



EFC Board of Directors Meeting

October 10, 2022, 6:00-8:00 pm

Hybrid

Directors Present: Amanda Degener, Michelle Spangler, Joleen Baker, Desirée Olson, Seth Kuhl-Stennes, Sadie Paschke, Therese Genis; **Present via Teams:** Smita Dolan joined at 7:35 pm

Directors Absent: Sue Jaeger

Staff Present: John Lacaria, **Via Teams:** Luke Stensby

Guests Present: N/A

Call To Order:

Amanda Degener, Board President, called the meeting to order at 6:03 pm. Therese led the Board through an ice breaker.

Owner Comment Period:

There were no owner comments.

Preliminaries:

Seth Kuhl Stennes motioned to vote on the amended September meeting minutes and the amended October meeting agenda using a consent agenda. Sadie Paschke seconded the motion. Upon voting, the motion was carried 7:0.

GM Time:

The Annual Meeting went great. John does not know the exact numbers yet but guesses that 100-200 owners attended. Big thanks go out to Tucker, the marketing manager, and his team.

John updated the Board about the proposal for a new POS system. Luke Stensby, IT Manager, pursued a bid with ECRS about adding the possibility of self-checkout with the updated POS system. There would be savings to roll both of those options into one update since Eastside would only have to pay for one installation.

The Board discussed with John and Luke how adding self-checkout would impact future store remodels and how self-checkout could address staffing shortages, especially on the Front End. The Board also discussed how the new POS system could impact the continuation of the FARE program. Seth questioned how self-checkout would impact the union contract. John said that he had a duty to report the change to the union and would move forward with negotiations until he and the union came to an agreement. John clarified that no staffing positions would be eliminated with a self-checkout addition, but rather reassigned to address staffing shortages in the store.

Sadie moved to approve the adoption of a new POS and self-checkout system. Joleen seconded the motion. The motion passed 6:1.

Board Business:

The Board discussed the possibility of declaring preferred share dividends. The decision would need to be made by October 15th. If dividends are not paid, they do not accumulate dividends for payment at a later date.

John recommended that the Board declare dividends on preferred shares. Although Eastside ended fiscal year 2022 with negative net income, he believes there are sufficient cash reserves and owner equity to provide dividends to preferred shareholders. John highlighted honoring preferred shareholders continued support of Eastside Food Co-op during this high inflationary period.

With Board of Directors approval, the following dividends amounts would be paid out:

Series	Number of Shares	Dividend (non-cumulative)	Dividend Amount
Legacy-C	326	5%	\$8,150
2014-C	908	4%	\$18,160
2014-D	216	2%	\$432
2015-C	2	4%	\$40
2020-C	20	5%	\$500
Grand Total	1,472		\$27,312

Sadie moved that the Board declare dividends on preferred shares. Joleen seconded the motion. The motion passed 7:0.

To clarify the Board’s procedures concerning the process for handling preferred shares and ownership shares when people die, get divorced, or have some other life altering event, John reached out to the law firm, Dorsey & Whitney.

The firm recommended the Board adopt the following preferred share ownership change policy:

WHEREAS, Eastside Food Cooperative (the “Co-op”) has issued preferred shares to owners and may issue additional preferred shares to owners in the future;

WHEREAS, although the Co-op’s articles and bylaws prohibit the transfer of preferred shares to any party other than the Co-op, the Board of Directors has been advised that it is reasonable for the Co-op to determine that changes of ownership of preferred shares to successors and heirs in the case of death or marriage dissolution is not a “transfer” for this purpose.

NOW, THEREFORE, the Board hereby adopts the following resolution and policy:

- 1) In the event of the death of an individual owner of preferred shares, the owner of the preferred shares may be changed to reflect the legal successor or heir of the owner’s preferred shares upon receipt by the Co-op of legal documentation of the fact that the new owner is the successor or heir of the deceased owner.
- 2) In the event joint owners of preferred shares dissolve a marriage or otherwise separate, the owner of the preferred shares may be changed to reflect the legal successor owner of the preferred shares upon receipt by the Co-op of either written instructions of both joint owners or legal documentation of the fact that the new owner is the successor owner.

- 3) In the case of death or impending death of an owner, if the owner or the lawful successor or heir of the owner, as applicable, requests redemption of the preferred shares upon death, the Board of Directors may accept the request for redemption and cause the Co-op to redeem the preferred shares on death, so long as the redemption cannot be expected to impair the Co-op's financial condition or prospects to meet its mission or result in a violation of financial covenants or regulatory requirements.
- 4) The policy reflected in this resolution does not permit owners to transfer shares in any circumstance other than as specifically stated.
- 5) Any change of ownership pursuant to this policy shall be reflected on the Co-op's books and records regarding share ownership, together with a notice provided to the successor owner.
- 6) The Board of Directors may delegate authority to management to implement the policy reflected in this resolution and this policy is subject to amendment from time to time by the Board of Directors.

Amanda made a motion to approve the preferred share change policy. Sadie seconded the motion. The Board voted to adopt the policy with a vote of 7:0.

Amanda reviewed the election results and announced that she, Samantha Bailey, and Kristel Porter were elected to 3-year terms. Seth Kuhl-Stennes was elected to a 1-year term.

Amanda moved to accept the results of the 2022 election. Desireé seconded it and the motion passed unanimously.

The Board voted on Friday, September 30, 2022, to transfer the 2016 expansion project loan from Self-Help Credit Union to NE Bank. The new interest rate offered by NE Bank is 5.1% and will save the co-op an estimated \$1.5 million over the life of the loan. The Board approved the new loan terms in a vote of 8:0.

The Board contracts with Columinate for consulting and board education and development. Desireé made a motion to continue the Board's relationship with Columinate with an additional yearly standard contract. The motion passed unanimously.

Michelle, as Board Assistant, announced upcoming changes to the Board of Directors SharePoint site as she makes file sharing more user friendly. The goal is to have the updates completed when new board members join in November.

Executive Limitations Monitoring Report

Given that John was still waiting on data for his report from Julie, the HR Manager, the Board decided to postpone the vote to accept John's B6 Staff Compensation and Treatment policy until November.

Board Education:

The Board reviewed the New Board Member Orientation and prepared for the addition of new board members.

Board Monitoring Report:

Joleen reported compliance with the Board's C6 Officer's Roles monitoring. Amanda moved to accept the policy monitoring as reported by the committee report. Therese seconded the motion. The motion passed 7:0.

Committee Reports:

Policy Governance

Joleen and Michelle presented the next steps the committee plans to address in the new board year. John discussed his B6 reporting briefly but was still awaiting Summarize next steps from minutes.

Strategic Planning

Seth updated the Board regarding the solar updates presented by Alicia at the September strategic planning committee meeting. Alicia is waiting for additional quotes from companies and is also pursuing a more piecemeal project approach in order optimize the co-op's funds. At this point, the Board decided not to pursue help from Retail Financial Services for the solar project.

Finance

The finance committee will meet in November. Desiree is putting together a year end summary with next steps for 2023 to discuss at the next finance meeting.

Board Development

Sadie reported that the committee had reviewed the orientation at the September Board Development committee. Amanda requested the committee discuss under which committee Board outreach should fall going forward.

Justice, Equity, Diversity, & Inclusion

JEDI meets next week and will discuss the new DEI proposal from the YWCA as well the DEI-focused updates to the New Board Member Orientation.

Adjourn

Amanda motioned to end the meeting at 7:43 pm. Sadie seconded the motion. Upon voting, the motion was carried 8:0.

Following the BOD meeting, the Board met in executive session to discuss contract renewal for the general manager.