

MINUTES

Weavers Way Cooperative Association Board of Directors, 10/2/12

Attendance: Megan Seitz Clinton, Nathea Lee, Margaret Lenzi, Jonna Naylor, Linda Shein, Jeremy Thomas, Dave Tukey, Sue Wasserkrug

Absent: Stu Katz (participated by phone for audit & other parts of the meeting), Bob Noble, David Woo

Staff present: Glenn Bergman, Karen Plourde, Mike McGeary, Susan Beetle, Steve Garfinkle

Guests: Bob Boland from Maillie, Falconiero & Company, LLP

The meeting began at 7:00 p.m.

PRELIMINARIES:

Agenda Review & Timekeeper

No changes were made to the agenda. Linda was named as timekeeper for tonight's meeting. Dave Tukey will submit some comments on L2 monitoring from September, to be added to tonight's minutes. (See attached addendum.)

Approve Minutes of September 2012 Board Meeting

No changes were offered.

Board Action: The minutes of the September 2012 board meeting were unanimously approved as submitted.

Calendar Review

Margaret pointed out upcoming calendar items, including the fact that November meeting will be on the second Tuesday because of the election. It was determined that we need to have an audit every year (as opposed to every other) because of our financing. Dave Tukey will facilitate board self-monitoring in November.

Reports

Glenn indicated that the membership numbers are a bit higher than the report indicates. He also reviewed some upcoming events.

Board Action: The GM report was accepted as submitted.

AUDIT REPORT

Margaret welcomed Bob Boland, our auditor, and our finance department staff (Mike, Susan & Steve). Stu Katz joined by speaker phone.

Bob noted that the documents are in draft form pending board's decision on patronage rebate.

Bob stated that we received an unqualified clean opinion, which is what is preferred. There were no disputes with management. No limits were put on the scope of what auditor could see. The auditor tests to see that procedures are being followed & to see that comments/suggestions are implemented; all have been except individual banks for cashiers, which isn't essential but would strengthen our controls.

Regarding patronage dividend: Bob noted that it hasn't been considered for a few years because of financing (i.e. debt) incurred due to expansion, but this year we have \$305,000 in pre-tax income, which would cause a big tax bill. Because we're a "sub-chapter T" corporation (i.e., a cooperative), we can give members a rebate, and no one pays tax on it, yet it doesn't come off our financial statements, so it's a win-win. Bob explained that in the future, some of the things that had kept our tax bills low will no longer apply, so we'll have to monitor that.

Mike indicated that management plans to implement the suggestion that cashiers have individual tills.

There was a request that percentages be included in the audit and financial conditions reports like L1. Bob said this is not common practice in audits. He pointed out that our gross profit went up, which is amazing given the increase in sales.

Board Action: The board unanimously accepted the auditor's report. The board decided to refer the issue of adding percentages to the audit and financial conditions reports to the finance committee for future issues.

PATRONAGE REBATE

Stu explained that the finance committee examined the various rebate options. Their recommendation is a \$200,000 rebate, divided as follows: 20% in cash, 30% into regular equity (amount contributed toward each member's \$400 total equity and which is returned to member upon leaving the co-op) and 50% into reserve equity (which is generated ONLY through patronage rebates and is returned to members ONLY if co-op dissolves without going bankrupt, and which otherwise functions as cash on hand for the co-op). The cash portion (20%) is based on patronage of (i.e., revenue generated by) members ONLY.

The \$200,000 amount was chosen as a balance between amount of tax we'll save and amount of cash-on-hand needed to pay all rebates. We'll save \$88,000 in federal & state taxes. (Rebate does not affect city taxes.)

Board Action: The board unanimously accepted the recommendation of the finance committee regarding the patronage rebate.

GM MONITORING REPORT: L3 PLANNING

Everyone read the report & came prepared to discuss it. The Board voted that the operational definitions were reasonable, with two objections. Although the fact that the interpretation is limited to financial planning as opposed to other types of planning was questioned by some directors, while others felt that in the context of the policy manual as a whole, interpreting “planning” as “financial planning” was reasonable. There was some discussion about whether the board wants more planning information and whether we need to rewrite this policy, or perhaps other policies. Data was deemed adequate to determine compliance or accomplishment with policy. Further, data was deemed to demonstrate compliance with policy.

