

THE ISLA VISTA FOOD COOPERATIVE
Board of Directors Meeting Minutes
Wednesday, October 21, 2020 at 6:30 p.m.
Held Via Video Conference

Directors Present: Lisa Oglesby (LO), Jillian Tempesta (JT), Kent McClard (KM), Lauren Coiro (LC), Janet Stich (JS)
Directors Absent: Jeremy Roark
Staff Present: Melissa Cohen (GM)
Owners Present: None

Meeting start time: 6:35 p.m.

1. Approval of Board of Directors Agenda for October 21, 2020

Motion to approve the agenda as presented: LO Second: JT Passed: 5-0-0

2. Resignation of Director: The Board Secretary has received a signed letter of resignation from Director Nancy Morales.

Motion to accept the resignation of Nancy Morales from the Isla Vista Food Cooperative effective September 18, 2020: LO Second: LC Passed: 5-0-0

3. Recording of Email Motion: The following email motion was approved by the Board of Directors on October 6, 2020.

Motion to remove Ava Churchill from the IVFC bank account at Mechanics Bank. To add Sarah Maloney to the approved list of check signers on the IVFC bank account at Mechanics Bank. The list of check signers on the IVFC bank account at Mechanics Bank will now be: Sarah Maloney, Melissa Cohen, Kent McClard, Lisa Oglesby, Stephen Snyder. The changes detailed in this motion will be effective immediately: LO Second: JS Passed: 6-0-0

4. Owner Input and Announcements: LC: Will be leaving meeting early due to time constraints. LO: The IVCS D is partnering with Lucidity for an online "party at home" Halloween event including large cash prizes for costumes. GM: The Santa Barbara County Board of Supervisors passed an ordinance that households can be fined for not following County COVID guidelines.

5. Approval of September 16, 2020, Board of Directors Meeting Minutes: GM: In the GM Report, under *GM Goals Reporting*, change the first sentence to: "LO: To clarify, what percent of sales is the year-to-date income?" The other correction is a punctuation error.

Motion to approve the September 16, 2020, Board of Directors meeting minutes as amended: LO Second: JS Passed: 5-0-0

6. General Manager's Report: Please refer to the written GM Report in the Board packet.

FYE20 GM Goals Reporting: LO: What were the sales for FYE 2020? GM: Around \$3.7 million.

HR Staffing: The HR Manager has completed her last day. She stayed on a bit longer to help with the transition. GM is meeting with all managers weekly to stay up-to-date on HR issues such as breaks, overtime check-in with workers, etc.

Operationally Speaking:

COVID updates: We are prepared for what is happening in IV with COVID. LO: When do Workers Compensation rates increase? GM: In early December we get updates. Will be interesting to see how COVID affects pricing. LC: Can you discuss the “population control shift” in staffing? GM: During busy hours, there is one worker outside (for numbers control) and we add a second checker. The worker will also move around the store addressing needs as they come up. The increase to allow 15 people in the store is a relief for this shift. LO: What are the best times to suggest people come shop the co-op who are concerned about crowds because of COVID? GM: Morning is best. Curbside is fantastic. KM: Does the 15 person capacity include the back office? GM: No, though we will count stockers on the floor during a hectic time. There is a metric available as to how many to allow per square foot.

Technology Project Updates: The new Windows server is a big project. We have to reinvest before our current server is nonfunctional. This is not seen as expensive in light of the benefit the co-op will receive. With the POS server already replaced, we will have very clean and secure networks.

National Co+Op Grocers: New Hope Media Spark Change is an NCG online event this year (due to COVID). GM will co-present one of the sessions. GM will get information on who can register and send the Board a link if it's open to Board members.

JT: Can you talk about “Co-op Month” strategy? GM: Ended up doing loyalty point programs. Will restart welcome e-mails which are designed and ready. We are definitely signing up owners. Not a full throttle co-op month due to lack of band width. Pandemic Priorities expansion will be coming out next month. JT: The chocolate fair-trade Instagram was great to watch. GM: Staff felt like it was actual outreach again. It got good feedback.

