Adopted Minutes
East End Food Co-op Board Meeting
Hybrid Meeting held in EEFC Conference Room and via Microsoft Teams
July 21st, 2025

In attendance:
Board Members: Nick Leise, Vice President; Desmond Zheng, Secretary; Tyleda Worou, Treasurer; Mark Bowers, Mike Murphy, Heather Kenner, Frank Noll, Dominika Blach, Nico Demkin
Management: Tyler Kulp, General Manager; Shawn McCullough, Finance Manager; Jen Girty, HR Manager; Frank Salati, Produce Manager; Erin Myers, IT Manager
Member-Owners: Fritz, Josh, Iris, Jeffrey, Breezy, Mollie, Wendy, Aviva, Simone, Hannah, Jeremy Kahn
Board Clerk: Jessie Ryan
Absent Board Members: Tom Pandaleon, President

Introduction
Nick called the meeting to order at 7:02p.m. and Mike 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: The agenda was approved as written. There were no objections.

Amend/Approve Minutes
Decision: The June minutes were approved as written. There were no objections.

Member-Owners Open Session
Josh expressed concerns over the air quality in the store. They have requested that MERV 13 filters be used throughout the store.

Iris shared a recent experience in which a stranger took their photo without permission. They have also received threats. Management has been working to support Iris, including adjusting their schedule as needed. The Board thanked Iris for speaking up and emphasized their commitment to ensuring that both staff and customers feel safe.

Fritz appreciates that Iris came forward and shared their experience. They will continue to speak about the genocide that is happening in Gaza.

July Working Meeting Report
The Board met on July 7th to finalize the GM evaluation, wrap up the Strategic Plan, and review the B Reports, focusing on the B1.

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."

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Membership:
Current active Member-Owners: 17,301
New Member-Owners: June - (net) 32
Total Member-Owner Sales: June $640,899
FYTD New Members: (net) - 572

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: $9,020

Operations Update:

- Most aspects of UNFI's service has been restored to normal levels (prior to cyberattack). But we are still waiting on some invoices from the time period the system was down.
- On Tuesday 7/15 I was invited by Pittsburgh City Councilwoman Deb Gross to attend the City of Pittsburgh's Year of the Cooperative Proclamation reading. It was an honor to be recognized and included alongside representatives from EEFC Federal Credit Union, Pittsburgh Chamber of Cooperatives, Ujamaa Collective, and several others.

Finance Update:

- YTD sales week ending 07/13/2025 (week 2): $528,331 8.6% growth over prior year.
- June did see a slight decline in growth, as expected. We were able to finish the year with 7.7% growth over FY24, a total of $14,121,160, our highest total ever. I look forward to closing out the year officially with our next B1 report.
- Customer count and basket size increased over prior year, as well.

Updates/Questions/Comments:

- We are working to receive two trucks from KeHe each week to hopefully mitigate something like the UNFI issue from happening again. We are also trying to purchase from more local distributors such as Frankferd Farms.
- Are the invoices that are still outstanding going to end up in the books for 2025?
    - That is the goal, but at a certain point, we will have to book them in 2026.
- Do you have any idea if sales were lost during the weeks due to the UNFI issue?
    - It's hard to tell because of the timing of the UNFI outage. We usually see a dip in sales during that time of the year, so it is hard to determine how much of that dip was related to the product shortage.
- Tyler and the Directors discussed the recent opening of Ensom Market and how it has affected sales.

B2 – Business Planning and Financial Budgeting

The Policy Register states, "The General Manager shall not cause or allow business planning and budgeting to deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan."

Updates/Questions/Comments:

- This report is presented at the beginning of the fiscal year to demonstrate our future plans and what we are budgeting for from a sales growth perspective. The metrics for compliance are all directly from the B1 Report. It's a way for us to show that the projections are reasonable.
- This is our first new year budget with a new Strategic Plan happening simultaneously. Part of the B2 Report going forward will be an update on where we are with the Strategic Plan initiatives and how that relates to our budget.
- The B1 Report is a look back at the past, and the B2 Report is looking forward.
- What do you mean by sales growth? Is that adjusted for inflation?
    - It is year-over-year sales growth, just numbers. The one exception is when we have a 53-week year, because then it's artificially inflated. When that does happen, Shawn makes sure to note it. If we switch from a fiscal year to a calendar year, that 53-week year wouldn't exist anymore.
    - Every month, we get the food cost at home inflation report to make sure that our growth is above and beyond that typical number. We want to make sure that any growth is not strictly from inflation.
- Which sub-policy do you spend the most time thinking about?
    - Shawn focuses mainly on cash. Tyler tries to pay attention to each one because they all matter.
- It's good to see that we are expecting the Café expansion to contribute substantially to strong sales growth.
    - Yes, that's directly correlated with the goals for the Strategic Plan's implementation plan.
- With inflation rising, do you think people aren't spending as much on food?
    - Historically, when things get too expensive, it's common for people to cut out eating out from their budget and cook at home. Since COVID, we have seen an increase in value shoppers. Customer count shrank, but basket size inflated because fewer people were coming in, but buying more. More Co-op Basics and Co-op Deals were being purchased more frequently, and this was a trend across the natural foods industry. Around 2023, we saw a significant sales decrease before the customer count rebounded. A lot of people were only buying items that were on sale, even if that meant having to shop at multiple stores.
- Have you heard anything else about funding for SNAP or Food Bucks?
    - The bill does include the cuts, but we aren't sure when that will affect customers' wallets.
    - The goal is to shift the burden from the federal government to the state government, and currently, the state of Pennsylvania does not have a budget for these programs.
- With this lease agreement, the biggest percentage increase was this month. As the lease goes on, the rent increases about 2% per year. For the last three years of the lease, there will be no increase.
- What are promos and demos (MAD)?
    - There are a lot of different things that go into that account. MAD stands for Member Appreciation Day. Anything that NCG charges us for promotions, as well as other discounts, is included in this account. We don't have a MAD anymore, except for the quarterly discount we offer to members.
- It's surprising how high the election cost is.
    - This number includes the election platform that we use for voting, as well as the Annual Meeting.

