



invitation to annual owners meeting



Saturday, October 13, 2012 – 5 to 7:45 PM

Harborside Room

Duluth Entertainment & Convention Center (DECC)

**350 Harbor Drive
Duluth, MN 55802**

AGENDA

SOCIAL TIME: 5:00 PM – 5:30 PM

- DINNER is served at 5:30 PM
- International Year of the Cooperative/IYC videos

BUSINESS MEETING: 6:30 – 7:45 PM

(child care available)

- Welcome and introductions of staff and Board
- Proof of notice of meeting
- Report on number of Owners present
- Reading or waiver of reading of Minutes of 2011 meeting/approval of 2011 Minutes
- State of the Co-op reports from Management and Board

FUTURAMA:

- Where do we want to be 5, 10, 15 years from now?
- Why?
- How will we get there?

TABLE TALK:

- Comments/questions from Owners
- Remarks for the good and welfare of our cooperative

DOOR PRIZE DRAWINGS:

- Must be present to win

MENU

A plated dinner including locally sourced foods with vegan, vegetarian, gluten-free, and poultry options catered by the DECC. Beverage options include LOCAL beer and organic wine.

REGISTRATION

PREPAYMENT IS REQUIRED FOR ALL ATTENDEES

Cost is \$20 per adult; \$5 per child (12 and under) and includes a DECC parking pass for the evening of the event. Owners will be reimbursed for their meal in the form of a WFC gift card at sign-in (one meal per Owner).

Meal registration and payment can be made on line at:

www.wholefoods.coop/annualmeeting, by calling the store (please have your credit/debit card handy) or in person at Customer Service. RSVPs must be received no later than 9 pm, Monday, October 1.

www.wholefoods.coop/annualmeeting

it's time to vote!

Ballot Issues & Election of Owners to the Board of Directors

- Voting is a connection between our Owners and the strategic direction of our Co-op. By participating, you are helping to ensure our Board is made up of people who share your perspective and that resources are allocated and policies approved you support
- Candidate profiles and more information on the proposed amendment of the Articles of Incorporation are posted at WFC and at www.wholefoods.coop. On-line voting and paper ballots will be available by September 1, 2012; votes must be submitted by 9 PM on Wednesday, September 19, 2012. Owners will receive a postcard on or about September 1st with login and password information for on-line voting. A designated computer will be available at WFC to cast your on-line ballot.
- Candidate profiles and packets for paper ballots will be available at the Customer Service Counter or can be mailed to you with advance notice (218-728-0884).

fiscal year 2012



ANNUAL REPORT



rebuilding from the ground up!



2012: international year of cooperatives

The United Nations General Assembly has declared 2012 as the International Year of Cooperatives, highlighting the contribution of cooperatives to socio-economic development, in particular recognizing their impact on poverty reduction, employment generation and social integration. The theme of the International Year of Cooperatives is "Cooperative Enterprises Build a Better World." The goals of the IYC are:

- Increase public awareness about cooperatives and their contributions to socio-economic development and the achievement of the Millennium Development Goals.
- Promote the formation and growth of cooperatives.
- Encourage Governments to establish policies, laws and convention conducive to the formation, growth and stability of cooperatives.

For more information, visit:

<http://www.ica.coop/coop/principles.html>

To learn more about co-ops, watch:

www.youtube.com/user/ChooseACoop?feature=mhsn

To learn more about what other food co-ops are doing to sustain their communities, visit:

www.StrongerTogether.coop/voices-from-the-field

For more information about the International Year of Cooperatives, visit:

www.2012.coop

COOPERATIVE ENTERPRISES BUILD A BETTER WORLD



statement on the cooperative identity

The International Co-operative Alliance went through a multiyear process of revising its core statements on the cooperative identity, culminating in the following statements, as ratified by the ICA membership in 1995.

Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of co-op founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Principles

The cooperative principles are guidelines by which cooperatives put their values into practice. They are:

- 1 Voluntary and open membership.** Cooperatives are voluntary organizations open to all persons able to use their services and willing to accept the responsibilities of Membership, without gender, social, racial, political, or religious discrimination.
- 2 Democratic member control.** Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote). Cooperatives at other levels are also organized in a democratic manner.

- 3 Member economic participation.** Members contribute equitably to, and democratically control, the capital of their cooperative.

