

**La Montanita Food Cooperative  
Board of Directors Meeting Minutes  
September 16, 2014 – 5:30 pm**

**Board Present:** Marshall Kovitz, Ariana Marchello, Lisa Banwarth-Kuhn, Jessica Rowland, Leah Roco, Tracy Sprouls, Rosemary Romero

**Board Absent:** Martha Whitman, Jake Garrity

**Also Present:** Jennifer Cornish (facilitator), Deborah Good (admin assistant), David Hurley (research assistant), John Mulle (staff), Sharret Rose (staff), Dianne Layden (member/researcher), Hanh Nguyen (member), Louisa Barkalow (guest for Board Study)

The meeting started at 5:31 p.m. at the Immanuel Presbyterian Church in Albuquerque. Jennifer Cornish facilitated and Deborah Good took notes.

**1. Welcome – food & refreshment**

Issues Raised: No new visitors

Actions Taken: None

Actions Required: None

**2. Approve the Agenda**

Issues Raised:

- Ariana moves and Leah seconds to approve the agenda.

Actions Taken: The agenda is approved unanimously.

Actions Required: None

**3. Member Comments**

Issues Raised:

- Is there follow-up on the women's concerns raised at last month's meeting?
  - They had a letter published in the co-op newsletter, which got response into the Board's email, and those responses will be published as letters in the next newsletter.
  - A board member reports an hour-long phone conversation with one of the women in which they explored alternatives if she wanted to pursue further actions. She expressed gratitude for the call.

Actions Taken: None

Actions Required: None

**4. Consent Agenda**

- a. Board Minutes August 2014
- b. Member Engagement Committee Minutes – August 16<sup>th</sup>
- c. Board Development Committee Minutes – August 26<sup>th</sup> & September 4<sup>th</sup>
- d. Finance Committee Minutes – August 27<sup>th</sup>
- e. Policy Development Proposal - Marshall

Issues Raised:

- Lisa moves and Marshall seconds to approve the consent agenda.

- The Policy Development Proposal is about moving some of the General Manager's reporting to different months; not substantive changes. Changes are based on recommendations from Terry.

Actions Taken: The consent agenda is approved unanimously.

Actions Required: Deborah will make changes to the reporting schedule in the board policy manual and the monitoring check sheet, per the proposal.

## **5. Annual Meeting Agenda Proposal - Marshall**

Issues Raised:

- Leah moves and Tracy seconds to approve the proposal.
- A board member provides a brief introduction to the agenda. There is no further discussion.

Actions Taken: The annual meeting agenda proposal is approved unanimously

Actions Required: None

## **6. Board Study - Community Wealth Building - David**

Issues Raised: See Appendix A

Actions Taken: None

Actions Required: None

## **7. Board Functioning – All**

Issues Raised:

- Board minutes – Do we want to continue posting the Board meeting minutes on the co-op's website? We are in a competitive environment; we need to be cautious with the kind of information we make public. Simultaneously, we want to maintain appropriate levels of transparency. Discussion:
  - The General Manager (who is not present) has expressed that it is important to not publish information that would be beneficial to competitors; this includes any detailed financial information. The board and administrative assistant will need further clarification from Terry regarding what information should be considered propriety and therefore not be made public.
  - Those present discuss various options including:
    - A. Continuing to post minutes on the website, but request from Terry clearer guidelines regarding proprietary vs. public information.
    - B. Post only a summary of the minutes on the website.
    - C. Post an edited version of the minutes on the website – although this idea is considered problematic in that there would then be more than one version of the minutes, creating potential confusion.
    - D. Do not post the minutes, but make them available to members who make a specific request – although this would not safeguard the minutes from competitors, who could easily join the co-op as members and request a copy of the minutes.
  - After discussion, the Board decides on option 'A' above. Marshall will talk to Terry about what guidelines the administrative assistant should use in writing the minutes and board members should use in reviewing and approving the minutes, in order to avoid making information public that should not be.

- Update to Self-Evaluation Survey process – Deborah (administrative assistant) explains she is hoping to start using Survey Monkey for administering the self-evaluation survey, instead of Sharepoint. Some logistics are still being worked out. It may be necessary for the Board to pay for a Survey Monkey account separate from the co-op’s account.
- Patronage Dividend Newsletter article
  - This letter is due shortly after the November board meeting, which is when the board votes on the dividend. Last year’s letter exists and would likely need few changes. Tracy volunteers to draft the letter using last year’s version as a template.
- Possible retreat dates – Jennifer facilitates a poll. February 7, 2014, and March 7, 2014, suited all present. Board members are to hold these dates.
- Committee Dates:
  - Member Engagement, 10/7/14, at 5:30pm
- Annual GM Evaluation – The usual process is that a committee drafts the letter based on the Monitoring Reports and Check Sheet and sends it to an attorney for review. The committee will include board officers (Martha, Marshall, Ariana). Others should email them if interested in being part of the committee.

