

**THE ISLA VISTA FOOD COOPERATIVE**  
**Board of Directors Meeting Minutes**  
**Wednesday, November 17, 2021**  
Held via Zoom videoconference

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

Directors Absent: None

Staff Present: Hernan Cornejo (GM)

Owners/Community Present: Aimee Smith (AS), Matt Strezpek (MS), Eric Schug (ES), Matt Richards (MR), Betsy Lape (BL)

Meeting start time: 6:39 p.m.

1. Approval of Agenda for November 17, 2021:

***Motion to approve the IVFC Board of Directors meeting agenda for November 17, 2021 as presented: JT Second: RC Passed: 6-0-0***

2. Owner Input and Announcements: A number of announcements were made. LO: The IVFC is taking part in the Sustainability and Equitability Grant for transportation in IV. The grant was received by the IVCS. The IVCS meeting regarding this is coinciding with our meeting tonight. Information on upcoming meetings will be placed in the chat. Topics include parking, lighting, sidewalks, busing, etc. AS: Expressed her enjoyment at talking at annual meeting, wanted to thank LO, and would like to follow-up with a meeting of the community to talk about COVID issues and ideas. Feels this would provide healing in the community. LO: I will get back to you on this and we'll go from there to see what is possible in the future. Appreciates the sentiment of "healing in the community". MR: Want to thank the co-op employees for taking the time to clean up the front of the co-op, particularly during this time of short-staffing. MS: Appreciate the hard work of the Board and staff over this past year. Thank you and have a wonderful holiday.

3. Approval of Meeting Minutes:

a) October 20, 2021 Board of Directors Meeting Minutes:

RC: Would like to amend the following sentence about September sales for clarification: Compute the maximum for each day and then, for the week it will be the sum of the week days' goals.

***Motion to approve the October 20, 2021 Board of Directors meeting minutes as amended: JT Second: LO Passed: 6-0-0***

b) November 6, 2021 Annual Owner Meeting minutes:

***Motion to approve the November 6, 2021 Annual Owner Meeting minutes as presented: JT Second: KM Passed: 6-0-0***

4. Board Calendar and Reporting:

a) Board President Report to Owners: We had an excellent Annual Owner's meeting. I will upload a video of my report to the website and e-news. We are now moving into fall and into a time when we slow down a little bit. Things are perking up though. We have enjoyed successful tasting events as well as Halloween events which were nice to take part in with the community. There was no IVCN meeting this month as it was on Veterans's Day.

b) Finance Committee/Treasurer's Report: KM: I did not send out an updated income statement for September because no numbers had changed. The Income Statement Summary I gave you is interim and will change when we get our numbers around 11/18. Would the Board like me to continue providing the Summary document? All the information in the summary is in the documents the GM provides. The Finance Committee will set a meeting to discuss any revisions to the reporting policy as well as the FY22 budget. JS: Finds the summary very helpful. RC: I appreciate the work that Kent does. It is useful to have it in the Board packet as the document is short. LO: Can decide in the FC meeting about final reporting. We can fold in and highlight key indicators in the GM report. While the summary information is on the P&L, this format was helpful to explain to staff what is happening financially. GM: The Board should be receiving the Dashboard routinely. I would like to do the same with financials to give a simple graphic overview of the highlights.

c) Owner Engagement Committee: JT: Thank you to everyone that participated in the annual Owner Meeting. It was a very engaging meeting. The next meeting of the OEC is 12/1. We will be discussing Board tabling and will brainstorm for events around the 50th anniversary of the IVFC. LO: The OEC will overlap with the Election Committee regarding our candidate search. Perhaps invite the Marketing Manager to this meeting to discuss how we can promote the election.

d) IVFC Bylaws: JS: LO/JS are continuing work on the revision of the bylaws. It is hoped the initial revisions will be completed by April, 2022. The Board will review the revisions and then the bylaws will be presented to the Ownership for review and finally to the Ownership for a vote of approval.

e) 2022 Board Election Committee: RC: The EC met last week. We drafted a proposed revision of the Election Protocol. We will need to approve this tonight. I don't have date of the next meeting of the EC. JT: The OEC will meet to support the EC. RC: This year, voting to elect Board members will last for four weeks rather than two weeks, giving more time to engage owners. The dates of the election timeline have been set.

The Board reviewed the revised IVFC Election Protocol. LO: Would like to change the name of the event when the Owners are invited to meet the Board candidates from "Candidate Convergence" to "Meet The Candidates".