At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least are indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

- 4 Autonomy and independence.** Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by members and maintain the cooperative's autonomy.

- 5 Education, training, and information.** Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of the cooperative. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

- 6 Cooperation among cooperatives.** Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

- 7 Concern for community.** Cooperatives work for the sustainable development of their communities through policies approved by their members.



resolution on the international year of cooperatives

WHEREAS, The United Nations General Assembly Resolution 64/136 on cooperatives in social development proclaims the year 2012 as the International Year of Cooperatives (IYC);

WHEREAS, The theme of the International Year is “Cooperative Enterprises Build a Better World”;

WHEREAS, The Resolution recognizes that “cooperatives, in their various forms, promote the fullest possible participation in the economic and social development of all people, including women, youth, older persons, persons with disabilities and indigenous peoples, are becoming a major factor of economic and social development and contribute to the eradication of poverty”;

WHEREAS, The Resolution encourages all relevant stakeholders to take advantage of the IYC to promote cooperatives, to raise public awareness of the contribution of cooperatives to social and economic development and to promote the formation and growth of cooperatives;

WHEREAS, The National Cooperative Business Association (NCBA), a membership association representing cooperatives in the United States, has advocated that the United States and its government participate in the International Year;

WHEREAS, NCBA is preparing tools and materials to enable cooperatives to take advantage of the IYC to promote cooperatives;

WHEREAS, The cooperative business model has empowered people around the world to improve their lives through economic and social progress;

WHEREAS, Cooperatives are a major economic force in developed countries and a powerful business model in developing countries, employing 100 million people;

WHEREAS, Millions of cooperatives operate in every nation of the world, owned and governed by more than 1 billion members;

WHEREAS, The economic activity of the largest 300 cooperatives in the world equals the 10th largest national economy;

WHEREAS, More than 29,000 cooperatives operate in the United States;

WHEREAS, U.S. cooperatives generate 2 million jobs, make a substantial contribution to the U.S. economy with annual sales of \$652 billion and possessing assets of \$3 trillion;

WHEREAS, Cooperatives are the people’s business, and for more than a century have been a vital part of the world economy. Now, therefore, be it

WHEREAS, That Whole Foods Community Co-op, Inc., convened at its 2011 Annual Meeting in Duluth, MN, commits to

- Join with NCBA and its members in supporting and celebrating the year 2012 as “the International Year of Cooperatives”;
- Recognize the vital role cooperatives play in the economic and social well-being of the United States; and
- Celebrate the year by engaging in efforts to raise the profile of cooperatives and demonstrate how cooperatives build local wealth, generate employment and provide competition in the marketplace.

whole foods co-op revisits its definition of local



LOCALLY GROWN

LOCALLY OWNED

LOCALLY PRODUCED



Effective June 1, 2012, WFC management defines products as LOCAL that are:

- 100% Grown/raised within The Superior Compact Region* or
- Produced/processed within The Superior Compact Region* or
- Distributed by a resident of The Superior Compact Region.*

* The Superior Compact Region is a 15-county area in Northwestern Wisconsin and Northeastern Minnesota.



management report For Fiscal Year (FY) July 1, 2011 – June 30, 2012



by Sharon Murphy, General Manager & WFC Owner

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. – Whole Foods Co-op Ends Statement

FY 2012 was another good year for supporters of a healthy community:

