

**Wheatsville Board of Directors
September Meeting Agenda
Tuesday, September 28, 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 |
| 6:10pm | AGENDA REVIEW 2. CONSENT AGENDA: August meeting minutes B8 – Governance Investment GM Report | DISCUSS VOTE |
| 6:15pm (15 min) (15 min) (15 min) | 3. POLICY WORK D5 – Treatment of Customers D.8.1. – Communication and Counsel to the Board Ends Policy | VOTE VOTE VOTE |
| 7:00pm (20 min) (5 min) (5 min) | 4. GOVERNANCE/COMMITTEE WORK, PART I Fall Owner Gathering Committee Nominations Committee Policy Committee | VOTE DISCUSS VOTE |
| 7 :30pm | BREAK | |
| 7 :40pm (50 min) | 6. STRATEGIC LEARNING Finances at the Board Level | DISCUSS |
| 8 :30pm (5 min) (3 min) (5 min) (2 min) (5 min) (5 min) | 7. GOVERNANCE/COMMITTEE WORK, PART II Follow Up on Annual Report Discussion Allocation and Distribution of Net Savings Investor Share Redemption Request End of Year Financials Audit Committee Review Committee | DISCUSS VOTE VOTE VOTE VOTE DISCUSS |
| 8 :55PM | 8. HOUSEKEEPING/CLOSING ITEMS | |
| 9:00pm | ADJOURN | |

Benefitting Community * Promoting Cooperative Economics * Transforming Society



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

Also Present: Dan Gillotte, *General Manager*; John Perkins, *Finance Manager*; Merilee Kuchon (minutes taker); Mark Wochner (*board candidate*).

Absent: Rose Marie Klee, *President*; Aditya Rustgi.

Call to Order

6:00 PM

In RMK's absence, Steven Tomlinson led the meeting.

1. OPEN TIME

Mark Wochner, of Black Star Co-op, reported briefly on Black Star's successful opening week.

Lee and Steven shared information about their individual meetings with RMK about our [the Board's] responsibility to support the Board President. Directors discussed ways to align the expectations of the Board with each individual's time and resources.

Agenda Review

6:11 PM

The Ends Policy agenda item was pulled, because Dan did not complete revisions on the Ends Policy Report.

2. CONSENT AGENDA

- August meeting minutes
- B8 – Governance Investment
- GM Report

--Kate moved to approve the items on the consent agenda. Lee seconded the motion. Motion passed 6-0-0.

3. POLICY WORK

6:15 PM

D5 – Treatment of Customers

- Dan's report shows compliance. Although the data involved with this policy are more difficult to quantify [compared to the previous version of this policy], he likes the new policy.
- The Board raised several points relating to the need for quantitative data, the frequency and effectiveness of different customer communication avenues (Facebook, Twitter, etc.),



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inclusion of food and safety inspections, examples of good and bad customer feedback, and other ways to improve reporting.

--Doug moved to accept Dan's report. Kitten seconded the motion. Motion passed 6-0-0.

D.8.1. – Communication and Counsel to the Board

- The version of the D.8.1 monitoring report present in this month's Board packet was lacking an operational definition.
- Dan reported compliance with the policy; however, it is the Board's impression that RMK thinks that the Board needs additional administrative support.
- The Board discussed this policy and how the monthly monitoring report for this policy has not been adequately addressed. The Board believes that Dan and RMK need to meet to determine what additional administrative support is required.
- The Board agreed to hold a work session to discuss ways to facilitate the Board's work in a manner that does not require excessive hours for RMK. It is the wish of the Board that this meeting take place following an initial meeting between RMK and Dan.

--Kitten moved to *not* accept D.8.1. Kate seconded the motion. Motion passed 5-1-0.

4. GOVERNANCE / COMMITTEE WORK PART I

6:57 PM

Fall Owner Gathering Committee

- Kate reported on the progress of the Fall Owner Gathering planning. The date is set for Wednesday, October 27, 2010, and the proposed theme is *Cooperation amongst coops and building a robust cooperative economy*. Dan is working on confirming a venue. The total budget is \$1,000. The Board decided against having a ticket/RSVP system.
- A panel session, consisting of coop gurus from various sectors, will occur from 8:15-9:00pm. The Board discussed possible panel members including Walden Swanson (confirmed) and other potential members including: Dan, a Black Star representative, Third Coast Workers Co-op, UFCU, John Hamlin with REI, Brian Donovan with ICC, Kelsey with A+ Credit Union, and an Organic Valley representative. Directors divided the work of asking these folks for their participation in the panel.

Nominations Committee

- The Board commended the committee for recruiting such great Board candidates.

Policy Committee

- The Board agreed to dissolve this committee because it has fulfilled the obligations set forth in its charter.



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--Kate moved to dissolve the policy committee. Lee seconded the motion. Motion passed 6-0-0.

