

**La Montanita Food Cooperative  
Board of Directors Meeting Minutes  
November 18, 2014 – 5:30 pm**

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

**Board Absent:** None

**Also Present:** Jennifer Cornish (facilitator), Deborah Good (admin assistant), Terry Bowling (general manager), Michelle Franklin (staff), Sarah Finkel (staff)

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: Martha moves and Jake seconds to approve the agenda.

Actions Taken: The agenda is approved unanimously.

Actions Required: None

**3. Member Comments**

Issues Raised: Member (also an employee) shares that she is new to Albuquerque, has been happy with the co-op, and is here because she wants to learn more.

Actions Taken: None

Actions Required: None

**4. Consent Agenda**

- a. Board Minutes - October 2014
- b. Board Development Meeting Minutes – October 30<sup>th</sup> and November 10<sup>th</sup>
- c. Member Engagement Meeting Minutes – November 4<sup>th</sup>
- d. Finance Meeting Minutes – November 5
- e. Finance Committee Proposal – Audit scope – Marshall
- f. Policy Development Committee Proposal – Debt Service Ratio – Marshall

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

Actions Taken: The consent agenda is approved unanimously.

Actions Required: None

**5. Patronage Dividend Proposal - Terry**

Issues Raised:

- Martha moves and Marshall seconds to approve the proposal.
- General manager reviews the proposal. This year for the first time, the patronage dividend will be distributed to members via the POS system rather than mailing checks. The members will still receive a bar code in the mail. The amount was determined with a similar formula to last year's.

- Discussion:
  - Are there some savings in making this change? Response: There is a small savings since we don't need to print checks.
  - Is there an expiration date on the dividend? Response: Yes. There are accounting rules on this, and the POS system is set up to accept the bar code until August 15.
  - Have staff been trained to remind folks as they check out? Response: Yes.

Actions Taken: Proposal is approved unanimously.

Actions Required: None

## 6. Management Monitoring Report – Year End Financials

Issues Raised:

- Ariana moves and Jessica seconds to approve the report.
- General manager:
  - Sales did well during the volume discount month this year.
  - New marketing director brings great energy and expertise. GM may invite her to the next board meeting.
  - We used a local company this year for electronic voting (different from last year). It went well.
- Discussion:
  - Why was the discount so different from what was budgeted? Response: This was the result of a change in how accounting was done – what was categorized as “promotions” is now categorized as “discounts.”
  - Comment from board member to general manager: I want to recognize how well you have monitored expenses. On behalf of the members, I appreciate your attention to detail.
  - The Finance Committee will be reviewing financial statements in more detail at the next meeting on December 10.
  - What is included in “other income”? Response: This includes miscellaneous items including grant money, money received from vendors.

Actions Taken: Monitoring Report passes unanimously

Actions Required: None

## 7. Board Study – Board Retreat Preparation – Jennifer

Issues Raised: See Appendix A

Actions Taken: None

Actions Required: None

## 8. Board Functioning – All

Issues Raised:

- Election update:
  - As of midnight on 11/14, the electronic votes show that all three incumbents have been elected to full terms: Rosemary, Lisa, and Tracy. There are paper ballots that still need to be counted, and they could affect the outcome between the two additional candidates for the fourth position. Results should be final in several days. There were several votes invalidated because they were made after midnight on 11/14, so in future years, we will want online voting to close automatically at 12am.
  - We did not achieve our goal that 5% of the membership vote, but we got over double the number of votes we got last year (about 700 members voted). The board spends some time brainstorming strategies for increasing the number of votes in future years.

- Committee Meetings
  - Member Engagement: December 2, 5:30pm at the church
  - Board Development: TBD
  - Finance: December 10, 5:15pm at the 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: Scenarios during the Board Study were fun.

Actions Required: None

**11. Next Meeting Agenda Construction**

Issues Raised:

- Martha will be acting as president.
- Seating the new directors
- Board resources presentations

Actions Taken: None

Actions Required: None

**12. Adjourn Regular Session**

Issues Raised: Lisa moves and Jake seconds to adjourn.

Actions Taken: Meeting adjourns at 7:50pm.

Actions Required: None

## ATTACHMENT A: BOARD STUDY

La Montanita Food Co-op  
Board of Directors Meeting – November 18, 2014

### **Topic – Board Retreat Preparation**

**Led by:** Jennifer Cornish (planned with David Hurley)

#### **Goals for discussion:**

- Begin discussions that will continue at the Board Retreat in an
- Build understanding of policy governance by applying it to scenarios.

#### **Summary of Discussion:**

##### ***Introduction***

Jennifer begins by reading a quote from one of the readings—an article about the four pillars of cooperative governance: “Over the last decade, we have observed that co-op boards have learned ways to systematically work better together and to practice accountable empowerment. Now that boards have become more skilled at that, the next phase of co-op governance is to clearly articulate democracy in how we work together with all our stakeholders and express strategic leadership in ways that demonstrate the co-op difference.”

Jennifer points out this is something the board has talked about—how to make that transition.

Jennifer reflects that in leadership and governance, we each bring strengths to the conversation. Some of the board’s conversations around policy governance, and the struggles the board has had with it, actually relate to the different strengths each individual brings.

##### ***Scenarios Exercise***

Seven scenarios are listed on easel paper. What does policy governance have to say in each of the scenarios? Board members stand and use stickers to vote for the scenarios they are most interested in discussing. The those with the most votes are then discussed by the Board as follows.

