

KARMA CO-OPERATIVE BOARD OF DIRECTORS

Minutes for meeting of Monday, May 3, 2010

Arthur Jacobs' home, 90 Olive Ave.

Directors present: Arel Agnew, Arthur Jacobs, Howard Kaplan, Angela Lee, Reg McQuaid, Danielle Thibodeau

Regrets: Corey Berman, Hilary Gibson-Wood, Sarah Pretty, Benjamin Watts

Staff Present: Justin McNabb (General Manager)

Chair: Danielle Thibodeau

Note-takers: Howard Kaplan, RegMcQuaid

Minutes editor: Reg McQuaid

1. Call to order.

The meeting was called to order at 7:15 pm, after a delay while directors were photographed for the Chronicle.

2. Review and acceptance of previous minutes

Reg asked Justin to clarify what meeting he had attended in April, and Justin said it's an unincorporated group informally called LOFC – Local Organic Food Co-ops.

<p>Moved by Art, To adopt the minutes of April, as amended. All in favour. Passed.</p>

Howard noted that the amendment to the May 2009 minutes, adopted in February 2010, has still not been implemented on the web site and asked Reg to take care of that. Reg agreed.

Reg asked how the Board should deal with appendices to minutes, and the Board agreed that everything reasonable, submitted as reports before or during the meeting, should be attached. The Board also said that reports do not need to be formally accepted or received by the meeting in order to be attached.

Reg also asked whether he needs to locate any official hardcopy of past minutes or whether the version on the web can be considered official. The Board did not answer that question, but Justin reported that we'll soon finish the members' room and be able to retrieve hardcopies of old documents, including minutes, from storage.

3. General Manager's Report

Justin expanded on issues raised in his written report (attached).

Justin had attended a recent meeting sponsored by the Ontario Co-operative Association, discussing strategies for organic-oriented co-operatives like ours. There is a plan to create a second-tier co-op to help new consumer co-ops form in Ontario; we might help to mentor one of those new consumer co-ops. This new second-tier co-op could also do political advocacy; no existing group of co-operatives has as much of a food focus as this new second tier co-op would have. One benefit from this group so far is a link with a potential supplier of local frozen vegetables. Justin had sent the Board two documents from this meeting. One was a sustainability scorecard designed by Russ Christianson; Justin suggested we modify it to reflect our own goals, which may not be the same as the ones Russ proposed. Arel thought this might be used as a survey tool; Howard said it looked more like a Board self-assessment tool, and he suggested that the Board might plan a comparison of members' versus the Board's perception of Karma, as rated on a tool like this. He agreed to bring it to the Board's attention for the July meeting, to see if it could be undertaken in September for discussion at the AGM. Justin said it's also useful as a group discussion tool. The other document was a long (about 80 pages) survey of the prospects for increasing the food co-op sector in Ontario. (Both documents may be seen as attachments to the April 2010 minutes).

Justin said membership, 901 members, is up from last year's 850 but down from the 1000 we had two years ago. He also reported encountering another family that found our fee structure too high to afford – this is a view often held by people not in Karma, even though the active members in Karma who attended February's forum did not think fees were a deterrent.

Justin asked the Board again to consider granting an \$18 credit for membership recruitment; the issue was deferred to later in the evening.

Justin identified a potential conflict between our \$10/hour work shift equivalent and the Ontario minimum wage, more of an optics question than a legal one. Howard gave some background concerning how the fee was determined. Howard and Arel both noted that paid staff are more efficient than member labour, and Howard noted that member labour had extra training and administrative costs.

Justin noted that Hilary had looked over the Karma pamphlet before it was recently printed. Hilary is working with Justin on making sure that our communication documents, often seen by the public, contribute to our strategy of recruiting and keeping members.

