

MINUTES

Weavers Way Cooperative Association Board of Directors, 10/4/2011

Attendance: Sylvia Carter, Chris Hill, Stu Katz, Nathea Lee, Margaret Lenzi, Linda Shein, Sue Wasserkrug, Nancy Weinman, David Woo, Ian Zolitor
Absent: Bob Noble
Staff present: Glenn Bergman, Susan Beetle (audit), Karen Plourde
Guest: Bob Boland from Maillie Falconiero & Co (auditor)

The meeting began at 7:00 pm.

Announcements

David indicated that a few members requested an opportunity to make announcements before the start of the meeting.

- Chris announced that the Board Retreat will not be held in October after all but hopefully will occur in January. He will consult with Teleos and then we'll pick a date.
- Linda announced that she attended an Organic Summit recently. The Non-GMO march is coming to Philadelphia and will be at MA store; details are posted in the store.

Agenda Review

The audit review will be moved up because the auditor is here.

Approve Minutes of September 2011 BOD Meeting

Two corrections were offered: Under "M4/L6 Policy revision," in the first "Board Action," the word "deleted" is misspelled. Under "WWCP and WW member list," the last sentence before the Board Action should read: "It was suggested that the WW letter make it very clear that WW is mailing the letter on behalf of WWCP"

Board Action: The minutes were approved as amended.

Audit Review

Chris explained that the Finance Committee meets with auditor Bob Boland from Maillie Falconiero to review the draft audit. The committee recommends that the board accept the report as is. Chris apologized that the minutes to Finance Committee meeting didn't make it into the board packet.

Bob introduced himself. Since he reviewed the financials in detail with the committee, he will provide us with just the highlights. He explained that page 1 of the audit indicates that we received an "unqualified" or "clean" opinion, which is what an organization wants. Financially speaking, WW is in better shape this year than we were last year, having paid off more than \$1 million in debt.

Bob said it's hard to compare this year with last year because of the addition of the Chestnut Hill store, but just looking at gross profit percentage, we've been consistent at 36%. That does not

include the grant money from the state of Pennsylvania, which is listed under “other income.” He explained that for financial statements this grant money is recognized as income but for tax purposes it is not, so we will see approximately \$10,000 in tax savings.

In addition to the grant, the other non-recurring items were the write-off for accrual of sick pay, and development expenses. Also, the large loan pay-off is an unusual item. Our next big loan obligation is in May 2014. The expenses associated with the closing of the West Oak Lane store will be taken in this (not last) fiscal year.

Bob explained that testing the controls is also important. He found the controls have been implemented and there were no material weaknesses.

Bob said there were no disagreements with management, no limitations, no material adjustments made during audit, which went very smoothly. He praised Mike McGeary, the new CFO, who jumped right in. Finally, Bob pointed out two management comments. First, he recommends that we have a policies & procedures manual to memorialize what is currently being done. Mike is working on this. Second, he said we need someone to approve the journal entries, other than the person who makes the entries (which is Susan). Again, Mike has taken this on. Nothing new came to auditors attention this year.

Before the board voted to accept the audit, Bob indicated that the audit would change if we voted for a rebate, so we dealt with the rebate issue (SEE BELOW) before voting on the audit.

Board Action: The Board voted unanimously to accept the audit.

Patronage Rebate Discussion (Chris, Glenn)

Chris reported that the Finance Committee does not recommend a rebate because of the expenses incurred as a result of the expansion, and because the profit for coming year is expected to be small. The board was concerned about how long we would not offer a rebate: this is third year.

Glenn explained that the discounts at the register, which are new, are difficult to budget around. Also, we want to pay down the high interest debt first. In addition, we want to rennovate the MA store, which we promised our members we would do. That will require cash and we don't want to borrow any more. The rebate issue is a difficult one, but it's possible that members don't expect a rebate because of the expansion. Another concern is how to communicate this to the members. It's important that members are informed that we would not have done the expansion without the grant. Members also need to know about rising health care and food costs (especially meat and commodities), and the cost of credit card processing, which we underbudgeted for because we didn't realize how many people in CH use credit cards. We are exploring the possibility of passing that cost on to buyer, or educating shoppers that it costs so much more.

