

**La Montanita Food Cooperative
Board of Directors Meeting Minutes
March 17, 2015 – 5:30 pm**

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

Board Absent: Rosemary Romero

Also Present: Jennifer Cornish (facilitator), Deborah Good (admin assistant), David Hurley (research assistant), Terry Bowling (general manager), John Mullé (staff), Robert Tero (staff), J. Scott Altenbach (member), Maria Globus (member), Richard Harber (member)

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

Issues Raised: All present introduce themselves.

Actions Taken: None

Actions Required: None

2. Approve the Agenda

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

Actions Taken: The agenda is approved unanimously.

Actions Required: None

3. Member Comments

Issues Raised: None

Actions Taken: None

Actions Required: None

4. Consent Agenda

- a. Board Meeting Minutes (February 17, 2015)
- b. Member Engagement Committee Minutes (February 9, 2015)
- c. Board Development Committee Minutes (February 25, 2015)
- d. Policy Development Committee Proposal to Modify R5.1
- e. Policy Development Committee Proposal to Modify Reporting For X5.2
- f. Member Engagement Committee Earth Day Photo Booth Proposal

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

Actions Taken: The consent agenda is approved unanimously.

Actions Required: None

5. Management Monitoring Reports – X6 Counsel to the Board

Issues Raised:

- Marshall moves and Ariana seconds to approve the report.
- General manager:
 - Overall, La Montanita is operating at or exceeding budget.
 - The Gallup store has a new interim manager.
 - This month's monitoring report is on counsel to the board. This policy has a lot of value because it establishes a system for accountability.
- Discussion:
 - Board member asks about a possible error on the wording of policy X6.8 in the report. The correction is confirmed by the Board Policy Manual. "Untimely" should be corrected to read "timely."
 - In response to a question from the Board, the general manager describes community engagement efforts in Gallup, and says the store there is a "success story."

Actions Taken: Monitoring Report passes unanimously.

Actions Required: None

6. Board Study – Chicken or Egg: Is La Montanita's primary differentiator its product selection or its economic model?

Issues Raised: See Appendix A

Actions Taken: None

Actions Required: None

7. Board Functioning – All

Issues Raised:

- Three board members (Jeff Ethan, Tracy, and Rosemary) should send brief biographies to Deborah for posting on the co-op's website.
- Earth Day planning
 - Schedule for the Board's table at Earth Day will be determined by email.
 - Proposal for the photo booth was approved as part of the consent agenda.
- All board members have responded to the Self-Evaluation Survey. Deborah will prepare the report for the next board meeting.
- Anyone who is not up for re-election who would like to serve on the Nominations & Elections committee with Ariana and Marshall should contact them before the next board meeting.
- Committee Meetings:
 - Member Engagement: Mon, March 23, 5:30pm at CDC
 - Board Development: Wed, March 25, 5:30pm at church
 - Finance: Wed, April 15, 5:15pm at CDC

Actions Taken: None

Actions Required: None

8. Administrative Assistant Duties

Issues Raised: Tasks will be added to the Ongoing To Do list in Basecamp:

- Deborah will prepare the report for the First Half of B Self-Evaluation.
- Rosemary, Tracy, and Jeff Ethan will send brief biographies to Deborah for the website.

Actions Taken: None

Actions Required: None

9. Meeting Evaluation

Issues Raised:

- The Board Study discussion was fun.
- It was nice to have guests present and participating in the discussion.
- Guest says that it is nice to hear the idealism in the discussion. We obviously have to be practical to keep the business running, but the co-op model is so important.

Actions Taken: None

Actions Required: None

10. Next Meeting Agenda Construction

Issues Raised:

- First half of B self-evaluation.
- Appoint the N&E Committee

Actions Taken: None

Actions Required: None

11. Adjourn Regular Session

Issues Raised: Martha moves and Ariana seconds to adjourn.

Actions Taken: Meeting adjourns at 7:05pm, followed by an executive session.

Actions Required: None

ATTACHMENT A: BOARD STUDY

La Montanita Food Co-op
Board of Directors Meeting – March 17, 2015

Chicken or Egg: Is La Montañita’s primary differentiator its product selection or its economic model?

Led by: David Hurley

Summary of Topic: Many food co-ops start because it is an economically viable way to bring otherwise unavailable products to its member/owners. La Montanita looks different from many food co-ops did a few decades ago. It looks more like a traditional grocery store. Now that local and organic are mainstream, should La Montañita be looking at ‘solving’ current fringe products that are unavailable in mainstream stores (e.g., raw milk, hyper-local, etc.), or do we cede that to smaller players in favor making a bigger economic impact?

Small group discussions

In small groups, those present discussed 4 different questions, placing themselves along four different continuums (summarized in boxes below), and then shared with the larger group.

