

Discussion Record of the 2009 Annual General Meeting of Karma Co-Operative Inc.

2009 October 19, 6:30 p.m.
Society Of Friends House
60 Lowther Avenue

Recorded and prepared by Karen Kaplan as an appendix to the formal minutes

Ninety-four Karma members attended the meeting.

Board members present: Harry Koster (Chair), Sarah Pretty (Vice-Chair), Donald Altman (Treasurer), Reg McQuaid (Secretary), Corey Berman, Arthur Jacobs, Howard Kaplan, ahdri mendiela, jae steele, Kevin Taylor

The meeting was called to order at 6:37 by Harry Koster, Karma Board Chair. Harry chaired most of the meeting, sometimes assisted by Sarah Pretty, Karma Board Vice-Chair.

Approval of Agenda

The Chair called for a motion to approve the agenda.

Moved by Arel Agnew

Secconded by Terry Fowler

The motion was carried

The agenda that was approved follows [bracketed notes indicate ways in which the actual meeting deviated from the agenda, other than deviations from planned times]:

- 6:25 Call to order
- 6:30 Approval of the agenda
Approval of minutes of the previous Annual General Meeting
- 6:35 Treasurer's report and Auditor's report
- 6:50 Discussion of the two reports [discussion did not await the completion of both reports]
- 7:10 Motions to receive the financial statements and to reappoint the Auditor
- 7:15 President's report
- 7:20 General Manager's report
- 7:30 Discussion of the two reports [discussion did not await the completion of both reports]
- 7:40 Motions to receive the President's and General Manager's reports [these motions were instead entertained at the end of each report]
- 7:45 Review of election procedures and nominations for two year terms
- 8:10 First ballot, if required, for two year terms * [ballot was not required, so the meeting proceeded to nominations for one-year terms]
- 8:20 Report from the Negotiating Committee:
A brief status report about progress in negotiating a contract with Local 1281

- 8:30 Introductory discussion of alternate membership and fee structures:
The meeting will hear some recent ideas about how we might change our membership arrangements, to help the next Board decide whether any of these ideas should be studied in more detail [only the introduction to this item was dealt with in the meeting]
- 8:55 Announcement of winners of election to two-year terms [candidates were acclaimed]
Nominations and second ballot, for one year terms *
- 9:00 Further discussion regarding the financial situation: [this item was not dealt with in the meeting]
The meeting will choose between the following two options
- continue discussing membership arrangements that might increase sales
- discuss other reasons for lower sales and what we can do about them
- 9:30 Announcement of winners of election to one-year terms
Adjournment and cleanup
- * If no ballots need to be cast for the two-year terms [as they did not], then the nominations and elections for the one-year terms will immediately follow the declaration that the two-year nominees have been elected by acclamation [as did occur].

Approval of the minutes of the previous Annual General Meeting

The Chair called for a motion to approve the minutes from the 2008 annual general meeting.

A point of order was raised by Howard Kaplan requesting that the two people standing who were jointly starting to conduct the meeting introduce themselves. Harry Koster and Sarah Pretty introduced themselves by name as Chair and Vice-Chair of the Karma Board, respectively.

David Yung raised a concern about the condition of the minutes, mentioning incomplete sentences in the description of the discussion of the Treasurer's report.

Terry Fowler asked if we didn't need a motion on the floor before we could discuss the quality of the minutes.

Motion to accept the minutes from the 2008 Annual General Meeting

Moved by Judy Skinner

Seconded by Sue Honsberger

This motion was withdrawn a few minutes later in favour of another one.

Dave Young was allowed to re-raise his concern about the quality of the minutes. Donald Altman, who was Treasurer for 2008 as well as 2009, attempted to clarify the meaning of the incomplete sentences in the description of the discussion of the Treasurer's report, indicating that there was a need for the Finance Committee to monitor inventory and consider changes to the mark-up.