In his written report, Justin had asked whether the handbook is an official document. The document was previously created by staff, including a past member labour coordinator. Arel said it should be taken on as a Board responsibility. Angela thought the Board's time could better be spent on tasks other than reviewing the handbook. Reg thought the handbook was generally reflective of Karma processes and values. Danielle wanted the Board to give the task to the staff. Howard noted that one problem is we don't know the origin of many of the items in the handbook, specifically citing the credit policy. Justin agreed that it's important for the handbook to reflect actual policy. Arel agreed to manage

the collection of the Board's views on the current handbook, but not until August. Angela proposed that the Board members review the handbook for the June meeting instead, since all had received copies with Justin's report this month, and the Board agreed that Angela should organize the review process immediately. Justin also noted that the handbook needs to be moved to more up-to-date software.



Justin had also distributed a copy of an ad that had already run once in Eye, featuring a radish image and an LFC logo. Members expressed approval of the new radish image in the ad, though there was also a question (not answered) about the non-use of the older, wheat-sheaf image. Justin reported having received some negative comments about the term "health food" appearing in the ad, and it was generally agreed that "healthy food" would

have better connotations.

4. Committee Secretary's report and membership recruitment

Angela had distributed a Committee Secretary's report that also included items related to member recruitment. The Community Development committee, although under its desired strength, was enthusiastic about the proposed membership drive, in which the key feature would be an \$18 shopping credit for any member recruiting a new member. The Board briefly discussed why it didn't simply approve this credit last month; apparently, it was just because the Board didn't know if the Committee would want to implement the plan. Howard noted that the paperwork we will be using for work shift credits could easily be adapted to handle member recruitment credits. The Board moved on to the next discussion item without formally approving the membership drive, but no one had expressed any objections.

As another approach to membership recruitment, the Community Development Committee is proposing that the Board approve holding an open house in June. Howard asked whether this would mean that anyone may simply shop as a trial shopper, at the usual surcharge? The committee hadn't considered that matter. Arel suggested we wait for Saturday the 12th, not hold this event the weekend after inventory. Justin didn't think this event would interfere with having people shop on Saturday; he also proposed giving out treats, primarily samples from our suppliers. There was further discussion of the surcharge. Justin suggested that open houses generally have discounts, and therefore we should have trial shopping occur with no surcharge; Howard disagreed, on the grounds of fairness to our members. Justin asked what, then, makes it an open house. Danielle suggested the mini-orientation would make it a special open house. No one expressed any objections to handing out free treats or to passing on special supplier discounts to all shoppers, trial and otherwise.

Moved by Howard,

To authorize Angela, Justin, and the Community Development Committee to organize an open house in June, taking into account the Board's comments as expressed during the meeting.

Approved unanimously.

5. Committee reports

Finance Committee

Howard had circulated a written report (attached) that included one specific motion:

Moved by Howard,

To amend the membership fee collection policy adopted last month, inserting the phrase "and any past-due fees" after the phrase "If a household shops once on or after June 1 without paying the fee".

Approved unanimously.

Howard also wanted to discuss this question: Does the Board know yet about anything it would like to spend money on, to help the Board function better or develop its skills? Reg suggested budgeting for a coop lawyer's time to give the Board some legal training; Howard suggested opening such a meeting to other interested Karma members, especially people who might like to serve on the Board in the future.

In response to Angela, Howard explained the issue about the offering statement ceiling mentioned in the Treasurer's report. Briefly, we needed a clarification from the ministry about whether our mandatory \$70 member loans count against the \$200,000 limit for raising money without an offering statement; if they don't, then we may be able to take in more building loans without further government approval.

Building Committee

Art briefly recapped his written report (attached), noting that it is difficult to schedule the skilled workers needed to do the work, though the quality of the work he's seen is good. He wanted specific Board approval to replace the east wall windows, now boarded up. It was unclear whether the prior budget approval, made before we knew we needed major roof repairs, was still considered valid, so the Board re-approved this expense.

Moved by Art,

To appropriate approximately \$1500 to install new windows in the east wall.

Approved unanimously.

Art asked what were the prospects for budgetary approval for future spending, and Howard said his philosophy was not to put our debt-repayment ability at risk. If it was likely that any future purchaser would use the building, then we can more easily justify improvements; if any purchaser would more likely tear it down, then some of the

investments would be “wasted” in a theoretical liquidation scenario. Arel offered to contact a realtor whom she knows personally for a discussion about our sales prospects; Howard offered to work with Arel about the terms of reference.

