

KARMA CO-OPERATIVE BOARD OF DIRECTORS
Minutes of the meeting held on Monday, June 1, 2009, 7:10 – 9:45 pm
Annex Art Centre, 1073 Bathurst St.

Directors present: Corey Berman, Arthur Jacobs, Harry Koster, ahdri mandiela, Reg McQuaid, Sarah Pretty, Kevin Taylor.

Regrets: Donald Altman, Jae Steele

Staff present: Justin McNabb, manager

Members present: Howard Kaplan (finance committee); Joerg Wittenbrinck (building committee).

Minutes recorded by: Aislinn Clancy

1) Call to order. Declaration of any conflict of interest.

Meeting was called to order at 7.10 pm. There were no conflicts of interest declared.

2) Minutes of previous meeting

The minutes of the May 4th meeting were approved, after correcting the name of the CUPE negotiator from Rossi to Ross. Moved by Kevin Taylor, seconded by Sarah Pretty.

3) Building Committee report on members' room completion

Joerg Wittenbrinck distributed copies of the Building Committee's proposal, and circulated a copy of the architectural design. He then presented the situation as follows:

1. There has been a summary and analysis of the results of the consultations with members. The budget is only for building materials. The labour is to be donated by Karma members.
2. An effort has been made to integrate all the ideas into the design to include things such as comfortable seating, archive storage, mail boxes, computer, phone, heat etc.
3. The designs were developed by Karma member Mark Tholen. Designs include features such as a wall to cover the electrical panels, a new door and the requests listed above.
4. The proposal is to put benches on the west wall, which can also function with storage on wheels beneath the seats, and shelving above people's head. Another wall would be all shelving, for coats, folding chairs, computer, phone and recycling. On the eastern wall, there would be closet doors (lockable for child safety), doors would function as a bulletin board when shut, and storage around these pieces. The floor would be the same, as a new floor would be expensive, it would have to adjust for the slant. An electrical heater could be placed below the seating to be used when necessary. Lighting could include hallogen lights, they are cheap and indirect. The

walls could be finished in a material that is made of recycled paper materials vs. dry wall, as it is environmentally friendly and stable. The wall material can also be used as a pin board, it may be painted, or sanded but not washed, and is not terribly more expensive than drywall and absorbs sound.

5. The committee proposes to phase the construction in order to make the room first usable and then upgrade to completion.
6. Art moved to allocate 2800 dollars to prepare the room, do the electrical work and plumbing before the walls go up. Reg seconded.
7. A discussion was had that the costs are high in relation to the financial stress Karma is currently under, that we need to control spending.
8. The motion was tabled.

4) Finance Committee

Report to the Board by Howard Kaplan regarding a change to non-working member fees:

1. The present system is cash payment by non-working members, with exemptions.
2. Almost half of members are working members.
3. Non-working members who choose to pay the monthly \$18 fee do so only in months when they shop. The members' cards indicate that they pay on average during 7 months out of 12, whereas the working member has to contribute 2 hours work every month.
4. Non-working members who choose to pay the surcharge are paying an average of about \$6.00/month as they don't buy much, so their contribution is surprisingly low in comparison to working members.
5. This discrepancy represents approximately \$5500/mo. less contributed by non-working members, compared to what they would contribute as working members.
6. The finance committee proposes to restructure membership, to eliminate the surcharge paying category.
7. If the current system changes it does not mean that Karma will recover this money, as we may lose in sales and profit from sales. Changes depend on if the members that leave are those who shop very little. There is risk involved, as it is unknown what will happen, but it might create more fairness among members.
8. Arguments were made that if members left and were repaid their loan it could cause cash flow issues, as well as lower sales and some resentment among members.
9. Arguments were also made that if the system were to change, we would maintain a lower level of inventory, which would accommodate for the drop in loan fees, also that loans are not an expense on income statements.
10. If implemented, a communication plan would have to be put in place.
11. Discussion regarding a potential student membership was had, to address the barrier of the loan.
12. A suggestion was made to pass the changes before the yearly fees are to be paid (July), so it would not mean having to reimburse people's fees, though others suggested

this would only be an administrative problem.

