

# Wheatsville Board of Directors

## Monthly Minutes (Approved)

**January 12, 2006**

**Present:** Bob Kinney, Johnny Livesay, Jane Kurzawa Cravey, Rose-Marie Klee, Daniel Miller, Tony Piccola, Marilyn Fowler, Colin Borchert, Jimmy Robertson

**Absent:** None

**Also Present:** Dan Gillotte, General Manager, John Perkins, Financial Manager, and Brian Lawhorn

**Attachments:** Financial Statement and Balance Sheet for first two quarters of FYE May 31, 2006. Anti-Torture Banner Committee Report, Approved Policies C.1 through C.6. Board Policy Monitoring Checklist, Parking Lot

**Call to Order:** The meeting was brought to order at 6:15 PM.

### VISION 6:15 PM

- At the last meeting, Johnny volunteered to come up with a topic for discussion. He began by talking about potential crises, such as an oil shortage or a natural disaster, and asked what the board thought the sustainability of the co-op industry was, and what could we do to improve it. He noted that, in the event that such a crisis occurs and gas prices rise too much to support the shipping of goods, Wal-Mart may depend on everything from international and transnational shipping, but we would still have some items from our local farmers and vendors.
- Tony said that Wal-Mart's shelves will never be empty because they'll adapt, but he does agree that Wheatsville is in a good situation for the community at that point.
- Rose-Marie replied that the problem with Wal-Mart is that it exists by living off of other people's backs. Yes, businesses adapt, but change will probably happen as a result of how their system operates, as people start realizing that.
- Jimmy asked if we bought as much local items as possible? Dan said that we can always buy more, but as far as buying the right things and the stuff you need, Wheatsville does a pretty good job.
- Jimmy asked how sustainable we are. Johnny replied that we still depend on transnational trucking, and the co-op community needs to put pressure on the shipping companies we work with, such as Ozark Cooperative Warehouse, to switch to bio-diesel. He spoke a bit about the concept of peak oil, when the world's oil reserves are more than half gone. He reiterated that it wasn't something that would happen tomorrow, but it is something we need to think about.
- Jimmy noted that Whole Foods bought enough sustainable energy credits for all their stores. Brian Lawhorn noted that there is a new program from the City of Austin called All Green.
- Jane asked about what program we were in. Dan replied that we were charter members of Green Choice. He said that we will always be improving in this regard. With the renovated store, we will have freezers and racks that are much more efficient. There will always be room for improvement, and we'll always be working at it.

- Jimmy asked if an energy crisis did happen, what are we doing to prevent having to pass the prices onto our consumers?
- Dan noted that there is a co-op in Oregon that also owns their own farm. Johnny felt that this was highly desirable.
- Jimmy told us that the precursor to Wheatsville was the Austin Community Project. The aim was to own all the means of production, from farming to warehouse to retail. This project ultimately spurred Yellow Rose Warehouse and Wheatsville.
- Jane added that, in the 70s, there were some farms who would let you trade work with the co-op. Like the produce guy in the short film said, however, people need to not expect perfect fruit and cantaloupe in the winter.
- Jimmy told the board he read how big farms in California drive their refrigerated trucks out to the farm, and put the produce onto the trucks straight off the fields, so when they get across the nation they actually look fresher than local produce harvested in the traditional way.
- Colin noted that while he firmly believes that independent businesses/cooperatives should provide all the things that a major chain does, our recent success is a double edged sword, since a major part of it is that we are able to have good, cheap organic products on the shelves from companies like Muir Glen and Westbrae Natural and Morningstar Farms, all of which are owned by major corporations. The same with the CAP program, which is able to secure excellent sale prices from these major companies for co-ops. He thinks it is good that we have forced these major corporations into offering organic lines and products, that it was what we wanted from the beginning, but that it is important to have balance, to always offer the White Mountain local tofu from the bulk tub as well as the line of White Wave soy products.
- Dan added that Wal-Mart is the biggest purchaser of organic products now.
- Rose-Marie noted that when Wheatsville and other companies joined the Green Choice energy program from the city, they knew it would be expensive at first with little benefit, but it was a program that would be more advantageous as time went on. This kind of thinking is important too.
- Johnny moved the conversation to the fact that there are many communities in Texas who do not have the benefit of a local co-op, but would love one. He mentioned that we have a lot of members in Brownsville, due to the fact that there is a UFCU there and they automatically get a Wheatsville membership, but they will never shop here. A heavily Hispanic community with lots of farmland, it could be an area very interested in having a co-op. He also mentioned cities like Corpus Christi, Denton, and College Station.
- Colin asked how that happened? How is a co-op started. Brian replied that many start out as buyers clubs, and could buy from Ozark Cooperative Warehouse, the same people we buy from.
- Dan talked about the Food Co-op 500 program that the NCGA started. He is on one of the committees for the program, which gives seed money of about \$10,000 to various co-ops for getting by-laws and a membership system in place. They also give loans to some budding co-ops. The goal is to reach 500 food co-ops by 2015, an increase of 200. The program also supplies training help and can help with the planning process.
- Johnny asked the board if they thought a potential goal for us could be to get in contact with some community organizations around Texas and see what kind of interest there is in starting a co-op. The board decided that this would be a great topic for the vision discussion next meeting. Jane volunteered to moderate.

