

Wheatsville Board of Directors

Monthly Minutes (Approved)

November 3, 2005

Present: Bob Kinney, Jimmy Robertson, Colin Borchert, David Pease, Shari Holland (late), Rose-Marie Klee, Jane Kurzawa Cravey, Johnny Livesay, Ryan Vanstone (left at 8:30 PM)

Absent: None

Also Present: Dan Gillotte, General Manager, John Perkins, Financial Manager, Daniel Miller, board nominee, and Brian Lawhorn, records management.

Call to Order: The meeting was brought to order at 6:09 PM.

Agenda: Consent agenda, approve 1st quarter financials, approve membership in CBLD board development program, discuss 30th birthday plans, approve patronage rebate plan, discuss renovation and fundraising, executive session to discuss lease, discuss and approve board policy revisions, appoint B.7 revision committee.

Agenda Review:

Jane asked when a good time was to bring up questions. They were mostly follow up questions from prior board meetings that she found while reading the minutes. Do they belong on consent agenda? In the agenda review? Bob asked how everyone felt about it. The board was open to setting aside time to do this. Bob decided that there will be a "Board Open Time/Old Business" time at the beginning of the meeting from now on, and he will add it to the agenda.

Board Open Time/Old Business:

The following questions and comments were all initiated by Jane, per our discussion during the Agenda Review.

- From the 9/8 minutes, it shows that the board voted to approve the D Policy Monitoring Check Sheet. Where is this? Colin responded that he has a copy, and has been filling it out. Jane noted that we should have gotten a copy of it with our policies.
- From the 9/8 minutes, it shows that D.6 was postponed so that Dan could furnish proof that our insurance fully covered our assets. Does Dan have this? Dan said he brought it to the last meeting, but we ran short on time, and he doesn't have it this month.
- From the 9/8 minutes, it shows that Dan was supposed to provide us with Workers' Comp statistics. Dan replied that he will get us it.
- Also from 9/8, regarding D.10.10, Dan is to write a policy to ensure refunds do not reduce our equity below the specified level. John replied that he did it when he revised D.7.
- From the 9/14 minutes, it was noted that B.5.10 needed revision since it conflicted with by-laws. We adopted B5 last policy meeting. When will we discuss it? Either by-laws need changing or the policy needs changing. We will discuss during the policy revisions at the end of this meeting.
- From the 10/6 minutes, we were supposed to receive an accurate number of the membership. John said that he put the official number in the Investor Share Packet, and that it was around 8,000. He noted that this does fluctuate, often greatly, due to bad addresses and such, but that is the current most accurate number.

- Jane noted that we were to have food provided at the meeting. Dan apologized that he didn't remember the food for this meeting, but he did bring some snacking food in lieu of a meal.
- From the 10/20 minutes, Dan and Bob were to get information on the board support position. Bob got a variety of responses from CGIN, but Dan hasn't supplied anything. Dan thought that Bob's work was sufficient. Jane said she was just reading the minutes literally, and checking up on things.
- Should confidential matters in the GM report be split out from non-confidential matters?

Consent Agenda

- The 9/8 minutes were pulled off of the consent agenda to correct a typo. (Approved became Approved).
- The 9/14 minutes were pulled to correct wording on the volunteer discount. It now reads: "Most volunteers get a one purchase discount for every two hours of work, not an infinite number of purchases as the board does.
- Dan noted to Colin that Antenora is spelled with one "N" not two.
- Jimmy moved to approve the consent agenda. Rose-Marie seconded. 8-0-0.

Approve 1st Quarter Financials 6:30 PM

- We received these financials at the last meeting.
- John noted that the balance sheet will change with the End of Year Financials. We can either approve the financials with the EOY Financials or approve now with adjustments. He noted that the EOY financials would be finished in about a month.
- Jimmy said there wasn't a reason to approve now, and we should just wait for next month.
- Bob said he would add to the December agenda.

Join CBLD Board Development Program 6:33 PM

- Bob opened up conversation on this, saying we must do this by the end of the month. We will pay quarterly through this year, and the cost is \$4500 plus travel expenses.
- Bob noted that he thinks it will be a great program. We will get expert help with becoming in line with policy governance, and will have an opportunity to link with other co-ops.
- Bob moved to join the CBLD. Rose-Marie seconded. The motion passed 8-0-0.
- Dan asked if now was the time to talk about the preference of facilitator and scheduling new board members, etc.
- Bob said that he marked Marilyn Scholl as preferred, and all the others were OK. The others included Mark Goehring, Linda Stier, Peg Nolan, and Michael Healy. Bob noted that we could change our response to this if the board wanted. Jane noted that Johnny liked Mark Goehring a lot.
- Jane asked if we could find out who specializes in what. Bob said ok.