- WFC brought our local and regional growers and suppliers together with our community, live music and the Iron Kale Contest at the Midsummer Food Fest event in our parking lot on August 6, 2011. Due to recent flood damage in our parking lot, the 2012 Midsummer Food Fest was cancelled, but the Iron Beet Contest will take place outside at Hillfest on August 26, 2012.
- WFC, along with neighboring businesses and community groups, co-sponsored the September 17, 2011, Hillfest celebration supporting local businesses and easy access for pedestrians in the Hillside. WFC's Tofu Toss event will return for the next Hillfest celebration on August 26, 2012.
- WFC sponsored a quarterly film series of food-related documentaries (free for WFC Owners) at the Zinema including FRESH, Forks Over Knives, Farmageddon and Food Matters.
- On October 14th, at Clyde Iron over 255 Owners and guests attended WFC's 2011 Annual Owners meeting and dinner. Guest speaker David Abazs, Round River Farm, Finland, MN, a farmer, and Endowed Chair in Agriculture at the University of Minnesota, shared the results of UM-D studies that demonstrated our region has enough land and healthy soil to grow enough good food for all our citizens.
- For three hours on October 31, 2011, WFC's lower level was decorated and equipped with games and refreshments for children of all ages at our Annual Halloween Party.
- WFC contributed cooperative experience to the start-up board for a health care co-op, Northern Community Health Cooperative, that is organizing to offer insurance coverage for small businesses, the self-employed and uninsured individuals in accordance with the Affordable Care Act beginning in January 2014.
- WFC participated in the organization of the Lake Superior Good Food Network, supported its public education events, and our Board signed on to its Charter: "We recognize the influential role of Lake Superior and our bioregion on agriculture and our diet. Moreover, we understand that how our food is grown, processed, delivered, sold and consumed plays a critical role in the overall health, security, and prosperity of our communities and environment. We recognize that many systems, policies and individual choices affect the availability, affordability and quality of food. Moreover, we recognize that the development of a vibrant, dynamic local food system is an integral foundation to ensure the health and prosperity of our region..."
- In partnership with the Grant/Nettleton Community School Collaborative and the Duluth Community Garden Program, WFC sponsored two multi-week sessions for elementary students led by WFC Owner Kristin Stuchis on the Sustainable Food and Farming Curriculum created by David Abazs.

2011 WFC annual owners meeting minutes

WHOLE FOODS COMMUNITY CO-OP, INC.

As reviewed by the Board of Directors on November 28, 2011

WFC's 2011 Annual Owners Meeting was held in the Clyde Iron Works Banquet Center, 2910 West Michigan Street, Duluth, MN. This meeting was attended by 176 Owners and their guests (total 255). A plated dinner was served.

Welcome and Introductions:

The Business Meeting began at 6:30 PM. Board President Chris Edwardson welcomed Owners and their guests.

Proof of Notice and Quorum:

General Manager Sharon Murphy presented proof of timely mailing of the notice of this meeting and advised 176 Owners were present. The quorum requirement is 100 Owners.

Approval of Meeting Minutes:

David Helf made a motion to accept the Minutes of the 2010 Annual Owners Meeting as submitted in the 2011 Annual Report. Joan Jennrich seconded that motion. Motion carried.

2011 Annual Report:

There were no questions or comments from attendees relating to the 2011 Annual Report.

Management Report by General Manager Sharon Murphy:

Sharon asked Owners and Guests to express appreciation for all WFC employees.

Sharon reviewed financial highlights of Fiscal Year 2011 (ended June 30, 2011) including the breakdown of how each dollar of sales is allocated and that nearly 25% of the cost of goods sold in FY 2011 was paid to growers and producers within WFC's 300-mile LOCAL radius.

Sharon thanked the current and previous Boards of Directors for their study, support and participation in achieving progress on WFC's ENDS Statement: "*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.*"

Sharon reviewed education efforts, support for cooperative development and management response to themes from the 2011 Shopper Survey. Sharon asked that attendees sign the poster of the Board's resolution in support of 2012 as the International Year of Cooperatives.



- Management updated the operational definition of LOCAL to align with The Superior Compact, a pledge by businesses and institutions to purchase 20% LOCAL (produced/processed within a 15-county Lake Superior region) food by 2020 and 50% LOCAL food by 2050. Until businesses and institutions create a demand for LOCAL food, we cannot effectively rebuild the needed agriculture and food production infrastructure or support the farmers we have and encourage more farmers to work in our region.
- WFC co-sponsored the Community Wellness Day event at Romano Gym on April 28, 2012, featuring Joel Salatin, a self-described environmentalist capitalist lunatic farmer and author of *Folks, This Ain't Normal*.

All of the above activities plus public and staff classes, store tours and presentations, and participation at community events and regional health fairs happened last year while we also managed 10.9% sales growth, welcomed over 800 new Owners, completed the expansion of our indoor seating area in time for spectacular and dry viewing of the June flood, upgraded Deli, IT and Produce equipment, inserted a customer service area in center store, added three new full-time positions, coordinated a Staff Satisfaction Survey (with 100% participation) and a human resources audit, and almost completed the expansion of our parking lot to 7th Avenue East—another flood casualty.

