

Wheatsville Board of Directors

Monthly Minutes (Approved)

April 16, 2006

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

Absent: Johnny Livesay

Also Present: John Perkins, Financial Manager; Dan Gillotte, General Manager (GM); Greta Smith, Administrative Assistant (AA)

Attachments: Estimate by Marilyn Scholl to review board policies, GM report 4/10/06, Monthly operations report 3/06, B.3 Policy suggested changes, Draft of Policies D.4, D.5, D.6 and D.7, Wheatsville Financials for first three quarters of FY 2005-06, Parking Lot.

Call to Order: 6:01 PM Colin is moderating. He makes a note to the board of directors (BOD) that the administrative assistant has requested that directors make a distinction between themselves and Wheatsville (WV) member-owners during discussion by referring to each by "directors" or "the board" and "members," respectively.

VISION 6:03 PM

- Jimmy leads the vision discussion about the preface to the Wheatsville bylaws. He notes that the ideals listed in the Purpose and Mission sections are not necessarily meant to be "achieved," but to be a "guide." In discussing the phrase, "create a self-reliant community," Colin says that Wheatsville is self-reliant in that it relies on cooperative distribution and sells local products. Dan interprets that phrase to mean that the store is independent from corporate and government ownership. Rose-Marie says that Wheatsville is self-reliant because it is self-empowered because it chooses which entities to be beholden to. She invokes the word "autonomy" and says that Wheatsville helps create a community and is, in turn, reliant on that community.
- Dan says that one way in which the co-op is not self-reliant is in its dependence on outside sources for financial support (loan from the credit union for the expansion/renovation). He says that the more financially strong Wheatsville is, the more self-reliant it will be.
- There is general agreement that self-reliance is a worthy value to have.
- Jimmy asks of the group, "What is the difference between self-reliance and self-empowerment?" Marilyn says that Wheatsville has created a community that is self-reliant.
- Dan says that that community extends beyond Wheatsville: growers, distributors, other co-ops.
- Jimmy tells the board that Wheatsville originally came out of the Austin Community Project that had many goals and interests, but that it eventually narrowed its focus to just food.
- Dan says that the part about "self-empowerment" is his least favorite part of the preface because its meaning is so unclear.
- Marilyn says that Wheatsville also promotes self-empowerment to other groups and individuals.

- Jimmy cites the member investment drive and the patronage rebate as examples. He said that the investor share drive was egalitarian because Wheatsville was not selling votes, as corporations that have shareholders do.
- Colin suggest substituting the word "fairness" for "justice." Colin gives examples of fairness in Wheatsville practices: promoting new co-ops, promoting fair trade products and organic products. He sees Wheatsville as being part of a bigger movement.
- Jimmy talks about when Wheatsville supported the farm workers union by participating in the grape boycott. Dan also talks about how Wheatsville's boycott process is an example of practicing fairness and gives the boycott on animal-tested products as an example.
- Marilyn says that even if Wheatsville doesn't have an agenda of education, members are educated just by being members.
- Dan says that in the language of the preface, the idea of "local" needs to be more explicit.
- John says that Wheatsville helps promote self-reliance in other locales, giving its involvement in Co-op 500 as an example.
- Dan says that Wheatsville is fun.
- The board begins discussing the phrase, "serve a broad range of people." Rose-Marie says that this phrase needs to be clarified by a context-how broad? Dan likes the word, "serve" and Rose-Marie feels like the co-op does more than just sell things, as well. Tony says that Wheatsville is responsive to the needs and desires of members. Jimmy interprets this phrase as being about anti-discrimination and pertaining to age, race, gender, faith and abilities.
- The group moves on to discuss the phrases, "avoid manipulation of consumers, "minimize exploitation of producers" and "minimize damage to the environment." Dan says that one could argue that Wheatsville does manipulate through sales, samples and merchandising. He also says that it is always honest with its consumers. Bob feels like prices are very fair and that Wheatsville tries to minimize the number of exploitative/damaging producers with which it does business. Dan says that those things are also minimized by promoting organics and by buying goods that are produced locally. Tony notes that the co-op is trying to carry out its expansion/renovation in as green a fashion as possible. Dan says that there is even a policy in regards to green expansion. He also notes the great amount of waste that Wheatsville recycles.
- Everyone agrees that Wheatsville adequately addresses the phrase, "supply higher-quality food." Jimmy asks if Wheatsville "supplies non-doctrinaire information about food?" Daniel believes that there is doctrinaire information about products in the store that tries to promote their high quality and healthiness. Dan argues that Wheatsville does promote organics, but also provides an alternative. He says that the co-op caters to a choice. Jimmy agrees with Dan by saying that the co-op provides balanced information about food. He also puts this phrase into a historical context by recounting the "should we or shouldn't we sell meat" debate that was going on when Wheatsville was new. Marilyn notes that such questions go back to the point about serving a broad range of people. Dan says that, in a way, a doctrine is created by promoting certain values. Rose-Marie feels like the phrase "non-dogmatic" may be more fitting in the place of "non-doctrinaire." She says that the boycott system helps keep a balance in the values of the co-op.
- Jimmy talks about how some co-ops have "organizational audits" where they assess if they are performing along the lines of their proclaimed values and if those values are still relevant. He says that perhaps the preface should be brought up to date. Dan suggests that the results policies reflect these stated values in the mission more closely. Jimmy suggests that some of these discussions be brought up as part of member-linkage.

