

THE ISLA VISTA FOOD COOPERATIVE
Board of Directors Meeting Minutes
Wednesday, June 16, 2021
Held via Zoom Videoconference

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

Directors Absent: None

Staff Present: None

Owners/Community Present: Matthew Strezpek (MS), Linda Saldoval (LS), Rebecca Roberts (RR), Ethan Bertrand (EB)

Meeting start time: 6:33 p.m.

1. Approval of Board of Directors Meeting Agenda for June 16, 2021:

***Motion to approve the Board of Directors Meeting Agenda for June 16, 2021 as presented: LO
Second: RC Passed: 6-0-0***

2. Owner Input and Announcements: JT: There is now a community refrigerator in IV. One can follow on Instagram. LO: It's like a free library but for food. CN: It's located at the Manley House Cooperative on Cervantes Road.

3. Approval of May 19, 2021 Board Meeting Minutes:

JS: Correct typo of Director Nunn's name in the "Directors Present" on page 1.

***Motion to approve the May 19, 2021 Board of Directors meeting minutes as amended: JT
Second: RC Passed: 6-0-0***

4. Recording of Email Motion: On May 31, 2021, the Board passed the following motion by e-mail vote:

Motion to remove Sarah Moloney from all IVFC bank accounts at Mechanics Bank and to update the list of check signers on the Mechanics account to be Kent McClard (Board Treasurer), Lisa Oglesby (Board President), Stephen Snyder (IVFC staff), Jess Lizardo (IVFC staff), George Boulos (IVFC staff), and Dana Hurt (IVFC staff): LO Second: RC Passed: 6-0-0

5. Board Reporting to Owners:

a) Board President Report: Please refer to the written "Board President Report to IVFC Owners" in the Board packet. LO: I will hit the highlights of my written Board President Report. In previous meetings, you have heard about how we are moving forward on the items in the report.

The Board hired Mark Mulcahy to a twelve-week Interim General Manager position. He assessed our current position and worked on areas that required attention. He met with the Board on a weekly basis. In tandem with the IGM, Brittany Baird, a Columinate consultant also looked at operations and governance. She identified areas where we could improve. Most work so far has been done in operations, strengthening and improving our financial condition and improving how the co-op works overall as a store. The Board has become much more educated about what is currently happening at the cooperative. B. Baird made several suggestions regarding the Board strengthening its role of accountability and oversight. The Board will pivot and begin work on these once a new GM is in place.

Regarding the hiring of a new GM, we are getting applications from the job postings and the process is moving forward.

The co-op was in difficult financial shape before the pandemic and now even more so. The Board included a letter to Owners in the store's e-news. We are asking for people to join, support and put the word out on our co-op. We are doing all we can to be sure we have a store that is high-functioning. Now that California is open, we hope the community will again feel comfortable coming in.

b) Finance Committee/Treasurer's Report: Please refer to the IVFC Treasurer's Report in the Board packet. KM: LO and I met with our bookkeeper today and were told there will be some changes to the numbers in my report due to some last minute updates to the month. I now have access to Quickbooks directly and can generate my own reports which will be a great help. I made a math error on one of the reports I submitted, namely that we have lost \$144,000 year to date, not \$129,000. Overall, though the financials are good for the first time this year. We have started to grow cash. It will make a huge difference if we can keep this momentum going. Our PPP loan forgiveness was very important to us. Our cash on hand includes the \$175,000 from this loan. Without this, we would be negative \$60,000 (plus/minus), which would have initiated difficult decisions.

I created this new YTD Income Statement Summary report for the staff and the Board which includes the MML (margin minus labor). In both B. Baird's and the NCG's reports, the MML is identified as an important indicator. Goal MML is 15-18% Hopefully we will continue toward getting there. We would also like to have \$150,000 in cash on hand. Reviewing B. Baird's and the NCG's reports, we can see we often have much less. Bare minimum is \$100,000. I am presenting these numbers/sheets to the staff. I would like to see that all information given to the Board is also given to the staff.

LO: I echo noting the internal strengthening that we have been trying to start during the IGM's tenure. There were a number of challenges that arose, but now we see, in May and also in June, the importance of refreshed leadership. We also see that the IVFC team has done their absolute best. They have been phenomenal and resilient during the pandemic. The May numbers are a huge success. This is great work. This is what we have to keep up through the summer. KM: IF we can maintain this, we might not necessarily have to refinance as this might not be an easy task to do. If we can maintain our cash, we don't necessarily have to refinance. LO: One of the best ways is to increase the Owners equity by signing up new Owners, offering prepay and other strategies.

JT: What are the factors that led to the positive cash? LO: Basically, increased sales and decreased expenses. The "3 Day Fave" sales have been a boost especially to basket size. It is mostly improved operations. KM: A decrease in labor is one of the main reasons. Also, next month we will not be paying an IGM or a consultant large sums of money. A lot of the losses in other months are not related to sales. For instance, in January we lost \$40,000 which included the taxes we had to pay. In March, we had several long-term employees leave the co-op who took all their vacation time, etc. Also, some of the earlier months' losses were increased due to unusual circumstances or the way they fell on the calendar.

RC: Cash at end of previous month was \$92,000 and at the end of this month is \$118,000. What is the relationship here? KM: There is no mathematic relationship between these numbers and income gain as one has to factor in depreciation, capital purchases, member equity gain/loss and other things that are not directly reported on the P&L. We do grow cash by having an income gain, but that growth doesn't exactly equal the income growth due to these other factors.

