

# TPSS Board of Representatives Meeting

Date: June 19, 2011

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

Present: David Walker (DW), Tanya Whorton (TW), Preston Quesenberry (PQ), Robert Corbitt (RC), Emily Townsend (ET), Steve Dubb (SD), Mary Rooker (MR), Nelson Graves (NG)

Absent: Bill Rodgers

Others Present: Abdi Guled (AG), Marilyn Berger (MB), Claretta Daniels (CD), Alice Richardson (AR), Nicholas Breymaier (NB), Bea Thames

Minutes submitted by: Solveig Mortensen

## RESOLUTIONS:

- The Board resolved to alter the order of the meeting's agenda and go into Closed Session mid-meeting to allow a phone conversation with Mike Strand to occur.
- The Board passed by consensus the items on the Consent Calendar for June 2011: the Revised G10 policy and the March 20<sup>th</sup> Closed, April 17<sup>th</sup> Closed, April 17<sup>th</sup> Executive, and April 30<sup>th</sup> Closed minutes.
- The Board approved by consensus the April 30<sup>th</sup> minutes and the May 15<sup>th</sup> minutes with amendments.
- The Board and the representative of the upcoming staff group/committee resolved that that committee would review the SRC Charter to see what revision work or next steps would be appropriate.
- The Board passed the proposed FY 2011-2012 Board Budget with the following amendments: a reduction of \$1,000 allocated under SRC for the employee relief fund and a reduction of \$3,000 allocated under Recruiting for GM recruitment, creating a total of \$48,200 in budgeted expenses.
- The Board tabled a discussion on the allocations of \$1,000 for the employee relief fund and the \$3,000 for the GM recruitment to the next Board meeting.
- The Board resolved to send John Harty an exit interview and a letter of appreciation.
- The Board agreed to plan an administrative procedural meeting for Board members.

**Open Member Forum:** AR reported that she believed that the original SRC structure had served staff well to build momentum, but after their last SRC or simply staff meeting, where SRC/staff representatives went to both Co-op store locations, they discussed adjusting the SRC as it had been structured. AR reported that staff looked at the previously formed structure of the SRC and decided that they wanted something more cooperative, less exclusionary, without only just a small group of staff receiving pay; but, something functioning as a committee as a whole. She reported that they did take the allotted SRC funds and were still pursuing their goals; they gathered the surveys for tabulation, and they would work out a process on how to proceed. AR passed around samples of the work that they had completed.

It was clarified that originally the Board had budgeted to pay for only so many SRC meetings per year but would still meet as needed, and just not receive pay/reimbursement for those extra meetings that were not covered in the budget. It was also clarified that their allocation of money is included in the Operations budget not the Board budget.

AR reported that out of the presented options, an appreciation party, co-sponsorship of the January staff event, or some type of bonus check, staff were most interested in a gift certificate. She noted that this issue would be included on an upcoming SRC meeting agenda.

***Finance Committee Report.*** RC reported on the financial conditions and monitoring of the Co-op at both stores and overall; he referenced three monitoring reports completed by DW. The Board has a policy in place to formally monitor the Co-op's financial condition. The examination focused on the third quarter of the Fiscal year 2010-2011, where it was determined that sales are too low and in violation of our policy. He explained that the Co-op suffered losses in all periods evaluated and overall the Co-op is noncompliant for the current quarter and in all of the periods that were noted. At both stores the rate of sales growth was less than the rate of inflation as measured by the CPI-U, the benchmark. RC stated that the TPSS Co-op is compliant with all standards for current ratio and debt-to-equity ratio: currently it has very limited debt. However, the value for quick ratio has deteriorated. RC explained that the TPSS Co-op has not been compliant in a year, and the Finance Committee will issue a monitoring report quarterly as a supplement to the regular monthly financials, as required by policy.

There was some discussion of the Co-op's cash status. RC commented that the Co-op's cash improved after the insurance reimbursements were made and that the data analyzed in the monitoring reports only went through March 2011 and did not include the insurance reimbursement. So, the Co-op's cash position improved as of April 2011: the total reimbursement was over \$100,000. Therefore, he stated the Co-op's cash requirements are not urgent, but the lack of profitability is still the major finding of the Third-quarter TPSS Co-op Monitoring Reports. RC offered that the Finance Committee is hoping to find a sales increase in the fourth quarter.

He noted in regards to the Co-op's insurance company the previous insurance company/workman's comp. vendor will not renew the Co-op's policy. Of course, he stated going forward, the Co-op needs to be more prudent in re: to risk. Reportedly, Brenda Tilery received quotes from several other companies; Travellers was the best choice, and ironically, it will actually cost less than what the previous policy had cost. It would be installed in June. MB confirmed that Co-op management is working on taking the fire department through the basement of TP.

