

Weavers Way Cooperative Association

General Membership Meeting Minutes

Monday, December 8, 2003

Sylvia Carter, Vice-President, called the meeting of the Weavers Way Co-op General Membership to order at 7:35 p.m. on the evening of Monday, December 8, 2003, at the Summit Presbyterian Church sanctuary, Greene Street and Westview Street. Sylvia announced that a quorum was met and thanked everyone for attending. 55 households were present.

AGENDA REVIEW: Sylvia reviewed the agenda and introduced the Board members.

CREDIT UNION: John Tuffy

John informed the membership of the Delaware Valley Federal Credit Union's variety of services.

PRESIDENT'S REPORT: Bob Noble

Bob said the co-op has made great progress on the road to recovery. We show six months of profit and the viability of the operation has been well-established. The co-op has undergone two successful CPA reviews and financial controls are in place. His report touched on a number of other important issues. On November 19th, 2003, a formal complaint was filed with the DA's office accusing Andi Sheaffer of falsification and misrepresentation. The board is in the process of implementing most recommendations in the Accountability Report. Bob reported that there is still \$350,000 in crisis debt to be paid off and the plan is to use some of the member equity. The General Manager Search is still being conducted. The Search Committee has cast their net wide by placing ads nationally. The Vision Committee is continuing to reach out to members to help define the goals of the co-op; more work on the vision for the future will be done. Finally, Bob acknowledged the inspiring job done by volunteers in the last year and the hard work done by the paid staff. He asked for more new leaders to come forward and run for a seat on the board of directors.

TREASURER'S REPORT: Eva Schweber

Eva reported that the first capital budget in 12 or so years has been created, with the goal of planning for needs instead of solely reacting to them. The board recently approved \$20,000 of the capital budget to purchase a new time clock, scanning system, and replacement scales. Norman Weiss (Acting GM) and Lou Dobkin (Finance Manager) are working on a cash flow budget. The loan taken for the 557-559 Carpenter Lane expansion in 1993 is being refinanced to save the co-op \$1,000 per month. Eva encouraged new members to join the Finance Committee.

ACTING GENERAL MANAGER'S REPORT: Norman Weiss

Norman reported on news in the co-op world. CGANE (Cooperative Grocers Association of the Northeast), of which we are a member, is discussing merging with seven other such co-op associations across the country in order to form a virtual chain, totaling 200 co-ops and making it the second biggest natural foods chain in the country. Some possible benefits would be lower supply costs, savings in insurance, payroll costs and others. It may lead to co-ops having their own brand. He reported that staff now total 48 with about 18 full-time. In the last few months key staff members Deb McGann and Bill Riley left. He expressed appreciation for their hard work. Payroll costs are down due to fewer people on the health plan, as well as staff hours, pay, and benefits cuts. If the co-op ends up making money over the course of the year, the restoration of the cuts will be addressed. The co-op is making money even though the sales are down 1% since expenses are also down. The average shopping basket is up but shoppers are down 4%. High growth departments are prepared foods, deli and produce. We are current with all of our suppliers. The property at 551 Carpenter Lane is under agreement of sale. The Recovery Committee decided to

sell it to pay off a portion of our debt. The Pet Store will be moved to 608 Carpenter Lane and the offices housed at 551 will move to 610. The 559 property needs work. The scanning system should be installed in February, this will speed the checkout and offer managers better sales information.

MINUTES APPROVAL: The minutes from the June 18, 2003 General Membership Meetings were approved.

FARM COMMITTEE REPORT: Norma Brooks

Twenty-five enthusiastic volunteers helped at the Co-op Farm at Awbury Arboretum last season. Students from the PA School of the Deaf and Henry School enjoyed experiences working at the farm. Members were encouraged to seek out this oasis this spring.

GENERAL MANAGER SEARCH COMMITTEE: Sylvia Carter

The committee has been working diligently on this process. Ads have been run locally and nationally, in print and on the web. First and second interviews have been conducted. Staff and management have been involved in the interview process.

VISION COMMITTEE REPORT: Robin Cannicle

The Dream Team questionnaire went out to members and 170 responded. The committee is trying to locate volunteers to be focus group facilitators and to help with administrative tasks. A complete report will be in the January Shuttle and on the website.

ALLOCATION OF LOSSES TO MEMBER CAPITAL ACCOUNTS: Alex Moss

Alex is a past board president of the co-op and an active member on the Financial Recovery Committee. The proposal to allocate losses will help the co-op reach closure and help to look to the future. This proposal addresses the fact that the shoppers who bought co-op product over the time of the losses are the bearers of the losses (those who put in equity by March 31, 2003). Newer and future members should not have to face the consequences of the errors of the past. Allocating the losses also has another benefit as it will help generate more capital. Those at the equity cap will have their investment devalued and will result in the contribution of more capital. Alex pointed out that the co-op only has so many sources for funds—members would agree that for example, staff cannot bear more of the responsibility. There is an exception, losses would not be applied to contributions that members made above and beyond the amount required for membership (some members have made additional contributions in the past). The proposed formula was handed out in the meeting packet. The exact percentage will be derived from the loss amount relative to the total equity. A member asked about contributions to Save Weavers Way and was told that those contributions are a separate account and was not to be considered an investment. Another member voiced her concerns that it is unfair to smaller, single households. Bob introduced the proposal on the table and explained the different accounts, such as the reserve accounts that only exist if patronage refunds are dispersed.

