

MINUTES: MARCH 3, 2008

KARMA CO-OPERATIVE BOARD OF DIRECTORS

Minutes of the meeting held on Monday, March 3, 2008, 7:00 pm – 9:30 pm

Directors present: Donald Altman, Deborah Cherry, Charles Danzker, Deborah Finestone, Orla Hegarty, Arthur Jacobs, Margaret Knittl, Harry Koster, Ahdri Mandiela

Regrets: Rachel Birenbaum

Absent: none

Staff Present: Justin McNabb, G.M.

Members present: Tamara Chronieke, Filip

Minutes recorded by: Sylvia Kym

1. Call to order

- Meeting was called to order at 7:07pm

2. Motion to accept the agenda

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| <ul style="list-style-type: none">• Margaret moved to accept the agenda with an amendment to permit her to make a brief report on unionization immediately following the acceptance of the minutes of Feb. 4• Seconded• Motion passed with two votes |
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3. Declaration of any conflicts of interest

- Charles reported that Art Jacobs may have a conflict of interest as consultant to the Building Committee on electrical problems arising in renovation planning. He moved that the board accept this possible conflict.
- Donald wanted a legal opinion on this matter and Deborah C. agreed. Charles felt this was excessive.
- Margaret agreed to take on the task of finding out whether Art will have a conflict of interest and whether the Board can accept this.

4. Acceptance of the Minutes of the Board Meeting of Feb. 4

- Margaret wants clarification on which fees are referred to in the February minutes
- Justin replied that both the membership and the building fee were not fully collected at this time.
- Donald reported that we are behind in collection but don't know how far behind.
- Margaret noted that the term 'volunteer' should be replaced with 'working member' throughout the report.
- Deborah C. noted an error in the spelling of Mike's surname. It should be spelled Haliechuk

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| <ul style="list-style-type: none">• Margaret moved to accept the minutes of the Feb. 4 board meeting as amended• Donald seconded• Motion passed |
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5. Union Margaret

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- Margaret reported that there will be 7 staffers in the union and 2 of our hourly paid staff will be considered management: Michael Armstrong and Christine Delay on the grounds that she has had a hand in hiring and in supervising shifts.
- Since we have accepted that there will be a union, the ballot - 6 for and 1 against - is less vital.
- Our agent, Ken, will be absent until March 16
- The committee that was struck two months ago to guide negotiations has not yet met. Charles will organize its first meeting.
- Justin advised the committee that the union organizer will be using a CUPE template as a starting point in preparing the first proposal.

6. General Manager's Report Justin

- The Receiver General has been paid.
- PST and WSIB payments are up to date.
- Store Operations
 - Karma was closed for a half day on Feb. 1st due to a snow storm.
 - We experienced debit machine trouble again this month. However, it was not our equipment at fault and having a back up keypad would not have helped.
- Staff
 - The staff party was held on Family Day with most staff members in attendance.
 - Sophia Muller has been trained to do produce set-up. She has also volunteered to lead a new cleaning plan where staff may work as a team to target neglected areas of the store.
- Marketing
 - Karma is supporting a new publication called the Green Leader. It is a directory of green businesses in Toronto which will be published in April.
 - A Rogers TV program, A Greener Toronto, did a spot on Karma to be aired in April. They have offered to supply us with the clip which may be posted on our website.
 - Karma's reusable biodegradable shopping bags are due to arrive within the next two weeks.
- Membership
 - Member Appreciation Day is tentatively set for Saturday April 26th to coincide with Swap Day. It may include door prizes, demos, free samples etc.
- Education
 - We have applied for a member, Michelle Szabo, to become a research intern this summer through a York University graduate program.
 - Orla wants clarification on this point
 - Justin – it's a multidisciplinary program
 - Very little of her work will be done in the store
 - Final report is called "implementation plan" and will involve how to apply food issues to Karma
 - This report will be available to us and other coops and can be applied to the POS system
 - Students from a variety of schools continue to show frequent interest in Karma Co-op. Perhaps an educational package could to be put together to assist with their projects.

