

**Wheatsville Food Co-op
Board of Directors
25 September 2007
Meeting Minutes**

Present: Jane Kurzawa Cravey, Rose Marie Klee, Johnny Livesay, Colin Borchert, Tom Wald, Bryan Butler, Jimmy Robertson, Bob Kinney (arrived at 8:30 pm)

Absent: Marilyn Fowler

Also present: Dan Gillotte, General Manager; John Perkins, Finance Manager; Marisa Newell, Administrative Assistant; Reagan Taylor, employee and prospective board member; Joanna Divine, prospective board member

Call to Order

6:06 pm

HOUSEKEEPING

Agenda Review

6:07 pm

- Johnny wondered why there was an executive session slated for board policy revamping since it is public matter.
- Rose Marie responded that positive productivity in the previous executive session inspired another attempt.
- Item will be changed from executive session to open session.
- Johnny asked for an extension on committee of Jimmy and Johnny (A policies). Five minutes will be added before vision for discussion.
- Rose Marie also wanted to add 5 minutes regarding an email sent to the board suggesting the prospective cessation of plastic bag usage in the store.
- Welcome guests: Joanna and Reagan

Consent agenda

6:11 pm

- Tom and others would like to comment on August minutes. However, no conclusive changes were suggested.
- Colin moved to accept the minutes as-is, Rose Marie second. Motion passed 5-0-1.

B.8

- Monitoring has been postponed.

GOVERNANCE

Linkage

6:14 pm

- John stated that he and Gabriel had been discussing the ownership document. They have reorganized thoughts and created an outline of their ideas to better understand this project.
- Brief idea of their vision: a single document useful for anyone interested in more information about the co-op, which would serve to clarify terminology and other ownership issues. Nothing tangible is available immediately for review.
- Document would also address consequences for owners not fulfilling membership responsibilities.
- Also, John questioned the board for a potential name for this document.
- John speculated that a more definite illustration of this document would be available at the next meeting.
- One suggestion from Gabriel would be to use terminology "owners" as well as "membership"

Fall Owner Gathering**6:20 pm**

- Dan has organized the gathering for October 23 at Alamo Drafthouse South, from 6:30-9:30 pm.
- While the program is still being pieced together, the event would potentially consist of meeting the board at 6:30 pm, followed by questions and answers with architect(s) about the impending renovation.
- Also, "Independent America," a documentary, will be shown.
- Attendees will be able to choose from a selective, complimentary menu, as well as obtain a drink ticket.
- Admission tickets will be available from the 15th of October up to the day of the event. These tickets (although free) must be picked up from the store. The event is available only for members, though each member may bring one guest.
- Plans can still be altered a bit if any further suggestions or ideas arise; please speak with Dan.

Update/report on member survey**6:31 pm**

- Member survey is nearly completed. Dan would like Board members to take a look at it on the Wheatsville website before it is available to owners.
- Information about the survey will be distributed in the mail to owners in the next coming weeks. Owners will have the opportunity to complete the survey online, and will also have incentives to complete it.
- Dan will have some sort of report for the November Board meeting.
- Ballots (for the Board election) will be going out in the mail as well with all necessary information for voting. This, also, will encourage people to vote online for quicker and easier elections.
- Jane suggested a couple things: having a computer available in the store to vote online would be helpful, and perhaps the board could offer something (time) to push many owners to vote.
- It is clarified that it takes at least 60 days and 400 votes to complete an election.
- Dan stated that the plan was to invite people to make special arrangements for voting online if they don't have the resources, but the board will just see how much trouble they have acquiring sufficient votes.

Interjection regarding previous meeting's minutes, part one**6:42 pm**

- Tom interjected about the bylaws amendment mentioned in previous meetings minutes (later nullified). Rose Marie suggested that an attachment be made including our email discussion and decision to change our decision for the August minutes, as opposed to altering the minutes entirely.
- The Board email discussion and decision centered around not adding the single bylaw amendment regarding internal directors to the fall 2007 ballot (all bylaws will be voted on at the same time). All directors consented via email.
- It is suggested that the board vote again at this regular meeting, but Johnny asserted that a vote has already been taken.
- John wanted to know about decisions made outside of meetings previously. He wondered if any decisions had been made that were not recorded in the minutes, but Johnny claimed that anything of the sort discussed via email would always be discussed in the meeting for official vote.
- Johnny stated that the deadline for the ballot was the 15th, and the decision had already been made that there were not enough staff members running to warrant an immediate change to the bylaws.
- Tom stated that if the discussion is in the minutes, then it's fine. Jimmy added that procedure was mentioned in the previous bylaws discussion.