MOTION: To approve the following proposed devaluation steps.

Step 1. Exercise Article X, Section 10, of the bylaws by zeroing out the balance of regular accounts (REG and REGQNI) of ex-members who have moved or died and we have been unable to contact them or their beneficiaries for two or more years as of 3/31/03. This step need not be voted on because it is merely a part of the bylaws that has not been exercised until now. But it is relevant to the calculations because this money will reduce the deficit; and, therefore, it will make the devaluation less onerous.

Step 2. Zero out the reserve accounts (RESQNI) of all members. This is an easy way to further reduce the deficit because the reserve money (\$37,732.05) can only be returned to members when the co-op is dissolved, but the co-op is not likely to dissolve unless it is bankrupt, in which case

there would be no money to return. Again, this money will further reduce the deficit; and make the devaluation less onerous.

Step 3. For each member's REG account, calculate the required minimum member capital contribution as of 3/31/03 based on join date. Note that we have records only of each member household's current join date. Consequently, there are some members for whom it will not be possible to accurately calculate the minimum required investment. These members fall into three categories:

- Members who have quit and rejoined and have capital brought forward from their original term of membership.
- Member households that have combined with other member households.
- Member households that have been split from other member households.

Members whose minimum required capital contribution cannot be determined will have the devaluation percentage applied to their entire contribution subject to appeal. Appeals will be handled on a case-by-case basis, and adjustments will be made according to evidence provided.

Step 4. Determine a new aggregate Members' Contribution against which the new deficit will be allocated. This new Members' Contribution will be the sum of all members' required minimum contributions from the REG accounts plus the sum of all the REGQNI accounts. **This new aggregate Members' Contribution will exclude all member contributions made voluntarily above the required minimum.**

Step 5. Divide the new Accumulated Deficit from Steps 1 and 2 by the new Members' Contributions from Steps 3 and 4 to produce a new Devaluation Percentage.

Step 6. Reduce the minimum required portion of each member's REG account by the new Devaluation Percentage.

Step 7. Reduce each member's entire REGQNI account by the new Devaluation Percentage.

MEMBER ACTION: Motion passes.

BYLAW CHANGE: FOR "LOST" MEMBERS

Our bylaws provide for the transfer of "lost" members' regular capital to Co-op reserves after a period of two years. However, this practice has not been followed. In order to make the devaluation less onerous on active members and reduce the amount of work involved in the member account devaluation, we plan to begin transferring this money. The problem is that some of these "lost" members would still have some money left in their reserve capital account. In order to further reduce the devaluation work, the board is proposing that reserve capital be transferred along with regular capital.

MOTION: To add the words "member's regular and reserve" to Article X, Section 10, as follows: "Whenever the Co-op is required to repay any of the member's regular capital account to the member, and no persons included in that membership can be found for a period of two (2) years after the payment first becomes due, the member's regular and reserve capital shall be forfeited and transferred to the Co-op's reserves."

MEMBER ACTION: Motion passes.

BYLAW CHANGE: LIMITING THE SIZE OF THE BOARD

The Accountability Committee has recommended limiting the size of the board. At present there are 19 board members. The board is now recommending that by 2005 there will be 13 members. Staff members will not be allowed to hold any seat other than Staff Director.

MOTION: To approve the following by-law changes.

Proposed deletions = *[italics]*; Proposed additions = *in bold italics*

Article IV - Meetings of Members

8. Notice of Nomination and Election of Directors and of Committee Chairpersons- No later than sixty (60) days prior to the Spring membership meeting the Chairperson of the Leadership Committee shall post a notice of elections in a conspicuous place at the principal place of business of the Co-op, which notice shall state the date of the elections, the positions for which elections are to be held and the procedure for nomination of candidates for the positions. The notice shall also be published in a publication generally distributed to all members. Nominations of candidates for positions on the Board of Directors **and for Committee Chairpersons** may be made by any person in a member household by submitting the name of the nominee(s) to the Chairperson of the Leadership Committee of the Co-op within sufficient time to permit the nomination to be disseminated to the membership by mail in accordance with these by-laws. Representatives of the Leadership Committee shall contact each nominee and determine the nominee's willingness to serve.

