

**La Montañita Food Cooperative
Board of Directors Meeting Minutes
April 19, 2016 – 5:30 pm**

Board Present: Ariana Marchello, Tracy Sprouls, Lisa Banwarth-Kuhn, Greg Gould, James Esqueda, Tammy Parker, Courtney White

Board Absent: None

Also Present: Dennis Hanley (GM), John Heckes (CFO), Deborah Good (admin assistant), Jennifer Cornish (facilitator), Jeffrey Hertz (research assistant), Michelle Franklin (staff), Sharret Rose (staff), Robin Seydel (staff), Karolyn Cannata-Winge (staff), Mark Lane (staff), David Varela (staff, owner), Martha Whitman (staff, owner), Loren Kahn (owner), Mary Mays (owner), Joseluis Ortiz (farmer), Marissa Joe (owner), Gina Dennis (owner), Amanda W. (owner), Jennie Burnap (staff, owner), Ro D’Atilio (staff, owner), R. Jerry Anaya (staff, owner), Ian Collum (owner), Casey Holland (owner, farmer), Benjamin Bartley (staff, owner), Lia Prosapio (staff, owner), Marco Chavez (staff, owner), Fidel Gonzalez (ALN), Kari Smith (staff, owner), Adam Fischler (staff, owner), Donna Duran (staff, owner), Phillip B. Gonzalez (staff), Renee Milman (staff, owner), Garrett Soon (staff), Stacey Pfeiffer (owner), Stephanie Pfeiffer (owner), Jim McCully (staff, owner), Val Talento (owner), Trina Dunbar (guest), Peter Chestnut (owner, Finance Committee), Carla Baron (owner), Jean Gonzales (staff, owner), Seth Matlick (farmer, owner), Sam Hedges, Robert Veileux (staff), Jason Trant (staff), Joseph Phy (staff)

Following the Community Education Session (notes in Appendix A), the Board of Directors meeting started at 7:10 p.m. at the Immanuel Presbyterian Church in Albuquerque. Jennifer Cornish facilitated and Deborah Good took notes.

1. Approve the Agenda

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

Actions Taken: The agenda is approved unanimously.

Actions Required: None

2. Member Comments

Issues Raised: A larger number of people than usual wish to speak. Speakers are allotted two minutes apiece to address the Board members, who mostly listen.

- Speaker 1 is a staff member who signed a lease in the North Valley and started work at the co-op. Her landlord asked her about the co-op, and she said, “It’s all I want and more.” When she met General Manager Dennis Hanley on his first day, he said, “Dennis works for you.” Speaker invites Dennis to come work with her some day. She expresses frustration at staff that have been cut from her department.
- Speaker 2 is a Nob Hill family co-op shopper. She spends about \$10K a year there. She is upset about how the decision was made to sell the Clean Fifteen. She doesn’t feel like the members were asked; it was not a cooperative decision. It is not okay to have a little bit

of pesticides. It is not okay for her family's health, for the farmers who pick it, for the staff who handle it. She asks the co-op leadership to change its decision.