5) Manager's Report

1. Year end inventory was well attended; thanks to Howard for the spread sheet; the auditor did spot checks.
2. The store was closed for one day for the roof repairs, which are complete except for the sky-lights. Thanks to Art who gave a great deal of time to ensure the repairs went smoothly.
3. Restructuring has taken place since Sarah and Christine were let go. There is a plan with staff for the next two weeks to cover extra shifts. There will be a student from McGill, Stephanie Rankine, to work over the summer to cover some shifts.
4. There is a new insurance plan to cover the higher value of the property. The plan will be reported at the next meeting, as our agent is currently preparing a new quote.
5. Discussion surrounding the reaction of the staff changes was had. There are members with mixed feelings, with friends of the staff being upset as the staff had been there for many years (Sarah – 8; Christine – 5). Are people expecting an official notice? Some say that Karma has never discussed staffing with members, and there are some restrictions because of unionization on communications regarding the process.
6. Sarah Pretty can prepare a statement on the staffing changes, and the lawyer can look at it to ensure it doesn't violate union codes. As for our difficult financial situation, we can say something about it as long as it is approved by the lawyer, as there are gag orders that restrict board communication surrounding our finances and union related issues. Sarah will take on this issue.

6) Cost Reduction Discussion

1. The roof is leaking at the area near the vents, and the roofers will be called to look at it. Art says that the roof looks good and is under warranty.
2. Other cost reduction issues – Vanessa has resigned to become city bike ambassador, and Rachel will start her maternity leave in a week. They will not be replaced at this time.
3. Inventory reduction was discussed. Bookkeeper Denise thinks we can do with less. The ONFC (Ontario Natural Food Cooperative, our principal supplier) will split cases, which makes it easier to lower inventory.
4. Hours of operation were discussed, not as a way of saving costs but managing the staffing deficit which exists at the time. Monday was proposed as a day to close as it has lower levels of sales (though some mention that there is not a large difference). Some suggested that more analysis was needed before this was pursued, to see what impact this would have on sales.
5. There was some discussion about the member labour system, is it effective? There are gaps such as lower levels of labour in the summer, sometimes no cashier, and often clean-up shifts are vacant.

6. A way to reduce costs would be to ensure that there are lower levels of inventory and therefore less spoilage. Howard and Justin can talk about the inventory spreadsheet and its implementation.
7. A way of compensating for the lower staffing is to implement more sophisticated cash registers to save staff time. This might lower levels of stress and save time on Thursdays.

The purchase of two new cash registers (under \$3000 including training) was approved. Harry put forth a motion, Art seconded, all in favour (carried).

8. At this point, Karma is losing approximately \$4000 per month.

Motions Tabled – member room construction, and membership structure changes.

7. Committee Reports

1) Outreach Committee:

- another event. Kevin attended a festival, there was a booth with three people. The committee needs direction, as there is no chair at present.
- Survey has been edited. There will be a test and it will be rolled out by advertising it on the web, via e-mail and using hand bills. Should happen in early June.
- There will be both paper and electronic copies available.

2) Web Committee: No report

3) Orientation Committee: nothing new to report.

4) Events Committee: There was a plant exchange event. Howard will talk to Reg about the AGM plans.

5) Food Issues Committee:

- They have come up with a sample form so that members can identify the products they want information on. The food issues committee can research the products, and see if they meet Karma's mandate regarding animal rights, local over foreign, GMO standards etc.
- Michael Armstrong is no longer the staff liaison for the committee, Frank will now be involved.
- Looking into reducing the inventory of soaps so there is not so much duplication.

6) Finance committee:

MNUTES: June 1, 2009

- Howard noted that although we are recording a \$60,000.00 loss for 2008-09, the real figure is actually \$30,000.00, as the building fees collected over three years are not included in the operating statement.
- Hope to have the budget prepared to present at next month's meeting. This will reflect the changes in labour and unionization.

8. Adjournment

The meeting adjourned at 9.45 pm.

Next meetings: Monday, July 4th, 7.00 pm, at the Annex Art Centre.

Monday, August 10th, 7.00 pm (Aug. 3rd is a holiday)