

Adopted Minutes
East End Food Co-op Board Meeting
Held Remotely via Cisco WebEx
March 21, 2022

In attendance:

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

Absent Board Members: Jenise Brown

Management: Shawn McCullough, Finance

Member-Owners: Coletta Williams, Karen Bernard, Andy

Board Clerk: MaCall Scott

Introduction

Ariel called the meeting to order at 7:01 pm. Marty 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

A capital campaign overview was added after the Committee Updates.

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

Vote: 9.0.0

Amend/Approve February Meeting Minutes

The minutes were reviewed for accuracy and clarity.

Decision: Motion to approve the February meeting minutes as amended by Brian. Second from Marty.

Vote: 9.0.0

Member-Owners Open Session

Coletta Williams introduced themselves and shared how they came to become a member of our Co-op.

GM Update

Maura provided the following update to the 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.'

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Membership:

Current total member-owners: 15,566
New member-owners: February – 39 (6 refunds)
Total member equity: June - \$1,562, 999

Register Round Up Total:

February recipient: Brew House Association – \$1,359.94
March recipient: Building New Hope- <https://www.buildingnewhope.org/>

Operations Update:

- YTD sales growth for FY22, through 3/13/2022 = 4.5%
- MMS has brought back the Member-Owner only email! Feedback has been positive so far.
- Spring is starting to show at the store – soil is back for the season, and gardening supplies are arriving this week; the second delivery of soil has been delayed by one month, but hopefully, our first shipment will last until then.
- Seedlings arrive on Friday, March 25th!!!
- NCG is offering all co-ops a free direct mailer campaign – so we opted to participate. The mailer coupon will be \$10 off \$40 spent in the Co-op. It will be mailed to a 5-mile radius of the Co-op; they do all the work for us, and it will be sent to approximately 2,500 households. Mailings begin April 25th and are valid until May 23rd for redemption.
- We are hosting meal CSA pickups for a local producer, Popping Mustard Seeds. The owner hosted a cooking event before the pandemic that was very successful – she is now trying to set up a meal CSA where she prepares an Indian meal that can be prepared at home. She hopes to offer it monthly.
- We check in with staff on how they feel about our current masking policy for the store. We were split 50/50 on whether we should change the policy, so we are staying with our current course and will check in with staff in a couple of weeks so that we can respond in a timely manner to how staff members are feeling.
- We are currently working with UNFI to possibly change our order and delivery schedule. The earliest that this change will occur is early to mid-April. If we go through with some of the discussed changes, we will be switching to receiving our truck in the mornings, before 8 am. This is to get us our own NCG truck that we would share with Erie Food Co-op and get us off of trucks that go to Whole Foods, which is supposed to reduce how many delivery interruptions we have experienced for the past year and improve our service from UNFI.

Updates/Questions/Comments

- How does NCG determine which households in the five-mile radius receive the coupon mailer? It seems like there must be more than 2,500 households in that area.
 - Response: We don't know the details; they didn't give specifics. We aren't giving them membership data. The hope is that more information will be coming.
- Can you elaborate more on the UNFI truck and the benefit of changing the delivery time?
 - Response: Right now, we share a truck with Whole Foods; our UNFI truck comes five nights/week and is supposed to arrive between 7:30 and 9:30 pm. We've seen many supply interruptions in the past year due to a lack of drivers and COVID-related labor shortages that affect order picking. What hasn't recovered is the time the trucks come; it's often after 9:30

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pm, meaning staff have to stay beyond the end of their shift. We can only consider this change because we have use of the Gemini space. The plan is to get four deliveries per week (instead of five) – we will probably receive some of the pallets directly down to the Gemini. We hope that we will have fewer supply interruptions by making this change. It may also help with hiring; historically, it has been challenging to fill the evening shifts.

Management Report

Tyler Kulp, Produce Manager, reported that his department is focusing on Floral right now; they received their first delivery of seedlings from a local startup called Verona Plant Company. They'll also be carrying seedlings from Grow Pittsburgh and Smith's Organic Farm. Garden supplies and seeds are in stock now as well.

Shawn didn't have any Finance updates outside of the B1 report.

Updates/Questions/Comments

- You mentioned in the last meeting having issues with produce delivery and prioritizing; how is that situation going?
 - Response: We are having issues with shrink – trucks are taking longer to arrive at the suppliers, so quality hasn't been as good, and shelf-life has been shorter. We are being as fastidious as we can be about getting credits, so the Co-op isn't on the hook for paying for those items, but that does require more record-keeping and fast-acting. Some things that we usually get from California have not been available (limes, for example) but are starting to come from Georgia, Florida, and Mexico. Our suppliers have reported that organic produce is more available than conventional, and organic has remained more stable in price while conventional prices have crept up.

B1 – Financial Condition and Activities

“With respect to actual, ongoing financial conditions and activities, the General Manager shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.” – EEFC Policy Register

The narrative from Shawn is that in the second quarter of the Fiscal Year 2022, we continued to see burgeoning inflation, which began around April 2021. The effect of rising inflation can be seen on the margin, as it decreased 0.7% over the prior year, the expectation being that this increasing inflation will have more of a negative impact in the third quarter. There was an overall improvement in the Income Statement; however, cash slightly decreased from the prior year. We are still in a strong cash position with approximately 62 days of cash on hand; the build-up of cash is intended for re-investment into the new location. Looking forward, in the third quarter, we are seeing more price increases coming from vendors (both for products and services); additionally, we expect more expansion-related expenses to come through for the back half of the year.

Updates/Comments/Questions:

- What caused the decrease in occupancy expense?

