

**MINUTES: MAY 5, 2008**

**KARMA CO-OPERATIVE BOARD OF DIRECTORS**

Minutes of the meeting held on Monday, May 5, 2008, 7:00 pm – 9:30 pm

**Directors present:** Donald Altman, Rachel Birenbaum, Deborah Cherry, Charles Danzker, Deborah Finestone, Orla Hegarty, Arthur Jacobs, Margaret Knittl, Harry Koster, Ahdri Mandiela

**Regrets:** none

**Absent:** none

**Staff Present:** Justin McNabb, G.M.

**Members present:** Michael Herring

**Minutes recorded by:** Rachel Birenbaum

**1. Call to order**

- Meeting was called to order at 7:10 pm

**2. Motion to accept the agenda**

- |   |
|---|
| <ul style="list-style-type: none"><li>• Charles moved to accept the agenda</li><li>• Harry seconded</li><li>• Motion passed</li></ul> |
|---|

**3. Declaration of any conflicts of interest**

- Art declared conflict of interest regarding issues concerning the building renovations; he will abstain from voting on building issues or leave the room when building committee issues are discussed because he may be considered “employed”.

**4. Acceptance of the Minutes of the Board Meeting of Mar. 3 and Apr. 7**

- |   |
|---|
| <ul style="list-style-type: none"><li>• Margaret moved to table acceptance of the minutes from Mar. 3</li><li>• Rachel seconded</li><li>• Motion passed</li><li>• Rachel moved to accept the minutes of the Board Meeting of Apr. 7 as amended</li><li>• Harry seconded</li><li>• Motion passed</li></ul> |
|---|

**5. Update on Unionization                      Margaret**

- No update – we’re waiting
- We may start negotiating in May
- We don’t have a negotiating committee

**6. Food Issues                      Michael Herring**

- Michael reported that he is disappointed that no one from the board came to the C2 meeting
- Feels strongly that relationship between committees and board must be remediated
- Is upset that a unilateral decision was made to change the structure of communication with board

## MINUTES: MAY 5, 2008

- Food Issues committee wasn't consulted on how they would like to relate to the board
- Does not get consistent responses from the board when he emails
- Would like to see one more committee squared meeting where a decision is made together on how the committees relate to the board
- Charles says there was a process that was set out but what forced the board to make this decision was when the members of committees started quitting in disappointment with poor communication
- Food issues reports that they submitted quarterly reports to C2, which came to the board, and disagrees with the notion that the C2 structure is complicated and should therefore have been done away with
- Deborah C. justified that the system was failing because only 3 committees showed at the caucus
- Donald – only Food and Chronicle committees were compliant with structure; also, meeting 1x/quarter did not meet needs of board; waiting for the quarter is not appropriate for when issues arise
- Deborah C. – she and Ahdri were liaisons to Committee Squared; this structure was very confusing; she was prepared to go to the meeting but received no agenda
- a miscommunication already occurred where Harry thought Food Issues wasn't meeting in April but it did; details of the next meeting were exchanged
- Michael acknowledged that it's good to have a board liaison, and that it's good to have a caucus from time to time
- Margaret acknowledged that we have no way of knowing how much work is available, so this is the problem behind why the committee doesn't get clear, straight answers from the board on such questions
- Michael advised that clear communication is of utmost importance at Karma
- Harry noted that this is the reason why the board changed the structure
- Michael noted that June 8 is the tentative date for the Genetically Modified foods inventory

### **7. Update on the work of the Building Committee      Charles**

#### ***Part I***

- On Apr. 17 I went again to city hall to try to unsnarl the zoning snafu. This time my meetings were altogether more serious due to research in the board minutes of that period and specifically due to the discovery that both zoning use and severance were attached to the same Committee of Adjustment application.
- While zoning is a headache for the building committee with some limited implications for our proposed renovation, the land severance could create a question about our claim to ownership of the store.
- This point was well understood by both the Committee of Adjustment person (Elizabeth Swan) I met and Stephanie Ford, a very helpful and concerned member of Councilor Adam Vaughan's staff who has promised her support in this matter.
- I took with me meeting minutes of Karma's Board of Directors for meetings dated:
  - October 3, 1977: Noel reported that the Committee of Adjustment heard the applications for change of use and severance of Title of the property at 741 Palmerston on September 27. No objections to the application were received at

