

Grain Train Board of Directors Meeting

March 23, 2010

Odawa Casino Hotel

6:00 PM

Attending: John Paul Westbrook - President, Amy Maus - Vice President, Hal Willens - Treasurer, Trisha Shattuck - Secretary, Gary Hammons, Jaime Jankowski, Allie Greenleaf Maldonado, , Maggie Daniels, Renee Allen

Interim General Manager - Chelsea Jarvis

Subcontractors: Attorney, John Fershee, Steve Bartha - Forensic Accountant

Staff in attendance: Mindy Marshall, Meghan Wruk, Dylan Taylor, Erica Tosch, Troy Smith, Jack Laurent, Laura Cherven, Annie Rozycki

Time Keeper: Amy Maus

Secretary: Trish Shattuck

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.

Meeting called to order: Quorum (6:05 PM)

Open member forum - Jack Laurent asks if the meeting will be open session or closed. J.P. Responds that some portion of the meeting will be open, but most will occur in closed session.

Approval of February 16, 2010 - Board Meeting Minutes - Bro. Dan's:
Unanimous approval of minutes as read.

Approval of February 17, 2010 - Crisis Meeting Minutes - Print Shop Offices:
Vote for acceptance of minutes as read: 5 in favor, 4 abstain. Approved as read.

Approval of February 22, 2010 - Special Meeting Minutes - Library classroom:
4 in favor, 5 abstained. Approved as read.

Next meeting: Board Retreat - April 17, 2010, 9:00 AM- 3:00 PM - Little Traverse Bay Golf Club

General Manager's Report:

Manager's Report to the Board

Prepared by Chelsea Jarvis

March 2010

Financial Report for January 2010

Total January sales were \$232,159.68, representing a 7.1% sales growth compared to January of last year.

We forecasted \$225,750 when following the budget that reflects a 5% growth.

Financial Report for February 2010

Total February sales were \$216,690.33, reflecting a 4.7% sales growth compared to February of last year. We forecasted \$217,350 when following the projected 5% growth budget. YTD 24% Sales growth in the produce department.

Operational Report

Would the Board consider sharing some time at your Board Retreat with Grain Train Managers? We would like our relationship to be on the same page in regards to our shared vision and strategic planning for the future of the Grain Train.

All formal signatures now include: Gary, Erica, Chelsea, and Maria. Carrie Livingston and Brad Hersey have been removed.

Dylan has linked all board minutes from August 2009-January 2010 onto our website. In addition you will find a link to our General Membership minutes. Dylan will continue to post all minutes to our web site as they are approved under the "Board of Directors" link.

We have received a proposal to replace our current interior lighting fixtures with energy efficient T-8 fluorescent fixtures. Our current light output is between 20 and 25 foot candles throughout the store. The new fixtures will increase light output to approximately 60 foot candles. The total project cost is \$6,655.58. The cost per fixture including, removal & disposal of existing fixtures, assembly and hanging of new fixture is \$289.36. Our potential energy savings per year is \$1,983. In the beginning of Feb. a sample light fixture was put in above our produce department and have received countless positive comments on how vibrant the produce department looks. We have noticed a 10% sales growth in produce for the month of Feb. and a 17% for the first week of March compared to last year's sales.

Board request: Please get three quotes for the lighting installation bids.

We have 12 new members for the month of February.

Closed Session: Allie makes a motion to close the meeting for Board discussion. Seconded by Amy. Unanimous decision.

Enter Closed, Closed Session: Allie asks that John Fresher and Steve Bartha leave the room.

Resume Closed Session: J.F. and S. Bartha return. J.F. continues.

End of Closed Session: Staff re-enters the room. J.P. reads two letters that Carrie Livingston wrote in the presence of John Fershee while in jail. One letter was directed to the Staff, the other to the Board. The letters have been transcribed accurately below.

[Letter One]

To All Staff of Grain Train 3-22-10

It is with sincere regret that I have tendered my resignation as G.M. for the Grain Train. I appreciate that you will give your full cooperation in the the BOD's wishes. You (staff) are an accomplished group of professionals that have demonstrated your ability to run the store in a successful manner. I fully support the BOD's endeavor + am cooperating fully.

