

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

## **Minutes for meeting of Monday, July 5, 2010**

### **Arthur Jacobs' Home, 90 Olive Avenue**

**Directors present:** Corey Berman, Arthur Jacobs, Howard Kaplan, Angela Lee, Reg McQuaid, Danielle Thibodeau

**Regrets:** Arel Agnew, Hilary Gibson-Wood, Sarah Pretty, Benjamin Watts.

**Staff Present:** Justin McNabb

**Chair:** Danielle Thibodeau

**Note-taker:** Russell Moses

**Minutes editor:** Reg McQuaid

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

The meeting was called to order at 7:10.

#### **2. Presentation of agenda**

Approval of Minutes from June Meeting

General Manager's Report

Building Committee Report

Treasurer's Report

AGM – Hilary Krupa and Board Recruitment

By-law changes

Membership Booklet Responsibility

Resignation Policy – More aggressive about lapsed loans – three years.

Membership policy

Skills Index and Job Fair

#### **3. Approval of Minutes from June Meeting**

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| <p><b>Moved by Danielle,<br/>To approve the minutes of the June meeting.<br/>All in favour. Passed.</b></p> |
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Immediately following the Approval of the June Minutes, Howard Kaplan noted that this is the third meeting that Benjamin Watts has been absent. Howard said that, according to the by-laws, there is a question about whether or not Ben is any longer eligible to be a Board Director.

The Board confirmed that having been granted leave is not the same as notifying the Board of absence. Corey Berman wanted to know if the board could grant Ben leave retroactively; this was not discussed further. A question was raised whether or not the missed meetings must be

consecutive, but this was not confirmed. It was agreed to discuss this matter further under the question of by-law changes.

#### **4. General Managers' Report**

Membership: Justin McNabb did not have the membership numbers yet, due to Canada Day causing Marilou Lawrence to miss a day of work. The numbers should be available by Thursday. Justin thinks that this year's membership will likely drop from last year.

Sales: According to Justin, although the raw numbers include membership fees, a quick look at June sales showed that they were "quite good". They are better than previous years, even counting the G20 meeting weekend, which cost Karma roughly \$5000 in sales. Corey asked what the total sales were, Justin replied normally its \$120,000 for June, and the gross numbers are up 7% from that.

Membership Fees: According to Justin, two thirds of the membership fees have been collected so far in June. The new fee collection system of transferring membership cards from the unpaid to the paid box is working out very well. Karma's present official policy is that members not paying fees would not be allowed to shop until their fees are paid. Justin recommended instead that the 15% surcharge feature on the new registers be applied as a penalty to encourage timely payments of fees, and therefore prevent withholding shopping privileges for late fee payments. Justin felt that though fee payment is mandatory, there is more to membership at Karma Coop than the payment of fees.

When pressed by Howard, Justin noted that while most members have paid their fees, many members may not have been in yet to shop owing to summer holidays or vacations. Howard confirmed that there is currently no way to note how many times people shop, only that there is at least one shop per month, and that therefore there is no way to know how many people Justin's 15% surcharge penalty proposal will effect. **The issue of fee-delinquency was deferred for later discussion in the interest of saving Justin time.**

One-month membership fee payments: According to Justin, a long time working member, who has taken a year off to travel, wanted to shop this month without paying the full year's membership fees. Justin charged the member the one-month fee rather than the full year, but noted there is currently no policy he was aware of that dealt with this issue, and that it was likely to come up again due to the existence of the new one-month membership fee button on the new registers.

Danielle asked whether this had come up much before now, but Justin said it was a product of the new button on the register – in this case, the fee was paid, whereas it would otherwise not have been paid, and the member would have shopped without paying the fee. Howard noted that when someone joins in April, a membership-fee for two-months is charged, but the full building fee is charged; in terms of arithmetic fairness this member gets a better deal than members joining at the end of the year in terms of the building fee.

At this point Howard wanted to suggest a motion to determine what year the building fee applies towards, as, though it is collected in November, it does not necessarily cover November to November. Howard noted that since Justin's issue relates to the issue of members wanting pay-as-you-go fees rather than fixed fees (from a previous meeting), were the board to discuss the possibility of extending 15% surcharges as an option for shopping without paying fees (as per Justin's suggestion), it would be similar to a pay-as-you-go option, but would have no membership policies attached – therefore perhaps these issues should be discussed together.

