

# TPSS Board of Representatives Meeting

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Date: April 15, 2012

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

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

Others Present: Abdi Guled (AG), Claretta Daniels (CD)

Minutes submitted by: Solveig Mortensen (SM)

## RESOLUTIONS:

- The March 25<sup>th</sup> 2012 meeting minutes were approved as amended; SD moved, ET seconded, and approved by consensus.
- The Board was in agreement to put the issue of formal policy reform on the next agenda and include the topics of opening the Board for unlimited staff representation and stipend along with the other topics of governance: key indicators, monitoring, and self-assessment.
- The Board arrived at consensus to send MH, SD, TW, and DW to CCMA.

## *Upcoming Events:*

**Earth Day:** April 22

**General Membership Meeting:** to be held on May 6<sup>th</sup> at the TP store, not the SS store. SD and ET noted that they were taking the initiative with a postcard mailing for this event. SD planned to update the Board on who the speaker will be and shared that the Membership Committee (MC) was planning for a band to play. The Board President considered whether the Co-op should go forward with having a band for this Membership Meeting (MM); budget issues were touched upon. KF seconded that he would forgo a band if financial concerns were an issue. SD reflected that overall he believed the Co-op spends too little on the MM, although he also conceded that more people needed to attend them. A plan for a band was generally permissible if it were a successful meeting and did not compromise the budget. AG planned to follow up with Sherri to determine if the band had settled a contract with the Co-op yet.

**GM Report:** AG reported that inventory occurred at both locations and that it had gone really well; only two products from within the store/s had not been scanned. He remarked that each inventory is running better and better. AG shared that he would be going to NM tomorrow for a conference on nationwide sales at coops. He noted that there will be a staff meeting on Wed. the 23rd, inviting any interested Board representatives.

AG and the Board discussed the Board's stipend and appropriate reporting on 1099s. AG explained that it is nearly impossible for the Finance Manager to determine what each Board member uses from their stipend for what purchases; and, therefore for 2011 a 1099 could not be generated. He explained that, in the future, the Co-op would utilize someone from ECR so they

could produce a 1099. DW noted that it would be much easier for management to handle Board stipends by a cash procedure; however, he clarified, cash is not allowed because the stipend has to be spent at the Co-op. He suggested that the matter be resolved with a gift card like method: something loaded with the stipend amount could expire at the end of the year. DW summarized that this was a record keeping issue that needed to be handled procedurally.

AG reported to the Board on the CoCoFiSt comparatives report. He noted that TPSS Co-op is the only co-op in the eastern corridor that does not have a deli, so it is very challenging to compare it to other local co-ops. Most other co-ops in the area have twenty or more staff working in their delis, and there is only one store in the eastern corridor that is comparative, he explained.

AG announced that MBe was hired into the position of HR manager as a full-time employee. SD raised questions regarding the hiring process: Was the position advertised? Were others interviewed for the position as well? AG recounted that at each staff meeting he encourages staff to look at the bulletin board. Several Board reps then voiced, as one had earlier in the meeting, a concern about why this hire was a topic of discussion and listed as an action item. SD talked about wanting a reporting on it for a couple of reasons, which he noted as having nothing to do with the actual choice for hire: it is a high-level position at the Co-op that was due to be addressed and filled; it is a requirement to post the position and formally hire for it; and, it also concerns him to learn that a position of that value did not attract any external applicants, something he believed the Co-op needed to recognize and examine. Reportedly, the position was advertised on Craig's List. ET surmised that it is acceptable to ask questions around this type of issue; gaining no external applicants for hire is atypical and should be an occurrence that the Board seeks more information about. SD emphasized how his concern relates to what he sees as a problem with the organization. KF summarized that the Board may need to eventually look at ways to attract more candidates for positions.

***Finance Committee Update:*** TW shared that they reviewed the CoCoFiSt data and came to understand that it is a reporting system built for organizations to show their financial data in order to normalize and compare their figures and financial status with similar coops. Typically, she stated, CoCoFiSt reporting is not something used at a high level or by Boards to measure a co-ops' status. She confirmed that the FC will continue to look at it, though.

TW shared that the Co-op would be having a full audit this year. She noted that the Co-op is due for one and that we need to start the process early to meet October deadlines.

DW shared that next month the FC will attain the third quarter data, which will be informed by the inventory. He reflected that the recent financials perplexed him as the Co-op as a whole is stronger—the SS store only lost \$7K in February as opposed to more than \$25K in the former month—but he was puzzled about the personnel expenses, which were very high in January. He confirmed that the FC would have a better picture in May after receiving inventory results.

