

**La Montanita Food Cooperative
Board of Directors Meeting Minutes
April 15, 2014 – 5:30 pm**

Board Present: Martha Whitman, Marshall Kovitz, Ariana Marchello, Jake Garrity, Susan McAllister, Lisa Banwarth-Kuhn, Jessica Rowland, Leah Roco, Betsy VanLeit (outgoing)

Board Absent: None

Also Present: Deborah Good (admin assistant), Terry Bowling (General Manager), Jennifer Cornish (facilitator), Tracy Sprouls (advisory board member), David Hurley (research assistant), John Mulle (staff), Sharret Rose (staff), Michelle Franklin (staff), Steve Warshawer (staff), Roger Eldridge (member), Dianne Layden (member/researcher)

The meeting started at 5:33 p.m. at the Immanuel Presbyterian Church in Albuquerque. Jennifer Cornish facilitated and Deborah Good took notes.

1. Welcome – food & refreshment

Issues Raised: None

Actions Taken: None

Actions Required: None

2. Approve the Agenda

Issues Raised: Ariana moves and Jake seconds to approve the agenda.

Actions Taken: The agenda is approved unanimously.

Actions Required: None

3. Member Comments

Issues Raised:

- Betsy VanLeit has made the decision to resign from the Board after five and a half years. The Board affirms her for her contributions and gives her a card. Betsy shares her thanks and reflections.
- A member shares that she and 3 board members presented on cooperatives and La Montanita at the recent Western Social Sciences Association Conference. Member states she was proud to be associated with La Montanita.
- No emails to report.

Actions Taken: None

Actions Required: None

4. Consent Agenda

- a. Board Minutes March 2014
- b. Member Engagement Committee Minutes – March 24
- c. Board Development Committee Minutes - March 10 & 25

Issues Raised: Leah moves and Martha seconds to approve the consent agenda.

Actions Taken: The consent agenda is approved unanimously.

Actions Required: None

5. Management Monitoring Reports – X3 – Financial Condition

Issues Raised:

- Ariana moves and Jessica seconds to approve the report.
- Terry:
 - During the second quarter (Dec 2013-Feb 2014), December was the toughest month, largely due to final expenses related to the Westside store.
 - Inaccurate inventory has been a problem. Terry is working with others in co-op management to develop a standard inventory procedure to increase accuracy and consistency across all stores.
 - It was a good quarter for all stores, except for losses at the Westside store. There are signs of improvement: The week before last was the best we've had there.
 - CDC also lost money this quarter.
 - Despite losses at those two sites, I am still happy with net gains and proud of the co-op staff and management for doing well with the challenges of the past six months.
- Discussion:
 - Board comment: The Board has asked that Terry informally report each month on his progress on improving reporting—establishing baselines and measurements for assessing compliance with policies.
 - Board question: Is there anything we as the board can help with to support the CDC? CDC staff response: You can spread the word that we are the premier natural and local foods distributor in the state of New Mexico, and send customers (e.g. restaurants) our way.
 - Question: Is there a paragraph on the website that describes what you do? CDC staff response: The CDC has its own website, which explains its purpose and activities: <http://coopdistribution.coop/>
 - One comment for the Monitoring Checksheet: “The Board requests Terry give a very brief report on progress in improving his ends reporting at the Board’s monthly meetings.”

Actions Taken: Passes unanimously

Actions Required: None

6. Board Study – Food Hubs

Issues Raised: See Appendix A

Actions Taken: None

Actions Required: None

7. GM Compensation Process

Issues Raised:

- With the goal of being as objective as possible in determining compensation for the GM every four years, the La Montanita Board follows a process developed by CDS. In preparation for this meeting, Board members read an article describing the process.
- According to the process outlined by CDS, the Board creates criteria, and then the GM responds with a proposal. It is important that the GM’s salary be fair and consistent with the market. The GM is to research what GM compensation looks like in the state and nationally, and then present it to the Board in the proposal.
- The first half of the process is very transparent. The second half, which includes discussion of actual compensation, is done by Board members in executive session and is confidential.
- The first step (between now and next meeting) is for individual board members to engage in self-evaluation and reflection on his/her personal perspectives and “baggage” related to money, in preparation for discussing compensation more objectively.