The Board approved Justin's decision to pro-rate the fee in special cases, but agreed the policy related to these situations needs to be clarified. However, Howard was concerned whether applying a 15% surcharge instead of paying a fee, would be similar to getting a membership fee rebate. Howard's other suggestion is that someone's fee payments be suspended or extended. Angela Lee wanted to know if there was a way to do this extension or suspension with the new cash registers. Howard said no, but mused about a 10% versus a 15% surcharge, and whether the extra 5% could be applied to fee payments in the future.

Corey voiced concern that the issue of pro-rating and membership versus non-membership fees, which has been brought up many times during his tenure on the Board and never solved, highlights that the Board has to stop micromanaging the General Manager's decisions; the cash value of these small issues is not enough to merit the board's concern. Danielle noted that the issue may "snowball" to which Justin agreed. Current policy is, if someone can't pay the whole fee, due to financial limitations, then they aren't allowed to shop; whereas if they could pay just one month, a small amount, they would be able to shop – enabling their shopping and Karma's benefit.

Freezer Issues: There was yet another freezer breakdown in June due to a faulty wiring problem. It was caught immediately and no product was lost. Art was able to fix it. Justin noted, however, that Karma does lose sales even though product is not lost. Though it is currently repaired and running, freezer breakdowns are definitely a recurring problem. Perhaps once Karma is in a better situation it could develop a better "freezer strategy".

New Cash Registers: The new cash registers are now up and running. Art asked when the barcode scanner will be developed. Justin said there had been a significant amount of work done on the product database, entering the information and creating the software; the next step is to check and update prices, and get new products into the system. So far, cashier training has gone well. The scanner is not likely to be ready before September, as Howard, who is doing the bulk

of the work, will be away off and on over the summer. Justin noted there was a new label printer to get the product shelf labels done. Justin said the bulk of the work is done, and he is happy to report a successful project for Karma.

## **5. Building Committee Report**

Freezers: Art reiterated that the freezer problem is due to faulty relays which have been replaced. Art noted that due to a personal issue, Joerg's member room report is late, but that the report is likely to be produced before the end of July.

Sound Barriers: Art has picked up some shipping pallets from ONFC, to be re-designed to allow walking on the roof without scuffing it while installing sound protection for the neighbours and servicing cooling units.

Occupation Health and Safety Requirements: Art noted that through his business he is familiar with some Occupation Health and Safety Requirements that Karma as an employer must comply with. Workplace Hazardous Materials Information System (WHMIS) training must be completed, and employees must be made aware of the labelling for hazardous materials. This can be done online. Art noted that Material Safety Data Sheets (MSDS) must be compiled for all materials in the store that may carry a WHMIS label, so that staff can be familiar with their safe handling. Manuals must be on site to tell staff how to deal with injuries, etc. Art noted that Karma must certify at least one, maybe two persons on staff, for CPR training.

Justin noted that Michael Armstrong's job description as assistant manager includes staff health-and-safety liaison, to maintain a record of any injuries, etc.

Howard asked Art or Justin whether they had a sense of how many products would merit such safety attention. Art said he didn't think there were any saleable products but maybe some cleaners used by staff, and noted that some toners and inks on printers, etc, are toxic and staff need to be made aware their proper handling. Art thinks that so long as Karma has a decent binder on such materials, the ministry of health and safety will be satisfied.

- **ACTION ITEM:** Art will continue to work with Justin or Michael to get things moving on the issue of compiling lists of hazardous materials, MSDSs, and Safety Liaisons. The Building Committee will continue to work with Art on the Occupational Health and Safety Requirements issue.

Justin noted that over the summer there will be some trips to St. John's Ambulance locations for first aid training. Art noted that these training sessions may be multiple day affairs, and that the value of the single day session may not be very high.

Justin also noted that Joerg and Mark from the building committee have hooked up the member room to the HVAC system for heating and cooling, which represents another big step towards finishing the member room. Art noted that covering the electrical panels is the next big project.

- **ACTION ITEM:** Art also noted there may be an individual member interested in working on the sound barriers, doing labour, etc. Art knows who this is and will contact him through Joerg.