## MINUTES: MAY 5, 2008

- that meeting. The Board was advised that it is expected that the applications would be approved.
- October 17, 1977: Noel Bennet-Alder reported that the Committee of Adjustment has approved the applications for severance and change of use. The final deadline for appeals in (is) October 26 after which time the purchase can be completed. Noel reported a tentative date of closing for November 3.
  - October 24, 1977: Brian Iler reported that the legal affairs associated with the purchase of the new store are pretty well in order. An unanticipated complication has arisen. The land registry office is demanding that a reference plan be filed in order to register title to the property.
    - The reasons for this are explained and Brian suggests that a survey is required and that Karma contributes to the costs as an 'indication of our good faith.' This is carried.'
    - NOTE: I have a copy of a survey plan of Karma by 'Speight and Van Nostrand Limited', the survey completed on the 26th of October 1977 and dated November 3 1977.
  - November 2, 1977: Art Jacobs presented a proposal floor plan of the new store prepared by himself, Karen Perry and Jim Jacobs. Moved by Art Jacobs, seconded by Bob Anthony that the blue print floor plan be approved in principle in order that the Renovations Committee could proceed with application for building permits
    - I checked with Art who reported that he was not certain if a building permit was issued but that he did recall a green card posted on a window of the store and a shutdown of work required by an inspector.
    - Stephanie Ford thought that the green card was a building permit.
  - November 23, 1977: Correspondence from Copeland and King (Karma's lawyers) reporting on the purchase of 741 Palmerston Avenue was read by Noel Bennet-Alder. He will undertake the appropriate responses.
  - March 30, 1978: Phil is looking after the continuing saga of our building permit. It has apparently been passed from the zoning department to the building department. Phil will report on future installments. Two matters remain to be discussed, a second egress and a ramp for the entryway.
  - These minutes indicated to me a virtual proof, from Karma's point of view, that the change in Zoning and the property severance were approved by the City of Toronto Committee of Adjustment. The question of the city finding records which confirm these facts is another matter, but hopefully something will turn up.
  - If the Committee of adjustment meeting minutes do not confirm our position Stephanie suggests a search of city tax records (the ultimate authority) is next, and as a prudent measure she has suggested we file for committee of adjustment as a precaution, and I have requested our architects to do so.

### *Part II*

- This Board meeting was expected to discuss the contractors' bids for the store alterations, but progress has been delayed as a result of the failure of the Committee of Adjustment to confirm the zoning variances granted when Karma bought the

## MINUTES: MAY 5, 2008

building. I have already forwarded to the Board the clear track of evidence, in the Board minutes and personal memories, from the time when this occurred.

- Failing confirmation of the re zoning we will have to go again to the Committee of Adjustment, and have, as a precaution and through our architects, already applied.
- What is lacking is evidence of the City of Toronto. Currently the Committee of Adjustment is waiting for their meeting minutes to arrive from storage, and what I am clearly hoping is, that after waiting more than two weeks, they will arrive soon enough to make this report redundant. Should this fail a search of taxation records might also clear up the situation.
- SCHEDULE
  - The building contract documents will go to tender on Friday May 2 with two weeks allowed for three interested contractors to prepare bids. Bids will therefore be received by May 16. Allowing review time for the Architects, Building Committee and your Liaison the Board can call a needed emergency meeting on Wednesday, May 21 to review and debate the submitted bids along with the recommendation by the Architects and the Building Committee, and choose a contractor. If required the Committee of Adjustment hearing should occur in adequate time to finalize the issuing of the building permit and allow construction start on schedule.

