

TPSS Board of Representatives Meeting

Date: August 25, 2013

Time and Place: 6:05pm, TP Store Community Room

Present: Tanya Whorton (TW), Steve Dubb (SD), Emily Townsend, (ET), Dan Robinson (DR), Erin Gabrielson (EG), Ken Firestone (KF), Bill Rodgers (BR), Matt Hersh (MH), Kahlil Yanes (KY)

Others Present: Abdi Guled (AG), Marilyn Berger (MB), Radouane Neggaz (RN), Art Sherwood (via conference call)

Minutes submitted by: Solveig Mortensen (SM)

RESOLUTIONS:

- The Board agreed to make the following changes to the agenda: add a discussion of OTBA; add the approval of the revised M's and L's policies; add a Nominations Committee update by KY; move the time of the call with AS; and table the agenda item of the Board Calendar to September. SD moved to approve the agenda as amended, DR seconded, and approved by consensus.
- The Board approved the July 28, 2013 Open Session meeting minutes as amended; SD moved and EG seconded.
- The Board resolved to adopt the Board budget with the amendments of changing the line item of Membership Meetings to Membership Meetings/newsletter and changing the budgeted line item amount from \$11K to \$12K, for a total budget of \$88,650; SD moved, TW seconded, and approved by consensus.
- The Board approved the adoption of the changes in the M.1, M.2, L-1, L-2, L-5, L-6, L-7, L-8, and L-9 policies as outlined in the Board email dated July 29, 2013. SD motioned, MH seconded, and approved by consensus. (APPENDIX A)
- The Board approved the following changes to the *Ethical Complaint Resolution Procedure*: withdrawing the final sentence of first paragraph "former employees may utilize the ECRP if a complaint is filed within thirty (30) days of the date that employment is terminated"; changing the sentence "upon receipt of a written complaint, the Board shall convene a confidential ECR committee, which shall consist of four non-staff Board representatives and one (1) employee who will be selected annually by co-op staff to represent them on the ECR committee;" to include only three non-staff Board representatives on the ECR Committee; and changing the sentence "(This procedure links to Policy M 2.2.4 Direct Board Inspection)" to a sentence that indicates "Policy M 2." SD motioned, ET seconded, and approved by consensus. (APPENDIX B)

GM/Management Reports and Operational Budget: MB summarized points from the management report and asked Board reps. for comments. **SD requested that the GM generate a Goals and Indicators list for the previous year.**

TW raised points re: the current *Ethical Complaint Resolution Procedure* document in the employee handbook. She reminded the Board/meeting that they had discussed eliminating the line about former employees using the procedure if they do so within thirty days of last employment and commented that the Co-op has an internal grievance procedure. She also recounted that the Board had discussed how the Employee Complaint Resolution Committee (ECRC) was designed to be comprised of four Board reps. and one staff, but really needs to be only three Board reps. and no staff because of issues with coordination and confidentiality.

SD noted the advantages of allowing grievances to be aired. He speculated that the Co-op could consider using a jury pool system for the ECRC and related best practices.

Board reps. remarked on the new Busboys and Poets establishment coming to TP and what effects it may have.

Board Education Topic: Expansion: TW relayed that she had forwarded the feasibility study to the Co-op's CBLD consultant, Art Sherwood (AS), so he and the Board could identify upcoming decisions re: the expansion. KF highlighted findings from the study. KF also explained that January 2015 was picked as a target date, because it correlated with the lease dates.

In addressing what the Co-op should focus on now, AS raised the approach of the "Four Cornerstones in Three Stages" and elaborated that this model's aim is to set in place the expansion cornerstone pieces (vision, capital, systems, and talent). He described how the *vision* involves doing the expansion collaboratively and considering what leadership would be like in a larger store. He described *systems* as examining whether the Co-op needs to build on or change systems. Addressing *capital* and *talent*, entails determining how to pay for the expansion and evaluate whether the Co-op needs to fill certain positions.

AS described the three stages: 1) organizing 2) feasibility and 3) planning. He observed that the Co-op has now completed some organizing and feasibility work; however, if it wants to move to an altogether new location, it needs to assess the market feasibility for that site as well. He suggested that the Co-op should get various pro forma statements and a sense of the margin of error for the current feasibility studies' numbers.

AS suggested that feasibility questions related to operations still need to be resolved, so, it can complete the initial design work, sign agreements with contingencies, and then raise capital to implement the expansion. He advised that when the Co-op comes to the point of implementation, it should hire a project manager; KF confirmed the plan to hire a project manager.