East Wall: Howard asked Art when will the work on the east wall take place, and when the committee will need Board approval for funds. Art said that Joerg and James have not responded to him on this issue, and whether or not work will be started in 2010 is a question, to say nothing of the cost. Art will inquire whether a proposal can be put together for the next board meeting. Art got behind due to the freezer issues. Justin said he saw an estimate for \$10,000-12,000. Art noted the window has been replaced in the double door, and he is not concerned to move on the east wall windows very quickly – the only issue may just be keeping dampness from setting back into the walls.

Howard asked when the optimal time for this work would be; Art said it can be done into the Fall. Howard wants to ensure there is no time crunch via the work required for the issue. Justin noted that Joerg is busy, so responses on this issue may be untimely.

- **ACTION ITEM:** Art will continue to look into the issue of timing for East Wall repairs.

## **6. Treasurer's Report**

Howard said there are no action items on this report. Denise has been looking more intensely at invoices from suppliers in May, as the total orders look low, and shrinkage therefore looks very good. There is a concern that perhaps something was missed from the list of May purchases, and Howard wants to confirm this with the auditors. If this is not the case, otherwise the year is looking quite good.

Corey asked when the audited statements are usually made available. Howard said usually not August, more likely September. The statements have to be made available before the AGM in October, but Howard would rather they be ready by September.

## **7. AGM Preparations and Board Recruitment**

Reg has not yet been able to contact Hilary Krupa yet, despite leaving phone and e-mail messages. She has the binder outlining AGM preparations. Reg spoke to the people from Friend's House and gave them Karma's insurance waiver.

- **ACTION ITEM:** Justin agreed to help get Hilary in touch with Reg.

Danielle brought up Board recruitment; Howard said he would like an accurate description of what the Board does, in order to facilitate board recruitment. Howard did not get around to this

yet, so this issue will be deferred to the next meeting. Danielle requested this description be circulated before the next meeting;

- **ACTION ITEM:** Howard agreed to have an accurate description of Board activities and duties completed and circulated by the next Board Meeting.

## **8. By-Law changes**

### Technical Amendments:

As per Howard's attached document (By-law recommendations for AGM 2010, V1), there are number of By-Law changes to be made, almost all of which are to bring the texts up to date with current practices. E.g., references to the Karma Corporate Seal, which is now an antiquated instrument, should be amended and brought up to date.

### Substantive Amendments:

Board Member Term of Service: The first of two substantive amendments concerns the length and/or number of terms of service for Karma Board Members. At the last AGM it was requested that the Board consider changes to Directors' terms of service. Specifically, the proposal is to allow three two-year terms, rather than the current two two-year terms. Reg noted the context of the proposal: in the past we have sometimes been unable to fill all board positions, meanwhile board members who had served two terms and were willing to serve a third term were ineligible to fill the vacant positions. The Board is not opposed to this proposal, but Howard doubts it will have the desired effect that the AGM wants it to have. Howard suggested this proposal be circulated, along with other proposed by-law changes, so that Karma members can consider the issue prior to the AGM.

Angela cannot recall the last AGM, but wanted to know if there were multiple members voicing this proposal. Howard noted it arose originally at the 2008 AGM, and there were informal requests that the board bring a formal proposal to the 2009 AGM. The previous Board apparently never reviewed the 2008 AGM minutes; Howard is concerned that the current board has not yet reviewed the 2009 AGM minutes either. There was a formal resolution at the 2009 AGM that the board bring this by-law proposal to the 2010 AGM.

Secondly, Howard wants the by-laws to clarify what it means for a member to have leave from the board. Specifically, Howard noted that Directors are ineligible to continue after three consecutive absences from meetings without leave of the Directors; however the issue is that "leave of the Directors" is not specifically defined. According to Howard, if leave means notification of absence, then leave means nothing at all; it simply means continued communication. Howard wants this to be more specifically described and formally given or withheld.

Danielle thinks that in Ben's case, the issue is too open to interpretation; Howard wanted clarification; Danielle wants to know what leave even means – if someone is elected for a one-year term and requests a six-month leave, and it is granted, whether that is more egregious than

simply missing three meetings. According to Danielle there is nothing regarding this given in writing, nor is there anything stipulating whether approval for leave must be given.

