

**La Montanita Food Cooperative
Board of Directors Meeting Minutes
October 21, 2014 – 5:30 pm**

Board Present: Marshall Kovitz, Ariana Marchello, Lisa Banwarth-Kuhn, Jessica Rowland, Leah Roco, Tracy Sprouls, Martha Whitman, Jake Garrity

Board Absent: Rosemary Romero

Also Present: Terry Bowling (General Manager), Jennifer Cornish (facilitator), Deborah Good (admin assistant), David Hurley (research assistant), John Mulle (staff), Michelle Franklin (staff), Sharret Rose (staff), Tracy McFarland (guest from Los Alamos BOD)

The meeting started at 5:30 p.m. at the Immanuel Presbyterian Church in Albuquerque. Jennifer Cornish facilitated and Deborah Good took notes.

1. Welcome – food & refreshment

Issues Raised: All present introduced themselves.

Actions Taken: None

Actions Required: None

2. Approve the Agenda

Issues Raised:

- Marshall moves and Ariana seconds to approve the agenda.

Actions Taken: The agenda is approved unanimously.

Actions Required: None

3. Member Comments

Issues Raised:

- There were no member comments by email, but board did receive an email from the Grass Valley Co-op in CA. They are considering e-voting and are interested in learning from us. A phone conversation with appropriate co-op staff is planned.
- Someone at annual meeting made an observation to a board member that there is a lack of persons of color on the board.

Actions Taken: None

Actions Required: None

4. Consent Agenda

- a. Board Minutes - September 2014
- b. Board Development Meeting Minutes – October 7th
- c. Member Engagement Meeting Minutes – October 7th
- d. Officer Slate Proposal - Martha
- e. Board Self Eval,- 1st half R Policies
- f. Board Orientation Proposal - Marshall
- g. Administrative Assistant Proposal - Marshall

Issues Raised:

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

- A board member requests that the Board Self-Evaluation be held for further discussion. Board members consent.
- Board recognizes Martha's service as president of the Board of Directors.

Actions Taken: The consent agenda is approved unanimously, with the self-evaluation pulled out for further discussion.

Actions Required: Deborah will update the Roster (Section 6 of handbook) per the Board Officer Slate proposal.

5. Board Self-Evaluation

Issues Raised:

- One board member gave a low score on a number of items on the self-evaluation survey. The survey is not anonymous, and the board member in question states she needs to review the survey to remember her rationale for the low scores.
- Board officer will meet with the board member to discuss further.
- A board member raises a question as to whether the board should spend more time discussing policies beyond scoring them on the self-evaluation.
 - Another member agrees that dialogue would be helpful.
 - The Board Development Committee will discuss this idea further.
- Martha moves and Ariana seconds to approve the self-evaluation survey.

Actions Taken: The self-evaluation survey is approved unanimously.

Actions Required: None

6. Management Monitoring Reports – Customer Service & 4th Qtr Financials

Issues Raised:

- Ariana moves and Leah seconds to approve the reports.
- Prior to the meeting, board members reviewed reports for September and October because the General Manager was out of town and did not present a report at the September board meeting.
- General Manager:
 - Net income was less than budgeted for the quarter.
 - Operations manager, marketing director, and general manager have developed a marketing strategy after assessing what they have learned in the past quarter.
 - There are some systems the co-op is putting in place to address the different sizes and levels of sophistication among the producers that source the co-op.
 - Reviews financials for La Montanita's stores and the Distribution Center, which did very well.
- Discussion:
 - Board question: Per the report, La Montanita is entering an agreement in which every new member at the Nob Hill store will receive a \$15.00 gift card to Scalo. Are the gift cards for new members only, or for renewals as well? Response: Mostly likely, the gift cards will only go to new members.
 - Board question: What does the "not feel good budget" mean? Response: This is language the co-op has used for years. The "feel good budget" is a budget that is relatively easy to meet. This "not feel good budget" raises the bar. This is not meant to be threatening but to push us to work hard to meet higher goals.
 - Board question: What criteria are being considered in how to save money? Response: labor costs, cost and quantity of goods, increases in efficiency (e.g. a central bulk re-pack at the warehouse)

- Board comment: That reminds me of what was shared during the World Café event last weekend - Cooperatives are an association and an enterprise, and you can't separate that. We are a co-op, but we are also a business.
- Board comment: If I understand correctly, you are reporting non-compliance on X3.10 because the debt service coverage ratio was below 1.25 for the quarter. The DSCR always takes a hit in fourth quarter.
 - This policy has been discussed in the past; GM and a few board members think a change was to be made to the policy, but it does not appear to have been made in the policy manual we are currently using.
 - Board President will check in archive for a policy change to X3.10, and if she does not find one and a policy change is needed, Policy Development Committee to develop a proposal.
- Board member question: Are there any units still available in the La Montanita Fund?
Response: yes. Not near the cap of \$200,000. Most of our folks re-invest every year. Our investors are happy. It has been a good partnership.