Terry Fowler indicated that, overall, the minutes were unsatisfactory as a formal record of the meeting and that it seemed inadequate to try to clarify all that was unclear at this time.

Moved by Karen Kaplan that the Board arrange for the minutes of Karma's 2008 Annual General Meeting to be re-written to make sense and that the Board be delegated to accept the minutes as a record of that meeting when, in its determination, they accurately and coherently reflect what occurred at that meeting.

Seconded by Howard Kaplan

Arel Agnew expressed concern that the responsibility would rest with the new board, not the previous one, and that therefore the person who took the minutes might no longer be on the Board. Howard Kaplan answered that in fact the person who had taken the minutes had not been a Board member in any case. Judy Skinner, with the approval of seconder Sue Honsberger, withdrew her earlier motion to accept the minutes. Jerry Lee Miller asked how we can help ensure the minutes will be better. Howard Kaplan answered that the current minute taker (Karen Kaplan) has a lot of experience with both Karma and minute-taking, which may help. Marc Coulavin offered his copy of the 2008 minutes, which he had marked up considerably, to aid in the re-writing of the 2008 minutes. Others offered theirs as well; Hilary Gibson-Wood suggested notes be collected from everyone who had any; Sarah Pretty then asked everyone to leave marked copies on a side table before leaving the meeting.

The motion was carried.

Treasurer's report and Auditor's report and discussion of the two reports

Donald Altman indicated he would assume those present had read his report in the report package, and that he would simply highlight a few matters:

- 1) Referring to page 15 in the report package (Auditor's Report, Statement of Operations), Karma had an operating loss in 2009 of over \$90,000. The store is in financial difficulty and is still not breaking even, although doing better this year so far than last year.
- 2) Referring to the top of the same page, sales are down. This is partly but not entirely due to the renovation. Membership is down significantly and sales per member per week are down but not so badly (this may be due to the recession).
- 3) "Shrink" (or "shrinkage") is what we DON'T make from goods purchased; it was 5.44% in 2008 but 8.5% in 2009. It "should" be down around 3-4%. Karma has always struggled with the shrink, but had been working it lower prior to 2008.

Donald was asked [name of questioner missing] what the shrink amounted to in dollar terms. His answer was: \$71,000 in 2007, \$98,000 in 2008.

Donald was asked [name of questioner missing] why the audit fees about doubled between 2007 and 2008. He explained that, although they did increase somewhat due to the need to audit renovation related finances, much of the apparent increase seen on page 15 is balanced by a decrease on page 16:

we used to assign half the audit fee to store operations and half to membership operations but the Finance Committee decided it would be more realistic to assign a larger proportion to store operations (the part on page 15).

- 4) Donald next highlighted two significant expense increases that can be seen on page 15. One is amortization (which used to be called “depreciation”). This is up because our renovation constitutes a set of investments which now begin to depreciate. This amortization will continue year by year, and will be added to by further renovation investments that are still required to keep the building sound. The second new significant expense is that of the consultant hired to assist in the negotiation of a first labour contract between Karma and its staff.
- 5) Turning to the statement of cash flows on page 17, it can be seen that we went through about \$200,000 of cash during the year, much of it absorbed in the renovation. Karma was able to survive due to two sources of funds: building loans from members (also known as “big bucks” loans) and a line of credit, which costs us more than the building loans do.
- 6) In the statement of financial position on page 13, Donald drew attention to unrestricted net assets (also known as “accumulated surplus” or “retained earnings”), now in deficit to the amount of \$24,000; he mentioned that the building is appraised at about \$400,000, which is the basis for our line of credit.

Winston Lum, of the accounting firm Berman, Lofchick & Lum, spoke next. He indicated this was the toughest year for Karma audit he ever needed to audit and commended Donald on his Treasurer’s report. He pointed out that sales declined by 14.6% but said that it has not been uncommon for businesses to lose 15% to 20% of sales during this recession. He indicated that margins have gone down mainly due to shrinkage, and expressed the opinion that the new cash registers will help with inventory control which, in turn, will help get the margins back up and hence improve the bottom line. He emphasized the \$400,000 line of credit that Karma can draw on. Finally, as a formality, he read out the last paragraph of the auditors’ statement on page 12.

