

KARMA CO-OPERATIVE BOARD OF DIRECTORS

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

Directors present: Donald Altman, Deborah Cherry, Charles Danzker, Arthur Jacobs, Margaret Knittl, Harry Koster

Regrets: Rachel Birenbaum

Absent: ahdri mandiola, Deborah Finestone

Staff Present: Justin McNabb, G.M.

Members present: James Wilkinson, Doug Rylett

Minutes recorded by: Sylvia Kym

1. Call to order

- Meeting was called to order at 7:10 pm

2. Motion to accept the agenda

- Margaret proposes that the agenda include a discussion of the day and place of next month's meeting as a quorum was not available on the scheduled date.

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| <ul style="list-style-type: none">• Charles moved to accept the amendment• Deborah seconded• The motion passed. |
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3. Declaration of any conflicts of interest

- Art declared conflict of interest regarding issues concerning the building renovations; he will abstain from voting on building issues or leave the room when building committee issues are discussed because he may be considered "employed".

4. The date for the August meeting

- was set for Tuesday August 5; ahdri's office will not be available on that evening so Art invited the Board to meet at his home: 90 Olive Ave.
- The date for the September meeting was set for Monday September 8 at ahdri's office.
- Both meetings at the usual time.
- Agreed without a vote.

5. Acceptance of the Minutes of the Board Meeting of June 2

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| <ul style="list-style-type: none">• As one page of the minutes was missing, Margaret moves to table the acceptance of the June 2 minutes until August.• Harry seconded.• Motion passed |
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6. Report of the progress of renovations James, Justin

James

- 4 days in- on schedule, no surprises yet, on budget

MINUTES: JULY 7, 2008

- Area for phase one was cleared
- Electrical panels were moved and reconnected, store was closed for ½ a day on a week's notice – overall it was successful
- Floor has been cut where the cooler is to stand
- Future-July 21st – phase 1 will be completed, contractor has agreed to work nights so limit the time the store will need to be closed.
- Contract is here for Margaret to sign: three copies.
- Contractor has insurance and needs no additional insurance for this project
- Harry worries that because it is a residential area demolition at night of the old cooler may not be permitted
- James noted that the rules about night work pertain to noise levels and the work that will be done is relatively quiet so there will be no problem
- Grinding the floor- James and Charles (?) looked at the floor today. Grinding it wont make it prettier but it will be easier to clean
- The cost to grind the floor is similar to that of putting a drop ceiling in, if that is something that members want later. Whether to grind and seal the floor needs to be decided early on.
- Deborah C. feels that this is the time we could do the floor and can't foresee a time when we would want to empty the store again
- Art states that the ease of cleaning up and cleanliness is more important than the aesthetics
- Margaret asked Harry if this floor project would be a plus for the trillium grant.
- Harry feels that it could be construed as a positive thing
- Harry asks how often the cracks would need to be fixed
- James – should last 10 years because its an old floor so no new cracks will appear

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| <ul style="list-style-type: none">• Art moved to have the floors ground.• Deborah C. seconded• For → Art, Deborah C., and Margaret• Against → none• Abstention → Donald, Charles and Harry• Motion passed |
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Justin

- Charles has approved the door that will be used (where?)
- Members are excited about the renovations
- Charles noted that a good job was done of reducing stock but not reducing the variety of items available
- Friday, the power was turned off as scheduled and the store was closed for ½ a day. Arthur got dry ice for all the fridges and freezers which saved tens of thousands of dollars in inventory – Justin reports that this was very heroic of Arthur and appreciates his help. All the produce was fine in the morning and the coolers worked again

7. General Manager's Report Justin

- The Receiver General has been paid.

- PST and WSIB payments are up to date.
- Insurance:
 - The Co-operators have accepted our application for Directors and Officers Liability Insurance –coverage began June 1st.
- Staff:
 - Staff summer vacations have been booked & are occurring with minimal conflict.
 - Mike Halietchuk is on unpaid leave and is returning in September.
 - Audrey Van Bolhuis, former Karma produce manager, has been filling in as a casual clerk.
 - Vanessa is on unpaid leave, working on an organic farm and will return in September
- Renovations:
 - Inventory has been substantially reduced; a storage locker has been rented for Karma documents, shelves, and accessories; the “Phase One” section of the store was entirely cleared out prior to the start of construction on July 2nd.
 - The relocation of the second cash register, although temporarily crowded, is a successful change & will be a great improvement to customer service.
 - Many members have signed up to help change over the store to the Phase Two portion of the renovation project.
 - Also, the Karma staff has been very good at adjusting to the reduction of their work environment and at facilitating the necessary changes in the store.
- Other:
 - We began collecting the 2008/2009 membership fees on June 30th.

