

**Swarthmore Co-op Board Meeting
Minutes
Monday, February 22, 2021
Via Zoom**

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 forged 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; Kevin Kebea, Vibhat Nair, Ines Rodriguez, Lauren Shohet, Jennifer Smuts, Mike Litka, General Manager

Absent: Greg Bockman, Stephanie Edwards, Jim Godderz

Guest: Al Federico, Owner

7:34 Call to Order / Agenda Review

7:34 Approve Minutes of January Board Meeting

Ines noted that corrections should be made to the January minutes as follows: 1) The Ends statement is incomplete. 2) The Board votes on whether it is compliant with the policies stated in the policy register, not the language in the policy statements.

Action: Mark will make these corrections. Ines made a motion to approve the minutes with these corrections and the motion passed unanimously.

7:36 Member Comments:

Store closings during inclement weather:

Owner Al Federico attended tonight's meeting and requested clarification of how the decision was made to close the store during several snow events at the end of January and beginning of February. Al noted that his experiences were based on Co-op being routinely open during bad weather when his children were small.

Mike responded that he gives careful consideration of how to handle things on a case-by-case basis.

With all we have been through the staff has been very resilient in the face of bad weather, and that we try to do everything possible to keep the store open. Mike explained that he looks at the weather forecasts. However, the

primary issue we have to be concerned with staff and customer safety. A team member was there when the store closed and had an accident on the way home. During the last storm a few weeks ago a receiver was coming in at 5 a.m. and had accident. Another employee fell on Myers Ave.

Ines asked is there a way to tie opening to something else, e.g. school district decisions, day care center closings, etc. that are also affected by weather in order to serve as a guideline for the Co-op to stay open or close. This way the burden would not be on Mike to make an open/close decision exclusively in a vacuum.

Mike noted that we also have to look at what our competitors are doing. Donna noted that more employees travel longer distances to get to work and that maybe public transit is the issue that would inform our decision to close or stay open.

Al thanked Mike and the staff for doing everything possible to keep the store open during inclement weather.

7:47

General Manager Monthly Update Report

Mike

Mike reported to the Board on the following:

Events/Donations/Outreach/Marketing:

- Sponsorships with the Nether Providence Little League and Ridley High School will increase visibility. A banner ad will remain in place on the Ridley Football field for the entire season.
- Discussions are continuing for whether to hold the Truck-A-Thon in Fall 2021, depending on COVID-19 status.
- David Ffrench, who was very active with the effort to build the new Co-op in the early 2000s, passed away on February 12. There is interest in honoring David for his contributions to the Co-op through the years. Discussions will be continuing.

Facilities:

- There were refrigeration leaks in the dairy and cake cases that that needed emergency repairs.
- Tiles near the entry doors need to be repaired.
- New decorative lighting has been installed in the seating area and on the exterior of the store. The new lighting resembles a flickering candle flame to add ambience.

Operations:

- UNFI, a major supplier, cut the Co-op volume discount from 15% to 10% without informing Mike. This is placing greater pressure on price setting and may necessitate price increases.
- New “dinner to go” are now available in the prep foods area.
- Efforts have been made to connect house accounts to bank accounts, but due to code issues, this linkage is not possible.
- There is a new “bakery” department at the front of the store

Discussion:

Ines asked if we can look into National Cooperative Grocers instead of UNFI. Mike noted that NCG gets their promotional pricing in conjunction with UNFI. NCG works through UNFI and we will be looking into securing our NCG relationship with KeHE, a wholesale food distributor. Mike noted that Lepari is another company that is getting into the national foods business. Also, CNS has a discount program and par levels for discounts. We recently renegotiated our contract with CNS.

Vibhat asked how “dinner to go” options are doing. Mike said ok but not fabulous, and noted the need to improve the packaging and strengthen the marketing so owners and customers are aware of these products.

Financial Highlights:

Mike reported that sales year-to-date were \$71,795 over budget.

Cost of Goods was over budget by \$76,206 due to the \$28,000 in wine purchases in late December that were charged in January.

Gross profit was under budget by \$5,694.28

Sales are up year to date: \$83,042.59

Net loss year to date is \$13,597.22

8:16

Finance Committee Report

John

Mortgage Refinancing: John reported that we are now ready for the board to approve the mortgage refinancing. We are five years into current 10-year loan.

PNC Bank’s terms for call for a 10-year, \$800,000 loan with 20 year amortization. We will have about \$500,000 left after ten years. During this period we will reduce our monthly payment from \$6,300 to \$4,800. The

monthly savings can be used to build a capital fund for improvements as needed.