Article V - Directors and Officers

2. Number of Directors - Effective with the Board election at the Spring meeting of 2005, the administration of the Co-op shall be vested in a Board of Directors of ~~[nineteen (19)]~~ **thirteen (13)** persons who shall act for the Co-op in all matters, except those required by statute, the Articles of Incorporation or reserved by these By-laws for the members. The Board shall consist of ~~[eighteen (18)]~~ **twelve (12)** elected members and the immediate Past-President.

3. Board Positions – Effective with the Board election at the Spring meeting of 2005, the Board of Directors shall be composed of **a maximum of 13 positions, consisting of** the following persons, all of whom shall be members of the Co-op: the President, the Vice-President, the Secretary, the Treasurer, ~~[the Operations Committee Chairperson, the Education Committee Chairperson, the Membership Committee Chairperson, the Merchandising Committee Chairperson, the Environment Committee Chairperson, the Leadership Committee Chairperson, the Diversity and Outreach Committee Chairperson]~~, the immediate Past-President, ~~[five (5)]~~ **six (6)** other Directors elected from the membership at-large and two (2) other Directors who shall be staff members. **Staff members may not be elected to other positions on the Board.** ~~[Except for the at-large positions, each Director shall be elected individually by the members.]~~

3.a. Special Provisions following the adoption of changes to Article IV, Article V, and Article VII of these By-laws, adopted upon (date, 2003,) until Board elections in Spring, 2005, for transition from a nineteen (19)-member to a thirteen (13)-member board:

Effective upon the election in Spring, 2004, the Chairpersons of the Membership, Education, and Environment Committees will no longer be members of the Board of Directors.

Effective upon the election in Spring, 2005, the Chairpersons of the Operations, Merchandising, Diversity/Outreach Committees will no longer be members of the Board of Directors; i.e. Committee Chairpersons will not automatically be members of the Board of Directors.

Effective upon the election in Spring, 2004, the Board will consist of 17 members: President, Vice-President, Secretary, Treasurer, Operations Committee Chairperson, Merchandising Committee Chairperson, Leadership Committee Chairperson, Diversity/Outreach Committee Chairperson, immediate Past-President, six (6) other Directors elected from the membership at-large and two (2) other Directors who shall be staff members. Those Directors elected in 2003 retain their positions for their elected term to 2005, at which time the transition to a 13-member board will be completed.

3.b. In the year beginning with the Spring 2004 elections, if any of the Committee Chairs resign from the Board, that Board position will be terminated and not refilled.

5. Terms of Office

b. Term Limits - Membership on the Board, except in the case of the Immediate Past-President position, shall be limited to three (3) consecutive two-year terms. . After being elected and serving a third consecutive term on the Board, a member shall retire from the Board for one year, before regaining his or her eligibility for election. ~~[Notwithstanding these term limitations, any Board member serving at the time these By-laws are adopted, shall be entitled to serve an additional two-year term before becoming ineligible.]~~

c. Staggered Terms of Office - The President, Vice-President, ~~[Membership Committee Chairperson, Education Committee Chairperson, Environment Committee Chairperson]~~, ~~[two (2)]~~ **three (3)** at-large Directors and one (1) staff Director shall be elected at the meeting held in even-numbered years. The immediate Past-President position shall be filled in even-numbered years. The Treasurer, Secretary, ~~[Operations Committee Chairperson, Chairperson, Merchandising Committee Chairperson, Leadership Committee Chairperson, Diversity and Outreach Committee Chairperson]~~, three (3) at-large Directors and one (1) Staff Director shall be elected at the membership meeting held in odd-numbered years.

Article VII – Committees

1. Standing Committees - The Coop shall have the following standing committees: Education, Operations, Membership, Merchandising, Environment, **Diversity/Outreach**, Finance and Leadership.

a. The election of Committee Chairpersons shall take place at the Spring meeting.

Provisions of Article V. Section 1., Elections of Directors, apply. There is no separate election for the Finance Committee Chair, as the Board Treasurer assumes this position.

b. Term duration – Each chairperson is elected for a term of two (2) years.

c. Staggered Terms for Committee Chairs: The Chairpersons of the Membership, Education, and Environment Committees will be elected at the membership meeting held in the Spring of even-numbered years. The Chairpersons of the Operations, Merchandising, Leadership, and Diversity/Outreach Committees will be elected at the membership meeting held in the spring of odd-numbered years.

d. Committee Chairpersons may also run for a Board position.e. Vacancies – Vacancies caused by the resignation of a Committee Chairperson between elections shall be filled by a majority vote of the members of that committee, and each person so elected shall be the Chairperson until his or her successor is elected by the members of the co-op at the next Spring membership meeting.

Removal of Committee Chairpersons – Provisions of Article V, Section 7, Removal of Directors, apply.

MEMBER ACTION: Motion passes.

The meeting adjourned at 9:15 p.m.

Respectfully submitted,

Dorothy Guy, Secretary