Howard noted that Ben was never granted leave, that Ben has never requested leave, that Ben has simply absented himself, whether giving notice twelve hours before or not. Danielle noted Ben was not given a warning of the possibility of ineligibility – Corey noted that perhaps there is no warning warranted. Art noted it was never discussed at orientations, and that responsibilities were never formally made clear. Danielle suggested the Board look at it as a by-law that needs to be changed, and noted that Sarah needs to be notified. Reg agreed, and hoped that the chair of the board would contact Ben to make him aware that he is now technically ineligible, and allow him an opportunity to respond.

Howard thinks this is equal to granting him retroactive leave and therefore Howard is opposed to this action. Reg thinks that Ben was once a live presence on the board. Howard thinks that regardless of Ben's previous contributions, he ought to be held ineligible on the basis solely of his triple absence.

Corey disagrees; he does not think this situation calls for strict interpretation of the by-laws; Corey thinks that if Ben knew about this rule, he would have asked for leave. Corey thinks that Karma-esque practice is not to kick people off the board, and he worries that such an action may cost Karma a current and potential future board member.

Howard thinks three absences is equal to board vacancy. Danielle noted this discussion was not constructive, and asked Howard for a motion to eject Ben. Howard thought it would not be productive to issue a motion, because it would not pass; Howard said he was only aware of "this" today; when asked to clarify what "this" is, Howard did not reply. Howard confirmed he had not drafted a motion to eject Ben from the Board. Howard has only proposed a motion to approve the publication of a resolution to clarify the three-absence By-law.

**Moved by Danielle,  
The Board hereby formally receives Howard Kaplan's report on proposed by-law changes. Without endorsing or even reviewing any of the changes, the Board authorizes the Communications Secretary to inform the membership that this report exists and to ask for any member comments on the proposed changes.  
All in favour. Motion passed.**

**Moved by Howard,  
The Board, noting that Ben Watts has been absent without leave of the Board from three consecutive regularly-scheduled meetings, deems that he has become ineligible to continue on the Board according to Article III, Section 6(c) of the by-laws.  
Howard in favour, rest against. Motion not passed.**

Danielle, moving the discussion forward, suggested that Sarah take this up with Ben, that Ben be asked to review his commitment to the board and be given a chance to respond. Art agreed, and, noting that he himself was not even aware of this when he joined, suggested that new board members be informed of this by-law.

## **9. Resignation Policy**

Justin clarified that this item was about people not getting their loans returned after eight years of lapsed membership, and that at that time Karma keeps that money as revenue.

Howard provided the background to this item. In terms of day to day operations, it makes no difference whether a loan is shown on the books as a loan or as income; in terms of statement appearances, taking those loans and declaring them forfeited makes Karma's net worth higher, and makes it potentially easier to obtain future loans. That is the issue for Karma. Some co-ops maintain the policy that "members will be deemed to have resigned after eight years of non-appearance at the co-op." Howard suggested that Karma adopt some policy regarding forfeited loans, and make this available to members. According to Howard, Karma cannot unilaterally declare past loans forfeit; contacting members about this issue is best.

Danielle asked whether or not a three-time contact policy would be appropriate for declaring loans forfeit. Howard suggested that after eight years no one will care about Karma's books, but that it is still best to keep Karma out of trouble on this issue. He noted that there are some jurisdictional disputes regarding federal/provincial laws on this issue. Howard noted that there is actually a statement in the by-laws regarding member resignation: after six-months of fee-delinquency, members are deemed to have resigned, though this has no bearing on a loan.

## **10. Membership policy: Resolution and Brainstorming**

Howard pointed out that there are two issues:

- 1) What has happened to Karma's attempts to follow up on the February Forum? Hilary had been hoping to discuss this follow-up with Sarah, but as neither is here this evening, no progress is therefore to be made;
- 2) Continuing confusion regarding 15% non-member surcharge, who it applies to, etc. Howard circulated a 4-page document regarding this prior to the meeting.

Angela asked how many people are actually shopping without paying fees. She noted this was discussed earlier, but still wondered whether this was a big or little problem. Justin replied that the new box-transference system has confronted the problem quite well and will provide some real numbers, whereas in the past the process would drag on and on and the fees would trickle in.

Trial Shop Certificates: Howard explained that when the board adopted the policy that non-members not be given member's benefits, he drafted a trial shop certificate to be filled out by trial shoppers. Karma's front door has a note on it describing this process, though it is not clear to what extent such certificates have been used. These certificates track how many times a non-member trial shops, which is essential for the application of a two trial-shop limit.

