

THE ISLA VISTA FOOD COOPERATIVE
Board of Directors Meeting Minutes
Wednesday, February 16, 2022 at 6:30 p.m.
Held via video teleconference

Directors Present: Lisa Oglesby (LO), Kent McClard (KM), Janet Stich (JS), Cody Nunn (CN), Jillian Tempesta (JT), Raphael Chinchilla (RC)

Directors Absent: None

Staff Present: Hernan Cornejo (GM)

Owners/Community Present: Matt Strezpek (MS), Matt Richards (MR)

Meeting start time: 6:37 p.m.

1. Approval of Agenda for February 16, 2022:

Motion to approve the Board of Directors meeting agenda for February 16, 2022, as presented: JT Second: RC Passed: 6-0-0

2. Owner Input and Announcements: MR: Wondered if the meeting packet was available for those not on the Board. Stated he had spoken with LO and RC over the past couple of weeks while they were tabling and appreciated their time. Suggested the water machine be placed at the end by the office entrance. GM: Yes. The exact location will be near the bulletin board. This is the closest location to a water source. We want to minimize the amount of plumbing. MR: Regarding the issue of leaving the back door open for air circulation, I know we are ordering recirculating air machines and there are County ordinances about back doors. We could put in a screen door and leave front door open. GM: The main reason we don't leave the front door open is to prevent flies from coming in. They can go to the bulk area where a health issue could occur. MR: Spoke of his conversation with the GM about getting the spiral program going again and appreciate the consideration of this. MS: Following up on MR's comment, spoke with a couple of Owners about air circulation and perhaps opening higher windows. We could put screens on these? He also asked if masking is currently a requirement for employees. GM: There is no mask mandate for employees except for those that are not vaccinated. Those who are not vaccinated must continue using masks. At the state and local levels the mandates lifted, but OSHA guidelines remain in place. Employers still have to abide by OSHA mandates. For those who are vaccinated, it is voluntary, the employee's choice. LO: From the County, the mandate is lifted for all vaccinated people. GM: There are still specific positions that require mask, e.g. for those preparing food. It is a Health Department requirement. This is even pre-COVID. Food preparers must also use a hair cover. LO: The IVCS is hosting a lighting walk next week. They will walk around IV to see what areas are dim, have gaps in lighting, etc. If anyone is interested in volunteering, LO will forward their email. JS: Commended the bulk reset in the store. It looks very inviting to the customer.

3. Approval of January 19, 2022 Board of Directors meeting minutes:

KM: Please amend the accreditation of the comments (regarding sales) in the first paragraph on page 2. These were accredited to me when they should be accredited to the GM.

Motion to approve the Board of Directors meeting minutes of January 19, 2022 as amended: JT Second: RC Passed: 6-0-0

4. Recording of email motion: The following email motion was presented to the Board on February 8, 2022 and passed on February 9, 2022.

Motion to approve the General Manager to proceed with the repairs listed on and expense \$9991.00 as detailed on the Alcontana Construction Inc. bid #M-5063: LO Second: RC Passed: 6-0-0

5. Board Calendar and Reporting:

a) Board Transition Planning - Officer Trainings: LO: According to our bylaws the Board must have a President, Secretary and Treasurer. I would like to take a moment to see if any current Board members are interested in taking on the positions of the retiring officers. We can then make plans for training by the current officers. RC: I will do the Treasurer job. JT: I will talk with JS regarding taking meeting minutes.

b) Finance Committee/Treasurer's Report: KM: I sent out the financial snapshot today to Board members. Everything is looking quite good. The MML (margin minus labor) is within the goal range, actually on the high end of it. Our cash is where it needs to be. Traditionally January is good, coming in much better than December.

c) Owner Engagement Committee Report: JT: We have been working to support the Election Committee, with tabling and outreach. We have spoken to a lot of people and hopefully planted a lot of seeds. LO: I am working on the charter for the committee. LO: Do we want an OEC meeting next month? JT: Yes. It will be on 3/9/22.