Terry Fowler asked how much shrinkage was attributable to the power outage. Justin McNabb (Karma General Manager) replied that there have been several power outages and, in addition, other instances of freezer breakdown, but that in each case the problem has been caught quickly and very little inventory was lost; over all of these instances he estimated we lost about \$2,000.

Dave Young [or was it Marc Coulavin?] asked why our new cooler has not improved the shrinkage situation, and how we had managed to bring shrinkage down in previous years. Answering the second question, Donald said that we had instituted a policy, subsequently abandoned, of insisting that each item pass the cashier individually, and that this had assisted in reducing the shrink, while Justin said that the new cash register system, which will scan most products as they go through the cash, can be expected to have a similar effect.

Maria Goretti [Boretti? can't find any likely name on the membership list] asked, isn't shrink just spoiled stuff? Donald answered, no, it is all the money not taken in as expected, whether due to spoilage, errors in pricing or weighing, goods taken but not paid for, or selling off or discarding stale dated goods.

Art Jacobs mentioned that some of the freezers, old before the renovation, had problems when put back into service following the renovation. However utility costs are down about \$2000 due to the new cooler. He said that Karma is now addressing the problem of the older freezers.

Hilary Gibson-Wood asked whether the new cash system will include the weighing of products. Donald answered that it would not, at least not at the beginning.

Val Colder identified herself as a member of the Food Issues Committee and asked whether we can use our categories of products to help see where the shrinkage is. Donald answered that at present we cannot but that with the new cash register system we will have more categories (as well as more accurate assignment of purchases to categories) which should help enable us to do so.

Dave Young [or was it Marc Coulavin?] asked whether the ability to get cash back with the use of debit cards might contribute to the shrinkage; might there be times when too much cash is given back? Donald didn't think this was a common problem, and mentioned that having less cash in the till actually reduced Karma's risk of theft. A few minutes later Phillip Haderer pointed out that cash back errors would be caught at the end of each business day, so they are not an issue.

Corey Berman commented that decreased sales itself contributes to higher shrinkage due to spoilage and stale dated items. He also asserted that the recent change in how the buying is done, spread among staff members rather than overseen by a single buyer, helps avoid over-buying and thus should contribute to lowering the shrinkage.

Jerry Lee Miller said that we need a re-orientation of the membership, especially of those not present, and suggested that the Annual General Meeting should be broken down into groups that would then go back to the membership at large; he said that the Karma culture is not getting to the newer members.

Helen Ovens suggested the use of a telephone tree to contact inactive members, saying that getting inactive members to return may be easier than recruiting new members.

Terry Fowler wondered why the staff reduction did not appear to help more with the financial picture, since staff costs are our highest expense. Sarah Pretty explained that the financial benefits of staff reduction are not yet visible because of the generous severance provided by Karma near the end of the last fiscal year.

Paula Larrondo asked the Board to consider providing quarterly financial reports to the membership. She also asked why we don't see a projected budget for staffing. Donald's answer to the second question referred to the on-going

negotiations for a first contract; it would be inappropriate to make public Karma's expectation regarding staffing costs while matters affecting these costs are under negotiation. Speaking more broadly to the matter of providing a budget and other financial information to the membership, Donald said that the Board had not yet approved the operations budget that had been submitted by the Finance Committee, so there is only an approved membership budget. He also mentioned that he had prepared to provide a financial report to the membership for the Karma Chronicle just when the Chronicle "vaporized". This raised a response from a member of the Chronicle Committee [Karen Fleiss?], who insisted that the Chronicle had been requesting reports from the Board for a year, and that the Chronicle had not "vaporized" but rather had ceased to publish for want of material. It was apparent that there were different views of what has happened with the Chronicle, not germane to the discussion on the floor.

