

**THE ISLA VISTA FOOD COOPERATIVE**  
**Board of Directors Meeting Minutes**  
**Wednesday September 21, 2022**

Held online via Zoom

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Via Phone: 1 (669) 900-6833; Meeting ID: 377 715 3488, Passcode: 672404  
Meeting ID: 377 715 3488, Passcode: IVFC

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Directors Present: Lisa Oglesby (LO), Jillian Tempesta (JT), Raphael Chinchilla (RC), Cody Nunn (CN),

Directors Absent: Julia Barbosa (JB)

Staff Present: Hernan Cornejo (GM)

Owners Present: Matt Richards (MR), Kent McClard (KM), Bill Palmisano (BP), Phyllis Slydek (PS)

6:33 p.m. – Meeting begins

1) Approval of Agenda for September 21, 2022

LO adds item #3A Recording of Email Motion to the agenda

Motion: To approve September 21, 2022 agenda as amended

RC/JT 4-0-0

2) Owner Input & Announcements (*LO extended time to 60 minutes*)

RC: Was panelist for incoming graduate student class, informed them about the IVFC.

BP: Expressed concern about suspension of owner Matt Richards, commended his work keeping the co-op clean. Requested more details about the suspension and co-op bylaws. Raised concerns about communication problems between Board, workers, and ownership.

MR: Asked the Board to rescind his current 30 day suspension. Provided background and detail regarding communication with him about the suspension, his volunteer work at the co-op, his relationship with staff, and his wish to see the volunteer program return to the co-op. He advocated that the pilot program not be ended.

KM: Noted this was not an isolated issue, cited previous issues between MR and staff in prior years. Encouraged MR to consider his behavior.

LO: Clarified there had been a written notice given to MR from management in 2018.

PS: Referenced IVFC bylaws section 4.4.3C and brought concerns regarding the process of how it is decided, including issues of implicit bias.

LO: Noted that in the bylaw revision currently in the works any issues of suspension/termination of ownerships would come to the Board and would have an opportunity for due process.

CN: MR should understand that he cannot engage in harrassing behavior with employees, must respect their boundaries.

GM: Noted the recent history of issues from to him by staff. He had been encouraging them to deescalate situations, was also available for MR to contact directly. He feels the suspension is warranted based on most recent incident and issues since December 2021.

MR: Stated he was not informed for any issues prior to suspension.

JT: Noted MR had good intentions but actions were not consistent with intention. Clarified instances when MR was respectfully told that his behavior was aggressive.

LO: Provided a prepared statement referencing MR's long history of supporting the co-op as an owner, his interest in maintaining the store as a community hub, and his particular areas of focus and feedback. She noted that the co-op has endeavored to work with MR in a mutually beneficial manner for many years, including being available for his input and concerns. The issue at hand stemmed from the consistency of problems between MR and staff that displayed a pattern of ongoing aggressive complaints and disrespect of staff time, her records show them from 2016 onward to the present. Stated that she and MR had a phone conversation previous to the Board meeting to help answer any questions he had. LO affirmed that MR is suspended for 30 days in accordance with bylaws section 4.4.3C. He will be welcomed back to the co-op on October 3rd.

3) Approval of August 17, 2022 Board meeting minutes

August meeting minutes were amended in the Owner Input & Announcement section to reflect a conversation about in-store office hours between MR and the GM.

**Motion: To approve August 17, 2022, meeting minutes as amended.**

**LO/RC 4-0-0**

3A) Recording of email motion

**Motion: To authorize the GM to process the loss for \$5,350.40 of unpaid invoices that are 90 days past due and clear UCSB Food Security account."**

**LO/RC 4-0-0**

4) Board Calendar & Reporting

a) Finance Committee/Treasurer's Report

RC reports that the summer was not good. The only reason IVFC is able to now breathe is the ERC money. While we are not using it, we would be freaking out if we did not have it. The most relevant change to the projected budget is that we have decreased our projected profit from 5% to 4% to account for a possible recession. Overall, the point is that, the last time we prepared a budget, we expected growth.

b) Owner Engagement Committee Report

LO is in favor of a more open-ended ownership meeting. RC asks if ten minutes is enough for employee comment. JT points out that it is open-ended, and conversations can continue during dinner in smaller groups.

