

**Adopted Minutes**  
East End Food Co-op Board Meeting  
5/21/2018

**In attendance:**

Present Board Members: Eddy Jones, President; Patrick McHale, Vice-President; William Warnock, Treasurer; Emily DeFerrari; Katy Nevinsky; Sarah Trafican; O.E. Zelmanovich (Zoë).

Absent Board Members: Malcolm Ferguson; Alicia Hall.

Designated General Management Team: Shawn McCullough, eric cressley.

Absent DGMT: Jen Girty.

Board Clerk: Erica Peiffer

Member Guests: Mike Collura, Alice Leibowitz, Carlos Gasca-Yanez, Leslie Clark.

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Eddy called the meeting to order at 7:08 p.m. Everyone in attendance introduced themselves. Emily read our Ends statement aloud. Patrick arrived at 7:10pm.

**Amend/Approve Agenda**

A working meeting report was added after approval of minutes. A brief discussion on an expansion opportunity in the South Side was added after the DGMT update. Annual Meeting and Elections Calendar planning was moved up before the discussion of bylaws. A GM Search Committee update was added to committee updates. Eddy added a closed session.

Decision: Sarah moved to accept the agenda as amended. Zoe seconded the motion.

Vote: 6.0.0

**Amend/Approve previous meeting minutes**

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

Decision: Zoe moved to accept the minutes. Sarah seconded the motion.

Vote: 6.0.0

**Working Meeting Report**

On May 7<sup>th</sup>, the board met with our new landlord and toured our current facilities the Gemini Theater space together. The board also discussed the idea of proposed revisions to bylaws, the staff survey, the 2018 board retreat, HR benchmarking, and CBL101 training.

William arrived at 7:15pm.

**DGMT Update**

Shawn reported on the recent profit share. All employees received 32.9 cents per hour worked for the first three quarters of the fiscal year. The total disbursement was approximately \$24,800. Directors questioned where profit sharing fits into policy, and both the employee handbook and union contract were noted, along with the B6 – Staff Treatment and Compensation monitoring report. Shawn reported on finances, noting a net loss in April due to the profit share payout. Customer counts were up and sales grew 5.2%. Plant Something Day was cited as the second biggest sales day of the year, second only to this year's Bulk Sale. eric reported on the replacement of our fleet of shopping carts. Directors inquired about the status of the new reverse osmosis water filtration system, and directed the DGMT to request an update on our permit application with the PA DEP. eric reported attending a retreat with reps from fellow NCG

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member co-ops in the northeast. Directors inquired about the status of lease negotiations; Shawn reported a delay in communications and asked Eddy to intercede.

### **Southside Opportunity**

Patrick reported on a potential expansion opportunity for a small retail storefront to be housed within a redeveloped historic building in the Southside. Directors briefly considered potential offerings, like grab-and-go foods, or fresh juices and smoothies. Concerns were raised about the implications of pursuing a project in a high-end market. Ultimately, directors asked the DGMT to research the opportunity and present a report with more information – development timeline, lease commitment, storefront specs, cost-benefit analysis, and the direct relationship to our Ends.

Emily reported that she was contacted by a member with a space-sharing opportunity in Wilksburg, and promised to provide more information after an initial meeting.

### **2018 Election & Annual Meeting Calendaring**

Directors projected last year's process document via Google Drive as a reference. Directors were motivated to move the Annual Meeting back to the fall to sync with board elections. Shawn said having audited financials by November was a reasonable expectation. November 3<sup>rd</sup> was chosen as the date of the Annual Meeting, and October 27 through November 30 was determined as the timeline for voting in board elections. Directors outlined the following schedule for newsletter communications -

July/August – announce elections timeline, and rationale for the meeting date

Sept/October – call for candidates and announce meeting details

Nov/Dec – candidate statements and voting instructions

As elections will not conclude until the end of November, newly elected directors will be seated in December, and Eddy noted the board may need to vote to change election terms.

### **Bylaws Discussion**

Zoe proposed a series of bylaw changes with the stated objective to increase member participation and transparency. Eddy wondered aloud if some of the proposed changes could be more appropriately addressed by policy governance, noting that bylaws are legally binding, therefore, more detail in the bylaws equates to more constrictions on the business. Zoe proposed presenting draft changes to members at special meetings throughout August and September, to allow for a ballot referendum in this year's board election, although not all directors were in agreement this timeline provided sufficient opportunity for the discussion to play out. Directors discussed proposed changes to several articles that address quorum for various purposes – for members to call a special meeting, for the board to conduct business at the Annual Meeting, and for amendments to be made to the bylaws – and it was noted that quorum is different for each purpose. Currently the quorum requirements are 1% of membership for the board to conduct business at the annual meeting, and 10% of membership to call for a special meeting. Directors considered various methods for reconciling the numbers, while also considering the intention behind different calls for quorum. Zoe described the discrepancy as an “uneven expectation for

