

## **NFM Regular Board Meeting 8/24/16 Minutes**

The regularly scheduled meeting of the Nashville Farmers' Market Board was called to order by Board Chair Margot McCormack at 9:33 am August 24, 2016.

In attendance were Board members Margot McCormack, Tyler Brown, Brian Copeland, Frank Cardenas and Priscilla Norman. Staff members present were Tasha Kennard, Carolyn Sanders, Charles Kizer, Rebecah Boynton and Kay West, Metro Legal representative Susan Jones and Metro Finance representative Brendon Harris. A quorum of the Board was present.

Also in attendance were vendors Tim McKinney, Matt Kerske, Mark Kerske, Sam Davidson and Ed Smith.

Ms. McCormack calls the meeting to order and read the following standard announcement.

*As information for our audience, if you are not satisfied with a decision made by the Farmers' Market Board today, you may appeal the decision by petitioning for a writ of cert with the Davidson County Chancery or Circuit Court. Your appeal must be filed within 60 days of the date of entry of the Board's decision. To ensure that your appeal is filed in a timely manner, and that all procedural requirements have been met, please be advised that you should contact your own independent legal counsel.*

Public comments were invited at the start of the meeting to ensure that anyone who wants to comment can do so prior to the Board discussing the business on the agenda. Ms. McCormack read the following standard announcement:

*Individuals, requesting to address the Board; will be limited three (3) minutes unless granted more time by the Board Chair. Each person authorized to speak is expected to state her/his name and address and the organization represented if any, and if the speaker reads prepared text, to provide a copy to Board staff.*

No requests from public to speak.

Chair McCormack asks for approval of July 20 meeting minutes. Moved, seconded and approved.

### **Board and Officer Elections**

Chair McCormack presents the slate: Frank Cardenas Chair, Priscilla Norman Vice-Chair, Tyler Brown Secretary. Floor is opened for other nominations. There are none. Chair McCormack moves to move forward with nominations. Seconded, approved. Motion made, seconded and approved to approve the slate of officers. Chair McCormack will conduct this meeting and incoming Chair Cardenas will conduct the September Board Meeting.

### **Financial Overview**

Tasha Kennard says there are two financial reports:

FY16 Financial Year End report, as well as a final BAR report which gives details on expenses and revenue. Year End revenue is \$1,003,753. The Market improved year-end total based on previous

projections by \$108,000. Year-end expense total is still an estimate but currently at \$1,566,778. This will be finalized after books are closed and final report will be available next month.

The Market still received the subsidy request of \$837,838 which was based on fully utilizing estimated \$1.7 million in expenses. The Market ended up \$108,000 less in expenses so the Market is in a positive cash flow position as new fiscal year begins. ED Kennard believes that is a positive sign in the second year of the new grower-only policy and merchant changes, loss of leasable space on the north side and still no enclosed sheds on south side.

FY17 is the second report, which is as of July 21, 2016. Effective July 1 of 2016 the NFM Operating Budget is \$1,952,700 which is \$952,700 in projected revenue with an operating subsidy of \$1 million. The operating subsidy will utilize funds from the State lease agreement. The total expenses should not exceed the operating budget. The Market can use up to \$1 million of the \$4 million from the lease amendment with the State. \$3million is set aside for future capital improvements and \$1 million as an operating subsidy that can be drawn from as needed. If the Market performs better in revenue the \$1 million in operating subsidy will not be used. The goal is to increase revenue generation as much as possible. Projections are conservative because there will be many changes with construction and loss of parking.

Ms. McCormack asks how ED Kennard sees that affecting the subsidy request traditionally made to Metro. ED Kennard says the Market should not be asking Metro Council for a subsidy this year. She points out that if a department brings in more revenue than projected, the department must go to Council and ask permission to allocate those funds. The other reason to go to Metro Council would be if the Market exceeded the expense budget. That is not expected to occur.

As of July 31, the Market had \$71,608 in revenue which is \$13-\$14,000 behind projections but there are some outstanding accounts that made a lump sum payment in August and should catch the Market up to projections.

A new process will report to the Board any outstanding fees due to the Market on a quarterly basis. The new Business Services Manager Carolyn Sanders and Tasha Kennard will be responsible for that report.

