Adopted Minutes
East End Food Co-op Board Meeting
Hybrid Meeting held in EEFC Conference Room and via Microsoft Teams
June 16th, 2025

**In attendance:**
Board Members: Tom Pandaleon, President; Nick Leise, Vice President; Desmond Zheng, Secretary; Tyleda Worou, Treasurer; Mark Bowers, Mike Murphy, Heather Kenner, Frank Noll, Dominika Blach
Management: Tyler Kulp, General Manager; Shawn McCullough, Finance Manager
Member-Owners: Fritz, Iris, Jeremy K., Gwendolyn Schwab, Jackson, Breezy
Board Clerk: Jessie Ryan
Absent Board Members: Nico Demkin

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**Introduction**
Tom called the meeting to order at 7:03p.m. and Nick 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

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

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

**Member-Owners Open Session**
Iris took a moment to speak as a representative of the Union's Palestine Solidarity Committee. They pointed out that the Union's referendum is still ongoing, as well as the genocide in Gaza.

Jeremy urged the Board to act on the petition, noting that the ongoing debate is dividing the community.

Jackson shared his thoughts about how selling Israeli-sourced products goes against the Co-op's Ends Statement.

**May Working Meeting Report**
The Board met on May 5th, 2025 for its monthly Working Meeting and discussed the following:
1. B Report post presentation review - The Board has decided that going forward, it will engage in additional quality review of the prior month's B Report at its Working Meetings. This may entail reviewing and discussing the report policies, interpretations, operational definitions, and data, as well as any consequences given to the GM at the prior month's Open Meeting. The Board discussed that schedule of review.
2. The Board discussed the B6 Report.
3. The Strategic Plan and its drafting schedule, along with the current draft language.
4. Board attendance at upcoming MMS events.
5. Scheduling an onboarding session for new Board Members Dominika and Frank.

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**June Working Meeting Report**
The Board met on June 2nd, 2025. They reviewed progress on the Strategic Plan and discussed various operational matters, including the Fresh International Market's business updates and the ongoing GM evaluation. They discussed Staff Survey concerns and challenges with internal promotions and career development pathways within the organization. They also covered upcoming events and communication planning, including the newsletter content and article assignments. Tom added that the Board has not completed its discussion of the B6 Report.

Mark and Heather joined the meeting at 7:15p.m.

**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: 17,269
New Member-Owners: May - (net) 53
Total Member-Owner Sales: May $687,406
FYTD New Members: (net) - 538

**Register Round-Up Total:**
April-June (Q4) Recipients:
Pittsburgh Struggling Student Association – https://pghstrugglingstudentassociation.weebly.com/
Allegheny Cleanways – https://www.alleghenycleanways.org/

YTD Total Raise: $3,894 (as of 3/31/2025)

**Operations Update:**
- We were informed on Friday 6/6 by our largest distributor UNFI, they had experienced a cyberattack and all of their systems had to be pulled offline. We have not received a delivery from them since Thursday 6/5. We are working closely with all of our other vendors to fill as many gaps as possible. At the time of this writing they are improvising temporary solutions for the coming weekend. It is an evolving situation and we are doing our best to communicate with staff, and customers.
- All-Staff Meetings are being held this week to discuss the All Staff Survey conducted in March, and to solicit any more feedback on the Strategic Plan. We are getting close to finalizing the Plan, with the goal of publishing it to membership by the end of June.
- Saturday 6/7 was the "soft" opening of the new Enson Market in Rockwell Park. Formerly known as "Fresh International Market."

**Finance Update:**
- YTD sales week ending 06/08/2025: $13,317, 890 7.8% growth over prior year, putting us on pace to hit $14,000,000 in sales, our highest total to date.
- Q4 2025 has continued to see growth at a similar rate as Q3, 11.5% year over year growth. June is historically a slower month so I predict that growth % to decrease over the final 3 weeks of the fiscal year.

- Customer count decreased for the first time all year, though basket size was up.

**Updates/Questions/Comments:**

- Is there an installment plan available for memberships?
    - Yes, an installment plan is available to everyone when they sign up. The reason that number has been blank for several months now is that we switched member management databases, and there are legacy memberships that we haven't figured out how to translate over to get a current, active count.
- What is your team doing to review how the UNFI issues affected us and what can be done in the future if it happens again?
    - We are having our first meeting tomorrow. When this situation happened and we knew we weren't getting any orders that weekend, we started contacting our other distributors and vendors to see what we could order from them.
- Has there been any negative feedback or comments from customers?
    - Most customers were understanding and patient. Some customers didn't even notice.
- Do we get most of our shelf-stable food from UNFI? What about perishable items?
    - Yes, about 65% of the center of the store comes from them. We do get a lot of perishable items from them as well, but because of issues we have had with them in the past, we have already funneled a lot of that business to Four Seasons and Rainforest Distribution.
- Could UNFI pull together items for an order based on our past orders?
    - Yes, they did send us a "cloned" order on Saturday. The issue with that order was that it was from the previous sale cycle, so it included large quantities of items that were no longer on sale, and we didn't receive items that are currently on sale.
- Is there anything NCG can do for us with regard to planning for this in the future? Were they helpful during this situation?
    - Tyler has been in touch with NCG every day, and they are helping bridge communication between us and UNFI. There were some internal personnel changes going on with NCG at the same time, so that added another level of challenges.
- Nick feels like we have done well in this situation, and it points to a good business model. Tyler hasn't done the weekly sales report for last week yet, but he knows we did have positive sales growth despite all of this, which is pretty exceptional.
- Mike shared that he has been to the Ensom Market, and it looks like many of their products do not overlap with ours. If a customer went over there looking for a product that we were out of, they most likely wouldn't have found it over there either.
    - Tyler has been to Ensom Market as well and did see some overlap, such as meat and produce, but their products are not equivalent to ours. We will have to wait and see if our sales change.

