MEETING MINUTES Swarthmore Co-op Board Monday October 22, 2018

In Attendance: Donna Francher, President; Stephanie Edwards, Treasurer; Mark Rossi, Secretary; Barbara Amstutz, Greg Bockman, Lori Knauer, John Moots, Andy

Rieger, Ines Rodriguez, Mike Litka, General Manager (by phone).

Guest: Sam Wonderling

7:00 Call to Order / Agenda Review

All

7:05 Approve Minutes of September 24 Board Meeting All

John made a motion to approve the minutes of the September 24 Board Meeting with the correction to add his name to those in attendance. Barbara seconded and motion passed unanimously.

7:05 Member Comments:

All

There were no member comments for Board review.

7:10 Medical Benefits Presentation

Greg and Sam

Greg led the discussion and welcomed Sam Wonderling, insurance broker who handles health insurance benefits program for the Co-op. Highlights of presentation and discussion:

- Health plans in 2019 will remain largely the same.
- Utilization numbers were good in the past year.
- Sam recommended that we remain with our Blue Cross/Blue Shield plan after evaluating alternatives with United and AETNA.
- There are 42 different Blue plans; Sam recommended that we keep the same one that is working well with the make-up of the Co-op staff.
- This is a low cost plan with a high deductible and a 70/30 contribution split. Employees can "buy up" if they wish, and this does not affect the Co-op budget.
- One recommended change is for the HSA (savings) contribution from \$300 to \$500.
- Currently 13 (and soon 16) out of 26 employees participate in the plan; others are likely on their spouse/ family plans.
- Greg noted that there may be interest in shortening the waiting period from 90 days to one month or 60 days.

After discussion, Donna summarized the key elements of the plan for Board approval:

- 1. Renewal of 2018 medical benefit plan with Blue Cross, Blue Shield
- 2. Increase of HSA contribution from \$300 to \$500
- 3. Renewal of ancillary plans with no increase.

Andy requested a plan amendment to decrease the waiting period from 90 days to 60 days. Stephanie noted that the Open Enrollment period for employees will be November 1, 10 a.m. to 3 p.m.

Stephanie made a motion to approve the 2019 medical benefits plan as outlined above. Greg seconded the motion and the board approved unanimously.

7:25 General Manager Monthly Update Report Mike

Outreach/Events

- Mike noted a series of donations to reinforce the Co-op's commitment to the community: Gift card to Swarthmore Friends Jumble Sale; apples and candy for 10/26 Halloween Parade, servings of soup to Empty Bowls Project at Community Art Center, pie donation to Swarthmore Library Bake Sale on 11/1.
- The online holiday ordering system will be active on 11/2.

Facilities

• Bathrooms have been painted.

Operations

- Owner business continues to be down in numbers, even though basket size is up.
- We are planning to reach out to top 100 owners to seek input as to why they believe owner participation is down.
- Thanksgiving arrangements are in place
- We are engaged in conversations with an app company that would permit customers to scan/bag groceries without going through checkout. More info to come.

7:45 Finance Update - September

Mike

- Sales down \$21k to pan but cost of goods was \$16k better than plan.
- Profits were up mainly because of significant decrease in labor costs for the period and refunds/reductions in medical benefit costs by nearly \$18k.

8:00 Budget Discussion

Mike / Stephanie

• Mike noted that the 2019 fiscal budget has been submitted in draft form. It is a conservative budget that with a 5% across the board operating increase that includes forecasted administrative and legal

fees. It does *not* include new business or provisions for the sale of alcohol.

• **Next steps:** Finance Committee will review the budget before the November board meeting. Board members should review the budget in advance of the next board meeting, during which the Board will vote to approve the budget.

8:10 Board Decisions

All

GM Monitoring Reports

 B2: Business Planning and Financial Budgeting

Discussion: The General Manager is out of compliance with because the standards are unattainable given the Co-op's financial condition.

Andy moved we are out of compliance, Stephanie seconded, and the motion passed unanimously.

• B1: Financial Condition and Activities
The General Manager is out of compliance with B1-1 (Will not allow sales to decline fiscal year over fiscal year).

The General Manager has compliance with B1-2 (Will not allow operations to produce a net loss in any fiscal year)

The General Manager does not have compliance with B1-3 (Will not allow liquidity) or B1-4, (Will not allow solvency)

Stephanie noted that the Finance Committee will meet address B1-1 and B1-3 by changing standards/ratios. However, as long as we have a mortgage, compliance with B1-4 will not be possible. A vote on compliance with B1-1 and B1-3 will take place after the Finance Committee meets.

Board Monitoring Reports

• D1: Unity of Control

Ines prepared and submitted D1, which states that only officially passed motions of the Board are binding on the General Manager.

John made a motion that the Board is in compliance. Barbara seconded, and the motion was approved unanimously.

8:15 Discussion

• Update on Liquor License

Work on the obtaining the liquor license is ongoing.

- Committee Update: Engagement/Owner Participation Lori provided an update on the first meeting of the engagement committee, which is focused on building involvement among the owner base. The committee has addressed short-term plans for events in the Co-Op. Another committee meeting is planned for early November; Board members should review the Engagement Committee Charter and committee meeting minutes for details.
- Committee Update: Policy Governance and Administration Ines reported that the committee met to review areas of the bylaws that require updating. A draft of the updated bylaws will be circulated to the Board for review and approval at the November 26 Board Meeting. The bylaws will then be shared with owners to vote via email.
- **Visioning Meeting:** Donna reminded the committee of the upcoming visioning meeting at her home on October 28.
- **Feedback from Co-op Café:** Topics addressed at this event reflected visioning goals and work of the Engagement Committee: How do we better involve and incorporate owner participation into the Co-op's mission, and how do we strengthen our mission with the community?

8:40 Review of Action Items

Mark

- Finance Committee to focus on budget preparation for next Board meeting
- Finance Committee to address Executive Limitation for B1 and B3
- Engagement team to meet in November and solidify action items and events for next several months.
- Policy Governance and Administration Committee: Updated Bylaws to be drafted and circulated to Board members

8:45 Adjourn

Meeting Documents:

October 22 meeting agenda
Board Meeting Minutes – September 24
GM Report – October 2018
Final Budget 2019 with quarterly summary
2018 – 2019 Medical Contributions
B1 – Financial Conditions
B2 – Business Planning and Financial Budgeting
Actual vs. Budget Board Report – September 2018
Sales and Income Graphs for Board Reporting – September 2018
CO-OP Income Statement – September 2018

CO-OP Cash Flow – September 2018
CO-OP Balance Sheet – September 2018
CO-OP 13-month rolling income statement – p. 1 of 2
CO-OP 13-month rolling income statement – p. 2 of 2
CO-OP 2018 vs. 2017 September sales
D1 – Internal Monitoring Unity of Control

Next Meeting: November 26, 2018