

**Minutes of Lakewinds Natural Foods Cooperative
Board of Directors' Meeting
Monday, November 18, 2013**

Doug Engen, President
Taiha Wagner, Vice President
Brenda Pfahnl, Treasurer
Dale Woodbeck, General Manager

John DePaolis
Caroline Hermes*
Tracy Kochendorfer
Fred Ladner
Stephanie Matz
Tim Reese

*absent

Prior to the meeting, Caroline Hermes led orientation for new board members, John DePaolis (returning after rotating off the board a year ago) and Stephanie Matz (brand new board member). Doug and Dale also participated in the orientation. After the remaining board members arrived for the regular meeting, the President called the meeting to order at 6:33p.m. on Monday, November 18, 2013 in the Eden Prairie headquarters meeting room and welcomed new and returning board members.

Election of Officers – Postponed

The President, Vice President and Treasurer are continuing in those roles until their replacements are elected at a special meeting of the Board on December 9, 2013. Secretary Masha Yevzelman rotated off the Board effective as of the annual member meeting on October 21, 2013, so Tracy Kochendorfer agreed to take minutes at this meeting.

A motion was made and seconded to postpone the election of officers until the special meeting of the Board on December 9, 2013. All voted in favor.

Rebranding - Dale

Dale reported that a rebranding effort is underway and that he would like board input. Zeus Jones branding agency will present ideas to the Board at a special meeting of the Board on December 9. This effort is in the early stages and will likely not be a complete revamp, but rather an attempt to better define and differentiate our co-op in a crowded marketplace, and to create a cohesive and consistent freshened image and message with heightened appeal to up-and-coming generations of potential owners and shoppers.

Consent Agenda

The consent agenda included a list of new owners for September and October 2013, a list of owners who sold back their shares to Lakewinds in September and October 2013 and the draft minutes of the September 2013 Board Meeting.

A motion was made to approve the consent agenda, subject to Dale obtaining the full name of the voting member of the Devitt family (which was not listed on the September new owner report). The motion was seconded and all voted in favor.

GM, Richfield and Financial Reports – Dale

Dale presented the General Manager's Report, the Financial Report, and the Richfield Report. Discussion was held as to some margin erosion. This is not a big cause for concern, but inventory purchasing practices are being reviewed to see if improvements can be made. In general, we compare favorably with our competition in these matters.

The POS system that went operational in late September is performing well and providing additional information and capabilities beneficial to operations and owners (such as ability to see and use patronage dividends at the registers). A number of marketing initiatives are underway, along with expanded and integrated holiday ordering offerings. A new owner drive is tentatively planned for the end of third quarter. Community outreach efforts are being made in Chanhassen, Minnetonka and Richfield as well as cross-community outreach in connection with organizations such as Green Routes, a nonprofit service that helps people find small, unique local businesses rooted in their communities.

Richfield construction work is proceeding well; it is hoped that good progress can be made before cold weather sets in. A question arose as to whether a loan to Lakewinds being proposed by a third party cooperative falls within parameters approved by the Board for the Richfield loans. Dale will report back to the Board and obtain an appropriate authorizing resolution if prudent. We have collected/have commitments for \$1,250,000 of the \$1,800,000 we need to provide toward the Richfield project.

Dale reported that Anchor Bank, on its own initiative, has, with Lakewinds agreement, extended the maturity date of our line of credit to November 2014 from March 2014 on the same terms as are presently in place, and without charging an extension fee.

MN Co-op Conference – Tim and Brenda

Tim and Brenda reported on the portions of the Minnesota Co-op Conference (Co-Minnesota) they attended. Representatives from food, credit and energy sector co-ops attended and presentations were made concerning the role of co-ops in community development.

MN Food Co-op Boards Association (MFCB) - Doug

As a steering committee member and active participant in MFCB, Doug invited Board members to attend MFCB quarterly meetings and participate on the steering committee if so inclined. The conference in September was well received and is tentatively slated for next September at Normandale Community College again.

Open Book Management - Dale.

Dale reported that open book management has been introduced to Lakewinds employees in an effort to help employees gain more awareness of and feel more connected to the business workings of Lakewinds and to help them see how their

actions impact the bottom line.

Update on GM Work Plan and Activities - Dale

Dale mentioned his continuing interest and work with nonprofit organizations such as the Sustainable Farming Association and Renewing the Countryside to address continuing availability of land and other support to next-generation farmers, perhaps through an agricultural land trust or other vehicle, with an eye toward ensuring continuing local sources of food. He is also deepening connections with the Minnesota Landscape Arboretum. These activities reflect well on Lakewinds and are very helpful in raising the positive profile and influence of Lakewinds in the community.

Calendar – Doug

Doug discussed a proposed Board meeting calendar and encouraged everyone to attend the CBLD (Cooperative Board Leadership Development) seminar in Minneapolis in January. The CCMA (Consumer Cooperative Management Association) meeting will be held in Madison, WI in June and we hope to have a good representation of Board and Management at that national meeting. We are also planning a Board/Senior Management Strategic planning meeting in March/April and Doug is working on dates with Art Sherwood.

Annual Meeting - Doug

Discussion was held concerning the successful annual member-owner meeting held at the Minnetonka Community Center on October 21st. In the spirit of helping members better understand that they are truly the owners of the co-op, we are transitioning to use of the word “owners” instead of “members” as the preferred terminology for those owning shares of co-op stock. We recognize that the co-op’s governing documents and the Minnesota co-operative statutes use the word “members” to signify those owning shares of the co-op, and will continue to retain that terminology in those documents. However, in light of increased competition from other forms of business using the term “members” (e.g. Costco), we wish to distinguish ourselves and highlight a critical component of co-ops (and one of the seven co-operative principles)—democratic ownership.

All the available annual meeting tickets (260) were sold and the food and program were very well received. Staff seemed very engaged as they served a delicious Lakewinds-prepared dinner to owners and interacted well with owners and each other. The Board felt that it was good to have Board members seated at owners’ tables for increased communication opportunities. Owner support of Lakewinds and upcoming expansion seems very positive, whether stated in person or as reflected on the comment cards. Fred reported a concern as to accessibility into the Chanhassen store that was brought up at his table. Although we presently meet accessibility standards, Dale offered to be a resource to address particular additional concerns if needed. One item of confusion is the patronage that is not refunded to owners but held in their name as shares. Further explanation of this item may be highlighted to owners in the future. Doug introduced the concept of “Own, Use, Serve” to owners (from Art Sherwood’s presentation at the MFCB Fall Conference) with the message that we are in exciting times for co-ops and

that more information and opportunities for owner engagement with Lakewinds will be developed over the coming months.

The meeting was adjourned at 7:55 p.m.