

Wheatsville Board of Directors
October 2016 Meeting Agenda
Tuesday October 18th, 2016
6:00-9:00PM, Guadalupe Meeting Room
3101 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: September 2016 Minutes B9 – Endorsements Monitoring Report C Global – Governance-Management Connection Monitoring Report D4 – Ownership Rights and Responsibilities Monitoring Report FYE 2016 Q1 Financial Statements CEG Report	DISCUSS VOTE
6:20pm	4. COMMITTEE WORK AND GOVERNANCE (1 min) Recite Ends (15 min) D1 – Financial Conditions and Activities Policy Monitoring Report (14 min) D9 – Emergency CEG Succession Policy Monitoring (10 min) Review and Audit Committee (10 min) ACBA Committee (10 min) FOG Committee (0 min) Nominations Committee	DISCUSS VOTE DISCUSS VOTE DISCUSS DISCUSS DISCUSS
7:20pm	BREAK	REST
7:30pm	5. GOVERNANCE (15 min) Livable Wage and D6 Survey Planning (20 min) Long Range CEG Evaluation and Compensation (20 min) Board Development (30 min) Ends Report	DISCUSS DISCUSS DISCUSS VOTE
8 :55pm	6. ADJOURN (5 min) Closing Round (0 min) Adjourn	DISCUSS

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: Doug Addison, *President*; Andi Shively, *Treasurer*; Kitten Holloway, *Secretary*; Reyna Bishop; Michelle Hernandez (by phone 6-7pm); and Julie Le

Also present: Dan Gillotte, *Chief Executive Grocer*; Beth Beutel, *Board Administrator*; John Perkins, *Finance Manager*; Autumn Arizola, *HR Manager* (by phone 7:30-7:45pm); Frank Worrel and PJ Hoffman of National Cooperative Grocers Development Corporation (6:00-6:29pm)

Absent: Deborah Ingraham and Rose Marie Klee.

Call to Order **6:01PM**

1. OPEN TIME **6:01PM**
PJ Hoffman and Frank Worrel from NCG-DC came to visit the meeting and meet the Board. Frank and PJ introduced themselves and detailed their experience in the industry.

2. AGENDA REVIEW **6:07PM**
The Board added 15 minutes after Agenda Review for Executive Session; cut Review and Audit from 10 to 5 minutes; and cut board development from 10 to 5 minutes.

3. GUADALUPE REMODEL
Frank and PJ told the Board about the history of the National Cooperative Grocer's loan fund financed through Capital Impact. The loan fund will close on December 31st, so the NCG – Development Cooperative team has been out trying to get cooperatives to use the fund both for its many advantages including extremely low interest and penalty-free pre-payment, and in order to demonstrate the fund's success to its investors so they can create a new one.

At 6:13 p.m., Doug moved the Board into executive session to include Dan Gillotte, John Perkins, Frank Worrel, PJ Hoffman and Beth Beutel.

*****EXECUTIVE SESSION*****

Purpose: to consider confidential facilities and financial matters.

*****END EXECUTIVE SESSION*****

---At 6:29 p.m., Doug moved the Board out of executive session.

3. CONSENT AGENDA: **6:37PM**
September 2016 Minutes
B9 – Endorsements Monitoring Report
C Global – Governance-Management Connection Monitoring Report



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FYE 2016 Q1 Financial Statements

Kitten pulled CEG Report

Andi and Reyna pulled the D4 – Ownership Rights and Responsibilities Monitoring Reports

--- Reyna moved to approve the consent agenda. Doug seconded. Motion passed. 6-0-0.

CEG Report, 6:32pm

Kitten asked about the impact of renovating the Guadalupe store on the FYE 2017 business plan. Dan noted that it's not included in the current business plan.

---Kitten moved to accept the CEG Report. Andi seconded. Motion passed 6-0-0.

D4 – Ownership Rights and Responsibilities Monitoring Report, 6:33pm

Reyna noted that the report did not state compliance for D.4.2 though it did show compliance for each of its sub polices.

