



**Minutes of Lakewinds Natural Foods Cooperative
d/b/a Lakewinds Food Co-op
Board of Directors' Meeting
Monday, August 25, 2014**

Doug Engen, President
John DePaolis, Vice President**
Brenda Pfahnl, Treasurer*
Tracy Kochendorfer, Secretary
Dale Woodbeck, General Manager

Caroline Hermes
Fred Ladner
Stephanie Matz
Tim Reese*
Taiha Wagner

**absent **present via phone*

Effective August 18, 2014, the Board took the following unanimous written action via email in lieu of a meeting: Resolved, for Fiscal Year 2014-15, the General Manager's salary proposal and the Board's annual incentive bonus recommendation for the General Manager are approved.

The President called the meeting to order at 6:34 **p.m.** on Monday, August 25, 2014 at Eden Prairie headquarters.

Consent Agenda

The consent agenda included approval of the following items for July 2014: (i) new member-owners and share repurchases of departing member-owners; and (ii) Board meeting minutes. *A motion was made to approve the consent agenda, seconded and all voted in favor.*

GM and Financial Reports - Dale

Dale presented the General Manager's and Financial Reports. Sales and new owner sign-ups at the Richfield Store continue to greatly exceed expectations, and the Minnetonka and Chanhassen stores continue their strong performance. Gainshare (profit-sharing) was paid out to employees based on the co-op's performance as of 06/30/14 fiscal year end, and was enthusiastically received.

Patronage Dividend

The Board discussed an appropriate patronage dividend for member-owners, to be paid out upon completion of the annual audit. Under law, the co-op must declare a cash dividend of at

least 20% for distribution to member-owners to retain favorable tax treatment. Due to the healthy financial performance this past year (even with the construction of the Richfield store!), the Board determined it would be in member-owner interests to receive just over 22% patronage dividend in the form of cash (up from 20% last year). Owners will be given the opportunity to contribute their cash dividends to the Lakewinds Organic Field Fund.

The following motion was made and seconded:

Resolved, the Board of Director declare a patronage dividend of \$440,000 based on co-op net income from sales to member-owners for the year ending June 30, 2014, of which just over 22% of the declared dividend (\$100,000) will be paid in cash to the owners in proportion to their purchases during that period, and the remaining \$340,000 will be retained as equity by the co-op in the form of member-owner B shares.

Board Election Committee Update - Tracy

Tracy reported on the work of the Election Committee. Board application cutoff date was August 21. We have received 17 applications for three open positions. The Election Committee met prior to the August 25 board meeting to finalize interview questions and format. Panel interviews of all candidates will take place the week of September 9th. The Election Committee will present a proposed slate of candidates to the full Board at the September 22nd meeting. Once the slate is finalized and approved by the Board, it will be publicized to member-owners, who will vote on the candidates. The new Board members will be announced at the October 13th member-owner meeting.

Annual Board Evaluation – Caroline

Caroline distributed compiled results of the Board's self evaluation, which the Board discussed in greater detail.

FY 2015 Planning

John will compile and distribute a proposed board calendar in the coming weeks. The Board began discussing objectives for the FY2015 year.

GM 2015 Objectives

John and Dale are working on quantitative and stretch objectives in order for the Board to finalize its approval of Dale's 2015 objectives.

A motion for adjournment was made and seconded. The meeting was adjourned at 8 p.m.