

MINUTES: October 5, 2009

## **KARMA CO-OPERATIVE BOARD OF DIRECTORS**

**Minutes for meeting of Monday, October 5, 2009, 7 – 10:15 p.m.**

**Annex Art Centre, 1073 Bathurst St.**

**Directors present:** Harry Koster, Donald Altman, Corey Berman, Reg McQuaid, Sarah Pretty, Jae Steele, Kevin Taylor, Howard Kaplan.

**Regrets:** Arthur Jacobs

**Staff Present:** Justin McNabb (General Manager)

**Members present:** Deborah Cherry, Angela Lee, Arel Agnew

**Note-taker:** Ryan Fobel

### **1) Call to order.**

Meeting was called to order at 7.10 pm.

### **2) Approval of Agenda**

The following changes were made to the circulated agenda: Corey's proposal re membership structure was moved from item 7 to item 4 (to be discussed as a subcomponent of the AGM preparations).

### **3) Minutes of previous meeting**

The minutes of the Sept. 14th meeting were not available. A brief meeting to approve the September and October minutes and to formally accept two directors' resignations was scheduled for 6:15pm on Oct. 19, 2009 (immediately prior to the AGM).

### **4) General Manager's report**

- a. Upcoming closures on Oct. 12, 2009 (Thanksgiving Monday), November 1, 2009 (Fall inventory).
- b. Discussion on whether Karma should close early on Oct. 19<sup>th</sup> prior to AGM. Board agreed to close the store at 6 pm on that day. The early closure should be posted at the store tomorrow. Justin agreed to send an email to the members about the closure.
- c. Latest membership info: 884 members, 459 working, 425 non-working. The number of working members increasing over last few months, non-working dropped. Number of working members thought to be increasing because of recent membership drive and/or recent flat fee proposal.

- d. Cash registers are 50% paid for (deposit). Lots of work involved (busy month) but it is going well.
- e. Ontario Natural Foods Co-op is promoting and subsidizing new product (Palm Pilot) used for ordering. It also keeps track of inventory. After setup with new system we can see if it will be useful. They are offering \$1000 towards purchase.
- f. The replacement freezer arrived and will put it in next week.
- g. Storage locker is cleared out.
- h. Question raised about timeline for membership room, which was supposed to be completed in September. Harry said that he had spoken to Art (from the building committee) and that they were working on it. Sarah met with events and outreach committees. The events committee proposed an event to get people to come in and help clean the room up, but the request was turned down by the building committee. General consensus that this should be resolved as soon as possible. We are starting to see effects of the loss of that room in some of the committees who could have been meeting in the store, etc.

## **5) Proposal to merge events and outreach committees**

- a. Sarah attended a meeting with these committees and will send out minutes to the board. The merger makes sense as (1) both committees are thin on people; (2) both chairs are very competent and together could make some real progress; (3) the merged committee has momentum and could help organize events in alignment with Karma's values.
- b. The report from the outreach committee focused on keeping members, and keeping working members. We are losing new members most quickly. The committees want to combine, but they need board approval. The committees may not survive if they don't merge. The merged committee is willing to work on a written mandate.
- c. Sarah would also like to see a meeting with all of the committees (or at least the chairs) to get organized. Howard proposed another general meeting in the spring. The fall AGM would cover things required by law, whereas the spring meeting would focus on committee plans, reports, etc.
- d. The issue was raised that many people on committees getting 4 hrs a month without doing any work. Corey said that 252 membership hours were given for committees, but someone pointed out that some people (e.g., Board members serving on committees) may get counted twice in this total but receive credit only once. Outside of the board, 50 people were listed as working on committees. Harry went through the lists and found only 24 people working on committees. Corey said that this means there are a number of people who are getting credit and not working. It was mentioned that many of the people on the committee member list were no longer members and/or out of the country.
- e. Donald stated his belief that the organization needs to decide what steps need to be taken to sustain democracy:
  - make a decision as an organization what committees are necessary

- decide when committees are working

**Sarah made a motion that the board endorse the merger of the outreach and events committees to be named Community Development Committee (name chosen by them).**