<p>Continuum #1</p> <p><<<Lowest Price Possible -----Greatest Convenience>>></p> <p>One way that co-ops improve access to (and purchase of) healthy foods is to make the cost of those foods as low as possible for members. This can be done by having limited hours (or no permanent location), requiring pre-order of products, or only selling bulk items. People who may not otherwise be able to afford healthy food will have access, but the inconvenience will drive other potential shoppers away.</p> <p>A different approach might improve access by making purchasing healthy foods as convenient as possible. Having stores in prime locations, with long hours, well stocked shelves, grab'n'go items (and grab'n'go locations), and even online ordering and delivery services all make it very easy to choose to buy healthy food from the co-op, for those who can afford it.</p> <p>How should La Montañita balance these two models for achieving this end?</p>

Discussion:

- A model like Aldi’s or Costco could reduce prices but it would also reduce interaction with people. The community shopping experience is one of the co-op’s strengths.
- Who are we trying to sell to? Does lower cost make it more accessible, or is it actually making it less accessible with the loss of customer service?
- **PLACEMENT ON CONTINUUM:** Among the small groups, one group placed itself in the middle; the others leaned toward “greatest convenience.”

Continuum #2

**Work with larger enterprises -----
to keep sustainable agriculture
commercially viable**

**Develop network of micro-farms
and community growers for a more
diverse and connected Ag community**

By working with micro farms and other small-scale producers that otherwise can't reach conventional supermarkets, the co-op can help expand the local agricultural sector while promoting community connections between growers and consumers. The small scale producers can be encouraged to follow sound environmental practices as they have less incentive for the environmentally degrading practices that result in low-cost high-yield foodstuffs.

By working only with larger agricultural enterprises, the co-op can help keep (or make) these full-time farms economically viable, thereby providing a positive influence over a larger segment of the agricultural sector, and ensuring healthy growth over the long term.

Discussion:

- If you ask the average person, even our own members whether the co-op is more similar to Whole Foods or a Farmers Market, I expect most would say we are more like Whole Foods. But what makes the co-op is so unique is the co-op model and the effort to support the local farmers and growers. We have moved some away from very small growers because of food safety and liability insurance requirements.
- This might be decided for us: the FDA might impact the kinds of growers we work with.
- One group talked about the importance of relationships. We do not need to develop the network of farms but to develop relationships with growers and producers that then form the network themselves. We do this by providing education and services to them.
- We don't need to own the network, but be consultants and support to the network. Sweetgrass is a perfect example.
- PLACEMENT ON CONTINUUM: Among the small groups, one group placed itself in the middle; the others leaned toward "network of micro-farms."

Continuum #3

**Sell what is popular. We can -----
have a big impact through
volume of sales**

**Sell what is innovative. We have
the freedom to stock foods
before they are mainstream.**

Once upon a time, organic foods were not available in mainstream supermarkets. Food Co-operatives, like La Montañita, were able to fill this need and grow organic foods into a multi-billion dollar industry. La Montañita could embrace this role of visionary food pioneer, seeking out the healthy alternative foods that are not readily available to its members through mainstream markets, and helping to (once again) change the food industry from the ground up.

On the other hand, La Montañita could decide that it has outgrown that historic role – it is too big now to survive in the small pond of alternative foods – and that it can have more of an impact selling (relatively) mainstream foods that embody the values of an expanding membership. Once there is significant demand for an alternative food, the Co-op will stock it. Not before.

Discussion:

- La Montanita’s focus has shifted from natural and organic to local. What’s the next thing? For example, insects. Crickets are gaining traction. Cricket flour. This might be the next thing. There is also a growing demand for raw milk, but safety concerns are significant.
- Is innovation in the product, or in the marketing?
- Food safety regulations are seen by some as a way to keep out the smaller producers. But the rules are also important because food illness is real.
- PLACEMENT ON CONTINUUM: Among the small groups, one group placed itself in the middle; the others leaned toward the “innovative” end.

Continuum #4

Most of our customers should be true believers in the co-operative model----- **It’s fine if most of our members think ‘Co-op’ is just a word in our name**

A strong co-operative community is one built around a strong co-op. We’ll always continue to provide our member/owners with opportunities to get involved, but if a large number of our shoppers (and even some of our members) doesn’t know what a co-op is, no problem. You don’t need to know or care about the co-operative model to reap the benefits.

To have any sort of true co-operative community, members need to understand and participate in that community. It is not enough to be financially secure as an organization, we need members who own, use, serve and belong to the co-op in real and meaningful ways.

Discussion:

- The cooperative model is very important. Education of our customer base is a priority.
- Individuals might join the co-op without knowing much about what it is other than a specialty grocery store, but we should then be encouraging them toward understanding what the cooperative model is.
- We will always have “social members” whose only involvement is through shopping.
- We do want everyone to find some kind of meaningful participation. Even some of the more casual shoppers appreciate the sense of community.
- Interestingly, REI is rebranding itself as “REI Coop.”
- PLACEMENT ON CONTINUUM: Groups all lean somewhat or heavily toward the “true believers” end.

Big Question: Is La Montanita's primary differentiator its product selection or its economic model?

- It is both, but the consensus is that what makes us most different is the economic model—more than buying organic and local, which is what Whole Foods does as well.
- An emphasis on the economic model over product selection also allows us flexibility to change our product selection as times change.
- Because food is something that people buy all the time, we have opportunity to touch people with the co-operative model—expose them to it—in their everyday life.