SWARTHMORE CO-OP BOARD OF DIRECTORS

MINUTES OF MEETING

October 28, 2013

The meeting, which was held in Swarthmore borough Hall, began at 7:00 PM.

Present were President, Bob Scott; Secretary, Pam Bartholomew, Treasurer Michael Markowicz, and Board members, Don Delson, Helen Nadel, Andy Rosen, Carol Savery, Karen Shore and General Manager, Marc BrownGold. Martyn Harding was unable to attend.

Approval of Minutes

The minutes of the September 28, 2013 meeting were approved with two changes on a motion by Don & seconded by Michael.

General Manager’s Monthly Update

General Manager, Marc BrownGold, provided his monthly update to the Board. Additionally, he presented two proposals for new equipment.

First was a new sushi case to be located near the side entrance by the large chalkboard. This case would improve merchandising of sushi and allow expansion of prepared food offerings plus soups and pastas, whose sales have been expanding. The proposed sushi case would cost $4500.00 . It could be depreciated over five years at $900/yr. With annual sales of sushi at about $150,000, consensus was that it would pay for itself easily.

Helen asked Marc why he was proposing this case when the hot case for the front of the store had been shelved. Marc described the hot case as needing much more oversight and maintenance which he wasn’t ready to burden his staff with now. The sushi/”grab and go” is much easier for the staff to maintain.

A motion was made to approve the $4500 expenditure for the new sushi station with the caveat that Marc would solve the problem of the doors opening automatically too often when customers stood near the station. The motion was made by Don and seconded by Michael. The Board approved.

The second request was for a “Nut Butters stand” to be located around the corner from the Bulk Spices in 4’ of space where Pet Food is currently located. Cost estimate is $1600 for the stand plus $1000 each for two grinders. Marc did not provide a sales forecast for these nut butters. Current jarred product offerings will continue to be offered.

Michael brought up the potential problem of customers’ exposure to allergens from peanuts. It is unclear whether the nut butter stand would pose a greater problem than the bulk nut offerings.

 Karen Shore raised a question regarding levels of aflatoxin (a toxin peculiar to peanuts) in bulk peanuts in general and in ground peanut butter in particular. She thought that there was some evidence that brand name peanut butters have lower levels of this particular toxin than their bulk or store ground counterparts. She further questioned how store ground nut butters’ quality and pricing compared to brand name peanut butters already available. If, as Marc reported, the Co-op’s intent is not to reduce the quantity or variety of brand name peanut butters already being sold, she asked whether offering a potentially lower quality but higher-priced product made sense for the Co-op. Marc indicated that he planned to use the same bulk nut supplier as Whole Foods who also has these nut butter stands.

Don suggested that we defer a motion for a month in order to research the food safety issues and work on sales estimates to know if the dollar and space expenditures are justified. Don also requested that any future requests include annual cost estimates and sales forecasts.

Marc also stated that employees had elected to switch their IRA investment fund from American Funds to Calvert Investments, a “socially responsible” mutual fund. (American Funds offer no “socially responsible” options.) As a process check, Don wanted assurance that the employees understood any historical performance differences between Calvert Investments and American funds before making the change.

A motion to approve the change to Calvert Investments was made by Don and seconded by Carol. The Board approved.

The “Back to Basics” program recently did a targeted coupon mailing to neighborhoods with a lower income profile in an effort to expand the demographic of Co-op shoppers. Coupons redemptions indicate that the mailing had its intended affect.

Finance Update

Treasurer Michael Markowicz described the September Income Statement as starting with a $14000 increase in sales, but ending with a $6000 loss attributable to significant declines in the margins (Sept vs. August) in the Grocery, Dairy, and Frozen categories. Accurate inventory counts of these categories are questionable. FMS said that the discrepancy could be explained by estimated inventories in July and August. Regardless, the store needs a better sense of its inventory. Marc feels that it would take too much of his current staff’s time to do an in house count, but is dissatisfied with the current company who is doing the inventory.

Michael Dankovich, our contact at FMS, Inc., reviewed the September Income Statement & feels that sales and margin levels are not the problem. What he sees as having changed is the cost of people, i.e., the salary expense line is too great. Marc described the situation as one where more employees are staying (a good problem to have) and that full time employees are more expensive. He wants to evaluate the situation after one more cycle (at the end of 4Q13) after double checking/correcting inventories.