Actions Taken: None

Actions Required: None

#### **8. Administrative Assistant Duties**

Issues Raised: See Task List

Actions Taken: None

Actions Required: None

#### **9. Meeting Evaluation**

Issues Raised:

- The board study was good. The guest made interesting contributions.

Actions Required: None

#### **10. Next Meeting Agenda Construction**

Issues Raised:

- Board Development committee is likely to have a proposal.
- Board will review the report on the First Half of R.

Actions Taken: None

Actions Required: None

#### **11. Adjourn Regular Session**

Issues Raised: Ariana moves and Tracy seconds to adjourn.

Actions Taken: Meeting adjourns at 7:33pm, followed by an executive session.

Actions Required: None

## ATTACHMENT A: BOARD STUDY

La Montanita Food Co-op  
Board of Directors Meeting – September 16, 2014

### **Topic – Community Wealth Building**

**Led by:** David Hurley

**Goal for presentation and discussion:** Discuss ideas from Gar Alperovitz's recent book, *What Then Must We Do?* in preparation for his visit in October.

### **Themes of Discussion:**

#### **1. Our economic system is broken and must be changed.**

- In order to equalize the wealth again, there will have to be changes to the system, but because it is composed of so many interlocking pieces and because the major industries have so much influence over the regulators, we cannot change the system through elections and lobbying. Gar argues that change has rarely happened through policy change and elected leaders. He proposes ground-up strategies for change.
- A major catastrophe or crisis in our society, however, could lead to top-down change.
- In the book, Gar was extolling a combination of private, non-profit, and governmental action.
- Gar says nothing will happen until the pain gets bad enough. Crisis creates change. In the meantime, continue with small steps. But it's also a big unknown what would follow if a crisis does happen.
- Large media outlets form people's mindsets. That is one of the interlocking pieces in the system. We talk about global warming, for example, you are dealing with local, and regional/state, and federal. And their decisions will affect some of the constituents positively and others negatively. Legislators get frozen. Voting can make a difference.
- We need to invest in education from day one. Then hopefully you won't have a population who fall into media traps and will make better decisions as consumers and investors.
- It is possible to build a culture of cooperation. Scandinavia's culture of cooperation has migrated to some other places.

#### **2. Gar's position on socialism was confusing.**

- Gar clearly argued against corporate capitalism, but he also said several times that he didn't like state socialism.
- He talked about promoting little democracies.
- The argument seemed a little disjointed to me. On one side he was calling for system-level change, and then on the other he was calling us to take small steps. I don't remember him talking about socialism in the same derogatory way in past works. Maybe he has become more frustrated.
- I think when he wrote negatively about socialism, he was talking about the form of state socialism that existed in Eastern Europe and Russia.
- It seemed like he was trying to appeal to an audience that would not like putting a hammer and sickle on our flag.
- I think it has to do with centralization. Only a decentralized economic system is going to rebalance the wealth in society. We're talking not about communism, which is highly centralized, but communalism.
- It is systemic change to decentralize and localize. Maybe that's why he's pushing the small, local efforts because through those, decentralization will happen, which is system change.

- It may be a question of scale—large, centralized socialism is problematic. What is effective in the small scale, once you scale it up becomes state socialism.
- Can it scale up temporarily as necessary to complete a project without centralizing power permanently?

**3. While Gar is skeptical, it does seem that policy change is possible.**

- When interest groups form, they can bring policy to the agenda of policymakers. Most policy does happen incrementally. It is interesting to think about what kind of leverage interest groups have when they come together.
- California drives so many changes on their own because of their population and their market. California drove more changes in the automobile industry than the federal government, which really just codified what California had done.
- We do see governors forming partnerships around policy change. Washington has become so ideological. But governors and states' attorney generals are getting together – that's the level now where things are getting done.

**4. What is the role of co-ops in this kind of solution to our problems?**

- Co-ops are local but do scale up as well – NCGA, for example. Gar has always said that co-ops represent part of the solution—they are one model, not the only model.
- Do you see any potential for co-ops aligning with local governments? Sometimes it is like we exist in our own little world. I'm just wondering if there are ways that co-ops could become more of a common alternative, instead of being seen as outside of the mainstream.
- Public banking is a co-op model. There is a lot of interest around that right now. That's a parallel. Our governor is not going to talk about it because it is not in her best interest, but others will talk about it.
- In other areas of the country, co-ops have partnered with local governments. In Burlington, for example, the co-op got a significant break for staying downtown. I think it's happened elsewhere as well.
- There are probably more creative ways that co-ops could interact with governments.
- What about energy and electrical co-operatives? Answer: Those are federal cooperatives, organized under state law. There's an overlay of state utility laws and federal laws that apply.
- Any possibilities for La Montanita?
- La Montanita invests in what we choose to re-invest in. Would it be possible to merge the idea of our member-owned cooperative structure with the banking model structure, which reinvests public money into the community? Maybe through BIDs and TIFs? These are development tools that are public tools, where you would get taxes invested into a pool and those get invested into the local neighborhood – an infrastructure or service. That might be a way to be more publicly involved.
- I actually think something like that is going on in Nob Hill, where local Nob Hill business are paying into a pool. Not sure what it was going to be used for. Not sure how it affects the co-op. Those types of money pools are sometimes used for neighborhood beautification or safety.
- Organic Valley – how do you feel about their operations? They are a large-scale cooperative. Are they in your mind still acting as a “righteous” cooperative or is something lost at that scale?
- Large cooperatives can take actions that are as harmful as large corporations. Examples: Land O'Lakes and Ocean Spray. The Basque Co-operatives were opening up factories that were not part of a cooperatively owned structure. But they closed. Another example, electrical cooperatives – the ones in New Mexico are considered highly corrupt. The co-op model is an economic model, it does not guarantee that it is for noble causes.

