

TPSS Board of Representatives Meeting

Date: May 20, 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), Emily Townsend (ET), Ken Firestone (KF), Mike Burnell (MB)

Others Present: Abdi Guled (AG), Mark Sherman (MS), and John

Absent: Steve Dubb (SD),

Minutes submitted by: Solveig Mortensen (SM)

RESOLUTIONS:

- The Board decided to move up the agenda item of the budget and tabled the item of Membership Update and most items listed under the Governance Update.
- The amended May 6, 2012 General Membership meeting and April 15, 2012 Board meeting minutes were approved: TW moved, DW seconded; approved by consensus.
- ET motioned for the Board President to draft a letter to be given to Sherri Collins and AR, which apologized on behalf of the Board re: actions that occurred at the Membership Meeting and MR seconded. DW recused himself from the vote; NG was not present for the vote; KF and MH stood aside for the vote; TW, ET, MR, MB voted in favor.

The GM reported that Earth day, particularly at the SS store, went well. The Lafayette Federal Credit Union participated with them. He shared that on the TP store Earth Day, it rained; so, he asked people to come for the Membership meeting, which was well attended. AG shared that attendees inquired about the ATM and updated the Board that in less than four months a Lafayette Federal Credit Union ATM will be installed at both stores. He clarified that the deposit taking type of ATM cost twice as much as the regular one; only the one for the TP store will accept deposits.

DW reminded Board representatives of the June 2nd food security for Montgomery County and MD event, at the Takoma Park Community Center City Recreation Center, which TPSS will be co-sponsoring. He indicated this was started by the Local Foods Committee.

AG shared that he took a vote from the employees on what out of three options they most wanted for employee appreciate; staff voted to start an Employee Assistance Program. TW remarked that MB worked hard to obtain broad input. DW recounted the impetus for the employee appreciation; it was a response to a notable request by one of the SRC representatives to give staff the interest earned on the Mariposa Co-op expansion project loan. DW wanted to both recognize staff for opting to use the gain on a communal benefit and the Board for earning the amount. He summarized that the loan made the \$1500, so it is truly a benefit extended from the Board to staff. Finally, he stated that he received an email, which reported that Mariposa Co-op received a sought-after grant, so they expressed certainty in re-paying the Co-op next month. He believed it was a true cooperation story. AG wanted to point out that although the EAP is

currently the result of Board appreciation towards staff, he will review the program in a year, and if he finds it helpful, will continue it if he can.

Financial Conditions monitoring: ET thanked AG for the Financial Conditions Monitoring report and asked about the time-frame for beginning to monitor the full ends statement; AG indicated August. AG recapped that in doing this monitoring he looked at the Co-ops' level of compliance with each policy and the policies, themselves. He looked at operations and conditions as related to the policy.

In regards to the Board stipend, he shared that they researched using gift certificates, yet determined that giving the Board a monthly check was the best method-his recommendation. TW reported that the current Co-op By-laws require the Board to receive a gift card that is a stipend for the Co-op; however, gift cards are legally regulated in MD, so the Co-op cannot do this. For accounting purposes, the Finance Manager would rather issue Board reps. a monthly check for their stipend. TW noted that most everyone prefers the idea of keeping a credit at the two stores, but the accounting for it is too time-consuming for the task. Thus, Board reps. are asked to use the stipend check at the Co-op.

There was discussion re: how member equity is accounted for at both the SS and TP stores. At TP new member capitalization is deposited to the development project account, while at SS new capitalization is deposited to the SS store's operating account, as explained by AG. One goes to the Expansion Task Force (ETF) and the other goes to the operational account.

DW commented that this is an issue of procedure, so it is inappropriate for the Board to give direction on it; however, he stated the Board can observe and discuss its effects. He noted that there is no charter re: where the money should go, but it gives oversight responsibility to the ETF. He confirmed that the procedure at the TP store was to take new capitalization and place it into a designated savings account, which became the very conservatively invested reserve fund. He explained that the Board authorized the transfer into the reserve fund and essentially the creation of that account; but, it is up to management to cease the procedure, unless the Board says otherwise. DW further explained that the procedure is clear in re: to how the GM is entitled to borrow from the fund with monthly Board notification; however, additions to the account are more ambiguous.

