

**Adopted Minutes**  
East End Food Co-op Board Meeting  
12/17/2018

**In attendance:**

Present Board Members: Eddy Jones, President; Sam Applefield; Eva Barinas; Karen Bernard; Emily DeFerrari; Larry Meadows, Jr.; Jona Reyes; O.E. Zelmanovich (Zoë).

Absent Board Member: Sarah Trafican.

Interim General Management Team (IGMT): Jen Girty, Human Resources; Shawn McCullough, Finance; Erin Myers, IT Manager; Kate Safin, Marketing & Member Services.

Board Clerk: Erica Peiffer.

Member Guests: William Warnock, Tom Pandaleon, Faith Schantz, Carlos Gasca-Yanez, Jesse Adelman, Annie Sutton, Joni Rabinowitz, Aaron Waesche, Megan Moffit.

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

**Amend/Approve Agenda**

No amendments were proposed.

Decision: Emily moved to accept the agenda. Zoe seconded the motion.

**Vote:** 4.0.0

**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: Emily moved to accept the minutes as amended. Zoe seconded the motion.

**Vote:** 4.0.0

**December Working Meeting Update**

Eddy reported the board met on Monday, December 3<sup>rd</sup> to count ballots and certify the results of 2018 board elections. There was a total of 290 ballots cast, of which 130 were cast on paper and 160 were cast electronically. There were two disqualified ballots – one corresponded to a refunded membership and one corresponded to a membership not current on share payments.

Next, Eddy reported vote tallies for each candidate as follows:

Karen Bernard – 248	Julie Inman – 82
Sam Applefield – 232	William Warnock – 81
Eva Barinas – 211	Corwin Parker – 43
Larry Meadows Jr. – 208	George Mavrogeorgis – 37
Jona Reyes – 201	

Based on these vote tallies, Sam Applefield, Karen Bernard, and Eva Barinas were identified as the top three candidates with the most votes to be elected to three-year terms. Larry Meadows Jr. was identified as the candidate to be seated to a vacancy for a two-year term, and Jona Reyes was identified as the candidate to be seated to a vacancy for a one-year term.

Decision: Zoe motioned to certify these results at 8:08pm on December 3, 2018. Emily seconded.

**Vote:** 4.0.0

**Vote to Seat New Directors**

Decision: Eddy motioned to seat new directors according to the terms above. Zoe seconded.

**Vote:** 4.0.0

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**IGMT Update**

Jen reported Tyler Kulp was hired as produce manager, and would transition out of the assistant café manager role in the new year. Kate reported our Mercato online store was live, and delivery service will be ready to launch pending staff training. Kate provided updates on the status of the bi-annual member satisfaction survey, noting a launch date of 1/22 and projecting an analysis of results to be prepared by mid-March. Postcards will be sent in January to prompt members without email addresses on file in our internal records database to provide this point of contact for inclusion in the survey. Lastly, Kate previewed an upcoming store promotion – 25% off supplements for the first Wellness Wednesday of the new year. Zoe asked managers to comment on the transition from a three-person designated general management team, to a seven-person interim general management team. Jen mentioned that former DGMT managers are relieved to have more support, and Kate said she perceived the management team working together on a new level of cooperation.

**Action Item Follow-up & Discussion**

Directors and managers reviewed action items from previous meetings and reported progress. Eddy noted his upcoming meeting to discuss lease negotiations. Directors discussed decisions around requesting proposals from architects to consider use of the Gemini space. Shawn committed to request proposals from two local firms within the next 2-3 weeks, for comparison to a proposal already requested from Seven Roots architecture firm we have worked with in the past. Larry committed to draft criteria and process for soliciting bids for services more equitably.

**B1 – Financial Condition & Activities**

Shawn noted this report reflects financials for the first quarter of the fiscal year, ending September 30th. He introduced the report with a narrative of two main story lines – sales inching back and increased health care costs. Sales increased 3% from the same quarter the prior year, although transactions were only up 1.5%, indicating the store is selling slightly more product to slightly more members. Of note, supplement sales were up 5.2% and Shawn speculated that Wellness Wednesday promotions were gaining traction. Regarding health care expenses, Shawn explained there were more employees and dependents enrolled; he noted this was the expense most of out alignment with budget to actual. He projected rent and utility costs may also go up as lease negotiations continue. He noted that our largest capital asset is scheduled to be fully expensed and come off our balance sheet by January. In response to the report of non-compliance in a former B1 report regarding underinsured operating accounts, Shawn reported opening two new cash accounts, including one with the EEFC Federal Credit Union, which should provide substantial interest income as interest rates creep back up. Directors then reviewed the report page by page and asked clarifying questions. On page two, directors asked Shawn to speculate as to causes of the sales increase. He responded that perhaps consumer disapproval of the Amazon/Whole Foods merger has driven more customers to our store; he also noted that while margin dollars are up, margin overall is down, indicating increased sales to members and more traffic in the store, most likely as a result of new businesses in the neighborhood. Regarding healthcare costs, managers clarified that the Co-op covers 80% of premiums for both employees and dependents. On page 9, regarding non-compliance with timely payment of invoices, Shawn noted staffing transitions and said hiring an administrative assistant has helped to remedy the situation.

