

Adopted Minutes
East End Food Co-op Board Meeting
Held Remotely via Cisco WebEx
June 21, 2021

In attendance:

Board Members: Sam Applefield, President; Ariel Barlow, Vice President; Laura Valentine, Secretary; Charlie Orr, Treasurer; Eva Barinas; Trevor Ring

Management: Maura Holliday, General Manager; Tyler Kulp, Produce; Shawn McCullough, Finance

Member-Owners: Blaire C., Courtney Pellegrino

Absent: Jenise Brown, Tom Pandaleon, MaCall Scott, Marty Seltman

The East End Food Co-op exists to enhance physical and social health in our community.

To these ends, we will create:

1. A sustainable member-owned business open to everyone
2. An ethical and resilient food infrastructure
3. A vibrant, dynamic community of happy, healthy people
4. A creative vision to transform the future

Introduction

Sam called the meeting to order at approximately 7:00 p.m.

The Ends statement was read aloud.

Check-In

Those in attendance checked in to express how they were feeling and any needs they had.

Amend/Approve Agenda

Add Governance Calendar discussion after the GM Update

Amend/Approve May Meeting Minutes

Decision: Motion from Charlie to accept May meeting minutes as written. Second by Trevor.

Vote: 6.0.0

Member-Owners Open Session

- Courtney Pellegrino offered the following suggestions/questions:
 - Café food should include nutritional information
 - Response: We have looked into this before, but we don't currently have the software to compile nutritional information. We will look to do that as we expand. The Board acknowledges the accessibility issues around this topic – many people are on diets for personal reasons and medical reasons.
 - When will the Café (food bar and outside tables) re-open?
 - Response: We had a soft open of the hot/salad bar last week. Outdoor is unknown – there is construction both across the street and next door, so there is no immediate plan to re-open the seating outside.
 - What are the plans to expand the Co-op?
 - Response: We have identified a location and are negotiating around a Letter of Intent; we need to finalize that before announcing the new site.
 - Zoë added that Wilksburg might be added to the city, changing the real estate tax situation.
 - Employers can require staff to be vaccinated; where does the Co-op stand on that? Are you providing incentives?
 - Response: We are not requiring but highly encouraging staff to be vaccinated. Everyone has paid time off to get vaccinated and recover from the vaccine. We are offering a \$75 gift card to staff members that are fully vaccinated

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- I didn't use Mercato because they wanted to charge me \$20/month for delivery even though I'm 2.1 miles from the store. They use your zip code to determine delivery charges. I ended up using Prime instead. This could have contributed to the decline in online sales.
 - Response: Mercato is a 3rd party used for delivery; these issues are known, and we have tried to work with them to address the problem. More customers have moved to curbside pickup.
- Zoë thanked the Co-op for continuing to have masks in the store so that people with kids can continue to feel safe shopping.

GM Update

Additions to the update from Maura:

- Staff vaccination percentage is in the high-80% range.
- The first week of hot/salad bar re-opening went very well. As we grow more comfortable with it, we will put menus online.

Questions:

- The patronage dividend from NCG was \$23,000. How does that compare to previous years?
 - Response: It was a little higher than a "normal" year. It's usually \$13,000-\$17,000.
- Jen is looking for a new health care broker – why are we doing that?
 - Response: Our former broker did not have a positive relationship with UPMC, and we felt they weren't able to get the best rates for us. This year, they tried to encourage us to move to Highmark; if we had done that, our staff would be locked out of using UPMC doctors. Our new broker used to be our UPMC representative and was able to keep us with UPMC and at a better rate.
- There is a large swing from week 48 to week 50 – what was happening during that period?
 - Response: Week 48 had to do with the Memorial Day holiday. Week 50 is when the usual summer slowdown kicked in.

Governance Calendar Discussion

Laura reported that the FY 2021-22 governance calendar is up to date for the most part, but input from BPE and MOP Committees is needed. Some events were suspended because of COVID last year that may come back this year. Also, the Annual Meeting date will need to be determined.

Calendar notes:

- Two Bylaws items:
 - Procedures and timeline for the Board staff seat sub-election
 - Postcard mailing to members reminding them to sign up for electronic mail because paper mailing will be ending.
- B6 – Staff Treatment should be moved to November so that staff survey results can be discussed.

Action Item: Committee heads should make sure their commitments are on the calendar for the year.

GM Report: B1 – Financial Condition and Activities

- We anticipated being non-compliant on two sub-policies due to sales decline and net income; ended up only being non-compliant for negative sales growth.
- Quarterly sales were down 8.5% (January-March, the sales declension got worse).
- We saw fewer people coming in but with larger basket sizes over the last year. With the Café hot/salad bar re-opening, we expect to see average basket size decline.