Wheatsville expansion, phase two**6:50 pm**

- Jane wanted to get more information to flesh out board members' exact responsibilities and expectations.
- She has acquired an extensive listing of people in varying neighborhoods for outreach with folks. The listing is from the City of Austin: people who have registered online, indicating their interest in neighborhood participation. Consequently, the folks listed come from all over Austin.

- Johnny asked for a soft copy of this document for an easier read.
- Jimmy wondered exactly the reasons surrounding this procedure, and suggested this is potentially a very long-term project. He thought it would be good to get the board to authorize contacts with developers and neighborhood leaders primarily.
- Bryan wondered about the timing for discussion of a second store (premature). But, community outreach to get people in the current store would be an excellent immediate focus.
- Jane asserted that this is a very open topic, and she has no expectations of what will come about.
- Colin suggested that it would not be a good idea to get people excited about a second store, which is still at least a couple years away.
- Jimmy restated that he originally suggested the Mueller development area because he had read they are looking for a local grocery store for their neighborhood. As exciting as the prospect is, it would be difficult since a second store anytime soon is not feasible.
- Tom wondered if the board could get a list of current owners by zip code. (Answer =Yes.) Also, he was thinking that this would require very interested individuals to make it succeed. Therefore, it would be wise to support the work of current owners to get it all going. In other words, it takes effort from all parties to get it going.
- Jane suggested that there are a number of individuals in South Austin that are ready to get it started, but she understands that we are not in the position to help.
- Dan stated that it is important to mention that successful renovation of current project is the road to more Wheatsvilles. The best thing members can do is support their co-op, and consequently help themselves in the future when the first store is financially successful. We'll always want to serve them, regardless of location.
- Bryan also mentioned the potential to open different types of stores (including smaller Wheatsvilles).
- Jimmy liked the suggestion to set up a committee/task force. He gave a two-month time frame (November meeting) to determine what the board needs to do.
- Jane moved to create a neighborhood committee to connect with neighbors near to a potential future WV, and will report back at Nov. meeting. On board: Jane, Bryan, Tom. Bryan seconded. Motion passed 6-0-1.

Interjection about previous meetings minutes, part two

7:20 pm

- John wanted to interject a procedural comment about the email exchange about bylaws. He feels a need for the Board to reconsider August minutes. He wants clarification about the deceiving bylaws draft change from previous meeting.
- Johnny stated that it explicitly states he wrote them up for draft change at the election, and they were not actually changed at the previous meeting.
- Colin stated that perhaps the wording is a bit misleading; however, the priority seems low for this topic, and items (such as consent agenda) should be discussed at the correct time in meetings.
- Rose Marie stated that because she did not personally respond to the minutes in the allotted time via email, she decided to follow the 80% rule—accept things that you are at least 80% satisfied with so that the board can get on to other work.

Quick additions to the agenda

7:26 pm

- Johnny and Jimmy are reworking the A Policies. They would like a one-month extension.
- Rose Marie following up on email from Jay Martinez regarding getting an item on the ballot: he wanted a ban on plastic bags. She thought it could be exciting as a linkage topic, open for discussion.
- Johnny interjected that it is not an operational issue. It is a petition to boycott the bags (for vote in the general election).
- Rose Marie suggested that there will be a delayed bylaws vote, and perhaps the boycott could be included therein.
- Dan suggested that these boycotts are generally meant for products the store sells, and the idea for it to extend to operational issues makes the situation a bit more complex.

- Johnny stated that the proposed boycott was ambiguous (i.e. does it include plastic in bulk and produce?)
- Rose Marie suggested perhaps this discussion should ensue at the next meeting.
- Reagan interjected that Wheatsville would set a good example for the rest of the city if they went through with the ban.
- Further discussion will be delayed until October since discussion of item was not allocated on agenda.