- Speaker 3 is a staff member and owner. He was present for a previous board meeting when it was said that despite the saturation of the market, we were in a good position to survive. It was said that the co-op would survive even if other stores sell less expensive products because of our values. What happened? Speaker says we are creating a two-class system within the walls of the co-op, whereby those who can't afford the organic produce have the alternative of the Clean Fifteen, which he does not see to be a healthy alternative: Do you think I want my grandkids eating poison? Speaker requests several items and would like a response: When is the next GM evaluation? Who is the successor taking over for Dennis after he leaves? He would like to see the transcripts of how the Clean Fifteen decision was made. He would like to know the wages of the GM, Operations manager, and Nob Hill Store Team Leader. Speaker states that opening the West Side store was not a fiscally responsible decision.
- Speaker 4 works at the Nob Hill store. He expresses that department team leaders at the store are speaking against organizing, even though the Board of Directors has said staff have the right to organize. He is also frustrated that someone was hired into his department at \$13.75/hour with no experience while he has worked a long time to earn \$14/hour. This is not fair.
- Speaker 5 has been a co-op member for 40 years. She believes in the philosophy. She has worked for organizations where the boss was the boss: they asked for input, but they did what they wanted. This hasn't been any different, but it should be. The co-op should schedule a special meeting for everyone to have a chance to speak for more than two minutes. The Environmental Working Group used data collected by the USDA to determine which items are in the Clean Fifteen—but the USDA is not monitoring all pesticides. The main ingredient in Roundup is not monitored by the USDA. Selling the Clean Fifteen is not an ethical way to give access to people in the community.
- Speaker 6 is an owner. Her mother grew up on a conventional produce farm, and eight of the family died of cancer. The speaker decided she only wanted organic food and joined the co-op. She feels disheartened by the co-op's decision to carry poisoned food, calling it a libertarian decision. It's poisoning the people picking the food and contributing to the poisoning of the world. Speaker is a physician and has always recommended the co-op to patients but is having a hard time continuing to do so.
- Speaker 7 is a department team leader (DTL) at the Rio Grande store. The store overwhelming voted to unionize last week. The co-op has made the decision right now to challenge the department team leaders' ability to join the union, even though they want to. Speaker asks the Board and co-op member-owners to support the DTLs in their desire to join the union.
- Speaker 8 is a member-owner. He is disappointed to hear the comments today about racial discrimination, not supporting small farms, union busting. That sounds like Walmart, not the co-op. He recently bought Clean Fifteen mango and set it on the counter. His wife asked if he was going to eat it and he couldn't decide. It makes him sad that some people have to eat food like that. That's why we have to support small local farms—to increase access. Those present today are a small part of the membership, but

the speaker believes they represent many more and that it is very clear members don't want conventional products.

- Speaker 9 is a lifetime member and also a former Board member. He thanks the Board for an initially favorable response to his request for a memorial bike ride for Marshall Kovitz. He understands that it may be too short notice to plan it as part of Earth Fest, but he would like the Board to consider organizing a bike ride in the future to promote the co-op and to honor Marshall. On Sunday at 9am, he will bring his bicycle to the front of the co-op and ride to the river and back with anyone who joins him.
- Speaker 9 reads a letter on behalf of someone else who was surprised, confused, and dismayed to see non-organic produce in the co-op. She trusted the co-op to select and sell only safe and healthy products for our consumption—only products that are good to the land, workers, consumers, and everything she reads in the newsletter. She would like a change. Speaker goes on to ask whether the goal of the co-op is to get bigger and make more money, or to abide by the values that are written on the page. The co-op should close the West Side store. We live in a capitalist society. Growing bigger should not be our goal.
- Speaker 10 asks the co-op to stop giving jobs away to people outside our community.

Board and Staff announcement: There will be a Member-Owner Town Hall meeting in Santa Fe at the end of the month; ask Board President Ariana Marchello for details. A second one will be planned for Albuquerque. This will be a good venue for discussion.

Actions Taken: None

Actions Required: None

3. Consent Agenda

- a. Board Meeting Minutes (March 15, 2016)
- b. Member Engagement Committee Minutes (March 21, 2016)
- c. Board Development Committee Minutes (March 23, 2016)

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

Actions Taken: The consent agenda is approved unanimously.

Actions Required: None

4. Management Monitoring Report - X6 Counsel to the Board

Issues Raised:

- Tammy moves and Ariana seconds to approve the report.
- General Manager:
 - We are doing relatively well in comparison to our sector.
 - The West Side location is continuing to make progress. The team is doing a great job. We have a 12-week grand opening plan.
 - The Nob Hill location is also making progress.
 - All retail stores except Gallup were positive comps. We have a plan to remerchandise that store.
 - The CDC is on a growth spurt. We have some additional initiatives going on through the CDC.

