

MINUTES
Weavers Way Cooperative Association
Fall General Membership Meeting
Saturday November 10th 2007 at 6:30 pm
Summit Presbyterian Church

The meeting was called to order by Board Vice President Nancy Weinman at 6:36 p.m.

Approve Minutes of Spring 2007 GMM

The minutes of the Spring 2007 General Membership Meeting were approved as written.

By-laws Update

Vice President Nancy Weinman briefly reported on proposed by-law changes that will be presented to members for a vote at the Spring 2008 General Membership Meeting. They will address definitions of membership, committee structure, extending Board terms, conflict of interest policies, and voting by ballot.

Report from the Board President

President Stu Katz thanked everyone who worked to put together this meeting, and said that he was thrilled by the high turnout. His report focused on the work of the Board, which he recently addressed in an article in the *Shuttle*. Key issues include: the Board's commitment to expansion; possible changes to work requirements and definitions of membership; extending Board terms to three years; and committee re-organization to enhance governance. For the latter, Stu emphasized that there will still be committees and member participation in all aspects of the co-op. His experience on the Accountability Committee during the financial crisis, however, demonstrated that the different roles that the Board, General Manager, and committees each play have to be clearly defined. The Board proposes changing the committee structure to ensure that they support either the Board or the General Manager. Weavers Way, he said, is more than a food market; it is an economic engine that reinforces community. In speaking to Board presidents from other food co-ops, realize that they face similar problem of explaining policy governance process to membership and dealing with how strong growth affects the mission. The challenge is to ensure bi-directional communication between Board and members. learned skills here by organizing ourselves that have political and social value, and should engage a larger universe in what we do. The co-op model is a seed that can change the world. He looks forward to questions, answers, and creating a vision of the future together.

Report from Bob Noble: International Co-operative Conference

Immediate past president Bob Noble presented a slide show reviewing his recent trip to Singapore and Indonesia to attend the International Cooperative Association (?) sponsored by NCBA (National Cooperative Businesses Association). He made a presentation WW's Marketplace Program and urban farm. "Global 300 Project" with the goal of promote co-ops worldwide. Why do co-ops play bigger role in some countries than others? legislation Visited coffee/microcredit co-ops in Indonesia, use funds for health clinics/ prenatal care. In summary, the international cooperative movement is a real thing, and it is flourishing.

Expansion Discussion

Attorney's Report, David Kraut

David Kraut is lawyer and member, He is not a real estate lawyer, but partner in his firm is, and will assist with any future contract/agreements. There is no transaction pending, so it would be premature to review details. Wants to assure members that whatever agreement is reached will Board, it will be handled in a business-like way with good legal counsel.

Treasurer's Report, Ned Case

Ned Case is new Treasurer, with background in corporate finance of a \$800 million organization. He emphasized five points:

1. very happy to have Susan Beetle as new Finance Manager, and thanked former Finance Manager Lou Dobkin for laying groundwork.
- 2.(turned to Financial Report p. 2) pointed out increase in cash-on-hand to 779,000
3. pointed out net income--\$117k, after rebates. strong financial basis.
4. Re: expansion: from Treasurer's perspective, he will ensure that it meets the highest standards of good business practice, won't jeopardize co-op.
5. Wants members to know that within Board there is a rich dialogue, but all are committed to doing right thing for members.

President's Update, Stuart Katz

Seconded Ned, we're doing this in businesslike way, bringing in consultants to help. Went through one scenario of a purchase agreement, but numbers didn't look good. There is a new committee made up of staff and Board planning ways to engage members in process: updates at store at checkout line, bulletin board, articles in Shuttle, many open meetings in various formats: including in home of members living in neighborhoods we are considering for 2nd site. Our intent is to be as open and transparent as possible. Can't discuss specifics, not prudent. As soon as an agreement is signed, members will be informed of all specific details.

General Manager's Report, Glenn Bergman

First introduced Hillary Andrews, part of survey committee that completed extensive member survey two years ago. She discussed handout that showed results of that survey that identified over 60% of members expressing support with opening a second store (21% very supportive, 22% supportive, 19% somewhat supportive) and only 15% not at all supportive. (23% no opinion/did not know). A recent "intercept" survey (of shoppers in checkout line on a Saturday?) asked: if there was another WW store in a second location with ample parking, either in Mt. Airy, Chestnut Hill, Germantown, East Fall, would they shop there as primary location? close to half said they would. (16% if in Mt. Airy, 15% if in CH, 11% if in Germantown, 6% if in East Falls).

