

Karma Co-operative Board of Directors

Minutes of the meeting held on December 7, 2006

St. Albans Boys' and Girls' Club

Directors present: Deborah Cherry, Rolf Struthers, Margeret Knittl, Mohsen Ahmed, Anil Rebdi, Micki Honkanen, John Viktorin, Charles Danzker, John Richmond, Jonathan Tracey

Staff present: Graeme Hussey, Philipp Harderer

Minutes recorded by: Diane Saibil

1. Adoption of the proposed agenda

The agenda was adopted as proposed, with the addition of John R's proposal regarding Karma's endorsement of a Parkdale retail food co-op under Other Business, and the addition of a 15 minute in-camera session at the end of the regular meeting.

It was requested that, for future meetings:

- the agenda be circulated as an email attachment as well as being included in the body of an email message;
- times be assigned to agenda items;
- a conflict of interest declaration item be added at the start of each meeting.

2. Legal Duties of Board Members

Brian Iler made a presentation to the Board outlining their legal responsibilities. In the course of the presentation, it was noted that:

- The Co-op does not carry Directors' Liability Insurance: it is Brian's opinion that it is not necessary.
- The indemnification provision in Karma's by-laws should be reviewed as it probably needs to be updated. Brian has a fact sheet on this that can be checked.
- The co-op has not been filing tax returns. Graeme will review this question with the auditor.

3. Meeting Procedures

Rolf announced that Margaret has agreed to chair the Board meetings and proposed that Roberts Rules of Order be followed for procedural purposes.

Moved by Anil, seconded by Charles,

THAT Roberts Rules of Order be adopted on a 3 month trial basis.

CARRIED

4. General Manager's Report

It was clarified that the General Manager's monthly report needs to be received, but not approved, by the Board. The report is attached to these minutes. Graeme noted that his practice is to distribute the report by email on the Monday prior to the meeting. He requested that Board

members let him know if they want any changes to the report format or method of distribution.

A question was raised about the collection of the \$18 building fee. Graeme noted that because the implementation is beginning mid-year, he has not planned to provide all of previously agreed-to payment options during this first year that the fee is being collected. Working members will have the option of working off the fee if they so choose. Non-working members will not have that option. Banked hours can be used, although it was not clear whether it will be practical to keep track of this. There is some confusion as to whether or not banked hours can be used in lieu of payment for the building fee. It was requested that the original motion on this topic be circulated to Board members via email.

Moved by John R., seconded by John V.
THAT the General Manager's report be received.
ADOPTED

5. The Grants

Graeme reported that Karma received 2 grants, 1 from Co-operators Insurance for \$10,000, and 1 from the Ontario Co-operative Association for \$3,000. All but \$1,500 of this has been received and is in Karma's account. The grants were applied for by the Business Planning Committee, without Board approval, to fund some components of the development of a 5 year business plan. The proposed activities have not been carried out and the term of one of the grants expires December 31/06.

After some questions and discussion, it was

Moved by John R., seconded by Mohsen

THAT the Board President contact the granting agencies to inform them that we have not fulfilled the grant conditions, to ask them if they are amenable to changing the terms of the grant, and, if so, to establish a time frame within which the Board can propose new conditions.

ADOPTED

During the course of the discussion, several ideas for alternate uses of the grant money were suggested, including building redesign, building planning, member involvement in building redesign, and solar panels. It was also suggested that the General Manager be asked for ideas.

6. The Supervisory Committee

This committee includes 3 Board members – the President, the Vice-President, and 1 other.

Deborah was selected as the 3rd member (by secret ballot).

The Board adjourned at 9:15 for a Board photo, to be followed by an in-camera session.

Attachment 1

Karma Cooperative Board of Directors Agenda

December 7th, 2006 7pm-9: 30pm, St. Alban's Boys and Girls Club

1. Acceptance of Agenda
2. Presentation by Brian Iler - legal duties of Board members
3. Roberts Rules and appointment of chair - rolf
4. Report of the General Manager - Graeme
5. The Grants - Graeme
6. The Supervisory Committee - appointing the members to the committee (President and VP automatically sit on the committee)
7. Building Condition Assessment - appointing a team to manage the project - rolf
8. Treasurer's report - Big Buck loans, financial model, point of sale systems, shrinkage and improving gross profit - rolf (one last time!)
9. The brochure - Deborah
10. AGM Planning - rolf
11. Brainstorming the priorities and dealing out the work
 - The building project - funding and implementation (agenda)
 - A point of sale system - research leading to a recommendation
 - Big Buck Loans (building project) (agenda)
 - Member labour suggestions
 - Smaller carts
 - Activation of the Sup. Comm (agenda)
 - Committee relations
 - Expansion
 - Board Retreat
 - Governance
 - Improving Gross Profit
 - General Board communication with the membership
 - Participatory budget
 - Board ID buttons
 - Board Photo (agenda)
 - New members promotion
 - Incorporating Finance information in the current Karma software package
 - Grant Funds (agenda)

Attachment 2

General Manager's Report

Submitted by Graeme Hussey

December 2006

The receiver general has been paid.

PST and WSIB payments are up to date.

Sales

- Sales in FY 07 year to date (YTD-June through October) were \$26,500 (4.1%) above budget projections and \$37,500 (5.9%) above FY 06 YTD sales.

