

TPSS Board of Representatives Meeting

Date: May 27, 2013

Time and Place: 6:0pm, Historic Takoma Building

Present: Tanya Whorton (TW), Steve Dubb (SD), Emily Townsend, (ET), Dan Robinson (DR), Ken Firestone (KF), Bill Rodgers (BR), Kahlil Yanes (KY), Erin Gabrielson (EG), Matt Hersh
Others Present: Abdi Guled (AG), Nancy Hammond (NH), Robert Anderson (RA)

Minutes submitted by: Solveig Mortensen (SM)

RESOLUTIONS:

- The Board agreed to modify the evening's agenda by adding several topics: the by-laws, the Board's June meeting date and plan for making a personal donation.
- The Board approved the April 28, 2013 minutes as amended; SD moved, EG seconded, and approved by consensus.
- The Board agreed to vote on sponsorship of the documentary film *Food for Change* after representatives return from the CCMA event in Austin.
- SD withdrew his motion to table the topic of the Safe Growth Initiative.
- ET moved that the TPSS Co-op Board supports the concept of eliminating cosmetic pesticide use; not all representatives were in favor. The Board suspended consensus and moved to a vote. Votes in favor: EG, ET, MH, DR, BR, KY, SD, TW, EG. Abstentions: KF

Finance and Audit Committee:

- A. *Audit:* NH explained that she would discuss one of the FAC's agenda topics, the audit, first. She explained that the FAC received a draft version of the audit at the last meeting and had not had much time to review it. So, she stated, they wanted to set up a meeting with McGladrey to review it together. She also clarified that the audit findings will be reported on at the October Membership (Member-owners) meeting, so the FAC was not under pressure to see the audit finished immediately. There was discussion of McGladrey and the FAC's having a short audit review, with consideration of the auditors' need to have their final reporting with the Board as well as the Co-op needs to be cognizant of contract limitations.
- B. *Presentation:* NH shared her background and her history with the FAC. She stated her concern over the performance at the SS store as serious enough that she felt moved to address the Board in person rather than send a report. NH further relayed her estimation that the financial performance at the SS store is not sustainable; she presented numbers, and noted that the SS store has not turned a profit since 2008. NH described the declining equity at the SS store as decreasing to \$236K in 2011 and then dipping to a negative (-) \$65K in March of 2013.

There was discussion of how a member can join at one store but do most of their shopping at another, while their membership fee is only accounted to the original store they joined.

One Board rep. asked NH if part of the liabilities for the SS store is the cost of the overhead. NH responded that because the SS store pays for shared Co-op expenses, there is a level of loss that it can

sustain which does not negatively affect the profitability of the Co-op as a whole. She roughly estimated that number to be \$140K/year for the SS store and noted that last year with a loss of \$110K, the SS store, momentarily, appeared to be moving in the right direction. However, she pointed out, this year the SS store has already lost a significant amount: a loss of over \$100K as of March.

DR asked NH whether the SS store money that is allocated towards Co-op overhead is handled month to month as an expense on the profit and loss statement. NH confirmed that certain expenses are allocated to the SS store and charged to it monthly. She also observed that this is a point that is debated; however, she confirmed that the shared cost is not controversial and is understood.

NH clarified that it was two years ago when the Co-op began doing the 30/70 portion split in expenses between the stores; the split was based on the portion of sales. AG commented that prior to that time, the TP store was carrying all the combined expenses. DR observed, then, that any estimation of profit and loss from former years, did not take into account that the SS store was *not* carrying part of that split. NH agreed that all the SS store profits from the years prior to the 30/70 split were overstated.

There was discussion about when the \$300K transfer occurred: the transfer from the SS store to the TP store to pay back some of the SS store's debt. ET pointed out that that \$300K had to be used to cover overhead and inventory bills; so even if some of the overhead debt were paid, the inventory overhead needs to be accounted for and included as a debt.

RA remarked that the Co-op needs to take into account the TP store numbers, when it analyzes the SS store numbers. He elaborated that it appears that the TP store is currently underperforming; he believes the time spent by management trying to rehabilitate the SS store is draining it. RA stated that TP underperformed in January, February, and March of this year. SD talked about how the previous year for the TP store showed very high, artificially high numbers because the store's expenses had been greatly reduced in a temporary, short-term adjustment.

June Board meeting: The Board confirmed that the next Board meeting will be June 23rd.

GM Report: AG confirmed that he was in communication with one vendor re: performing a staff satisfaction survey; the Board discussed available vendors.

AG gave a status update on the proposed local foods committee. DR recounted that the document for it had been developed and AG described how currently internally in each dept. staff samples and reviews new local food products, weekly. However, AG elaborated that there is no formal local foods committee at this point. Some Board reps. made the suggestion that the Co-op might involve members in that selection process, tastings, etc., even if it just means informing them of the time and place it occurs, so they can participate. There was discussion of paid staff committee efficiency, time commitments, coordination requirements, etc. **AG agreed to inform the Board at the June meeting of whether the current staff local foods committee can be opened-up for TPSS member-owner participation.**

Report from Expansion: KF reported that Expansion Committee (EC) activity is still in a holding pattern at this point; they are waiting for CW Architect's report and feedback on the condition of the city lot. He explained that the EC will re-convene and resume discussing issues once they receive that information.