Farmer Dave Zelov: Farm has done \$45,000 in sales (twice what was predicted), with produce still being harvested. Sold at WW, then Reading Terminal Market, then Mariposa (food co-op), then stand at our farmer's market at Carpenter/Greene, then Headhouse Farmer's Market (which has been very successful). then to local restaurants: Gee Chee Girl , and Cafette. No greenhouse yet, so he'll work on WW Hawaii!

General Manager Glenn Bergman presented a powerpoint first covering current issues, then vision for expansion:

Rebates start Monday, sales are strong, but issue this quarter compared to last year: labor costs are rising. In July we raised starting rate to \$10/hour.

Regarding expansion: it would be easier to expand store we have now, but reality is, we cannot (neighbor complaints, there would still be difficulties with lack of parking and deliveries, ADA compliance.) If we open 2nd site, we may sell 608/610 Carpenter Lane (currently pet food store/ admin offices)—they were purchased at \$75,000 each, paid off, and now worth \$250,000 each. WW bought 555 Carpenter (contiguous to store at 559), but projected cost to convert to a store is too high (becoming ADA compliant, etc) Possibly, we will move administrative offices to 559.

Why expand? Our sales are way above average, too high per square foot = crowded, unpleasant conditions for shoppers and staff. Market study looked at market in contiguous area, with goal of taking away 15-20% of business from current store to relieve pressure. Neighbors have valid complaints about noise of deliveries, etc, and we have to respond to these complaints.

What is process for expansion: Board and GM/staff have gathered data, done self assessments to see if they are ready to expand, building new organizational chart (managing 2 stores is much harder than 1), reviewed sites in Chestnut Hill at recommendation of market study. Jon is developing communication plan: please sign up for email newsletter, which will have updates on expansion. If approved, we will go to the membership for a loan drive (most co-op expansion efforts raise 30-40% of funds this way); secure financing, get members to be involved in the input to store design (green building, etc).

Why Chestnut Hill? high income, education levels correlate with natural food demand. We're looking for a retail location with synergy, complimenting local businesses. Looking for something with good visibility, parking, population density. Recent survey showed that people from suburban areas would shop in CH.

Now what: We found a location for Plan A and Plan B, staff is developing a proposal to present to the Board. It will take two years to open the store. What do we do until then about crowded conditions? maybe move admin to 555.

Member Participation- Comments, Questions & Answers

Brian Rudnick: Is there any legal reason the member equity maximum level is set at \$400? Could it be raised?

David Kraut: No, no reason it can't be raised, and it will probably be part of this process.

Davia: Is this a discussion, or foregone conclusion?

Stu Katz: It is a discussion, and it is the intention of the Board to get input from members.

Can you explain the reason we "should" have certain level of sales per square foot? What's wrong with selling more per square foot?

Ned Case: It isn't necessarily bad, to sell so much, unless you are a member of the staff trying to work in those conditions, or a member trying to get something when it is crowded. It would be great to have aisles, let people have shopping carts, especially parents with kids.

Gina Snyder, with East Falls Community Development Corporation: East Falls wants WW, it is an economically diverse community. Why not go to East Falls?

Glenn: Since it is further away, it wouldn't address the issue of alleviating pressure on current store.

Meenal Raval: What is Plan A and Plan B?

Glenn: Plan A is a site in Chestnut Hill, Plan B is a site in central Mt. Airy on Germantown Ave. Can't say anymore because confidentiality has to be maintained for real estate negotiations. We want to have hard numbers before coming to members.

Meenah: How can we participate as members in this process?

Nancy: The Board wants to and needs to find a way to have a give and take discussion with members. But we must balance that with the responsibility you have given to us to provide leadership for the co-op. We've gathered information, had meetings like this before (in July) and think we have a sense of what members want and what they don't want. There are debates happening like this on Board, no consensus. Board can't listen forever, or it won't do anything. Please contact Glenn or any Board member, attend a Board meeting to express concerns or provide ideas.

Glenn: Once we have an agreement to purchase a site, it will still be possible to back out if members decide they don't want to do it, we can renege. Once we can hold a location we will reveal all details.

