

**Grain Train Board of Directors Monthly Meeting**  
**June 16, 2009 6:15 PM**  
**Brother Dan's Food Pantry, Petoskey MI**

**Board Members Present:** John P. Westbrook, Amy Maus, Allie Maldonado, Dan Tosch,  
Trisha Shattuck

**Employees Present:** Carrie Livingston - General Manager, Jaime Jankowski - Member  
Services

**Guests:**

**Call to Order:** Access door was locked: Meeting brought to order by Allie on the front steps  
of Brother Dan's Food Pantry; 6:15 PM Allie Maldonado presiding in J.P.'s absence.

Dan motions to accept the BOD May Minutes, Amy seconds, **unanimous approval.**

**Next meeting:** Temporarily set for July 21, 2009, determined by e-mail.

Door opened, and J.P. arrives.

**General Manager's Report for May, 2009:**

**FINANCIAL**-May sales were \$230,658.00 compared to \$242,700.00 last year reflecting a 3.7% decrease in sales for the same month. YTD sales are up close to 1.5% compared to last year. May was slower than anticipated and I think this is largely due to the weather being cooler than last year and not having the foot traffic of the people that come up to stay during the summer months. So far June's sales are very strong at 12% over last year's and I have noticed an increase in the number of seasonal customers. YTD net loss is (\$1,141.00) compared to the budgeted profit of \$4,706.00. This can be attributed to the \$9,000.00 less in sales for the month of May than we had budgeted as well as some operational expenses that are over budget. Our total overage in budgeted expenses compared to actual is \$2,200.00. If sales continue to be strong I believe we can recapture the lost sales in May and begin to show a profit as we come in to our busy season.

There is some competition in the form of a new store and a remodel of an existing store. Bridget Houston, a former employee of the Grain Train, has opened a small store between Petoskey and Harbor Springs. Of course we should all wish her well in her endeavor but the Grain Train has a strong advantage on COGS and pricing because of our affiliation with NCGA. Keith and Sue, the owners of Tosca Sands, have remodeled their store and it looks remarkably good and they are experiencing a 20% growth in sales compared to last year. I see Toski Sands as pulling more from our sales than Bridget's store because Toski is higher profile and has an existing reputation of drawing the Harbor Springs traffic. From what I have heard we can expect the new Meijer store to open at the end of this calendar year. We should budget accordingly for the upcoming fiscal year.

**OPERATIONAL**-Meghan Wruck has replaced John Sheets as our new bakery/deli manager. Though this change took place in June I think it is important to mention it now because it is a significant change. Meghan graduated from the Culinary Institute of America located in New York. After her graduation in 2004 she worked at Zanzibars in Ann Arbor as a pastry

chef. Upon moving to Petoskey she began working at the Sage restaurant located within the Odawa Casino. Meghan was the sous chef and head pastry chef for the four star restaurant. She has begun making home made breads and rolls that are used at the store and the honey oat bread is an item that is being sold with increasing popularity. As with any change of this magnitude in management there will likely be some negative ramifications for a short period of time but I believe Meghan possesses the necessary management and culinary skills to make this a successful transition.

**MEMBERSHIP/MARKETING-** Ten new owners joined last month compared to five in May of 2008. Owner revenue for last month was \$960.00 and was \$1,490.00 in May of 2008.

The Grain Train won a marketing award (see below email from Jaime) at a conference put on through NCGA. Typically there are around 50 coops that participate so I think it is an honor to have received the award.

