

MEETING MINUTES
Swarthmore Co-op Board
Monday November 26, 2018

In Attendance: Donna Francher, President; Jill Gaiieski, Vice President; Stephanie Edwards, Treasurer; Mark Rossi, Secretary; Barbara Amstutz, Greg Bockman, Lori Knauer, John Moots, Andy Rieger, Ines Rodriguez, Mike Litka, General Manager

- 7:04** **Call to Order / Agenda Review** **All**
- 7:05** **Approve Minutes of October 22 Board Meeting** **All**
Stephanie made a motion to approve the minutes with minor edits. Andy seconded, and the motion passed unanimously.

- 7:06** **Member Comments:** **All**
Ross Schmucki, an owner, made a suggestion to provide a “Leave a book, Take a book” exchange in the store. Food-focused books, e.g. cookbooks and nutrition, would be available for shoppers. Owners can donate books to the collection. It was agreed that this would be a great service for shoppers.
Action: Mike will work with the staff to set up a display and the exchanged will be announced via social media.

- 7:15** **General Manager Monthly Update Report** **Mike**

Outreach/Events:

- The next Quizzo will take place on 12/7.
- The Co-op is partnering with Town Center and local businesses to support various holiday promotions.
- The Engagement Committee is developing and implementing a promotional plan for 2019.

Facilities

- The panini press and toaster in the deli have been replaced.
- The convection oven needs replacement following a minor electrical fire on 11/17.

Operations

- 328 turkeys were sold this year. Sales, however, were down \$9,700 due to the fact that the size of the turkeys was significantly smaller this year. A coyote got on the farm and killed the larger birds, so only smaller birds were available.
- Steve Prusinski, former store manager of Fare and Square, will join as new Perishable Manager on December 2.

7:20

Finance Update

Mike

- \$415k to \$420k a month is necessary to maintain profitability. October 2018 was at \$401k.
- Sales were off by \$29k, again due to owner shopping rates being down.
- In conversations and outreach with members, the staff has learned that many of the “larger spend” owners have been away from the area this fall, which has impacted sales negatively.
- Equipment replacement and repair expenses were also an issue over the past few months.

- **Discussion:**

The Board discussed the importance of making owners aware of the Co-op’s financial results via year-end communication. It was agreed that all owners should be better informed. The communication should address where the Co-op did well and where it can do better. In addition to year-end communication, it was agreed that quarterly communication should occur in 2019. It was also agreed that many owners want to help, maybe through micro loans for unforeseen occurrences that arise, e.g. equipment failures that were not anticipated with the budget. Greg asked about store hours....Can we change them? Are we missing an opportunity? Ines raised whether we need to make the hours consistent every day. Board members agreed that the idea of extending hours may make sense in the spring when it is daylight later.

Action: Mike will draft a year-end message to owners for review/input by the Board. The year-end message will be send to all owners who have email addresses.

8:00

Board Decisions

All

2019 Budget

The Finance Committee presented the recommended budget for 2019.

Discussion:

- While the budget received favorable reaction from board members, the need to development of an alternate budget was discussed based on new ideas for increasing sales. In the event that sales do not grow, what are we prepared to eliminate if necessary? With the largest expense being labor, it was agreed that staffing levels

will need to be monitored, and may need to be adjusted. It was also agreed that the meat department may need to move toward more of a self-service model. Like many independent food stores, the current business model at the Co-op does not work as is.

- Board members agreed that these discussions need to continue, and will provide the focus for the visioning meeting in January 2019. Ines recommended that the marketing strategy plan developed by the Articus agency a few years ago should provide a platform for the points that will be covered at the visioning meeting.

Action: Ines made a motion to approve the 2019 budget, Stephanie seconded and the budget was approved unanimously.

