

WHOLE FOODS COMMUNITY CO-OP, INC.
Minutes of SEPTEMBER 24, 2012, Meeting of Board of Directors
Approved by the Board of Directors on October 22, 2012

DATE: September 24, 2012
TIME: 5:00 PM
LOCATION: Whole Foods Co-op, 610 East 4th Street, Duluth, MN

Attended by Board members: Chris Edwardson, Mark Friederichs, David Helf, Theresa Koenig, Heather Murphy and John Westlund. Also present: General Manager Sharon Murphy.

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 5:30 PM. All Board members were prepared and reported no conflicts of interest. Chris read a letter from Owner #4782 in opposition to the Board's decision on February 27, 2012, to sign the petition on behalf of Minnesotans United for All Families Resolution Against the Constitutional Amendment to Ban Marriage for Same-Sex Couples.

The Board expressed appreciation to David for his recent *Duluth News-Tribune* opinion piece on 2012 The International Year of Cooperatives.

CONSENT AGENDA

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

- Compliance Report on Policy D1/Theresa – not received/carried over to October and will be done by Chris.

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

- Important Dates
- Minutes of August 2012 Board Meeting/open session
- September 2012 Owners Report
 - 62 ownership applications accepted
 - Transfer of equity approved for Owner Nos. 9297, 5127 and 2621
 - Refund of abandoned equity approved for Owner Nos. 3278, 4426 and 4420
 - Owner Nos. 11471 and 11425 each approved for Matching Funds of \$80 based on income eligibility.
- August 2012 Income Statement
- Compliance Report on Policy D11 General Manager Evaluation Committee/David
- Board Calendar
- Assigned Board Compliance Report for October: D4 Code of Conduct/Chris.

NEW BUSINESS

REVIEW MANAGEMENT REPORT

Sharon advised that the accountant's **audit** of WFC's financial records for FY 2012 has been completed but will not be finalized until the Board's decision about a patronage rebate for FY 2012.

Prior to this meeting, Heather, John and Sharon verified and counted the paper ballots and combined those results with the on-line voting results. Sharon reported on Owner participation in the **2012 Board election and issues ballot**:

	2012	2011	% Increase
Eligible voters	6,894	6,335	8.9%
Owners voting on line	287	253	13.4%
Valid paper ballots	40	36	11.1%
Total participation	327	289	13.1%

and on the results of the 2012 Board election and issues ballot:

- Candidates elected: Chris Edwardson, Jean Sramek, Jennifer Cummings and Mickey Pearson
- Candidates not elected: MaryAnn Bernard and Justin Bisted
- Amendments of Articles of Incorporation re Class A, B and C stock quantities: Approved 284 to 13
- 2012 Recipient of unclaimed balance of abandoned equity: Growing Farms

The results of the 2012 Board election and issues ballot will be announced to Owners at the Annual Meeting on October 13, 2012. Theresa will contact all Board candidates as soon as possible and Sharon will coordinate scheduling an orientation for new Board members prior to the Board's October 22nd meeting. The Board expressed appreciation to all the candidates for participation at Board meetings and their willingness to serve.

Following review of the analysis from WFC's accountant, the Board approved (MSU, David, Mark) a **patronage rebate for FY 2012** based on the amount of profit from Owner purchases (\$320,918); 20% (\$64,184) of that amount will be returned to Owners in proportion to their purchases in FY 2012 (July 1, 2011 – June 30, 2012). The balance of the FY 2012 patronage rebate (\$256,734) will be retained as equity pursuant to the terms of the Cooperative Statute of the State of Minnesota. This decision will be announced to Owners at the Annual Meeting on October 13, 2012.

With respect to **flood recovery efforts**, Sharon reported that the second exit/entrance to the customer parking lot on 4th Street re-opened on September 21, 2012, after several weeks of extremely access to the customer lot. Replacement of the culvert under WFC's parking lot is complete and work has begun to repair the alley retaining wall. The City of Duluth is requiring a new permit to continue repairs to the 7th Avenue parking lot; the sub-contractor should acquire that permit shortly.

Pursuant to documentation requested by the U.S. **Small Business Administration**, the Board approved (MSU, Heather, Theresa) and signed the following resolutions:

BE IT RESOLVED that on September 7, 2012, via email the Board of Directors of Whole Foods Community Co-op, Inc., unanimously approved management's application for an SBA Disaster Loan (Application #1000119134) and accepted the SBA terms for said loan in the amount of \$363,800 at 4% interest for seven (7) years (a monthly payment of \$5,258).
 BE IT FURTHER RESOLVED that on September 24, 2012, at their regular meeting the Board of Directors of Whole Foods Community Co-op, Inc., ratified the above email vote.

Closing on the above loan is subject to submitting to the SBA a Tax Clearance letter from the Minnesota Department of Revenue.

The Board reviewed the contents of a proposed letter, prepared by WFC's attorney, to the **City Attorney regarding replacement of the Brewery Creek culvert** under WFC's parking lot. Sharon will forward the Board's comments and time line to our attorney.

The following *Gazette* articles were assigned for the next submission deadline (October 31, 2012): Board Report/Chris and Ownership Matters/John.

PROPOSALS

Following discussion, the Board approved (MSU, Mark, John) the following **amended Equity (Class A and Class P) Purchase Policy**:

EQUITY (CLASS A AND CLASS B) PURCHASE POLICY

Effective January 1, 2013, new Owners must purchase a minimum of \$20.00 (Class A/voting share) and then will have one (1) year within which to purchase another \$80.00(Class B/equity share) in any increment at any time **OR** new Owners who choose to purchase the full \$100.00 of required equity when they join will receive a \$5.00 WFC gift card. There will be no change in payment terms for Owners who join prior to January 1, 2013.

