

KARMA CO-OPERATIVE BOARD OF DIRECTORS

Minutes of the meeting held on Monday, October 6, 2008, 7:00 pm – 9:30 pm
720 Bathurst St., Suite 402

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

Regrets: Donald Altman

Absent: none

Staff Present: Justin McNabb, G.M.

Members present: Kevin Taylor

Minutes recorded by: Rachel Birenbaum

1. Call to order

- Meeting was called to order at 7:11 pm

2. Motion to accept the agenda

- Charles moved to accept the agenda
- Harry seconded
- Deborah C. requested time for addressing AGM Committee reports package
- Motion passed

3. Declaration of any conflicts of interest

- None declared

4. Acceptance of the minutes of September 8

- Charles moved to accept the minutes
- Art seconded
- Motion passed

5. Action Items: brief reports

- Donald (via Margaret and Harry): Donald discussed the issue of supervision of the bookkeeper, as reflected in the Finance Committee’s minutes. Donald also vetted the big buck loan documents and they are in use; Harry went to Leslie Lester’s place of business to speak with her but she wasn’t available; he left a note asking to hear from her but she hasn’t contacted him. Harry suspects she isn’t interested. Harry confirmed that Patrick Bourke will be more than happy to assist. Margaret feels this board has fulfilled its responsibility of assembling the negotiating team.
- Deborah C. booked her condo space for Nov. 2, 10am for the whole day (70 Mill St.):

6. Revisit by-law amendment on limit of duration of Board service

- Article IV 3 (b) now reads as follows: Any person who has served as a Director for any part of each of four consecutive years shall not be eligible to serve as a Director during any part of the fifth consecutive year. A “Board service year” is the time between successive

commencements of term. No member may be elected to serve as a Director unless he or she is eligible to complete the term for which he or she is elected.

- So the present situation is this. A member who has been recruited to fill a vacant seat (Donald, Deborah, Art) or stood originally for a one year seat (Rachel) can stand for a two year term at the next AGM (bringing his/her total to 3 years), but, at the next AGM after that, could stand for only a one year seat, bringing his/her total to 4. Donald's amendment is aimed at permitting and encouraging more continuity of membership on the Board.
- To change "four" to "six" without at the same time changing "fifth" to "seventh" creates only a muddle. If we want to permit and encourage members to sit for five consecutive years we should change "four" to "five" and "fifth" to "sixth". If we want to permit and encourage members to sit for six consecutive years we must change "four" to "six" and "fifth" to "seventh".

ARTICLE IV – DIRECTORS

Election and Term of Office of Directors

3. (a) At each annual general meeting, a number of Directors equal to half the size of the Board shall be elected to hold office for a term of two years, and immediately following this election additional Directors shall be elected for a term of one year if required to fill any vacancies remaining on the Board, unsuccessful candidates in the first election being eligible in the second.

Limitations on Duration of Service as Director

(b) Any person who has served as a Director for any part of each of *five* consecutive Board service years shall not be eligible to serve as a Director during any part of the *sixth* consecutive year. A "Board service year" is the time between successive commencements of term. No member may be elected to serve as a Director unless he or she is eligible to complete the term for which he or she is elected.

- Margaret moved to make the amendments italicized above
- Ahdri seconded
- Motion passed

7. Motion to revalue the Karma member work hour from \$9 to \$10 Deborah C.

- Deborah C. put forward the following motion at last month's meeting, but discussion was postponed till this month's meeting:

- Given that our unwritten practice has always been to assign a cash value to member labour equivalent to the hourly wage paid to casual labour, or to casual labour, and given that the said hourly wage is subject to fluctuation, and has indeed gone up from \$9 to \$10, and given the need to reflect this reality in our established practice;
- BIRT: when determining what is owed by working members who have missed a work shift, and by those members who have elected to pay the flat fee, the replacement value of member labour be explicitly tied to Karma's current hourly wage for casual labour in order to introduce more fairness and create a clearer link with the economic realities of managing the Co-op.
- It shall be the responsibility of the General Manager to recommend to the Board in a timely way any change to the valuation of member labour made necessary by this motion; and