As of July 31, Market expenses were \$75,663. A new expense report will be generated for Board review at the September board meeting. It will be same format as the revenue report and expense projections will no longer be straight-lined due to the seasonal nature of the Market.

Interviews are being conducted for new Business Services Manager. Once the position is filled, that staff person and others in the office will begin reviewing the Audit recommendations (more later on Audit). This is a major opportunity for the Market.

The monthly BAR report is included in the packet and Kennard calls the Board's attention to current month actuals column, as well as actuals through current month and year to date. It is a resource used by Finance Department to monitor the Market budget.

Other documents include a NFM Fee Waiver Policy which was reviewed by Board last spring and states all payments must be made in the Market Business office and only accepted Tues-Thurs, 8:30 am to noon. Lessees must pay rent in accordance with leases. Rent due will be determined by the rate schedule as passed by the Board in January every year. Rates and fees may be waived at the discretion of the Executive Director upon review.

On a monthly basis, the Board will receive any fee waivers that exceed \$500. The first report is attached. There are three: the Agriculture Refugee Program of Middle TN, waiving their Saturday booth rental fee. Events Hatched is presenting Bacon & Barrel on September 30. A portion of their rental has been waived in exchange for their Farmhand Dinner sponsorship and providing ticket sales assistance, solicitation and event logistics. TDEC Save the Food event on October 6<sup>th</sup>, which is partnering several Metro departments. The \$2750 fee has been waived. The current practice for state-sponsored events is that when the State or Metro wants to host a State or Metro sponsored event, the fees are waived. That will be re-evaluated in the future.

Discussion of the three waivers notes that the Refugee project is in line with the Market's mission. Board members encourage a re-evaluation of State and Metro waived fees with the possibility of a discount rather than a waiver. Mr. Copeland asks for clarification of length of lease with State; ED Kennard says 19 more years, with an option then for 20 more years. She also notes that any lease can be amended at any time.

ED Kennard says staff will look at addendums to the 2016 rate schedule to reflect hard costs. Mr. Brown asks that each time fees are waived for Metro or the State it be documented and tracked, as well as fees waived for non-profits. ED Kennard reminds Board that in February the Market was closed for two days to serve as a shelter which was a significant contribution to city services. Mr. Copeland says that Hands On Nashville kept records of how much money HON saved the city in services such as painting, landscaping, etc.

Also included in packet is NFM Outstanding Fee Policy which is not a new policy. Those will also be reported to the Board on a quarterly basis, beginning on October, followed by January, April and July. That report will include all outstanding fees for temporary and leased merchants so the Board can see anyone in arrears to the Market. There are times when merchants fall behind and the Market works with them to help them catch up. There are also times when accounts must be turned over to collections, and not all collections are successful.

The Audit Report of the NFM prepared by Metro Auditor Mark Swann was sent to the Board via email and is also in the packet. Since beginning in late November, the auditors have gone through records and met with majority of staff members. They completed the audit in early June but waited for the books to close in order to adjust any financial numbers. The Audit has been reviewed by ED Kennard, and she has responded. Recommendations begin on page 12 and Ms. Kennard reports on changes made in response by Market or in process:

1. Leverage technology. This was self-identified by the Market which has been working on it for several years through the budget process. Recommendation accepted, the Market has requested and received budgetary improvements. Staff has met with the procurement department and went through the RFP process necessary and that process will begin. It is a monumental task but one that will bring the Market financial systems into the 21 century. The current system is not efficient.
2. Consider procuring check scanners or a smart safe for payments of daily collections. This is in progress with 3 different models identified and the order is being processed. Deposits can be made from the office rather than Ms. Sanders making daily trips to the bank.
3. Develop a billing and receivables system to ensure all revenue received by Market is recorded and tracked. Current system is hard to audit but will improve with the new technology planned. Also in process of hiring Business Services Manager.
4. Communicate with to the NFM Board an aging report on outstanding balances or fee adjustments on monthly meetings. That has been covered with new processes.
5. Create a retention policy for original applications and supporting documentation. This was started about 18 months ago and improvements will continue to be made.
6. Ensure that incompatible revenue collections are properly segregated. Recommendation accepted and discussions are on-going in how to achieve this with limited staff size. The current segregation is approved but needs improvement.
7. Request the NFM Board to review and approve Policies generated by the ED. This was done in the spring.
8. Communicate to NFM Board during monthly meeting a listing of all fee/receivable waivers that exceed a specific dollar thresh hold. That is in process.
9. Implement a procedure where revenue assets are retained in the custody of one employee at a given time. We have accepted the suggestion and are in process of making a new procedure.