Finances (Including inventory, shrink and cash flow)

- Financial analysis has not changed since the board orientation.
- I have decided to start collecting the building fee on December 11, after the member survey has ended to ease confusion with cashiers and staff.
- Significant actions are planned or have been commenced recently to combat shrink and product loss. Please refer to the separate report previously distributed there are no recent updates. This was distributed at the orientation and through email.
- Sunday November 26 was our mid-year inventory. This opportunity gives Karma the chance to correct its shrink and product loss estimates and provides a clearer picture of our finances year to date. Draft November statements including the inventory adjustment will not likely be available until late December.
- Draft net income in FY07 YTD is \$1,000. NOTE: this could be significantly impacted by the inventory count.
- Draft gross profit in FY07 YTD was \$22,600 above budget projections and \$3,300 above FY 06 YTD gross profit.

Building Condition Assessment (BCA) and Karma Layout

- The following contains both an update and some recommendations on future actions.
- Addressing the issues in the BCA is an opportunity for Karma to conduct long-term planning (10 year time line). To address the issues in the BCA will impact the entire design of Karma and Karma should look at this as an opportunity to improve upon the mission statement, the community created, operations, finances and overall member services.
- Karma has access to \$13,000 through two grants (see [Announcement and Questions to board and committees](#) below for more information). I think Karma should use this money in two ways. One, to query members as to how we can best improve and create the Karma community and fulfill the mission statement. This can be done through a member poll or survey, focus groups, an online resource, etc. Second, the remaining money should be used to articulate the overall vision (the new layout, BCA improvements, etc.) in a written plan (can call it many possible titles: strategic plan, marketing plan, cooperative plan, business plan, etc.). This plan can be distributed or posted to members so that they clearly understand the long-term vision of Karma. Also, this would be a valuable resource for the next and future boards. NOTE: use of the grant money is conditional on the funder's approval because

we are near the deadline.

- **COMMUNITY CREATION & MISSION STATEMENT:** Charles Danker raised a very important point at the board orientation. Charles please clarify if I have misrepresented your intentions. Charles asked how I thought Karma's layout would be different than other grocery stores, taking into account that Karma is a cooperative. Karma is more than a grocery store and the design should as much address improving the Karma community and fulfilling mission statement as it does the operations and merchandising. To do this we need to articulate what creates the Karma community and how do we fulfill our mission statement in tangible design elements. For me what should be different with Karma's design is not necessarily the end layout, although I believe this will look unique, but rather the process to create the end layout. Similar to the Karma product policy, the layout should involve members in its development. Karma members should be intricately involved in the development of the design and layout and developing the vision for what creates the Karma community and how do we best fulfil the mission statement. This can be done through many means including focus groups, surveys and polls, commenting on a draft design, etc.
- **OPERATIONS & FINANCES:** I have been working with Karma members (designer and the two authors of the BCA report) and staff to accommodate the changes recommended in the BCA, as well as functional design changes to improve the operations and member shopping experience. A copy of a draft design (i.e. store layout) will be available for the board in the coming month. This draft design will be our best initial attempt at improving the potential operations, merchandising and sales of the Karma store in the current space without significant building structural changes (i.e. no building expansion horizontal or vertical).
- Karma members should be intricately involved in the development of the design and layout and also the implementation. I believe that Karma has the ability to use member labour to both develop the design (we have designer currently working hard), address the BCA issues (authors of the BCA would like to help), technicians and general contractors (members who will use member labour in their work) to complete the work.
- Once a final layout is completed, I intend to work the designer, the two authors of the Building Condition Assessment, staff and interested others to create an operational plan.

Capital and Maintenance Changes

- No capital changes to report.
- I do not intend to consider capital purchases until a finalized renovation plan is complete. Unless there is an emergency replacement.

Member Labour & Relations

- 2006 member survey is currently being conducted and will end December 10. The feature this year is on board governance. Results and analysis are expected in January 2007.

Operational Changes

- Karma is closed on December 25, 26 and January 1 for the statutory holidays. We are open for all other regularly scheduled hours.

Promotions and Marketing

- I would like to print an updated brochure and have never received a copy edit from the board about their approved changes. Would like to know how to proceed? This has not changed since the September meeting.
- In November, Philipp Harderer completed a competition analysis for Karma, comparing the prices, services and products of our perceived competition, including Fiesta Farm, Loblaw's on Dupont, Noah's, Big Carrot, Whole Foods, and others. Philipp's results are summarized in an article for the coming *Chronicle*. I have attached with my email the summary of the price comparison results.

Staff

- Part time clerk will be leaving in January because of increased school load. In process of hiring a replacement and do not expect this impact operations.

Miscellaneous Items

- I will be visiting my family over the holidays in Nova Scotia between December 20 and the New Year. Michael Armstrong and Lisa McLean will ensure the operations are not impacted and I will be in daily contact.

Announcements and Questions to the board and committees

- I have not seen approved final board meeting minutes for the meetings following May 2006. Is there a plan to make these available to board, myself and the members?
- GRANTS: Karma is in possession of \$11,500 and further promised another \$1,500 in grant money from two funding organizations, the Co-operators Insurance (\$10,000) and the Ontario Co-operative Association (\$1,500 now and \$1,500 when completed). I have attached the original Co-operators application and copies of the two signed agreements. I will also bring print copies to the meeting. Again, the OCA grant (\$3,000) was money originally received from the OCA for the development of the Web Binder. Jason Diceman donated his services and the OCA and Karma revised the expectations of the \$3,000 remaining. The OCA grant deadline is December 31, 2006 and the grant stipulates that the money be spent on two focus groups. The Co-operators grant has an ambiguous deadline and expectations, but mentions an organizational review, marketing plan and focus groups. I believe that both organizations would be open to extending deadlines and reassessing the expectations of the grant money to best benefit Karma. Please review recommendations on possibilities of spending this money as it relates to the BCA and layout.