

Adopted Minutes
East End Food Co-op Board Meeting
Held Remotely via Cisco WebEx
December 20, 2021

In attendance:

Board Members: Sam Applefield, President; Ariel Barlow, Vice President; Laura Valentine, Secretary; Brian Alderman; Jenise Brown; Debi Johnson; Megan Moffitt; Tom Pandaleon; Trevor Ring; Marty Seltman; Mia Sorada

Management: Shawn McCullough, Finance

Member-Owners: Tyler Kulp, Frank Noll

Board Clerk: MaCall Scott

Introduction

Sam called the meeting to order at 7:03 p.m. Megan read the Ends statement aloud.

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

Check-In

Those in attendance checked in to express their feelings and any needs.

Amend/Approve Agenda

The Board added a discussion during Open Session regarding a letter sent to the Board about the Co-op's masking policy.

Decision: Motion to approve the amended agenda by Tom. Second by Marty.

Vote: 6.0.0

Amend/Approve November Meeting Minutes

The minutes were reviewed for accuracy and clarity.

Decision: Motion to approve the November meeting minutes as amended by Tom. Second by Marty.

Vote: 6.0.0

December Working Meeting Report

The Board took two votes in the December working meeting:

1. An edit to the B6 policy language to correct grammatical errors. Vote: 6.0.0
2. Proposal for starting an appreciation for members participating in committees. Vote: 6.0.0

Board Transition

Decision: Motion to seat the four board candidates: Brian Alderman '24, Debi Johnson '24, Mia Sorada '24, and Megan Moffitt '22 by Trevor. Second by Jenise.

Vote: 6.0.0

Member-Owners Open Session

There were no comments from member-owners in attendance.

Discussion of Letter re: Co-op Mask Policy

The Board received a letter from a member-owner ahead of the meeting; the very broad narrative was that concern for COVID is very warranted, particularly in the store, and the Board should consider some more forceful identification with a policy of caution.

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Questions/Comments:

- The letter incorrectly assumes that the staff was all in favor of mandatory masking and the Board was holding it back - that was not the case.
- It's worth reconsidering now that we have newer, more contagious variants.
- Staff are required to mask on the sales floor; it seems inequitable to ask staff to adhere to a protocol that we don't expect customers to follow
- The letter implies that a mandate from the Board could empower Maura and other staff members. Would it be helpful or not to use the Board as a scapegoat?
 - It's not going to stop the people who will argue, but it's an interesting idea.
- To date, this decision has been entrusted to management. Omicron is changing the situation on the ground. The Board's role is to hear any proposed change and presumably endorse that. We don't want to take these decisions away from management.
- Could we have a statement from the Board strongly encouraging a mask mandate?
- If we go that direction, tie the statement to ongoing data, creating a policy we don't have to touch again. For example, "We encourage a mask mandate when the county is in substantially high transmission rate, as defined by the CDC."
- I read in the letter that people are trying to work and shop in a very small space, and simply "encouraging" mask-wearing is not enough to keep people safe from a deadly virus.
- I'm not comfortable with this member deciding they are the voice for the entire staff.
- Have there been other letters like this? If not, can we expect to see more in the future?
 - There has been maybe one other letter like this in the history of the pandemic.
- Is the appearance of the new variant and appearance of this letter enough to consider reviewing this policy?
 - Maura was already planning on reviewing the policy with the Union Officers.
- Does the Board have any way to back frontline staff whom customers are accosting?
 - It would go a long way to talk to staff and for the Board to put out a statement that says you fully support this and expect customers to treat our staff respectfully.
- I prefer to task management with re-evaluating the current policy in light of the appearance of omicron and concerns voiced by staff and members, rather than endorsing a particular path.
- Something to table for the future: there's nothing in the Policy Register about safety and health – that may be a policy gap that we want to close in the future.
 - The Policy Register is things that the GM complies with, but it doesn't cross into operational decisions for the Co-op. Generally, health and safety decisions are operational in nature, and recent Boards have been careful not to cross that line into operations.

Decision: Tom motioned to direct management to review the current COVID policies regarding membership in the store and report back to the Board within a reasonable time as to whether the current policies need to change. Second by Megan.

Vote: 8.0.2

GM Update

Maura provided the following update to Directors before the meeting:

This report is in addition to monthly monitoring reports. The expectation of this update is to give additional information to the Board of Directors that may not be included in the month's monitoring report. This report aligns with parts of sub-policy B7: Communication to the Board... 'The General Manager shall not cause or allow the Board to be uninformed or unsupported in its work.'

Membership:

Current total member-owners: 15,411

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New member-owners: November – 34 (4 refunds)
Total member equity: June - \$1,554, 520

Register Round Up Total:

November recipient: Homewood Children’s Village – \$1,842.26

December recipient: Three Rivers Community Foundation – <https://www.trcfwpa.org/>

Operations Update:

- YTD sales growth for FY22, through 12/12/2021 = 3.2%
- We hosted All Staff meetings this month. They went well; there were a lot of productive conversations digging into the staff satisfaction survey from earlier this year, working to be overly communicative about ways to share notes from all the meetings. As part of the meetings, staff watched a short video about pronoun usage to start the conversation about how to be better at interrupting when they are misused.
 - Managers, supervisors, and Diversity & Inclusion Committee members are reading the book, *Subtle Acts of Exclusion*, which talks about what microaggressions are and how to interrupt them. We are planning to use the book to help create an internal process to interrupt SAEs so that we can better support staff and how we utilize this practice with customers who use SAEs.
- Hiring continues to be challenging, but we switched to using Paylocity’s recruiting platform and hoping to see some improvement in applicant attraction.
 - We revised our application to be more concise and now have a paper form at CS for applicants who do not have access to a computer or smartphone.
 - We revised our EEO statement, which I had learned earlier this year that we could customize. With the help of the D&I Committee, we have a new statement that is unique to what we are trying to achieve. We will revisit if we feel we need to alter it further.
- We are a Patron level sponsor for PASA’s Sustainable Agriculture Conference, which will be both virtual and in-person this year.