HOUSEKEEPING 6:47 PM

Agenda: Consent Agenda--GM Report, Monthly Financials; Board Monitor Policy B3, Colin's Recommendations on Revising B3, Vote on Policies D4, D5, D6, D7, Vote on Board '07 Budget,

Hiring an Audit Company, Board Role in Renovation, 3rd Quarter Financials, Draft WV Budget '07, Board Self-Evaluation

Parking Lot Review: The board did not review the parking lot.

Consent Agenda:

- Colin moves to approve the consent agenda. Rose-Marie seconds the motion. It is approved 6-0-2.

GOVERNANCE

Board Policy Monitoring of B3 6:52 PM

- Jane objects to personal comments made by Colin about policies. Jane feels that those comments are appropriate for discussion, but not reports, because she feels that they are not very diplomatic.
- Colin says that he has a lot of respect for the person discussed in the report and didn't mean for it to be embarrassing, but does understand Jane's concern. He suggests that he make a more neutral edit. He asks Dan's advice on referencing individuals in reports. Dan suggests that when one is saying something negative, to leave out names. He says that it is good to cite individuals when describing process or when giving examples of positive events in order to convince the board of compliance with policy.
- The board agrees that there should be a lack of judgment in language in regards to individuals.
- The board begins its discussion of Colin's suggestions for revising B3. Rose-Marie suggests consolidating B.3.1.1-B.3.1.5 into only two items. She also suggests that B4 be removed completely because the board is casual about letting people take care of their needs during the meetings. Jimmy wants to adopt her recommendations.
- Dan asks if the use of speaking stack should be written into the policy. Colin feels that that practice should be passed along orally and that writing it into the policy could possibly restrict future BODs. Rose-Marie agrees.
- Dan suggests that Colin draft a new proposed policy and that it be approved to be placed on the May consent agenda by email and Jane agrees.
- Jimmy and Jane ask that Colin bring a new draft to the BOD, highlighting changes in a "before/after" format.
- It is asked if this method should be adopted for all policy monitoring. Rose-Marie suggests that board try to finish this entire discussion via email.
- Bob suggests that the email version be given to the board AA to be distributed at the next meeting. Jimmy says that those emails can be put on the consent agenda.
- Daniel motions that the board continue the discussion via email and that it be put on the May consent agenda to be voted on then. Jane seconds. It passes 8-0-0.
- Jane points out that it may be necessary to vote on this before the next meeting. She asks if this could be done via email.
- Daniel says that currently policy states that the BOD can vote on items via teleconference, but it doesn't mention email.
- Dan suggests that voting via email be added to that policy in the near future.

Policy Monitoring of D4-D7 7:16 PM

- Dan says that he and the finance committee are totally in agreement about D-4 policy. He says that there are differences of opinion on how frequently D5-D7 should be monitored.

Dan wants to report annually, while Jimmy feels that there need to be more frequent reports. Jane is ambivalent on this matter.

- Dan says he is concerned that too frequent reporting will lower the quality of the reports.
- Jane suggests that Dan and Jimmy take turns presenting their positions to the BOD.
- Jimmy's position: In light of the fact that WV's financial picture has recently changed dramatically, especially with concern to the member investment shares, the upcoming expansion and the GM's new spending authority of up to \$20, 000, members may want information on the co-ops financial status more frequently. He says that doing quarterly policy monitoring sends the message to the members that the board is doing its job.
- Dan's position: It does make sense to review D5 quarterly, but he still feels that D6 and D7 can be adequately reported on annually.
- Colin agrees with Dan about D6. Rose-Marie asks, "why quarterly reporting on D7?" Colin says that he could support twice-a-year reports.
- Bob supports Dan's proposal.
- Jimmy suggests that trying out quarterly reports for half a year to gauge how burdensome it may be. He feels that changes require attention. Jane agrees that members need to be adequately updated on the status of their money.
- Colin is concerned that too-frequent monitoring will make for poor reviewing.
- Dan and Bob volunteer to look at the policy review calendar and try to make changes in when the monitoring cycles start for each policy according to deadlines.
- Rose-Marie motions to adapt policies D4, D5, D6 and D7. Monitoring of D4 and D7 are to be reviewed annually and D5 and D6 are to be reviewed quarterly. The monitoring schedule for all D policies will be revisited and updated at the May BOD meeting.
- Colin seconds and it passes 8-0-0.