*Scenario 1: A couple of Board members come up with a good idea for the store, based on their extensive experience in another industry. Boards don’t do operations, so how should the Board members present their idea to the GM?*

#### **Discussion:**

- The board members could talk directly to Terry, making it clear that they are not speaking as a board member but as a co-op member with an idea about operations.
- A lot of boards using policy governance feel they can’t even talk to the general manager. But I think the general manager should be able to hear ideas without feeling any obligation to carry them out.
- In suggesting their idea to the general manager, it would make sense for the board members to try to connect their idea to the Ends as a way of making their case.
- There are lots of sources of good ideas beyond the board. My tendency is to avoid those conversations so there is no conflict of roles. That is probably a conservative viewpoint.

- I would be in favor of a scheduled, structured conversation that created a safe place for those conversations – where it is really clear what the purpose of the conversation is. I would tend to frown on the idea of board members having casual conversations with the general manager.
- Is there a danger that there be coercion because of the power the board has?
  - General manager says he would not experience coercion. It doesn't matter to him who the idea comes from; he will evaluate its viability.
  - There is always a risk of coercion. Imagine, for example, that a board is split on the evaluation of the general manager. The GM knows that a board member is potentially a swing vote. If that board member shares an idea with the GM about operations, it might be in the GM's advantage to carry out that idea in order to win over that board member, even though providing directives on operations is clearly outside the role of the board.
  - All systems are well and good when things are going well. It gets more difficult and murky when things are not going as well.
  - Perhaps there are appropriate times and settings for board members to share ideas with the GM, and inappropriate times, like at the time of the board's GM evaluation.
- Policy governance is kind of like the ring that we function in. It defines our roles while in that ring. We trust that we know what our roles are. The trust allows us to step outside that ring in certain arenas and have a safe place to express our ideas or our feelings about things. That is a very necessary part of having the whole thing function. Because if there is any suppression of the people involved, then the trust will go out the window.
- Policy governance is essentially silent on this type of scenario. It is really dependent on the relationships and trust between board and GM.

*Scenario 2: An employee comes to the Board alleging that the GM discriminated against her and that HR did nothing when she reported it. The GM says HR investigated and found that he did not act improperly. The employee indicates that she may sue. What should the Board do?*

#### Discussion:

- The first question is what do the policies say about this? Number two, it is also a legal issue and we need to ask what our attorney thinks about this as well.
- The board could do further monitoring if it wanted to know more about what the investigation entailed. The board could, according to its policy, do its own investigation, or could ask its attorney to do an investigation.
- The board should probably call on a lawyer and not get involved themselves.
- My response to this scenario was total discomfort. I've been trained to be very wary of harassment and to be very careful about my own workplace interactions. I would want to know more about what training staff receive related to sexual harassment. (GM says the co-op does provide this training to staff).
- Also as a board, we have a responsibility to look for trends. We might defer to the co-op's leadership to handle an isolated incident, but if a lot of these situations came up, we would want to look into them more seriously.
- The pathways are clear in this case. GM is our employee. We would involve a lawyer.
- This can happen with staff too. The GM has received complaints from co-op members about staff, and then investigated. He has only rarely found there was something the store/staff should have done differently.
- One thing that bothers me about the policy governance model is that we can delegate authority but not responsibility. We're ultimately liable. I think the first time it comes up, we can delegate authority. But if it was repeated a few times, we would have to take a more active role.
- Do our current board policies support that kind of action? Yes, I think so.

*Scenario 3: An active and engaged group of members elect a board member on the platform of “returning the co-op to its roots.” He believes the co-op has put profits above ideals, that member-owners should have a direct say in how the store is run, and, ultimately, that Policy Governance is part of the problem. How do you, as a board, handle this?*

**Discussion:**

- This scenario has a high “ick” factor for me, partly because of my discomfort with assuming a role of leadership. We tend to come from anti-authoritarian backgrounds in the co-op world. It can feel like the members are better than I am because they are taking a strong ethical stand.
- For me the biggest reason it becomes so difficult is that both (the issues raised by members and policy governance which defers to the GM for operational questions) reflect important values for us. Sometimes values can conflict with each other. We have to make compromises, prioritizing one value over another.
- It takes courage to say that we are working in the best interest of the co-op overall.
- Those who came recently calling for co-op to boycott Eden Foods were appealing to values we all have. Eden Foods is a tough one. They do some things really well in packaging high-standard organic foods. But the company has problematic policies on women and birth control.
- Member-owners have other avenues for pushing for changes in products (e.g. organizing a boycott). It is up to the member-owners, not the board.
- Is there something that a manufacturer could do that would be so bad that there would be no question: We would instantly violate policy governance in order to pull the product from the shelf? As an extreme example, what if we learned a producer was supporting militant terrorists?
  - In that case, a specific policy could be written directing the general manager on an operational issue (i.e. the general manager shall not stock x product).
- If there had been a significant number of board members who agreed with the Eden Foods issue, could the board have written a policy?
  - The Board could do that. A board member would have to create a proposal.
  - Or maybe the president would go to the general manager and see if there was some way to avoid this confrontation.
  - If the board is going to instruct the general manager to do something that would cost 100 jobs, are you prepared to take that responsibility?
- Making a decision related to an issue that was not food but politics, that is the board’s domain. But we would not want to make any kind of snap decisions. I would want a lot of deliberations before the board made that kind of decision. If we heard from 5,000 members, that would influence the decision. Versus 12 members.
- Another way to think about the question: Does stocking Eden Foods align with our ends?

***Reflections on the Board Study***

Do people feel like this met the goal of preparing you to go into your retreat in February?

- I certainly thought the readings did because it talked so much about role and power and safe conversation. They provided good guidance.
- This did feel like a safe conversation.