

TPSS Board of Representatives Meeting

Date: October 28, 2012

Time and Place: 6:00pm, TPSS Community Room

Present: David Walker (DW), Tanya Whorton (TW), Steve Dubb (SD), Emily Townsend (ET), Mary Rooker (MR), Nelson Graves (NG), Ken Firestone (KF)

Absent: Matt Hersh (MH)

Minutes submitted by: Solveig Mortensen (SM)

RESOLUTIONS:

- The Board agreed to change the agenda: adding a topic under the election update section; switching the expansion update and the membership Committee update.
- The July 2012 Open Session meeting minutes were approved as amended; by consensus.
- The September 2012 Open session Meeting minutes were approved as amended; ET moved and SD seconded, and approved by consensus.
- The September 2012 Closed Session minutes were approved: TW moved and ET seconded, and approved by consensus.
- The Board authorized the Finance Committee to negotiate the interest and terms on the current \$20K loan to OTBA, subject to final approval by the Board; SD moved and KF seconded, and approved by consensus. David Walker stood aside from consensus. .
- The Board agreed to include on the November 2012 agenda a revised End Goals and Indicators proposal for review and a revised “Membership Rights and Responsibilities” for approval.

During the action item review, the Board asked the GM to generate procedures and forms that instruct TPSS members on how to carry-out a boycott, if they wanted to do so.

Open member forum: ET had sent the Board an email informing them that Karine was resigning from being the Chair of the Local Foods Committee, due to having other obligations at this time.

Events Review:

Membership meeting: SD gave feedback regarding the Oct. Membership Meeting: he believed the meeting was good, but that the Co-op could do a better job of publicizing the event. He discussed how it seemed that some members got the mailing while other members did not. He highlighted how the poster with the five Board candidate statements was well done and suggested that it could have also included a line such as, “meet candidates at the Membership Meeting”. He spoke about having big, visible signage re: membership meetings. He also noted that the Co-op could have included a picture of the guest speaker Sophia Maravell in the signage as well. One Board rep. suggested in-store announcements, and another confirmed they had happened.

SD pointed out that once people come to the membership meetings, they usually stay; DW added that Historic Takoma Building (HTB) of the Old Takoma Building Association (OTBA) was a nice location. However, DW also commented that when the membership meetings happen outside in the tents, people, who just happen to be casually walking by, will join them. ET shared one member's feedback that they enjoy having the membership meetings outside. It was also pointed out that generally speaking, if any members are still present, it is preferable to leave the tables and fixtures available for a little while after the event: no rush to close right down. The GM indicated that there are opportunities to utilize the OTBA's space right now and pointed out that not only can the Co-op put in a request to host an event there, but also members can. He noted that OTBA is interested in having people/groups make use of the Historic Takoma Building. The GM and Board reps. considered holding future Board meetings there. One Board rep. commented that he was cognizant of how OTBA staff have to be present to open and close the building, so he wanted not to over access their hospitality.

MAFCA: The Board President commented that the MAFCA meeting seemed well received; and, he and the Board thanked the GM and staff for their preparation work. The Board President had sent out a thank you.

GM Report: The GM reported that he hired Jimmy Cooney as assistant manager for the SS store and described Mr. Cooney's years of experience with co-ops, including the MD Food Co-op. The GM also shared that he has been working with Al Romero very closely and feels positive that Mr. Romero has a lot of knowledge and skills to impart.

AG also shared that he has been communicating with some DC based people who work in planning and architecture in regards to the expansion project; he anticipates that a number of them will attend the next expansion meeting.

AG confirmed that the TPSS Annual Report will be posted on the website and that the generator issue should be finalized in the next 40 days. The Board President shared that Adam Schwartz and Jake Schlacter were pleased with the piece by NBC on TPSS; the piece is now on the website.

AG reported that the inventory went well but that they are waiting on the current auditors to give a recommendation on the inventory process.

KF asked the GM for a status update on the SS store, and AG explained that it is coming along well enough, particularly as compared to previous months. DW noted a discrepancy between the sales trend update, which showed sales growth to be just under 15%, and the report from the finance dept. that described the sales trend running below the budgeted rate of 2.3%. He talked about how the Board does not yet have the most up to date financial statements, making it challenging to reconcile discrepancies and get an accurate financial picture of the Co-op overall. TW reminded the Board that there had been a request for a special disposition this month

because of the audit. DW asked the Board for comment on this issue. SD and MR stated that the Board needs quarterly statements and the FAC needs them monthly.

The GM confirmed that he gets Catapult and QuickBooks statements monthly. There was discussion re: the auditors addressing some of these issues or not necessarily reading the related Board policies. DW stated that the Co-op needed to be careful with relying on the cost of goods sold information; and, relayed that there is no ending inventory in August. A final point was that the Board/Co-op needs to receive at least as up to date financial reporting as NCGA receives from the Co-op. Board reps. asked the GM to pursue the matter of the timeliness of financial reporting with the Finance Manager and Finance Department.

