

Wheatsville Board of Directors

October 2013 Meeting Agenda

Tuesday, October 29th, 2013

6:00 – 9:00 pm @ Wheatsville meeting room, 4001 South Lamar



TIME	TOPIC	ACTION
6:00pm	1. OPEN TIME – for WV Owners to present any topic to the board	LISTEN
6:10pm	2. AGENDA REVIEW 3. CONSENT AGENDA: September 2013 Meeting Minutes B9 – Endorsements Monitoring Report C Global – Governance-Management Connection Monitoring Report D1 – Financial Condition and Activities D5 – Treatment of Consumers Monitoring Report FY14 Q1 Financials Unanimous Consent – FY13 Dividend Allocation Unanimous Consent – Resolution of the WV BOD to Recognize Dan Gillotte GM Report	DISCUSS VOTE
6:15pm (1 min) (30 min) (30 min)	4. STRATEGIC LEARNING/POLICY MONITORING Wheatsville Ends Store Tour! A – Ends Monitoring Report	RECITE EXPERIENCE VOTE
7:15pm	BREAK	ENJOY
7:25pm (15 min) (15 min) (15 min) (5 min) (10 min) (10 min) (5 min)	5. COMMITTEE WORK/GOVERNANCE Nominations Committee Review Committee Fall Owner Gathering Committee ACBA Committee Board Compensation Strategic Learning Annual Report	DISCUSS DISCUSS DISCUSS DISCUSS VOTE DISCUSS DISCUSS
8:40pm	6. BIG Direction ***EXECUTIVE SESSION*** Purpose: Discuss confidential information related to Wheatsville's South Lamar store project ***END EXECUTIVE SESSION***	
9:00pm	7. ADJOURN	

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 October 2013

Present: Rose Marie Klee, *President*; Doug Addison, *Secretary*; Steven Tomlinson, *Treasurer*; Reyna Bishop (6:18pm-9:00pm); Marcia Erickson; Christina Fenton (6:35p-9:00pm); Kate Vickery; John Vinson.

Also Present: Dan Gillotte, *General Manager*; John Perkins, *Finance Manager*; Bill Bickford, *South Lamar Store Manager* (6:08pm-6:20pm); and Beth Beutel, *Board Administrator*.

Absent: Mark Wochner

Call to Order

6:08 PM

RMK called the meeting to order.

1. OPEN TIME

6:08 PM

Steven asked Bill about the challenges being Store Manager of South Lamar.

RMK recommended that the Board re-evaluate how they choose meeting locations once the new board is seated.

2. AGENDA REVIEW

6:13 PM

The directors agreed to cut ACBA Committee time as much as possible to allow for discussion of D1 and D5 Monitoring Reports. The Review Committee was changed to include a vote to dissolve the committee.

3. CONSENT AGENDA:

6:15 PM

September 2013 Meeting Minutes

B9 – Endorsements Monitoring Report

C Global – Governance-Management Connection Monitoring Report

FY14 Q1 Financials

Unanimous Consent – FY13 Dividend Allocation

Unanimous Consent – Resolution of the WV BOD to Recognize Dan Gillotte

Doug pulled D1. Marcia pulled D5. Kate pulled the GM Report.

---Steven moved to approve the Consent Agenda. Kate seconded the motion. Motion passed 6-0-0.

GM Report, 6:16pm

Kate pointed to several issues that Dan reported he would like to discuss and offered to discuss/accept in BIG Direction time. RMK clarified that the GM Report is FYI so that the Board knows what's most important in the GM's work at the moment. Therefore, the GM Report would always be accepted regardless of its content.



Board of Directors Meeting Minutes October 2013

---Steven moved to accept the GM Report. Marcia seconded the motion. Motion passed 6-0-0.

D1 Report, 6:20pm

Doug asked for clarification around the Current Ratio, which was miscalculated and outside of the range previously identified as being in compliance.

The current ratio calculation was incorrect, and the report needs to be modified. There were \$62,000 of patronage rebates payable which were posted after that section of D1 report was written. 1.19:1 is the correct current ratio.

Dan raised the issue of what compliance means for the current ratio and how that meets the parameters of D1.3. Bill Gessner says that 1.1:1 or 1:1 is an acceptable benchmark during or immediately after expansion.

There is also a question of compliance around D1.8. Outstanding invoices are currently at 1.68% when the operational definition for compliance is 1%. Dan mentioned that during the normal course of business, 1% is an excellent goal, but three weeks after opening a new store, it is a bit too ambitious. Dan will consider altering his operational definition to include an acceptable range during expansion. Dan believes that we will be back on track for D1.8 within 1 or 2 more quarters.

