SWARTHMORE CO-OP BOARD OF DIRECTORS

MINUTES OF MEETING

November 25, 2013

The meeting, which was held in Swarthmore borough Hall, began at 7:05 PM.

Present were President, Bob Scott, Vice President Martyn Harding, Secretary, Pam Bartholomew, Treasurer, Michael Markowicz, and Board members Don Delson, Helen Nadel, Andy Rosen, Carol Savery, Karen Shore and General Manager, Marc BrownGold.

Approval of Minutes

The minutes of the October 28, 2013 meeting were approved on a motion by Don & seconded by Helen.

General Manager’s Monthly Update

General Manager, Marc BrownGold, provided his monthly update to the Board. Sales were down slightly from last year mostly because the 2012 75th Anniversary celebration led to a bump in sales that could not be repeated. Dairy and Grocery sales in particular were down: Deli and Seafood were up. Most of the discussion was a follow up to last month’s request for the Nut Butter Stand which was tabled in order to collect more information. Included in the board materials were articles that Marc provided on aflatoxin and the benefits of nuts in a diet. Marc explained that there has never been a reported case of aflatoxicosis in the US and felt that any health risks from in store nut butters were minimal. He also felt that the nut butters would be a good replacement for the slow moving pet foods ($270/wk) whose shelf space will be reduced to 4’ to accommodate the nut butter stand. The cost estimate was $1600 for the stand plus $1000 each for two grinders. Carol questioned the timing of spending more money now on this project when earnings are disappointing. Don felt strongly that this was a case of “you have to spend money to make money”, that not investing in new ideas will promote stagnating sales. Marc strongly agreed.

A motion was made by Don & seconded by Martyn to approve the expenditure of $3600 for the Nut Butter Stand equipment. The Board voted to approve the motion with Carol and Helen abstaining and Karen Shore opposing.

Finance Update

Treasurer Michael Markowicz described overall October sales as flat (-1/2%) resulting from declines in Grocery, Dairy and Frozen foods offset by significant increases in Seafood & Deli departments. Expenses were higher (+$74k) than last year, especially wages and advertising. The advertising expense reflects a second position which will be eliminated in 2014. The increase in utility costs was attributed mostly to last year’s electricity rebate.

* Member Loan Deferral Proposal

Carol , Helen and Don met with members who agreed to defer the repayment of their loans totally $40,000. The Finance committee again decided to approach the largest loan holder to request a deferral of their $30,000 loan.

* 2014 Operational Plan and Budget

The Board reviewed the proposed 2014 Budget. It represents a 3% increase over 2013 budget. Net profits of $60k are less than the 2013 budget, but Don described these targets as realistic and achievable. It was noted that the $2500 consulting fee for CBLD was eliminated. President Bob Scott used CBLD very little this year and felt that we could function without them. The plan calls for a new business manager. One of the 2 marketing positions will be eliminated at the end of this year. That salary will partially fund the new position.

The Board voted to approve the 2014 Budget on a motion by Don and a second by Carol.

* Transition from Simple IRA to 401K

Discussion centered on the differences between offering a Simple IRA as a retirement savings vehicle to employees compared to a 401K retirement plan. The 401K is an attractive alternative because the Co-op has more control over the classes of employees who are eligible, i.e., FT with 1 year of service. Legal counsel, Chris Stief, will review current IRA documents to ensure that we’ve been compliant.

Marc and Bob will interview prospective vendors for the new 401K. The finance committee will make a recommendation next month regarding the transition to a 401K.

* Medical benefits for spouses/domestic partners

A discussion followed about requiring employee spouses to take their benefits from their own employer’s plan rather than the Co-op’s plan. The Finance Committee will make a recommendation next month.

Marc will also speak to Lacher, out current provider, to find out if current employees’ benefits can be “grandfathered” into the new plan.

All of these changes designed to save money will be weighed against the Co-op philosophy of offering generous benefits.

GM Monitoring –B1:Financial Condition and Activities

A motion was made by Don and seconded by Andy to accept the report. The Board approved the motion.

Co-op Premises Board Self Monitoring: D-2 GM Accountability

The Board found itself in compliance with D-2. President Bob Scott recommended that future annual GM evaluations alternate between a Board review and a 360 Review. The report was accepted by the Board on a motion by Michael and a second by Don.