Ends Policies and Key Indicators: The Board President gave feedback that there may be an unmanageable number of goals and indicators in the draft (End Goals and Indicators) proposal: with every goal or indicator, many parameters need to be managed and prioritization is key. He also voiced concern about the aim of increasing margin, since it can be achieved at the cost of sales by raising prices or dropping low margin items. He suggested, instead, setting the goal of increasing sales and paying attention to gross income.

Board reps. gave feedback on the proposal and the goal of increasing margin. One Board rep. did not think it would be odd to include increasing the margin as a goal for the SS store. Another suggested that rather than trying to track the margin, management should look at what is the key indicator. Finally, another stated that she saw no issue with tracking the margin, but actually with not including enough other factors.

DW concurred that the Co-op should track margin too, but not focus on it because that would be an example of how member-owner interest as owners conflicts with member-owner interest as shoppers. He gave food affordability as an illustration. NG shared some specific product examples and described customers, recently, asking: what happened to the inexpensive cheese? He commented that this type of customer dissatisfaction is hard to gauge. MR noted that it is helpful for a staff person to explain why a product is no longer being carried.

DW touched on how he believed this one example related to the Co-op's former strategy of being more of a boutique store, particularly at SS. He explained if an occasional shopper comes to the store only monthly for an item and it is not there, they probably will not come back.

The GM shared that when a new product comes in or is discontinued, the Co-op is making sure that it is communicated effectively; the cashiers are told to tell the customers. Reportedly, in the example of the cheese, the previous distributor could not give the Co-op a consistent supply.

SD suggested that Board reps. submit their feedback on the End Goals and Indicators proposal to the GM and Board prior the next Board meeting, where it will be re-visited.

Finance Committee report: TW summarized the events of the last FAC meeting where the Finance Manager reported on the process of the audit, and how in a separate meeting AG, BT, DW, and TW discussed the loan with OTBA . The Co-op has an outstanding loan of \$20K to OTBA that OTBA would like to have extended to them for another year or two. TW elaborated that OTBA, in turn, loans out any money it receives to start –up businesses at a relatively low interest rate. There are no startups in the junction area right now, but OTBA was given \$15K from the City Council to support projects. Reportedly, OTBA has income coming in; they also received a very large grant from the state of MD which they have loaned out in the community, thus fulfilling their grant mission. DW raised the question in the meeting with them: if the Co-op extended the loan would they be potentially funding a competitor? By report, OTBA seemed aware of how that could be an issue, but they had no firm guidelines in place.

Board reps. discussed how the Co-op will re-do the documentation for the loan with this loan reassessment. The Co-op would re-assign the loan to the expansion fund from the current “TPSS working monies” and will modify the interest rate if the Board chooses to ask for interest.

The Board discussed the topic of interest on the loan. DW explained that currently the interest on the loan is zero and pointed out the issue of setting a precedent for supplying zero percent loans. Board reps. also touched on whether these current loan terms represented the Co-op membership as well

SD commented that the reason to ask for an interest rate on the loan is not for the money, but to make it a more credible, formal loan. He also asked the Board to keep in mind that the Co-op may want to partner more with OTBA in the future. SD elaborated that the Co-op may make a loan for a variety of reasons, such as, money, community building, etc., but, not every loan has to have the same interest rate, though each needs thorough documentation. ET pointed out that the Co-op may want to borrow from the OTBA when it expands.

KF discussed how the food trucks came about and worked out in the shared lot, noting their ultimate compatibility. He believed paying interest on the loan made the most sense and stated that he would also consider having the loan paid off. MR added that she learned about the plan for the food trucks at the City Council meeting and emphasized that the Co-op needs a Board rep. at each OTBA meeting.

SD commented that he believed the Co-op should not allow a wait for the findings related to the audit (next year’s cash picture) to slow things, because it will be more useful for OTBA to hear the Co-op’s requirements now than in January. Then, after motioning that the Board authorize the Finance Committee to negotiate the interest and terms on the current \$20K loan to OTBA, subject to final approval by the Board, SD elaborated that the interest and terms will need to be low enough so that OTBA can lend the money back out.

The Board President recounted that in the meeting with the OTBA, they invited them to propose the rate of interest for the loan. He shared that in her email to AG, TW, and DW Patty Baker, of

OTBA stated, "OTBA would like an extension of at least one year, and at an interest rate of no more than 3%." The Board President discussed risk adjusted rate of return and stated that it is a hazard to accept a risk without a negotiated rate of return.

The GM shared that the TPSS parking lot will soon be marked, including two hour parking designations. He stated that the Co-op will be finding out on Tuesday about the handicapped spaces. The curb gap in the fence is also going to be addressed.

Expansion: KF reported that the GM has had contact with the Turner building's owners; the Co-op is beginning to do some negotiations with them. He noted that one architect attended the last meeting and that Dan Robinson knows a real estate agent that may be interested in the project. SD commented that the budget for the expansion is coming from the GM and voiced his belief that staff time and a project manager need to be included in that budget. KF talked about certain necessary expenses, such as, a feasibility study. In final, KF stated there will not be an Expansion Committee meeting on Tuesday, November 6th due to the election.

