

WHOLE FOODS COMMUNITY CO-OP, INC.
Minutes of September 22, 2014, Meeting of Board of Directors
As approved by Board of Directors on October 27, 2014

DATE: September 22, 2014
TIME: 5:30 PM
LOCATION: Whole Foods Co-op, 610 East 4th Street, Duluth, MN

Attended by Board members: MaryAnn Bernard, Chris Edwardson, David Helf, Heather Murphy, Mickey Pearson, and Jean Sramek. John Westlund was absent. Also present: Deli Manager Faith Koenig (for introductions only), Owner Carol Andrews and 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 5:35 PM. Chris appointed MaryAnn as timekeeper and determined there was no need for a closed session. Board members were prepared, checked in and reviewed Owner linkage since the last Board meeting.

CONSENT AGENDA

The Board approved (MSU, David, MaryAnn) the following items on the September 2014 Consent Agenda:

- Important Dates/Board Calendar/Board Goals/Owner Participation Events
- Minutes of the August 25, 2014, Board Meeting/open session
- August Income Statement
- Compliance Reports on:
 - Policy D1 Governing Style/Chris
 - Policy D11 General Manager Evaluation Committee/David
- September 2014 Owners Report including:
 - 63 Owner applications and
 - 2 term/transfer requests (#2692 and #14266)
 - 2 Matching Fund requests (#13176/\$80 and #13824/\$75)

REVIEW

Management Report

Sharon updated the Board on the Hillside re-brand project and the time line for the Denfeld Project. The groundbreaking ceremony at Denfeld is scheduled for Wednesday, September 24, 2014, from 11 AM to Noon; Chris, Jean, Mickey and David plan to attend the ground breaking ceremony. Owner loans of \$896,000 and Class C stock purchases of \$79,500 have been received to date for the Denfeld Project. The results of the financial audit of FY 2014 revenue and expense are not yet available. Sales growth in September is at 9% with a goal of 10%. Board members reported receiving their compensation checks for the July-September quarter. Sharon will send Chris a template for the October Board Compliance Report on Policy D4.

Following discussion, the Board accepted an interpretation of the Bylaws allowing the Finance Department to make database updates for Owners who re-activate ownership status or who re-apply to become Owners after voluntary or involuntary termination of ownership status due to non-payment of equity and/or lack of contact information provided that the required amount of equity is paid and contact information is updated. However, the Board did not accept that the Finance Department could re-activate ownership status in the event an Owner's membership was terminated for cause, e.g., failure "to peacefully and democratically participate in the cooperative." In those instances, it is the Board's responsibility to review the circumstances and make an informed decision on approval of membership.

Sharon reviewed the results of the 2014 Board election and survey ballot; these results will be announced at the Annual Meeting on October 17. The Board discussed comments received on the ballots and compared participation rates to the 2011 and 2012 elections.

Following discussion of the information provided by WFC's accountant on patronage and tax implications for the FY 2014 profit, the Board approved (MSU, David, Jean) Option #1 = maximum depreciation expense and maximum patronage dividend of \$699,018:

“This option results in Federal income tax of approximately \$77,000 with a MN tax of approximately \$25,100 (of which \$5,000 has already been paid leaving a liability of \$20,100). All Federal and MN operating losses would be used up so there will be none to carry forward to future years. The minimum cash portion of the dividend to be paid to members would be \$139,804.”

OLD BUSINESS

Chris advised that the Old Business item “Review proposal to amend Policy D5 Board Committees” would be referred for discussion at the Board's retreat on Saturday, November 15, 2014, in the private meeting room at Zeitgeist Café with CBLD Board Consultant Joel Kopischke from 10 AM to 5 PM.

NEW BUSINESS

The Board discussed Section 5 of Policy D3 Officers Roles:

“Although officer succession and leadership development are the ultimate responsibility of the entire Board, the President has a special role to play.

- a. The President will offer regular leadership opportunities to Board members and, thereby, encourage others to “step up” and become the next generation of leaders.
- b. At least semi-annually, officers will report to the Board and discuss their plans for remaining or leaving office and the President will open a discussion regarding leadership continuity and officer succession.”

The Board discussed its process for the Annual Meeting (October 17 at the DECC Harbor Side Room) and asked that follow-up communications to Owners about the cost of the Annual Meeting clarify that the \$20 cost of an Owner's registration will be fully refunded (via WFC gift card) upon attendance at the Annual Meeting.

Following a written evaluation on process, Chris adjourned this meeting at 7:21 PM.

Respectfully submitted,
Sharon Murphy, General Manager