MR asked the Finance Committee if there were any analysis from prior to 2007; she wondered about the five year fiscal trend. DW summarized that in the more recent time period, 2007 was the highest year in financial performance; but, in 2008 it dropped; in 2009 it held even; and in 2010 it dropped again. DW suggested that this could mainly be attributed to labor costs, though margins influenced these outcomes as well. DW noted that labor costs shot up last year. SD suggested that using the revenue figures as the determinant, he believed the over-arching problem might have been sales, and theorized that the Co-op may have stopped suiting the market: by not offering enough variety in items, it lost or never attracted enough customers. He stated that this all reflected the need for expansion.

There was some discussion on whether Whole Foods' entrance to Silver Spring in 2000 generated significant losses. The Board President pointed-out that previously sales began to go flat, basically just maintaining at the rate of inflation and not growing: essentially selling the same amount of food to same amount of people. He pointed out two issues that the Co-op has struggled with, margin and cost, with cost affecting the bottom line. He explained that staff expenses rose in an attempt to get more expertise, while sales stayed low. CD commented that

she believed historically MOMS in College Park was a real competitor to the SS store; the Co-op lost POS staff. There was agreement that overall wholesale costs-of-goods-sold has not been updates and the Board noted that now the Co-op is trying to capture prices accurately. AG explained that the Co-op will have a receiver in the TP location by the end of the month and that this receiver will work with Robert to get the price in POS to correctly reflect what we paid for it. Furthermore, he noted this information will be captured in financial statements.

RC reported on the Co-op's SS store lease negotiations and was pleased to report that the SS store will be getting a \$2 per sq. foot reduction in rent. Now, reportedly, the SS store will pay \$24 per sq. foot instead of \$26. The Board applauded the work of Brenda Tilery! Additionally, there is likely to be *no* increase in rent for 18 months. Finally, RC reported that it was discovered that last year, the SS location was overcharged \$6,400 in water bill fees, so that fee should be credited back to the SS store/Co-op. RC explained that the Finance Committee is going to make a recommendation to the Board on the potential terms of the lease. However, the pieces already negotiated, *mentioned above*, exclude the term (or length) of lease.

**GM Report:** AG reported that a staff meeting was held on June 8th. Topics covered were the new structure for management at both stores and FTS. AG noted that there have always been some issues of conflict around FTS; so now there is policy for the management on duty to manage FTS. AG reported spending a lot of time at both stores; he is trying to work-out management. AG reported that on June 30 and July 2nd both stores will be closed at 6pm to perform inventory. AG reported that the TP parking lot was repaved; however, he was not given too much notice of which spaces would be worked on when nor were they able to accommodate his request to leave the loading dock open and available. More than likely, he explained, there was a sales loss to the store; Robert was helping to obtain an analysis of estimates of that loss. AG noted that he planned to communicate with the City manager on this and on the sign that indicates "public parking," as it does not specify where that parking is supposed to be. There was some discussion about the TP lot and clarification re: the TP stores' spaces; not all of them have been painted yet. Eighteen employees and a number of shoppers took a field trip to ECOCity Farm in Edmonston, and AG gave credit to Nicholas B. for working on that effort. Next Friday, he stated they are planning another field trip to an organic farm and looking to support local vendors. AG and management replaced two credit card machines, each costing \$900. The Silver Spring store held its open house on May 31st and many new members joined and used their introductory 20% off coupons.

**Board Budget:** CD noted broad support amongst staff for the employee relief fund, and DW reported that he had allocated \$1000 in the proposed FY2011-2012 Board budget for it under SRC. DW noted that the proposed Board's budget has now decreased by \$9,000 since the SRC was being transferred to the operations budget but raised by \$1,000 for a staff relief fund. He emphasized that careful procedures coordinated between the GM and the SRC/staff committee would be needed to establish the proper management of the relief fund.

There was discussion amongst Board members as to whether this allocation fell under a governance function and belonged in a governance budget or not. The Board asked Marilyn Berger for her thoughts on the employee relief fund. Marilyn's immediate response was that she wanted to see it structured to be fair.

SD made a motion to remove the line item of \$1,000 for SRC out of the FY 2011-2012 Budget. He also asked the Board to consider creating a separate budget for GM recruitment and remove

the \$3,000 allotted to Recruiting, with the understanding that there would be a separate recruiting budget when the Board begins recruitment. TW asked the Board to table the decision re: the \$1,000 allocation for the employee relief fund and the \$3,000 allocation for GM recruitment, and she asked for input from MB. However, the Board agreed to pass the FY 2011-2012 Budget after removing those two allocations.

