



**City of Bethlehem
Community Development Block Grant**

Physical Improvements Application

September 6, 2019



09/6/19

Ms. Alicia Miller Karner
Bethlehem DCED Director
City of Bethlehem, Pennsylvania
10 East Church Street
Bethlehem, PA 18018

Re: Fiscal Year 2020 Community Development Block Grant for Physical Improvements

Dear Ms. Miller Karner:

The Bethlehem Food Co-op respectfully submits its proposal to the City of Bethlehem for \$189,840 to support professional services and initial infrastructure for the construction of a grocery store in downtown Bethlehem.

The Bethlehem Food Co-op intends to open a full-service community-owned grocery store in downtown Bethlehem, in an area defined as both a food desert, as identified by both the Economic Research Service and USDA, and a CDBG low/moderate income area. Placing a grocery store within the planned area would greatly improve fresh food accessibility for local residents. While specific location information must remain confidential until we have executed a lease with contingencies, the Co-Op negotiating team has made significant progress towards this milestone.

The Co-Op continues to build its membership and community support bases, as well. Since the FY2019 CDBG application, 100 additional households have become member-owners, bringing the membership base to 645 households. The Co-Op has continued to plant roots in the community, engaging in community development projects like Northside 2027, supporting service initiatives and local events, and partnering with local businesses.

Food co-ops have stronger relationships with local farmers and producers than do conventional grocers. Research found that co-op grocers spent more than triple on locally sourced products than conventional grocers. Pairing this with data from the BFBLGLV Assessment Report that says "if each of the 241,047 households in the Valley were to spend just \$10 per week on locally grown foods during the growing season (May through November, 28 weeks), \$67 million food dollars could be kept within the Lehigh Valley," one can easily see how much potential the Bethlehem Food Co-Op has for economic impact. Thus, in addition to improving fresh food accessibility in low income neighborhoods, this food co-op will strengthen the local economy.

The Bethlehem Food Co-op recognizes the value in our partnership with the City of Bethlehem. We thank you for your continued support and for considering our request. Please call Kelly Allen, member of our Board of Directors, at [REDACTED] if you need additional information.

In Cooperation,

The Bethlehem Food Co-op Board of Directors
P.O. Box 58
Bethlehem, PA 18016

CITY OF BETHLEHEM
JANUARY 1, 2020 – DECEMBER 31, 2020
CDBG AND HOME PROGRAMS
FUNDING REQUEST

SECTION A – BASIC INFORMATION

APPLICANT: Bethlehem Food Co-Op

ADDRESS: PO. Box 58

PHONE: [REDACTED]

CITY: Bethlehem

STATE: PA

ZIP CODE: 18016

CONGRESSIONAL DISTRICT: 15th PA

FAX NUMBER: N/A

FED ID NO.: [REDACTED] DUNS NO: [REDACTED]

EXECUTIVE DIRECTOR: N/A

ORGANIZATION BOARD PRESIDENT: Jennifer Dize

PROGRAM/PROJECT TITLE: The Bethlehem Food Co-Op: Community-Owned Grocery Store

PRIMARY PROGRAM/PROJECT LOCATION: Downtown Bethlehem, PA

CITY: Bethlehem

STATE: PA

ZIP CODE: 18016

PRIMARY CONTACT PERSON: Kelly R. Allen

PHONE NUMBER: [REDACTED] EMAIL: [REDACTED]

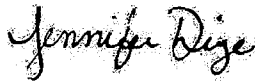
THIS GRANT IS FOR: _____ Public Service Funds (personnel, rental assistance, operations, etc.)
 Physical improvements (construction, materials, permanent fixtures, etc.)
 _____ Economic Development Activities
 _____ Affordable housing rehabilitation/development (HOME funds)

AMOUNT OF FUNDS REQUESTED: \$189,840.00

AMOUNT OF OTHER FUNDS NEEDED/AVAILABLE: \$2.7 Million

TOTAL PROGRAM/PROJECT BUDGET: \$2.9 Million

AUTHORIZED SIGNATURE:



NAME AND TITLE: Chairperson of the Bethlehem Food Co-Op Board of Directors

DATE: September 6, 2019

Section I. Proposal Summary

Name of Agency: Bethlehem Food Co-Op

Name of Program: Bethlehem Food Co-op community-owned grocery store

Summary of Program: The Bethlehem Food Co-Op is a diverse community encouraging physical, social, and economic health by providing wholesome, affordable food; emphasizing local, sustainable, humane and natural food systems; and offering unique educational opportunities to the entire community. The organization plans to open a community-owned and operated grocery store in downtown Bethlehem.

Despite the resurgence of Bethlehem's downtown, the north side of the city still lacks anything resembling a full-service grocery store. The USDA Food Access Research site indicates that as many as 21% of residents in this low-income area are without cars¹. With full-service grocery stores being well outside of the downtown, convenience stores or time-consuming and inconvenient public transit rides are the only options for those with limited transportation availability. According to the Economic Research Service, North Bethlehem is a food desert. Most of downtown North Bethlehem is both low-income and at least half of a mile from the nearest supermarket or full-service grocery store. The locations being considered for the store would serve areas overlapping the city's LERTA zone and Northside 2027 boundaries.

The Bethlehem Food Co-Op will also benefit the local and regional economy. According to the *Healthy Foods, Healthy Communities*² report issued by the National Cooperative Grocers Association food cooperatives work with approximately 150 local farmers, twice as many as the 65 a conventional store might work with. Food co-ops spend three times as much of what they spend on inventory on local goods as compared to conventional grocers (12% compared to 4%). These differences add up to a large impact on the local economy. According to Buy Fresh Buy Local of the Greater Lehigh Valley's *Assessment Report*, if each Lehigh Valley household spent \$10 a week on local foods during the growing season, an additional \$67 million dollars would be kept in the Lehigh Valley.

The Bethlehem Food Co-Op will also provide a source of well-paying and stable jobs for the area. At present the cooperative is budgeting for 21 full and part-time jobs. *Healthy Foods, Healthy Communities* notes that nationally, cooperatives pay above average for their sector (\$14.31 vs. \$13.35 per hour) and are able to pay for a larger share of health insurance premiums. In addition, the Co-Op will be a source of jobs within walking distance of much of the city's residences. Beyond those who could walk to the store, our market study showed that as many as 145,000 people would be in the defined trade area. The Bethlehem Food Co-Op will be a step towards a healthier, wealthier, happier and more connected Bethlehem.

While anyone will be able to shop at the Bethlehem Food Co-Op, 645 households are currently member-owners, who have demonstrated their support by contributing member equity and have equal voice in the cooperative. The board of directors projects, based on industry data and expert consultation services, that membership will grow to over 1000 households by the time of opening, with significant growth to come once the location is publicly announced. To finalize negotiations, sign a lease, announce location, and begin construction, the Co-Op respectfully requests \$189,840 in CDBG grant funding, which would assist in paying associated professional and planning fees, as well as building required information technology/information systems infrastructure.

Amount of CDBG/HOME Funds Requested: \$189,840. These funds will be utilized to supplement payment for professional services leading up and through construction, as well as information technology/information systems infrastructure.

¹ Ver Ploeg, M., & Breneman, V. (2017, May 18). Go To The Atlas. Retrieved August 30, 2018, from <https://www.ers.usda.gov/data-products/food-access-research-atlas/go-to-the-atlas/>

² *Healthy Foods Healthy Communities: Measuring the Social and Economic Impact of Food Co-Ops*(Publication). (2012). Brookline, MA: National Cooperative Grocers Association. doi:https://www.strongertogether.coop/sites/default/files/wp-content/uploads/2013/07/Healthy_Foods_Healthy_Communities_6.pdf

Amount of Other Funds Needed/Available: The Bethlehem Food Co-Op plans to follow the cooperative industry standard financing plan of securing approximately \$264,000 in member equity, \$1,700,000 of member loans and donations as well as approximately \$350,000 in other grants. Total non-member loans of approximately \$370,000 will be obtained from Cooperative specific lenders and banks.

Total Program/Projected Budget: Based on business sector data and expert consultant analysis, the Bethlehem Food Co-Op estimates that building and initial operating costs will total between \$2,600,000 and \$2,900,000, however final figures will not be available until after the design and planning phase.

Section II. Project Narrative

Need/Problem to be Addressed:

The Bethlehem Food Co-Op will fill a grocery store void in downtown Bethlehem and greatly increase accessibility to fresh food for local residents. Full-service grocery stores are few and far between in the city, and non-existent in the north side downtown. The essential issue and necessity can be anecdotally summarized through the Co-Op's founding story: The "Red Pepper Story." In short, during the fall of 2011, a downtown Bethlehem resident realized she needed a red pepper for a recipe. By the time she walked from her residence to her car on the street, drove to the nearest grocery store, purchased the pepper, and returned home, over an hour had passed. She took to social media to share her experience, and the community resoundingly echoed frustration and concern. As discussion turned to action, the first public meeting about a member-owned grocery store overflowed the library meeting room, with over 100 people in attendance.

Of course, the need for access to fresh food extends well beyond the need for a single red pepper. It is a well-established fact that communities without access to fresh food face higher rates of obesity and assorted health problems.^{3,4,5,6} Additionally, according to 2016 information compiled from federal nutrition programs and the charitable food system, a full 9.5% of residents (over 28,000 people) in Northampton County are food insecure.⁷ Based on this collective need, the Bethlehem Food Co-Op began organizing and incorporated in 2013 with the intent to open a brick-and-mortar, full-service grocery store, owned by the community it serves. In order to meet the needs of all community members, the Co-Op has undertaken a number of initiatives to increase affordability. Membership equity consists of a per-household payment of \$300, but the Co-Op has also established a monthly installment plan that can be billed automatically or invoiced, and scholarship funds supported by individuals and local businesses. The Co-Op's Community Hubs program launched in 2017 with the intent of engaging low-income, underserved populations to ensure all community needs are heard, understood, and empowered. Through this program, and allowing all people regardless of membership status to shop, Co-Op is working to make sure that our ownership is reflective of the community it serves and that the store is accessible to the whole of the Bethlehem.

According to the 2013 Buy Fresh Buy Local Greater Lehigh Valley *Assessment Report*, which was incorporated in the 2014 Lehigh Valley Planning Commission Report, *One Lehigh Valley*, "In 2006, the Economic Research Service (ERS) began identifying census tracts in the United States with limited food access. A census tract was labeled as a "food desert" if it met two criteria: low-income (a poverty rate of 20 percent or greater, or a median family income at or below 80 percent of the statewide or metropolitan area median family income); and low access to conventional full-service food retail resources (at least 33 percent of the urban population living more than 1 mile from a supermarket or large grocery store)." The USDA Food Access Research site also provides a multi-layer look at food access across the U.S., demonstrating that most of downtown Bethlehem is both low income and located at least half a mile from a supermarket. North Bethlehem, defined as north of the Lehigh River, east of the Monocacy Creek, south of Elizabeth Avenue, and west of Linden Street is a low-income census tract where about 21 percent, or 683 households, do not have any access to a vehicle. The same is true for South Bethlehem, here

³ Casey AA, Elliott M, Glanz K et al. Impact of the food environment and physical activity environment on behaviors and weight status in rural U.S. communities. *Prev Med.* 2008;47(6):600-604

⁴ Liu GC, Wilson JS, Qi R, Ying J. Green neighborhoods, food retail and childhood overweight: differences by population density. *Am J Health Promot.* 2007;21(4 suppl):317-325

⁵ Moore L, Diez Roux A. Associations of neighborhood characteristics with the location and type of food stores. *Am J Public Health.* 2006;96:325-331

⁶ Smoyer-Tomic KE, Spence JC, Raine KD et al. The association between neighborhood socioeconomic status and exposure to supermarkets and fast food outlets. *Health Place.* 2008;14(4):740-754

⁷ Gundersen, C., A. Dewey, A. Crumbaugh, M. Kato & E. Engelhard. *Map the Meal Gap 2018: A Report on County and Congressional District Food Insecurity and County Food Cost in the United States in 2016*. Feeding America, 2018.

defined as east of New Street, north of Third Street, and south of the Lehigh River. All of this space is at least half a mile from a supermarket, and roughly half of it is greater than one mile from a supermarket.

By providing a convenient physical outlet that focuses on local produce, dairy, meats, pantry items, and prepared foods, the Bethlehem Food Co-Op will strengthen the economy in Bethlehem and the surrounding region. In 2012, the National Cooperative Grocers Association, in partnership with the ICA Group, a national not-for-profit consultancy, focused on the development and support of initiatives that build economic security, released the *Healthy Foods, Healthy Communities* report, which measured the social and economic impact of food cooperatives. The study found that, "Food co-ops have been working to strengthen the linkage between local producers and consumers for decades, and today, the typical co-op works with over 150 individual local farmers and food producers. In contrast, our survey findings indicate that a conventional grocer works with 65 local farmers and food producers. While the average conventional grocery store sources slightly less than 6 percent of its food purchases from local sources, the average co-op purchases almost 20 percent of the products it sells from local sources" (p. 6). The study also found that, "A conventional grocer spends 72 percent of each dollar of revenue to purchase inventory, but only 4 percent is spent on locally sourced products. The average co-op spends 62 percent of every dollar in revenue on inventory, 12 percent of which is spent on locally sourced products" (p. 9). When paired with the data from the *BFBLGLV Assessment Report*, which states that, "If each of the 241,047 households in the Valley were to spend just \$10 per week on locally grown foods during the growing season (May through November, 28 weeks), \$67 million food dollars could be kept within the Lehigh Valley," (p. 1) one can easily see how much potential the Bethlehem Food Co-Op has for economic impact.

With population increasing, Bethlehem residents are in need of employment opportunities. The Bethlehem Food Co-Op expects to offer 21 jobs at opening. The *Healthy Foods, Healthy Communities* report highlights that, "For cashiers, who comprise the largest proportion (34 percent) of all grocery store employees, the average hourly wage at co-ops is 7 percent higher than at grocery stores nationally... In addition to hourly wages and salaries, most co-ops also pay bonuses and/or offer profit sharing to employees. Considering all employees and including bonuses and profit sharing, co-op employees earn an average of \$14.31 per hour compared to \$13.35 for their peers in the conventional sector... Nationally, 68 percent of all co-op employees (full time and part time) are eligible for health insurance. On average, co-ops pay over 80 percent of eligible employee health care insurance premium costs. In the conventional sector, fewer than half of workers are full time and only 56 percent of workers are eligible for health insurance" (pp. 7-8).