Tyleda joined the meeting at 7:30p.m.

**B1 – Financial Conditions and Activites**

The Policy Register states, "With respect to the actual, ongoing financial conditions and acitivites, the General Manager shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from Bord priorities established in Ends policies."

**Updates/Questions/Comments:**

- The Finance Committee met Thursday morning and reviewed the B1 Report. Shawn looked back on previous data to see why sales were so high this quarter, which seemed to be due to internal factors. Last year, we had an IMT instead of a GM, and we had relatively new Operations Managers in their positions. Also, the Café is selling more offerings than it did in the previous year. The Café has the largest margin for a department, so when we have more Café sales, it brings up the overall store margin.
- There was a sales increase of 11.5% for the quarter, which was the strongest sales growth of any quarter since COVID. We had around $3,770,000 in sales, a margin of 38%, total expense were around $1,400,000, and that all led to a pre-tax net income of around $25,000.
- What was the Café sales increase? Is that department margin moving at all?
    - Around 30%. The margin is roughly the same as it was last year.
- Are the NCG benchmarks that are reported a way to compare us to our peers?
    - It's a way for NCG to standardize reporting across Co-ops for consistency.
- Are there any noteworthy changes in the member sales discounts and promotions categories?
    - Member sales discounts decreased while promotions increased because of a reporting mechanism. We look at those two lines together because some different reporting things went into one line last year, and now they are included in the other line. That is going to change again when we move to a Common Chart of Accounts, but we are not sure when that is going to happen. NCG is suggesting that we remove those two line items as well as the staff discounts, and then net them against the sales number. We will have to see what NCG is going to do, while also keeping this reporting consistent so that we have data to compare to.
- Frank likes the idea of sales discounts, promotions, and staff discounts being contra income, but he thinks they should still be broken down into the three categories.
- At the Finance Committee meeting, we talked about tracking rent compared to net income. Do you see any space in this report for commentary on that?
    - Rent is included in our occupancy expense. Shawn will talk with Tyler to see what data we want to include going forward. Our lease discussions have not been sales-based.
- What falls under "other income"?
    - We get a dividend from NCG and Frontier Co-op, as well as Food Bucks. The Frontier Co-op dividend is based on our purchases with Frontier exclusively. We got a lot more Food Bucks last year, which is why that number is lower this year.
- What category do legal and consulting expenses fall under?
    - Those are administrative expenses.
- Historically, our last two quarters are our best quarters. Our sales are generally 10% higher in the last six months than they are in the first six. Farmer's markets, personal gardens, vacations, etc. could all be factors in this. Dominkia believes there would be value in including previous quarters' data in the monthly GM Updates.
- When is the change from a fiscal year to a calendar year going to happen, and will that give us a short year when it does?
    - When that change happens, we will most likely have two auditing periods: one 18 month period and one 6 month period. We still don't know when this change is going to happen.
- Nick would like to see a graph that shows overall year-to-year net income instead of just quarters.
- Can anyone access Co-Metrics? It would be nice to narrow this information down by region.
    - No, only certain Managers at Co-ops can see this information. Tyler believes that the 25 large co-ops are the eastern corridor.

- Could you include notable statistics for all departments?
    - We don't know the dynamics of every department and wouldn't want to point out any decline. We want to highlight the positives, which is why the Café was discussed in this report.

**Decision:** Mike motioned to accept the B1 as compliant. Second by Desmond. There were no objections.

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

**Committee Updates:**
**Finance**
The Committee met on Thursday to discuss the B1 Report in depth, focusing on the challenge of remaining profitable as costs rise. Tyleda acknowledged the Marketing department for all of the events they have put on recently. This seems to attract more customers to the Co-op.

**Board Perpetuation and Elections (BP&E)**
The Board held an onboarding session in May for Frank and Dominika. The Committee will meet more frequently as the elections approach in the fall.

**Member-Owner Participation (MOP)**
The Committee will meet on Wednesday, June 18th at 7:00p.m. The main focus will be game night, which is scheduled for June 25th.

**Executive**
The Committee met this month to work on the Strategic Plan. The GM Evaluation is still ongoing.

Tom read the Pennsylvania Annual Report aloud. This is a reporting requirement for all businesses. Our attorney recently revised it to correct our address and add the current Board President.
**Decision:** Tom motioned to pass the resolutions. Second by Nick. There were no objections.

**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, July 21st, 2025
**Packet submissions due:** Monday, July 14th, 2025

The meeting adjourned at 8:26p.m. without objection.

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The Board and General Manager entered Executive Session at 8:26p.m.

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