

TPSS Board of Representatives Meeting

Date: March 25, 2012

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

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

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

Absent: Tanya Whorton (TW), Mike Burnell (MB)

Minutes submitted by: Solveig Mortensen (SM)

RESOLUTIONS:

- Approval of the February 2012 Closed Meeting minutes was deferred until next month. The February 26, 2012 Board meeting minutes were approved; DW moved, ET seconded and approved by consensus. Noted: the consent calendar has no items this month.
- DW moved to approve the Certificate of Resolution for the Premium-Only Plan (Ending 2013), ET seconded, and it was approved by consensus. (APPENDIX A)
- Board representatives agreed for the following topics to be future agenda items: modifying the current limits on number of allowed staff seats on the Co-op's Board, Membership Information Drive, and General Membership Meeting.

Action Items: The Board President asked the Board to dismiss the action item of requesting that the CBLD consultant, Art Sherwood (AS) find out if CBLD could exchange the authorized 101 course, which is part of a standard CBLD contract, for extra consulting time or have another Board representative, besides him, pursue this. He explained that as Board President he was advising the Board to dismiss the request, because standard contracts are not open to negotiation; this could reflect badly on the Co-op; it could also overly-formalize relations, triggering a rigid accounting of exact time-spent consulting to the Co-op.

SD believed that this action item was the Board President's role and clarified that he viewed it more as having a contract that meets the co-operatives' needs than asking for something extra. However, he stated that if DW felt negatively about it, then he believed DW should probably not be the one to raise the question. MR voiced that she figured it is ok to check into it. ET reflected that she did not have particularly strong feelings either way on the issue, but believed that DW knew the relationship with CBLD/AS best. It was clarified that the contract with CBLD had already been signed. KF shared his mixed feelings: he saw the benefit in getting something of value in exchange for something of non-value that was un-needed, but did not want to sour relations in the process.

Further clarifications and background on what generated this action item was given: historically, the Co-op has been a client of CBLD's and at one point became disappointed enough with its CBLD consultant that it withdrew; the Co-op has already had a number of representatives take the 101 CBLD course. It was also pointed-out that the 101 course is one that CBLD holds for

many clients at once and not one that AS necessarily leads, so an exchange involving more of his consulting hours will probably not be equivalent for him personally.

Board reps. discussed how, possibly, SD should present the question. DW strongly believed the Board could in effect, over time, negotiate more by not introducing this request. MH noted that consulting time versus a pre-planned event (not involving the consultant) is incomparable and therefore, inadvisable. KF suggested that the Board ask CBLD—not AS—if it could give the Co-op something instead of the 101 course and allow them to come back with a substitution. NG concurred, noting that TPSS Co-op has essentially already maximized the benefits of that course.

SD saw two points emerge in this discussion: 1) the Board had not reviewed the contract with the consultant; and 2) there is a presumption that the consultant will not strictly adhere to the clock. SD relayed that he was interested in AS's interpretation of the contract. He pointed-out that in a number of package deals purchasers often seek some flexibility; that AS claims to want to build a cooperative relationship; and, that due to the history with CBLD, the Co-op may be allowed some considerations.

Some Board reps. shared their impression that questions having to do with marketing would need to be paid for separately, outside the current CBLD contract. DW clarified that CDS and CBLD are different; so, the marketing consultants that AS referred to were CDS ones and certain consultants, such as, Bill Geisner will have to be paid for separately. DW offered his reaction to CBLD 101. He found Saint Jewels gave really useful information and Marilyn Scholl gave information similar to what was provided at the retreat. He felt the guidance offered standardized policy governance. DW pointed out that this year's 101 course might include AS and his material. KF suggested possible participation if AS were teaching locally.

DW clarified that if he addressed this request with AS, he would do so in the presence of TW and AG. MR suggested that if DW were against it, TW should raise the question. DW stated that he believed he understood the Board's interests in this and would talk to AS and inform the Board of the outcome.

The Board noted that the annual membership to NCGA costs approximately \$13,500, yet the Co-op receives back in patronage rebates an annual amount of \$16, 176 from mostly NCGA. The Board agreed that the membership is worthwhile.