RMK proposed to modify the D1 report to state that that D1.3 and D1.8 are not in compliance, as operations were unable to meet their stated targets.

---RMK moved to accept the D1 Monitoring Report with a finding of non-compliance for D1.3 and D1.8. Doug seconded the motion. Motion passed 7-0-0.

D5, 6:31pm

The directors asked a clarifying question about the data for "Wishes Granted." Beth confirmed that she entered the incorrect dates in the right hand column and will amend the report.

Reyna asked a question about product recalls- if they're serious how do we communicate to consumers. Dan explained the process and said that some co-ops do actively communicate with their customers about potential health hazard recalls, and we'd like to be there someday. But currently we do what is legally required, which is to pull the product.

---Marcia moved to accept D5 Monitoring Report with the correction on the wish list table. Reyna seconded. Motion passed. 7-0-1.

The Board noted that all the policies should be updated to say "Chief Executive Grocer" or "CEG" instead of "General Manager" or "GM." Dan agreed with this change.



Board of Directors Meeting Minutes October 2013

4. STRATEGIC LEARNING/POLICY MONITORING

6:38 PM

Wheatsville Ends, 6:38pm

The Board recited the ends policies in unison.

Store Tour, 6:41pm

Dan led the directors in a tour of the South Lamar store.

BREAK

7:10PM

A- Ends Monitoring Report, 7:20pm

Dan reminded everybody that Ends reporting is a very iterative process. Operations is still learning how to prove that they're moving the ball forward on Ends, still looking for the right metrics and benchmarks. Dan stated that it's very important to him that our Ends report be a readable size and enjoyable to read.

RMK framed the conversation on the Ends Report reminding the Board that policies are monitored using a reasonable person's interpretation. The directors gave a round of feedback on the report. Dan noted that there would be some adaptation of the Ends Report to be in the Annual Report to Owners. RMK encouraged the Board to think about the inclusion of Ends into strategic learning and to email her if thoughts come to mind.

---RMK moved that Dan's reporting on the Ends is elegant and powerful, and a real milestone in the blossoming of Wheatsville as a co-op that truly understands how it will transform society; RMK moved to accept the Ends monitoring report. The full board seconded the motion. Motion passed 8-0-0.

5. COMMITTEE WORK/GOVERNANCE

7:46 PM

Nominations Committee, 7:42pm

Reyna briefly reviewed the recommendations for next year put forth by this year's Nominations Committee. Reyna encouraged directors to email feedback on the recommendations to the full board for further discussion.

Review Committee, 7:48pm

Steven reported that both the process and the final document were very smooth this year.

The Board discussed the document with summaries of interviews from staff. Steven noted that both of the problems uncovered would come up in an Audit: the need for checks and balances around the Accounts Payable check printing software and the breakdown in statement reviews.



Board of Directors Meeting Minutes October 2013

Dan explained that the task of account review was passed from one person to another who dropped it while learning their new job. The accounting department simply doesn't have the labor hours to accomplish it at the moment although the accounting staff will have the time in the near future. John P. asked that if someone on the Board would like to temporarily do the account statement review since they are qualified; it would take approximately one hour a month. The board found this amenable. RMK, John P. and Beth B. will work on coordinating the statement review.

Steven will initiate a conversation with Bruce about the Accounts Payable software.

---Steven moved to dissolve the 2013 Review Committee with commendation for work well done. Kate seconds. Motion passed 8-0-0.

The Board agreed that they would like it to be customary that any non-directors serving on a committee receive a hand-written thank you note from the committee's chair.

Fall Owner Gathering, 7:59

Reyna reported that the only remaining tasks for the Fall Owner Gathering Committee are to get invoices paid and finalize the budget.

Directors gave feedback, noting the success of the children's activities provided by Austin Eco School and Growin' Together, the excellent speaker, Tom Philpot, and the convenience of the location.

The directors offered a big thank-you to Reyna for a wonderful Fall Owner Gathering.

Austin Cooperative Business Alliance Committee, 8:06pm

John Vinson reported on the last month's developments with ACBA including the dinner at Taos Co-op and progress gaining business members. RMK recommended submitting a written report for the meeting packet in the future.

Board Compensation, 8:08pm

Every year the Board votes on compensation for the next year. Last year the Board voted to pay a \$3600 stipend to the president and a \$1200 stipend for all other directors. RMK asked if any directors have thoughts, or would like to make changes. Directors agreed to keep compensation the same. Mark Wochner will be writing an article in the breeze.