8. Treasurer’s Report Donald

- Financials
 - All the indications are that we will have a surplus for the fiscal period ending May 31, 2008. It is looking good for it to be larger than last year.
- POS
 - The Finance Committee had a demo of the bare bones POS system.
 - The Fin Comm would like to assemble a number of questions to focus the investigation so that we know whether the system is capable of giving us the reports we need and handling the processes we anticipate it must be capable of handling.
- Insurance
 - We have \$1 m of director liability insurance and it would cost \$90 more for an additional million
- Building Committee budget
 - Noted that the Board had approved the budget for the renovations and will take the cost into account in setting the store budget.
- 2008/9 Budget
 - Deferred after some debate to revisit: Revenue side changes – non-working surcharge, removal of non-working flat surcharge and general mark-up revision. Cost side is the unknown cost of renovation. Debt service charge should be \$8,000.
- Building Fee

- RECOMMEND: that the building fee must be paid in cash, i.e. do away with the ability to work off the building fee
- Harry states that during the initial talks about the building fee, it was expressed that it would not be carried on the backs of those least able to pay
- Donald disagrees and states that this is what the committee recommended at first and it was the board who decided otherwise
- The store needs money and working the hours off does not help get to the goal of generating revenue for the building improvements. The maintenance fee was put in place to raise money as fast as possible
- Charles- karma is not a cheap store, if the intent is to be a store for low income people, there needs to be a focus on getting less expensive food which could be done long term, while the building needs money now
- Deborah C. asks whether they could stop the fee or reduce it after the big ticket items are paid for
- Donald said that the store has been under funded for a long time with maintenance, therefore there is a great need for money now, but it is not a permanent fee. In the future the store will pay for the maintenance itself from reserves
- Justin: Resistance to paying comes from confusion as to how many fees to pay
When people see the work being done, they are more willing to pay
- Another issue is that those who were going to work it off but did not work it off, have debt hours on their cards which has a negative effect

- Donald moved that this issue be tabled until the September 8th meeting
- Deborah C. seconded
- Motion passed
- Harry abstained

- Membership Fees
 - Where are the cards? Why aren't we collecting the fee already?
 - Deborah C. offers to make a sign about fees for in the store "Fees Due Now"
- Sent in 3rd version of the offering statement and Donald has contact person
- Biggest complaint was that Donald and Margaret had signed on a day different from that when the statement was to start.
- TO DO List
 - The Fin Comm should be looking at a phone plan
 - Review tax assessment in November, 2008.

9. President's Report Margaret

- Re unionization: we have been told to expect our staffers' initial proposal later this month. I have continued to gather information we may need in negotiating the contract.
- Otherwise I have been doing the usual assortment of odd jobs, such as recruiting volunteers for comparative shopping, finding chairs for chairless committees (both with modest success), preparing for this meeting and trying to assure that we can hold an August meeting - and so on. One conclusion: we are seriously short of good lines of communication between our various component parts. So far, the appointment of liaisons has done little to better this situation.

10. Validation of By-Laws as updated by Howard Kaplan

Margaret

- The following two motions passed unanimously:

- Be it resolved that:

i. The Board of Directors accepts the document produced by Howard Kaplan to bring Karma’s computerized and printed copies of the by-laws up to date. Specifically the Board authorizes the following editorial interpretations and error corrections that Howard Kaplan made while preparing the documents:

- a. In the previously-existing section III. 10: The end of the phrase “10% of the members of 30 members” was changed to “10% or 30 members”, on the assumption that the former was a typographical error.
- b. In the previously-existing section III. 11: the phrase “Notice of the adjourned meeting shall be given to the Secretary” was changed to “Notice of the adjourned meeting shall be given by the Secretary”, on the assumption that the former was a typographical error.
- c. In the newly-added portion of IV.4.a: The spelling of “the cooperative” was changed to “the Co-operative” to be consistent with other sections.
- d. In the previously-existing section IV.13: The phrase “be indemnified and saved harmless by the co-operative form and against” was changed to “be indemnified and saved harmless by the Co-operative from and against” on the assumption that the former was a typographical error.
- e. In the previously-existing V.4: The word “preform” was changed to “perform” on the assumption that the former was a typographical error.
- f. In the newly added portion of section V.4. The ambiguous statement in the minutes of the 2004 Annual General Meeting, “an amendment ... to add that compensation for this position shall be fixed by the board” was interpreted as meaning that the sentence should end “... and with compensation for this position fixed by the Board.”
- g. In the previously-existing section V.5: The phrase “absence of disability” was changed to “absence or disability”, on the assumption that the former was a typographical error.
- h. On the amendment history and signatures page: The amendment history was updated to 2004, the organization of the signature section was rearranged, and a footnote was added concerning the ambiguous 2004 minutes.

ii.

