

HWFC Membership Meeting
Sunday, June 26th, 2011

at

FUUSA's Emerson Community Hall
(First Unitarian Universalist Society of Albany)
405 Washington Avenue, Albany, NY (between Robin & Lake)
(Parking usually allowed in SUNY lots across the street on Sundays)


5:30 Dessert Potluck

HWFC will provide beverages: If you'd like to bring a dessert item to share, please do!

6:00 - 8:00 Meeting

Agenda

- **Welcome**
 - **Small issue changes to the Membership Manual [Vote]**
 - **Changes in language describing discount [Vote]**
 - **Hours bank transfers [Vote]**
 - **Qualifications for Share Purchase [Vote]**
 - **Discount Temporary Decrease [Vote]**
 - **Cost of share increase [Vote]**
 - **Open discussion for up to 15 minutes until adjournment.**
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 **Starting with the next membership meeting, we will be sending a postcard notice with the date, time and subject of the meeting. Collateral materials will be posted to the website and available at the service desk for those without computer access.**

To further this paper reduction and increased communication speed, you may sign up to RECEIVE YOUR NOTICES via email. Contact the Membership Coordinator, Nate Horwitz, at nate@honestweight.coop for the form required, or stop at the service desk.

We cannot begin the meeting without a **quorum of members** eligible to vote, and are counting on your support. Attendance counts two hours toward your work requirements as long as you sign in at the front desk. Grab a friend, spouse, co-worker and come on over!

Voting eligibility is based on your co-op commitments. You must be up-to-date with work hours and share payments as of June 21, 2011. Any member who is current in work requirement and share payments is automatically eligible to vote. If you have questions about your eligibility to vote contact Membership Coordinator, Nate Horwitz, at nate@honestweight.coop or 482-2667 x 104.

Child care will be available, but please sign up your children with Nate Horwitz by June 21st, so we can be ready for them. We rent a room and staff it with adult volunteers so you can concentrate on the meeting. Please keep your children with you or in the child care room and do not permit them to roam the building unsupervised.

If you need a **ride** to the meeting or would like to pick someone up, please let Nate know. FUUSA is on the Washington Avenue bus route and a short block from Central Avenue and Robin Street.

Q1. Small issue changes to the Membership Manual

The Membership Manual is a living document to which the membership must approve all changes. These changes are proposed to make the manual language timely and informative, but flexible enough to accommodate minor operational changes. These eight changes are supported by the Membership Committee, which brought them forward, and the Board and Collective Management Team (CMT).

Current language is quoted here in regular text, and the proposed language in bold.

◆Page 3: "The CMT membership includes 10 Co-op Department Heads and an Operations and Administrative Coordinator"

Proposed Change: "**The CMT is made up of the co-op's senior staff members as defined by the Board of Directors.**"

◆Pages 4-5: "The Co-op also offers members the ability to recycle certain kinds of technological waste, including batteries, which we send to a specific recycler. Cell phones are also accepted for recycling to a local not-for-profit organization."

Proposed Change: "**Contact the co-op to find out about additional items that can be recycled at our store.**"

◆Pages 7-8: "You are eligible to receive discounts from participating local businesses listed in our Co-op Connections brochure."

Proposed Change: **Delete this item** as this brochure no longer exists.

◆Page 8: "A fuller discussion of the ways that members can promote and participate in change at the Co-op is contained in a document that is available on the Co-op's website and from the Member Coordinator."

Members also have the right to submit an issue through a referendum. The Board has established referenda voting procedures that also are available on the website and from the Member Coordinator."

Proposed change: "**The ways that members can promote and participate in change at the co-op is contained in this manual in the section titled Creating Change Procedures.**"

◆Page 9: "Shareholders who are senior citizens (65 years old or over) and do not work as members are entitled to a 10 percent discount on Tuesdays and a 5 percent discount on other days."

Proposed change: "**Shareholders who are senior citizens (65 years old or over) and do not work as members are entitled to a 10 percent discount one day per week, selected and advertised by the management, and a 5 percent discount on other days.**" as the current day is Wednesday, and it is at the discretion of the CMT.

◆Page 11: "stop at the Customer Service Desk for an apron or other equipment, as needed"

Change to: "stop at the Customer Service Desk" as no equipment is at the desk.

◆**Page 12:** "Ask the Customer Service Desk clerk or other Co-Op staff member to introduce you to the head of the department in which you are scheduled to work."

Proposed change: "**Ask the Customer Service Desk clerk or other co-op staff member to introduce you to your supervisor.**" as workers do not usually report to department heads.

◆**Page 12:**

Proposed addition: "**Closed-toed shoes are required while working in the store.**"

Question 1: Shall we adopt these small issue changes to the Membership Manual?

▶ Vote **YES** to adopt the proposed changes.

▶ Vote **NO** to reject the proposed changes.

Q2. Changes in language describing discount

These five changes have been proposed to ease updating the manual in future. They change the “label” of the references in the document from an amount of discount to the frequency of the commitment they require- 26 % becomes weekly and 10% becomes monthly. The actual amount of the discount will be referenced only once in the manual, and is not for vote in this section.