#### **HOUSEKEEPING 6:56 PM**

- **Open Time:** No comments.

**Agenda:** Consent Agenda, election of board officers, discussion on the formatting of minutes, accepting the anti-torture banner committee report, approving the 2004-05 FYE review, accepting 2nd quarter financials, setting a date for our retreats, discussion on

publicity, approve C policies and discuss D policies, oral report on applicable B policies, board self-evaluation.

### **Agenda Review:**

- Form a by-law committee at the time that we elect the board officers.
- Add a discussion on who will do the board monitoring reports for the next three meetings right after housekeeping.
- Talk about the posting of the minutes on the web site and in store when we discuss the minutes.
- Add a discussion of the 30th birthday party between the anti-torture banner report and approving the fiscal year end review for 2004-05.
- Johnny requested we postpone the voting of officers for 1 month until after the board training. The board thought that would be a good idea. Officers will be voted on next meeting. Board training is February 5th.
- The board discussed their next meeting, and worked out scheduling conflicts. It was decided that board meetings will be on Tuesday night until May, when it will switch to Monday. Thus, the next board meeting is Tuesday, February 21st.
- **Parking Lot: Item #1** was a request that Dan ask the architects to synchronize their terminology. Dan replied that he hasn't had any contact with them, and is waiting for the lease to be signed, but will discuss that when talks resume.
- **Item #2** reminded the board that they need D policies to correspond to B policies. A policy committee will eventually be formed to tackle this.
- **Item #3** regarded changing the vote length for boycotts in the by-laws. A by-law committee will be formed to tackle this.

### **Consent Agenda:**

- Rose-Marie pulled the minutes off of the Consent Agenda. On page 3 of the December 1 minutes in the section entitled "Renovation: Architect Proposal," she recommended that any estimates on renovation costs be listed as projections.
- Rose-Marie also noted that the organization is called the AIA, not the AAIA.
- The board discussed the way the minutes, in this particular section, referred to a portion of the minutes removed for "security reasons." First, it was recommended that the minutes say "confidentiality matters" instead of "security reasons," and then to not even mention it at all.
- Rose-Marie moved to accept the consent agenda. Bob seconded. The motion passed 8-0-0.

### **Board Monitoring 7:20 PM**

- First, Bob spoke about the Code of Conduct form that we all had to sign and give to the secretary.
- Bob then told the board that, according to the B + C Monitoring Checklist, we have to monitor B.7 in February, B.8 in March, and B.3 in April. B.7 is Member Linkage, B.8 is Board Perpetuation, and B.3 is Board Meetings.
- Bob volunteered for B.7, Johnny volunteered for B.8, and Colin volunteered for B.3.

- Jane explained to the new members how the board monitoring worked, as she did the first monitoring of board policy for this meeting.
- Daniel asked about what happens if the author finds that we are not in compliance?
- Jane replied that, if any director thought it needed to be addressed, they could pull it off the consent agenda and talk about it. Also, the board decided that the person who does the monitoring should always review the previous report (when applicable) in order to get a good understanding of the situation.

### **Formatting of Minutes 7:30**

- PM Colin passed out a basic template for how he has been doing the minutes, and wanted to run it by the board to see if they had any suggestion or disagreement with anything. John had given Colin some suggestions in December that Colin was thinking about, and wanted to talk to the board about.
- The first was that there needed to be an official copy of the minutes held, with all of the documents that were approved or used to take action attached to them. At this point, it seems like the Accounting Department is the best place to put them, and John has expressed some willingness to find a place to store them.
- Speaking of that, John had concerns about finding action items within the minutes, which are very detailed. Colin suggested that he add a section to the end of the minutes that would serve as a sort of summary of all the action items. The board agreed this would be a good idea.
- Bob spoke about putting the minutes on the web site after they are approved. He also said that he's been tardy about posting the agenda on the web site, but will make a renewed effort at it this year. He noted that he, Dan, and Colin had discussed a system on getting the minutes posted quickly. Colin will deliver them to Bob who will briefly look them over and approve them for the internet and send them to Aldia and Dan.
- Johnny noted that we should have our board policies on the web site. The board agreed that Colin should send them to Aldia and Dan.
- Jane asked how long it would take to expect the minutes on the internet after approval. Bob and Colin thought the board could expect 7 business days.
- Since we are now setting aside the first hour of our meetings for vision talk, should Colin add a "VISION" section to the minutes? Colin thought that would be great, and he could put it right after the call to order.

