

# TPSS Board of Representatives Meeting

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Date: September 24, 2017

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

Board present: Rachel Hardwick (RH), Robert Anderson (RA), Melissa Schweisguth (MS), Adam Frank (AF), Susan Cho (SC), John Cox (JC), Fred Feinstein (FF), Mary Rooker (MR), and David Zuckerman (DZ)

Staff present: Martha Whitman (MW), Interim GM

Attendees Present: Bill Hamilton (BH), Mark Phillips (MP) Aronson Auditor, David Semendinger II (DS) Aronson Auditor

Minutes submitted by: Solveig Mortensen (SM)

## BOARD ACTION:

- The Board approved the August 21, 2017 open session Board meeting minutes as submitted.
- The Board accepted the monitoring report for “L-6, Asset Protection” as submitted.
- The Board certified the vote on the bylaws.

*Acting GM's Updates:* MW reported that she has been holding weekly leadership team meetings. She explained that she is noticing more communication with and among the staff. Additionally, she is empowering staff to come up with solutions.

MW described how she has been working with staff across departments to make some relatively straight-forward operational improvements to keep sales strong. They want to ensure a positive experience for the shopper: have the Co-op be clean and appropriately organized, and ensure items are easy to find, which may require a re-set in some areas. MW shared the positive feedback from an NCG contact that the Co-op's buyers are striving to keep the product lines current and products fresh.

MW explained how she is also attempting to provide the Board with a more tempered vision of what the operational budget and projected growth rate will ultimately be. MW shared that she been able to identify December 2016 as the point when the margin issues emerged and refrigeration as the area where the margin is slipping the most. MW also identified some issues with the processes of tracking and logging invoices and reconciling receivable receipts.

The Board acknowledged that the Co-op's 2018FY operational budget has already been accepted and requested a new 2018FY operational budget.

The Board encouraged MW to continue researching the way the Co-op's cash is currently held and expressed an interest in revisiting what institutions the funds are brokered into and of these, what portion is liquid and whether all are federally insured.

Due to an inquiry, Board and management discussed the topic of the Co-op’s hiring people with special needs. Board and management also discussed how historically the Co-op has not sent a letter of non-interest to any denied applicant due to the volume of applicants. A Board representative affirmed the increased cashier engagement re: memberships with shoppers. In response to inquiry, MW shared that the union has not yet approached Co-op management re: negotiations.

**Monitoring Report:** MW confirmed that she verified the currency of the Co-op’s insurance payments and the presence of normal insurance levels for the Co-op. The Board discussed how the policy indicates monitoring by an external audit or review. The Board planned to ask the auditors what a third party needs to review of the Co-op’s asset protection measures for compliance. The Board accepted the L-6 Monitoring report.

**Certification of Membership Vote on the by law modifications:** The Board certified the vote on the bylaws.

<b>TPSS Byaws Vote Summary</b>	<b>YES</b>	<b>NO</b>	<b>ABSTAIN</b>
Article 2.3: Members provide email	216	10	12
% of valid ballots	90.76%	4.20%	5.04%
Article 2.5: Terminate membership not member	229	1	8
% of valid ballots	96.22%	0.42%	3.36%
Article 5.5: Option to email meeting/vote notices	223	10	5
% of valid ballots	93.70%	4.20%	2.10%
Article 7.2: Allow biennial audits	199	24	15
% of valid ballots	83.61%	10.08%	6.30%
<i>238 valid ballots out of 265 ballots received</i>			
<i>27 Rejected (online name mismatch, number not in active member list, name &amp; number lines left blank)</i>			

**Membership Committee:** FF reported that the Membership Committee held a well-attended meeting and discussed the upcoming City Council election and the member-owners’ meeting, for which the Committee invited all the Council candidates. The Committee also, reportedly, approved the agenda for the member-owners’ meeting.

**GM Search Committee:** MS reported speaking with a Cooperative Development Services (CDS) contact and confirming that they have a representative who can provide consultation on the Co-op’s GM search; CDS will begin by providing input on a draft online job posting. MS shared that she can draft and job posting for the Board and MW to review and then for the CDS consultant to finalize. MS passed on the consultant’s conservative estimation of up to six months for a new GM to actually begin. MW and the Board reviewed the plan for covering the gap between her

leadership and that of a permanent GM. The Board discussed ways to speed up the hiring process.

**Auditors Presentation:** The auditors introduced themselves and provided their report with accompanying draft statements.

Statements of income, statements of cash flows, and balance sheets:

*The Co-op's financials reveal a healthy net income. The Co-op has experienced 9 months of a direct increase and indirect increase (shoppers buying other items while in the store) from its beer and wine sales. FY17 received a full year of effect from the beer and wine product line. Income before income taxes has increased. The largest use of cash came from the taxes the Co-op paid within the year.*

Board and management heard that the Co-op could pay less taxes at the end of the year or pursue a tax refund. The Board and auditors discussed the return on the Co-op's CDs. The auditors also confirmed that the Co-op's cash on hand is robust.

*Depreciation decreased slightly as some Co-op assets have come to the ends of their depreciable lives and there were more repairs over the last year. Net assets have increased over the year.*

The auditors confirmed that the Co-op is at the end of its schedule for deferred depreciation and will not have much in tax depreciation until it makes more capital purchases

The auditors also reported on the following: the COGS, operating expense, inventory, deferred income tax, investment for cooperatives, and new member capital contributions.

Notes to financial statements:

*The Co-op was approved to receive a \$500K grant from the state of MD. Regarding the grant, the auditors and Board summarized the following: the Co-op has 7 years to make that expenditure; the Co-op will need to prove that it has matching funds and is obliged to spend \$500K to receive \$500K; the Co-op must submit receipts from their purchases; fixed asset additions that the Co-op pays for from its matching funds (out of pocket) should be recorded; however, the \$500K is not recorded until it is spent; only the \$500K of what is spent from the Co-op's matching funds is depreciable.*

The Board inquired about the state and federal tax obligations on the \$500K grant monies; the auditors planned to provide the Co-op with information about this.

Internal controls letter:

The auditors summarized that they identified no deficiencies in internal control that they would deem as material weaknesses. They recommended that management formally review journal entries and approve their preparation by another party.

Meeting adjourned: 8:10pm

The Board went into Executive Session with the auditors.

Board Representatives' Committee Memberships:

Membership and Community Affairs Committee: FF, Chair; SC, MR, JC

Audit and Finance Committee: AF, Chair, RA, MS, DZ

Personnel Committee: RH, Chair; RA, MR

Policy Committee: MS and SC, Co-Chairs; DZ, AF, MS

Nominations Committee: RH, Chair; MS, FF

GM Search Committee: MS, AF, MR

Term 2017:

<u>Rep.</u>	<u>Dec</u>	<u>Jan</u>	<u>Mar</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July*</u>	<u>Aug</u>	<u>Sep</u>
Anderson	*	*	*	*	*	*		*	*
Cox		*	ex	*	*	*		ex	*
	(Appointed Jan.2017)								
Cho	*	*	*	*	*	*		*	*
Feinstein	*	*	*	ex	*	*		ex	*
Frank	*	*	*	*	*	ex		*	*
Hardwick	*	*	*	*	*	*		*	*
Rooker	*	*	*	*	*	*		*	*
Schweisguth	ex	*	*	*	*	*		*	*
Zuckerman	*	*	*	*	*	ex		ex	*

(ex=excused)

\*no July 2017 meeting