

Minutes of the Grain Train Board of Directors Meeting

October 20, 2009

Brother Dan's Food Pantry 6:00 PM

Present: John Paul Westbrook - President, Allie Greenleaf Maldonado - Treasurer, Trisha Shattuck - Secretary, Gary Hammons, Amy Maus, Dan Tosch, Maggie Daniels, Carrie Livingston - Grain Train General Manager

Guest: John Fershee - Attorney & Grain Train Member Owner

Absent: Michael Cromley - Vice President (teaching)

Time Keeper: Trisha

Secretary: Trisha

Our Mission: The Grain Train is committed to empowered individuals, vital communities and a healthy Planet. As a Natural Foods Cooperative, we are the trusted source in northern Michigan for high quality, local, organic and natural products at a fair value to our membership and community.

Call Meeting to Order 6:01, Quorum

Open Member Forum - J. Fershee asks to speak about his Proposed By-law Revisions during the old business portion of the meeting.

Approval of August BOD Minutes - Dan motions to accept the August BOD Minutes. J.P. seconds the motion. Vote: Unanimous Approval

Next Meeting: November 18, 2009 at Brother Dan's Food Pantry - 6:00 PM

General Manager's Report - Manager's Report to Board for September 2009-FY end

FINANCIAL-September sales ended at \$227,555.00 compared to \$233,337.00 last year reflecting a (2.48%) decrease in sales month to month. The Grain Train recognized \$2,855,707.00 in sales for our year end compared to \$2,803,420.00 for fiscal year end 2008 reflecting a 1.87% increase in sales compared to last year. Net profit, as reflected in attached financial reports, was significantly higher than forecasted but please note that these numbers are **preliminary** as Todd has not made normal yearend adjustments. A normal net profit for our industry is around 2-2.5% so a 3.70% is a great achievement but, again, Todd has yet to do the final adjustments. I think that we should all recognize that the Grain Train had a successful year and certainly show appreciation to the hard working staff at the store because they provide outstanding service to our owners and customers.

OPERATIONAL-Nan Hemboldt, one of our cashiers, left and was replaced by Chris Dejager. While we will miss Nan it was her desire to be able to spend more time with her family. Colleen Maas worked in the bakery deli and recently returned to college. Colleen was replaced Mike Ostrander. The bakery/deli has a solid crew and sales are beginning to reflect this. Comparative sales reports reflect numbers that match last year's numbers when we had John Sheets as manager. Meghan has done and continues to do an outstanding job managing this department. The bakery deli is running efficiently and the overall atmosphere is the most positive I have seen. This department is a challenge to manage and run efficiently but so far Meghan has been successful in doing so.

Maria, produce manager, will be doing a reset of her department before month (October) end. Ideally, the produce area will be more open and allow for better customer flow. I look forward to seeing the numbers in the next few months to recognize the results of the changes.

Aisle signage is in the works and I believe we may have that completed by year end or shortly thereafter.

MEMBERSHIP/MARKETING- Eight new owners joined in September of this year compared to 2 new owners in September of 2008. Owner share revenue for this September was \$1615.00 compared to \$575.00 last September.