Board reps discussed putting the procedure at TP on hold, setting up another account, and renewing the charter for the fund. AG relayed that setting up one account for membership makes the most sense to him. ET remarked that every member is undertaking the same risk no matter where they sign-up. MR expressed concern about other potential, upcoming expenses, such as, a new refrigeration unit to help with products like berries. She questioned having all the incoming money go into the expansion fund and noted that the Co-op can always move money to a general fund later. DW clarified that the TP store generates funds that go into other areas as well.

However, he stated, this is another By-law area that needs attention. TW thanked AG for the observation, noting this ambiguity as an area to revisit.

ET raised the issue of how the Finance Condition's Report seems to have reporting changes each month, such as, with the inventory and a shifting end date. There was discussion about how the Finance Manager is always working to improve the report. DW commented that the Co-op is in a period of transition and noted that the staff performing the accounting are dealing with a system that has had many, many changes; he praised their overall level of professionalism. He also made note of a few reporting oddities and stated that the TP store has cash, so the Finance Committee (FC) is working out the best way to show that on statements-- an evolving process.

AG informed the Board that there will now be separate allocations for Connect Your Care, health insurance for employees, for both stores, without creating any HIPPA issues.

The Board discussed the use of the accrual policy for payroll. TW commented that she understood the reasoning, but still noted that there is always a month or two where there are three payrolls. AG spoke about how ADP produces the payroll entry days after they run payroll and, how both the Finance Manager and auditors recommended or agreed with the current method because adjustments only need to be made once annually. DW understood but commented that the practice distorts the data. AG summarized that they have to work with the ADP program the way it is structured and simply stated that he does not want to devote time on this matter right now, considering the immediate work to be done at SS with the consultant. One Board rep. believed the snapshot of the inventory is imprecise as well and thus, did not rely on the monthly statements anyway. DW discussed the greater volatility in labor than in inventory: the month with three payrolls, which drifts, does make a difference. He shared that he is aware that other co-ops do make those adjustments in their statements. He also noted that the current policy provides for estimates and that Finance Committee (FC) member, Nancy Hammond, has offered ways for the FC to make such estimates to reduce the monthly and quarterly volatility. He recommended that, in the near term, the FC allow Ms. Hammond to make suggestions on how to construct the estimations in the new fiscal year, beginning in July. DW proposed that the Board bring this matter to the FC, asking them to look at the whole Financial Monitoring Report, and AG's recommendations to the policy. He suggested the FC, then, make recommendations back to the Board. Finally, KF offered that he concurred with the GM: the state of the SS store is a higher priority than establishing an accrual policy.

Open Member Forum: MS introduced himself, noting his twelve year membership with the Co-op. He reported that he sent two letters to the Board: one applying to join the ETF; the other voicing his concerns re: the EFT, itself. He recounted that he attended the May 1rst ETF meeting and was told he had to make a request to the Board itself to join it, which he did in an email and in an early conversation with the Board President. He pointed out how the ETF is not really a reflection of a committee willing to recognize the issue of "right size." He believed that possibly a more appropriate name would suit it, so as not to prejudge its intention. He elaborated that he

had laid out three concerns in his email: 1) the ETF is operating outside its mandate; the Co-op seems uncertain if it might move the store to another state altogether. 2) The panel is operating with unnecessary secrecy, for example, not being willing to share the marketing study. 3) The task force seems poised to recommend expenditures he would not support, such as, paying Dan Robinson a fee to negotiate the purchase of the parking lot, while the ETF is still entertaining leaving the junction altogether. He pointed out that he was directed to set up a time with the GM to talk about getting a copy of the marketing study. Overall, he did not think the process has allowed the Board to entertain other arguments. So, he urged the Board to incorporate all points of view before moving forward. TW suggested that the Board respond to Mr. Sherman's concerns in email.