The Board discussed their interpretations of the feasibility studies' recommendations. Several reps. felt that the option of expanding the existing building seemed to stand-out. KF voiced his thought that pulling the current TP Co-op building down was not an option for a variety of reasons. AS shared an overall, positive impression on the study's methodology, etc.

AS described several choices for a project manager: employing the development consultant through NCGA, contracting with representatives from the co-op that AS works with, connecting with CDS consultants, or pursuing another vendor entirely. He noted that NCGA can both come to the site and delay the pay-out. He also recommended a development co-op knowledgeable of expansions, spear-headed by David Blackburn.

With the preliminary work being finished and the project falling within a two year window, AS recommended that the Co-op find a project manager now. He noted that, typically, project managers are hired by the GM. KF explained how, eventually, the project structure will entail the GM running the expansion with some EC oversight.

SD asked if there were NCGA or CDS trainings for GMs to more effectively liaison with their project manager and/or learn what to expect. AS confirmed that both NCGA (DC team) and CDS will teach and coach GMs on the core concepts of working with a project manager.

AS clarified that in regards to the DC option, the Co-op will want a new feasibility study, but not necessarily a new market study. He noted that the proposed DC site is not far out of the area already covered in the completed market study. KF observed that the DC option would probably present even fewer study questions because it would only entail a leasing arrangement.

Board Budget July 2013-June 2014: The Board identified the audit and Membership meetings as the expenses that most contributed towards increases in the FY 2013-2014 Board budget and clarified that the newsletter cost falls under the Membership meeting expense. They discussed cutting the cost of postcard mailings by, with notice and agreement, moving towards electronic mailings. However, they also reflected on issues and reliability of the various Co-op membership lists. **The GM planned to provide an update on the status of the membership lists by the September Board meeting.**

Open Member Forum: Emphasizing that he was not seeking answers during the meeting, a co-op staff, RN, presented several questions and concerns to the Board/meeting. He wondered why Co-op employees' 401K fund contributions ended. He expressed concern about: the potential effects that raising the margin at the TP store would have; the lack of staff meetings and follow-up about them; and, the communication to members re: the reason for discontinuing a product, specifically for local vendor products. He remarked that employees need a time and place to discuss store issues. Finally, he shared that speaking as a member, he would like to see the Co-op's financial sales reports distributed in email.

Update on the Annual Report: TW reminded the Board of the Annual Report's deadline. SD suggested including a piece on the Mariposa Loan and the sponsorship of "Food for Change."

Report from FAC: DR reported that for July the TP store showed a profit of \$69,685 and the SS store showed a loss of \$13,601. He noted that, as previously discussed, having comparative reports or numbers from a similar time period helps the Co-op make a more definitive interpretation of the figures. DR also relayed that on August 26 there will be a call with the auditor, McGladrey, to discuss the timeline for the current audit.

DR discussed the Financial Conditions Policy (FCP) and summarized that the FAC is reviewing it and re-working it to create a more useful and appropriate version. DR invited reps. to give him feedback re: proposed changes. SD offered several suggestions:

- Eliminate the monthly report as a requirement (to avoid the GM's being out of compliance, when a monthly report is not provided);
- change all the required reporting from monthly to quarterly;
- in regards to the ratios, remove the specific number targets, for the former reps. who crafted the FCP would agree that they were based on the business at a relative point;
- change pages 2-3 to become a glossary or protocol of the FCP: include the ratios and how to report on equity there; yet
- However, keep the inventory and large expenditures under policy.

ET promoted including a line within the policy that states that "the FAC shall inform the Board when limits are exceeded." MH recommended adding a cash flow statement request to the FCP to keep the Board more informed. **MB planned to send a template of the Common Market's FCP to the Board.**

OTBA: SD shared that TW, DR, and he met with OTBA representatives, who responded to their earlier request for a global donation number for the year: OTBA representatives requested \$5K for the year. SD described the components that created that figure: Earth day, the art fair, various sponsorships, etc. SD noted the Co-op's potential for co-sponsorship for some of these events. AG described a strategy of having professional marketing staff of the Co-op work together with OTBA. **SD planned to recommend a donation number at the September Board meeting.**

M.1, M.2 Policy and the Executive Limitations' Policies: SD presented the revised M.1 and M.2 policy and Executive Limitations Policies for Board approval. Initially, a motion for Board approval to adopt the policy revisions, containing the deletion of L-3 failed. (SD moved for the Board to approve the adoption of the policy changes to the M-1, M-2 and Executive Limitations Policies with the deletion of policy L-3 and as outlined in the Board email dated July 29th, 2013

to create new M.1, M.2 and L's policies in the policy register; EG seconded, and the motion failed for a lack of consensus.)

