

PFC Board of Directors Meeting Minutes – October 16, 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; Daniel Soebbing, Treasurer; Linda Diane Feldt; Pete Schermerhorn.

Ken Charboneau, PFC General Manager

Cheri Rieman, PFC kitchen staff member

John Austin, Board administrative assistant, recording minutes

Absent: Joan Bailey

Call to order - at 6:35PM by Anjanette.

Agenda Review - Pete commented that he had distributed *G2G Proposal for market survey* for informational purposes and it was removed from the *Consent Agenda*.

There were no *Member Comments*.

Announcements, Info-sharing, Future Scanning - Chris noted that the November 3 deadline was approaching for the next PFC Newsletter and suggested that during Task Review a Director be assigned to write the Board Notes article. Dan and Anjanette mentioned that the *North American Students of Cooperation Institute* training conference will take place November 7-9 in Ann Arbor and suggested checking the web site (NASCO.coop) to explore the offerings.

Consent Agenda - *Minutes 9/11/08 Board meeting, Minutes 9/16/08 Govern. Comm., Minutes 9/16/08 Member Linkage, Minutes 10/1/08 Member Linkage, M.4 Monitoring GM Performance* (Board self-monitoring summary). The Board accepted the addition of some minor clarifying wording to the 9/11 Board meeting minutes offered by Anjanette. All Directors having reviewed and understood these materials, Laura then moved approval of the revised Consent Agenda, Dan supported, passed 6-0.

Report from the General Manager - Expanding on the regular written report he supplied for the meeting, Ken said 3rd quarter financials would be available soon. Sales continue to exceed budget with September being the highest net sales month in PFC history. He noted though that PFC has experienced a "tsunami" of cost increases with thousands coming through. PFC's systems (and those of most other smaller retail operations) are not set up to respond quickly to such unusual increases and thus margin has suffered – down 3-3½ %. Staff is working quickly to catch up.

Ken also said that two new convection ovens would soon be ordered for the kitchen. They will be more efficient (reducing PFC's operating costs and carbon footprint), easier to clean, and will reduce heat in the kitchen. Though they may come in at less than \$15,000, within the limit to GM discretion set in policy L.4.5, he asked for Board approval. After brief discussion, Pete so moved, Laura supported, and the purchase was approved 6-0.

G.7 Board Meetings (Board self-monitoring summary) - The Board reviewed and discussed the summary-synthesis-next steps report prepared by Laura. All Directors responding to the survey had felt that the Board was substantially in compliance with this policy. Suggestions were made for possible clarifying wording in some of its segments and the Governance Committee will review and consider proposing revisions. By consensus the Board accepted the report.

2009 Board Budget - Directors reviewed the draft budget prepared by the Finance Committee and presented by Dan. Anjanette suggested an increase for Training/Planning with Pete suggesting adding \$10,000 to allow for anticipated work with *Cooperative Development Services*. Pete also noted that financial review costs are currently still being booked as Operations expenditure, but as this oversight process is solicited, negotiated, and controlled by the Board (on behalf of the Membership) it should be

recorded as Board expense. Anjanette asked that full-year spending numbers for 2007 be provided for comparison rather than third-quarter totals.

The Development Committee will develop a proposal for 2009 Training/Planning activities, with cost estimates for budget approval in November. The Finance Committee will obtain full 2007 results and accurate Board Indemnification (insurance) costs and present an updated budget draft for review and approval at the November meeting.

External financial monitoring for 2008 - Continuing their discussion from the September meeting, Directors considered the merits of the regular financial review versus the hybrid audit/review also offered by Wegner, PFC's accounting firm, which includes some features of a full financial audit but is less expensive. The hybrid would cost approximately \$2000 more than a review and require a site visit by a Wegner representative. Anjanette urged that the hybrid audit/review be considered for either this year or next because, among other things, it would include an assessment of PFC's internal controls. She suggested that the Board could also use the availability of the Wegner accountant as an opportunity for financial training for the Board. Linda Diane suggested that the Board should articulate specific goals for an audit with policies specifying reasons and frequency.

