

**Adopted Minutes**  
East End Food Co-operative Board Meeting  
10/16/2017

**In attendance:**

Present Board Members: Eddy Jones, President; Dirk Kalp, Vice President; Arianna Garofalo; Malcolm Ferguson; Patrick McHale; Brynn Yochim.

Absent Board Members: Andrew Ritchie, Secretary; Amit Shah, Treasurer; William Warnock.

General Manager: Justin Pizzella.

Board Clerk: Erica Peiffer.

Member Guests: Jen Girty, Cathy Brunetti, Eric Cressley, Faith Schantz, Tom Pandaleon, Kate Luxemburg, Erin O'Neill, Leslie Clark.

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Eddy called the meeting to order at 7:02 p.m. Members in attendance introduced themselves, and Dirk read our Ends statement aloud.

**Amend/Approve Agenda**

Discussion: 10 minutes to discuss updates from recent meetings were added after the approval of past meeting minutes. After the Ends Monitoring Report, 15 minutes were added for an update from the Board Perpetuation and Elections Committee, 20 minutes were added to discuss board procedure around requesting Co-op funds, 15 minutes were added to discuss a proposal for training on cooperative corporate law, and 10 minutes were added for an update from the General Manager Search committee. Closed session was added at the end of the agenda.

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

Vote: 6.0.0

Directors recognized Justin for his six years of service. Eddy read aloud some outcomes from the five plus years of his tenure as General Manager. Total sales grew 50%, from \$7.5 million to \$11.2 million; the percentage of local sales grew from 11% to 25% of total sales; and membership grew from 9,200 to 13,000 members. Eddy said the store is dramatically different today as a result of the leadership and value that Justin added.

Next Eddy introduced Human Resources Manager Jennifer Girty and Front End Manager Eric Cressley, who along with Finance Manager Shawn McCullough comprise the transition team that will assume GM responsibilities effective October 18<sup>th</sup>. The GM transition team will meet weekly with the board and ensure business continuity through the GM search process.

Eddy noted the board did not meet for the closed working meeting scheduled for October 2<sup>nd</sup>, and he also reported that the Meet the Candidates event held on September 26<sup>th</sup> was successful.

**Amend/Approve previous meeting minutes**

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

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

Vote: 4.0.2

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**GM Update**

Justin provided a handout with updates on the following topics – Finances, Store News, NCG News and Expansion. Regarding Finances, he said that sales growth has been floating around 1-2%. He noted we continue to exercise tight controls and we're ahead of budget, which projects positive net income. Regarding Store News, he noted that renovations in the bulk department are planned for the end of the month, including a new bulk water dispenser.

**Ends Monitoring Report**

Justin provided copies of the report and attachments to directors and all members in attendance. He read aloud highlights from last fiscal year, including:

- Our membership grew by 595 members and we now have over 12,757 members.
- We grossed approximately \$11.2 million in sales in the fiscal year.
- \$2.8 million, or approximately 25% of our sales were of local products!
- We continue to be a significant giver in the community through our community event participation, hosting nearly 30 community lectures or events, provided direct donations totaling over \$30,000, and gave direct food donations of over 10,000 lbs.
- We composted or recycled 470,000 lbs., which is almost all our waste stream, and provided almost 127,000 bag credits.

Justin said that challenges persist. He suggested continuous improvement in operations as a strategy to overcome competition in the marketplace. Regarding participation and engagement, he suggested the board consider realistic goals that encompass a spectrum of interest levels. Next, directors reviewed and discussed the attachments, a series of tables comparing data from the current and prior years, organized around four metrics – A. Local Products and Vendors, B. People and Community, C. Planet and Sustainability, and D. Engagement and Democracy.

Decision: Dirk moved to accept the Ends report. Brynn seconded the motion.

Vote: 6.0.0

**Board Perpetuation & Elections Committee Update**

On Thursday, October 12<sup>th</sup> committee members Patrick, William and Brynn met to tally votes. A Manager on Duty provided them with the paper ballots that had been secured in the safe. They used an excel spreadsheet to track the member numbers that had voted and which candidate each member had voted for. Once all the ballots were entered into the spreadsheet and merged with the tally of online votes, they used conditional formatting tools to search for duplicate member numbers. None were found. There were a total of 446 ballots cast; 185 were cast online and 261 were physical ballots. The results of the vote tally were as such:

Emily DeFerrari – 374  
Arianna Garofalo – 366  
Sarah Trist – 352  
Heather Hackett – 75  
Dirk Kalp – 72  
Nathaniel Morley – 45

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Patrick said he still needed to contact the candidates with this information, and he briefly described the communications strategy for announcing election results to the membership. Election results will be recorded in meeting minutes, and will be sent to the Marketing and Member Services Manager for inclusion in the next issue of The Co-operator and in the next Members Only e-newsletter.