However, a second motion which incorporated the changes and kept L-3 passed. **SD and BR planned to work on a new code of ethics for the GM.**

Patronage rebate bylaw revision: TW explained that the Board has an opportunity to clarify and simplify the subject of patronage rebates in the by-laws. She pointed out that the by-laws do not seem to explicitly state that the Co-op has the protected option of *not* offering patronage rebates; the auditors found this ambiguous.

DR gave a description of the Common Market and the Willow Street Co-ops' patronage rebate arrangements. He commented that his impression was if the Co-op had a solid membership list, it could offer its members a voucher or allow them to donate their rebates. The Board discussed the strategies of not offering patronage rebates and moving to discounts versus ending discounts and offering a rebate if the Co-op makes a profit. Not offering discounts was a consideration for the SS store.

TW planned to work on a revision to the by-laws and email it to the Board for a vote. She also identified a typo in the by-laws: the word "membership" was used where the word "member" should have been. She planned to make this change at the same time.

Report from Membership Committee: SD reported that the next Member-owner meeting will be held on Oct. 19th and the speaker from Arcadia will present on Arcadia's work organizing a food hub in DC. He reviewed that the GM will give a manager's report and the FAC will share a report as well. He asked for articles for the co-op newsletter by mid-September.

Nominations Committee: KY recounted that on Aug. 29th the Board application becomes available, Oct. 8th elections occur and that there will be three open slots. She also relayed that the Co-op will be using both paper ballots and survey monkey for voting.

TW noted that EG's slot is due to expire next year. EG's term was something not clarified before EG joined the Nominations Committee (NC); and joining the NC, precludes her from running for the Board in the upcoming election. TW commented that the Co-op is thinking about what options there are in this situation.

Meeting adjourned at 9:15pm

Term 2013:

Rep.: Dec. Jan. Feb. Mar. Apr. May Jun Jul Aug

Dubb	*	*	*	*	*	*		*	*
Firestone	*	*	*	*	*	*	*	*	*
Gabrielson	*	*		*	*	*		*	*
Hersh		*	*	*		*	*	*	*

Robinson	*	*			*	*	*	*	*
Rodgers	*	*	*	*	*	*	*	*	*
Townsend	*		*	*	*	*	*	*	*
Whorton	*	*	*	*	*	*	*	*	*
Yanes	*	*	*	*	*	*	*	*	*

APPENDIX A:

Board – General Manger Linkages M1 – Delegation to the General Manager

The Board’s job is to establish, in cooperation with the general manager, strategic direction and key framing policies, leaving implementation and subsidiary policy development to the general manager. All Board authority delegated to staff is delegated through the general manager, so that all authority and accountability of staff can be phrased – insofar as the Board is concerned – as authority and accountability of the general manager.

M.1.1. The Board, collectively, is the supervisor of the general manager. The Board may delegate supervisory authority, when it deems such delegation appropriate, to the Board President and/or a Personnel Committee. However, except where the Board has made a specific delegation, individual Board members shall have no direct supervisory authority over the general manager.

M1.2 The general manager is authorized to establish all further policies, make all decisions, take all action, and develop all activities that are true to the Board’s policies. The general manager shall keep the Board regularly informed of TPSS Co-op’s internal policies through ensuring Board access to the employee handbook and informing the Board of any other management policies related to achieving TPSS Co-op strategic goals and/or Board resolutions. The Board may, by extending its policies, “un-delegate” areas of the general manager’s authority, but will respect the general manager’s authority so long as the delegation continues.

M1.3 As part of TPSS Co-op’s efforts to be a learning organization, the Board Secretary (or designee of the Secretary) shall conduct an exit interview of any general manager who is leaving the position of general manager. The purpose of said interview is to gain input from the exiting general manager regarding strengths and weaknesses of the Co-op so that both the Board and future general managers may perform their roles more effectively.

Board – General Manger Linkages M2 – Monitoring General Manager Performance (July 2002, December 2010)

Each year the Board will conduct a formal evaluation of the General Manager. In order for the Board to monitor general manager performance, the general manger shall create a “Goals and Indicators” annual planning document. This document will outline his/her goals, consistent with TPSS Ends Statements and other applicable TPSS policies, along with indicators that measure how well TPSS Co-op does in achieving those goals. An updated Goals and Indicators document shall be submitted to the Board yearly, prior to the beginning of the fiscal year. The Board will review, amend (if and as appropriate), and approve the document, which will serve as the means for monitoring the general manager’s role based upon mutually agreed upon yearly goals and indicators. The general manager shall report on a quarterly basis on organizational performance by measuring progress and outcomes against the year’s goals.

