

Sunday, September 23rd, 2007
Location: FUUSA's Channing Hall

405 Washington Avenue, Albany, NY (between Robin & Lake)
(parking allowed in the SUNY lot across the street on Sundays)

- **5:00** Social Hour/Small Discussions/Light Repast
- **6:00** Meeting begins promptly

To be eligible to vote, you must be up-to-date with work hours and share payments as of **September 17, 2007**. Anyone who wishes to qualify to vote must notify the Member Coordinator, Nate Horwitz, by September 17.

We need a quorum of members eligible to vote to begin our meeting and are counting on your support – attendance counts two hours toward your work requirements! Grab a friend, spouse, or shift co-worker and come on over! **We'll be discussing bylaw changes that will clarify our structure and help our organization run smoothly. These items were discussed at the last meeting, but were unable to be voted upon due to a rule about bylaw and incorporation changes. There is a lot of reading for these votes.** We'll snack on good food from the deli and have time for discussion as usual.

Child care will be available, but please sign up your children at the service desk by Sept. 17, so we can be ready for them. If you need a ride to the meeting or would like to pick someone up, please let Nate know via email. Nate@hwfc.com or 482-2667.

Agenda

- Social hour/discussion of issues
- Meeting begins at 6:00 p.m.
- Discussion of items, and voting
- New Site Presentation
- Open discussion

Membership shares and their cost

Several committees (Finance, Membership, and Board) have agreed that it is **time we issue a new block of shares**, as we will run out within the next year, and we expect, if/when we expand, to engage in a shareholder drive.

Issue Statement (Nate Horwitz, Membership Coordinator) It's absolutely essential for Honest Weight to issue new shares. The very first of the cooperative principals states that co-ops are "open to all persons able to use their services and willing to accept the responsibilities of membership." If we have no shares to sell to new members, then we are not fulfilling our commitment to be "open to all new persons." We would also be violating the spirit of our mission statement which states that "we welcome all." Furthermore, it's crucial to the continuing success of our member labor program that we allow new members to join. There's a great deal of turnover among our members and without the regular influx of new shareholders, the number of members we have would gradually shrink. Since we first started issuing shares, the members of the Honest Weight Food Co-op have voted to issue new shares three times, all by nearly unanimous margins, as our members have consistently recognized the need to allow new people to become part of Honest Weight.

The only negative aspect of issuing more shares is that if the members of HWFC vote to sell the organization, which isn't bloody likely, the amount that each shareholder would realize from the sale would be decreased.

Our business lawyer suggests that we issue additional **Class B** shares (We already have two classes of shares, which are essentially the same, but with two significant exceptions: With Class A shares, our originals, we are obligated to buy back if the owners wish to sell them back to us. With Class B shares we are not obligated to return the share payment upon return (although we usually do). These new **Class B** shares would have the same rules as the older Class B shares, with the exception that when the shareholder moves out of state they must be sold back to us. This will protect us from federal stock rules. This would also be a good time to change the cost of the shares, thus the following voting item.

► **Vote YES to support the issuance of new shares, vote NO for no new shares.**

It is also proposed by the Finance Committee and the Board that we **raise the cost of a share** to \$135 dollars.

The share price has not been raised in many years and accounts for inflation and administrative costs. The same selection of payment plans will be available for new shareholders, so ownership will remain accessible to people of all income levels.

► **Vote YES to raise the price of an HWFC share to \$135, vote NO for the cost of a share to remain \$100.**

The above information is an informal notice of what we are voting on. Below is the technical legal information which has been supplied by our business lawyer:

To the Membership of the Honest Weight Food Co-operative, Inc.: Please Take Notice, that a meeting of the Membership of the Honest Weight Food Cooperative, Inc. (herein, the "Corporation") will be held at the First Unitarian Universalist Society of Albany, located at 405 Washington Avenue, Albany, New York, on September 23, 2007, at 5:30 p.m., for the purpose of:

1. Authorizing amendment of the Certificate of Incorporation of the Corporation to increase the number of Class B shares authorized to be issued by Five Thousand (5,000) shares and offer the same for sale according to the parameters set forth below and according to the prior practice of the Corporation.
2. Authorizing, as is consistent with the past practice of the Corporation, the restriction that Class B shares authorized to be issued are subject to be sold only to residents of the State of New York in order to properly qualify as an intrastate financing.
3. Authorizing that the Class B shares authorized to be issued by the above amendment to the Certificate of Incorporation to have a par value of One Hundred and no/100 (\$100.00) Dollars per share and may be sold at a price not to exceed the amount of One Hundred Thirty-Five and 00/100 (\$135.00) Dollars per share.
4. Authorizing the Corporation to offer the Class B shares authorized to be issued pursuant to various subscription agreements pursuant to Article 5 of the New York Business Corporation Law (as made applicable to cooperative corporations pursuant to the New York Cooperative Corporations Law), as determined by the Membership Coordinator for payment plans over one (1), three (3) or five (5) years.
5. Authorizing the President to direct the Corporation to make all appropriate filings with governmental agencies of the State of New York in order to effectuate the amendment to the Certificate of Incorporation and the offering of the shares to the public.
6. Authorizing the officers and directors of the Corporation to carry out the provisions of the vote of the Membership, and to adopt any further resolutions that may be necessary in effectuating the same in accordance with the expressed intent of the Membership.

This notice is hereby issued by order of Lynne Lekakis, President of the Corporation, at the request of the Board of Directors of the Corporation, the person calling the meeting.

Dated: August 10, 2007

James Monsonis, Board Secretary

Membership Manual

The Membership Committee (MC), with support of the Board, has completed a new draft of the membership manual. They have worked on it for the past few years and offer this comprehensive version for your review.

