

**KARMA CO-OPERATIVE BOARD OF DIRECTORS**

Minutes of the meeting held on Tuesday, August 5, 2008, 7:00 pm – 9:30 pm  
In the home of Arthur Jacobs

**Directors present:** Rachel Birenbaum, Deborah Cherry, Charles Danzker, Deborah Finestone, Arthur Jacobs, Margaret Knittl, Harry Koster

**Regrets:** ahdri mandiela

**Absent:** Donald Altman, Orla Hegarty

**Staff Present:** Justin McNabb, G.M.

**Members present:**

**Minutes recorded by:** Sylvia Kym

**1. Call to order**

- Meeting was called to order at 7:05 pm

**2. Motion to accept the agenda**

- Harry moved to accept the agenda
- Art seconded
- Motion passed

**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. Acceptance of the Minutes of the Board Meetings of June 2 and July 7**

- Margaret moved to accept the minutes of the Board Meeting of June 2 with amendments
- Deborah F. seconded
- Motion passed
- Deborah C. moved to accept the minutes of the Board Meeting of July 7 with amendments
- Charles seconded
- Motion passed

**5. Report on progress of renovations Charles**

- The construction continues to progress on schedule. The produce cooler has arrived and was assembled and installed in about 45 minutes. Shelving was installed on Saturday Aug. 2. Hookup to electrical power is delayed but should be complete Tuesday August 5. A change in scheduling between phase 1 and phase 2 has resulted in an early completion to most of the entrance/cash area, originally part of phase 2 and will allow better operational conditions later in the project.
- Floor finishing in the phase 1 western part of the building will require some additional work to meet specifications and off-gassing of the sealing chemicals resulted in some customer complaints. The store will therefore close for a day to allow the sealing of the west end building to be completed.

MINUTES: AUGUST 5, 2008

- The East Building sale area of the center of the building is almost cleared as a result of a long day (Friday August 1) of excellent work by Staff and a Member Labor crew and the store sales configuration transformed fundamentally for the third time since construction began in early July. Many thanks to all involved.
- The second phase of construction 1 scheduled to begin Tuesday August 5
- There have been surprises requiring the replacement of a part of the west building ceiling and the removal of some mould in the west building south wall. A hole in the masonry wall between the two parts of our store will require repair
- Essentially the project is on schedule and on budget

**6. General Manager's Report Justin**

- The Receiver General has been paid.
- PST and WSIB payments are up to date.
- Staff:
  - Staff summer vacation requests continue to be satisfied without conflict or disruption to store operations.
  - Natalie Boustead, grocery clerk, has successfully completed her three month probation.
- Store:
  - One of the large upright freezers is no longer working and is irreparable. It had been donated to Karma about five years ago by one of our suppliers. A new unit will need to be purchased in September.
  - Justine asks Art how much it would cost to replace it
  - Art guesses around \$7000, depends on size, will look into it
  - Issues with Bell Telephone have been addressed. These include: (i) explanation of charges (ii) new long distance plan (iii) assessment and repair of lines to the phones and debit machine.
  - Projects in addition to the renovations have recently included repairs and painting of the shed and washroom.
- Renovations:
  - I recommend that Karma close for one day following the next grinding and sealing of the floor. The store will need to be cleaned and ventilated before reopening.
  - Record rain fall has exacerbated trouble with Karma's roof. Substantial repairs are underway.
  - Harry asks how much the ceiling repairs cost. Justine -\$2,300
  - Charles notes that replacing the ceiling should not be put off for long
- Audit:
  - Karma's annual financial audit with Berman, Lofchick & Lum is near completion.
- Discussion:
  - Rachel noted how well the store has been functioning during renovations; staff and members are positive
  - Justin noted that the staff have worked hard and member fees are well ahead of schedule
  - Charles moved that Deborah F. write a formal note to thank the staff by August 15, to be delivered at the August staff meeting
  - Rachel seconded
  - Motion passed
- The board agreed to sponsor pizza for the staff meeting this month

**7. Treasurer's Report      Donald**

- Big Bucks solicitation letter
  - See Appendix I
  - Charles thinks the figure in the letter is inaccurate and too high, and discussed the costs as follows: \$170,000 for the building project, plus \$10,000 more may be needed, plus the roofing project at \$28,000, less \$24,000 collected in building fees
  - Charles argued that an estimated \$160,000-170,000 is needed, and Karma should only ask for what is needed and not more, for the reason that asking for too high a number might scare the members.
  - Discussion ensued around whether the figure in the letter should include the cost of the POS system, given that the POS system is identified in the Offering Statement; Charles argued that it should not

- Charles moved that the amount requested in big buck loans to finance the construction project as outlined in the memo to members be limited to the reasonably expected cost of work already underway and the cost of roof replacement next year. Therefore the board recommends that Charles and Deborah C. revise the draft memo to be more user friendly and professional to members in consultation with Donald. Due to time constraints of renovations the board asks that the letter be drafted by August 15 and Donald, Charles, and Deborah C. will disseminate the final draft.
- Deborah F. seconded
- Margaret opposed
- Motion passed

- Question re payment of building fee in cash only
  - Margaret tabled the issue of whether Karma should mandate that members pay the building fee in cash only, as opposed to providing the option to work off the amount in member labour hours. It was tabled till September meeting

**8. President's Report      Margaret**

- Proposed by-law amendment re transition from old Board to new:

- BIRT the by-laws amendment set out below be adopted by the Board.
- The placement of this amendment will be moved to insert the following new section of Article IV to follow present section 5 and to be numbered section 6 of Article IV. The following sections (6 to 13) are to be renumbered 7 to 14
- Transition from outgoing Board to Incoming Board