In addition to bolstering the producer and retail economy, the Bethlehem Food Co-Op will allow the City of Bethlehem to progress towards being a truly walkable community, which is essential for a strong overall local economy. Without a grocery store, the City of Bethlehem's downtown cannot be considered a walkable community, which is essential for a strong economy. Christopher B. Leinberger, professor at the George Washington University School of Business and a senior fellow at the Brookings Institution, has found in his research that, "Real estate values increase as neighborhoods become more walkable, where every day needs, including working, can be met by walking, transit or biking... As a neighborhood moves up each step of the five-step walkability ladder, the average household income of those who live there increases some \$10,000."⁸

The value of the Bethlehem Food Co-Op has been recognized by numerous organizations and city representatives. At a 2017 City of Bethlehem Community Development Committee Meeting, Councilman J. William Reynolds stated that there is "not a more important project" in Bethlehem, and Councilman Shawn Martell recognized that the store would be a "pillar of the community" and added that it would be "life changing experience."⁹ Other community members have also demonstrated committed support to the Co-Op in a number of ways, with 645 households having contributed member equity to the cooperative to-date, and others forming a dedicated

⁸ Leinberger, C. (2012, May 25). Now Coveted: A Walkable, Convenient Place. *The New York Times*. Retrieved September 07, 2018, from <https://www.nytimes.com/2012/05/27/opinion/sunday/now-coveted-a-walkable-convenient-place.html>

⁹ Althouse, S. (2017, March 21). Bethlehem bamboo bill moves closer to passage. *69 News*. Retrieved September 09, 2018, from <http://www.wfmz.com/news/lehigh-valley/bethlehem-bamboo-bill-moves-closer-to-passage/406436524>

volunteer and donor base. The Board of Directors anticipates significant membership growth throughout the planning and construction development phases, expecting over 1000 household membership by store opening. A site-specific market study, conducted in late 2017 on behalf of the Co-Op by G2G Research Group, has found that, "based on the population size, demographic composition, and competitive environment of the Bethlehem market area, combined with the experiences of other natural foods co-ops that operate in similar market situations, it appears that there is sufficient sales potential to support a full-line natural foods co-op."

Population/Area Served:

The Bethlehem Food Co-Op's primary geographic area of interest for store location reaches from the Lehigh River north to Elizabeth Avenue, and from 3rd Avenue on the west to Linden Street on the east. This area of interest, along with the Co-Op's mission, aligns with many publicly identified goals and initiatives for the City of Bethlehem, overlapping the City's LERTA zone¹⁰ and Northside 2027¹¹ boundaries. In fact, the Co-Op has been an active partner in the Northside 2027 initiative, participating in the steering committee and associated program events. The Co-Op's market study identified a moderate-sized primary trade area extending between two and eight straight-line miles. The defined trade area was found to have a population base of 145,000 persons, which is significantly higher than the co-op database store average of 93,800 persons. Particular locations of interest, which are confidential at the time of this application, are along prominent retail thoroughfares and fall within census tract 108, which is one of the low-income tracts on the provided CDBG map (010800-1).

While the grocery store will presumably be located in the city's Northside downtown, the customer base will include residents of Southside, West Bethlehem, and other surrounding locales. Its strategic location will make it walkable for downtown residents, but nearby or onsite parking will also make it convenient for residents in other parts of the region to drive to the Co-Op. The Co-Op has also prioritized locations near or along LANTA public transit routes, increasing accessibility for residents of other low-to-moderate income neighborhoods and residents without personal vehicle access. Additionally, the store will cater to employees who work in the surrounding area, providing an easy place to stop for prepared food and groceries before, during, and after the work day.

In addition to serving local residents and workforce members, the Co-Op will provide a resource for tourists who encounter a practical grocery need while visiting Bethlehem, and it will serve as a destination for visitors who are interested in the local and natural food movements or cooperative enterprise.

Outcome-Based Objectives & Project Timeline:

The purpose of the Bethlehem Food Co-Op is to open a community-owned, full-service grocery store to fill the fresh food void in downtown Bethlehem.

Because the Co-Op is community-owned, our progression is determined by number of member-owners and, later, capital raised, rather than strictly a date-driven timeline. As of this writing, 645 member-owner households have contributed equity. The board anticipates that growth remaining steady through the end of 2019 and throughout 2020. Co-op consultants, mentors, and industry data demonstrate that when selected site location is announced, a significant boon is to be expected, with a rapid acceleration of timeline. Growth in the early startup phase is predictably slower, with plateaus along the way, but the board anticipates dozens of new member-owner households would join in the weeks following site announcement.

With the information above in mind, these objectives are anticipated to occur within the coming year:

¹⁰ Satullo, S. (2017, April 5). Bethlehem hopes tax incentive spurs north side development. *Lehigh Valley Live*. Retrieved from https://www.lehighvalleylive.com/bethlehem/index.ssf/2017/04/bethlehem_hopes_tax_incentive.html

¹¹ Radzievich, N. (2017, October 19). Bethlehem lays out North Side 2027 initiative. *The Morning Call*. Retrieved from <http://www.mcall.com/news/local/bethlehem/mc-nws-bethlehem-north-side-meeting-20171017-story.html>

- Finalize negotiations and announce site location
- Launch a capital campaign, hire a general manager, begin sourcing merchandise
- Begin the early phases of site design and construction

Recognizing a number of contingencies, and based on expert consultant advice and trade industry data, we currently expect construction to begin in 2020 and store opening to occur within 9-12 months following. This timeline is based on informed predictions and may change based on the outcome of site negotiations, capital campaign success and other factors.

Section III. Agency Information

Background:

Started by a group of concerned city residents who recognized the need for Bethlehem to have a grocery store in the downtown, the Bethlehem Food Co-Op formally incorporated on January 23, 2013 as a Pennsylvania nonprofit cooperative corporation (7102B), a different sort of business model than a 501c3 organization. By definition as a cooperative, the Bethlehem Food Co-Op is "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise."¹²

The Co-Op's purpose is to establish a brick-and-mortar community-owned grocery store, providing healthy, accessible, locally-focused food along with community gathering space and educational programs. The store will offer fresh foods including meat, seafood, dairy, and produce, as well as pantry items, baked goods, and household supplies. It will also offer a convenient prepared foods section. The goal is to offer a wide enough range of products for the average customer to complete their standard shopping in one location.

As the physical storefront development proceeds, the Co-Op has already begun living out numerous parts of its mission, offering programs such as community education classes in partnership with Northampton Community College, which have covered topics such as cooking, composting and informed consumer purchasing. The Community, Cooking, and Conversation program, held in partnership with West Side Moravian Church, has brought together dozens of Co-Op members and non-members alike for intergenerational, intercultural food preparation, meal sharing, and discussion. Additionally, the Co-Op has offered presentations on nutrition, food equity, local economy, cooperative enterprise in a number of local venues, such as Lehigh University's Multicultural Resource Center, VegFest, the Familia festival, and Donegan Elementary School's Spark program. The Co-Op often partners with other local businesses, bringing in dozens of customers during otherwise slow periods and forming a strong sense of community among attendees. The educational aspect of the Co-Op's mission will grow even further as a physical space is established to support programs.

The Co-Op will represent the community it serves, with a diverse membership and customer base. The Co-Op is prepared to welcome members and shoppers from a broad range of socio-economic backgrounds, and so has identified a number of strategies to make its products accessible, including a "basics" program that will offer staple food items with little to no product markup. Additionally, the Co-Op intends to accept SNAP benefits and other public access and support programs. Product mix will also be culturally relevant to local demographics, with a focus on diverse perspectives in nutrition and varied cultural cuisine. To formalize its commitment to diversity, equity, and inclusion, the board of directors adopted the following inclusion policy on January 15, 2014:

Bethlehem Food Co-op welcomes everyone to our cooperative community, regardless of race, color, religion or creed, national origin, age, sex, sexuality, gender identity, pregnancy, citizenship, familial status, lifestyle, economic situation, disability, veteran status, genetic predisposition, size, political affiliation, ancestry, or for any other reason.

That's another way of saying that whoever you are, and whatever makes you unique, we are thrilled that you chose to join our cooperative family. We believe good food can bring the whole community together. We're so glad you're here!

¹² Cooperative identity, values & principles. (n.d.). Retrieved September 11, 2018, from <https://www.ica.coop/en/whats-co-op/co-operative-identity-values-principles>

Key Personnel:

The Co-Op is owned by its membership, meaning member-owner households are essential to the Co-Op's existence. Member-owners contribute equity and member-loans to the business, while also taking on democratic control per the cooperative's bylaws. While the store will be open to the public for shopping, members will receive perks and incentives that will be determined by the general manager, but likely including discount days, product specials, reduced event fees, and private member events. Once the store becomes profitable, members may receive patronage rebates.

As dictated by its bylaws, the Bethlehem Food Co-Op is led by a membership-elected board of directors, all of whom serve as volunteers. Board elections are held in October at the Co-Op's annual membership meeting, with two to three seats up for election each year. The board has invested in professional services such as member recruitment coordination, pro forma development, and executive training.

As a grassroots community endeavor, Co-Op volunteers contribute many essential tasks and services towards the Co-Op's development through a number of committees. The Finance Committee develops financial policy, assists in planning and research, and is responsible for bookkeeping, invoicing, and payments throughout the start-up process. The Membership, Outreach, Volunteers, and Education (MOVE) Committee handles the member intake process, event planning, communications, and development of educational programming. The Co-Op's real estate committee fulfilled its charter in late 2017 by delivering a formal recommendation to the board for sites to pursue a market study on.

As the store gets closer to opening, operational leadership will be transitioned to a hired general manager, with the board continuing to provide policy governance. The Co-Op's market study stressed the importance of hiring a general manager with at least five years of co-op store management experience and a significant level of marketing savvy. The general manager, who will report to the board of directors, will be supported by a full complement of full-time and part-time staff, including cashiers, stockroom staff, etc. Currently, 21 employees are projected at opening.

All board members, as well as consultants and other volunteers as appropriate, sign a conflict of interest policy agreement. The Bethlehem Food Co-Op board, in collaboration with legal counsel, will continue to create policy, including a personnel manual, covering critical topics including, but not limited to, official affirmative action plans and grievance procedures.

Section IV. Plan for Monitoring or Recordkeeping

The objectives listed in section one were:

- Finalize and announce site selection
- Launch a capital campaign, hire a general manager, begin sourcing merchandise
- Begin the early phases of site design and construction

Each of these objectives requires a number of corresponding steps, which are outlined below:

- Finalize and announce site selection
 - Engage site negotiator to assist in finalizing lease
 - Complete any necessary appraisals, inspections, etc.
 - Legal review of lease and all other contracts
 - Plan and execute site announcement (member-owner event, the general public, media, etc.)
 - Adjust pro forma and capital campaign goals according to site-specific, lease-specific figures
 - Hire a project manager to ensure task completion and feasibility of project trajectory
- Launch a capital campaign
 - Engage a campaign coordinator if necessary
 - Hold trainings for board members and volunteers
 - Engage the typical average 25% of members loaning between \$3000-\$10,000, averaging around \$5000
 - Have 100% board fiscal participation in member loan campaign
 - Raise \$2.4 million from a combination of donations, member equity, member loans, and grants and cash benefits
 - Raise an additional \$500,000 from a combination of landlord contribution, city loans, co-op loan funds, and traditional bank loans
- Hire a general manager
 - Develop job description with assistance from local co-ops and national organizations and advertise accordingly
 - Interview and evaluate qualified candidates, which Philly-area co-op leaders have offered to help us with
- Begin sourcing merchandise
 - Engage member-owners in focus groups and surveys about prioritization of competing interests related to merchandise.
 - Engage local farmers, merchants, producers, and artisans through group and individual discussions, as well as surveys.
- Begin the early phases of site design and construction
 - Hire an architect and/or commercial interior designer to design the interior and exterior of the store and identify our layout needs
 - Negotiate with property owner regarding modifications to existing structure and financial contributions

The Co-Op is fully willing to comply with additional mandated reporting requirements and will look to the city administration for guidance in setting up processes to do so.

In the short term, the primary community impact of this phase of the project will be in engaging local companies and individuals for the necessary contracted work. The Co-Op will continue its educational and community-building efforts for the duration of this phase, but the long-term impact of opening a grocery store in downtown Bethlehem will have significant impacts on low-income residents of the area, create jobs in our community, and allow for the expansion of our educational outreach programs.

The executive committee (chair, vice chair, treasurer, and secretary) will share responsibility for grant-related record-keeping. The Co-Op plans to invest in project management software that will provide a concrete record of steps toward completion, both of grant-specific metrics and the Food Co-Op Initiative's *Four Cornerstones in Three*

*Phases development model*¹³ of co-operative business start-up. Board meetings and their minutes are always open to the public and relevant sections of minutes will be compiled and placed in grant-specific records. The capital campaign coordinator, with board oversight, will be responsible for creating and implementing a tracking mechanism for donations, loans, and related information. The coordinator will work closely with the treasurer and finance committee on tracking and managing funds raised.

¹³ Food Co-op Development Model – “4 in 3”. (n.d.). Retrieved September 11, 2018, from <https://www.fci.coop/about-us/food-co-op-development-model/>

Section V. Budget Request Forms

Program Budget

The Bethlehem Food Co-Op has been careful to always maintain cash on hand for the costs related to recruitment of new member-owners and expected startup costs. The BFC has maintained costs below equity raised in all but 2017. Much of this overrun has been due to the costs of professional services in preparation for opening. These have included feasibility studies, market studies, as well as pro-forma development and training. Annual Meeting and Picnic Costs have been member events focused on collaboration, voting and governance. A modest portion of our funds have been spent on leadership development for our board. The fees paid for membership recruiters facilitated membership growth. Remaining equity, and equity raised in the future, will be used to begin operations.

Income and Expenses 2013-2019 (Year to date)

	2013	2014	2015	2016	2017	2018	2019
Total Funds Raised	\$22,181.00	\$14,625.00	\$22,476.00	\$34,649.00	\$29,903.00	\$35,113.00	\$27,535.00
Training and Conference Costs	\$0.00	\$661.00	\$1,681.92	\$1,841.13	\$2,760.10	\$2,694.07	\$2,328.91
Event Costs	\$0.00	\$0.00	\$171.31	\$250.00	\$539.95	\$0.00	\$92.00
Recruitment and Marketing Materials	\$1,121.50	\$377.75	\$1,503.85	\$1,192.82	\$4,081.93	\$3,916.75	\$4,905.56
Membership Recruiters	\$0.00	\$0.00	\$10,851.67	\$18,695.50	\$18,788.95	\$14,439.50	\$0.00
Legal and Professional Services	\$0.00	\$0.00	\$380.00	\$3,250.00	\$6,500.00	\$6,046.86	\$837.50
Office Supplies	\$0.00	\$0.00	\$78.21	\$432.82	\$473.00	\$1,485.87	\$868.40
Insurance Premiums	\$0.00	\$1,895.00	\$617.00	\$0.00	\$527.00	\$1,807.50	\$225.00
Fees, Taxes and Licenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$616.36	\$749.69
Total Expenses	\$1,121.50	\$2,933.75	\$15,137.65	\$25,412.27	\$33,670.93	\$31,006.91	\$10,007.06

A final budget for buildout and projections for the first few years will be developed as a site is chosen and financing has been finalized. At present our estimates are based off data from the Common Cooperative Financial Statement Program. This program centralizes collection and analysis of data from food cooperatives across the country. It enables start-up cooperatives to make estimates of cost based on cooperatives in regions with similar characteristics. This statement of sources and uses functions as our preliminary budgeting tool and is updated continuously to evaluate our needs and capacity.