Following discussion, the Board approved (MSU, John, David) the following **amended Owner Household Policy**:

OWNER HOUSEHOLD POLICY

As a benefit of membership, a WFC Owner (first person listed on the subscription agreement) may choose to list additional members of his/her household on his/her account.

To clarify what individuals may be listed on an Owner's account:

- 1) "Household" is a single residential address where the Owner resides and
- 2) Up to three (3) individuals (no age limit) in the Owner's household may be listed on an Owner's account.
- 3) Only the Owner is authorized to add or delete individuals on his/her household account.

Benefits available to additional individuals on an Owner's account include:

- 1) Owner discount on special orders.
- 2) Owner-specific coupons and Owner-only specials.
- 3) Owner cost to attend WFC public classes.

Rights and responsibilities of an Owner include:

- 1) Only the Owner has a vote in Board elections and on other matters presented for a vote by Owners (Cooperative Principle #2: One Member, One Vote).
- 2) Only the Owner owns the stock/equity. Stock may be transferred only to WFC and is not transferable to any other entity or individual. By submitting a correctly completed Termination Form and subject to Board approval, an Owner may:
 - a. Request donation of his/her stock to the Fran Skinner Memorial Matching Fund or
 - b. Request transfer of his/her stock to another person/transferee; the transferee must submit a signed Subscription Agreement before the transfer is valid or
 - c. Request refund of his/her stock.
 - d. In the event of an Owner's death and upon submission of a copy of the death certificate or other legal documentation, the Board may approve refund of that Owner's equity to his/her estate.
- 3) Any patronage rebate will be issued only to the Owner.
- 4) An Owner is responsible for the amount of any in-store IOU on his/her household account as long as the receipt is signed by a person listed as a member of that Owner's household and who was authorized by that Owner to use his/her household account.
- 5) An Owner is responsible for the amount of any check bounced at WFC by a person authorized by that Owner to use his/her household account.

Following discussion, the Board approved (MSU, Mark, Heather) the following **amended Newsletter Policy**:

NEWSLETTER POLICY

PURPOSE:

To ensure the WFC newsletter, also known as the *Garbanzo Gazette*, maintains integrity as a quality Owner information piece reflecting the WFC ENDS Policy and ensuring compliance with The Cooperative Principles and Board Policies relating to linkage with and education of Owners.

POLICY:

- The Promotions & Education/P&E Manager will use no lighter than 50# weight of 100% post-consumer-waste paper for the newsletter and is authorized to make a change in paper based on his/her research and within the parameters of the newsletter budget.
- The P&E Manager will ensure that articles written by WFC Owners and articles by staff informing Owners about co-op activities are given priority as the newsletter is an Owner forum. The P&E Manager may occasionally invite non-Owners to write special feature articles.
- Owner commentary or editorials will be no more than 250 words in length.
- The P&E Manager may edit articles for correct grammar, spelling and obscenities without the permission of the author.
- The P&E Manager may edit articles for content and will notify the author of changes before final layout.
- The P&E Manager will not accept articles promoting a specific political party or political candidate. Notices of public meetings such as candidate debates and public forums may be accepted. Articles that promote or inform on an issue without reference to a specific event or service may be declined.
- The P&E Manager will solicit and give preference to articles that deal with:
 - Whole foods in any aspect (production, distribution, organics, recipes, food regulations, quality controls, pesticides, etc.)
 - Issues that affect the health of our community (environmental concerns, pollution, toxic clean-up, herbs, health aids, nutrition, safety, etc.)
 - Cooperative Principles
 - The Board's ENDS Policy
 - Holistic, natural lifestyles
 - Store operations
 - Community and regional issues and organizations
 - Staff, Board, membership and other cooperative issues
 - Book reviews on topics as noted above
 - Local community events
- With the exception of regular columns, the P&E Manager will accept submissions from authors on a rotating basis. Preference will be given to Owners who have not submitted articles within the last year.
- The P&E Manager will approve the frequency, number of copies to be printed, the number of pages in each issue and the size of pages and inserts in each issue taking into account budget restrictions and postal regulations and based on the financial health of the Co-op.
- The P&E Manager will ensure that attributed illustrations and photographs submitted by Owners are given priority as the newsletter is an Owner forum based on space constraints, theme of issue and appropriateness of topic. The P&E Manager may occasionally invite non-Owners to submit illustrations and photographs. Preference will be given to illustrations and photographs from Owners who have not submitted work within the last year.
- Advertising will be allowed in the Gazette within the following parameters:
 - Ads and ad adjustments will be billed at no higher than market rates.
 - Advertising will be limited to no more than 40% of the space in each issue.
 - Advertising will be limited to a maximum of one full-page ad per issue (space allowing) and to one ad per business per issue.
 - The P&E Manager will review ad prices and make periodic increases, with notification to regular advertisers, to cover increases in the cost of production of the Newsletter.
 - The P&E Manager will not accept ads promoting a specific political party or political candidate. Advertisements for public meetings such as candidate debates and public forums may be accepted. Ads that promote or inform on an issue without reference to a specific event or service may be declined.

The Board discussed proposed policies regarding issuing Class C stock. This discussion will continue at the Board's October meeting.

Following a written evaluation on process, the Board approved (MSU, Heather, Theresa) adjournment of this meeting at 7:36 PM.

Respectfully submitted,
Sharon Murphy, General Manager