Updates/Questions/Comments:

- Elly would like current bios from all board members and set up a time to take photos of Directors so that the backgrounds are similar.

Management Report

Shawn’s update will be incorporated into the B1 report. Shawn has been with the Co-op for eight years; he was the Co-op’s auditor before joining us as Finance Manager.

B1 – Financial Condition and Activities

The B1 is the financial report, which occurs four times per year. The narrative from Shawn regarding the first quarter of the fiscal year 2021-22 was that this quarter was not a good one. The balance sheet items are relatively static. The next monumental item will be when the PPP loan is forgiven; Shawn has been checking in with PNC regarding the status, and it is still under review. He is reasonably confident that loan forgiveness will happen in the next three months. We saw losses in net income, but some of these losses were budgeted, namely in personnel expenses (wages); some of the unanticipated losses came from margin dollars (sales). We budgeted 4.1% sales growth; for the quarter, we saw about 1/2% sales growth. As the year goes on, we usually do better; right now, we are standing at about 2.6% sales growth with a margin of 38.1.

Comments/Questions:

- What would our net income have looked like if the PPP loan had been forgiven during the first quarter?
 - We would have had net income in the \$250-300,000 range.

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- In a way, we should ignore the loan forgiveness impact on net income because it's paying for cash we were down six quarters ago.
- Could you go over what you mean by “margin?”
 - Gross margin is expressed as a percentage, which is used to compare other stores in the industry. Gross profit is the actual dollar amount; if we buy something for \$100 and sell it for \$150, the differential is our margin. The margin does not contemplate things like labor, operating expenses, rent, or utilities. It is purely the differential of what you sell it for versus what you bought it for.
- In the world of potentially increasing inflation, is there some middle ground we should be considering between long-term investments and cash?
 - We have our cash in maybe ten different accounts in five institutions; our PNC operating account holds the preponderance. We have some money in money markets and CDs. Once the inflation starts happening, Shawn will be more proactive in routing cash to money market funds.
- Could you define amortization?
 - Depreciation is the expensing over time of tangible assets (desks, computers, refrigeration, etc.); they are bought upfront and paid for over time. Amortization is the expensing of intangible assets – usually lawyer or banker fees associated with loans, which we will have as we move toward expansion. For example, \$40,000 in fees related to acquiring loans – those fees will be expensed over the life of the loan.
- Can you define “administrative expenses,” as seen in the FY22 Budget to Actual?
 - Administrative Expenses include accounting and legal services, computer expenses, management consulting, office supplies and postage, dues, permits, subscriptions, inventory services, and expansion-related costs. The most significant items were in accounting and legal services and computer expenses.

Decision: Brian motioned to accept the B1, acknowledging non-compliance on sub-policy B1.2. Second by Mia.
Vote: 10.0.0

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

Committee Updates:

Finance

Shawn and Tom could not meet before this meeting to discuss the B1. Tom thanked Brian for expressing interest in joining this Committee.

Board Perpetuation and Elections (BP&E)

The Committee held a successful orientation session; Tom hopes new Board Members found it helpful in preparing for this meeting. The next big thing is the Board Retreat, which they will plan after Christmas.

Member-Owner Participation (MOP)

Marty reported that the bi-annual member-owner survey is due to happen this spring, noting that it would coincide with work on the capital campaign and news about expansion. Karen and Faith are looking at the website and reviewing member onboarding materials to help the community better understand the responsibilities and benefits of co-op ownership. They applauded Elly on great programming during National Co-op Month in October. The Committee is developing a grid to demonstrate what other co-ops are doing with volunteer programs.

Annual Meeting

The Annual Meeting Committee needs a new Chair and will resume work in February.

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Bylaws

Laura explained that Zoë, a former board member, did a fantastic job updating and modernizing the bylaws; they were passed in the 2020 election. In the process of analyzing current policies to make sure they are in alignment with the new bylaws, Laura discovered that previous Boards had started a process and procedures manual but hadn't continued with it. Laura is now working on collecting processes to construct a new manual.

Expansion

The Committee met on December 10; further expansion updates will be discussed in closed session.

Resilience

Trevor reported that the Committee, spearheaded by Brian, is going over resilience scenarios – from energy disruptions to economic collapse, and looking at how they would impact the Co-op and how we can be resilient against them. Brian added that the Committee had an interesting discussion about engaging with the resilience contacts in the community, potentially as future board members.

Action Items

| # | Description | Who is Responsible? | Status |
|-----|---|---------------------|--|
| 174 | Discuss opportunities to revitalize the Co-operator | Tom | Currently in discussion in MOP Committee – Elly has already made significant changes |
| 175 | Write next Co-operator article | Trevor | Complete |
| 176 | Discuss compensation for member participation in committees | Marty | Approved at the last meeting |
| 177 | Revise double negative language in B6 Policies | Laura | Complete |
| 178 | Research stipends for Board of Directors at other co-ops | Ariel | Ongoing |
| 179 | Review feedback from managers regarding board/operations boundaries | All | Ongoing. Tom will call Sam to follow up. |

Closings

Next Meeting: Monday, January 24, 2022

Packet submission due: Monday, January 17, 2022

Decision: Motion to adjourn the meeting at 9:23 p.m. by Ariel. Second by Jenise.

Vote: 10.0.0

The Board entered Executive Session at 9:24 p.m. to discuss Expansion developments.

Minutes respectfully submitted by MaCall Scott, Board Clerk.