***Motion to approve the Isla Vista Food Cooperative Election Protocol (proposed November 2021) as amended: JT Second: RC Passed: 6-0-0***

5. GM Report: Sales for October were better than September. We're steady on meeting \$70,000 in sales every week. In October staffing was a difficulty. Both Produce and Deli need hires. I spoke with the managers that have a lot of co-op experience about thoughts of what we want to see for the Deli in the future. I would like to concentrate more as a food service department, selling but not producing products. We have a very small kitchen and not much equipment. I would concentrate on the few products that we will keep making and the rest we will outsource. We have two of the best food services with UNFI. They have outstanding products. This is a good way to make the Deli profitable. The salary of the Deli Manager was absorbing a lot of the profit. LO: Even with the staffing issues we have, my understanding is that we have the staff to make the "hits" (hummus, wraps, etc.). The other local specialities that we bring in will take the pressure off the Deli. GM: There is very sporadic production in the Deli right now. We need to have the spaces filled at all times. Will concentrate in hummus and a couple of other items. If we move in that direction, I'm not sure we'll need a Deli Manager. Experience with prep is needed to do sandwiches or salads. Most staff are students with little experience so the production can be low. For the past 10 months, the Deli has lost money. With the departure of the manager, I was thinking maybe this is a time for change and for pursuing other options. Other co-ops are moving to food sellers. I have a number of stores that are willing to provide us with products such as guacamole, sauces, etc. BL: Will people with food stamps be affected? GM: No. All products are qualified for food stamps. RC: I share

concerns about the Deli. I know you are a data driven person which I admire. But, I do think the “f\*#!’in best wrap” ever really is the best wrap ever. GM: The wrap has a lot of popular support. For one wrap we have sales numbers that are sustainable. This will be a small move. The customers are used to finding what has been in the Deli. Some staff sentiment is “when are we going to close the Deli”? We are not closing the Deli. JT: Support focusing few Deli items on greater scale. Look for wraps, etc. Support bringing in other organic choices. KM: Problem with the Deli is that it was a main culprit in 2019. It requires a manager that will be there all the time. Previously it couldn’t keep the products in stock. If you can’t stock them and Owners can’t buy then, then it is pointless. It has been inconsistent since I joined in 1988. GM: I agree. It’s an accurate diagnosis of the problem. If we could find the right person, we might basically roll back and give it another try. The kitchen is demanding and we can’t leave it to staff with no experience. The expectations of our Owners/ customers for certain deli items are frustrated. I don’t want that.

7:30 p.m.: AS left meeting

The Board continued a short discussion of this. LO: No doubt we have a lot of local producers that would like to sell their wares in our Deli, cooking in their own space. GM: Because of the situation with manager stepping out, we had to cancel the Thanksgiving dinner for two that we were launching. We’re unable to get a kitchen that has availability at this point for Thanksgiving. Perhaps we’ll go for the dinner for one and get this from local sources and to see it does.

Staffing: Reduced to 26

Plumbing update: It is a major repair to fix our plumbing issues. The work will create two holes in the back of the store. We will try to reduce inconvenience for customers and operations. It may cost over \$20,000. This is plus the prior emergency repairs which were \$4,000. The insurance company will pay for this!

Further updates: Edison will install the outdoor panel in January. The bailer should be installed in the store the second week of February. A 220V electric outlet was installed in the back office to move the freezer from the shed to fully comply with the Health Department’s requirement. Another 220V electric outlet was installed for the Deli Department to allow the operation of a super fast convection oven. We’ll be able to make hot things for breakfast, e.g. hot burritos, hot empanadas. LO: The previous oven wasn’t working well? GM: Yes.

Ownership: We have 112 new Owners signed up from 9/27 to 10/3!!! 49 Owners became inactive so the total is 110. There is no system that is tracking the reason Owners are becoming inactive. This would be good to know. Are they moving out of town? Other reasons? Perhaps we could call and find out. LO: This time of year we typically sign up new Owners as the students arrive (or return) in September. If they don’t return, this is when they would become inactive and there is generally an escalation of inactivation in this time. Our previous POS/IT manager had been working on generating an easy script to people who have become inactive, e.g. time to check in, re-engage, etc. This program wasn’t finished. Perhaps the current IT manager could find something that is part-way done, namely an automatic email that would be generated. RC: Why do we have to remind them? GM: It’s good to find out why they are inactive.. We could incentivize with a free drink, etc. LO: It’s not uncommon for students in their last year of school or right after they graduate to move from IV to SB and not come into co-op as much. The re-engagement may encourage them to come back and shop. Sometime, just a little nudge is what you need. KM: Also, once an Owner has paid the full share amount, there is no way to tell if they are inactive. Is there a way to find out why they are paid in full and no longer shopping? LO: We could do a script to invite them back. GM: The accumulated membership gain is 883, just 17 members away from our target. We should move our goal to 1000. LO: When we do our budget, we’ll set an equity goal for the year. GM: I don’t know why we can’t reach 1000.

