

Swarthmore Co-op Board

MEETING MINUTES

Monday, November 23, 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; Mark Rossi, Secretary; Greg Bockman, Stephanie Edwards, Kevin Kebea, Vibhat Nair, Ines Rodriguez, Lauren Shohet, Jennifer Smuts, Mike Litka, General Manager

Absent: Jim Godderz

7:03 Call to Order / Agenda Review

7:05 Approve Minutes of October Board Meeting

Ines made motion to approve the minutes of the October Board Meeting as written. The motion passed unanimously.

7:06 Member comments

There were no members present.

7:07 General Manager Monthly Update Report

Beer and Wine Sales: Mike reported that we are now moving ahead with the sale of beer and wine. 60 to 70 more cases of wine are on order. Refrigeration equipment for beer will be installed on Monday, November 30. Sales of wine and beer relative to overall store sales are on target with projections.

Thanksgiving Orders: We have had 385 orders for Thanksgiving orders compared to 313 last year.

Financial Results: Monthly results for October are not yet completed since we were getting wine and beer up and running along with Thanksgiving holiday orders. A quick review shows that October sales are up by \$7,000 compared with October 2019.

Customer counts are down but basket size is higher.

Comment: Ines noted that the signage around beer and wine is really good, and hopefully we can translate this into the rest of the store.

7:13

Board Monitoring: General Manager Accountability, D2

Ines reported from the board survey that everyone says we are compliant with this policy, which outlines how the board interacts only with the General Manager and not the employees. Mark made a motion that the General Manager is in compliance with D2. The motion passed unanimously.

7:15

Discussion

- **Update on PPP loan and mortgage refinancing**

PPP Loan Repayment: John reported on there are no updates on PPP loan repayment as we are just starting this process with PNC. There was a question on the loan application regarding the dollar amount. We are clarifying this PNC. It will not affect our ability to apply for loan forgiveness.

Mortgage Refinancing: John reported that we do not want to wait until we have final PPP approval to move forward with the mortgage refinancing work. We reached out to Bob Long at PNC to start up the process and identify a favorable time to refinance. We are currently five years into the 10-year, \$1 million mortgage loan. There is currently \$800k left on loan at 4.5 percent interest. Our current mortgage payment and interest is about \$6,300 per month. With mortgage rates now lower, we could refinance at 3 percent interest, with a 10 year loan and a 20 year amortization schedule. The monthly payment would be about \$5,000 about \$1,000 to \$1,400 a month less than what we are paying currently.

Final terms of the refinancing will come from PNC. We will compare terms with a few others for information but we would like to stay with Bob Long as the entire relationship with PNC has been positive through the years.

In order to do the refinancing, we would need to have an appraisal completed at a cost of about \$2,000.

Greg asked if we would continue to have a balloon payment in the future or if it would go away with the refinancing. John replied that it would stay and be pushed back for a future date. This should not be an issue since rates are very low currently. There would be 10 years before the balloon payment would arise again. By that time, the mortgage will be down to about \$300k to \$400k.

John noted that once the refinancing is in place, we can pursue a line of credit can be used to fund other needs for the business.

Questions on current finances: Greg asked about the downward trend in customers in October 2020 vs. October 2019. Mike replied that it is due to the lack of students. However, as noted previously, basket size is up compared to the same period last year. There are fewer customers but they are spending more per visit.

Ines noted that we need to better tell the story better that we are NOT that much more expensive than other stores when you compare many items. The Board agreed that Mike has done a great job of price parity with Giant / ACME for many items and it was agreed that we can do more to remind our owners of this.

Stephanie suggested that we ask our consumers about how we compare, noting that this message would have even greater value coming from customer examples. And now that we have beer and wine how do we drive foot traffic? The entire Board agreed that this will be a component of our messaging in the coming months.

- **Committee Updates:**

Jenn led the discussion of upcoming events and planning underway by the Events Committee. One of the challenges remains with how to do more creatively while we remain in the COVID world. Another area of focus is to have owners/members driving new initiatives. As an example, Beth DeBruyn is hosting an "Instagram Takeover." More info is coming about this new program. Another idea to promote is "A day in the life of a coop member and how they use the Coop". Stephanie is spearheading the holiday cookie sharing project this year. We will use the weekly newsletter to post. Since we cannot hold this event in the store this year, we will instead ask for recipes to post. Jenn mentioned that another owner is interested in getting involved in engagement committee. This owner is a member of the Philadelphia Geographic Society. The committee would choose a country and pick a recipe. Everyone can share experience via Zoom. The committee is continuing to recruit owners to help with promoting the Co-op to members. Jenn's husband did a beer review and Vince Barrett has expressed interest in the doing the same.

- Stephanie noted that Martindale's is expanding in Old Sproul Shopping Village and questioned whether there may be a competitive issue for us. Mike noted that they are expanding their produce business. He also explained they have a niche with supplemental and health foods (about 65 percent of their business) and more than half of their sales are online.

Because of their niche, he is not too concerned about the effects of their expansion on the Co-op. However, the Board acknowledged that Martindale's continues to be successful and we do not want there to be overlap with our business as we continue to deal with a 3 percent customer decline each year.

- **Strategic Planning:** John noted that with beer and wine sales now underway and plans moving ahead for PPP repayment and mortgage refinancing, we should have another strategic planning session. Donna suggested a session in late January, to which the Board agreed. Donna asked for us to think about an agenda and how we would want to structure the meeting. **Next Steps:** Donna will recommend dates to the Board for the next meeting.

9:00 Adjourn

Greg made a motion to adjourn. The motion passed unanimously.

Next Board meeting: Monday, December 21, 2020 via Zoom

November 23 Meeting Documents:

Board Meeting Agenda, November 23, 2020

DRAFT Board Meeting Minutes – October 26, 2020

Co-op Income Statement, October 2020

Co-op Cash Flow Statement, October 2020

Co-op Balance Sheet, October 2020

13 month rolling income statement, Parts 1 and 2, October 2020

Co-op Sales, 2020 vs. 2019, October 2020