

THE ISLA VISTA FOOD COOPERATIVE
Board of Directors Meeting Minutes
Wednesday, October 20, 2021
Held via Zoom videoconference

Directors Present: Lisa Oglesby (LO), Kent McClard (KM), Jillian Tempesta (JT), Janet Stich (JS), Cody Nunn (CN), Raphael Chinchilla (RC)

Directors Absent: None

Staff Present: Hernan Cornejo (GM)

Owners/Community Present: Jeff Walsh (JW), Maia (M), Matt Richards (MR)

Meeting start time: 6:33 p.m.

1. Approval of Agenda for October 20, 2021:

JS/LO: Add Item 3A, "Recording of email motions made since the September, 2021 meeting."

Motion to approve the agenda for the October 20, 2021 Board of Directors meeting as amended: JT Second: RC Passed: 6-0-0

2. Owner Input and Announcements: JW: Spoke about his book, Isla Vista: A Citizen's History. He is planning to invite the GM to lunch to meet and talk about the book which includes a chapter on the IVFC. Copies were and will be available for sale in the co-op.

MR: Expressed how important it is, with rainy weather, to keep the co-op clean. Is thankful the co-op front has been cleaned up and looks nice. Sees only minor places to improve. Suggests a regularly-scheduled litter patrol and attention to trash left after breaking down delivery pallets. Important to set an example to the students to keep IV clean. Also, has heard a rumor that the health section was going away, which he votes against. This department encourages young people to take care of themselves. In the past there was a blackboard with interesting information encouraging shopping that section of the store. MR encourages replacement of the blackboard. GM: We've done improvements and the patio looks way nicer and cleaner. There is a new procedure for opening and closing workers which includes cleaning before opening and after closing. There is a lot to do. Because of current understaffing and new trainees, the store has been very busy and events have distracted us from the mission of cleaning which is very important and we are going to improve that. Thank you for bringing this to our attention. MR: Thank you. I would like to see it be possible for Owners to just grab a broom and clean up. GM: It cannot be volunteer work due to insurance issues. The Owners can work with no wages, etc and are covered by an insurance policy. LO: We're looking into how we can have Owners do certain things around the store. The chalkboards were very pretty, you are right. I'm not sure where they are and will try to find them. The wellness section is not being phased out. It is being pared down to what people need and are interested in taking home.

3. Approval of the September 15, 2021 Board Meeting minutes:

Motion to approve the September 15, 2021 Board of Directors meeting minutes as presented: JT Second: RC Passed: 6-0-0

a) Recording of Email Motions:

The following motion was presented by email to the Board on October 10, 2021 and passed on October 12, 2021:

Motion to approve the 2021 IVFC Annual Owner Meeting agenda as presented: RC Second: RT Passed: 6-0-0

The following motion was presented by email to the Board on 10/13/21 and passed the same day:

Motion to authorize Board President, Lisa Oglesby, to sign the attached LOI with Mechanics Bank for refinancing the mortgage loan for the property at 6575 Seville Road and to expense the \$5,000 good faith deposit to Mechanics Bank for the purpose of refinancing: RC Second: CN Passed: 6-0-0

The following motion was presented by email to the Board on October 15, 2021 and passed the same day:

Motion to authorize Lisa Oglesby to sign the Facility Use Agreement between the IVCS and the IVFC for the event on October 30, 2021 from 5 pm-10 pm: LO Second: JS Passed: 6-0-0

4. Board Calendar and Reporting

a) Board President Report to Owners: LO read her report for the Owners/community members that were present. She discussed an improving trend with IVFC sales gains and customer counts now that SBCC and UCSB students have returned. LO noted that October is Co-op month and we will be having an Owner Drive to re-engage returning and new Isla Vistas to our store and business model. The Owner Drive will include Board tabling in the patio. The annual Owner meeting will be held in November over Zoom.

b) Finance Committee/Treasurer's Report: KM: The great news is that we have refinanced our mortgage loan. Our previous monthly mortgage payment was \$9,841, now it is \$5,821. This represents about a \$4,000 savings per month or about \$48,000 per year. This is good for the IVFC in the short term. It will, however, take longer to pay off the bill. The interest rate is 4.3%. NCB, who held our previous loan, required difficult compliance reporting on a quarterly basis. As we traditionally have one quarter that is always slow, we consistently had problems. This is not so with Mechanics Bank. All great news.