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- Response: the decrease was due to the security guard expense. At one point, they were here full time and have since ratcheted back because we created a Union position that took over some of the duties of the security guard.
- How many quarters in a row with a sustained net loss would raise a red flag?
 - Response: Normally, three, but if it weren't for COVID, we would not have had these three quarters of losses.
 - Laura noted that what stands out to them is that our current asset and cash position has improved a lot. These losses are relatively small, and the Co-op is not in danger in any way. Sometimes we have a policy in place that is out of the control of the GM; not that we need to ignore it, but we need to be aware of the context and the generally strong financial position of the Co-op.
 - Maura added that we could only consider expansion now because of our solid financial position after eight years of hard work getting to this point.
- You mention that we have 62 days of cash on hand – what is a prudent number of days?
 - Response: It would vary for each co-op, depending on what they are trying to achieve. NCG recommends around 20 days; the benchmark for financial hardship is when you have ten days or less.
- Are you getting any inside information about what we can expect for the next several quarters in the grocery/co-op industries?
 - Response: the anecdotal is the inflationary pressure. The CEO of NCG recently discussed inflation and emphasized ensuring we're on top of price changes – that we update prices as vendors make changes – so we're not eating into our margin. Our IT Manager already does a great job and audits nearly every invoice. Tyler added that the produce department does its price changes and adjusts fluctuating prices five times/week.

Decision: Tom motioned to accept the B1 with acknowledgment of non-compliance on sub-policy B1.2 (*The GM will not allow operations to generate an inadequate net income.*). Second from Marty.

Vote: 8.1.0

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

Committee Updates:

Finance

- The Committee met on March 13th to review the B1 report.
- They would like to start a series of financial training for the Board, beginning with EBITDA (earnings before interest, taxes, depreciation, and amortization).
- Mia and Brian prepared the Charter for 2022, which is ready for Board approval:

Decision: Tom motioned to accept the 2022 Finance Charter. Second from Brian.

Vote: 9.0.0

Board Perpetuation and Elections (BP&E)

- The Committee's first meeting will be on April 7th from 2-3:30 pm.
- They will plan to talk about the promotion timeline and dates for this year's election.
- Debi will be connecting with Megan about the staff board seat.
- They confirmed that BPE is still responsible for the Annual Board Retreat and new director training.

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- The 2022 BP&E Charter is ready for Board approval:

Decision: Brian motioned to accept the 2022 BP&E Charter. Second from Trevor.

Vote: 9.0.0

Member-Owner Participation (MOP)

- The Committee met in person last week.
- The focus was on the volunteer program proposal, which they hope to finalize by year-end.
 - They looked at the pros and cons of the program and are working on a statement of rationale to present to the Board.
 - Marty sent the list of co-ops with volunteer programs to committee members so each member could add to a grid outlining the kinds of activities volunteers are doing and what sort of benefit program they had for volunteers.
 - The next step will be to meet with management, staff, and the Union to hear what people at the Co-op might find helpful from volunteers.
- MOP is looking at outreach to get more members to join committees. Last year, the Board approved compensating committee lay-members; Marty noted that an operational process is needed – it will be discussed at a Finance Committee meeting.
- Fran Carter, Project Manager, is coming to the next MOP meeting to talk about getting members engaged in the Capital Campaign process.

Annual Meeting

- Trevor will have a 2022 Annual Meeting Charter prepared for approval at the next board meeting.

Policy and Governance

- Laura will have a 2022 Policy and Governance Charter prepared for approval at the next board meeting.

Capital Campaign

- This Committee met on March 10th; Fran talked them through the next stages of the Capital Campaign.
- Mia shared slides showing what's currently happening and what's about to happen with the Campaign. She highlighted that the Board is needed as "champions" for the Capital Campaign.
- The 2022 Charter was made available for Board approval:

Decision: Tom motioned to accept the 2022 Capital Campaign Charter. Second from Trevor.

Vote: 9.0.0

Resilience

- Brian presented a resilience scenario exploring short-term energy disruption; this is the first of five scenarios developed by this Committee – they explore events that could happen that would keep the Co-op from achieving its Ends.
 - The Committee is curious about how this group relates to these scenarios.
 - Some discussion points:
 - Do we all agree on what success looks like?
 - Do we all agree on what the future could be like in these scenarios?

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- What kind of investment are we interested in and willing to make to get there?
- The 2022 Resilience Charter is ready for Board review:

Decision: Tom motioned to accept the 2022 Resilience Charter. Second from Marty.

Vote: 9.0.0

Action Items

#	Description	Who is Responsible?	Status
174	Discuss opportunities to revitalize the Co-operator	Elly/Marty/Tom	Ongoing at the MOP sub-committee level
178	Research stipends for Board of Directors at other co-ops	Ariel/Tom	Ongoing
179	Follow up with Sam re: manager feedback received about board/operations boundaries	Tom	Complete. Tom will follow up w/ Maura and Ariel.
181	Discuss the possibility of holding board meetings in person or having a hybrid option	All	Ongoing
182	Explore how to support the Board-Staff seat election process	BP&E Committee	Ongoing
183	Submit committee charters by the March board meeting	Mia, Debi, Trevor, Brian	Mia, Debi, Brian: Complete. Laura & Trevor: Ongoing
184	Put a call out for members to join board committees	MOP Committee	Ongoing

Closings

Next Meeting: Monday, April 18th, 2022

Packet submission due: Monday, April 11th, 2022

Decision: Motion to adjourn the meeting at 9:20 pm by Tom. Second by Marty.

Vote: 9.0.0

The Board entered Executive Session at 9:20 pm to discuss expansion updates with the General Manager and adjourned at 10:05 pm.

Minutes respectfully submitted by MaCall Scott, Board Clerk.