**Planned Sources and Uses Budget for Buildout and Operation
Bethlehem Food Co-Op**

SOURCES			
	As of 7.22.19	7.23.19 to Opening	Total
Donations / Benefits & Merch Sales	16,107	185,000	201,107
Grants	58,575	350,000	408,575
Member Equity	165,156	98,844	264,000
Preferred Shares	0	0	0
Member Loans	0	1,500,000	1,500,000
Owners Contribution	239,838	2,133,844	2,373,682
Landlord Contribution	0	130,000	130,000
Vendor Credit	0	16,400	16,400
Free Fill	0	16,400	16,400
City/Community Loan 1	0	0	0
City/Community Loan 2	0	0	0
GAP Loan	0	0	0
Co-op Loan Funds	0	0	0
External, subordinated	0	162,800	162,800
Bank Debt	0	369,364	369,364
1st Position Debt	0	369,364	369,364
Total Sources	239,838	2,666,008	2,905,846
USES			
Acquisition	0	N/A	0
Leasehold Improvements	0	747,500	747,500
Equipment	0	715,000	715,000
Inventory	0	164,000	164,000
Fees	20,124	215,056	235,180
Pre-opening promotion	9,314	17,800	27,114
Pre-opening personnel expense	0	165,400	165,400
Pre-opening administrative expense	89,990	30,000	119,990
Pre-opening Holding & Site Costs	0	35,750	35,750
Pre-opening interest	0	8,200	8,200
Post-Opening professional support	0	25,000	25,000
Working Capital	120,410	163,202	283,612
Subtotal Uses	239,838	2,286,907	2,526,745
Overrun Allowance (15% of project costs)		379,100	379,100
Total Uses	239,838	2,666,008	2,905,846

Estimates of Professional Fees Prior to Startup

These are estimates based on costs incurred by other regional startup cooperatives and adjusted for the specifics of our store. Fees for the design firm, appraisals, and legal fees begin early and are required for most of the future stages to begin. Project management and other smaller professional fees will be early costs. A project manager and other professionals they identify as necessary will bring the expertise required to facilitate buildout and opening. The fees for environmental inspections are unknown at this time, but we have been advised to budget some amount in the event they are necessary. Initial IT/IS infrastructure costs have already begun and will continue to grow, including customer relations management (CRM) database development, website content management system (CMS), email communications platforms, digital file management solutions, and, prior to opening, purchase and programming of a point-of-sale (POS) system.

	Fee Estimates
Design Firm	\$ 33,453.15
Merchandising	\$ 1,967.83
Legal Fees	\$ 19,678.32
Various Professional Fees	\$ 36,601.68
Appraisals	\$ 9,839.16
Financing	\$ 23,613.99
Project Management	\$ 33,846.71
Environmental Inspections	\$ 9,839.16
IT/IS Infrastructure	\$ 21,000.00
Total	\$ 189,840.00

Additional Potential Funding Sources

As noted in the Sources and Uses document, the co-op intends to utilize various funding sources. There are a number of other regional grants that we intend to apply for in the next fiscal year. We intend to raise slightly more than one third of all funds from the membership in the form of equity payments and loans. This is the recommended amount per the Common Cooperative Financial Statement Program and many co-ops are able to meet this goal. The Co-Op also intends to seek out other local low-interest loans and will be approaching cooperative specific lenders in the near future to determine what funds may be available. Please note, at this time all funding sources are pending except for the portion of member equity already raised as detailed in the 2013-2019 Income and Expenses Chart. This grant will allow us to proceed to the point where food cooperatives historically see a large increase in member equity payments, contributions to their capital campaign and the ability to secure loans.

To-date sources of funds by category

Source	2013	2014	2015	2016	2017	2018	2019	Grand Total
Donations	2.25%	9.57%	6.46%	1.32%	0.25%	1.59%	3.50%	2.91%
Event Fees+Sales	2.16%	0.00%	0.00%	0.18%	0.55%	1.07%	12.09%	2.42%
Equity Shares	95.58%	90.43%	93.54%	98.50%	99.20%	97.34%	81.51%	94.23%
Grants	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.89%	0.44%
Grand Total	100%	100%	100%	100%	100%	100%	100%	100%

The majority of our funding has come from private individuals and households who have joined as member-owners. A number of local businesses and organizations, not limited to those below, have donated funds, food, gathering spaces and supplies for our events:

- Andrew Theyken Bench, Esq.
- Back Door Bakeshop
- Bethlehem Area School District
- Bethlehem Farmers Market
- Bethlehem Veg Fest
- Bonn Place Brewing
- Domaci
- Edge Restaurant
- Jumbar
- Lehigh Valley Printing
- Lit
- Magellan Financial
- Molinari's
- Monocacy Coffee Company
- Moravian College
- Northampton Community College
- Panera
- West Side Moravian Church
- William Penn Elementary

While we have raised more money than we have used to-date, estimating future costs and securing the remainder of funding is contingent on securing a site and developing actual plans for building and operations. The Bethlehem Food Co-Op hopes to be able to utilize CDBG funds for the professional fees and infrastructure noted above. This will enable us to secure future funding and commence the project.

Section VI. Standard Required Documents & Forms

Pennsylvania Nonprofit Cooperative Corporation Executed Incorporation Documents (attached)

Copy of Most Recent Audit: To date, the Bethlehem Food Co-op has not conducted a formal audit. The treasurer has provided regular financial reports to the board. However, the need for an audit will be re-evaluated as the Co-op moves into the next stages of its development.

List of Current Board Members:

Ms. Jennifer Dize

Board Chair

Assistant Dean of Students, Lafayette College

Ms. Tracey Werner

Board Vice Chair

President & Owner, Blabbermouth Communications

Mr. Nicholas Blankenberg

Treasurer

Clinical Education Specialist, Lehigh Valley Health Network

Ms. Colleen Marsh

Secretary

Information Technology Project Manager, Moravian College

Ms. Kathy Fox

City of Bethlehem's Environmental Advisory Council, Co-chair of the Northampton County Council of Democratic Women's Environmental Committee

Ms. Carol Ritter

Co-founder of CarolTalks, Board of Directors for Lehigh Valley Reads

Ms. Kristina Gomez

Occupational Therapist

Mr. Kelly R. Allen

Professor of English and East 40 Community Garden Coordinator, Northampton Community College

**Planned Sources and Uses Budget for Buildout and Operation
Bethlehem Food Co-Op**

**Agency Budget:
Income and Expenses 2013-2018 (Year to date)**

	2013	2014	2015	2016	2017	2018	2019
Total Funds Raised	\$22,181.00	\$14,625.00	\$22,476.00	\$34,649.00	\$29,903.00	\$35,113.00	\$27,535.00
Training and Conference Costs	\$0.00	\$661.00	\$1,681.92	\$1,841.13	\$2,760.10	\$2,694.07	\$2,328.91
Event Costs	\$0.00	\$0.00	\$171.31	\$250.00	\$539.95	\$0.00	\$92.00
Recruitment and Marketing Materials	\$1,121.50	\$377.75	\$1,503.85	\$1,192.82	\$4,081.93	\$3,916.75	\$4,905.56
Membership Recruiters	\$0.00	\$0.00	\$10,851.67	\$18,695.50	\$18,788.95	\$14,439.50	\$0.00
Legal and Professional Services	\$0.00	\$0.00	\$380.00	\$3,250.00	\$6,500.00	\$6,046.86	\$837.50
Office Supplies	\$0.00	\$0.00	\$78.21	\$432.82	\$473.00	\$1,485.87	\$868.40
Insurance Premiums	\$0.00	\$1,895.00	\$617.00	\$0.00	\$527.00	\$1,807.50	\$225.00
Fees, Taxes and Licenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$616.36	\$749.69
Total Expenses	\$1,121.50	\$2,933.75	\$15,137.65	\$25,412.27	\$33,670.93	\$31,006.91	\$10,007.06

Planned Sources and Uses Budget for Buildout and Operation
Bethlehem Food Co-Op

SOURCES			
	As of 7.22.19	7.23.19 to Opening	Total
Donations / Benefits & Merch Sales	16,107	185,000	201,107
Grants	58,575	350,000	408,575
Member Equity	165,156	98,844	264,000
Preferred Shares	0	0	0
Member Loans	0	1,500,000	1,500,000
Owners Contribution	239,838	2,133,844	2,373,682
Landlord Contribution	0	130,000	130,000
Vendor Credit	0	16,400	16,400
Free Fill	0	16,400	16,400
City/Community Loan 1	0	0	0
City/Community Loan 2	0	0	0
GAP Loan	0	0	0
Co-op Loan Funds	0	0	0
External, subordinated	0	162,800	162,800
Bank Debt	0	369,364	369,364
1st Position Debt	0	369,364	369,364
Total Sources	239,838	2,666,008	2,905,846
USES			
Acquisition	0	N/A	0
Leasehold Improvements	0	747,500	747,500
Equipment	0	715,000	715,000
Inventory	0	164,000	164,000
Fees	20,124	215,056	235,180
Pre-opening promotion	9,314	17,800	27,114
Pre-opening personnel expense	0	165,400	165,400
Pre-opening administrative expense	89,990	30,000	119,990
Pre-opening Holding & Site Costs	0	35,750	35,750
Pre-opening Interest	0	8,200	8,200
Post-Opening professional support	0	25,000	25,000
Working Capital	120,410	163,202	283,612
Subtotal Uses	239,838	2,286,907	2,526,745
Overrun Allowance (15% of project costs)		379,100	379,100
Total Uses	239,838	2,666,008	2,905,846

Attachment 1: Bethlehem Food Co-Op Articles of Incorporation

THE BETHLEHEM FOOD CO-OP

a non-profit cooperative corporation organized under
the Cooperative Corporation Law of 1988¹

¹General Association Act of 1988, Pub. L. No. 1988-177, pt. II, subpt. D, §§ 7101-7125, 1988 Pa. Laws 1680-85 (codified as amended 15 Pa.C.S. §§ 7101-7125 (West)).

**PENNSYLVANIA DEPARTMENT OF STATE
BUREAU OF CORPORATIONS AND CHARITABLE ORGANIZATIONS**

**Articles of Incorporation-Nonprofit
(15 Pa.C.S.)**

Domestic Nonprofit Corporation (§ 5306)
 Nonprofit Cooperative Corporation (§ 7102B)

Name Bethlehem Food Co-op		
Address 717 North New Street		
City Bethlehem	State PA	Zip Code 18018

Document will be returned to the name and address you enter to the left.

Fee: \$125

In compliance with the requirements of the applicable provisions (relating to articles of incorporation or cooperative corporations generally), the undersigned, desiring to incorporate a nonprofit/nonprofit cooperation corporation, hereby state(s) that:

1. The name of the corporation is:
Bethlehem Food Co-op

2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

(a) Number and Street	City	State	Zip	County
717 North New Street	Bethlehem	PA	18018	Northampton

(b) Name of Commercial Registered Office Provider
c/o: N/A

3. The corporation is incorporated under the Nonprofit Corporation Law of 1988 for the following purpose or purposes.

To establish and operate facilities for the benefit of members for production, distribution, and purchase of consumer goods and services.

4. The corporation does not contemplate pecuniary gain or profit, incidental or otherwise.

5. Check one of the following:

The corporation is organized on a non-stock basis.

Option for Nonprofit Cooperative Corporation Only: The corporation is organized on a stock share basis.

6. For Nonprofit Corporation Only:

(Strike out if inapplicable): The corporation shall have no members.

(Strike out if inapplicable): The incorporators constitute a majority of the members of the committee authorized to incorporate: _____ by _____ the requisite vote required by the organic law of the association for the amendment of such organic law.

7. For Nonprofit Cooperative Corporation Only:

Complete and strike out the inapplicable term: The corporation is a cooperative corporation and the common bond of membership among its (members) (~~shareholders~~) is: good and services.

8. The name(s) and address(es) of each incorporator(s) is (are) (all incorporators must sign below):

Name(s)	Address(es)
Catherine M. Frankenberg	717 North New St. Bethlehem, PA 18018
Colleen M. Marsh	1017 Center St. Bethlehem, PA 18018

9. The specified effective date, if any, is:

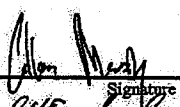
month day year hour, if any

10. Additional provisions of the articles, if any, attach an 8 1/2 x 11 sheet.
See Attached


IN TESTIMONY WHEREOF, the incorporator(s) has/have signed these Articles of Incorporation this

17 day of January

2013



Signature



Signature

Signature

Pennsylvania Department of State—Corporation Bureau
Articles of Incorporation—Nonprofit Cooperative Corporation (§ 7102B)

10. Additional Provisions of the Articles

The foregoing, completed, Department of State form DSCB:15-5306/7102B-2 is incorporated by reference into this document as if it had been set forth at length herein. The following provisions shall add to and modify that incorporation form.

10.1 Interim Board

These articles shall establish an interim board of directors ("Interim Board"). The Interim Board shall have all the powers and authority as a normal board of directors (except as is provided below) and shall conduct its business accordingly.

10.1.1 Interim Board Provisions

The Interim Board shall be comprised of nine-natural persons. The Interim Board shall elect from one of its number, an Interim Board chair, the chair shall have an extra vote if needed to break a tie. The Interim Board shall be empowered to name any person to its Board should the need arise to satisfy that all nine positions are filled. The Interim Board by unanimous vote (except the person being voted on for removal) may remove an interim director (a vote to remove a director requires a majority of board members to approve the removal vote).

10.1.2 Composition of Interim Board

The Interim Board shall initially be comprised of the following persons:

- a. Giuseppe Amedeo DiEdwardo
- b. Catherine M. Frankenberg
- c. Jamie Karpovich
- d. Heather Manning
- e. Colleen M. Marsh
- f. Amber S. Ott
- g. Santiago Rivera
- h. Matthew J. Sarro
- i. Jonathan D. Soden

10.1.3 Election of First non-Interim Board

Despite any provision contrary to this in the bylaws, the Interim Board shall sit until the first meeting of the members. The Interim Board shall be empowered by these articles to call, at their discretion, the first meeting of members during the month of October. However, the first meeting must occur before November 1, 2015. At the first meeting of the members, the members shall elect an elected board pursuant to Commonwealth law or the bylaws.

10.2 Non-amendable Provisions of Bylaws

The bylaws may provide that certain bylaw provisions are not amendable by the board, by the members, or at all. The non-amendability of these bylaw provisions shall derive that quality out of and through these articles. Accordingly, these articles must be amended before those provisions of the bylaws, so designated, may be amended.

10.3 Provisions Concerning the Amendment of these Articles

A proposal to amend these articles must be originated by the board of directors and cannot be proposed directly by petition of the membership.

