

MINUTES

Weavers Way Cooperative Association Board of Directors, 9/6/2011

Attendance: Sylvia Carter, Chris Hill, Nathea Lee, Margaret Lenzi, Bob Noble, Linda Shein, Sue Wasserkrug, Nancy Weinman, David Woo, Stu Katz
Absent: Ian Zolitor
Staff present: Glenn Bergman, Karen Plourde (minutes), Mike McGeary

The meeting began at 7:00 pm. David introduced new board administrator Karen Plourde and thanked Rani Singh for her service to the board.

Agenda and Calendar Review (7:00)

The Board decided to table the Ends discussion to a later date but no later than January, if the meeting was running long when we got to that point on the agenda. Patronage rebate discussion was tabled to October. David will write the November Shuttle article (due Oct 1) and he will lead G3 policy monitoring discussion in October. Margaret will reach out to Michele Lempa for a Leadership committee update in October. Sue will add International Year of the Co-op committee to committee list and remove former board members from the committee list. David will put discussion about replacing board member on the October agenda; Stu will lead discussion. David will also add discussion of the Magarity site development to the October agenda (perhaps as part of the member engagement discussion).

Approve Minutes of June 2011 BOD Meeting

One correction was offered: under "Executive Session," the word "issue" will be replaced with "Grievance Committee recommendations."

Board Action: The minutes were approved as amended.

Review Draft Minutes of Spring General Membership Meeting

One correction was offered: under "Welcome and Introduction," the location should be "The New Covenant Church."

Board Action: The minutes approved as amended, for submission to membership.

Policy Monitoring L1 (Glenn) 7:25

The Board asked for more data to support the GM's interpretation in L.1.4 that: "Due to the recent expansion this provision (which provides that the GM shall not cause or allow consolidated operations to generate inadequate net income) now provides for generating adequate cash to pay all liabilities and achieving net income that is trending in a positive direction each year excluding non-recurring items such as grants or assets disposals."

Specifically, the board requested a table, over the last few years, which clearly itemizes and excludes the non-recurring items in a manner that will show if the net income trend is in a positive direction. Mike McGeary offered to make a table, which the board thought would be helpful in illustrating that net income is *trending* positive even though it is technically negative

when grant income is excluded. There was some discussion of the difference between “adequate cash” and “net income,” and that loan payments should not be excluded from adequate cash calculation. Glenn clarified that the grants were built into the expansion projects, but the split between 2 fiscal years was not anticipated (i.e., the grants were received over 2 fiscal years, not in one year). The Board questioned where the “unqualified opinion” was; it’s in the Management Letter from the auditors.

The Board requested that Glenn stop referring to previous ends policies and only refer to the current ones.

Board Action: The Board unanimously accepted the L1 Monitoring Report, provisional on receiving additional data to support the interpretation in L1.4 that net income is trending in a positive direction excluding non-recurring items. This data should be presented at the October board meeting.

Financial Overview (Glenn, Mike) 7:46

Summary: Financially speaking, Weavers Way beat the planned results, at both the Mount Airy and Chestnut Hill stores.

We won’t have to pay taxes for 2011 because of the grant money, which is not taxable. The Actual to Plan comparisons in the report are pre-audit. The plan to double operating income is based on a variety of factors including decreased labor, streamlining processes, closing the West Oak Lane (WOL) store, expansion, and margin improvement. Also we had large legal costs which will not recur. Mike is working on streamlining costs in various departments. Shuttle income goes down because it’s been flat-lined for some time. Rent income should go up but it’s projected down to be conservative. (It’s gross income.)

GM Report and member shoplifting issue (Glenn): 8:00

WOL store has closed as a Weavers Way store but was taken over by Ogontz Avenue Revitalization Corporation (OARC). There has been very little negative feedback from members. Staff are working with OARC on the transition.

Farm update: recent visits from refugee communities in Philadelphia were amazing. Glenn is meeting with the Nationalities Service Center (NSC) on developing a foraging project because the refugees took home bags & bags of what we might consider “weeds” to use as food.

A group of veterans also visited as part of a VA program to train vets in farming. They also visited a few other farms in the area.

Glenn pointed out that there are a lot of events scheduled in coming weeks.

Magarity site development is supposed to go to City Council in October.

Issue of member shoplifting: the member confessed, in writing, without being asked.

