

WHOLE FOODS COMMUNITY CO-OP, INC.
Minutes of JULY 23, 2012, Meeting of Board of Directors
As approved by the Board of Directors on August 27, 2012

DATE: July 23, 2012
TIME: 5:30 PM
LOCATION: Whole Foods Co-op, 610 East 4th Street, Duluth, MN

Attended by Board members: Chris Edwardson, David Helf, Theresa Koenig, Heather Murphy and John Westlund. Also present: General Manager Sharon Murphy, and Owners MaryAnn Bernard, Justin Bisted, Micky Pearson, and Jean Sramek. Board member Mark Friederichs was 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

President Chris Edwardson called the meeting to order at 5:32 PM. Theresa accepted timekeeper duties. Board members were prepared and no conflicts of interest were noted. Chris acknowledged receipt of Mary Dragich's letter of resignation effective July 22, 2012, and expressed appreciation for her service on the Board.

CONSENT AGENDA

Chris reviewed the intention and process for a Consent Agenda. By consensus, the following items were removed from the Consent Agenda:

- Minutes of June 25, 2012, Board meeting – amendment required
- Compliance Report on Policy D7/Mark – not received/carry over to August
- Compliance Report on Policy D1/Theresa – not received/carry over to August
- Compliance Report on Policy D6/Board Meetings – received late/carry over to August

The Board approved/accepted (MSU, David, Heather) the following items on the July 2012 Consent Agenda:

- Important Dates
- July 2012 Owners Report
 - 68 ownership applications
 - One request (Owner No. 11059) for \$80 of Matching Funds.
- Compliance Report on Policy D5 Board Committees/Mary
- Compliance Report on Policy D8 Minutes Procedure/Heather
- Board Calendar

NEW BUSINESS

APPROVE MINUTES

The Board (MSU, David, Heather) approved the draft Minutes of the June 25, 2012, Board meeting as amended with respect to deletion of the comment that there were no minutes from the Closed Session of that meeting. Minutes from the Closed Session on June 25, 2012, have been submitted.

REVIEW MANAGEMENT REPORT

In addition to her weekly written reports, Sharon updated the Board on flood recovery actions. At this time, WFC's flood insurance carrier has neither approved nor denied our claim for damages to the retaining wall and loading dock areas along the alley. Construction work on the east (7th Avenue)

portion of the parking lot is scheduled to begin again on July 24, 2012. Subject to a final report from the engineering inspection, an estimated repair bid and plan to repair the center portion of the parking lot has been received. Next step to repair the center portion of the parking lot is to get approval of this plan from the City Engineers and then from the Planning Commission. No response yet on WFC's grant (\$5,000) application to the Northland Foundation Business Flood Recovery Fund for site clean-up.

The Board approved (MSC, John, Heather; Theresa abstained) a request for support for the urban beekeeping ordinance on the agenda of the Duluth City Council.

The Board approved (MSU, David, John) management's request for a Storewide Performance Bonus for staff for the April-June 2012 quarter in the amount of \$34,187.32.

The Board approved (MSU, Heather, David) to refund the oldest \$3,000 of abandoned equity by November 19, 2012, pursuant to the terms of the Board's Abandoned Equity Process. The Board approved (MSU, Heather, David) the following list of ENDS-related, non-profit, potential (subject to a vote of Owners on the September 2012 ballot) recipients of unclaimed 2012 abandoned equity:

- Damiano Center
- Growing Farms
- Grant-Nettleton Community School Collaborative
- Local Initiatives Support Corporation/LISC
- One Roof

The Board approved (MSU, David, John) addition of and support for the following proposed amendments of WFC's Articles of Incorporation to the September 2012 ballot:

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**):

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.

REVIEW FINANCIALS

The Board reviewed draft (subject to audit and tax adjustments) financial reports for FY 2012. July sales growth to-date is 11% with a goal of 8%. The number of transactions per day is up 9% over the same period in July 2011, however, new Owner applications and ATM use in July are down compared to recent months.

DISCUSSION

By consensus, the Board agreed to complete and turn in at the end of each Board meeting the meeting evaluation form emailed by Chris (June 23, 2012). With respect to Chris' Compliance Report Monitoring System proposal (emailed June 20, 2012), Chris and Theresa will draft their compliance reports and submit them for Board comment pursuant to this process before our August meeting.

The General Manager Evaluation Committee will meet at 4:30 PM on Monday, August 27, 2012, in WFC's conference room.

PROPOSALS/STUDY

The Board discussed articles in recent issues of The LEADer newsletter, a publication of the National Cooperative Grocers Association's Western Corridor.

CLOSED SESSION

At approximately 7:20 PM, Chris declared the Board in closed session. All guests left the meeting at this time. At approximately 7:26 PM, Chris declared an end to the closed session.

Following a written evaluation on process, the Board approved (MSU, Heather, Theresa) adjourning this meeting at 7:30 PM.

Respectfully submitted,
Sharon Murphy, General Manager