

**Wheatsville Board of Directors
November Meeting Agenda
Tuesday, December 14, 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: October meeting minutes B (global) – Board Governance Commitment GM Report | DISCUSS VOTE |
| 6:15pm | 3. POLICY/COMMITTEE WORK | |
| (10 min) | D7 – Communication to the Board | VOTE |
| (15 min) | GM Follow-up on Audit Recommendations | VOTE |
| (14 min) | Frequency of Audits | VOTE |
| (1 min) | Review Committee | VOTE |
| (5 min) | Co-op Think Tank Committee | VOTE |
| (5 min) | Nominations Committee | VOTE |
| (10 min) | Fall Owner Gathering Committee | VOTE |
| 7:15pm | 4. GOVERNANCE, PART I | |
| (4 min) | Ratify Election Results | VOTE |
| (4 min) | Investor Share Redemption | VOTE |
| (2 min) | 401K Resolution | VOTE |
| 7 :25pm | 5. BREAK | |
| 7:35pm | 6. GOVERNANCE, PART II | |
| (25 min) | Board Self-evaluation Results and 2010 Goals | DISCUSS |
| (10 min) | Board Self-led Orientation and Retreat | DISCUSS |
| (25 min) | Board Access to Owner Communication Tools | DISCUSS |
| (10 min) | Diversity Discussion Follow-up | DISCUSS |
| (0 min) | Bylaws Study | N/A |
| 8 :45PM | 7. ***EXECUTIVE SESSION due to Confidential Personnel Matter*** | |
| (10 min) | GM Compensation – Employer Health Insurance Contribution | DISCUSS |
| (1 min) | Open Session for any Board Action | VOTE |
| 9:00pm | ADJOURN | |

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

Also Present: Dan Gillotte, *General Manager* (6:02-7:50; 8:20-8:51); John Perkins, *Finance Manager* (6:01-7:50; 8:11-8:51); Jennifer Lueckemeyer, *Board Admin Assistant*; Reyna Bishop (6:04-8:38), *Elected (2011) Board Member*, Mark Wochner (6:01-8:38), *Elected (2011) Board Member*.

Absent: none

Call to Order

6:01 PM

1. OPEN TIME

RMK reminded everyone that the new Board directors (Rose Marie, Stephen, Mark, and Reyna) will be seated at the December/January meeting.

Agenda Review

6:11 PM

The Section 3 discussion was reduced by a few minutes; that time was added to the investor share discussion.

2. CONSENT AGENDA

- October meeting minutes
- B (global) – Board Governance Commitment
- GM Report

--Lee moved to approve the items on the consent agenda. Adi seconded the motion.
Motion passed 8-0-0.

3. POLICY WORK

6:15 PM

D7 – Communication to the Board

- The Board discussed the monitoring report and gave feedback to Dan's inquiries regarding how to demonstrate compliance on D.7.1 and D.7.2. The Board suggested the use of a summary table describing report deadlines and policy non-compliance.

--Kate moved to accept the D7 monitoring report. Doug seconded the motion. Motion passed 8-0-0.

GM Follow-up on Audit Recommendations



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- Steven reported that as part of the audit, Bruce Mayer, the auditor, made several recommendations regarding Wheatsville's internal controls. None of the comments suggest negligence but instead were simply recommendations for Wheatsville to consider, especially as the store continues to grow.
- The staff responded to these recommendations in a written Internal Controls Report memo to the Board. The Board reviewed these recommendations and identified specific areas that needed more attention:
 - The Board was satisfied with staff's responses and plans of action for the following items: Provide Oversight of the Financial Reporting Process, Consider Obtaining Fixed Asset Software, and Consider Banking Products to Reduce Fraud Risks.
 - The Board wants a proposed timeline, with benchmark dates, for these items: Bank Statement Review, Expand Internal Audit Procedures, Review Bank Reconciliations to Determine Treatment of Outstanding Items.
 - The Board would like to see a plan for completing the Disaster Recovery Plan document, including a timeline and the important milestones.

Frequency of Audits

- The Board discussed whether or not Wheatsville needs to conduct a full audit annually, and determined that the Review Committee should be charged with further exploration.

Review Committee

--Steven moved that the Review Committee meet and frame the decision about the Board's responsibility with respect to conducting reviews and audits. The Review Committee will bring their recommendations to the Board at the December/January meeting. RMK seconded the motion. Motion passed 8-0-0.

Co-op Think Tank Committee

- Although the Co-op Think Tank is not officially affiliated with the Wheatsville Board, many Board members are directly involved and the purpose of the group directly meets our Ends policy of growing the Co-operative economy.
- The Board discussed the possibility of forming a Think Tank Committee and decided to postpone the decision until all other goals and priorities are identified during the Board Retreat.

Nominations Committee

- The Board thanked Kate for her great work as the Chair of the Nominations Committee – the vote went smoothly and the Owners elected some great Directors.



