

TPSS Board of Representatives Meeting

Date: November 18, 2012

Time and Place: 6:15pm, TPSS Community Room

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

Others Present: Abdi Guled (AG), Marilyn Berger (MB), Dan Robinson (DR)

Absent: Nelson Graves (NG),

Minutes submitted by: Solveig Mortensen (SM)

RESOLUTIONS:

- The Board approved the election results; KF moved, SD seconded and approved by consensus.
- The Board agreed to table the CCMA renewal decision until the next Board meeting.
- The Board approved the October 2012 open session minutes as amended; SD moved, ET seconded, and DW stood aside from consensus.
- The Board accepted the GM report; SD moved, TW seconded, and approved by consensus.
- The Board approved the negotiation of the \$20K loan to OTBA with terms of interest no greater than 3% for one year; SD moved, TW seconded, DW stood aside from consensus, and then approved by consensus.
- The Board agreed that the GM will reissue a new list of TPSS Short and Long Term Goals and Indicators that incorporates Board discussion points and periodicity of reporting for the January 2013 Board meeting, which will also be a January agenda item; DW moved, MR seconded and approved by consensus.
- The Board agreed to table the issue of patronage rebates.
- The GM agreed to within two months' time give the Board
- The Board approved MC-7B a *Protocol of Membership Rights*, as amended; SD moved, ET seconded and approved by consensus.
- The Board approved the instruction that operations produce the monthly balance and income statements for the fiscal year 2010 through to the present (November 2012) for the Finance Committee, with the stipulation that the members of the FAC inform management re: the usefulness of this data; SD moved, KF seconded, DW stood aside, and approved by consensus.

Election Results: MR shared the election results. Dan Robinson, Bill Rodgers, and Khalil Yanes were elected for three-year terms. Erin Gabrielson was elected for a two-year term. The vote totals were: Matt Branch 65, Erin Gabrielson 77, Dan Robinson 79, Bill Rodgers 82, Khalil Yanes 79. Forty-nine ballots were cast at the Silver Spring (SS) store and eighty-four were cast at the Takoma Park (TP) store; six were invalid at SS and seven were invalid at TP. There was discussion about ways to end invalid ballots, such as, having the mailing labels on the annual report validate voters in advance or having a staff person certify the ballot. The invalid ballots were invalidated due to double-voting and casting anonymous votes. MR reported that the

Nominations Committee will submit a closing report by November 30th, make recommendations, and ask the candidates for their suggestions on process improvements.

The Board discussed the topic of CCMA renewal. Michael Healey, the consultant for the Common Market in Frederick, will not be available to work with the Co-op. As far as renewing CDS with the current consultant, Art Sherwood, one Board rep. had been seeking to renew, specifically for his strategic planning expertise. Another rep. liked being on the CDS listserv, had current questions for the CCMA consultant, and wanted new representatives to have greater resources. DW, TW, and AG confirmed benefitting from the consultation conversations, and MR commented that, when she first joined the Board and acted as vice president, she found sitting in on the conversations with CCMA a valuable, informative experience. DW recounted that one reason he pushed to have the Board's current CCMA consultant was because he believed this consultant would guide the Co-op on strategy. TW stated that she recently relayed to the consultant that she felt they had under-utilized him, and within that conversation, he had suggestions for policy changes. The Board noted a need for consultants to do the retreat and agreed to table the renewal decision. TW confirmed the CCMA webinar as scheduled for Dec. 6th and informed the Board that CBLD Board Training will not be held nearby in 2013.

Open Member Forum: ET conveyed that Bill Rodgers wanted to inquire if Co-op staff were approached about their preference for or disinterest in a TP store expansion. DW responded that the Co-op membership was consulted and given the choice and the decision as a vote; and to the extent that staff are also members, who can vote as members, they were included in that choice. DW added that the Co-op needs to, fairly soon, decide what kind of Co-op it is going to build.

ET shared that Sophia Maravell is amenable to talking to the Co-op staff about GMOs; ET and MR had discussed forming a subcommittee re: the issue of GMO and products, where MR might also write an article re: the issue for the newsletter. SD remarked that this could be an initiative within the Membership Committee.

GM Report: The GM shared that the cost of the proposed Generac generator: approximately \$78,000. He confirmed that in a power outage, items from SS could be moved to the TP store because this generator will be installed at the TP store. He reiterated that Sophia Maravell is planning to do an education training session re: GMOs with the TPSS staff at the Historic Takoma Building. He also confirmed the date of the staff holiday party as the 4th of December.

ET raised a question about the Boycott Procedure document and whether it had had any previous amendments; furthermore, she recounted the discussion point of the Boycott's requiring an estimated future loss for the boycotted product. DW planned to check the current version against the policy register. DW suggested the boycott procedure not entail displayed margin information. SD recommended modifying a statement within it to say fifty *valid* signatures and adding more lines for signatures.