Danielle proposed passing a two-trial-shop limit resolution, including a stipulation about the trial shop certificate, and welcoming a discussion of non-member shopping.

Justin noted the importance of having a stream-lined policy for surcharges, so as not to complicate the system, etc. He favours allowing any non-member to shop at a 15% surcharge. He said there is enough trouble keeping track of Karma's 900 members, without tracking its non-member shoppers. Without having a photo ID system, the easiest solution is the 15% surcharge.

Howard does not support the idea of non-member shoppers being allowed to shop at 15%. He said there needs to be broader discussion of this in a members' forum, and that a decision on this issue is overdue.

**Moved by Danielle,**

**The Board hereby clarifies the current policy on non-member shopping. The following non-members of Karma, and no others, may shop for a 15% surcharge:**

- **Legitimate trial shoppers, whether or not they have completed orientation, provided that they complete a trial shopper certificate, but not more than twice per shopper.**
- **People who are at Karma to conduct business with Karma, including but not limited to people delivering products, people repairing equipment, and our auditors.**
- **Officials from other co-operatives visiting Karma to meet with our officials.**

**The Board welcomes a fuller discussion of the issue of non-member shopping as part of a general review of our membership policies and practices.**

**All in favour. Motion passed.**

Danielle led the discussion into the issue of fee-delinquency, members who have not paid fees, and whether they are allowed to shop at 15% or not allowed to shop at all. According to Howard's earlier logic, if the proposed changes are made, then members ought to be allowed to shop if they have not paid their fees.

Howard led this into a new discussion regarding the pro-rated fees, members paying fees monthly, etc (there are therefore options for a \$3 monthly payment).

Angela noted that during her time at the **Park Slope Food Coop**, there existed a payment plan for fees; should members forget a payment, their shopping privileges are then revoked. Howard asked Angela to clarify Park Slopes' membership policy; Angela clarified that it was member shopping only; Howard asked Angela how Park Slope dealt with the community pressure or interest in shopping at Park Slope for non-members, and for members behind in their fees. Angela replied that Park Slope was a very different situation, that there was a swipe card at the door that would tally member's hourly commitments, and that people would be informed of grace periods or denial of entry at the door. Members would be prevented from even entering the store if they were behind in their hours. Angela noted that those falling behind in their hours would be inexorably aware of their delinquency, and therefore also due to the strictness of the coop, people knew that there were serious consequences. Howard noted that Karma did, at one point, have a

check-in desk. Howard noted that it is technically possible for Karma to setup a barcode or swipe process for members to find out their hour-status.

Danielle got the discussion back onto track vis. fee-delinquent members. Danielle noted the difference between Park Slope and Karma is a lack of a payment plan at Karma. Danielle was comfortable denying shopping privileges to delinquent members; Angela was interested in the idea of a payment plan; Howard referred to have members working off the building fee at the end of the year if they had not paid it – he then suggested that those who wanted to earn back the money they had paid for fees would be able to work a shift to earn it back.

Howard noted that if Karma begins offering "slips" for a payment plan of fees, members could easily be offered the option to work. Howard then wondered whether it was unfair to members who would have rather, having done smaller shops only, have the "penalty" that fee delinquent members would be paying rather than the full fee.

Justin noted that Karma is \$120,000 in debt, Karma does not have the standard three month operations budget set aside nor the cash for required capital improvements, Karma has raised their prices, maintained their level of fees. Justin was concerned that Karma would be prepared to prevent people from shopping in light of these other things. Danielle noted that the suspension of shopping privileges is remediable, to which Art and Howard agreed. Howard agreed with Justin in principle that Karma needs to make it clear what is important for Karma, regarding shoppers, what's more important between financial stability, member equity, and shopping accessibility. Danielle agreed but noted that small shoppers may take a long time to pay their fees.

Danielle was concerned whether the proposed 15% surcharge, applied to fees, would charge people more money than those who pay the fees right out. Howard noted that the 15% surcharge is actually the same as paying a fee upfront, for smaller shoppers, over all: specifically, Howard thinks that the average shop is \$60 monthly, the 5% extra of that is \$3, and over 12 months that's \$36, which is the same as the two full fees. Howard also noted that another issue is cash flow, and Karma knowing and being able to count on cash flow from fees over the year to pay for various expenses.