7. Treasurer's Report Donald

- January Financial Results

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- Again I cannot provide you with a summary of results because the Committee is not comfortable with the material given to it by staff. On the basis of information provided we think we are closer to understanding what the problems are and hopefully February results can be distributed. However, I can I think give you a sense of where we are financially:
 - Expenses – about \$20,000 under budget
 - Sales - \$7 k under budget for month and \$60 k to date
 - If you use the budget gross margin of 19% then we are \$11 k under budget on revenue
 - So we should be about \$9 k ahead of budget (20-11)
 - Since the budget is a \$20 k deficit at this point we are probably about \$10 k in the hole
- IOU's/shopping lists
 - Shopping lists don't go through the cash; shoppers only write down the alleged price of what they are taking.
 - By using IOUs in place of shopping lists there will be only one system
 - Charles - likes shopping lists for those who forget their money and only have a few items
 - Donald feels shopping lists make for a huge problem in figuring out finances and that they are not appropriate for a professional store
 - The more people that go through the cash, the lower the number of financial ambiguities there are
 - The change needs to be made before a POS system is installed
 - A member spoke of creating a form and stamp for IOUs to make them official in case we had to go to small claims court
 - Cost of goods sold is difficult to get figures for because there are working members and different prices depending on type of membership
 - An audit solves this problem, but for 10 of the 12 months we can only estimate this amount. So instead of doing an audit twice a year we should spot check stock once a month
 - There appears to be much abuse of the shopping list and our use of it is inconsistent with our new practice of everything being reviewed by cashiers and going through the register. So the finance committee proposes the following policy:
 - IOUs and shopping list to be combined and called IOUs
 - IOU's to appear on member cards
 - Only one IOU to be outstanding at a time
 - IOU maximum to be \$250
 - All purchases including those 'paid for' by IOU's to go through the cash
 - Implementation date to be April 1, 2008
 - Margaret noted that no time limit within which IOU's must be paid was included and suggested six weeks.
 - Deborah F. pointed out that this might be very difficult for shoppers who had accumulated large IOU debts and suggested the time limit be 12 weeks. This won general acceptance

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| <ul style="list-style-type: none">• Donald moved to accept the IOU policy as proposed above• Seconded• Motion passed |
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- Offering Statement for Big Buck loans (see Appendix I)
 - Donald explained that our loans from members now total \$150,000. Once loans from members exceed \$200,000 (as we expect they will when the Big Buck loans start coming in) we must provide lenders with an offering statement, approved by the Province, setting out in detail what our financial position is and what the loans are intended for.
 - The minimum loan will be \$500
 - It includes a list of things we want to spend it on. We do not have to spend it on these items, but we can't spend it on something not on the list
 - Only authorized persons can give out copies of the offering statement and collect pledges from lenders. Otherwise if there is a problem we may be in trouble
 - The validity of the offering statement is one year. The target (\$500,000) is to ensure that we will not have to reapply with a second offering statement when this one expires
 - Deborah C reported that a member from last year wants to know what the money will be spent on and mentions that we need to be clear on what will happen because if it changes and looks like a regular store, we may have a big problem
 - Harry asked if we can change the wording of item 3 (POS) to 'may acquire' from 'will acquire' but Donald said it must 'will acquire'
 - It would appear that the Board has never approved the conditions in the offering statement so:

- Donald moved that the offering statement include the conditions as listed in Appendix I
- Art seconded
- Motion passed

- Member stats
 - No statistics were provided to the Finance Committee but the Committee is prepared to monitor membership changes. There was an inconclusive discussion of member labour - how much, where it is being applied and how it is allocated and redirected if necessary.

8. Building Committee's Report Charles

- Charles has talked to the head of the Building Committee and reports that the renovation project is very close to schedule, is on budget and about to go to the city for a building permit.