In FY 2012 we also doubled up on principle payments on our mortgage and repaid all but \$13,000 (due in FY 2013) of outstanding Owner loans from our 2005 move to this location. All of our FY 2012 capital improvements were paid for in cash, and we were on track to be debt-free by 2015. Then, only ten days before the end of the fiscal year, it rained, a lot. There is a detailed report on WFC's flood damage in the Management Report in the Fall 2012 Gazette.

Board Report by Board President Chris Edwardson:

Chris introduced the FY 2011 Board Members as well as candidates in the 2011 Board election. Chris announced the following 2011 Board election results:

- David Helf, incumbent – 3 year term
- Heather Murphy, incumbent – 3 year term
- John Westlund – 3 year term

The recipient of the unclaimed balance of 2011 abandoned equity will be the Duluth Community Garden Program. Chris introduced our newest Board member, John Westlund.

Chris reported that the Board approved a patronage rebate in the amount of \$463,465 for FY 2011, 20% (\$92,693) of which will be allocated to eligible Owners based on their purchases during FY 2011. Details on the 2011 Patronage Rebate are included in the Patronage Rebate Primer on WFC's web site (www.wholefoods.coop).

Chris talked about his recent experience attending the Annual Meeting and Conference of the National Cooperative Business Association in Minneapolis and encouraged Owners to learn more plans to celebrate the International Year of Cooperatives in 2012.

At this time, we expect the work on the east section of the parking lot to be completed by fall. We have an engineering report and an estimate for repairs to the center of the lot and are seeking a permit from the City of Duluth to replace the Brewery Creek culvert, rebuild the retaining wall, reconstruct the center of the lot, and replace the lights, fencing and landscaping as soon as possible.

This is how the cooperative business model works:

- **YOU** own WFC – not some distant corporation that only wants to profit from you.
- **YOU** control WFC – You elect people you know to provide guidance, oversight and leadership on your behalf.
- **YOU** benefit – Co-ops exist to serve their Owners' needs. Let us know what you need and recognize that we have to balance your needs with those of thousands of other Owners. The economic benefits of cooperative ownership are returned to Owners, reinvested in the co-op, or used to provide services to Owners.
- Our **COMMUNITY** benefits - WFC keeps capital in this community and in the cooperative community. WFC supports, invests and partners to create a healthy community including, but not limited to, a healthy regional food system.

With ownership comes responsibility. I hope you will take part in the Board election and then join us at the Annual Meeting on October 13. As Owners you need to watch out for this Co-op – support it, promote it and use it. Expect it to be awesome! As long as you take care of it, it will always be yours.

*WHOLE FOODS CO-OP
Community Owned
That's the Difference*

Keynote Speaker:

Board Vice President Theresa Koenig introduced our keynote speaker, David Abazs, of Round River Farm in Finland, MN. David is a Senior Fellow and Endowed Chair in Agricultural Systems for the College of Food, Agricultural and Natural Resources Sciences at the University of Minnesota. He shared his perspectives as a farmer in Northeastern Minnesota, as a researcher for the U of M study regarding the capacity for the Lake Superior region to be food self-sufficient, and as developer of a food sustainability project for Silver Bay, MN.

Meeting Adjourned:

Following questions, Wayne Pulford made a motion to adjourn the meeting at 7:50 PM. Sue Sojourner seconded that motion. Motion carried.

Following the close of the meeting, Promotions & Education Manager Shannon Szymkowiak distributed door prizes.

Respectfully submitted,

**Board Secretary Heather Murphy and
General Manager Sharon Murphy,
October 14, 2011**



board report

by Chris Edwardson, WFC Board President



If you read, watch, or listen to the news, you have probably heard that conventional grocery stores are, in many cases, doing poorly. Maybe it is because they don't provide good customer support or they don't carry the products people want to buy and eat. Well, let me assure you that WFC had a great year thanks to our loyal Owners and community. I will emphasize again what I wrote in last year's report, I believe that the co-op business model and great staff and management have provided us, Owners, with a place where we feel good about shopping and spending our food dollars.