Board Action: Board unanimously accepted the Finance Committee's recommendation to forego a patronage rebate this year.

Magarity Site Development (David)

Some board members attended a meeting of the near-neighbors, who are concerned about the development. There was some discussion about our obligation to inform co-op members of the development plans since they are owners of the co-op.

No board action was taken.

Provisional Data from L1.4 Monitoring Report (Glenn)

Glenn reminded us that we requested a long-term look at income & cash to better assess trends. He provided a written description, in terms of cash flow, in a chart. The net income as indicated on the chart does not account for the state grant income, so it looks like net income is trending DOWN, but if you deduct non-recurring items (i.e. grant income), we ARE trending up (which is what we want). Also, on the chart, the ending cash balance is confusing because there are no decimal points so it's difficult to ascertain what the numbers really mean. Glenn said he'd have an accountant look at it.

Board Action: The Board accepted the provisional data with the understanding that Glenn will work on making the presentation of the data clearer in the future.

G6 and L8 vs G8 Policies; Committee on Committees (Chris)

Chris introduced the draft re-write of By-Law Article VII: Committees (attached at the end of these minutes), which he said was slightly changed from what Board had seen in the past. He also indicated that a document needs to be written that defines the policies as indicated in the last paragraph. There was some discussion about whether the second paragraph was confusing but no changes were made.

Board Action: The Board approved the draft change to Article VII of the by-laws, for presentation and voting at the Spring 2012 General Membership Meeting. There was one abstention. (See attached.)

Chris then presented a new policy, L8, dealing with Member Committees, as a replacement for G8, which the Committee on Committees recommended that we delete from the policy manual. The board suggested deleting "as needed" from L8.2.

Chris had provided G6, which differentiates between board & member committees, for our reference. There was some discussion about the need for all board committees to include a board member, so it was suggested that the G6 policy include a section (G6.3) stating that board committees will "include at least one board member." (Then the current G6.3 will become G6.4, and G6.4 will become 6.5.

Board Action: The Board unanimously approved the amendment to G6. The old G6 and the newly approved G6 are attached at the end of these minutes.

Board Action: The Board unanimously approved adopting L8 as amended. The new L8 policy is attached at the end of these minutes.

Board Action: The Board unanimously approved deleting G8. (The full text of G8 is attached at the end of these minutes.)

Since there is no board member on the leadership committee, David volunteered.

Report from Member Linkage Committee (Stu)

Stu briefly reported the following:

1. The member linkage committee suggests we have an L policy about member participation in life of co-op. Stu will provide language at the next board meeting.

2. The committee suggests a visioning & strategic thinking process to think about the future of co-op. This would be a facilitated session that would include members, staff and board.
3. We need to think about the issue of communicating with members: what to communicate, how to communicate? One idea is to develop an email blast or in-store communication that asks very simple targeted opinions from members. This should be planned, systematic & well thought out.

No board action was taken.

Report from M4 Policy Committee (Margaret)

We discussed M4 last month but the board asked the committee to revise M4.4 to include something about a remedial plan. Margaret presented new language for M4.4, which is attached at the end of these minutes. One change was suggested: the word “satisfactory” was added before the final two words (which are “remedial plan”).

Board Action: The Board unanimously accepted the new M4.4 as amended. (See attached for the old and new language for M4.4.)

While the committee was meeting, they came up with a slight change to policy L6.1.3, to require the General Manager to report material internal and external changes to the Board.

Board Action: The Board unanimously accepted the change to the L6.1.3 policy that was adopted last month. (See attached for the old and new language for L6.1.3.)

Discussion to Replace resigned Board director (Stu)

The Board discussed the possibility of articulating a process for determining whether to fill a vacancy. G6.2.2 indicates that Leadership Committee recommends replacements in event of vacancy. In the past, a vacancy was filled by the next highest vote-getter in the most recent election. It was suggested that instead we might think about what our specific needs are as a board. Some board members were concerned that since we are a member-voted board, it might not be fair to membership to consider our needs. Is it democratic? We also discussed whether we even need to add someone at this time. If not, we can delay the discussion of whether to articulate a policy to fill a vacancy in the future.