Docketing Statement DSCB:15-134A (Rev 2012)
Departments of State and Revenue

One (1) required

BUREAU USE ONLY:

Dept. of State Entity # _____

Dept. of Rev. Box # _____

Filing Period _____ Date 3 4 5 _____

SIC/NAICS _____ Report Code _____

Check proper box:

Pennsylvania Entities

- business stock
- business non-stock
- professional
- nonprofit stock
- nonprofit non-stock
- statutory close
- management
- cooperative
- insurance
- benefit
- limited liability company
- restricted professional
- limited liability company
- business trust

Foreign Entities

State/Country _____ Date _____

- business
- benefit
- nonprofit
- limited liability company
- restricted professional
- limited liability company
- business trust

Other

- domestication
- division
- consolidation

1. Entity Name:
Bethlehem Food Co-op

2. Individual name and mailing address responsible for initial tax reports:

Catherine M. Frankenberg	717 North New St.	Bethlehem	PA	18018
Name	Number and street	City	State	Zip

3. Description of business activity:
Buying and selling of goods.

4. Specified effective date, if any:
month/day/year hour, if any

5. EIN (Employer Identification Number), if any:

6. Fiscal Year End:
1231

7. Fictitious Name (only if foreign corporation is transacting business in PA under a fictitious name):

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF CORPORATIONS AND CHARITABLE ORGANIZATIONS
401 NORTH STREET, ROOM 206
P.O. BOX 8722
HARRISBURG, PA 17105-8722
WWW.CORPORATIONS.STATE.PA.US/CORP

Bethlehem Food Co-Op

THE BUREAU OF CORPORATIONS AND CHARITABLE ORGANIZATIONS IS HAPPY TO SEND YOU YOUR FILED DOCUMENT. THE BUREAU IS HERE TO SERVE YOU AND WANTS TO THANK YOU FOR DOING BUSINESS IN PENNSYLVANIA.

IF YOU HAVE ANY QUESTIONS PERTAINING TO THE BUREAU, PLEASE VISIT OUR WEB SITE LOCATED AT WWW.CORPORATIONS.STATE.PA.US/CORP OR PLEASE CALL OUR MAIN INFORMATION TELEPHONE NUMBER (717)787-1057. FOR ADDITIONAL INFORMATION REGARDING BUSINESS AND / OR UCC FILINGS, PLEASE VISIT OUR ONLINE "SEARCHABLE DATABASE" LOCATED ON OUR WEB SITE.

ENTITY NUMBER: 4160669

Bethlehem Food Co-Op
717 North New Street
Bethlehem, PA 18018

Entity #: 4160669
Date Filed: 01/23/2013
Carol Aichele
Secretary of the Commonwealth

**PENNSYLVANIA DEPARTMENT OF STATE
BUREAU OF CORPORATIONS AND CHARITABLE ORGANIZATIONS**

Articles of Incorporation-Nonprofit
(15 Pa.C.S.)

Domestic Nonprofit Corporation (§ 5306)
 Nonprofit Cooperative Corporation (§ 7102B)

Name		
Bethlehem Food Co-op		
Address		
717 North New Street		
City	State	Zip Code
Bethlehem	PA	18018

Document will be returned to the name and address you enter to the left.



Commonwealth of Pennsylvania
ARTICLES OF INCORPORATION-NON-PROFIT 5 Page(s)



Fee: \$125

In compliance with the requirements of the applicable provisions (relating to articles of incorporation or cooperative corporations generally), the undersigned, desiring to incorporate a nonprofit/nonprofit cooperation corporation, hereby state(s) that:

1. The name of the corporation is:
Bethlehem Food Co-op

2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

(a) Number and Street	City	State	Zip	County
717 North New Street	Bethlehem	PA	18018	Northampton

(b) Name of Commercial Registered Office Provider _____ County _____
c/o: N/a

3. The corporation is incorporated under the Nonprofit Corporation Law of 1983 for the following purpose or purposes.
To establish and operate facilities for the benefit of members for production, distribution, and purchase of consumer goods and services.

4. The corporation does not contemplate pecuniary gain or profit, incidental or otherwise.

2013 JAN 23 AM 9:53
PA DEPT OF STATE

5. Check one of the following:

The corporation is organized on a non-stock basis.

Option for Nonprofit Cooperative Corporation Only: The corporation is organized on a stock share basis.

6. For Nonprofit Corporation Only:

(Strike out if inapplicable): The corporation shall have no members.

(Strike out if inapplicable): The incorporators constitute a majority of the members of the committee authorized to incorporate: _____ by the requisite vote required by the organic law of the association for the amendment of such organic law.

7. For Nonprofit Cooperative Corporation Only:

Complete and strike out the inapplicable term: The corporation is a cooperative corporation and the common bond of membership among its (members) (shareholders) is: good and services

8. The name(s) and address(es) of each incorporator(s) is (are) (all incorporators must sign below):

Name(s)	Address(es)
Catherine M. Frankenberg	717 North New St. Bethlehem, PA 18018

Colleen M. Marsh	1017 Center St. Bethlehem, PA 18018
------------------	-------------------------------------

9. The specified effective date, if any, is:



_____ month _____ day _____ year _____ hour, if any

10. Additional provisions of the articles, if any, attach an 8 1/2 x 11 sheet.
See Attached

IN TESTIMONY WHEREOF, the incorporator(s) has/have signed these Articles of Incorporation this

17 day of January

2013

	Signature
	Signature
	Signature

Pennsylvania Department of State—Corporation Bureau
Articles of Incorporation—Nonprofit Cooperative Corporation (§ 7102B)

10. Additional Provisions of the Articles

The foregoing, completed, Department of State form DSCB:15-5306/7102B-2 is incorporated by reference into this document as if it had been set forth at length herein. The following provisions shall add to and modify that incorporation form.

10.1 Interim Board

These articles shall establish an interim board of directors ("Interim Board"). The Interim Board shall have all the powers and authority as a normal board of directors (except as is provided below) and shall conduct its business accordingly.

10.1.1 Interim Board Provisions

The Interim Board shall be comprised of nine-natural persons. The Interim Board shall elect from one of its number, an Interim Board chair, the chair shall have an extra vote if needed to break a tie. The Interim Board shall be empowered to name any person to its Board should the need arise to satisfy that all nine positions are filled. The Interim Board by unanimous vote (except the person being voted on for removal) may remove an interim director (a vote to remove a director requires a majority of board members to approve the removal vote).

10.1.2 Composition of Interim Board

The Interim Board shall initially be comprised of the following persons:

- a. Giuseppe Amedeo DiEdwardo
- b. Catherine M. Frankenberg
- c. Jamie Karpovich
- d. Heather Manning
- e. Colleen M. Marsh
- f. Amber S. Ott
- g. Santiago Rivera
- h. Matthew J. Sarro
- i. Jonathan D. Soden

10.1.3 Election of First non-Interim Board

Despite any provision contrary to this in the bylaws, the Interim Board shall sit until the first meeting of the members. The Interim Board shall be empowered by these articles to call, at their discretion, the first meeting of members during the month of October. However, the first meeting must occur before November 1, 2015. At the first meeting of the members, the members shall elect an elected board pursuant to Commonwealth law or the bylaws.

10.2 Non-amendable Provisions of Bylaws

The bylaws may provide that certain bylaw provisions are not amendable by the board, by the members, or at all. The non-amendability of these bylaw provisions shall derive that quality out of and through these articles. Accordingly, these articles must be amended before those provisions of the bylaws, so designated, may be amended.

10-3 Provisions Concerning the Amendment of these Articles

A proposal to amend these articles must be originated by the board of directors and cannot be proposed directly by petition of the membership.

Proof of Publication of Notice in Northampton County Reporter

Under Act No. 587, Approved May 16, 1929, P. L. 1784

State of Pennsylvania
County of Northampton

} ss.

Mary Elizabeth Leeson, Executive Director of the NORTHAMPTON COUNTY BAR ASSOCIATION, being duly sworn, deposes and says that the NORTHAMPTON COUNTY REPORTER is a weekly legal periodical, published at 155 South Ninth Street, City of Easton, Pennsylvania, which periodical was established May 25, 1887, since which date said periodical has been regularly issued weekly in said County; that a copy of the

printed notice or publication is attached hereto exactly as the same was printed and published in the regular editions and issues of the said legal periodical on the following dates, viz:

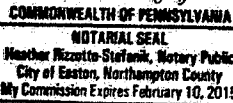
1/24/13

that the affiant is the designated agent duly authorized by the NORTHAMPTON COUNTY BAR ASSOCIATION, a Pennsylvania corporation, publisher of NORTHAMPTON COUNTY REPORTER, to verify the foregoing statement under oath and declares that affiant is not interested in the subject matter of the aforesaid advertisement, and that all allegations of the time, place and character of the publication are true.

Mary Elizabeth Leeson

Sworn to and subscribed before me this 24th day of January, A.D. 2013.

Heather Rizzotto Stefanik



NOTICE OF NONPROFIT INCORPORATION

Incorporation papers have been filed with the Secretary of State of the Commonwealth of Pennsylvania on January 18, 2013 requesting the incorporation of the:

BETHLEHEM FOOD CO-OP

The Bethlehem Food Co-op is organized as a nonprofit cooperative corporation under sub-part C of part II and chapter seventy-one of the Associations Code. The Bethlehem Food Co-op is a diverse community encouraging physical, social, and economic health by providing healthful, affordable food; emphasizing local, sustainable, humane and natural food systems; and offering unique educational opportunities to the entire community.

ANDREW THEYKEN BENCH,
LL.M., ESQUIRE
Jan. 24

Statement of Advertising Costs

In Re: BETHLEHEM FOOD CO-OP
To Publish Incorporation Notice
Andrew Theyken Bench, Esquire
King Spry

To NORTHAMPTON COUNTY REPORTER, Dr.

For publishing the notice of advertisement attached
hereto on the above dates.....\$75.00

Publisher's Receipt for Advertising Costs

NORTHAMPTON COUNTY BAR ASSOCIATION, a corporation, publisher of NORTHAMPTON COUNTY REPORTER, a weekly legal periodical, hereby acknowledges receipt of the aforesaid advertising and publication costs and certifies that the same have been fully paid.

NORTHAMPTON COUNTY REPORTER

By _____



Northampton County Reporter

Owned and Published by NORTHAMPTON COUNTY BAR ASSOCIATION
155 SOUTH NINTH STREET, EASTON, PA 18042-4399
PHONE (610) 258-6333 / FAX (610) 258-8715

Invoice

Andrew Thevken, Esquire
Katie Gray
One N. Broad St., Suite 700
Bethlehem, PA 18018

Invoice Number: 130202
Invoice Date: 1/24/12
Customer ID: BENCH

Terms: Net 30 days

Reference	Description	Amount
INRE	In. Res. BETHLEHEM FOOD CO-OP	
NOT	To Publish Incorporation Notice	75.00
ISS	In. Issue #56	
BAT	1/24/12	

TOTAL 75.00

Please Include One Copy of this Invoice with Payment

INVOICE

**Attachment 2: Letter of Support from Greer Hockemeier,
Community School Coordinator, William Penn Elementary School**



BETHLEHEM
AREA SCHOOL DISTRICT
WILLIAM PENN ELEMENTARY SCHOOL
1002 Main Street
Bethlehem, PA 18018-6693
610-694-0116

August 30, 2019

Ms. Alicia Miller Karner
Bethlehem DCED Director
City of Bethlehem, Pennsylvania
10 East Church Street
Bethlehem, PA 18018

Dear Ms. Miller Karner:

I am writing in support of the Bethlehem Co-Op's application for funding under the City of Bethlehem Fiscal Year 2020 Community Development Block Grant.

The Bethlehem Co-Op partnered with William Penn Elementary School during the 2017-2018 school year. William Penn became a "community hub" for the Co-Op which invited elementary school families to join the Co-Op conversations. Our families are seen as partners to determine the strengths and needs of the community and to brainstorm ways the Co-Op can add to these strengths and meet these needs. This opportunity has empowered our parents and guardians to take leadership roles in our school and in our community.

As the community school coordinator at William Penn, I've had the opportunity to work with Co-Op over the last few years and recently became a member myself! We are excited about the plans the Co-Op has to add a full-service grocery store within walking distance of our school. This will benefit our families; many of which do not have transportation to travel to existing grocery stores. The Co-Op will provide healthy food options and educational opportunities in our community while having a huge impact on the local economy.

The benefits and opportunities the Bethlehem Co-Op is providing will have a significant impact on the City of Bethlehem and the families we serve. Thank you for considering the Bethlehem Co-Op for the City of Bethlehem Fiscal Year 2020 Community Development Block Grant.

Sincerely,

Greer Hockemeier
Community School Coordinator
William Penn Elementary School

**Attachment 3: Letter of Support from Dr. Bryon L. Grigsby,
President, Moravian College**



August 27, 2019

Ms. Alicia Miller Karner
Bethlehem DCED Director
City of Bethlehem, Pennsylvania
10 East Church Street
Bethlehem, PA 18018

Dear Ms. Miller Karner:

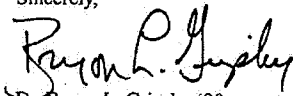
I am writing in enthusiastic support of the Bethlehem Food Co-Op's application for funding under the City of Bethlehem Fiscal Year 2020 Community Development Block Grant. The Bethlehem Food Co-Op will have considerable positive impact on downtown Bethlehem communities and institutions, providing access to healthy food and bolstering the local economy.

As President of Moravian College, I am keenly aware of the benefits and opportunities presented to our students, faculty, and staff through the opening of the Bethlehem Food Co-Op. In addition to filling a significant gap in downtown services by providing a brick-and-mortar, full-service grocery store, the Co-Op will also provide educational opportunities, empower community members, and help to revitalize an area of town that has been identified as a priority by city administration. With conversations about more formal partnership presently underway, the Co-Op and College have already collaborated in a number of ways:

- Approximately 20 of the College's current faculty and staff households are members of the Co-Op, as well as many alumni. Two members of the Co-Op's current board of directors are also Moravian employees.
- Graduate students participated in an experiential learning opportunity with the Co-Op, partnering to work on a strategic plan in their capstone class.
- Moravian Dining Services provided food for the Co-Op's Community Hubs outreach program and plans to collaborate on a farm-to-table dining and educational event.
- The College has provided meeting and event space to the Co-Op.
- Co-Op board members advised the College in the creation of a food pantry on campus, which has expanded this year.
- The Co-Op has participated in the College's Wellness Fair.
- Both organizations serve on the Northside 2027 steering committee.

As you can see, the Bethlehem Food Co-Op and Moravian College have already established a synergistic relationship, which I look forward to continuing in years to come. Thank you for your consideration of the Bethlehem Food Co-Op for these crucial funds.

Sincerely,


Dr. Bryon L. Grigsby '90
President



Office of the President | 1200 Main Street | Bethlehem, PA 18018
610.861-1364 | moravian.edu

**Attachment 4: Cara Parades, Regional Manager/Owner
3PA Restaurant Group**

September 5, 2019

Ms. Alicia Miller Karner
Bethlehem DCED Director
City of Bethlehem, Pennsylvania
10 East Church St.
Bethlehem PA 18018

Dear Ms. Karner,

I am very excited to hear of the 2019 Community Development Block Grant being awarded to the Bethlehem Food Co-Op. The idea for a grocery store to be constructed in our amazing city of Bethlehem is an excellent idea and I absolutely support this decision.

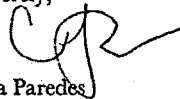
This project is very much needed in our downtown. There are not easily accessible food stores in the immediate area and this would alleviate that. A walkable, healthy and cooperative grocery store is a necessity.

