



Karma Co-operative

2008 Annual General Membership Meeting Minutes

Prepared by Marina DeLuca-Howard

Board Members Present: Donald Altman, Harry Koster, Margaret Knittl, Ahdri Mandiela, Orla Hegarty, Jonathan Tracey, Deborah Cherry and Rachel Birenbaum

Margaret Knittl chairing and we have quorum.

Approval of Agenda

- John Biggs asks Margaret to clarify missing reports.
- Asks to amend the agenda for other business
- Point of order "confusion over agenda"

Margaret requests we accept the agenda at this time

- Caitlin Smith moved to approve the agenda
- Seconded by Jerry Lee Miller.
- **Motion passed unanimously.**

Approval of Minutes from 2007 AGM

- Harry Koster moved we adopt the minutes.
- Seconded by Margaret Knittl

Discussion item:

Page 2 of the package re Treasurer's Report and Auditor's Report is an issue for the Members. Building fees do not appear, in Rolf Struthers' report under Treasurer's Report. Increase in the surplus. General assembly murmured about deleting this.

Motion by John Biggs: Motion to amend minutes so the Building Fee does not appear as a source of profit.

- *Motion to accept the minutes by John Biggs*
- Seconded by Caitlin Smith
- All in favour of approving the minutes.
- **Motion carried and amended minutes approved.**

Auditor's Report

Jerry Berman, auditor delivers the report.

Highlights:

- page 15 reviewed with Finance Committee
- Success of organization is from strength of the finance committee and he congratulated Karma for having a strong Finance Committee.
- page 20 notes that shrink is down
- gross profit up almost a full percent
- \$13 000 sundry revenue –grants are deemed as not repaid, so taken into income (extraordinary thing)
- expansion—amortization, depreciation of new addition figure[next year]

- \$300 000 line of credit, not being used as the renovation is being financed using cash flow and \$25 000 in special building loans. Karma is currently "very healthy"
- Uncollected Member fees are creating a deficit. Members who should have paid have not paid.
- Sales are down, but expenses were held down. The gross profit increase is from shrink reduction.

Motion to approve Auditor's Report:

Charles Danzker moved we accept the Auditor's Report

Seconded by Rolf Struthers,

Motion carried unanimously

Approval by Finance Committee

- Charles Lior voiced approval of Finance Committee
- Seconded by Rolf Struthers
- Motion carried

Motion to reappoint firm of Burman, Lofchick & Lum to do next year's audit, fiscal year 2008-2009

- Motion by Caitlin Smith,
- Seconded by Rolf Struthers
- **Motion unanimously carried, Jerry Burman reappointed auditor for fiscal year 2008-2009**

Treasurer's Report
By Donald Altman

Discussion:

- borrowing funds from members easier, plea for money from members to lend to Karma
- Rather not use line of credit
- "Big buck loans" according to Margaret Knittl are the best way for Karma to finance its renovation
- So far line of credit not costing us anything, as we aren't using it
- Plea for better control over financial management and inventory
- "Point Of Sale" system which finance committee is pursuing on its agenda"

Highlights:

- Inventory needs to be watched and current system leaves
- Mark up questions need to be asked
- Tracking the monthly financial performance?
- monitoring bookkeeper, financial costs of renovations,

Motion to accept Donald Altman's Finance Committee Report

- Harry Koster moved to accept the Finance Committee Report
- 2nd Charles Danzker
- **Motion carried**

General Manager's (GM) Report

Justin McNabb gave the GM's report covering the past 6 months

Highlights:

- Michael Armstrong was the Interim GM, but now is Assistant GM
- GM expressed trust in staff and enjoying members
- Goretti's question: Are staff changes in ordering responsible for shrink change?
- Justin's response: Sarah Pullins, the Grocery Manager has been good at reducing inventory
- Noted that high inventory ties up money and contributes to shrink and Michael has in the produce dept. worked on reducing shrink.
- Tracking shrink an issue

Motion accept General Manager's Report

- John Liss motioned we accept the GM's Report
- Seconded by Goretti Vuotovio
- **Motion carried. Report accepted**

Chair of Physical Building Committee Report

Highlights:

- Wrote the report in the package
- Charles Danzker available to elaborate on Joerg Wittenbrinck's words
- Thanks board and staff and member volunteers on behalf of building committee
- Renos under budget so far, but over time
- Windows need to be done
- the architects are members who will be associate members of the building committee. Call for volunteers for other projects.
- Future of the building committee:
 - ❖ would like to keep the building committee active
 - ❖ James and Joerg are able to continue their roles
 - ❖ Charles Danzker will continue his work on this committee

Question and Answers:

John Biggs question: will further renovations cause disruptions to the store?