Danielle noted again that she liked the idea of shopping privilege suspension for fee delinquency, and asked Justin if, in his opinion, fee collection would have been more or less successful if people were told either "you no longer can shop here until you pay a fee" or "you can shop at 15% surcharge". Justin did not reply. Howard noted this is a bit of an issue similar to leasing cars, or paying parking tickets, or paying a pay-as-you-go cell phone. Howard did not know whether Karma had a large number of people willing to pay penalties rather than pay the fees upfront. Howard then noted that the issue is largely prompt payment of fees.

Danielle then noted that of the one-third left of delinquent fees, Karma does not know whether some are avoiding fees, or some are away for the summer. Danielle suggested that there be some

information collection follow-up, whether members are actually avoiding paying the fee or not, and that Karma could then know whether fee collection actually costs the Coop members.

Justin then noted that he had always opposed withholding of shopping privileges in all cases, and that his objection to this policy was not related to fee delinquency necessarily, and he thinks that shopping suspensions are "a big deal".

Art noted that the fee money goes to committees and that the membership fee payment is very important to the operation of the Coop.

Danielle clarified that if the board keeps things as they are, there is no actual movement for the meeting, that it was just a discussion. Howard replied that this is just a discussion, and a reminder that the board must specifically state why it thinks some things are more important than Justin's arguments re: increase sales rather than alienate members. Howard also noted the importance that member cashiers feel they have the support of the membership and staff to refuse to cash a fee delinquent member out.

Danielle, Howard and Art noted again that there is no way to know how many people are even potentially affected by the proposed policy. Reg wanted to know whether the new registers can provide the number of fee-delinquent shoppers. Howard answered that if there were members shopping even though fee-delinquent, the board would know in a couple of months; but at the moment there are no records on the computer of the number of people who had shopped in June; possibly from household cards this could be done, but by that method Karma would know how many people have shopped at least once without paying their fees, nothing more. Howard noted there is no way to measure the reason people do or do not shop.

Danielle clarified that the board is prepared to continue with the shopping suspension policy for fee-delinquents; and that Howard be prepared to come up with a document that reflects the board's stance on the issue of shopping suspension, fee collection, etc.

Justin asked that the board quickly indicate who will be enforcing the suspension policy: Howard asked whether it would help or hurt that there be an obvious sign reminding people of the consequences of fee delinquency. Justin said he was not sure. Howard confirmed that no member will be denied at the first shop after fee payments are due, and that cashiers ought to have been notifying people of the consequences and their delinquency.

Howard asked whether people are actually thinking they can join the coop without paying fees. Justin responded that people did not think that was the case, and wondered if the suspension of shopping privileges would reflect a change in Karma's policies. Danielle said that she herself, as a working member, was aware that she would be subject to a fee if she did not keep up with her hours, and that, as the fee was something she could not afford and thus tantamount to suspension of shopping privileges, therefore this is not a change in policy. Art noted that all that was asked was who was going to be enforcing the policy.

Justin was concerned that when a working member is four hours in arrears, that is considered a serious infraction of the rules, and they therefore owe \$40 and are put on surcharge. Justin noted this is more than double the non-working fee, and wondered whether these members should be denied shopping privileges. Art noted that membership is membership, and that it should be made clear that there are fees to be paid. Howard wondered, if someone goes through to November without having paid the fees, what happens when there are then two fees in arrears. Howard noted the average surcharge paying members shops for \$60 a month; half of those average less than \$60 a month; according to Howard, over the course of a year, therefore, half those people would never make their full commitment of fees.

Howard noted that in Justin's statement is implicit the following statement: the value, in dollars, of a person who shops during the year, who shops \$40 a month, never pays fees, and who pays a 15% surcharge, is a positive value to Karma Coop. Howard says in strictly dollar terms, there is a monetary benefit to Karma of having a person shop and pay a 15% surcharge over marked prices and never pay a cent in membership fees.

Reg asked what was the policy prior to the last change, for fees or hours in arrears. Howard replied there was no penalty besides not being allowed to attend the AGM. Angela asked whether people were still shopping even though denied entry at the AGM. Howard said yes, and noted that no one, except for some exceptions, had been denied shopping privileges. The policy, according to Howard, was to keep people shopping regardless.