AR also spoke to the Board, raising the question: how well can the Board do their job, if they are not aware of operational matters? She shared that she received direction to focus on the whistle blowing process. She asked what ability workers have to evaluate Co-op management, outside of the GM. AR emphasized that workers' feelings affect their performance and thus the bottom line. At the next Membership Committee meeting, she hoped to raise the topics of improving a flow of communication with management and having an open door policy for worker pay negotiation. She noted that Deb Friedman had shared an article with her co-workers about a more equitable co-op. KF shared that Co-op employees express overall satisfaction with management to him; he stated that if employees are not working or not working out then there are consequences, as TPSS Co-op is a consumer co-op. AR estimated that she was representing the concerns of about thirty people.

Expansion Committee Update: KF informed the Board that the Expansion Committee (EC) had sent Seth Grimes an email confirming that the EC knows that they still need to submit a substantive statement. He relayed that, unfortunately, Dan Robinson (DR) is not interested in working with the Co-op at this point. KF apologized for the last EC meeting because he believed it strayed off the agenda and needed to be more structured. He suggested that, in the future, he may try a format where people who are not part of the EC will talk when allowed by the Chair. He also stated that, assuming the Co-op moves forward with putting a structure on the next door lot, he knows an award-winning architect, who has worked on grocery stores, and who would give the Co-op some attention. He asked the Board for guidance on the question of membership in the EC itself: who decides? Finally, he invited people to give him agenda items for future meetings.

The Board discussed why DR might have left the expansion project effort. Board reps. requested that the EC Chair try to learn more about DR's status: an issue regarding unanimity?

The Board discussed the Expansion Committee's Charter and direction. DW noted that he believed the EC is a self-organizing core and that the charter is a little ambiguous re: membership. He also believed that the EC bears some responsibility to the Board, so the Board could make decisions re: its membership. There was then further conversation about how the

Board needed to resolve the role of the EC; in the charter the EC has just an oversight role, but in practice, over time, the EC members have started doing the actual work. One representative believed the EC's open status and open meetings are appropriate at this point, but thought if the Committee is doing work, it cannot allow anyone to walk in and attempt to re-direct the process.

TW believed that if the EC is starting the work, then they need to hire paid staff. She noted how when the Common Market Co-op expanded, they had a specific group that planned their new store, which its Board did not oversee. DW reflected that one of the strengths of a cooperative form of business is that it can harness the talents of its staff and membership, but he believed there needs to be clarity of roles and certain decisions were only for qualified individuals. Furthermore, he believed that determining who these qualified individuals were would be the decision of the Board or the GM.

MR shared that she had a concern that overlapped several areas--expansion, governance, and all the extra work performed by the Board President. She commented that management gaps have not all been filled and if Board reps. are doing this much store operations work, over time, the Board will be compromised. She contemplated that there are probably not enough staff to run the store, yet alone, run the expansion. She commented that she has wanted to see the expansion effort make headway and knows the Co-op is trying to catch up with staffing. She also saw DW doing quite a bit of work. There was clarification that his extra work is mostly in the area of expansion. She said that she would like the Board/Co-op to look at how ready the Co-op is (for the expansion) in terms of both management and as a Board. DW stated that in reply to MR, he, basically, cannot do it all on his own anymore.

ET commented on whether the EC should be providing more than just oversight of the expansion. She asked AG, with so much of his focus needing to be on the SS store, if he were planning to hire elsewhere for the EC or if he needed paid staff to work on it. AG shared that most co-ops carry out expansions with a project manager, so he will look at management and for a project manager. He also confirmed that he saw TPSS management working with the EC to complete the work.

NG reflected that he was under the impression that the EC was still open and looking at possibilities, at this point. He also added that he would be willing to talk about management's readiness, but in a closed session.

KF commented that the expansion might not be where it could be at this point. Personally, he said, he believes that the ideal choice is to obtain access to the next door lot and build a brand new store. However, he noted, at this point, the Co-op has little control, because the lot belongs to the City, and there are a number of things that just cannot proceed until that issue is settled. At this stage, he felt, it is a bit premature to be talking about a project manager, etc. He also reflected that moving to some other place besides the Takoma Junction, like DC or Langley Park, is a second choice. TW encouraged the EC to work with the City Council now, upfront,

getting input from AG on the proposal, because the City Council will put out a RP to sell the lot. KF concurred.

