

**THE ISLA VISTA FOOD COOPERATIVE**  
**Board of Directors Meeting Minutes**  
**Wednesday September 20, 2023 at 6:30pm**  
Held online via Zoom

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Directors Present: Lisa Oglesby (LO), Jillian Tempesta (JT), Megan Ashley (MA), Tyler Marton (TM), Nadia Abushanab (NA)

Staff Present: Hernan Cornejo (GM)

Owners/Community Present: Matt Richards (MR), Eric Shug (ES)

*Meeting begins 6:35 pm*

1) Approval of Agenda for September 20, 2023 Meeting:

***Motion: To approve agenda for September 20, 2023 meeting as presented.***

***LO/MA 4-0-0***

2) Announcements & Owner Input:

The IVFC will be present at the Goleta Lemon Festival September 30 and October 1!

MR let us know that IV Market's deli has been out of commission for five months. MR noted that the patio bar-top is starting to weather and should be sanded and sealed, and that there is a discarded display cart near the dumpster that is acquiring trash and flies. The GM replied that one of the bar-tops will be removed by our contractor next week; he will also ask him to sand the surfaces and disassemble the display cart and put it in the dumpster. The wooden surfaces will be stained.

3) Approval of August 16, 2023 Board of Directors Meeting Minutes:

***Motion: To approve minutes for August 16, 2023 meeting as presented.***

***LO/MA 4-0-0***

4) Board Calendar & Reporting

a) Finance Committee/Treasurer's Report:

TM reported that sales were even lower than expected. The budgeted income was \$307,000. We knew we would be under, but we came in much lower at \$210,837. Gross profit is \$63,420. With expenses, net income is -\$67,115. Cash on hand dropped about \$100,000. We knew there would be very few people in IV this summer, but there were even fewer than anticipated. UCSB starts again on September 28. We will continue to monitor sales closely and update our projects and strategies. LO added that the GM and workers have been running the store with as few expenses as possible to compensate. At best, sales were at 75% of where they needed to be.

The IVFC is actively looking for more business-to-business customers to help the topline sales number. If anyone knows of any business that need to stock food or household items that the IVFC can provide, please connect them with the B2B Manager.

b) Owner Engagement Committee Report:

Thanks to everyone who signed up for Lemon Festival shifts! We have coverage for every shift, and two directors on Sunday. If you have availability on Saturday, please jump in. LO will be taking over the OEC in October since JT will be out of the country. A sign-up sheet for October tabling will follow.

LO proposed tabling with owners since they are great peer-to-peer advocates to enroll shoppers who may not be owners yet.

*Nadia Abushanab entered at 7:01 pm*

c) Grimmway/Bolthouse Boycott Discussion:

There has been a call for a boycott of Bolthouse & Grimmway Farms due to water disputes in the Cuyama Valley. Since our last meeting, LO has been contacted by two owners in support of a boycott of those farms.

These farms are the largest and therefore are the biggest water users in the valley. The 2014 Sustainable Groundwater Management Act has pumping restrictions for the central part of the basin. This is where most people live and where farms, including Bolthouse and Grimmway, are located. Both companies have said they will abide by the sustainability plan of 5% reductions in pumping per year.

Grimmway and Bolthouse claim other water users have not complied with the reductions and have brought a lawsuit against all water users in the basin (which they say is required by CA law). Some accuse Grimmway and Bolthouse of trying to get better water rights deals through the adjudication process - and that the 2021 lawsuit brought by both companies is asking a judge to assign specific water rights to each pumper. Grimmway and Bolthouse argue that groundwater rights should be reviewed through the adjudication process to protect their right to pump water and to ensure sustainability of the entire basin.

There are a pair of bills in proposed to address the process, Assembly Bills 560 and 779, which are supported by the Cuyama Valley Community Association.

Non-compliance by anyone in the valley threatens everyone in the valley per the 2016 Sustainability Plan.

There followed a discussion about the various parties involved and the complications of the issues. A few of these complications include water, small business vs. larger business, issues affecting local farmers and the IVFC's producers.

These are all areas where priorities we have intersect and overlap, e.g., Healthy Food For All (the accessibility of bagged baby carrots), Environmental Stewardship (sustainable water usage), Local Food System Support (sourcing carrots from Cuyama and supporting all other smaller producers in the valley).

JT suggested a small sign with a QR code that links to more info on our website. TM and NA agree. This seems to be the consensus.

*Eric Shug entered at 7:26 pm*

The Board determined that LO and the GM would draft a memo for Board review.

d) Letter to Owners & Community:

LO shared a draft of a letter to the owners as a call to action to help support the IVFC. The goal is to send this at the end of the week.

e) Board Vacancy Discussion:

In due diligence, the Board had decided to let unelected candidates know about the vacancy. Sophie Pullen has not responded. At the conclusion of the election, Paul Mocker said that he would not be able to fulfill the commitment. Eric Shug is still available and interested.

