

Wheatsville Board of Directors
May Meeting Agenda
Tuesday, May 26th, 2015
6:00pm- 9:00pm
3105 Guadalupe



TIME	TOPIC	ACTION
6:00pm	1. OPEN TIME – for WV Owners to present any topic to the board	LISTEN
6:10pm	2. AGENDA REVIEW 3. CONSENT AGENDA: April 2015 Meeting Minutes B5 – Directors’ Code of Conduct Monitoring Report C2 – Accountability of the GM Monitoring Report D9 – Emergency CEG Succession Monitoring Report CEG Report	DISCUSS VOTE
6 :20pm	4. COMMITTEE WORK (1 min) Recite Ends (0 min) ACBA Committee (24 min) Nomination Committee (20 min) Policy Review Committee (10 min) Review Committee (5 min) Fall Owner Gathering Committee	RECITE DISCUSS VOTE VOTE DISCUSS VOTE
7 :20pm	BREAK	REST
7:30pm (30 min)	5. GOVERNANCE, Part I D6 – Staff Treatment and Compensation	DISCUSS
8 :00pm (45 min)	6. STRATEGIC LEARNING Draft 2016 Business Plan and Finance Learning	DISCUSS
8 :45pm	7. GOVERNANCE, Part II D1-Financial Conditions and Activities and Monitoring Report	VOTE
9:00pm	8. ADJOURN	

Wheatsville will be at the forefront of a transformed society that has:

- a thriving community centered on hospitality, kindness, and generosity
- a robust cooperative economy
- easy access to sustainable, healthy food solutions



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Present: Reyna Bishop, *President*; Doug Addison, *Secretary*; Marcia Erickson, *Treasurer*; Kitten Holloway; Michelle Hernandez; Deborah Ingraham; Nada Lulic; Allison Maupin; John Vinson.

Also Present, staff: Dan Gillotte, *Chief Executive Grocer*; John Perkins, *Finance Manager*; Beth Beutel, *Board Administrator*. Rory Alexander, *Guadalupe Store Manager*, Aldia Bluewillow, *Art Coordinator*; Mike Cockrell, *Packaged Lead*; Raquel Dadomo, *Brand Manager*; Sal Mendivil, *South Lamar Store Manager*; Lindsay Pratt, *Produce Clerk*; Jessica Van Roekel, *Deli Clerk*; Erica Rose, *Ownership and Outreach Coordinator*; Dana Tomlin, *Fresh Coordinator*;
Note: all staff present except Jessica Van Roekel are also owners.

Also present, Owners: Stuart Riley, Andi Shively, Rose Marie Klee, Mike Conti, Mark Wochner, Carlos Perez de Alejo, Carmen Llanes, Bob Kinney, Susan Van Haitisma, Mark Armstrong, Steven Tomlinson, Dan Eckam, John Oliver,

Also present, guests: Andrew Wilbur, Courtney Kogen, Michael Wham (spouse of an owner), Richard Wittington (spouse of an owner), Thales Smith,

Absent: none.

Call to Order

6:00PM

Reyna called the meeting to order

1. OPEN TIME

6:00PM

Reyna welcomed the staff owners, and guests present at the meeting. The Directors, Dan Gillotte, John Perkins, and Beth Beutel introduced themselves. Stewart Riley, Andi Shively, Mike Conti, Mark Wochner, Carmen Llanes, Bob Kinney, Michael Wham, Mark Armstrong, Carlos Perez d Alejo, and Rose Marie Klee all spoke during open time.

Stewart Riley said that he felt depressed reading statement from management about competitiveness of pay at Wheatville, and was specifically saddened to see Wheatville compare itself to Randall's, HEB and other corporate grocers. Stewart emphasized that Wheatville should be competitive in ethics, and that he believes the growth plan is the problem.

Andi Shively expressed understanding that the Board has a specific role in the organization and that money is not an unlimited resource, but that she feels that Wheatville is morally obliged to pay a living wage.

Mike Conti called the Board's attention to their D6 policy and its statements that Wheatville should avoid "inequitable compensation internally and externally." He also pointed out that the City of Austin has clear definitions and numbers for what they consider a living wage in Austin. He also called the Board's attention to policies D7.3 which states that it is the CEG's responsibility to protect the public image of the co-op.



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Mark Wochner identified himself as a former director at both Wheatsville and Black Star cooperatives. He called everyone's attention to the fact that while Black Star has paid a living wage from the beginning, restaurant industry profit margins are very large while grocery store margins are very small. He stated that he would like to know more about what the options are, and hopes that Wheatsville can find a way to pay a living wage and meet other expectations from our owners and shoppers as well.

