

Draft Minutes
East End Food Co-op Board Meeting
9/17/2018

In attendance:

Present Board Members: Eddy Jones, President; William Warnock, Treasurer; Emily DeFerrari; Sarah Trafican; O.E. Zelmanovich (Zoë).

Designated General Management Team: Jen Girty, Shawn McCullough.

Absent DGMT: eric cressley.

Board Clerk: MaCall Scott.

Member Guests: Joni Rabinowitz, Evan Diamond, Alice Leibowitz, Jona Reyes, Jesse Bennett, Eva Barinas, Faith Schantz, Tom Pandaleon, Larry Meadows Jr., Earl T. Braxton.

Eddy called the meeting to order at 7:02 p.m. Members of the Board and DGMT introduced themselves to member-owners in attendance. Emily read aloud the Ends statement.

Amend/Approve Agenda

Finance committee update was struck, and other updates were added before the DGMT update.

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

Vote: 5.0.0

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: Sarah moved to accept the minutes. William seconded the motion.

Vote: 5.0.0

Other Updates

Upon resigning from co-op employment on September 8th, Patrick McHale also resigned from board service in accordance with our bylaws. The board met on August 30th to discuss hiring the Carlisle group to facilitate hiring a GM.

DGMT Update

Jen reported that our POS pin-pads were updated to accommodate card chip readers. Turkey pre-sale has begun in preparation for the holiday season. The annual staff satisfaction survey will launch tomorrow, facilitated by CDS consulting. Shawn reported that monthly financial accounting reports for July officially closed and we had net positive income of \$12,500 for the month. Managers invited representatives from the Pennsylvania Resources Council to attend a supervisor's meeting in October for training on waste management and recycling. Eddy asked managers to report back on action items from last meeting. Shawn reported discussing tax implications of the patronage dividend model with both our tax accountant and a representative from NCG, and committed to follow up with more information for the October meeting packet. Zoe inquired about Front End efforts to promote board elections. Emily inquired about progress on a list of questions emailed on behalf of the Member-Owner Participation committee, and requested a written report in the meeting packet.

B1 – Financial Condition & Activities

Shawn introduced this report by noting this is the first time in 4-5 years that the report is compliant in all aspects. Sales were up, margins were consistent, and we made net income for the quarter. The significance of co-metrics was explained as a tool by which we compare our data to

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other co-ops. Tax laws will change in December, and we may have a blended tax rate for the year. Adjusted financial data will be available by the annual meeting. The Wellness Wednesday promotion is gaining traction after two years and sales in the supplements department are higher than last year. We have a three-year contract with the union, therefore we should not incur expenses related to contract negotiations next year. Directors and the DGMT discussed average basket size, NCG rebates, UNFI shipments, and expenses such as occupancy, administration, and profit sharing. It was noted that depreciation of capital assets should reduce by half in the next 13-14 months.

Decision: William moved to accept the B1 report. Emily seconded the motion.

Vote: 5.0.0

B4 – Member Rights & Responsibilities

Directors questioned how members are informed of their rights and responsibilities upon signing up for membership, and Jen committed to follow up with Marketing & Member Services Manager Kate Safin. Jona Reyes commented that the Co-op should more clearly communicate to new members how their email will be used. Directors requested a script for the new member welcome calls placed by the Member Services Coordinator. Regarding social media stats, directors requested a breakdown across platforms. Directors reviewed and discussed the content of the Member Center section of our website.

Decision: Zoe moved to accept the report, with acknowledgement of need to revise the policy. Emily seconded the motion.

Vote: 5.0.0

Discussion of Revisions to B4 Policy

Emily read aloud the policy revisions submitted by Zoe in the monthly meeting packet, which outlined three sub-points for a sub-policy to specifically address the GM's efforts to inform members of board elections and the annual meeting, including face-to-face or paper mailing communications and emphasizing the importance of keeping updated member contact information. Eddy suggested the Member-Owner Participation committee could provide input for specific wording, and requested that Zoe submit a "red-line" version of the policy in a meeting packet within the next several months. Lastly, Eddy said the Board Statistical Summary provided in each monthly meeting packet was not useful information, and requested the DGMT to provide member attributes and work collaboratively with the board to develop a more useful summary.

Board Perpetuation & Elections Committee Update

Sarah expressed concern over being a one person committee. Zoe updated the elections timeline and Emily offered to be liaison with Marketing & Member Services department. William shared his experience that counting ballots is time-consuming, and noted there is electronic software to assist. The window to announce candidacy will conclude on September 22, and candidates will be vetted by the board between September 23 and September 30. Emily committed to draft an article for the October 1 deadline for *The Co-operator*. Voting is scheduled to begin October 27 and conclude November 30. Eddy reported on potential recruitment and partnership opportunities via a local organization called Leadership Pittsburgh.

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Member-Owner Participation Committee Update

Alice Leibowitz said the committee wants to survey members on participation issues, including shopping and member issues. Emily explained that revising the bi-annual member survey is expensive, although the Marketing & Member Services staff is capable and amenable to issuing additional surveys developed in-house. Next, directors discussed a procedure for following up on member concerns and staff inquiries.

Annual Meeting Committee Update

Emily reported that email promotions are scheduled to begin in October and the meeting agenda will be provided in the next board packet. Directors discussed the potential for voting at the annual meeting, questioning if wifi and access to the member database would be required. Paper ballots were discounted as an alternative to eliminate ambiguity in the voting system. Emily committed to follow up with the Marketing & Member Services and IT departments for more information. The intention is to make voting via phones available.

Management Transition Committee Update

Zoe reported that the management team had requested the board to hire a general manager, offering to work as an 8 person general management team in the interim. The board agreed to begin a GM search process and consider the interim plan given further consideration on how it would work. Eddy recommended discussing executive compensation during closed session, including how it could benchmark with other co-ops and how it should compare relatively to other employees of our Co-op. Jen concurred that matters of employee compensation are confidential in nature. Zoe motioned to discuss in public session; there was no second. The board is exploring hiring the Carlisle Group to conduct a candidate search; the Harrisburg-based consulting firm has seated nine GMs in two years. Directors reached out to several of these co-ops for feedback. Eddy noted the GM job description will be significantly revised based on input from the management team, and from members and staff collected during “listening tours”.

Decision: Eddy motioned to move forward in working out a contract with the Carlisle Group to assist the board in hiring a general manager. Zoe seconded.

Vote: 4.0.1

CBLD Contract Discussion

Eddy Reported that our contract with CDS for board development consulting services is up for renewal and there is financial incentive to renew before the end of the month. He also noted there may potentially be grants available to subsidize the cost, as was the case last year. Eddy was in favor of renewal, suggesting the service useful for on-boarding directors, strategic planning, and a general sense of “someone to depend on”. Zoe and Emily criticized the service, suggesting CDS has “their own agenda” and the training and resources were “superficial”. Directors agreed to research the option of hiring CDS for a la carte services to compare with the option of renewing a full package contract.

Closings

The next board meeting was scheduled for October 15th. Submissions to the next meeting packet are due to the Board Clerk via email on Monday, October 8th by 8 a.m.

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Member-owners Open Session

Faith Schantz said she is appalled that new members are not provided more information about their rights and responsibilities and how we're more than just a grocery store.

Adjournment

Decision: William moved to adjourn the meeting at 9:44 p.m. Emily seconded the motion.

Vote: 5.0.0

The Board went into Executive Session at 9:54 p.m. to discuss matters pertaining to the election, management compensation, and lease. At 10:24, p.m. Sarah moved to adjourn the session. William seconded. The Board voted 5-0-0 to end the session.

Minutes respectfully submitted by MaCall Scott