

Wheatsville Board of Directors

Monthly Minutes (Approved)

August 4, 2005

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

Absent: None

Also Present: Dan Gillotte, General Manager, and Shri Yannam, Rusty Jackson, and Marilyn Fowler, all potential board candidates for this fall's election.

Meeting was brought to order at 6:07 PM.

Agenda Items: Approve July minutes, Update on Expansion and Financing Program, discussing a possible patronage refund, approving staff bonuses, Membership Committee Update, GM, Staff, and Committee Reports, Monitoring policies D5, D10, and D11, discussing the Breeze newsletter, resolutions on a store audit, increasing the GM purchasing power to \$20K, and loaning \$5K to the River Valley Co-op, GM Evaluation (Executive Session), and board self-evaluation.

HOUSEKEEPING:

Announcements:

- Dan announced that WV will be playing Book People in softball at Krieg field next Wednesday the 10th.
- Dan's birthday is also next Wednesday the 10th.
- Bob reminded board members to turn in their report cards on participation. Bob will email everybody the point scale to go by.

Agenda Review:

- Bob decided to move the update on the expansion and financing program to the end of the meeting, right before the GM Evaluation, since this information is confidential and will need to be discussed in executive session. This allows our guests to stay until executive session.

Open Time:

- Shari noted her dissatisfaction with the shallow grocery carts, especially when carting around children. Dan said that those carts will be gone once the renovation is finished.
- Rose-Marie wondered if, since Johnny resigned his VP position, anyone needed to fill that position? Bob said that it wasn't necessary.
- The board made introductions with Rusty Jackson and Marilyn Fowler, who are both considering running for the board this fall. The board had already met Shri Yannam.

Approval of Minutes:

- Shri's last name was provided for accuracy.
- Changes were made in the language of the section entitled "Renovation, Lease Negotiation, and Fundraising" to improve accuracy
- Changes were made in the language of the section on Approving the Budget for FY 2005-06 to improve accuracy, especially in relation to the staff bonus Dan requested from the board.
- Language was changed in the section discussing Wheatsville's growing business relationship with UFCU, especially in terms of a possible Wheatsville/UFCU location in South Austin in the future.
- Shari moved to approve the minutes. David seconded. The motion passed 7-0-1.

GOVERNANCE:

Patronage Refund 6:20 PM

- Dan opened the discussion by saying that along with our good profits last year are higher taxes. He asked our accountant what could be done to reduce our tax burden, and the accountant came back with a recommendation for a patronage refund.
- This is one of the benefits given to co-ops by the government. We can declare patronage dividends to reduce our taxes. Basically, if we gave a \$200K patronage refund, we'd be required by law to pay out 20%. 80% can be retained for our use, and retained patronage counts as equity. This 80% technically belongs to the member-owners, but we can hold on to it indefinitely.
- Dan noted that there is no board policy on this subject yet, and he would email us more information on it, including some pros and cons, since it is a complicated matter. Dan hoped we could vote on it in September.
- Dan briefly talked about eligibility for this program. Are orange card members eligible? Green? Dan will write up scenarios on several different plans based on eligibility and deliver a recommendation via email.
- We can do this for years after or not. The board must decide via policy. Bob noted that once our non-member surcharge goes away, patronage would be a great perk to membership.
- Dan did mention that this retained patronage could not be considered part of the sum raised in our member investment drive

Staff Bonuses 6:30 PM

- Last month Dan requested a \$30K bonus to give out to his staff. If approved, it would bring the total amount of bonuses for the year to \$44K.
- Jimmy moved to accept the proposal. Bob seconded. Motion passed 9-0-0.

Membership Committee Update 6:37 PM

- Rose-Marie discussed the recent membership committee meeting. She noted that the committee members first discussed the role of the committee. They defined the role as finding ways to increase member-owner participation. She noted such possible avenues as: board coffees, having board members write articles for the Breeze, live music on the patio, cooking classes and raw food instructional classes, speakers, and a benefit concert.
- The committee thought that since it would be Wheatsville's 30th birthday next spring, that the Spring Member Gathering would be a great time to do a big event. Perhaps a benefit

concert for a specific cause in expansion such as solar panels. For the fall member gathering in October, we'd do something small.

- Shari said that she likes talking about roles for committees, and was glad that the membership committee was doing that. However, the policy committee had been talking some about committees and how committees work on other boards, and thinks that the board should direct committees on specific things. Thus, she thinks the board should direct the membership committee to plan the Fall gathering and Spring party.
- Johnny added that things such as vision are more whole-board, and that committees should be assigned specific and focused things under direction from the whole-board.
- It was decided that this is a policy discussion and can be discussed at the special meeting next Thursday.
- Bob asked if we had missed the Breeze deadline for announcing the Fall Member gathering.
- Dan said we could do a postcard/invitation thing by mail if we cannot do an ad in the Breeze.
- Jimmy thought that a time and place would be enough to put in the Breeze. He recommended we delegate to the membership committee to come up with a time and place for the Fall Member gathering by the Breeze deadline in about 10 days.

