Adopted Minutes
East End Food Co-op Board Meeting
Hybrid Meeting held in EEFC Conference Room and via Cisco WebEx
July 15th, 2024

In attendance:
Board Members: Tom Pandaleon, President; Nick Leise, Vice President; Tyleda Worou, Treasurer; Mark Bowers, Lucia Covato, Nico Demkin, Carlos Gasca Yanez
Management: Tyler Kulp, Interim General Manager; Shawn McCullough, Finance Manager
Member-Owners: Phil
Board Clerk: Jessie Ryan
Absent Board Members: Desmond Zheng, Secretary

Introduction
Tom called the meeting to order at 7:05p.m. and 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
Decision: Tom motioned to approve the agenda as written. Second by Nico. There were no objections.

Amend/Approve Minutes
Decision: Tom motioned to approve the June meeting minutes as written. Second by Lucia. There were no objections.

Member-Owners Open Session
Phil shared information about a potential available space. A small grocery store in Murraysville recently closed. He also suggested partnering up with Nature's Way in Greensburg. He asked if the Co-op ever considered carrying non-organic products to get more people in the store. Tyler shared that it has to be something we consider as we look to expand our customer reach. We don't want to lose our identity or core values, but we want to sell food to people and meet them where they are. The conversation is worth having and something to be cognizant of moving forward.

July Working Meeting Report
The Board met on 7/1/24 for its monthly Working Meeting. In addition to real estate matters that the Board is currently treating as confidential, the Board discussed the following:
1. The re-opening of the Cafe service counter. The Board discussed its interest in monitoring the progress of this long-term initiative. Also discussed having a "Meet-The-Board' presence at the EEFC on one of the days during the July 4th weekend. (Ultimately this was postponed.)
2. HR Audit. The Board engaged in a lengthy discussion of how to move forward effectively with the information gained from the recent HR Audit performed by Columbus Brooks. The Board will draft a document summarizing its recommendations on the key areas it would like Management to focus

on, and will submit that document, along with the Audit Report generated by Brooks to the GM shortly.

3. The Board discussed current efforts to replace the CFO's assistant, who resigned a few months ago.
4. Permanent GM Search. The Board discussed finalizing the advertisement for the position, and moving forward with HR Dept. on placing the advert in the proper outlets.

GM Update

This report is in addition to the monthly monitoring reports. This update expects 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: 16,731
Fully Paid Member-Owners: 14,373
New Member-Owners: June - 38 (net)
Total Member Equity (as of 6/30/24): $1,677,637
Total Member-Owner Sales: June - $607,409
FYTD New Members (net) – 4 (1st week of FY2025)

Register Round-Up Total:

April-June (Q4) recipients:

Community Human Services – https://chscorp.org/
PFLAG Pittsburgh – https://pflagpgh.org/

YTD Total Raised: $7,132 (FY2024)

Operations Update:

- We had several days of clean-up after a sprinkler system malfunction in a neighboring tenant's space. Fortunately the damage to any inventory was relatively minor. One of the most affected areas were our public restrooms. Our landlords installed new lighting and exhaust fans (both on a motion timer), and a fresh coat of paint.
- The café beverage bar has re-opened! We are very excited to have our in-house made smoothies and juices available again. The first two weeks of business has gone smoothie-ly so far! We will continue to monitor sales throughout the summer and explore expanding the days/hours soon.
- I was interviewed for an episode of the local food podcast The Pittsburgh Dish, you can listen anywhere podcasts are found. There is a link on our homepage.
- Open Streets PGH is coming to our neighborhood on 7/27. We will have a table/booth set up on Thomas St. near the Ascend building. Frank, our produce manager, and Jeff, will be there to hand out organic apples, and bananas to passersby.
- Our newly redesigned web site is live! It is much more user-friendly to find info and highlight fun happenings at the co-op.
- We have sponsored VegFest for several years now, back at it this year on 8/10 from 11am-5pm. I will be there along with Jeff, our marketing manager to chat all things Co-op! We are also a sponsor of Grow Pittsburgh's annual fundraiser The Garden Get Down on 8/13 at Grist House Brewery in Millvale.
- YTD Sales week ending 7/7/2024: $240,936 which is 5.2% above PY sales.