The Board revisited the issue of tracking individual customer purchases versus aggregate ones. AG explained that while it would be very difficult to stop the catapult system from collecting that information entirely, the Co-op IT Department is currently limiting that information to certain employees. DW commented that the Co-op may, eventually, want a policy that explicitly disallows its use at all, beyond MC-6, which restricts how the Co-op can use that information.

AG will look into Board representatives 1099s; MH will sign the Premium only-policy plan.

Board Retreat: The Board President asked Board reps. and the GM for feedback re: the retreat. Many were pleased with AS's work and the exercises that they partook in that day. SD shared that he would have preferred that the full management team were present for the retreat; he knew one manager was unable to attend due to religious commitments, but wondered why other managers were not present.

DW explained that initially AS had welcomed the idea of more management staff at the retreat; however, after speaking with AG, MB, and him, AS concluded that it would be detrimental to have other management team staff present at that point. AS, reportedly, suggested that they attend the following year. AG elaborated that because they were working on building the management team structure AS advised them to wait. SD reflected that possibly the greater management team could have been present for only part of the day, allowing for strictly Board and GM time earlier or later. DW noted that AS did communicate the possibility of the Co-op's having a 2nd session with full management later this year.

ET asked fellow Board Reps. how they felt about AS's recommendation to have AG give the Board a plan re: making SS profitable and having an independent expert review it. DW shared that he spoke with AS after the retreat because AS is still learning about the Co-op and they were clear that flat sales and falling margins are the cause of the trouble at SS; AS and he were also clear that it is management's job to turn that around. NG commented that not only AG, but also the Board should determine what goals should be met, so if the plan does not work, the Co-op/Board will know what the trigger point is for some type of action—be it SS creating their own Board and seeing if they can get capitol, etc. DW reflected that he wanted that issue addressed in the Finance Committee meeting. SD shared that the determination of what that loss level or trigger point will be is for AG to define and include in his plan for SS store turn-around. SD commented that the Board retreat idea to have AG form a plan to turn the SS store into a profitable venture should be stated as an action item.

MH shared he was pleased that the Board narrowed down its immediate concerns at the retreat; however, he would have preferred to have heard, sooner in the day, some explicit suggestions on addressing certain issues. DW anticipated that AS will have more of that input for the monthly meetings. SD ventured that AS will be at CCMA in Philadelphia, and thought it might work to tack on a 2nd retreat during that time. DW responded that they would address that with AS. Finally, the Board reflected on the retreat venue; due to issues, the Board will not re-patronage.

Open member Forum: The Board President relayed to the Board that they can represent concerns from staff, from others if asked to, etc. MR shared that she recently patron aged the SS store, did a lot of shopping, did find the lighting a little dim, but did not smell any incense—as AS had mentioned. She highlighted how staff were helpful; she overheard the check-out person ask a customer if they found everything they needed. AG described a form at the cash registers that asks customers that specific question.

MH shared that he would like to work on/see an educational series for staff and members, emphasizing the expertise at the Co-op and how members would support it. SD reflected his belief that that activity suits staff's role; however, he noted that DW and he have done educational seminars at the Co-op and concurred that many skills do exist on the Board. He expressed that the appropriate role for the Board in relation to this interest is to ensure that there are policies that stipulate education at the Co-op.

MR announced that she will not be seeking re-election: 1) so she can be on the Nominations Committee--remain involved in the committees 2) so, primarily, she can have more time for member education. She noted all the Board meeting preparation and how she would like to trade that for member education.

DW pointed-out that education is a key co-op principle (principle 5), but is a staff responsibility. He noted that Board reps. can share their expertise in certain areas as long as they do so as individuals not as Board representatives. He referred to policy clause L.9.9.1, which essentially stipulates that the GM will not fail to have educational events for the Co-op. He also mentioned Ends statements numbers 2, 4, and 6, which regard staff and members having an overall knowledge and understanding of co-ops and related issues. So he summarized that the Co-op does have sufficient support for this aim in policy and the policies does not need to be modified. However, he noted, the Board may want to monitor the involved policy and promote the idea that management should take some initiatives in this aim.

NG talked about the basic elements of compliance and gave an ex. of a naturopath doctor that has suffered in regards to the state limits on what can be said, but is extremely knowledgeable. SD suggested that the Co-op start a staff education calendar, which could include health education, finances, history, etc. NG reflected staff education should begin with practical material like how to rotate produce and then move to broader topics like co-op history. AG shared that the Co-op was starting many of these initiatives and that some of what NG described is procedure. He liked the idea of a staff calendar that specifies who goes to what training when and noted that Tom Snyder, NCGA rep, gave similar suggestions.