**May Financial Summary:**

	<u>May 31, 09</u>	<u>May 31, 08</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
1100 · CASH - CHECKING	24,995.32	4,300.49
11150 · CASH - CLEARING ACCOUNT	16,020.77	16,784.85
11200 · CASH - PETTY CASH	1,400.00	950.00
11301 · SAVINGS - CHASE BANK	522.93	4,522.93
<b>Total Checking/Savings</b>	<u>42,939.02</u>	<u>26,558.27</u>
<b>Accounts Receivable</b>		
1200 · *Accounts Receivable	8,176.94	5,778.36
<b>Total Accounts Receivable</b>	<u>8,176.94</u>	<u>5,778.36</u>
<b>Other Current Assets</b>		
12000 · ACCOUNTS RECEIVABLE	0.00	5,513.70
13000 · INVENTORY	179,251.20	168,177.36
15000 · PREPAID INSURANCE	6,351.15	18,212.15
15200 · PREPAID NCGA MEMBER DUES	17.69	2,436.00
21200 · EMPLOYEE ADVANCE	524.05	3,084.40
<b>Total Other Current Assets</b>	<u>186,144.09</u>	<u>197,423.61</u>
<b>Total Current Assets</b>	<u>237,260.05</u>	<u>229,760.24</u>

<b>Fixed Assets</b>		
18100 · EQUIPMENT - STORE	352,944.50	287,900.34
18250 · EQUIPMENT - OFFICE	23,944.52	20,996.64
18300 · EQUIPMENT - BAKERY	13,873.65	11,883.58
18700 · BUILDING & IMPROVEMENTS	979,596.52	979,176.52
18850 · LAND	102,357.87	102,357.87
18900 · ACCUMULATED DEPRECIATION	-533,064.68	-396,481.22
<b>Total Fixed Assets</b>	<u>939,652.38</u>	<u>1,005,833.73</u>
<b>Other Assets</b>		
19500 · INVESTMENTS	14,913.41	8,602.95
<b>Total Other Assets</b>	<u>14,913.41</u>	<u>8,602.95</u>
<b>TOTAL ASSETS</b>	<u><u>1,191,825.84</u></u>	<u><u>1,244,196.92</u></u>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Accounts Payable</b>		
21000 · ACCOUNTS PAYABLE	96,592.25	81,716.93
<b>Total Accounts Payable</b>	<u>96,592.25</u>	<u>81,716.93</u>
<b>Other Current Liabilities</b>		
21050 · CHASE LINE OF CREDIT	2,777.55	42.19
2110 · Direct Deposit Liabilities	426.98	426.98
22100 · SALES TAX PAYABLE	2,068.04	2,004.49
22300 · FEDERAL INCOME TAX PAYABLE	2,269.00	1,059.00
25000 · PAYROLL LIABILITIES	14,130.00	13,995.51
25300 · TICKET SALES PAYABLE	35.00	2,003.07
<b>Total Other Current Liabilities</b>	<u>21,706.57</u>	<u>19,531.24</u>
<b>Total Current Liabilities</b>	<u>118,298.82</u>	<u>101,248.17</u>
<b>Long Term Liabilities</b>		
25280 · ACCRUED INTEREST PAYABLE	10,407.00	14,211.00

28000 · NOTE PAYABLE - BANK ONE #1	636,516.01	665,637.51
28050 · NOTE PAYABLE - BANK ONE #2	0.00	50,955.51
28100 · EQUIPMENT LOAN-2009	69,076.32	0.00
29200 · NOTES PAYABLE - MEMBERS	10,000.00	36,500.00
29210 · MEMBER CO-OPITAL ACCOUNTS	4,530.53	4,725.42
29310 · NOTE PAYABLE - COPIER	4,023.32	6,013.99
<b>Total Long Term Liabilities</b>	<u>734,553.18</u>	<u>778,043.43</u>
<b>Total Liabilities</b>	<u>852,852.00</u>	<u>879,291.60</u>
<b>Equity</b>		
30000 · OPENING BALANCE EQUITY	0.00	12.09
31000 · MEMBER SHARES (PAID IN CAPITAL)	242,712.56	233,481.16
31050 · MEMBER SHARES (INACTIVE)	16,121.45	30,143.43
32000 · RETAINED EARNINGS	79,685.12	42,039.64
<b>Net Income</b>	454.71	59,229.00
<b>Total Equity</b>	<u>338,973.84</u>	<u>364,905.32</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>1,191,825.84</u></u>	<u><u>1,244,196.92</u></u>