**Expansion Committee:** RC reported that the Expansion Committee met in the first week of June. Jerome Paige is leading the planning phase of The Committee's expansion; he went through the framework. Lorig Charkoudian (LC) talked about the cities' expectations in regards to the expansion. Sarah Daines, Director at the City of Takoma Park's Department of Economic and Community Development, gave the Committee an overview on how the City manages development projects. Those from the Co-op asked her about the potential for a public/private partnership. She was clear that the City of Takoma does not invest in public-private partnerships—has no money for this. However, Ms. Daines expressed that they can give support in other ways; her office is a connector and can connect the Expansion Committee/the Co-op to county and state programs for funding. Reportedly, she emphasized that the Department can structure with the Committee on job creation in the course of the expansion; she advised the Committee to look at ways they can ask for support around job creation. Ms. Daines also spoke about bonding through programs. SD pointed-out that any city with a population under 50,000 has a zero budget funding stream: it channels through the county. However, importantly, Montgomery County, like any county, is not going to endorse a project for a city in its municipality unless the hosting city does as well.

RC shared that any lease or sale of the TP lot would have to go through a competitive process at fair market value. Ms. Daines, reportedly, stated that the Committee should expect a 24 month planning process; she recommended that The Expansion Committee start with the Montgomery County Planning Department as the Committee figures out its timelines and progress benchmarks. RC reported that they also discussed traffic flow at the meeting and Ms. Daines estimated \$200,000 for a traffic study, if the Committee and Co-op are interested in asking the City for help with that cost. The Board President pointed-out that the Co-op and Committee does need to answer a critical question re: where the curb cuts should be. Traffic flow affects where they should go, so she explained the study is needed. Finally, Ms. Daines recommended that the Committee and Co-op not begin or invest in professional designs/drawings at this early stage. RC explained that LC in her communications with the City came to the conclusion that the Takoma Junction Task Force should reflect Takoma's vision; so, the Expansion Committee also needs to be creative in its approach to the project. TW recalled that Ms. Daines said that we needed to think bigger about the project, for example, consider partnering with a housing developer if the City would not provide the support the project needs. The Board speculated on whether the Takoma Junction Task Force had any interest in pursuing the incorporation of a housing piece to the project, be it housing on the Columbia side, and or on 2nd and 3rd floor levels, etc. The Board President stated that expanding as large as possible, while more attractive to developers, is not necessarily better for the Co-op. He noted the need for the loading dock and certain features.

RC wrapped-up the reporting on the meeting by noting that Ms. Daines was excited about the Co-op's vision and the positives that it brings: building the local economy, providing a community space, and providing a community kitchen.

RC reminded the Board that the ambitious undertaking of expansion requires more responsibility

of them: because this project will be under the Board's purview, all Board members need to be engaged. He saw Board members, who are not directly involved with the Committee, providing assistance by working on leading internal preparedness, which encompasses the areas of finances, HR, operational procedures, etc. RC also stated that the Board needs to provide constructive input at the next Task Force meeting and to beforehand, determine Board member's individual areas of expertise and areas of need.

PQ asked whether a market feasibility study had been considered, to determine things like the expectations if the Co-op doubled in size. He noted this as a potential part of the initial assessment and asked if the Board had considered consultants. RC stated that a market feasibility study would be a potentially external endeavor. DW explained that LC had expressed interest in endorsing a market study and in the Board's taking action on it at this meeting. He too was in support of a market study; however, he wanted the Board to be clear on exactly what they wanted the study to focus on, before they approved and ordered one. One Board member asked if any Board members had engaged in market studies before; DW and RC both had.

RC spoke to Board members re: the informative piece the *Expansion Toolbox* by Bill Gessner and asked Board members to at minimum review its table of contents on the Wiki. He also asked Board members to read the article about the Wheatsville Co-op Expansion.

RC had Board members take the self-diagnostic assessment from Bill Gessner's toolbox to evaluate their readiness to move forward on expansion. RC noted that the Expansion effort will be meeting again the Tuesday before the 4th of July; he wanted Board members to come with an idea of what they can contribute.

***Advisory Group/Membership Committee:*** SD reported that there are two Co-op Advisory Committees. He explained that the group of approximately five people that meet on the first Sunday at the SS store and the group of about eight that meet at TP want to create an across-the-board committee that focuses on marketing. He noted that they want to create a tasters group to attract people; there is a sense that the Co-op shops for what things are not, not wheat gluten, not dairy etc. as opposed to what they are and what they taste like. They are also, reportedly, looking at the POS function and getting data the Co-op needs. So, they can work with AG on suggestions. The Board President commented that he wanted to commend Committee members Meghan McCoy and Anu Aiyar in Takoma Park and Don McCubbin in Silver Spring who have been earnestly involved with the Advisory Committees.

