

Wheatville Board of Directors

Board Meeting Minutes (approved)

June 26, 2007

Present: Bob Kinney, Jane Kurzawa Cravey, Rose-Marie Klee, Johnny Livesay, Jimmy Robertson, Marilyn Fowler, Colin Borchert, Tom Wald

Absent: Bryan Butler

Also Present: Dan Gillotte, General Manager; John Perkins, Finance Manager; Marisa Newell, Administrative Assistant; Clarence Land, staff; Gabriel Gallegos, staff

HOUSEKEEPING

Call to Order: 6:05 PM

Open Time:

- Member Linda Curtis, attended previous meeting, discussing tax breaks for the Domain ‐ not present.
- Bob formally declared Tom Wald seated on the Board, a response to the resignation of Anthony Piccola. Johnny moved to accept the motion. Rose Marie seconded. Motion passed 8-0-0.

Consent Agenda: 6:12pm

- May minutes
- GM Report
- May operations report
- Board policy C2--monitoring report
- Jimmy moved to pull "May Operations report" from Consent Agenda.
- Jane suggested the addition of C3 to the Consent Agenda. Colin moved to accept the motion, Tom seconded. Motion passed 8-0-0.

Agenda Review: 6:17pm

- For the May Operations Report, Jimmy liked the sources-and-uses analysis, but would like to break down items and discuss. Over-allocation of \$375,000 - is it there to offset overrun budget of the total project? Also, Jimmy requested a final draft of pro forma/sources and uses when available.
- Dan replied that one should not be married to the numbers listed because the analysis has not been fleshed out completely. Consequently, numbers are in flux and hopefully will not increase. Jimmy requested a final draft as soon as one is available.
- Jane mentioned that the retaining wall is no longer indicated as part of the project and questioned this change. Dan responded that because the retaining wall is a mandatory part of our lease agreement, he feels that it is fair to remove it from the store renovation budget.
- Marilyn monitored C3, but our compliance is uncertain. Johnny nominated himself and Colin to revamp the new development.

- Rose-Marie moved to accept as is, Colin seconded. Motion passed 6-0-2.

GOVERNANCE

Business: 6:22 pm

- Bob will not be in July's meeting. Bob had chosen Colin as second-in-line, but because Colin is not running for a position in the fall, Rose-Marie is chosen by Bob, Board president.

Schedule long-range planning meeting: 6:27 pm

- Meeting has been planned for Thursday, June 5, at 6:00 pm. Marshall will potentially be contacted via telephone for involvement in the meeting.
- Tom asked for clarification on long-range planning. The board explained that as a policy governance board, our job is to be looking at the big-picture, longer-term vision of our organization. This long-range planning meeting is a follow-up to some of the lessons learned from our March board retreat with Mark and Marshall.
- Johnny would like to look into next CBLD to get Tom and Bryan involved.

Nominations for the fall: 6:33 pm

- Jane has a list of members and suggested targeting East Austin inhabitants to elicit interest in the Board
- Bob pushed for actively questioning people's interest in Board membership. A more diverse Board could be key for a successful Wheatsville. Perhaps there are a number of vested members who may not be aware of the opportunity.
- A special membership newspaper will be distributed in early to mid September to all members with information about the Board, community action donations, and candidates, as well as directions for voting on the website. Jane asked if we will include bylaws in this issue, but Dan claimed that additional pages welcome a higher expense.

Member Survey Update: 6:40 pm

- Dan is looking for feedback about linkage with members that may extend member feedback.
- For timing reasons, fall would be better than now for the survey, even though Dan understands that survey information is time-sensitive. For the moment, July is a busy time and members are less likely to be involved/around.
- Bob and Colin agreed that many people are not around in the summer, and it was suggested that more discussion should ensue before making any serious decisions, such as refinement of the final draft.
- A struggle for depth and success is anticipated because members are vague with responses. Consequently, Marilyn states that rewording of the questions invite more varied answers (i.e. offering more open-ended questions, options given, etc.).

Employee Survey Report: 6:49 pm

- Dan distributed an updated version, not found in original board packet.