**Motion: To approve the Annual Owner Meeting agenda for Sunday, November 6, as presented. JT/RC 4-0-0**

c) IVFC Bylaws Committee Report

LO reports that the committee is in the second full readthrough of the bylaws before it goes to the cooperative attorney.

d) Strategic Priority: Community Advocacy Committee

LO shared thoughts on its launch at the annual owner meeting. MR inquired whether this was the same thing as the ambassadors program; it is not.

## 6) GM Reporting

### a) August Monitoring Report

#### General Overview

GM: August Sales were 3% over budget but sales profits were 11% under budget. The new workers comp policy substantially increased our costs due to claims during 2021. We are ending the summer with some money, but not enough to be comfortable. Customer count remained low during August. I am confident that we will end September with a small profit if we don't have any more accidents. We will recover at least a month of cash. In October, we will be back in relatively safe levels. November-December will lower cash on hand, then it will return to higher levels for the spring. The ECR money is our safety net in case of disasters. I suggest we use a little to beef up available cash on hand for our rating.

#### HR/Staffing

GM: Grab and Go has a new manager and the shelves have been consistently stocked. They are working on new products. We had some losses because some of the prepacked items are not selling well. Hummus is usually sold within a day. The bulk department has massive losses due to a forced cleaning we had to undertake.

RC asked if we are offering catering; the answer is yes!

LO asked where the sales for the water machine get booked on the P&L; the GM answered that they are booked in bulk.

#### Marketing & Outreach

GM: There were an unusually high number of new coop owners this month. The GM attributes it to the mailer. Events and tastings continue. For the freshmen and transfers, the university creates a welcome packet, and we were able to put an advertisement in that welcome packet. The new website will be launched October 1. We keep on with our member engagement activities as part of our larger efforts.

#### Maintenance and Repairs

GM: We completed a noise insulation project on the roof. Its cost will be reimbursed by IV Parks and recreations.

GM: A series of small work and installations were done for the water machine, as well as to keep with the project of bringing the co-op to a good state of operation.

GM: We've had massive issues in the last week that forced us to close the store several times, in one case, for the whole day. These were force majeure issues; we were only left with options to reduce loss. We had a blackout with SoCal Edison and a general failure of all the refrigeration units on the day of the heatwave. Normally, a tech has to come out after a full power failure. We want to learn how to do that in-house. We didn't have the technician available for a substantial period of time when the units kept failing. There was a loss of produce and product. It could have been worse; IV Market helped us shelter some of our produce.

#### Membership

GM: Active membership remains the same.

#### b) FY23 Budget

LO presented the proposed FY23 budget. She noted that we renegotiated our mortgage, so some expenses that would eat up our cash are not there. We also have the ERC money sitting in our bank account. While we do not expect to make very much this year, we do expect to be able to cover all of our costs, pay our employees well, have a margin of 36.4%. This is a cautious, conservative budget that we hope we will do better than. As always, we will check budgets versus actual after every quarter and adjust as needed.

The GM shared that he anticipates the replacement of several units in our refrigeration area.

LO said that the budget tells the story of the coop for the next year. For example, we look for a payroll percentage that shows that we invest in our staff, etc. You can look at key indicators, the percentages on the far right, and gauge where we are placing our values. For the uncertainty that we are facing, I agree with this budget.

HC shared that with an EBITDA of 4%, we will be among the top performers.

**Motion to approve the budget for fiscal year 2023 as presented by the finance committee in collaboration with the general manager. RO/CN, 4-0-0**

7) Upcoming Meetings

- a) Bylaws Committee meeting: 9/27 at 6:30pm
- c) Finance Committee meeting: TBD
- c) Owner Engagement Committee meeting: TBD
- d) October Board of Directors meeting: 9/19 at 6:30pm
- e) Annual Owner Meeting: 11/6 at 4pm

8) Closed Session

GM and Board entered Closed Session at 8:49pm.

*Minutes taken by Jillian Tempesta, Corporate Secretary.*

*Minutes approved by Board of Directors, November 16, 2022.*