

Adopted Minutes

East End Food Co-operative Board Meeting

8/21/2017

In attendance:

Present Board Members: Eddy Jones, President; Dirk Kalp, Vice President; Andrew Ritchie, Secretary; Amit Shah, Treasurer; Patrick McHale; William Warnock; Brynn Yochim (via phone)

Absent Board Members: None

Board Clerk: Absent

General Manager: Justin Pizzella

Member Guests: Arianna Garofalo, Mike Ulizio, Sam Bramson, Faith Schantz, Tom Pandaleon, Julie Sinnamohideen, Chi Maat, Emily DeFerrari, Evan Diamond, Heather Hackett, Ron Gaydos

Eddy called the meeting to order at 7:03 p.m. Members in attendance introduced themselves, and Patrick read our Ends statement aloud.

Eddy explained that the bulk of the evening's discussion would be centered on the board's desire to fully embrace the Ends in the work they perform. Dialogue about the Ends will be more prominent in board governance, and metrics will be reported similarly to the quarterly financial reports in support of the triple bottom line philosophy.

Amend/Approve Agenda

Discussion: Eddy scheduled a closed session after adjournment, and the date of the next meeting was corrected to September 18.

Decision: Amit moved to accept the agenda as amended. Dirk seconded the motion.

Vote: 6-0-0

Amend/Approve July meeting minutes

Discussion: Directors reviewed draft minutes of the July meeting and made corrections for grammar and clarity as reflected in the published minutes.

Decision: Dirk moved to accept the minutes as amended. William seconded the motion.

Vote: 5-0-1

Brynn joined via phone at 7:12 p.m.

Update from August working meeting

The board held a working meeting on August 7. Eddy reported that directors were productive in handling activity related to BP&E, working to fill vacancies and preparing for the election.

Patrick reviewed the operational improvements that will be put in place for the upcoming election, including an improved balloting process and guidelines for campaigning. The board received training from legal counsel on specific scenarios related to direct dealing and other issues. Board members participated in a facilities tour before tonight's meeting to gain a better perspective on existing conditions impacting the need for expansion. On August 26, the board has an 8 hour training session on Co-op Board Leadership 101 and has invited potential appointees, election candidates, and members at large to join them in attending in order to cultivate future board leadership.

Adopted Minutes
East End Food Co-operative Board Meeting
8/21/2017

GM Update

Justin gave the Board a general update regarding the following topics –
The co-op continues to see 1-2% sales growth, and is off to its best start in the 2000s. By keeping tight controls on expenses and sticking closely to the budget, Justin is predicting a positive net income for July, which is remarkable. Aisle 6 was reset and looks great. The primary reason for this reset was to gain shelf depth and reduce back stock to accommodate expansion of walk-ins. The co-op now has room to offer kombucha on-tap, which is exciting. Justin anticipates positive sales in August and hopes to see a potential sales lift from the reset in Aisle 6. Eddy said it was exciting to see positive growth and asked if Justin had heard any more buzz about Amazon/Whole Foods. Justin reported that things have died down a bit since the initial announcement, and he thinks that the priority for the co-op is to continue to position itself for future success, and continued focus on the ends is a good method for this. The reverse osmosis water filtration system required some exceptional engineering to get in place per the Department of Environmental Protection and advice of the engineering firms consulted. The recommended contractor has been out of town and will be meeting Justin tomorrow. An upcoming partial reset of bulk goods will accommodate 6' of new refrigerated cases primarily for grab 'n go drinks and other refrigerated items. New air conditioner was installed in stockroom last week, and upcoming foyer renovations will allow for an expanded floral presence at the entrance of the store.

Justin announced that his resignation was submitted last Friday and his final day with the co-op will be October 17th.

NCG Section

The board received the inaugural edition of the NCG quarterly bulletin earlier this week, and Eddy asked how NCG communicated with co-ops before switching to this format. Justin explained that they relied on the GM to disseminate information to the board and as the business has grown and become more complicated, NCG believes board members will value a more direct connection and sees the quarterly bulletin as a way to bridge that connection.

Measuring Our Ends

Justin sees the measuring of our ends as a way to provide context to the triple bottom line. This is a step towards gaining recognition from members that we're taking a serious look at important environmental and social justice issues and focusing on how the co-op is impacting them. This will give the co-op an opportunity to quickly demonstrate the impact the business has been having.