- Carolee Coulter's (the consultant who conducted the survey) responses to some additional questions from Dan have been a bit delinquent but can be expected soon.
- Jimmy sought Appendix A for most and least satisfaction in a number of departments; however, it is evident that no appendix has been supplied.
- Dan stated that the so-called self-contained report is not as such. Consequently, he will contact her with this inquiry.
- Because this handout is strictly informative, no further discussion in the future will be necessary.
- Jimmy questioned Dan's reaction to the survey. Dan was overwhelmingly disappointed, yet understands that there are a number of adjustments that need to be made.
- He noted that some of the higher scoring aspects (benefits and pay) were higher than the last survey, which is positive. But, many lower results were surprising and disappointing in light of the strong efforts to improve the Wheatsville work environment through continued work with the management team.
- Jimmy noted that Carolee suggested additional monitoring for compliance on a number of points. It is suggested that these points be brought up at some point in the future for discussion.
- Jimmy wondered how the staff would feel about the Board's ability to hold Dan accountable. Consequently, Jane suggested forming a small task force of Board members to decide what Dan should formally address based on these results and this group will share their ideas at the July meeting. By the August meeting, Dan will fulfill these expectations. The task force was formed of Bob and Jimmy.

Linkage: 7:01 pm

- August Owner Dinner: Voluntary linkage for whoever is interested. Dan, Jimmy, Colin, and Tom volunteered for the next dinner. Date is planned for August 21st at 6:00 pm.
- Coffee with the Board: Jane proposed the first Saturday of every month for coffee meetings with the Board. These meetings will begin the first Saturday in July and take place on the Wheatsville patio. Items for discussion: bylaws, transformation of society, or any issues deemed important by owners. Time planned is 10am-noon.
- Staff Focus Group: Proposed date for staff rep. bylaws revision meeting is July 17th at 6:30 pm. Staff owners will be formally invited, but all staff members are welcome. The meeting will be facilitated by staff rep, Bryan. If Bryan (not present) does not agree, Johnny will facilitate the meeting.
- Dan questioned the main purpose of this meeting. Two main concepts to cover: removal of two-year, two-seated designation and reword bylaws indicating that staff reps do not represent staff, but they represent owners. Tom mentioned the possibility of strong opposition, yet Johnny stated that essentially nothing would change, except the wording.

Discussion: 7:18 pm

- CCMA Update: Bob was amazed and impressed at 450 like-minded folks. Member linkage was addressed; based on survey, it seems that members of all co-ops are essentially in support of the Board making decisions. Otherwise, the owners would likely attend meetings. Suggested a future linkage with co-op and financial institution (credit union).
- Johnny found it insightful as always. Generally, networking was more inspiring for him. He visited a number of co-ops, and saw positive and negative aspects.
- Jane stated that operations have begun making more sense. Also, group-marketing message was presented for feedback.
- Dan suggested that this would be a good way to get people talking about co-ops in a positive and competent manner.

- Rose-Marie noted that they did a remarkable job with such a tight budget. She stated that any attempt to further comprehension of co-op principle would be invaluable. In addition, Rose-Marie recounted the incredible actions taken by a credit union in North Carolina, in an effort to financially aid lower income persons.
- In conclusion, many lessons learned. Good to hear real-life stories. Rose-Marie suggests the potential creation of a board buddy for new board members.
- Jimmy attended long-term financial policy and sustainability meetings. Main focus: 100 year mission. Co-op in Vermont participated in a 2-3 year process to focus on 100-year ideas.
- Consensual problem: we are not explaining to our own employees what a co-op is, and consequently we must start from the actual beginning to make these changes. Rose-Marie suggested that this topic could be discussed at a special meeting.
- Bob suggested this would be a good topic for owner dinner meeting.

Domain tax breaks: 7:45 pm

- Johnny stated that endorsement on behalf of Wheatsville could be powerful: it could change our image and/or main principles. Perhaps a unanimous decision is in order; therefore, maybe further discussion should ensue at a later time.
- Dan stated that the easiest answer is to oppose the domain; however, the idea is more complex and ties together with a number of important aspects.
- Jimmy also felt that our endorsements should be limited to those concepts more in line with our own vision.
- In response to a question about whether we as a small business would necessarily mean that we have an opinion on matters relevant to small businesses, Dan cited our involvement in the Austin Independent Business Alliance as an example. The ABIA does not always take a stand on controversial issues because its membership includes people on both sides of the debate. Motion to kill discussion and end without a vote.
- Preserving the cooperative identity in Austin National store (Barney's New York boutique) exists in Texas using the word "co-op." However, their use of the term is illegal in the state of Texas.
- Johnny suggested we file against this store. Jimmy wondered how we approach them and when we should back down. Johnny proclaimed that this action on their behalf violates co-op principles and discredits everything we stand for as a true co-op.
- Jimmy suggested we take purposeful steps, but don't expect too much follow-up. First step: send a formal letter, and then file a formal complaint. Johnny and Colin will write the letter. NCBA should also be contacted for further information.

