

Adopted Minutes
East End Food Co-operative Board Meeting
May 15, 2017

In attendance:

Board Members: Eddy Jones, Vice-President; Amit Shah, Treasurer; Dirk Kalp; Patrick McHale; William Warnock; Brynn Yochim.

Absent: Andrew Ritchie, Secretary.

General Manager: Justin Pizzella

Board Clerk: Erica Peiffer.

Member Guests: (12) Stephanie Ulmer, Kate Safin, Greg Sinn, David Hereth, Sam Bramson, Joni Rabinowitz, Ian Ryan, Deanna Srock, Faith Schantz, Tom Pandaleon, Alice Leibowitz, Arianna Garafalo.

Eddy called the meeting to order at 7:02 p.m. William read our Ends statement aloud.

Amend/Approve Agenda

Discussion: A closed session discussion was added. Discussions on Board Perpetuation and Elections, Finance and Member Linkage committees were specified for the time allotted to Discussion on Committees. A discussion of Board Member Status was added after the discussion on committees.

Decision: Dirk moved to approve the agenda as amended. William seconded.

Vote: 6.0.0

Amend/Approve previous meeting minutes

Discussion: Directors reviewed draft minutes of the previous meeting and made corrections for grammar and factual errors which are reflected in the published minutes.

Decision: Dirk moved to adopt the minutes as amended. Brynn seconded the motion.

Vote: 6.0.0

GM Update

The board presented Justin with a card and a pin in recognition and appreciation of 6 years of service. Justin reported that sales continue to be flat, and expenses at 7-year lows. He highlighted several small projects to generate sales, including updates to the foyer, produce department, refrigerated cases and more floral. A new reverse osmosis water filtering system has been designed and awaits inspection by the Department of Environmental Protection.

B6 – Staff Treatment

Justin introduced this report by highlighting the fact that it was the first time he's submitted this report with complete compliance in all categories. He credited unionization as a key contributor, considering that wages increased and morale is up. The only score that dropped was related to department expectations, and Justin said that communication will be improved. He noted scores relating to safe working conditions tend to fluctuate and he cited the challenges of the space, including sloping floors, absence of a loading dock and cramped quarters, all of which he said cannot be improved unless we change locations. He noted that wage increases as a result of unionization had likely contributed to pay scale score being in compliance for the first time. Despite the Co-op's desire to pay more, financial realities in this space are limiting. Justin said the best hope for improving wages is relocation to bigger store with greater capacity to generate sales so that revenues can support higher wages and benefits. Justin acknowledged Ian and Deanna, Union President and Chief Steward, and said he was appreciative of their interactions. In closing he said we are 80 staff members, and we all have a role to make this a great place.

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Directors reviewed the report page by page and asked questions. Justin described the process of working with a liability insurer to reduce safety incidents. Eddy commended the positive trend, although he noted we are scored low when benchmarked against other coops. Justin described the methodology for benchmarking as misleading because the sizes of coops vary widely and historical data is incorporated. Eddy inquired how often job descriptions are revisited and Justin responded that an extensive process of updating was begun but the union contract has put that on hold. Dirk inquired about turnover rates and Justin replied we are stable for the year. Brynn inquired about staff evaluations of managers and Justin responded that one evaluation has been conducted thus far, as bargained through the union contract. Communication was identified as a challenge. Another evaluation is scheduled for August. Dirk congratulated Justin on the improvement in survey scores.

Decision: Dirk moved to accept the report. Amit seconded.

Vote: 6.0.0

D2 – Board Job Description

Directors reviewed the policy and discussed interpretations. Regarding sub policy 2.1, stating the board is “responsible for linkage with member owners,” directors discussed how to do this to scale with 12,000+ members. Dirk explained the board is responsible for defining the Ends, and management is responsible for affecting it. Dirk said the Member Services department is a reflection of the action part of that policy and commended Staff efforts through events, newsletter, website and social media, outreach, comment cards, and more formal means like the member survey. He described past board efforts at organizing focus groups, for topics like expansion for example, although he noted that attendance was minimal and the challenge of reaching a wide audience of members remained unmet. Brynn described our membership as “unique and spirited” in their commitment to serving the community and expressed a desire to inspire more members to join. Dirk explained past processes for reviewing D policies, including a monthly self-evaluation scoring exercise, which he said would be an ineffective exercise for the current board which lacks continuity. Finally, he explained that it is the board’s duty to review policies and if policies require updates or changes, it is the task of committees to draft revisions which are then presented to the full board for a vote.