MS reminded the Board that he had a pending application to join the ETF and that he had gathered from this meeting that the Board makes that judgment. He noted that he would be disappointed if the decision was left to the Committee alone. The Board President asked MS why he believed the Co-op should expand. MS explained the concern that he expressed at the meeting re: the lot. The Board President suggested that MS pursue setting up a separate “right-size committee” rather than join the ETF.

Board representatives described their understanding of the intent behind the creation of the EC. ET thought that it exists to pursue the possibility of expanding the Co-op, finding the way to do it. She distinguished this from the intention of *talking* about expansion. MB relayed his understanding of the EC: to determine whether the Co-op had the means (financially) to expand, not whether it had the staff, etc.: a matter of if they could; then they should. KF noted the decision to expand as being confirmed by a vote of the membership and voiced that at some point the Co-op needs to decide and move forward. NG recollected the intent of the EC as being to do outreach into the community, learn what kind of support there was, and find out what were the expansion options. He believed that different boards of the Co-op and the membership voted not to expand *but to investigate the possibility of expanding*; however, he also believed and stated that the Co-op had already decided, if it were at all possible, to expand.

DW noted that three different TPSS boards have endorsed the ETF charter to plan to oversee the expansion, but that the Board is not required to underlie the expansion project. The EC is only advisory, he said, so the Board needs to make the decision about moving forward, which will probably entail seeking financing by the issuance of preferred shares--raising money from members by issuing equity. This would require authorization by the members, so he stated, there are still several checkpoints prior to an actual expansion. He recounted that they came to the point where the membership needed to endorse the Board in going through with the expansion; now that the Co-op is looking at defining the specifics, the Board may need the membership to endorse those as well.

MH suggested to MS that it sounded like the issue of having an EC dedicated to expansion is resolved; and, while to some extent, he supported the idea of having a dissenting voice on the EC for balance, he surmised the place to voice a dissenting opinion is with the Board. MH also submitted to MS that he could run for the Board to feel like he had a greater say. ET acknowledged the frustrations that MS experienced in the communication with the ETF and the Board: frustrating to be asked at the ETF to bring his concerns to the Board and still not necessarily receive ready answers or be encouraged to join the EC either.

MS commented that he sees the options presented to him in two ways: his letting the EC go forward with a closed, fixed direction and still presenting a dissenting view at the EC meetings,

or just accepting that the Committee will not allow any dissenting views. TW agreed that the ETF's charter wants diversity of views, but does not necessarily want its participants working against its purpose. Board reps. reminded MS of his ability to create a different committee, which could look at issues of expansion and size: how many stores, etc.

DW wanted to reflect on the whole issue; MS alluded to the idea that the ETF is working in secrecy, so DW contemplated perhaps the Board should pass a resolution re: procedure to allow for a public comment period, which did not have to wait for the next General Membership meeting. He accepted that the Co-op needs to give members a chance to be in support or dissent of the expansion plan. He also suggested that the EC make a public statement about the project goal. ET integrated the points that the Co-op is a democratic organization, which not only has to be open to hearing doubts, but also needs to make decisions and proceed. She and MR relayed that it is the Boards responsibility to reach out to the membership on this and other Co-op directions/governance/policy items, such as, the By-laws.

KF commented that he would like to see more membership participation, because when it seems that a limited, motivated number are pushing an idea contrary to what the general membership wants, it is not truly democratic. TW stated that the Co-op will probably have another staff survey and maybe a customer survey soon.