- The current casual labour rate shall be in use beginning October 31, 2008.
 - Rachel raised concern about making the decision in isolation, without a comprehensive analysis of the structure of valuing member labour
 - Charles advocated that this is a first step
 - Ahdri advocated that this motion is the first step in beginning that investigation
 - Deborah F. said if we pass it now, there needs to be a motion asking the new board to address this issue and it can't be left for the next board and for the next board to follow up with research; she also noted that all board members are working members and non-working members are not represented in the discussion.
 - Charles rebutted that non-working members need to step up and get involved if they want to be represented; bias needs to be corrected and working and non-working members alike should understand the reason for this motion
 - Margaret noted we can't legislate to the new board to address particular issues and can't bind them to do anything; all we can do is communicate to them at the orientation
 - Deborah C. assured Deborah F. that the new board will be given recommendations at the orientation
- Deborah C. moved
 - Ahdri seconded
 - 5 in favour
 - Motion passed

8. Report on work done for a new Staff handbook Charles

- This handbook was originally prepared about three or four years ago and is currently in need of revision. While I have suggested revisions, completion of this project will depend on the conclusions of the unionization process.
- There is no motion intended, and as a board item the intention is simply to place the matter on board records. Completion of the revisions is at the pleasure of the incoming board.
- The handbook was never passed by the board, but is in use currently, giving it some official status.
- The handbook is a valuable but flawed document.
- It is valuable in that it contains good historical material, and an explanation of what Karma is as the co operative business which we have.
- The conspicuous flaws include a GM job description which is very much out of date, references to Karma documents and other publications which are more than two decades old and no longer applicable, and statements regarding our building which are not, and were never, correct and a long and in Charles' view an inappropriate punitive list of real or imagined (or even hoped for - it is hard to know which) staff misdemeanors* and the punishments which may follow. These matters in any case are likely to be a part of a union contract.

* EXAMPLE: 17.1 Policy Against Illegal Drug and Alcohol Use

- Karma is committed to providing a safe, comfortable and productive work environment for its employees and a pleasant shopping experience for its members. We recognize that employees who abuse drugs or alcohol at work or who appear at work under the influence of illegal drugs or alcohol harm themselves, the work environment, and the members' trust. As a result, we prohibit employees from doing the following:

- * appearing at work under the influence of illegal drugs or alcohol
- * conducting Karma business while under the influence of illegal drugs or alcohol (whether or not the employee is actually on work premises at the time)
- * using illegal drugs or alcohol on the worksite
- * using illegal drugs or alcohol while conducting Karma business (whether or not the employee is actually on work premises at the time)
- * possessing, buying, selling or distributing illegal drugs or alcohol on the worksite
- * possessing, buying, selling or distributing illegal drugs or alcohol while conducting Karma business (whether or not the employee is actually on work premises at the time).
- Prohibited drug use includes more than just outlawed drugs such as marijuana, cocaine or heroin. It also includes the misuse of otherwise legal prescription and over-the-counter drugs.
- Employees who violate this policy may face disciplinary action, up to and including termination.

9. Acceptance of agenda for the AGM

7:00	Report that a quorum is present Call to Order Approval of the Agenda (M)	Someone from registration Margaret
7:10	of the Minutes of the 2007 AGM (M)	
7:15	Auditors Report (report attached) (M)	Mr. Berman
7:25	Treasurer's Report (report attached) (Ms)	Donald
7:40	Discussion: Treasurer's and Auditor's Reports	
8:00	President's Report (report attached) (M)	Margaret
8:10	General Manager's Report (report attached) (M)	Justin
8:20	Discussion of President's and General Manager's Reports	
8:40	Presentation for approval of two by law amendments	Donald, Margaret
9:00	Election(s) of 2008-9 Directors to two and one year terms (Ms)	Rolf conducts; chief returning officer counts (Deborah C. and Deborah F. will do it)
9:40	Adjournment Distribution of Agenda for Orientation to all attendees Clean Up	
10:00	All Clear	

