

Wheatsville Board of Directors  
 August 2017 Meeting Agenda  
 Tuesday August 15th, 2017  
 6:30-9:30PM, South Lamar Meeting Room  
 4001 South Lamar



TIME	TOPIC	ACTION
6:30pm	1. OPEN TIME – for WV Owners to present any topic to the board	LISTEN
6:40pm	2. AGENDA REVIEW 3. CONSENT AGENDA: July 2017 Minutes CEG Monthly Update	DISCUSS VOTE
6:50pm	4. COMMITTEE WORK & GOVERNANCE (1 min) Recite Ends (5 min) C4 – Evaluating CEG Performance Monitoring Report (0 min) Nominations Committee (9 min) Audit and Review Committee (15 min) Net Savings and Patronage Rebate Discussion (0 min) ACBA Committee (10 min) Board Development Committee (0 min) Owner Engagement Committee	RECITE VOTE DISCUSS DISCUSS DISCUSS DISCUSS NONE NONE
7 :30pm (30 min)	5. D1 DECISION TREE EXERCISE D1 – Financial Condition and Activities Monitoring Report	VOTE
8 :00pm	BREAK	REST
8 :15pm	6. EXECUTIVE SESSION  (60 min) <b>***EXECUTIVE SESSION***</b> <b>Purpose:</b> to discuss confidential personnel information  <b>***END EXECUTIVE SESSION***</b>	
(5 min)	CEG Compensation	VOTE
9 :20pm	7. ADJOURN (10 min) September preview, Closing Round, and Wrap-up (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



# Board of Directors Meeting Minutes August 2017

Present: Doug Addison, *President*; Don Jackson; Rose Marie Klee; Julie Le; Lisa Mitchell; and Lyz Nagan (via phone).

Also present: Dan Gillotte, *Chief Executive Grocer* (via phone 6:31pm-8:06pm); John Perkins, *Finance Manager*; Beth Beutel, *Board Administrator* (6:31-8:48pm)

Absent: Andi Shively, *Treasurer*; and Kitten Holloway, *Secretary*.

## Call to Order

6:31PM

### 1. OPEN TIME

6:31PM

Beth, in her capacity as Black Star's Board President, updated the Wheatville Board of Directors on their investment in Black Star Co-op and the process of repurchasing of shares. Beth answered questions from directors about Black Star's current status and the work of the Black Star board.

### 2. AGENDA REVIEW

6:48PM

Doug proposed moving: D1 decision tree to directly after C4 conversations; Net Savings to right after D1; then Dan can be excused from the meeting.

The CEG Compensation discussion will not have a vote.

### 3. CONSENT AGENDA

6:53PM

#### CEG Monthly Update

#### Guad Refresh Final Accounting and Expenditures report.

Doug asked if the final project accounting is part of the CEG monthly update. Dan noted that it is and it is just for the Board's information.

Lyz pulled the July Meeting Minutes. Lyz noted that the minutes did not have her listed as present.

--- Julie moved to approve the Consent Agenda. Don seconded. Motion passed 6-0-0.

---Doug moved to accept the July meeting minutes as amended. Lyz seconded. Motion passed 6-0-0.

### 4. COMMITTEE WORK AND GOVERNANCE

6:56pm

#### Recite Ends, 6:56pm

The Board and guests recited the ends in unison.



# **Board of Directors Meeting Minutes August 2017**

## **C4 – Evaluating the CEG Monitoring Report, 6:57pm**

Directors discussed areas of low scores and a wide disparity of scores. There was a consensus that the board needs to apply more “rigor” to their evaluation, specifically with following up on a plan for compliance and have a closer evaluation of monitoring reports like the conversation they plan to have next on this meeting’s agenda.

---Doug moved to accept the C4 monitoring report. Don seconded. Motion passed. 6-0-0.

## **5. D1 DECISION TREE EXERCISE**

**7:02PM**

Dan noted that the next D1 – Financial Conditions and Activities Monitoring Report will be different. Operations is planning to do a thorough review of the interpretations and operational definitions and make changes to those including which data is used to show compliance/non-compliance.

Directors walked through the report carefully tracking with the Monitoring Report Decision Tree from CDS consulting co-op.

Directors and Dan discussed the level of information that the Board receives and how the Board can appropriately track information to follow up on specific plans. For example, the Guadalupe Refresh was an expensive project, and the success of the organization is tied to the success of that project and others like it. The Board and Dan will continue the conversation about what information the Board needs in order to do its job as a fiduciary; and whether it is a part of the policy governance system, or something that they are agreeing to do together which is outside of policy governance

---Doug moved to accept D1 monitoring report, with Board’s acknowledgement of non-compliance. Lisa seconded. Motion passed. 6-0-0.

## **6. COMMITTEE WORK AND GOVERNANCE**

**7:50PM**

### **Net Savings and Patronage Rebate Discussion, 7:50pm**

John circulated a draft resolution with no numbers, as the audit is not yet finalized. The packet also included an explanation of patronage rebates as well as the opinion of Wheatsville’s attorney and Wheatsville’s accountant on the use of EBITDA in determining the distribution of “Net Savings” for investor share dividends. a write up of the theory behind the board’s decisions in the last several years, originally written by Steven Tomlinson and updated by Andi Shively was also included. “Net Savings” is referred to by Texas statute but not defined by them, the IRS or GAAP.



# **Board of Directors Meeting Minutes August 2017**

Directors affirmed their understanding of the calculations for EBITDA and the content of the packet. Directors discussed the theory of paying out dividends even in years where it is not legally possible to pay patronage rebates. Directors asked whether there has been any response from any regulatory agencies; there has not. Directors asked what the response from members has been to not getting a rebate. Generally the inquiries are informal and are resolved by members of the Front End staff.

Directors will continue to ask any questions over email or backpack in order to be prepared to make a decision at the September meeting.

## **Nominations Committee**

A written update from the Nominations Committee was included in the meeting packet.

## **Audit and Review Committee, 8:06pm**

RJ, who is on the committee, wrote the notes of the meeting with Bruce Mayer, from Wegner CPAs for the Board's monthly packet. John Perkins shared his take on how the audit went.

## **BREAK**

**8:10PM**

## **ACBA Committee.**

A written update from the ACBA Committee was included in the packet.

## **Board Development Committee, 8:20pm**

Directors read an interview with Richard Chait on his generative governance model. Directors discussed how the Board Development Committee can best serve the Board. Suggestions included: not planning topics too far in advance and instead keeping a running list of topics mentioned by directors, keep conversations 30 minutes to an hour; and to build the facilitation skills of directors.

Doug and Julie will plan a learning conversation for September. Don is interested in joining the committee.

## **7. EXECUTIVE SESSION: CEG EVALUATION AND COMPENSATION 8:48PM**

--- Doug moved the Board into Executive Session at 8:48pm

### **\*\*\*EXECUTIVE SESSION\*\*\***

**Purpose:** Discuss confidential proprietary information



# **Board of Directors Meeting Minutes August 2017**

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

----Doug moved the Board out of Executive Session at 9:31pm.

## **8. ADJOURN**

**9:32PM**

**September Preview, Closing Round, and Wrap-up, 9:32pm**