VISION

Bylaws

7:32 pm

- Rose Marie gave a summary on where the board is with the bylaws revision project.
- In conversation with him, Rose Marie stated that Laddie Lushin pointed out changes to Articles of Incorporation are not part of the work he does. RMK has asked him to provide a proposal for this additional work, and will probably present it to the board for action at the regular October board meeting.
- Rose Marie solicited questions from the board and commended the Board's continued participation and support of this project.
- Tom wondered if there were any aspects that were not covered in these proposed bylaws which are in the current bylaws.
- Rose Marie responded in the affirmative and explained that the ideal is to make the bylaws only as prescriptive and lengthy as necessary. Similar to our approach to policy-making, this allows us to have protection and flexibility. Having an easier-to read document also helps us to understand and stay in compliance.
- Following this general discussion, the topic became focused on proposed Article III.
- John stated he read Laddie's draft, but he could not quite understand all aspects, especially as far as voting is concerned. Rose Marie clarified that the process described includes provisions for absentee ballots (non-meeting votes), at-meeting votes, or using a combination of these.
- Dan responded that there should always be absentee ballots.
- Colin added that Article III doesn't mention an annual election (such as the annual fall election that we currently conduct), but it does describe votes at meetings and gatherings. Dan responded with a clarification about voting described in section 3.6, and voting by absentee described in section 3.7. Dan stated that singular voting is acceptable, but having an individual vote for other people is not acceptable.
- Rose Marie asked if there should only be absentee voting, or if the bylaws should specifically allow for other methods for voting. She added that he knew the Board wanted electronic voting, and she would add that to our list of changes.
- Dan mentioned his feeling that democracy is inhibited when decisions are made only through votes acquired at member gathering (not everyone can attend). It's more democratic to always allow for absentee ballots to give voice to owners who cannot attend the meeting.
- Dan suggested that in discussion of 3.7, it would be wise to leave it mostly as-is. In addition, electronic submission, though convenient, may not be the best choice. Also, suggested to strike the phrase "in person or by mail." Rose Marie will discuss these ideas with Laddie.
- Article III, Section 3.1:
 - Colin thought the percentage should be higher for owners to organize a special meeting.
 - Dan wondered why the percentages are all different. Rose Marie suggested the board discuss which numbers are best to maintain. Dan reminded the Board that there is uncertainty about our ownership numbers in the future. Therefore, the use of percentages makes a big difference, as opposed to using exact figures when discussing a certain population of membership.
 - Jimmy asked how many members it would take to get the board into a meeting with them, if the owners really wanted it. In other words, it shouldn't be too many people.
 - Johnny stated that a lot of the language is unusual (i.e. there should not be a minimum of 900 people to get a meeting together).

- Tom wondered if these numbers exist for co-op law. The answer is no. Dan added that the Board wants to empower the members, but also protect the organization as a whole. Consequently, high thresholds can maintain the co-op structure. (No single group would be able to take over). The board can always agree to a meeting at any point in time.

- John stated that if there is a special meeting called, it is expensive to send notices, etc. However, Rose Marie replied that an entry into the Breeze is adequate to fulfill the requirement stated in the bylaws.

- Colin suggested the number stick to 400. Jimmy responded that if there was something serious, the owners could easily get 50 people to sign for a meeting. However, more people to sign requires more dedication to change.

- Two options: raw number vs. percentage. Colin suggested the figure of 5%. Majority agreed, and Rose Marie will ask Laddie to change this figure.

-- Article III, Section 3.5:

- Johnny stated that quorum is an important issue. A quorum of 5% is way too high, he stated. However, if too small, it would be unfair for our large ownership. This makes it increasingly difficult to conduct business at the meetings.

- Dan responded that owners can vote at gatherings, but they don't have to be present to cast a vote.

- Jimmy stated that it would be acceptable to mandate that an item may not be acted upon if quorum is not present (or absentee voted).

- Johnny does not think quorum is possible. Dan asked Johnny what decisions he would like to see at member gatherings. Though uncertain, it seemed to Johnny that the language is not fixing anything: voting number is too low, quorum is too high.