Board Budget 2007 7:37 PM

- Jane says that she "went large" with her budget proposal and that all comments and suggestions are welcome.
- She observes that the contrast of the '06 budget to her proposal for '07 seems dramatic, but that a lot of board expenses for '07 had previously been part of the Operations budget.
- She notes that there are a lot of items for which the board does not yet have "real" numbers. Therefore, this proposal is an estimate to go into Dan's all-encompassing WV Budget Report. When those unknown numbers are attained, they will go into the budget proposal, to be voted on by the board in May. She says that the estimate will be bigger if the board wants to add anything.
- Jimmy moves to direct the GM to put proposed board budget into Dan's budget proposal.
- Rose-Marie seconds and it passes 8-0-0.

Audit Company 7:45 PM

- The committee will be getting bids from audit companies April 25. The audit committee will evaluate those bids. One needs to be chosen by the first week of May. The committee will then send a recommendation to the BOD.
- Jimmy explains the process: The committee will make a recommendation of a company with which to negotiate a contract to the BOD. If there are no objections, they will begin negotiations with that bidder. Then, a second request will be sent to the BOD asking them to approve the price.

- Dan suggest that the BOD empower the committee to go ahead and negotiate with the person chosen via email. He says that there will need to be a teleconference to approve the price.
- Jimmy moves to empower the audit committee to receive bids and negotiate a contract with the most qualified bidder. Then, a BOD meeting will be convened via telephone or email to approve the selection.
- Colin seconds and it passes 8-0-0.

Board Role in Renovation/Expansion 8:57 PM

- There is currently no board Renovation Committee. Jimmy asks, "Is one needed?" Colin would like to know what the role of such a committee would be.
- Jimmy responds by saying that during the renovation, issues may come up that Dan will need to bring to the board. The committee would deal with those issues and make regular reports to the BOD.
- Jane says that new members (directors?) need "Toolbox" books on the expansion.
- The BOD would discuss with members what the BOD's role is versus management's role.
- Rose-Marie says that a committee could discuss and propose the role of a BOD Renovations Committee.
- Colin says there may be no need for a committee, but that the BOD as a whole may want to discuss renovation/expansion every month.
- Dan suggests quarterly monitoring of the expansion policy.
- Jimmy proposes a refresher on policy for the BOD in May or June.
- Dan can show the policy to the BOD in May and then report on it in June.
- Review of the expansion policy and the board's role in renovation will be discussed in the Vision portion of the May BOD meeting and Bob will lead that discussion.
- The Toolbox will now be part of the Packet for New Directors and Dan will get those books to people who do not have them.

The board went into executive Session at 8:10 PM and ended it at 8:40 PM.

Third Quarter Financials 8:40 PM

- WV is on track to top 7 million dollars by the end of fiscal year 2006. That number is up from 5.8 million for FY 2005.
- Dan is in negotiations to switch WV's savings from a money market account, so that WV will have more liquidity in their financials. That should double the current interest.
- Colin motions to accept the 3rd Quarter Financials.
- Marilyn seconds and it passes 8-0-0.

Draft of Wheatsville Budget '07 8:44 PM

- The budget presented is a template. It does not include renovation costs or any other changes that would need to be made due to the renovation.
- When it is presented in May it will have more accurate fourth quarter projections.
- It is budgeted for a 10% growth, which is more aggressive than normal.
- Marilyn asks about cost-of-living pay increases for staff.
- Dan says that merit raises are given, not cost-of-living.

- Jane asks what the average normal raise is. She suggests that Dan do a report on raises during the staff treatment policy review.
- The BOD would like a report on raises when Dan reports on D2.
- Dan will try to come up with metric by which to answer Jane's question about raises by July.
- The BOD may discuss getting rid of non-member surcharge before the new store opens.

Board Self-Evaluation 9:02 PM

Plusses:

- tamales,
- vision discussion,
- facilitation,
- good use of time,
- good compromise on monitoring of D policies,
- timely submissions to Bob,
- emailing/mailling of packets

Changes:

- no personal comments in monitoring reports.

Colin moves to adjourn. Jane seconds. The motion passes 8-0-0.

The meeting was adjourned at 9:10 PM.

Summary of Action:

- In the section titled "Board Policy Monitoring of B3," the board decided to take up the discussion of Colin's proposed changes and vote on in during May's Consent Agenda by a vote of 8-0-0.
- In section "Policy Monitoring of D4-D7, it was moved that policies D4-D7 will be adopted with the following changes: D4 and D7 will be monitored annually while D5 and D6 will be reviewed quarterly. The monitoring schedule for all D policies will be revisited and updated at the May meeting. That motion passes 8-0-0.
- In the "Board Budget 2007" section, it passed that the board will direct the General Manager to put the proposed board budget in the Wheatsville Budget proposal for May by a vote of 8-0-0.
- In the "Audit Company" section, the board passed a motion to empower the audit committee to receive bids and negotiate a contract with the most qualified bidder and that a BOD meeting will be convened via telephone or email to approve a price. That passed by a vote of 8-0-0.
- In the section titled, "Third Quarter Financials," the third quarter financials were accepted 8-0-0.