Updates/Questions/Comments:

- The Café counter has been open for three weeks now. Things are going well so far and the feedback has been positive. It is still quiet as people are finding out that it is open and what the hours are. There has not been a huge increase in sales yet, but that should come in the fall during our busier season and as more people get used to the counter being open.
- Do you have a plan for phase two of the Café reopening?
    - We haven't talked through the specifics of that yet. It will most likely be adding another day or extending the hours to see what kind of impact that has on sales, margins, and customer count. We don't know what the "final" phase will look like. The overall vision is to have a full-service counter, robust grab-and-go selection, strong sales, and strong margins that boost the rest of the store. We want to keep members and shoppers engaged.
- Are there any long-term issues caused by the sprinkler incident?
    - It took a few days to dry things out, assess the damage, take inventory of lost product and packaging, and clean things up. The company that did the emergency response will be coming back to do an air quality test in the Gemini. Once we get those results we will determine if we can get back in that space. The landlord was responsive to the situation and has the full report of our losses that they will be submitting to their insurance company so that we can be reimbursed.
    - The Board wanted to share their appreciation for the staff members who stepped up and worked extra hours to get things cleaned up. Vince, Amber, and Leah all came in our their day off to clean up, communicate what was happening to staff, etc.

B1 – Financial Conditions and Activities

The Policy Register states, "With respect to the 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."

Questions/Comments/Clarifications:

- Shawn shared his commentary on the B1 report.
- This is a slimmed-down version of the B1, which has been more robust in the past. Once Shawn is caught up on things, he will have the bandwidth to strengthen the report and add more relevant information, including spreadsheets, graphs, additional commentary, etc.
- There is typically a decrease in sales in the summer as students aren't in school, people are out of town on vacation, farmers markets open up, etc.
- Now that we have taken on additional costs, how do we increase sales?
    - We are just now starting to see the dollar amount impact of the March wage increase. This B1 only includes one pay period with the wage increase. The data from the full increase will be included in the next B1 and we will have a more accurate idea of what our payroll costs will be going forward. We are always keeping an eye on sales per labor hour. The total personnel costs factor into every hiring decision we make. The only open positions that we currently have are the Finance and Payroll Coordinator and a few positions in the Café. We are the most fully staffed that we have been in a long time.
- The Board feels like there should be a plan in place to make up for the money we are spending on operations. They have discussed the Strategic Plan that Maura created but it does need some revisions.
    - The B2 – Business Planning and Financial Budgeting report will be discussed at the August meeting.

  - The plan was to have a patronage dividend to offset the costs of the wage increase. Patronage dividends would be an alternative to member discounts. It would occur at the end of the year and would be based on the performance of the Co-op and member sales.
  - We looked at the wage increase as an investment, but we knew it would be a loss in the beginning.
- Tyler has asked the Executive Committee for input on the strategic plan, how we want to update it, and what initiatives we want to choose to put our time and energy into. There is only so much we can do as an organization simultaneously.
- Along with the strategic plan, we need to make sure there are dollar signs assigned to everything. What profit do you predict from the Café reopening? We need something to monitor off of.
  - It will take time to see what the Café sales will look like.
- Is there a difference between credit card processing fees at the till versus online orders?
  - Online orders are more expensive because we utilize Mercato and they take a bigger cut. We are doing around $1,200 a week in sales, which is less than half a percent of our total sales. Mercato did switch up their fee structure. It used to be a pure fixed percentage, but now there is a variable and fixed component.
  - Our credit card fees are around 2.1% of sales, which is about $260,000 per year based on $13,000,000 in sales.
- Are there thoughts of eliminating Mercato?
  - Mercato started during COVID. We are always looking at it but not talking about eliminating it. If online sales are 1% of business, you're doing it well. We are looking into expanding our online services, but that doesn't necessarily mean we will make more money. It means we have more sales that we will make less money on per transaction. It helps us stay relevant with the competition.
- Is each position filled by full-time staff members or by multiple part-time staff members? Do part-time staff get full benefits?
  - Part-time staff who work under 30 hours are not eligible for health care benefits. They do receive all other benefits. Each position is one person. We currently have 73 employees and only 10-12 are part-time.
- The balance sheet looks good, cash is still consistent, hanging around $1.95 million.
- What part of the report is non-compliant?
  - B1.2 - Net Income. We did have a loss of around $16,000 this quarter. Net income should not be below a half percent of sales.