5. BREAK

7:27 PM

6. STRATEGIC LEARNING

7:37 PM

Finances at the Board Level

- The Board discussed the audit information presented in the Board packet. Points of interest included:
 - The corrected and uncorrected misstatements section: the "misstatements" refer to the initial estimates of some values in the preliminary financial statements used in the iterative process by which profit and owner distributions are calculated for the final versions of the financials -- and do not represent "errors" on the part of Wheatsville's accounting team.
 - Disaster recovery plan: there is a new safety committee at WV, and a plan will be built in the next several months.
 - The Board commented on the positive trends in net income and sales.

7. GOVERNANCE / COMMITTEE WORK PART II

8:00 PM

Follow Up on Annual Report Discussion

- The Board discussed the two versions of the Annual Report. One is prepared by the Audit Committee as a detailed annual report for the Fall Owner Gathering; the other is a more narrative financial report/article in the Breeze. John clarified that all the financial numbers are the same in both reports; the only difference is presentation and format.
- Dan and Board members agreed to write segments on the new Ends policies (Dan), an Ownership Report (Gabe), opening a second store (Dan), patronage dividends (Kate), the store's growth spurt (Steven), a summary of the Fall Owner Gathering (Doug/Lee), and overall finances (Dan/John). The Board wishes to highlight that Wheatsville is growing the cooperative economy and making a difference!

Allocation and Distribution of Net Savings

- John announced that Operations decided on a minimum patronage payout of \$2.50. This cut-off means that \$92,947.57 will be allocated to eligible owners.

--Theron moved to accept the allocation. Doug seconded the motion. Motion passed 6-0-0.

Investor Share Redemption Request



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- The Board discussed the Investor share redemption request and decided that it would be optimal to resell the shares

--Kate moved to authorize the transfer of shares evidenced by Certificates 001 and 132 to any other existing shareholder on or before October 31, 2010. The Board authorizes management to repurchase any shares that have not been transferred to another eligible shareholder after that date. Kitten seconded the motion. Motion passed 6-0-0.

End of Year Financials

--Theron moved to accept Wheatsville Co-op Financial Statements FYE 5-31-10. Steven seconded the motion. Motion passed 6-0-0.

Audit Committee

- No further discussion.

--Kitten moves to accept audit, Steven seconded the motion. Motion passed 6-0-0.

--Steven moved to have the Board direct Dan to bring a response to the November board meeting responding to deficiencies in internal control identified by Wegner in their Communication of Internal Control-related and other matters, as attached to the audit report. Lee seconded the motion. Motion passed 6-0-0.

--Steven moved to dissolve audit committee. Lee seconded the motion. Motion passed 6-0-0.

Review Committee

- Steven is waiting for John and Gabriel to put the WV Annual Financial Condition Report FYE10 together by next week; then, the review committee will look through it.

8. HOUSEKEEPING / CLOSING ITEMS

8:39 PM

- The Board commended Steven for doing a great job at facilitating the meeting.
- Time flexibility was liked by all, although certain items moved fast.

Steven moved to adjourn at **8:44pm**.

ACTION ITEMS

- Dan will work on fixing D.8.1 interpretation for next report.



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- Kitten will schedule a work session concerning the redistribution of the Board's workload.

Re: **Fall Owner Gathering Committee**

- Steven will ask John Hamlin (REI national board) to participate in the panel session.
- Dan will ask an Organic Valley representative to participate on the panel.
- Dan will finalize venue.

Re: **Follow Up on Annual Report Discussion**

- Dan will write his regular financial piece for the Breeze.
- Steven will write a translation/summary from Review Committee about the Audit/WV growth spurt, a sidebar to Dan's piece.
- John will proofread and edit these two financial articles before publication.
- Dan will write an article on Ends for the Breeze.
- Dan will do a teaser piece re: second store – what does WV look like in the future?
- Doug & Lee will work on turning FOG into a Breeze article.
- Kate will write an article on patronage dividends.
- Dan will ask Gabe to write an Ownership report for the Breeze. The article will include the new membership stats.

Re: **Review Committee**

- John and Gabriel will put together the WV Annual Financial Condition Report FYE10.
- When that report is ready, the Review Committee will meet.

WHEATSVILLE CO-OP

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

BOARD OF DIRECTORS

September 28, 2010

Distribution of Net Savings for Fiscal Year Ending May 31, 2010

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 May 31, 2010 was \$147,342.06, and the surplus of total assets over total liabilities was \$2,619,432; and

Whereas the CPA firm of Wegner LLP conducted an audit of Wheatsville's balance sheet and related statements of income, owners' equity, and cash flows for the fiscal year ending May 31, 2010 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 May 31, 2010:

1. \$28,567.20 shall be distributed to investor shareholders as dividends for the fiscal year ending May 31, 2010, as provided in the individual shareholder agreements.
2. \$25,827.29 shall be allocated to retained earnings.
3. \$92,947.57 shall be allocated to eligible owner patrons as proposed by management, with 40% (\$37,179.03) to be distributed in cash and 60% (\$55,768.54) 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: _____

Certified by: _____ Title: _____ Date: _____