Board Action: The Board voted to not fill the current vacancy at this time. Six directors voted to not add a director; one director was opposed, and two abstained.

The Board then decided to address needs of the board (in terms of skills/qualities of directors) at the November meeting.

Discussion to Host MAFCA meeting 11/12/11 or 11/13/11 (Sue)

Sue briefly described a typical MAFCA meeting and what would be required if we hosted. MAFCA has a budget to pay for food and room rental (if necessary).

Board Action: The Board agreed unanimously to host the MAFCA meeting on 11/12/11.

Leadership Committee announcement re: Board Elections

Margaret tried to contact Michele but was unsuccessful. David will attend the next Leadership Committee meeting and report back to the Board about the specific process for elections.

No board action was taken.

G3 Policy Monitoring (David)

The Board briefly discussed the results of the G3 Policy (Agenda Planning) monitoring. There was some concern about agendas that are too packed. It was suggested that we might vote on whether to cut off discussion when we get to the end of the allocated time. Ultimately the board agreed that we do not need to change policy but we should be more mindful of the time whenever we make comments.

No board action was taken.

L5 Update Considerations (David)

L5 is staff treatment policy. This item was tabled till some time in the future.

International Year of Cooperatives Resolution & Report (Margaret)

Margaret reported that the committee has been meeting and generating various ideas for IYC events, including videos, articles. In addition, we are hoping to work with other area co-ops in and around Philadelphia, across sectors. Margaret presented a resolution (attached at the end of these minutes), which will be presented at for the general membership to vote on at the Fall GMM.

No board action was taken.

Rochdale Tour (Bob)

Bob was absent so Glenn reported that he is trying to get a travel agency to form a tour (see hand-out from last meeting). Apparently air fares are less in October so that is the month currently being considered.

No board action was taken.

Review Calendar (David)

Second Tuesday is election day this year, but we will still have November meeting on the second Tuesday (based on show of hands concerning preference).

Announcements & Updates

- Co-op Board Leadership Development (CBLD) 101 training will be held on 10/15 at Summit Church in the Parlor from 9 AM to 4 PM. Brown Bag lunch. Michael Healy is presenting the program. He will be staying with a South Philly board member.
- This Thursday Glenn is meeting with community folks about a co-op bookstore.

The meeting adjourned at 10:50.

(Language adopted by Board at October 2011 meeting, to be on ballot for Spring 2012 GMM)

ARTICLE VII: COMMITTEES

Committees at Weavers Way Cooperative are formed to provide members with a way to participate actively and meaningfully in the life and mission of the Co-op, and are vital to the Co-op and its community.

Committees at the Co-op may include existing committees and any other committees formed in the future. Committees can be formed by the Board, Management or interested members with Board or Management approval. Committees may be created and/or dissolved at any time, without a change of these by-laws.

All committees shall have a clearly articulated mandate or charter, which shall indicate whether the committee reports to the Board or Management. The goals and activities of each committee shall be evaluated on a regular basis.

Board and Management will develop clear policies defining lines of authority, accountability and communication for committees.

The old “G6: Board Committee Principles,” adopted in May 2011:

The board may establish committees for various purposes to help carry out its duties. (These board committees are distinguished from member and management committees.)

Accordingly, board committees will:

- G6.1. Respect the authority of the board and never interfere with delegation from board to General Manager.
- G6.2. Be formed on an ad hoc basis, with the duration of service based on the needs of the board.
- G6.3. Have well-defined purposes and goals, published on the board calendar, that include either an end date or end product for the committee, or a justification for the relevance of ongoing activities.
- G6.4. Report solely to the board.

Compliance with this policy will be determined annually at the Board meeting in February.

The new “G6: Board Committees,” as adopted by the Board at the October 2011 meeting:

The board may establish committees for various purposes to help carry out its duties.