It is easy to be on the Board when things are going well, but we are never complacent. The Board works hard to ensure we complete our fiduciary responsibilities and focus on our ENDS: *"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."*

Despite the cost of repairs due to damage caused by a natural disaster, our future does look bright. We again exceeded our membership growth goal for the year and we were more profitable than budgeted. While our accountant's determination of financial performance in Fiscal Year/FY 2012 will likely include the unexpected cost for retaining wall and parking lot repairs, the possibility for a patronage rebate remains. I will report to you at the Annual Owners Meeting on the Board's decision on a patronage rebate for FY 2012.

Over the past year, the Board has begun the process of creating a three-year rolling plan. What that means to us is that we are setting goals that are longer term. We have been learning what it means to have a strategic plan for the Co-op and how we harmonize that with the planning that is done by management. This can be a slippery slope. We, the Board, are not the experts on running a grocery business and thus we need to be cautious in how we see the future versus how management views it. We are confident that there are good times ahead for WFC and the potential for growth. What the Board does is to ensure that we understand the consequences of any decisions we make. We determine the acceptable level of risk and work with the General Manager to control that risk.

We will, for the first time, hold the Annual Meeting at the Duluth Entertainment & Convention Center aka the DECC. Plans are still in the works, but there will be an opportunity for your input on WFC's future plans. I hope you will be able to attend, but even if you can't, I encourage you to contact the Board with feedback about your

INCOME STATEMENT	FY2012	FY2011
SALES	12,742,786	11,458,576
less cost of goods sold	-7,923,440	-7,050,403
NET SALES	4,819,346	4,408,173
OPERATING EXPENSES	-3,830,507	-3,478,171
GAIN FROM OPERATIONS	988,839	930,002
OTHER INCOME/EXPENSE	-153,327	-200,730
NET INCOME	835,512	729,272

WFC Board Members from left to right: Alison Champeaux, Chris Edwardson, Mary Dragich, Mark Friederichs, David Helf, Theresa Koenig, Heather Murphy and John Westlund

business. Also, please vote for Board candidates on this year's ballot. The Recruitment Committee worked hard to engage Owners and find qualified candidates to serve. The requirement to become a candidate includes attendance at two Board meetings and we were pleased to have many Owners attend meetings this year to help them determine if they wanted to be a part of the Board. We have a solid slate of incumbents and new candidates. Also, please vote yes for the changes to our Articles of Incorporation and indicate your preference for the next recipient of the balance of abandoned equity redeemed in 2012.

In closing, thank-you, Owners, for your support and patience during the many construction projects over the past year. For the first year ever we exceeded \$1,000,000 in sales each month and we experienced nearly 11% sales growth and another year with more than 800 new Owners.

We would not see our continued Owner growth without the outstanding and dedicated staff who make our shopping experience great. Thanks to all of you who work and train diligently so that you know the products and can guide our Owners. Your efforts do not go unnoticed and it is with great enthusiasm and joy that the Board approved storewide performance bonuses in each quarter of FY 2012.

Thanks again to all who make Whole Foods Co-op the success that it is and will continue to be in the future.

BALANCE SHEET	FY2012	FY2011
<i>Prior to tax/rebate adjustments</i>	<i>6/30/2012</i>	<i>6/30/2011</i>
ASSETS		
Current Assets	1,041,887	1,055,301
Property/Building/Equipment	4,858,807	4,696,920
Other Assets	193,383	230,533
TOTAL ASSETS	6,094,077	5,982,754
LIABILITIES		
Current Liabilities	655,540	733,649
Long-Term Liabilities	3,041,645	3,580,777
TOTAL LIABILITIES	3,697,185	4,314,426
EQUITY		
Owner Equity	1,602,475	1,170,006
Donations	15,395	15,395
Retained Earnings	779,022	482,927
TOTAL EQUITY	2,396,892	1,668,328
TOTAL LIABILITIES & EQUITY	6,094,077	5,982,754



making room for more owners and for more equity

On July 25, 2012, the Board of Directors approved presenting for a vote by WFC's Owners the following amendments to our Articles of Incorporation.

PROPOSED AMENDMENTS to Articles of Incorporation of Whole Foods Community Co-op, Inc.