Carlos Perez de Alejo, who works for Cooperation Texas and is a long time owner at Wheatsville stated that he believes that if Wheatsville is serious about building "a robust cooperative economy" that the vision should include a just workplace with living wages that stands up above all the rest. He added that he believes we can find a way to make that happen.

Carmen Llanes identified herself as a longtime owner, and multiple time a week shopper. She noted that the happiness of staff is a critical component of her decision to shop at Wheatsville, and she's very concerned about the turnover rates she's seen on the front lines recently. She stated that a living wage is becoming an important issue in Austin and around the country and that she wants to see Wheatsville leading the way.

Bob Kinney identified himself as a member for thirty years and director for fifteen years. He proposed a plan to divert the 1% Community Action Wednesday funds and register donations from customers to a campaign for a staff living wage for the Board and CEG's consideration.

Mark Armstrong identified himself as an owner since 1996. He finds current starting wages at Wheatsville to be unacceptable, and expressed an urgent desire to implement wages at or above \$13 an hour as soon as possible. He thinks that Wheatsville is not financially transparent enough, and that the disparity between compensation for front line workers and top level managers is absurd.

Michael Wham is the spouse of a Wheatsville owner. He was troubled from the statements he's seen online and heard from staff in person. He had the expectation and believes others do as well that the higher prices at Wheatsville are in part due to an increased amount going to workers. He urged that top level managers wages should be publically declared and/or that Wheatsville should reorganize so that low level staff can take on the duties of managers.

Rose Marie Klee, a nine year director and former Board president, noted that there have never been so many people at a Board meeting during all her time of service. She urged all of the guests to be mindful of the way that they speak about this and other issues and that a top priority in these conversations should be not to hurt the co-op. She noted that there is amazing potential in this conversation and that Wheatsville, as a democratically owned and operated business, is a great place to have the conversation about how we can achieve all of our goals together and how to prioritize them. She noted that every single person has the ability to make this conversation a



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great one, and she thanked everyone for increasing their level of participation in their co-op by showing up.

Reyna Bishop, current Board president, thanked everyone for sharing their thoughts and noted that this is the kind of process that will make the co-op stronger and better.

2. AGENDA REVIEW

6:25PM

The Board re-arranged the agenda to account for the time given for open time and for a wage presentation by Dan. The D6 conversation was moved to follow Consent Agenda. After the D6 conversation, Dan would share his wage presentation. They moved Committee Work to be after the Break. D1 was moved to be the last conversation. The meeting was extended to 9:30pm.

3. CONSENT AGENDA:

6:27PM

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C2 – Accountability of the CEG Monitoring Report

---Michelle pulled B5 – Director’s Code of Conduct Monitoring Report.

---Michelle and Nada pulled the monthly CEG Report.

---Doug pulled D9 – Emergency CEG Succession Monitoring Report.

---Doug moved to approve the Consent Agenda with April 2015 Meeting Minutes and C2- Accountability of the CEG Monitoring Report. Michelle seconds. Motion passed 9-0-0.

B5 Monitoring Report, 6:30

In response to a question from Michelle, Deborah and Allison clarified that they answered “don’t know” to some items in the survey because they have not seen the Board under the conditions described in the policy. Deborah continued that the format can sometimes be confusing as there is an implied question, so though she may understand the policy, she doesn’t understand what she’s being asked.

The Board asked to add reviewing the “don’t know” answer option to the parking lot.

---Michelle moved to approve the B5 – Director’s Code of Conduct Monitoring Report. Marcia seconded. Motion passed 9-0-0.

D9 – Emergency CEG Succession Monitoring Report, 6:34

The Board agreed to discuss the D9 Monitoring Report at the June Meeting during Executive Session.

CEG Report, 6:36pm

---Michelle moved to accept CEG Report with amendment that the Business plan be received by June 9th. Nada seconded. Motion passed 9-0-0.



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4. WAGE PRESENTATION

6:38PM

Recite Ends, 6:38pm

The Board and guests recited the ends in unison.

Wage Presentation, 6:39pm

Dan presented a condensed version of the one hour long wage presentation that would be given to staff at each location, with 30 minutes for staff questions. Dan also noted that management and staff would be forming a Wage Task Force comprised of a mixture of staff from both locations and a diverse spectrum of experience, tenure and pay to investigate the issue and develop a plan to address the wage issue. Dan opened the floor to questions.