Answer: Members will not be inconvenienced by other renos, including the roof

Charles thanked Joerg for all the work he did organizing members, noting further work is not optional on the roof and walls. The board should consider all the work by this committee. Also, Charles thanked hardworking staff members who always seem to be moving things around. Members applauded.

Question: Are we fitting more stuff in there now? Looks like there is lots of room.

Joerg: We are trying to make lots of room, and add efficiency.

Justin: There is less freezer space but that is temporary, a new freezer is on order. The layout is really improved. The cooler is huge and we kept the produce at a better temperature.

Member question: Would it be possible to name the aisles as they do in supermarkets?

Donald: One of the benefits of this is that people are wandering around the store. Having people rummage around has had a

Joerg added: Major product groups are better grouped than before.

Motion to receive this Building Committee Report:

- Moved by Arthur Jacobs,
- Motion seconded by Caitlin Smith
- Motion carried

Margaret Knittl: "We owe the contractor and site managers a good deal of thanks. Letter of thanks has gone out to them. I think we should also remember the Shoppers who continued to shop, despite looking hard for products and the help from the Staff. The Staff showed immense commitment and imagination, energy and staying power." She expressed "delight" that the Building Committee has become a regular committee of Karma.

Margaret also pointed out that besides the roof, we will begin negotiation with staff for a contract. Margaret called for "a clearer, generally acceptable contract with our staff".

Margaret also remarked upon the need to review our member policies. If all everyone paid their membership fees there would not be a deficit there: one hundred households had not paid their fees as of this meeting. There needs to be work there.

Motion to accept the Building Committee Report

- Move to accept the report by John Biggs
- Motion seconded by Jason Moore
- **All in favour. Motion carried unanimously**

Discussion

Question: re Harry Koster's research can he clarify it?

Harry Koster reported he studied Member Shopping Patterns from 2007-May 2008: Saturday before Thanksgiving and Sunday before Christmas, as well as two other days. Harry's findings included an attempt to track trends in Member shopping behaviour to identify ways Karma can better respond. Members were equally divided between working and non-working, but recently there were increases in non-working members.

The number of members who paid the flat fee over 12 months was four members. According to Harry Koster those paying flat fees may have shopped the months they paid, but then not shopped again. This phenomenon needs to be understood.

Essentially, Harry concluded that "The working members carry the non working members."

The fees collected, \$18 per month, were established by Sarah Fairley about 7 years ago, but do not reflect current wages. This is an issue as Karma needs to be financially viable.

President's Report

Margaret Knittl has collected some data, to try to understand what it costs to keep staff we have. The assumption that last fiscal year staff we had 9 equivalent staff in order to get information about staff costs. She will publish in chronicle and on website when she has the information.

"Sometimes what is on paper is not what is happening", Margaret commented.

Charlie Lior asks for clarification of this discrepancy.

Margaret elaborated that short term borrowing is available to staff members in the form of small loans with future pay as collateral. According to Margaret this must be paid within 13 days, but a conflicting provision allows for having money taken from cheques. Shopping list payments are lumped together with staff loans causing further confusion.

Another example involved what Margaret called "disconnect between hours worked" and "hours paid". The wages did not add up properly. The error in the number of hours worked that were reported, not in the pay.

Rolf Struthers asks about who is looking into irregularities.

John Biggs asks another question: If there is a change in fee structure is that decided by the board on its own?

Donald Altman: A general meeting is obligatory in electing board members and accepting bylaw changes.

Howard Kaplan, authority on By-laws: Membership meetings are mandatory in order to change bylaws. Membership fees have been altered by others, such as the General Manager, but there is no authority for this change other than the Board. We always acted as though it is fine.

At an AGM 18 years ago members not working it was decided should pay a surcharge, but the form of this is not clear. Whether or not it should be a flat fee or percentage is not clear. Implementation of the form of the decision is left to the Board. They set the form and choose the amount.

Harry Koster added : The Flat Fee was set by a General Manager, Sarah Fairley, but the finance committee had reservations, so if the board approved that. It would allow this change to happen.

Donald Altman pointed out: The Board has spent time looking at the amount non-working members are paying.

Change is to be expected. We assumed we had the authority to do this.

Karen Fleiss question: More continuity of membership on the board? How is there controversy over what is in package if the by-laws are in there?

Howard Kaplan thinks Bylaw changes out of order.