---Doug moved the Board compensation for calendar year 2014 will be \$3600 for the Board President, \$1200 for the other directors paid quarterly and a 10% store discount. John Vinson seconded the motion. Motion passed 8-0-0.



Board of Directors Meeting Minutes October 2013

Strategic Learning, 8:12pm

RMK updated the Board on who may be invited to discuss "Land Use and Food Access" at the November board meeting, and what the process is for having an effective conversation.

Upon request, Kate explained the events precipitating the need for an ordinance and the process by which the Urban Farm Ordinance was developed. Kate also explained the current controversy around the ordinance, which is primarily around whether urban farms should be located in single-family areas and whether they should be allowed to slaughter animals like chickens/rabbits. The UFO creates regulations for the slaughter of animals within the city while there are currently no restrictions. There have been concerns from some neighborhoods, particularly in East Austin, about slaughtering on urban farms being an abuse of a neighborhood and a slippery slope towards other environmental justice problems.

Dan said that operations will write a letter to Austin City Council in support with a local food stance- that we want to sell local food, and to do that we need local farms and the ordinance creates good limitations that still allows people to grow food locally.

Kate reported that her work on the Urban Farm Ordinance has renewed her desire to have the Board include diversity as a topic of strategic learning, as food-justice and environmental-justice mean different things to different people.

Annual Report, 8:34pm

Raquel submitted a summary of articles written by directors last year with a link to last year's report. The report that was distributed at the Fall Owner Gathering will go into the Annual Report to Owners.

6. BIG DIRECTION

8:36 PM

At 8:36pm, RMK moved that the Board enter into Executive Session to discuss confidential information related to the South Lamar project to include Dan Gillotte, John Perkins, and Beth Beutel

*****EXECUTIVE SESSION*****

Purpose: to discuss confidential/proprietary information related to the second store project.

At 9:04pm, RMK moved the Board out of executive session.

At 9:04pm, RMK adjourned the meeting.

Unanimous Consent to Adopt Resolution of the Wheatsville Board of Directors to Recognize Dan Gillotte Upon his Fifteenth Anniversary as General Manager

Motion by Rose Marie Klee, seconded by Christina Fenton

In recognition of fifteen years of outstanding service, the Wheatsville Board of Directors adopts the attached resolution to commend Dan Gillotte and bestow the title of Chief Executive Grocer.

This unanimous written consent shall have the same force and effect as a unanimous vote taken at a duly called special meeting of the Wheatsville Board of Directors. It is executed to be effective as of the date on which the last director's signature is provided, below, for this unanimous consent.

Signed by: *Rose Marie Klee* Date: *10/16/2013*
Rose Marie Klee, Director

Signed by: *Doug Addison* Date: *10/16/2013*
Doug Addison, Director

Signed by: *Steven Tomlinson* Date: *10/18/2013*
Steven Tomlinson, Director

Signed by: *Reyna Bishop* Date: *10-16-2013*
Reyna Bishop, Director

Signed by: *Christina Fenton* Date: *10-16-13*
Christina Fenton, Director

Signed by: *Marcia Erickson* Date: *10-16-13*
Marcia Erickson, Director

Signed by: *Kate Vickery* Date: *10-17-13*
Kate Vickery, Director

Signed by: *John W. Vinson* Date: *10/17/13*
John Vinson, Director

Signed by: *Mark Wochner* Date: *10-16-13*
Mark Wochner, Director

Resolution of the Wheatsville Board of Directors to Recognize Dan Gillotte
Upon his Fifteenth Anniversary as General Manager

Whereas Dan Gillotte became the General Manager of the Wheatsville Co-op in August 1998; and

Whereas he has been the longest-serving GM in the history of our Co-op; and

Whereas Dan, through his creativity, dedication, hard work, passion, leadership and ingenuity has conceived and realized outstanding organizational achievements; and

Whereas among these achievements are the transformation of the Wheatsville culture to be focused on practicing heartfelt kindness internally within the organization and throughout every interaction with our community in the true spirit of cooperative values and principles; and

Whereas his great achievements include creating the friendliest store in town, shepherding an era of financial stability and vibrancy, expanding the Guadalupe store location to become a model of high-quality service and efficiency, implementing an open-book management system which engages and empowers Wheatsville staff to develop expertise in cooperative business operations and success, and which further rewards staff with bonus remuneration relative to that success; and

Whereas Dan has become an icon of excellence amongst General Managers of food co-ops around the country, including recognition in 2010 with the Howard Bowers Award for Cooperative Excellence; and