ED Kennard lauds the audit team and the very helpful suggestions they made, particularly with regard to HR duties which she has taken on in absence of Business Services position. The Market has new forms for leave, flex and vacation requests. They assisted with evaluating rate structure and business systems. It was a very positive experience. The Market had not undergone an internal audit for over eight years.

Ms. McCormack points out how much more positive the newly completed audit is compared to the one done by General Services several years ago. ED Kennard points out those were two different types of audits and that General Services helped put new policies into place. She points out the auditors were there to help.

Mr. Brown asks what next steps are. ED Kennard replies that there will be a presentation of the Audit to the Audit committee. Ms. Kennard can attend and address the committee if she chooses to. The audit will be used as a guide to continue to make improvements. Ideally the audit would have been completed prior to the budget process, but the needs for enhanced technology had been identified as far back as former director. The last year was spent identifying what was needed and what it would cost so it was part of the budget request for FY17.

Mr. Brown suggests the Audit be summarized and shared with Council. Mr. Copeland suggests the Market be prepared in case the media attends the meeting to answer questions or that the Market be pro-active and meet with the media to explain the report and the steps taken.

ED Kennard urges Board to review the Audit thoroughly and if any have suggestions or questions to please meet with her.

Matt and Mark Kerske of Gardens of Babylon are in attendance. ED Kennard says the NFM and GOB has been in discussion for more than a year negotiating a new lease. It was put on hold during the lease amendment with the State, but met recently. They are interested in securing a ten-year lease with the Market. They have a number of things outside of normal circumstances they would like to request on their lease from management and Board so ED Kennard asked them to attend and present to get Board feedback so negotiations can move forward.

GOB: From 2010 to 2015 transaction numbers increased at store, positive growth. From Jan. 2016 to current date, for the first time, there has been a decline of over 5% at the garden center. Like any business owner they look at how they could improve what they are doing, but to see the 5% decrease in transactions is an alarming trend, particularly after investing \$25,000 in capital improvements in 2014 to make it more safe and shopable. To see the downward trend concurrent with the parking issues is not what they projected given Nashville's growth.

- Wants the new lease to occur as soon as possible but they have concerns about when the rent increase will occur. They are asking that the increase occur after the renovation of the premises. They point out that from 2005 until now GOB has been 100% responsible for their own maintenance, repairs and renovations of their greenhouses, which is not in their lease. The FM is supposed to be responsible for that but there was no budget for that. It has been a struggle to cover those costs as well as operating costs so GOB is requesting no rent increase until the renovation is complete. GOB points out there is so much uncertainty as to when that will be completed. That is key takeaway.
- Request that in the 4 months of off-season they be allowed to retract approximately 3,000 square feet of space and for rent to be reduced during that time.
- Also requesting some free parking around their venue, 17 spaces were originally requested, requesting 8 around the store and to access their loading zone. Asking they be included in new lease.
- Would like to be able to do private events in the evening that could raise revenue, in addition to public events during the day. No additional fees for evening events.
- Access to restrooms after 8 pm so their port-a-john is not the only option.

ED Kennard notes there are a total of 18 requests but many are small. These are the main requests. Some maintenance has been provided since she has been there, but greenhouses have not been maintained or renovated by the Market in the last 10 years. GOB would like the Market to do that and until those are completed the new lease remain at the current rental rate structure. Once improvements

are made, it would change to the \$11.79 other leased tenants are on. GOB is on the old lease with old rate structure.