Management retained the household’s equity (\$60), to pay for losses, and the member was told about that. Then the member’s spouse paid \$30 to re-join. The board discussed the co-op’s policy (as written in the bylaws, Article III, #10) on expelling a member, which addresses the issue of membership but not, specifically, the issue of shopping. (The policy was written when all shoppers were members.) The board can choose to expel a member (i.e. “Household”) and management can, theoretically, still allow them to shop - both spouses or just one (or neither). It was acknowledged that not everyone realizes that one can shop at WW without being a member.

Board Action: The Board unanimously voted to ban the household from membership at WW, and the Board President will inform household of this and of the consequences, including appeal procedures, per by-laws. The Board also decided that the \$30 should be returned to the spouse.

New Member Orientation Process review (Sylvia, Glenn) & L6 Policy Revision (Margaret): 8:40

There was no new information to report regarding the New Member Orientation Process. Margaret presented a change to the L6 policy (Communication and Support to the Board), to ensure that the board remain informed about changes in the New Member Orientation Process. The old L6 policy and the recommended changes are attached at the end of these minutes.

Board Action: The Board unanimously approved the recommended changes to policy L6 which added section L.6.1.4 requiring the GM to report to the Board in a timely manner any relevant information or changes in the rules, procedures and policies of the Member Orientation Program. (See revised L6 in attachment.)

G2 Policy Monitoring (David): 8:45

The Board expressed concern about G2.1, which requires that the Board listen to and learn about members ideas, opinions, values and principles regarding WW. The Board suggested that the Member Linkage committee could look into how to improve the policy. Some questions included: If we elicit member input, how do we incorporate it into what we do? How do we get members to understand that we don't do operations because we follow the policy governance model? Could we do informal surveys online, via enews or blog? What about doing surveys regularly, and promoting them through enews or Shuttle. But what about members who don't use web? What about a suggestion box? (We would have to make it clear that we can't respond to all suggestions.) What about a facilitated visioning/strategy session with the members, instead of a General Membership Meeting? The Member Linkage committee will come back with suggestions & a plan at the next meeting. Glenn will send us the member survey results.

There was some discussion of G2.3 and how we try to ensure that members are educated. Examples include: Margaret is leading a discussion group; David is giving a workshop; our articles in the Shuttle. What can be done in the store, that doesn't impose too much on staff & management? What about putting out an inquiry to Cooperative Grocers Information Network (CGIN) listserv, or just reaching out to folks who gave a workshop at the recent Consumer Cooperative Management Association (CCMA) conference (e.g. La Montanita Co-op). Member linkage committee will take this up too.

Regarding G2.4, there was a comment regarding the intersection of policy governance & fiduciary responsibility. Regarding G2.6, there was some question about what we could do to recruit board members with skills we need.

Board Action: The Board requested that the Member Linkage committee come back with a plan and suggestions to obtain members' input and to promote members' education at the October board meeting.

M4/L6 Policy revision (Margaret, Nancy, Chris): 9:30

Background: There had been some concern that our M4.2 policy, dealing with types of monitoring methods, was inadequate. The committee recommended using the Cooperative Board Leadership Development (CBLD) template for M4.2 to eliminate confusion and put the data sources in proper perspective. The old M4.2 policy and the recommended changes are attached at the end of these minutes.

Board Action: The Board unanimously approved the recommended changes to Policy M4.2, with one minor change: the last word - “criteria” - was deleted. (See new M4.2. policy attached to these minutes.)

M4.4, dealing with the board’s acceptance of monitoring reports, was totally changed, because the committee felt the reference to “partial compliance” was confusing. A much simpler version was presented. Remedial plan language was moved to L6.2 (see attachment), since that policy discusses what’s in monitoring reports. But the board felt that M4.4. should have some language about remedial plan.

Board Action: The board asked the committee to revise M4.4 to account for accepting reports despite lack of accomplishment, if a remedial plan is presented.

L6 is the section describing what the GM must communicate to the Board. L6.2 was added to require the GM to provide certain information in monitoring reports. In the case of Ends monitoring reports, the requested information is not being provided. Therefore, the board changed the section to required the GM to provide key indicators of progress.

Board Action: The board accepted the new L6 policy, including the new L6.2 (See attached new L6.2 policy attached to minutes).

