

# TPSS Board of Representatives Meeting

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Date: September 16, 2012

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

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

Members in attendance: Dan Robinson (DR), Alice Richardson (AR), Robert Lanza (RL)

Minutes submitted by: Solveig Mortensen (SM)

## RESOLUTIONS:

- The Board reviewed the agenda and reordered a number of items, including putting the GM as the second item and adding the “Appointment of Dan Robinson” at the beginning. The Board approved the re-ordering of the agenda by consensus.
- The Board and GM agreed to collaboratively refine the *TPSS Ends Policies Monitoring and Short and Long Range Strategic Planning Report*; the GM would create an index of indicators and goals, eliminating duplicates and submit these to the Board ten days prior to the next Board meeting. The Board planned to then review this index of indicators and classify and prioritize them, possibly adding new key indicators as well.
- The Board agreed to table the approval of the budget.
- The Board tabled the decision re: assigning this year’s profit for a particular aim.

***Appointment of Dan Robinson:*** The Board discussed adding Dan Robinson to the TPSS Co-op Board at this point. The Board President expressed reluctance to see the Board add any new representatives so close to the Board election. Another Board rep. reflected on how incumbency seems to make little difference in the elections. KF shared that he would not mind gaining Mr. Robinson’s insights in the short-term and suggested that Mr. Robinson join immediately, if he were interested, or leave it to the election process, whichever Mr. Robinson preferred. The Board President noted that ET was originally appointed to the Board because another representative had resigned; however, he also recounted, as precedent, another occasion where a Board seat had been vacated and no new representative was appointed. Dan Robinson reflected that he was interested in being on the Board and intended to run as a candidate, but did not think incumbency would be the best means to get elected. He commented that if a Board representative had vacated earlier, it might have made sense to seek appointment, then. He thanked the Board.

***GM Report:*** AG reported that the Co-op received a \$103,340 insurance settlement for losses related to the recent power outage. He shared that he has collaborated with OTBA for *Food Truck Friday*, which has generated more business at the Co-op and, to date, has been successful. He noted that the Co-op, on food truck days, has also been handing out 5% coupons and seeing increased store traffic. NG raised the point that if the Co-op were getting a good response on the

food trucks, it is worth pursuing as much coordination as possible. Attracting musicians was mentioned.

AG reported that he will be attending the NCGA meeting in Boston in September. Sarah Leberz of the Common Market is the Chair of the Eastern Corridor; AG meets with her every other week. Board Representatives expressed enthusiasm for the new plan for open book management. AG elaborated that this will give employees an opportunity to raise their opinions; will start storewide with an aim to become department-focused; and be educational.

DW pointed out that AG met with the OTBA and learned that they could pay back the community loan to TPSS, although there was some confusion about when they believed it was due and for the reason that this capital was being used to promote good works in the community, they wanted to negotiate a rollover of the loan with interest comparable to that of the Mariposa Co-op loan.

The Board discussed projects for Smith School students or other marketing students and how market research needed to entail developing and following specific measurable goals, such as, figuring how to measure price elasticity of demand. The topic of improving customer service was touched upon as a more manageable project than market research. AG gave an example of some of the knowledge gained in working with the last student group: the considerable overlap that exists between Co-op and farmer's market customers.

AG confirmed that the Board could expect recommendations on a generator/s within approximately the next ten days.

The Board discussed the recent study performed by Stanford University. One Board rep. expressed the idea that there is a campaign on behalf of conventional foods to dismiss organics; another stated that organic does not necessarily mean healthy and that organic is more an environmental story than a health story; while another expressed that co-ops should start talking about the harm caused from conventionally grown foods, and not just the benefits gained from organically grown ones.

**Ends Report:** Board reps. shared feedback on the ends policies monitoring and planning report that the GM had completed. TW noted how it addressed pricing and affordable food and felt that the new employee comprehensive benefits were a huge step. She also supported the GM in being the point person for the OTBA. SD applauded the work put into the report and noted the excellence of one of the measures because it included clear benchmarking. He asked for more specific measures and, explicitly, for a clearer definition of good customer service.

MR focused on the measure in the report that related to supplying locally produced food. She made the point that not all local food items are equal: meat and produce are different in this regard. She stated that local is valuable in its own right but its environmental sustainability is

often exaggerated. DW concurred and KF commented that keeping local food producers in operation increases food security. TW stated that this aim is balanced within the Co-op's current ends statement, which strikes a balance between the goals of locally produced and environmentally friendly.

