

TPSS Board of Representatives Meeting

Date: January 25, 2018

Time and Place: 6:00pm, Historic Takoma

Board present: Rachel Hardwick (RH), Robert Anderson (RA), Melissa Schweisguth (MS) arrived 6:40pm and left 8:30pm, Susan Cho (SC), Fred Feinstein (FF), Susanne Lowen (SL), and Mary Rooker (MR), Diane Curran (DC)

Board absent: Adam Frank (AF)

Staff present: Martha Whitman (MW) Interim GM, Hussein Choteka (HC) Store manager

Attendees present: Joseph Clockner (JC)

Minutes submitted by: Julia Eddy (JE)

BOARD ACTIONS:

- The Board approved the December 17, 2017 open session Board meeting minutes as submitted.
- The Board approved the October 2017 Member-Owner meeting minutes as submitted.
- The Board accepted the proposed revisions to policy L-4 Budget/Financial Planning as amended. See APPENDIX A.
- Policy Committee to revise L5 and resubmit for February Board Meeting.

Dinner break 6:00-6:30pm.

Meeting commenced 6:30pm.

Check-In/Announcements:

MW's last day as Interim GM is Friday, Feb 2.

Board Retreat Sunday 2/4.

Next Board meeting Thursday 2/22.

Earth Day 4/21.

Member-Owner meeting 4/29.

RH reported a great new board member orientation in January. RH shared Best Practices/Agreements for Board Meetings.

DC and SL reported on CBLD Training in Durham, NC. Very interesting and valuable. Wanted more on finances. Nice to have other participants from co-ops in different stages of development and in different situations - co-ops that are in food deserts, one co-op that bought a farm. Member engagement seems like a common struggle across co-ops.

Planning the retreat Feb 4, Historic Takoma, 8:30-4:30: Focus on 1) policy governance 2) priorities for the next 5, 10 years for GM and 3) what is it like to have a new GM? Send ideas for agenda to RH so the facilitator can plan it. No one from management will be present.

FF requests of the facilitator more interaction than presentation.

Open Member Forum:

Guest JC was on the board 15 years ago for 10 years. Concerned about longevity of the Co-op at this time. He asked if members not on the Board can participate in committees. Was part of the GM search three times in the past. RH responded that members cannot participate in FAC or Personnel Committee, but otherwise committees are open.

MR brought a piece of member feedback: customer proposed selling Armenian wine. We carry Turkish wine but for political reasons might want to reconsider selling Armenian.

Interim GM's Report:

MW highlighted points to read in the GM Report. Sales have been going down. It's not the size of the shopping basket, but the customer count. We have suffered from out of stock items from UNFI. Might just be a bad month, but there is a trend. Use of MAD discount has gone up dramatically - used to be 1.5%, now 3% of sales. Membership has grown. Have loosened return policy. Thought about sending a communication about UNFI shortages that are outside the Co-op's control, but that can backfire if people think the store will be out of things. Management is moving forward with branding redesign – name, logo, website, etc.

Board committee updates:

Policy Committee: L4 is back on the table with minor changes. GM proposed budget v. actuals every quarter, showing quarterly and year to date. RA suggests add “or performance” after ability in a * section. L4 was approved with the changes.

L5 sent back to the Policy Committee for more revisions. It was suggested to add “projected” in front of income level, to seek a balanced budget.

GM Search Committee: discussed in closed session.

Membership and Community Affairs Committee (MCAC): MCAC proposes and Board agreed to host a semi-annual Membership Meeting on the afternoon of April 29th. Art Hop is the that weekend but ends around 3pm on Sunday.

SC is stepping down from MCAC.

Open session adjourned at 7:25pm.

Committee Assignments:

Audit and Finance Committee: AF (Chair); RA, MS, SL

Policy Committee: MS, SC, (Co-Chairs); AF, DC

Membership and Community Affairs Committee: FF (Chair); MR, DC

GM Search Committee: MS (Chair); MR, AF

Nominations Committee: RH (Chair); AF, FF

Personnel Committee: RH, RA, MR

Term 2017 Meeting Attendance:

	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Anderson	*	*										
Curran	ex	*										
Cho	*	*										
Feinstein	*	*										
Frank	ex	ex										
Hardwick	*	*										
Lowen	*	*										
Rooker	*	*										
Schweisguth	*	*										

(ex=excused)

Board Terms:

Board Representative	Term:	Term Ends:
Anderson	1 year (consecutive term)	2018
Curran	3 years	2020
Cho	3 years	2019
Feinstein	3 years	2019
Frank	3 years (consecutive term)	2020
Hardwick	3 years (consecutive term)	2019
Lowen	3 years	2020
Rooker	2 years	2018
Schweisguth	2 years	2018

APPENDIX A:

Policy Title: L4 – Financial Conditions and Activities

Adopted: July 2002

Last Revised: January 2018

With respect to the actual, ongoing financial conditions and activities, the General Manager (GM) 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 member-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).

Monitoring: This policy will be monitored in several ways:

1. The GM will provide a quarterly report to show compliance with all above limitations.
2. Financial reports will be made available to the Board and the Audit and Finance Committee on the following schedule:
Annually, after the close of the fiscal year and in time for the annual report to member-owners:
 - 10-year trends (by year) of: annual sales, net income, cash, days cash on hand, total debt to equity ratio, current ratio.
 - 10-year trends (by year), a balance sheet showing: current assets, fixed assets, other assets, current and long-term liabilities, member-owner equity, patronage dividend, and earnings.
 - A data-based comparison of our financial performance to comparable consumer food cooperatives.

Quarterly – reports should be sent in time for the Audit and Finance Committee meeting the second month after completion of inventory every quarter (i.e., within two months of the end of the quarter):

- 5-year trends (by quarter) of margin minus labor, sales/labor hour, inventory turnover, sales growth, EBITDAP, net income as percent of sales, the current ratio, the quick ratio, debt-to-equity ratio, number of member-owners, member-owner paid-in equity.

- Quarterly tax payments made (dates and amounts for payroll taxes, sales, federal income, state income, and any other taxes).
- 5-year trends (by year), a balance sheet showing: current assets, fixed assets, other assets, current and long-term liabilities, member-owner equity, patronage dividend, and earnings.
- A comparison of the budget versus actual income and expenses for the quarter and for the fiscal year to date (by quarter).

Monthly, for the previous month, one week in advance of the Board meeting if it is held on or after the fourth Sunday of the month:

- 5-year trends (by month) of: sales, net income, cash, current ratio. Numbers for the immediately preceding month may be preliminary pending additional invoices, etc.

These reporting requirements shall be considered the minimum information the Board requires to assess the financial condition of the Cooperative. The GM shall provide additional information as deemed important to the Board for it to consider, regarding the Cooperative's financial condition.

*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 or performance. 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.