There were no concerns raised about moving forward on the mortgage refinancing at this time. Following the Board's approval, Mike will sign the refinancing documents with PNC Bank.

Action: Mark made a motion for the Board to vote to approve the refinancing. The motion was seconded by Jenn and approved unanimously.

PPP Loan: PNC is still working on the status the PPP loan and we are providing updates as needed. Ines asked if there is additional money available through the PPP program. Mike said we don't need additional funding and don't qualify with the current PPP loan parameters for loans.

Liquor License Loan Payments: We are now beginning to pay back the loans that were made to fund the liquor license. Approximately \$2,950 in total is being paid on five loans. The first round of checks was sent today.

8:22

Board Monitoring:

C1: Governing Style

Ines emailed the C1 survey to Board Members but received only four responses. Many board members indicated they did not receive the survey, so Ines will resend it and we will vote that we are compliant with C1 at the March Board meeting.

GM Monitoring:

B5: Member and Customer Relations

Mike presented B5 for the vote to confirm his compliance.

Ines asked if we are providing the suggestion box to elicit feedback from owners. Mike replied that the suggestion box is in the store in the same place on the front wall. He also routinely receives suggestions from customers, both in writing and in person.

Lauren made motion for the Board to approve that Mike is in compliance. The motion was approved unanimously.

B11: Emergency General Manager Succession

Mike presented B11 and noted that Kira is second in command in the event of an emergency that would prevent him from serving as General Manager.

Mark made a motion for the Board to approve that that Mike is in compliance. The motion was approved unanimously.

8:27 Governance Committee Report

Revisions to Bylaws:

Ines reported that the Governance Committee met on Feb 9 to clarify language in several areas of the Bylaws.

Content revisions have been drafted in several areas:

- Owner access to information
- Employment of immediate family members of board members
- Involuntary termination of membership

There is also a paragraph dealing with net savings distribution that needs clarification. The Governance Committee asked that the Finance Committee reviews this language in order to simplify it.

Action: The Finance Committee will review and share the Net Savings Distribution language at the next board meeting.

Next steps: The newly drafted bylaws language will need to be shared with all owners 30 days before the Annual Meeting in April. Owners will have the opportunity to see the changes and vote to approve them at the Annual Meeting.

Action: Donna made motion for the Board to approve the draft language for posting on the website. The motion was approved unanimously.

8:41 Board Vacancies

Donna reported that the four Board members who are at the end of their current three-year term (Ines, Greg, John, Mark) have agreed to continue serving a new three-year term. Their names/bios will appear on the ballot for reelection by the owners.

The Board agreed that the Annual Meeting will take place on Thursday, April 22 via Zoom.

8:50 Strategy Session Outcome and Next Steps Donna

Donna thanked the Board members for attending and participating in the Strategy Session on January 31. The three groups presented thoughts and ideas that were consistent in terms of long-term goals. Donna circulated the “color summary document” around four concepts that crossed the three

groups: “Be the best”, “Community Hub”. “Technology” and “Enhance Benefits”.

The Board agreed it should regroup priorities around these new topics. Board members should pick the color(s) they want to participate with; the colors should be folded into the existing committees.

Action: Board members should think about the areas in which they wish to actively participate. The colors sheet is posted in Backpack under Strategic Plan.

9:03 Columinate Training

Ines noted that a Columinate Policy Governance learning session will take place on line Mondays in March at 7:30. If anyone wishes to participate, they can contact Mike to sign up. (There is money for this in the education budget.)

9:07 Storage of Important Documents

Donna asked the Board for its thoughts on where important documents (e.g. mortgage documents, deed, etc.) should be stored, either in the Coop files OR on Backpack.

Action: Board members should give Donna their thoughts and be prepared to discuss at the next meeting.

9:14 Adjourn

Ines made a motion to adjourn. The motion was approved unanimously.

Next Board meeting: March 22, 2021

February 22 Board Meeting Documents:

Board Meeting Agenda: February 22, 2021
DRAFT Board Meeting Minutes, January 25, 2021
General Manager Monthly Report, February 2021
GM Monitoring: B5 - Member and Customer Relations
GM Monitoring: B11 - Succession
Actual vs. Budget Board Report: January 2021
Sales and Income Graphs: January 2021
Co-op Income Statement, January 2021
Co-op Cash Flow Statement, January 2021
Co-op Balance Sheet, January 2021
13-month rolling income statement, December 2020, parts 1 and 2
Co-op 2020 vs. 2019 Sales, December 2020