### **Anti-Torture Banner Committee Report 7:40 PM**

- The committee issued a report (attached to the minutes) that recommended the board not allow Mrs. Tamres-Moore to hang the sign on our store, but instead encourage her to table.
- Jimmy and Colin said they supported the committee recommendation.
- Johnny wanted to point out Daniel's comment in p20 of the board packet that we should not exclude people on the grounds of whether or not they are a member of the co-op. The board agreed.
- Daniel wanted to make sure that we encourage her to table, when Bob speaks to her.
- Jane moved to accept the committee's recommendation to deny the request to hang an anti-torture banner from the store front, but instead encourage her to table on the patio. Tony seconded. The motion passed 9-0-0.
- Daniel asked about, hypothetically, how a director is expected to respond to the membership about action items he or she personally disagreed with. Colin showed Daniel

the portion of the Code of Conduct which requires a director to "only present the agreed-upon view of the board of directors."

#### **Wheatsville's 30th Birthday Plans 7:54 PM**

- Dan said that he thought at the last meeting the board had authorized him to create a task force to handle this issue. Jane agreed. Dan said that the Barr Mansion was brought up again by accident, because it had essentially been ruled out at the 30th Birthday Committee meeting.
- Jimmy asked what the task force is doing? When will we hear back?
- Dan responded that he will report back to us at the February meeting.

#### **Approving Watkins' 2004-05 FYE Review 8:03 PM**

- It was discovered that Tony, Marilyn, and Daniel all need copies of the review. John said that he had some extra copies he could give them.
- Jimmy wanted to bring up the topic again about whose job it is to get these financials back from Debra on time. He believes that, since she is reviewing John's work, it is something that we need to take care of instead of John.
- The board in general thought that was a task the Treasurer could take care of.
- John recommended that we keep her for the tax returns, but use someone else for the audit. Jimmy thought we would definitely use someone else. Bob mentioned that Marilyn Scholl can get us the names of some good, experienced co-op auditors. The Audit Committee would be formed at the appropriate time to handle this.
- Jane moved to approve the 2004-05 fiscal year end report provided by our external accountant Debra Watkins. Bob seconded. The motion passed 5-0-4.

#### **Accepting 2nd Quarter Financials 8:10 PM**

- Jimmy asked if there were any changes to these. John replied that the prepaid federal income tax line was falsely causing us to show as a negative liability, so the line was added to assets. He also eliminated the Current Earnings After Tax line, since it is not necessary.
- Jimmy reiterated how great this success is, and entreated the board to not overlook how excellent we have been doing month after month.
- Johnny added that the staff had a lot to do with this too.
- Dan thanked Jimmy for his comments. He added that he was trying to keep recognition alive as well within the membership. He reminded the board that we were usually in the hole by mid-year, and spent the rest of the year trying to make it back.
- John noted that we had a margin problem that didn't make sense, but we figured it out and caught the error, which he thought was a great sign of how we're doing financially and how well we're able to keep up with the monitoring and reporting of it.
- Jimmy noted to the board that the line "Investor Share (Old Series)" will be converted to "Investor Share 2005 Series," with some of it being refunded.
- Johnny asked how we could best illustrate this success.
- Jane said bar graphs are a great visual aid.
- Dan said that we will have articles in the March and May issues of the Breeze. That is a February 15th submission deadline.

- Dan also noted that the board should start to encourage people to tell a story about Wheatsville. He will be using it for an upcoming marketing project.

### **Setting Dates for Board Retreats 8:26 PM**

- The board decided that their retreat would be held Sunday February 12th from about 4 PM to 8 PM. At this meeting, we will hear from the people who go to the Minnesota retreat and see what they've learned. The board will also discuss some introductory matters as well, and talk as a group about what we want to accomplish as a board this year.
- The people going to Minnesota were instructed to gather, whether in person or by email, and come to a consensus on what to present to the board.
- The retreat with Marilyn Scholl will be Saturday March 11th from 9-4.

