

DRAFT MINUTES

General Membership Meeting

Weavers Way Cooperative Association

Saturday, November 12, 2005

Vice-President Sylvia Carter called the meeting of the Weavers Way Co-op General Membership to order at 7 pm on Saturday, November 12, 2005, at the Summit Presbyterian Church Fellowship Hall, Greene and Westview Streets, Philadelphia. Sylvia announced that a quorum was met and thanked everyone for attending the meeting. She introduced all the board members present. Sylvia expressed thanks to all of the staff, members and vendors who provided help and food for the potluck dinner preceding the meeting. Special thanks to Sarah Steele for the wonderful print she contributed, available for purchase and benefiting Weavers Way.

Minutes Approval

The minutes from the May 18, 2005, General Membership Meeting were approved with a change to reflect that a member asked the General Manager for information about the average salary of Co-op employees and was told that an answer would be posted in the store and in the *Shuttle*.

Israeli Settlement Product Boycott Discussion and Vote

President Bob Noble explained that a three-part petition had been received advocating an Israeli Settlement Product Boycott. Discussion on each of the three motions preceded each vote.

Motion #1: “It is an unfortunate reality that Israeli export regulations refuse to distinguish agricultural products grown inside the Green Line (Israel’s pre-1967 borders) from those grown in illegal settlements in the occupied Palestinian territories. As a result, in line with the recommendations of Israeli peace groups including Gush Shalom and the Israeli Committee Against House Demolitions, we also urge that the Coop no longer purchase any produce from Israel. The sole exception to this recommendation would be the produce specifically designated by the USDA to be imported only from the Arava Valley (which is wholly contained within the Green Line) because of the need to control the Mediterranean fruit fly.” **Outcome:** The motion was defeated.

Motion #2: “The Co-op should no longer buy or offer for sale any and all products made or grown in illegal Israeli settlements in the West Bank, Gaza, and the Golan Heights, as listed on Gush Shalom’s ‘List of Products from Settlements in the Occupied Territories’ (<http://www.gushshalom.org/Boycott/boyceng.htm>). This would include any produce that can be identified as having been grown in the Israeli settlements.” **Outcome:** The motion was defeated.

Motion #3: “Label all Israeli produce carried by the Co-op, except the items affected by USDA policy as described below (i.e. the Arava Valley), as ‘From Israel or Israeli Settlements’ AND label any produce known to be from the settlements as ‘Made in Israeli Settlements’.” **Outcome:** The motion was defeated.

Coupon Voucher Discussion and Vote

Treasurer Susan Beetle introduced a second member petition. There were no speakers in favor of this motion: “In view of operating profits of \$150,000 for the year ended June 30, 2004 and year-to-date profit of over \$80,000, a dividend in the form of cash or an in-store voucher shall be issued in an amount between \$25 and \$50, as determined by the Board, to every member household.”

Outcome: The motion was defeated.

President's Report

President Bob Noble reported that Weavers Way is in good shape. He noted that our auditors have been given us a clean bill of health, that last year we had a surplus of over \$100,000, that a patronage rebate is being returned to members for the first time since 1986, and that our reserves continue to be rebuilt. All of which adds up to good progress in implementing our Strategic Plan. Bob also reported on efforts by the board to improve board recruitment and outreach, including an open forum on changes to our membership requirements, a workshop on Weavers Way governance, and a board candidate packet. He outlined desirable qualities for prospective board members: long-term vision, conceptual thinking, grasping the big picture, connecting to the membership, moral courage, ability to work in a group, and ability to delegate to staff.

General Manager's Report

Glenn Bergman thanked the Weavers Way staff and vendors for the effort and food contributing to the success of tonight's meeting. He also offered his appreciation for the work of all the Co-op committees, the work done on the Farm, and the POS team throughout the past several months. The Farm has provided more than \$3,500 worth of produce to the Co-op. Glenn gave highlights of the work done on the store building and plans for expansion into 555 Carpenter Lane.

Proposed Bylaw Amendments

Board recommendations for changes to our bylaws were introduced and explained by Susan Beetle. Discussion of each proposal was entertained prior to voting. Delete ~~crossed-out text~~. Add **bold underlined text**. *[The reason for each change is explained in bracketed italicized text.]*