Board reps. gave feedback on the proposed “TPSS Short Term Goals and Indicators” list. DW made a point about the listed financial indicator under the first goal. He stated that the “Financial Conditions Report” uses a different debt to equity ratio than what the Co-op has been reporting with; he suggested using total liabilities/total equities rather than current liabilities/total equities.

TW presented a question re: quantification. She reflected that in order to gauge the Co-op’s ends goals those goals need to be measurable and demonstrable in a qualitative or quantitative report. So, she asked for more description on how aims, such as, increased product sampling or improved product information on the web will be measured. DW commented that it is fair to give guidance to the GM without it being governance management: conversations can happen with the GM about the planned changes; within a conversation about a goal, an indicator can emerge.

AG expressed how the Co-op is hoping to improve the website for members and non-members. ET and MH suggested measuring this by tracking the changes made to the website or the time and money spent on it. SD talked about communication between a website liaison and the Food Advisory Group. He noted the goal of achieving two member initiated newsletters and also considered how members might make submissions for the website. DR remarked that he knew from doing business that customers like a website with current store updates and no outdated information. DW remarked that he would like to see the creativity of the Co-op’s membership support content generation for the website. He also stated that he thought the Co-op should put product information on the website. There were mixed opinions on the prioritization of re-working the Co-op’s website. One Board rep. suggested that it would involve more than committee work; it would be included in the work of a marketing manager.

Other aims were touched upon. To gauge improvements in signage, Board reps. suggested doing signage as part of member education and having a walk through. AG confirmed that the tracking of shrinkage of unsold goods would start from ordering, move to shelf accounting, etc.; the Co-op would be looking for a decline in the total of unsold goods after pulling the outdated items. AG described the things he might do at the year’s end to begin open book financial management.

SD gave the feedback that this seemed to be an overall good set of indicators. He noted that profitability is implied within the goal of sustainability and talked about another profitability indicator. DW referenced the profitability policy and commented that the goal was probably listed appropriately. DW made the point that, even with optimal operations, steadily-growing profits (net income) may not be possible because of a specific seasonality to the fiscal year. So, he stated, using net margin as an indicator normalizes profitability as a function of sales. DW emphasized that the list should include margin and dollar value as profitability indicators and the practice of looking at gross profit and gross margin. ET echoed these points. DW also stated that the Co-op should not necessarily want either net income or net margin to upward trend forever, which might signal exploitation of shopper-owners or worker-owners.

SD commented on the staff satisfaction survey as an important indicator of an empowered workforce; he suggested also tracking staff turnover at the management and employee level as another important indicator. ET shared questions on the measures/indicators of the aim of providing local and organic foods and emphasized the Co-op's having a variety of different local and organic fruits and vegetables. She also raised her suggestion for a store energy audit. Board reps. believed environmental considerations will be addressed during the expansion effort.

Board reps. discussed the importance of employees being able to answer industry pertinent questions; some emphasized it, while others felt that the customer service indicators listed in number three were more pressing. Board reps. suggested quizzes or possibly certifications as a means to ensure employee knowledge. TW commented that profitability and sustainability were linked with the goal of providing local and organic foods at reasonable prices in a welcoming setting, which entailed vital indicators.

SD recommended that the Board approve the list as is, but also ask the GM to add some things to track. DW elaborated that the GM and Board should re-review the list within the next couple of months and requested that periodicity of the reporting be included in the list.

Finance Committee: TW summarized that the Board had asked Old Takoma Business Association (OTBA) to agree to certain terms on the current \$20K loan. DW noted that the Finance Committee recognizes that the continued intention with this loan and with the new proposed terms is not to generate a large profit, but to be a community partner. The Board approved management's pursuing the extension of the \$20K to OTBA loan for one year with terms of interest not to exceeding 3%.

TW explained that the Finance Committee had had a conversation about what kind of advertising OTBA can offer to the Co-op and noted that they do sponsorships. SD shared that OTBA used to have a common discount policy among OTBA members for the Co-op. AG talked about working with OTBA for advertisements and noted that Loren and Patty had ideas about businesses partnering in advertising and doing weekly updates on happenings in Takoma Park.

TW described the discussion of asset protection at the FAC and noted the money that the Co-op will make at the end of the year. The main focus was whether the Co-op should use more banks to build relationships and address a debatable policy point re: not having too much in any one account because of FDIC concerns.

DW raised the issue of a concentration of risk and pointed out the large amount of Co-op money deposited in just one large bank; he commented that he worries about banks all having difficulty at once. He noted that the Board needs to address the non-compliance with policy L-6. DW asked the GM to do a monitoring report on Policy L-6 for January 2013. He added that the Finance Policy is up for review at the year's end and will require reauthorization.

TW explained that the Finance Committee discussed moving the expansion fund to a different bank, and although they considered Lafayette Credit Union (LCU), the relationship with LCU has not evolved the way they expected. The GM commented on the hidden fees they discovered once they began to contract for the ATM machines. DR shared that he works with a credit union exploratory group in Takoma Park and they were considering Signal and Mid-Atlantic. Other Board reps. named the Teachers Credit Union and the National Cooperative Bank as options. ET commented that it might be good to set up a relationship with Signal akin to what was tried with LCU: Co-op membership allows membership to the partnering credit union.

