Adopted Minutes
East End Food Co-op Board Meeting
Hybrid Meeting held in EEFC Conference Room and via Cisco WebEx
March 17th, 2025

In attendance:
Board Members: Tom Pandaleon, President; Nick Leise, Vice President; Desmond Zheng, Secretary; Tyleda Worou, Treasurer; Mark Bowers, Mike Murphy
Management: Tyler Kulp, General Manager
Member-Owners: Andrew, Christopher Eadie, KC Carney, mollie, Hannah, Iris, Jeffrey F., Franc, Lucas M.
Board Clerk: Jessie Ryan
Absent Board Members: Heather Kenner, Nico Demkin

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

Amend/Approve Agenda
Decision: Nick motioned to approve the agenda as written. Second by Mike. There were no objections.

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

Member-Owners Open Session
Hannah asked about the status of the Union's petition. She would like to be able to shop at the store without seeing the Union tabling out front. Tom stated that a petition has not been presented to the Board. The Board reaffirmed its existing statement that the Co-op does not take a stance on political issues.

Iris shared some thoughts and commentary about the conflict going on in Gaza. They believe the Co-op should not continue to source Israeli-made products because supporting these unethical actions fails to uphold our Ends.

March Working Meeting Report
The EEFC Board of Directors met on Monday, March 3, 2025. The Board discussed the following:
1. Board-budgeted giftcards approved for at-large Membership participation on committees
2. Reviewed proposed BP&E Committee Charter
3. Email to Membership re: Board taking applications to fill empty Board seats
4. Upcoming Cooperator Board Corner submission
5. Member question re: tabling in front of EEFC
6. Annual GM Evaluation process
7. Status of Strategic Plan and hiring of consultant
8. General discussion of Expansion matters, including preparation of financial criteria to help future site location searches

9. General discussion of recent Expansion opportunities
10. Board ongoing evaluation of B Reports content
11. Consideration of Board grocery industry education opportunity

GM Update
This report is in addition to the 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 active Member-Owners: 17,076
New Member-Owners: February – (net) 47
Total Member-Owner Sales: February – $659,674
FYTD New Members – (net) 345

Register Round-Up Total:
January-March (Q3) Recipients:
Harmony Dog Rescue – https://www.harmonydogrescue.org/
National Opera House – https://www.nationaloperahouse.org/

YTD Total Raise: $2,730 (as of 12/31/2024)

Operations Update:
- This week, we will see the return of espresso beverages to the café counter menu! Hot cappuccinos, lattes, etc. are available to order once again using our locally roasted, fair trade certified espresso beans from 19 Coffee.
- Spring has arrived to our floral department in the form of pallets of soil bags, for sale on the sidewalk in front of the store. We have had 2025 seed packets for sale since early February. Seedlings are right around the corner, as well.

Finance Update:
- YTD sales week ending 03/09/2025: $9,478,732, 5.9% growth over prior year, which is quite accelerated from where we had been hovering for the last couple of months. The last few weeks have seen significant weekly sales growth, including last week's sales topping $300,000 (16.6% growth same week YoY) for the first time since the first full lockdown week of March 2020. This brings our quarter-to-date sales growth to 9.5%.
- Customer count has also seen a large bump in the last two weeks. A 10% increase each week, topping 6,000 transactions for two weeks in a row. Having said that, we do still remain far from our pre-COVID (March 2020) avg of 6,800 per week. Basket size also continues to grow, 4-6% over the last few weeks.

Updates/Questions/Comments:
- We are still seeing shortages of some products such as eggs, milk, and paper products. There have been a lot of out-of-stock Field Day items. We are working hard to keep up with the demand.

- Do you keep an eye on transactions every day?
    - Every day, Tyler looks at customer count, basket size, sales, and member vs. non-member sales to look for any emerging patterns.
- Could the weather have something to do with the increase in transactions?
    - Yes, weather plays a role, but we're comparing the same period as last year. Usually, better weather means lower sales, as people spend less time grocery shopping.
- Do we carry all of the products that are in the Co-op deals flyers?
    - No, we don't. The Co-op deals flyers are distributed nationally, and some of the products that are included are not available to us through our warehouse. We could have an exclusive flyer, but it is much more expensive.
- What possible challenges do you see as we take the next steps in expanding the Café?
    - Commonplace Coffee is across the street in Rockwell Park, which isn't a challenge to overcome but is something to adjust to. The cost of coffee beans has dramatically increased in the past year, so we might have to adjust our prices.
- Mike shared that we haven't been getting consistent deliveries of pre-peeled hard-boiled eggs that the Café uses for egg salad, so there is a chance that the price of the egg salad will increase.
- Hannah, a member-owner in attendance, shared that she owns a vegan chocolate company, and she would like to know who to contact about getting her products on the shelf at the EEFC. Tyler provided her with his contact information.
- Any updates on smoothies, juices, grab and go items?
    - Sales have remained steady. We will see if coffee beverages make an impact on Café sales.

