

## SWARTHMORE CO-OP BOARD OF DIRECTORS

### MINUTES OF MEETING

August 25, 2014

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

Present were President, Martyn Harding, Vice President, Carol Savery, Secretary, Pam Bartholomew, Treasurer, Michael Markowicz, Board members Don Delson, Andy Rosen, Bob Scott, and Interim General Manager, Sara Yoo. Board members Helen Nadel and Karen Shore and Business Manager, Aliya Glenn were unable to attend.

#### Approval of Minutes

The minutes of the July 27, 2014 meeting were approved on a motion by Don, seconded by Carol. The Board unanimously approved.

#### GM Update

- Interim GM, Sara Yoo, noted positive sales gains last month (more than a 6% increase) despite July and August being traditionally slow for the Co-op.
- There was little negative reaction to the newly instituted \$10 minimum for credit card use or the reduction of the employee discount from 50% to 40%.
- The search for a new inventory company continues as our current provider has not even returned calls.
- The Produce Department manager worked with other departments on their pricing and sourcing, resulting in margin improvement in several departments. They are considering developing a seminar on pricing for all department managers.
- NGCA visit was positive: the representative was impressed the Co-op's product mix. The decision on our acceptance into NGCA will be announced December 15. From the Co-op's standpoint, Michael has asked the Business Manager to evaluate the cost of joining against the discounts we will receive. Specifically, since the Co-op will not get any buying discounts before 2015, it probably makes sense to wait until 2015 to join so that our 2014 net income is not reduced by fees for a service that won't be effective that year. Maximizing our net income improves our position in the 2015 mortgage refinance. Sara will explore the possibility of delaying our membership until 2015 with NCGA. They may be receptive because of a permanent GM not yet being in place.
- The Rounding Up Program yielded \$314 for Sunday Suppers in July. It might be possible to have a default rounding up for members who chose it, but implementation won't be pursued until the 501c3 status is finalized.

- The former GM signed a contract with “How Good” which current management does not want to continue. It was a 2 year contract costing \$3000. Don asked Sara to get legal confirmation that we can cancel it.
- Included in the GM report were customer comments and Co-op response which the Board appreciated seeing.

### Finance Update

- Treasurer Michael Markowicz looked for the reasons behind the increase in both sales and profit for July. The \$7000 profit this month (compared to an \$18000 loss Aug.2013) can be partially explained by salary cuts i.e., no GM salary. However, margins were also noticeably improved. Having the Produce Manager work with other departments resulted in better meat margins. It will take another month of data to tell the value of this “interdepartmental consulting”.
- Health Care consultant, Hilary French, recommended to the Finance Committee that we stay with our current provider, Aetna in 2015. The 16% cost increase is preferable to a 30% increase for other plans.
- The recommendation to have an ATM in the Co-op was rejected. The fees for a surcharge free service were prohibitive.
- PNC was approached to see if they could provide lower fees for EBT which they could not. When we join NGCA, it could possibly offer lower credit card transaction fees.
- IT: The Finance Committee is exploring a service contract to outsource the IT work. Outsourcing has several advantages, primarily continuity regardless of any internal personnel changes. The Marketing & Art Director who just left had done most of the IT work. It is in the Co-op’s interest not have knowledge of the passwords, systems, etc. rest with one employee.
- 2015 Board Budget: The Planning line item was replaced by a Data Storage line item with an associated cost of \$1000 (probably for MTS Software Solutions). It was decided that STCR Data Extraction for Membership would more appropriately fit in the Operating Budget.

### Board Decisions

#### GM Monitoring Reports

- B-1: Financial Conditions and Activities  
Finance Committee member, Don Delson expressed overall dissatisfaction with B-1 monitoring report, calling it too basic with inadequate control points. This led to a discussion of how to reform the monitoring reports that are not working for us. (See Info Sharing)  
B-1.8 Non-compliance wrt Contracts: because the former GM signed contracts with 2 different energy companies & another with a marketing firm

that he did not honor, the Board needs to require that it is aware of and approves contracts. Don suggested that Sara, Aliya & the Finance Committee determine the criteria for contracts that need Board approval. Martyn requested a listing of all current contracts so that we can begin a database.