9. President's Report Margaret

- See Appendix II

10. Clarifying the role of the Committee2 Margaret

- BIRT the Board, for the sake of clarity, replace the original founding document of the Committee Squared (informally known as the Committee2) with the mandate proposed in Appendix IV

- Discussion:
 - Margaret reported that there are two names for one committee which has been the source for some confusion. Margaret has chosen to use the name "committee squared". The

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Committee Squared asked that the Board meet with each committee from time to time. The Board did not accept this proposal

- This committee has three members.
- Discussion:
- There was a time when a Board member would liaise with each committee. Members found this onerous and tended to neglect this duty, the Committee Squared was created to provide an alternate means of maintaining communication between communication between the committees and the Board.
- Furthermore, there was poor attendance at the last committee squared meeting on Feb. 21
- We need to find a way to work with committees and pass on instructions.
- Right now committee's chair gets to decide agenda for committee. If Board starts giving orders it would be a complete culture change and it's also obscure as to how much power each committee has.
- Donald – there should be more structure, i.e. Need to know who members are and that certain positions like president and vice president are filled. It's not necessary for the board members to go to the meetings to understand what is happening. Could have them send agenda/minutes to the Board. The time consumption can be reduced.
- Deborah F. – there needs and can be some more accountability without imposing too much trouble
- There was discussion of holding two or three meetings a year for representatives of the committees to meet together to get to know one another and exchange help and ideas.
- Deborah C. says by our By-laws committee members CAN report to board instead of vice versa
- Rolf noted that the reason the practise of having Board members liaise with committees was ended was that it burdened the Board with committee work and no Board work got done.
- Harry points out that right now there is NO communication
- Deborah C. offered to do research and the results are to be circulated to Board members

- Harry moved to dissolve the Committee Squared and have Board liaison with committees
- Motion not seconded?
- Deborah F. moved that Deborah C. study the relevant documents and present a report to the next Board meeting
- Charles seconded
- Motion passed

11. Amendments to by-laws

- BIRT Following an AGM the outgoing Board and its officers shall remain in office until the orientation of the incoming Board has been held, and the incoming Board has appointed at least its President and Secretary.
- BIRT The number of Directors shall be reduced from 10 to 9.
- BIRT A Director approaching the end of a two year term may ask to remain on the Board for one more year, provided he/she gives notice to the August Board meeting of her/his request and that request is approved by a majority of Directors present in a secret ballot.
- Not addressed at this time.

12. Revival of the position of Staff Liaison Officer

- BIRT: A Board member shall meet monthly with each staff member to enquire briefly about any concerns she/he would wish to bring to the Board's attention and would not wish to raise with the General Manager.
- Adopted: The Board accepted Deborah F's offer to fill the position of Staff Liaison.

13. Adjournment

Board Commitments

- Margaret will take on the task of finding out whether Art will be in conflict of interest and whether the board can accept this.
- Charles has taken on the task of organizing the committee that was struck 2 months ago to figure out what is negotiable and what is not , and to give guidance to our negotiating team
- Deborah C. will research the documents relating to the Committee Squared and bring a report to the next Board Meeting
- Deborah F. will fill the position of Staff Liaison.

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APPENDIX I: CONDITIONS IN THE OFFERING STATEMENT

Amount to be raised - \$500,000 – minimum loan \$500 – no maximum

Demand loan

Return - 25 basis points over Alterna investment savings account

Direct unsecured obligation

Repayment: After 1 year the holder of the loan may demand repayment on 60 days notice. If the demand is greater than \$1,000 the co-operative may repay up to \$1,000 every quarter until the amount is paid in full. The co-operative reserves the right not to redeem more than 10% of all outstanding loans in one fiscal year.

Business plan – There is none but current objectives are to use the funds for:

- increase the number of co-operative member-owners;
- be an industry leader in providing nutritious, fair traded household groceries that promote a healthy environment and sustain local economies;
- increase sales and gross profit by providing a more attractive store and by improving service;
- decrease expenses by improved store efficiency;
- improved inventory control;
- reduce loss from damages and attrition;
- make building repairs/interior design;
- replace major equipment; and,
- introduce a point of sale system (POS)

Priority for application of funds

- Building repairs/interior redesign - \$120,000
- Replace major equipment - \$30,000
- Acquire and install point of sale system - \$20,000

Market for securities: no market

Sales only to members but not a condition of membership
No guarantee that security will be redeemable upon request
Management will make best efforts to transfer or redeem
Should be considered long term
There is no sinking fund to support
To be repaid out of operations

Method of Sale: Employees, directors and officers of the co-operative will sell
There are no commissions payable or discounts allowed.