Decision: Tom motioned to accept the B1 as non-compliant. Second by Mark. There were no objections.

B3 – Asset Protection
The Policy Register states, "The General Manager shall now allow assets to be unprotected, unreasonably risked, or inadequately maintained."

Questions/Comments/Clarifications:

- Are the numbers on Page 26 relevant to policy B3.9, "The GM will not allow damage to the Coopertive's public image."
  - Yes, there should be no negative coverage or stories in the local press. Jeff provided this information.

- Are there any major changes since previous B3 reports, besides the possibility of insurance changes with expansion?
    - The report does illustrate the change in customer count and membership. We had one change in insurance providers during this last fiscal year. Until we get further down the road with expansion and there are more contracts that we are entering into, it is pretty straightforward. We are still making the transition away from PNC to Dollar Bank.
- What is the rationale for spreading the risk?
    - We were getting top-heavy with PNC so we started spreading things out to different banks. We still have three accounts at PNC: an operating account and two checking accounts that act as one for reporting purposes. If anything ever happened, our accounts would be insured for up to $250,000. Spreading things out is the best practice as long as we can track and monitor where the money is.
- Are there a certain number of bids that we require for contracts?
    - The threshold requirement for proposals is around $15,000 or $20,000. Depending on which project or aspect of a contract we are bidding on, there isn't always an equal number of bidders. Lucia has experience with bidding out contracts.

Decision: Tom motioned to accept the B3 as compliant. Second by Lucia. There were no objections.

Committee Updates

Resilience

The Committee did not have an update to provide.

Finance

At the Finance Committee meeting, Shawn provided a good understanding of what the numbers are. Brian Alderman, a former Board and Finance Committee member, has joined the Committee. It was nice to have a good discussion with someone who has been on the Committee in prior years and who has a lot of passion and dedication to the Co-op. He did a quick calculation of the new personnel costs per quarter, which is around $50,000. We have one quarter down that hasn't been reported on yet, but we will have an idea of what to expect moving forward. The bump in personnel costs has not been felt yet, but we can anticipate the long-term effects of it. As our numbers begin to change and if we are stacking net losses, that could be an issue when we try to borrow from lenders for expansion. Tyleda suggested posting articles in the Southwestern Natural Awakenings Magazine and the Sole Pitt, as we are trying to attract ethnicities and different communities. The Catapult Culinary Program could also be a good connection for the Co-op. This information should be shared with Jeff in the Marketing department. The Committee will meet again before the next B1. Nick would like these meetings to be scheduled further in advance if possible.

Board Perpetuation and Elections (BP&E)

The Committee needs to set a timeline for the election process, but there is still some time before the candidacy period opens.

Member-Owner Participation (MOP)

The Annual Meeting will be on November 14th at the East End Cooperative Ministries. The next MOP meeting is July 17th.

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Executive
At the last meeting, the Committee discussed reopening the Café, the HR audit, and confidential real estate matters. Tom sent Desmond the meeting dates for the next six months.

Action Items
Directors reviewed progress or lack thereof on Action Items from previous meetings.

Appreciations
Those in attendance took a moment to share their thanks.

Closing
Next Meeting: Monday, August 19th, 2024
Packet submissions due: Monday, August 12th, 2024

The meeting adjourned at 9:10p.m. without objection.

The Board and Interim General Manager entered Executive Session at 9:10p.m.