WWCP and WW member list (Sylvia, Bob): 9:50

Weavers Way Community Programs (WWCP) wanted to use WW member list to solicit for their fundraiser. But Policy L4.1 (involving customer relations) prohibits sharing member information. But there is a sense that we want to help WWCP; how can this be done, especially considering time constraints?

Sylvia & Bob proposed that we allow the general manager to send WWCP’s letter out (rather than giving WWCP member information). This course of action adheres to the policy. It was suggested that the WW letter make it very clear that WW is mailing the letter on behalf of WWCP, and that no member information has been given to WWCP.

Board Action: The board approved the proposal, with one director opposed.

It was further suggested that we change L4.1 to allow for this type of thing in the future. Bob & Sylvia (co-chairs) will report back at the February board meeting. They will invite Kirsten to participate on their committee.

Announcements and updates; GMM, CCMA, Board retreat, CBLD 101, IYC: 10:00

The General Membership Meeting date is set for October 30 because the World Series should be concluded by then. The location is the Unitarian Society of Germantown.

Bob announced that his wife, Mindy, is applying to be paid cooperator.

January marks the beginning of our 40th year, and the start of the International Year of Cooperatives (IYC). Glenn said Anne Workman is forming a committee to plan events. The Board Retreat is still planned with Teleos on 10/22. The focus will be meeting with Glenn & top management staff about future planning/visioning. More detail will be provided at the next board meeting.

The Cooperative Board Leadership Development (CBLD) 101 session will be from 9-4 on 10/15 at Summit Church (location is tentative). Local start-ups have been invited. All board are invited but it's crucial for new board to attend.

IYC: committee hasn't met yet so no announcement.

Rochdale Tour: Will be on agenda for next meeting.

Operations tour for new board members will be tomorrow.

Executive Session Grievance (Margaret, David): 10:20

A committee (Margaret, chair; Stu, Nancy) was formed to formulate a response to the grievance committee. The board will be given an opportunity to approve the response before it is sent to the appropriate parties.

The Board meeting adjourned at 11:30.

(The old L6 Policy:)

L6 – Communication and Support to the Board

Adopted 8/5/03, Last Revised 2/1/11

The General Manager shall not permit the board to be uninformed or unsupported in its work.

Further, the General Manager shall not fail to report to the Board in a timely manner:

- L6.1 Any actual or anticipated noncompliance with any Ends or Executive Limitations policy, regardless of the board's monitoring schedule.
- L6.2 Any relevant trends.
- L6.3 Any relevant information, including media coverage, threatened or pending lawsuits and material internal changes.
- L6.4 That, in the GM's opinion, the board is not in compliance with its own policies on Governance Process and Board-GM Linkage.

This policy will be monitored through a review of a report from the General Manager annually in January.

(The new L6 Policy as approved at the September BOD meeting:)

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 - L6.1.2 Any relevant trends.
 - L6.1.3 Any relevant information, including media coverage, threatened or pending lawsuits and material internal changes.
 - L6.1.4 Any relevant information or changes in the rules, procedures and policies of the Member Orientation Programs.
 - L6.1.5 That, in the GM's opinion, the board is not in compliance with its own policies on Governance Process and Board-GM Linkage.
- L6.2 In each monitoring report, the General Manager shall not fail to provide a reasonable interpretation of the policy, adequate data that demonstrates accomplishment of that

interpretation, and a remedial plan if the data does not demonstrate full compliance with the policy. Further, in the case of Ends Reports, the General Manager shall not fail to identify key indicators of progress to demonstrate improvement over time.

This policy will be monitored through a review of a report from the General Manager annually in January.

(The old M4.2 policy:)

M4 – Monitoring General Manager Performance

Adopted 10/7/03, Last Revised 2/1/11

M4.2 The board will acquire monitoring data by one or more of three methods:

M4.2.1 Internal Report by the General Manager.

M4.2.2 External Report by an impartial third party selected by the board.

M4.2.3 Direct Inspection by a designated director or ad hoc committee.

(The new M4.2 policy as approved at the September 2011 board meeting:)

M4.2 The board will acquire monitoring information by one or more of three methods: (a) by internal report, in which the General Manager discloses interpretations and compliance information to the Board; (b) by external report, in which an external, disinterested third party selected by the board assesses compliance with Board policies; or (c) by direct inspection, in which a designated director or committee assesses compliance with the policy.