

**The Isla Vista Food Cooperative
Board of Directors Meeting Minutes
Wednesday, May 20, 2020 at 6:30 p.m.**
Held via video conference

Directors Present: Lisa Oglesby (LO), Janet Stich (JS), Kent McClard (KM), Jeremy Roark (JR), Lauren Coiro (LC), Jillian Tempesta (JT), Nancy Morales (NM)

Directors Absent: None

Staff Present: Melissa Cohen, General Manager (GM)

Meeting start time: 6:37 p.m.

1. Approval of Meeting Agenda for May 20, 2020

It was noted to change the date of the next Board meeting to June 17, 2020.

Motion to approve agenda as amended: LO Second: JS Passed: 5-0-0

2. Owner Input and Announcements: LO requested an update from JR on the Food not Bombs (FNB) program. JR: There hasn't been much change over the past month. Food is being delivered where there are houseless residents, mainly in the parks, 5 meals per week. Additional funds have come in to cover operating costs. GM: The IVFC has become partners with FNB, which has been mutually beneficial.

3. Approval of April 15, 2020, Board of Directors Meeting minutes:

Motion to approve the April 15, 2020, Board of Directors meeting minutes as presented: LO Second: KM Approved: 5-0-0

4. Recording of Email Motion:

The Board passed the following motion via email on May 17, 2020. This is the record of same.

Motion to authorize the GM to expense the \$7500 to order a new Catapult server: LO Second: JT Passed: 6-0-0

5. Board Calendar:

a) 2020 Board of Directors Election Committee Report: The new Directors are welcomed to the Board. The Board reviewed the Election Committee Report and the election results. These are included in the Board packet. It was noted that all votes in the Board election were received via electronic voting. This year's Board election was promoted via newsletters, e-mails, and postcards. LO: Appreciates how thoughtfully and how well everyone pivoted to meet the new circumstance of the pandemic. In the bylaws, it is necessary to have 5% of the membership vote in order to have a quorum for a "valid" election. In this 2020 election, quorum was not met. The Board noted that there was a high percentage of support for the new directors reflected in the voting. The Board is confident in the demonstrated support of these nominees for the Board and will appoint the four candidates to the Board of Directors.

Motion to seat Lauren Coiro, Jeremy Roark, Nancy Morales, and Lisa Oglesby as Board Directors for the 2020-2022 term: JT Second: KM Passed: 4-0-0 Abstain: 1 (LO, on ballot)

b) IVFC Bylaws: JT/LO continuing to work on bylaws. Will bring discussion items back to the Board as necessary. A brief introduction about the current, ongoing bylaw work was given to the new Board members.

c) Finance Committee/Treasurer's Report: KM-Please refer to the IVFC Treasurer Report (included in the Board packet). There is an item that requires a vote of the Board. The IVFC Financial Reporting policy has been updated. The draft policy is included in the Board packet. Note on the draft the two changes dealing with bank account and cash flow documents. Under monthly reporting, added #5 (cash flow reporting) and #2 and #3 were added under what will be included in the meeting packets.

Motion to approve the updated IVFC Board Governance Document (IVFC Financial Reporting Policy) as presented: KM Second: LO Passed: 7-0-0

KM: Financially, everything is going well, amazingly so compared with last year. The Finance Committee meetings will be held with more of the Finance Team (of the proposed Collective Management structure) attending.

KM: We are getting close to the half way point to 8 weeks after receiving the PPP loan when reporting to the NCB may be required. We should consider doing a 4 week check to be sure we're on track. GM: Will do a report. KM: Determine what we've spent in the past four weeks, # of employees, etc. GM: A new employee was just added. More comprehensive fact sheet on the PPP loan and its requirements is hopefully coming from the NCG. LO: Can discuss in the Finance Committee what metrics will be used to cause the use of the PPP loan. LO: The new directors were given orientation to the PPP loan and the Finance Committee and were invited to join FC if they would like. The new Board members will follow up with KM with any questions that may come up about the FC. Training on financial reporting will take place. The FC may begin having a routine meeting time on the last Wednesday of every month.