After further discussion, Laura moved approval of a financial review for 2008 at a cost of up to \$7000, Dan supported, passed 6-0. Dan will notify Board members if Wegner's anticipated costs exceed that amount.

G.9 Board-Membership Communication - After discussion, Chris moved approval of the new G.9.4 as outlined in the Governance Committee's 9/16 minutes, Linda Diane supported. The vote was three in favor, none opposed, with three abstentions and the motion passed.

Expansion check-in and update - Speaking on Expansion Committee activities, Pete noted that Ken had several reservations about the Liberty Lofts location, including flood insurance costs, energy costs, and resistance to price bargaining on the part of the owner's representative. Preliminary work specifically targeting that site will be put on hold, including the market survey and exploratory work by local architect Connie Brown. Ken said that a flat rate market appraisal of the site and a quote for flood insurance may be sought. Linda Diane noted that nearly everything the Committee had done so far will be applicable to other situations and has been useful. Pete said they are still thinking in terms of downtown locations.

Expansion Committee charter review - Laura opened discussion, saying that the existing charter had gotten things started but now the Board needed to keep the work going. She suggested two alternatives: the Committee could continue working on an expansion policy and supporting the GM's expansion research or it could be disbanded and other standing committees could carry on its various tasks.

Discussion continued around the table. Among the comments offered:

- Several things are yet to be done, including establishing effective Member linkage and fundraising programs.
- Assign the tasks to other committees (such as Member Linkage and Finance).
- Don't lose the existing team synergy/chemistry; have the Committee come back with a proposal.
- Need cooperation with the GM - the Board must be brought along.
- Ken's business plan for an expansion scenario received strong Board support [at the December 2007 meeting]; put things on hold and see what unfolds; Whole Foods new location will pull \$10-15 million out of the local market.
- Need an expansion policy *now* to be ready when things start happening later.
- Continue the Committee with a limited charter, have it work on expansion policy and Member linkage, but hire someone to do fundraising – the Board doesn't have the skill set and it would put undo stress on the Finance Committee.
- Finance and fundraising should be separate – a fundraising program is a huge undertaking.
- Follow John Carver [policy governance] but allow exceptions.
- The whole Board needs to be involved in fundraising to create ownership of the task – don't push it off on a committee.
- Need to specify Board and committee duties – they're different.

It was decided that the Expansion Committee will rework its charter and present a draft for consideration at the November meeting.

Board Retreat check in and next steps - Chris noted that the retreat Task List had been distributed to the Board. Laura had also distributed her summary of key points, ideas, and outcomes from the Retreat. The Development Committee will submit a proposal at the November meeting for using the seven hours remaining on the Board's current contract with *Cooperative Development Services*.

G.5 Committee Principles - The Board reviewed suggestions for policy revision presented by the Governance Committee in their 9/16 meeting minutes and asked that the Committee present a formal draft at the November meeting.

G.6 Annual Agenda Cycle & Board Calendar - The Board reviewed the work done by the Governance Committee to update the policy. After discussion it was agreed that Anjanette and the Committee would work together on a final draft to be considered at a future meeting.

New Candidate Recruitment – Laura reminded the Board that Joan would be leaving in February and urged the Board to identify a potential replacement as soon as possible to allow for some overlap. She also suggested that candidate recruitment be a regular topic for the next three months in order to address Board needs and assure a range of good choices for the Membership to consider. All Directors will continue personal outreach to potential candidates.

Looking Ahead - Anjanette reviewed upcoming commitments on the Board Calendar and tasks were assigned.

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 - November 20, 6:30PM, at Menlo Innovations, 410 N. Fourth Avenue.

Attendance – Approval of Joan's absence was postponed until the November meeting.

Meeting Evaluation - Positives: good meeting; some discussions were extended but the meeting was brought back within the overall time target; good facilitation; balance of humor with serious discussion. Changes for future: better preparation for discussion on some items and need for materials to be on time.

Adjournment - Anjanette adjourned the meeting at 8:35.

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