◆Page 7: "You have a right to a 10 percent or 26 percent discount on your purchases, depending on your work hours, as described below"

Proposed Change: "**Your work level entitles you to an increased discount on your purchases, depending on your work hours, as described below.**"

◆Page 8: "For a 10 percent discount" Proposed Change: "**For the monthly discount**"

◆Page 8: "For a 26 percent discount" Proposed Change: "**For the weekly discount**"

◆Page 9: "before receiving their 10 percent or 26 percent discount"

Proposed Change: "**before receiving their monthly or weekly discount**"

◆Page 9: "**For a 10 percent discount**" Proposed Change : "**For the monthly discount**"

Question 2: Shall we adopt these changes in language describing discount in the Membership Manual?

- ▶ Vote **YES** to adopt the proposed changes.
- ▶ Vote **NO** to reject the proposed changes.

Q3. Hours bank transfers

The CMT has proposed these changes to ensure that safeguards protect the hours bank at the co-op. Members are allowed to bank their hours for future use and there are no distribution restrictions. After studying the impact, it was determined that these banked hours are not a great liability to the co-op as long as the hours remain in the banks of the small number of members who have banked them. The only way their liability could be dangerous is if they were distributed to a large group of members. This proposal puts some restrictions on the distribution of banked hours.

◆Page 13: "Worked hours are transferable from one household to another under the following conditions:

An agreement must exist between households.

The Co-op must be notified of the arrangement in writing.

The member must notify the Co-op when working for another on the appropriate forms available at the Customer Service Desk.

The member must satisfy his/her work requirement plus that of the other member."

Proposed change: "**Worked hours are transferable from one household to another under the following conditions:**

An agreement must exist between households.

Households transferring hours must use the appropriate form.

Hours may not be sold.

Households may not transfer hours to other households unless they have enough hours banked to have a discount themselves in the next month.

No more than 200 hours may be transferred by all shareholders within a calendar month.

No individual may transfer more than 100 hours in a year.

The co-op reserves the right to not approve a transfer of hours."

Question 3: Shall we adopt the proposed changes to the Membership Manual regarding hours bank transfers?

- ▶ Vote **YES** to adopt the hours bank transfer rules.
- ▶ Vote **NO** to reject the hours bank transfer rules.

Q4. Qualifications for Share Purchase

This section covers share purchase and orientation. The changes it proposes waive orientation for second members of a household and waive orientation for those who do not wish to work in the store (shareholders).

Those shareholders who wish to become members (voting privileges) and work in the store will be required to attend an orientation.

◆Pages 5-7: "Purchasing a Share and Becoming a Member [No change]

Becoming a member of the Co-op is a two-step process that requires a modest financial investment and a commitment of time. In the first step you will be asked to invest equity in the Co-op (purchase a share). The process for doing this is described below. Only New York State residents age 18 or older may purchase a share in the Co-op.

The second step in becoming a member is to commit to, and fulfill, a minimum work requirement. It is acceptable to only purchase a share and not work as a member, or to take periodic leaves from working. The Co-op values the equity you are investing. But only shareholders current in their work requirement as members are allowed to vote and receive the benefits of membership that are described in the member section below.

This struck through section is to be removed: ~~Orientation and Share Purchase~~

~~To join the Co-op, you are expected to first attend an orientation meeting. At the meeting you will learn about the Co-op's history, principles, and store operations, and perhaps tour the store. At this time, you will receive a copy of the Co-op's prospectus.~~

~~Dates and times for orientation sessions are available at the Customer Service Desk and on-line at the Co-op's website (click on "Meetings). Personal orientations will be scheduled for those persons who are unable to attend a regularly scheduled meeting.~~

~~At the orientation meeting you will also choose a share payment option. Information on share costs and payment schedules are available in the Co-op's Prospectus.~~

Share Purchase

To join the Co-op, you must purchase a share at the Customer Service Desk, or other location specified by the management. You will be asked to fill out and sign a shareholder application, which will inform you of the share price, payment options, and notice of the work requirements for full membership and voting as noted above. You may select the option to have notices sent electronically if you provide an email address. All personal information will be used only within the co-op, and will not be given to outside parties.

In addition to the application, when you purchase a share or subscribe to a payment program, you will be given the current prospectus and financial report, Bylaws, Member Manual, the Product Manual and a written description of the Member work program. Alternatively, you may be given the option of accessing the manuals electronically on the HWFC website.

Timely payments are required until the share is paid in full. Payments may be made at any time by mail or at the Customer Service Desk. Current share payment information is accessible in the computer system whenever a

member checks in or out for work. When you purchase a share in the Co-op, each person in your household who is 18 years or older is required to purchase a share.

It is Co-op policy to redeem shares when a shareholder resigns from the Co-op. Redemption of a class A share is automatic; redemption of a class B share is at the Co-op's option. Those wishing to resign are asked to submit a notice of termination. The shareholder may request to have his or her share value refunded, donated to the Co-op, or held indefinitely by the Co-op. Appropriate request forms may be obtained from the Customer Service Desk."

