

Adopted Minutes
East End Food Co-op Board Meeting
POWER/EEFC Conference Room
June 17, 2019

In attendance:

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

Absent Board Member: Karen Bernard; Jona Reyes.

General Manager: Maura Holliday.

Management Team: eric cressley, Front End; Tyler Kulp, Produce.

Board Clerk: MaCall Scott.

Member Guests: Alice Leibowitz, Faith Schantz, Tom Pandaleon, Megan Moffitt.

Eddy called the meeting to order at 7:04 p.m. Eddy welcomed member-guest, Alice Leibowitz, as well as managers, eric cressley and Tyler Kulp. Zoë read aloud the Ends statement.

Amend/Approve Agenda

Add CGN after the GM update. Remove financial statements training. Move the Expansion Committee Update to Executive Session. Megan Moffitt requests time to address the Board at approximately 9:30.

Decision: Sam moved to accept the agenda as amended. Eva 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: Zoë moved to accept the minutes as amended. Emily seconded the motion.

Vote: 5.0.0

General Manager Updates

Maura reported that a Grocery Manager has been hired; Ian Ryan, formerly the Grocery Coordinator, accepted the position effective Monday, June 10. Erin Myers and Kate Safin had a call with STCR (the Co-op's point of sale system provider) and the Food Trust regarding the Food Bucks program; they report that everyone is on the same page and the program should be ready to roll out in August. Shawn McCullough and Maura met recently with the URA (Urban Redevelopment Authority). Maura commented that it was a good meeting; there was talk of opportunities in expansion, as well as discussion over the grant the Co-op may be eligible for, for façade updates. There was an 18% dip in local sales in May – mostly due to the downsized Plant Something Day sale, which she reported was still a success, despite unexpected vendor changes.

CGN

Zoë led a discussion regarding the latest issue from “Cooperative Grocer” (CGN), reporting surprise at the amount of recent change in the co-op world: CDS Consulting Co-op has changed its name to Columinate, National Cooperative Grocer (NCG) has a new CEO (C.E. Pugh), and CGN itself is ending. A few operational items of note are looking into the Leaf Fund, which provides financing and development assistance to cooperatives and social purpose ventures, and

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reading the article about workplace accountability at Wheatsville Co-op. Also noted was that Bill Gessner, who helped found CGN and CDS Consulting, has passed away.

B1 – Financial Conditions and Activities

Maura reported that the Co-op has seen one of its best quarters ever, with the highest profit share to date. The overarching narrative is that the Co-op had 7.1% sales growth, about \$203,000. We ranked 2nd nationally in the area of sales growth, when compared to co-ops of a similar size. Maura noted that our cash is the best it's been, adding that it has tripled since 2015. This puts the Co-op in a positive place for expansion preparation, and one more year of positive sales growth and net income are needed to apply for loans. Non-compliance was reported for allowing late payments on invoices, although as of the writing of the report those payments had been made. Also of note: this and the January quarter are the Co-op's best quarters. Right around mid-June is when sales taper off for the summer, due to the availability of farmers' markets, people on vacation, and the decline in the student population. Maura reported that weekend traffic makes up 59% of the sales growth; people are travelling from larger distances and have an easier time with parking on the weekend. Mercato, the online shopping option, has been slow to start. Same day delivery was made live in the last two weeks. Directors discussed what information in the B1 best indicates the financial health of the Co-op. Eddy offered that the B1.1-B1.9 are what the Board is most interested in as it pertains to financial oversight. Net income was cited as a go-to number to see if the Co-op is profitable. Another interesting part of the financial narrative is what's happening on the cost side: wage increases, increased health care costs, etc. Regarding the non-compliance reported, Maura reported that 15-20 late payments is not normal; this reporting period encompassed a time where there was not an administrative assistant to help with inputting invoices. Eddy noted that it looks like depreciation is starting to decrease; Maura added that it will decrease further over the next fiscal year. The report was praised for the showing of strong financial performance, and having clear and consistent chart data.

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

Vote: 5.0.0

A – Ends

A.1: Maura stated the report highlights sales growth and strong margin dollars. OBM (Open Books Management) made a switch from tracking margin percentages to margin dollars, which has been impactful to the buying team: showing how their purchases affect sales growth, helping avoid out of stock items, and making wiser purchase decisions. The bi-annual member satisfaction survey had a record 795 responses; top challenges being convenience of the location and parking, which will be a focus of things to fix in the future. New household memberships are up, however there was a slight overall decline, perhaps due to more membership refunds. Affordability was addressed by citing quarterly payment options for membership, discount structures, and Wellness Wednesday. Mercato has been updated to offer same day delivery to improve convenience. So far, there are two positive online reviews of the service and one repeat customer. Additional internal marketing efforts will be directed toward promoting Mercato. This is looked at as a way to boost sales growth, the goal being 1% of sales, which is the industry standard. **A.2:** Local sales are up in the most recent quarter, despite the decrease in sales on Plant

Adopted Minutes
East End Food Co-op Board Meeting
POWER/EEFC Conference Room
June 17, 2019

Something Day. The majority of local sales come from eggs, dairy, meat, and produce (seasonally). Tyler noted that the Co-op's produce department orders everything the local providers have available. Maura reported that the Co-op now carries 700-800 fair trade products, which is up 4% over last year. **A.3:** Five staff members have been promoted to management positions; three staff members were promoted to higher level positions. Community events and classes continue to occur. The monthly register round-up has raised over \$7,200 for local non-profits. **A.4:** Pennsylvania Resources Council (PRC) and Zero Waste Wrangler have helped to increase the Co-op's sustainability by diverting approximately 36,500 pounds of food. A waste audit conducted by PRC is upcoming. Directors and managers then discussed broader ways in which the Ends could be interpreted. The report was praised for having a good amount of narrative, with high-level data points pulled out.