SD voiced a substantive concern and a process suggestion; the FC notes indicated that pursuing generators is on hold because of the expansion, and he believed the Co-op should not wait for the next outage to acquire back-up generators. DW noted the key relevant strategic issues: moving a newly bought generator in the expansion and installation costs. AG suggested that another option is to lease a generator; DW suggested that this type of item go into a capitol budget proposed by the GM. In regards to process, SD stated that probably for the months that are not backed by inventory, the reporting needs to be looked at again. There was discussion about whether the Co-op is in risk with its current insurance company due to the threat of power outages; it was clarified that under the Co-op's new insurance there have not been any power outages. TW remarked that the Co-op is under review with the worker's insurance company.

**Expansion:** KF shared that they had learned more about the plan of the proprietor of Blessed Coffee; he is looking at opening up a coffee hut across the street that would be 6-7,000 sq. ft., about the size of the Co-op. He remarked that they doubted that the Historic Committee would allow him to convert the Turner Building into a coffee building/hut. He relayed that at the meeting with former Council member, Dan Robinson, the Expansion Committee (EC) heard him offer to be the developer of the project and then the leasing agent of the newly expanded TP store or be a consultant on the project to help shepherd it through City requirements. KF reported that the Expansion Committee also met with Seth Grimes, Kay Daniels-Cohen, and Lorig Charkoudian and got the sense that the City may not want to move as quickly as the Co-op does.

DW reflected that Dan Robinson knows the City Council and process, so he could help in regards to issues of zoning, etc.; moreover, he noted, the Co-op may not seek him as a developer but be interested in getting aid on specific tasks. The Board understood that Mr. Robinson was interested in some form of partnership; MR shared that he had put in many hours on the GM search. KF agreed that there may be things to collaborate on, and also noted that Seth Grimes was still interested in more detailed plans. DW stated that the City is asking for three alternative plans to go to the City Council. He stated that the City Council had not yet received the Co-op's statement to the Takoma Park Junction Task Force.

KF recounted that the EC has been brainstorming the different scenarios that the Co-op could pursue to successfully expand and ranking each one, evaluating why the Co-op would choose one over the other. He wanted those who were interested in furthering that process to come to the upcoming meeting, because, he explained, the Co-op needs to make it clear to the community and City why expansion needs to occur on that lot or communicate that it may not stay in the junction.

**Open Member Forum:** Speaking as a member, ET shared that one of her contacts lost her wallet at a Panerra restaurant, which immediately fed-exed it back to her, and then conversely, she--this same contact--lost her wallet at the Co-op. But the Co-op held it for six days before ensuring that she got it back. AG stated that he will follow-up.

Also speaking as a member, SD gave feedback on a few customer service issues. He had a contact that expressed discontentment about how no staff at TP ever asks her if she would like bagging done; in contrast, he noted, this is routinely done at SS. Board reps. agreed that the question should be asked. SD further shared that a couple of months ago, he found “good” food items stocked behind older or “bad” food items. NG commented that if they were bad, they should have just been pulled. In final, SD shared that there is a staff, who works at the front end, who probably speaks tourist-level English, and who may, ultimately, be better suited for other tasks that do not involve as much customer communication.

***Governance Discussion:*** MH reiterated his continued interest in revisiting the Bylaw limit of staff on the Board. DW asked each Board rep. to respond to the idea.

KF: stated that he was in opposition to the idea; noted the negative feedback he received from an attorney, who had been involved with non-profits, about it; felt that the Board could then be over-filled with staff; remarked that the Co-op could end up being run more by staff than members, which is inappropriate unless a worker’s co-op; had no problem with staff contributing in the selection of and even vote for a new GM but believed the evaluation of the GM should not involve staff.; vowed to fight to always keep staff/employees on this Board but not in an unlimited number.

TW: commented that the Board’s biggest responsibility is to hire the GM, noting how tumultuous that already is with just three staff on the Board; considered what would happen if non-staff Board reps were missing and the Board needed quorum--quorum would be settled by an all staff Board.

DW: appreciated that MH sent this idea to the Board CGIN discussion and got their feedback, which was to limit staff presence on the Board; recalled that this was why the Board changed from discounts to a stipend since staff members already receive the maximum 20% discount, so staff members serving on the board were uncompensated for their service on the board. He noted that co-ops empowered by structure are similar to third wave co-ops; gave an example of a Board that made a political statement with their staff representation; felt this Board had struck the right balance; felt it would be ok to ask members what they thought about the idea in the context of comprehensive Bylaw revision, but did not support a single-issue revision of the Bylaws

NG: noted that there was once a time when he was in favor of unlimited staff participation on the Board, because before a Bylaw change they stated that you had to be a working member or volunteering member to be on the Board; and observed that it can become really difficult having five staff members and only four community members, because the GM would be on the firing line at each Board meeting. He stated that the potential danger far outweighs the confines of the limitations.

MB: did not think it would be wise to add more staff to the Board.