6. Prior to the constitution of a new Board by the AGM the Outgoing Board shall facilitate the transition to an incoming Board as follows:
- a) At its September meeting, the Board of directors shall set the day, place and time of an Orientation meeting between outgoing and incoming Board members, supply this information to the Chair of the Nominating committee and through her/him to each candidate who offers to stand for election to the Board prior to the date of the AGM. He/she shall also give this notice at the AGM before accepting any nominations from the floor. The orientation meeting shall be held not later than 14 days following the AGM.
  - b) The outgoing Board shall prepare an agenda for the Orientation meeting and shall distribute it at the AGM to members of both the outgoing and the newly constituted

incoming Boards. It shall include the determination of the day, place, time and basic agenda for the first working meeting of the incoming Board. If all members of the incoming Board are present and so desire, the first working meeting of the new Board may be held at the close of the Orientation meeting.

c) At its first working meeting the incoming Board shall appoint at least a President and a Secretary and other officers as it sees fit, and having made such appointments assumes the full powers and responsibilities of the Board.

d) Until the incoming Board has appointed its President and Secretary, the outgoing Board and its officers remain in office, but their powers are limited to taking any actions that cannot be reasonably deferred for consideration to the incoming Board or its officers.

- Harry moves to amend the by-laws as proposed above
- Deborah F. seconded
- Motion passed

- Discussion on the \$18 flat fee paid by some non-working members Harry
  - Harry examined cash tapes and conducted an analysis of shopping patterns of members. Cash tapes were picked from 4 different days, one is from the first week of the month, one is from the 2nd week, one is from the 3rd week and one is from the 4th week
  - His findings were as follows:
    1. Working members: 247 shoppers
      - Average shop: \$59.87; total value: \$14,788.85
    2. Non working members: 77 shoppers
      - Average shop: \$55.79; total value: \$4,295.89
    3. Non working, flat fee: 51 shoppers
      - Average shop: \$98.18; total value: \$5,007.35
  - There seems to be a lot of fluidity between working and non-working
  - Charles – economically we should adjust the flat fee to a percentage of food to reflect changes in economy – how this change will affect people is difficult to tell, i.e. how many people would leave the store/change shopping habits?
  - Margaret – if such a large percentage of working members are in good standing, then why are there so many vacant shifts? More research is needed, i.e. into the question of how many members sit on committees (and are therefore not among the working members available to work in-store)
  - Charles – flat fee should be abandoned, so we can see what the true cost is of carrying these people
  - Justin – currently we penalize those who don't work; advocates a reward system whereby those who work get a discount off the ticket price of goods of, say, 10% while non-working members pay the full shelf price
  - Margaret – no decision is expected now
  - Rachel – asked that all of the options be recorded in the minutes, and raised the question as to how the board would go about making a decision. She suggested that the finance committee perform a cost-benefit analysis (which, of course, would be based on certain assumptions) of each of the scenarios described below and make a recommendation to the board, so that when the time came for the board to make a decision, the decision would be sound and informed. No action was taken on this suggestion
    1. status quo
    2. eliminating flat fee – all non-working members pay a surcharge

3. status quo but those who pay flat fee are mandated to pay it each month (i.e. and not just during the months that they shop, as is the current practice)
4. raising the shelf prices by a designated percentage and eliminating the flat fee, i.e. a reward system as Justin advocates
5. increase flat fee rate (i.e. the value of the working hour – now \$9) without making it mandatory to pay it each month; this would require us to determine a new hourly rate, which was somewhat arbitrarily chosen in the first place. (casual workers currently get \$10/hr without benefits and payments made by employer on behalf of the employee e.g. WSIB)

**9. Reports of Liaisons**                      **As needed**

- Deborah C., Events Committee: two members of the events committee are planning a picnic for Friday August 22, 6 PM at the Dufferin Grove Park
- Harry, Food Issues Committee: sees the need for increased communication with the members about the issues they investigate; after the AGM meeting, will have an open discussion with the board liaison, the committee and Michael Armstrong to discuss their issues and prioritize their roles. Members can attend

**10. Adjournment**

- Meeting was adjourned at 9:30pm to an in-camera session

**Action Items**

- Deborah F. to draft thank-you letter to staff and deliver it to Justin by Aug. 15
- Charles and Deborah C. in consultation with Donald will revise and disseminate the final draft of the Big Buck Loans letter to members

**APPENDIX I: BIG BUCKS LOAN LETTER**

(on Karma letterhead)

**MEMO TO MEMBERS**

**BIG JOB**

**BIG NEED**

**BIG BUCK LOANS**

Would you like to help finance Karma's renovations?

**Well, you can!**

Karma is soliciting loans from members (big buck loans) to help finance the major renovations that have gone on in the store over the summer and some other work recommended by the building committee. We need members to lend to the co-op to reduce our cost of borrowing. You will earn a good return and your cooperative will benefit as well. For our capital requirements over the next two years, we need to raise \$285,000.

'Big' starts at \$500 – that is the minimum amount for a loan to Karma- and the sky is the limit – no maximum. The interest rate will be  $\frac{1}{4}$  of a percent higher than the Alterna Savings and Credit Union investment savings account, (as of August 2008: 3.05% plus 0.25% = 3.30%) payable on the last day of our fiscal year – namely May 31.

To invest come into the store and talk to the General Manager – Justin – or Assistant General Manager – Michael. OR Talk to a Board member. This capital raising effort is explained more fully in an Offering Statement, approved by the Financial Services Commission of Ontario, which will be provided to you before you invest.

\$500 too dear to spare – donations are gratefully accepted in any denomination.

Still cannot make the sacrifice, do not despair, every member is contributing through the \$18 annual building fee which will be due in cash in November this year.

Thank you for taking the time to read this memo.

(signature, contact name, number)