Discussion on BPE Committee

Patrick expressed interest in chairing the Board Perpetuation and Election Committee. Brynn and William expressed interest in serving on the committee. Directors briefly discussed options for announcing a call for candidates for both the regular election and appointments. It was decided that the BPE committee make a recommendation to the full board.

Decision: Brynn motioned that Patrick chair the BPE Committee. William seconded.

Vote: 6.0.0

Eddy announced that Mike Collura had submitted his resignation.

Decision: Dirk moved to accept the resignation. Brynn seconded.

Vote: 6.0.0

Discussion on Finance Committee

As Treasurer, Amit was recognized as the chair of this committee. Other members include Andrew, William, Dirk, Justin and Finance Manager Shawn McCullough. Meetings are to be held a few weeks ahead of each B1 report submission, so the committee can bring a more informed discussion to the full board. The next meeting was scheduled for June 1, and then another on August 31. Justin asked the

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board to propose a few dates for a financial training session with Shawn. Justin reported we are still waiting on final results of last year's audit, and he committed to request a final copy for the 6/1 meeting.

Discussion on Member Linkage Committee

Brynn expressed interest in chairing the Member Linkage Committee. She said our members are passionate about food, health, community and the Co-op should provide more pathways for them to get involved and use this energy for constructive means. She also suggested that members rely on the Co-op to make product choices for them, so the board needs to do the homework so they can make confident purchases. Dirk reminded directors there is a dividing line between strategic visioning and enacting ideas through management. He asked Brynn to consider how to operationalize these ideas. He also commended Staff for promoting our Co-op's buying principles and concern for community. Andrew, Dirk and William expressed interest in serving on this committee.

Decision: William motioned that Brynn chair the Member Linkage Committee. Dirk second.

Vote: 6.0.0

Erica asked if the Board was planning to seat a chair for the Annual Meeting Committee, and suggested that if not, the work of this committee could potentially be folded into either Member Linkage or BPE. She urged directors to decide soon if the Annual Meeting would be tied into the election cycle or not, and if so, a date for the meeting would need to be determined as soon as possible.

Discussion of CDS contract

Eddy passed around a copy of a contract from CDS for board consulting services, including CBL 101 and retreat. He asked directors to read the contract and consider the two options therein. Dirk explained that CBL 101 is training session that is hosted quarterly in various cities around the country for new board members and sometimes management, to learn about governance and interact with people from other coops. He described the retreat as an opportunity for the full board to convene with newly elected board at the start of each board service year, for training, team building, and calendar and agenda setting. Dirk explained the past protocol for the board to pick a date in advance and to inform board candidates within the candidate packet so they can plan accordingly. Directors discussed the options at length, but decided to confirm the details of each option before making a decision.

Closings

Dirk acknowledged Mike Collura for 10+ years of board service, saying "he gave generously of his time and served in all of the officer roles, including filling in as President for Sarah during maternity leave. He was a great asset and was sincerely dedicated to our Ends. He put his heart into serving our members." Directors reviewed the date of the next meeting and packet submission deadline and procedures. Another working meeting was scheduled for Monday, June 5. The Board Corner and any other newsletter content is due June 1.

