

## SWARTHMORE CO-OP BOARD OF DIRECTORS

### MINUTES OF MEETING

February 23, 2015

The February meeting was held in the Community Room of Borough Hall. It began at 7:10 PM.

Present were President Martyn Harding, Vice President Carol Savery, Secretary Pam Bartholomew, Treasurer Michael Markowicz, Board members Andy Rosen, Ines Rodriguez, Helen Nadel, Bob Scott, Karen Shore, Don Delson, General Manager, Cheston Lawrence and Specialty Department Manager Nick George.

#### Approval of Minutes

On a motion by Don Delson, seconded by Carol Savery, the minutes of the January 26, 2015 meeting were approved. The Board approved, with Ines Rodriguez, Karen Shore & Helen Nadel abstaining from the vote.

#### Guest Speaker

Specialty Department Manager, Nick George, spoke to the Board about the product offerings and activities of his department. Coming from a sold out "Beer and Cheese Night" the previous Friday, he outlined other occasions planned for the year- Wine & Chocolate pairings in May and five different wine pairings scheduled throughout the year.

The health of the department is strong with sales exceeding budget and cost of sales below budget. Nick emphasized that the Co-op cheese prices are lower than its main competitor, 320 Market.

#### GM Update

- GM, Cheston Lawrence described monthly excursions off site that he has instituted to competitors of the managers' choosing. He hopes to expand these outings to include working on suppliers' farms as a way to give back.
- "Time Force," a new time keeping system, has been implemented at the Co-op. It is managed by the bookkeeper and even allows for off site access to employees (during catering jobs, for example).
- The Marketing Manager position will be re-posted asap. Karen Shore will consult with Cheston about other sites besides Craig's List to reach prospective candidates.
- Cheston outlined the costs of replacing and installing the proposed new meat and seafood cases.

- New meat cases will cost \$28.4k. Removal of the old case and installation of the new will cost \$8k, not including the necessary removal of the side doors and windows during installation.
- A new 6ft. refrigerated seafood case would cost \$12.9k. Replacing the current “ice chest” with a new one would cost \$7784, while repairing the current case would cost \$1200. Removal and installation would also be another \$8k.
- Given these choices, Cheston’s thinking has evolved from replacing the seafood case to repairing it for significant savings. The savings on the seafood case can be spent on the necessary door/window removal.
- Don Delson made a motion that the meat/seafood case project be approved with the caveat that the Board be notified if the cost of the door/window removal is greater than \$5k. Karen Shore seconded the motion. The Board voted unanimously to approve the project.

Cheston also outlined plans for additional signage for the Co-op in the borough. He has arranged to have the Co-op included on new directional signs to the Inn, on swags attached to the light poles near the Co-op, and he is developing plans for signs on Meyers Ave. behind the Co-op.

- An ATM and Red Box will be placed outside of the Co-op.
- An analysis is underway to determine what percent of installment memberships are in arrears. The original plan for installment memberships was an autopay feature so that the monthly \$5 was automatically added to purchases. Why this isn’t happening is being investigated. A process for dealing with delinquent payments has to be developed.

### Finance Update

- Treasurer Michael Markowicz reported total sales for January were off slightly from January ‘14, but a small profit was posted. A significant decline (-23%) in seafood sales was problematic. Gross margins were off for Deli and Prepared foods.
- PNC’s terms for refinancing the mortgage represent the best offer: 4.35% fixed rate for 10 years with a 20 year amortization and no fees. There is a pre-payment penalty only for the first 5 years of the loan. This would lower our monthly payment from \$12k to \$6308. The proposed borrowed amount is \$1.1MM:  
 \$910k owed on the Balloon  
 \$ 52k? For the meat cases  
 \$ 40k member loan payoffs  
 Any remaining balance could be saved for unforeseen expenses.

Don Delson moved that we choose PNC for the mortgage refinance. Bob Scott seconded and the Board unanimously agreed.