SD: would only be in favor of the idea if the Co-op shifted its structure to a hybrid-co-op, which changes the staff commitment to the Coop; but felt keeping the consumer structure and increasing staff would be problematic.

ET: thought it seemed irresponsible, because staff members are already so invested in their workplace and saw the existence of that imbalance as a good reason to have three seats instead of all seats.

MR: though, views a worker co-op differently, did not think she has ever been in favor of an all staff Board; also noted the work they did on the GM and Search Committee, which were basically a smaller selection of the Board, and how there was more work because staff and, therefore, staff-Board reps. could not participate; also felt it would put everyone in an awkward position in evaluating the GM; and did not think the ratio of staff to members needed to be greater than it is now.

MH: explained that his biggest argument for unlimited staff on the Board was that it will inspire enthusiasm about the elections; in his eyes it is the best and easiest way to get more competitive candidates and reach a broader group of people. In wanting to hold onto the current structure, he also speculated that the Board might be partly operating out of fear. If the Board attained five or more staff representatives, he said, then it might need an independent consultant to ensure that the grievance and/or other policies were being properly observed. He noted that Boards of this type were in use in the 1970s.

SD concurred that there are and have been Boards structured this way, but he, again, understood that the way worker co-ops are set-up the workers are also the owners and invest significantly in their co-op: along the lines of \$10,000. The Board President offered that other co-ops do strike a similar balance ratio for staff representation on their boards as well, and concluded that this would not be a single-issue for Bylaw reform. He observed that as policies come up the Board needs to look at Bylaw reform.

MH felt the membership were allowed to settle the voting issue but, in this case, were not being allowed to decide if they wanted more options in candidates for Board representation; he remarked that the Co-op should be leading the edge. DW clarified that he was willing to include the question as part of a process of Bylaw revision that will go to the membership and would support having it as one of the questions discussed at the membership meeting. **The Board was in agreement to put the issue of formal policy reform on the next agenda and include the topic of opening the Board for unlimited staff representation with the other topics of governance discussion.**

**Board Development:** DW and TW reported that they had asked Art Sherwood (AS) about whether the Co-op could make an exchange of some sort for the CBLD 101 course; AS immediately responded that the Board should feel fine about asking him questions, but also

asked them *why would you debate attending CBLD 101?; just attend*. AS encouraged any Board representative, new or old, to attend the July Baltimore CBLD event.

DW announced that CCMA is scheduled to be in Philadelphia, so he encouraged Board representatives to attend all three upcoming opportunities, including MAFCA and visiting Mariposa. Furthermore he reviewed some of the budgeted expenses to date: professional and legal fees of \$5,500; \$2,900 on CBLD; \$650 on hiring the GM. After discussing how free housing would probably be available for those that go, the Board concluded that there was enough in the budget to send four representatives.

The Board arrived at consensus to send MH, SD, TW, and DW to CCMA. The Board President planned to bring a proposed Board budget to the next meeting and include it as an agenda item as well.

**Membership Update:** The Board President passed out two pages of membership cooperative capitalization plans and membership contract notes. He explained that the Board needed to determine what should be in the membership agreement and shared that the Bylaws not only listed certain rights, but also required members to agree to pay the Co-op's income taxes on any patronage rebates issued. He noted that the bylaws could impose a tax liability: if the Co-op makes a profit and does not spend it on the stores but sends it to members as a patronage refund, it becomes a tax liability to them. Right now, he stated, the bylaws say that the Co-op does have to issue notifications and that the members have to accept that tax liability. SD felt it was better to retain the money and use it on the stores than to do patronage rebates. TW commented that many other co-ops have moved to patronage rebates; the Board and Co-op needed to examine why they have done so.

DW noted that there were other implicit things in the policy that needed to be addressed and that member capitalization is a grey area as well. He said maybe the Co-op needs to construe itself as a federation of co-ops. He noted that installment plans regardless of income do reduce the upfront amount for people, but asked what the Co-op will do if people stop after four payments or what the amount of the capitalization should be. He explained that some members joined for \$60 and others joined for \$100; those that joined for \$60 should not get \$100 back. There was some discussion about how that could be challenging to track now, due to the recycling of member numbers. The Board noted that they are waiting to get an idea of the capitalization plans of other co-ops.

MR talked about the need for a policy review committee.

Meeting adjourned at 8:30pm

Next Meeting: May 20, 2012

BOARD ATTENDANCE TALLY:

Term 2012:

<u>Rep.:</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>
Burne		*	*		*
Dubb	*	*	*	*	*
Firestone	*	*	*	*	*
Graves	*	*		*	*
Hersh	*	*	*	*	*
Rooker	*	*	*	*	*
Townsend	*	*	*	*	*
Walker	*	*	*	*	*
Whorton	*	*	*		*