Vote #1: Member Rebates

Article IX, Disposition of Net Savings, Section 3. Patronage ~~Refund~~ **Rebate** of Net Savings - ~~The Co-op may make patronage rebates or other distributions to its members or patrons in conformity with the purposes for which it is incorporated. A patronage rebate or dividend that is, or is equivalent to, a reduction in the charge made by the Co-op to a member for goods or services shall not constitute a dividend or distribution within the meaning of the Cooperative Corporation Law of 1988 or as amended. The net savings of the Co-op attributable to the patronage of its members for each fiscal year shall be allocated and distributed among members in proportion to their patronage and in such a manner as to constitute patronage rebates within the meaning of federal income tax law. Such net savings may be reduced by such reasonable reserves for necessary business purposes as may be determined by the Board of Directors. If the cash payment portion of a member's patronage rebate would equal less than one (1) dollar, such cash payment shall be allocated to the member's regular capital account.~~ *[This change is necessary to ensure that year-end Patronage Rebates are tax deductible to the co-op. IRS law says patronage rebates (also called refunds or dividends) are tax deductible only if they are paid pursuant to a pre-existing legal obligation.]*

Article IX, Disposition of Net Savings, Section 4. Written Notice to Members - ~~In the event the Board of Directors adopts a plan for patronage refunds or membership distributions, the Board of Directors shall cause~~ **An allocation of patronage rebates shall be evidenced by** a written notice to be distributed to each member in good standing within eight months **and fifteen days** after the end of the fiscal year stating:

- a. The amount of net savings assigned to that member's reserve capital account as part of the patronage ~~refund~~ **rebate**;

b. The amount of net savings assigned to that member's regular capital account as part of the patronage ~~refund~~ rebate;

c. The amount of net savings being paid to the member in cash as part of the patronage ~~refund~~ rebate;

d. The total of a, b, and c designated "~~total patronage refund~~ rebate";

~~e. Any other additions to either capital account that may have been made since the last notice;~~

~~f.~~ The member's total reserve capital account;

~~g.~~ The member's total regular capital account;

~~h. The full text of Section 5 below. [Same reason as Article IX, Section 3, above. Also, corrects time frame to correspond to current law and standardizes use of the term "rebate" rather than refund or dividend.]~~

Article IX, Disposition of Net Savings, Section 5. ~~Consent to assignment of refund to capital—Each member by becoming a member consents that the Co-op may assign to the member's regular capital account any amount of the net savings refunded to the member on the basis of patronage.~~ **Consent of members - By obtaining or retaining membership in the Co-op, each member shall thereby consent to take into account, in the manner and to the extent required by Section 1385 of the Internal Revenue Code, the stated dollar amount of any qualified written notice of allocation in the taxable year in which such notice is received.** *[This change is necessary to ensure that patronage rebates are tax deductible to the co-op and to clarify members' tax liability regarding any patronage rebate issued by the co-op. For any such rebate to be tax deductible to the co-op, the IRS requires at least 20% of the rebate to be made available to each member in cash. The remainder may be allocated to a member's capital accounts via a "qualified written notice of allocation." Members of most co-ops must declare patronage dividends (both the cash portion and the invested portion) as income on their tax returns in the year in which the distribution is made. However, IRS rulings have exempted consumer co-ops from this obligation, so that no portion of any co-op patronage rebate is taxable to members. Our choice of the word "rebate" rather than dividend is done, in part, to emphasize our standing as a consumer co-op under IRS code.]*

Article X, Membership Capital, Section 3. Regular capital accounts shall consist of all payments to and investments in membership capital, including patronage ~~refunds~~ rebates assigned to a member's capital, that are not reserve capital. *[Change "refund" to "rebate" to make it consistent throughout the bylaws.]*

Article X, Membership Capital, Section 5. ... No member shall be requested to make additional capital investments after the member's regular capital account matches a limit which shall be determined by vote of the membership; except that assignments of patronage ~~refunds~~ rebates to regular capital accounts shall continue after the limit has been reached. *[Change "refund" to "rebate" to make it consistent throughout the bylaws.]*

Outcome: The motion was approved.

Vote #2: Board Size and Officer Elections

Article V, Directors and Officers, Section 1. Election of Directors ~~and Officers~~ - The election of Directors ~~and Officers~~ shall take place at the Spring meeting. The Board shall provide for voting by absentee ballot for election of ~~Officers and Directors~~, subject to these limitations: ... *[See explanation under Article V, Section 4, below.]*

Article V, Directors and Officers, Section 2. Number of Directors – **Effective with the Board election at the Spring meeting of 2006, the administration of the Co-op shall be vested in a Board of Directors comprised of a minimum of nine (9) and a maximum of eleven (11) of 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 twelve (12) elected members and the immediate Past President. [In accordance with the recommendations of the Accountability Committee Report the 2005-2007 Strategic Plan, the Board believes that reducing its size from the current 13 to a range of 9-11 will better enable it to do its job.]**