As a restaurant owner in the downtown and a member of the Co-op myself I can assure you it will be used heavily by myself as well as other downtown owners, residential patrons & visitors. I have been anxiously awaiting the arrival of this grocery store and am excited to see it finally be completed.

I have confidence this will be a positive project all around and look forward to seeing it progress.

Please contact me back with any questions. My email is [REDACTED] and cell is [REDACTED].

Sincerely,



Cara Paredes

Regional Manager/Owner

3PA Restaurant Group



**City of Bethlehem
Community Development Block Grant**

Public Service Funds Application

September 6, 2019



09/6/19

Ms. Alicia Miller Karner
Bethlehem DCED Director
City of Bethlehem, Pennsylvania
10 East Church Street
Bethlehem, PA 18018

Re: Fiscal Year 2020 Community Development Block Grant for Public Service Funds

Dear Ms. Miller Karner:

The Bethlehem Food Co-op respectfully submits its proposal to the City of Bethlehem for \$25,000 to support programmatic needs associated with the startup of a retail grocery store, including start-up wages, rent/holding costs, and marketing needs.

The Bethlehem Food Co-op intends to open a full-service community-owned grocery store in downtown Bethlehem, in an area defined as both a food desert, as identified by both the Economic Research Service and USDA, and a CDBG low/moderate income area. Placing a grocery store within the planned area would greatly improve fresh food accessibility for local residents. While specific location information must remain confidential until we have executed a lease with contingencies, the Co-Op negotiating team has made significant progress towards this milestone.

The Co-Op continues to build its membership and community support bases, as well. Since the FY2019 CDBG application, 100 additional households have become member-owners, bringing the membership base to 645 households. The Co-Op has continued to plant roots in the community, engaging in community development projects like Northside 2027, supporting service initiatives and local events, and partnering with local businesses.

Food co-ops have stronger relationships with local farmers and producers than do conventional grocers. Research found that co-op grocers spent more than triple on locally sourced products than conventional grocers. Pairing this with data from the BFBLGLV Assessment Report that says "if each of the 241,047 households in the Valley were to spend just \$10 per week on locally grown foods during the growing season (May through November, 28 weeks), \$67 million food dollars could be kept within the Lehigh Valley," one can easily see how much potential the Bethlehem Food Co-Op has for economic impact. Thus, in addition to improving fresh food accessibility in low income neighborhoods, this food co-op will strengthen the local economy.

The Bethlehem Food Co-op recognizes the value in our partnership with the City of Bethlehem. We thank you for your continued support and for considering our request. Please call Kelly Allen, member of our Board of Directors, at [REDACTED] if you need additional information.

In Cooperation,

The Bethlehem Food Co-op Board of Directors
P.O. Box 58
Bethlehem, PA 18016

CITY OF BETHLEHEM
JANUARY 1, 2020 – DECEMBER 31, 2020
CDBG AND HOME PROGRAMS
FUNDING REQUEST

SECTION A – BASIC INFORMATION

APPLICANT: Bethlehem Food Co-Op

ADDRESS: PO. Box 58

PHONE: [REDACTED]

CITY: Bethlehem

STATE: PA

ZIP CODE: 18016

CONGRESSIONAL DISTRICT: 15th PA

FAX NUMBER: N/A

FED ID NO. [REDACTED] DUNS NO: [REDACTED]

EXECUTIVE DIRECTOR: N/A

ORGANIZATION BOARD PRESIDENT: Jennifer Dize

PROGRAM/PROJECT TITLE: The Bethlehem Food Co-Op: Community-Owned Grocery Store

PRIMARY PROGRAM/PROJECT LOCATION: Downtown Bethlehem, PA

CITY: Bethlehem

STATE: PA

ZIP CODE: 18016

PRIMARY CONTACT PERSON: Kelly R. Allen

PHONE NUMBER: [REDACTED] EMAIL: [REDACTED]

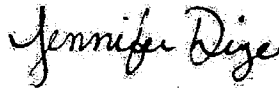
THIS GRANT IS FOR: Public Service Funds (personnel, rental assistance, operations, etc.)
 Physical improvements (construction, materials, permanent fixtures, etc.)
 Economic Development Activities
 Affordable housing rehabilitation/development (HOME funds)

AMOUNT OF FUNDS REQUESTED: \$25,000

AMOUNT OF OTHER FUNDS NEEDED/AVAILABLE: \$2.8 Million

TOTAL PROGRAM/PROJECT BUDGET: \$2.9 Million

AUTHORIZED SIGNATURE:



NAME AND TITLE: Chairperson of the Bethlehem Food Co-Op Board of Directors

DATE: September 6, 2019

Section I. Proposal Summary

Name of Agency: Bethlehem Food Co-Op

Name of Program: Bethlehem Food Co-op community-owned grocery store

Summary of Program: The Bethlehem Food Co-Op is a diverse community encouraging physical, social, and economic health by providing wholesome, affordable food; emphasizing local, sustainable, humane and natural food systems; and offering unique educational opportunities to the entire community. The organization plans to open a community-owned and operated grocery store in downtown Bethlehem.

Despite the resurgence of Bethlehem's downtown, the north side of the city still lacks a full-service grocery store. The USDA Food Access Research site indicates that as many as 21% of residents in this low-income area are without cars¹. With full-service grocery stores being well outside of the downtown, convenience stores or time-consuming and inconvenient public transit rides are the only options for those with limited transportation availability. According to the Economic Research Service, North Bethlehem is a food desert. Most of downtown North Bethlehem is both low-income and at least half of a mile from the nearest supermarket or full-service grocery store. The locations being considered for the store would serve areas overlapping the city's LERTA zone and Northside 2027 boundaries.

The Bethlehem Food Co-Op will also benefit the local and regional economy. According to the *Healthy Foods, Healthy Communities*² report issued by the National Cooperative Grocers Association, food cooperatives work with approximately 150 local farmers, twice as many as the 65 a conventional store might work with. Food co-ops spend three times as much of what they spend on inventory on local goods as compared to conventional grocers (12% compared to 4%). These differences add up to a large impact on the local economy. According to Buy Fresh Buy Local of the Greater Lehigh Valley's *Assessment Report*³, if each Lehigh Valley household spent \$10 a week on local foods during the growing season, an additional \$67 million dollars would be kept in the Lehigh Valley.

The Bethlehem Food Co-Op will also provide a source of well-paying and stable jobs for the area. At present the cooperative is budgeting for 21 full and part-time jobs. *Healthy Foods, Healthy Communities* notes that nationally, cooperatives pay above average for their sector (\$14.31 vs. \$13.35 per hour) and are able to pay for a larger share of health insurance premiums. In addition, the Co-Op will be a source of jobs within walking distance of much of the city's residences. Beyond those who could walk to the store, our market study showed that as many as 145,000 people would be in the defined trade area. The Bethlehem Food Co-Op will be a step towards a healthier, wealthier, happier and more connected Bethlehem.

While anyone will be able to shop at the Bethlehem Food Co-Op, 645 households are currently member-owners, who have demonstrated their support by contributing member equity and have an equal voice in the cooperative. The board of directors projects, based on industry data and expert consultation services, that membership will grow to over 1000 households by the time of opening, with significant growth to come once the location is publicly announced. To finalize budgets, sign a lease, announce a location, and begin construction the Co-Op respectfully requests \$25,000 in CDBG grant funding, which would assist in paying associated program fees and pre-opening staff needs.

¹ Ver Ploeg, M., & Breneman, V. (2017, May 18). Go To The Atlas. Retrieved August 30, 2018, from <https://www.ers.usda.gov/data-products/food-access-research-atlas/go-to-the-atlas/>

² *Healthy Foods Healthy Communities: Measuring the Social and Economic Impact of Food Co-Ops* (Publication). (2012). Brookline, MA: National Cooperative Grocers Association. doi:https://www.strongertogether.coop/sites/default/files/wp-content/uploads/2013/07/Healthy_Foods_Healthy_Communities_6.pdf

³ Prior, L. (2013). *Assessment Report: Lehigh Valley Local Food Economy* (pp. 1-120, Rep.). Easton, PA: Buy Fresh Buy Local Greater Lehigh Valley. doi:<http://www.buylocalglv.org/wp-content/uploads/2016/01/Assessment-Report-LV-Food-Economy-FINAL-1.pdf>

Amount of CDBG/HOME Funds Requested: \$25,000. These funds will be utilized to supplement payment for a community fellow, marketing, rent, and staff and general manager wages up to assist with development up to the initial opening period and for the first few months following opening while sales begin.

Amount of Other Funds Needed/Available: The Bethlehem Food Co-Op plans to follow the cooperative industry standard financing plan of securing approximately \$264,000 in member equity, \$1,700,000 of member loans as well as approximately \$350,000 in other grants. Total non-member loans of approximately \$370,000 will be obtained from Cooperative-specific lenders and banks.

Total Program/Projected Budget: Based on business sector data and expert consultant analysis, the Bethlehem Food Co-Op estimates that building and initial operating costs will total between \$2,600,000 and \$2,900,000, however final figures will not be available until after the design and planning phase.

Section II. Project Narrative

Need/Problem to be Addressed:

The Bethlehem Food Co-Op will fill a grocery store void in downtown Bethlehem and greatly increase accessibility to fresh food for local residents. Full-service grocery stores are few and far between in the city, and non-existent in the north side downtown. The essential issue and necessity can be anecdotally summarized through the Co-Op's founding story: The "Red Pepper Story." In short, during fall of 2011, a downtown Bethlehem resident realized she needed a red pepper for a recipe. By the time she walked from her residence to her car on the street, drove to the nearest grocery store, purchased the pepper, and returned home, over an hour had passed. She took to social media to share her experience, and the community resoundingly echoed frustration and concern. As discussion turned to action, the first public meeting about a member-owned grocery store overflowed the library meeting room, with over 100 people in attendance.

Of course, the need for access to fresh food extends well beyond the need for a single red pepper. It is a well-established fact that communities without access to fresh food face higher rates of obesity and assorted health problems.^{4,5,6,7} Additionally, according to 2016 information compiled from federal nutrition programs and the charitable food system, a full 9.5% of residents (over 28,000 people) in Northampton County are food insecure.⁸

⁸ Based on this collective need, the Bethlehem Food Co-Op began organizing and incorporated in 2013 with the intent to open a brick-and-mortar, full-service grocery store, owned by the community it serves. In order to meet the needs of all community members, the Co-Op has undertaken a number of initiatives to increase affordability. Membership equity consists of a per-household payment of \$300, but the Co-Op has also established a monthly installment plan that can be billed automatically or invoiced, and scholarship funds supported by individuals and local businesses. The Co-Op's Community Hubs program launched in 2017 with the intent of engaging low-income, underserved populations to ensure all community needs are heard, understood, and empowered. Through this program and our overall efforts, including the fact that, while the Co-Op is owned by its membership, the store will be open to all to shop, the Co-Op is working to make sure that our ownership is reflective of the community it serves and that the store is accessible to a broad population of the Lehigh Valley.

According to the 2013 Buy Fresh Buy Local Greater Lehigh Valley *Assessment Report*, which was incorporated in the 2014 Lehigh Valley Planning Commission Report, *One Lehigh Valley*, "In 2006, the Economic Research Service (ERS) began identifying census tracts in the United States with limited food access. A census tract was labeled as a "food desert" if it met two criteria: low-income (a poverty rate of 20 percent or greater, or a median family income at or below 80 percent of the statewide or metropolitan area median family income); and low access to conventional full-service food retail resources (at least 33 percent of the urban population living more than 1 mile from a supermarket or large grocery store)." The USDA Food Access Research site⁹ also provides a multi-layer look at food access across the U.S., demonstrating that most of downtown Bethlehem is both low income and located at least half a mile from a supermarket. North Bethlehem, defined as north of the Lehigh River, east of the Monocacy Creek, south of Elizabeth Avenue, and west of Linden Street is a low-income census tract where about

⁴ Casey AA, Elliott M, Glanz K et al. Impact of the food environment and physical activity environment on behaviors and weight status in rural U.S. communities. *Prev Med.* 2008;47(6):600–604

⁵ Liu GC, Wilson JS, Qi R, Ying J. Green neighborhoods, food retail and childhood overweight: differences by population density. *Am J Health Promot.* 2007;21(4 suppl):317–325

⁶ Moore L, Diez Roux A. Associations of neighborhood characteristics with the location and type of food stores. *Am J Public Health.* 2006;96:325–331

⁷ Smoyer-Tomic KE, Spence JC, Raine KD et al. The association between neighborhood socioeconomic status and exposure to supermarkets and fast food outlets. *Health Place.* 2008;14(4):740–754

⁸ Gundersen, C., A. Dewey, A. Crumbaugh, M. Kato & E. Engelhard. *Map the Meal Gap 2018: A Report on County and Congressional District Food Insecurity and County Food Cost in the United States in 2016*. Feeding America, 2018.

⁹

21 percent, or 683 households, do not have any access to a vehicle. The same is true for South Bethlehem, here defined as east of New Street, north of Third Street, and south of the Lehigh River. All of this space is at least half a mile from a supermarket, and roughly half of it is greater than one mile from a supermarket.

By providing a convenient physical outlet that focuses on local produce, dairy, meats, pantry items, and prepared foods, the Bethlehem Food Co-Op will strengthen the economy in Bethlehem and the surrounding region. In 2012, the National Cooperative Grocers Association, in partnership with the ICA Group, a national not-for-profit consultancy, focused on the development and support of initiatives that build economic security, released the *Healthy Foods, Healthy Communities* report, which measured the social and economic impact of food cooperatives. The study found that, "Food co-ops have been working to strengthen the linkage between local producers and consumers for decades, and today, the typical co-op works with over 150 individual local farmers and food producers. In contrast, our survey findings indicate that a conventional grocer works with 65 local farmers and food producers. While the average conventional grocery store sources slightly less than 6 percent of its food purchases from local sources, the average co-op purchases almost 20 percent of the products it sells from local sources" (p. 6). The study also found that, "A conventional grocer spends 72 percent of each dollar of revenue to purchase inventory, but only 4 percent is spent on locally sourced products. The average co-op spends 62 percent of every dollar in revenue on inventory, 12 percent of which is spent on locally sourced products" (p. 9). When paired with the data from the *BFBGLV Assessment Report*, which states that, "If each of the 241,047 households in the Valley were to spend just \$10 per week on locally grown foods during the growing season (May through November, 28 weeks), \$67 million food dollars could be kept within the Lehigh Valley," (p. 1) one can easily see how much potential the Bethlehem Food Co-Op has for economic impact.

With population increasing, Bethlehem residents are in need of employment opportunities. The Bethlehem Food Co-Op expects to offer 21 jobs at opening. The *Healthy Foods, Healthy Communities* report highlights that, "For cashiers, who comprise the largest proportion (34 percent) of all grocery store employees, the average hourly wage at co-ops is 7 percent higher than at grocery stores nationally... In addition to hourly wages and salaries, most co-ops also pay bonuses and/or offer profit sharing to employees. Considering all employees and including bonuses and profit sharing, co-op employees earn an average of \$14.31 per hour compared to \$13.35 for their peers in the conventional sector... Nationally, 68 percent of all co-op employees (full time and part time) are eligible for health insurance. On average, co-ops pay over 80 percent of eligible employee health care insurance premium costs. In the conventional sector, fewer than half of workers are full time and only 56 percent of workers are eligible for health insurance" (pp. 7-8).