Decision: Karen motioned to accept with acknowledgement of non-compliance. Jona seconded.

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**Vote:** 7.0.1

**A – Ends**

Kate introduced the report by clarifying the report represents data from the calendar year, as opposed to the fiscal year like in the Annual Report. Some metrics were included although Kate noted her efforts to respond to directors' request for more narrative. Co-efficient data point comparisons to other NCG co-ops were not included based on dialog with NCG, which indicated that most co-ops are not using consistent methodology; for example, each co-op has an individual definition for "local". Directors debated our definition of local, and ultimately decided that our current definition, a 250-mile radius including all of PA and excluding Canada, is reasonable. Directors discussed the fact that senior and low-income discounts are aggregated as one metric. Erin confirmed our Point-of-Sale system does not currently have the capacity to track separately, but offered to report the total number of transactions paid for with SNAP benefits for the next board meeting. Directors expressed a desire to make the store accessible to more low-income shoppers. Kate reported our forthcoming participation in the Food Bucks program, coordinated by the Philadelphia non-profit The Food Trust, which will enable us to increase the value of grocery dollars spent on fresh food via coupons issued to program participants. Next, directors reviewed the report page by page. On page 1, directors commented that profit was equally important as people and planet when defining the "triple bottom line" approach to business. Directors questioned if delinquent membership accounts (lapsed on installment payments) should be considered part of our "active" count. On page 2, directors suggested including statistics on the percentage or number of fair-trade products in the store. On page 3, Kate offered some narrative to explain why local sales percentages were down, noting the loss of several vendors due to suspended business operations. Regarding sub-policy A3 regarding a "vibrant, dynamic community of happy, healthy people" directors requested for future reports a narrative on efforts to increase workplace democracy. On page 4, directors expressed a desire to see attendance figures relative to specific events. On page 5, directors commended staff efforts to improve sustainability, specifically around the use of plastics in the store. Directors discussed a desire to establish goals around specific metrics, for example increasing the number of reusable bag credits, and suggested the use of interactive visual displays in the store. Directors and managers agreed to continue to revise the report. Finally, directors expressed disappointment that ~2% of eligible voters participated in board elections.

Decision: Jona made a motion to accept the report. Larry seconded.

**Vote:** 8.0.0

**Finance Committee Update**

Larry stated his intention to serve on this committee. Tom Pandaleon asked the board to consider including non-board members on this committee. Directors agreed to discuss committee membership at the upcoming retreat.

**Board Perpetuation & Elections Committee Update**

Eddy described the board's use of Google Drive, and asked Erica to send orientation materials via a link to new directors; directors are to request print-outs as desired. Next, he noted agenda highlights for the upcoming retreat. Emily committed to call Sarah and CDS consultant Rose Marie Klee to confirm details.

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**Member-Owner Participation Committee Update**

Zoe passed out a revised copy of board meeting guidelines for guests, which directors had previously approved online. Directors reviewed both the content and format of a new monitoring report for tracking membership metrics. Managers provided feedback on specific metrics and the process for obtaining the data. Directors recommended landscape page layout for readability, and requested quarterly submission.

**Management Transition Committee Update**

Zoe summarized for new directors the status of our Co-op's management. A seven-person management team is serving in the capacity of general manager in the interim as the board hires for the position of a single general manager. The board has contracted PA-based consulting firm, The Carlisle Group, to conduct an executive search, as they have experience working with co-ops. Next, Zoe reported that The Carlisle Groups has identified potential candidates who are currently being vetted.

**Closings**

The next board meeting was scheduled for January 21st. Submissions to the next meeting packet are due to the Board Clerk via email on Monday, January 14 by 8 a.m. The board's annual retreat was scheduled for Sunday, January 13<sup>th</sup>.

**Member-owners Open Session**

Carlos Gasca-Yanez offered three thoughts for directors to consider. First, he said as a community we represent food, sustainability, and food justice and he asked directors to focus on our role in promoting these objectives in our region versus spending so much time getting into the day-to-day details of store operations, noting we have very competent staff. Next, he suggested we "bite the bullet and get out of this space" versus investing more money even to study the potential of remodeling our current location; he invited directors to consider Wilkinsburg as an alternative. Lastly, he inquired about the costs for the Mercato delivery service, and suggested the Co-op offer free memberships to SNAP recipients. Jesse Adelman concurred with Carlos in suggesting the board consider other properties, and suggested a former grocery store in Bloomfield. Tom Pandaleon reported that members of the Point Breeze Neighborhood Development Corporation had been advocating for the Co-op to be included as part of the re-development of the nearby Lexington Park complex, which is also owned and being developed by our new landlord. Then he commended the board on new levels of transparency and member engagement, and the full participation of board members. Joni Rabinowitz asked for clarification on several points regarding employee compensation and benefits, and agreed with previous member comments suggesting that it would be a waste of time and money to engage an architect to explore a remodel of our current location. William Warnock congratulated newly seated directors and asked them to please honor their commitment to serve the duration of their term.

**Adjournment**

Decision: Emily moved to adjourn the meeting at 10:06 p.m. Jona seconded the motion.

Vote: 8.0.0

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Minutes respectfully submitted by Erica Peiffer