30th Birthday Plans 6:39 PM

- Rose-Marie opened discussion on this, and explained that she wanted to get a head start on this if it is to be extravagant as we want.
- The board talked about committee roles for a little while.
- Jimmy said that the committee should meet and come back to the board in December with basic ideas, and the board will discuss. The board would again direct the committee and the committee would meet back with the board in January, etc.
- Colin moved to form a Membership Committee to plan the 30th Birthday Party celebration next Spring and to come back in December with some basic ideas or plans. David seconded. The motion passed 8-0-0.
- Rose-Marie, Johnny, Jane, Bob, Ryan, and David (for a little while) joined the Membership Committee.
- Brian Lawhorn noted that a lot of big Austin musicians are members, such as Alejandro Escovedo. There is also a mansion available for a fundraiser or party. The board noted that Brian L would be a good guy to talk to while planning the 30th Birthday Party.

Patronage Rebate Plan Approval 6:50 PM

- Jane noted that we received this only yesterday, and she hasn't even had the chance to read it. Rose-Marie and David agreed and also did not have a chance to read it.
- Jimmy said that he sympathizes with those three, and that we really should have gotten this sooner, but he read it last night and thinks it is one of the best proposals we've ever gotten from Dan and John. It is well thought out and well presented. He likes that they've included annual members, and that we're giving back to a large part of the membership at a time when we're asking members to help us out.
- Can we apply the refund to green and blue memberships with remaining balances? Dan said that the laws stipulate we must give cash. Brian Lawhorn added that there are some database inconsistencies, and some member owners have paid into a gold card but it is not noted in the system. Brian did say that using the 80% retained patronage for doing this seems like a fine idea.
- Dan said that we don't want to do this because then it gives members access to that 80% if they choose to close out their account once vested. We want to give the 80% out on our own time schedule.
- Much of the board wanted to wait to vote on this. Dan said that it is important he gets it in a timely manner, as it is a big project and he's working under considerable time constraints. The board discussed this.
- Colin said that while we should have gotten this earlier if it was so important, sometimes the board will just have to make do, and the proposal is short and quite easy to digest. He didn't think that it should be a problem to vote tonight. Bob agreed.
- Ryan asked about how this may conflict with the by-laws. Dan said that the by-laws are not specific, and this is allowable.
- Shari said that she does not think annual members should be included. Patronage rebates are almost always reserved only for those who have equity in a co-op.
- Johnny said that there are many annual members who have been consistent shoppers and members for 10 years, and have essentially paid more into the co-op than someone who bought a vested membership.
- Dan said that, as far as things have worked in the co-op thus far, a member is a member is a member. There are no half-member owners, so everyone should be included in the patronage rebate. The way they set it up, those who've shopped at the co-op will get a rebate based on how much they've shopped, and he thinks that is a fair way to do it. The board discussed this for a while.
- Johnny suggested that we do it this way this year, and revise the policy going forward. Perhaps get rid of annual memberships altogether, or revise the patronage policy so that it only applies to vested members. Shari said she was fine with that.

- John warned that some of the data is imperfect, and as such, there will be mistakes. Some people who deserve a rebate won't get one, etc. Dan said that for those people, we could offer coupons or store discount in lieu of the rebate.
- Jimmy moved to approve the patronage rebate in the amount of \$200,000 for the FYE 5/31/3005 in the manner prescribed in the GM Patronage Rebate Proposal. Colin seconded. The motion passed 6-0-3.

Update on Renovation and Financing 7:42 PM

- Dan passed out some information on the Investor Share Program and went over the highlights. \$367,000 has been committed, and we've received \$185,000. By his estimates, we should receive enough commitments to meet our mark by the end of this month. We do have another call to get involved in the upcoming Breeze, but he thinks our current pool is sufficient.
- He also reported that people who can't reach the minimum don't seem slighted, but they are taking those names and will call them back if and when the board directs such a motion.
- He noted that our biggest investment was \$40,000 from a couple in Manor. Only one former investor share holder did not invest back into the co-op, and that was because he is elderly and needs the money. Jimmy noted how great it is that this guy invested back in the early 80s and twenty years later is able to get his money out of the co-op. The co-op lived up to its promises to the community.
- In other news, Dan announced that Denise Chevalier will be the project manager for the renovation. She is renowned in the co-op world for her experience in such matters, and will be living in Austin for the bulk of the construction period.

Executive Session 7:52 PM

- Shari moved to go into executive session at 7:52 PM to discuss lease matters. Rose-Marie seconded. The motion passed 8-0-0. The board thanked their visitors, Brian Lawhorn and Daniel Miller, for showing up and being part of the meeting.
- David moved to go out of executive session at 8:30 PM. Shari seconded. The motion passed 8-0-0.