Actions Taken: Monthly reports pass unanimously

Actions Required: None

7. Board Study – Public Ownership and Social Change - David

Issues Raised: See Appendix A

Actions Taken: None

Actions Required: None

8. Board Functioning – All

Issues Raised:

- Annual Meeting Report Back – What came out of the co-opversations and annual meeting is we haven't really provided members with a next step.
 - A big part of that is thinking through the process in advance. I would hope the member engagement committee could start a more detailed planning process, including a calendar, as we look at events going forward.
 - Member engagement committee will work on this.
- Election update – The election website is being beta-tested to make sure glitches are addressed. Election will take place November 1-November 14 (closing time 5pm). Paper mail-in ballots are still available at information desks in the stores and must be post-marked by November 14.
- Retreat venue options – The retreat will take place on Saturday, February 7. The Source may be crowded. Other options: Open Space off of Coors, Pachechi Open Space, Hubble House. Board Development to discuss and then check on availability. (Marshall has emailed Hubble House.)
- Committee Meetings:
 - Member Engagement: Nov 4, 5:30 at the church (Admin Assistant to attend and take notes)
 - Board Development: Oct. 30, 7:00 at Ariana's house
 - Finance: Nov. 5, 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:

- This was a very “meaty” meeting.

Actions Taken: None

Actions Required: None

11. Next Meeting Agenda Construction

Issues Raised:

- Finance committee will have a proposal.
- Report on elections

Actions Taken: None

Actions Required: None

12. Adjourn Regular Session

Issues Raised: Martha moves and Ariana seconds to adjourn.

Actions Taken: Meeting adjourns at 7:50pm, followed by an executive session.

Actions Required: None

ATTACHMENT A: BOARD STUDY

La Montanita Food Co-op
Board of Directors Meeting – October 21, 2014

Topic – Public Ownership and Social Change

Led by: David Hurley

Goals for discussion:

- Discuss ideas from Gar Alperovitz's recent book, *What Then Must We Do?* and the ideas he presented in his talk at the annual meeting this past weekend.
- Discuss what these ideas mean in terms of what the co-op should do.

Themes of Discussion:

1. “Grow or Die” is the dominant paradigm: How big can we get before we lose democratic control?

- One thing discussed at the Café is whether the changes in communications and social media might affect the participation in democratic control. By giving people a way to be involved directly through social media, some think there is less need for representative democracy.
- A big conflict is that we exist in the market. We are competing against other organizations that have achieved economies of scale. We still have to make economies of scale somehow in order to compete. Are there ways to manage that so it is still decentralized? To some extent I think the existing model can do that. Through NCGA, independent co-ops can band together to buy jointly. I think this will be a challenge for us going forward.
- I am not worried about La Montanita growing too large yet. I think we have a ways to go before we're too big.
- We have to be careful about growth. There are different kinds of growth that will help us until a time when markets stabilize a little more. Right now markets are very volatile. Our competitors are setting goals for growth (opening new stores), and those markets could saturate themselves. Co-ops because we have a different kind of emphasis on our bottom lines, as the market saturates and desaturates itself, we are in a good position to survive, at least in NM. But I think we have to get creative about how to grow in ways that are supportive to the community. If the community supports us, we will survive even if other stores can sell less expensive products. We have other value: we are community-owned.

2. Many La Montanita employees do not shop at the co-op stores: the dilemma of our higher prices.

- I have been thinking about member engagement, and staff member engagement. I think that as we grow, staff might not get the support and attention that they would get otherwise. My coworkers did not shop at the co-op because they couldn't afford it. I think there were fewer than 10 staff members at the Annual meeting. I don't want to be discouraging, but I do think the staff are our backbone, and I think it might be worth taking a closer look at our staff and their needs.
- Our customers/members are our owners—but what about our staff? How do we influence others to make decisions not based on price alone? How do we encourage “enlightened self-interest”?
- We need to keep the business viable. So prices are what they are. People may judge us on the same criteria that they use in deciding to shop at Sprouts or Trader Joes. Then some buy at the co-op because of the quality of the food. And some support the co-op because of its economic model. Our strategy will have to speak to all those people wherever they come from.

- There are plenty of people who couldn't care less whether they shop at a co-op or not. They write it off as a movement of people, or for people who have more money. Cheap food has been pounded into our heads since the 50s. The people who work at the co-op don't all believe in the co-op. They aren't required to be members. For a lot of them, it is just a job.
- Our young staff may not buy at the co-op now, but I think there is a good chance they will become more responsible consumers in the future thanks to their experiences at the co-op. Influence may bear fruit later.
- Some companies have the phenomenal support of their staff because of the lifestyle that their employer supports for them (ex. a sock company that allows employees to go surfing in the middle of the day). We have to keep thinking creatively about how to support our staff.