VISION 8:14 pm

- Rose Marie brought up a special topic for discussion related to our consultant's revised cost estimate for his work. He (Laddie Lushin) has undertaken bylaws revisions for co-ops in many States, and notes that having two different legal statutes to research is typical, three is very unusual, and there are six relevant statutes to research for Texas.
- A few weeks ago, John received an invoice from Laddie which indicated an amount that would exceed the original proposed total price of \$2500 for the complete bylaws rewrite. Rose Marie discussed this with Laddie, and he realized that he had severely underestimated the extent of required work. His billing was an oversight, but in discussing the matter with him, it seemed fair and reasonable to allow for a revised proposal.
- Laddie would like to revise the project cost to \$4500. Rose Marie believes that this is a fair and cooperative thing to do, and notes that even at the revised cost, Laddie would be doing much of the work for free.

- John suggested that \$4500 is a fair price for this work, yet was uncertain of his ability to deliver.
- Jimmy concluded that we would be better with him than without, and we should push forward, outline our expectations, and express our continued interest, despite the increase in price.
- Jane suggested we ask for his writing of the bylaws and then make our decisions outlining what we like and do not like. John agreed that before offering him a new contract, we should see some of his work to judge acceptability.
- Finally, Dan stated that because of his background, he could be trusted. John concurred.
- Jimmy suggested that we postpone work and decision-making on the new contract.
- Rose-Marie indicated her concern that Laddie may want to resolve this issue before continuing work, and noted that he had sent an email asking to postpone scheduling of a teleconference until the billing question had been resolved. She also felt accountable for the board's perception of work product, as she knows that she hasn't been the most responsive project manager and turn-around time on communications has taken longer than she would like. Jane offered her assistance to this job.
- Bob suggested we keep moving forward and agree with the \$4500 price. Dan replied that we want to be satisfied with the product before we agree with anything, especially an increased cost and change in contract.
- Jimmy offered the idea to not get set on the fall date of vote for bylaws. As long as the process continually has work done, then we are moving forward. Consequently, perhaps we could use the fall to work out all the kinks, and by early next year, there is no reason the board couldn't call a special election for the bylaws.
- Dan wondered if anyone disagreed with obtaining the product and, upon satisfaction, paying the full \$4500. No one objected to this course of events.
- Bob suggested we declare a specific date for him to offer us at least sample product.
- Jane is okay with offering a bit of money to "push him along." It's possible that the level of product may be contingent on his understanding of the payment.
- It is decided that a conference call will ensue. John declared that Laddie could certainly provide a framework within the next few days. Consequently, it is not too much to ask to receive these ideas early on.

Board self evaluation

Plusses:

- New assistant Marisa
- New Board Member Tom
- Post-CCMA positive energy
- Visitors present
- Good agenda packet

Things to improve:

- Have extra agendas for visitors
- Time-management

Meeting Adjourned at 9:32 pm

Summary of Action:

- C3 has been reworded and was accepted as-is 6-0-2.
- Tom Wald officially seated on the board 8-0-0.
- Long-range planning meeting scheduled for June 5th at 6:00 pm.
- August owner dinner planned for August 21st and 6:00 pm.
- Coffee with the board will occur on first Saturdays from 10-12pm starting in July.
- Staff focus group meeting for proposed bylaws planned for July 17th at 6:30 pm.
- Board moved to cease discussion on domain tax breaks without a vote.

Action Items:

- Task force of Bob and Jimmy will decide most important actions needing to be taken by manager Dan Gillotte, based on survey results.
- Johnny and Colin will write a letter to Barney's in an attempt to strip them of the co-op name.
- Laddie Lushin will be contacted and asked for sample work before we agree to his new contract and increased price.
- Bylaws: Items 1, 2, 4, 5, and 6 are changes and were not addressed. This probably should not be listed as an action item. We reviewed the schedule to basically go over the fact that we did not discuss these items.