The Board will also monitor the general manager’s performance based on feedback received from outside auditors about organizational performance.

EXECUTIVE LIMITATIONS

Executive Limitation L – Purpose of Executive Limitation Policies

The purpose of “Executive Limitation” policies is to ensure that, while pursuing TPSS End Statements and organizational goals, the Co-op maintains basic standards of conduct consistent with pursuit of its mission to be a socially responsible business. It is the role of the general manager to act at all times to make sure that TPSS conducts its affairs with the level of business and professional behavior that is to be expected of a socially responsible cooperative business.

Executive Limitation L1 – Customer Service and Value (July 2002, November 2005)

Customer Service is a high priority at TPSS Co-op. Consistent with TPSS end statements, the general manager shall make every effort to ensure that TPSS Co-op provides exceptional value and service to customers.

MONITORING: This policy will be monitored annually by a survey of customers. The general manager shall develop a survey, reviewed by the Board, to assess areas of customer service strengths and weaknesses, with an eye to promoting continuous improvement of customer service quality over time.

Executive Limitation L2 – Staff Treatment (July 2002, November 2009)

Paid staff and volunteers shall not be subjected to unfair, undignified, or unsafe treatment or conditions. Accordingly, the general manager shall ensure that:

L2.1 Discrimination is not tolerated in the workplace.

L2.2 Staff shall have regular access to Human Resources professional(s) who can provide confidential resources and support for resolving workplace conflicts, hearing staff complaints, and assisting with staff development and morale.

L2.3 Personnel records are kept confidential, clear records of all personnel related decisions are retained, compensation is equitable, and benefits policies are administered appropriately.

L2.4 Staff shall not be exposed to unsafe, unhealthy or illegal conditions.

L2.5. Staff have access to written personnel policies that:

L2.5.1 Provide for fair and thorough handling of grievances

L2.5.2 Inform staff that employment is neither permanent nor guaranteed.

L2.5.3 Include a progressive discipline policy.

L2.5.4 Inform staff that they have the right to report on improper or illegal management actions to the Board if administrative measures are exhausted.

L2.5.5 Protect staff from being reprimanded or retaliated against for reporting suspected wrongdoing.

L2.5.6 Are consistently applied

L2.6 Staff shall have clear job descriptions, access to appropriate training and staff development opportunities, and have regular (annual) performance reviews.

L2.7 Open jobs shall be posted so that current staff may have the opportunity to apply.

MONITORING:

This policy will be monitored every other year through a report using data recommended by the HR consultant report dated Oct 2, 2009 or alternative data that provides the same level of confidence that compliance has been achieved.

Executive Limitation L4 – Financial Condition (July 2002, October 2005, December 2010)

Please refer to Board Policy: Financial Conditions.

Executive Limitation L5 – Budgeting/Financial Planning (July 2002, July 2004)

The general manager shall submit an annual budget that projects revenues and expenses for the Co-op, in accordance with market conditions and Board approved annual goals and indicators. In developing these estimates, the general manager shall seek to ensure that projected budgeted expenses exceed projected income levels, while employing conservative assumptions.

MONITORING:

The Board shall monitor this policy annually through its review of the budget. By voting to accept the budget, the Board certifies that this Policy has been followed. The Board retains the right to *not* accept the budget if the Board believes this Policy has not been followed.

Executive Limitation L6 – Asset Protection (July 2002, November 2005)

Assets shall not be inadequately maintained, unnecessarily risked, or unprotected. Accordingly, the general manager shall ensure:

L6.1 Insurance coverage of stock, building, furniture, and equipment remains at an adequate level to ensure continued operation of stores in event of loss.

L6.2 Exposure of the organization, staff, or the Board to claims of liability is limited as much as practicable.

L6.3 That purchasing arrangements avoid unnecessary conflicts of interest.

L6.4 Receipt, processing, or disbursement of funds and inventory occurs with control systems that are sufficient to meet the Board-appointed auditor's standards.

L6.4.1. Cash handling occurs in strict compliance with written procedures.

L6.5 Maintenance and proper use procedures are in place that limit risk to buildings and equipment.

L6.6 Organizational procedures are in place to limit the risk of theft, loss, or damage to property.

L6.7 Operating capital is retained in federally insured institutions, unless the Board authorizes some other arrangement.

MONITORING:

This policy will be monitored annually through an external review or audit.