The Board President reflected on how a lot of question and answer work had been completed in the report and how attributes that the Co-op wished to control should include specification, while others should be monitored. He suggested, setting the key indicators of the current ratio, quick ratio, and debt-to-equity ratio, but performing monitoring for things, such as, percentage of local. He stated that the Co-op can have key indicators without setting specifications and some things can just have a range of expectations. He cautioned the Board and GM to not get lost in the minutiae of compliance. He suggested setting some expectations "for information only."

ET concurred with the Board President's suggestions and also voiced support for SD's request for more specificity. In re: to the financial goals, she thought the report showed clear, concrete key indicators. She shared that she liked seeing the goal about waste, the idea of setting a percentage of local produce, and in regards to composting, agreed with the goal of minimal or no waste by 2015. She reflected that she would like to see more environmental goals and also an indicator re: local produce.

NG remarked that the Co-op might need to change some of the key indicators. He shared that he personally would like to see staff knowledge of food set as an indicator. MH appreciated the thoroughness of the report and noted that a number of indicators may be high; he felt having actual figures is really helpful. He supported the focus on education and the suggested directions for marketing. He also talked about how the Co-op could be more competitive in marketing its local products, emphasizing the Co-op's strengths.

DW noted that at the Board level one of the outcomes of this report review could be looking at policy reform. The Board and GM agreed to collaboratively refine the *TPSS Ends Policies Monitoring and Short and Long Range Strategic Planning Report*; the GM would create an index of indicators and goals, eliminating duplicates and submit these to the Board ten days prior to the next Board meeting. The Board planned to then review this index of indicators and classify and prioritize them, possibly adding new key indicators as well.

**Open Member Forum:** AR shared a verbal proposal for the creation of a committee for TPSS workers and members to address issues in the Co-op stores and internal working situations. She believed that for some time now and after the SAC's expiration, there needed to be another option for TPSS workers. The Board president explained the steps of proposing a committee for the Co-op and relayed that a proposed committee's charter would need to go to the Board for

review. MR pointed out that it is important to think about whether this committee would be a board committee or a store committee.

It was clarified that while the Board may have a greater interest in the Co-op's increasing the overall percentage of full time workers--for multiple reasons, there is no Board policy against hiring part-time staff. AR passed out a copy of a petition for which she reported to be collecting signatures.

***Nominations Committee Update:*** MR reported that all of the deadlines for the Nominations Committee should have been met and informed the group that the candidate file deadline is Oct. 6th at 9pm. MR encouraged the Board to lobby their contacts with good skills, experience, reasoning, etc. MR confirmed that she wrote an article re: nominations for the Co-op's Sept.-Oct. newsletter. She reminded Board members that they needed to plan for the November election and be thinking about the three to four Board reps. that need to commit to counting ballots. She also thanked the Co-op for getting the phrase "run for the Board" to appear at the bottom of Co-op receipts and relayed that there is a flyer about the upcoming election on the door. She asked if the Co-op wanted to place an easel re: the election in the front of the stores; she confirmed that she sent the list of needed nominations related tasks to operations.

***Expansion Committee:*** DW reported that he spoke before the City Council and reflected that it seemed to be a successful presentation. DW stated that AG was identified as the contact, but he too has been getting questions from Seth Grimes. He shared that the Co-op's intention to expand and expansion project were on the front page of the *Takoma Park Newsletter*.

DW explained that he needs to give a response re: the Takoma Junction Task Force's proposal for the expansion to happen on both sides of the store and stated that he seeks the Co-op's direction and input on that reply. SD commented that he thought the Co-op, first, needed cost figures re: what the Task Force proposes before giving a response. He also noted that it seemed "ironic" that the Co-op needs to do a request for proposal. KF discussed the proposed parking configuration; voicing the concerns of several Takoma Co-op store neighbors, NG recounted previous dangerous incidents related to the logistics in the parking lot. AG shared that he is planning to make an adjustment in re: to the parking lot.

There was discussion about the need to regenerate the expansion effort. SD reminded everyone that the expansion is not a Board led process but a management led one.

***Finance Committee Report:*** The approval of the budget was tabled. DW pointed out a calculation error related to the figures for the SS store within the administration. DW also noted an issue with scheduling the \$71,000 loss within SS, which needed to occur with Board agreement. He pointed out that the \$71,000 loss was not a cash loss to the Co-op as a whole and there was a way to show \$100K profit with Board approval. He also talked about how the Board needed to see (within the budget) the anticipated effects of the expansion project on the Co-op as a whole—be it a project manager, feasibility study, etc. DW explained that the GM needs the

advice of the Expansion Committee, so he can administer those decisions. TW planned to follow-up with giving the Board some relevant information from last year's budget.

