

TPSS Board of Representatives Meeting

Date: February 22, 2015

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

Present: Robert Anderson (RA), Emily Townsend (ET), David Zuckerman (DZ), Bill Rodgers (BR), Adam Frank (AF), LuLu Fulda (LF)

Others present: Abdi Guled (AG), Marilyn Berger (MB), David Giusti (DG)

Absent: Rachel Hardwick (RH), Tanya Whorton (TW)

Minutes submitted by: Solveig Mortensen (SM)

RESOLUTIONS:

- The Board approved the January 25, 2015 Open session board meeting minutes as amended; ET motioned and approved by consensus.
- The Board accepted the GM's Monitoring Report: Policy L7-Communication and Council to the Board as submitted; BR motioned and approved by consensus.
- The Board approved AF for the position of the Chair of the Policy Committee; AF motioned, seconded by DZ, and approved by consensus.
- The Board accepted the Policy Committee's proposed Financial Conditions Policy; DZ motioned and approved by consensus. (APPENDIX A)

Open Member Forum: DJ, a farmer of Second Spring Farm, asked the Co-op to consider utilizing a producers' co-op that Second Spring and other farmers may form. He described how collaboration will support small and mid-sized, local, sustainable farms and will entail up-front sales and orders for set amounts of produce as defined by the Co-op. DJ and the GM planned to be in contact; ET disclosed her personal friendship with DJ.

GM Report: Several Board reps. confirmed receiving CGIN access information. The GM relayed the annual \$25.00 per Board rep. cost to receive CGIN's magazine in print; the Board asked to receive only a limited number of hard copies. The GM shared that the MAD Money program continues to do well and confirmed the distribution of the employee handbook.

One Board rep. inquired about the most recent financial reports and how they show a rise in both net income and operating and administrative costs. Management attributed the increase to a decrease in personnel costs; the Co-op has two current vacancies and no longer maintains a Director of Operations position, which it held the previous year. A discussion occurred about how the current vacancies are affecting staff; AG shared his impression that staff have actually used the circumstance as an opportunity to implement new ideas and innovate.

The Board thanked the Co-op and management for their outstanding efforts to keep the Co-op open during a recent snowstorm. The Board gave management the feedback that they would like cashiers to more regularly share the member benefits with non-member customers.

Committee Updates:

Membership Committee: LF shared how the Membership Committee is still searching for a viable date for the spring Member-Owners meeting. LF reported meeting with the Marketing Manager, Greg Czech (GC), discussing his role and member’s interests in price, local goods, and member benefits as indicated in the last member survey. LF noted their discussion on cashiers’ key role in introducing customers to membership and GC’s recommendation for monthly Sunday tabling events to attract members to the store. LF also updated the Board that on her scheduled meeting with the Outreach Coordinator, Sherri Collins, to learn more about Ms. Collin’s role, set official monthly Membership Committee meeting dates, and collaboratively strategize with other Co-op staff about recruiting members to the Membership Committee.

Policy Committee: DZ shared that the Policy Committee has been working on revising and updating the Financial Conditions Policy (FCP) and that they will soon focus on other Board policies. DZ explained that the Chair of the Policy Committee stepped down; the Board approved a new committee chair. The Board agreed that the Policy Committee will take on the task of revising the Boycott Policy.

Nominations Committee: BR updated the Board that the Nominations Committee was unable to meet on Feb. 16th; the Committee rescheduled to meet after the first week in March.

Financial Conditions Policy and Policy Committee Discussion: DZ shared that the Policy Committee worked on revising the FCP with Thane Joyal’s consultation and an understanding of CBLD’s standards to better align the FCP with proper policy governance. DZ also relayed that the GM gave helpful feedback and seemed to raise a question about what the next steps will be if the GM assesses the Co-op to be adequately meeting the financial condition requirements and the Board does not. DZ explained that the proposed draft is less prescriptive than the current FCP and gives some guidance to the Board. AF added that due to fluctuations in the Board’s reporting needs, the Policy Committee recommends keeping the schedule of the required financial reports within a Board record on the Co-op’s wiki. DZ stated that the Policy Committee recommends that the Board adopt the proposed FCP and work with the GM to create an implementation strategy.

Meeting adjourned at 7:15pm

BOARD ATTENDANCE TALLY:

Term 2015:

Rep.	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>
Anderson	*	*	*
Frank	*	*	*
Fulda	*	*	*

Hardwick	*	*	*
Richards	*	resigned	
Rodgers	*	*	*
Townsend	*	*	*
Whorton	*		
Zuckerman	*	*	*

APPENDIX A:

Policy Type: Executive Limitations

Policy Title: L4 – Financial Condition and Activities

With respect to the actual, ongoing financial conditions and activities, the General Manager must not cause or allow the Cooperative to be unprepared for future opportunities, the development of fiscal jeopardy, or key operational indicators to be below average for our industry.

The GM must not:

1. Allow sales growth to be inadequate.*
2. Allow operations to generate an inadequate net income.
3. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
4. Allow solvency (the relationship of debt to equity) to be insufficient.
5. Allow growth in ownership and owner paid-in equity to be insufficient.
6. Default on any terms that are part of the Cooperative's loans.
7. Allow late payment of contracts, payroll, loans or other financial obligations.
8. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
9. Acquire, encumber or dispose of real estate.
10. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
11. Use restricted funds for any purpose other than that required by the restriction.
12. Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

*It should be noted that the financial conditions and activities policy lays out what the GM is prohibited from doing in order to maintain the financial stability of the Co-op. As part of policy governance, the Board should limit the GM as little as possible based upon its assessment of his or her ability. In other words, unless the Board thinks that the GM is not following its guidance, the GM should be given as much leeway as possible. This gives the GM the flexibility to run the Co-op most efficiently, and gives the GM the understanding that the Board trusts his or her judgment.

In this spirit, the Policy Committee/Board has made the financial conditions and activities policy as open as possible by using the terms “inadequate” and “insufficient.” For example, in L4.1 the Policy Committee/Board states that the GM should not “Allow sales growth to be inadequate.” By using this term, the Board is allowing the GM to define what “adequate” means and is for the Co-op at any given time. If we are in the midst of expansion, adequate growth may be measured differently than it is currently. For example, the GM may compare our growth to other co-ops going through expansions (or who have completed such expansions) to show that the Co-op is growing at an acceptable

rate for such circumstances.

As a result, the GM must **fully explain** the definition he or she is using for “adequate” or “sufficient” for each limitation. In addition, he or she should give the Board copies of any statistics used, etc. so the Board can fully understand the definition used, how the GM came up with the comparison figures, and how the GM came up with the figures from our co-op. The GM should also give the Board any other reports, etc. he or she feels necessary for the Board to fully understand the co-op’s current financial picture.