

**Wheatsville Board of Directors  
December/January Meeting Agenda  
Tuesday, January 25, 2011**

6:00 – 9:00 pm @ Wheatsville meeting room,  
3105 Guadalupe



**TIME TOPIC ACTION**

6:00pm	<b>1. OPEN TIME</b> – for VW Owners to present any topic to the board	LISTEN
6:10pm	<b>2. AGENDA REVIEW</b>	DISCUSS
6:15pm	<b>3. POLICY GOVERNANCE, PART I</b> Meeting Procedures	DISCUSS
6:25pm	<b>4. CONSENT AGENDA:</b> November Meeting Minutes B1 – Governing Style 2nd Quarter Financials GM Report	VOTE
6:30pm (5 min) (15 min) (5 min)	<b>5. POLICY GOVERNANCE, PART II D</b> (Global Policy) – Executive Limitations D1 – Financial Condition and Activities Investor Share Redemption	VOTE VOTE VOTE
6:55pm (5 min) (5 min) (20 min) (5 min)	<b>6. GOVERNANCE/COMMITTEE WORK</b> Audit Follow-up Audit Committee Nominations Committee Farewell to Outgoing Director Install 2011 Board, Election of Officers	VOTE VOTE VOTE DISCUSS VOTE
7 :35pm	<b>7. BREAK</b>	
7:45pm (40 min) (5 min)	<b>8. ***EXECUTIVE SESSION due to Confidential Personnel Matter***</b> GM Compensation Open Session for any Board Action	DISCUSS VOTE
8 :30PM (20 min) (10 min)	<b>9. STRATEGIC LEARNING</b> Introduction to Strategic Learning Board Retreat	DISCUSS DISCUSS
9:00pm	<b>ADJOURN</b>	

Benefitting Community \* Promoting Cooperative Economics \* Transforming Society



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Present: Rose Marie Klee, *President*; Lee Blaney, *Secretary*; Steven Tomlinson, *Treasurer*; Theron Beaudreau; Aditya Rustgi; Kate Vickery; Kitten Holloway (6:04-9:00); Reyna Bishop; Mark Wochner; and Doug Addison.

Also Present: Dan Gillotte, *General Manager*; John Perkins, *Finance Manager*; Jennifer Lueckemeyer, *Board Admin Assistant*.

Absent: none

**Call to Order**

**6:00 PM**

## **1. OPEN TIME**

- The Board is expecting to see a Breeze article soon about the product vetting process discussed at the August 2010 meeting.
- Mark shared a co-op think tank update with the Board: he has been inquiring about the possibility of forming a City of Austin Commission focused on cooperative economics. He will update everyone when new information is available.

**6:10 PM**

The Strategic Learning discussion was reduced by a few minutes to add time immediately after the consent agenda for Dan to speak about the store's record-breaking week.

**6:15 PM**

### **Meeting procedures**

- RMK reviewed important items about meeting procedures including the Board's use of a relaxed form of Robert's Rules of Order, voting procedures, reasons for abstaining from a vote, honoring time keeping, plenary-worthy discussion, majority-rules Board, agenda revisions, purpose and guidelines for consent agenda, and "accept" vs. "approve."



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**6:25 PM**

- November Meeting Minutes
- B1 – Governing Style
- 2nd Quarter Financials
- GM Report

--November meeting minutes pulled from consent agenda. --Steven moved to approve the remaining items on the consent agenda. Kate seconded the motion. Motion passed 7-0-1.

The November meeting minutes were pulled from the Consent Agenda to discuss clarity of investor share redemption record. John proposed revisions needed and Board decided that Admin Assistant should work with John to incorporate as proposed.

RMK moved to approve the November minutes as amended by John. Kate seconded the motion. Motion passed 7-0-1.

Dan reported that the store had a very successful week last week. In addition, 43 general managers from the National Cooperative Grocers Association (NCGA) came to Wheatsville last week and worked specifically on three items: 1) open book finance, 2) marketing/branding, and 3) the deli department. The feedback was very positive.

## **5. POLICY GOVERNANCE, PART II 6:39 PM**

### **D (Global Policy) – Executive Limitations**

- The Board commended Dan for the improvement in the Executive Limitations monitoring reports over the past year.
- RMK recommended that Kate take on responsibility of being the resident Policy Governance expert this year. Board agreed.

