

Approved 10/18/2011

**Grain Train (GT) Natural Food Cooperative
Board of Directors August 16, 2011 Meeting
Grain Train Business Office, 6:00 PM**

Attending: John Paul Westbrook (J.P.) – President, David Heidtke – Treasurer, Trisha Shattuck - Secretary, Allie Greenleaf Maldonado, Carolyn Belknap Robert (Bob) Struthers - General Manager (GM)
Joel Kopischke, CBLD Consultant present via speakerphone.

Absent: Amy Mauls - Vice President, Hal Willens, Maggie Daniels, Renee Allen
Tina Van Denburg - Support Services, Secretary to the Board

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.

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

Agenda Review – President reviews his prepared agenda which was sent in advance of the meeting to the members of the board.

Open Member Forum - None present.

Consent Agenda: (Items reviewed in advance of the meeting.)

May 17, 2011 & June 21, 2011 Board Minutes approved with one correction to the June minutes: Carolyn also attended the CBLD Training in Mt. Pleasant. J.P. motions to approve the two sets of minutes. Allie seconds the motion. Dave abstains from voting on the May minutes. Minutes Approved

General Manager's July, 2011 Report – Report submitted in advance. Financials and NCGA trends discussed (National Cooperative Grocers Association). Board questions the relative need to compare the GT trends with similar cooperatives. Bob states the sharing of data within the NCGA is a requirement for membership in the association. During the Staff Meetings: (Second Monday of the month, 2:00 – 3:15, or 3:15 – 4:00), more complex financial information is provided. Meetings are open to the board.

Community Day is August 26, 2011, GM requests Board involvement. Commemorative 40th anniversary GT T-shirts are available.

Board Education:

Co-Op Organic Certification -Bob is arranging for Organic Retail Certification to insure that organic products carried within the store are not contaminated inadvertently. The GM will utilize a Wisconsin organization: Midwest Organic Services

Association, which provides and specializes in a retail component to organic certification suitable for our cooperative. Note that this certification would be unique to grocery stores here in northern Michigan. The Traverse City cooperative Oryana, which Bob formerly managed, is also certified to handle organic produce. The application is to be submitted this fall for possible certification by the end of the year.

Water Purification - Bob has reviewed proposals for water purification apparatus for use at the cooperative with prices ranging from \$10,000 – \$15,000. Cost and limited space are constraints. A reverse osmosis filters the misting device the produce.

Non-Voting Staff Liaison - Bob revisits the topic of including a non-voting position with the board of either a staff representative, or a supply-side representative. Staff representative with the board would be a paid position with hours of involvement applied to hourly wages. Staff members might complete six month rotations with the board to facilitate an exchange of viewpoints. Carolyn urges the board to determine the criteria for the position following the review of the GT By-Laws. What is the role of the non-voting participant? What information will be shared or not? Review Section 5.2 of the By-Laws.

Board Education – Accounting and Recording Standards: Treasurer, David Heidtke hands out a document detailing accounting methods. He describes what is generally missed between GAAP (Note: Capitalized - refers to a more complex method of accounting.) or (Note: Non-capitalized - *generally accepted accounting procedures*) and ITBA (Income Tax Basis of Accounting). The variations between these (3) methods of accounting affects the interpretation of the GT financial policy B-1. Dave and Bob suggest ITBA as being the preferred and appropriate method of accounting for the cooperative. Bob requests clarification of this detail as it appears within our financial policy, B-1.

Common characteristics of Accounting & Recording Standards: Methods should be reliable, free from errors and biases, should faithfully reflect accounting operations, results understandable and relevant to operations and the user's needs, and comparable over time to other financial entities. Standards create consistent means to insure the boards' accounting needs and oversight are met.

Finance Committee: Board forms a committee to review wording in financial policy B-1, and also to determine the parameters for the next audit. Participants on the committee: DH, TS, JP, CB, AGM.

Board Decisions:

Bob presents his Q2-B1 Monitoring Report for June 21, 2011. J.P. motions to approve Bob's Q2-B1 monitoring report. Allie seconds the motion with an amendment to the wording: The GM Q2-B1 report is in compliance. Unanimous approval.

C-1 Board Self-Monitoring Report - J.P. presents his revised C-1 self-monitoring report on the subject of "Governing Style". Discussion gets bogged down in reference to terminology used within the Decision Tree, (which is a posted graphic that the board refers to when making collective decisions). The boards' recent adoption of Policy Governance has resulted in adjustment as the board learns to use this

method of management. Dave states his concern with #4 of the C-1 Self-Monitoring Report regarding deliberations.

Board Deliberative Process – Maggie agrees to research board deliberative processes. The board must formulate methods for information review in advance of and during meetings to speed the deliberative decision-making process. Maggie agrees to research deliberative processes. Allie requests that this topic be placed on the next agenda.

Review of Tasks:

Next Agenda Review: Dave suggests we should prioritize our topics with most important topics early in the meeting.

Finance Committee - Board forms a committee to review wording in policy B-1, and also to determine what the parameters are for the next audit. Participants on the committee: DH, TS, JP, CB, AGM. Dave to e-mail and arrange for a meeting.

Audit scheduled: Parameters determined by committee with a test of financial policies and controls suggested as one option. David and Allie to contact David Wilson to schedule an audit.

Parking Lot Committee – Amy chairs committee but is absent: (Parking Lot is a term the board uses to describe the document containing unresolved policy governance items and topics.) Committee has not met yet. This topic rescheduled for the September meeting. Committee must meet soon.

Member Buy-In Payment Report – Hal agreed to prepare this comparison report but he is absent. Report has been rescheduled for September 13, 2011.

Board Monitoring Report – Governance Investment, GM to report on Staff, Board Education: Review CBLD Field Guide on Audits.

Audit scheduled: Parameters determined by committee with a test of financial policies and controls suggested as one option. David and Allie to contact David Wilson to schedule an audit.

Board Deliberative Process – Maggie agrees to research board deliberative processes. The board must formulate methods for information review in advance of and during meetings to speed the deliberative decision-making process. Dave states: No major issue should be brought to a meeting and require a simultaneous vote. Carolyn requests that board members receive sufficient information to make decisions well in advance of a meeting.

Board Education Topic for the next meeting: Audits - Dave agrees to prepare this report.

Joel to review the topic of a Non-voting Board Participant and e-mail suggestions back to the board. Board to review section 5.2 of the By-Laws regarding this subject. A synopsis of a board member method for reviewing monitoring reports would be helpful.

Grain Train Policy Governance Template, Title Page Customized: President requests that the Secretary revise and customize the title page of the CBLD Policy Governance Template to reflect the Grain Train cooperative branding and location.

General Membership Meeting / Elections: April 2012

Next meeting: 6:00 PM, Tuesday, September 13, 2011 **Location:** Grain Train business offices, second floor of the Traverse Pie Company building.

Motion to Adjourn: J.P. motions to close the meeting. Carolyn seconds the motion. Unanimous approval. 7:57 PM