Board committees will:

- G6.1. Respect the authority of the board and never interfere with delegation from board to General Manager.
- G6.2. Be formed primarily on an ad hoc basis only, with the exception of two standing committees:
 - G6.2.1: The Finance Committee, whose primary purposes are to schedule and review board audits and to provide the General Manager with a sounding board for financial issues related to the Co-op.
 - G6.2.2: The Leadership Committee, whose primary role is to recruit Co-op members to run for the board, to conduct annual board elections, and to recommend board replacements in the event of vacancies.
- G6.3. Include at least one board member.
- G6.4. Have well-defined purposes and goals, published on the board calendar, that include either an end date or end product for the committee, or a justification for the relevance of ongoing activities.
- G6.5. Report solely to the board.

Compliance with this policy will be determined annually at the Board meeting in May.

L8: Member Committees, as adopted by the Board at the October 2011 meeting (this is a new Policy so there is no “old” language):

With respect to encouraging active member involvement in the life of the Co-op, and tapping the creativity and energy of the Co-op membership, the General Manager shall not fail to be responsive to and supportive of member ideas, innovations and initiatives –to the extent practicable- that are in line with the Board-defined Ends.

Accordingly, the GM shall not fail to:

L8.1 Provide for meaningful use of, support for and oversight of historic standing committees: Environment, Education and Membership.

L8.2 Encourage member participation in other ad hoc committees formed by the General Manager and his staff, as needed, to gather information or accomplish specific tasks of value to the Co-op.

L8.3 Support new member-driven committees that are formed to carry out member-inspired initiatives that contribute to the Co-op's Ends.

This policy will be monitored through review of a report from the GM annually in March.

(This is the full text of the G8 Policy, which was entirely deleted from the Policy Manual at the October meeting.)

G8 – Member Committee Relations

Adopted 3/2/99, Last Revised 5/4/10

- G8.1. Committee participation is open to all interested members of Weavers Way.
- G8.2. Committee work may fulfill the work requirement for a member's household. The chair shall determine the appropriate hours to be credited to each member, in accordance with Weavers Way policy.
- G8.3. Committee chairs shall ensure that minutes are taken of each meeting and that these minutes are submitted to the board. Minutes shall include the date, members attending, and a summary of the meeting.
- G8.4. Committee chairs will be provided with copies of board meeting minutes, agendas, and board schedules.
- G8.5. Committee chairs will be provided with mailboxes in the store.
- G8.6. Committee Report/Review Guidelines.
 - A. Committee Reports: Each committee shall report to the Board as per the current schedule. A written report should be circulated to Board members at with the Board packet prior to the meeting, and will become part of the Board minutes. This same report is to be submitted as is or in modified form to the members at the General Membership Meetings. The written report should contain the following:
 - 1. Administrative report
 - a. number and identity of active members
 - b. number of meetings in reporting period and average attendance
 - c. recruitment efforts, if any, and results
 - d. identity of chair
 - 2. Program report
 - a. progress report detailing committee's efforts and accomplishments in carrying out its responsibilities as outlined in the By-laws and committee policy statement
 - b. follow-up on any actions or initiatives directed by the Board at the previous committee review
 - c. new or ongoing initiatives for the next reporting period
 - d. areas in which the committee seeks advice or direction from the Board
 - e. If there is any confusion, disagreement, or uncertainty about purpose, this should be stated and explained.
 - f. Standing committees should attach their committee policy statement and the appropriate section from the By-laws that applies to their committee for ready reference. Ad hoc committees should include their own statement of purpose and objectives as part of the report.
 - B. Board Review: Committee chairs should make every effort to bring other (non-Board) members of the committee to participate in the report/review process. The committee presentation should include highlights of the written report and any questions for the

Board. Board members should be familiar with the written report, and should make every effort to give advance notice to the committee of any large issues they plan to bring up, so that the committee may have an opportunity to consider them and respond. Board discussion should attempt to include how committee work furthers any existing Board Policies, as well as the formulation of new policies and modification of existing policies where appropriate.