- Charles noted we don't need a motion to approve; it will be handed out

10. Acceptance of agenda for Orientation Margaret

Outgoing Board members introduce themselves and explain what issues or projects they have been working on, including their experience as liaison to a committee. What did get done, what didn't and, if a continuing member, what each hopes to see done in their second year.	20 minutes
Incoming Board members introduce themselves and tell the group what aspects of Karma operations interest them most and what contribution they hope to make.	20 minutes
Focus on specific issues likely to be important in the coming year. Two or three members to lay out the facts, good or bad, explain what we have been thinking could be done. Field questions and invite discussion. Up to half an hour for the biggies. Less for lesser item	
<ul style="list-style-type: none"> • Recruitment • Financing in all its aspects: what has been done and what further may need to be done re store efficiency; mark ups; ordering, POS, member fees and basic member loan building membership; fuller use of member labour appropriate contribution for non-working members • Explanation on building fee • Unionization: process to date: How little we know, what parts of the status quo must be preserved if we are to remain a co-operative; What aspects of the status quo do we wish to change, modify or clarify? Can and should we aim to reduce the number of our employees by, from time to time, leaving a position unfilled when an employee moves on? Do we have enough dependable member labour to do so? Coping with short and longer term costs of unionization • How far are we going to go in permitting decisions to be made electronically? Can we have an email list of members who agree to receive the notice of the AGM electronically (to save money and time)? Advice on the general structure • Secretary report – provincial filings • President report – municipal filings 	
Replacing Karma's roof: It leaks, and with the removal of the interior false ceiling, it is in need of insulation.	
Clarifying the position of the Building Committee	
Re-energizing Committees	
New Staff Handbook: Why one is needed and what it should be like; work done to date	
Partial or full review of Karma's by laws: Need to make room for and define for what purposes electronic communication can be used in Karma's governance.	

- Package from AGM contains reports from committees so committee chairs do not need to be invited to present at orientation
- Margaret advised that we should be upbeat
- Justin asked if the offering statement will be updated; Deborah C.

- Kevin said, as a potential future board member, he agreed that contentious items should be presented, but that all the legal requirements of the board be made available; people won't be interested in a long discussion about it, but it is essential that the board be informed.
- Charles said that a calendar is being prepared that includes important dates about when certain legal requirements must be fulfilled
- Deborah C. noted that Brian Iler, our lawyer, has not yet been invited to the meeting and isn't sure whether there would be time; she suggested that he be invited to a subsequent board meeting; she also suggested that the ONFC not be included
- Harry noted that it's inequitable to invite ONFC when we have other suppliers
- Rachel noted that objectives need to be clearly laid out and have mechanism to ensure that information is assimilated; Ahdri noted that it is not possible to ensure. All we can do is do our best to communicate priorities
- Margaret noted that board members should know to whom they can go for reference
- Deborah F. suggested that we prioritize and communicate those priorities to the board
- Deborah F. also suggested that the task and maintenance side of the board be emphasized; she never felt that she could raise issues because there was always so much to deal with
- Deborah C. noted that each year, boards complain of lack of continuity; she suggested that we have a mentoring committee to enable a smooth transition. She said she would make herself available as a mentor as a 'mechanism'.
- Charles wants to pass on information on governance
- Rachel suggested that the orientation be evaluated; others agreed
- Kevin suggested the orientation be evaluated a few months later
- Deborah F. suggested that the orientation be evaluated both immediately following and a few months later.
- Ahdri said it's the responsibility of the new board
- Deborah F. returned to the priorities:
 - Finances
 - Role of the chair viz. time commitment
 - Unionization
- Board to email Margaret ideas of priorities; she will create a fluid agenda