### *Part III*

- We continue to be behind schedule because of zoning issues
- Waited for two weeks but heard nothing from land titles office
- Charles is convinced that we have the severance note which was passed and is registered; Charles dug up the record at land titles registry office
- Application to committee of adjustment has been submitted; the other half, Stephanie Ford says not to worry about and to be patient
- Cost \$2,000 to apply, most of which we can get back
- If we have to go to Committee, we would like to be moved up; Stephanie did not say yes or no but seemed sympathetic
- We were delayed in sending this stuff out; we were supposed to hear recommendations on contractor but this was put off due to delays
- Last Friday contractors came and looked at the building and will all submit a price to do the work; price will come in two weeks; building committee liaison would like to meet Wed. May 21 to review selection of contractor to approve project to move forward into construction on schedule; by that time we should have results of committee of adjustment
- There was one contractor who is known to the building committee and two who are not; the known one is a good company and is the one of choice, the most reliable; the question is how much higher are we willing to pay above the lowest bid
- Donald asked if contractors knew it wasn't going to lowest bidder; Charles replied that outside of government tenders it is not required to go to the lowest bid – Donald was concerned about being sued for misrepresentation
- Six agreed to come on May 21 – Rachel, Margaret, Charles, Harry, Deborah C., Art
- The store will have to close for at least a couple days during renovation – this came up during the bidding

## MINUTES: MAY 5, 2008

- Issue with insulation exterior to the store – Charles looking into a way to do it that doesn't encroach on neighbour; may go for signed letter from president that recognizes, acknowledged by notary public, that there are no squatters' rights (2.5 inches at question)
- Charles wrote a letter (not sent to property owner yet)

### 8. General Manager's Report Justin

- The Receiver General has been paid & PST and WSIB payments are up to date.
- Staff:
  - We have a new clerk-in-training: Natalie Boustead.
  - Scott Maynard has completed his recent stint as our casual clerk.
- IOU/Shopping Lists:
  - We have designed an improved system for administering IOUs at Karma which incorporates the changes recently approved by the Board. It will be put into practice this week.
  - Several issues prevent us from discontinuing the Karma shopping list practise at this time. In the meantime, I have added the shopping lists to the monthly inventory count for improved financial reporting.
  - Justin looked into IOUs to see if there was a way to reduce the number, or identify whether they were problematic
  - We don't have a system in place to handle a large increase in the number of IOUs
  - \$5 charge for IOUs – reasonable for average IOU of \$75
  - Time consuming to administer
  - Question if it's worth effort to maintain shopping lists (for small amounts) – i.e. important to keep it for member labour who starts before cash opens or works later
  - Donald – maybe we need to amend policy, i.e. no charge for small amount on shopping list; suggests Finance committee should analyze situation
  - Margaret referred question back to Finance committee
  - Justin – 26 shopping lists for a total of approx. \$400
  - Discussion arose about concerns about cash controls; therefore, Donald will also raise cash controls at the Finance committee
- Computer:
  - An upgrade of our accounting software caused a two week delay in the preparation of our financial statements. Thanks go to Howard Kaplan who, once again, has repaired Karma's computer system!
  - Also, problems continue to occur with our Membership Database. It needs to be reprogrammed and we are currently looking into the issues involved with undertaking this project.
  - Several volunteers have come forward to create Karma's Product Database.
  - The Ontario Natural Food Co-op has generously donated their database as a template.
- Co-op:
  - Karma has become a member of the Common Ground Co-operative. Their AGM is next November (we sell their lemon cookies and have for a long time – Ms. Lemon)

## MINUTES: MAY 5, 2008

- Donald asks whose authority it is to join another organization
- Justin apologizes, that he wasn't aware that it was only the board's authority to join an organization
- It was decided not to revert the decision, just to clarify the responsibilities and liabilities

- Donald moved to become a member of Common Ground Cooperative
- Deborah C. seconded
- Margaret and Orla abstained
- Motion passed

- Margaret asked term: 1-year
- It was clarified that the cooperative is not a member of Karma
- Store Operations:
  - Upcoming store closures are May 19th, Victoria Day & June 1st, year end inventory.

