

PFC Board of Directors Meeting Minutes – August 21, 2008

Location: Menlo Innovations, 410 N. Fourth Avenue, Kerrytown Shopping Center third floor

Attendance

Board Members: Anjanette Bunce, Co-President; Chris Good, Co-President; Laura Trumbull, Vice President; Joan Bailey, Secretary; Dan Soebbing, Treasurer; Linda Diane Feldt; Pete Schermerhorn.

Lori Crall, PFC Merchandising Manager  
Rusty Brach, PFC Finance Manager  
Kevin Sharp, PFC Manager of Marketing & Outreach  
Cheri Rieman, PFC kitchen staff member  
John Austin, Board administrative assistant, recording minutes

Ken Charboneau, PFC General Manager, was unable to attend tonight's meeting.

Call to order - at 6:30PM by Chris.

Agenda Review - Accepted as written.

There were no *Member Comments*.

Announcements, Info-sharing, Future Scanning - Joan announced that her husband had accepted a teaching position overseas and they will be leaving Ann Arbor in March. She plans to continue her Board service through February.

Consent Agenda - *Minutes 7/17/08 Board meeting, Staff Ends Committee Minutes 6/4/08, L.4.9 Current Ratio GM monitoring report, Policy Correction G11.1, and Expansion Committee minutes 7/24/08.*

Anjanette questioned the current ratios for 12/31/07 and 3/31/08 in the L.4.9 report. Rusty clarified the apparent miscalculations, noting that these ratios were in fact 6.8:1 and 5.4:1 respectively and well within policy guidelines.

All Directors having reviewed and understood these materials including the corrections, Laura moved approval of the Consent Agenda, Joan supported, passed 7-0.

Report from the General Manager - Directors reviewed the regular written report Ken supplied for the meeting, including the newly added list of upcoming PFC outreach events, and directed questions to Lori and Rusty. (The report noted that Lori, as Ken's designated second alternate to assume GM duties in an emergency, was present in part to fulfill the requirements of policy *L.5 Emergency GM Succession*).

Anjanette asked for volunteers to represent the Board at the community events. Linda Diane and Chris will attend the *HomeGrown Festival* on September 13, with Laura also attending if possible. Anjanette and Laura will be present at the store for portions of *Student Discount Days* September 5-7. Board representatives for *Member Appreciation Day* on September 20 will be decided at the September meeting, with Dan expressing an interest.

Board liability insurance - The Board had requested that Ken obtain a proposal for increased director and officer insurance, based on his comment at the February 2008 meeting that he felt the Board was under-insured. The annual premium for current coverage of one million dollars is \$2,982. The premium for coverage of two million dollars would be \$4,423, an increase of \$1,441. After discussion, Laura moved approval of the increase in coverage, Linda Diane supported, approved 7-0.

Board Minutes/Website process clarification - Linda Diane noted that Board meeting minutes had not been posted on the PFC website since November of 2007. Rusty offered to post the back minutes as an interim fix until the IT staff is able to establish a process for this. John will send minutes to Rusty. Pete reminded the Board of Marshall's suggestion that it establish its own web site.

Goals/Priorities for the Upcoming Year - Directors reviewed the new summary, prepared by Joan, of their June and July discussions. By consensus, the Board approved this iteration for the balance of the Board year. Anjanette firmed up items on the list that were specific to existing committees and highlighted the assignments held in common.

Joan recommended that each committee in their meeting minutes briefly assess the impact of their work on Member linkage, one of the Board's main focuses, in order to keep this issue constantly in mind. There was general agreement to adopt this practice.

Board Retreat - The Board's planning/training retreat with Marshall Kovitz of *Cooperative Development Services* will comprise a meeting/dinner on Friday evening, September 26, and a full day of work on Saturday. Chris will summarize Directors' further suggestions for the agenda and send them to Marshall. The Development Committee will offer a final draft of the agenda for approval at the September meeting.

Among the comments and ideas offered for the agenda:

- Linda Diane: the Board needs to learn the step-by-step specifics of executing an expansion and suggested a game be designed to take it through a generic version of that process in 1½ - 2 hours.
- Laura: definite focus on Member engagement in the expansion process.
- Anjanette: develop and articulate a unifying vision for an expansion and for PFC overall.