Executive Limitation L7 – Communication and Counsel to the Board (July 2002, May 2006)

With respect to providing information and counsel to the Board, the general manager shall endeavor to keep the Board well informed about material developments at all times. A material development means substantially affecting the core operations of the store(s). The general manager shall also inform the Board if, in the general manager's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Staff Relationship, particularly if the general manager believes such behavior to be negatively affecting his or her work.

MONITORING:

This policy will be monitored de facto on a monthly basis at Board meetings through the general manager's monthly reports to the Board.

Executive Limitation L8 – Executive Succession (July 2002, July 2004)

The general manager shall not operate without a plan for emergency management succession. Accordingly, the general manager shall ensure:

L8.1 The existence of a clear "chain of command" to be used at any time the general manager is unable to serve (planned or emergency absence).

L8.2 The existence of one other executive familiar with Board and general manager issues and processes.

MONITORING:

The general manager shall ensure that the Board remains informed of the chain of the succession at the Co-op at all times through regular distribution of an appropriate organizational chart, distributed at least annually. In the event there is a change in the succession plan, the general manager shall inform the board in his or her monthly report.

Executive Limitation L9 – Membership (September 2003, January 2009)

Consistent with TPSS End statements, ensuring the member-owners are involved in and knowledgeable about the meaning, benefits and responsibilities of cooperative ownership is an important part of our mission. Membership policies ("MC" policies) lay out specific objectives with respect to a number of areas, including: volunteers, member education, communications, outreach and recruitment, disability and accessibility, privacy and data security, member benefits and capitalization options (installment plan).

L9.1 In basic terms, it is the role of the general manager to ensure that:

a) There are events/programs that educate the community regarding cooperative principles and the role of the co-op in our community, including a minimum of one annual membership meeting. The Board and the community shall be regularly informed of such programs.

b) An up-to-date ownership database exists at all times.

c) Systems and processes are in place by which membership statistics (e.g., percentage of sales to members, net new members per month) can be accurately reported monthly to the Board.

L9.2 More broadly, it is the role of the general manager to ensure integration of membership objectives into TPSS Co-op's annual goals and indicators document.

MONITORING:

This goal will be monitored through an annual Member-Owner Education Survey, with a survey developed by the General Manager and reviewed by the Board, to assess areas of strengths and weaknesses in member education, with an eye to promoting continuous improvement of quality over time. For ease of administration, this survey may, at the General Manager's discretion, be combined with the annual customer service survey.

APPENDIX B:

TPSS Cooperative Board of Representatives Ethical Complaint Resolution Procedure

(This procedure links to Policy M 2)

The Board recognizes that the day-to-day management of store operations, including personnel matters and financial and other resources, are the responsibility of the General Manager. However, the Board also recognizes that as a part of its responsibility to monitor the General Manager's executive performance, it must be accountable to the employees and members of the Co-op in the event that the General Manager's actions are potentially unethical or the effects of management's actions have potentially unethical consequences. This Ethical Complaint Resolution Procedure (ECRP) is not intended to provide an avenue for solving complaints or disagreements with the General Manager, but is for the purpose of addressing **serious and egregious** unethical behavior. All current employees of the Co-op may utilize this procedure.

If an employee believes that the General Manager has engaged in any of the following, *she or he* may file a written complaint with the Board:

- Financial improprieties
- Unethical use or allocation of cooperative resources
- Serious, repeated or ongoing violations of Co-op bylaws, Board policies, or legal and ethical standards

A complaint under this ECRP may be filed only on behalf of oneself, and not on behalf of any other employee(s).

The complaint must be submitted in writing and include the following:

1. The employee's name, address, telephone, and email address.
2. The employee's job title and department, weekly hours, and amount of time employed at the store.
3. The date(s) on which the alleged action(s) occurred and a detailed description of those actions and why they constitute unethical behavior.
4. Allegations should be supported by relevant supporting documentation.
5. A clear statement of the resolution that the complainant is seeking.

Upon receipt of a written complaint, the Board shall convene a confidential ECR committee, which shall consist of three (3) non-staff Board representatives.

The Committee shall review the documentation provided by the complainant, and if necessary, request additional information from either the complainant or the General Manager. If necessary and appropriate, the committee may also meet with the complainant, the General Manager, or other experts as necessary and appropriate.

After discussion and consultation the committee shall reach a determination about the validity of the grievance and formulate recommendations about appropriate remedial action and/or resolution. The committee's findings and recommendations shall be presented to the full Board in Executive session.

The full Board will determine what actions, if any, shall be taken and how to communicate these with the complainant and the General Manager.