***Motion: To appoint Eric Shug into the vacancy for the Group 2 term (2023-2024).***

***LO/TM 5-0-0***

f) 8<sup>th</sup> Cooperative Principle Discussion:

The Board has agreed that we want to lead in the adoption of an 8<sup>th</sup> Principle, but we have not yet concluded how it should be expressed. The Board discussed the nuances of wording this principle that was decided by Board motion.

***Motion: To adopt the 8<sup>th</sup> Cooperative Principle of Diversity, Equity and Inclusion: Cooperatives value diversity, equity, and inclusion and actively embrace them in our operations and governance practices.***

***NA/ES 6-0-0***

g) 2023 Bylaws Revision Update:

Tuttle Law Group responded with some questions about wording and substance. The Committee still anticipates having it for approval at the next Board meeting, to have ready in advance of the Annual Owner Meeting later this fall.

The GM brought up that the IVFC may have to surrender a portion of inactive owner equity to the state. LO will follow up with the attorney to ensure the bylaws are consistent with policy.

h) Board Projects 2023 Check-In:

The Board has decided to check in on other projects in October in order to focus on the Owner Drive and the Annual Owner Meeting.

#### 5) GM Reporting

##### General:

Gross profits were 33% below 2022 and 43% below budget. We expected about 540 customers per day but received just over 300. The outlook is negative until customer count increases.

##### HR/Staffing:

We are maintaining reduced operating hours. Expanded store hours are anticipated in October. Three managers have resigned for new career/education opportunities, one of whom will be leaving at the end of the year.

##### Departmental Highlights:

Please help promote our online Special Order program! Through special orders, our customers have access to most products carried by our wholesale partners, 7x more than what we have available at any given time.

##### Marketing/Outreach:

The Lemon Festival approaches! This event draws 7,000 people per day. Co-palooza starts in October, all events will support the October Owner Drive.

##### Maintenance and Repairs:

The IVFC has had two main issues this past month. First, the freezer is not able to remain below 10 degrees F. This cannot keep ice cream solid but is fine for other frozen foods. Although Board authorization may be not required, the GM would like to have a motion for approval passed, considering our tight cash situation, to ensure the decision has the blessing of the owners.

The second issue was the IVFC's recent property inspection. The insurance company is compelling us to perform repairs to the back patio and walkways behind the shed, where cracks in the concrete are visible, as well as unevenness in the terrain caused by a sinkhole aggravated by the heavy rains this year. A potential tax credit for emergency declarations may be available for the amount of repairs. The GM will engage in the repairs by December 2023.

***Motion: To approve the GM to expense \$5,200.00 for the freezer compressor replacement and install, and gas for unit."***

***TM/MA 6-0-0***

##### Membership:

The IVFC is rolling out a pilot program with a new system of incentives for members that offers 2x-5x points based on the size of the basket. After analyzing its impact for 30 days, the IVFC will decide whether to adopt it permanently.

#### Financial Updates:

As of 9/18/2023, our balance in the primary accounts (checking + savings) is \$58,100. In a quest to cut expenses, increase income streams and find possible financial aid, the GM found that we have an unclaimed credit from Q3 (Employment Retention Tax Credit due to Covid) in the amount of \$122,000. The GM is working with Paychex to have that amount applied to our monthly payroll taxes for approximately 18 months (or until full credit has been used).

The GM met with the Small Business Administration because he was investigating a loan that would be placed in savings as a line of credit and then returned. The interest is way below what we would pay with a credit card. Although the time for filing is still open, the funds have been exhausted.

#### Insurance:

The IVFC have received quotes from new carriers and we are moving out of the current policies by 10/01/2023. Savings in premium estimated at 15%-20% with a CA licensed insurer, one third of current deductibles, better coverage and less exclusions.

MR asked if the GM was aware of the IV Market deli issues. The GM responded that they were shut down because they did not use the right materials for the flooring and walls. MR also asked if the talent show was employees-only, which it is.

***Motion: To remove George Boulous from all IVFC accounts at Mechanics Bank, and to add Sadie McDade as an authorized check signer for the IVFC accounts at Mechanics Bank.***

***LO/JT 6-0-0***

#### 6) Upcoming Meetings

- a) Finance Committee meeting: TBD, will schedule over email
- b) Owner Engagement Committee meeting: TBD, will schedule over email
- c) October Board of Directors meeting: October 18th at 6:30pm
- d) 2023 Annual Owner Meeting: Sunday November 12<sup>th</sup> at 4pm

*All guests leave meeting, Board and GM enter closed session at 9:20 pm*

#### 7) Closed Session

*Meeting adjourned 9:24 pm*

*Minutes taken by Board Secretary, Jillian Tempesta.*

*Minutes approved by Board motion on October 18, 2023.*