

WHOLE FOODS COMMUNITY CO-OP, INC.
Minutes of November 23, 2015, Meeting of Board of Directors
As Approved by the Board on December 21, 2015

DATE: November 23, 2015
TIME: 5:30 PM
LOCATION: Whole Foods Co-op, 610 East 4th Street, Duluth, MN

Attended by Board members: Carol Andrews, MaryAnn Bernard, Brad Nelson, Mickey Pearson, Wayne Pulford and Jean Sramek. Also present: General Manager Sharon Murphy, Hillside Store Manager Sarah Hannigan, Denfeld Store Manager Peter Krieger, Finance Manager Dale Maiers and Accountant Ryan McCausland from WIPFLI, Inc.

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

OPEN SESSION

Vice President MaryAnn Bernard called the Board meeting to order at 5:36 PM. Jean was appointed timekeeper. Attendees were introduced. Ryan presented the audit of WFC's financial records for FY 2015; he noted that the audit was a "clean opinion" and he explained reason for the corrected misstatement note reversing a capital improvement item from FY 2014 that resulted in a significant tax savings (\$50,000) for FY 2015; he also reviewed the ratio results and comparisons to national standards.

Board members were prepared, checked in and reviewed Owner linkage including a letter to the Board about allocation of RRR donations (management will respond). Jean attended the Minnesota Food Co-ops Board meeting on November 14, 2015, and got to visit the new Mississippi Market West 7th store.

CONSENT AGENDA

The Board approved (MSU, Jean, Mickey) as presented the Minutes of the October 26, 2015, Board meeting.

REVIEW

OWNERS REPORT – The Board approved (MSU, Jean, Jamie) approved the following items on the October 2015 Owners Report:

- ❖ 59 applications
- ❖ Three term/transfer requests (#13621, #176 and #6972)

MANAGEMENT REPORT-

MINUTES OF 2015 OWNERS ANNUAL MEETING – The Board reviewed and recommended no changes to the draft Minutes of the 2015 Owners Annual Meeting; these draft Minutes will be submitted to Owners in the 2016 Annual Report and will be on the agenda of the 2016 Owners Annual Meeting for approval.

DENFELD – Denfeld department manager positions (Deli, Front End, Grocery and Produce) were posted last week. Owner loans and Class C equity investments total \$1,609,000.

HILLSIDE – November sales growth rate to date is 0.7% with a goal of 6.0%; in October WFC had 6.5% sales growth that was substantially ahead of the average of same store sales growth in our National Co+op Grocers/NCG corridor pursuant to an NCG sales report shared with the Board. FY 2015 patronage rebate checks will be mailed by the first week of December; Sharon asked Jean, as President, to sign the FY 2015 corporate taxes prepared by WIPFLI, Inc. There were no questions from the Board regarding management's update of the Board's governance budget (July 1-October 31, 2015).

Mickey, Carol and Jean advised that they would prefer to read the *Cooperative Grocer* online so Sharon will adjust the quantity on our subscription renewal. Jamie advised that he would like to attend the CDS Leadership Training on January 9 in Minneapolis; Sharon will register him. Sharon noted that Jean confirmed the date of Sunday, February 7, 2016, for the Board's retreat with CDS consultant Joel Kopischke; Sharon will reserve a location for the retreat and advise the Board.

Jean gave a report from the Search Committee meeting held earlier today; Jean recommended contacting CDS Consultant Melanie Reid to request a proposal from her for her assistance with the General Manager search process. Expenses related to assistance to the Search Committee from a consultant will be debited to the Board's governance budget. A motion was proposed (MSU, Carol, Mickey) to request that the Board accept the Search Committee proposal from Melanie Reid; following discussion, the Board approved an amendment to this motion (MSU, Wayne, Carol) to allow the Search Committee to accept or reject the consultant's proposal. Jean will also confirm whether unused CDS consulting hours for Joel's time in 2015 could be transferred toward Melanie's fee.

COMPLIANCE REPORTS

Following discussion and barring objections, the Board accepted:

- ❖ MaryAnn's Compliance Report on Policy C5 Directors' Code of Conduct

❖ Sharon's Compliance Report on Policy B7 Communication to the Board

In accordance with the terms of Policy C5 Directors' Code of Conduct, Board members shared the information documented on their Conflict of Interest Statements and then turned in those statements for the Co-op's records.

NEW BUSINESS

Following discussion of a draft proposal from Mickey, the Board approved (MSU, Mickey, Wayne) the following ownership policy related to participation by other organizations at the Owners Annual Meeting:

PARTICIPATION BY OTHER ORGANIZATIONS AT ANNUAL MEETINGS

Purpose:

To ensure the Whole Foods Co-op Annual Meeting maintains integrity as a quality Owner event detailing the business of the Co-op while reflecting the ENDS Policy and ensuring compliance with The Cooperative Principles.

Policy:

- *Only the prior year's elected recipient of RRR (reduce/reuse/recycle) proceeds is allowed to distribute information outside the annual meeting in an area designated by WFC; no other groups will be permitted access.*
- *Distribution of materials will not be allowed nor dedicated agenda time provided during the annual meeting.*

With respect to the Board's retreat on February 7, Jean will discuss an agenda with CDS consultants Joel Kopischke and Melanie Reid and will ask that Joel submit an agenda for the Board to review at their January 25, 2016, meeting; retreat topics discussed include: General Manager succession process, the Board's 3-5 year strategic plan, Owner comments from October 23, 2015, and review of Food Policies.

Following a written evaluation on process, MaryAnn adjourned this meeting at 7:24 PM.

Respectfully submitted,

Sharon Murphy, General Manager