Motion to accept President's Report

- Accept president's report Caitlin Smith moved it
- 2nd Jason Moore seconded
- **Motion carried, with 1 abstention**

Howard Kaplan reiterated:

Any Bylaw changes are out of order as there is nothing on the agenda about bylaw amendments. According to the Bylaws if everything is not part of the meeting information then information must be available prior to the meeting.

Howard urged board to withdraw discussion at this time to change the bylaws.

Howard Kaplan exclaims: "I will challenge the chair on that issue" [voting on bylaw changes that have not been properly presented to the membership in advance]

Margaret Knittl is willing to withdraw her request for a vote on bylaw changes at this time; however she requested informal discussion continue.

Donald Altman: The rule that a "person who is appointed to run mid term cannot run twice" should be changed.

Donald pointed out that continuity on the board is the issue. The staff turnover and the board turnover rates are high.

"Two two year terms is not a best practice", it does not allow adequate time for Board members to learn the job, nor learn to make decisions.

Decision: Coming back a year from now to make that change to the Bylaws.

Margaret Knittl: Six rather than four: an odd number of five years.

Confusion over the duration of term proposed and some passionate murmuring by crowd.

Point of order: since we are having discussions why not vote? Kaplan reiterates the Bylaws prohibit this.

In the act that preparing for a possibility, rather than making decisions, we ought to consult Board Members.

- One of the candidates for the Board, Kevin Taylor is asked about staying for 4 years consecutively. He does not wish to do this and replies in the negative about having an extended term.
- Caitlin Smith asks about a culture change, if there is a sense of commitment coming. She supports Donald's contention that if we change the bylaws a culture change can occur.
- Jerry Lee Miller "dragged" into running for the board complained there is no exit interview. Expectations?
- Length of the term Donald Altman asked about 2 or 3 year terms but urged the simplest thing to change is to have a max of six years, rather than four years. Leave it open to discuss term lengths as well as number of terms.
- Karen F: Really relieved that the issue is coming up. Chronic state of one year term members. New board turning over every year.

- How do we pose the question?
- John Biggs: Basically in favour of longer terms. Accountability.
- Charles Danzker would like to add that this issue has come up in discussions with American co-operatives. They are going to three year terms in some American Co-ops. He cited Ed Brown, from People's Co-operative, in Oregon mentioning having this discussion occur with their membership and the result was three year terms.
- Ahdri Mandiela: Separating yourself from board and memberships. What worked or what didn't work? Exit interviews seem really odd. Who would do this?

Margaret Knittl:

Make policy of what has been practised. As we are not voting on this motion at this time, Margaret asked that she would like to go on to the next motion to mandate what has been done by habit and practise. What are responsibilities about informing the incoming board? How would that transition best be made? Outgoing and incoming board will receive the agenda for the new orientation and this describes what will happen. Agenda, in case the new board would like to sit and set a time to meet and appoint or elect a president and a secretary, treasurer or vice president as well. Outgoing board will still manage things, and delay for the new board anything that can be delayed.

Procedures question from John Biggs: When does the authority of one board end? Change policy and practice, can board proceed without change?

Caitlin Smith points out that the new board has 14 days to take office or is in violation of bylaws. Does this seem too difficult?

Charlie Lior: orientation meeting known right away and officers elected. We have many procedures and bylaws. Why not just follow rules we have now rather than make more rules.

Move to proceed to the election

Charlie Lior

Seconded by Karen Fleiss

Motion carried.

Karen F. wondered about how many board members would run again if given the opportunity. Organize appropriate meetings with new board. Howard Kaplan volunteers to help new board with this.

Elections of Directors 2008-2009

Rolf Struthers as substitute elections chair

Moved by Donald Altman

Seconded by Charles Danzker.

Motion carried. Rolf Struthers to chair the election portion of the meeting.

Instructions given by Rolf Struthers. Please fill in the appropriate no. or your ballot is spoiled.

Candidates:

- Art Jacobs introduces himself as Karma's in-house refrigeration expert, and points out his household number is 18
- Reg McQuaid introduces himself as a long time member
- Sarah Pretty Works at Enviorinics, and is an expert in communication
- Kevin Taylor was recently on parental leave and is ready for this new challenge.
- jae steele has published a cookbook at Karma

Motion to accept candidates as acclaimed

- Howard Kaplan moved we accept the candidates acclaimed
- Herb Vanden Dool seconded move to accept the candidates as acclaimed.

No Candidates for the one year terms. There are two positions to be filled.

Missing Reports: Events Committee, Member Labour Committee and the Web Committee
Some discussion and murmuring about the absence.

Motion to adjourn

- Motion by Margaret Knittl to adjourn the meeting
- Seconded by Deb Cherry
- **Motion passed, meeting adjourned at 9:58**