In addition to bolstering the producer and retail economy, the Bethlehem Food Co-Op will allow the City of Bethlehem to progress towards being a truly walkable community, which is essential for a strong overall local economy. Without a grocery store, the City of Bethlehem's downtown cannot be considered a walkable community, which is essential for a strong economy. Christopher B. Leinberger, professor at the George Washington University School of Business and a senior fellow at the Brookings Institution, has found in his research that, "Real estate values increase as neighborhoods become more walkable, where everyday needs, including working, can be met by walking, transit or biking... As a neighborhood moves up each step of the five-step walkability ladder, the average household income of those who live there increases some \$10,000."¹⁰

The value of the Bethlehem Food Co-Op has been recognized by numerous organizations and city representatives. At a 2017 City of Bethlehem Community Development Committee Meeting, Councilman J. William Reynolds stated that there is "not a more important project" in Bethlehem, and former Councilman Shawn Martell recognized that the store would be a "pillar of the community" and added that it would be "life changing experience."¹¹ Other community members have also demonstrated committed support to the Co-Op in a number of ways, with 645

¹⁰ Leinberger, C. (2012, May 25). Now Coveted: A Walkable, Convenient Place. *The New York Times*. Retrieved September 07, 2018, from <https://www.nytimes.com/2012/05/27/opinion/sunday/now-coveted-a-walkable-convenient-place.html>

¹¹ Althouse, S. (2017, March 21). Bethlehem bamboo bill moves closer to passage. *69 News*. Retrieved September 09, 2018, from <http://www.wfmz.com/news/lehigh-valley/bethlehem-bamboo-bill-moves-closer-to-passage/406436524>

households having contributed member equity to the cooperative to-date, and others forming a dedicated volunteer and donor base. The Board of Directors anticipates significant membership growth throughout the planning and construction development phases, expecting over 1000 household membership by store opening. A site-specific market study, conducted in late 2017 on behalf of the Co-Op by G2G Research Group, has found that, “based on the population size, demographic composition, and competitive environment of the Bethlehem market area, combined with the experiences of other natural foods co-ops that operate in similar market situations, it appears that there is sufficient sales potential to support a full-line natural foods co-op.”

Population/Area Served:

The Bethlehem Food Co-Op’s primary geographic area of interest for store location reaches from the Lehigh River north to Elizabeth Avenue, and from 3rd Avenue on the west to Linden Street on the east. This area of interest, along with the Co-Op’s mission, aligns with many publicly identified goals and initiatives for the City of Bethlehem, overlapping the City’s LERTA zone¹² and Northside 2027¹³ boundaries. In fact, the Co-Op has been an active partner in the Northside 2027 initiative, participating in the steering committee and associated program events. The Co-Op’s market study identified a moderate-sized primary trade area extending between two and eight straight-line miles. The defined trade area was found to have a population base of 145,000 persons, which is significantly higher than the co-op database store average of 93,800 persons. Particular locations of interest, which are confidential at the time of this application, are along prominent retail thoroughfares and fall within census tract 108, which is one of the low income tracts on the provided CDBG map (010800-1).

While the grocery store will presumably be located in the city’s Northside downtown, the customer base will include residents of Southside, West Bethlehem, and other surrounding locales. Its strategic location will make it walkable for downtown residents, but nearby or onsite parking will also make it convenient for residents in other parts of the region to drive to the Co-Op. The Co-Op has also prioritized locations near or along LANTA public transit routes, increasing accessibility for residents of other low-to-moderate income neighborhoods and residents without personal vehicle access. Additionally, the store will cater to employees who work in the surrounding area, providing an easy place to stop for prepared food and groceries before, during, and after the work day.

In addition to serving local residents and workforce members, the Co-Op will provide a resource for tourists who encounter a practical need for groceries while visiting Bethlehem, and it will serve as a destination for visitors who are interested in the local and natural food movements or cooperative enterprise.

Outcome-Based Objectives & Project Timeline:

The purpose of the Bethlehem Food Co-Op is to open a community-owned, full-service grocery store to fill the fresh food void in downtown Bethlehem.

Because the Co-Op is community-owned, our progression is determined by number of member-owners and, later, capital raised, rather than strictly a date-driven timeline. As of this writing, 645 member-owner households have contributed equity. The board anticipates growth remaining steady through the end of 2019 and throughout 2020. Co-op consultants, mentors, and industry data demonstrate that when selected site location is announced, a significant boon is to be expected, with a rapid acceleration of timeline. Growth in the early startup phase is predictably slower, with plateaus along the way, but the board anticipates dozens of new member-owner households would join in the weeks following site announcement.

¹² Satullo, S. (2017, April 5). Bethlehem hopes tax incentive spurs north side development. *Lehigh Valley Live*. Retrieved from

https://www.lehighvalleylive.com/bethlehem/index.ssf/2017/04/bethlehem_hopes_tax_incentive.html

¹³ Radziewich, N. (2017, October 19). Bethlehem lays out North Side 2027 initiative. *The Morning Call*. Retrieved from <http://www.mcall.com/news/local/bethlehem/mc-nws-bethlehem-north-side-meeting-20171017-story.html>

With the information above in mind, these objectives are anticipated to occur within the coming year:

- Finalize negotiations and announce site location
- Launch a capital campaign, hire a general manager, begin sourcing merchandise
- Begin the early phases of site design and construction

There are a number of programmatic needs and associated costs prior to opening the store, which a \$25,000 grant would help support. Current projections include marketing fees, rent/holding costs (deposit and rent prior to opening), and startup funds needed for the general manager's wages prior to opening (strictly to be used for the developmental work). The Co-Op also plans to engage a community fellow for pre-opening administrative or task-oriented work. Our total estimate for these programmatic needs is \$200,488.61.

Recognizing a number of contingencies, and based on expert consultant advice and trade industry data, we currently expect construction to begin in 2020 and store opening to occur within 9-12 months following. This timeline is based on informed predictions and may change based on the outcome of site negotiations, capital campaign success and other factors.

Section III. Agency Information

Background:

Started by a group of concerned city residents who recognized the need for Bethlehem to have a grocery store in the downtown, the Bethlehem Food Co-Op formally incorporated on January 23, 2013 as a Pennsylvania nonprofit cooperative corporation (7102B), a different sort of business model than a 501c3 organization. By definition as a cooperative, the Bethlehem Food Co-Op is "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise."¹⁴

The Co-Op's purpose is to establish a brick-and-mortar community-owned grocery store, providing healthy, accessible, locally-focused food along with community gathering space and educational programs. The store will offer fresh foods including meat, seafood, dairy, and produce, as well as pantry items, baked goods, and household supplies. It will also offer a convenient prepared foods section. The goal is to offer a wide enough range of products for the average customer to complete their standard shopping in one location.

As the physical storefront development proceeds, the Co-Op has already begun living out numerous parts of its mission, offering programs such as community education classes in partnership with Northampton Community College, which have covered topics such as cooking, composting and informed consumer purchasing. The Community, Cooking, and Conversation program, held in partnership with West Side Moravian Church, has brought together dozens of Co-Op members and non-members alike for intergenerational, intercultural food preparation, meal sharing, and discussion. Additionally, the Co-Op has offered presentations on nutrition, food equity, local economy, cooperative enterprise in a number of local venues, such as Lehigh University's Multicultural Resource Center, VegFest, the Familia festival, and Donegan Elementary School's Spark program. The Co-Op often partners with other local businesses, bringing in dozens of customers during otherwise slow periods and forming a strong sense of community among attendees. The educational aspect of the Co-Op's mission will grow even further as a physical space is established to support programs.

The Co-Op will represent the community it serves, with a diverse membership and customer base. The Co-Op is prepared to welcome members and shoppers from a broad range of socio-economic backgrounds, and so has identified a number of strategies to make its products accessible, including a "basics" program that will offer staple food items with little to no product markup. Additionally, the Co-Op intends to accept SNAP benefits and other public access and support programs. Product mix will also be culturally relevant to local demographics, with focus on diverse perspectives in nutrition and varied cultural cuisine. To formalize its commitment to diversity, equity, and inclusion, the board of directors adopted the following inclusion policy on January 15, 2014:

Bethlehem Food Co-op welcomes everyone to our cooperative community, regardless of race, color, religion or creed, national origin, age, sex, sexuality, gender identity, pregnancy, citizenship, familial status, lifestyle, economic situation, disability, veteran status, genetic predisposition, size, political affiliation, ancestry, or for any other reason.

That's another way of saying that whoever you are, and whatever makes you unique, we are thrilled that you chose to join our cooperative family. We believe good food can bring the whole community together. We're so glad you're here!

Key Personnel:

¹⁴ Cooperative identity, values & principles. (n.d.). Retrieved September 11, 2018, from <https://www.ica.coop/en/whats-co-op/co-operative-identity-values-principles>

The Co-Op is owned by its membership, meaning member-owner households are essential to the Co-Op's existence. Member-owners contribute equity and member-loans to the business, while also taking on democratic control per the cooperative's bylaws. While the store will be open to the public for shopping, members will receive perks and incentives that will be determined by the general manager, but likely including discount days, product specials, reduced event fees, and private member events. Once the store becomes profitable, members may receive patronage rebates.

As dictated by its bylaws, the Bethlehem Food Co-Op is led by a membership-elected board of directors, all of whom serve as volunteers. Board elections are held in October at the Co-Op's annual membership meeting, with two to three seats up for election each year. The board has invested in professional services such as member recruitment coordination, pro forma development, and executive training.

As a grassroots community endeavor, Co-Op volunteers contribute many essential tasks and services towards the Co-Op's development through a number of committees. The Finance Committee develops financial policy, assists in planning and research, and is responsible for bookkeeping, invoicing, and payments throughout the start-up process. The Membership, Outreach, Volunteers, and Education (MOVE) Committee handles the member intake process, event planning, communications, and development of educational programming. The Co-Op's real estate committee fulfilled its charter in late 2017 by delivering a formal recommendation to the board for sites to pursue a market study on.

As the store gets closer to opening, operational leadership will be transitioned to a hired general manager, with the board continuing to provide policy governance. The Co-Op's market study stressed the importance of hiring a general manager with at least five years of co-op store management experience and a significant level of marketing savvy. The general manager, who will report to the board of directors, will be supported by a full complement of full-time and part-time staff, including cashiers, stockroom staff, etc. Currently, 21 employees are projected at opening.

All board members, as well as consultants and other volunteers as appropriate, sign a conflict of interest policy agreement. The Bethlehem Food Co-Op board, in collaboration with legal counsel, will continue to create policy, including a personnel manual, covering critical topics including, but not limited to, official affirmative action plans and grievance procedures.

Section IV. Plan for Monitoring or Recordkeeping

The objectives listed in section one were:

- Finalize negotiations and announce site selection
- Launch a capital campaign, hire a general manager, begin sourcing merchandise
- Begin the early phases of site design and construction

Each of these objectives requires a number of corresponding steps, which are outlined below:

- Finalize negotiations and announce site selection
 - Engage site negotiator to assist in finalizing lease
 - Complete any necessary appraisals, inspections, etc.
 - Legal review of lease and all other contracts
 - Plan and execute site announcement (member-owner event, the general public, media, etc.)
 - Adjust pro forma and capital campaign goals according to site-specific, lease-specific figures
 - Hire a project manager to ensure task completion and feasibility of project trajectory
- Launch a capital campaign
 - Engage a campaign coordinator if necessary
 - Hold trainings for board members and volunteers
 - Engage the typical average 25% of members loaning between \$3000-\$10,000, averaging around \$5000
 - Have 100% board fiscal participation in member loan campaign
 - Raise \$2.4 million from a combination of donations, member equity, member loans, and grants and cash benefits
 - Raise an additional \$500,000 from a combination of landlord contribution, city loans, co-op loan funds, and traditional bank loans
- Hire a general manager
 - Develop job description with assistance from local co-ops and national organizations and advertise accordingly
 - Interview and evaluate qualified candidates, which Philly-area co-op leaders have offered to help us with
- Begin sourcing merchandise
 - Engage member-owners in focus groups and surveys about prioritization of competing interests related to merchandise.
 - Engage local farmers, merchants, producers, and artisans through group and individual discussions, as well as surveys.
- Begin the early phases of site design and construction
 - Hire an architect and/or commercial interior designer to design the interior and exterior of the store and identify our layout needs
 - Negotiate with property owner regarding modifications to existing structure and financial contributions

The Co-Op is fully willing to comply with additional mandated reporting requirements and will look to the city administration for guidance in setting up processes to do so.

In the short term, the primary community impact of this phase of the project will be in engaging local companies and individuals for the necessary contracted work. The Co-Op will continue its educational and community-building efforts for the duration of this phase, but the long-term impact of opening a grocery store in downtown Bethlehem will have significant impacts on low-income residents of the area, create jobs in our community, and allow for the expansion of our educational outreach programs.

The executive committee (chair, vice chair, treasurer, and secretary) will share responsibility for grant-related record-keeping. The Co-Op plans to invest in project management software that will provide a concrete record of

steps toward completion, both of grant-specific metrics and the Food Co-Op Initiative's *Four Cornerstones in Three Phases*¹⁵ development model of co-operative business start-up. Board meetings and their minutes are always open to the public and relevant sections of minutes will be compiled and placed in grant-specific records. The capital campaign coordinator, with board oversight, will be responsible for creating and implementing a tracking mechanism for donations, loans, and related information. The coordinator will work closely with the treasurer and finance committee on tracking and managing funds raised.

¹⁵ Food Co-op Development Model – “4 in 3”. (n.d.). Retrieved September 11, 2018, from <https://www.fci.coop/about-us/food-co-op-development-model/>

Section V. Budget Request Forms

Program Budget

The Bethlehem Food Co-Op has been careful to always maintain cash on hand for the costs related to recruitment of new member-owners and expected startup costs. The BFC has maintained costs below equity raised in all but 2017. Much of this overrun has been due to the costs of professional services in preparation for opening. These have included feasibility studies, market studies, as well as pro-forma development and training. Annual Meeting and Picnic Costs have been member events focused on collaboration, voting and governance. A modest portion of our funds have been spent on leadership development for our board. The fees paid for membership recruiters facilitated membership growth. Remaining equity, and equity raised in the future, will be used to begin operations.