**Seconded by Kevin. Motion passed 7-0 (1 abstained)**

## 6) AGM preparations

- a. Hilary Krupa has (with the help of Deborah Cherry) prepared a manual on AGM planning, which gives detailed information about all the tasks.
- b. Harry and Sarah will facilitate the meeting.
- c. Marina DeLuca-Howard will take minutes.
- d. So far, there is no food coordinator. Deborah stated that traditionally the staff has taken care of this. Staff needs some lead time. Some of the food can be delivered to the store with regular orders (but they need time). Often the food is donated.
- e. Nominations chair (Sarah) has had 14 people come forward. She has a bio from 3-4. We are likely to have enough people for each position (but probably not enough for an election).
- f. Howard said that traditionally the nominating committee has nominated every eligible person who has offered to run. Since there is not a lot of time at the AGM for members to learn much about the candidates, the board discussed whether or not the nominating committee should recommend only enough candidates to fill the available positions if there is an election (allowed by the bylaws but not the tradition). Sarah said that she was concerned that she didn't know the candidates well enough to be comfortable recommending anyone (let the membership decide). Donald raised the point that the board hasn't set up a process for how to do this, criteria, etc. Board decided not to have the nominating committee make recommendations.
- g. Two people have agreed to chair the election, Nicky Popper and James Davis
- h. Hilary has 5 volunteers and is hoping to get 2-3 more. An email went out ~1 week ago
- i. 131 people sent email waiving right to hard copy notices of the AGM. Of 884 membership, we have 613 email addresses (~70%).
- j. Hard copy notices have been in the store for 1 week.
- k. The final text of the AGM report will available by 10 days before meeting (electronically).
- l. 150 hard copies will be printed. Someone in the store should monitor if they are being depleted, so that more can be printed if needed.
- m. Sarah will bring projector (for elections) and laptop (with Windows).
- n. A reminder will go out to every committee, to send one representative to the pre-meeting part of the AGM to talk about their work with the committee and answer questions.

- o. It was noted that the agenda is very full, which strengthens the case for a second general members meeting in the spring.
- p. There was a discussion about whether or not the board should formally invite Ken Godevenos (involved in the union negotiations) to speak at the AGM, as listed in a draft agenda. Since the negotiations are still in progress, it was deemed inappropriate to discuss them in detail at the AGM. The board decided that Harry will write a statement, have it approved by the union negotiator in advance, and read it at the AGM. There will be no discussion on the issue afterwards. No invitation to Ken Godevenos was issued.

## **7) Corey's proposal re: membership structure**

- a. The goal is to foster a quality discussion of Karma's financial state.
  - i) plans already underway include minor operational changes (cash registers, etc.)
  - ii) what are the different ways of improving financial health, reducing fixed costs, making more off of what we sell?
  - iii) we must outline the discussion we need to have
  - iv) propose an option
  - v) understand the financial challenges
- b. There is a need to offer members a way to continue to contribute to this conversation, possibly through an online blog, board box.
- c. There was a discussion of how to focus discussion, maybe by giving people one or two questions to answer. There was concern that people would not be able to read or digest the discussion paper beforehand.
- d. Board decided that Corey will finish revising 3-page draft proposal (with disclaimer that it is not endorsed by the board). Howard will edit it and one of them would send it to Reg to put in the info package. Corey will also present a brief outline of his proposal, perhaps including some PowerPoint slides, before the discussion begins.
- e. Howard will draft resolution(s) for the AGM that would be appropriate to conclude the discussion, for example, a motion saying that membership wants to continue with a consultation on this issue.
- f. Corey will meet with Donald and Sarah to discuss what they will be presenting at the AGM.

## **8) Treasurer's report**

Report to the board on Karma's finances from last year by Donald Altman:

- a. The audited annual financial statements were approved by the board.
- b. There are still problems getting people to pay their membership fees (only ~50% of people had paid their June membership fee by the time of the August monthly statement). During the past year there was a Board motion that people who hadn't

- paid their fees should be prevented from shopping. Staff isn't keen to enforce this because they are worried about the effect on sales.
- c. Finance committee suggests that 90% of fees should be collected in first 3 months.
  - d. One problem is that we don't start getting the membership cards ready until June, so we're not ready to collect fees until late in the month.
  - e. There was a discussion on the proposed variable markup (What would it look like? How much of a difference would it make?). Howard's report showed that Justin's proposed changes (assuming that price changes don't affect sales) would have brought in an additional \$19,000 per year if instituted in June, \$12,000 for the rest of this year if instituted now.
  - f. On the issue of potential discrepancies between sticker prices and scanned prices with the new cash registers, it was suggested that we implement the new prices now to make the transition easier.