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board versus member power” and suggested “splitting the difference” with 300 members required to call for special meetings and make changes to the bylaws. William noted that participation at recent Annual Meetings would not meet any current definition of quorum, and so it seemed unreasonable to expect meaningful participation at “special meetings”. Patrick agreed the numbers should be reconciled but thought they should be raised to the greater of the two, 10% of members. Eddy thought the numbers should be different, and was generally opposed to a specific number versus a percentage of membership. There was a discussion about the difficulty of pinning down a solid number for "active members" and the implications for determining an appropriate and realistic quorum. Zoe proposed a new bylaw article to define “active membership” and suggested this would significantly decrease our membership numbers, to effectively lower the threshold for quorum. Directors asked for Mike Collura’s input, as a former board member who had participated in past bylaw changes. Mike suggested consulting a lawyer to discuss legal considerations related to quorum, and also reminded directors that it is the board’s responsibility to represent the totality of the membership and the significance of the 10% threshold is designed to respect that. Zoe suggested that special meetings would have alleviated strife in co-op decisions in recent years. Erica asked for clarification about what takes place at a special meeting that did not take place at board meetings, Annual Meetings, and other member linkage events hosted in recent years. Patrick said that a vote could be forced at a special meeting, with a lower threshold for quorum. The board agreed that further discussion of proposed bylaw changes would occur at the full board level versus forming an ad hoc committee, and Eddy suggested a “defined input versus a defined output” approach, committing to set aside dedicated time at each board meeting to further discuss proposed changes versus making the goal to produce a referendum in the next election.

### **Membership Linkage Committee Update**

Emily reported that committee members met on April 25<sup>th</sup> to produce the latest charter draft. Input from Marketing & Member Services Manager Kate Safin that was emailed after this date was not represented in the draft, although caution against considering alterations to member survey methodology was noted. The charter renamed the committee “Member-Owner Participation”.

Decision: Zoe moved to approve the charter, effective for the calendar year. Patrick seconded.

Vote: 7.0.0

### **Board Perpetuation & Elections Update**

Sarah asked for a head count of those interested in attending the CBL101 training session in Buffalo this coming July. It was noted that William, Patrick, and Alicia’s terms will be expiring.

### **Annual Meeting Committee Update**

Emily had no updates to report.

### **Finance**

William reported that the committee had met to review March financials, budgeting, and sales by department. The committee also discussed capital likely need for expansion.

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**GM Search Committee Update**

Emily reported this committee is at a standstill. A survey was sent to all managers to collect input on the hiring process, although managers reported the survey was difficult to interpret and requested a meeting. Eddy has not been in contact with CDS on the matter. The next committee meeting will be held in tandem with the June working meeting.

**Closings**

The next board meeting was scheduled for June 18<sup>th</sup>. A closed working meeting was scheduled for Monday, June 4<sup>th</sup>. Submissions to the next meeting packet are due to the Board Clerk via email on Wednesday, June 6<sup>th</sup> by 9 a.m.

**Member-owners Open Session**

Mike Collura said he had nine pages of notes and promised to follow up on the majority of his points via email, although he highlighted a few. He suggested directors attend the CCMA conference to meet other cooperators and to gain insight on a lot of the issues on the table. He encouraged directors to talk to former board members about the process and the “why” of the bylaw changes that occurred in 2011, and to consult an independent third-party lawyer to understand legal considerations in the process. He echoed Eddy’s point from the earlier discussion on bylaw changes and noted that policy governance is a more flexible system for requesting specific outcomes from Co-op management. Alice Leibowitz commended the board on determining an Annual Meeting date that balances the competing interests of audited financials and board elections. She also commented on the discussion of quorum and thinks the differing numbers need to be reconciled, but do not need to be identical, and that requiring twice as many people for special meetings was reasonable. She claimed she had empirical evidence that a majority of the membership was in agreement. She suggested a “working group” of board members could continue to develop proposed changes and bring to the full board for discussion. There was continued discussion with Leslie Clark about the Board's desire to pin down the numbers in the "funnel" of our members, from all member households to the most consistent shoppers. Erica Peiffer noted the juxtaposition in the stated intent of proposed bylaw changes to “increase member participation” and proposals that lower the number of members required to participate in making fundamental changes. She recognized that in her work as Member Services Coordinator she also grapples with the challenges of encouraging member participation, and she recognized that compromises must sometimes be made for practical reasons, although she asked the board to focus their efforts on bringing more people into the conversation versus creating expectations that maintain the status quo, especially in the face of consistent membership growth. As a member-owner whose livelihood is invested in the Co-op’s success, Erica urged the board to maintain rigor in the process of reviewing bylaws.

**Adjournment**

Decision: Zoe moved to adjourn the meeting at 9:49 p.m. Emily seconded the motion.

Vote: 7.0.0

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The Board went into Executive Session at 9:58 p.m. to discuss matters pertaining to real estate. At 10:15 p.m. Sarah moved to adjourn the session. William seconded. The Board voted 7.0.0.

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Minutes respectfully submitted by Erica Peiffer, Board Clerk.