Justin walked everyone through the first 13 items he has singled out as key metrics to demonstrate that we are fulfilling our Ends. There is an enormous amount of potential metrics that could be tracked, but many have been determined to have minimal impact or lack an accurate method for tracking to prove worthwhile. Eddy said the top items are clearly priorities, and he sees potential in the items currently tracked by marketing as a cooperative way to include

Adopted Minutes

East End Food Co-operative Board Meeting

8/21/2017

more member engagement items. Justin explained the metrics in detail and the board discussed at length how each might best represent the Ends.

Local products received a lot of attention as one of the most meaningful ways to impact the local economy, and carrying them is a priority shared by the membership. Local products' SKUs are already coded as such, and their sales impact can be presented in a monthly snapshot. Amit suggested representing these figures as a percentage rather than an absolute number to track with fluctuating sales. Eddy expressed a need for an accompanying document that explains the methodology of each metric.

Justin said that while the co-op has won recognition for sustainability initiatives, it's challenging to produce consistent metrics to report. For example, the electric meter is shared with other tenants, making it impossible to create an accurate report of usage. He mentioned that hard data is available about food recycling efforts with 412 Food Rescue as well as numbers on shopping bag credits and these could be potential focus areas.

There was discussion about the metrics currently tracked by MMS, and the board believes visibility of the membership engagement metrics could be valuable. The board discussed a composite metric that incorporates social media statistics, e-news click rates, and other items. Justin advised the board that based on his experience, some members simply aren't interested in being engaged, mentioning that Erica personally calls every new member and offers to give them a tour and orientation of the co-op, but gets very little response. Eddy asked that the marketing team make a proposal of the key metrics from this subset for the board to highlight.

Closings

The next board meeting is September 18, all items to be included in board packet are due to Erica by 8 a.m. on September 6. Eddy will send out a doodle poll for the next working meeting which is currently scheduled for Labor Day and will need to be rescheduled.

Member-owners Open Session

Arianna thanked the board for establishing metrics related to our Ends and asked about the new processes in place for the election. Patrick explained that similar to last year we will encourage online voting. In-store voting will be available on demand at customer service, and ballots will be printed straight from the membership database to minimize errors. Patrick also detailed some of the flaws with allowing in-store online voting in response to a question from Emily. Arianna asked if there will be any rules about campaigning, and Patrick said these were finalized yesterday and will be emailed out tomorrow. Tom asked for the name of the lawyer who participated in the direct dealing training during the August working meeting and Justin responded that it was Brian Hentosz. Tom offered a few suggestions for additional metrics, including member participation in elections and attendance at annual meetings. He also asked the board to share information about the costs incurred for the CSI report and said this figure should be made public. Several board members replied that they weren't sure of the exact cost but it has been reported as in the range of \$10-15,000. Faith said that she applauds the efforts the board is

Adopted Minutes

East End Food Co-operative Board Meeting

8/21/2017

making to measure our Ends, and also stressed that member engagement is not just a staff responsibility and she would like to see a board metric about what the board has done to engage members. She remarked that “a creative vision to transform the future” doesn’t seem to be adequately addressed in the metrics the board proposed and suggested that this should be a metric used to evaluate board performance. Emily asked if it is known how many of the 12,000 members actually shop at the store, and Justin explained that there are over 17,000 members who have made some level of investment into the co-op. The 12,000 number represents people who have shopped in the last 2 years. Finally, Ron Gaydos introduced himself as a representative of the Pittsburgh Chamber of Cooperatives and invited everyone in attendance to some upcoming workshops his organization is hosting.

Adjournment

Decision: Amit moved to adjourn the meeting at 8:48 p.m. Patrick seconded the motion.

Vote: 6-0-1

The Board went into Executive Session at 8:57 p.m. to discuss non-public matters. At 9:46 p.m. Amit moved to adjourn the session. Dirk seconded the motion. The Board voted 6-0-1 to end the session.

Minutes respectfully submitted by Andrew Ritchie, Board Secretary.

Appointment Vote in Closed Session

On Wednesday August 23, the board voted to approve appointment offers to Malcolm Ferguson and Arianna Garofalo.

Decision: Dirk made the motion to appoint Malcolm Ferguson to the term expiring in 2019, and to appoint Arianna Garofalo to the term expiring in 2017. Amit seconded.

Vote: 7-0-0