

Adopted Minutes
East End Food Co-op Board Meeting
Remote Meeting via Google Hangouts
March 16, 2020

In attendance:

Present Board Members: Sam Applefield, President; Charlie Orr, Vice President; Laura Valentine, Secretary; Larry Meadows, Treasurer; Eva Barinas, Karen Bernard, Melanie Frank, Tom Pandaleon, O.E. Zelmanovich (Zoë).

General Manager: Maura Holliday.

Management Team: Shawn McCullough, Finance.

This meeting was held remotely, via Google Hangouts. Minutes were taken from an audio recording of the meeting by the Board Clerk. The start time of the meeting was not recorded.

Amend/Approve Agenda

Audio of the meeting picked up at the approval of the amended agenda - details of the changes made were not recorded.

Decision: Charlie moved to accept the agenda as amended. Melanie seconded the motion.

Vote: 9.0.0

Amend/Approve previous meeting minutes

Decision: Directors decided to table the discussion of the February meeting minutes, due to the proposed changes not being available to review in the absence of the board clerk, and will either approve them online or at the April board meeting.

Vote: 9.0.0

General Manager Updates

- The past three weeks have seen unprecedented sales due to coronavirus; \$394,000 this past week, \$271,000 the week prior, and \$260,000 the week before that. These are the three highest sales weeks in the history of our co-op.
- We're rethinking our Cafe model, and what that looks like in this time.
- Mercato sales have been increasing.
- We're opening the store a little later to stock the shelves.
- More than likely it will take months for the supply chain to recuperate. Luckily, we can use local vendors to supplement.

Questions/Comments:

- Are there financial concerns at this time?
 - Shawn answered that he is comfortable with the amount of cash on hand, adding that compared to other co-ops our size, we have a lot of cash.
- Staff concerns?
 - Maura reported that if the Co-op had to shut the doors for two weeks, it would cost about \$75-85,000 to pay the staff. It could be done, and there may be a net loss for the year. Shawn added that if the sales keep up as they have been, we could actually have a record year.
 - The President of UE Local 667 proposed filling everyone's PTO with 80 hours; managers are trying to figure out a plan for now and a plan for the future - one that will

Adopted Minutes
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not decimate the business financially. This type of decision is operational in nature, but the Board would be made aware of major changes.

- Karen wondered about what would be done for employees who are older, have an immune-compromised family member at home, and parents with children that don't have childcare.
- Maura said that COVID-19 is covered under FMLA - what the Co-op can pay people depends on how this goes and how it will impact the business.
- Zoë asked how the Board might be able to help. Maura responded that she's not sure yet. Shawn asked that Directors email him what-if scenarios or examples of what other workplaces are doing.
 - Karen noted that some essential workers are demanding hazard pay.
- Have you been hearing much from NCG?
 - Maura said that they're mainly focused on supply-chain issues, not as much staff issues at this time.
- Sam summarized that Maura and department managers will continue to work on ways to support and compensate staff members, and Maura will run the plan past the Board for a thumbs up. Zoë added that it would be appreciated if the Board was given updates on any dramatic changes.
- Sam asked for an update on the cheese island. Maura reported that it's supposed to be installed on March 24th.

B1 - Financial Condition and Activities

Shawn reported that, in general, it was a good quarter – the Co-op made money. Some of the bigger expenses were in personnel. Compared to this point last year, there were an additional 4-5 more full time employees. Occupancy expenses increased – that's rent. Depreciation and amortization continue to go down; the last chunk of that rolled off in February of this year. Repairs and maintenance were up around \$8,500 compared to last year; a good portion of that was to ramp up the system to incorporate the Food Bucks program. Margins are down slightly - rebates have been going down in the past year and a half. The Co-op's cash position is strong; he added that we've been saving for a rainy day and that day may be right around the corner with this current situation. Equity may look a little funky because of pushing through the year end entries for the end of the audit.

Questions/Comments:

- Tom asked about the funding of the Food Bucks program. Shawn and Sam clarified that the program is administered by the Food Trust and funded by the USDA - there's probably private funding as well. Maura reported that we're the only larger supermarket in Pittsburgh that participates in the program. So far, we've issued about \$3,000 in coupons, and about half have been redeemed. She added that the Co-op will start promoting it more soon.
- Laura asked if the decrease in net income was due to the increase in wages and benefits. Shawn answered in the affirmative and added it was also due to an increase in repairs and maintenance.
- Sam asked about the increase in full-time employees over last year - do we have more people working, and do we still have many open positions that would increase that wage bill? Maura

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East End Food Co-op Board Meeting
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responded that there are two open positions in the Cafe. There have been internal promotions. Shawn added that we have 77 people currently; 80 people is about the number where we can encounter excessive labor expenses.

- Sam asked about the board training line of the board budget in the amount of \$200. Shawn acknowledged that may have been an error. Sam thought it could have been a payment to a facilitator.

Decision: Charlie motioned to accept the report as compliant. Laura seconded the motion.