- a. The Board hereby notes that the President has properly signed three printed copies of the by-laws as revised in 2004. Absent today, the Secretary will be asked to do the same at the August Board meeting.
- b. The board directs the Secretary to file one copy with Karma’s lawyer, to file one copy with the Ministry if that is requires, and to file one copy at the Co-operative Heat Office once current renovations have been completed.

- Be it resolved that: The Board of Directors thanks and commends Howard Kaplan for the time consuming work he has done, simply because he saw the need for it, on the

long neglected task of bringing our by-laws up to date, for his offer to continue that service by preparing pdf files suitable for printing and for posting on the Web site, and, upon request, to up date also guidance information on the process for amending our by-laws.

11. Reports of Liaison to Food Issues Committee Harry

- The GMO inventory is 99% complete. Only lip balms are left to be done
- The members are sending out letters to companies to get more information about ingredients
- There are conflicting interests as to which items to bring in – what factors take priority eg. Excessive packaging but local and healthy, same domestic and foreign products but some have GMOs. Levels of healthiness differ and do definitions of what is organic.
- The committee would like some guidelines from the Board about this.
- Deborah C. noted that the mission statement should help with this. If it is ambiguous it may need to be clarified
- Donald- households make decisions about these factors on their own. They need to be informed so they can make these decisions about what to include in their shopping. If members know what's going on, they will buy accordingly. This is better than taking something off the shelf that is a favorite product and may encourage people to go elsewhere
- Justin- could make a list of what is good and what we stand for, rather the what is all bad, maybe one item from each food product section
- It was decided that the food issues committee would pick what is BEST and give that information to management.

12. Report re: Grant Application Harry

- The Trillium Foundation is not receiving new applications before July 1st. Their next deadline is Nov. 1st. Our application will be for the roof or some other enhancements.
- One issue which may have some legal implications and Harry would like to talk with the person involved first
 - Another board member has applied a grant and has gotten it for another project outside karma
 - This is an issue for the Trillium foundation

13. By-law Amendments: which do we want now? (see circulated list) All

- The reason for having 10 members should be stated in the by-laws
- Donald –we need to look at “what” there is to do and how many people that is needed for a good discussion. Usually there are 9 members so the chair doesn't have to vote unless for a tie breaker
- Margaret will make a motion next meeting regarding these amendments
- Two possible By-Law Amendments
 - An amendment to make it clear that the outgoing board remain in charge until the members of the new Board have attended an orientation session (to be organized by the outgoing Board) and have met and appointed at least a President and a

Secretary. Note that under the act governing co-operatives a Board, to be legitimate, must have those two officers. In practice, the old board has continued to act until the new board is 'seated', but the by-laws, as we have them, don't authorize them to do so.

- An amendment to reduce the number of Directors from 10 to 9. Why do this? It would have the effect of reducing the quorum required to hold a valid board meeting from the present 6 to 5 members. Legally, our quorum is a majority of seats, not of occupants of seats. So should board numbers fall from 10 to 9 or 8 (for whatever reason) our quorum would still be 6. The Board has the authority in such a situation to recruit new members to empty seats for a term ending at the next AGM and has used that authority in the recent past. If the new Director is an old hand that remedy can work well. Still it takes time for a new member to fully join the team. This change, if adopted, could only go into effect for the board to be appointed at the 2009 AGM

14. Presentation of Yearly Calendar (for additions) Deborah C.

- Has found an old calendar and is making changes to it, it's a starting point and still a work in progress

15. Other Business

- Deborah C.-the Events Committee has just two members.
- Their last event was the plant sale. They are now planning a picnic.
- Deborah C. would like to engage them in the AGM planning
- Harry- Justin has had complaints from members who want to use credit cards (which give air miles) at cash. Should there be a write up in the Chronicle about this issue?
- Donald suggest that someone should get the details about the vendors and the % of costs-taxes etc. and the end of month charges and explain why it is not financially feasible
- Donald has talked to a lawyer but feels there is no point in involving him until the new Board starts

16. Adjournment

- Meeting was adjourned at 9:25 pm

Action Items

- Deborah C. offers to make a sign "Fees Due Now" to place at the cash.
- It was decided that the food issues committee would pick what is BEST and give that information to management