d) IVFC Bylaws Committee Report: JS: The committee is currently reviewing/revising the section of the bylaws regarding "Election of Directors". In a past Board meeting a question had been raised about whether we wanted to have a policy or verbiage in the bylaws about uncontested elections. LO included an example in the Board packet of options the Board could consider. The questions for the Board are whether to include the specifics of the election requirements in the bylaws or have the bylaws refer to the Election Policy? Also, should there be a threshold to be elected in an uncontested election? The Board discussed some examples of what a threshold would look like if we used one. RC: Uncontested is the same as contested. GM: There are rules about this for different state associations. JS: We can look up what is mentioned about this in cooperative law. GM: If the election is uncontested, then the candidates are elected by acclamation. It is an automatic process. If two candidates go for the same position then it is contested. Most boards in corporate California function that if it is uncontested the rest of the members of the Board vote. If the candidate gets more "yes" votes than "no" votes, the candidate gets the position. LO: In the case of a cooperative board, we're informed by the second Cooperative Principle which is "Democratic Member Control". We would always run elections and have these backed up by policy. The Board currently appoints if quorum isn't met in the election. The Board continued to discuss this. KM: It's important we go through the mechanics of the election. The biggest difference in the election protocol being in the bylaws versus the policy is that the policy can be changed without member approval. Not so with the bylaws. It is better in the bylaws only more complicated. GM: What are the legal requirements for co-ops and their election mechanisms? LO: I hear a consensus is that any vote in favor will count. JS: I feel the Sacramento Co-op wording on this is excellent: "If the number of candidates does not exceed the number of directors to be elected, all of the candidates will be deemed to be elected by members upon the approval of a majority of the disinterested members of the Board of Directors."

e) 2022 Board of Directors Election Committee: RC: We have received no applications to run for the Board. I was contacted just before this meeting by one person expressing an interest. We have the option of extending the application deadline until March 1st. It would be nice to have a conversation as to whether or not to extend. I am thinking that perhaps we should not extend. LO: The Board has a lot of internal strengthening work to do. Now is a challenging time for people to choose to sign up for something. The Board can, in a specified way, go out and do recruitment a couple of months from now. We can find people to fill seats on the Board who are interested and who are assets. In the tabling I've done, no one has had the capacity to even talk right now. I suggest we move forward in this manner. JT: The work we are considering doing through the OEC may help with Board visibility and there will be more preparation when the election comes around. KM: Agree. There is a serious problem with our co-op in member engagement which we need to deal with. There are demographic changes. People who own homes are diminishing. There are fewer older people that are engaged with the co-op than previously. The co-op needs to figure out how to do outreach outside of IV. We need to figure out how to get our Owners engaged or the system will fall apart. MR: Noted that the spiral program could be a first step at membership participation. JT: We looking at many ways Owners can get involved. It's a good pipeline to cultivate future Board members. LO: I reviewed a CCMA survey. Its results showed that 59% of co-op Board elections in the past 3 years have been uncontested for 3 years straight. It pointed to low engagement regarding Board service but it also showed a high level of trust and appreciation for those taking part. So, we are not alone. GM: The NCG is also having difficulty fulfilling Board seats. CN: I don't feel this is strange news. It could be as simple as the fact that people don't want to do things they don't get paid for. RC: Theoretically our elections would start on 3/5/22. I suggest we postpone this to 3/12/22 as I won't be here for the "Meet the Candidate" event. LO: I suggest we go ahead and keep it on the 5th.

6) GM Report: Please refer to the written GM report in the Board packet.

GM: *General Overview*: We've seen a very solid increase in sales. The reason is simple. We have more customers coming in every day. In December the customer count was in the 300s, in January in the 400s, and February is beating that. We keep going up. Cash-on-hand is returning to normal levels. Today we had \$246,000. So far this fiscal year (Oct 2 to Feb 12) our net income is \$88,946.

We have had a series of events for the co-op's 50th anniversary with good community participation and reception.

We have had some inconsistencies with stocking due to supply chain issues, but the stockers are doing well and store looks really good.

HR/Staffing: We are doing well and are interviewing for some positions. The Produce Manager would like one more person for produce. As produce sales have been so much better than in the past, the Manager wants to see if bringing in one more person could generate even more sales. LO: How did we do on flowers for Valentines' Day? GM: The flowers sold even better than the produce.

GM: We have a new Deli Clerk. We are about half finished in the cross-training of employees. The idea is that every position in the co-op can be covered/backed up and running normally in case the need arises.

Our new handbook was reviewed and approved by the Paycheck compliance team. By next week, we will have the new handbook delivered to employees so they can sign it.

Departmental Highlights: We are working and negotiating with new vendors. Elubia is preparing food samples and we will have some products from them. They are recommended by the Merchandizing Manger and LO. I know the chef that works half time with them. The other half he works with another chef partner in supplying meals for farmer's markets, e.g. organic miso soup and a series of prepared food that is all organic, many vegan. He is going to prepare samples and come with them tomorrow. We may get some products there. The empanadas doing great. We are selling almost 400 per week as well as about 100 tiramisu a week. Grab-n-Go is meeting or exceeding targets on a daily basis.

Marketing and Outreach: We have had a series of tabling events in our patio. The Marketing Manager has conducted a series of tastings that are working well. We are planning to have a party for the employees in the last week of March. There are two objectives. One is to celebrate the IVFC's 50th anniversary and the second is show our appreciation for the staff and the good results we are getting from their work. This week we are 30% above our targets, so we are actually planning to start increasing the targets. In the past, we were 25% below targets, then 80-90% of targets, and now we are 20% above our targets. We will advance targets as good motivation. We will throw a party to show our appreciation. We're planning an empanada truck, a cake with no candles and drinks from the co-op. In April we'll have large anniversary celebration in conjunction with the IVRPD and the IVCSA. There will be a band in the park and the theme will be about our cooperative.