Mr. Brown points out it is the Market's responsibility to make those renovations. ED Kennard says those renovations were requested as part of capital improvements. Currently their rent is \$3600 /month and it would increase to \$5400 month. The Board could consider keeping the current rate, a more favorable rate, or move them to \$11.79. They are on a month-to-month lease right now. Mr. Copeland asks that some projections be made on all the suggestions. ED Kennard says she can give the Board up to four scenarios of different rate structures, as well as retraction. Mr. Copeland has concerns about events and the unknowns and would like to know the process. Ms. Cardenas asks if all requests being made were included in capital budget. ED Kennard says re-plasticing the green houses and improving HVAC are.

What is not included is segregation and improvement of parking. Currently all parking at the Market is designated for different purposes. Loading dock has one space there, customer loading, staff and security all inside the fence. GOB is asking to use southern-most end of inside the fence line to allocate 8-17 spaces specifically for GOB customers. With other vendors, there is a fee of a certain number of dollars per day per space. They are asking that the fee be waived. Ms. Kennard will include those numbers in her scenario.

ED Kennard points out the current parking system is working and the lot is being managed very well by security.

Ms. McCormack has concerns about parking given the current situation at the Market. ED Kennard asks if they would be more comfortable with a smaller number of spaces. Board replies maybe. Mr. Brown asks if spaces could be reserved on 7<sup>th</sup> as a pick-up lane for GOB.

Ms. McCormack urges that the matter be resolved quickly. ED Kennard says it can be addressed as soon as September meeting. She says in September there will also be a work-sheet for rates, comparing to properties like the Market as well as properties in the area.

#### **Executive Director Review**

Mr. Copeland says it is time for ED review/performance evaluation and shares process with new Board and staff members. Board members will receive a survey from Jane Madden. Board members complete it and send back to Ms. Madden. Everyone on Board and staff will complete and ED Kennard will do a self-assessment. When those are in, Mr. Copeland will compile results, then meet with ED Kennard. Board will meet with Brian to make recommendations on packages, incentives, etc. based off the reports. It is a good practice. He asks that Ms. Norman assist him with it so someone else on the Board knows the process. The goal is to have it completed by the end of October.

Ms. Jones says there has to be a Board meeting between this board meeting and the completion date because the Board needs to appoint a committee and vote on it, but Board cannot do that at this meeting because it is not an agenda item. All those meetings have to be noticed. Mr. Copeland suggests instead that he will do a process report and present it to the Board. Ms. Jones agrees that is acceptable.

## Capital Projects

ED Kennard reports FM has a little over \$6 million to spend on capital improvements--\$3 million from lease amendment and \$3 from Mayor's Capital Improvement Budget. There is also a balance of 4% funds which includes unused funds allocated for shed improvement project. The total capital improvement budget will be \$6,350,000. ED Kennard and Charles Kizer met with Department of General Services and they will be providing project management which includes budget management, conceptual design, project bids, selection of service providers, payment of service providers and coordination with NFM management team. The scope of work and concept plans will be finalized with that team and will be presented to the Mayor's office and to the Board for input, approval and review this fall. She does not have a set date. Once that happens, NFM will be hosting merchant and community meetings to share information and get input on the plan. NFM has suggested to Mayor's office and GS that major improvements that may interrupt or obstruct operations begin in January 2017 and be completed prior to May 1, 2017.

That is a tight timeline and not everything will be done between January and May. The assessment has been done in order to know what to ask for, and the project list is done. What is not done is conceptual plans of what potential renovations to patio or waste and loading docks. The request has been made for those to be done in the fall. Restrooms, HVAC, loading and waste docks, patios, sheds, landscaping, greenhouses all need to be addressed. There is an exhaustive list of things that need to be done and will be done over a period of time. They need to be prioritized. Electrical and plumbing issues are priorities. There will be multiple timelines and the Board will be involved in the decision process. It is the Board's responsibility to offer feedback. Ms. McCormack reminds that each time a change is made or rejected it adds time to the project so requests should be important.

ED Kennard reminds that not only does the Market have to go through Metro approvals, but because the FM is on state land, all major renovation projects that impact the exterior of the facility and how it looks has to go to the State Architect, who has to sign off, as does the Executive Branch of State Government. They may also go to a commission or a committee.