LO: When you do the Priority branding, I would like to get a set of slides with one priority per slide for use at the Annual Meeting. GM: In my GM report at the meeting, I'll talk about each priority as a stand alone page, with pictures, and include the added pandemic priority. The branding of the Marketing Coordinator is aligned with co-op principles and may be more graphic.

Owner Services: GM: I loved the 'Meet Your Board' profiles we created for e-news.

Total Owner Count and Equity: LO: Now that the fiscal year is over, it would be helpful to have an end-of-fiscal-year Ownership report. This could be in the next GM report. GM: Will do that.

We Own It Rewards: JS: On target with expectations for this program? GM: We spent less than what was budgeted, which was around \$22,000. Actually paying out less than we did with the coupons we used before. We have signed up many Owners because of points. We are applying points to support local product. Planning fun things for Thanksgiving. KM: Curbside doesn't include points? GM: It does. LO: You can accrue, but not use. GM: Will see how the Catapult upgrade will work with using points.

Financial Updates: GM: There has been a lot to contend with this month. It's difficult to see the outcome because things are moving so much with sales and labor. KM: Regarding the PPP, the paperwork will be passing to the SBA portal? GM: The NCB has own portal to receive the application first for a review. It then gets passed to the SBA portal for actual forgiveness. KM: Wouldn't be surprised if we got entire \$176,000 depending on the results of the election.

Cash Planning: LO: The NCG guideline is that we should have 10 days cash on hand. GM: Yes. The number in the packet is 13 days of cash. UCSB spent \$6,000 on food for quarantined COVID students. We are 100% UCSB partners in their grocery programs, e.g. quarantine bags, crisis bags, Greek life situation bags.

FYE21 Budget & Business Planning:

FYE21 Budget: The trick is to navigate this year and see how best to go through process. The Board reviewed the sales trends in the packet. GM: We are holding at about 15% under last year sales. Some students are periodically going home rather than staying in IV. With these sales numbers, we need to get a clear picture of our labor strategy. Am working closely with the Management Team, trying not to lay off workers. Looking at all aspects of labor. Sales are varying every day. Even looking at trends of departments is difficult. COVID is causing more labor in various departments.

KM: Have you had contact with our CPA about potential accelerated depreciation for this year? GM: No, but have started work on a project with depreciation schedule. Also have to speak with Jan about COVID PTO. This may be a tax credit. KM: Hope that we capture as much depreciation income as possible. GM: Almost 100% sure that we accelerated a lot. LO: Would not be surprised if we used much of this up in recent years. GM: Should be able to hold onto some of this income.

GM: We can tighten our belt to get through 1Q and see what is real. We can whittle back a little,. We're not egregiously overstaffed. Tomorrow will have full 3-week numbers. Don't know how to address full budget from here except mapping our trends. New produce cooler will raise sales. Catapult will have a delivery function in it and we could start a pilot delivery program for the holidays. We can poll Owners about this. LO: Is the curbside program full? GM: About 5 pickups per day. So far about \$25,000 with curbside.

JT: You said you submitted a version of the budget to NCB. Which one? GM: The second one. They were interested in seeing some numbers on the papers and are already making suggestions. Good to have the conversations. LO: Will you send the approved budget to them later? GM: Yes. KM: We will be out of compliance. GM: Yes. NCB cares that we understand the issues we're facing and that we have a plan. At the end of October, I will have actual interim numbers.

LO: Let's talk about the timeline of when we think the FY21 budget will come into view. When do you think you will feel confident about projecting forward to the rest of the fiscal year?. GM: Will be good to see full October numbers which will make me more knowledgeable. Again, so difficult, because I don't know if or when there will be a COVID outbreak and the students go home, or maybe delivery could increase. NCG looking at quarterly budgets being the most useful.

