

**Adopted Minutes**  
East End Food Co-op Board Meeting  
7/16/2018

**In attendance:**

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

Absent Board Members: Eddy Jones, President; Sarah Trafican.

Designated General Management Team: eric cressley, Jen Girty, Shawn McCullough.

Board Clerk: Erica Peiffer.

Member Guests: Joni Rabinowitz, Rayden Sorock.

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Patrick called the meeting to order at 7:05 p.m. Everyone in attendance introduced themselves. William read our Ends statement aloud.

**Amend/Approve Agenda**

No amendments were made.

Decision: Malcolm moved to accept the agenda. Katy seconded the motion.

Vote: 6.0.0

**Amend/Approve previous meeting minutes**

No amendments were made.

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

Vote: 6.0.0

**DGMT Update**

Jen reported that our new fiscal year began on July 2<sup>nd</sup>, and pay raises went into effect for all staff, with exception of Designated General Management Team. Shawn reported that he had reviewed the new lease with Eddy, and our real estate attorney was preparing a counter-proposal. eric reported that the management team was considering a proposal for our Produce department to offer only certified organic product, and he asked for insights from the board regarding our Ends statement. Directors questioned if this was an operational or strategic decision, and they agreed to consider a presentation offered by Produce Manager Evan Diamond. Zoe asked for confirmation that our annual inventory occurred, and Shawn replied that it did occur and that dollar amounts were on par with last year.

**B2 – Business Planning and Financial Budgeting**

Shawn presented three versions of budget projections for the upcoming fiscal year. He based the budget on 2% sales growth, but also illustrated financial outcomes if sales growth remained static at 0%, and if sales growth exceeds expectations at 3%. Several new line items were created to account for state and federal taxes, and for profit share payouts. Assuming 2% sales growth and barring any exceptional expenses, the budget projected net income over \$100,000. Directors noted that capital expenses were budgeted high and Shawn explained that we have planned updates to our Point-of-Sale system, including new pin pads that will feature credit card chip readers. Zoe inquired about the operational definition of sub-policy B2.4 regarding feasibility analysis of business planning, specifically asking, when do projects rise to the level of requiring member input and what does the mechanism for that look like? The DMGT was not clear.

Directors suggested this section of the report be edited for future submissions. Directors and the DGMT were both unclear on the “Governance Investment Policy” referenced in sub-policy B2.7, and directors asked for a clearer definition and more data on the board budget for future report

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submissions. The report noted the budget had been vetted by NCG, although Shawn admitted this was an error in reporting; directors requested this be edited for accuracy.

Decision: William moved to accept the report with edits. Malcolm seconded.

Vote: 6.0.0

### **B3 – Asset Protection**

Shawn introduced the report by noting non-compliance, as one of our bank accounts has been over the FDIC-insured limit for several months. Shawn committed to move some cash reserves to other accounts to avoid this situation, although he admitted this has not been a top priority. Zoe inquired about our health department standards, and Eric reported we received a clean bill of health from an inspection last week. Emily followed up on her inquiry about membership data and mailing lists. Both Eric and Erica pointed to the privacy policy on our website and in the member-owner guide. Erica noted that many of Emily's specific questions about contact with members are addressed in the B4 – Membership Rights & Responsibilities report. She noted that not all members that have supplied an email address for emergency business contact purposes have elected to receive e-news communications. Zoe suggested that notifying invested member-owners about the Annual Meeting is a business purpose. Erica suggested that member-owners of a consumer cooperative have many rights and responsibilities, primarily among them is use of the business, therefore notice of store hours and operations, product offerings and sales information, and the full range of organized events are equally pertinent as board communications, and our obligation to respect privacy preferences and laws should not be disregarded. She concluded that email is not a "silver bullet" and the Marketing & Member Services department diligently employs every communications means available to notify members of all news and events. Emily reported sending 20 questions to Shawn related to membership information; Shawn agreed to look into them. Joni Rabinowitz said the Member-Owner Participation Committee needs access to emails in order to contact members about the work of the committee.

Decision: Zoe moved to accept the report with acknowledgement of non-compliance. Malcolm seconded.

Vote: 6.0.0

### **Restructuring Committee Update**

Zoe reported this committee has been renamed the Management Transition Committee. The committee met with the management team for the first time last week. Zoe reported trepidation from managers about moving forward as an eight-person team, and also generally about transitioning toward a new management structure, along with mistrust of the board due to turnover and instability. The committee is utilizing the sociocratic process to explore a long list of issues. The committee plans to meet with the management team two more times this month. Emily asked if an administrative assistant had been hired yet to assist the DGMT; Jen replied the position had been posted. Zoe asked the DMGT for their opinion on a timeline for transition; they replied they are willing to stick with it indefinitely. It was noted that Katy Nevinsky will be resigning from the board and therefore the committee, and Zoe invited other directors to join him and Emily if they are available for Tuesday morning meetings.

