

THE ISLA VISTA FOOD COOPERATIVE Board of Directors Meeting Minutes

May 18, 2022

Held via Video conference

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

Directors Absent: None

Staff Present: Hernan Cornejo (GM)

Owners/Community Present: Matt Richards (MR), Kent McClard (KM)

Meeting start time: 6:35 p.m.

1. Approval of Agenda for May 18, 2022

Motion: To approve the agenda as presented in the packet. LO/RC, 5-0-0

2. Owner Input & Announcements

LO: Step Plan Mobility Meeting this month. CSD community meeting about move-on on June 1 at 7 p.m. in the 970 Community Room.

3. Approval of April 20, 2022 Board Meeting Minutes

Change comma to period under item #2.

Motion: To approve the minutes as amended. LO/RC, 5-0-0

4. Recording of Email Motion

Motion: To approve the 2022 IVFC Board of Directors Agreement as presented in the April Board meeting packet. LO/RC, 5-0-0

5a. Board of Directors Calendar & Reporting: Start of Term Protocols

JB and LO will proceed with Board training. All directors have signed the 2022 Board Agreement. Staff check signers are currently being updated. HC: Would like to add IT Manager as a check signer.

Motion: To add Preston Towers as a staff check signer to the Isla Vista Food Cooperative's account with Mechanics Bank.. LO/RC, 5-0-0.

RC: Are we revisiting the concept of a reasonable expectation for Board email responses? I had suggested 48 hours as a starting point. If we are having an email motion, at what moment do we decide whether someone has abstained from voting? LO: That's not possible over email. All directors must vote, or voting does not close. I have been texting Board directors when there are outstanding motions or discussion items to address. JB: Suggests 72 hours. LO: I want to encourage people to give their best responses, and that's not necessarily a quick response, especially if it's a more conceptual discussion.

The consensus is that 72 hours is a fair expectation, with nuance around whether a topic is urgent vs. information-only.

5b. Board of Directors Calendar & Reporting: Finance Committee/Treasures Report

RC: Mentioned his work with the GM and the IT Manager about how we can think about our growth trajectory without taking the pandemic, which skews data, into account. Has been thinking about the tools we can use to predict our budget and how we can have a better strategy for our margins. HC: The variations have been very consistent every month, as predicted. The problem we have is that we underestimated sales by about 10% and also underestimated the cost of sales because we could not predict current levels of inflation. We have about a 20% increase in our cost of sales. Because we have reduced operational costs by 20%, this compensated for that increase. In the end, we are about 5% above the budget, which is good, but the budget should not have that level of variation.

The Finance Committee will continue to fine-tune the FY22 budget so that it is more accurate.

5c. Board of Directors Calendar & Reporting: Owner Engagement Committee

LO: Attended regular IVCN meeting and will attend this week's STEP grant meeting. JT invited JB to join as new board director. RC: Can we scale up our OEC work over the summer? JT: Good discussion item for the next OEC meeting during the first week of June. Will invite the new marketing and outreach team to discuss. HC: Agrees that marketing and outreach team should be included. They have some ideas, like a monthly newsletter. Spoke about customer survey and plans to establish different ways of communicating with customers in the future.

5d. Board of Directors Calendar & Reporting: Bylaws Committee

Work with LO and committee member JS continues.

5e. Board of Directors Calendar & Reporting : Strategic Priority - Community Advocacy

JT: We made a commitment to community advocacy in our Meeting the Moment priorities in June 2020. With Juneteenth approaching, I wanted to start a conversation about how we can support community advocacy as a Board. The Board discussed Santa Barbara's Juneteenth celebration and whether it is appropriate for the IVFC to support it as a sponsor, coming to the conclusion that as elected representatives, it was more appropriate to involve worker and owners in this conversation before moving forward. One idea is to connect with owners who may be staff or students at UC Santa Barbara's Multicultural Center. HC: Part of the customer survey is demographics so we can understand our ownership and what motivates them in the community. Everyone that finishes the survey gets a \$5 gift cards. There are some larger gift cards, plus main raffle prizes (cost of current full share ownerships).

6. GM Reporting

Sales: April sales were strong, approaching the \$400,000 mark in sales with net income in the blue around \$30,000. The IVFC achieved this net income despite major expenses. The GM is concerned about cost of goods. Our bottom margin should be 38%. Monthly, each department receives SKUs of top, bottom, and average performers. The GM discussed the limitations of Catapult and replacement options. Technology enables organizations to adapt to information quickly, and if your systems are labor-intensive and opaque, it is difficult to grow.

HR/Staffing: The IVFC has full staff. Some department have concerns about workers who aren't meeting expectations. The GM suggests increasing the number of non-student workers to reduce turnover. Right now, the bulk of the clerks are students, and the GM suggests striking more of a

balance with non-students. This way, when students graduate, we retain institutional knowledge with our more permanent workers. MR: Agrees that a diverse workforce will benefit student workers (as mentors) and the community as a whole. Inquires about turnover and exit interview process. HC: The primary reasons that workers leave is because they graduate, move out of town, or find a job/internship in their field of study.

Marketing and Outreach: A new Outreach Manager and a new Marketing Manager/Department Head are tackling Bulk and Deli growth. IF we increase basket size by 10% or customers by 10% or a combination of both, we will be able to pay for this extra investment in staffing and generate positive revenue. HC: Was expecting 20-30 coupon redemptions. Instead, only 8 out of 2,000 coupons were redeemed. LO: Are the people who redeemed the coupons owners? HC: Will research. This was not a successful NCG direct mail campaign. Suggests opening conversation about NCG about a more successful campaign targeted for the IVFC's shopper base. Discusses potential mailer of our own after results of the customer survey. 50th Anniversary Celebration was a success, with many old-timers present.

Maintenance and Repairs: All plumbing issues solved. Ice maker installed and fully operational. FM will fill coolers for customers. Other customers will be able to buy pre-filled 8-lb bags (reusable). The floors were scrubbed completely. All electric work was completed; we moved to more efficient LED lights. Abandoned items and garbage has been hauled away.

2022-2023 Budget: The GM is working on a conservative budget for FY23 with a more accurate P&L prediction. Capital investments will cease for the time being to build a healthy cash reserve.

Membership: Total equity is a little over half a million dollars. NCG equity is \$60,000. We will receive a patronage check for about \$4900.

NCG Meeting: LO: Requested that the GM forward the NCG meeting agenda to the Board. HC: Agrees; the most interesting part was networking with peers.

Sales Performance: Comparing with the previous year, we are 44% up in sales and 36% up in margin. The week ending 5/8/22 was a fairly solid week with over \$94,000 in sales. There was a slight drop last week (Friday only had 500 customers). This week, the numbers are strong again, with 762 customers on Monday. One of the long-term projects that the Board should consider is how we can expand the space. MR: What effect has inflation had on food prices at the IVFC? HC: We have absorbed some of the inflation cost, which is why our margins have dropped. Our margin cannot go lower than 38% without starting to jeopardize our financial position. We will have to begin transferring the increases in cost to price. The situation is volatile, but the GM doesn't anticipate an improvement for the rest of the year. NCG has been working to stabilize pricing from UNFI and food staples as part of food security initiative. We will be competitive with those prices. HC: Offers to prepare a one-page summary of budget vs. actual P&L for the Board.

7. Upcoming Meetings

LO: Any meetings that are TBD will be scheduled over email.

8:24 p.m. – *Open meeting complete.*

8. Closed Session

GM and Board enter Closed Session.

8:39 p.m. – Meeting ended.

Minutes taken by Jillian Tempesta, Corporate Secretary.

Minutes approved by Board of Directors June 14, 2022.