Marc Coulavin suggested a broadcast e-mail to bring back members. He also noted that consulting costs quadrupled between 2007 and 2008 and asked when the negotiations will be finished. Donald answered that it was impossible to know how long negotiations would take. He noted that first contracts are very very time consuming, with each side being very careful, knowing that subsequent contracts will be based on the first one.

Richard Brooks said that the Board should communicate with the membership whether or not the Karma Chronicle is available as means of doing so, and should send e-mail update on the progress of the negotiations; members have been left wondering what has been going on, and coming up with conspiracy theories. Sarah Pretty expressed her own concern that there has been a failure of communication and assured the membership that the new Board will seriously undertake regular communications with the membership, although the details of the methods to be used are not yet determined. (Sarah will be continuing on the Board.)

Motions to receive the financial statements and to reappoint the Auditor

Motion to receive the financial statements as approved by the Board, the auditors' report on the statements, and the Treasurer's report.

Moved by Donald Altman

Seconded by Terry Fowler

Carried.

Motion to reappoint the firm of Berman, Lofchick & Lum, LLP, as external auditor for fiscal 2009-2010.

Moved by Donald Altman

Seconded by Harry Koster

Carried

President's report

Harry Koster, Chair of the outgoing Board, called attention to his written report in the reports package and indicated he had two things to add;

- 1) The essential thing we must remember is Karma's mission statement: Our aim is to:
 - Create a community of actively participating members;
 - Foster a healthy connection to the food we eat, the people who grow it, and the other organizations who share our beliefs;
 - Co-operatively educate ourselves on environmental issues;
 - Exercise political and economic control over our food;That is our core mandate, Harry said, and he urged all to remember that we are not a grocery store per se; we are not about making money.
- 2) The Karma Board has begun to consider a variable markup, about which more information will be forthcoming. The basic idea is to use lower markups on products we want to promote, for example basic foods that are locally produced. It is disheartening to find locally made foods selling for higher prices than the same food from further away; it is shameful to be selling peaches from China when Ontario farmers have to chop down their peach trees because there is no market for their peaches. The Food Issues Committee would have input into the variable markup to help protect locally grown food.

Marc Coulavin, referring to a comment in Harry's written report to the effect that it is possible that CUPE would seek to have a union representative on Karma's Board, asked whether this would be permitted by Karma's by-laws. Howard Kaplan answered that there is no provision in the by-laws for any organization to appoint a member to Karma's board; the by-laws require that Board members be elected by Karma members at the Annual General Meeting (or appointed by the Board to fill vacancies until the next such meeting). The by-laws also specify that all Karma Board members must be members of Karma, and that Karma employees may not serve on the Board while they are employed by Karma, although they may be Karma members.

Several people wanted to know whether the union had approached the staff or the staff had approached the union, why the union was CUPE, and why the staff wanted to be unionized. However, this information was not available. There was concern that some of the contents of Harry's report are inappropriate, particularly during on-going negotiations; someone [name? – wearing a black hat and a turtleneck] described it as a rant against the union; Paula Larrondo stated that it was definitely inappropriate, based on her experiences on negotiating committees in other organizations. Others, however, were in sympathy with the remarks in Harry's report. Jerry Lee Miller said he had had no idea there was labour unrest at Karma. There seemed to be a number of people in the room who had been unaware until reading the reports for this meeting that Karma staff had joined a union (CUPE) and that a first contract was being negotiated; there were expressions of shock that such events could remain unknown to some of the membership.

Karen Fliess said she was flabbergasted by comments concerning the Karma Chronicle in the President's report; she said that the Chronicle staff had attempted to communicate with every Board and to inform the membership, and that the fact

that the membership was uninformed was not for lack of trying on the part of Chronicle staff. Sarah Pretty acknowledged the failure of communication between the Board and the Chronicle during the past year and assured Karen that there will be consistent ongoing communication from the Board to the membership in the coming year.

