manager Karl Klinker, Board President Kaare Melby, and Board Treasurer Michelle Duhant. We will review in the next few months and likely add or change then. All in favor, motion passes.

Honor, Michelle motion meeting adjourn at 8:42pm.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'H Schauland', written in a cursive style.

Board Secretary Honor Schauland