3. La Montanita is helping to lay the groundwork for change, and can be an anchor for others.

- One of the things Gar was emphasizing was that we are laying the groundwork. I think of it as: we are helping change the business environment by maintaining values while being successful. We present an alternative model so when people start new businesses, they may think of the co-op model, which right now is not one they think about. Gar says the pressure will come, and hopefully when it does, economics can be reshaped with the cooperatives as a model to follow.
- We do great things in the community. And one of the most important things we are doing is building that community, which is something the largest competitors can't do. We can change the world "just by being us." The fact that 200 people came to the annual meeting reflects that there is interest in this discussion. How do we make it engaging beyond those circles to reflect on where you buy your groceries?
- World Café discussion: Gar talked about how the hospital and university anchored the worker co-ops in the Cleveland example. It could be that La Montanita is the anchor. We are in an exquisite position to foster worker cooperative initiatives. I was intrigued by the idea – Sweet Grass happened because we could be their anchor.
- I wasn't at the Café. But part of what we're talking about expanding in a different kind of way in the sense of being an anchor. One idea we discuss in the CDC is expanding the types of memberships you can have in the organization. Like the warehouse activity – what if we created some sort of producer co-operative that lived as a holding place for the vendors who sell to us. It's not really clear to me how we could do this, but thinking about different types of memberships fits in with the service co-operative idea. A service co-operative could give them some of the operational structure they need.
- I really like that because that is thinking strategically. You are looking at the larger purpose of the co-op. We should be thinking about ourselves as an anchor in a variety of ways, insofar as we have the resources to do it. Maybe the retreat could be one place to discuss this.
- Keep on doing what you're doing at La Montanita – that's what Gar was saying. I find that very refreshing. He said: "You need to take yourselves as seriously as I take you."
- He also said to keep the philosophical and moral ethics that the co-op is founded on. Don't lose those. The service co-operative – maybe it would spin off as its own co-op separate from La Montanita. We could be the anchor and help fund and advise other coops. If we sponsor, it doesn't make it ours. If we are in at the creation, the sense of belonging to a mutual effort will put all these groups under the same canopy, which is supporting the local economy.

4. Providing members with concrete resources: What are we going to do with the co-opversations going forward? Could we draw people who want to start new businesses and might be open to an alternative model?

- I spoke with someone who was interested in starting an artists' co-op in the International District. We talked about having some more loosely organized co-opversations. What if we had a theme like "how to start your own co-op" and invited some experts? I think that could be good - with the

education component of the co-op plus the community feeling. We need to help people start making moves.

- We don't know anything about worker cooperatives, which is what the artists' coop would be, but there are people who do. And we could be the conduit for connecting people with resources that do exist.
- Themed co-opversations could be a place for sharing resources with people looking for them.
- La Montanita is well-positioned to do that—even creating a resource list.
- Robyn has conversations with people all the time about how to start a co-op. We are transparent in that way.
- Those people are probably pretty serious about starting a co-op. A more public forum might draw people who haven't thought a lot about the co-operative model. I'm thinking a forum that is advertised as "how to start a business" (with a subtitle about co-ops) could draw new people to the model.
- I work with small businesses. I think you'd be surprised by the percentage that operate on something close to the cooperative basis: 4 or 5 members of an LLC, who each do different things in the company and put in different amounts of money, but with equal vote in terms of governance. That is how the charter is written. They are halfway there. But they see it through the lens of a capitalist business that they tweaked a bit. They wouldn't know what you meant if you told them they were similar to a cooperative.

5. A crisis would help motivate change.

- I still feel that the reason that the efforts did work in Cleveland is that the crisis was real at a communal level. That is not true here where the dominant thinking still says that individual hard work will bring success.
- Richard Berry is going to be kicking off a series of community conversations to get people's ideas about how to revitalize the economy in Albuquerque. There is a sense of crisis among the business community in New Mexico. Those community conversations might be a good place to share some of these ideas. Keep your ears open for that.
- Gar suggested you make your mayor a hero by getting people jobs through worker co-ops.
- Gar has said a couple times that we have to see this project as a very long-term event, so in deciding to be part of that, it can be easy to focus on the end outcome, but what does it look like to think about building the foundation now?

6. We need to think about collaborating with others for greater impact.

- The co-op doesn't have to go it alone. There are other foundations in New Mexico that are investing in food systems work. We could start a conversation with those kinds of folks who are investing in our food system. There will come a point where there are overlaps. The earlier we work at alignment, the better in terms of touching all elements of the food value chain.
- Could we work on an on-line clearinghouse of information, resources, and events that are going on related to collective ownership, community wealth-sharing—kind of like community-wealth.org? (Response from others: That's a monumental undertaking; it would require a lot of people power and investment. There is an overwhelming amount of information out there already. People's priorities are often dictated by what they are looking at right now. It is a challenge getting information even to members.)
- Are people familiar with the concept of collective impact? I work for a collective impact initiative, and I think the model could be relevant to the themes of collaboration you are discussing. It might be a worthwhile topic for a future board study. I can send the research assistant some readings.