Moved by Arel Agnew that the meeting accept the President's written report up to and including the sentence: "Our staff is becoming more adept at ordering, and those who are not have had the duties taken over by those who are." (The motion would have deleted the contentious portions concerning the union negotiations.) Seconded by Betsy Carter

Catherine Keenan asked for, and got, a "ringing endorsement" of the staff. She also indicated she would like to move that the Karma Board be disallowed from firing staff without consultation with the members; however there was already a motion on the floor and this potential motion was never seconded and was not discussed.

Terry Fowler indicated that he opposed Arel's motion on the grounds that the parts of the President's report to be eliminated seemed to him to raise some important issues.

Phillip Haderer, a former staff member, indicated that staff issues included lack of representation and lack of long term security. He went on to say that there are new models of co-ops in which staff are represented on the co-op board. He also mentioned that Karma's staff members are not experienced in union issues.

rolf struthers suggested the discussion was straying too close to material that pertains to the negotiations and that we should stop. Sarah Pretty said she was feeling uncomfortable vibes. She stressed that the Board had had a hard year, that Karma's Board has been incomplete for years, and that more involvement from other members on an ongoing basis would be helpful. John Richmond identified himself as having been a Board member in the 1990s and again two years ago and said that in the 1990s there was also a lack of participation from both members and staff; he had tried to introduce participatory methods of budgeting but this had not been received with enthusiasm.

John Richmond also mentioned that there exists another model of co-op, called the "solidarity model", in use in Quebec and in parts of Latin America, which includes workers, shoppers and farmers as members of the co-op, and that workers being in a union does not preclude the use of that model. Charles Danzker added that The People's Co-op in Portland, Oregon uses a different management model (collective management), which he had discussed with Karma Board members and staff in 2008, but he had the impression there was not a lot of interest.

Herschel Stroyman said he found the level of animus startling and that this talk of unionization took him by surprise because he had not heard talk of issues that might give rise to the urge to unionize. What most troubled him was a sense of

entrenched camps facing off. He said it would be helpful if we could be given the parameters within which it is permissible to discuss the unionization. He also asked whether accepting the President's report implied agreement with it. Judy Skinner then asked whether we could "receive" rather than "accept" the report. In response to this suggestion, the motion on the floor was voted on, and not carried.

Moved by Margaret Knittl that the President's report be received.

Seconded by Art Jacobs

Carried (yes: 42; no 13)

General Manager's report

Harry introduced General Manager Justin McNabb, who began by saying he would attempt to refrain from going over things already discussed. He made the following points:

- 1) It is important to get the number of members back over 1000. We are at 880 now. The number of members normally declines in the summer but this year it increased. However our retention of new members is not good, and we need to work on not only getting but also keeping new members.
- 2) On purchasing: the staff have been fantastic at taking on the extra work of buying despite not receiving any pay increase for it. Staff members enjoy having responsibility for an area, and the responsibility they take helps reduce the shrink.
- 3) The process of unionization and of negotiating a first contract has not poisoned the workplace; the work environment has been very pleasant.
- 4) Karma's losses have been very painful and, with his initial contract having been completed several months ago, and with his working six or seven days a week, he considered whether he should walk away from the situation, but things do seem to be looking up. When he was at the OFFCC, there was a year like this, and a consultant was hired to review the general manager's role. His performance review is a few weeks away, and, if members have feedback to give, the new Board members would probably appreciate hearing it.
- 5) The new cash registers will be the most recent model of the cash registers we have known and loved for the past many years, so it is hoped that the adjustment will not be difficult for those using them.
- 6) We are seeing an increase in both membership and sales, and are working hard to continue it.
- 7) The OFFCC reports that there is a resurgence of interest in co-ops.