Board Action: The Board accepted the GM’s Monitoring Report as being in compliance with the Policy on Planning in L3, with two objections. The Board decided to form a committee to review the L3 policy. (There was one objection.) The committee consists of Nathea, Jonna, Linda & Dave (chair) & will report back in December.

SELF-MONITORING OF POLICY G3, AGENDA PLANNING

There was some discussion about getting items on the agenda: what happens to requests to get something on the agenda? Margaret indicated that she as president has discretion on handling those requests: whether to put the item on the agenda at the next meeting, a future meeting (put on list of ‘unscheduled items), or not at all. She also indicated that she would like requests a week in advance.

There was some discussion about receiving the packet a week in advance, and the proper manner of “delivery”; we concluded electronic delivery is okay.

Dave Tukey will lead the self-monitoring discussion in November.

GM REVIEW COMMITTEE REPORT

Tabled till next month.

RETREAT COMMITTEE ESTABLISHED

Nathea volunteered. There was a suggestion for the entire board to discuss ideas & then form the committee.

EDUCATION: RULES OF ORDER FOR WW BOARD MEETINGS

This committee researched rules of order because there was some confusion about our procedures. The committee recommended that the Modern Rules of Order, as opposed to Robert’s Rules, were more compatible to our process and that the Board follow certain procedural guidelines on matters that come before it. The board expressed appreciation for the work of the committee.

Dave explained that all of the rules have a ranking of motions and a protocol on how to proceed when the rubber meets the road. He highlighted some of the differences between Robert’s Rules, Modern Rules, and Roberta’s Rules, which is more of a process manual.

The committee clarified when motions should be made & how they should be handled.

Board Action: The board decided to follow the Rules of Order recommended by the committee for 3 months and then re-evaluate our procedures (in February 2013). See attached Recommendations for Rules of Order for WW Board Meetings.

CLOSING:

Announcements

- Thanks to Jonna & team for pulling off the staff appreciation party!
- MAFCA meeting October 20 in Takoma Park - see Sue about car-pooling.
- On November 10 there will be a PACA (Phila Area Cooperative Alliance) meeting at Drexel; it will be a kick-off for the organization. Margaret will send out more info.

Evaluation

Everyone thanked Margaret for keeping the meetings so close to the agenda.

The meeting adjourned at 9:25 p.m.

RECOMMENDATIONS FOR RULES OF ORDER FOR WW BOARD MEETINGS

That the Modern Rules of Order by Donald A. Tortorice be adopted by the WW Board of Directors and be applied, where applicable, to its proceedings. And further, that the following procedural guidelines apply to matters that come before the WW Board of Directors:

1. Matters for Approval - Matters, such as minutes and reports do not normally require action or discussion so that the Chair will ask that they be “Approved as Submitted”. If there is an objection, approval shall be presented in the form of a motion. (MRO 6)
2. Matters for Discussion - There are times when the Board will discuss an issue, but not with the intention of taking a vote or action - e.g., educational topics, matters of general importance, self-monitoring reports, a report of a committee that needs further development from the board, strategic conversations where information is shared and input is solicited. In such cases, time will be allotted on the agenda for discussion.
3. Matters for Decision - Depending on the nature of the issue, its importance, and the range of opinions, matters for decision will be procedurally handled in one of the following ways:
 - a. General Consensus Or Sense Of The Meeting. When there is a clear consensus, the chair, after some discussion, may announce that the issue is resolved by “General Consensus” or the “Sense of the Meeting”, and it is recorded as a decision of the meeting. (MRO 9)
 - b. Decision Tree for Monitoring Reports by GM - Follow the Decision Tree for Acting on Internal Monitoring Reports from the General Manager.
 - c. Motion Practice - Where a sense of the meeting cannot be determined or due to the importance of the matter, formal approval and a vote is desired.
 - i. Protocol for Introducing a Main Motion- Before any discussion takes place on an Issue, the motion is stated, a second is required, and then discussion is allowed. When discussion is ended by the Chair or by a motion to end debate, then the Chair conducts a vote on the motion.
 - ii. Role of Chair- Conducts meeting and makes decisions on question of procedure (MRO 1). The chair’s rulings are final on questions of procedure and can deviate from the rules based upon the circumstances of the meeting, except than any ruling can be appealed to a vote of the meeting.
 - iii. Chart of ranking motions (from highest to lowest in order of precedence)