Article V, Directors and Officers, Section 3. Board Positions - 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 Immediate Past-President, and **a minimum of four (4) and a maximum of six (6) other Directors, two (2) of whom elected from the membership at large and two (2) other Directors who shall be staff members, and the rest from the membership at-large. If the Immediate Past President is unavailable to serve as a Director, there shall be one additional at-large Director. The Immediate Past-President shall in all other respects be treated as an at-large Director. Staff members may not be elected to other positions on the Board. Except for vacancies filled subject to Article V, Section 6, and the position of Immediate Past-President, all Directors are elected by the membership according to Article V, Section 1. [See explanation under Article V, Section 2, above. The description of the position of Immediate Past President is not new. It has been moved here from Article VI, Section 1, below.]**

Article V, Directors and Officers, Section 4. Officers - The officers of the Co-op shall be a President, Vice-President, Secretary and Treasurer, all of whom shall be elected to their offices by the members **Board at the first Board meeting following the election of Directors. The officers shall be elected by a majority vote of those present and voting. Officers shall be elected for a term of one (1) year and shall serve until that officer's successor is elected and assumes office. Transition election of 2006: The Treasurer and Secretary who were elected in 2005 shall continue to serve in that capacity until the election of 2007; the President and Vice-President shall be elected by the Board following the election of Spring 2006. [The Board hopes to increase participation among the membership in willingness to serve on the Board by simplifying the election process. Members will elect all Directors in an At-Large capacity. Then the Board will elect its own officers. This method is used successfully by most cooperatives.]**

Article V, Directors and Officers, Section 5. Terms of Office

a. Terms of Office of Directors - Each Director shall be elected for a term of two (2) years and shall serve until that Director's successor is elected and assumes office.

b. Term Limits - Membership on the Board, except in the case of the Immediate Past-President position **who may serve an additional year**, 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.

c. Staggered Terms of Office - ~~The President, Vice-President, 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, three (3) at-large Directors and one (1) Staff Director shall be elected at the membership meeting held in odd-numbered years.~~ **The election of Directors will be such that terms are staggered so that under normal circumstances approximately half the Directors are elected in even-numbered years**

and half in odd-numbered years. *[Adjustments made in accordance with Article V, Section 4, above.]*

Article V, Directors and Officers, Section 6. Vacancies - Vacancies on the Board of Directors occurring between elections shall be filled by a majority vote of the remaining Directors, and each person so elected shall be a Director until his or her successor is elected by the members at the next membership meeting. **If the size of the Board falls below the 9-member minimum, the Board may continue to function, but must make a good faith effort to bring the size back to the minimum as soon as possible.** *[New clarification made in accordance with Article V, Section 4, above.]*

Article VI, Officers, Section 1. President - The President shall preside at all meetings of the Board of Directors. The President shall oversee all operations of the Co-op and shall see that all orders and resolutions of the Board of Directors and of the members are carried into effect. Except as otherwise provided by these By-laws or resolution of the Board of Directors, the President shall sign all contractual notes, bonds and other evidences of indebtedness issued by the Co-op, and other official instruments or documents of the Co-op. The president shall be a member ex-officio of all committees of the Co-op. The President shall deliver the report of the Board of Directors at the membership meetings. ~~The immediate Past President shall serve as a Director for two (2) years after the expiration of his/her final term as President. If the immediate Past President is unavailable to serve as a Director in this capacity, the vacancy will be filled as if an at large seat were vacant. The immediate Past President seat on the Board of Directors shall in all other respects be treated as an at large seat.~~ *[Moved to Article V, Section 3, Board Positions.]*

Outcome: The motion was approved.

Vote #3: Committees and Auditing

Article VII, Committees, Section 3, modify: The Membership Committee shall ~~be chaired by the Membership Committee chairperson and shall:~~ **assist and advise the General Manager and the Board on issues relating to membership, including** ~~a. Instructing~~ new members as to the philosophy and procedures of the Co-op, **and the recruitment of and outreach to new members;** ~~b. Compile and maintain a membership directory of all members; c. Develop and oversee procedures by which the members can meet any work requirements imposed by the membership.~~ *[Responsibility for maintenance of the membership directory and work requirement procedures was transferred to staff a number of years ago. Oversight is the responsibility of the Board.]*

Article VII, Committees, Section 1. Standing Committees - Committees are established to provide a means for Weavers Way members to participate directly in furthering our co-op's mission. Committee activity shall be within the scope of these bylaws and the Weavers Way Mission Statement, and shall be subject to Board supervision. The Coop shall have the following standing committees: Education, Operations Support, Membership, Merchandising Support, 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~~ **be elected by the committee members at the first meeting following the Spring Membership Meeting and shall serve for 1 year or until a successor has been elected and assumes office.**

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

~~e. 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 Support, Merchandising Support, 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.~~

~~eb.~~ 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 **chosen according to Article VII, Section 1a.**

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

[Committee members, rather than the membership as a whole, would have a better sense of who would be an effective leader. Therefore, the Board feels it would be better to have Committee Chairs be elected by their fellow committee members.]