The Future of Sunday Suppers

Sunday Suppers has thrived since its inception largely due to the herculean efforts of its founders Helen Nadel and Karen Shore. While the program has been enthusiastically received by its recipients, it has become too time consuming for its two founders to continue in its current form. Besides their time, other issues that must be addressed for it to continue are costs (how to fund it), sharing space with the Co-op and training volunteers on food safety practices. The following models were discussed as replacements to the current method of running Sunday Suppers.

1. The Co-op takes over the program, cooks and delivers the meals using Karen and Helen as advisors. This option has very high cost to the Coop in personnel hours and product costs.

2. All volunteer run (no longer a Board driven program). This option was determined to be impractical because relying on all volunteers wouldn’t be dependable enough.

3. Same as #1 but with a Board member being responsible each month. This option was rejected because not every board member would have the time or interest to lead it. It would not be very efficient in terms of the continuity of management.

4. Provide only food, not meals to recipients. This option fails to accomplish the mission of Sunday Suppers which is to provide wholesome and nutritious prepared meals.

5. The “non-profit” model. Marc felt that the Co-op staff (Prepared Foods) could easily handle the food preparation without incurring extra labor costs. This eliminates the problem of volunteers being in the way of Co-op staff and not being trained in food safety. Helen and Karen could consult and provide the menus that have worked so far. Volunteers could continue to participate for the meal deliveries. The Board would continue to oversee the administration of the program. A 501C-3 would be established to allow us to raise money to fund the program.

There was no doubt that everyone (Board and GM) valued Sunday Suppers and wanted it to continue as a cornerstone program that the Co-op provided to the community. The non-profit model seems to be the most sustainable in the long run from both a labor and cost perspective. Karen will report at the next Board meeting on the process and budget necessary to start the 501C-3.

Information Sharing and Discussion

* Long Range Plan Chapter Updates:

Because of the time devoted to Sunday Suppers, it was decided that Martyn would compile the finalized long range plan chapters so that the operational managers could include them in their 2014 plan. The Marketing Plan is still outstanding.

* Education committee

Helen reported that the Education Committee had met and formalized a lot of the jobs on the committee. She also outlined the list of upcoming offerings including:

“Beyond Kale” in January

“Pastry” in February

Indian cooking (already sold out)

“Quickies” planned for summer.

* Storage Unit Inspection

Pam visited the Storage Unit and found that there were only 2 boxes of Board materials. One contained very old $5 membership receipts. The other had some old financial reports and tax returns.

* 2014 Calendar

Dates for the 2014 monthly Board meetings were proposed, as well as the date for the Annual Meeting (April 3) and annual Board Retreat (April 26). The calendar will be voted on and finalized at the December meeting.

Review of Action Items

* Bob will ask for $30,000 member loan deferral
* Bob will prepare letters to members who agree to defer loans
* Carol will contact the two other members re: deferral
* Bob will inquire as to whether CBLD has a cheaper, "lighter" plan
* Finance Committee and Andy will make a recommendation regarding transitioning to a 401K plan
* Bob will contact Chris Stief regarding consequences of non-compliance with simple IRA rules
* Marc will report to the Finance Committee regarding changes to medical benefits plans
* Karen and Marc will plan a February fundraiser for Sunday Suppers
* Karen will contact Franny Reilly regarding costs for setting up a 501c3 corporation
* Marc will direct Anthony to provide an updated Marketing plan chapter
* Martyn will integrate updated plan chapters into one document
* Bob will ask Sharon to recommend a retreat facilitator

Adjournment

The meeting was adjourned at 8:55 PM. An Executive Session followed.

Next Meeting

The next regular meeting will be held on Monday, December 16 at 7pm in the community Room of the Swarthmore Borough Hall.

Respectfully submitted,

Pam Bartholomew

Secretary

Documents for the Meeting

Co-op Board Agenda 11/25/2013

Co-op Board Minutes 10-28-2013

GM Report- October 2013

Marketing Report- October

October Membership Report

Co-op October 2013 Balance Sheet

Co-op October 2013 P&L

Monitoring Report B-1: Financial Condition and Activities

Budget 2014

Proposed 2014 Co-op board of Directors Meeting Dates

Sunday Suppers Discussion