G8.7. Reporting Procedures

1. Minutes and requests for Board action: Minutes should be taken at each meeting and distributed to Board members. The chair will bring to the Board any requests for Board action on an as-needed basis. No Board action will be taken unless the request is presented to the Board in advance of the meeting at which action is requested.
2. Budget requests: In advance of the submission of the final budget for Board approval, each committee shall submit the following information to the Finance Committee:
 - a) estimated number of cooperator hours needed for the committee to fulfill its responsibilities in the upcoming fiscal year;
 - b) estimated dollars needed for the committee to fulfill its responsibilities in the upcoming fiscal year; reasonable costs allocable for environmental audit are to be determined in consultation with GM, Operations and Finance Committees;
 - c) estimated dollars, if any, the committee expects to generate in the upcoming fiscal year.
3. Annual review: For committee report and review procedures, refer to Board Policy G8.6, adopted 3/99.

G8.8. Environment Committee. In addition to its other activities, the Environment Committee shall engage in the following:

1. Recycling - maintain and develop the monthly recycling program.
2. Community grants - review applications for and award grants for community improvement projects, with funds generated from recycling. An annual accounting of the funds will be submitted to the board.
3. Develop awareness of environmentally sound products and practices - contribute information and other resources to the co-op to help minimize waste, improve efficiency and increase awareness of environmentally sound products and practices in the store; act as a resource for the GM and staff for environmental information.
4. Environmental audit of operations - complete an environmental audit every 5 years, of the store and related operations, to be presented to the GM for review, and then to the Board; publish results in the *Shuttle*.

G8.9. Finance Committee. The Finance Committee (FC) serves in an advisory capacity to the General Manager and the board, and monitors and reports to the board and membership on the financial health of the coop. The responsibilities and tasks of the FC are:

1. Annual Operating and Capital Budgets. The FC assists the General Manager in the preparation of annual operating and capital budgets, and advises the board regarding their adoption.
2. Financial Statements. The FC reviews quarterly and annual financial statements and the membership and assists the board and membership in interpreting the results.
3. Internal Controls and Policies. The FC conducts an annual review of the financial controls and policies of the co-op.

4. Financial Planning. The FC monitors and makes recommendations regarding financial planning, to include levels of member equity (investment), optimum investment of WW funds, and anything else that affects WW's financial health.
5. Audits. The FC assists the board with audits as required by the bylaws.

G8.10. Leadership Committee. The responsibilities and tasks of the Leadership Committee (LC) are:

1. Developing leadership. The LC identifies and recruits co-op members to serve on the board and committees.
2. Nominations. The LC solicits members to run for all open elected positions and ensures that new candidates are profiled in the Shuttle. The LC also informs the Board of the nominees. The LC also tracks the eligibility of incumbent Board members for re-election, as per the bylaws. Neither the LC nor the Board endorse, approve, or nominate candidates in the traditional sense, as any WW member may run for any elected position; rather the LC's role is to identify interested members.
3. Development for Committee Chairs. The LC, in conjunction with the Board Liaison, shall hold meetings of committee chairs for the purpose of orientation, leadership skill building, and sharing of information.
4. Orientation and Mentoring for Board Members. The LC, in conjunction with the Board Liaison, holds an annual orientation for all new members of the WW Board. This orientation includes information about the structure and operation of the Board, the responsibilities of Board members, the history and principles of the cooperative movement, and the financial structure of WW. The LC also sets a mentoring program to match each new Board member with a returning Board member for guidance and support.
5. Elections. In coordination with the Membership Committee, the LC conducts and administers the elections at the General Membership Meeting. The LC is responsible for compliance with notice requirements, and is responsible for the preparation and distribution of mail ballots, as per the Bylaws.
6. Board Vacancies. In the event that a vacancy occurs on the Board, the Leadership Committee recommends a replacement to be appointed by the Board to fill the vacancy until the next election.