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APPENDIX II: PRESIDENT'S REPORT

- I have discussed with Ted Brown of Alterna Credit Union the possibility of receiving a grant from Alterna to help cover the costs of negotiating the contract with CUPE on the grounds that it is likely to become a template for other small coops that find themselves in our position. I will follow up (at his suggestion) once it becomes clear what form the negotiations will take.
- I have had a long discussion with Orla about how best she can advance our outreach to the community, and more specifically to potential new members. She will be developing a research plan aimed at determining how and why recently added members have been attracted to Karma, and what, therefore, may be the best approaches to use now and in the future in our outreach efforts. Meanwhile, there is that tried and true strategy: each one bring one. Questions for the future: Is there an optimum size for Karma? Is there a desirable balance between working and non-working members for Karma?
- I have prepared what I hope you will see as a clarified and slightly extended version of the original founding document of the Committee Squared. It is a draft document. It is up to the Board to decide what to do with it, and more largely, how best to improve the relationship between the Board and its committees. This matter should not drag on any longer. For better or worse, a decision please.
- I have read the Finance Committee's offering statement for "Big Buck" loans and have declined to approve it, because it seems to me to commit the Board to installing a POS system, whether or not it has the capacity to record and analyse member labour information, and to do so before we have received the report from firm to which we have just agreed to pay \$3,000 for their advice on this matter. Essentially, the Finance committee and the POS committee (the two are distinct I find) are appealing to the Board to over-ride that objection.

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APPENDIX III: MINUTES FROM THE COMMITTEE OF COMMITTEES MEETING HELD ON FEBRUARY 21, 2008

Agenda

- What is the Committee going to do this year?
- Discussion of Committee reports
- Discussion of Board's report

Present: John Biggs (Finance); John Delucca-Howard (C2); Geoff Webb (C2); Margaret Knittl (President); Deborah Cherry (Board member & liaison to the C2); rolf struthers (Finance & C2); Bonnie Stafford (Events); Gillian Kranias (Food Issues)

Regrets: Ahdri Mandiela(Board liaison); Neil Benvenuti (Web); Joerg Wittenbrick (Building)

Absent: Jennifer Ralston (The Chronicle); (Governance); (Orientation);

- Karma presently has 9 active committees:

1. The Committee of Committees
2. Finance
3. Building
4. Orientation
5. Food Issues
6. The Chronicle
7. Events
8. Web
9. Governance Review

- Reports received from: Food Issues, Finance, Web, Events (verbal at the meeting)
- **Reports not received from The Chronicle, Building, Orientation, and Governance. We also did not receive a synopsis of the work of the Board.**
- John suggested the C2 get a hold of all absent committee caucus members, i.e., The Chronicle, Governance, Web, Orientation, Building Committee
- John Biggs asks the Chronicle to remind the committees that it is budget time. Specifically to the Chronicle whether we will be able to count on a continued supply of free paper. Need to know as well who is on the committees so could the C2 ask the committees how many members are on each committee and how many members are getting what hours per month.
- Margaret wants to have a celebration after the renovations are done. Margaret reports that there may be a day or two during renovations when the store will be closed due to removal of the mould.
- John has commented that the Finance Committee has not seen any updated information and budgeting from the Building Committee. Margaret reported that the Building Committee is working on the tendering process and assuring the building permit is in place. John suggests additional insurance in that case.
- John suggests that the Board ensure that the member annual general survey is carried on and that the committees develop questions that feed into the survey. John had some questions he would like added to the survey.
- John, in regards to privacy policy, agreed that a POS system would require an updated privacy policy in order to comply with current privacy policy legislation.

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- Food Issues report
 - Gillian – 8 members – meeting regularly – put 2 articles into the Chronicle (One Minute Shelf Elf) – worried that this takes away from the project they are working on. Can they get 60 extra labour hours to use for research (C2 directed Gillian to the Member Labour Secretary). Updating the membership list – could it be faster than every three months. Margaret asked how a product can be removed from the shelves? Gillian responded that if the product contravenes Karma policy it should be removed. This is done cooperatively with staff and the committee.
 - John needs how to access the committees e-mail address. (e-mail committees@karmacoop.org)
 - Gillian said that there should be a calendar on the website. (**action – web committee**)

