

SUMMARY OF MINUTES
Regular Meeting
of the Board of Directors
November 14, 2016

A regular meeting of the Board of Directors was held at the Company's headquarters in Kent, Washington on November 14, 2016.

The meeting was called to order by Chair Cheryl Scott at 10:00 a.m. All directors were present in person, with the exception of Beth Newlands Campbell, who was excused. Management representatives present in person for the entire meeting were Eric Artz, Raquel Karls, Jennifer Meeker, and Tracie Winbigler.

Here is a summary of the subjects discussed and actions taken during the meeting:

Administrative:

The minutes of the regular Board meeting of August 14, 2016, and supplemental minutes of August 15, 2016, were approved as submitted. The Board also approved a resolution appointing Chris Carr to the Board, assigning him to the Compensation Committee.

Finance Report:

Tracie Winbigler, CFO, provided an overview of the financial performance for the third quarter. She also provided a review of the industry-wide retail and digital market, and how the Co-op is fairing in comparison.

President's Report:

Jerry Stritzke provided a general update on the state of the Co-op and the business. Tim Spangler, SVP Retail, presented a review of upcoming store openings and the performance of the new Washington D.C. flagship store. He also updated the Board on the status of projects relating to retail pay and scheduling. Eric Artz, Chief Operating Officer, briefed the Board on the opening of the Co-op's third distribution center in Goodyear, Ariz., and the awarding of LEED Platinum status for the energy neutral facility.

Brand and Holiday Update:

Ben Steele, Chief Creative Officer, Susan Viscon, SVP of Merchandising, Craig Rowley, VP of Marketing, Alex Thompson, VP Communications & Public Affairs, and Leslie Garrard, DVP Strategy, led a discussion of the upcoming holiday season, the #OptOutside campaign, and the Co-op's outlook.

2017 Board Schedule:

Mr. Stritzke, Mr. Artz, and Ms. Garrard recapped the strategy developed at the August board retreat, discussed how it was being implemented across the Co-op, and how they would report progress to the Board over the coming year.

Campus Update:

Mr. Artz advised the Board that the Co-op had signed the purchase agreement for the new headquarters campus in Bellevue. Mr. Steele added an update on the design of the campus, including the creation of an employee advisory group to support the transition to the new campus.

At 2:00 p.m., the Board went into executive session. At 2:50 p.m., the meeting was adjourned.