

THE ISLA VISTA FOOD COOPERATIVE
Board of Directors Meeting Minutes
Wednesday, December 16, 2020 at 6:30 pm
Meeting held via Zoom videoconference

Directors Present: Lisa Oglesby (LO), Kent McClard (KM), Jillian Tempesta (JT), Jeremy Roark (JM), Janet Stich (JS)

Directors Absent: Lauren Coiro

Staff Present: Melissa Cohen (GM)

Owners Present: None

Meeting Start Time: 6:31 p.m.

1. Approval of Board of Directors Meeting Agenda for December 16, 2020:

Motion to approve Board of Directors Meeting Agenda for December 16, 2020 as presented: JS Second: KM Passed: 4-0-0

2. Well-Being Check-in: JS: While no doubt there has been some effect of the pandemic on the Board, the well-being of co-op workers and Management Team are in our thoughts and of the highest importance.

3. Owner Input and Announcements: The IVCN Meeting is tomorrow. The pallet housing project in the park is on the agenda.

4. Approval of Past Meeting Minutes:

a) November 18, 2020, Board of Director Meeting minutes - GM: For clarity, change the second and third sentences of the staffing section of the GM report to: "We're working on integrating various resources for maintaining compliance. Excited for the worker support bundle which will include high-level training."

Motion to approve the Board of Directors Meeting minutes from November 18, 2020 as amended: JT Second: KM Passed: 4-0-0

b) November 21, 2020 Annual Owner Meeting minutes - JT: Under #5, delete sentence "Word cloud shared on follow-up eNews".

Motion to approve the November 21, 2020 Annual Owner Meeting minutes as amended: JT Second: KM Passed: 4-0-0

5. GM Report: Please refer to the comprehensive, written GM report in the Board packet.

Action Items: The Arborist report is in the packet. This was discussed with the Finance Committee.

The October-November, 2020 P&L has been included in the Board packet.

HR/Staffing: The required OSHA Sexual Harassment Training is being scheduled. KM: Can you describe the Fireside chats? GM: These have to do with policy, compliance, etc. It is an open space for questions and discussion. We do an annual update to the Handbook using HR California as a guide. HR Concierge reviewed our Handbook this year and suggested a few more policies to add. Wage scale updates were reviewed.

Operations: COVID: Responding to new shelter-in-place impacts. The COVID Protocol is included in the packet. Email went out reminding workers about the process, including what symptoms should trigger staying at home. IVFC is paying for worker COVID testing. As of the GM report, \$531 has been spent on testing. An Oregon co-op is using a fast turnaround spit test which would be really helpful if it became available. UCSB students get free testing except on weekends. We are allowing 20% capacity of shoppers in the store. Workers will observe density and respond as necessary by not being in the aisles, etc.

Safety and Security: Regarding trees, Terry did an overhaul with the pavers so they are smooth. All the sidewalks can be repaired at our expense. Will look at in the future. Will report back to board about concrete and the mitigation of sidewalk buckling

Physical Plant Large Projects: 2020 happened to the produce cooler. The cooler was picked up in Ohio nine days ago but accidentally got routed to Chicago. This resulted in a domino effect with every subcontractor, putting schedules behind. Not an ideal situation. Does give time to focus on plumbing and drywall. Not sure if the coolers will be up and running before Christmas. NCG offered to compensate us for any lost sales or extra expenses incurred above the estimate. We could also get money back from shipping. Produce sales from our "Farmer's Market" store set up are going well. KM: Because the Board approved \$9,500, do we need to approve any more expenditure? GM: Not at this time. If it becomes necessary, we can deal with it via email. Final expenditures not yet known. We will pay the final bills in January when the work is complete. I'm proud of the Produce Manager and the whole team. We'll keep our customers informed via social media.

7:08: JR joins meeting

Technology: We now have "home delivery". We developed a map with delivery boundaries. All orders so far are from West Campus Faculty Housing. Very excited about this.

There was a credit card malfunction yesterday. A new machine was flown in overnight because we have the gold care insurance. LO: Any movement on equity payments through Webcart? GM: Not yet. Electronic gift cards roll out in January. Can be purchased on Webcart and redeemed in Webcart and in the store. Getting an analytics look at Webcart. e.g. total orders, total sales. Monday orders for Tuesday curbside pickup are the highest. Other days about two orders are placed.

National Co+Op Grocers: See packet for Diversity, Equity and Inclusion survey information which IVFC participated in. The NCG is interested in how much of the DEI work is being done in co-ops. IVFC joined a new NCG program that pays for Employee Assistance Program for all workers of all member co-ops for two years.

Owner Services: The Owner data base and filing project is coming up on our priorities planning in January. Do we need a Board-level conversation about how we maintain records? LO: The operational policy of how records should be maintained will need to be approved by the Board. As representatives of Ownership, we have the responsibility to manage this to ensure it is in accordance with our bylaws as operations does this work. GM: I'm working with IT/POS Manager on this, who has a great plan. We need to build a system to maintain paper files while also deciding how tech forward we want to go with maintaining records. Would be nice to have Board perspective. LO: As we work on updating the bylaws, we will make sure it is clear how records are maintained according to a policy. I would imagine that moving into the future, many co-ops will be fine with information uploaded into the cloud. KM: We should get as much digitally recorded as possible. GM: Agree. LO: Can GM send LO an outline of what you've come up with so far. Then we can write a clear policy about how Ownership records should be maintained and can make whatever 21st century updates need to happen. KM: Can we do all join forms online? Will be easier to maintain digitally. GM: I will share the IT/POS Manager's plan on this with you. She is also working on more in-depth Owner reporting. Excited to focus on membership in the upcoming months.

