

**La Montanita Food Cooperative
Board of Directors Meeting Minutes
April 21, 2015 – 5:30 pm**

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

Board Absent: None

Also Present: Jennifer Cornish (facilitator), Deborah Good (admin assistant), David Hurley (research assistant), Terry Bowling (general manager), John Mullé (staff), Robert Tero (staff), Sharrett Rose (staff), Joe Phy (staff), Richard Harper (member), Atlas Hardage (member), Hanh Nguyen (member), Tammy Parker (member)

The meeting started at 5:32 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 Rosemary seconds to approve the agenda.

Actions Taken: The agenda is approved unanimously.

Actions Required: None

3. Member Comments

Issues Raised:

- During Earth Fest, a member reported to a board member that she had heard from farmers that they had to compost a large amount of produce they had been “contracted” by the co-op to grow. The board member passed the comment to the general manager. The comment reflected misinformation as the co-op does not contract with any growers.
- The Earth Fest photo booth project went very well and received a lot of positive feedback. There were about 60 photos taken.
- Michelle Franklin and Steve Warshawer gave very good presentations at CNM during the college’s Earth Day activities. Steve’s talk is available online (Jennifer will send the link to Board members). Thanks to Bob Tero for helping to arrange this.

Actions Taken: None

Actions Required: None

4. Consent Agenda

- a. Board Meeting Minutes (March 17, 2015)
- b. Member Engagement Committee Minutes (March 23, 2015)
- c. Board Development Committee Minutes (March 25, 2015)

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

Actions Taken: The consent agenda is approved unanimously.

Actions Required: None

5. General Manager Search

a. General Manager Search Committee Charter Proposal

Issues Raised:

- Martha moves and Rosemary seconds to approve the charter proposal.
- Terry Bowling has given the Board notice that he will be leaving his role as General Manager. The procedure the Board has used in the past is described in documents posted on Basecamp. One big difference this time is that this proposal's budget includes money for an executive search firm because of the challenges we anticipate in finding candidates through avenues we have used in the past. We will explore other possibilities first to the extent possible, including advertising in CGN and CCMA networks and reaching out to individuals who might have possible candidates to suggest. In the meantime, we have started interviews with executive search firms based on recommendations. We would like to interview three firms before making a decision.
- The board has two critical roles:
 - Approving a list of expected qualifications, which the search committee or executive firm then uses that list to recruit candidates; and
 - Making the hiring decision.
- Also in the budget is money for consulting with a well-known HR consultant in the co-op world – Carolee Colter.
- It's a large budget. It is conservative and realistic.
- A board member (who is the proposed chair of the search committee) has been in touch with other co-ops and consultants. There are many existing resources to help us with our process. The pool of candidates with the skills our GM position requires, however, may be small. The search could be challenging too because there are several other large co-ops also seeking general managers right now.

Actions Taken: The charter is approved with eight in favor and one opposed.

Actions Required: None

b. Prioritized list of General Manager Qualifications Proposal

Issues Raised:

- Ariana moves and Martha seconds to approve the proposal.
- The prioritized list was suggested by our consultant. We started with the list we had developed for our last GM search and then gave the list to the co-op's current general manager and HR director for input. In addition, we received some feedback from Board members through discussion on Basecamp.
- Discussion:
 - How do we confirm that the candidate does meet the required qualifications? Is it based on self-report, or does the firm help check?
 - We will be asking for references.
 - If the references are not able to provide evidence that the candidate meets requirements and we have a concern that they might not have the qualification, we could ask the candidate for additional evidence.
 - The search firm will be vetting candidates for us as well.
 - Board member expresses interest in adding a qualification related to community involvement and hands-on community experience.
 - The list does include a statement that "Personal and professional values align with cooperative principles," which would include a commitment to fostering community.

- The values and the vision are what's most important in the general manager. We don't necessarily expect the GM to do direct member engagement.
- If we asked for explicit evidence of community experience, we might miss out on well-qualified candidates. Our past two GMs, for example, might not have met that qualification based on their resume alone.
- Even if community experience is not reflected directly in the list of qualifications, it could be included more specifically in the interview protocols. We will learn more in the interview process.
- Who is this list for?
 - The search firm.
- Will the search firm know what our values and vision are?
 - This is being communicated in the interviews with the firms.
- We will also have to work with the search firm and with candidates to develop positive ways of discussing New Mexico, understanding the strengths of New Mexico.
- Diversity is not written into the list of qualifications. This is something we should look for in a search firm.. We do want applicants to apply from diverse backgrounds. This text can be included in job advertisements.