- There will be no study hour at the May Board meeting to allow enough time for the process.
Actions Taken: None
Actions Required: None

8. Board Functioning – All

Issues Raised:

- Earth Day event on April 27. The schedule for Board members to table is in place.
- Board Self-Evaluation: The average self-evaluation scores for all policies exceeded the required 3.5 score. Comments made on the survey included:
 - Some Board members appeared to be not aware of the Board calendar. The calendar is Section 8 of the Board of Director’s Handbook, saved on the Sharepoint website.
 - Another comment was about not feeling comfortable—as a board member but not the president—making comments on the CGN discussion groups. Board members should feel free to post comments but with good judgment.
- Upcoming committee meetings:
 - Member Engagement, Monday April 21st, at 5:30 at CDC
 - Board Development, Tuesday, April 22nd, 5:30 at Martha's
 - Finance, Wednesday, April 23rd, 5:15 at CDC

Actions Taken: None

Actions Required: None

9. Administrative Assistant Duties

Issues Raised: See Task List

Actions Taken: None

Actions Required: None

10. Meeting Evaluation

Issues Raised: No comments

Actions Taken: None

Actions Required: None

11. Next Meeting Agenda Construction

Issues Raised:

- Continue with the GM compensation process.
- Vote on the proposal outlining the CPA’s scope of work.

Actions Taken: None

Actions Required: None

12. Adjourn Regular Session

Issues Raised: None

Actions Taken: Meeting adjourned at 7:40pm, followed by an executive session.

Actions Required: None

ATTACHMENT A: BOARD STUDY

La Montanita Food Co-op
Board of Directors Meeting – April 15, 2014

Topic – Food Hubs

Guest: Steve Warshawer

Goal for discussion: Food hubs are increasingly a hot topic nationally. The goal of this study hour is to increase our familiarity with the concept and with La Montanita’s position in the “hub world.”

Presentation by Steve Warshawer:

- Steve introduces himself as a co-op staff member whose job it is to build the CDC’s supplier base and foodshed partners. In the process, he also does a lot of work, in collaboration with others, to identify and address opportunities for success, as well as barriers to success. This has included policy-level and national coordination efforts to make changes once identifying common barriers.

What are food hubs?

- Food hubs are a strategy to help build supply chains around local and regional food. There are many types of hubs with different functions. An individual hub typically doesn’t “do it all” so hubs connect to each other, which is something La Montanita has tried to do. This is called “hubbing.”
- La Montanita has been acting as a “food hub” since before food hubs were a hot topic.
- The USDA and its Agricultural Marketing Service (AMS) are interested in hubs. The USDA has done a lot of research on food hubs. We are a case study in their resource guide. The Wallace Center has been a key partner with the USDA in forming a national collaboration. The Michigan State University Center for Regional Food Systems is also an active player.
- When a small to mid-sized producer tries to bring product to a large-scale supply chain (geared for scale and consistency), it is a mismatch. The producer runs into all kinds of regulations they can’t meet. Food hubs are the intermediaries that helps problem-solve how to get product ready for a large-scale supply chain like Costco or Whole Foods. This can take a variety of forms. An example of a “first-mile aggregation” (food hub function): providing a shared storage facility for a number of small farmers. An example of a function food hubs can play later in the chain: aggregating product from multiple small producers and distributing it to large-scale buyers.
- Hubs start in a variety of ways and forms – about half are for-profit, half are non-profit. Some are focused on a particular product type (e.g. meat). About half are retail, half are wholesale.

Discussion:

Question: I’m a little surprised that the USDA is supporting and studying small and midsize farms. How did that happen? Is there a champion there?

- The Transportation and Marketing Department in AMS has played a key role.
- Tom Vilsack, Secretary of Agriculture, has had an eye on rural communities.
- I also think the economic meltdown in 2008 changed the playing field. Local food used to be an ideology; now it’s common sense. Economic development now has a local and regional food focus, including efforts in distribution and supply chain development.

Question: What is an example of how hubs connect with each other?