Jerry Lee Lewis suggested a re-orientation of the current membership and "skilling up" of member labourers. Justin acknowledged that there are changes in some working procedures such that those doing them need re-orientation to their jobs. He added that there are other contributions that can be made by members outside of the normal shift work.

Maria Goretti [Boretti? can't find any likely name on the membership list] said she was concerned by the judgments she is hearing and would like to see a deeper democratic process, like that which Jason Diceman introduced, used to set priorities among members' concerns. She noted that, earlier, new members had to

be working members when they first joined rather than being allowed to choose at the start whether to be working or non-working. She expressed the belief that Karma has lost founding members and senior members because they cannot afford to shop at Karma; she suggested a discount for seniors. She also said that over the years she has invited many friends to Karma and it used to be that they did not like the quality of the produce; however now the produce is much improved and Produce Manager Michael Armstrong has been doing a great job. Justin replied that Michael is a genius at produce and that this year Karma broke a record with over 120 local produce items. He also mentioned the produce now has its own cooler, allowing optimum temperature for produce. As for founding members, he said he has started, in the context of Karma's upcoming 40th anniversary, to think about ways to thank the founders.

Marc Coulavin mentioned that he is a member of OPSEU which, in his opinion, would be the more appropriate union, and he asked, referring to Justin's written report, why negotiations are expensive. Justin indicated that Donald Altman had already touched on this and Donald then reiterated that the use of a consultant in the negotiation of a first contract is a significant cost for the organization.

Moved by James Davis that the General Manager's report be received.
Seconded by Arel Agnew
Carried.

Art Jacobs then declared that Justin deserved a round of applause; enthusiastic applause followed.

The Chair called a break.

Election of Board members

Review of election procedures and nominations for two year terms

The meeting resumed at 8:40 with the Chair announcing that it was time for the election of Board members. He first listed current Board members who would be continuing in the second year of their two year terms: Sarah Pretty, Reg McQuaid, Art Jacobs. Seven seats were vacant, five for two-year terms, two for one-year terms. Harry then requested that non-members leave the room.

A motion was requested to approve James Davis and Niki Popper as joint Chairs of the election process.

Moved by Rob [who?]
Seconded by Harry Koster
Carried.

James Davis reviewed the procedure for elections. There would be two separate votes, first for five two-year terms, then for two one-year terms. He identified the proper ballot for each of these votes and described how the ballots were to be used. He stated that, in order for a ballot to be counted it must be marked for exactly the required number of candidates, five for two-year and two for one-year terms.

Sarah Pretty nominated the following five people for two-year terms (these people had agreed to stand for election prior to the meeting and printed “bios” were available at the beginning of the meeting):

Arel Agnew
Corey Berman
Hilary Gibson Wood
Angela Lee
Benjamin Watts.

Each of these people reaffirmed their willingness to stand. Nominations from the floor were called for. There being none, nominations were closed. Each nominee spoke briefly, adding to what they had previously written. [Only some of what they said is captured here.]

Arel mentioned that she has been a Karma member since 1972 (the founding year) and that she has served on a negotiating committee of the teachers’ union, as a volunteer for Houselink, and as Treasurer for her NDP riding. She stressed the need to work co-operatively and to communicate.

Corey has been a member for a year and a half and has a background that includes finance and accounting courses. He runs an environmentally friendly school fundraising business. His focus is on righting the financial ship.

Hilary has been a member of Karma for three years. She is a research co-ordinator at the Centre for Research on Inner City Health, focusing on community engagement, communications, and outreach. Her main interest is in co-operative work among the Board members, members and staff. She is encouraged by the enthusiasm evidenced in this meeting.

Angela has been a member for 85 days. She just moved to the neighborhood in May. She works for a labour union and her training is in community organizing; she is excited at the prospect of getting to work on issues that have been raised tonight.