I sent out the August statement which showed the IVFC lost money. We did make money in September. A recent update was sent out and our profit is around \$19,000. This is significant. With the combination of the students being back and the refinance, we are headed in right direction. Fantastic.

Lisa has been working on the EIDL loan and is still dealing with the red tape of trying to get the previous GM's name off of the account and her name onto it. Before we can move forward we need to change this. LO: We're continuing to work on this.

RC: The deadline for signing the LOI was today? LO: I signed it the evening we signed the motion. I let them know they could transfer the \$5000 deposit. GM: Yes, it was transferred. We need to finalize things with the NCB. With that, we are ready to go once we get the exact amount to pay.

c) Owner Engagement Committee: JT: Read aloud the OEC report in the Board packet for the Owners/community members present. It included the IVFC activities for National Co-op Month and the Annual Owner Meeting. The agenda for the Owner Meeting has been sent to the marketing manager. The marketing manager suggested adding a brainstorming for a 50th celebration. LO: I'll put it in my report. GM: 50 years is a big thing! LO: We'll be launching a Survey Monkey for Owners' recollections of the history of the IVFC. We hope to fill in some of the gaps in our history with personal stories. We'll reach out to previous workers. This idea was from the member services/outreach coordinator stating it's good to get personal things like, "Why is that sandwich named what it is?" We also talked about a design contest for a 50th birthday-year t-shirt. We may also have a block party. Other ideas will be coming.

JT: With our recent tabling during a high-traffic time, we signed up 6 new Owners. We also planted a lot of seeds in interested shoppers. A lot of shoppers took flyers. Our new Owners were excited about the Owner meeting. I will be tabling on Thursday. We'll be at the co-op near and on Halloween and will be handing out Halloween candy. Our next meeting is Nov 3rd, which will be our dry run for the Owner meeting.

The OEC is open to all Owners. Once we get past the annual meeting, community members are free to come to the meetings, do work on the patio or come and discuss what you would like.

d) IVFC Bylaws: The work on the revision of the bylaws is going to resume now that many of the high priority issues of the Board have been completed.

e) 2022 Board Election Committee: LO: We will meet to draft an amended Election Protocol to present prior to the next Board meeting. For two years we have had special amendments to the protocol because of COVID-19. The Board will discuss a possible scenario of a candidate getting very few votes from the Ownership in an uncontested election. What is the threshold for support of the Ownership to serve on the Board? The Election Committee is made up of Board members that are not up for re-election.

f) October Community Activities: LO: There are two October events that the IVFC is involved in. On the 31st there will be trick or treating for the kids. On the 30th, the IVCS and the IVFC will jointly host an event on the co-op patio. The IVCS has received grant money to fund the event. A \$1000 prize for best costume will be awarded. This event is supported by AS, the IVRPD and other community network members. If any Directors are available to help on the 30th that would be great. We will be passing out snacks, doing crowd control, and judging costumes. KM: I will help.

5. GM Report: GM: I will do a brief summary of the full report you have and then please feel free to ask any questions or ask for any clarifications. We are seeing sales going up. The shopper count went up dramatically. We were slow to recognize that we should have planned to increase our purchasing. In the past month, we were very cautious and this has cost us sales. We currently have one distributor. This is a mistake. We have nothing against UNFI, but when all our eggs are in one basket we could have significant issues as risks to the supply chain are growing. We have to look at this. A highlight from the NCG meeting was that expecting disruptions in the supply chain was main stage which may get worse in November and December. We could have shortages which they will not be able to supply us with. On 11/4/21, there is a committee meeting with the President and CEO of UNFI. The main issues/questions for that meeting are around supply chain. I need to double down to get another vendor. We did get an offer from another vendor. I know him well. He is independent and a direct importer who has all the mass merchandise. I am doing to work on this for the next few weeks and will see if we can get an alternative route for supplies. I want to warn the Board that this will be a tough one. It will be hard on the staff to take on the work to develop this.