Laura requested that each Director prepare a 2-3 minute "energy break" activity for Saturday; these will be used at intervals throughout the day to revitalize the group and freshen perceptions.

Linda Diane suggested car-pooling to the Saturday session at her cottage near Chelsea, and offered to let Marshall stay there to save lodging expenses for PFC.

2<sup>nd</sup> Quarter Financials (added to the agenda) – Rusty commented on the quarterly financial reports and answered questions from Directors. There was a \$7000 profit for the quarter and labor costs were under budget. The profit margin however was lower than had been budgeted due to substantial cost increases from vendors and the PFC system's inability to update prices in a timely fashion. Steps are being taken to improve the process. Rusty is cautiously optimistic about the trends but noted that Michigan is in an economic depression and this does have an impact.

Pete asked about the \$65,000 PFC has invested in *Northcountry Cooperative Development Fund*. NCDF is a member owned and governed cooperative financial intermediary making loans to support co-ops of all types throughout the country. Interest paid on deposits has been substantially higher, at approximately 4%, than other institutions, however these deposits are not protected by Federal deposit insurance (as they are in banks and credit unions) and NCDF is currently experiencing financial difficulty. PFC's funds would not be available for withdrawal at this time though such a need is not anticipated. Rusty feels that NCDF, with recent changes in leadership and practice, will eventually rebound.

PFC also has investments in the *National Cooperative Grocers Association* and *Frontier Foods* (both are cooperatives) which Rusty believes are sound.

Expansion Committee Update and Tasking – Laura, Pete, and Linda Diane updated the Board on their progress. They have identified areas to be addressed in the new marketing survey and are in discussions with *Cooperative Development Services* on setting it up. An on-site meeting took place at *Liberty Lofts* at First and Liberty streets as that location remains one of the possibilities for an expansion. The Committee has had several meetings and continues to identify issues and address them.

All Directors were asked to re-read pages 49-55 of the booklet *Expansions & Relocations*. Each Director will also make contact with 25 Member-Owners to share information about expansion and gather feedback. The Committee will develop a list of ideas to address for use in this effort. Joan noted that the Newsletter should also be used for reaching out to the Membership on the expansion issue. Lori requested that Staff be informed and provided with information when the Board begins the outreach effort as they will be the first line of inquiry for many Members.

Self-Monitoring: G.5 [Board] Committee Principles - The Board reviewed Chris's summary of the results of the self-monitoring survey on this policy. After discussion, Linda Diane moved approval of the report, Dan supported, passed 7-0.

CCMA Conference – Discussion was postponed.

G.6 Annual Agenda Cycle & Board Calendar - Joan reported that the Governance Committee had completed its review, as assigned in July, of needed revisions to this policy and will present its recommendations at the September meeting as scheduled.

Looking Ahead - Anjanette reviewed upcoming commitments and tasks: the community outreach events in which the Board is participating, the Board retreat on 9/26-27, and the *G.9 Board-Membership Communication* self-monitoring survey for which she will circulate a web link. She reminded the Finance Committee that a proposed 2009 Board budget will be needed for October consideration and approval, and that preparation should begin soon for the year-end financial review. Committee chairs were reminded that the Finance Committee will need their budgets by mid-September for inclusion in the overall budget.

Task List Review - The Board's new TASK LIST-CURRENT may be viewed on line at <http://groups.google.com/group/pfcbod-archive>.

Future Meetings - September 11 and October 16 at 6:30PM. As the September meeting is one week earlier than usual, Menlo's availability is uncertain and a location will be confirmed later. It is anticipated that the October meeting will be held at Menlo Innovations, 410 N. Fourth Avenue, as usual.

Attendance - There were no attendance issues.

Meeting Evaluation - Positives: Chris's facilitation; good participation; lots of preparation work, especially by the Expansion Committee; agenda item discussion leaders knew and stated what was to be achieved; kinder, more energetic, lots of laughter; productive; work in committees is getting things done. The burden of the President's job and the hard work it requires were also noted. Changes for future: pay attention to the facilitator; reduce interrupting and talking over others.

Adjournment - Chris adjourned the meeting at 8:25.

Materials considered by the Board at this meeting may be viewed on line at: <http://groups.google.com/group/pfcbod-archive>

Respectfully submitted by Joan Bailey, Board Secretary