One rep. commented that Suntrust does not earn much for the Co-op and does not invest in socially responsible ways. SD gave the feedback that he was not worried about the \$250K limit, but was concerned about money management and receiving such a poor return (under \$20) on a sizably large account. TW added that she would not expect a high interest rate, considering how low rates are at this time, but thought a no fee account seems reasonable.

Patronage Dividends: DW explained that the Board should be aware of the option of offering patronage dividends. He stated that the Co-op made \$450K last year and it can be declared as a patronage dividend, which means that the Co-op would then need to pay out 20% or \$90K as patronage dividends. He elaborated that if this is done the Co-op's tax liability will decrease (for that year) and the Co-op will put money back into the community. DW remarked that the current auditors working with the Co-op are well versed in this area and may comment.

Board reps. considered the investment in time and expense; the fact that patronage dividends had never been done; and that it will save \$60K in taxes. One Board rep. made the point that in financing the expansion, the Co-op will need to ask members to invest in the Co-op via preferred shares or other types of loans. So the Co-op would be returning money to members and then, shortly thereafter, ask for money back. One Board rep. believed that this would incentivize members to invest more in the Co-op and he thought members would talk about it. The GM explained that the Co-op has one store performing poorly and has overall infrastructure needs, so he needed to take those things into consideration when looking at using money for patronage rebates.

DW planned to send the Board and GM an overview on the topic and suggested tabling the issue for the new Board to discuss. DW also made the Board aware that the auditors have asked the Board if there were any areas of concern.

DW requested monthly balance and income statements from operations for the fiscal year 2010 through to the present; he wanted a complete accurate dataset to do analysis. The Board discussed whether this request suggested an issue and how ultimately the FAC can make this request. KF remarked that there were two things to note: the needed information getting to the Finance Committee and the follow-up by the Board happening at a future meeting. The Board

approved the suggestion that the requested data be given to the FAC; however, the GM requested that the FAC members inform him whether the information is essential for their aims.

Silver Spring: The Board recounted that the GM had submitted a marketing plan in July, which entailed many benchmarks and so, they asked him to go through that report and give a status update. The GM planned to get back to the Board in two months with a report on the status of the SS store.

DW made comments about the current problems at the SS store; he tied it to the inventory. He stated that there had been a collapse of inventory at the SS store; he believed that the inventory was completed and within the 90 day period, the inventory then fell by \$60K. He noted that there is no ending inventory for August and that the current loss at the SS store is for some \$80K. He speculated on two explanations for this unusual change: 1) the inventory was completed on July 7th and then the Co-op adjusted the value to reflect the inventory as of June 30th; so some of the loss occurred in the fourth quarter of FY 2011-2012 or 2) perhaps, there was theft taking place at the SS store. He also commented that the problem is that the SS store made a 21% margin versus the 29% margin made last year and that this may be the first time the Co-op is getting an accurate count. One Board rep. pointed out how hard it would be for anyone to take approximately \$900 worth of stuff from the SS store each day. DW suggested that the Board pay attention to the December report

Membership Committee: SD reported that in the last Membership Committee meeting, they discussed goals: one goal is to do outreach to the Latino community, in particular; another is to start having recipes in the newsletter; and the last is to have monthly community events in the Historic Takoma space on topics ranging from health to justice. SD announced that the next Membership Committee Meeting will occur on Dec. 10th at the SS store.

DW thanked ET and SD for their work on the proposed MC-9. He pointed out that he supported it as a viable statement, but saw it as a problematic policy, because all of its derivatives come from existing policies, which meant it would need to be modified with each primary policy change. The Board discussed re-considering MC-9 as a member benefit protocol. **SD planned to amend the proposed MC-9 to be MC-7 B as a protocol of Membership Rights; and change the line re: boycott to properly state fifty members rather than seventy-five.**

Expansion Committee: KF announced that there will be an expansion meeting on Tuesday and that AG has found a design build company that has ideas which will be discussed at the meeting. **KF commented that the Expansion Committee is hoping to now see designs.** He also shared that there will hopefully be a real estate contact at the meeting. **He shared that the December meeting will be moved and he would follow up with the new date.**

The Board planned to have the December Board meeting on the 18th and have it be one which dealt entirely with transitions.

Meeting Adjourned 9:30pm

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>	<u>Nov.</u>
Burne		*	*		*	*			N/A	N/A	N/A
Dubb	*	*	*	*	*		*	*	*	*	*
Firestone	*	*	*	*	*	*		*	*	*	*
Graves	*	*		*	*	*		*	*	*	
Hersh	*	*	*	*	*	*	*	*	*		*
Rooker	*	*	*	*	*	*		*	*	*	*
Townsend	*	*	*	*	*	*	*	*	*	*	*
Walker	*	*	*	*	*	*	*	*	*	*	*
Whorton	*	*	*		*	*	*	*	*	*	*