Shareholder Rights [no changes]

~~Membership Work Requirements~~

Orientation and Membership Work Requirements

If you would like to participate in the Co-op as a member, you must first attend an orientation meeting, or belong to a household in which at least one person has attended an orientation meeting. At the orientation meeting you will learn about the Co-op's history, principles, and store operations, and perhaps tour the store. Dates and times for orientation sessions are available at the Customer Service Desk and on-line at the Co-op's website. Personal orientations will be scheduled for those persons who are unable to attend a regularly scheduled meeting.

Members must work a minimum of 3 hours per month plus 1 hour per month for each additional adult in the household. There is also a weekly worker option. Hours must be worked one month in advance. If you are unable to complete your required hours in advance, you must discuss the matter with the Member Coordinator. Hours need not be worked monthly, but may be accrued (banked). **Any person who wishes to perform member work for the co-op must first attend an orientation meeting.**

If you would like to participate in the Co-op as a member, **opportunities may be available on a weekly or monthly schedule.** If you **prefer** to work a monthly schedule, you may be able to sign up for a specific job at the time of the orientation meeting. In the event you **prefer** to work a weekly schedule, you will need to contact the appropriate department manager in advance to **determine availability** and arrange specific work times. You may also **seek** work as a member at any time after your orientation by contacting the Member Coordinator. **Member hours may also be available for participation in Co-op governance, by serving on Board committees or in other projects overseen by the Board of Directors.**

For more information on the work program, refer to the section on discounts and the work program below."

Question 4: Shall we adopt these proposed changes regarding orientation requirements for household and shareholders?

▶ Vote **YES** to adopt the proposed changes, waiving orientation for shareholders and additional members of households.

▶ Vote **NO** to reject the proposed changes.

Q5. Discount temporary decrease

For the past year, the Board has engaged in conversations with the membership about the cost of discounts and received input from members. A straw poll at the April meeting indicated that you would support decreasing the discount or implementing a floating discount, which may go higher or lower depending upon sales. The Finance Committee proposed an across-the-board decrease, and the board supported it for the short term. The Board will direct committees and staff to continue research and development of a floating discount program for the future as we feel it is a more equitable solution with incentives to increase overall sales, but it will take time to work out the details. In the interim, we propose to **reduce the weekly discount to 24% and the monthly to 8%** with the same work requirements for individuals and households. **This reduction will be effective from July 1, 2011 until March 31, 2012. Unless the membership votes to extend this period or to adopt another discount structure,**

the discounts will revert to their current levels at the end of this 9 month trial. By that time we will have more information about whether or not the floating discount will work, and if so, how, and the board anticipates bringing forth a new proposal by the 2012 Budget meeting.

Our member discounts are on pace to increase over 7% in 2011, an increase that has outstripped sales.

This proposal will help us:

- return member discount costs to sustainable levels
- demonstrate to potential new store lenders that we will control costs when we can
- give Honest Weight flexibility to continue optimizing our member discount model

Our member discounts for 2010 were \$710,000. Without this reduction, member discounts are projected to be \$760,000 in 2011. With many of our fixed costs rising, this proposal will help ensure our future financial health. This reduction will ensure a savings to your business of \$45,000. A typical member spends \$500 per month. This reduction will be a \$10 increase per month for each of us. This proposal does not solve the issue; it is a stop gap measure to slow it down as we figure out the next steps.

The best way to help our business is to shop, and invite others to shop. Other ways to help: Walk, bike, car pool, park as far away from the store as you can, and offer to help people who look like may need it in the parking lot.

This change is not primarily geared to help with paying for the new store. We face increasing costs at 484 Central including an increased rent payment. As we discussed at the budget meeting, today's elevated levels of discount spending do not give us the flexibility we need to plan for these increases. However, good fiscal management makes lenders more comfortable with us, which will help our negotiating position on new store financing.

If you haven't been to any of the other two open discussions on this issue, there is one coming up:

- Thursday, June 23, HWFC Community Room, 5:30pm – 7:30pm

If you can't make these conversations, feel free to share your suggestions with the board at board@honestweight.coop.

We will try to post comments and replies as well as notes from the discount discussion meetings on our website. For more information, check the Meeting Announcement at http://www.honestweight.coop/member_meetings.html.

Question 5: Shall we adopt this change to the member manual which will lower the discount until March 30, 2012 to 24% for weekly and 8% for monthly work requirements, and update the balance of the manual where the discount levels are spelled out? If passed, the discount rates will automatically revert to the 26% and 10% on April 1, 2012 unless the membership passes another change in a subsequent vote.

▶ Vote **YES** to adopt the language above, and lower the discount to 24% for weekly and 8% for monthly work requirements until 3/30/12.

▶ Vote **NO** to reject the proposed changes.

We hope to see you on the 26th!

- The HWFC Board of Directors: Bill, Jessica, Karen, Kyle, Lexa, Lynne, Ned, Rob, and Roman
board@honestweight.coop