d) Owner Engagement Committee: LO: The OEC is part of Board work that is suggested new Directors take part in. This usually involves tabling, having personal engagement with Owners, etc., all of which we have been unable to do during pandemic. Now we will look at what our goals and calendar will be in this next phase. JT: It would be good to have meeting with new Directors and brainstorm ways to engage Owners. This could be done in a Zoom conversation. GM: There is usually an Owner drive in October when the students get back. Now with our new technology, the process of becoming an Owner might be easier. We are always looking at how to capture people to become Owners. LO: How shall we have our annual meeting? It may need to be online. What might this look like? It's an opportunity to harness the interest people have in the co-op and use the technology we have to bring people together. JT: Will send general information on the next steps for OEC.

e) Collective Transition Committee: LO provided context on this topic for the new Directors. Over the last ten months, the IVFC has been shifting toward a Collective Management model for running the store as opposed to our current GM model. There is an ongoing committee of workers designing what it may look like. A lot of progress was made, however, in March, due to the impact of the pandemic, this was put on pause. The current idea is that this work will resume in June. Please refer to the Collective Management section of the Board Calendar. The Board will need to work on some of the legal aspects of forming a Collective Management structure, including hiring, etc. This will require research. LO/GM/AC will meet to discuss where to go next. How do we start crafting all the legal details for this kind of change? This is on the Board Calendar so we will have eyes on it for the next Executive Session. GM: Offers to send information to new Directors. LO: Is planning to include this in the Board training.

f) **Board Training:** Please refer to Board Training Protocol in the Board packet. This is an outline of who is responsible for the training of new Directors. It includes a list of documents that support that training. The draft protocol is ready for discussion and approval. It had been edited in the recent Board Executive Session.

Does training occur throughout the year? LO: There is initial training and then throughout the year some subjects will be emphasized in a deeper training (e.g. budget training). GM: Will touch on key indicators. There are also many acronyms to learn. JR: Watched a documentary video The Park Slope Food Coop orientation. Seemed like a good orientation to food cooperatives. There might be other videos available.

**Motion to approve the IV Food Cooperative Board of Directors Protocol: Board Training: LO
Second: NM Approved: 7-0-0**

g) **2020 Board of Directors Agreement:** A copy of the 2020 Board of Directors Agreement is included in the packet. Normally every Director would sign this annual document in person. This year it will be completed with electronic signatures. The document will be forwarded from Director to Director until everyone has signed it. The Secretary of the Board will then retain the document for our records.

Break: 7:45 p.m. to 7:55 p.m.

h) **Board Officers:** It is required, per the Start of Term Protocol, to confirm Board Officers at this meeting. The current officers who will continue to serve in their respective positions are Lisa Oglesby (Board President), Kent McClard (Board Treasurer) and Janet Stich (Board Secretary)

Motion to confirm Kent McClard as Board Treasurer, Janet Stich as Board Secretary, and Lisa Oglesby as Board President: LO Second: JR Passed: 7-0-0

i) **Other Items: Columinate Webinars:** LO: Columinate, a cooperative consulting service, has been hosting no-cost webinars. LO has been attending a number of these and notes that the IVFC is already doing many of the things that are recommended. LO will discuss this in the Board training as necessary.

Virtual CCMA: The Consumer Cooperative Management Association (CCMA) also has an annual conference which has moved to a virtual format. This typically is a huge conference, drawing attendees from all over the county. Being virtual the year, it is much less expensive. LO will contact the new Directors about this to see if there is an interest in attending. If so, we can register as it is a good opportunity. LO understands that they will release the recordings to the participants and is still deciding whether or not to suggest that the whole Board participate. GM: There will be interesting topics around cooperatives, including values, etc, some of which will relate to the Board and some to operations. Registration deadline is June 5th. The IVFC will sponsor the registration.

Pandemic Priorities: The IVFC has a set of Strategic Priorities which reflect the values of the co-op and how we achieve them. The Board has begun working on a similar Pandemic Priorities document. The Pandemic Priorities work has been started by looking at the Strategic Priorities through the lens of the new normal. It is big picture thinking. LO: Will inform the new Directors about this in the Executive Session. The new Board members will receive a copy of the Strategic Priorities as part of the Board training.

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

Goals Reporting: Financial goals are being met. The Business and Marketing Plans have been written, but will need to be updated to reflect the effects of the pandemic.

HR/Staffing Updates: There are not a lot of updates. We have 31 workers, with FT having grown slightly. PTO is holding at slightly over \$19,000. GM is tracking these liabilities because they are cash expenses. CARES act changes are also being tracked. The hiring process for Operations Manager has begun and is now in the second interview round. It is very exciting as there are some stellar candidates.