Bob moved that B-1 be accepted, noting the non-compliance in 2 areas. Don seconded the motion and the Board unanimously approved.

- B-3: Asset Protection  
On a motion by Don, seconded by Andy, B-3 was unanimously approved by the Board.

### Board Process Self monitoring

- C-5: Directors' Code of Conduct:  
  
It was noted that since last month's meeting, all directors had responded by email with a declaration of any conflict of interest. This document will be filed on Backpack.
- C-7: Board Committee Principles  
The Board found itself not in compliance with C-7:3 because committees had not been meeting regularly (especially the Governance Committee which had been relying on a non-board member for policy revisions).  
Bob moved that the Board accept C-7, noting the areas of non-compliance.  
Don seconded and the Board unanimously approved.

### Information Sharing and Discussion

- Discussion centered on how to best make changes to Policy Governance. After 2 years' of implementation, we have enough information to know what works and what does not and should be ready to revise Policy Governance to really meet our needs. The plan to review all of Policy Governance in our Board Retreat was scrapped in favor of a more efficient method. Rather than try to address every policy in our retreat, we will use the monthly review in board meetings to not only judge compliance but also to evaluate how/if the policy is working for us and if it needs revision. Anyone who has a suggested change to a policy should send it to the Board by the Friday before the Monday meeting. The Board will have time to review & react to the proposed changes so that the discussion will be as productive (and short) as possible.
- Nominations for the 10<sup>th</sup> Board member should go to Carol Savery who is heading the nominating Committee. An interim appointment to fill an unexpired term (Tim Stoppard) will be made in September. Voting will take place at the Annual Meeting.
- Board Retreat: We are holding the date of 9/20, but might elect to wait until the new GM is in place.

- Education Committee- no report.
- 501c3: will be reported on in September.

### Member Comments

Four long time Co-op members attended the meeting: Stephen & M. Leweck, Robert & Susan Smythe. Three shared their concerns & perception that HR procedures were not in place to protect employees especially in the case of termination. Board members Andy Rosen (HR committee) and Don Delson (who participated in the termination meeting) assured the members that personnel procedures are in place and were followed. The Interim GM had the unanimous support of the Board. They also questioned the rationale for adding a tenth Board member in September and the transparency of the process to do so.

### Review of Action Items

1. Get legal confirmation that we can cancel the "How Good" contract & at what cost- Sara will forward the contract to Bob
2. Add STCR member data reporting costs to Operations Budget- Sara
3. Create a database of current contracts- Sara & Martyn
4. Define criteria for contracts that need Board approval- Sara, Aliya & Finance Committee
5. Governance Committee to meet & review revision process to policy governance- Bob
6. Martyn will ask Lisa Aaron if she is interested in continuing to serve on the Policy governance Committee.
7. Add committee list & charters to Backpack- Pam
8. Delay " default Rounding Up" until 501c3 is in place.
9. Evaluate cost/benefit of NGCA membership in 2014- Aliya
10. Send candidate names for new Board member to Carol
11. Send proposed revisions to Policy Governance on the Friday prior to Board meeting- all
12. Determine the appropriate logo usage. Hilary to review & meet with the Board

### Adjournment

The meeting was adjourned at 8:45PM on a motion by Bob, seconded by Don. An Executive Session followed.

### Next Meeting

The next meeting will be held on Monday, September 22 at 7pm in the Community Room of the Swarthmore Borough Hall.

Respectfully submitted,

Pam Bartholomew  
Secretary

Documents for the Meeting

2014BoardBudget.xlsx

GM Report for July 2014.pdf

B1-Financial Conditions August 2014.docx

B3 Asset Protection Monitoring Report Aug 2014.doc

Co-op Board Agenda 8-25-14.doc

Co-op Board Minutes 7-27-2014.docx

Co-op Jul 2014 Balance Sheet.pdf

Co-op Jul 2014 Income Statement.pdf

membership for 2014.xlsx

Ins Policies 2014.docx