GM Monitoring Reports

All

- **B1: Financial conditions and activities**

B1-1 states that “the General Manager shall not allow sales to decline fiscal year over fiscal year.” Sales across the independent grocer industry segment, including our model, have been trending downward due to a changing market, so the General Manager has been consistently reported as non-compliant. The requirements need to be rewritten so that the General Manager can be reported as compliant. The Finance Committee will look at the language in this Policy in order to document what will be presented to the Board each month.

Jill made a motion to approve a complete review of B1 by the Finance Committee. The motion was seconded by Andy and passed unanimously.

Board Monitoring Reports

All

- **D2: GM Accountability**

Ines prepared and submitted D2, Accountability of the General Manager, and reported that we were in compliance.

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

8:20

Discussion

Proposed Change to By-laws and next steps

Board members received an advance draft copy of the proposed changes to the Bylaws for comment, as drafted by the Policy Governance and Administration Committee.

Lori raised questions about some of the terminology in the report, and noted a need for clarity. Please see her email to the Board of November 26 for details. Among the key areas of concern discussed by the Board:

- “One owner” is “one vote”. The term “household” should be avoided. Clarification: If you are an owner you get a member number and as an owner/member you get one vote. A business may have multiple employees. If an employee knows the number you can use it.
- How do we define active vs. inactive owners? Members discussed and agreed that the language for active vs. inactive owners needs to be better defined.
- Members agreed that the Board is not yet ready to vote on the changes. The committee needs to address the issues raised at this meeting and then bring back to the Board for approval. The rationale for the proposed changes needs to be expressed, and a recorded of all changes needs to be documented.

Action: The committee will revisit the proposed changes, clarify and present to the Board at a future meeting.

Board Vacancy/Replacement for Jacquelyn

- Jacquelyn Diamond has submitted her resignation from the board. Board members discussed the need to find someone to fill this position. The Nominating Sub-committee (Greg, Jill) will meet to identify an owner who can immediately come onto the board, or can join when the new Board is elected in April. Barbara recommended Hank Thorne as a possible new member.
Action: The committee will review and qualify members to fill the position, and report back to the board with the list of names.

Update on Liquor License:

- Work is ongoing. Nearly everyone in the Biddle tract has been served with the notifications. The Board is awaiting responses before proceeding toward next steps to obtain a license.

Committee updates:

- **Engagement/Owner participation** **Lori**

Lori recapped highlights of the committee’s November 12 Meeting. Her email to the Board provides details. Committee Goal: one event per month, plus ongoing activities/promotions. Among highlights: Cookie Exchange Sunday, December 16, Owner Ambassadors to greet and interact with shoppers; food demonstrations, e.g. assembly of a cheese plate; Chinese New Year event with Margaret Kuo; Co-op

newsletter, website content enhancements. The committee will meet again in December.

- **Meeting Date for Visioning meeting**

Donna

Donna will identify best date(s) for all Board members to participate for this meeting on a weekend day in January.

8:50

Review of Action Items

Mark

- Finance Committee to address compliance language in B-1.
- Policy Governance and Administration to review feedback to bylaws discussion and address final policy draft.
- Nominating Subcommittee to gather names for replacement for Jacqlyn's position.

8:55

Adjournment

Andy made motion to adjourn, Jill seconded, and the board approved adjournment unanimously.

Next Meeting: Monday, December 17, 2018

Meeting Documents:

November 26 meeting agenda October 22

GM Report – November 2018

Final Budget 2019 with quarterly summary

B1 – Financial Conditions

Actual vs. Budget Board Report – October 2018

Sales and Income Graphs for Board Reporting – October 2018

CO-OP Income Statement – October 2018

CO-OP Cash Flow – October 2018

CO-OP Balance Sheet – October 2018

CO-OP 13-month rolling statement – p. 1 of 2

CO-OP 13-month rolling income statement – p. 2 of 2

CO-OP 2018 vs. 2017 October sales

D2 – GM Accountability

Draft By-Laws, Ines, 11/13/18

By-laws Response email, Lori, 11/26/18

Engagement Committee Report, Lori – 11/12/18