RESOLVED, that Article V, Section 1, of the Amended and Restated Articles of Incorporation of Whole Foods Community Co-op, Inc. be, and hereby is, amended in its entirety to provide as follows (**changes in bold underlined words**):

Section 1. The amount of authorized capital stock of the cooperative shall be **eight million five hundred thousand dollars (\$8,500,000)** and shall be divided into three classes of stock:

- Class A stock shall consist of **one hundred forty thousand (140,000)** shares of voting stock with a par value of five dollars (\$5.00) per share – **\$700,000.**
- Class B stock shall consist of **five hundred sixty thousand (560,000)** shares of non-voting stock with a par value of five dollars (\$5.00) per share – **\$2,800,000.**
- Class C stock shall consist of **ten thousand (10,000)** shares of non-voting stock with a par value of five hundred dollars (\$500.00) per share – **\$5,000,000.**

RESOLVED FURTHER, that Article V, Section 4, of the Amended and Restated Articles of Incorporation of Whole Foods Community Co-op, Inc. be, and hereby is, amended in its entirety to provide as follows:

Section 4. Class C stock may be issued to holders of Class A stock. Class C stock shall have no voting power. **The Board of Directors of the cooperative may establish and authorize the issuance of one or more series of Class C stock upon such terms and conditions as the Board shall determine.** Dividends may be paid on Class C stock at the discretion of the Board of Directors, not to exceed eight percent (8%) per annum. Dividends, if declared, shall not be cumulative.

RESOLVED FURTHER, that upon adoption of the amendments set forth above to the Articles of Incorporation of Whole Foods Community Co-op, Inc., the appropriate officers of the Co-op be, and hereby are, authorized and directed to file the amendments with the Minnesota Secretary of State.

APPROVAL OF THESE AMENDMENTS MEANS:

- An increase in shares of Class A and Class B stock will allow WFC to welcome up to 35,000 Owners (we currently have 7,000 Owners) for the same amount of required equity investment (\$100) as was approved by Owners in 1990.
- An increase in shares of Class C stock will allow the Board to offer Owners the option to invest, in increments of \$500/share. Following is more information on the option to purchase Class C stock.

CLASS C STOCK OFFERING:

While WFC has savings to cover costs of flood repair and we are working to secure other reimbursement for flood damages,

management recommends and our Board supports an offering of Class C shares of stock (\$500/each) to rebuild our savings, reduce outside debt and make other improvements to our site and equipment.

Historically, our consumer-owned cooperative has used a mixture of equity from new Owners, retained earnings and bank/credit union financing to pay for building or equipment improvements. WFC's expansions in 1993 and in 2005 were also partially funded through loans from Owners. In recent years, other consumer-owned cooperatives have offered Class C shares, also known as preferred shares, to their owners to finance improvements and/or to reduce more costly outside debt.

ADVANTAGES OF CLASS C SHARES:

- Class C stock is equity, not debt; issuing Class C stock actually strengthens a cooperative's Balance Sheet.
- Investment cost is lower (\$500/share) compared to Owner loans (minimum \$1,000).
- Owner loans must be project-specific (e.g., Owner loan drives in 1993 and 2005 were tied to costs of relocating to a specific site and were limited to a narrow time frame).
- Class C shares can be used to back an expansion, to reduce outside debt and/or for capital improvements including flood-related repairs.

There is already a provision for Class C shares in WFC's Articles of Incorporation, but the number of shares available is not adequate to promote Class C shares to our growing membership. Therefore, the Board recommends Owners approve an amendment to the Articles of Incorporation to increase the number of shares of Class C stock from 200 at \$500/each (total: \$100,000) to 10,000 at \$500/each (total: \$5,000,000).

- Class C stockholders must be Owners in good standing (shares of Class A/\$20 and Class B/\$80 fully paid) and must be Minnesota residents.
- Class C stockholders will have no additional voting power.
- Class C stockholders are not eligible for cumulative dividends.
- In the event of dissolution of the cooperative and following payment of all debts and liabilities, Class C stockholders will have a preference for payment at par value before payment to holders of Class B and Class A stock.

In profitable years, the Board may declare a dividend to be paid on Class C stock. In years without a profit, the Board may declare accrual of a dividend on Class C stock to be paid when WFC returns to profitability. While payment of a dividend on Class C stock reduces the amount available for a patronage rebate, payment of interest on Owner loans and/or on bank/credit union debt also reduces the amount available for a patronage rebate.

The September ballot includes the opportunity for Owners to vote to approve amendments to the Articles of Incorporation to increase the number of shares of Class A, Class B and Class C stock. WFC's Board and management request you vote in favor of the proposed amendments.