Jessica Van Roekel asked if there has been something like the Wage Task Force in the past and specifically to know more about a group called the Communications Team and what powers and responsibilities they had. Beth Beutel explained that she is the only person still on staff that was ever elected to the Communications Team, she explained their responsibilities and methods in relating staff concerns to management and emphasized that it was a very frustrating position to be in and tended to cause burn-out in the people who were elected.

Mike Wham noted that he would rather see money go to staff pay than to donations, and that he doesn't care to see Wheatville compared to other grocers.

Mike Cockrell emphasized that there is a risk of employees still losing out somewhere through less insurance coverage, wage caps, lower raises, etc. Dan noted that this is exactly why he's proposed process for finding a solution is to involve staff via the Wage Task Force so that they can find a solution that is best for staff. Mike Cockrell continued to state that this is the best place he's ever worked and he feels he makes decent money for what he does and is excited to participate in conversations about growth.

In response to a question from Allison about cost of living adjustment, Dan noted that Wheatville does reassess the wage scale and the raise scale yearly. Allison asked another question about Wheatville staff not getting 40 hours a week which the wage calculators are based on, and Dan replied that supervisors strive to give the number of hours requested by staff, and that he doesn't have data on staff hours on hand, but that he can get it to Allison.

Stewart Riley questioned the value of the staff survey question which asks staff to compare pay and benefits they receive at Wheatville versus similar opportunities at other employers because he doesn't believe staff has access to that information.

In response to a question from Mike Conti about whether the Wage Task Force will have access to salary information for top level managers, Dan noted that he believes in privacy of pay but that he can make averages available to the Wage Task Force.



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5. GOVERNANCE PART I

7:23pm

D6 – Staff Treatment and Compensation

Reyna noted that the Board's mechanism for monitoring staff treatment and pay is the policy and associated monitoring report which they accepted in March. As such the Board discussed whether the tools used in the monitoring report including the staff survey are effective and get clear results.

The Board noted for their guests that they received information in their monthly packet from Carolee Coulter, the independent consultant who administers Wheatsville's staff survey about trends at Wheatsville with management and staff relations. They also received information about turnover at Wheatsville which has been consistent over the last several years and is lower than the industry average. Carolee recommended in her written report that if the Board wants to review more critical information they could review exit interviews.

The Board asked Dan about the formal grievance procedure at Wheatsville. Dan noted that many aspects of it, including the anti-retaliation measures and the fact that the Board is not involved in grievances are stipulated by Board policy. The grievance procedure has only been used twice in the last five years, which Dan attributes to a culture of direct communication and ability to resolve most issues without formal procedures. The survey indicated that staff does not know how to file a formal grievance so Dan and other managers reminded staff how to use it during departmental meetings about survey results, and Carolee has recommended that Wheatsville intentionally use the grievance procedure more.

In response to a question from Doug, Dan noted that it is common practice to strive to get 100% participation in staff surveys, and that he does anticipate that some people would have put "no opinion" simply because they didn't want to do the survey only because it is a tedious piece of paperwork to do. Dan recommended asking Carolee for further analysis of what a "no opinion" answer indicates.

Marcia asked about a survey question about supervisor responsiveness to staff ideas. Dan responded that levels of participation vary across departments and individuals, but that both the Open Book Management program and the Staff Idea Form allow clear avenues for staff to submit ideas and managers to be held accountable to answering to those ideas, and that any Staff Idea Form proposal that is implemented gets called out in the biweekly staff newsletter to reinforce the fact that management is eager to receive ideas from staff.

Directors proposed various ideas including that they could hire an outside consultant to administer the staff survey or otherwise test whether the policy is being followed, review exit interviews, ask for more evidence in the D6 monitoring report or a different interpretation of their policy, or change their policy.



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Deborah questioned whether the transparency issues raised in the Wheatville Staff Solidarity Collective's open letters to the Board should be addressed separately. Some directors felt that the transparency issues would be covered in a review of D6, so Deborah was asked to create a clear charge for a transparency committee and the Board will vote whether or not to form one at the next meeting.

---Reyna moved to charge a committee to discuss D6 – Staff Treatment and Compensation policy, the interpretation, and the tools with Reyna as chair and Allison, Deborah, Doug, John, Kitten, Michelle, and Nada. Motion passed 9-0-0.

