

Minutes of Lakewinds Natural Foods Board of Director's Meeting August 23rd, 2010

John DePaolis, President
Jennifer Reilly, Vice-President
Joe Wagner, Treasurer
Doug Engen, Secretary
GM Dale Woodbeck

Caroline Hermes
Fred Ladner
Katherine Roseth

All board members present.

Board President called the meeting to order at 6:30.

Auditor Report:

We began the meeting with the report from the Auditor, Sarah Budenske, of Budenske & Wilson. Sarah signed off on the final items today and we reviewed the audit report and the letters to the board covering the scope of the audit and internal control evaluations. Sarah reported that accounting records were in good order and there were no significant control issues except those common in small businesses where it is difficult to have complete segregation of duties. This is generally compensated by close review of monthly financial data by the manager, auditor, and the board. The balance sheet is looking stronger and the results for the year were good. We have a significant loan balloon payment due this next fiscal year, but as we recently received a firm letter of refinancing from the bank, Sarah showed the new loan re-payment information and did not have to qualify based on our need to obtain financing. Dale reported that he and John Case are working on details of the loan refinancing and better loan covenants with the bank and the discussions are going well.

Lakewinds Community Share Grant Program:

Rachael Eide, member linkage manager, headed the committee to solicit and review the first year applications for the Lakewinds grant program. The Board approved this program to provide larger donation grants to non-profits that provided innovative programs in line with Lakewinds vision and that benefit the extended Lakewinds community. Rachael presented the recommendations from the committee.

The committee was comprised of two board members (Caroline and Doug), Beth Warner representing the members, and two additional employees (Leslie Smith and Mary Towers) as well as Dale as GM. 13 applications for grants in amounts up to \$10,000 were reviewed. The committee presented recommendations for 6 organizations that totaled \$37,047.

After a brief discussion of the material that had been previously distributed to the board, Fred moved to accept the committee recommendations and Jennifer seconded the motion. The motion for approval passed unanimously.

Consent Agenda:

The consent agenda included the minutes of the meeting of July 26th, the list of applicants for co-op membership, the listing of repurchased memberships, and the General Managers monthly report.

Joe made a motion to accept the Consent Agenda, which was seconded by Fred and passed unanimously.

Patronage Dividend:

Based on the auditor's report of operating results, Joe proposed a motion to declare a patronage dividend of \$350,000 to the members based on the relative income from member sales. Approximately half of this dividend would be returned in cash to the members based on 1% of their member sales for the year. The remainder of the patronage dividend is converted into member B Shares and retained as coop equity. Doug seconded this motion and it passed unanimously.

Annual meeting agenda:

Plans for the annual meeting were reviewed and the board presentations discussed. Those non-profits awarded community grants this year would be invited to set up booths that highlighted their community programs. This would be optional, but is a good chance for the non-profit to present their story to the members.

Candidates for Board Election in September:

Jennifer tendered her resignation at this meeting as she has accepted a job in Penn. We now have 4 open positions on the board. John and Doug have met with each of the six candidates and they have presented their bios, photos, and information for the members' vote. We will advise members of the voting procedures and the annual meeting by postcard. Voting will be done on-line by members at home or at voting terminals posted at the service desks and just prior to the annual meeting. Cashiers will be instructed to remind members to vote during the last couple weeks leading up to the annual meeting. At the service desk we will have copies of the candidates' information and will have manual ballots with their names if the member prefers not to log on-line. We continue to work to encourage members to vote and to increase our percentage participation.

Financial Performance and Benchmarking:

Joe presented the updated financial ratios through July and commented on the continual improvement in results and most of the ratios.

Topics for September 27th Board Meeting:

Annual Board Evaluation, Katherine/Caroline.

This will be the first meeting of the new directors. They will not have time for an orientation session prior to this meeting. Caroline will organize this for the month of October.

Any follow-up from the annual member meeting.

Policy review covering the President's role.

Doug will write the Directors Corner explaining the Patronage Dividend.

Dale will present information on inactive members for board review.

This part of the meeting was adjourned at 8.10. We did not hold an Executive Session.