G8.11. Membership Committee. The purpose of the Membership Committee (MmC) is to inform the community about the benefits of WW membership, to recruit and orient new WW members, and assist the board and GM with the oversight of member compliance and satisfaction with the work and investment requirements. The responsibilities and tasks of the MmC are:

1. New member outreach. The MmC assists the GM in informing the community about the benefits of WW membership - through participation in community events.
2. Orientation of new members. The MmC conducts orientation sessions (monthly or as-needed) required for new member households, providing information on cooperative principles, WW history, fulfilling the work requirement, the mechanics of shopping, and opportunities for committee participation. The MmC also develops (and revises as needed) written materials for the orientation.
3. Membership services. The MmC responds to member concerns regarding special needs, membership requirements, and the general experience of WW membership.

4. General Membership Meetings. Assist the General Manager and the board in planning general membership meetings.

Compliance with this policy will be determined annually at the Board meeting in March.

M4.4 currently states:

Systematic and rigorous monitoring of General Manager job performance will be based solely on General Manager job outputs: organizational accomplishment of board policies on Ends and within the constraints imposed by board policies on Executive Limitations. Evaluation of the General Manager will be based on demonstrated progress toward accomplishing board policies on Ends and compliance with board policies on Executive Limitations.

- M4.4 There are two general ways to measure compliance with board policies.
- M4.4.1 Measuring compliance with requirements is appropriate for policies that require full compliance for effective operation of the organization. Monitoring reports should clearly state the degree of compliance (full, partial, or none) with supporting summary information. Reports that do not indicate full compliance must provide a remedial plan.
 - M4.4.2 Measuring incremental progress towards long-term outcomes is appropriate for policies that are visionary in nature. These are typically Ends Policies. Monitoring reports require establishment of (1) a baseline or history for comparison, (2) a reliable measurement technique, and (3) a short-term (usually 12 month) target.

M4.4 as adopted by the Board at the October 2011 meeting:

- M4.4 The Board will accept the Monitoring Report if the General Manager presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation or, in the case where there is an unreasonable interpretation and/or inadequate data, a satisfactory remedial plan.

The L6.1 Policy currently reads (as adopted at the 9/2011 meeting):

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

L6.1 Further, the General Manager shall not fail to report to the Board in a timely manner:

L6.1.1 Any actual or anticipated noncompliance with any Ends or Executive Limitations policy, regardless of the board's monitoring schedule.

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.

L6.1.3 (the only section changed) as adopted by the Board at the October 2011 meeting:

L6.1.3 Any relevant information, including media coverage, threatened or pending lawsuits and material internal or external changes.

(IYC Resolution to be presented at the Fall General Membership Meeting)

Resolution on the International Year of Cooperatives

Whereas, The United Nations General Assembly Resolution 64/136 on cooperatives in social development proclaims the year 2012 as the International Year of Cooperatives (IYC);

Whereas, The theme of the International Year is “Cooperative Enterprises Build a Better World”;

Whereas, The cooperative business model has empowered people around the world to improve their lives through economic and social progress;

Whereas, Cooperatives are a major economic force in developed countries and powerful business model in developing countries, employing 100 million people;

Whereas, Millions of cooperatives operate in every nation of the world, owned and governed by more than 1 billion members;

Whereas, The economic activity of the largest 300 cooperatives in the world equals the 10th largest national economy;

Whereas, More than 29,000 cooperatives operate in the United States; *Whereas*, U.S. cooperatives generate 2 million jobs, make a substantial contribution to the U.S. economy with annual sales of \$652 billion and possessing assets of \$3 trillion;

Whereas, There are more than 809 cooperatives in Pennsylvania with more than 36, 374 members, generating wages of \$488 million for 14,500 employees;

Whereas, Philadelphia area cooperatives have thousands of members in a variety of sectors such as grocery and consumer goods, credit unions, housing, day care, and utilities;

Whereas, Cooperatives are the people’s business, and for more than a century have been a vital part of our economy. Now, therefore, be it

Resolved, That Weavers Way Food Cooperative convened at its October 30, 2011 General Membership Meeting, commits to:

1. Support and celebrate the year 2012 as the “International Year of Cooperatives”;
2. Recognize the vital role cooperatives play in the economic and social well-being of our world;
3. Engage in efforts to educate its members and the public about the contributions of cooperatives, promote the growth and formation of cooperatives, and demonstrate how cooperatives build local wealth, generate employment and provide competition in the marketplace.