The other thing I would like to mention regarding operations is that SCE did an inspection. The property is perfect. The block to getting the electricity we need to run a cardboard baler is that our block doesn't have commercial SCE capability, only residential. They will need to upgrade their side of the network and place two transformers to provide us with what we need. Because of the recent wildfires they can't do the work until January 2022. I have had to postpone the baler program. We will have to start in February. Even if we do it in February, we will have to pay the same as we have to pay for the extra work on the street. That said, perhaps we can have conversation with the IVCS. Maybe this is something they would like to help with. If we are growing commercial space in IV, it's important to have the right electricity in the neighborhood. The Board and GM engaged in a brief discussion about the needed equipment.

LO: Was there any interest in the CalSavers program from the staff? GM: Yes, a bit.

LO: We hired a new deli manager? GM: Yes. He is very qualified. He would be great even if just for the short term. He will start next month and hopefully will have training time with the outgoing manager.

JS: Will the needed plumbing be planned into the budget? GM: Yes.

GM: We are also de-rooting the sink drains. The problem is with the previous installation. The drain wasn't centered coming down from the sinks. It is very clogged by the hand wash sink which also has a crack by the elbow. Every time we wash our hands, the water gets to floor. The immediate problem was solved yesterday. Today the elbow was replaced. It's a matter of time. We need to address the problem. LO: Do you have a sense from our insurance about the projects they would cover? GM: Not yet. They will pay \$1,100 dollars for the restoration company. Eventually they will do the floor. I'm waiting to see if they will cover the root damage. Our policy has no exclusion for root damage. We are planning to replace the pipes. If our insurance doesn't cover this, there is a company offering an 18 month payment plan, interest free. We don't have to dig the pipes up, they will be stented.

RC: What was the issue with the back shed? LO: We were told we might have to remove it, but we do not. This would have been a huge pain but the GM found appropriate documents for the Health Inspector which worked. There is a freezer that we have to move into the store but this is easy.

LO: NCG moves us toward UNFI. With the supply chain issues, it hurts the co-op to have blanks in the shelves. GM: We will give preference to UNFI. UNFI will be our preferred vendor, but we can still use others. Now NCG is promoting KeHe. LO: Do you think our produce distributors will have supply chain issues? GM: Not at this time, but it all depends on the seasons here. I do see problems with some imported produce.

The Ownership report was reviewed by the Board.

September Sales and Margins: RC: Regarding the sales scorecard. When you compare with previous years, do you do comparable days this year to the other year. GM: Compute the maximum for each day and then, for the week it will be the sum of the week days. RC: This is hard for us to achieve. GM: It's not difficult to achieve. In the past 3 years, the IVFC has not been operating at the top of its potential. The Board briefly continued a discussion of the sales scorecard. GM: We have areas that are consistently reaching their target or missing by just a little bit. Some departments are way off target, e.g. bulk, beer and wine, and wellness. If we manage these well, we should be able to start reaching our targets. The past week was not a good week because we did have a lot of out of stocks and Grab and Go declined because the deli manager resigned. LO: It will be interesting to see what the sales do in the coming week as we deal with our out of stock issues and the productivity. GM: The bulk department is flat with slight recovery. Chill is flat but fulfilling its targets. Frozen is still low but is going up (need more variety). This should be one of the top contributors considering our demographic. Grocery is steady, not growing, but is on target. It is well-managed. Houseware department is flat. Wellness is going down. Business to business: We now have a volume manager who will be getting us more business. We can also get more catering business.

LO: We had ERC in past years. Can we still try to get it. GM: Yes. We had it from 2018 to 2021, but because of the way we justified the PPP loan, not in 2020. We are going to get \$46,000 or \$47,000 for the previous year and for this year we can get more.

LO: Looking at the cash on hand number, is this the balance in the bank account or on Quickbooks?
GM: It's the balance in the bank less the \$5,000 deposit toward the loan.

KM: Shall I continue the Income Statement Summary I created each month for the Board while we did not have a GM report? LO: I've discussed the format of the financial reporting with the GM. In Kent's snapshot, there are the key indicators. This snapshot of the highlights is helpful.

6. Upcoming Meetings:

- a) Election Committee meeting: tbd
- b) Bylaws Committee meeting:tbd
- c) Annual Owners' meeting: November 6, 2021, 4 p.m.
- d) November Board of Directors meeting: November 17, 2021, 6:30 p.m.

Regular meeting adjourned: 8:38 p.m.

7. Closed Session

Closed session adjourned: 9:27 p.m

*Minutes taken by Janet Stich, Corporate Secretary
Minutes approved by the Board of Directors*