Article VII, Committees, Section 2. Education Committee - The Education Committee shall ~~be chaired by the Education Committee Chairperson and shall:~~ ... *[Eliminate redundancy.]*

Article VII, Committees, Section 3. Membership Committee - The Membership Committee shall ~~be chaired by the Membership Committee chairperson and shall:~~ ... *[Eliminate redundancy.]*

Article VII, Committees, Section 6. Finance Committee - The Finance Committee shall be chaired by the Treasurer and shall serve in an advisory capacity to both the General Manager and the Board in the oversight and reporting of the financial status of the Co-op. ~~The Finance Committee will conduct an annual review of the financial controls of the Co-op.~~ *[Fiduciary responsibility is vested in the Board, not the Finance Committee. Therefore, we recommend that this duty (of conducting an annual review of the financial controls) be transferred to the Board. See Article VIII, Section 3, below.]*

Article VIII, Miscellaneous, Section 3. Auditing - The Books of the Co-op shall be audited at least once every three (3) years with no less than a Review in the intervening years by a certified public accountant who shall be independent of the Co-op. **Additionally, the Board will ensure that an annual review of the financial controls of the Co-op is conducted.** *[The Board must assume this duty to fulfill its fiduciary responsibility. A review of our financial controls by independent accountants is included as part of our year-end Audit or Review.]*

Article VII, Committees, Section 7. Leadership Committee - The Leadership Committee shall ~~be chaired by the Leadership Committee Chairperson and shall:~~

- a. Develop interest, skill and participation in the Co-op's governance among the membership;
- b. In preparation for the annual election the Leadership Committee shall:
 - i. Announce the election and make a wide appeal for candidates through appropriate signage, newsletters, announcements, etc.
 - ii. Adopt and distribute a standard data form **on** which each candidate states **g** their qualifications and opinions on issues or goals of the Co-op.

[Eliminate redundancy and correct grammar.]

Article VII, Committees, Section 9. Diversity and Outreach Committee—The Diversity and Outreach Committee shall ~~be chaired by the Diversity and Outreach Committee Chairperson and~~

~~shall~~ work toward better reflecting the diversity of our community in our membership. We seek diversity in many areas—principally in race and ethnicity, but also in income, age, and other differences. *[Eliminate redundancy.]*

Outcome: The motion was approved.

Vote #4: Member Initiatives

Article IV, Meetings of Members, Section 4. Agenda - The agenda for the meeting shall be set forth in the notice of meeting, and no business other than that generally set forth in the notice shall be transacted at the meeting or any adjournment of it. The agenda of regular membership meetings shall be developed by the Board **and shall include member initiated petitions as described in Article IV, Section 9, of these bylaws (Referendum on Acts of Directors).** ~~Any member may request that an item be placed on the agenda of a membership meeting by submitting to the Board a petition of ten (10) voting members, which shall be delivered to the Board within sufficient time for the issue to be publicized in the notice of the membership meeting sent to members.~~ *[The membership is best served if its elected representatives investigate, deliberate, and vote on issues before they are brought before the membership as a whole. For this reason, the Board recommends that the crossed out provision above be replaced with a provision (see new Article V, Section 12, below) that requires members to bring issues to the Board before they are brought before the membership as a whole. Decisions of the Board may still be appealed to the membership (see Article IV, Section 9, below).]*

Article IV, Meetings of Members, Section 9. Referendum on Acts of Directors - Any action taken by the Board of Directors shall be referred to the members for approval or disapproval if demanded by petition of at least ten percent (10%) of the members delivered to the Secretary within sixty (60) days after the date that the action is authorized by the Board of Directors. Such matters shall be approved or disapproved by the members at the next regular meeting. Upon receipt of a petition demanding a referendum, the Secretary shall place the item on the agenda for the next membership meeting and shall stay execution of the action until the referendum has been held. Rights of third parties which vest between the time that the action is authorized by the Board of Directors and the time that the petition is received or the referendum is held shall not be impaired by a vote of the members. *[No changes. This section is published for reference only.]*

Article IV, Meetings of Members, Section 10. ~~Termination of Product Boycotts~~ - Any decision made by the membership to participate in a product boycott shall **require a 2/3 vote of members at a membership meeting and will** expire at the membership meeting marking the two-year anniversary of any such decision unless reauthorized by majority vote of the membership at that meeting. *[Because boycotts tend to be divisive and because they are not decided by absentee ballot the Board recommends that these decisions be made by a 2/3 majority.]*

Article V, Section **12. Agenda - Any item submitted to the Board Secretary and supported by a petition signed by at least 10 voting members shall be included on the agenda of a Board meeting that shall occur within 60 days.** *[See explanation under Article IV, Section 4, above.]*

Outcome: The motion was defeated.

The meeting adjourned at approximately 9:40 pm.