**We hereby authorize the General Manager to apply the following base markups, effective as soon as practical:**

<b>grocery</b>	<b>35%</b>
<b>taxable grocery</b>	<b>35%</b>
<b>produce</b>	<b>40%</b>
<b>taxable produce</b>	<b>40%</b>
<b>frozen grocery</b>	<b>35%</b>
<b>dairy</b>	<b>33%</b>
<b>meat</b>	<b>33%</b>
<b>fluid milk</b>	<b>33%</b>
<b>bulk</b>	<b>35%</b>
<b>frozen bulk</b>	<b>35%</b>
<b>body care</b>	<b>38%</b>
<b>snack food</b>	<b>35%</b>
<b>coffee &amp; tea</b>	<b>35%</b>
<b>baked goods</b>	<b>33%</b>
<b>supplements</b>	<b>38%</b>
<b>eggs</b>	<b>33%</b>
<b>non-food taxable grocery</b>	<b>35%</b>
<b>cheese</b>	<b>35%</b>
<b>4 litre milk</b>	<b>22%</b>
<b>feminine hygiene/baby</b>	<b>33%</b>
<b>bulk spices</b>	<b>38%</b>

**Motion put forward by Donald. Seconded by Corey. 8 in favour (carried).**

- g. It was suggested that we need to let members know about the new markup. Several board members expressed concern that publishing the markup scheme would be bad

business practice. The discussion centered around the question, “How can we maintain our sense of transparency without putting ourselves at a competitive disadvantage or annoying our suppliers?” The board decided that Howard would make up a hard copy of the markup categories and give it to the staff. There will also be a poster in the store citing the 1.6% markup increase overall, and inviting people to ask staff for more details on specific categories.

- h. The orientation committee needs to figure out how to communicate this issue to new members.

## **9) Orientation of new board members**

- a. Sarah is going to update the orientation documents she received to give to new board members at AGM.
- b. Board orientation is scheduled for Saturday 24th, 1pm-5pm at Sarah’s house. Sarah will send out address in email.
- c. Orientation will consist of 3 hrs of preparation for a 1-hr meeting that will happen at the end.
- d. There was some discussion about meeting with a solicitor who knows about co-op laws. Some thought that it might be too expensive, though others felt that it would be worth it.
- e. Orientation will include an introduction to the bylaws, how to read a financial statement, director liabilities, officer roles, approval of agenda items.

**Harry moves that board appoints Sarah to lead orientation. Seconded by Kevin. 8 in favour (carried).**

## **10) Food issues committee proposal re variable markup**

- a. Harry presented the Food issues committee’s proposal on variable markup. It is based on Karma’s founding principles of taking control of food and actively promoting local food and products. These principles have evolved to include organics, etc. The idea is to use a variable markup to increase profits without sacrificing these values.
- b. Basic foods and other items which are local and not packaged excessively receive the basic markup. Things that are excessively packaged and/or imported have an additional markup. Those that are not available locally will have regular markup. e.g. bulk shampoo: regular, bottled: +10%, imported +20%
- c. There was discussion on some of the added complexities (e.g. seasonal produce, out of stock, etc.). There was also a general agreement that this should not be pitched as a solution to the financial crisis, but as a good social policy, consistent with Karma’s values. It could also be good marketing (similar to Fiesta Farms’ LFP, Big Carrot’s non-GMOs).

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- d. It was suggested that the next step should be to get the food issues committee to identify the products with the different markups and have a staff member figure out the new prices, sales volumes, etc. and calculate the financial implications.
- e. The Board neither approved nor rejected in principle the suggested new markup category.

**11) Adjournment**

The meeting was adjourned at 10.15 pm.