

Wheatsville Board of Directors
March Meeting Agenda
Wednesday, April 7, 2010
6:00 – 9:00 pm @ Wheatsville meeting room, 3105 Guadalupe



TIME	TOPIC	ACTION
6:00pm	1. OPEN TIME – for WV Owners to present any topic to the board	LISTEN
6:20pm	AGENDA REVIEW 2. CONSENT AGENDA: Revised Dec/Jan Meeting Minutes February Meeting Minutes Clean Energy Endorsement Email Action B2 – The Board's Job B3 – Governance Cycle D4 – Financial Condition (top level) D.7.6 – Communication and Counsel to the BOD Executive Limitations Policies Revision Executive Limitations Monitoring Schedule Revision GM Report	DISCUSS VOTE
6:25pm	3. GOVERNANCE (2 min) Board Resolution: Celebrating Successful Renovation Project (5 min) CBLD 101 Training Recap (30 min) BOD Process, Goals, Calendar, etc. (3 min) FY2011 Board Budget	VOTE DISCUSS DISCUSS DISCUSS
7:05pm	4. COMMITTEE WORK, PART I (10 min) Audit Committee	DISCUSS
7:15pm	5. BREAK	
7:25pm	6. COMMITTEE WORK, PART II (15 min) Nominations Committee (20 min) Policy Committee	DISCUSS DISCUSS
8:00pm	7. STRATEGIC LEARNING (55 min) Learning discussion on Investor Shares and Owner Equity	DISCUSS
8:55PM	8. HOUSEKEEPING/CLOSING ITEMS	
9:00pm	ADJOURN	

Benefitting Community * Promoting Cooperative Economics * Transforming Society



Board of Directors Meeting Minutes March 2010

Present: Rose Marie Klee, *President*; Steven Tomlinson, *Treasurer*; Theron Beaudreau; Kate Vickery; Kitten Holloway; Doug Addison; and Lee Blaney.

Also Present: Dan Gillotte, *General Manager*, John Perkins, *Finance Manager*, Jennifer Lueckemeyer, *Board Administrative Assistant*, Mark Wochner, Jessica Cassidy and Jake Carter all from *Blackstar Co-op*

Absent: Aditya Rustgi, *Secretary*

Call to Order

6:01 PM

1. OPEN TIME

Introductions.

The Board discussed Wheatsville's cooperation amongst other cooperatives in Austin and across the state. Dan summarized his involvement with other co-ops and shared his experience and challenges with helping other co-ops. Board discussed different levels of involvement with other co-ops in relation to wise use of organizational resources and protection of sensitive information.

AGENDA REVIEW

6:20 PM

No changes to meeting agenda.

2. CONSENT AGENDA

Executive Limitations Policies Revision and Executive Limitations Monitoring Schedule Revision were pulled from consent agenda for further discussion.

- Revised Dec/Jan Meeting Minutes
- February Meeting Minutes
- Clean Energy Endorsement Email Action
- B2 – The Board's Job
- B3 – Governance Cycle
- D4 – Financial Condition (top level)
- D.7.6 – Communication and Counsel to the BOD
- GM Report

--Steven moved to approve the Consent Agenda, Lee seconded the motion. Motion passed 7-0-0.

Board discussed the Executive Limitations (D) Policy monitoring schedule and made one minor grammatical change to the D policies.

RMK moved to accept the monitoring schedule and the D policies, with grammar update, and make both effective immediately. Theron seconded the motion. Approved 7-0-0

Following up on his GM Report, Dan invited everyone to attend the Open Book Finance Meetings with staff, called Wheatcast, at 2pm on Tuesdays in the Wheatsville meeting room.



Board of Directors Meeting Minutes March 2010

3. GOVERNANCE

6:30 PM

Board Resolution: Celebrating Successful Renovation Project

--RMK moved to pass the resolution celebrating a successful renovation project, the Board seconded the motion. Motion passed 7-0-0.

The Board thanked RMK for writing such a heartfelt and wonderful resolution that truly reflected our gratefulness and thanks. The approved resolution will be published in the next Breeze issue and everyone thanked by name in the resolution will get an individual letter. Dan and RMK to collaborate on letters and distribution.

CBLD 101 Training Recap

- Doug and Lee attended CBL 101 training in March in Portland, Oregon. They reported that the workshop was great and they felt very proud of Wheatsville and our accomplishments.
- Steven plans to attend a CBL 101 workshop later this year.

BOD Process, Goals, Calendar, etc.

- Process: Board discussed communications amongst directors and encouraged RMK to exercise her leadership. Committees would find it helpful if RMK would define the constraints, parameters, and expected deliverables so their work can be more directed.
- Goals: Board reviewed and reported on Board Goals created and presented by RMK. Goals were identified as follows:
 1. *Complete primary policy revision work*
 2. *Conduct successful audit including learning about implications of organizational growth*
 3. *Explore and answer some philosophical questions regarding Nominations work, including continued refinement of candidate recruitment process and development of a constant excellent candidate pool*
 4. *Work progressively toward a successful Fall Owner Gathering, including strategic learning preparation and post-event communication*
 5. *Ensure that GM monitoring reports are of adequate caliber/evolve as needed*
 6. *Develop additional 'Board infrastructure', including documentation and shared knowledge*

RMK noted that these are the goals for this year and we will measure our success at the end of the year.

- Calendar: A draft Board governance calendar was presented in packet and the Board briefly discussed its utilization.

FY2011 Board Budget

- Steven is working on the budget and will email it to the Board within next 10 days. The Board Budget will be on the April agenda for approval.