Membership Committee Update: SD presented the Membership Contract which was created in the Membership Advisory Group. ET, TW, MR, NG, and AG gave him feedback including that it should actually be titled the "Members Rights and Responsibilities," and still needed cites and some changes in terminology. After discussion about the purpose of this member's statement it was clear that it was something for members and could also be deemed policy MC-9. The Board discussed how this "Members Rights and Responsibilities" was not for the brochure or marketing, but for Co-op members when they joined. SD planned to bring a revised version of the Members Rights and Responsibilities, MC-9 (formerly the Membership Contract) to the next Board meeting for a vote at that time.

ET raised the fact that the Membership Committee (MC) needs more volunteers; important things need to happen within it. SD pointed out that the Co-op should prioritize outreach and reflected that it should be a staff led initiative but the MC can undertake it. He discussed strategic goals, such as, reaching those at the Maple St. apts. over doing more policy writing. ND mentioned notices on community bulletin boards and SD talked about strategies, shelf space, and products for specific community groups. TW pointed out that these aims dovetail with the expansion goal; the MC can also support the expansion. NG commented that the greatest challenge is handling the distribution issue. AG noted the ongoing customer survey and price comparison that is taking place. In final, SD stated that education and outreach are areas the MC can now develop: part of their mission.

SD noted how other co-ops design their membership fees. Earlier in the meeting, the Board President voiced concern re: the fee schedule for the new Membership Installment Policy. SD stated that he believed that the MI policy was rightfully decided at the time of approval.

Election update: MR informed the Board that four reps. need to volunteer for the election count on November 17th. AG confirmed that new staff have staff numbers, not member numbers.

MR was pleased that there are five candidates for this election and stated that she believed the structure helped because it gave the nominees a way to sort through the information. She stated that she lobbied for the Co-op to keep the nominations resources in place. AG commented that he felt the nominations effort had had success when he learned one candidate ran after she heard about the Board elections in the store.

MR added that stimulating voter turnout is the priority now. She noted that register notices are helpful and asked the Co-op to continue that practice, as well as, broadcasting announcements, telling people in person, and putting a line at the bottom of the poster with the five statements. A proposal of giving members a discount of some sort (for one item) for voting was discussed.

MR commented that for the future, she suggests that operations, gives the Nominations Committee (NC) a list of operations timelines and required actions for nominations now, so the NC rep. can work collaboratively and have a better idea about the process. She noted that this was to help the NC rep. stay oriented in the process because it is a joint effort.

ET raised the issue of what to include in the new Board rep. orientation. AG preferred that new Board reps. get training up front. TW shared that the Co-op has a remaining 5.5 hours with Art Sherwood (AS) and she could ask AS to do a live webinar for new reps. that addressed the separation of operations and Board functions as well as governance in general. MR also talked about a buddy or mentoring system for new Board reps. AG suggested holding the training before they start on the Board.

CBLD/Board development: TW described how she and the GM had had preliminary discussions about continuing to get Board support from the Cooperative Board Leadership Development program (CBLD) and from our current CBLD representative, Art Sherwood. The CBLD retreat was great and the listserv was helpful but they were undecided about continuing with CBLD for next year. They also, she stated, thought about choosing the same CBLD rep as the nearby Common Market, Mike Healey One rep. commented that he thought the Board retreat is important, and he leans towards working with Mike Healey as least for this coming year, because ends processes and goals are Mr. Healey's area of expertise. He felt that Mr. Healey is the person for that issue. TW planned to speak with Art Sherwood about the webinar for the new Board member training and retreat and to Mike Healey re: working with the Co-op in the coming year.

TW stated that attending the CCMA annual conference was such a valuable experience that it might be a worthwhile consideration to use the Board development budget to send more Board reps. to their conference. MR commented that even if not every Board rep. attends it would be helpful for them to debrief each other on what they learned in a separate face to face meeting. SD noted that the Board expanded the Board budget and he did not mind sending extra people to the conference. The GM saw CCMA as good for management and the Board, so he stated, he is in favor of the new Board's attending.

The Board discussed officers for the upcoming Board and if other reps. were interested in taking over facilitation. After Board inquiry, TW relayed that if she were to consider the president position, she would like more support and assistance from the rest of the Board. MR made comments re: cooperative leadership and emphasized delegation and splitting duties. SD agreed that he could write newsletters articles in the future.

Meeting adjourned 9:10pm

BOARD ATTENDANCE TALLY:

Term 2012:

<u>Rep.:</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Sep</u>	<u>Oct</u>
Burne		*	*		*	*			N/A	N/A
Dubb	*	*	*	*	*		*	*	*	*
Firestone	*	*	*	*	*	*		*	*	*
Graves	*	*		*	*	*		*	*	*
Hersh	*	*	*	*	*	*	*	*	*	
Rooker	*	*	*	*	*	*		*	*	*
Townsend	*	*	*	*	*	*	*	*	*	*
Walker	*	*	*	*	*	*	*	*	*	*
Whorton	*	*	*		*	*	*	*	*	*