



EFC Board of Directors Meeting

September 13, 2021, 6:00-8:00pm

Eastside Food Co-op Community Room

Directors Present: Desiree Olson, Michelle Spangler, Sue Jaeger, Amanda Degener, Brenda Burmeister, Jennifer Anderson, Autumn Brennan (Zoom), Therese Genis

Directors Absent: Seth Kuhl-Stennes

Staff Present: John Lacaria

Guests: Sarah Budenske (Zoom), Smita Dolan, Sadie Paschke

Call to Order:

Sue Jaeger, Board President, called the meeting to order at 6:06 pm.

Amanda Degener shared a passage from *Boards that Make a Difference* written by John Carver.

Owner Listening Period:

The Board welcomed guests to the meeting.

Preliminaries:

Brenda Burmeister motioned to approve the agenda as written. Michelle Spangler seconded the motion. Upon voting, the motion carried 8:0.

Amanda Degener motioned to approve the August Board of Directors meeting minutes. Therese Genis seconded the motion. Upon voting, the motion carried 8:0.

Amanda Degener motioned to approve the July Executive Session meeting minutes. Desiree Olson seconded the motion. Upon voting, the motion carried 8:0.

Fiscal Year 2021 Financial Audit:

Sarah Budenske, CPA, of Budenske CPA, LTD. presented the results of her audit of Eastside Food Co-op's fiscal year 2021 financial records. She presented a clean audit report. Sarah discussed the details of the audit report and helped the Board understand the decisions they need to make based on Eastside's fiscal year 2021 performance.

While Eastside had significant net income in fiscal year 2021 it was mainly due to Eastside receiving forgiveness of its Payroll Protection Program loan. When looking at net income due to owner patronage, the co-op experienced a small decrease in net income. As a result, there is no net income to distribute to owners through a patronage rebate.

The Board will need to decide if it will declare dividends on preferred shares. The Board will make this determination at its October Board meeting.

The Board also must determine if it will declare employee profit sharing. The Finance Committee will discuss employee profit sharing at the next committee meeting and will determine a recommended course of action. Based on this recommendation, the Board will decide if it will declare employee profit sharing at the October Board meeting.

Executive Limitation Monitoring:

Policy B1 – Financial Condition and Activities. Amanda Degener motioned to approve the Executive Limitation Monitoring Report. Autumn Brennan seconded the motion. Upon voting, the motion carried 8:0.

Preferred Share Redemption Request:

Jennifer Anderson motioned to approve the preferred share redemption request from Investor #89. Brenda Burmeister seconded the motion. Upon voting, the motion carried 8:0.

Cooperative Board Leadership Development

Jennifer Anderson motioned to renew the Board's participation in Columinate's Cooperative Board Leadership Development (CBLD) program. Desiree Olson seconded the motion. Upon voting, the motion carried 8:0.

Annual Meeting Preparations

The Board discussed preparations for the Board Candidate Meet and Greet scheduled for Monday, September 27, the virtual Annual Business Meeting scheduled for Thursday, October 7, and the in-person owner and community event scheduled for Friday, October 8.

Board Policy Monitoring

Michelle Spangler, Board Policy Governance Committee Chair, reported on D3: Delegation to the General Manager. The Governance Committee proposed that the language in policy D3 be updated to read (emphasis added to denote changes):

*The Board delegates **responsibility** to the General Manager through written Ends and Executive Limitations policies.*

- 1. As long as the General Manager uses a reasonable interpretation of the Board's Ends and Executive Limitations policies and strategic priorities, the General Manager is **permitted** to establish all further policies, practices and plans for the cooperative's business entities.*
- 2. If the Board changes an Ends or Executive Limitations policy, the change only applies in the future.*

Michelle reported compliance with D3 and moved to accept the D3 policy monitoring report and the proposed changes to the wording of policy D3. Brenda Burmeister seconded the motion. Upon voting, the motion passed 8:0.

Diversity, Equity, and Inclusivity Update:

The Board will be meeting with LaDonna Sanders-Redmond; Diversity, Equity and Inclusion Trainer and Coach; on Sunday, September 26. They will be reviewing the Board Policy changes the Board are considering. The intent of these changes is to make the Board policies more equitable and inclusive of diversity.

Committee Reports:

Owner Engagement:

Autumn Brennan, committee chair, shared that the owner engagement committee is focused on preparing for the virtual Annual Business Meeting scheduled for Thursday, October 7 and in-person owner and community event scheduled for Friday, October 8.

Policy Governance:

Michelle Spangler, committee chair, shared that the Policy Governance Committee is preparing for new Board Member orientation scheduled for Monday, October 25. Former Board Members, George Fischer and Monica Lewis, will be assisting with the new Board Member orientation session.

Michelle also alerted the Board that the committee is continuing to explore if a change should be made to the Board Member stipend amount. The Board briefly discussed this change, including that the ownership would need to approve any proposed changes.

Board Development:

Brenda Burmeister, committee chair, shared that the Board Development Committee is excited that the Annual Board Election is underway and that they are preparing for the Board Candidate Meet and Greet scheduled for Monday, September 27.

Finance:

Jennifer Anderson, committee chair, did not have any additional Finance Committee updates.

Strategic Planning:

Seth Kuhl-Stennes, committee chair, was unable to attend the Board meeting. There was no Strategic Planning Committee update.

Adjourn:

Michelle Spangler motioned to adjourn the meeting at 8:41 pm. Brenda Burmeister seconded the motion. Upon voting, the motion carried 8:0.

The Board of Directors decided to vote on employee profit sharing via email following the September board meeting.

The Co-op achieved net income of 4.4% during fiscal year 2021 before income taxes. As a result, the Board of Directors needed to determine if they would declare employee profit sharing. The Eastside Food Co-op Profit Sharing Plan states the Board of Directors, in its sole discretion, may distribute some or all of the Profit Sharing Reserve as Profit Sharing Payments to eligible Employees when the co-op achieves Net Income of 2.5% or greater for a Plan Year. The Profit Sharing Reserve is an amount equal to Net Income in excess of 2.0%.

The Board discussed employee profit sharing via email between the September and October Board meetings. On 9/21/2021, Sue Jaeger made a motion that the Board of Directors declare a Profit Sharing Payment to eligible employees for the Plan Year beginning on July 1, 2020 and ending June 30, 2021. On 9/21/2021, Desiree Olson seconded the motion. Upon vote via email, the motion passed with a vote of 7:0 with two Board members not voting.

Once the Board determined that they would provide an Employee Profit Sharing Payment, they needed to determine the amount of the Profit Sharing Reserve to distribute. On 9/23/2021, Sue made a motion to distribute 10% of the Profit Sharing Reserve to employees as a Profit Sharing Payment. Desiree Olson seconded the motion. Upon vote via email, the motion passed with a vote of 7:0 with two Board members not voting.