- What is the most unpredictable line item besides sales?
    - Tyler said repairs and maintenance. We are going to be buying a new refrigeration unit soon, but we didn't take that into account when the budget was created. We do amortize maintenance repairs over the course of a year. We have asked Vince to put together a list of every piece of refrigeration equipment we have and its age. We are going to determine which pieces of equipment might need to be replaced now, before we wait for them to break down. That's one way it could be a little more predictable. It is better to be planful.
- Shawn talked through the Cash Flow statement. Cash flow is essentially trying to reconcile net income with cash. It is the movement of money into and out of a business.
- Are the capital expenditures directly related to any specific projects?
    - No, they are not.
- Is there a reforecast point, or just whenever you have gained clarity?
    - If we need to reforecast the budget we will, but there is no specific date.
- Are the new memberships represented in the budget as net income?
    - No, it's like we are debiting cash and crediting equity.
- What does the total net cash flow represent?
    - The change, positively or negatively, to the existing cash.

Decision: Nick motioned to accept the B2 Report as compliant. Dominika objected, expressing concern that several items are unaccounted for in the budget. She requested a reforecast, especially as larger projects are planned. Some of the numbers that Dominika would like to see are included in the quarterly B1 Report. Shawn will include a budget-to-actual comparison in the next B1 Report. The Board will further review the report to determine its compliance.

B3 – Asset Protection

The Policy Register states, "The General Manager shall not allow assets to be unprotected, unreasonably risked, or inadequately maintained."

Updates/Questions/Comments:

- What is the thought process behind moving from PNC to Dollar Bank?
    - Cost as well as service. Dollar Bank is more engaged with us, and it is more local. We may be saving around $10,000 a year.
- We have had to utilize our insurance policies a few times over the last few years. Around five years ago, there was a power outage where we lost a lot of product. We were reimbursed for that loss. There have been a few customer injuries over the years where liability insurance has been utilized.
- Are the electronic records encrypted?
    - Yes, we have a third-party IT security person. The back-ups are locked in a safe, switched out every week, and they are encrypted.
- Do employees undergo any phishing training?
    - Not a specific training. Not every employee has a Co-op email address. Our email server is pretty good about filtering out spam.
    - Dominika recommended looking into training through Paylocity.

- Tyler defined the articles in the Pittsburgh Jewish Chronicle as negative press. He left the decision of compliance with B3.9 up to the Board.
    - The report does not have to be accepted at this time. The Board will discuss this report's compliance and share its decision at next month's meeting.

Decision: After discussion of the nature and extent of the media attention received by the Co-op, the Board decided to accept the B3 as compliant. There were no objections.

Committee Updates:

Finance

The committee will meet before the September Board Meeting to review and discuss the B1 Report. That meeting is tentatively scheduled for the week of September 15th.

Board Perpetuation and Elections (BP&E)

The committee will start planning and coordinating the Board elections soon. Directors have been consistent in attending marketing events. The Board asked if extra tickets that are available to events could be offered to Directors who may wish to attend. Tyler will talk with Jeff. They are hoping to hold a few "Meet the Board" events before the election.

Member-Owner Participation (MOP)

The committee met last week and discussed the Capital Campaign as well as the game night event. There are a few events in the works. They began the planning process for the Annual Meeting. Fran has contacted East End Cooperative Ministries to check their availability for the selected date.

Executive

The committee has met several times over the last few weeks to finalize the GM evaluation.

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 18th, 2025
Packet submissions due: Monday, August 11th, 2025

The meeting adjourned at 8:47p.m. without objection.

The Board and General Manager entered Executive Session at 8:47p.m.