Benjamin had intended to introduce himself as the “baby” of the group but finds that Angela is an even newer member than he is. He trained in finance but has moved into the entertainment industry. His interest is in recruitment of new members. He commented that the store feels like a place of peace.

Moved by Marc Coulatin that the five candidates for two-year terms be acclaimed.

Seconded by Jerry Lee Miller.

Carried.

Marc Coulatin expressed thanks to all the candidates for running.

Nominations and second ballot, for one year terms

James Davis called for the nomination of candidates for the two one-year terms.

Sarah Pretty nominated the following two people for one-year terms (only Howard's printed bio was available before the meeting):

Howard Kaplan
Danielle Thibodeau.

Justine Silver nominated
Rick Conroy.

There being no further nominations, nominations were closed. All three nominees accepted nomination. Again each nominee spoke briefly. Again only some of what they said is captured here.

Howard described himself as a well-practiced grump with a long history serving on Karma's Board and various committees.

Danielle has been a member for two years and has a background in community based education. She has an interest in food. She spent a summer on a farm running classes for migrant farm workers. She is concerned with issues of training and of keeping members engaged, ensuring that donated time is used to best advantage, and she is heartened by the passion shown in tonight's meeting.

Rick said he lives the closest of anybody to Karma. He has a masters degree in environmental studies from York University and ran the Toronto Cyclists' Union for its first year in 2000.

There being three candidates for two one-year positions, a vote was required. Anyone not a Karma member was asked to leave the room; the doors were closed; ballots were marked and collected.

Art Jacobs reminded the meeting of a discussion at last year's AGM about changing either the length of Board members' terms of office or changing the limit on the number of consecutive years a member can serve on the Board. Marc Coulavin added that the discussion was recorded in the minutes of the 2008 AGM and he was surprised that it had not been brought forward. Art suggested that the Board had been too busy with other things to follow up on the idea. Val Colden inquired what the limit is currently, and Sarah Pretty answered that it is four years. Val suggested this meeting recommend that the Board consider making it longer. Judy Skinner said we should be explicit.

Moved by Judy Skinner that the incoming Board bring to next year's AGM a motion to amend the by-laws to extend terms or term limits to allow longer service.

Seconded by Donald Altman.

Marina Deluca-Howard indicated that the matter was indeed in last year's minutes (she had taken the minutes). Howard Kaplan pointed out that any proposed change to the by-laws must be communicated to the membership, in its actual wording, along with the notice of the general meeting at which it is to be discussed. Sarah Pretty indicated that this past year's board had "dropped the ball" in this matter, as clearly last year's AGM had intended for such a change to

be brought to this year's AGM. Reg McQuaid suggested we have another general meeting in the spring, when we do not need to spend time on annual reports and elections.

The motion was carried.

Report from the Negotiating Committee: A brief status report about progress in negotiating a contract with Local 1281

While votes were being counted, Harry Koster indicated that Karma's Negotiating Committee had consisted of himself and Margaret Knittl (Board Chair prior to Harry's term), with the assistance of consultant Ken Godevenos, whom he introduced to the meeting. He indicated that the Board had wanted to allow time in this meeting for members to ask questions about the negotiations, but that at the same time it was difficult because, legally, much of the negotiation process must be kept confidential.

Terry Fowler asked, since member labour is so important in defining Karma, how does that relate? Ken answered that member labour is understood to be critical and that this is being taken into account; the union is understanding on this matter. Charles Danzker commented that member labour is not by definition essential to co-operatives but is important to Karma.

Janis Rubenzahl asked, are you allowed to say what the issues are? Ken answered that they are largely the things we would expect: wages, terms and conditions of employment, management rights, handling of vacancies, layoffs, benefits. Asked if there was anything different from the standard matters, Ken mentioned member labour and "maybe one or two others arising from current practices".