-- Kitten moved to accept the D Global monitoring report. Steven seconded the motion. Motion passed 7-0-1.

### **D1 – Financial Condition and Activities**

- The Board praised Dan on the improvement of quality in these reports and discussed the GM interpretation and supporting data provided.



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- Dan discussed the comparison metrics to other businesses, business liquidity, etc.

--Doug moved to accept the D1 policy monitoring report. Lee seconded the motion. Motion passed 6-0-2.

## **Investor Share Redemption**

- Staff noted that Investor Share Resolution language was crafted based on legal counsel regarding what is advisable and permissible for Wheatsville to do with investments in the current Investor Share offering.
- The Board discussed how it would provide oversight if operations is granted wide latitude to manage the program on behalf of the Board. Staff noted that the Investor Shares Activity Summary now included in the Monthly Operations Report will assist with this area of Board accountability.
- RMK expressed concern that while staff has Executive Limitations policy requirements and has reliably performed duties admirably, there may not be justification for suddenly transferring this breadth of authority. RMK recognized that Board overall did not concur and called for a vote.

--Steven moved to accept the resolution with the amendment that the second paragraph should say "authorized to repurchase any outstanding investor shares issued by Wheatsville as of the date of this resolution". Adi seconded the motion. Motion passed 5-1-2. RMK noted for the record that she voted against the resolution.

## **6. GOVERNANCE/COMMITTEE WORK 7:38 PM**

### **Audit Committee**

- The Audit Committee met on January 14 to consider the frequency of audits. The committee recommends that a financial review be completed in 2011 and a financial audit in 2012 and every 2 years thereafter. However, if Wheatsville pursues financing before fall 2012 for the addition of a second store, the committee will review this recommendation and report back to the Board.

--Steven moved to revise policy B.2.5.1 to read "A financial audit will be conducted in 2012 and at least every other year thereafter". RMK seconded the motion. Motion passed 8-0-0.



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## **Audit Follow-up**

- Board discussed management's proposed timeline and plan for responding to FY10 audit recommendations.
- Per standard committee protocol, RMK requested a lessons learned document from the Audit committee.

--Steven moved to accept the report on internal controls communications and requests that Operations report on internal audit procedures and bank statement review at the April board meeting and on the disaster recovery plan at the June board meeting. Adi seconded the motion. Motion passed 8-0-0.

## **Nominations Committee**

- The Nominations Committee met last Thursday and updated the calendar for the upcoming year. The committee proposed that their next task should be to compile a lessons learned document about the 2010 nomination and election process and to create a first draft of the Procedures for Recruitment, Orientation and Training document identified in Policy B.2.3.1.
- The current committee is composed of Kate (committee chair), Steven, and Doug. Kate invited everyone to join the nominations committee and announced that the next meeting is on Tuesday, February 15 at 8:00am.

--Kate moved that the Board accept the Nominations Committee proposal to document the lessons learned from the 2010 election and that they process and draft the Procedures for Recruitment, Orientation and Training document by the end of April. RMK seconded the motion. Motion passed 8-0-0.

## **Farewell to Outgoing Director**

- This is Adi's last meeting and the Board gave him a fond farewell and showered him with accolades:
  - Adi asks great financial questions; he is mild tempered and brings down the adrenaline levels in the room; his weird sense of humor is awesome. Theron fondly remembered Adi as the guy who came into the store every day for breakfast tacos and responded positively when asked to join the Board! Adi's a very competent and intelligent board member and all around good guy. The Board appreciates Adi's wisdom and experience and acknowledges that he has brought to the Board a new level of business expertise. As



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secretary, Adi was always diligent to show up and sign official documents.

- We loved having Adi on the Board and it was a treasure getting to know him. We always count on Adi and wisdom he provides. Adi displays courage and bravery in being piercing and insightful. Adi has a great ability to sum things up the meetings and get to the nugget of the issue plus he was always fun at Coffee with the Board!
- Adi was quickly engaged – he moved near Wheatsville and shortly thereafter became a board member. It has been so enlightening to work side by side with Adi and he never acted like he was aggravated by all the questions asked of him! Adi's active silence is admirable. One of the most enlightening things that Adi ever said: if you don't have something that is going to add substance to the conversation, don't bother saying it.
- Adi was humbled by all of the comments and said that Wheatsville will always be special to him. It's been eye opening to see the growth and prosperity that the store has undergone. RMK's kindness and mentorship has been tremendous and she really defined what it means to be a responsible board member. Adi's proud of his affiliation.