Thanks, Carrie

Financials -

	<u>Sep 30, 09</u>	<u>Sep 30, 08</u>
ASSETS		
Current Assets		
Checking/Savings		
1100 · CASH - CHECKING	59,443.37	51,629.38
11150 · CASH - CLEARING ACCOUNT	12,424.24	6,353.71
11200 · CASH - PETTY CASH	1,000.00	1,000.00
11250 · CREDIT CARD CLEARING ACCOUNT	6,535.36	0.00
11301 · SAVINGS - CHASE BANK	20,523.32	523.32
Total Checking/Savings	<u>99,926.29</u>	<u>59,506.41</u>
Accounts Receivable		
1200 · *Accounts Receivable	7,730.02	7,577.00
Total Accounts Receivable	<u>7,730.02</u>	<u>7,577.00</u>
Other Current Assets		
13000 · INVENTORY	177,725.02	176,812.93
15000 · PREPAID INSURANCE	3,291.34	6,305.40
15200 · PREPAID NCGA MEMBER DUES	598.07	1,362.50
21200 · EMPLOYEE ADVANCE	984.40	2,837.40
Total Other Current Assets	<u>182,598.83</u>	<u>187,318.23</u>
Total Current Assets	<u>290,255.14</u>	<u>254,401.64</u>
Fixed Assets		
18100 · EQUIPMENT - STORE	352,944.50	346,965.16
18250 · EQUIPMENT - OFFICE	26,152.45	20,695.43
18300 · EQUIPMENT - BAKERY	16,545.83	13,873.65
18700 · BUILDING & IMPROVEMENTS	979,596.52	979,176.52

18850 · LAND	102,357.87	102,357.87
18900 · ACCUMULATED DEPRECIATION	-555,064.68	-489,064.68
Total Fixed Assets	<u>922,532.49</u>	<u>974,003.95</u>
Other Assets		
19500 · INVESTMENTS	14,520.48	9,913.41
Total Other Assets	<u>14,520.48</u>	<u>9,913.41</u>
TOTAL ASSETS	<u><u>1,227,308.11</u></u>	<u><u>1,238,319.00</u></u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
21000 · ACCOUNTS PAYABLE	70,547.83	131,628.52
Total Accounts Payable	<u>70,547.83</u>	<u>131,628.52</u>
Other Current Liabilities		
21050 · CHASE LINE OF CREDIT	0.00	25,042.19
2110 · Direct Deposit Liabilities	426.98	426.98
22100 · SALES TAX PAYABLE	1,976.60	2,055.93
22300 · FEDERAL INCOME TAX PAYABLE	3,444.00	1,359.00
25000 · PAYROLL LIABILITIES	9,240.46	7,267.27
25300 · TICKET SALES PAYABLE	0.00	72.00
Total Other Current Liabilities	<u>15,088.04</u>	<u>36,223.37</u>
Total Current Liabilities	<u>85,635.87</u>	<u>167,851.89</u>
Long Term Liabilities		
25280 · ACCRUED INTEREST PAYABLE	9,006.00	11,588.00
28000 · NOTE PAYABLE - BANK ONE #1	625,539.94	656,192.70
28050 · NOTE PAYABLE - BANK ONE #2	0.00	45,762.25
28100 · EQUIPMENT LOAN-2009	61,172.80	0.00
29200 · NOTES PAYABLE - MEMBERS	0.00	15,000.00
29210 · MEMBER CO-OPITAL ACCOUNTS	4,091.16	4,156.41
29310 · NOTE PAYABLE - COPIER	3,540.71	5,421.63
Total Long Term Liabilities	<u>703,350.61</u>	<u>738,120.99</u>
Total Liabilities	<u>788,986.48</u>	<u>905,972.88</u>

Equity		
31000 · MEMBER SHARES (PAID IN CAPITAL)	246,538.81	236,539.16
31050 · MEMBER SHARES (INACTIVE)	16,121.45	16,121.45
32000 · RETAINED EARNINGS	79,685.51	43,073.20
Net Income	95,975.86	36,612.31
Total Equity	<u>438,321.63</u>	<u>332,346.12</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,227,308.11</u></u>	<u><u>1,238,319.00</u></u>

Discussion: Maggie points out Staff compensation appears high and asks if we can bring them down. Maggie & Allie request that the GM provide definitions of the headings and subheadings stated in the monthly Financials, as well as some explanation for each. J.P. urges the two make a special meeting with Carrie to learn about these itemizations.

Marketing & Member Update - The next super store, Meyers is slated for completion in the spring of 2010. Discussed were the Meyer "known" product lines as they may relate to those of the G.T.. The BOD feels the G.T. has superior organic product lines appreciated by G.T. Membership.

