

THE ISLA VISTA FOOD COOPERATIVE
Board of Directors Meeting Minutes
Wednesday July 19, 2023 at 6:30pm
Held online via Zoom

Directors Present: Lisa Oglesby (LO), Jillian Tempesta (JT), Megan Ashley (MA), Tyler Marton (TM), Grace Garbacz (GG), Nadia Lee Abushanab (NLA)

Staff Present: Hernan Cornejo (GM)

Owners/Community Present: Matt Richards (MR), Kent McClard (KM), Eric Shug (ES), Anbreen Shefa (AS)

6:34 p.m. – Meeting begins

1) Approval of Agenda for July 19, 2023 Meeting

Motion: To approve meeting agenda for July 19, 2023 as presented.

LO/TM 6-0-0

2) Announcements & Owner Input

The IVFC has a series of tasting events in July with a punch card, which you can pick up at the register or at an event. If you get three punches, you will be entered in the running for a grill.

MR asked a clarifying question about the rescheduled June board meeting.

3) Approval of meeting minutes for June 28, 2023

Motion: To approve meeting minutes for June 28, 2023 as presented.

LO/TM 6-0-0

4) Resignation of Director Taylor Tait

Resignation letter is as follows:

“I, Taylor Tait, resign from the Isla Vista Food Co-Op Board effective immediately. Thanks for all your help and support, I wish you all and the Co-op prosperity and success.”

Motion: To accept the resignation of director Taylor Tait, effective immediately.

LO/MA 6-0-0

The Board will seek to fill the vacancy. We will reference the election results and reach out to candidate(s) who received the most support and/or are still interested in serving on the Board.

5) Board Calendar & Reporting

a) Finance Committee/Treasurer's Report

At the last finance committee, we discussed ways to increase customers and the owner benefits. We also discussed the FY24 budget, which will be reviewed at the next Finance Committee meeting.

GG shared the June P&L snapshot. Sales were lower than budgeted target and expenses were higher than budgeted, in part because of the tree trimming discussed in the last meeting (\$1,400). There were also unexpected repairs on the freezer unit (\$1,500). Our insurance was also renewed, with a drastic unexpected increase in our insurance premiums. Remaining net income was - \$37,651. Cash on hand at the end of the month was \$201,292.

AS asked when the fiscal year closes (September 30); whether we were in a deficit for two months in a row (no, last year we were a net positive), and whether we plan to amend the budget (to be discussed in the next finance committee meeting).

The biggest difference in the budget vs. actual is sales. While there have been unexpected expenses, all those are a problem because of sales.

AS asked whether there is a budget to actuals from October to now to see where we are, and whether our mortgage lender has a debt to service coverage ratio that we need to hit. LO responded that the GM and Board track budget vs. actual. The mortgage provider requires compiled financials at the end of each fiscal year. There is no ratio we need to be in compliance with, but they require that we always pay our mortgage and always make enough money to continue paying our mortgage. They understand that businesses sometimes take losses to make it through to the next profitable season, and IVFC has historically taken losses over the summer. We adjust how the store is run to account for this. It's a balance between remaining open as a community resource and adjusting to actual sales.

As one example, the GM shared that inflation has also hit in all areas; we are now paying \$1,000+/month to Marborg for cardboard pickup, which is nearly double what we had been paying. The GM is exploring alternatives.

MR inquired about a baler, which was discussed at previous meetings. LO replied that it would be a \$50,000+ investment due to the necessary three-phase power system and other construction needs. Unfortunately, it is impossible with the current electricity system that we have.

b) Owner Engagement Committee Report

The next meeting will take place the first week in August.

c) GM Evaluation Committee Update

Evaluation is in progress! The staff and Board surveys are live, and the GM has received his self-evaluation.

d) Board Projects 2023 Check-In

The Strategic Priorities revisit and the co-op history project are ongoing items that we will discuss at the August meeting.

7:14p.m. – AS leaves meeting

e) 8th Cooperative Principle Discussion

LO is collecting information on the adoption of this principle by other co-ops. It is also on the August agenda for discussion. LO invited the Board to share DEI policies from their own workplaces or that they have seen elsewhere. There is also a series of upcoming webinars from Columinate.

f) 2023 Bylaws Revision Update

The IVFC received a legal services agreement from Therese Tuttle. We have worked with her before for an amendment to our Articles of Incorporation.

Motion: To authorize Board President Lisa Oglesby to enter into a legal services agreement with Tuttle Law Group.

JT/MA 5-0-1 (LO)

6) GM Reporting

General Overview

June sales were \$274,000, 1.3% below 2022 and 7% below our budget. The net loss for June was -\$37,651, above what we had budgeted (-\$20,435) and higher than the net loss in 2022 (-\$33,008). We are doing everything possible to reduce and recoup the loss.

One result from intercepts is that we had low information penetration among customers. About 2/3 of the customers don't receive any news and information from us because they do not follow us on social media or receive e-news. Planned expanded punch cards programs for shoppers will allow us to obtain a phone number and email address.

TM asked about how this will be implemented. The GM replied that it will not be entered in Catapult. It will be a Mailchimp database project that will be linked to our future CRM.

HR/Staffing

We have 3-4 employees on leave because of COVID-related issues. We are also using a skeleton crew for reduced summer hours.

The Deli Manager resigned, and the GM accepted. The IVFC may move forward with the former Deli Manager as a vendor.

Marketing and Outreach

The team is continuing efforts to reach and understand our community, our clients, and our member base. With the guidance from intercepts, we are developing a series of targeted focus groups. The first was composed of an elder audience, 1/3 owners and 2/3 non-owners. This correlates with purchases. On the following two Fridays, more focus groups will be completed: one with Family Student Housing (graduate and non-traditional students) and one with Hispanic families. The last one will be with UCSB students once fall quarter begins.

Maintenance and Repairs

We had some issues with the freezer display due to a faulty design and installation. We provided maintenance to the bulk water vending machine as the filters had expired, leading to a higher-than-recommended concentration of solids, which customers were able to taste.

Membership

The GM hopes to present a new incentives program to the board before the end of July.

MR asked about raising the 1% bonus for members, which had been discussed at previous meetings. HC replied that this will be part of the new plan (by thresholds). KM asked if HC has looked at the member history to see if this is sustainable. HC responded that this reasoning is based on an analysis on the past few years.

Financial Updates

Cash availability has been reduced and we were forced to transfer money from our savings to keep the operations funded. This was projected during May's reporting by GM. We are having ongoing conversations about strategies to expand services and attract new customers. One idea is to extend punch cards for sandwiches and coffee to everyone, not just owners.

As of 7/16/2023, our balance in the primary accounts (checking + savings) is \$179,806 which is \$20,000 lower than the cash on hand in the cashflow statement.

We are seeing 300 people a day, which is half of what we see when students are around. It just isn't enough to sustain the co-op. Basket sizes have also decreased this summer.

7) Upcoming Meetings

- a) Finance Committee meeting: Friday 8/4 at noon via Zoom
- b) Owner Engagement Committee meeting: First week in August
- c) GM Evaluation Committee meeting: TBD
- d) July Board of Directors meeting: August 16th at 6:30pm

7:55p.m. – All guests leave meeting; Board and GM enter Closed Session.

8) Closed Session

8:33p.m. - Meeting adjourned

*These meeting minutes have been taken by Jillian Tempesta, Corporate Secretary.
The meeting minutes approved by Board motion, August 16, 2023.*