Total October sales are \$342,198.20, a 15% increase from last year. Margin is a 12% increase from last year. LO: I used to seeing margin % from P&L. Am I to understand the overall margin for the store is 30.3? GM: Overall is 12. LO: Used to seeing a number that lands between 37 and 39%, so it will take me a bit to get used to the target margin with this different equation. Are we concerned our margin is too high in some areas? GM We are measuring the real margin and not the gross margin. In the past with 36%, it was basically the sales versus the cost of sales. This one is a snapshot where you use the percentage of space that is being used. (How much they have to help with the rent). This is a more accurate number. We have lost space in Housewares and Wellness. We will increase space for Beer and Wine. This is selling well, especially with the new varieties of wines. In October, the average sales for the week was \$80,000. This is really good. Now, in the last two weeks we have seen a drop (mid \$70,000 last week and \$73,000 the previous week). One reason was the reduction in "grab and go". We lost about \$1300 in sales which makes a huge difference. LO: Are we losing sales from supply chain issues or maybe stocking issues due to low staffing? GM: It is mostly we are not restocking on time, which is an ongoing issue. They receive the load but aren't able to get it out at the same time. Stocking has been happening after we close. LO: I've noticed more full shelves over the past month, especially the past two weeks. GM: In general it's getting better with empty areas less frequent. Kombucha has been affected by the supply chain. Other than that, no. The Merchandising Manager is exploring alternatives.

The Bulk Department is still an issue. We can probably live with half the space and it will become profitable. We have what is selling now. If it isn't selling, the Merchandising Manager will not order more. What is the point of having empty? RC: If empty, they are selling. GM: We've had to throw away product which is wasting. We can actually use half the space we are currently using for the things that sell. LO: This seems like something we need to consider. KM: I spoke with the Merchandising Manager about bulk. There aren't enough sales to justify the amount of work that it requires, e.g. stocking and maintenance. RC: This conversation we need to have as a board as I fundamentally disagree with this decision. The Owners really like the bulk department. We need to get to the bottom of why they aren't buying them any more. Spices are empty. MR: Expressed concern about spice spaces being empty. The bottles that are empty are tuned around to show they are empty so one can't tell what they are. Is part of the problem that bulk was shut down because of COVID and now people haven't gotten back on the bandwagon? There needs to be education and drawing in of younger set to entice them to shop bulk as they probably haven't done it in their lives. Spices are interesting. It might be good to have interpretive signs, recipe ideas, etc. Same idea with the health section and getting the blackboard back to draw people in with education and interpretation. I agree with the importance of the bulk section. We should try some ideas before we shut down the bulk. GM: We should have a meeting just for this. We do have a system for the spices. We do turn the jars and the customers turn them back. This is an issue with this kind of display. Owners can see what has run out, staff cannot see what is empty. In Europe, I went to three bulk stores which were full of people. There's a lot of point of sale driving people toward the store, telling why it was important, how bulk helps with sustainability and the environment. We need something like that. What I have seen and what other cooperatives have seen is that historically bulk was one of the main things in cooperatives. When COVID hit us we were forced to close bulk and start bagging the bulk items. Although restrictions are lifted, people are split. 1/3 of the previous buyers use the bulk bins. About 2/3 now prefer packages and are still uncertain about the health aspects of bulk. Unfortunately, COVID is still in the news and there is still in the heightened state of alert where it will be difficult to convince them to come back and buy bulk.

We have been doing several very successful events in the patio.

We also got our tax return from IRS. Cash on hand has increased about \$5000 from the last report.

Questions?

6. Upcoming Meetings:

- a) Election Committee meeting: December 1, 2021
- b) Bylaws Committee meeting: tbd
- c) December Board of Directors meeting: December 15, 2021 at 6:30 p.m.

Meeting adjourned: 8:18 p.m.

7. Closed Session

Minutes taken by Janet Stich, Corporate Secretary

Minutes approved by the Board of Directors