Income and Expenses 2013-2019 (Year to date)

Bethlehem Food Co-Op

	2013	2014	2015	2016	2017	2018	2019
Total Funds Raised	\$22,181.00	\$14,625.00	\$22,476.00	\$34,649.00	\$29,903.00	\$35,113.00	\$27,535.00
Training and Conference Costs	\$0.00	\$661.00	\$1,681.92	\$1,841.13	\$2,760.10	\$2,694.07	\$2,328.91
Event Costs	\$0.00	\$0.00	\$171.31	\$250.00	\$539.95	\$0.00	\$92.00
Recruitment and Marketing Materials	\$1,121.50	\$377.75	\$1,503.85	\$1,192.82	\$4,081.93	\$3,916.75	\$4,905.56
Membership Recruiters	\$0.00	\$0.00	\$10,851.67	\$18,695.50	\$18,788.95	\$14,439.50	\$0.00
Legal and Professional Services	\$0.00	\$0.00	\$380.00	\$3,250.00	\$6,500.00	\$6,046.86	\$837.50
Office Supplies	\$0.00	\$0.00	\$78.21	\$432.82	\$473.00	\$1,485.87	\$868.40
Insurance Premiums	\$0.00	\$1,895.00	\$617.00	\$0.00	\$527.00	\$1,807.50	\$225.00
Fees, Taxes and Licenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$616.36	\$749.69
Total Expenses	\$1,121.50	\$2,933.75	\$15,137.65	\$25,412.27	\$33,670.93	\$31,006.91	\$10,007.06

A final budget for buildout and projections for the first few years will be developed as a site is chosen and financing has been finalized. At present our estimates are based off data from the Common Cooperative Financial Statement Program. This program centralizes collection and analysis of data from food cooperatives across the country. It enables start-up cooperatives to make estimates of cost based on cooperatives in regions with similar characteristics. This statement of sources and uses functions as our preliminary budgeting tool and is updated continuously to evaluate our needs and capacity.

Initial Planned Sources and Uses for Buildout and Operation
Bethlehem Food Co-Op

SOURCES			
	As of 7.22.19	7.23.19 to Opening	Total
Donations / Benefits & Merch Sales	16,107	185,000	201,107
Grants	58,575	350,000	408,575
Member Equity	165,156	98,844	264,000
Preferred Shares	0	0	0
Member Loans	0	1,500,000	1,500,000
Owners Contribution	239,838	2,133,844	2,373,682
Landlord Contribution	0	130,000	130,000
Vendor Credit	0	16,400	16,400
Free Fill	0	16,400	16,400
City/Community Loan 1	0	0	0
City/Community Loan 2	0	0	0
GAP Loan	0	0	0
Co-op Loan Funds	0	0	0
External, subordinated	0	162,800	162,800
Bank Debt	0	369,364	369,364
1st Position Debt	0	369,364	369,364
Total Sources	239,838	2,666,008	2,905,846
USES			
Acquisition	0	N/A	0
Leasehold Improvements	0	747,500	747,500
Equipment	0	715,000	715,000
Inventory	0	164,000	164,000
Fees	20,124	215,056	235,180
Pre-opening promotion	9,314	17,800	27,114
Pre-opening personnel expense	0	165,400	165,400
Pre-opening administrative expense	89,990	30,000	119,990
Pre-opening Holding & Site Costs	0	35,750	35,750
Pre-opening Interest	0	8,200	8,200
Post-Opening professional support	0	25,000	25,000
Working Capital	120,410	163,202	283,612
Subtotal Uses	239,838	2,286,907	2,526,745
Overrun Allowance (15% of project costs)		379,100	379,100
Total Uses	239,838	2,666,008	2,905,846

Estimates of Program Fees During Initial Stages

These are estimates based on costs incurred by other regional startup cooperatives and adjusted for the specifics of our store. The Community Fellow will be staffed by a student seeking a master's degree at Lehigh University. This number is the portion that the Bethlehem Food Co-Op would be responsible for. They will help with organizational management and projects. Marketing fees would be primarily those fees paid prior to the capital campaign. Rent and Holding costs will be what we need to spend for initial rent and security so that we can finalize a location. Hiring a general manager for the store approximately 9-12 months in advance of its opening is critical to the success of the store as they will inform store layout design, source inventory, hire initial staff, and implement operational systems and processes. CDBG funding would allow the Co-Op to hire the general manager and other staff during crucial start-up periods before sales have begun. Once sales operations are underway, wages will not rely on grant funding.

	Fee Estimates
Community Fellow	\$ 9,000.00
Marketing Fees	\$ 16,266.61
Rent/Holding Costs	\$ 30,000.00
Startup Funds Needed for Wages	\$ 145,222.00
Total	\$ 200,488.61

Additional Potential Funding Sources

As noted in the Sources and Uses document, the Co-Op intends to utilize various funding sources. There are a number of other regional grants that we intend to apply for in the next fiscal year. We intend to raise slightly more than one third of all funds from the membership in the form of equity payments and loans. This is the recommended amount per the Common Cooperative Financial Statement Program and many co-ops are able to meet this goal. The Co-Op also intends to seek out other local low-interest loans and will be approaching cooperative specific lenders in the near future to determine what funds may be available. Please note, at this time all funding sources are pending except for the portion of member equity already raised as detailed in the 2013-2019 Income and Expenses Chart. This grant will allow us to proceed to the point where food cooperatives historically see a large increase in member equity payments, contributions to their capital campaign and the ability to secure loans.

To-date sources of funds by category

Category	2013	2014	2015	2016	2017	2018	2019	Overall
Donations	2.25%	9.57%	6.46%	1.32%	0.25%	1.59%	3.50%	2.91%
Event Fees+Sales	2.16%	0.00%	0.00%	0.18%	0.55%	1.07%	12.09%	2.42%
Equity Shares	95.58%	90.43%	93.54%	98.50%	99.20%	97.34%	81.51%	94.23%
Grants	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.89%	0.44%
Grand Total	100%	100%	100%	100%	100%	100%	100%	100%

The majority of our funding has come from private individuals and households who have joined as member-owners. A number of local businesses and organizations, not limited to those below, have donated funds, food, gathering spaces and supplies for our events:

Andrew Theyken Bench, Esq.
Back Door Bakeshop

Bethlehem Area School District
Bethlehem Farmers Market
Bethlehem Veg Fest
Bonn Place Brewing
Domaci
Edge Restaurant
Jumbar
Lehigh Valley Printing
Lit
Magellan Financial
Molinari's
Monocacy Coffee Company
Moravian College
Northampton Community College
Panera
West Side Moravian Church
William Penn Elementary

While we have raised more money than we have used to-date, estimating future costs and securing the remainder of funding is contingent on securing a site and developing actual plans for building and operations. The Bethlehem Food Co-Op hopes to be able to utilize CDBG funds for the program fees noted above. This will enable us to secure future funding and commence the project.

Section VI. Standard Required Documents & Forms

Pennsylvania Nonprofit Cooperative Corporation Executed Incorporation Documents (attached)

Copy of Most Recent Audit: To date, the Bethlehem Food Co-op has not conducted a formal audit. The treasurer has provided regular financial reports to the board. However, the need for an audit will be re-evaluated as the Co-op moves into the next stages of its development.

List of Current Board Members:

Ms. Jennifer Dize

Board Chair

Assistant Dean of Students, Lafayette College

Ms. Tracey Werner

Board Vice Chair

President & Owner, Blabbermouth Communications

Mr. Nicholas Blankenberg

Treasurer

Clinical Education Specialist, Lehigh Valley Health Network

Ms. Colleen Marsh

Secretary

Information Technology Project Manager, Moravian College

Ms. Kathy Fox

City of Bethlehem's Environmental Advisory Council, Co-chair of the Northampton County Council of Democratic Women's Environmental Committee

Ms. Carol Ritter

Co-founder of CarolTalks, Board of Directors for Lehigh Valley Reads

Ms. Kristina Gomez

Occupational Therapist

Mr. Kelly R. Allen

Professor of English and East 40 Community Garden Coordinator, Northampton Community College

Agency Budget:

	2013	2014	2015	2016	2017	2018	2019
Total Funds Raised	\$22,181.00	\$14,625.00	\$22,476.00	\$34,649.00	\$29,903.00	\$35,113.00	\$27,535.00
Training and Conference Costs	\$0.00	\$661.00	\$1,681.92	\$1,841.13	\$2,760.10	\$2,694.07	\$2,328.91
Event Costs	\$0.00	\$0.00	\$171.31	\$250.00	\$539.95	\$0.00	\$92.00
Recruitment and Marketing Materials	\$1,121.50	\$377.75	\$1,503.85	\$1,192.82	\$4,081.93	\$3,916.75	\$4,905.56
Membership Recruiters	\$0.00	\$0.00	\$10,851.67	\$18,695.50	\$18,788.95	\$14,439.50	\$0.00
Legal and Professional Services	\$0.00	\$0.00	\$380.00	\$3,250.00	\$6,500.00	\$6,046.86	\$837.50
Office Supplies	\$0.00	\$0.00	\$78.21	\$432.82	\$473.00	\$1,485.87	\$868.40
Insurance Premiums	\$0.00	\$1,895.00	\$617.00	\$0.00	\$527.00	\$1,807.50	\$225.00
Fees, Taxes and Licenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$616.36	\$749.69
Total Expenses	\$1,121.50	\$2,933.75	\$15,137.65	\$25,412.27	\$33,670.93	\$31,006.91	\$10,007.06

Attachment 1: Bethlehem Food Co-Op Articles of Incorporation

THE BETHLEHEM FOOD CO-OP

a non-profit cooperative corporation organized under
the Cooperative Corporation Law of 1988¹

¹General Association Act of 1988, Pub. L. No. 1988-177, pt. II, subpt. D, §§ 7101-7125, 1988 Pa. Laws 1680-85 (codified as amended 15 Pa.C.S. §§ 7101-7125 (West)).

**PENNSYLVANIA DEPARTMENT OF STATE
BUREAU OF CORPORATIONS AND CHARITABLE ORGANIZATIONS**

**Articles of Incorporation-Nonprofit
(15 Pa.C.S.)**

Domestic Nonprofit Corporation (§ 5306)
 Nonprofit Cooperative Corporation (§ 7102B)

Name		
Bethlehem Food Co-op		
Address		
717 North New Street		
City	State	Zip Code
Bethlehem	PA	18018

Document will be returned to the name and address you enter to the left.



Fee: \$125

In compliance with the requirements of the applicable provisions (relating to articles of incorporation or cooperative corporations generally), the undersigned, desiring to incorporate a nonprofit/nonprofit cooperation corporation, hereby state(s) that:

1. The name of the corporation is:
Bethlehem Food Co-op

2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

(a) Number and Street	City	State	Zip	County
717 North New Street	Bethlehem	PA	18018	Northampton

(b) Name of Commercial Registered Office Provider
c/o: N/A

3. The corporation is incorporated under the Nonprofit Corporation Law of 1988 for the following purpose or purposes.

To establish and operate facilities for the benefit of members for production, distribution, and purchase of consumer goods and services.

4. The corporation does not contemplate pecuniary gain or profit, incidental or otherwise.

5. Check one of the following:

The corporation is organized on a non-stock basis.

Option for Nonprofit Cooperative Corporation Only: The corporation is organized on a stock share basis.

6. For Nonprofit Corporation Only:

(Strike out if inapplicable): The corporation shall have no members.

(Strike out if inapplicable): The incorporators constitute a majority of the members of the committee authorized to incorporate; _____ by the requisite vote required by the organic law of the association for the amendment of such organic law.

7. For Nonprofit Cooperative Corporation Only:

Complete and strike out the inapplicable term: The corporation is a cooperative corporation and the common bond of membership among its (members) (shareholders) is: good and services

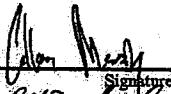
8. The name(s) and address(es) of each incorporator(s) is (are) (all incorporators must sign below):


Name(s)	Address(es)
Catherine M. Frankenberg	717 North New St. Bethlehem, PA 18018
Colleen M. Marsh	1017 Center St. Bethlehem, PA 18018

9. The specified effective date, if any, is:

_____ month _____ day _____ year _____ hour, if any

10. Additional provisions of the articles, if any, attach an 8 1/2 x 11 sheet.
See Attached

IN TESTIMONY WHEREOF, the incorporator(s) has/have signed these Articles of Incorporation this
17 day of January
2013


Signature


Signature

Signature

Pennsylvania Department of State—Corporation Bureau
Articles of Incorporation—Nonprofit Cooperative Corporation (§ 7102B)

10. Additional Provisions of the Articles

The foregoing, completed, Department of State form DSCB:15-5306/7102B-2 is incorporated by reference into this document as if it had been set forth at length herein. The following provisions shall add to and modify that incorporation form.

10.1 Interim Board

These articles shall establish an interim board of directors ("Interim Board"). The Interim Board shall have all the powers and authority as a normal board of directors (except as is provided below) and shall conduct its business accordingly.

10.1.1 Interim Board Provisions

The Interim Board shall be comprised of nine-natural persons. The Interim Board shall elect from one of its number, an Interim Board chair, the chair shall have an extra vote if needed to break a tie. The Interim Board shall be empowered to name any person to its Board should the need arise to satisfy that all nine positions are filled. The Interim Board by unanimous vote (except the person being voted on for removal) may remove an interim director (a vote to remove a director requires a majority of board members to approve the removal vote).

10.1.2 Composition of Interim Board

The Interim Board shall initially be comprised of the following persons:

- a. Giuseppe Amedeo DiEdwardo
- b. Catherine M. Frankenberg
- c. Jamie Karpovich
- d. Heather Manning
- e. Colleen M. Marsh
- f. Amber S. Ott
- g. Santiago Rivera
- h. Matthew J. Sarro
- i. Jonathan D. Soden

10.1.3 Election of First non-Interim Board

Despite any provision contrary to this in the bylaws, the Interim Board shall sit until the first meeting of the members. The Interim Board shall be empowered by these articles to call, at their discretion, the first meeting of members during the month of October. However, the first meeting must occur before November 1, 2015. At the first meeting of the members, the members shall elect an elected board pursuant to Commonwealth law or the bylaws.

10.2 Non-amendable Provisions of Bylaws

The bylaws may provide that certain bylaw provisions are not amendable by the board, by the members, or at all. The non-amendability of these bylaw provisions shall derive that quality out of and through these articles. Accordingly, these articles must be amended before those provisions of the bylaws, so designated, may be amended.

10.3 Provisions Concerning the Amendment of these Articles

A proposal to amend these articles must be originated by the board of directors and cannot be proposed directly by petition of the membership.

Docketing Statement DSCB:15-134A (Rev 2012)
Departments of State and Revenue

One (1) required

BUREAU USE ONLY:
Dept. of State Entity # _____
Dept. of Rev. Box # _____
Filing Period _____ Date 3 4 5 _____
SIC/NAICS _____ Report Code _____

Check proper box:

Pennsylvania Entities

business stock
 business non-stock
 professional
 nonprofit stock
 nonprofit non-stock
 statutory close
 management
 cooperative
 insurance
 benefit
 limited liability company
 restricted professional
 limited liability company
 business trust

Foreign Entities

State/Country _____ Date _____

business
 benefit
 nonprofit
 limited liability company
 restricted professional
 limited liability company
 business trust

Other

domestication
 division
 consolidation

1. Entity Name:

Bethlehem Food Co-op

2. Individual name and mailing address responsible for initial tax reports:

Catherine M. Frankenberg	717 North New St .	Bethlehem	PA	18018
Name	Number and street	City	State	Zip

3. Description of business activity:

Buying and selling of goods

4. Specified effective date, if any:

month/day/year _____ hour, if any _____

5. EIN (Employer Identification Number), if any:

6. Fiscal Year End:

12/31

7. Fictitious Name (only if foreign corporation is transacting business in PA under a fictitious name):

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF CORPORATIONS AND CHARITABLE ORGANIZATIONS
401 NORTH STREET, ROOM 206
P.O. BOX 8722
HARRISBURG, PA 17105-8722
WWW.CORPORATIONS.STATE.PA.US/CORP

Bethlehem Food Co-Op

THE BUREAU OF CORPORATIONS AND CHARITABLE ORGANIZATIONS IS HAPPY TO SEND YOU YOUR FILED DOCUMENT. THE BUREAU IS HERE TO SERVE YOU AND WANTS TO THANK YOU FOR DOING BUSINESS IN PENNSYLVANIA.