Question: Our operating expenses were much less this month compared to last. This is how we were able to make money. How is this possible? KM: There are several differences to how costs were

documented between these two months. For instance, when we pay our IGM, he's paid as a consultant which is an operating expense rather than salary. There are also some large expenditures, for example legal costs, that are unusual and lead to swings between two months. LO: If you look at a broken out P&L, you will see something there that is significant, e.g. a repair, or a large purchase that can swing something on the P&L. We know we're going to pay it sometime during the year, but this is where it landed. KM: It's one of B. Baird's recommendations that we switch to accrual accounting which would even out some of these expenses. In accrual accounting, our insurance payment for instance, would be spread out over twelve months rather than showing up on the P&L once a year.

MS: Thank you for your good work during the past month. Last meeting you spoke of applying for a Santa Barbara Foundation grant and possibly others. LO: We are looking into finalizing the application for the SBF grant. I have also spoken with our bank and they are comfortable with our applying for an EIDL loan. We are in a good position to take advantage of a few things. We will be assessing what we will be using to cover the downtime over the summer. UCSB is expecting students to return this Fall so we are expecting in mid-September-October a regular capacity at UCSB. We are now getting ready to handle these Fall months which are a boon to us. Bringing in a GM over summer would help to get us up to speed on this. Again, if people become aware of local grants, please let us know...but really, just shop the co-op.

c) Ownership Reporting: Please refer to Board Packet for Owner Points Balance Report. This has been a very successful program. We have a high redemption rate of points with Owners getting their cash back at the co-op. This shows us the Owners are engaging at the co-op. Between April and May we grew our Owners and our Inactive Owners a bit. You can see in the Equity Report the sum of equity for all Owners the co-op has on the books. These are reported on every month.

LO: We are planning an ownership drive in the Fall. JT: We could initiate a "Buddy Week-End," with an incentive offered to bring a buddy in and sign them up.

d) June 15th Reopening: The announcement the IVFC posted about California reopening and about the mask mandate for the store is included in the packet (pg. 15). This information is accurate for what was happening on the 15th. SB County Public Health is meeting this week after which they may or may not change the guidelines. We will follow SB County's COVID guidelines. Currently if a customer is not vaccinated, they are required to wear a mask. Cashiers will not ask shoppers if they are vaccinated. SB County has a high rate of vaccination and a low rate of infection. The store is clean and well ventilated. Most shoppers are still sanitizing and masking. The goal is for a low-risk environment in the store. We are aiming for July to open the patio and to extend store hours.

RC: Are we requiring our staff to use masks or is the County? Masks are currently required for employees at work. We are expecting SB County to uphold that. CN: Right now, the projected date for food and grocery workers to not have to wear masks is 7/31/21. MS: Cal OSHA will also be providing guidelines.

e) NCG 2020 Participation Report: LO: Please refer to the 2020 NCG Participation Report in the Board packet. I had a phone call with two development-support people for the Western Corridor of the NCG. They offered to walk the Board through the report in a future meeting. The report is formatted for a fiscal year from January to January. This is not our FY, which is October to September, so the numbers are a little skewed. The categories in the report do show areas for improvement as well as areas in which we did well.. KM: A lot of the message of this report is what is also in B. Baird's report (e.g. MML, cash on hand). If one has any doubt, these two reports really tell the same story. LO: The NCG report helps to see where our co-op functions in comparison with other co-ops. I'm happy to put this on the next agenda for those that didn't have a chance to read the report and ask questions. If you have any questions, email board@islavista.coop.

6. Board Calendar:

a) GM Search Committee: LO: The job summary is on the website. I attended the CCMA Conference and posted the job on their specific job board as well as other job sites. I have received a number of applications, have done a number of interviews and will continue this week with initial and follow-up interviews. We are moving along in the process. William Deal from the NCG offered his support by sitting in on any second interviews for candidates. He has a background that will benefit us (financial acumen, etc.) and has done this many times before with other co-ops. The NCG is here to help us and they know you have to support governance if you want a good co-op.

b) Board Committees Update: Board committee work is currently on hold while the Board is engaged in the General Manager Hiring Committee. JT: This maybe good time to get in touch with the Outreach Coordinator to begin planning for the upcoming Owner Drive. LO: Now is a great time to start planning for this as well as the student influx. Tastings are beginning again. JT: Since tastings are outside, we could have a Board member there to answer any questions. It would also be great to have a "Welcome Back" event. LO: Great idea which could be made safe for everyone. JT: It could be a grab-and-go or something similar. I will email the Board to see who would like to join the Owner Outreach Committee.

7. Meeting Scheduling:

a) July Board of Directors Meeting: July 21, 2021 at 6:30 p.m.

b) New Director Training Meeting: tbd

LO: On the IVFC calendar there are some great events coming up: Ice cream tasting on 6/21 with 10% off ice cream, the combo deal returning and a Juneteenth celebration. It'll be great to see more events on the calendar when we're able to open up more.

On Board training, I will send out an email about what I would like to cover.

Thank you to the Owners and community members that joined our meeting. Let us know if you have any feedback on the contents of the Board packet when you get a chance to read it. I'm grateful we have the level of support we have. Thank you to all that have offered to help.

Meeting adjourned: 7:34 p.m.

8. Closed Session

Closed Session adjourned: 8:33 p.m.

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