The Market still has the plans that were requested and paid for from Tuck-Hinton for the shed enclosures. There are two plans. One keeps the sheds separate structures, one has an atrium connecting them. There is a plan for renovation of the loading area which now faces the Museum and will need to change. ED Kennard points out there are infrastructure needs that must be addressed before aesthetic projects. That will be early focus. If the costs of a new loading dock greatly impacts other projects, the NFM will have to go back through the budget process. The State will be heavily involved in what happens at Market. Mr. Brown suggests a pre-meeting with the State Architect to discuss all party's expectations. She agrees and wants project management team to set it up.

ED Kennard points out that infrastructure projects such as HVAC will have a significant impact on operations. She says that while GS is dedicated to efficiency but it likely will take longer than expected. Ms. McCormack suggests it be presented to Merchants and a request was made for existing shed plans to be presented to Board and staff.

## **Directors Report**

ED Kennard requests staff make reports and updates.

**Kay West** reports on Farm Hand Dinner coming up on September 28<sup>th</sup> and notes the date was changed to accommodate the Mayor's schedule. She will attend and make remarks. Jesse Goldstein will be the emcee. Tickets will be \$75. Ms. McCormack talks about chefs involved: Laura Wilson and Citizens Kitchen will do appetizers during cocktail hour; Ed Smith is working with KLD on brisket, the main course; Tyler Brown, Tyler Wilson of City House and Trey Ciocca of Farm House will make sides; Hal Holden-Bache will be doing pates and pickles that will be on the tables when guests are seated, along with bread; Margot McCormack is doing salad and Lisa Donovan is doing pie. The main course will be served family style.

ED Kennard encourages Board members to attend and tables of six are sold for \$500. Friends of the Nashville Farmers' Market are non-profit partners. There will be live music. The Water Break will be on the Rosa Parks patio.

Bacon & Barrel is taking place on September 30. Carey Bringle from Peg Leg Porker will do a whole hog. They will be using the Market House and Patio, and expect about 1500 people.

TDEC has partnered with NFM to do Save the Food, a zero waste management awareness raising event on October 6<sup>th</sup>. Also involved are Second Harvest, Nashville Food Project and Public Works.

Downtown Employee Appreciation Week includes a day at the Market on Tuesday October 11, from 11 am – 2pm. There was a free massage event in the Market for two days.

GLK remains booked. Monchita has asked to suspend her residency.

Pepper Fest is September 17<sup>th</sup> and will go against the Food + Wine Fest. Discussions have been held about how to team with F+W but nothing planned this year.

**Rebecah Boynton** reports that Pepper Fest will be more international engaging all the international restaurants.

She reports on Vanderbilt Market, the satellite market on the Vanderbilt Medical Center Plaza every Thursday afternoon during peak season. It is an interesting boutique market with meat, milk, produce, fresh flowers, honey, juice. It fills a great desire and need and captures an audience of Vanderbilt people going home from the office or medical people coming in for their 4 pm shift, as well as people being treated at the hospital and the academic community. The merchants have a lot of success there. Sue's Flowers comes from 2 hours a way to sell fresh flowers. They want to also come to the Market on Sundays.

Watermelon Throwdown had over 3500 watermelons under the shed, many new varieties of old favorites. The tasting table did well. Ed Smith grilled salmon from Virgin Bay Seafood, produce from White's Family Farm and watermelon.

Social media is a muscle the Market/Ms. Boynton is building to help the mission of making the Market the best it can be. The NFM has hit 11,000 followers on Instagram which started in March. There are 51,000 'likes' on Facebook. It is helping get the story out. It is also very important in getting parking updates out, such as the morning of the Watermelon Throwdown when 7<sup>th</sup> Avenue was unexpectedly closed.

ED Kennard reports that the FM is entering its most beautiful time in September and October with pumpkins, mums and gourds. Revenue generation is good. The end of October many of the merchants who filled the sheds go home and the sheds empty. Staff is now preparing for those months and how to make Winter Market more successful than it was last year. The FM will continue to be open year-round, sheds and the Market House. But the Winter Market does not work 7 days a week so staff is working on making a tighter focus on collateral for promoting fewer days. It will be a shift and not everyone in community will be happy with it.

Ms. McCormack asks for any other business. None is offered so she adjourns the meeting (in her final meeting as Chair) at 11:25 am.