Operations: Operations reporting has now shifted toward public health requirements. There hasn't been much push back in the store regarding the wearing of masks.

Physical plant: Working to support workers by recreating the back patio into a better break space including social distancing considerations. The new condenser on the roof is a step toward the new produce case. This is a large expense. The roof needs to have some adjustments done. LO: What is the timeline for this? GM: We have six months, but will finish it sooner, based on cash.

Technology Project Updates: Credit card machines: Ready to go forward with the credit card machine changeovers and may have them in less than a month. The new machines will be chip readers. POS sales system supports this transition. New gift cards are on the way. The current gift cards aren't compatible with the new system. Will have to transfer balances of old gift cards to the new ones. We're right in the middle of the big gift card sales to UCSB. *Catapult Data Base Issue:* Our priority is the data base issue. Catapult stopped running backups which is critical. The IVFC is powered by this POS system (inventory, QB, ordering, data we run and pull). The database is being rebuilt tonight. If successful, we may not have to speed buy a new server, although it will need to be replaced Tomorrow we will know more. LO: How often do you run backups? GM: We usually back up every day.

Small Equipment: We have received our full back order of hand sanitizer. Plexi-shields (part 2) at the cash registers will be going up soon.

JT: Is there a way to monitor the flow of shoppers? GM: If it gets crowded, staff will alert the Floor Manager. We're now planning to stay open later which may thin out the post-work crowd. Ten shoppers and five workers on the floor is the maximum allowed. The workers in the various departments social distance as much as possible. We're working to keep the flow of workers safe.

Owner Services: The Management Team voted to restart the sandwich and wrap "Buy 10, get 1 Free" owner benefit. This is to help support Deli sales. LO: All Owner benefits need to have Board approval. GM: Can we consider this under an Owner Rewards program umbrella? This will allow more freedom for operations to make changes. LO: We can discuss this at the next Board meeting as we have to review our bylaws, our current bylaw revision, and craft the appropriate language if we want to make that change.

***Motion to approve the updated Owner Benefits list as presented at the May meeting: LO
Second: JR Passed: 7-0-0***

Sales to Owners: The percentage of sales to Owners is growing.

We Own It Rewards: The "We Own It Love Local" rewards are being continued through May. This drives attention to our local producers.

Financial Updates: NCB: The new Board members were oriented to the importance of remaining in loan compliance. We have received the PPP loan funds.

Professional Services: Quickbooks transition is ongoing. Needs to be upgraded before the new fiscal year. We should start in the next two weeks.

Financials: GM provided the Board with full financials, Excel spreadsheets and Budget vs Actual documents. There is time to go over quarterly financials at the next meeting. The current report is a test version of what this reporting might look like. These were reviewed by the GM and Board. It is now 3Q (April to June). We are now using the Budget vs. Actual that KM brought forward rather than year-over-year. Through 2Q, sales income is \$169,000 over what we had budgeted.. There is an overall maintenance of a bank balance above \$200,000. This is amazing as we lost about 50% of sales traffic.

The profit margin, which steers how we look downline, was budgeted at 39.54% and came in over 40%! This is amazing. Year-to-date, we are a hair under 40%. Personnel is a key indicator (wage, payroll taxes, benefits). We are now slightly over budget at 24% of sales. This is not surprising. 2Q came in under budget and year-to-date we are down a considerable percentage from last year, 21% of sales. We are also paying bonuses. We are running a tight ship. The test will be 3Q.

Our operating costs will go up due to the added supplies necessary for the pandemic. The technology budget is shifting because of additions we had to make, e.g. online shopping. Marketing came in a little over budget in 2Q, but is generally under for the year. Liability protection costs increased, including for the Board, because of the pandemic. The Owner points program is running under budget. YTD, \$4,038 dollars have been redeemed.

The GM stated she was so proud of the IVFC team. It is a group of mostly young people working at a super high level, many getting promoted, etc.

7) Meeting Scheduling:

- a) June Board of Directors Meeting: Wednesday, June 17, 2020, 6:30 p.m., online
- b) May Executive Session: May 27, 2020 at 6:30 p.m. online

Meeting adjourned: 8:57 p.m.

Minutes taken by Janet Stich, Corporate Secretary
Minutes approved by the Board of Directors