GMM date and location - December 11, 2009 6:00 PM, Carnegie Building, Petoskey Michigan

Old Business -

Articles of Incorporation (AOI) amendments - J.P. motions to accept the proposed, Revised Articles of Incorporation. Amy seconds the motion. **Discussion:** Allie found two other strong contenders for use in the A.O.I., ARTICLE II. J.Fershee points out that this article is not a Mission Statement, but is a general description of purpose for use by the State of Michigan to categorize the cooperative.

J.P. motions to accept J. Fershee's wording for insertion into the Proposed, Revised Articles of Incorporation. (Following the word, "organic"; J. Fershee urges the BOD to include the following "and other food and non-food products". In doing so, the BOD supports widening the scope of the types of products reflecting the breadth of the current G.T. product line.) Maggie seconds the motion. Vote: Unanimous approval. See; BOD,Special Mtg.Min. J.Fershee's,10/1/ 2009.docx for more details concerning this previous discussion.

Bylaw Revisions - J.P. motions to accept the Proposed Bylaw Revisions put forth by John Fershee, attorney and council to the Grain Train Natural Foods Cooperative, Inc. Amy seconds the motion. **Discussion:** This revision will include a clause prepared by J. Fershee that will extend the terms of the Board members in situations where Board elections have been postponed for any reason. Vote: Unanimous approval

Allie motions for the BOD to interpret the current Bylaws in a way that extends the terms of Board members in situations where the Board elections have been postponed, until their are elected replacements. Gary seconds the motion. Vote: 4 abstain, 4 supportive.

(Four Board members were directly effected by this extension of their terms of office, due to the postponement of the G.T. elections to be held at the GMM December 11, 2009.) The Board postponed the elections and the General Membership Meeting so as to allow

the accountant; Todd Winnell to complete the Year-end Financial documents for presentation. Accuracy supersedes estimated financial documents as of this years' General Membership Meeting.

New Business - Dan recommends that a Line Item for the BOD be included in the G.T. Budget for BOD development and education. This would be especially useful for new members. This line item would be self-perpetuating ; on-going. **Discussion:** This inclusion to the budget was discussed and supported at the most recent Finance Committee meeting. Trisha urges a conservative approach to funds allocation during difficult economic times.

Committee Updates - GM Review Committee - Dan points out the General Manager Review (GM Review) is scheduled to begin at the close of the fiscal year (Sept. 30th), so we are behind schedule. Two forms must be distributed by the BOD: One GM Self Evaluation form, and one Peer Evaluation form handed to Staff department heads. These documents should be returned within one month to the Board. (Early December)

J.P. motions to distribute said documents to the GM and Staff department heads. Allie seconds. Vote: Unanimous approval. Dan agrees to deliver the documents. Trisha to understand the schedule and review the documents insuring Board continuity, as Dan concludes his service on the Board.

Secretary to the Board (SttB) - Allie brings up the topic of Secretary to the Board, to help free up Trisha, Board Secretary, so she can become more involved in Board actions during meetings. **Discussion :** SttB has been discussed previously. The position would entail storage of files relating to Board actions, the taking of minutes during meetings, and potentially creating hyper-links for website postings. This would be a paid position and extension of an individual's Staff responsibility. Carrie dissuades the BOD from utilizing the least experienced Staff employee in an attempt at saving money. Trisha asks if the BOD has been unsatisfied with her work as Board Secretary with regard to the minutes. BOD appears to be satisfied.

Dylan, IT specialist and Staff employee is mentioned as a possible candidate to fill the SttB position, but the BOD is made aware he is swamped. His current task load includes, Point of Purchase programming and website revisions.

J.P., Maggie, Allie suggest we continue "as is" and may revisit this concept at a later date.

Committee Updates - Finance Committee meeting is tentatively scheduled between November 2nd - 4th. Monday the second would be Hal's first choice.

Adjournment - J.P. motions for adjournment, Amy seconds. Unanimous approval. 7:16 PM