

WHOLE FOODS COMMUNITY CO-OP, INC.
Minutes of JULY 2010 Meeting of Board of Directors
Approved by the Board of Directors on August 23, 2010

DATE: July 26, 2010
TIME: 5:30 PM
LOCATION: Whole Foods Co-op, 610 East 4th Street, Duluth, MN

Attended by Board members: Alison Champeaux, Chris Edwardson, David Helf, Theresa Koenig, and Heather Murphy. Mary Dragich and Mark Friederichs were absent. Also present: General Manager Sharon Murphy and Produce Manager Michael Karsh.

Motion, seconded and carried is abbreviated as MSC, followed by the names of the maker, second and vote tally. U = unanimous vote.

OPEN SESSION

President David called the meeting to order at 5:30 PM. Chris was appointed timekeeper. All Board members were prepared and no conflicts of interest were noted.

IMPORTANT DATES

- ❖ Dinner with National Cooperative Grocers Association/NCGA audit team and management team on Wednesday, July 28, at 7 PM at Zeitgeist Cafe.
- ❖ All-Staff meetings scheduled for Wednesday, August 11, at 10 AM and 6 PM in classroom.
- ❖ WFC is sponsoring a showing of the food-related film “Ingredients” at Zinema on August 15.

REVIEW

Minutes – The Board approved (MSU, Alison, Heather) the draft of the Minutes of the June 28, 2010, meeting of the Board of Directors.

Management Report – Sharon reported 12 pints of blood were donated during the Blood Drive at WFC on July 14.

Ownership Report - With respect to the July report, the Board approved:

- (MSU, Chris, Heather) 57 new Owner applications and
- (MSU, Theresa, Alison) two requests for term/transfer of equity.

The Board noted that 777 new Owners invested in WFC in FY 2010 (July 1, 2009 – June 30, 2010). The FY 2010 new Owner goal was 800. The FY 2011 new Owner goal is 800.

Financial Report – The Board reviewed the draft (subject to external audit) June, 4th Quarter and FY 2010 year-end financial reports and graphs. The Board’s decision on a patronage rebate for FY 2010 is subject to the results of the external audit due in September.

FY 2010	Goal	Achieved
Sales Growth	4.1%	8%
Gross Margin	38.0%	38.54%
Labor % Sales	22.25%	20.77%
Net Income	1.95%	4.97%
Increase Equity	\$46,000	\$54,635
Reduce Debt	\$259,945	\$334,945

The Board approved (MSU, Alison, Theresa) management's request for a \$30,000 allocation for wages and salaries plus a \$3,000 allocation for employer taxes and insurance thereon as a Storewide Performance Bonus for eligible WFC employees for the quarter ended June 30, 2010.

Sharon advised that July sales growth through the 25th is 6% with a goal of 5%.

Compliance Reports – Barring objections, the Board accepted the following July compliance reports:

- Policy D1 Governing Style (Chris)
- Policy D5 Committees (Heather)
- Policy D6 Meetings (Theresa) – Theresa will submit a proposal to amend this policy with respect to best practices to strengthen the consensus process and ensure that a diversity of opinions are properly considered.

The compliance report on Policy D8 Minutes (Mary) will be carried over to the agenda of the Board's August meeting.

Board Calendar – The Board acted on the following July calendar items:

- Reviewed Owner benefits as outlined in the July Management Report; discussed goals of swipecard Owner card project.
- Considered patronage rebate for FY 2010 subject to the results of the external audit due in September.
- Agreed with management's recommendation to allow Owners attending the October 16, 2010, Annual Meeting to vote for list of potential recipients for 2010 abandoned equity.
- Reviewed management's Business Plan Progress Report (April-June 2010).

COMMITTEES

The Board reviewed the notes from the Recruitment Committee meeting on June 21, 2010, and discussed a draft Board Composition and Assessment Tool. The Recruitment Committee will take comments into consideration and redraft this tool for Board consideration.

OLD BUSINESS

Following discussion, the Board approved (MSU, Chris, Alison) **amending** its ENDS Policy as follows:

ENDS POLICY:

To assist the General Manager in the decision-making process, the following values reflect our vision:

In Duluth there is a thriving consumer-owned cooperative that supports, invests, and partners to create a healthy community including, but not limited to, a healthy regional food system.

For whom:

- 1) **The Community**
 - a. **Local = Co-op neighborhood**
 - b. **Local = Twin Ports/North Shore**
- 2) **The Regional Food System (300 mile radius)**
- 3) **Cooperatives**

At what cost:

- 1) **This is a values cost rather than an economic cost/expense of doing business.**

- 2) *Investing in progress on ENDS cannot take away from pragmatic needs of the Co-op/cannot be to the detriment of efficient operation of the Co-op.*
- 3) *No negative effect on our core business; for example, would an ENDS expenditure divert suppliers or customers from the Co-op?*
- 4) *Cooperative principles and Co-op Bylaws require allocation of resources to achieve progress on ENDS be derived from the percentage of profit from non-member purchases; for example, if 30% of purchases by non-members, then 30% of net income is eligible for ENDS allocation and/or education and/or capital reserves.*

This policy will be monitored annually by internal report in April.

NEW BUSINESS

There are no Board compliance reports due in August.

PROPOSALS

David facilitated a discussion of not having a Board meeting in August 2010. There will be a Board meeting on Monday, August 23, 2010.

Following an evaluation on process and ensuring that all opinions were heard, the Board approved (MSU, Heather, Alison) adjourning this meeting at 7:07 PM.

Respectfully submitted,
Sharon Murphy, General Manager