

Adopted Minutes
East End Food Co-op Board Meeting
March 18, 2019

In attendance:

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

Absent Board Members: Sarah Trafican.

Interim General Management Team (IGMT): Maura Holliday, Grocery Manager; Shawn McCullough, Finance Manager; Erin Myers, IT Manager.

Board Clerk: MaCall Scott.

Member Guests: Megan Moffitt.

Eddy called the meeting to order at 7:01 p.m. Directors and staff in attendance introduced themselves. There were no member-guests in attendance at the start of the meeting. Zoë read aloud the Ends statement.

Sam arrived at 7:03 p.m.

Larry arrived at 7:04 p.m.

Jona arrived at 7:05 p.m.

Amend/Approve Agenda

A lease update and question and answer session regarding member counts and Ends metrics were added to the IGMT Update section of the agenda. An Executive Session was added to discuss the GM search.

Decision: Zoë moved to accept the agenda as amended. Larry seconded the motion.

Vote: 5.0.1

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: Jona moved to accept the minutes as amended. Eva seconded.

Vote: 7.0.0

IGMT Update

Erin reported that Mercato is moving along and that systems are working. Action item updates are as follows. Regarding action item 35, Melanie Reid does not have a database that can be searched by topic; it was decided that Jen can determine if there is anything specific that she would like to look into. Regarding action item 60, Erin reported that empowerment-based harassment and active shooter training is being planned with an organization called SETpoint. Training dates have not yet been determined. The Bulk Sale is set for April 14th. Plant Something Day will be May 19th; Erin noted that two of the three usual seedling providers are not participating, therefore, this will be a scaled down version of the event. Shawn reported that he will soon be contacting the auditor and lining up the year end inventory.

Eddy reported that a lease has been signed; an electronic copy has been obtained, with hard copies on the way. It is a five year agreement with provision available to both parties that could be effectuated after three years, with eighteen months notice.

The Board reviewed the Member Statistical Survey. Disappointment was expressed in the lack of information about email list updates, noting that it would help in demonstrating whether the recent postcard campaign was successful. Zoë requested that if Kate is able to pull this information, a report on

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January through March and April through June would be helpful, in order to see the progression over time. After some discussion, the Board determined it best to keep reviewing the Member Statistical Survey in three month intervals.

Regarding the Ends Metrics, the Board clarified that the schedule for submission is June and December, noting that the Board doesn't currently have the capacity to engage with it every three months.

Board and management team members discussed doing calendar setting at the April board meeting. Shawn reported that audit timing should be the same as last year. It was decided that Karen will draft a calendar with key dates for this fall and submit it in advance of the meeting via Fleep. Regarding the governance calendar, Sam wondered if one person would update the FY 19-20 calendar, or if individual committee members would update their own dates. It was confirmed that calendar review will be done during the April board meeting.

Maura reported that a group of members who are concerned about single-use plastics are tabling in the store today and for the next several Mondays. Kate will meet with them within the next few weeks in order to keep the conversation alive.

B1 – Financial Conditions and Activities

Shawn reported two main storylines for the second quarter: the co-op is seeing the highest sales growth in 4 years and health care costs are set to be significantly higher than last year. He added that 51-52% of the sales growth occurred on Saturdays and Sundays. Of note: we are a year and a half into the Whole Foods/Amazon merger and seeing an average of 5% sales growth, which appears to be ahead of the overall sales growth curve of NCG co-ops. Shawn reported that margin dollars from increased sales volume could offset increased health care costs. Jen and Shawn will review health care costs in April or May, when the new UPMC bid comes through. Shawn explained that the co-op is within a fifteen month period where \$87,000 in depreciation will roll off of the income statement, and that the impact of anticipated expenditures such as increased rent, GM salary, and health care could be cost neutral as a result. If sales continue at 4-5% over last year, we will still have a better year than last year, even with the addition of increased rent and health care costs. Eddy asked Shawn to elaborate on how the cash row on a balance sheet changes over time; citing positive net income over the last four quarters, but a decreased cash position from last quarter. Shawn explained that much like sales, cash is seasonal; as the year goes on, our cash gets better. Examples of things that impact cash are: capital expenditures, sales, and member equity. Further, the balance sheet is a snapshot in time; fluctuations occur, for example, between the day before payroll and day after. When asked what type of financial statements banks would want to look at, Shawn responded that they want to see your profit and loss statement, earnings history, positive cash flow, accounts payable aging (to ensure you're making timely payments), and see new members coming in and old members exiting. Shawn theorized that the co-op is getting in decent shape to apply for a loan. Regarding self-reported non-compliance with timely payment of invoices, Shawn noted staffing transitions and said hiring an administrative assistant has helped to remedy the situation.

Decision: Zoë motioned to accept with acknowledgement of non-compliance. Larry seconded.

Vote: 6.0.0

Jona departed at 7:52 pm.

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Discuss Expectations: B2 – Business Planning & Financial Budgeting

Shawn explained that if he had been required to submit the budget portion for this meeting, he would have been making “guesses on a guess.” Eddy clarified that budget planning has been on the calendar this early in the year, but has historically been done in July. The Board discussed the desire to have a five year strategic plan, where the function of the B2 would be to check in on progress made against the plan. Eddy stated that it is important for Shawn to do the financial modeling part of the B2; to project costs for health care, expansion, and other expenses in the coming years. Maura noted that some of the costs for expansion may be hard to project if NCG is going to be a partner in the project, due to the fact that they will only work with a GM, not a transition team. NCG will help with the feasibility study, internal readiness, and the pro forma; she felt that they would be key in moving us along the path to expansion. A packet of information has been received from NCG, but did not include prices. Regarding our current space, Zoë reported that the landlord is in negotiations to obtain the parking lot across the street. Eddy set an action item for Eva to cut the March B2 from the governance calendar.