***Report on Organic Farm Community Meeting:*** TW went to the Brickyard Road meeting in Potomac two weeks ago, where a lot of excellent speakers presented. She explained that the decision had already been made to lease the farm to the soccer organization, and she learned that there is no other farm in the Chesapeake area region that grows organic seed and necessarily has that organic soil. She noted that presenters spoke about this because there was a suggestion to move his farming area to a landfill or an area that is near a landfill. Over time, Nick helped develop regulations in regards to the farm and is a scientist, she reported. TW noted that the county probably did not perform its due diligence: the soccer fields are not part of the master plan for that area; the land was not supposed to become a for-profit soccer field. Right now the representatives of Montgomery County are saying the land can only be used for ball-fields. TW suspects some legal challenge will be filed on behalf of Nick's farm at some point. She reported that Nick has obtained a meeting with the County Executive Ike Leggett, and there is discussion of leaving Nick half the land for farming. SD noted this would be a good topic for the newsletter.

Other Board representatives commented that Gordon Clark might be able to do a piece on this issue. TW noted that the Brick Yard Coalition.org has proved excellent coverage as well.

***CCMA Conference Report:*** DW listed some of the major presentations DW attended: “Ride the Wave of Expansion Planning” presented by Bill Gessner, “Preparing Your Board for Expansion” a case-study by Wheatsville Co-op, “Raisin Mondo Loot for Your New Crib” presented by Willy Street Co-op, and a “What is Good Governance” workshop presented by Brett Fairbairn of University of Saskatchewan. DW noted that he brought back materials from the presentations. He also shared that he was a presenter with a group comprised of Co-op leaders from all over the country. He reported that he sent a survey out on survey monkey. DW also disclosed that he was on the Wheatsville Board in the 1980s.

DW noted that he attended a talk by Art Sherwood, a Board Leadership Development Consultant and Associate Professor; he liked the idea of having him present at the board retreat. DW also made connections with a Board member of Weaver Street Co-op in Philadelphia and believes that can be helpful in the future. DW asked for recommendations for a professional/s to perform a market study for the Co-op. Debbie Suassuna of CDSCC was widely recommended.

AG reported that while at the conference, he got to see a successful Co-op GM, and it was useful for him to get materials and exchange information. He attended classes on leadership for ex.

“The Total Leadership Team” and how management motivates their staff. One of the themes, he reported was acknowledging individuals for what they do. He took notes that he would like to share with board and staff. He encouraged all Board members to attend the next CCMA.

DW proposed that the Co-op consider being a co-sponsor for one of the next conferences. DW explained that he might suggest to the organizers of the MAFCA that CCMA should come to Philadelphia or Washington DC next and ask all the local co-ops to jointly co-sponsor it. There was discussion re: how Board members could also partially sponsor themselves to attend such events and/or pursue the Howard Bowers Fund which offers scholarships.

TW reported that John Horty resigned as a Board member in June, to pursue a valuable professional opportunity. There was Board discussion re: filling the Board seat and SD suggested getting a nomination committee and appointment process underway first.

### ***Future Meetings Topics:***

Board members requested the following items for inclusion on the July agenda:

- Completed Exit interviews
- Content for the board newsletter
- Suggestions for changes to the Ends Policies-brought forward from Membership Committee-for the Board to ultimately review.
- Discussion re: the \$1,000 allocation for the SRC towards the employee relief fund and the \$3,000 allocation for GM recruitment
- Nominations Committee

Meeting adjourned: 9:05pm

Next Meeting: July 17, 2011

BOARD MEMBER TALLY  
ATTENDANCE: Term 2011:

<u>Member:</u>	Dec	Jan	Feb	Mar	Apr17	Apr30	May	June
Rooker	*	*			*	*	*	*
Graves	*	*	*	*	*	*	*	*
Townsend (since Apr '10)	*	*	*	*		*	*	*
Quesenberry (since May 10)	*	*	*	*	*	*		*
Rodgers	*		*	*	*	*	*	
Dubb (since Dec '10)	*	*	*	*	*	*	*	*
Whorton (since Dec '10)	*	*	*	*		*	*	*
Horty (since Dec '10)	*	*	*				resigned	June
Walker	*	*	*	*	*	*	*	*
Corbitt (since Feb' 11)	*	*	*	*	*		*	*