Andi asked that the Board consider whether D4.1.3 is the policy that the Board wants. She noted that the phrase “would lead to a net decrease in total Owner paid-in equity” is troublesome to her because a net decrease does not mean that refunding an owner’s capital would put the co-op at risk, which she suggested should be the basis of the policy. The Board and Dan discussed the policy, its history, and potential applications of the policy. Andi agreed to consider potential revisions to the policy and to present them to Dan and John for more discussion.

---Andi moved to accept the D4 – Ownership Rights and Responsibilities Monitoring Report. Second by Reyna. Motion passed. 6-0-0.

4. COMMITTEE WORK AND GOVERNANCE

6:43PM

Recite Ends, 6:43pm

The Board and guests recited the Ends policy.

D1 –Financial Conditions and Activities Monitoring Report, 6:43pm

Doug noted that this time is for the Board to practice going through the monitoring report flow-chart. First, Doug opened the floor to clarifying questions.

Kitten noted that the Monitoring Tracking log is in the packet, and that it shows that D1.2, D1.7, D1.12 were all out of compliance last time and are now in compliance. D1.3 is still out of compliance in this report, though operations had expected it to be in compliance. D1.2 came into compliance sooner than expected.



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The Board noted that D1.3 – liquidity is out of compliance because the standard is a current ratio of 1.25 and the current ratio is 1.21 for the quarter. It's only off by .04% and Dan expects it to be in compliance in the next quarter.

Directors asked Dan to explain the interpretation of D.1.11 “allow growth in ownership to be insufficient.” Dan noted that the interpretation is that growth in ownership will meet the projected growth in the business plan, and he sets the bar high. Dan explained that new owners join in ebbs and flows. There was a huge increase after the opening of South Lamar and there are jumps around Owner Drives and just before and during Owner Appreciation Days. There was an Owner Drive in early October where staff were heavily promoting ownership with signs, buttons, and announcements and new owners got a free co-op bag filled with great coupons and large free samples. There is also an Owner Appreciation Days event in October. Between those two things, Dan expects that D1.11 will be back in compliance at the end of this quarter. Kitten asked that Dan put information about ownership growth in the CEG report at the close of the quarter.

The Board continued to walk through the flow chart asking themselves: is there sufficient data to show compliance? If it's not in compliance, is there a plan to achieve compliance?

---Doug moved to accept the D1- Financial Conditions and Activities Monitoring Report, noting non-compliance in D1.3 and D1.11. Kitten seconded. Motion passed. 5-0-0.

D9 – Emergency CEG Succession Policy Monitoring, 6:59pm

The board is following up on their discussion from May. Doug reviewed the history of monitoring reports going back to 2010, noting that it was on the consent agenda for four of the six years. Doug asked the Board: Is this the policy we want? Is the interpretation reasonable? Of note, the title of the policy “Emergency CEG Succession” and the statement in the policy to protect against “sudden loss of CEG services” identify the policy as an emergency plan, although in Dan's data he does not specifically reference emergencies.

The Board discussed whether more data about the ongoing operational training Dan references in the report would be helpful. Dan asked if the Board has seen any reports that are more robust, or better in some way.

Kitten agreed to review her materials on the topic from CCMA. The officers will consider this policy and its monitoring report more deeply prior to the next monitoring topic. Doug will consider whether it's an appropriate topic for a retreat.

Review and Audit Committee, 7:13pm

Doug thanked to Andi and the Review and Audit Committee and John Perkins and the Finance Team for all of their great work.

---Andi moved to accept the Audit of FYE 2016. Kitten seconded. Motion passed 5-0-0.



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ACBA Committee, 7:14pm

Andi reported about the activities of the ACBA. The Board discussed a report produced by independent consultants for the City of Austin about ways that the city government could support the growth of cooperatives. The long range city plan, "Imagine Austin", included language about supporting the development of cooperatives; the report is the first piece of that activity. The Board discussed the items on the report. The Board discussed the recommendations' helpfulness to other cooperatives and to Wheatville specifically.