Maintenance and Repairs: We are updating the computer systems, estimated to cost between \$1500 and \$1900. I have approved IT to move forward with this. Many of our computers are several years old. Also, the Board approved a series of repairs and maintenance around the store. I'm glad to report that Mr Rooter will do about \$4,000 of those repairs for free. This will reduce the amount we'll need to spend on repairs. One of our employees used to work changing the lights at his parents' market. He offered to change all of our bulbs which will save us another \$1000. In addition, we are evaluating the ventilation system. A company will do an assessment on the 19th and give us a quote. We have postponed the parking lot repairs until sometime in April or May depending on how sales are going.

New COVID policy: We are implementing a new policy that reflects the COVID mandates being lifted. Vaccinated employees aren't required to wear masks except when performing certain critical duties. Unvaccinated employees are required to use N95 masks at all times. Customers will no longer be required to wear masks.

Financial Updates: As of 2/12/21, the balance in the primary account was \$157,190. Today it is \$240,000. On the Sales Performance Chart, January sales can be seen compared with the past two years. We have increased sales by 13% although the margin only increased by 1%. The reason is that we have increased prices for some of the products and haven't completed the adjustment. The reason was a test to see if not raising the prices would make us increase sales. It is attracting more people. I was comparing our shelves. Before we were more expensive and now we are more competitive. We still need to analyze. We are at 38.6% which is a bit below the 40%. We are on target. The sales for the first week of February are in my report, almost \$ 95,000. We passed \$100,000 last week.

RC: I have two questions about daily sales. I was surprised to see we were performing better just to discover that we had reduced the targets. GM: We decreased the target for Bulk and for Wellness to be realistic. We adjusted it a bit. We didn't want a very unrealistic target. The target should be difficult but not unrealistic. RC: Last week Wednesday, we sold \$40 in the Grab-n-Go department. That seems very low. GM: Part of the sales of that display are not being reflected in Grab-n-Go. Sales in Grab-n-Go are some vendors and products made by people in the Deli. The sandwiches, etc. from outside vendors are now reflected in Chill Dept. That is why we increased the target for the Chill Department. On that Wednesday, the staff was not working, items weren't packaged and loaded

until the next day. RC: Customers miss the consistency of Grab-n-Go. GM: Yes. Now we have a new Deli clerk. We will start seeing more consistency. We're also bringing in more vendors. There is a limited capacity of what we can do with the workers we have.

LO: What is the progress of bailer? GM: The bailer is sitting in a California warehouse. I called the SCE contractor. He is not answering me. I hope tomorrow we will have some communication from him about the idea of when we will have the bailer. With all of our sales we need it.

KM: I went to buy from Grab-n-Go. The shelf was completely empty. When I got on all fours I discovered there were plenty of items. I just couldn't see them. GM: Today we had the first Floor Manager (FM) meeting in a long time. That situation was addressed. The primary job of the FM is to complete walks around the store, being sure the facing of goods is proper and that there are no empty spaces unless we are definitely out of stock. LO: It seems as though the co-op is very well stocked considering the number of customers.

JS: Is the SCE electric panel put up outside yet? GM: No. They basically told me it was a yardage issue. I'm working with IV Market. It is a straight 100 yard line from IV Market to us. There is an easement. A crew was sent to assess line from IV Market to us. I don't have a quote. The IVCS D maybe can help us with a grant for that.

GM: Cash-on-hand - At the end of December we had \$60,083. This has now increased \$129,576 for a total cash on hand of \$190,460.

Profit and Loss - Our net income for January is \$40,781. KM: This is slightly different from my Snapshot. We pulled the numbers from different days. GM: Basically we are in the positive.

One member of our staff is celebrating a big anniversary, his 25th at the IVFC. This is a landmark, working 25 years. After some discussion, we will give him a week-end get away. He is taking time off in March for this.

LO: We still have the loan fees on the Balance Sheet. Have you been able to discuss this? GM: Yes, it is being evaluated.

7) Upcoming Meetings:

- a) Election Committee meeting: tbd
- b) Bylaws Committee meeting: 2/22/22, 6:30 p.m.
- c) Owner Engagement Committee meeting: 3/9/22
- d) March Board of Directors meeting: 3/16/22, 6:30 p.m.

8) Closed Session

Meeting adjourned: 8:23 p.m.

Closed session adjourned: 9:27 pm

Minutes taken by Janet Stich, Corporate Secretary

Minutes approved by the Board of Directors