- Rose Marie suggested that perhaps there are two separate issues being brought forth: the bylaws should describe a reasonable and realistic process and protect the co-op and its owners, versus the board's responsibility to address the concern that current participation in elections is unsatisfactory. Johnny feared that this section is not empowering to the owners. However, Colin responded that this allows more choice for owner involvement. Colin and Jimmy both lean in the direction of keeping the same percentage of 5%.

-- Article III, Section 3.4:

- John stated that all members should be allowed to vote, even if they don't fall in the 10-day notice period by joining recently.

-- Rose Marie wondered if there should be further correspondence via email regarding this topic, or if a special meeting should be called regarding these issues.

-- Colin suggested that email is better for simple topics, but this one is more complex and requires more interactive debate. A special meeting will be scheduled via email.

Texas Co-op Law

8:26 pm

-- Jane suggested someone speak with Rep. Patrick Rose how mandating that all co-ops be subject to the Open Meetings and Records Act would affect an organization like Wheatsville.

-- Dan suggested he would seek contact with Rep. Rose, just to get the conversation started.

-- Tom added that perhaps someone on the Board should take it up (rather than staff) to demonstrate the relevance of this topic on behalf of our entire ownership.

D.1 Policy Revision proposals

8:34 pm

-- Though originally slated for executive session, the board decided to hold the discussion in open session, and Johnny shared a draft of suggested changes.

-- Jimmy stated that he liked Johnny's draft, and he clarified that they are not proposed for adoption at this meeting. Jimmy asked if discussion could be shifted to at the October meeting.

- Dan suggested that these additional policies seem prescriptive (and are perhaps not in keeping with the spirit of maximizing opportunities for creativity).
- Jimmy suggested that this may not be a time pressing issue, and perhaps it could be delayed to a later discussion.
- Jane distributed a policy governance review for the board members (used by Hendersonville Community Co-op). The secretary, or someone else, would then compile the information and deliver it to Dan so that Board members are free to respond honestly.
- Rose Marie is glad that Jane presented this idea. She thought that the GM evaluation discussion was an important reminder that the board should spend more time actively thinking about our policies (we speak through policy).
- Johnny responded that all policy has an expectation, and these things need to exist. It is not the case that the board is determining how the GM should function or determining the choices made. They can be reasonably interpreted, and in any case, many do line-up with Dan's current actions.
- Jimmy suggested the Board send Johnny's draft D1 Policy to Marshall (the board's consultant) and obtain his input.
- Johnny responded that this is Marilyn's policy (a previous board consultant), but Dan replied that she attempted to make it simplified since the previous policies were overly complex.
- Johnny suggested that this policy is not acceptable because there are more expectations that need to be set.
- Colin decided that time is short, and the discussion needed to continue at a later time.
- Rose Marie added that Dan is, overall, addressing these concepts. Her question is: should the board's priorities be reflected more clearly through this policy?

Presentation by Dan

8:56 pm

- Pro forma: discussion of store profit margin
 - Margin of first fiscal year changed from 36% to 37%, about average.
 - Dan projected 5-8% growth for this fiscal year (ending '08).
 - These costs and growth do include a prospective patronage rebate.
 - Checks recently signed for permitting, and seems like things are moving ahead with renovation.
- Dan reminded the Board that once development begins, the project will move quite swiftly.
- Jane asked about annual report in the Breeze. She wondered who would be interested in writing for it. Jimmy offered to collaborate with Jane.
- Dan suggested that it was a good idea for everyone to contribute. However, the remaining Board members decide they are comfortable with these two organizing it.
- Rose Marie added that perhaps a draft would be given to the board for review and input.

Executive Session

9:22 pm

- Colin moved to enter executive session, Bob seconded. Motion passed 8-0-0.
- The board entered executive session at 9:22 pm to discuss personnel issues.
- The board left executive session at 9:28 pm.

Board Self-evaluation

- Plusses:
 - o Productive meeting – completed a lot
 - o Continued discussion of bylaws and pro forma
 - o Good candidates present
- Things to improve:
 - o Handling of August meeting minutes
- Jimmy moved to end the meeting, Rose Marie seconded. Motion passed 7-0-0.