Policy Revisions 8:30 PM

B.8

- Shari brought our attention to B.8.3, which outlines the board assistant position as talked about at the last meeting. The responses Bob got from CGIN seemed positive, and reassured the board that this is a good step to take.
- Dan noted that he will need a D policy to correspond to B.8.3.
- Would this person be Dan's employee only, or take board direction too? This was discussed for a while, and it settled on the opinion that it would be Dan's employee, and we would communicate with him or her through Dan, but that the Board President would have some direct contact with the person in assembling packets, etc.
- Dan said that we should note that this is as money exists to afford the position. The board agreed, and said that the GM should warn the board if such a problem arises.
- The board agreed to give Dan time to figure this out. Perhaps by March.
- Shari moved to adopt policy B.8. Johnny seconded. The motion passed 8-0-0.

B.9

- Shari explained the changes.

- The board discussed B.9.4 and how a boycott should be ended. It should also include that a boycott can be conditional and end upon certain conditions being met, and this option should be on the boycott petition form. B.9.3.2.6 will be added to say that "conditions that the boycott may be terminated without a vote."
- Should boycotts only be voted on in annual elections, or can there be special elections? Board can call special elections at any time, but probably won't explicitly say this in the policy since it is in the by-laws.
- Shari said she would rewrite B.9.4 and bring it back for the December meeting.
- Dan asked about B.9.5 and B.9.6. He was worried that it would be too cumbersome to write companies on product-oriented boycotts (such as no animal testing, no GMOs, etc.) since there could be a whole bunch of companies.
- Jimmy thought that it was important to notify companies when boycotting or else it wasn't much use. Dan said that boycotts are useful in educating the membership about what is in certain products, etc.
- Jimmy noted that the board liaison could handle this task, or the board could do it.
- The board decided to meet back about this in December and talk about it more then.
- The number of members needed to successfully petition to include a boycott on the election ballot or to end a boycott was raised from 50 to 100.

B.5

- The board discussed B.5.10. Although we adopted the policy last month, B.5.10 conflicts with by-laws.
- The policy states: "Any board director who does not follow the board conduct policy shall resign from the board if requested to do so by a 2/3 majority vote of the remaining board."
- Jimmy asked if we should be allowed to do this? Would it be better if it said: "shall request the resignation" instead of "shall resign?" The board agreed. Shari said she would change the wording and bring this policy back in December.

D.2

- Shari brought our attention to D.2.3, which mandated that the GM would delegate tasks appropriately. Does the board like it? Colin said he did, because as the co-op gets bigger we will need the GM to take a larger role in planning and less of a role in operational duties.
- Dan asked if it conflicted with another policy? Jane found the policy, D.7, which states that the GM must oversee day-to-day operations. The board thought that they were mutually inclusive.
- Shari moved to adopt D.2. Rose-Marie seconded. The motion passed 8-0-0.

D.10

- Shari warned that D.10 might be a hot topic, as D.10.5.1 gives specific directions as to the make-up of the Breeze.
- Bob said that he thought D.10.5 should be deleted in its entirety. He said that this is a staff function, not a board function.
- Johnny replied that the Breeze is the board's best tool for member linkage, and we've had problems with getting board articles in. Several times board articles have been cut in favor of bicycle articles or personal stories which shouldn't be as important. There should be some guidelines for the GM to go by in regard to this.
- Rose-Marie added that this is setting priorities, not trying to mandate what stories get in. Any story the GM or editor wants to put in can be in, there are just other certain requirements the board requests.
- Dan said that he does not like the policy and finds it too controlling. He said he really wouldn't have a problem with it if he didn't feel like certain members of the board were

pushing this policy based on a few things they didn't like in the past. He sees it as board interfering with staff operations.

- John added that it is offensive to the editor, who does a good job. He likes the personal stories in the Breeze.
- David said he can't support it.
- Colin said that these are all limitations, and are in line with other D policies which limit the GMs power in certain areas. No one should be offended by these general guidelines, and it shouldn't be seen as a reflection upon their abilities.
- The board decided that Shari and Dan could get together and come up with a good compromise. The board will discuss at a later date.

B.7

- Bob moved to form a revision committee to look over B.7 and come back to the board in December with recommendations. Colin seconded. The motion passed 8-0-0. Bob, Rose-Marie, and John Perkins joined the committee, and Ryan was volunteered as someone who would be interested in the committee.

Board Meeting Self-Evaluation 9:45 PM

Plusses:

- Having food at the meeting. (Dan promised it would be better next time, but thanked the board for the compliment).
- We got a lot done.
- We had a couple good guests.

Minuses:

- The time wasted in deciding whether we should vote on the Patronage Rebate, rather than simply delving into conversation and getting it done.
- Related to the above, getting information from the GM on time is very important, and would have prevented the above situation.