SWARTHMORE CO-OP BOARD OF DIRECTORS

MINUTES OF MEETING

December 16, 2013

The meeting, which was held in Swarthmore borough Hall, began at 7:00 PM.

Present were Vice President Martyn Harding, Secretary, Pam Bartholomew, Treasurer, Michael Markowicz, and Board members Don Delson, Andy Rosen, Carol Savery and General Manager, Marc BrownGold. President Bob Scott attended the first half hour and had to leave for a Borough Council meeting. Board members Helen Nadel and Karen Shore were unable to attend.

Approval of Minutes

The minutes of the November 25, 2013 meeting were approved on a motion by Don & seconded by Michael.

General Manager’s Monthly Update

General Manager, Marc BrownGold, provided his monthly update to the Board. Sales were down compared to 2012 but Thanksgiving sales were included in the period in 2012 and not 2013. Marc added the Thanksgiving week sales in the 2013 November numbers for an “apple to apple” comparison and sales were up 4%. He noted that so far, December sales are robust, up 14% last week.

Dairy and Grocery sales are up, already reflecting the new manager’s influence (attention to detail in ordering and product shrinkage). An outside hire has accepted the position as the new assistant manager in Grocery.

Another marketing effort under consideration is the development of a Coop brand of pasta.

A 2014 HR goal for Sara and Kira is to systematize HR practices, especially standardizing wage increase protocols.

Marc and his team are also working on plans to standardize business partnerships/ memberships for the Co-op: i.e. defining exactly what they are and what the parameters and procedures should be that go along with them. For instance, the Co-op currently sells to some local businesses (Hobbs, Occasionally Yours, Ariano) at wholesale prices. Swarthmore College is a “member”. Defining if and how the cost structure should be different from retail customers for these “business” customers is underway.

The new installment program for memberships ($5/month for 60 months) has yielded a bonanza of new members- 125 in Oct and 75 in Nov. getting us to almost 1500 total Co-op members.

Finance Update

* 401K

The proposed move to a 401K retirement plan was discussed before President Bob Scott had to leave the meeting. The change to the 401K must be approved by the Board and offered to employees by December 31, 2013 because any contributions made to the simple IRA in 2014 would require staying in that vehicle for the entire year. Unlike an IRA, any employee who works 1000 hours (full time) is eligible to participate in the 401K and would be 100% vested from day one. The Co-op will be able to offer the 401K plan to more employees.

There are three parts of the 401K that need to be addressed:

1.Money management

Marc and Andy met with representatives from Lacher who recommended “Delaware Investments” as the Money Manager for the 401K. (Lacher does not offer this service).

2. Administration of the plan/ record keeping

3. Co-op matching of employee contributions.

Under the current IRA vehicle, the Co-op contributes 2% whether or not an employee contributes to the plan. Most of the 10 employees who contribute do so at 2-3%. With a 401k, the Co-op could spend less on matching if employees’ contribution level is lower than 2%.

A motion was made by Don and seconded by Martyn to close the IRA as the retirement vehicle offered to co-op employees and offer a 401K in its place. The Board approved this motion.

A motion was made by Don and seconded by Carol to delegate the selection of the 401K vendor to the Finance Committee. The Board approved.

Don moved that under the new 401K plan, the Co-op will match up to 100% of the first 2% that employees contribute. Andy seconded the motion and the Board approved it.

* Monthly Update

Treasurer Michael Markowicz explained that the November sales decline (off 5 1/2%) was attributable mostly to the Thanksgiving meat sales being in the 2012 data and not in the 2013 November period. Expenses were flat , but the cost of goods was up.

Where the Truck-a-thon fees are recorded needs to be checked. They need to be moved to Special Events. This is the first time that participating trucks were charged a fee ($300).

* Business Manager

The Business Manager job description has been finalized by the Finance Committee. It will be posted as soon as possible.

* Member Loan Deferral Proposal

No further loan deferrals have been procured. Bob Scott will contact our largest loan holder to request a repayment deferral.