11. General Manager's report Justin

- The Receiver General has been paid. PST and WSIB payments are up to date.
- Staff:
 - We have accepted the resignation of Natalie Boustead, grocery clerk. Her last day was Sept. 27th. Audrey Van Bolhuis continues to lend her invaluable skills as a casual clerk.
- Store:
 - The set up of the post-renovation store layout was very successful. There was strong member participation and the efforts made by staff were exemplary.
 - More roof repair was done in September and more needs to be done. It is not cost-effective to continue patching however, as the entire roof of the store must be replaced.
 - A new freezer unit has been ordered, but has yet to arrive. A second freezer has failed, likely due to the move, and requires substantial repairs.
 - We need to keep our off-site storage locker until after the member's room is finished. Our stored items have been transferred to a smaller, cheaper unit.

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- New utility carts & shopping carts were purchased. The shopping carts will be delivered in one week. Karma's old shopping carts will be donated to an as yet unnamed food co-op to open in Ottawa.
- Other:
 - We were invited to participate in Green Vendors Day at the Ontario College of Art & Design. We sold snacks and promoted Karma Co-op. Sara Pulins, grocery manager, did excellent work partnering Karma with Local Food Plus (www.localfoodplus.ca), a non-profit that promotes environmentally and socially responsible food production.
- Offering statement
 - A number of members have expressed interest; most have been given copies of offering statement
 - 99% ready with system to collect money, including documents for which Howard Kaplan has done a lot of work (i.e. spreadsheets which track interest)
 - Final certificate is close to completion; finance committee has made additional recommendations which can easily be made
 - \$50,000 has already been loaned; Alterna informed us that the money was transferred Friday afternoon
- Opening celebration on the weekend was a big success
- Still some loose ends to tie up, particularly problems with freezer
- Bulk of bills have been paid for the building project
- Looking forward to getting back to business and turning around slow sales
- Art commented on freezer problems – a compressor went down and expects another compressor went in; the meet freezer lost its refrigerant which had to be refilled; a new freezer will be in shortly
- Deborah C. noted that people have speculated that Karma has lost shoppers; she asked if Karma has had membership resignations
- Justin replied that there are always resignations; rather members wrote that they would not shop during renovations but looked forward to returning when they were done. He noted that sales were decent during the renovations and hopes staff understand and appreciate that no layoffs occurred during this slower time. People coming in that haven't been in for a while are giving lots of positive feedback.
- Kevin noted that he was very impressed with the store operations throughout the renovations
- Harry asked when store would be back to pre-construction status
- Justin replied that within two weeks it would be

12. Building Committee Report Charles

- Budget-wise, fears weren't realized. Project budget was met.
- Is gratified by comments from members
- Art suggested we extend our thanks to James; he was acknowledged at the grand opening
- Ahdri noted she didn't know about the grand opening; Charles admitted it wasn't well publicized
- Margaret noted the staff reconfigured the store five times, and did it smiling!

13. Finance Committee Report Donald

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- The salient points from the finance committee minutes of September are:
 - Discuss of the bookkeeper salary and duties were undertaken –

Motion was passed regarding salary increase.

- August results are hard to determine because the gross margin is totally inconsistent with what staff claim the average mark-up is. So despite much less sales, it would appear that the co-op is around the break even point somewhere - this still calls for a POS system
- 2008/9 budget will be at the next meeting on the basis of contract costs of \$20,000 (number supplied by Margaret) and a gross margin of around 22%.

- Charles moved that the Finance Committee provide the board at its next meeting with a budget for 2008/2009 which includes provision for a dedicated allocation of \$20,000 to defray the costs of negotiating a union contract with our full time staff
- Harry seconded
- Rachel asked about why we're moving a one-line provision to the budget; Margaret explained that the budget was approved without it and we are moving an amendment to the budget
- Art clarified that this is negotiating costs
- Motion passed

14. AGM reports committee Deborah C.

- Deborah C. asked for clarification on which financial statements to include; clarification was provided

15. Other business

- none

16. Adjournment

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