Member Loan Deferral Proposal

It was decided that last month’s proposal to defer member loan repayments by asking our largest (and most generous) lenders to defer repayment of their loans (worth $90k) was the wrong approach. Instead, we could reach almost the same cash balance goal by asking the 34 lenders whose loans are in the $2000-$3000 range to defer their repayment until June 2015. Michael would send the list of member lenders to the Board for volunteers to personally contact them to request the deferral.

2014 Operational Plan and Budget

Treasurer Michael Markowicz described the proposed 2014 Budget as more conservative than 2013 with no assumptions of large growth in any category. Costs reflect a slight increase over 2013 with a wage increase of 2.5% for all employees. Board members will review the proposal and vote on its approval at the November meeting.

It was specifically noted that if the new Business Manager is hired before June of 2014 causing an increased labor costs, the current GM should in no way be penalized for this extra spending.

 GM Monitoring –B2 Business Planning and Financial Budgeting

A motion was made by Andy and seconded by Don to accept the report. The Board approved the motion.

Co-op Premises Board Self Monitoring: D-1 Unity of control

The Board found itself in compliance with D-1. The report was accepted by the Board on a motion by Helen and a second by Michael.

Amend Monitoring Policy B8

An amendment was made to B-8. Item #9 was removed and the other items renumbered. The change was accepted on a motion by Andy and seconded by Helen. The Board voted to accept the change.

Approve Digital Storage & Elimination of Paper Minutes

Secretary Pam Bartholomew made recommendations on storage of Board materials and documents. With security and accessibility as the primary considerations, she recommended moving from paper copies stored in notebooks (the current method) to “Cloud” storage. Co-op operations currently uses the cloud for its data storage.

Members currently have and would continue to have access to Board Minutes on the website. “ BackPack” has all Board meeting materials and minutes from 2012.These documents can be backed up by sending them to a gmail account on the cloud. Access to these documents would be determined by the Board.

A data storage provider will eventually be hired to scan and store historical documents not in BackPack.

The most cost effective way to store legal documents will be in a safe deposit box, rather than a fireproof safe that was previously considered. Treasurer Michael Markowicz or GM Marc BrownGold will rent one at PNC.

Information Sharing and Discussion

* Long Range Plan Chapter Updates:

Governance and Membership plans were submitted for the Board’s review. They will be discussed next month.

* Education committee

Helen reported that the hands-on demonstration cooking class with chef Tim Smith of Station Taproom was cancelled because not enough people signed up. An Education Committee planning meeting was scheduled for the following week.

The Board members Carol Savery, Bob Scott and Karen Shore will man a table at the Wellness Fair at SHHS. Participating at this event is seen as an opportunity to debunk the myth among some of the community that the Co-op is available only to member shoppers.

Review of Action Items

* Marc will ensure that Mr. Delson’s second loan is reflected on the balance sheet.
* Michael will forward the list of current member loans to the Board for volunteers to personally contact for the loan deferral request.
* Michael will request a report from Dankevich on sales by department for 2011, 2012& 2013
* A safe deposit box will be rented at PNC bank.- Marc or Michael
* All committees will prepare their final drafts of the Strategic Plan for next month’s meeting
* LRP monitoring will be added to the Board calendar.
* Lisa Aaron, member of the Governance Committee, will revise the Policy Monitoring Report B-8.
* Marc will present performance histories for American Funds and the approved replacement, Calvert Investments.

 Adjournment

The meeting was adjourned at 8:50 PM. An Executive Session followed.

 Next Meeting

The next regular meeting will be held on Monday, November 25 at 7pm in the community Room of the Swarthmore Borough Hall.

Respectfully submitted,

Pam Bartholomew

Secretary

Documents for the Meeting

Co-op Board Agenda 10/28/2013

Co-op Board Minutes 9-23-2013

GM Report- September 2013

Coverletter September 2013

Marketing Report- September

September Membership Report

Co-op September 2013 Balance Sheet

Co-op September 2013 P&L

B2 Business Planning Monitoring Report 10-2013

Equipment Proposal

Nut Butter Case.pdf

Letter to Co-op from Rachel Head