The Board discussed the need for a combined and annual budget. DW voiced his concern about how assuming a constant rate of sales throughout the year gives a distorted view and expressed that he would like to see next year's budget include a quarterly budget. The Vice President noted that there were other priorities at the Co-op, such as, an improved POS system, which take precedent over an exact month to month budget. She also pointed out that the Co-op examines changes on the quarterly numbers. One representative suggested that if it is simply a case of needing a seasonal adjustment then the Co-op could figure the seasonal adjustment number. DW shared that within the FAC discussion the Board could expect to see accrual and personnel costs beginning in July.

ET noted that within the proposed budget the SS store is still shown to be losing money and she wondered if following this budget the SS store would then be on track to close or remain open. AG confirmed that even with the shown losses the SS store would not be set on the path to close.

TW reported that the Finance Committee compared the profit this year to last year's loss and felt very good about the current results. DW noted the FAC allowed no provision for income tax in these numbers, so it will not be a surprise if the \$448K figure drops to \$300K. He explained that several discrepancies will be answered with the audit.

DW broke down the loss of \$110,000 at the SS store: it occurred in the beginning of the year; the store manager left in June, there was an accrual question and power issues. He explained that the \$110,000 loss was somewhat front loaded; he assessed that the SS store on a fully loaded allocated basis broke even in the fourth quarter: on the basis of 70/30. He noted that if the SS store closed only a fraction of the indirect costs (accounting, advertising, newsletter, etc.) would disappear. He stated that he was not displeased with the results at the SS store.

TW reported that the finance manager had contacted eleven auditing firms and four responded. She said that one of the auditors was located in WI; but, they wanted someone closer. However, DW wanted to inform the Board that this particular auditing group gave the lowest quote and serves many co-ops. TW described the two auditing groups that the FAC recommended: one does the work for the Common Market and not for profit work and the other did not for professional audits; they were McGladrey and Linton Shafer, Warfield and Garrett.

TW spoke about how the other recommendation from FAC that they discussed was to have the auditor go back two years. So, she explained, as part of the 2011/2012 audit, the auditor will go back and check last year, but not audit it.

The other issue, she noted, is an inventory audit; the FAC definitely recommends starting with the past fiscal year. DW noted that an independent auditors' review or an audit is at the

discretion of the Treasurer. TW stated that she believed that the FAC is making recommendations now that hopefully the next years' Board will be agreement with.

DW raised the fact that the Board needed to decide how this year's profit will be assigned, after the provision for income tax. He named the options of investing it in the SS store or the expansion project or starting a 501C3 to address education. TW stated that the FAC recommended not doing a patronage rebate but putting the profit in the TP/SS joint bank account for the Expansion Committee or the stores; it is also clear that the stores need capital improvements. AG commented that the generator is one of the greater priorities.

**Membership Committee Update:** SD announced that the next Membership meeting will be held at Historic Takoma on Oct. 27<sup>th</sup>. He explained that ET gathered an idea from the listserv, which was to talk about the Co-op's six ends policies. He explained the idea with this is to educate members on the Co-op ends statements. He shared that the speaker that day will be Sophia Maravell, daughter of Nick of Nick's Organic farm. He confirmed that food will be served.

SD also updated the Board that the Membership contract is coming along. At the Membership meeting, there will be one more read through of the member's rights and responsibilities to get rid of the bylaws language.

**Closings:** The Mafca meeting will be on the 20<sup>th</sup> at the Co-op and the Board should be present for it.

The Board discussed the remaining consulting time with Art Sherwood; they would like to get his comments on the GM's *TPSS Ends Policies Monitoring and Short and Long Range Strategic Planning Report*. One Board rep. asked if there were any extra time after that, that Mr. Sherwood give TPSS ideas on how to increase member owner involvement, specifically for this Co-op.

The Board also discussed the possibility of having Mike Healey as a consultant and possibly also a meeting facilitator.

Meeting adjourned: 9:45pm

**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>
Burne		*	*		*	*			N/A
Dubb	*	*	*	*	*		*	*	*
Firestone	*	*	*	*	*	*		*	*
Graves	*	*		*	*	*		*	*
Hersh	*	*	*	*	*	*	*	*	*
Rooker	*	*	*	*	*			*	*
Townsend	*	*	*	*	*	*	*	*	*
Walker	*	*	*	*	*	*	*	*	*
Whorton	*	*	*		*	*	*	*	*