

**WHOLE FOODS COMMUNITY CO-OP, INC.**  
**Minutes of July 25, 2016, Meeting of Board of Directors**  
*As approved by the Board of Directors on August 22, 2016*

**DATE:** July 25, 2016  
**TIME:** 5:30 PM  
**LOCATION:** Whole Foods Co-op, 610 East 4<sup>th</sup> Street, Duluth, MN

Attended by Board members: 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 and Owners Sue Boorsma, Karin White and Robert Turner. Jamie Harvie and Carol Andrews were absent.

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

### OPEN SESSION

Board President Jean Sramek facilitated and called the meeting to order at 5:36 PM. Mickey was timekeeper. Board members were prepared and reported no conflicts of interest. At Jean's request, the Agenda Planning Committee Meeting was changed from 8 AM on August 1 to 8 AM on August 2 in the Hillside conference room.

Jean advised that the Board would go into closed session by 7:05 PM to discuss personnel issues. Wayne requested that consideration of his proposal regarding the ENDS Statement be moved to the Board's August agenda.

### CONSENT AGENDA

The Board approved/accepted (MSU, Wayne, MaryAnn) as presented:

- Minutes of the June 26, 2016, Board meeting (open session)
- The July 2016 Owners Report
  - 104 Owner applications
  - One term/transfer request (#6565)
- Important dates, Board calendar items and assignments
  - Gazette submissions are due by Friday, July 22 to [awade@wholefoods.coop](mailto:awade@wholefoods.coop)
  - Annual Report submission is due by Friday, July 22 to [awade@wholefoods.coop](mailto:awade@wholefoods.coop)
  - Search Committee will meet on:
    - Wednesday, August 10, 2016, at 5:30 PM, Hillside conference room
  - No Board compliance reports due in August

### REVIEW

#### MANAGEMENT REPORT- ADMIN

- ❖ July 2016 sales to date/consolidated = 17.3% growth; goal is 19.4%
  - Hillside = 74% of consolidated sales; 13% decline over same period in 2015
  - Denfeld = 26% of consolidated sales
- ❖ Advised Board of \$2,800 Minnesota sales tax penalty for failure to prepay July sales tax as required; this was an oversight and will not happen again.
- ❖ Copies of management's Strategic Plan for the Growth of WFC (2016-2019) were distributed at this meeting; discussion of this plan will be the subject of the Board's closed session meeting with the ADMIN Team on Monday, August 22, 2016.
- ❖ The Board reviewed the information provided by management on Owner benefits and discussed the range of equity requirements at other food co-ops.
- ❖ At management's request, the Board approved (MSU, Mickey, Wayne) implementing the 2016 abandoned equity process with respect to the oldest \$3,000 of abandoned equity.
- ❖ At management's request, the Board approved conducting an Owner vote at the October 21, 2016, Annual Meeting for the ENDS-related non-profit recipient of the balance of unclaimed equity from the following list (recent prior recipients are not included):
  - Community Action/Seeds of Success Program
  - Damiano Center
  - Damiano Kids' Café
  - Duluth Community Garden Program
  - Growing Farms

- Lake Superior Sustainable Farming Association
- Lincoln Park Children & Families Collaborative
- Myers Wilkins Community School Collaborative
- One Roof Housing
- ❖ At management's request, the Board approved (MSU, Wayne, Mickey) conducting an Owner vote at the October 21, 2016, Annual Meeting, for the ENDS-related non-profit recipient of calendar year 2017 RRR (reduce/recycle/reuse) donations from the following list (recent prior recipients not included):
  - Community Action/Seeds of Success Program
  - Damiano Center
  - Damiano Kids' Café
  - Duluth Community Garden Program
  - Lake Superior Sustainable Farming Association
  - Lincoln Park Children & Families Collaborative
  - Myers Wilkins Community School Collaborative
  - One Roof Housing
  - Community Action
- ❖ Jean noted that Growing Farms, the current recipient of RRR funds, will be allowed to table at the 2016 Annual Meeting.
- ❖ At management's request, the Board approved (MSU, Mickey, MaryAnn) for the FY 2016 period a three percent (3%) dividend on Series 01 Class C equity.
- ❖ Sharon reported that accountants from WIPFLI observed inventories at both stores on June 30, 2016, and are in the process of conducting a financial audit of FY 2016 records; Wayne confirmed that he has been interviewed by the accountants as WFC's Treasurer.

## DENFELD

- ❖ Dahl's milk in returnable glass bottles will soon be available at Denfeld.
- ❖ Peter reported on the Junior League's fundraising efforts outside of Denfeld for the year-round greenhouse project across Grand Avenue.
- ❖ LCD screens are in place above the produce cooler and near the checkouts to project local grower, co-op and promotions information.
- ❖ Denfeld did not lose grid power during last week's storm; MN Power has not been available to complete the connection of Denfeld's solar panels to the grid.

## HILLSIDE

- ❖ All downstairs painting and bathroom remodeling completed.
- ❖ Warranted repairs to sales floor about 98% complete.
- ❖ LCD screens are in place above the produce cooler and near the checkouts to project local grower, co-op and promotions information.
- ❖ Hillside did not lose grid power during last week's storm.
- ❖ Road construction has begun between 8<sup>th</sup> and 10<sup>th</sup> Avenues East on 4<sup>th</sup> Street.

## COMPLIANCE REPORTS

- ❖ Barring objections, the Board accepted:
  - Sharon's Compliance Report on Policy BI Financial Condition with updated draft financials for June 2016/4<sup>th</sup> QTR/FY 2016 as distributed at this meeting indicating non-compliance with the Debt Service Recovery/DSCR ratio for the end of FY 2016 as all outside financing for the Denfeld project has now been expended.
  - Sharon's Compliance Report on Policy A ENDS Statement.
  - Brad's Compliance Report on Policy C2 The Board's Job.
  - Wayne's Compliance Report on Policy C8 Governance Investment.
    - A report on 2015-2016 compliance with Policy C8, Section 2.6 will be provided by management at the next Agenda Planning Committee meeting (August 2, 2016)
    - The Board requested an addition to the Board's calendar of a reminder to comply with Policy C8, Section 2.6 at its April meeting annually

**CLOSED SESSION**

Before the break, the Board thanked their guests for attending and adjourned to closed session from approximately 6:45 PM to 7:15 PM. Management met with the Board during closed session for about 15 minutes and then management left the meeting. The Board returned to open session at approximately 7:15 PM and management rejoined the meeting.

**NEW/OLD BUSINESS**

Jean advised that she would be drafting a letter to staff on the status of the General Manager hiring process.

Following a written evaluation on process, Jean adjourned this meeting at 7:30 PM.

Respectfully submitted,  
Sharon Murphy, General Manager