Summary of Changes to Member Manual from the MC : Overall, we tried to inject a more welcoming, friendlier tone into the manual, from the opening paragraph and throughout the document. We also updated terminology and usage

throughout, particularly with respect to the distinction between members and shareholders, and deleting use of the term member worker. The manual is reorganized and more succinct generally. The statement of cooperative principles has been moved to the back. We have added, on the advice of the co-op's attorney, the sexual harassment policy in full, printed at the back. The history of the co-op is expanded and brought up to date. A fuller description of the co-op's recycling policy and practices is included. There are many other small edits and changes throughout, but they are too numerous to recount here and since they do not change the content, each specific edit has not been included in this summary. †

PLEASE SEE THE COLLATERAL DOCUMENTS posted on our website, www.hwfc.coop:

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- **HWFC Membership Manual**
- **HWFC Proposed Membership Manual 9.07**

If you do not have web access, you may pick up a paper copy at the service desk.

► **Vote YES to adopt the new membership manual, vote NO to continue using the old one.**

Governance Roles and Responsibilities: Call for an up/down vote

The Kent Street Committee, which is the ad hoc committee that has been meeting for the last year to address the role of the Governance Committee (per your request last June), has requested that the following suggestions be considered for an up/down vote. The committee has discussed the issues at length, and is concerned that any amendments from the floor will affect the bylaws changes that are inherent in the plan, and do not wish to risk lack of clarity. The committee has the support of the Board and the CMT (Collective Management Team) on this proposal and the vote request.

► **Vote YES to vote up/down for the proposal, vote NO to take amendments from the floor.**

Governance Roles and Responsibilities: Proposal for a workable structure

*From the Kent St. Committee: **Background:** The co-op adopted a sweeping revision of its bylaws in late June of 2003. The old ones had been amended so many times, and so many parts were outdated, that in 2001 the Board directed the Bylaws Committee to prepare a fundamental revision. After much deliberation, discussions with members, the board, and the co-op's attorney, a new set of bylaws was presented to the membership at a meeting held in early June 2003. Many suggestions were made at that meeting, including changing the name of the Bylaws Committee to the Governance Committee and providing for it to have some amount of independence from the Board. A revised set of bylaws was adopted almost unanimously at a membership meeting held later in June.*

But as good as they were, there were two serious problems. One was the lack of a process by which the bylaws themselves could be amended; the other was that the successor to the Bylaws Committee, the Governance Committee, was not adequately defined in either its function or in its construction. These two problems, together, led to substantial conflicts and misunderstandings over the next several years.

An ad hoc committee created by the Board has been working for the past year to remedy the situation, and at the September meeting the membership will be asked to approve a revision of the bylaws that addresses these problems. The changes themselves are extensive and, as is true of all bylaws, are rather formally written. This page is a summary in more informal (and perhaps more informative) language.

The proposal

*1. If it is adopted, a **Bylaws Panel** will be appointed whose function will be to consider any proposed by-laws change and develop appropriate wording for the membership to approve or disapprove. It will consist of 8 people, with the Board of Directors, the Collective Management Team (CMT), the Governance Review Council (GRC), and the Membership Committee of the Board each appointing two people. Because*

writing bylaws properly can be a technical and exacting process we believe that an appointed committee is more likely to contain people with the requisite expertise than one elected at a meeting. The various parts of the co-op would each appoint persons so that a wide range of perspectives and interests would be represented.

As we envision it, this panel would meet only when a bylaws change is proposed by the CMT, the GRC, the Board, or an individual member (via the Board). It would have a lot to do at first, since bylaws changes have not been considered for quite some time, but eventually, we hope, will have little to do. It would not initiate changes on its own accord.

2. The present Governance Committee, which has from time to time functioned as a by-laws committee in the absence of any other body, would then be freed to function fundamentally (and, in the absence of crisis, exclusively) as a review committee to ensure that all parts of the co-op remain faithful to the bylaws. To emphasize this primary function its name has been slightly revised, henceforth to be called the **Governance Review Council**. Calling it a “council” rather than a “committee” distinguishes it from the various appointed and volunteer committees of the Board. It is to be a body elected by the membership, of five people, on a rotating basis similar to the Board, with terms of office similar to the Board. It would review actions and documents of the Board and other bodies of the co-op, calling attention to any possible infractions of the bylaws, and in the case of refusal to conform to the by-laws—but only in that case—would have the right to call a meeting of the membership and explain the situation. Ultimately, of course, the membership makes any decisions: the GRC only, but essentially, brings any problems to the membership.

Thus there is a system of checks and balances. The elected Board remains responsible for policy, for overall direction of the co-op and its work. The CMT is responsible for day to day management of the store. The GRC in effect represents the membership, reviewing the overall life of the co-op in light of the bylaws.

PLEASE SEE THE COLLATERAL DOCUMENTS posted on our website, www.hwfc.coop:

- **Kent St. Proposal for Governance**
- **Complete Bylaws with Proposed Changes**

If you do not have web access, you may pick up a copy at the service desk.

Further bylaws changes, if the new structure is approved, will be referred to the Bylaws Panel.

► Vote YES to adopt the bylaws changes as advised by the Kent St. Committee for a new governance structure, vote NO for the bylaws to remain as they are.

Election of Governance Review Council member

If the above structure has been adopted, then there is a vacancy in the GRC, and we would like to elect a new member. Nominations will be taken from the floor, or you may nominate yourself prior to the meeting by contacting Shawn FitzGerald at chungkuo@gmail.com. Applications will be posted in the café at the co-op.

► Vote for one (1) candidate.

Thank you for your attention to this important material. If you have any questions about the Kent Street work, you may direct them to Dennis Phayre, Chair, at Dennis8@nycap.rr.com or 433-9454 or any Board members. We hope to see you at the meeting!

-HWFC Board of Directors