Actions Taken: The proposal is approved with eight in favor and one opposed.

Actions Required: None

6. Management Monitoring Reports – X3 Financial Conditions

Issues Raised:

- Ariana moves and Rosemary seconds to approve the report.
- General manager:
 - First, a comment on my decision to move on: My decision does not reflect dissatisfaction but an opportunity to serve co-ops better. My new job will be to support operations for co-ops nationally including many that are struggling to stay in business. It's also attractive to me to return to the East Coast, although I will be doing a lot of traveling in my new position. This is the perfect time in my family's life for me to take on a travel-heavy consultant role. It will be a new challenge, and I look forward to it.
- May 29, 2015, will be my last day with La Montañita.
- The marketing plan is fantastic. Our new director has been a very good hire.
- Discussion:
 - In response to a Board member's question, the GM explains that net income from the stores does not reflect general and administrative expenses, which are not store-specific.

Actions Taken: Monitoring Report is approved unanimously.

Actions Required: None

7. Recognition of Martha

- Martha Whitman is resigning from the Board to serve the co-op in a different capacity.
- The board recognizes Martha for her many years of service on the board and, until recently, as board president.
- Those present sign a card for Martha, and there is a cake in her honor.

8. Board Study – History of Co-operatives

Issues Raised: See Appendix A

Actions Taken: None

Actions Required: None

9. Board Functioning – All

Issues Raised:

a. First Half of B Policies: Self-Evaluation and Scenarios

- The board is to review all the policies it has every year. The self-evaluation is a tool we use to do this. It is important that board members be familiar with the policies. Although the board delegates operations to the General Manager, the Board is ultimately responsible for the co-op.
- Our scores on this evaluation met the required levels (3.5).
- We did score relatively low on policy B2.2. Member engagement is a common challenge.
 - A Board member says she joined the board because she felt like we could do a better job with member outreach. We have made efforts, but it is very challenging. Members who just shop are still engaging the co-op, even if they don't do so in any other way.
 - The more members a co-op has, the harder it is to engage the membership.
 - Earth Fest was a telling experience. People were eager to engage with the photo project and wrote heart-warming statements on the white board.
 - We have talked about member engagement as a pyramid: few members at the top are highly engaged, then more in a middle tier are somewhat engaged, and a large base only shop. This does not mean we should give up on engaging members. When we do, that's when we'll hear from upset member-owners.
 - The stores do have different cultures. At the new Westside store, many shoppers don't understand the concept, don't know the value of community ownership. They are interested in a discount but don't understand the bigger picture. Some glaze over when I talk to them about becoming members. How do we mold a message so individuals understand the bigger picture without being too preachy?
 - Sometimes people are more ready to engage on the issue of cooperatives in other settings, not at the stores themselves
 - A board member encourages the other board members to call in or attend the Member Engagement committee meeting.
- Policy B5.2 also had a relatively low score on the self-evaluation.
- General comment on completing self-evaluations: Board members are encouraged to give a score on each policy, and then explain why they scored as they did in the Comments box.
- The research assistant prepared scenarios to discuss at the meeting, but we will forgo these because of time shortage. The scenarios are posted on Basecamp.
- Deborah will make sure that future reports on the Board evaluations will include the text of the policies, not just the numbers.

b. Upcoming Committee Meetings

- Member Engagement Committee: Mon., April 27, 5:30pm, at the CDC or call in.
- Board Development Committee: Wed., April 29, 5:30pm, at the church

- GM Search Committee will interview a firm on Wed., April 22, 4:15pm at the CDC or call in.

c. New Board Members

- Two board members are resigning from the Board: Martha (as of today) and Leah (at the end of May). The Board must recruit and appoint new Board members to replace them.
- One potential candidate, Tammy Parker, is present and introduces herself.

Actions Taken: None

Actions Required: None

10. Administrative Assistant Duties

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

- Board photo will be taken in June.
- Rosemary, Tracy, and Jeff Ethan will send brief biographies to Deborah for the website.
- Deborah will post the Self-Evaluation for the Second Half of B policies.

