

**Minutes of Lakewinds Natural Foods Cooperative**

**d/b/a Lakewinds Food Co-op**

**Board of Directors’ Meeting**

**Monday, September 28, 2015**

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|  John DePaolis, President Steph Matz, Vice President Brenda Pfahnl, Treasurer  Tracy Kochendorfer, Secretary  Dale Woodbeck, General Manager\*absent | Katie Bloomstrom Sarah Carroll\* Caroline HermesFred Ladner | Karyn PennTim ReeseRyan Sweeney |

1. **Call to Order**

John called the meeting to order at 6:30 p.m. on Monday, September 28, 2015 at Eden Prairie headquarters. Board members listed above and Dale were in attendance, as well as Sarah Budenske of S.B. Budenske CPA Ltd, (external auditor) and Eileen DeReus (Lakewinds Finance Manager), and a guest member observing the meeting.

1. **Annual Audit**

Sarah Budenske presented the annual Independent Auditor’s Report, dated September 18, 2015, of Lakewinds Financial Statements for the fiscal year ending June 30, 2015 (referred to as the “Audit”). Sarah and Eileen answered questions from the Board and discussion followed. In the independent opinion of the auditor, “the financial statements (which comprise the balance sheets as of June 30, 2015 and 2014, and the related statements of income, changes in stockholders’ equity, and cash flows for the years then ended, and the related notes to the financial statements) present fairly, in all material respects, the financial position of Lakewinds Natural Foods as of June 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with accepted accounting principles generally accept in the United States of America.”

*A motion was made as follows, seconded, and all Board members voted in favor.*

*Resolved, the Board of Directors accepts the Independent Auditor’s Report, dated September 18, 2015, regarding the financial position of Lakewinds as of June 30, 2015 and 2014, as presented.*

Sarah and Eileen were thanked for their work and they then left the meeting.

1. **Consent Agenda**

The consent agenda included approval of the following items: (i) new member-owners and share repurchases of departing member-owners for August 2015; and (ii) August 2015 Board Meeting minutes.

*A motion was made to approve the consent agenda items, seconded, and all Board members voted in favor.*

1. **Reports**

Dale presented the General Manager’s Report along with the August financial statements. Financial performance and operations for the 2015-16 fiscal year thus far are slightly behind plan due to lower Minnetonka store performance than expected. Competition has increased nearby, putting pressure on that location. Dale and his team will track this closely to see if a trend is developing and are formulating ideas to boost sales in that location. Refreshed exteriors and new lighted signs in the Minnetonka and Chanhassen stores are planned for the near future.

Lakewinds’ events over the last month such as our 40th Anniversary celebration and Kids Fest and have been very well-received, and the one-day meat/seafood sale, in particular, provided a huge boost to sales the day of the event. October will feature our annual member-owner meeting and an increased monthly member-owner discount of 10% instead of the usual 5%.

Instacart delivery service has launched in the Twin Cities within certain areas, with plans to expand its service area over time. Instacart pulls orders from Lakewinds shelves (and from other participating stores such as Target) and delivers orders to customers. Lakewinds does not pay for the service; Instacart fees are paid by the recipients. We believe this service it will benefit a segment of our current shoppers, as well as raise awareness among potential new shoppers and member-owners.

1. **Low Income Membership Discussion**.

The Board held discussion about whether Lakewinds should do more to assist low-income shoppers/member-owners. This is a multi-faceted topic that can be approached in a number of ways. Other Twin Cities co-ops and co-ops nationally have various approaches: some offer reduced price or subsidized ownerships, others offer discount programs, and some do a combination. Lakewinds has not had much demand for accommodation, but this is a subject that may fit well with our Ends Policies. Our Bylaws give us some flexibility to structure ownership payments and our operations could do some things with product pricing if that was deemed desirable.

One thing that is not practical to do is to raise the initial member-owner investment of $90, since that would involve having to contact the thousands of existing members to require payment of additional equity. The Board will consider the topic in the context of our policies early next year and decide whether to pursue additional information/learning hour ideas, talk with other co-ops, and/or ask for more information or ideas from Dale.

1. **Board Evaluation**

John led a review of the results of the annual board self-evaluation. As with any evaluation, areas of strengths and areas that could use improvement appeared, although nothing critical or significantly deviating from past evaluations was raised. The Board functions well, operates with integrity, upholds its fiduciary duties and conducts business through thoughtful and respectful discussions based on our policies. We have a very good relationship with our General Manager. With Board elections coming up in October, Board size will reduce from 11 to 9 (part of last year’s plan to return to three open positions per election), so the composition will change somewhat. The Board will continue to look for ways to do the best job it can for the member-owners and our co-op.

There being no further business, a *motion for adjournment was made, seconded, and all voted in favor.*

The meeting was adjourned at 8:32 p.m.

*Note: As my term on the Board comes to completion, this is my final set of minutes. Thank you for the opportunity to serve this wonderful organization and best wishes for continued success!*

 *Tracy Kochendorfer, Board Secretary*