It was a pleasure to have had the opportunity to work with each of you.

Respectfully,

Carrie Livingston

[Letter Two]

To Board of Directors for

Grain Train Natural Foods.

I am submitting my resignation effective immediately as General Manager for Grain Train Natural Foods Market. I acknowledge I engaged in gross misconduct and am regretful for any + all problems caused by my actions.

Respectfully,

Carrie Livingston

Staff Questions: Troy asks if the results of the Internal Review (I.R.) will be made available to the Staff and Members. He feels that release of the I.R. would be "Absolutely" appropriate. Annie questions the lack of effective communications between the Staff and the Board during this trying time. Will the Board be making plans during the Board Retreat to help provide guidance to the Staff for the future?

To Be Arranged: A Manager / Staff / Board Meeting separate from the Board Retreat. Set a date, time frame and location.

Motion: J.P. motions to accept the resignation of Carrie Livingston as written. Hal seconds. J.F. reads the motion that he and J.P. have prepared as follows:

RESOLUTION OF BOARD OF DIRECTORS

GRAIN TRAIN NATURAL FOOD CO-OPERATIVE, INC., a

Michigan Nonprofit Corporation

MOVED BY: John Paul Westbrook, President

SECONDED BY: Hal Willens, Treasurer

BE IT RESOLVED that GRAIN TRAIN NATURAL FOOD CO-OPERATIVE, INC., a Michigan Nonprofit Corporation, hereby accepts the resignation of CARRIE LIVINGSTON effective this date.

IT IS FURTHER RESOLVED that CARRIE LIVINGSTON will receive no severance pay, back pay, vacation pay, or other payment.

IT IS FURTHER RESOLVED that any contact involving the separation with CARRIE LIVINGSTON by GRAIN TRAIN NATURAL FOOD CO-OPERATIVE, INC.'S staff of Directors shall be reported to GRAIN TRAIN NATURAL FOOD CO-OPERATIVE, INC.'S attorney, JOHN D. FERSHEE, and no money or property shall be delivered to CARRIE LIVINGSTON without approval by the Board of Directors by formal motion.

IN WITNESS WHEREOF, I have executed my name as President of the Board of Directors of GRAIN TRAIN NATURAL FOOD CO-OPERATIVE, INC. this 23rd day of March, 2010.

Signature

Print Name and Title

Motion carried: 7 for, 2 abstained.

Jaime questions: Following acceptance of Carrie Livingston's resignation, may Jaime and Gary vote on issues relating to their former General Manager? Mixed response.

Motion: Trisha motions to pay Steve and Theresa their current billings. J.P. seconds the motion. Theresa's bill: \$2,214, Stephen's bill: 3/21/ \$2287.50

Renee requests there be a limit on the debit card: Maximum per [year or expenditure - to be decided] on the Debit / Card, limited to \$5,000, in conjunction with a cap on individual purchases linked to an automatic bank e-mail notification.

G.M. to check on these options and report back to the Board.

Motion: Hal motions, in retrospect, to Ratify the Appointment of Hal, J.P., John Fershee to initiate the Internal Review. Maggie seconds. Unanimous support.

Motion: J.P. motions to empower Steve Bartha to continue towards Phase III of his investigation. Amy seconds the motion. Unanimous approval.

Allie requests her involvement among the ad-hoc group of Board members investigating Carrie Livingston's misuse of funds.

Motion: Allie motions to pay John Fershee approximately \$5,000 for itemized billings to date. Renee seconds the motion. Unanimous approval.

Special Meeting: 6:00 PM March 29, 2010 - Library basement classroom.

John Fershee will not be available for two weeks while in Copenhagen. Will have e-mail and international calling. Hal comments, The Board expects John Fershee will have no contact with Carrie Livingston until his return.

Motion: Allie motions to thank John Fershee, Steve Bartha & Theresa Griffore for their amazing work to date. J.P. seconds the motion. Unanimous approval.

J.P. motions to close the meeting. Trisha seconds. Unanimous approval

Meeting closed: 9:38 PM