Laura Coramai commented that she'd been unaware of unionization and she asked whether it was coming out of a place of hiring more staff due to lack of member labour and that hiring being haphazard. Harry Koster replied that when Karma was first created it was entirely member run. He was immediately corrected by others in the room to the effect that there had always been a paid manager. Harry continued that all members had been working members and there were no employees other than the manager for some time. In 1988 or 89, he said, non-working membership was instituted as an option. The approach was that non-working status would be temporary, but it evolved to the point where people joined as non-working members. Then about 15% of the membership was non-working. Then one of the managers believed that paid employees did the work better, several of the member labour jobs were eliminated, and the non-working membership rose to 40%. Two years ago more than 50% of members were non-working. Now about 300 of our 894 members are working members. As a follow-up, it was suggested that this kind of historical information should be made available on Karma's web site.

Joerg Wittenbrinck asked whether Harry Koster and Margaret Knittl would be continuing as the Negotiating Committee. The answer from Harry was that this is unknown until decided by the new Board.

Marc Coulatin asked whether there was any time limit on the negotiating process. Ken answered that there is no limit. However either party can file for conciliation at any time. This would result in either going to conciliation or a determination that conciliation would not be productive, at which point a strike and/or lockout could legally occur. Harry added that, although Karma was notified that the staff would undertake unionization in November of 2007, formal negotiating meetings began in March of 2009.

Betsy Carter asked whether there was a mandate for the Negotiating Committee, or a goal. Ken responded that the goal was to get a collective agreement that both parties are happy with, meaning that the employer remains viable and the employees will want to work there. He also commented that there is some advantage in having some continuity in the Negotiating Committee. Joni-Brook Thorndycraft then asked how the Board was kept involved. Harry described the process: six Board members discussed how to proceed. They put together a package of what Karma could live with and stay viable. From November 2007 to March 2009 there was no response. Then meetings began. Since then, at each Board meeting there has been an in-camera session to brief the Board. Ken added that both parties in the negotiating meetings can say, when needed, that they need to go back to their constituents. Joerg Wittenbrinck pressed for the mandate or set of instructions that the Board has given the Negotiating Committee. Ken said that a mandate has been given but it cannot be made public. Sarah Pretty added that the new board would have to choose its representatives to the Negotiating Committee. Harry said that the creation of the original proposal from Karma involved input from previous staff, managers, various categories of members, and legal experts.

Announcement of winners of election to one-year terms

James Davis announced that Howard Kaplan and Danielle Thibodeau had been elected to the two one-year terms. He reminded the meeting that the ballots would be destroyed.

Further discussion regarding the financial situation

Corey Berman was given the floor, well after the scheduled time for his presentation. He said that he has taken a lot of accounting courses and that there is a new way of thinking that applies to Karma: triple bottom line accounting, where the three elements are social, environmental, and financial; currently however we need immediate financial solutions, large scale and small. He listed things members can do:

- 1) Shop more at Karma
- 2) Tell people about Karma
- 3) Help by joining committees, sharing ideas, doing a focus group; everyone needs to help figure out how to make things better. Make use of whatever your skills might be to aid Karma.

Donald Altman suggested that another general meeting should be held within a few months and it should be devoted entirely to this matter. Herschel Stroyman said that the things discussed at such a meeting should include how our activities correspond to the co-operative principles.

Jerry Lee Miller said that his confidence has been shaken and he does not trust the system, and he's thinking of leaving Karma. He said he has worked in the store and would have expected to be aware of whatever was going on; nonetheless he now finds that he has been out of the loop. He feels that there is weakness at every level, not just at the Board level. Sarah Pretty said we need to repair the processes rather than thinking in terms of leaving Karma.

Charles Danzker, in response to Corey Berman's third item above suggested it can also be useful for members to get out of their "skill zone" and be willing to do something they may not already be adept at.

Sarah asked people to try to think of places we could hold meetings for free.

Adjournment

As we were required to leave the building, the meeting was adjourned at 10:03, immediately after a draw for a gift basket that was won by household 4878.