Decision: Sam motioned to accept the report. Emily seconded.

Vote: 5.0.0

Review of Board Budget

Eddy gave a contextual narrative regarding the history of the board budget (three years ago to present day). The bottom line being that when the Board spends money, it comes out of the net income of the Co-op. Some questions for the Board to consider are: how should it think about its budget, what resources does it need to accomplish goals, and are the resources needed for committees accounted for in the draft budget. Directors went line by line through the draft board budget put together by Larry and Shawn; additional comments and/or edits will be sent to Larry, and fiscal year 2019-20 budgets will be presented at the July board meeting.

Larry arrived at 8:47 p.m.

Finance Committee Update

Larry reported no new updates. Financial statements training for the Board will be held at a future date.

Board Perpetuation & Elections Committee Update

Emily reported that the Committee will put out a document to directors regarding how to deal with infractions to the code of conduct. This grew out of discussions about director attendance. There will be an email and notification in the Cooperator to let member-owners know that August 1st is beginning of the candidacy announcement period. The onboarding packet has not yet been reviewed. May 28th was last committee meeting. As of now, no future meetings have been scheduled.

Member-Owner Participation Committee Update

Emily reported that the Committee is working on standing items: governance survey, new member packet, and volunteer programs at other co-ops. Faith noted that the final draft of the governance survey is nearly complete and the Committee would like to present it to the Board in July. Emily is not available for the upcoming MOP meetings; Faith has volunteered to head up the June and July meetings.

Adopted Minutes
East End Food Co-op Board Meeting
POWER/EEFC Conference Room
June 17, 2019

Member Counts Review

Eddy reported being struck by how many members' email addresses the Co-op has that are not part of the email distribution list. Directors and managers discussed potential reasons for the variance. Appreciation was expressed for the inclusion of information about member-owner email addresses; as these were insights the Board didn't have two years ago.

Annual Meeting Committee Update

No updates.

Management Transition Committee Update

Zoë reported that the Committee did not have a check-in with Maura this month because there was such a thorough GM update during the last board meeting, but are scheduled for a check-in on Monday, July 1st at 6 p.m. All directors are welcome to attend. Zoë concluded by saying that Maura is doing a great job and is happy to report that the GM transition is happening.

Bylaws Committee Update

Zoë reported that the Bylaws Committee did not meet in the last month, but will meet Wednesday, June 19th at 7:00 p.m. Lay-members are welcome to attend.

Expansion Committee Update

Sam reported that the Board has just received a draft of the feasibility study from Seven Roots. This topic will be discussed further in Executive Session. Sam stated that there is a group of community leaders trying to plan a neighborhood market in the Hill District, due to the closing of the Shop 'n Save; the Food Policy Council wondered if the Co-op would be interested in being involved. Alice requested that the Board share some kind of update from the Expansion Update in Executive Session, no matter how vague. Faith wondered if lay-members would be invited to be part of the Expansion Committee, noting that we may have members with expertise in areas such as commercial real-estate. Sam responded that at this time there are sensitive issues around the Co-op's current lease that cannot be shared with lay-members.

Action Item Follow-up & Discussion

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

Board Self-Monitoring

Directors discussed how to use the information gathered in the most recent Board Self-Monitoring Evaluation. Zoë reported that average scores were better this time. The data shows that directors are generally in agreement in all areas. All of the lower scoring areas are being addressed and working toward improvement. Directors agreed to keep the next survey on schedule: sent out in October and reported on in November. The BP&E Committee will review the questions ahead of the next survey.

Adopted Minutes
East End Food Co-op Board Meeting
POWER/EEFC Conference Room
June 17, 2019

Closings

The next board meeting was scheduled for Monday, July 15th. Submissions to the next meeting packet are due to the Board Clerk via email on Monday, July 8th at 9:00 a.m.

Adjournment

Decision: Zoë moved to adjourn the meeting at 9:56 p.m. Larry seconded the motion.

Vote: 6.0.0

Member-Owners' Open Session

Megan Moffitt, staff member and president of Local UE 667, announced that a union member was fired today. She expressed disappointment that Maura chose this disciplinary route, saying that it was “unnecessary and cruel” to fire a good employee due to old policies that need to be updated. She stated that the union will file a grievance.

The Board went into Executive Session at 10:10 p.m. to discuss matters pertaining to the Factory Building feasibility study related to expansion. At 10:33 p.m., Sam moved to adjourn the session. Eva seconded. The Board voted 6.0.0 to end the session.

Minutes respectfully submitted by MaCall Scott.