



**Minutes of Lakewinds Natural Foods Cooperative
d/b/a Lakewinds Food Co-op
Board of Directors' Meeting
Monday, May 19, 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*

The President called the meeting to order at 6:29 p.m. on Monday, May 19, 2014 in the Eden Prairie headquarters meeting room. The senior management team was present and welcomed.

FY 2015 Budget Presentation—Dale Woodbeck and Leadership Team (Dale Riley, Operations Manager; Eileen DeReus, Finance Manager; John Case, Finance-Special Projects; Jena Olson, HR Manager; Derek Fermstad, IT Manager; and Amy Campbell, Marketing Manager)

The members of Lakewinds' leadership team presented a proposed operating and capital budget and cash flow projection for FY2015 (which begins July 1, 2014 and ends June 30, 2015) for the board's consideration. Dale W. outlined business priorities and plans for Lakewinds and reported that we are making good progress on Lakewinds' 10-year business plan (through 2023). Dale R., Eileen and John explained the budgeting process, the assumptions upon which the budget is based, and development of the proposed FY2015 budget. Each manager then presented his or her departmental priorities and goals for FY2015.

The budget and business/departmental priorities represent an enormous amount of thought, work and care by the senior management team as they continue to lead our healthy, growing co-op. They also reflect the Five Promises developed by the senior management team (described in last month's meeting minutes) that will deliver on the Ends Policies adopted last month by the Board (also described in last month's meeting minutes).

Following questions by the board, and discussion between and among board and management, *a motion was made to approve FY2014/15 budget as presented, seconded and all board members voted to adopt the FY2014/15 budget as presented by the senior management team.*

At the conclusion of the presentations, senior management members were thanked for their hard work and dedication, and all except Dale W. departed at 8:15 p.m.

Consent Agenda

The consent agenda included approval of the following items for April 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, Richfield and Financial Reports– Dale

Dale presented the General Manager's, Financial and Richfield Reports. Operations at the Minnetonka and Chanhassen stores are going well. Sales are up in each store and pretax net income is right on target. Much work has been done on budgeting and operational efficiencies. Efforts are being made to structure operations in order to enable payout of GainShare (profit sharing) to employees in the future. No GainShare has been paid out this fiscal year, but the plan amount is cumulative through the year, so each quarter is evaluated on year-to-date numbers.

It's a full court press to finalize the myriad elements involved in completing construction, hiring and training, product delivery and stocking, systems readiness and publicity in order to execute a successful Richfield store opening. We have met our goal of \$1,800,000 in member owner loans and are within budget for the entire project! Members who made loans will be invited to an appreciation event on June 19. Barring unforeseen events, grand opening will be June 28!

Board Compensation (Doug)

Doug summarized information and considerations stemming from last month's closed board session concerning board compensation. Lakewinds' board compensation noticeably lags behind that of most other Twin Cities' co-ops, and has not been increased to reflect the workload and responsibilities shouldered by board and officers over recent years. Governance is an important function and board members take on various risks and responsibilities by serving on the board. We are happy to serve our co-op in this manner, and although we do not expect remuneration commensurate with our duties, do believe an increase is appropriate at this time.

Presently, board compensation consists of a quarterly stipend plus a 15% in-store discount. Board member are also reimbursed for approved expenses per policy. The board thoroughly

discussed many aspects of board service, governance, compensation scenarios (including eliminating the discount completely), owner and employee perceptions and the state of the marketplace. Lakewinds budget can comfortably accommodate an increase in compensation without a negative impact to operations or owner interests. Pursuant to Article III, Section 4 of Lakewinds Bylaws, the compensation of the Board can be determined by board resolution at a regular board meeting, and must be announced to the owners at their next regular meeting (Oct. 2014).

Following discussion, a motion was made and seconded as follows: Board compensation beginning in FY2015 shall remain unchanged (quarterly stipend, 15% discount and reimbursement per policy), except that the quarterly stipend shall be increased as follows:

Position	Quarterly Stipend Prior to FY2014	Quarterly Stipend for FY2015 and thereafter (until otherwise approved by the Board)
<i>Board President</i>	<i>\$135.00</i>	<i>\$500</i>
<i>Other Board Officers (Vice President, Treasurer, Secretary)</i>	<i>\$90.00</i>	<i>\$437.50</i>
<i>Board member (non-officer)</i>	<i>\$90.00</i>	<i>\$300.00</i>

Seven voted for the motion; and one opposed the motion. The motion carried.

Governance Policies: CDS Consulting Template (Doug)

The Executive Committee members are in the process of comparing CDS Consulting’s Policy Register to Lakewinds existing policies (covering Executive Limitations, Board Process, and Board-Management Relationship). The results of the comparison will be distributed among Board members in the near future for consideration. In talking with Art Sherwood of CDS Consulting, the Executive Committee learned that Lakewinds might be well-served to adopt CDS standard template. The biggest reasons are that the template is regularly updated to contain best practices from co-ops across the country, and such standardization provides solid and continuing vetted guidance to our board despite variation in board members each year. This topic will be addressed more thoroughly at a future meeting.

The meeting was adjourned at 8:55 p.m.