* Medical benefits for spouses/domestic partners

Following last month’s discussion, the Finance Committee recommended that the new Medical Benefits Policy requires employee spouses to take their benefits from their own employer’s plan rather than the Co-op’s plan. This policy was approved by the Board after motion from Don and a second from Carol.

It will be effective 1/1/2014 for all current and future employees. Lacher explained that “Grandfathering” any employee whose spouse currently uses the Co-op plan is not legal. The new plan would probably cost employees more, so in order to compensate for this cost and not to make the new benefit requirement seem like a penalty, employees will be offered a one- time bonus.

Changing family coverage from the current 80/20 benefit to 60/40 was discussed. 60/40 is still more generous than the 50/50 industry norm. It was agreed that Andy would consult with Lacher to do an analysis of the 60/40 option.

Board Decisions

* 2014 Calendar

On a motion by Don and a second by Andy, the Board accepted the proposed 2014 calendar.

* GM Monitoring – none this month
* Co-op Premises Board Self Monitoring:

D-3: Delegation to GM: The Board found itself in compliance with this report.

D-4: Monitoring GM:

The Board recommended the following changes to the D-4 policy:

2.c: A “360 Review” will be included in future GM performance reviews. It will be conducted in alternate years by an outside (non-Co-op employee) reviewer.

6. This should be changed to “based on, but not limited to a summary of monitoring reports….”

7. The Board was not in compliance with this section because the GM’s bonus was not awarded by 4/1 (the final financials on which the bonus was based were not available). This section should be amended to read that “the bonus be granted within 2 weeks of receipt of the final financials”. Don requested that the accountants be required to be more timely as they have been consistently slow/late in providing them.

Don moved that D-4 be accepted with the above changes. (The Governance Committee will finalize the language of these changes.)Michael seconded and the Board approved.

Information Sharing and Discussion

* Long Range Plan Chapter Updates:

Martyn had read all of the chapters submitted by each committee and commented on the need for a consistent format across all of the disciplines. Don offered to “edit” them and transform them into a plan. Pam thought that by dropping CBLD as a consultant, we risked loosing co-op expertise that would focus and direct the strategic process.

* Education committee

In Helen’s absence Andy reported that a “No Cook Greens class “ was being offered in January. Helen will be donating her fee as its teacher to Sunday Suppers.

Helen will draft a letter to Sunday Supper volunteers outlining the changes to the program agreed upon last month. Don commented on how much he had enjoyed doing the deliveries last month and what a tremendous asset this program is to the community and the Co-op.

* Sunday Supper Winter Fundraiser

Marc was unable to reach Karen to begin planning this event.

* 501C-3

Karen was absent so there was no report.

Review of Action Items

* Bob will ask for $30,000 member loan deferral
* Marc will post the Business Manager job
* The Governance Committee will execute the changes to D-4.
* Bob will inquire as to whether CBLD has a less expensive consulting option.
* Finance Committee and Andy will make a recommendation regarding changing the family medical coverage to 60/40.
* Carol will contact Karen about a February fundraiser for Sunday Suppers
* Martyn will hand over the updated plan chapters to Don for editing.
* Carol will poll Board members whose terms expire to see who wants to remain or retire.
* Pam will reserve the 2014 Board meeting dates with the Borough Hall.

Adjournment

Andy made a motion to dismiss the meeting. Don seconded and the Board approved. The meeting was adjourned at 8:45 PM. An Executive Session followed.

Next Meeting

The next regular meeting will be held on Monday, January 27 at 7pm in the Community Room of the Swarthmore Borough Hall.

Respectfully submitted,

Pam Bartholomew

Secretary

Documents for the Meeting

Co-op Board Agenda 12/16/2013

Co-op Board Minutes 11-25-2013

GM Report- November 2013

November 2013 Membership Report

Co-op 11-23-13 P&L

Co-op 11-23-13 Balance Sheet

Anthony 2014 Goals

Board Process Self-Monitoring Report D-3 & D-4

Proposed 2014 Co-op Board of Directors Meeting Dates