Directors presented Dirk with a card thanking him for over three decades of board service, and his “guidance, wisdom and passion for governance” in particular were mentioned. Eddy requested that Patrick develop a committee process doc to be save on Google Drive. Justin recommended developing a “work-around” for last-minute voters who encounter technical difficulties with online voting, and for brand new members who don’t have a unique member number assigned yet. Front End Manager eric cressley noted there were no issues related to printing ballots; traffic at the Customer Service desk was smooth.

### **Board Procedures**

Justin informed directors about established formal procedures and policies for requesting funds from the business. He emphasized the need for a paper trail and agreed to email directors the latest version of the Co-op’s expense reimbursement form for reference. Directors discussed the potential for upcoming expenses relating to the hiring search for general manager. Justin suggested the board allocate a portion of their budget to be used at the discretion of the GM search committee, so they don’t have to discuss and vote on each expenditure. Directors inquired about procedure for documenting votes that occur outside of public meetings. Erica requested email documentation, to be included in board meeting minutes for public record. Dirk also suggested bringing a consent agenda to the next scheduled meeting to achieve the same purpose. Eddy noted these procedures for inclusion in the Director Orientation Manual. Lastly, Justin emphasized the benefit for the board to do a rigorous review of D policies, defining Board Process, to build alignment around interpretation and define compliance.

### **Corporate Legal Counsel Proposal**

Justin produced a formal quote from the Cohen & Grigsby firm, for corporate board training and retainer services. The idea comes from the positive feedback garnered from the previous training session with our labor lawyer around the rules and responsibilities of directors when interacting with unionized staff. Justin said we haven’t had a consistent relationship with a corporate attorney, specifically knowledgeable about the fiscal responsibilities of the board of directors under Pennsylvania corporate law and within a cooperative corporation. Christi Tillabaugh came highly recommended. Jen suggested the GM Transition Team would like to attend also.

Decision: Malcolm moved to accept the proposal and schedule the training. Dirk seconded.

Vote: 6.0.0

### **General Manager Hiring Search Committee**

The committee is comprised of Jen, Eddy, Ariana, Brynn, Patrick. Ariana reported the job listing has been posted on approximately 20 free job boards. The committee plans to hold a forum

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discussion with staff in November and a member forum in December, to discern the most desired qualities and qualifications to look for in potential candidates. The full board plans to discuss at the November working meeting. Arianna passed around for members in attendance to review a guide for hiring that was supplied by CDS consulting. The committee proposed a budget of \$6,500, to cover costs associated with the hiring search, including travel for out of town candidates, advertisements, fees for consulting, and a facilitator for staff and member forums. Decision: Dirk proposed an estimated budget of \$6500 for the GM search committee. Malcolm seconded.

Vote: 6.0.0

### Closings

The next board meeting was scheduled for November 20. Submissions to the next meeting packet are due to the board clerk on November 8.

### Member-owners Open Session

Erin O'Neil introduced himself as a member for over twenty years. He noted that his partner Cathy Brunetti will be ending her employment at the Co-op and wanted to acknowledge her three years of service. Faith Schantz appreciated the documentation given to members to review, and also mentioned that during her time campaigning on the sidewalk during board elections, many did not realize elections were happening. She asked if an email had been sent to members. Erica and Justin both concurred that no fewer than 10 e-newsletters containing voting information had been sent to members. Erica recounted other ways voting information was communicated to members, and noted that both the number of candidate statements distributed and the number of ballots cast had increased five-fold in the last three years. Kate Luxemburg said the Pittsburgh Urban Farm Tour organized by the Co-op was "wonderful!" She also expressed concern that names were printed on ballots this year, eliminating anonymity in voting. Lastly, she recounted a negative personal experience with the law firm represented in the corporate law training proposal. Tom also cautioned directors not to be "cowed" by outside advice. Erica acknowledged their caution, but also commended the board for investing in "education, training and information" so that those members assuming the responsibility of operators in our cooperative business can be well-informed of their responsibilities and protected from personal risk. Dirk explained that non-profits and cooperatives must abide by corporate law, and while incorporation protects individual shareholders from the risks associated with entrepreneurship, management and directors assume greater levels of risk and responsibility.

### Adjournment

Decision: Patrick moved to adjourn the meeting at 8:57 p.m. Arianna seconded the motion.

Vote: 6.0.0

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The Board went into Executive Session at 9:10 p.m. to discuss non-public matters. At 9:47 p.m. Arianna moved to adjourn the session. Brynn seconded the motion. The Board voted 5.0.0 to end the session.

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Minutes respectfully submitted by Erica Peiffer, Board Clerk.