- Shopping at La Montanita requires that someone make a decision to benefit the community even if it is less beneficial to our wallet (i.e. shopping at the co-op is generally more expensive). We must make the argument for assisting the community very salient. This takes education.

## 5. Public Banking may be a step in a positive direction.

- A guest speaker, Louisa Barkalow, presented:
  - I am part of a group called We are People Here. We have a Symposium planned for September 27 called Banking on New Mexico. It should be good place to learn about public banking.
  - For our group, our interest in public banking came out of a concern that we are more of a patriarchy than a democracy. One percent (including banks) controls most of the money in our country. Our group came up with idea of educating New Mexicans about the option of a public bank. Right now, private banks hold all of our money.
  - A community bank is like a circle of community banks and credit unions. At the center is the public bank which keeps and reinvests our tax dollars. Creating one is complicated. Santa Fe is looking at doing it. Tax dollars would be removed from big banks and would be placed in a local public bank with a mission to lend money and work with the community to use that money to increase the viability of the community. They might invest in local infrastructure, large projects. The public bank is not a place where we would do our banking as individuals. The credit unions and community banks would access it. We see it as transformative in that it is moving our money home, instead of the private banks making a fortune off of all of us.
  - Louisa passes out flyers about the September 27 event. Richard Wolff will be the keynote speaker in the evening, but will also be speaking in the morning as part of a panel on co-ops. You might find that panel particularly interesting. Also the Public Banking Institute are co-sponsoring this with us, so there will be experts present. Everyone else speaking will be local. Explore how a public bank could be leverage for a different kind of economy here. This would be a long-term project. The fact that the mayor of Santa Fe is pursuing this is a big deal. Also some folks on our City Council are interested in this. Ideally, the way it's been explained to us, the best way for NM to move forward is to start with municipal public banks. We're hoping after the symposium, we'll have gained some momentum to keep moving forward.
- Discussion:
  - A member, looking at the flyer, comments that the program looks outstanding and suggests that Louisa send the flyer to Winthrop Quigley at the *Journal*.
  - This is a justice issue. And we have such low financial literacy in this country, including myself, that we don't even realize what's possible.
  - Does a public bank offer competitive interest rates on loans? Answer: Yes, the rates are actually lower. Someone will be speaking at the symposium specifically about the Bank of North Dakota, which was formed in 1919 during depression. It is now a pretty wealthy bank, and has grown in capacity. I have been told that about a third of what they lend out now goes for student loans at a very low interest rate—like 1%. My understanding is that if we were to get a public bank, it could grow in not only money but capacity.
  - I was looking at ND bank's website and they have featured prominently an invitation to students (ND residents only!) to consolidate their loans.
  - Is it risky for a bank to invest only locally? It seems like it is putting all of your eggs in one basket rather than diversifying. What kind of safeguards are in place? Response: It is actually questionable whether our money is safe in big banks. We assume it is safe in big banks but that is not necessarily true.
  - Establishing a public bank here would have to be passed through legislation.

- We are absolutely convinced that big banks investing our money in the stock market is going to make us rich, and that is simply not true.
- Public banks also pay significantly less in salaries—it takes a lot less to run them.
- Private banks are beholden to shareholders, public banks are beholden to states. Their goals are different.
- The Move Your Money movement – some people were moving their money to smaller, local institutions, credit unions in 2008, but it can be so inconvenient to make the change – and big banks depend on that, that people don't want to deal with the hassle of new account numbers, new card, new PINs.
- Is there a metric that public banks use to make sure that the projects they are investing in actually benefit the community? What I consider beneficial might not be the same as someone else. Response: I am not sure of the answer to that. Public banks are held to a mission. Beyond that, I am not sure what the process looks like.

**Other Notes / Next steps:**

- Rosemary is going to moderate the panel with Gar at Annual meeting in Santa Fe. Board members should email her questions ahead of time if they would like her to weave them into the discussion. Today's board study did raise some questions we may want to have him clarify.
  - We will continue this conversation next month after Annual Meeting. In relation to the question of scale, think about the “grow or die” concept. Even La Montanita operates with this idea. Do coops have to grow, and is there a point at which an effort becomes too big and loses its connection to the community?
1. Public ownership also worth discussing further in the future.