

Swarthmore Co-op Board Meeting
MINUTES
Monday, September 28, 2020

The existence of this member-owned market means that Swarthmore and its surrounding communities will be healthier and more vibrant, the local food system will thrive, and meaningful connections will be between member-owners, customers, and workers in a welcoming environment.

In Attendance: Donna Francher, President; Chris Galbraith, Vice President; John Moots, Treasurer; Jennifer Smuts (Meeting Secretary); Greg Bockman, Stephanie Edwards, Jim Godderz, Kevin Kebea, Vibhat Nair, Ines Rodriguez, Lauren Shohet, Mike Litka, General Manager

Absent: Mark Rossi, Secretary

7:04 Call to Order / Agenda Review

7:05 Approve Minutes of August Board Meeting

Lauren made a motion to approve the minutes of the August Board meeting as written. The motion passed unanimously.

7:06 Member comments

There were not members present at the kick-off of the meeting. Meetings will continue to be publicized to owners. They can request to join via Zoom.

7:07 General Manager Monthly Update Report

Mike

COVID-19 Response and Board Discussion

Mike reminded the Board that we are now in the fourth quarter of 2020. With the beer and wine license approved we are set to begin sales on November 1st and he will reach out for marketing support regarding the launch. The store has started communication related to the 2020 holiday season.

Mike has started the budget process for 2021 and recreated the budget in order to incorporate beer and wine. He informed the board that there will be a 10-12% rate increase for Blue Cross/ Blue Shield insurance. Due to a change in benefit rules employees who work 500 hours (vs. 1000 hours) now qualify for the 401(k) program. Mike also asked the Board to revisit the request for a staff wage increase because hazard pay ends at the end of September and grocery store employees are considered essential personnel.

Mike provided the monthly Co-Op financial report. August is typically a “down” month but they played with both the Produce and Dairy departments in order to keep gross margins down. The trend for the last three weeks is break-even. Transaction rates are at 60% compared to 2019. Swarthmore College students are visiting for small shops.

Mike has been in touch with Nate Howe from Howe Turkey Farm regarding the Co-Op Thanksgiving order. We are moving ahead with smaller turkey sizes due

to anticipated smaller gatherings due to COVID. In 2019 the Co-Op ordered 330 turkeys and sold 310. Chris Galbraith asked whether the Co-Op would be providing a full Thanksgiving schematic; cornbread, gravy, stuffing, cranberry, etc.

Ines asked Mike a question regarding the selection of new product lines as she noticed both new snacks and bulk products. After some research she found that the snack brand was owned by a hedge fund and questioned whether this type of product belongs in a Co-Op. Mike explained to the Board that these foods are seasonal and were meant to increase “impulse” sales. He went on to tell the Board that 90% of food labels are owned by 12 organizations and there was a recent NYT article on the underside of the food business regarding labor, treatment of animals, etc. We assured the board that once more financial issues are solved he will focus on the mandate to source more local, organic and sustainable product. Stephanie asked whether there were any local food tradeshow. Purchasing from local vendors, such as Common Market, is more expensive to work with. Finally, Mike shared a story about stocking Waffles for Tourette’s waffles with five waffles priced at \$20 vs. another waffle label selling four waffles for \$5.99. The Co-Op is a food market and not a specialty food market.

Co-Op member, Gudrun Weinberg, joined the meeting. Donna welcomed her and invited her to direct any questions, concerns or ideas to the Board. She simply wanted to say that she is thankful for the Co-Op.

Greg offered comments regarding the change to the 401(k) rules. This was in response to the Secure Act.

Action: Greg will research Secure Act and 401(k) specifics.

7:25

Finance Committee Report

John

John reported on getting the PPP Loan Forgiveness application underway. PNC loans us the money then they get the money from the government. The deadline is October 19th.

The Co-Op mortgage and refinance plan is pending until we receive “forgiveness” from PPP loan.

The Finance Committee will draft the 2020-2021 budget then bring to Board for final review/ approval.