## Board Decisions

### GM Monitoring Reports

- B1: Financial Condition and Activities  
On a motion by Bob, seconded by Carol, we were found to be in compliance. The Board approved on a unanimous vote.
- B5: Member & Customer Relations  
Bob made a motion seconded by Carol for compliance with B5. The Board unanimously agreed.
- B3: Asset Protection  
This policy was revised (B3:14) to include language prohibiting contracts that require an equity investment. The new language was approved on a motion by Michael, seconded by Carol with a unanimous Board vote in favor.
- B1-16: This policy was amended to require Board approval for any contract longer than one year, or over \$5k. It was approved on a motion by Michael, seconded by Carol with a unanimous Board vote in favor.
- Board Monitoring Reports  
C1: Governing Style  
The Board voted unanimously that it was in compliance on a motion by Don, seconded by Bob.
- Policy governance Calendar  
The calendar will be revised so that D4 is moved to July, closer to the GM evaluation.

### Information Sharing and Discussion

- DC Filings  
Bob Scott discovered the problem with our standing with the Dept of Consumer and Regulatory Affairs was an inconsistency in the Co-op's name. It was filed as "Consumer Co-op of Swarthmore" not Consumers' Co-op. There were also new forms and fees which we hadn't been aware of. He filed all the necessary forms to bring us into compliance. He also suggested that the Co-op become a PA corporation to avoid the DC bureaucracy.
- Annual Meeting  
Preparation for the Annual Meeting on April 23 is underway. The Nominating Committee will contact a candidate that they had previously interviewed to check on her interest. They will solicit other applications if she is no longer available.
- Education Committee  
Helen announced that the Co-op would provide food for the classes at cost. Cooking classes planned so far include: Winter Root Vegetables, Caribbean Cooking (by Cheston), Pickles & Shrubs.

Ines solicited ideas for the Education Committee on Next Door Swarthmore.

- Sunday Suppers  
Helen reported that Rounding Up continues to provide significant contributions for the program. A discussion followed on how to maintain a base of recipients of the program. Karen Shore offered to speak at churches as a way to connect with potential recipients.
- Andy announced that he will be taking over the Farmers' Market from Marty Spiegel & asked for volunteers to help so that no one had to commit to every Saturday from May- November.
- The HR committee submitted a charter for Board review, to be voted on at the next meeting.
- Martyn asked for ideas for the annual Board Retreat.
- Ines Rodriguez found several references on the Swarthmore College website that either directed students away from the Co-op (to Giant) or were not complimentary, calling it expensive. Karen has had an experience at a conference on campus where the Co-op was not even on a list of places to have lunch. This spurred a conversation on how to improve relations with the college, including having the mayor and town center head approach the college as well as the GM.

#### Review of Action Items

1. Analysis of installment membership default % & plan to address it. Cheston
2. Nominating Committee to follow up with candidates for April election.
3. Revise Annual Monitoring Calendar Pam
4. Karen to suggest other sites for Marketing Manager job posting.
5. Bob will work on incorporating in PA.
6. Explore college relations re: references to the Co-op as expensive on college sites- Cheston
7. Solicit ideas & timing for Board Retreat -All

#### Adjournment

The meeting adjourned at 9:15. An Executive Session followed.

#### Next Meeting

The next meeting will be held on Monday, March 23, 2015 at 7pm in the Community Room of the Swarthmore Borough Hall.

Respectfully submitted,

Pam Bartholomew  
Secretary

Documents for the Meeting

Co-op Board Minutes 1-26-2015.docx

January 2015 GM Board Report.docx

Policy B.3 (revised 2-4-2015).docx

Policy B.1 (revised 2-4-15).doc

Co-op Board Agenda 2-23-15.doc

Co-op Jan 2015 Income Statement.pdf

Co-op Jan 2015 Balance Sheet.pdf

Co-op Jan 2015 Inc Stmt (new).pdf

B5—Member and Customer Relations 2-19-2015.doc

B1-Financial Conditions Feb 2015.docx

DSCR B1 Financial 2015.xls

Meat Seafood Case.doc

Weekly Sales 2015 .xls