

THE ISLA VISTA FOOD COOPERATIVE
Board of Directors Meeting Minutes
Wednesday October 18, 2023 at 6:30pm
Held online via Zoom

Directors present: Lisa Oglesby (LO), Tyler Marton (TM), Megan Ashley (MA), Eric Shcug (ES)

Directors absent: Grace Garbacz, Nadia Lee Abushanab, Jillian Tempesta

Staff present: Hernan Cornejo (GM)

Owners/Community members present: Kent McClard, Matt Richards

Meeting began at 6:37pm

1) Approval of October 18, 2023 Meeting agenda:

MR enters at 6:37pm

Motion: "To approve October 18, 2023 Meeting agenda as presented"

TM/ES, 4-0-0

2) Announcements & Owner Input:

MR: Concerning the staff talent show, respectfully suggests that this could be an opportunity for staff/customer interaction. Hopes to promote more mixing between owners and staff to grow relationships within co-op.

3) Approval of September 20, 2023 Board of Directors Meeting Minutes:

Motion: "To approve September 20, 2023 Board of Directors Meeting minutes as presented."

LO/TM, 4-0-0

4) Board Calendar & Reporting

a) Finance Committee/Treasurer's Report:

GG absent, LO gives summary of topics covered in meeting. GM will cover financial reporting during GM reporting.

b) Owner Engagement Committee Report:

LO gives OEC report. Thanks extended to Board Members and Staff who tabled at Lemon Festival and on patio in support of owner drive. One owner has joined the Board while tabling so far.

c) 2023 Annual Owner Meeting Planning:

LO explains logistics of Annual Owner Meeting. Opens up to Board to look over proposed agenda.

Motion: "To approve the agenda for Annual Owner Meeting as presented. "

LO/MA, 4-0-0

LO details that Board will need full participation including greeting, facilitating, clean-up, etc. GM raises question about renting a tent. Final RSVP is 11/6. GM believes as long as we have count of over 50, tent will be rented, otherwise the patio canopy will be sufficient.

LO suggests OEC meeting in early November to touch base before Annual Owner Meeting.

d) Letter to Owners & Community:

Letter went out in E-news for the third time (over 5 weeks) today 10/18. LO raises question about impact. GM responds that numbers have been in steady decline.

e) 2023 Bylaws Revision Update:

LO has meeting w/ Tuttle Law group. Most edits were grammatical. Will not be done in time for Annual Meeting due to time to generate and publication needed. Voting on bylaws could possibly align with Board election in 2024.

GM poses question about requirement of publication for bylaws. LO will take question into meeting with Tuttle Group and provide update. Overall close to finishing.

f) Board Projects 2023 Check-In :

LO asks Board if we'd like to set up different committees or wait until November Board meeting. Board present in favor of November Board meeting.

g) Inactive Owner Policy update:

Co-op needs to take care of Inactive owner equity sitting on Balance Sheet. Policy update needed for how this will be handled. GM explains that this is being done now because, prior to 2017, the co-op had declared approximately \$49,000 in abandoned equity. In 2022, a law went into effect that poses penalties on companies that do not surrender abandoned equity to the state. Co-op has until 2024 to surrender to the state. New law considers abandoned equity as 3 years or more and goes back 10 years. The fines and penalties for non-compliance would significantly impact the co-op, which we cannot afford.

Bylaw update will clarify that transferred inactive equity will go into unallocated equity. Notice is always required in the form of email, newspaper, etc. Changes include a 60 day notice period reduced to 45 day period, in accordance with CA law. GM: Co-op is within bounds of the law at this time. There is a difference between abandoned and inactive equity. Only shares over \$50 would need to be reported.

TM: Asks about what might happen if an audit occurs.

ES: Agrees that this is the only path forward. Asks if we could modify policy to automatically revert equity to co-op. GM states that this is not a possibility as customers could come and reactivate after any period of time which is not the way the co-op is organized at this time.

Motion: "To approve the updated IVFC Inactive Membership Policy as presented."

LO/TM 4-0-0

5) GM Reporting:

General Overview: September sales were 17% below 2022 and 30% below our budget. Part of this issue was that UCSB started one week later than usual. Profits were 18% below 2022 and 34% below budget. Reasons for lower profit was due to maintenance. Cash suffered additional reduction of around 13k, which is lower than previous months. Reduced sales compared to 2022. Summer was incredibly bad and led to scrapping the budget. Waiting for October totals to create a new model. October sales are higher and cash is being built, however, sales are still below optimum. If trend continues, we may face layoffs of staff.

Staffing: New FM, BC, and newly onboarded Deli Manger

Marketing & Outreach: IVFC participated in Lemon Festival. Nine new members recruited and 25 new members registered at store the following day. Co-op Poolooza was a success in terms of community tabling, but less visitors than expected.

Maintenacen & Repairs: Freezer compressor and thermostat were installed. BCs trained in proper stacking procedures to allow proper airflow as well. Unit is now working well.

Membership: Membership declined in September. While new members are coming in, we are losing members at the same pace. Plan is for Marketing & Outreach to reach out to members who left the co-op during the past 60 days to understand motivations and address possible issues.

Financial Updates: Accounting problem reported in September has been rectified.

Through Paychex we are filing for the 2021 Q3 employee retention tax credit of approximately \$122k We will not receive in a lump sum payment as that could take 12-18 months. The funds will be credited on our employment taxes (approximately \$6800/month) until funds are used over the next 18-19 months.

General Liability insurance policy changed as of Oct 1st. Now saving 13% on premiums with a CA licensed insurer. New workers comp policy is also being quoted with new insurer and two other firms, 10% - 35% savings projected depending on choice. Overall savings are more the 24K per year.

Customer count is consistently 20% below previous years. Basket size also reduced slightly. Reduction in sales across the board. Grocery is doing better compared to other departments.

LO asks if the bank account is continuing to build cash. GM answers with the affirmative.

GM thinks that having 1800-1900 active members and additional outreach could possibly change the trend, but it will be a hard drive. Continually looking for places to bring costs down and improve sales. Even with improvements the goal is to make between \$3.9M-\$4.1M in sales in FY24. 2022 sales were \$3.9M but 2023 sales were only \$3.6M.

6) Upcoming Meetings

- a) Finance Committee meeting: will schedule over email
- b) Owner Engagement Committee meeting: will schedule over email
- c) November Board of Directors meeting: November 15th at 6:30pm
- d) 2023 Annual Owner Meeting: November 12 at 4pm at the co-op

MR: Asks if there has been increase of use in patio. LO responses that we have seen more activity at the co-op overall and on the patio. GM thanks MR for his suggestion for patio improvements.

All guests (MR, KM) leave, the Board and GM go into Closed Session at 8:07pm.

7) Closed Session (9:00pm, 20 min.)

Meeting ended at 9:19pm.

Minutes taken by Director Megan Ashley.

Minutes approved by Board motion, November 15, 2023.