

**Wheatsville Board of Directors
Special Meeting Agenda
Thursday, July 15, 2010
6:00 – 6:45 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	2. AGENDA REVIEW	DISCUSS
6:15pm	3. GOVERNANCE Wheatsville support of Black Star Co-op	VOTE
6:45m	ADJOURN	

Benefitting Community * Promoting Cooperative Economics * Transforming Society



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

Also Present: Dan Gillotte, *General Manager*, Jennifer Lueckemeyer, *Board Administrative Assistant*; and Mark Wochner of *Black Star Co-op*

Absent: Kitten Holloway

Call to Order

6:02 PM

1. OPEN TIME

Mark Wochner invited everyone to the Black Star Co-op beer social this Saturday. RMK noted that we want to take action today so Wheatsville's investment in Black Star can be announced at this event.

Steven announced that the grocery store tour and brunch afterwards at his house is scheduled for Saturday, August 28. More details will follow.

RMK noted that she would like the Board to craft a resolution regarding the Black Star investment for passage at the next Board meeting.

Agenda Review

6:12 PM

No changes.

3. GOVERNANCE

6:13 PM

Board made disclosures regarding involvement with Black Star Co-op: RMK is a member and investor of Black Star Co-op. Dan, Theron, and Doug are members of Black Star Co-op.

RMK reviewed the history of Wheatsville's consideration of investing in Black Star Co-op: in April, Steven Yarek, of Black Star, sent an email to Dan asking for support. That, in turn, kicked off various meetings and email discussions about the investment. RMK also noted that this is a unique request and even though Dan could make this decision on his own, the Board and Dan felt it would be good for the Board to be engaged in the decision and how it fits in with our Ends work.

Dan noted that we have been working with Black Star for years and knew there would come a time when we would want to financially invest in their co-op. That time has come and Wheatsville is in a position to support Black Star and we want to do something significant.



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Dan introduced his proposal for a \$50,000 financial investment plus a \$10,000 donation of in-kind support (*i.e.*, marketing, training, etc.) for a total investment of \$60,000. He explained that he thoroughly considered Wheatsville's financial situation and the possibility that we may not get the money back and he determined that this amount will allow us to comfortably do what we want to do with our store, without limitation, while supporting Black Star.

Dan noted that the \$50,000 investment would be in Black Star's investor share program with a 1-year put date to obtain maximum liquidity. When our put date arrives, we can then decide if we want our money back at that time or delay. Black Star will be providing a Memo of Understanding about the investment that will state that they will pay back the money on our put date unless they have other financial obligations that they cannot meet.

He and John considered the possibility of doing a loan, but decided that it would be too complicated and the legal fees would be too expensive.

The structure of the investment will be that our \$50,000 will be the last money in and Black Star will have to raise the remaining money before we invest.

Dan reminded everyone that Wheatsville wouldn't have been started in the 70's if it wasn't for our investors at the housing co-ops so he would really like the Board to act on this proposal.

Everyone on the Board then shared their thoughts about the investment proposal.

Steven commended the Board on having a thoughtful discussion about Dan's proposal and doing an excellent job of evaluating it. His only question was about whether our 1-yr put date was fair to other shareholders who had a later put date. Dan responded that although it is kind to consider other investor shareholders, those shareholders could have done something to make their situation better and it's good for us to protect our own interests.

Lee stated that he was happy to have such a thoughtful and detailed discussion about this. He feels comfortable with the investment and is ready to move on it.

Theron likes the bundle idea and is ready to move on the investment.

Dan also fielded various questions from Board members about the investment including:

- How will this investment affect our patronage dividend? Answer: it won't affect it at all because it's a balance sheet activity whereas patronage dividends are pulled from the income.
- Bundling investments into smaller amounts. Answer: The advantage would be that we could take out one smaller bundle but it would greatly complicate the process.
- When is our NCB principal amount due? Answer: We are paying it for 9 more years. We pay monthly principal and interest.

RMK moved that the Wheatsville Board supports the GM's recommendation that Wheatsville support Black Star in opening the world's first cooperative brew pub by:



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- 1) investing \$50,000 in the Black Star Co-op investor share program pending the approval of a Memo of Understanding by Black Star Co-op's Board agreeing to terms as determined by our GM, Dan Gillotte, including a 1-yr put date and being the last money in.
- 2) providing additional in-kind support valued at approximately \$10,000.

Steven seconded the motion. Motion passed 7-0-0.

Board discussed how we want to message the investment to our owners. Main ideas included:

- This is part of our conversation about how we meet our Ends.
- Want to publish a resolution, write a breeze article (from the whole Board), and have something posted on our website.
- We want to be careful about messaging to the owners b/c not everyone has the understanding or eagerness to make this investment.
- We want to encourage other owners to invest in Black Star by making our investment an example.
- Dan will add note in his weekly email encouraging Wheatsville owners to invest.
- It's important to know that WV started up with seed money from other co-ops. We are indebted to the co-op community of the 70's and our current project was funded in part by other co-ops.
- Wheatsville has done so well that we CAN make this investment.
- This investment is a great success story of policy governance.

RMK solicited help for writing the Breeze article and crafting the resolution.

RMK invited everyone to attend the beer social and rally as many people from Wheatsville as possible.

RMK moved to adjourn at **6:57PM**.