GM Report: AG announced that on March 30th and March 31st inventory will occur at the stores. He confirmed that management and IT staff are still progressing on data security.

AG had met with the Lafayette credit union (LCU) rep on Thursday and learned that the ATM s will be installed at both stores in approximately 3-4 months. He highlighted that the LCU is thinking about encouraging new credit union members to also join the Co-op by offering them certain benefits if they are TPSS Co-op members.

AG reported that he also met with Sarah Lebherz, GM of the Common Market. They reviewed the catapult system and certain policies and will eventually collaborate on membership installment plans. He also noted a recent staff meeting that had been very productive. ET noted that a new grocery manager resigned fairly quickly; AG explained this was for reasons unrelated to the Co-op. SD shared that his understanding is that the current HR manager was hired for a one year temporary contract; he wanted to inquire what the plan was for that position. AG stated that he would include the plan for the HR position in his GM report next month. He elaborated that if the position became full time it would have to be opened for hire.

AG updated the Board on the work of the students. The students worked on a new customer survey and received information that, working with the IT staff, they will analyze. DW elaborated that they created the survey and the HR manager sent it out. AG relayed that there will be an Earth Day celebration event at both stores on different days.

Finance Committee update: DW explained that he will focus on SS for this meeting and that MH was present for the previous meeting. He summarized that largely they revisited topics from the last meeting: the SS store is not doing well and the FC is increasingly alarmed about it. He reiterated that the figures from January are not backed by inventory, so there will be better data at the end May. He confirmed that while certain factors, such as, an increase in inventory come into the picture, they are not sufficient to explain the loss. At last month's FC meeting, DW reported, Zoe asked what it would take to convince people that things are improving at SS, and

so, the FC directed them to be on budget for the fourth quarter. The FC asked for certain numbers: the FC has no ability to assess consequences, so it made a statement of expectations. However, DW noted that SS is continuing to spiral down toward a net worth of zero. He noted that issue of being able to get financing for the expansion due to SS's poor performance came up in the Finance Committee meeting. He shared that they were more concerned that a financier will agree to finance the expansion on the condition that the Co-op closes the SS store. He recounted such an outcome in the case of the Sligo Store. ET asked why the Combined Profit and Loss sheet showed overhead to be much higher at the SS store than the TP store. DW and AG confirmed that they were reviewing that with the Finance Manager. DW noted that the 70/30 could be a simple misallocation or be due to the way managers are classified; while the TP store does not have a store manager or assistant store manager, the SS store does. DW pointed out that the gross profit for SS in January was less than its personnel expenses. The SS store was very low on its gross margin, but DW could not see why from the data. He summarized that the most current statements could only solidly reveal that SS's expenses are under control and its personnel costs are in a decent range.

NG asked if the products that were in common at both stores, UNFI, etc. were priced the same at both stores. AG stated that most are; if the products are the same, the price is the same. NG wondered what percentage of stock and/or labels might be different at the two stores.

MR pointed-out other potential factors at SS: location, management. AG explained there are some different factors, but margin is affected by: shrink/theft/spoilage and mispricing DW talked about how this is a high inflation period, so month by month the cost of what the Co-op sells increases; if wholesale costs and retail prices are not continually updated, then margins will diminish simply due to inflation. He stated that he endorsed AG's answer and noted that as a Board they cannot speculate past AG about management; however, they can say while management may not be the cause but they are held responsible.

SD pointed out that the market study is shown as a loss. DW clarified that it is not a loss but an expense and with expenses the question becomes what revenues are there to offset them. DW shared that he noticed the amount in the expansion fund increased by about \$4000, which was not realized in the expansion fund but in the TP financial statement. He explained that the FC is having an on-going discussion about the structure of the financial statements.

SD shared that one of the reasons he voted in favor of continuing the SS lease was because even if losses continued it will be difficult to contract and then double staff. DW noted that this issue arose in the Expansion Committee (EC); the market study projected a 4% retraction in SS sales if the TP store expanded. However, he noted, they did not project the result if the SS store closed and the TP store expanded. He anticipated that the EC might authorize that expenditure if the Co-op were interested. NG commented that he had voted to renew the lease because the Co-op had not yet talked to or made provisions to the membership.