### **Publicity 8:37 PM**

- Jane, as she discussed in the December meeting, sent out an email to the board about her thoughts on Wheatsville's marketing and publicity plans. Jane began the discussion by reiterating some of the things in the email. She asked the board what they thought.
- Colin said that she made really good points in the first part, as she discussed possibilities with press releases to local newspapers and such. He thought the second part, regarding the "a parking spot close by the door" slogan, was too specific.
- Jimmy broke it into two different areas as he saw it: 1) advertising, which is a staff function, and 2) the educational aspect that we are mandated in our mission to provide, and that is shared between management and board.
- Bob reminded the board that we have to wait for the lease to do any big announcing of renovation plans. He added that, while we should certainly tell our membership that our prices are lower than Whole Foods in price comparisons, we shouldn't necessarily make it too public, since Whole Foods could crush us in a pricing war if they so chose.
- Jimmy thought that Bob made a good point, and noted that once we have the lease, it would be a great time for an announcement and/or press release.
- Rose-Marie asked Dan what he thought of all this. Dan replied that he thinks of marketing in terms of results versus resources. We're having great success right now in terms of sales on modest resources, so he thinks he's doing great. He does think educational outreach is a weak point, but he thinks that will improve when he hires a marketing assistant. He spoke of selling the co-op aspect of the business right when they walk in the door.
- Colin asked how this will translate into the new store design. Dan said that there will be pillars in the new store, and he wants to put the cooperative values on them. Also in terms of space, especially the third floor patio.
- Dan said that he thinks a lot of our things, such as lease negotiations and , will coincide with the 30th Anniversary celebration, and thinks that would be the perfect time for a press release. The board thought that would be great.
- The board noted that a possible topic for a vision conversation is how to improve member education.

### **Policies 8:55 PM**

- Jimmy moved to approve the C policies. Colin seconded. The motion passed 8-0-1.
- Jimmy began to go over D.4. Dan said that he had issues with D.4.3 and D.4.4, and wanted to go over them with him.
- Jane moved to postpone D.4, D.5, D.6, D.7, and D.9 until Dan can get with Jimmy and the rest of the Finance Committee in February.
- Rose-Marie wanted to add that she did not like the formatting of some of the policies, and that was noted by the authors.
- Johnny brought up that there are 4 B Monitoring policies that require an oral review at the end of each meeting. The board decided, upon discussion, that this monitoring should immediately precede our board self-review, and should somewhat resemble that nature, but be directed toward those particular policies.
- The board quickly discussed D.9 (formerly D.10) regarding the membership structure. The board decided to appoint a D.9 committee to meet, discuss the policy and the membership structure in general, and report back by July to tell the board whether we were required to make any changes to the by-laws. Rose-Marie, John, Dan, and Brian Lawhorn joined the D.9 Committee.

### **Oral B Monitoring 9:12 PM**

- B.2 (Board Agenda) Colin said he liked the vision portion added to the meeting.
- Bob noted that we are off to a good start on really getting it nailed down.
- Rose-Marie entreated the idea of board introductions. Bob thought that would be great for the February 12th meeting.
- Rose-Marie said she liked the consent agenda a lot, and is going to try to get accustomed to it.
- B.3 (Board Meetings) Johnny said he thought we needed improvement on limiting speaking time, and noted that we wasted a lot of time on scheduling when we could have figured that out beforehand.
- Colin and others liked the raising of hands.
- Overall, it ran well.
- B.4 (Board Officers) The board thanked Colin for the new policy manuals
- B.5 (Code of Conduct) It was good to receive and sign this.

### **Board Meeting Self Evaluation 9:22 PM**

- **Plusses:**
- It was information packed.
- The vision part was great at the beginning.
- Johnny was very active in pointing out what is and isn't appropriate.
- Dinner.
- The financials are great.

#### **Minuses:**

- No chips and salsa from Tony.
- The facilitation should be more sternly regulated.
- We didn't get through the entire agenda.

**Jimmy moved to adjourn.** Colin seconded. The motion passed 9-0-0.

**The meeting was adjourned at 9:30 PM.**

### **Summary of Action**

- In the Vision section, the board decided to talk about how and when we could start contacting other communities in Texas about their interest in grocery co-ops for their next vision discussion during the February meeting. Jane volunteered to moderate.
- The board decided that a physical copy of the minutes will be kept at Wheatsville, with all pertinent documents attached. Also, a "Summary of Action" will be added to the end of the minutes.
- The board accepted the recommendation of the Anti-Torture Banner Committee, effectively denying Mrs. Tamres-Moore's request to hang an anti-torture banner on the front of Wheatsville, but encouraging her to table on the patio.
- Dan agreed to report back in February on the progress made with the 30th Anniversary task force.
- The board approved the 2004-05 fiscal year end report, as prepared by Debra Watkins.
- The board set their retreat for Sunday February 12th from about 4 PM to 8 PM. The retreat with Marilyn Scholl is on Saturday March 11th from 9-4.
- The board adopted policies C.1 through C.6.
- The board formed a D.9 committee to meet, discuss the policy and the membership structure in general, and report back by July to tell the board whether we are required to make any changes to the by-laws. Rose-Marie, John, Dan, and Brian Lawhorn joined the committee.