## **Install 2011 Board, Election of Officers**

- RMK stated “as 2010 President of the Wheatsville Board of Directors, I would like to hearby acknowledge the election and seating of the 2011 Wheatsville Board of Directors which consists of Theron Beaudreau, Steven Tomlinson, Kate Vickery, Kitten Holloway, Mark Wochner, Doug Addison, Reyna Bishop, Lee Blaney and Rose Marie Klee.
- RMK noted that Board had discussed officer positions at the January orientation session and asked if there were any other nominations.

--Doug moved to elect Lee Blaney as Secretary, Steven Tomlinson as Treasurer and Rose Marie Klee as President. Kitten seconded the motion. Motion passed 8-0-1.



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## 7. GM EVALUATION (EXECUTIVE SESSION) 8:20 PM

The Board entered into executive session, including Jennifer and Adi, at 8:20 PM.

The Board came out of executive session at 8:55 PM.

### Board Retreat

- RMK solicited ideas for locations for the Board retreat.

RMK moved to adjourn at **9:00pm**.

## ACTION ITEMS

- Directors to send RMK thoughts about Board orientation session for upcoming Breeze article. [all]
- Directors should send reimbursement requests to Dan and Steven, as Board Treasurer. Directors should let Steven know of any anticipated expenses which should be included in the FY2012 Board budget. [all]
- Board members interested in joining the Nominations Committee should contact Kate.
- Audit committee to compile 2010 lessons learned document. [Steven]
- Provide ideas for Board retreat location to RMK. [all]
- Update policy register to change Policy B.2.5.1 to read "A financial audit will be conducted in 2012 and at least every other year thereafter." [Lee]

**BOARD OF DIRECTORS RESOLUTION ESTABLISHING A REPURCHASE AND  
RESALE PROGRAM FOR INVESTOR SHARES**

[as amended]

**WHEATSVILLE CO-OP, a Texas cooperative association**

At a regularly scheduled meeting held in accordance with the Wheatsville Co-op Bylaws on January 25, 2011, the Board of Directors (the “**Board**”) of Wheatsville Co-op (the “**Cooperative**”), on motion duly made and seconded, and with a quorum being present, adopted the following resolutions, to be effective immediately upon adoption.

**WHEREAS**, the Board has determined that the following resolutions reasonably may be expected to benefit the Cooperative, directly or indirectly.

**RESOLVED**, that the Cooperative is authorized to repurchase any outstanding investor shares issued by Wheatsville as of the date of this resolution (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 Cooperative (with such Shares, when repurchased, being referred to herein as "Treasury Shares"), up to and including the full amount of the Shares issued under the current offering (\$715,100).

**RESOLVED**, that this authorization shall be ongoing, but shall be reviewed annually by the Board and may be amended or revoked at any time by the Board;

**RESOLVED**, that the Cooperative is authorized to sell any Treasury Shares on the same terms as such Treasury Shares were initially sold, provided that (1) the Cooperative may at its discretion extend the Put Date associated with such Treasury Shares, and (2) unless otherwise authorized by the Board, the ten percent (10%) premium previously given to blocks of Shares of \$10,000 or more shall not be extended to any sales of Treasury Shares regardless of the amount sold; and

**RESOLVED**, that the officers of the Cooperative, and the General Manager and the Finance Manager of the Cooperative (collectively, the “**Officers**”), are hereby authorized, empowered and directed to execute and deliver all documents, instruments and other agreements, to waive any and all conditions and to do all things necessary and helpful to carry out the purposes of the foregoing resolutions; and all acts and deeds of the Board and the Officers that are consistent with the purpose and intent of the above resolutions be, and the same hereby are in all respects, ratified, approved and adopted as the acts and deeds of the Cooperative.

Dated as of January 25, 2011.

**Approved:**

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Lee Blaney, Secretary

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Rose Marie Klee, Board President