Action: John will contact PNC and the Finance Committee will share the draft budget prior to the October Board meeting.

7:30 p.m.

Co-Op Principle #6

Donna

Cooperation Among Cooperatives. Mike has regular communication with several Co-Op’s across the region; including Weaver’s Way and Mariposa. And from

organizations including Columinate and PACA – there are resources that Swarthmore Co-Op Board members may access for news, education and programs. No one on the Board is a Co-Op expert and it's important to give CBL101 training opportunity to the newest board members.

Due to COVID, Co-Op's have been focused on individual issues.

Ines commented that the Swarthmore Co-Op has a lot of products on our shelves that are from other Co-Op's and requested that Mike make those products easily identifiable and add a blurb in What's Fresh to promote other Co-Op's. Mike said that would only happen in 2021.

Action: Donna to reach out to Columinate to inquire about virtual training and CBL 101. She will provide all Board members with Columinate and PACA information.

7:45 p.m. Board Monitoring, Policy C8 Governance Investment Ines

Ines experienced a technical glitch with Survey Monkey and apologized.

It is important to keep Board members aware of what's going on in the Co-Op business.

Action: Ines will upload the report after the meeting.

8:05 GM monitoring: B7: Co-Op Premises Donna
Co-Op would benefit from purchase of fireproof file cabinets. We have a lot of paper that needs to be converted to digital format and stored in the cloud including deeds, court case, etc.

John made a motion that the General Manager is in compliance with B7. The motion passed unanimously.

Status of Hearing:

Donna mentioned that she received a call from Co-Op attorney, Fintan McHugh to advise that our pre-trial hearing is set for October 8th.

8:07 Beer and Wine Committee Mike

Mike advised that we are full steam ahead to launch sales on Nov. 1.

ID Scanners installed
Cashier training underway
Alcohol training program underway
Electric is being run for refrigeration equipment
Fixtures arrive on Oct. 19th and PLCB investigator will ask for picture of proof

Mike circulated wine and beer menus to Board members for input and feedback. He noted that there will be no home delivery or curbside pick-up due to high-

hurdles required to meet the Pennsylvania requirements. The Co-Op will re-evaluate at a later date..

The Co-Op will display wine/ beer product identifiers including country of origin.

Wine and beer sales is a COD business and delivery is scheduled for Oct. 19, 20 and 21.

The Alcohol Committee issued a wine/beer survey and received 160 replies. Mike is currently compiling comments to share with the board.

Ines asked whether the Co-Op wine selection competes with Village Vine. Mike commented that the Village Vine wine is specialty product and we are not competing.

Mike reviewed aspects of the required security system in order to deter theft. This is a hard-wired, low-voltage system run via CAT 5 cable. This would help with liability issues. Lauren asked whether we would receive an insurance discount with the install of a new security system. Mike replied that it would not. The estimated cost for an exhaustive system is \$28k. Stephanie asked if possible to focus only on "high risk" areas. Mike replied that if we focus only on the area covering alcohol sales the price would be \$12-14k. Donna reminded everyone that we need to think holistically at this security project including the safety of employees.

Action: The Finance Committee will make a recommendation on September 30th and put the proposal to the board.

8:15

Discussion

- **Marketing Support re: Wine & Beer Sales**

Mike mentioned advertising in DELCO Times and The Swarthmorean.

- **Patio**

Donna and Co-Op attorney, Fintan McHugh are in touch with the Borough to get clarification on what we own and what we can do with it.

Action: Donna will find deed for patio measurements and memorialize information for succession purposes.

8:25

Review of Action Items

Action: Greg will research Secure Act and 401(k) specifics.

Action: John will contact PNC and the Finance Committee will share the draft budget prior to the October Board meeting.

Action: Donna to reach out to Colunimate to inquire about virtual training and CBL 101. She will provide all Board members with Columinate and PACA information.

Action: Ines will upload the report after the meeting.

Action: Donna will find deed for patio measurements and memorialize information for succession purposes.

8:30 Adjournment

Next meeting: October 26, 2020