Howard noted that in the past cashiers had conveyed the notion that paying the fee was optional at the time of a shop by asking, "Would you like to pay the fee now?" Angela understood that there is a need to increase shopping income, but that there needs to be some strict rules regarding Coop membership and fee payment. Angela noted that this is a community enterprise that the Board wants people to opt into, and that it is an active pursuit, and that there are members who pay fees on time and work shifts, etc. Justin noted that the new system has been very successful; Karma has never collected so many fees so fast, and has never kept such good records of delinquency. Justin therefore asked, given this improvement, why are the rules becoming so strict? Justin said there is a whole spectrum of penalties to apply for this, and wonders why the Board is picking the strictest possible option.

Corey noted that Costco has similar repercussions for non-members. Justin contended that Karma stands out as being strict enough to stop people from shopping when fees are not paid. Corey noted that the reason monthly memberships at gyms work is because there is \$150 paid at a time; at Karma, the batch payments for one-month membership fees would be \$3; in theory, according to Corey, there is a point at which it does make sense to collect fees on a batched level, and that at an \$18 membership fee there is little value in breaking down fees into \$3 charges, given the labour required to maintain it such a system. Corey agreed that there has to be room for the managers to apply the by-laws on a case by case basis; but that it is time to lay down the rules of membership at Karma Coop.

Howard noted that compared to other Coops, the definition of what is required to become a member at Karma is varied, and that Karma is complex in its payments. Howard noted that now it is the case that only members may shop, but that Karma needs to decide what it means to be a member; Howard noted that membership at Karma Coop is implicitly defined as paying the fees – Howard felt that this is not unreasonable, and that therefore he has less sympathy for Justin's argument regarding suspension of shopping privileges than he otherwise might. Art agreed; Art thought that the only place Karma had put restrictions on membership was voting at the AGM, and that this is not a very big deal, since it is not the defining characteristic for membership at Karma, which ought to be the privilege of shopping at Karma.

Danielle noted that if the only thing that defines your membership at Karma is being able to shop, and that that is granted by paying the fee, then people may get more serious about paying their fees.

Feeling that he had found some useful tidbits from the February 2009 Board Meeting minutes, Reg read back a brief selection concerning fee delinquency, essentially confirming that this had been discussed before. Howard noted the by-laws do not state that shopping may not be cut off; only that no one's democratic rights may be cut off. Danielle noted, then, that the idea of cutting off fees is not new. Daniel noted that when she was trained, she was told she could enforce these issues but that she may also defer the issue to a manager if she felt the need. Danielle assumed that cashiers would know the policy, etc, but that managers need to be the enforcers in the end.

Danielle confirmed that fee delinquency is not an issue of "kicking members out of the store," but only an issue of suspension of shopping privileges. Corey noted that members ought to know this ahead of time, and that it should not be a surprise.

- **ACTION ITEM:** Danielle directed the discussion back to brainstorming reasons for the Board's decision to suspend shopping privileges for fee delinquency; Howard agreed to put together this document.

- **ACTION ITEM:** Justin agreed to provide the Board with any quantitative information regarding the number of members refused shopping privileges for fee delinquency, or issues that arose relating to this issue.

## **11. Skills index and Job Fair.**

Danielle noted that the Skill Index and Job Fair items had not been worked on substantively yet, and thus it was deferred for future review.

## **12. Further issues**

Howard suggested it may be good to brainstorm some ideas for the August Board Meeting:

- Appoint a Nominations Chairs;
- AGM preparation, particularly review of AGM infrastructure;
- Pass by-laws recommending changes to the AGM;

- Issues relating to Board Director recruitment – Howard will work on a statement regarding this;
- Updated Membership Booklet – Hilary will bring a formal statement of where responsibility for updating the Membership Booklet lies;
- Report regarding Sarah Pretty's discussion with Ben;
- Issue of Membership Structure – Hilary and Sarah are to work on how to make progress on the issue of membership structure;
- Hilary will be sending a board newsletter out (information should be got to her by July 21<sup>st</sup>).

### **13. Adjournment**

The meeting was adjourned at 9:45 pm.

**The next Board meeting will be held on Monday August 9<sup>th</sup>, 2010, at 90 Olive Ave.**

#### **Attachments as separate documents:**

Treasurer's Report for July 5, 2010

Howard's report on non-member and lapsed-member shopping status

Howard's report on By-law recommendations for AGM 2010