Community Engagement: See packet for full report. GM found the SB Central Coast Small Business Equity Study to be very interesting and was pleased the IVFC could have a voice and be an ally to the Fund for Santa Barbara.

Financial Updates: The NCB will be submitting for full PPP loan forgiveness this week. I have completed all of the required paperwork. I'll loop in with the Finance Committee and share the master spreadsheet.

4Q20 and FYE20 Financials: Will discuss in Treasurer's Report.

KM: Regarding the key indicators, we'll continue monitoring how we're doing month-to-month. LO: What is the target for store margin? GM: The number in the packet is a snapshot margin not a quarterly margin. We try to be between 38 and 39. Feels the most healthy for us to have profit with our goal for payroll.

Regarding cash, December has been interesting. Full data coming tomorrow. Year-over-year was higher last week. Now \$8,000 to \$9000 per day rather than our usual December of around \$3000/day spent. Cash in bank is \$110,000. Cash should pop up as UCSB is putting in orders, etc. The UCSB Partnership is great. I will total everything UCSB has spent. Income to date is negative \$10,000. Biggest thing now is mitigating labor and getting sales to grow. Will know more soon. Financials are in the packet.

Weekly sales in packet. We doubled last year's sales on Thanksgiving (150 shoppers, with sales over \$5000). As of today, our sales are just a couple of hundred dollars below last year. It will be interesting to see the next two weeks of sales.

Break: 7:58 to 8:06 pm

6. Board Calendar: Please refer to the Board of Directors Calendar report in the packet.

a) Finance Committee/Treasurer's Report: Please refer to the written Treasurer Report in the packet. KM: We had good year in 2020. While on paper the numbers look good, we will be spending all of that money. The P&L is basically showing a tax liability. There are some expenses that don't appear on the P&L such as taxes, capital expenditures, and mortgage principle. When you factor these into the P&L total, we will end up growing cash by only about \$2,200, assuming no additional depreciation recapture. Regarding recapturing capital expenditures; we do recapture approximately 30% of the cost of all capital expenditures in the form of tax savings, however this is in the future and spread out over a large number of years so it is pretty negligible on a yearly basis.

We are continually growing our inactive balance by about \$10,000 per year. This is actually a liability that also grows our cash reserves since we don't normally pay it out.

We will most likely use the PPP money this year. There will be a tax liability on this money. LO: Any idea of what the tax liability will be? GM: I can email the CPA that question.

GM: Capital projects have been completed over the past few years. After the walk-in project is finished, we should be in a place where it won't be necessary to spend cash on the building or large projects. Now we have the capital improvements and the balance sheet is stronger. Moving forward, having these improvements, we won't have to spend so much cash.

b) GM Evaluation Committee Report: JS: After contacting and considering possible candidates, the Evaluation Committee and the GM are both enthusiastic about hiring Carolee Colter from Columinate as a consultant in this process. Her proposal is included in the packet. LO: This Board expense would land in 2Q. We should also contact a CA employment attorney to review the GM employment contract. We should put this in the P&L to show we are expect these expenses. The Board discussed the above.

Motion to approve the Board hiring Carolee Coulter as a consultant and to spend \$1,125 as detailed in the proposal (included in the Board packet) to cover the cost: LO Second: JT Passed: 5-0-0

c) GM Hiring Discussion: GM: It's difficult to know what the GM search process will look like. We'll have to research timelines. What is my responsibility regarding operating structure? Carolee Colter from Columinate may have insight on this. I understand what might be areas of focus in terms of building out the Management Team, etc. LO: There are many approaches we can take. Need to take economics into account, too. There are companies that one can hire to recruit a GM. The cost is one-third of the GMs annual salary. This was successful with the Sacramento co-op. There are probably process resources from Columinate. The Board will also engage with the Management Team to get their perspective on a skill set of the GM. It's all part of the process. It's important for the GM to start

recording institutional knowledge. Policy Governance has a GM succession plan and there may be a template we can find.

d) Owner Engagement Committee Report: JT: The Owner Meeting minutes covered the meeting well. Good sandwich voucher and bonus points perk. Will send out 2-minute owner appreciation video to the Board. LO: How did the break out rooms go? Any feedback or questions from those? Some Owners in the break-out rooms could be good Board Members. JT: Should reach out to everyone on the list of attendees of Owner Meeting

e) 2021 Board of Directors Election Committee Report: LO: I am a committee of one now until LC returns from leave. LO goal is to get plan written out for a timeline taking into account the real impact of COVID in first few months of 2021. Make a plan rooted in Protocol and bring it back to the Board. Doing a soft candidate search in January seems like a good idea. Want to be thoughtful about what skills we're looking for and be smart for the challenge we're facing. I will email Board with thoughts after next week and then move forward. GM/LO: We can look at who is in our partner-sphere. We have the lists of parties that we can reach out to.

7) Meeting Scheduling

- a) January Board of Directors Meeting: January 20, 2020 at 6:30 pm
- b) Finance Committee Meeting: January 15, 2020
- c) Owner Engagement Committee Meeting: tbd
- d) GM Evaluation Committee Meeting: tbd
- e) Election Committee Meeting: tbd

Meeting adjourned: 9:02 p.m.

Minutes taken by Janet Stich, Corporate Secretary

Minutes approved by the Board of Directors

Meeting held via videoconference due to Covid-19 restrictions