Andi asked the Board if they had any thoughts on the value proposition of ACBA, whose board would be having their retreat the following week. Many directors, and Dan noted that lobbying the local government is helpful, and not something any one of the co-ops is capable of doing on their own.

FOG Committee, 7:24pm

Julie thanked all of the directors, operations, and the other volunteers for a job well done. Directors and guests did a round of "likes best/next times." Julie will produce a final budget report for the November meeting and then the Board may vote to dissolve the committee.

Nominations Committee, 7:34pm

With the election ongoing, the Nominations Committee received no time at the October meeting.

BREAK, 7:34pm

5. GOVERNANCE

7:43pm

Livable Wage and D6 Survey Planning, 7:43pm

Autumn gave the details of the rollout of market-based adjustments to the staff who were unaffected by the rollout of the Livable Wage and Benefits. The HR team used several sources of data that were regional, statewide, and local. They ensured that job descriptions were accurate and up to date, and then found data for comparable positions. Then they adjusted the entry wage ranges for positions to target the 25th percentile – so that 24 people with similar jobs would be paid less, and 75 people would be paid more. Raises have also been changed. People performing satisfactory jobs will get a 3% raise, those with unsatisfactory performance will not be eligible. Anyone who got an increase with the market adjustment will not be eligible for a raise for at least one year after the adjustment. Autumn noted that there were 10 people that did not receive increases as a part of livable wage or market based adjustments because they were already at or above the 25th percentile. Autumn detailed the rollout communication plan noting that people receiving market adjustments were talked to individually, an FAQ was distributed to supervisors, and a memo was produced for all staff.

Dan clarified that we are putting an emphasis on wage leading front-line staff and upper management being paid fairly.



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The Board then asked Autumn about survey planning. Carolee's team has added questions on "staff engagement." Dan noted that the thing that makes these surveys powerful is the history of the questions at Wheatsville over time and across cooperatives nationwide, so it's best to have the same questions year after year.

Board Development, 8:06pm

Julie updated the Board that Kitten, Rose Marie, and Julie met to discuss the idea of a Board Development Committee. They are interested in having a committee of 2-3 people, preferably at least one director with longevity and one newer director, to ensure that Board trainings, including orientation and trainings at meetings are sufficient to prepare new directors and improve seasoned directors. It was specified that recruitment and development of potential directors would not fall under the purview of this committee, as the group that met felt that aspect was best covered by the Nominations Committee. Andi requested that we confirm that this is specifically stated in the Nominations Committee charter. Before providing a charter for a new committee, input was requested from the Board to determine if Directors were in favor of establishing a Development Committee. The Board did agree to establish this committee. A charter will be provided for a Board Development Committee for consideration by the Board at the next meeting.

Ends Report, 8:15pm

Dan introduced the report, noting how this year's report wove more connections between progress on Ends and the "Steps and Progress of the BIG Direction" in order to remind the Board and the organization that impressive impact in the Ends data happens when new stores happen.

The board asked questions about data sets and strategies used in different areas. In discussing the growth of local sales, Dan noted that supply is a limiting factor as you can see in reports from the various coordinators- a wet cold spring and two floods at one of our suppliers caused us to lose out on local sales. Dan detailed the efforts of coordinators cultivating relationships with local farmers and ranchers.

---Doug moved to accept the A policy Ends monitoring report. Reyna seconds. Motion passed 5-0-0.

Long Range CEG Evaluation and Compensation, 8:45pm

Kitten clarified the roles of the Monitoring Tracking Log and the CEG Policy Monitoring Evaluation Table. Kitten briefed the Board and guests about the next meeting's activity. The Board is scheduled to draft their RFP to Dan in March.

6. ADJOURN

9:38PM

Closing Round, 8:51pm

The Board and guests reviewed action items and upcoming calendar dates.



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At 8:52pm, Doug adjourned the meeting.

Parking Lot

- Member Engagement Committee- added 02/14
- Strategic Learning on D1.10- GAAP/EBITDA – added 1/16