Motion	Can it Interrupt?	Second Required?	Is Debate Allowed?	Can it be Amended?	Required Vote?	Can it be Reconsidered?
Conduct of Meeting						
Point of Privilege	Yes	No	No	No	Chair Handles	No
Point of Procedure	Yes	No	No	No	Chair Handles	No
Appeal	No	Yes	Yes	No	Majority	No
Recess	No	Yes	Yes	Yes	Majority	No
Disposition Motions						
Withdraw	Yes	No	No	No	Chair Handles	No
Postpone	No	Yes	Yes	Yes	Majority	No
Refer	No	Yes	Yes	Yes	Majority	No
Amend	No	Yes	Yes	Yes	Majority	No
Limit, Extend, or Close Debate	No	Yes	Yes	Yes	2/3	No
Count the Vote	No	Yes	No	No	Chair Handles	No
Main Motions:						
To Take Action, To Reconsdier	No	Yes	Yes	Yes	Majority	Yes

Source: Donald A. Tortorice, *The Modern Rules of Order*

d. All other Matters- If the matter does not fall within the categories above, the Chair, with input from Board Members, will determine the optimum way of proceeding.

ADDENDUM: Submitted by Dave Tukey

Thank you for the opportunity to submit for the record my comments on the L2 Asset Protection monitoring report discussed at the September 2012 Board meeting.

In brief, my comments echo the minutes from the July 2010 Board meeting on the L2 monitoring report. Those minutes include this paragraph:

Some concern was raised about the fact that the GM's interpretation of the policy does not adequately address the "maintenance" and "protection from risk" aspects of the board statement of the policy. The Board decided that Glenn should revise the interpretation of L2 regarding inadequate maintenance and unnecessary risk with pertinent data in the future.

The September 2012 L2 monitoring report evidences the same problems. The interpretation is incomplete -- as far as I can recall the word is copied from the 2010 report -- and pertinent data are lacking.

Inasmuch as the Board requested that future L2 monitoring reports on asset protection have a more complete interpretation as well as supporting data, it is my opinion that the September 2012 L2 Asset Protection monitoring report lacks a reasonable interpretation, lacks requested data and therefore does not evidence compliance.

I request that the Board remind the GM about its statement in the July 2010 Board minutes and require a more complete treatment of asset protection in all future L2 reports.

Sincerely,

Dave

ADDENDUM: Submitted by Margaret Lenzi

Since many of the board members were not present in 2010 (and do not have previous board packets) and Dave T is raising the same issue in 2012, I would like to take this opportunity to clarify the record and to make this part of the record:

1. The Board did raise some concern that the GM's interpretation of the policy did not adequately address the "maintenance" and "protection from risk" aspects of the board policy in July 2010. However, the Board did accept the report as demonstrating compliance with one nay vote.
2. The Board did ask the GM to revise the interpretation of L2 regarding inadequate maintenance and unnecessary risk with pertinent data in the future (at the board meeting, Glenn said he would provide it at the September board meeting).
3. At the September 2010 board meeting, Glenn did provide a revised L2 Monitoring Report with a revised interpretation and did provide additional data such as maintenance of areas such as refrigeration, buildings, vehicles, HVAC (heating and air conditioning), and securing the property. As part of new data, Glenn did provide a new chart on Maintenance of Assets as part of L.2.1 data.
4. At the September 2010 Board Meeting, the Board did review the revised L2 Monitoring Report. However, the minutes state that no Board action was necessary since the report was accepted at the July meeting.

Since the current board did accept the L2 Report as being in compliance at its September 2012 Board Meeting, I do not believe there is anything further that the Board needs to do at this time. However, I would request that the GM address the issue of "maintenance" and "protection from risk" issues (similar to the way that he did in his revised L2 Report submitted in Sept 2010) in future L2 reports as this would address the concerns of some board members.

Thank you.
Margaret