Reesa, new member: When I hear "consultant, branding, more parking," etc, I think in terms of consumer, corporate, and I want us to be talking about citizens/members, social responsibility....Question: What role can co-op play in recycling/sustainability?

Glenn: new store could have more prepared foods/deli where you could bring your own containers. The store itself will be built with environmentally friendly materials Steve Hebden on WW staff is working to ensure this, and we're getting help from Ian Fleming, professor at Philadelphia Univ. on green building techniques, possibly including geothermal heat in future.

Rebecca: I am happy to entrust this decision to you as the leadership for the co-op, and thank you for your work. Questions tonight are "red-line"—challenging process itself, defensive. It is the responsibility of Board to solicit feedback, Board should be asking members questions. She does like that the Board is focused on Ends, and wonders, in this expansion discussion, whether they are looking for a market that supports our cooperative values, as much as any other financial concern.

Stu: it is intentional to have this dialogue, we want to hear you. ...We have to look at a multiple bottom line: just as farm and Marketplace program have intrinsic, social value in addition to financial. But we can't let co-op go bankrupt. This expansion to 2nd store is risky, but not expanding would also be risky. We're not trying to be bigger just for the sake of being bigger.

New member: how she reads pie chart: 52% don't care about parking, they want to shop here, at Carpenter/Greene. She doesn't see Chestnut Hill as a co-op kind of neighborhood, more Whole Foods community. Glenn: disagrees, thinks CH are co-op minded, many of our current members live there. The Co-op community agrees that opening a 2nd store is the hardest, and so you should go where it is most likely to be financially successful. Once that is done, we will consider a third store possibly in Germantown or East Falls.

Nancy Weinman: from National Cooperative Board Leadership conference, learned about "psychometric" values—these shared values—if they aren't there, expansions may fail.

Rachel: she lived in Germantown, Mt. Airy 19 years, now Wynnwood. There is an inclusion/exclusion thing about Mt. Airy. People in Springfield Township are not that different, would support a co-op.

Where is \$700,000 in cash? Ned Case: CDs and bank deposits, National Cooperative Bank, Valley Green Bank, National Penn Bank.

Would there be a higher cost of doing business in Chestnut Hill that might be reflected in the prices?

Ned: no, real cost difference will be in whatever facility itself we choose.

Member: What are the risks in not expanding?

Glenn Bergman: We may have to cap membership levels, because of the increased stress on community and staff, and possibly another natural foods store would come in and take away business, jeopardize original store itself. Part of rationale for expansion is to get to that market potential for natural foods before the chains do.

Member: I appreciate that Board is focused on Ends, but the means to achieve End are important, and there is a problem when they don't coincide. Opposition is healthy, and process is important. What are the roles and expectations of the Board of members and of staff?

Stu Katz: It is my understanding from bylaws that Board has authority to enter into contracts such as purchasing new store. We have desire and responsibility to be transparent. We're not at the end and not at the beginning of this process, and wanted to give you an update on where we are right now. Weavers Way is at the center of this neighborhood community, and that will not change, the current store will stay substantially the same.

Member: wants unequivocal statement that the Board will not do this without formal membership approval.

Stu Katz: At this point, there is no plan for a formal vote by membership on expansion. Members have entrusted Board, but their decisions can be reviewed by members. There may be reasons to preclude a member vote (timing, etc) there is a balance between seeking input and expressing leadership.

Sylvia Carter: The Board is volunteer group, and has done much work, educated themselves, and won't sell WW down river, she is guarding heritage and hard work that has made WW what it is. We share your worries.

Alan Dawley: expressed trust and admiration of Board, and would shop in Chestnut Hill, but with a weight on his conscience: the co-op can be an engine of grassroots economic development, and could do a lot of good work where it is needed, CH does not need it as much.

If a preliminary contract is signed, and is later found unsuitable, how much would it cost co-op? Stu: there will be some refundable parts, some deposits, David Kraut and his partner have built in safety factors to preserve the capital of the co-op.

Is there an Expansion Committee?

Stu: there is a committee developing a plan for member communication/engagement with members to continue this dialogue. The expansion itself will be handled by GM and staff, and overseen by Board.

Have you looked at any sites just outside the city? One in Elkins Park, but decided to help them develop their own co-op , not be a WW store.

At the conclusion of the discussion the raffle, and the meeting was adjourned at approximately 9:13 p.m.