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 the Ends policies."

Shawn provided the following commentary on the B1 report.

The Finance Committee met on March 16th to discuss the B1 for the quarter ending December 29th, 2024. The next B1 will have more forward-looking data and language. Most of the discussion centered around the increase in sales and some expense categories, such as personnel. We had a net loss of around $6,600 this quarter. The sales increase was 4.4% over the prior year. Gross profit was 36.8%. Our personnel expenses increased 13%, which is around $97,000. This expense encompasses wages, staff discount, health insurance, payroll taxes, PTO, etc. This time last year was before contract negotiations, so the old wage structure was still in place. The wage increase was around 15%-20%. We knew this wage increase was coming, so it was not a surprise to us. There will be one more quarter that we will compare to the old wage structure. Going forward, the wage increases should be in the 2%-2.5% range. Our occupancy expense includes our rent, which increases about 2.5% each year. It also included an insurance expense of around $3,000 that our landlord overlooked charging us for. The depreciation and amortization expense was slightly up. The operating expenses were slightly down. Administration expenses were up due to a combination of legal consulting and accounting increases. The governance expense has a large percentage increase because we switched voting platforms for the Board election. There were a few small expenses for the Annual Meeting as well. The other income expense includes interest dividends and Food Bucks. We get reimbursed by the Food Trust for the Food Bucks program. Those checks do not always arrive at a steady cadence. Shawn included sales, current assets, and quarterly net income from the past ten years to see the history of net income and net loss. Cash is holding steady at $1.78 million, and total assets are around $2.3 million.

Updates/Questions/Comments:

- Do you know what the top-performing co-op is?
    - No, that information is anonymous.
- When you look at the top performers, their sales are less than ours, but they make it up with their margins. Can you explain that?
    - Shawn provided an example that the top-performing co-op could have a large Café department. The Café tends to have a higher margin because of the labor that is involved in making the products, which would contribute to the overall store margin.
    - Tyler shared that a lot of co-ops' top-selling items are rotisserie chickens. They get a huge margin on it, and if there is any shrink at the end of the day, it can be used in other items such as soup.
    - Geographic location could be a factor as well. In suburban areas where a store has a large parking lot, customers can do their whole shopping trip and have larger basket sizes.
- Is there anything you can guess might be on the top performer's expense line that isn't on ours?
    - Probably patronage dividends. Some co-ops don't offer member discounts but instead use patronage dividends. At the end of the year, they decide whether to declare a dividend based on profits. Many co-ops are going in this direction, such as REI. If we stopped offering the 2% discount and added that amount back into sales, our net income would increase significantly. After covering all expenses, we could then return a portion of the profit to members as dividends. With the current discount model, we're giving money back at the time of purchase without knowing if the sale was profitable. Switching to dividends could also help us build our cash reserves.
- Do you look at assets daily?
    - Shawn tracks our current assets because it is a basic financial metric and something that NCG reports on. Our current assets are cash and inventory. We have no receivables. We do prepay a few insurance policies and have a few service contracts. Shawn monitors cash daily, while Tyler reviews sales, cash, and payables each day.
- Do other co-ops have public B1 reports?
    - All co-ops generate B1 reports, but it is not public information. Annual Reports are usually public.

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

The Board highlighted the strengths and opportunities of the report.

Committee Updates:

Finance

Shawn and Tyler effectively summarized this month's meeting discussion. The committee will meet again in June to discuss the next B1 report. Mike will be joining the committee.

Board Perpetuation and Elections (BP&E)

Nico is now the Chair of this committee. The proposed charter has been updated to include new committee members. Tom motioned to approve the charter, second by Mike. There were no objections. There are two vacant Board seats at the moment. The Board will email the membership, inviting anyone interested in filling the vacant seats until the next election to submit their resume

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Member-Owner Participation (MOP)
The proposed charter has been updated to include new committee members. Tom motioned to approve the charter, second by Mike. There have been a few proposals for activities, including a book club and board game night. The next meeting is Wednesday, March 19th.

Executive
The committee met this month to discuss the strategic plan. Members will have a chance to review the plan at sessions sometime in May.

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, April 21st, 2025
Packet submissions due: Monday, April 14th, 2025

The meeting adjourned at 8:33p.m. without objection.

The Board and General Manager entered Executive Session at 8:33p.m.