GM, Staff, and Other Committee Reports 7:00 PM

- Neither Johnny nor Ryan had anything to report. Shari queried as to whether staff reports were to be written. Johnny replied that he thought that was something talked about but never voted on. Shari moved that staff reports must be written. Jane seconded. Motion passed 9-0-0.
- Dan apologized for the GM report, saying he wrote it in the dark due to a power outage. The board thanked Dan for the report, and had no further comments.
- Jane reported for the Nominations Committee. She said that she handed out packets to 3 potential board nominees and one staff rep nominee.
- Jane moved to requested from Dan the 2 busiest days of the month and the busiest time of day so that the nominations committee could put a booth out during the election. Shari seconded the motion, and it passed 9-0-0.
- The board briefly discussed next month's meeting, and discovered that several people would not be able to make the meeting on the 1st of the month. The board decided to move the meeting to the 8th of the month.

Monitoring Policies 7:07 PM

Monitoring Policy D5

- Jane asked if this policy could be numbered for easier reading.
- Jane also noted in the last section that Dan answered "done" on having an external review, but the board hasn't yet seen an external review. Dan replied that it would be coming in September.
- Some items in the policy were questioned from a policy governance and readability standpoint. Shari said that the Finance committee will need to review, redo, and/or revise policies D4, D5, and D6 because they deal with things of a financial nature. Jimmy noted this.
- Jane moved to approve policy D5. Shari seconded. It passed 9-0-0.

Monitoring Policy D10

- Dan suggested making a change in D10.10 in his reporting on the policy. This suggestion is being noted in the minutes so the policy can be looked at in the future.

- Dan noted that he has the demographic information on a nice chart but he left it at Wheatsville accidentally. He will leave it in our boxes.
- Shari noted that D10.4 will be discussed (regarding the content criteria for the Breeze) at the policy meeting next Thursday.
- The board noted a needed change in D10.2 to mirror the new member-worker program. This is also noted in the minutes so it can be looked at in the future.
- Shari suggested someone keep a log of changes we want to make to the policy.
- Jane questioned Dan on D10.5. This is important. Why is it taking so long to be completed? Ryan noted that this has improved greatly in the past year. Brian Lawhorn and John have been working on this and made great strides. Dan added that most of the reason why this hasn't been completed is that member-owners are not diligent about reporting changed and new addresses.
- Jane requested that D10 be approved next meeting. This would provide time for Jane to email everyone her thoughts on the policy and then we'd approve them. This was a time-cutting procedure because the board wanted to spend as much time as possible on the GM evaluation.

Breeze Newsletter 7:30 PM

- Although this will be discussed from a policy perspective next meeting, the board wanted to discuss some issues they've had with the Breeze.
- Johnny noted that both Johnny and Jane have submitted articles for the last two issues that did not get in. Johnny also vocalized some discontent with the content and editing in the Breeze.
- As per the first complaint, Dan apologized for it and said that the board should email all articles to Dan, and he will give them to Aldia so he can be sure they'll get in.

Resolutions 7:34 PM

- Resolution on Store Audit and GM Purchasing Power
- Jane introduced a motion to amend Policy D5 so that item 13 regarding the limit the GM can spend without board approval could be increased from \$5K to \$20K. Also, the final paragraph would be amended to add a written external audit every five years, beginning in FY 2005.
- As for the second part, Dan wondered if Jane meant to say FY 2005, since it just ended.
- Jane responded that it was intentional. She thought having it on years 05, 10, 15 etc. would be convenient, and that it would be a good way to gauge how the co-op was doing before renovation, and then after.
- Jimmy thought a compromise could be in order, so that an audit was done in 06, and then from there it went on years 2010, 2015, etc.
- Shari noted that it should say "a written external audit will be conducted at least every 5 years" so we had the option to add if we wanted.
- Jane withdrew the motion to discuss at a later date.

Resolution to Loan the River Valley Co-op \$5K

- Jane had supplied the board with information on this prior to the meeting, but expounded on it a little bit more for our benefit. She noted that there is no store yet, so they have no sales revenue.
- Shari felt behind the idea of helping other co-ops, but wondered if it was a good time?
- Johnny felt in favor of helping them, even if it were less money.
- Colin felt stuck between the two, but thought he would err on the side of being conservative if he had to. Ryan agreed.
- Jimmy said it wasn't a good time for this.

- Rose-Marie wanted to hear from Dan on this, and also noted that we could offer \$1K, (since they need \$6K more to meet their goal).
- Dan said that he was initially behind the idea, but now that we're on the path to renovation and expansion, we don't know what will happen next and might need all the cash we have to pull it off. Thus he feels its not a good time.
- Colin and Johnny noted that they'd support the resolution if \$5K was changed to \$1K. Jimmy and Shari said they couldn't support it at all.
- Jimmy moved to table the motion. Shari seconded. Motion to table passed 6-1-2.

Expansion & Renovation Update and GM Evaluation 8:01 PM

- Colin moved that the board go into executive session to discuss these two topics. Bob seconded. Motion passed 9-0-0. No records were kept during executive session.
- Executive session ended at 9:32 PM.

Board Self-Evaluation 9:32 PM

Plusses:

- 3 nominees were here
- We accomplished a lot
- The evaluation was efficient. We did it in one hour.

Minuses:

- There were a lot of interruptions.

Colin moved to adjourn the meeting. Rose-Marie seconded it. Meeting adjourned at 9:35 PM