- We were part of a meeting in January that included a small producer co-op, a potato grower-packer, Scaarsgard Farms, and Arkansas Valley Organic Growers in Colorado – four different entities, each with a different locale and strength. The four discussed what each had to offer, and what each was in need of, and made several connections. For example, two of the groups have access to space in abandoned school buildings. They need to be in contact with their markets to decide what they should do as producer groups to utilize the space.
- Each person in the conversation could say here's what we've learned, here's what we're good at. Does any of that help you? These are problem-solving conversations.
- Could we coordinate production from south to north through the region so that we can provide a year-round supply of certain types of produce?
- Or a certain hub could help develop a system for helping others get certified, if they already know how to do that.
- It is harder to coordinate across the nonprofit – business line. La Montanita has a natural affinity to coordinating with other hubs that are businesses. Goals and concerns are different for grant-funded organizations.

Question: Are the large supply chains (e.g. Cisco) a threat to the food hub supply chains? Do you think they might find ways to buy up the chains and profit from them?

The hubs evolved to complete the chain that the large food world couldn't complete itself. There were many failed Cisco local initiatives. They hurt more farmers than they helped, and they didn't succeed in getting local product to customers. I see the strength of local and regional food as mitigating the weaknesses of the large-scale enterprises.

- A very helpful report—*Solving Local*—is worth reading. The study asks, How do hubs engage the largest of the food system players? The large players can't relate to small and local, so I don't see them as a threat. Perhaps the greater threat is the commodity farmers.
- Value chain approach: Every link in the chain gets appropriately compensated. Everyone succeeds or no one does. Walmart, in contrast, puts their suppliers out of business.
- What came out of the recession was the need to create locally accountable jobs. Post-recession job growth has been mostly in small enterprises (businesses of 1-10 employees).
- I'm optimistic. We are changing the food system, and the large enterprises are starting to follow us.
- Management is the glaring weakness in new wave of hubs. There is a need for improved understanding of governance.

Question: What about commodity farmers who are shifting back to growing multiple products?

- The strength of a partner like that in a hub situation is that they have developed a specialization; they are not trying to be the entire chain. They tend to be very comfortable partnering. They see their job as growing the product. They are looking for hubs to help with the other steps, e.g. distribution.

Question: Farm-to-school initiatives – Is that a place for food hubs to look for larger distribution?

- The farm-to-school market is what has driven food hubs in New Mexico, although more nonprofits are involved than businesses. There is a USDA component and recognition that this market opportunity is important; there is grant money for food-to-school initiatives in the Farm Bill. (There is work being done on procurement code for the grant program. The USDA is full of these competitive grant programs.)
- The challenges of supplying public schools are very different (and more difficult) than supplying universities with privately contracted cafeterias.
- People are more aware again that food and health are connected. The public health world has been spreading the message. The specialty crop world is recognizing the role of small producers and farmers markets as important in health.

Question: What happens after the change of administration? What will survive a significant political change?

- Those in the trenches who are doing the work are not appointees and will be there after an administration change. There are programs embedded in governmental departments; it is not just politics being expounded by appointees.

Steve's Final Comments:

- In the end, La Montanita must ask what our strengths are, and then leverage those. There are lots of opportunities out there that can distract us and spread us thin. For example, we would not tend to pursue farm-to-school opportunities because these does not play on our strengths. We are a diverse hub with a desire to relate to other hubs. It is important for us to identify the opportunities emerging in the growing hub world that are consistent with who we are, and pursue those.

Final Reflections for Board and Guests:

- Board comment: I'd be glad for more specific examples of what the CDC does. I know some but would be glad to know more. (This could be the content of another study hour.)
- Staff comment: In the book *Good to Great* by Jim Collins, he writes about Hedgehog theory – not getting distracted by all the shiny balls but really figuring out what you do well.
- Board comment: I think the board tends to see shiny balls that we get excited about pursuing because the staff makes everything look so easy. We can't tell what's actually going on. This was a good picture tonight of how significant La Montanita has been, and a good reminder to focus on what we do well, instead of asking why don't we do more.
- Board comment: The materials we read made me wonder where we are going to be in 5, 10 years. I remember at one point Terry saying the warehouse needed to get bigger, and then it moved to a larger space. We as a board need to think about where the CDC will be in 5-10 years. Will it be independent of the co-op? Will it be bigger? CDC could become so much bigger than the stores.
- A theme we will be discussing at the Board retreat: What is the future inviting us to do?
- CDC Staff comment: The CDC has been actively engaging in conversation about our roles in the next 3-5 years.