Nominations Committee: On May 8th, ET, TW, and MR meet for first time and decided they had enough members to proceed with the meeting and designated MR the Chair. She reported that they are reviewing all pertinent documents and will submit proposed changes for the packet in time for the July meeting vote. Specifically, their review includes: the existing nominations packet, the existing policy and procedures, and the elections wiki page, including the info-hub section. She explained that they will also be looking at other co-ops nominations packets to get some development ideas; for example, she would like to develop a candidate questionnaire. She noted that they developed a timeline for action item deadlines, with July 10th being the email deadline. They are also working on a Strategy for optimizing the number of quality candidates. The Board recognized that they are missing the policy and procedures and other electronic copies of the materials from previous elections. AG agreed to speak with Marilyn Berger about locating the Nominating Committee's policy and procedures documentation.

There was some consideration of what the By-laws say in re: to the term of new Board members, which start the first day of the month after the election DW believed that the end of the election could happen after the end of December.

A proposed new FY Board budget was reviewed. The CBLD expense was accounted for by the amount allocated in last year's budget for Board development. It was noted that nominating statements were supposed to go out in a separate statement. There was clarification that some of the Board expenses were billed under other categories, so the Board needed to request a report of what has been billed to them based on the budget allocations that were already made:

specifically, 1) what had been charged to the Board budget by vendor; 2) where items not accounted for under the given categories are then listed.

MR hoped to do a separate elections edition of the newsletter; the Board President suggested that she and the NC assess whether the cost of the annual report (approx. \$107) would be enough. There was discussion of bundling it with the annual report.

MH raised the issue of giving the Board administrator a regular employee discount at the store; and TW planned to review the Board administrator's rate of reimbursement.

Governance Update:

Board Representative Conduct: ET commented that she believes DW is an amazing Board representative and respects his passion for this Co-op. However, she thought the way he can be in a meeting does not always rise to the level of professionalism that she felt the Board and Co-op expect from a Board President. She evidenced this by her observation of a sharp disagreement with one staff person in a meeting and a description of a former GM in impolite terms, followed by a walk-out. She asked the Board President if he could work to hold a higher ground that makes space for people, and if being pushed into a corner, keep participants on task by stating this is not the time for this matter.

AG took the opportunity to point out that members, at times, come to the Board and the Co-op with expressed concerns; he requested that all Board reps. be considerate of presenting themselves with greater respect and professionalism. KF stated that he was not at the General Membership meeting, but felt fine with DW's conduct at the EC meeting, and also felt partially responsible for not better managing, what he saw as, the digression of the meeting. MB talked more generally about how the Board needs to find ways to help mitigate when one member or staff is to some extent confronting the Board President or another Representative, so Board reps. can know a way to collectively mitigate the situation. MR wished to ask all Board Reps. to be cautious in talking negatively about others in general; it is really not ok to talk harshly about a former GM in any public forum, she said. She emphasized that it is incumbent upon Board reps. to stay calm; she believed that in some meetings Board reps. worsened an uncomfortable situation by their reactions. KF suggested some other aspects of specific occurrences. TW recounted raised voices and a third party asking the EC to settle down. MH made his observation that DW has a great talent speaking to people when, he speculated, DW does not perceive himself to be under attack; MH also recognized that he has had a better perception of DW since interacting with him on the Board than as staff alone. He supporting the idea of possibly having someone appointed to handle situations. NG stated that everyone loses their patience, but it should not happen when representing an organization. However, he also made note of circumstances. He supported the suggested strategies of adjusting allotted time at meetings and creating some system to deal with those who drop in. MR and ET noted specific behaviors to address: not to cut a member's time short in the forum they were specifically directed to for voicing concerns; not to interrupt or raise voices; and to abstain from using obscenities in a meeting or forum.

AG noted that everyone brings a different level of expertise and advised that Representatives to be aware of people's sensitivities. He suggested ending each Board meeting by evaluating it: How well run was it? Did they get through the agenda? How well did they do with time? Etc.

DW reflected that he believed his function in this conversation has been to listen. ET pointed out that the Board has a code of ethics. ET motioned for the Board President to draft a letter to be given to Sherri Collins and AR, which apologized on behalf of the Board re: actions that occurred at the Membership Meeting and MR seconded. DW recused himself from the vote; KF and MH stood aside for the vote; TW, ET, MR, MB, and NG voted in favor.

Meeting adjourned 9:35pm

Next Meeting: June 24, 2012

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> |
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