DW explained to Board Reps. that the balance sheet shows donated capital to SS and that the history behind that is that the Co-op took \$200K to open the SS store, which later borrowed the rest of the money they needed and received loans from the TP store as losses went on. At this point, he stated, \$250K is owed from SS to TP. More than 1 million dollars has been invested in SS, but DW shared that most of that is for normal operations: payroll, and up until a few months ago, SS was paying the debt back. He stated that SS does not have enough cash to pay TP back.

SD reflected that once expansion begins things may change and that the Co-op has a window before SS may come to an intolerable loss level. He stated that the Co-op should want to float the SS store as long as possible to give employees a chance to pursue jobs in the expanded TP store if closure happens.

DW pointed-out that the lease expires in Sept 2013, so the Co-op will keep the SS store until that point. He emphasized the need for target dates and specified the date of 1.1.2015 as one of those dates. He noted a close connection between the expansion project and the lease. DW noted that the SS store has demonstrated it can operate at a close to break-even point: if it can, it should stay open. He shared that he was betting on success, but noted that the Co-op has to be aware of the planning horizons; there is approximately a year for a turn-around. He pointed-out that if the Co-op/SS can make it work, it can turn around quickly and an almost immediate effect should be seen because if customers get what they are looking for, change should follow. He stated that the Co-op is backing SS with cash, expertise, effort, and input.

Expansion Committee Update: KF shared that presently, the EC is in a bit of a holding pattern; they are considering options and need to negotiate with the City re: the lot. He reported that they have been doing an on-going project planning exercise of determining what needs to happen when. DW added that they made a series of task milestones. KF elaborated that he began to exam all the different scenarios; they brainstormed a list of all possibilities, everything from getting a new store next door to letting the operation shut down, and once the list was generated, they ranked each one. In the meeting after the next, they will consider the pros and cons of each. KF also shared the events of last Tuesday's meeting: Tebabo of Blessed Coffee presented his vision, which may or may not be very compatible with the Co-op's vision, and City Council members Seth Grimes and Kay Daniels-Cohen and Lorig Charkoudian participated. Former City Council member, Dan Robinson, will also, reportedly, be meeting with the EC and helping to plan around working with the City. KF also stated that the Austin-Healey shop owners approached the EC about utilizing their space; however, they may want to keep some space for stock. MR pointed-out that even if the Co-op does not want the Austin-Healey space, the venue that moves into their space will impact the Co-op. In final, KF elaborated that the Blessed Coffee venture would entail a free-standing hut, a structure for a daily Ethiopian coffee ritual and remarked that there are few coffee houses in TP anymore: Mayorga may leave the area, and Bread and Chocolate will no longer be called Bread and Chocolate but become more full service and move to Everyday Gourmet's location.

Upcoming Events:

- Earth Day: Happening on April 21st at SS and April 22nd at TP.
- Membership Committee Meeting on April 2nd (instead of the 9th) at TP.
- General Membership meeting on May 6th at TP. SD explained that due to scheduling issues they were unable to secure the space in SS. He hoped the fall General Membership meeting would happen at the SS store. A Board Rep. suggested making note of the location change on the postcard mailings. SD assured the Board that the change would be communicated; AG stated that he would include it in the next Super Thursday email. SD informed the Board that the tentative speaker for the May 6th meeting is Johana Bachman, who has been active in DC co-op organizing. For the Membership Committee meeting, they thought they would do staff tables. DW noted that the Food Advisory Group would like a table too. SD relayed that the formal

meeting would be an hour and a half and the planned agenda items were: update on the expansion, store displays within departments, and MD marketing students' updates.

DW announced that on Oct. 20th TPSS Co-op will host the MAFCA meeting; however, a location was needed: contact the Seeker's Church and inquiry about the historic district.

Board Development:

-Recruitment:

DW acknowledged that MR will not be running for re-election and he was undecided about whether he would run for re-election. He shared that he cannot have a role in the nominations process, but, barring process may serve a very limited role in recruitment. MR specified that technically all Board reps., who are not running for re-election, are on the Nominations Committee and in light of her decision to eventually be on that Committee encouraged people to consider joining: the restrictions being that a person must be a member in good standing. The Board discussed how many meetings a Board representative is required to attend to remain in good standing.