- Events - Bonnie
 - Next March 15th – Cider day at Karma – during store hours
 - Craft meetings are every fourth Thursday of the month
 - April 26th swop day – swop your old stuff – for new stuff
 - May 24th – Plant swop day
 - June – Bike tune up day
 - John suggested that the committee make the sweatshirts that had the Karma logo and “cooperation is revolution”
 - July – picnic at Dufferin Grove Park - could do the silkscreening at the Park
 - Also thinking of popsicle nights and evening walks
 - currently running a craft night (done one already)

- Board report
 - Margaret reports that the Board has made a motion that installs Ahdri as the chair. Deb stated that the motion was made in an unclear fashion and that the Board may have to rescind it. John said it was the Board’s responsibility to clarify the motion and explain to the C2 and caucus what it wishes exactly from the C2 and caucus.

- John Biggs would like to be put on the e-mail list.

- Action items:
 1. The C2 requires reports from: 1. Building; 2. Orientation; 3. The Chronicle; 4. Governance; 5. Events; 6. Web
 2. The C2 needs a report from each committee stating what hours members receive if there is anything beyond the usual 4 hour allotment per month.
 3. The C2 needs to update its contact list for the chairs of the committees. Currently the C2 assumes that 1. C2 (Geoff Webb); 2. Finance (John Biggs); 3. Food Issues (Michael Herring); 4. Governance (Howard Kaplan); 5. Events (?); 6. Web (Neil Benvenuti); 7. Building (Joerg Wittenbrinck); 8. The Chronicle (?); 9. Orientation(?)
 4. The C2 needs to establish a direct method of communicating with the Membership Secretary in order to update committee member records in a more timely manner.
 5. The C2 will present a Committee membership proposal and Committee Membership budget based on the information received from the Committees at the next C2 caucus in April.

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- Next caucus meeting will be April 17th, 2008 at 7:00pm at St Alban's or a place to be determined. Please watch your e-mail for further information.

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APPENDIX IV: COMMITTEE SQUARED PROPOSED MANDATE

- The Committee Squared shall have three members. One member shall retire each new Board Year starting in Nov.2008. The vacancy shall be filled by the remaining two in consultation with the liaison(s) appointed by the Board to the Caucus meeting (see below)
- Firstly, the Committee2 shall set a quarterly schedule (dates, times and places) for meeting with a representative from each of our standing committees. (Ad hoc committees, i.e. the Building Committee and the committee advisory to the bargaining team will not be called upon to participate). This meeting shall be known as a Caucus meeting and the Board shall appoint at least one liaison to attend it
- The Caucus meeting shall be chaired by a person appointed by the Committee Squared. The Chair will circulate well in advance of each Caucus meeting a request for a written report of the progress each committee has made in the past quarter in fulfilling its mandate, and after consulting with the members of the Committee2 shall send out an agenda for the upcoming meeting at least a week before the meeting date
- Purposes to be Served by the Caucus meetings
 - To help the committees to work together, net work, and build a sense of community among themselves.
 - To support the committees, particularly to deal with any problems they may have in fulfilling their mandates, for example by discussion, problem solving techniques, provision of additional resources, etc.
 - To restructure the reporting relationship between committees and the Board.
 - To improve communication between the committees and the Board, in particular by consulting with them about impending Board decisions that may affect them.
 - To formalize the accountability of the committees to the Board, for example, to help the Board track committees' progress towards their specified goals.
- Reporting: The liaison person(s) shall report to the meeting any matters under discussion at the Board that could affect the work of committees and take to the Board any questions or concerns such a report raises. They shall also transmit to the Chair of the Caucus meeting any specific project the Board would like to see undertaken by the Caucus meeting.
- Following the first Caucus meeting of the Board year its Chair shall report the names of the members of each committee, and the name and phone number of the chair of each to the liaison person(s) and to the Member Labour Secretary (Marilou Lawrence). Thereafter any change in this information shall be reported to the liaison person(s) and to Marilou by the chair of the affected committee.
- A liason person shall report to the next meeting of the Board any matter arising out of a Caucus meeting that requires attention by the Board.
- Secondly, the Committee Squared shall meet within two weeks following each Caucus meeting to frame and recommend to the Board in the form of motions those policies which, based on their growing understanding of our committees, they see as necessary to the effective functioning of all committees or of specific committees. Recommended policies shall become Board agenda items.