KM: Will be tough year. Not a bad idea to do the budget in quarters and not do a full-year budget. It is all right not to have budget for this quarter. Do one for the second quarter and see how it turns out. Then, based on what's happening, do a budget for the 3rd and 4th quarters. We have PPP money for this reason. The Board will need to come to terms with how much we can afford to lose, figure out our thresholds. These are long-term decisions and strategies for the year. Don't want to raise prices, etc in the short term, but in 6 months, we might have to come to certain assessments. LO: If we go forward with idea of a quarterly budget, how does that impact capital expenditures? Do we wait as long as possible to do them? KM: Don't think capital expenditures need to be looked at. Will be depreciated over time. The issue is "Can we afford to use this money?" GM: The produce cooler will be on the balance sheet. It should increase sales. We will close for two days to install the cooler in mid December. Would love to invest in perishables cooler which would help earn money. GM: I am happy to submit a capital budget quarterly. LO: Can you write a 1Q and 2Q budget for November meeting? GM: Yes, with my best hypothetical projections. KM: We have to put more emphasis on the quarterly balance sheet, quarterly reports, monthly balance sheet and P&L. Use that to peg what happens. GM: Will do 1Q and 2Q budgets with a goal of some version of a balance sheet for the November meeting.

The FC offered to email a reminder to the GM with a list of budget documents needed for the November meeting.

7. Board Calendar:

a) Open Board Seat Discussion: LO: The resignation of Director Morales was a real loss for our Board on a lot of levels. We need a majority of the Board for every meeting. The IVFC Bylaws state that if a seat becomes vacant, the Board can appoint a new Director. We can expand our search outward or consider having a previous board member come back to serve. What is the most responsible way forward? JT: In favor of appointing. Now have even number. LC: Can announce the opening at the Owner Meeting as engaged Owners will be present. LO: Would be good to have potential Directors attend some Board meetings to see how the Board works. JS: Could take applications and then have applicants give their statements at a Board meeting. LO: Will combine ideas in an email and try to make forward momentum. I'm planning to have a debriefing conversation with Director Morales if possible.

LC: Left meeting at 8:20 p.m.

b) Finance Committee/Treasurer's Report: KM: In the previous minutes, I stated I wasn't sure we made enough money to make the principle on our loan. Working with documents provided by the GM, I feel I was wrong about this, largely because of \$110,000 in donations we received in FY 2013 from Project We Own It that I hadn't considered. I've worked on the impact the purchase of our building has on cash flow. It looks like we're doing fine. I wanted to clarify this. GM: Did you see the pro forma we did when we purchased the building? KM: No. Would like to see it. LO: Would like an electronic version as well. GM: Will share with you.

c) Owner Engagement Committee Report: JT: The OEC met on 9/30. We proposed November 21 at 4 p.m. for the annual Owner Meeting. The Board reviewed the agenda provided in the packet. JT: We'll start with an Owner video montage to spotlight our Owners. We're planning a run through of the meeting the week before as this will be the first Owner Meeting via Zoom. LO: Meeting notice needs to be posted 15 working days in advance. JT: Plan to ask Owners to contribute spotlight picture or a short video. Jillian will compile all the images in a montage. I need a boilerplate and legal language to obtain photo release. GM: Can I get owner meeting email saying what I need to handle? JT: Will do that. JT: Would like all images by the November 7th. LO: It would be great to have a specific Owner Meeting email go out. GM: Will offer spotlight to workers, too. Would LO like to promote Owner Meeting at upcoming IVCN meeting.? JS: What is the vision for the breakout session? LO: Owners break into groups (with one Board member in each) and give any comments or feedback. LO: Will send copy of meeting agenda to GM. LO/JT will coordinate other details over email.

Motion to approve the the Annual Meeting Agenda as presented: LO Second: KM Passed: 4-0-0

d) 2020 Annual Owner Meeting: See above, OEC Committee Report.

e) GM Evaluation Committee Report: LO/JS planned phone call this Saturday regarding updates. LO has consultant in mind to finalize direction we're moving in.

8. Meeting Scheduling

a) November Board of Directors Meeting: Wednesday, November 18, 2020, at 6:30 p.m.

b) October Executive Session: tbd

Meeting adjourned: 9:00 p.m.

*Minutes taken by Janet Stich, Corporate Secretary
Minutes approved as of 10/26/20 by the Board of Directors
Meeting held online due to Covid-19 restrictions/requirements*