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**Board Perpetuation & Elections Committee Update**

Patrick reported in the absence of committee chair Sarah. The committee had an action item to obtain an example of a board orientation binder that was produced for recent appointees, and Katy brought hers to the meeting for that purpose. Emily reported that she and Sarah recently attended the CBL101 training in Buffalo, and neither one was particularly enthusiastic about the program. Emily was dissatisfied with session on policy governance, and the opportunity to network with directors from other co-ops.

Alicia Hall tendered her resignation from the board via email on July 5, 2018.

Zoe motioned to accept the resignation. William seconded. The board voted 6.0.0 in favor of the motion.

Katy Nevinsky announced she plans to move to Oregon on August 10 and will resign from the board effective on that date.

It was noted that Malcolm Ferguson was absent for three meetings during this board year, and according to our bylaws, this can be interpreted as an automatic resignation.

Emily motioned to reinstate Malcolm to the board. William seconded. The board voted 5.0.1 in favor of the motion.

Emily used the white board to list directors in cohorts according to their term expiration. She noted there will soon be two vacancies – Alicia’s term was set to expire in 2018 and Katy’s seat was set to expire in 2020. She suggested voting to appoint Eddy to the term expiring in 2020, and to appoint William to the term vacated by Eddy, which would expire in 2019, with the intention to promote board stability. William and Patrick criticized the suggestion as undemocratic. Patrick suggested leaving Alicia’s seat vacant until the fall election, and seating the top four candidates in the election, with the intention of using the committee’s time more efficiently and streamlining the on-boarding process for new directors. He suggested the candidate in fourth place in the election would be seated to the shorter term. Zoe noted that if we only have four candidates, the lack of competition could discourage voter turn-out; although, he also noted the board has been essentially operating with roughly seven directors for the past year anyway. Directors informally agreed to elect four candidates in the 2018 election, although they postponed a vote until Eddy and Sarah could weigh in.

**Annual Meeting Committee Update**

Emily reported plans to schedule a planning meeting with Marketing & Member Services staff, and then another with volunteer members of the committee to delegate specific tasks.

**Member-Owner Participation Committee Update**

Emily reported that the membership of the committee has been fluctuating. Several sub-committees have been researching the legality of employing volunteers, evaluating member communications, and evaluating the member survey. Emily requested a template copy of the survey for the committee to review; Erica suggested contacting Marketing & Member Services Manager Kate Safin. Patrick requested a list of the committee’s membership, referencing language from the charter that stated membership is to be approved by the full board. Emily agreed to update the Google Drive with the latest charter listing current members.

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**Finance Committee Update**

There were no updates.

**Discussion of Brainstorming Prompts**

The board brainstormed potential expenditures for the board budget, including:

- CCMA conference
- Hiring outside facilitator for strategic planning
- More strategic board outreach to members – ie. meet and greets
- Board bonding/team building
- Grants to farmers to become certified organic
- Profession help to evaluate board attrition – recruit & retain
- Increase board stipends
- Hire a project manager/consultant for expansion
- Annual board retreat
- Annual meeting enhancements
- Outside assistance with D monitoring
- Professional help to update board orientation manuals and overhaul on-boarding process
- Project management for management transition committee
- Seminars/classes etc. to understand finance, policy governance, facilitation
- Election promotion
- Direct mailers to members
- Member Forums
- Increase clerk salary for more support – attend working meetings
- Increase stipend to support directors devoting more time to board activities

Shawn distributed copies of a report that itemized actual board expenditures from the past seven years alongside this year's budget. Past expenditures averaged \$15K per year and Shawn had budgeted \$15.6K for this year. Directors had the impression the board budget should be around 0.5% of the business budgets, which would be around \$55K. Directors agreed that \$15.6K was too low, although \$55K was too high. The Finance Committee agreed to estimate the cost for items on the brainstorm list and meet with Shawn to discuss which spending priorities the budget could support.

**Closings**

A closed working meeting was scheduled for Monday, August 6<sup>th</sup>.

**Member-owners Open Session**

No members were in attendance at this point.

**Adjournment**

Decision: Malcolm moved to adjourn the meeting at 9:36 p.m. William seconded the motion.

Vote: 6.0.0

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Minutes respectfully submitted by Erica Peiffer, Board Clerk.