Art is continuing to look into the question of our compressor noise, about which some neighbours complained last year. We also need to get an under-warranty repair on one of our new freezers; Justin will work with Art on that.

Implementation Committee

Moved by Arel

To receive the final text of our collective agreement with CUPE 1281, as signed on March 5, and to attach that text to the minutes of this meeting.

Approved unanimously

Arel reported that we (Arel, Margaret, Howard, Justin, Michael) will meet with Ken and an associate on May 18 to do the training he suggested regarding the collective agreement; Howard will contact Denise about her availability.

6. The bulletin board

The Board discussed whether, now that it had its own bulletin board, it had any interest in trying to control what members put onto their bulletin board, especially given the difficulty in enforcing such control. It was generally but not unanimously agreed that such control was not worth the effort required.

Moved by Howard

To rescind any attempt to control what is posted on the members' bulletin board (the one behind the produce scale) and to relieve the staff of any responsibility for monitoring or clearing that board unless material gets in the way of Karma equipment or notices.

Approved by five members, opposed by Reg.

Justin reported that there will be a similar (although not cork) board in the Members' room, when it's finished. He also suggested that we reserve a special spot for notices about members' own businesses, separate from notices about community events.

7. Skills inventory

Howard had circulated a suggestion that Karma compile a skills inventory of members willing to take on special work, for either work credit or pay. Hilary had suggested combining that idea with the job fair idea the Board had once discussed. The idea was discussed and generally supported. Danielle offered to take on the organization of these projects, and will come back to the June meeting with a plan.

8. Karma's lawyer

The Board briefly discussed the history of Brian Iler's services to the co-op; he served for many years as our lawyer, and Howard had wondered if he was still considered our lawyer. Justin believes that Brian is still our lawyer except for special questions like labour law. Reg reported that, last year, some older board members had said that Brian was no longer our lawyer, but Art thought this was a specific problem that Harry Koster had with Brian. Justin recalled that Margaret Knittl was unhappy with the experience of meeting Brian and effectively thought she had fired him.

It's officially Reg's job as Secretary to contact whoever our lawyer is, and Reg (who reported having generally good relations with Brian on other organizations' business) agreed to contact him to clarify his status as our lawyer. Howard will brief Reg on the loans issue that he specifically wants clarified: what was the original legal justification for declaring such loans forfeit (at least on our accounting statements) after eight years of inactivity, and is that justification still valid?

9. Review of 2009 AGM minutes

With four directors absent, the Board agreed to defer discussion of the past AGM's minutes to the next meeting, except for one issue that Howard considered urgent. The minutes from the 2008 AGM still need to be obtained, reviewed by the Board, and approved. Howard agreed to contact Marina DeLuca-Howard about this issue.

10. Planning for board recruitment at the 2010 AGM

The Board tried to at least find out who's planning on resigning early, continuing, or running again, but with four directors absent, whose intentions were unknown, there wasn't enough information to do this effectively.

Danielle asked if the nomination process should target specific skills among nominees, suggesting lawyer or accountant as likely examples. No specific decision was reached.

Howard suggested that, with no Chronicle between June and September, the Board put something into the June Chronicle encouraging members to think about running for the Board. Danielle will take care of this. It was also suggested that the need for candidates be mentioned in the Board's own newsletters that Hilary prepares.

Danielle will talk to Sarah about how candidate recruitment went last year and what should be done this year.

Reg confirmed that that AGM will be October 18, at Friends House.

11. Supervisory and HR matters

Arel reported that Justin's only work contract (covering HR issues, rather than being a job description) ran from November 2007 to November 2008. After discussion with Justin, she proposed extending the contract to November 2010, except for two

consecutive 2% raises, one retroactively covering November 2008 to 2009, the other from November 2009 to November 2010. She also reported that Justin accumulates much more lieu time than he is able to take. Arel and Justin are working on a revised job description.