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- Mercato sales decreased.
- Member sales were less than the prior year.
- If it weren't for the FFFI Grant, the quarterly net income would have been in the red; it did help to cover hazard pays and COVID-related expenses. To date, we've given out maybe \$250,000 in hazard pay.
- Other expenses of note: Paid Time Off (PTO), health insurance, and security expenses

Questions:

- Looking at the rolling five quarters – why was the governance line twice as high as usual?
 - Response: it was due to an incorrect Journal Entry which will be corrected.
- “Other income” line – what does that include?
 - Response: FFFI Grant for \$80,000 and Food Bucks; we issue Food Bucks coupons and get reimbursed from The Food Trust. In the next B1, you'll see dividend income from Frontier Co-op, NCG, and Food Bucks.
- Looking at Board Expense activity: does the liability insurance line only include the Board's indemnification insurance or are there other expenses?
 - Response: That line should be the premium for the Board's insurance. It could go down next year.
- Regarding electricity usage, if the building isn't sub-metered, how is the Co-op's use calculated?
 - Response: ICON had an engineering study done that broke out each tenant's usage as a percentage.

Decision: Motion to accept the B1 with acknowledgment of non-compliance on sub-policy B1.1 (*The GM will not allow sales to decline or be stagnant.*) by Charlie. Second by Trevor.

Vote: 6.0.0

The Board completed the GM Monitoring Matrix, highlighting strengths and opportunities.

Committee Updates:

Finance

- Ask that we hold off on approving the Board Budget until Charlie can discuss it with Shawn.
- Would like to take \$1,000 from the Board indemnification costs and allocate it to Board discounts.
- Charlie presented a form for Directors to request to use funds from the Board's budget.
- Blaire asked if members can request the use of Board funds for things like fundraisers.
 - Response: The Board could entertain requests from Members, but generally, the budget is for Board use only.

Board Perpetuation and Elections

- Tom was not present to report on Committee activities.
- Sam will check in with Tom regarding election planning.

Member-Owner Participation

- Marty was not present to report on Committee activities.
- Maura reported that they had a meeting last week; they talked about the things the Committee wants the Co-op to do regarding communication with Members.
- Zoë added that Elly is doing a great job and looks forward to their contributions.

Annual Meeting

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- Eva didn't have any updates but acknowledged that a date for the Annual Meeting needs to be established.
- The Committee is on the fence about whether the Meeting should be virtual or in-person; they want to accommodate as many people as possible and are open to suggestions.
- Charlie commented that it makes sense to follow the same guidelines the store is using at the time. We could also live stream the event for those who can't attend.

Bylaws

Laura presented a draft of the Bylaws Committee Charter.

- We have new bylaws, but we don't have a procedure manual.
- We are trying to make sure things like the election process are compliant with the new bylaws.
- The new Charter is less extensive than the last because it is more limited in its scope.
- This is an ad hoc committee that will probably dissolve after this work is done.

Decision: Motion to approve the Charter by Laura. Seconded by Charlie.

Vote: 6.0.0

Resilience

- Lots of great members with lots of passion and ideas
- Charlie has done an excellent job at looking at the bigger picture of the Committee
- It would be good to revisit the structure and long-term vision of this Committee and determine what we want to do.

Expansion

The Capital Campaign structure and the next phase of the contract for consulting work on the expansion project need to be discussed tonight.

Capital Campaign:

- The Board voted to go with Preferred Shares
- Research of other co-ops showed that
- We can't accept "donations" because that income would be taxed.
- People cannot buy preferred shares if they are not members; we may also be legally bound by state lines.
- The recommended minimum will likely be \$500
- We can look into ways for members to contribute smaller amounts
- We don't have to call them "Preferred Shares."

Decision: Motion to accept the Expansion Committee's recommendation to use Class C shares for the Capital Campaign by Charlie. Second by Eva.

Vote: 6.0.0

Next phase of expansion-related consulting work:

- We signed a contract with NCG last year to do phase 1 of the expansion project. If we want to continue with NCG, there are three other phases, the total being \$142,000.
- Maura and operations put together an RFP based on the scope of work NCG was proposing and sent it to five firms. Through that process, we have two prospects. NCG will do a larger scope of work and offer more support; the other firm has more of an interior design focus.

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- We can end the contract with NCG at any time without losing the total project amount.

Questions/Comments:

- What is the order of events/timeline?
 - Response: the timeline is tricky – we didn’t know it would take three months to get the LOI back. We are hoping to get a counter back to them this week. If we don’t decide tonight, Maura might have to ask for a separate contract because NCG is helping us without getting paid.
- Are there state or federal funds to assist with this project?
 - Response: Yes, and we will do that in addition to the Capital Campaign and any other funds.

Decision: Motion to vote on the expansion contract in closed session by Charlie. Second by Laura.
Vote: 6.0.0

Action Items

Description	Who is Responsible?	Status
Draft timeline of board communications for website	MOP Committee	Ongoing
Draft committee charters	Laura	Complete
Draft process for approving board expenses	Charlie	Complete
Plan community building session	Ariel	Ongoing
Revise Code of Conduct for member participation in committees	Laura	Complete
Create a Co-operator ad for committee participation	Maura/Operations	Ongoing
Reach out to members to ask about member loans or preferred shares	All	Complete
Draft FY21-22 Governance Calendar	Laura	Complete

Closings

Next Meeting: Monday, July 19, 2021

Packet submission due: Monday, July 12, 2021

Decision: Motion to adjourn the meeting and enter closed session by Ariel. Second by Charlie.

Vote: 6.0.0

Minutes respectfully submitted by MaCall Scott, Board Clerk.