### 9. Treasurer's Report      Donald

- The Co-op has received a response from the Ministry re the Offering Statement - there are many picky issues.
- Donald will have to get it resigned by Margaret and correct the picky issues; must be done in the next couple of weeks, otherwise we forfeit \$50 application and must start over
- It was my understanding that I would get both a March statement and the Members' budget this week to transmit to you but that has not happened.
- March statement
  - Denise says \$18,340 surplus
  - Appears actual number is still high, but if we use 18.7% figure we are in the hole about \$4000 – this matters for negotiations
  - Donald believes COGS is wrong, but we're two months away from inventory
  - We're behind on collecting membership dues – by \$3,000
- Members' Budget
  - Assumptions
    - Expenses – only one response from a committee
    - Bad debt – make a store expense – IOU's – store inventory
    - Labour Co-ordinator – leave budget as is even if under at moment
    - Audit – change to 20%; does not reflect real cost at 50%
    - Newsletter – assume donated paper; budget same as 2007/8
    - Events – no info, leave as is; get sponsors and use marketing money
    - AGM – always overspent; use 2007/8 actual
    - Keep fee at \$18 – affordability is an issue
    - Balance revenues to expenses by the assumption of new members (becomes Outreach Committee membership target)
  - Harry asked whether people who are not well off get a reduction in fees; Justin replied that they don't but can pay in instalments

## MINUTES: MAY 5, 2008

- Art raised that there should be a written policy to take pressure off of cashiers and to put pressure on members to pay fee in a timely manner otherwise lose shopping benefits
- Orla moved to create a deadline of June 30 for paying annual membership dues
- Motion was dropped
- Deborah F. pointed out that the manner in which we relay information about a penalty or late payment is critical
- Justin pointed out that Fall would be a bad time for telling people they can't shop; also pointed out that a body should be created to follow up with members who are behind
- Rachel asked about privacy issues; Charles suggested that board has authority to hand over contact info if it attached accountability
- No action was taken due to time constraints of giving notice

- Donald moved that the membership fee for 2008/9 remain at \$18.
- Art seconded
- Motion passed

- Donald moved that building fee remain at \$18 and be collected starting Nov. 1, 08
- Charles seconded
- Discussion: Harry asked for clarification as to whether it could be worked off; Donald replied that whether it can be worked off is a separate issue
- Motion passed

- Donald moved that we accept membership budget at \$18,800
- Charles seconded
- Margaret abstained
- Motion passed

- Store Budget
  - two big items that need information before budget can be realistically set:
    - i. assumptions about cost of labour negotiations
      - Margaret advises that as close an estimate as possible is needed to
    - ii. need product survey of competitors to know what flexibility in prices
  - Assumptions
    - Revenues:
      - ❖ Sales
        - growth in 2007/8 has been flat
        - food inflation?
        - new members (see membership budget)
        - increased sales old members?
      - ❖ Other
        - increase mark-up 1% and/or increase non-working surcharge
        - change mark-up policy:
          - ◆ Share in discounts, i.e. past practice was if price is \$1.00 and we get product for 90 cents, mark-up from 90

## MINUTES: MAY 5, 2008

- ◆ Could mark-up from 95 both store and members winners
- Expenses:
  - ❖ Do not know what bargaining is going to cost – already spent \$10 k
  - ❖ Budget at least additional \$10 k in 2008/9
  - ❖ Union wage settlement?
  - ❖ 2007/8 special projects budget – delete for 2008/9
  - ❖ calculate debt service at 5.25% on \$60 k for renovations
  - ❖ maintenance expense – same as 2007/8 budget
  - ❖ realty tax should be 1.25% but history says should be more
  - ❖ depreciation: assume all renovation costs depreciable
  - ❖ marketing – use 2007/8 budget: \$2 k
  - ❖ utilities
    - water – 9%
    - hydro – 2007/8 estimated actual
    - phone – 2007/8 estimated actual
  - ❖ staff bonus – delete
  - ❖ insurance – 5% over 2007/8 actual
- Scenarios – for budget purposes have asked staff to do 3 variations of the budget
  - No renovations this year
  - renovations in summer (mid July – August)
  - renovations in fall (Sept – Oct)