Actions Taken: None

Actions Required: None

11. Meeting Evaluation

Issues Raised:

- A store manager is pleased to be here. I wanted to better understand policy governance.
- Agenda was structured. Everything was ready a week ahead of time. I feel like that this meeting was well-organized. And it was indicative of the potential for the board process to raise and address and discuss issues.

Actions Taken: None

Actions Required: None

12. Next Meeting Agenda Construction

Issues Raised:

- Planning for annual meeting.

Actions Taken: None

Actions Required: None

13. Adjourn Regular Session

Issues Raised: Lisa moves and Rosemary seconds to adjourn.

Actions Taken: Meeting adjourns at 8:28pm, followed by an executive session.

Actions Required: None

ATTACHMENT A: BOARD STUDY

La Montanita Food Co-op
Board of Directors Meeting – April 21, 2015

Topic – Food for Change: History of Co-ops

Led by: David Hurley

Those present watched an excerpt from *Food for Change*, a documentary on the history of co-ops.

From Foodforchange.coop:

The movie tells the story of the cooperative movement in the U.S. through interviews, rare archival footage, and commentary by the filmmaker and social historians. This is the first film to examine the important historical role played by food co-ops, their pioneering quest for organic foods, and their current efforts to create regional food systems. Additionally, the film shows how the co-op movement strengthens communities where they are located, enhancing local economies and food security.

Summary of excerpt:

- Co-ops grew during the Great Depression but with World War II and wartime spending, there was more centralization into large corporations.
- In the 1950s, interest in consumer cooperatives was lower. People who were organizing cooperatives during the 50s were sometimes accused of being communists, attacked as un-American organizations that took advantage of the free market but didn't pay their fair share of taxes. In response, co-ops had to advocate for themselves, finding a champion in California Representative Jerry Voorhis.
- 1960s: Growing inequality toward the end of the 1950s proved fertile ground for co-ops. Many in co-op development were involved in the Civil Rights Movement and community organizing. Many co-ops aimed to provide good food at low prices to low-income families. A second wave of co-op development was encouraged by Johnson's War on Poverty and related self-help, anti-poverty programs. Small farmers also formed cooperatives. The co-op movement was then adopted by the "hippies" as well.
- Meanwhile family farms were giving way to large agribusiness, with consequences for the environment and decreasing the quality and nutritional value of food produced.
- The War on Poverty ended with the Vietnam War in 1968.
- During the 1970s, co-ops sprang up around the country with the goal of addressing environmental and economic problems by selling healthy food from small producers and using a cooperative economic model. This was an alternative economic system centered around food.
- Of the 800 food cooperatives founded in the 60s and 70s, only 200 survived. Idealism was not always built on strong economic principles.
- To survive, many co-ops shifted toward a focus on whole and natural foods at the expense of a focus on inexpensive food.
- Some co-ops hired general managers – a difficult transition because stores had previously operated with cooperative management. Using the principles of cooperation, small volunteer co-ops around the country grew and transitioned into more established grocery stores with paid staff. This process was sometimes tumultuous as members discussed and balanced values and ideals against practical and economic realities.

Discussion:

- I was struck that low-cost food for low-income people shifted to a natural food focus, which was not inexpensive. That is something we still struggle with. Low cost does not seem possible with the quality of food we sell.
- Quality was a concern in the early years of co-ops. They were unhappy with adulterated food sometimes sold in supermarkets.
- What was most obvious to me was the change in the color of people's skin when it moved from being low-cost to serving higher income members. How do we get back to providing healthy food to low-income neighborhoods? One of the challenges is the perception that co-ops are white phenomenon.
- I found it interesting that people recognized co-ops to be such an alternative economic model that it was labeled communism. I don't think many people think of co-ops today as being so much an alternative economic model.
 - I actually think the alternative economic model is what we have to "sell" because it is what makes us different from Whole Foods and Sprouts.
 - The reason co-ops got the attention they did was because they were large enough to be considered a threat. That is not the case today. Co-ops do not have the market share today that they did before.
 - We here in New Mexico are doing well. We have a huge stake in the success of co-ops everywhere. We are all in this together.
 - In the Great Depression, the members were suffering in the economic climate. Today it may be harder to sell our alternative economic model because our members aren't suffering economically in the same way.
- A take-away for me: While agribusiness grew, farmers started to develop cooperatives to support local farmers. I've seen a growth of aggregated food products across the state.