BREAK

8:00PM

Note that all owners, guests and staff left the meeting during the break except for Sal Mendivil, Raquel Dadomo, Dana Tomlin, Beth Beutel, Dan Gillotte, John Perkins, and Stuart Riley, and all directors.

5. Committee Work

ACBA Committee, 8:15pm

No updates.

Nominations Committee, 8:15pm

Doug reviewed the timeline included in the Resolution for co-op vote. The Board affirmed that if no one is present 15 minutes after the start of a board orientation session, it will be cancelled.

---Doug moved to approve the resolution for co-op vote 2015 schedule with changes as discussed. Michelle seconded. Motion passed 9-0-0.

The Board reviewed the draft Procedures for Co-op Vote to ensure 100% alignment with other election related documents. They noted that the reference letters should be from someone not related to the candidate and that they also want a recent photo submitted with the application.

---Doug moved to approve the Procedures with Co-op Vote with changes as discussed. Michelle seconded. Motion passed. 9-0-0.

The Board reviewed the candidate application for terms beginning in 2016 and directors recommended edits. The Board affirmed their desire to allow candidates to attend the "July" Board meeting scheduled for August 4th to meet their requirement for meeting attendance.

Doug will write a Breeze article about running for the Board and send a reminder to the Board about how to document candidate information from orientation sessions. Orientation dates and links to how to run for the Board will be in every weekly email until July. Doug agreed to edit and send final documents to Beth to be posted on the website before June 1st.



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Policy Review Committee, 8:48pm

Kitten noted that there are already draft B policy revisions on the Board's online portal for a potential vote at the next meeting, and that the policy revisions would be discussed and a thorough report from the Policy Review Committee would be given at the June Meeting.

Fall Owner Gathering Committee, 8:49pm

Michelle reported that she has been in communication with Raquel and Erica about the ideas for the Fall Owner Gathering and that they are in agreement about proceeding with an event on-site with community fair aspect.

--- Michelle moved to set the annual meeting of owners called the Fall Owner Gathering on Saturday October 3rd between 1 and 4 pm with timeframe to be narrowed down at the next board meeting. Deborah seconded the motion. 9-0-0.

Review Committee, 8:56pm

Marcia reviewed the timeline for the annual Audit and confirmed that operations will get proposal for allocations of net savings for a vote at the August meeting to ensure that the Annual Review for owners will be completed by the Fall Owner Gathering.

Marcia asked that directors review the questions from last year's audit on the board's online portal, that they add questions to it, and that they respond as soon as possible to the scheduling poll for the pre-audit call with auditor Bruce Mayer.

Marcia confirmed that she will be resigning from the Board effective at the end of this meeting due to the time commitment competing with other areas of her life. Steven Tomlinson, former treasurer has agreed to serve on the Review Committee with Michelle and Kitten.

6. STRATEGIC LEARNING

7:56pm

Draft 2016 Business Plan – Financial Learning

Marcia reviewed what questions to ask when reviewing a business plan and a new spreadsheet tool she created to analyze business plan numbers.

Dan circulated draft of projected financials for FYE 2016 that was directly based on projections done by store-level departments as part of the Open Book Management planning process that will be included in the final business plan.

The final FYE 2016 Business Plan will be discussed and voted on at the June Board meeting.

7. GOVERNANCE, PART II

9:25pm

D1-Financial Conditions and Activities Monitoring Report



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The Board discussed where in their policies an error like this would fall and agreed that it would fall under D1.10.

The Board also asked Dan about progress in getting the Debt Service Coverage Ratio (DSCR) to be inside of the restrictions provided by the loan covenant with National Cooperative Bank. Dan confirmed that sales are currently higher than planned and the DSCR will be better after the fourth quarter closes on May 31st, but that he doesn't anticipate being in compliance with the DSCR stipulations in the loan covenant until sometime next fiscal year.

The Board asked that Dan update D1.10 with a new interpretation that will cause an out of compliance and address bonus miscalculation and payout, with the addition of re-monitoring policy D1.12

---Reyna moved to not accept D1 Monitoring and to get change in interpretation for D1.10 and more information for D1.12 at the next meeting. Michelle seconds. Motion passed 9-0-0.

8. ADJOURN

---At 9:41pm, Reyna adjourned the meeting.

Parking Lot

- CEG Compensation Process Document – added 02/14
- Member Engagement Committee- added 02/14
- Revisit Eden Foods Boycott- effects on business, Eden Foods' policy 6/15
- Review question format and answer of “don't know” on B & C policy surveys - added 5/15