### 10. President's Report      Margaret

- Unionization
  - As of May 1 the word from Marco Luciano is this: “We are currently putting together a proposal. We are hoping to get this together soon and start bargaining in May. Someone else might be taking my place for the staff as I have several current sublocals that are currently bargaining.”
- To be ready to bargain, we need to pin down as exactly as possible the full yearly cost this past year of the nine staffers who will be in the union, including the cost of such items as their health and dental insurance, their privileged shopping, etc. I have found we have surprisingly detailed records which, with time and patience, will permit me to arrive at a close estimate of full cost, perhaps by the end of this week.
- We also need to know how our prices for every day item compare with prices of the same or comparable item available at our nearest competitor, Fiesta Farms. I have done such a comparison for my most usual purchases, and found it an eye opener. I expect to receive a second this week-end from Marjorie Shu, but I still need at least three more, and ideally one from a vegetarian or a person on a restricted diet to make this patchwork approach meaningful. I have posted a notice asking for volunteers, but have received no responses to date. Are we eleven Karma's only volunteers? We will see.
  - Charles noted that FF is certainly our biggest competition, but Organics on Bloor is also a worthwhile comparison
- I have been able to find a new Chair for the Orientation Committee (Catherine Keenan) and failed dismally to find one willing to take on and resurrect the Member Labour Committee. Any suggestions of a suitable – and willing – person would be

## MINUTES: MAY 5, 2008

most welcome. I see a new role for this committee. It should search out and record all existing work shifts for member labour, identify and define new and renewed member work stints, and with the assistance of our managers (at this time Michael Armstrong) arrange to phase them in either through a buddy system, or some other form of training. I would like a vote in support of this enlargement of that committee's role.

- Margaret moves to develop a mandate of the Member Labour Committee that includes the searching out [and recording of all existing] member labour work stints, identifying and defining appropriate new and renewed stints, and with the assistance of management, phasing them in as may be appropriate.
- Content in square brackets was omitted and motion was resubmitted, but was eventually dropped

- There are no established policies for how we use labour during renovations
- Donald asked what Marilou does if not record member labour
- Donald raised concerns about the impression it might give to staff if we send a message of 'taking back the store'
- Charles will look for report on member labour committee to disseminate for consideration at next meeting
- Charles advised of our mission statement – to engage members in labour – and of the coop's principles – to provide affordable food
- The Big Buck offering statement is undergoing final minor revisions required by the authorities, but once that is done, I will be having copies made, and, with Donald's help, finalize a covering letter to go with it. With luck we may be able to announce the start of the campaign in the next Chronicle.
- Spring has come – I think! It's time to plant a shade tree on our property to replace the one we lost last year. Charles and I have each been in touch with a member who works with trees.

- Margaret moves that Charles Danzker and Margaret Knittl together meet with Alex Bartlett and David Pickett, hear their advice, and make final arrangements for the planting of a tree.
- Motion was dropped

### 11. Reports of Committee Liaisons                      As needed

- No reports were solicited

### 12. Discussion re: coping with rising prices

- Deferred to next meeting

### 13. Other Business

- Deborah moved to strike a nominating committee for the 2008 AGM
- Deferred to June meeting

## **MINUTES: MAY 5, 2008**

- ONFC – concerns were raised about imported products from China (not consistent with *local* aspect of our mission and Pakistan (concerns about child labour issues); Donald agreed to raise concerns about product sourcing to the ONFC

### **14. Adjournment**

- Meeting was adjourned to an in-camera session at 9:30

### **Action Items**

- Margaret to communicate revisions of the March minutes to Rachel, who will amend and bring a revised copy to the June board meeting
- Harry will follow up with the Food Issues Committee to ensure he is notified of the committee's meetings
- Board to call a special meeting on May 21 to vote on contractors
- Donald to refer question of IOU and shopping list administration and charges to the Finance Committee and report back; Donald will also raise cash controls concerns at the Finance committee
- Donald to get offering statement resigned by Margaret and correct the picky issues
- Donald agreed to raise concerns about product sourcing to the ONFC
- Deborah C. will strike a nominating committee