4. COMMITTEE WORK, PART 1

7:05 PM

Audit Committee

- Steven reported on last night's audit committee meeting. The committee recommends using Wegner, LLP, as CPA for the audit. Committee discussed questions for Wegner regarding



Board of Directors Meeting Minutes March 2010

specific transactions related mainly to renovations, systems, and human resources. Steven will send out summary from the meeting.

- Next steps include discussion of scope with operations, discussion of questions regarding scope with Wegner, and development of formal scope agreement. In addition to work related to conducting the FY2010 audit, the committee is charged with evaluating the future frequency of audits and evaluating the GM's request to have the audit be under operational rather than BOD purview in the future.

5. BREAK

7:17 PM

6. COMMITTEE WORK, PART II

7:25 PM

Nominations Committee

- Kate reported that the nominations committee met several weeks ago to work on the application packet for prospective Board members. The committee is developing the application packet to reflect the Board's goals and generate a highly-qualified pool of candidates.
- Revisions to the packet include communicating to applicants what they're taking on, inquiring about their expectations and availability, and collecting their overall qualifications.
- Board discussed elements of the draft application packet including comparison questions (including behavioral interview-type questions), resumes, references, and candidate qualifications. Suggestions from other co-op candidate searches were also shared.
- Committee will meet again and address some of the questions generated during this Board meeting. Dan requested an invitation to the next committee meeting.

Policy Committee

- Board celebrated the passage new Executive Limitations (D) policies in Consent Agenda, and progress toward the complete overhaul of policies.
- Board thanked Theron, Kitten and RMK for their hard work on these policies.
- Next task is revising the Ends (A) policies. The goal is to pass new policies at the May meeting so that Dan can monitor the new policies in June.
- Board discussed the concept of finding three key ideas, such as those developed previously by the Board (Benefitting Community, Promoting Cooperative Economics, and Transforming Society).
- Directors agreed to idea of simple broad statements of organizational priorities, and will each send suggestions to Lee for compilation and further discussion.

7. STRATEGIC LEARNING

8:01 PM

- Dan provided a hand-out of 8 talking points (plus one point added during the meeting) about the Wheatsville Investor Share Program:
 - 1) *In October/Nov. of 2005, we raised \$715,100 in investor shares from 161 owners through a share offering as authorized by our bylaws that were in effect at the time. Individual investments ranged from \$1,000 to \$41,000.*
 - 2) *Investor shares are considered EQUITY on the balance sheet per current law although they are similar to our loan LIABILITIES in that we have promised to repay them according to individual agreements. They are subordinated to our bank loan, but would have priority over member capital should the assets of the co-op have to be liquidated.*



Board of Directors Meeting Minutes March 2010

- 3) Each investment earns a 4% annual dividend return, and investments of at least \$10,000 are entitled to an additional 10% premium associated with the resale of the shares to the co-op (e.g. a \$10,000 investment will be repurchased for \$11,000)
- 4) Each individual agreement includes a "put date" – after which time shareholders have the right to sell their shares back to Wheatsville at face value (plus the 10% premium if applicable). Put dates ranged from 4 years to 7 years from the initial investment, with about ¼ of the investments maturing each year, from 2010 to 2013.
- 5) As of April 1, 2010, only one investor has requested that we repurchase his shares. \$2,000 was repaid to this shareholder, with Board approval. Most investors seem very satisfied keeping their money at Wheatsville earning 4% interest.
- 6) State and Federal laws generally require that offerings of securities must be registered, a complex and expensive process that would have been excessively burdensome for our situation. With legal counsel, Wheatsville's investor shares program was designed to meet statutory exemptions from these registration requirements by limiting sales to Wheatsville members who are Texas residents.
- 7) Although the 2005 offering is now closed, it would be possible for Wheatsville to authorize new offerings in the future, up to \$10 million per year under our current certificate of formation.
- 8) Even if future offerings are exempt from registration under securities laws, they must include extensive disclosure documentation describing potential risks for investors in order to avoid liability for fraudulent or negligent misrepresentation.
- 9) These are non-voting shares.

- Upon request, shareholders can request their premium be paid on or after their put date without exercising the put right (repurchase of shares). John Perkins noted that two premiums were accidentally paid out before their put date due to an accounting error.
- BoD discussed paying prorated dividends if a shareholder redeemed their shares mid-year (future action item).
- Board was advised that any additional questions regarding this program should be directed to Board, Dan, and John.

8. HOUSEKEEPING / CLOSING ITEMS

8:57 PM

- Need to reschedule April meeting for the first week of May because of scheduling conflicts.
- Dan is out last week of April. Steven is out May 10-June 14 and July 20-August 8.
- Board wants to elect Lee as Secretary in May.
- CCMA is this summer. More information will follow.
- Board agreed to share our policy monitoring results with Cooperative Development Services (CDS).
- Doug followed up with Matt Johnson about the Clean Energy endorsement. The City Council vote is scheduled to take place on April 22.

RMK moved to adjourn at **9:02 pm.**

ACTION ITEMS

- Dan and RMK will collaborate on distribution of BOD Resolution.



Board of Directors Meeting Minutes March 2010

- Steven to provide draft FY11 Board Budget to BOD by email for discussion in advance of packet deadline.
- Steven to host an event at his house that would combine a Tribes book discussion, Linkage discussion, Book club with the Board, and introducing Owners to the work of the Board. Prospective Board members will be invited.
- Directors will think about the Ends policies and three words that would reflect our Ends. Directors should send 3 ideas to Lee and he will post on the Board website. The Policy Committee will process all input by next meeting and present at the next Board meeting.
- Jennifer will send out information about rescheduling meeting dates.
- Doug will send follow-up email about Clean Energy endorsement to Board and Matt.