Report from Membership Committee: SD commented that he believed the May Membership (Member-owners) Meeting went fairly well. He noted that having the GM present was new and well received. He

assessed that members seem to be becoming familiar with attending the meeting at the Historic Takoma building. He remarked about future modifications to the audio system (microphone) and food set-up and took into account the factor of the concurrent home and garden tour event. He shared that the Membership Committee (MC) is doing a float for the Fourth of July parade. He talked about the Co-op's story-telling hour in Spanish and how they had worked on translation at the last membership meeting. SD relayed that the deadline for articles for the newsletter is June 4th. SD also touched on how one of the strategic goals of the Membership committee is to examine the Co-op's outreach efforts and define the Co-op's target audience. **Co-op movie proposal:** SD introduced the topic of the Co-op's sponsoring a documentary film about food co-ops, *Food for Change*. He explained that the co-op community is engaging in this film's sponsorship and that Board reps. attending CCMA in Austin might discuss it with the other co-op representatives there; a number of the attending co-ops are presently supporting the film.

SD recognized the notable suggested cost of sponsorship; AG commented that one of the GM's who contributed \$5K will be at CCMA. SD confirmed that the Co-op could pledge any amount, but certain prices are customary, based on a co-op's size. He explained that the expense could be accounted for as a Board or marketing budget item. SD confirmed that the documentary's sponsorship will give TPSS Co-op's name in the credits and permission to show the film.

SD answered a question about the Co-opoly game and confirmed that the Co-op received two of them. He remarked that the MC could invite people to play it at a Membership (Member-owners) Meeting.

Safe Grow Initiative: DR gave background information on how the initiative became an agenda item: one of the organizers had spoken with him and asked if the Co-op were willing to endorse it. Board reps. shared a variety of responses to the proposition of endorsing the initiative.

Cons for supporting the initiative:

- how this could set a precedent where the Co-op or Co-op Board is asked to vote/weigh-in on community issues as they arise;
- how acting alone on this initiative, outside of a food system coalition could overstep the Co-op's function within the community
- how joining moves away from the neutrality that the Co-op wants to maintain as it moves forward in a variety of pursuits
- how the initiative is actually written, for one Board rep. cited a legal opinion that the initiative is poorly crafted and could lead to banning other safe and necessary things, such as, treatments for termites;
- how, in one reps. opinion, the procedure followed at the City Council meeting to arrive at the initiative was flawed; it may have locked out opposing voices.
- how this is the City's legislative process, separate from Co-op matters

Pros for supporting the initiative:

- how this is a good fight and is related to what defines the Co-op: the Co-op works to bring people food that is free of pesticides;
- how actually this should *not* just be left for the EPA to determine, for this type of debate and fight begins at local government and then moves up to higher levels.
- how this campaign is in right alignment with the Co-op's core values; it is the Co-op's mission to promote healthful living.

- how all local laws are not perfect, but this is still a piece of legislation worth supporting.
- how the legislation does take into account other uses for pesticides and only dis-allows pesticides for cosmetic use; it specifically states that uses for termite, hornet treatment are allowed—it is specifically limited to cosmetic use.

The Board President noted the support that the Co-op has already demonstrated on the issue of pesticides, overall, through one of the presentations included in the educational series.

One Board rep. advocated that even if TPSS Co-op does not make a written statement, it can support the principle of eliminating cosmetic use pesticides. One rep. felt like a statement could be misconstrued as support of this initiative.

Board/Governance Budget: There was clarification that the Membership (Member-owners) Meeting is a function of the Board and should probably belong in the Board budget. The Board noted that the audit was budgeted to be \$15K and has rose to \$35K. One rep. noted that it is the Co-op’s intent to do the budget for two years. **AG planned to get a report on the actual costs of all the vendors that are included in the Board/Governance budget.** The Board discussed the benefits of and alternatives to the CBLD membership. SD noted that CBLD provides the monthly call and continuity with the consultant. One rep. talked about possibilities with NCGA and another discussed the ways a project manager can fulfill roles. The Board discussed making a decision on CBLD in September and keeping the topic of CBLD on the agenda.

By-laws: The Board President informed the Board that an update to the patronage revision piece within the by-law may need to occur; there is a list of things that may need revisions as well.

Meeting adjourned: 8:59pm

Future meeting topics:

A meeting on policies

Sponsorship of the documentary film *Food for Change*

Nominations Committee

CBLD membership

Term 2013:

<u>Rep.:</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>
Dubb	*	*	*	*	*	*
Firestone	*	*	*	*	*	*
Gabrielson	*	*		*	*	*
Hersh		*	*	*		*
Robinson	*	*			*	*
Rodgers	*	*	*	*	*	*
Townsend	*		*	*	*	*
Whorton	*	*	*	*	*	*
Yanes	*	*	*	*	*	*