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- The Board reflected on the nominations and election processes concluding that the process has improved greatly, and next time we want to get more total votes.
- The Nominations Committee is the Board's only perpetual committee and as such, the Board needs to decide on the next tasks for the committee. The Nominations Committee will meet and present their recommendations for the committee's next steps.

Fall Owner Gathering Committee

- The Board thanked Kate for her hard work as the Chair of the Fall Owner Gathering Committee. The Fall Owner Gathering was a huge success!
- The Board discussed what we liked best: having the founders in attendance; hearing the history of Co-ops in Austin; encouraging to see what young hippies grow up to be; slide show; amazing; listening to Walden!; lots of forethought and good planning; hearing stories and seeing nods of corroboration; part of continuum; panel was brilliant!
- Next time: want more people there; want it to be educational AND fun; want more owner to owner interaction; combine panel with break-out sessions; set date and location earlier; and be more thoughtful about the special invitation list.
- The Board discussed additional follow-up: how the stories and recording captured could be preserved, shared, used in the future. This discussion will be continued at subsequent meetings.

4. GOVERNANCE, PART I

7:32 PM

Certify Election Results

- The Board concluded the election last week and announced the results.
- Lee will make list of lessons learned. This document will be available before the December/January meeting.

--RMK moved to certify the results for the election that concluded last week. Lee seconded the motion. Motion passed 8-0-0.

Investor Share Redemption

- FYE dividends and Form 1099-DIV were sent out recently to our investors and thus more redemption requests are expected. After conferring with our lawyer, John suggested that rather than acting as a broker, Wheatsville can repurchase shares, hold them in treasury, and then re-issue them.
- Operations made a recommendation that instead of the Board approving each redemption request individually, the Board could establish a period of during which repurchase of shares would be pre-authorized.



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--Steven motioned as follows: Wheatsville Co-op is hereby authorized to repurchase any outstanding investor shares previously issued by Wheatsville (the “shares”) (a) that have reached the “Put Date” described in the subscription agreement regarding the shares, and (b) for which the holder of such Shares has requested repurchase by the Co-operative, up to a maximum of \$100,000 in total, with the understanding that this total may be reduced if the Co-op is placed in financial jeopardy. This authorization shall be effective until the December/January Board meeting, or until earlier amended or revoked by the Board. Motion passed 7-0-1.

401K Resolution

--RMK moved to adopt the 401(k) resolution as contained in the Board packet with the change in name to Wheatsville Co-op. Kitten seconded the motion. Motion passed 8-0-0.

5. BREAK

7:50 PM

6. GOVERNANCE, PART II

7:57 PM

Board Self-evaluation Results and 2010 Goals

- RMK stated that this has been an amazing year and the Board Self-Evaluation results show it!
- Several items were at 4.9 or 5.0 with the lowest scores at 4.3 out of 5.
- RMK noted that she and a previous Board Director developed the evaluation a few years ago and we might want to review it next year to ensure that it tracks our revised policies.
- The Board discussed the lower scoring items including: #3 the Board actively solicits member input on decisions that affect the long-term direction of The Co-op (such as through meetings, surveys, or focus groups); #5 the Board continues to develop its capacity for linkage with member/owners scored low; #22 an annual calendar of Board activities and key decisions is established and followed; #29 the Board regularly evaluates its direction, goals, effectiveness, and accomplishments; and #38 all Board members are able to read financial statements and understand basic trends.
- Suggestions for improvement include: revisiting the Statement of Agreement mid-year; state any conflicts of interest at the beginning of every meeting; moving important items (*i.e.*, executive session) to the beginning of the meeting while everyone is fresh; having more time to review the Board packet before the meeting; and having email discussion beforehand to help facilitate the meetings.
- The Board reflected on the 2010 Board goals including how we did and how we might improve next year.

Board Self-led Orientation and Retreat



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- RMK reviewed the components of the Board Orientation and the Board Retreat. The Board Orientation is scheduled for January 2011; the Retreat is scheduled for late February / early March.

Board Access to Owner Communication Tools

- This item was tabled due to time constraints.

Diversity Discussion Follow-up

- This item was tabled due to time constraints.

7. GM Compensation (EXECUTIVE SESSION)

The Board entered into executive session, including Dan, John, and Jennifer, at 8:38pm.

At 8:51pm, John and Dan left the executive session.

The Board came out of executive session at 9:02pm.

--RMK moved that we provide straight compensation to Dan in the amount incorrectly deducted from his paycheck based on the previous health benefit provision in his employment agreement. Steven seconded the motion. Motion passed 7-0-1.

RMK moved to adjourn at **9:04pm**.

ACTION ITEMS

- Dan will upload video of the Fall Owner Gathering to the Board's google website.
- RMK and Jennifer will coordinate the scheduling of the Orientation, December/January meeting, and the Board Retreat.
- Lee will make list of lessons learned during the election process.
- Audit, Review, and Nominations Committees will also document lessons learned and future action items.