Member-owners Open Session

Stephanie Ulmer is a member concerned about fracking on organic farms. She does not want to support farms that are profiting from fracking and so developed a list of "frack-free" farms. She shared a copy of the list with the board and suggested the Co-op label products from these farms with signage. Alice Leibowitz was excited about the board conducting working meetings and requested a summary of these discussions and any votes to be documented in the minutes. In response to her request for an update on the CSI report, Eddy said the board needed to dialog more. Faith Schantz expressed interest in seeing the

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CSI report and also asked the board to consider how to make board meetings more transparent, including meeting minutes for members and GM report hand-outs. Joni Rabinowitz also requested to see the CSI report and expressed excitement about Brynn's ideas for Member Linkage. She suggested the board consult member Kate Luxemburg on the decision between online vs. paper balloting. Finally, she suggested former board members Alice Leibowitz and Tom Pandaleon were available for consultation on board protocol. Tom Pandaleon noted that every member of the BPE committee is new to the board and suggested former board members Mike Collura and Mark Frey could be consulted as resources. He also urged the board to consider opening committees to member participation. As members began to speculate as to why the CSI report had not been released, Patrick reported that while a lot of work was invested into this report, the board had not come to consensus around the decision or the protocol to release the report. He cited personnel concerns and the need for further redaction regarding context, and also noted the report is rather lengthy. Arianna Garafalo asked for the immediate release of the CSI report, for the inclusion of members on committees, and she expressed an interest in working in community gardens on behalf of the Co-op. Sam Bramson inquired as to the feasibility of an online discussion board for members. Marketing & Member Services Manager Kate Safin noted challenges to moderating discussion boards and suggested the Co-op already manages various social media platforms with significant followings that provide a venue for discussion. She added the new website includes a blog space with the capacity for commenting. Erica followed up to say that a discussion board has been in consideration for some time and will continue to be on the bucket list as limited Staff manage a number of priorities related to Member Services. Justin and Alice engaged in a dispute around whether the bylaws allow for members to serve on board committees. Deanna Srock commented that the union does not take a stance on the CSI report or members serving on committees. Kate Safin commented that many participants in the CSI investigation had an understanding that their interviews were confidential and it said would be a breach of trust for the Board to release a report that was never intended for the public. As a manager, she expressed concern for the position of staff that participated in the investigation. She suggested alternatives, including the release of a summary of helpful information or making the report available to individuals upon request as deemed necessary.

Adjournment

Decision: William moved to adjourn the meeting at 9:48 p.m. Patrick seconded.

Vote: 6.0.0

The Board went into Executive Session at 10:05 p.m. to discuss non-public matters. At 10:58 p.m. William moved to adjourn. Patrick seconded the motion. The Board voted 6.0.0 to end the session.

Minutes respectfully submitted by Erica Peiffer, Board Clerk.

In March the Board voted to form a sub-committee tasked with preparing the CSI report for release. In April the board voted on a methodology of redacting the report to ensure proper protection of all persons involved in the investigation process. The Board feels satisfied that the final version provides the transparency we need while protecting identities of those involved. Any questions, comments, or concerns can be addressed to the Board at boardofdirectors@eastendfood.coop.

January 10, 2017

CASE # 16-4521

CASE: East End Food Co-op Election Investigation

CLIENT: [REDACTED]

INVESTIGATORS: Tiffany Wilfong, Joseph R. Killgallon, Robert Beckey, Louis W. Gentile

SYNOPSIS: The objective of this investigation was to investigate the integrity of a recent election at the East End Food Co-op. ACT is an organized movement within the Co-op that has emerged since the volunteer program was terminated in 2014-2015. ACT's platform is based on members having a voice in operations, and inexpensive access to food sold by the EEFC. However, there is a position to the philosophy of ACT by other members of the EEFC as to how the organization should be managed and operated.

Balloting was underway on September 29, 2016: a continuation of balloting that had been ongoing for at least two weeks. It is the understanding of the Investigator(s) that the vote could be cast online or throughout the course of a certain period with paper votes cast in a ballot box. Concerns were expressed to the Board in October concerning possible nefarious activities on behalf of at least one individual whose actions were indicative of the fact that [REDACTED] may have been tampering with either the ballot box and/or violating the rules and regulations as they apply to the election process in regards to campaigning on site during this particular period.

Consequently, CSI was contracted to conduct an internal investigation during which the envelopes of votes already cast remain unopened until a determination would be made by the Board as to whether they should be counted or another alternative considered. Additional concerns over tainted election results have been received by investigators relating to a previous election which apparently has residual concerns in this election.