MH shared that he would like to see the restriction on the number of staff, who are allowed to participate on the Board, at one time, lifted. MH elaborated that if the Co-op membership votes for staff members to be on the Board, they should be allowed to be on it then.

DW responded that this is a By-law issue and will have to be considered during comprehensive policy reform as part of by-law revision. But, he noted, if it is a real priority he will move the issue of By-law revision up earlier and explained that by-law revision requires a vote of the entire TPSS Co-op membership. He strongly advised that the Board not to do By-law revision piecemeal.

SD gave the feedback that TPSS Co-op is structured as a consumer co-op but that this subject relates to the issue of the Co-op's being nearly a hybrid co-op without actually having the required equity piece. Other Board reps. noted the tendency for staff in co-ops to comparatively show for elections strongly, thus affecting or influencing their Boards more. If staff were allowed greater seats on the TPSS Board, the Co-op would need to change the equity structure, SD stated. KF and NG echoed concerns about a board comprised of more staff than members or with unlimited staff seats. SD noted that fewer than 100 people out of all the TPSS Co-op members voted in the last election, demonstrating poor membership turn-out overall. He believed that more staff presence on the Board might generate a see-saw reaction between staff and members. DW commented that this issue is actually a current national topic amongst cooperatives, but the general feeling is that less or no staff should hold a seat on their co-op's board. He shared that personally, he would be against that decision/guidance.

CCMA: The Board President announced that representatives who are interested in going to CCMA in June (14th-16th) needed to make their decision by next month and confirmed an adequate budget to send several people. 14th DW, SD, ET, and MH all expressed some level of interest in attending. The Board President suggested scheduling a vote for it. SD shared that one of his contacts might be able to arrange for non-hotel housing. DW highlighted two events at the conference on Wed. June 13th: Economic Democracy in PA and WI, a case-study and CGIN's Board meeting.

DW reported that Mariposa Co-op, PA, opened, had a record first day, and seems to be an asset in its community. He hopes their initial success indicates that they will be able to pay their loans.

Capitol Installment Plan: The Co-op By-laws instruct the Co-op to come up with a membership plan. Reportedly, this is under discussion in the Membership Committee. SD is still waiting for comparative information from the Frederick Common Market He shared a plan of ten dollars a month, for ten twelve months was in consideration; one of the Co-op's End statements stipulates that the Co-op needs to serve the people who are its customers. Therefore, a plan which involves a \$100 upfront payment or two \$50 payments, may be a barrier those the Co-op is trying to serve. SD stated that before the policy is created, there should be review of a scenario where a customer pays \$50 long before they leave: Do they get their money back? SD noted that the MC was attempting to estimate how much it would cost to service and maintain an installment plan. DW noted that he tasked with researching installment plans before and will share them.

9:15pm adjourned.

Next Meeting: April 15, 2012

BOARD ATTENDANCE TALLY:

Term 2012:

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

APPENDIX A:

**Certificate of Resolution (2012)
For Takoma Park/Silver Spring Co-op
Section 125 Premium Only Plan
Plan Year Ending April 30, 2013**

The undersigned Secretary or Principal of **Takoma Park/Silver Spring Co-op** (the Employer) hereby certifies that the following resolutions were duly adopted by the board of directors of the Employer on **May 1, 2012**, and that such resolutions have not been modified or rescinded as of the date hereof:

RESOLVED, that the form of Amended Section 125 Cafeteria Plan effective **May 1, 2012**, presented to this meeting is hereby approved and adopted and that the proper officers of the Employer are hereby authorized and directed to execute and deliver to the Administrator of the Plan one or more counterparts of the Plan.

RESOLVED, that the Administrator shall be instructed to take such actions that are deemed necessary and proper in order to implement the amended Plan, and to set up adequate accounting and administrative procedures to provide benefits under the Plan.

RESOLVED, that the proper officers of the Employer shall act as soon as possible to notify the employees of the Employer of the adoption of the amended Plan by delivering to each employee a copy of the summary description of the Plan in the form of the Summary Plan Description presented to this meeting, which form is hereby approved.

The undersigned further certifies that true copies of the Adoption Agreement, Plan Document, and the Summary Plan Description, approved and adopted in the foregoing resolutions, are attached herewith.

By _____
Secretary/Principal