Before approving these items, the Board formalized Arel's role by considering a job title and set of responsibilities distributed by Howard at the meeting (attached).

**Moved by Howard,
Resolved that the position description for Vice President for Staff Relations as distributed by Howard at the meeting be accepted.
Approved unanimously**

**Moved by Howard.
Resolved that Arel Agnew be acclaimed as Vice President for Staff Relations.
Approved unanimously.**

**Moved by Arel (although drafted by Howard),
(1) To approve 2% raises for the General Manager for each of November 1, 2008 through October 31, 2009 and November 1, 2009 through October 31, 2010; (2) to authorize the Vice President for Staff Relations to negotiate such other contract details as are required; and (3) to authorize the Vice President for Staff Relations to sign the renewal of the employment contract.
Approved unanimously.**

Other matters related to staffing were discussed *in camera*, with no formal action being taken.

12. Adjournment.

The meeting was adjourned at 9:50 pm. The suggestion was made that the Board gather earlier than our official starting time next month and share some treats before formally meeting.

The next Board meeting will be held on at 7 p.m. on Monday, June 7th at 90 Olive Ave.

Attachments incorporated into this document:

General Manager's report

Report from Ben Watts concerning the ONFC AGM

Karma Board minutes: May 3, 2010

Attachments as separate documents:

1. Members' booklet, April 2010
2. Current Karma advertisement
3. New cover for the membership brochure
4. Baseline Market Research: The State of Organic Food & Co-ops (See April 2010 minutes attachments)
5. Sustainability Scorecard (See April 2010 minutes attachments)
6. Treasurer's Report
7. Summary financial statements for March, 2010
8. Building Committee report
9. Karma work list, April 28 2010
10. Collective agreement, as signed on March 5
11. Position description, Vice President for Staff Relations

Attachment: General Manager's report

FYI re: Karma communication documents.

- 1) Attached -- the text of our Member Handbook. Arel and I just gave it a thorough proof-read and update. This document was created by staff many years ago and there is some question as to whether it is an official Karma document.
- 2) New Karma advertisement created by myself & Sophia Muller. Feedback so far -- Karma is not considered to be a "health food" store.
- 3) The Karma pamphlet has been reviewed and looks good for the time being. A reprint has been ordered.

The Receiver General has been paid; PST and WSIB payments are up to date.

Membership: We have 901 members. Again, I recommend a membership drive of substance. We could offer, as part of a larger campaign, an \$18 credit to a member who recruits a new member.

Co-op Conference: I attended a conference of about 16 Ontario food co-ops, facilitated by ON-Coop. Please see attached documents. An interesting item of note is a plan for the attendees to form a second tier co-op which would represent and support food co-ops in Ontario.

Member Labour Hour: Minimum wage has recently gone up in Ontario. Will it not be necessary, at some point, to raise the value of a member labour hour from \$10 which is now lower than minimum wage?

Attachment: Report from Ben Watts concerning the ONFC AGM

As you are all aware I had the opportunity of attending the ONFC AGM last week. It was a pleasure to represent Karma at a meeting with such a diverse and aware group of attendees.

The evening included time to socialize with other members and also included a couple of brainstorm sessions which were aimed at providing the ONFC with ways in which to improve their overall service and product line. During the meeting the following reports were delivered to the audience; President's Report, Treasurer's Report (delivered by Karma's own Don Altman), Auditor's Report, and the General Manager's Report. All of the reports were delivered in an easy to digest manner and it seemed as though the general state of the union was solid.

In terms of major developments the meeting was not necessarily action packed. A couple of things to note:

- The ONFC Board of directors is in need of help. They have three empty seats on their board of nine which is sure to make the year slightly more difficult in terms of sharing the workload.
- Financially the ONFC is in a good place, the largest impact to their operations last year was losing primary distributor status with Whole Foods. This shift did end up impacting their net income line, however the entire team remains optimistic.

I was there to vote for the incoming board, no other major motions or votes were put forward outside of the standard operation.

I have the complete reports and the financial statements if anyone would like to see them let me know and I can distribute.