The East End Food Co-op store is monitored via an installed and operational video surveillance system. An integral component of this investigation was the review of the video clips provided to the investigator only during the time period of September 29, 2016 from 11:00 a.m. to 2:00 p.m.: only a "snapshot" of the entire election process, the actions of [REDACTED]

were apparently egregious enough to cause concern to the degree that the video clip was made available to board members and investigators alike.

Allegations in regards to the possible prefilling of ballots and multiple voting have not been confirmed. Likewise, rumors in regards to potential unscrupulous behavior on behalf of candidates have been determined to be unfounded. Concerns have emerged, however, in regards to violating campaign rules and regulations dealing specifically with campaigning both within the store and too close to the voting area.

Admittedly, the perception is based upon interpretation - what the perceiver sees and hears. However, the facts that emerged from interviews by Investigators, corroborated by reviewing the three hour video, provided sufficient information in the opinion of the author of the “Findings” portion of this report herein: it is reasonable to believe that the integrity of the election likely has been compromised, the degree to which however is unknown.

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- A horizontal bar chart with 15 rows. Each row consists of a small black square on the left and a black bar of varying length extending to the right. The bars represent different values, with some being very long and others very short. A large, faint watermark 'Copyright' is visible across the chart.

FINDINGS:

The indisputable facts are as follows:

1. The security of the balloting area by virtue of the responsibilities of individuals assigned to that particular area was inadequate.
2. There is an obvious motive to influence the election. There is a distinct and extreme difference of opinion among members as to how the EEFC should operate and be managed. One particular philosophy is endorsed by ACT, of which [REDACTED] is a formidable active member, resulting in a palatable tension between the two groups. For example, an individual identified as [REDACTED]: "I feel like I am not being represented. Horrified that board members could not attend ACT meetings. We're members and we want to be represented by our board." There is no question as to the intention of [REDACTED] as reflected in [REDACTED] statement as [REDACTED] response to Investigator Killgallon when asked about potential improprieties when [REDACTED] responded: "why would we need to do that, we had the votes?"
3. It was observed that only three persons appeared to vote during this time period in question, which was approximately from 11:00 a.m. to 2:00 p.m. on September 29th, 2016. The repeated shuffling, sorting, and writing on papers and ballots around the ballot box area by [REDACTED] cannot be logically explained with such minimal activity.
4. To succinctly summarize several of the more salient concerns as reflected in the "Executive Summary:
 - On video, [REDACTED] can be viewed placing [REDACTED] hand within the slot on the ballot box and placing something inside.
 - [REDACTED] wrote on blank ballots by [REDACTED] own admission, regarding the online website.
 - [REDACTED] attempted to have additional ballots printed by going through [REDACTED]

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Predicated on the facts compiled in this document including the interviews conducted by investigators Killgallon, Beckey and Wilfong, a review of the video, it is the opinion of the author of this "Conclusions" section, Louis W. Gentile, with a reasonable degree of professional certainty, that the facts surrounding the video clip on September 29, 2016 from 11:00 a.m. to 2:00 p.m., as well as interviews conducted and information received, have delivered competent information to

establish that the election process in 2016 may have been compromised, particularly since so much questionable activity had been documented only within a three hour snapshot of the process. There is no way to determine whether or not similar activities, which appear to be unscrupulous, were consistent throughout the election process. Consequently, it is impossible at this point to determine the degree to which the election process may have been impaired. Theoretically, all of the video surveillance tape could be reviewed. However, this would only take into account what occurred inside of the store's location of the ballot box and the external camera which memorializes activity on the outside perimeter of the facility, but not any other subversive actions that may have taken place behind the scenes. Because so much concern has emerged over only three hours of the election process, the perception of the process has been fatally flawed. Given the divisiveness of the EEFC, perceptions are based on numerous interpretations, and these interpretations are more than likely conformed to the wishes of the perceiver, which lends itself to a tarnished and irregular process. The investigation did uncover however that rumors in regards to potential and unscrupulous behavior on behalf of the candidates were unfounded: a component of this election which has emerged as a credible portion of the process.

jk

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