Member-Owner Participation Committee Charter Review

No questions.

Finance Committee Charter Review

Larry committed to doing 15 minute Financial 101 training sessions at working meetings, starting in April. Zoë noted that writing reports is mentioned in the charter, but is not something that has been done historically. Eddy asked about the board budget, which hasn't formally been set in two years, questioning what is the right level of investment a board should make to advance itself? After discussion between directors and Shawn, it was agreed that Zoë will find the wish list the Board created last year and pass it on the BPE Committee who can further research development opportunities, and then present it to Shawn for approval. It was requested that during the financial training section of the April working meeting, Larry review which monthly expenditures go to the governance line of the financial statements.

Emily arrived at 8:22 p.m.

Expansion Committee Charter Review

Eddy requested a goal be created around defining wants and needs; to know if a space is feasible, you need to have a vision for what you want in a space. Regarding goal number three (Research costs, processes, and potential candidates for a Project Manager to manage the expansion process), Zoë questioned if it was crossing a boundary into an HR area. Directors and managers discussed the possibility of hiring or contracting a project manager versus using NCG as a project manager. Sam committed to changing the language of goal number three in the charter.

Finance Committee Update

Larry will give a fifteen minute financial training during the April 1st working meeting. Eddy noted that historically, there was a finance committee meeting in advance of the B1, the next one being in 3 months.

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BPE Committee Update

Sarah reported, via Sam, that she hopes to start soon. Eddy stated that doing calendaring is an important start for how events play out and there is work to do to prepare for the election.

Member-Owner Participation Committee Update

Emily reported that there are three projects in progress: governance survey, new member onboarding packet, and investigating volunteer programs at other co-ops. Some committee members have met with the member-owners who are interested in reducing single-use plastics, but remain unsure of whether they are interested in doing their work as a MOP subcommittee. Directors discussed pros and cons of having issue-based groups as official parts of committees. Zoë pointed out that any lay member can only serve in an advisory capacity; anything that comes out of a committee comes to the Board for final decision, and if it's deemed operational, gets passed to the GM or management team as a recommendation. Larry proposed that lay-members or groups who want to see change at the co-op be tasked with giving a financials-based presentation to the Board.

Annual Meeting Committee Update

Karen reported that calendaring will occur at next board meeting.

Management Transition Committee Update

Zoë reported that the Board has completed additional GM interviews. There have been seven total, with three candidates going through to the second interview process: Maura Holliday, Christopher DeAngelis and Janiqua Jackson. This past weekend, Maura attended various events for staff and members. Zoë commented that attendance was lower than hoped for, but those present were grateful for the opportunity. About ten feedback forms have been returned so far. During the April working meeting, directors will review the interview process and decide whether to hire from this pool of candidates or continue searching.

Bylaws Committee Update

Zoë reported that committee work will need to be on hold until the management transition is complete. Getting bylaw changes onto the ballot this year is no longer realistic, but as soon as the GM is hired, the committee should start meeting to prepare for next year. Zoë proposed presenting ideas at the Annual Meeting, as a revised timeline.

Expansion Committee Update

Sam reported that the first meeting occurred this past weekend. Committee members were not in agreement on how to move forward with the Gemini space; the question being whether it is worth pursuing. The committee will meet again and hopes to have a recommendation on whether to pursue a feasibility study to present to the Board at the next working meeting. Also reported was that seven roots is still interested in working with EEFC; if they are engaged to do a feasibility study, they will visit for two to three days and have a two to three week turnaround for the report. Directors and managers agreed that having a feasibility study done would buy the co-op several months to make a decision. The conversation will be continued at the next committee meeting.

Action Item Follow-up & Discussion

Directors and managers reviewed progress or lack thereof on action items from previous meetings.

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Updates from Sam

Sam presented information about various potential opportunities. The National Organics Standards Board, which provides recommendations to the USDA, has an upcoming opening; their Fall 2019 meeting, which is to be held in Pittsburgh, is on October 23 and is open to the public. Eddy set an action item for Maura to ask around to staff members to gauge interest in attending. Keystone Development Center is a non-profit that provides technical and research assistance to co-ops in the Mid-Atlantic region. Sam felt like it may be a good opportunity, but noted that NCG seems to fulfill this role for us. Zoë wondered if any other co-ops are involved and, if so, what they think of it; they will reach out to Ron at the Pittsburgh Chamber of Cooperatives. The Shop'n Save in the Hill District is closing, leading to a lot of conversation about how people in the community are going to get groceries. Sam didn't have a specific proposal for how the co-op could play a role in filling the gap in the short-term, but wanted to put it on the radar. Lastly, a purchasing cooperative for corner stores and/or neighborhood markets around the city is being talked about. Sam reported a lot of interest and a lot of logistical problems. That project is presently on hold as more research is conducted.

Closings

The next board meeting was scheduled for April 15th. Submissions to the next meeting packet are due to the Board Clerk via email on Monday, April 8th by 9 a.m. The next working meeting is April 1st from 7-9 p.m.

Member-Owners Open Session

There were no questions or comments by the member-owner in attendance.

Adjournment

Decision: Emily moved to adjourn the meeting at 9:39 p.m. Karen seconded.

Vote: 7.0.0

The Board went into Executive Session at 9:49 p.m. to discuss matters pertaining to the GM search. At 10:14 p.m. Zoë moved to adjourn the session. Eva seconded. The Board voted 7.0.0 to end the session.

Minutes respectfully submitted by MaCall Scott, Board Clerk.