Whereas Dan has provided the constant leadership which has been recognized by the Austin community, including through award of the Austin Chronicle Readers' Choice Award for Best Neighborhood Grocery for seven years in a row, from 2007 through 2013; and

Whereas Dan Gillotte, through his tremendous commitment to promote the transformation of society toward cooperation, justice, and non-exploitation, has achieved this great and long sought-after milestone in the history of Wheatsville: to expand to a second location in South Austin;

Now, Therefore, Be It Resolved that the Wheatsville Board of Directors, on behalf of our founders, our 13,000 Owners, and the Austin cooperative community, commends and congratulates Dan Gillotte upon his 15th Anniversary and upon the Grand Opening of Wheatsville South Lamar, and in recognition of this milestone bestows upon him the new title of Chief Executive Grocer.

Adopted by Unanimous Consent on the 17th day of October 2013

Certified by: 
Board President

Date: 10/18/2013

Unanimous Consent to Adopt Resolution for FY13 Distribution of Net Savings

Motion by Steven Tomlinson, seconded by Rose Marie Klee.

The Wheatsville Board of Directors adopts the attached resolution, entitled “Distribution of Net Savings for Fiscal Year Ending June 2, 2013.”

This unanimous written consent shall have the same force and effect as a unanimous vote taken at a duly called special meeting of the Wheatsville Board of Directors. It is executed to be effective as of the date on which the last director’s signature is provided, below, for this unanimous consent.

Signed by:

<i>Rose Marie Klee</i>

 Date:

<i>10/17/2013</i>

Rose Marie Klee, Director

Signed by:

<i>Doug Addison</i>

 Date:

<i>10/17/2013</i>

Doug Addison, Director

Signed by:

<i>Steven Tomlinson</i>

 Date:

<i>10/17/2013</i>

Steven Tomlinson, Director

Signed by:

<i>Reyna Bishop</i>

 Date:

<i>10/17/13</i>

Reyna Bishop, Director

Signed by:

<i>Christina Fenton</i>

 Date:

<i>10/17/13</i>

Christina Fenton, Director

Signed by:

<i>Marcia Erickson</i>

 Date:

<i>10-18-13</i>

Marcia Erickson, Director

Signed by:

<i>Kate Vickery</i>

 Date:

<i>10-17-13</i>

Kate Vickery, Director

Signed by:

<i>John W. Vinson</i>

 Date:

<i>10/17/13</i>

John Vinson, Director

Signed by:

<i>Mark S. Wochner</i>

 Date:

<i>10/17/13</i>

Mark Wochner, Director

WHEATSVILLE CO-OP
3101 Guadalupe, Austin, TX 78705
(512) 478-2667

BOARD OF DIRECTORS
October 18, 2013

Distribution of Net Savings for Fiscal Year Ending June 2, 2013

Whereas Section 251.302 of the Texas Business Organizations Code and Article IX of the Wheatsville bylaws provide for an annual allocation and distribution of net savings by the Board of Directors; and

Whereas the net savings amount for the fiscal year ending June 2, 2013 (per internally prepared financial statements as reviewed by the CPA firm Wegner LLP) was \$198,037, and the surplus of total assets over total liabilities was \$3,853,129; and

Whereas the CPA firm of Wegner LLP has conducted a review of Wheatsville's balance sheet and related statements of income, owners' equity, and cash flows for the fiscal year ending June 2, 2013 and has determined that the following allocations are within the proper discretion of the board of directors from an accounting standpoint;

Now Therefore, pursuant to chapter 251.302 of the Texas Business Organizations Code and Article IX of the Wheatsville Bylaws, the Wheatsville Board of Directors hereby declares the following apportionment of net savings for the fiscal year ending June 2, 2013:

1. \$28,458 shall be distributed to investor shareholders as dividends for the fiscal year ending June 2, 2013, as provided in the individual shareholder agreements.
2. \$19,068 shall be allocated to retained earnings, including \$1,165 in net savings from the fiscal year ending June 2, 2013 plus \$17,903 in prior year patronage forfeited and taken back into retained earnings during the fiscal year ending June 2, 2013.
3. \$168,414 shall be allocated to eligible owner patrons as proposed by management, with 20% (33,683) to be distributed in cash and 80% (134,731) to be retained as owner equity in the co-op in accordance with provisions of the Membership Administration Guidelines and the Wheatsville Bylaws.

Action taken by Board: Resolution Passed by Unanimous Consent

Certified by:  Title: President Date: 10/18/2013