Vote: 9.0.0

Discussion of NCG Member Agreement

Sam summarized that NCG periodically updates the contract they have with member co-ops (the last was in 2015). They have asked our Co-op to sign the updated Member Agreement. Maura explained that NCG redid the agreement because the old version had a lot of proprietary information that made it difficult to share with directors and members; they also simplified the language. It defines the relationship between the member co-ops and NCG, and how they interact with and benefit from each other. Maura commented that she fully supports continuing being partners with them, adding that we couldn't do what we do without them and remain competitive in any way – they've figured out how to keep co-ops relevant in the current market.

Questions/Comments:

- Tom asked about the NCG Board Bulletin referenced in the document. Maura thought that the Bulletin was not yet available and agreed to send it to Directors when it is published. Concerned about potential pressure from NCG to homogenize co-ops, Tom encouraged Maura to look to our co-op's inner strengths. Maura commented that outside of this member agreement, all of the NCG programs are voluntary; there are operating standards, that are financial in nature, that are not optional that we will have to comply with.

Decision: Motion to authorize acceptance of this NCG agreement by Charlie. Seconded by Zoë.

Vote: 9.0.0

Finance Committee Update

Larry reported no updates. Originally, a financial training session was going to take place during this meeting, but Sam noted that the agenda was so full he asked that the training be rescheduled; date to be determined.

Charlie added that the time is approaching when the board budget for next fiscal year should be considered; if any committee has known expenses for the upcoming year, they can let Larry or Charlie know.

Shawn said that he noticed in a previous meeting's minutes, the possibility of exploring a 501(c)(3) designation. Zoë explained that the reason it came up was the possibility of avoiding property taxes if we purchased a building. It was determined that the Finance Committee should be tasked with doing that research. Sam will add it to the Action Items. Shawn will email the Co-op's tax attorney for more information.

Adopted Minutes
East End Food Co-op Board Meeting
Remote Meeting via Google Hangouts
March 16, 2020

BPE Committee Update

Karen reported there is a charter to review. Zoë thought a timeline for the Committee should be part of the charter. Karen will let the Board know when the updated charter is complete.

Decision: Melanie motioned to accept the BPE Charter on the condition that a timeline is added. Eva seconded.

Vote: 9.0.0

Member-Owner Participation Committee Update

Melanie reported that the survey is out; if anyone still needs to take it, they should do so right away, as it goes to the Chatham class for review on March 18th. She said that there are a lot more responses than expected - over 400. Melanie wondered if a timeline was a requirement for the committee's charter; Zoë responded that it's a good way to hold oneself accountable, but it's not a requirement. Melanie plans to finish drafting the charter and will open it up for Directors to give feedback. Sam asked if it was known when we could expect results from the survey. Melanie reported that the Chatham class will start reviewing the results this Wednesday and it may be a few weeks after that; Laura noted that it would probably be longer due to the disruption caused by COVID-19 and the transition of the students to online classes. Zoë thought that it would be great to have results from the survey to include with the reporting of the B5 (Customer Service and Value) in May. Something to remember for next year is to make sure that a link to the survey can be found on the Co-op's website.

Annual Meeting Committee Update

Eva reported no updates.

Bylaws Committee Update

Zoë reported feeling confused about how COVID was going to impact the bylaws timeline. There were supposed to be two community meetings in April; the one on the 2nd will probably be cancelled, and the one on the 18th will likely be cancelled as well. Two options are to reschedule the meetings for May or to switch to a webinar with digital feedback. Zoë wondered how other directors felt about those proposed options. Charlie suggested cancelling the April 2nd meeting and then plan to pre-record a meeting to send out if needed, then hope that the meeting on the 18th can still be held. Regarding changes to the proposed bylaws from the lawyer, Zoë said there were more than expected - if there is time at the April working meeting it would be okay to go over the changes then, while the information is still fresh. Melanie wondered if Zoë thought people were more inclined to participate if a meeting is online or in person; her thought was that people may have more time now and be more interested in participating if they can do so remotely. Kate can include any announcement regarding meeting cancellation in the Co-op's e-blasts.

Expansion Committee Update

Tom reported no updates and apologized for not having a charter ready. He would like to keep the next scheduled committee meeting and will have a charter ready for the next board meeting.

Adopted Minutes
East End Food Co-op Board Meeting
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Resilience Committee Update

Charlie reported that he doesn't have a charter yet - and may want to go in a different direction, like a resolution instead of a charter. He asked directors to consider what they'd like to see from this committee. Karen suggested a committee meeting would be helpful - it will probably take place via phone.

Gemini Lease Discussion

Directors elected to take up the lease discussion in Executive Session.

Action Item Follow-up & Discussion

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

Closings

The next board meeting was scheduled for Monday, April 20th. Reports, agendas, and packet submissions are due to the Board Clerk via email on Monday, April 13th at 9:00 a.m. The working meeting was scheduled for Monday, April 6th at 7:00 p.m.

Adjournment

Decision: Charlie moved to adjourn the meeting. Zoë seconded the motion. (Time was not recorded)

Vote: 9.0.0

Minutes respectfully submitted by MaCall Scott, Board Clerk.