IF YOU HAVE ANY QUESTIONS PERTAINING TO THE BUREAU, PLEASE VISIT OUR WEB SITE LOCATED AT WWW.CORPORATIONS.STATE.PA.US/CORP OR PLEASE CALL OUR MAIN INFORMATION TELEPHONE NUMBER (717)787-1057. FOR ADDITIONAL INFORMATION REGARDING BUSINESS AND / OR UCC FILINGS, PLEASE VISIT OUR ONLINE "SEARCHABLE DATABASE" LOCATED ON OUR WEB SITE.

ENTITY NUMBER: 4160669

Bethlehem Food Co-Op
717 North New Street
Bethlehem, PA 18018

Entity #: 4160669
Date Filed: 01/23/2013
Carol Aichele
Secretary of the Commonwealth

**PENNSYLVANIA DEPARTMENT OF STATE
BUREAU OF CORPORATIONS AND CHARITABLE ORGANIZATIONS**

Articles of Incorporation-Nonprofit
(15 Pa.C.S.)

Domestic Nonprofit Corporation (§ 5306)
 Nonprofit Cooperative Corporation (§ 7102B)

Name		
Bethlehem Food Co-op		
Address		
717 North New Street		
City	State	Zip Code
Bethlehem	PA	18018

Document will be returned to the name and address you enter to the left.



Commonwealth of Pennsylvania
ARTICLES OF INCORPORATION-NON-PROFIT 5 Page(s)



T1302367115

Fee: \$125

In compliance with the requirements of the applicable provisions (relating to articles of incorporation or cooperative corporations generally), the undersigned, desiring to incorporate a nonprofit/nonprofit cooperation corporation, hereby state(s) that:

1. The name of the corporation is:
Bethlehem Food Co-op

2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

(a) Number and Street	City	State	Zip	County
717 North New Street	Bethlehem	PA	18018	Northampton
(b) Name of Commercial Registered Office Provider				County
c/o: N/A				

3. The corporation is incorporated under the Nonprofit Corporation Law of 1988 for the following purpose or purposes.
To establish and operate facilities for the benefit of members for production, distribution, and purchase of consumer goods and services.

4. The corporation does not contemplate pecuniary gain or profit, incidental or otherwise.

2013 JAN 23 AM 9:53
PA DEPT OF STATE

5. Check one of the following:

The corporation is organized on a non-stock basis.

Option for Nonprofit Cooperative Corporation Only: The corporation is organized on a stock share basis.

6. For Nonprofit Corporation Only:

(Strike out if inapplicable): The corporation shall have no members.

(Strike out if inapplicable): The incorporators constitute a majority of the members of the committee authorized to incorporate: _____ by _____ the requisite vote required by the organic law of the association for the amendment of such organic law.

7. For Nonprofit Cooperative Corporation Only:

Complete and strike out the inapplicable term: The corporation is a cooperative corporation and the common bond of membership among its (members) (shareholders) is: good and services

8. The name(s) and address(es) of each incorporator(s) is (are) (all incorporators must sign below):

Name(s)	Address(es)
Catherine M. Frankenberg	717 North New St. Bethlehem, PA 18018
Colleen M. Marsh	1017 Center St. Bethlehem, PA 18018

9. The specified effective date, if any, is:

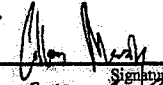
_____ month _____ day _____ year _____ hour, if any

10. Additional provisions of the articles, if any, attach an 8 1/2 x 11 sheet.
See Attached


IN TESTIMONY WHEREOF, the incorporator(s) has/have signed these Articles of Incorporation this

17 day of January

2013



Signature



Signature

Signature

Pennsylvania Department of State—Corporation Bureau
Articles of Incorporation—Nonprofit Cooperative Corporation (§ 7102B)

10. Additional Provisions of the Articles

The foregoing, completed, Department of State form DSCB.15-5306/7102B-2 is incorporated by reference into this document as if it had been set forth at length herein. The following provisions shall add to and modify that incorporation form.

10.1 Interim Board

These articles shall establish an interim board of directors ("Interim Board"). The Interim Board shall have all the powers and authority as a normal board of directors (except as is provided below) and shall conduct its business accordingly.

10.1.1 Interim Board Provisions

The Interim Board shall be comprised of nine natural persons. The Interim Board shall elect from one of its number, an Interim Board chair, the chair shall have an extra vote if needed to break a tie. The Interim Board shall be empowered to name any person to its Board should the need arise to satisfy that all nine positions are filled. The Interim Board by unanimous vote (except the person being voted on for removal) may remove an interim director (a vote to remove a director requires a majority of board members to approve the removal vote).

10.1.2 Composition of Interim Board

The Interim Board shall initially be comprised of the following persons:

- a. Giuseppe Amedeo DiEdwardo
- b. Catherine M. Frankenberg
- c. Jamie Karpovich
- d. Heather Manning
- e. Colleen M. Marsh
- f. Amber S. Ott
- g. Santiago Rivera
- h. Matthew J. Sarro
- i. Jonathan D. Soden

10.1.3 Election of First non-Interim Board

Despite any provision contrary to this in the bylaws, the Interim Board shall sit until the first meeting of the members. The Interim Board shall be empowered by these articles to call, at their discretion, the first meeting of members during the month of October. However, the first meeting must occur before November 1, 2015. At the first meeting of the members, the members shall elect an elected board pursuant to Commonwealth law or the bylaws.

10.2 Non-amendable Provisions of Bylaws

The bylaws may provide that certain bylaw provisions are not amendable by the board, by the members, or at all. The non-amendability of these bylaw provisions shall derive that quality out of and through these articles. Accordingly, these articles must be amended before those provisions of the bylaws, so designated, may be amended.

10.3 Provisions Concerning the Amendment of these Articles

A proposal to amend these articles must be originated by the board of directors and cannot be proposed directly by petition of the membership.

Proof of Publication of Notice in Northampton County Reporter

Under Act No. 587, Approved May 16, 1929, P. L. 1784

State of Pennsylvania
County of Northampton

} ss.

Mary Elizabeth Leeson, Executive Director of the NORTHAMPTON COUNTY BAR ASSOCIATION, being duly sworn, deposes and says that the NORTHAMPTON COUNTY REPORTER is a weekly legal periodical, published at 155 South Ninth Street, City of Easton, Pennsylvania, which periodical was established May 25, 1887, since which date said periodical has been regularly issued weekly in said County; that a copy of the

printed notice or publication is attached hereto exactly as the same was printed and published in the regular editions and issues of the said legal periodical on the following dates, viz:

IN RE: NOTICE OF NONPROFIT INCORPORATION

Incorporation papers have been filed with the Secretary of State of the Commonwealth of Pennsylvania on January 18, 2013 requesting the incorporation of the:

BETHLEHEM FOOD CO-OP

The Bethlehem Food Co-op is organized as a nonprofit cooperative corporation under sub-part C of part II and chapter seventy-one of the Associations Code. The Bethlehem Food Co-op is a diverse community encouraging physical, social, and economic health by providing healthful, affordable food; emphasizing local, sustainable, humane and natural food systems; and offering unique educational opportunities to the entire community.

ANDREW THEYKEN BENCH,
LL.M., ESQUIRE
Jan. 24

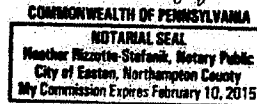
1/24/13

that the affiant is the designated agent duly authorized by the NORTHAMPTON COUNTY BAR ASSOCIATION, a Pennsylvania corporation, publisher of NORTHAMPTON COUNTY REPORTER, to verify the foregoing statement under oath and declares that affiant is not interested in the subject matter of the aforesaid advertisement, and that all allegations of the time, place and character of the publication are true.

Mary Elizabeth Leeson

Sworn to and subscribed before me this 24th day of January, A.D. 2013.

Heather Rizzotto Stefani



Statement of Advertising Costs

In Re: BETHLEHEM FOOD CO-OP
To Publish Incorporation Notice
Andrew Theyken Bench, Esquire
King Spry

To NORTHAMPTON COUNTY REPORTER, Dr.

For publishing the notice of advertisement attached
hereto on the above dates.....\$75.00

Publisher's Receipt for Advertising Costs

NORTHAMPTON COUNTY BAR ASSOCIATION, a corporation, publisher of NORTHAMPTON COUNTY REPORTER, a weekly legal periodical, hereby acknowledges receipt of the aforesaid advertising and publication costs and certifies that the same have been fully paid.

NORTHAMPTON COUNTY REPORTER

By _____



Northampton County Reporter

Owned and Published by NORTHAMPTON COUNTY BARS ASSOCIATION
155 SOUTH NINTH STREET, EASTON, PA 18042-4399
PHONE (610) 258-6333 / FAX (610) 258-3715

Invoice

Andrew J. Heinen, Esquire
Kang, Esq.
One N. Broad St., Suite 700
Easton, PA 18043

Invoice Number: 130202
Invoice Date: 1/27/15
Customer ID: BENGHA

Terms: Net 30 Day

Reference	Description	Amount
12MR	In Rec. BENTHEEM FOOD CO-OP	
NOT	To Publish Incorporation Notice	75.00
ISS	In Issue #56	
DAT	1/27/15	

TOTAL 75.00

Please include One Copy of this Invoice with Payment

INVOICE

**Attachment 2: Letter of Support from Greer Hockemeier,
Community School Coordinator, William Penn Elementary School**



**BETHLEHEM
AREA SCHOOL DISTRICT**

WILLIAM PENN ELEMENTARY SCHOOL

1002 Main Street
Bethlehem, PA 18018-6693
610-694-0116

August 30, 2019

Ms. Alicia Miller Karner
Bethlehem DCED Director
City of Bethlehem, Pennsylvania
10 East Church Street
Bethlehem, PA 18018

Dear Ms. Miller Karner:

I am writing in support of the Bethlehem Co-Op's application for funding under the City of Bethlehem Fiscal Year 2020 Community Development Block Grant.

The Bethlehem Co-Op partnered with William Penn Elementary School during the 2017-2018 school year. William Penn became a "community hub" for the Co-Op which invited elementary school families to join the Co-Op conversations. Our families are seen as partners to determine the strengths and needs of the community and to brainstorm ways the Co-Op can add to these strengths and meet these needs. This opportunity has empowered our parents and guardians to take leadership roles in our school and in our community.

As the community school coordinator at William Penn, I've had the opportunity to work with Co-Op over the last few years and recently became a member myself! We are excited about the plans the Co-Op has to add a full-service grocery store within walking distance of our school. This will benefit our families; many of which do not have transportation to travel to existing grocery stores. The Co-Op will provide healthy food options and educational opportunities in our community while having a huge impact on the local economy.

The benefits and opportunities the Bethlehem Co-Op is providing will have a significant impact on the City of Bethlehem and the families we serve. Thank you for considering the Bethlehem Co-Op for the City of Bethlehem Fiscal Year 2020 Community Development Block Grant.

Sincerely,

Greer Hockemeier
Community School Coordinator
William Penn Elementary School

**Attachment 3: Letter of Support from Dr. Bryon L. Grigsby,
President, Moravian College**



August 27, 2019

Ms. Alicia Miller Karner
Bethlehem DCED Director
City of Bethlehem, Pennsylvania
10 East Church Street
Bethlehem, PA 18018

Dear Ms. Miller Karner:

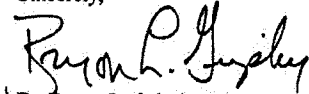
I am writing in enthusiastic support of the Bethlehem Food Co-Op's application for funding under the City of Bethlehem Fiscal Year 2020 Community Development Block Grant. The Bethlehem Food Co-Op will have considerable positive impact on downtown Bethlehem communities and institutions, providing access to healthy food and bolstering the local economy.

As President of Moravian College, I am keenly aware of the benefits and opportunities presented to our students, faculty, and staff through the opening of the Bethlehem Food Co-Op. In addition to filling a significant gap in downtown services by providing a brick-and-mortar, full-service grocery store, the Co-Op will also provide educational opportunities, empower community members, and help to revitalize an area of town that has been identified as a priority by city administration. With conversations about more formal partnership presently underway, the Co-Op and College have already collaborated in a number of ways:

- Approximately 20 of the College's current faculty and staff households are members of the Co-Op, as well as many alumni. Two members of the Co-Op's current board of directors are also Moravian employees.
- Graduate students participated in an experiential learning opportunity with the Co-Op, partnering to work on a strategic plan in their capstone class.
- Moravian Dining Services provided food for the Co-Op's Community Hubs outreach program and plans to collaborate on a farm-to-table dining and educational event.
- The College has provided meeting and event space to the Co-Op.
- Co-Op board members advised the College in the creation of a food pantry on campus, which has expanded this year.
- The Co-Op has participated in the College's Wellness Fair.
- Both organizations serve on the Northside 2027 steering committee.

As you can see, the Bethlehem Food Co-Op and Moravian College have already established a synergistic relationship, which I look forward to continuing in years to come. Thank you for your consideration of the Bethlehem Food Co-Op for these crucial funds.

Sincerely,


Dr. Bryon L. Grigsby '90
President



Office of the President | 1200 Main Street | Bethlehem, PA 18018
610 861-1364 | moravian.edu

**Attachment 4: Cara Parades, Regional Manager/Owner
3PA Restaurant Group**

September 5, 2019

Ms. Alicia Miller Karner
Bethlehem DCED Director
City of Bethlehem, Pennsylvania
10 East Church St.
Bethlehem PA 18018

Dear Ms.Karner,

I am very excited to hear of the 2019 Community Development Block Grant being awarded to the Bethlehem Food Co-Op. The idea for a grocery store to be constructed in our amazing city of Bethlehem is an excellent idea and I absolutely support this decision.

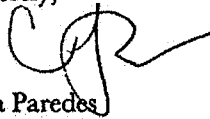
This project is very much needed in our downtown. There are not easily accessible food stores in the immediate area and this would alleviate that. A walkable, healthy and cooperative grocery store is a necessity.

As a restaurant owner in the downtown and a member of the Co-op myself I can assure you it will be used heavily by myself as well as other downtown owners, residential patrons & visitors. I have been anxiously awaiting the arrival of this grocery store and am excited to see it finally be completed.

I have confidence this will be a positive project all around and look forward to seeing it progress.

Please contact me back with any questions. My email is [REDACTED] and cell is [REDACTED]

Sincerely,



Cara Paredes

Regional Manager/Owner

3PA Restaurant Group