J.P. Westbrook motions to accept the General Manager's Report, A. Maldonado approves, H. Willens seconds. **Unanimous approval.**

**Old Business:**

J. Fershie, attorney to the GT, has prepared list of proposed changes to the Bylaws and his anticipated work for the Board:

- a) Amending the Articles of Incorporation so as to be incorporated under the modern co-op statute.
- b) Amending the Bylaws in several areas
- c) Preparing proposals for the above amendments to be presented at the Annual Membership Meeting and also providing documents soon for information to & discussion with the members about the Proposals.
- d) Preparing a Memorandum to the Board of Directors regarding Director's liability & the current insurance policy.
- e) Attending 2009 Annual Membership Meeting to present Proposals & answer questions to assure full legal compliance of the meeting together with prompt proper passage of the

Proposals.

- f) Responding to questions by the Board of Directors & Officers regarding ongoing issues.

The Board plans to use for educational purposes, prepared text from Mr. Fresher's work that relates to changes to the Bylaws of the Grain Train. This text will be incorporated into the GT Newsletter, 3 x 5" card inserts for placement into member shopping bags during Member Appreciation Day sales. A poster sized document will be prepared and posted near the entrance to further educate member owners about important issues to be resolved during the November General Membership Meeting.

Allie motions to empower the Outreach Committee to communicate with member owners about the fundamental Bylaw changes the Board has been working on. Allie moves, Amy seconds. **Unanimous approval.**

Amy's Punch Card suggestion is tabled until the September meeting.

J. Fershee's retainer fee is determined to be a generous offer respected by the Board

**New Business:**

J.P. suggests preparing a "generic shopping list" so as to compare prices between competitor's: Humming Bird Natural Foods in Harbor Springs, Glen's in Petoskey, Foltz's General Store in Boyne City. This would be accomplished by a GT employee and a volunteer. Information utilized in standing among competitors and as advertising.

J.P. Motions for the Board to empower the GT staff, former staff and a volunteer to review a group of products by the next meeting for Market Research. Allie seconds.

**Unanimous approval.**

J.P. Motions to go into Closed Session to review payroll wage amounts. Seconded by Trisha. **Unanimous approval.**

J.P. Motions to exit Closed Session. Dan seconds. **Unanimous approval.**

Dan Motions to accept the decision of the GM Review Committee in support of a raise for the General Manager. (Dan handed out the GM Review Committee Recommendation for review. The document is considered private information because it includes compensation.)

Hal Motions to accept the **1st Recommendation:** 8% Salary increase for 2008 for the General Manager **Motioned Failed:** J.P., Hal, Dan for the Motion, Amy, Allie, Trisha opposed.

**2nd Recommendation:** listed on Dan's handout document detailing a time line for GM Evaluation for future use. Discussion. Vote: 5 supporting the Motion, Allie opposed. **Motion Passed.**

**Board Outreach Committee:** All formal communications with the Member Owners to go through Membership Services (Jaime) for "branding" that includes addition of the GT logo, and graphic preparation.

Amy reviews her survey results from the May Membership Appreciation Day survey of food related concerns: Irradiation, Genetically Modified Foods. She received 30 responses with information that begins to describe customer concerns.

J.P. Motions for Amy to tabulate her survey results and bring them to the next meeting. Allie seconds. **Unanimous approval.**

**Bylaw Committee:** J. Fershee is preparing revised Articles of Incorporation, and a text for a formal resolution to resolve Member Owner Payout. Next Bylaw Committee meeting: Yet to be determined.

**Open Member Forum:** Jaime points out there are 5 Board seats open for the next election: J.P.'s, Dan's, Mike's, Hal's, and Trisha's. Jaime to include this information in the on-line newsletter and encourages contenders to fill out the appropriate forms ASAP. Discusses the preparation of a shopper's survey.

Dan motions to conclude the meeting. J.P. seconds. **Unanimous approval.** 8:04 PM.