- We do have 17,000 member owners. I am here to listen to all the voices, including those of people who spoke today. Organic produce is what we want to be about. That is what we will continue to promote. We are lowering cost of goods across the board.
- The Double Up Food Bucks program is launching soon. GM is a little perplexed by the feedback from local farmers today because the co-op's purchase of local foods is up. It's something the team has been working on since last October.
- Earth Fest is this Sunday. It's our 26th Annual Earth Fest. Over 100 environmental organizations will be part of the event.
- GM has been the recipient of personal attacks, including comments about his family, because of changes underway in the co-op. He says that co-op leadership are listening. It is not about the money. It is about understanding each other, hearing each other out, and then trying to respond in the right manner. We had a negative operating income. We are changing that. Why shop at La Montanita? The lives we are going to affect in the community. Everybody has a choice.
- Staff member shares that he is one of the staff hired from out of town and states that the transition has been hard for his family. He did not take the job with the co-op for personal gain but in fact accepted a significant pay cut because he was committed to the co-op.

Actions Taken: The report is approved unanimously.

Actions Required: Deborah will make a note in the GM monitoring checksheet: "Board is appreciative of the improvement over the comps in past year, and the positive direction of the co-op's finances."

5. Board Functioning

Issues Raised:

- a. Board Self-Evaluation Report:
 - The average score surpassed the required threshold. There were a lot of comments on various policies in the survey. President responses to some of these comments:
 - The Self-Evaluations are difficult for new Board members who have not had a lot of time with the Board, and that is fine.
 - One comment suggests that the Board should pay more attention to the meeting evaluation process at the end of the monthly meetings. Jennifer offers to help with that.
 - Orientation in December is for all Board members, but the practice has been that it is usually only new directors who attend.
 - B2.2 is an ideal that we strive for but is not always successful – effective linkages between Board and members.
 - Some of the other comments should be taken up in Board Development.
- b. Policy Scenarios: Research assistant leads Board members in discussion of how Board policies apply to a fictitious scenario. Board members had reviewed the scenario ahead of time.
 - The scenario's essential question: Should the Board give its approval to the GM when asked?

- B2.3 outlines the monitoring process by which the Board approves the GM's interpretation of policies and the co-op's performance.
 - Many of the executive limitations policies are written using the language "the GM shall not fail to" because there are multiple ways of accomplishing things.
 - B1 states that Board members can request information about decisions made. They use that information in their discussion of the outcome (R1). If there are issues, Board members must present those issues for discussion. Board members can modify or create policy because the wording of policies have to be such that they will guide the GM to perform as the Board wishes. If the Board does not agree with the outcome of the GM's performance, the Board should create or modify policy.
- c. Earth Fest: The Board members have their shifts.
- d. Upcoming Committee Meetings:
- Member Engagement – 4/25, Support Office 5:30pm
 - Board Development – 5/4, Support Office, 5:30pm
 - Finance – 5/11, Support Office, 5:30pm (Tracy is the new chair.)

Actions Taken: None

Actions Required: None

6. Task List

Issues Raised: Tasks will be added to the ongoing to-do list in Basecamp:

- Deborah to write Co-opera article.
- Deborah will update the GM monitoring checksheet.
- Deborah will post the Self-Evaluation for the Second Half of the B Policies.
- Board Development will work on the budget for June submission.
- Tammy and Lisa will co-chair the Nominations and Elections Committee.

Actions Taken: None

Actions Required: None

7. Meeting Evaluation

Issues Raised:

- I really appreciate that Dennis lays it all out with facts and numbers and comparisons. It is so much easier to keep track of what is going on than it used to be.
- The financial statement was very easy to understand.
- Board members really appreciate all the work of the research assistant. Maybe we can revisit some of the material we did not get to during the Community Education Session today.
- I really appreciate the continuing education aspect of these meetings. There is a lot going on in the world right now.
- The room format was better than last time.

Actions Taken: Deborah will add the first two comments to the GM monitoring checksheet.

Actions Required: None

8. Next Meeting Agenda Construction

Issues Raised: None

Actions Taken: None

Actions Required: None

9. Adjourn Regular Session

Issues Raised: James moves and Ariana seconds to adjourn.

Actions Taken: Meeting adjourns at 8:38pm, followed by an executive session.

Actions Required: None



BOARD STUDY / COMMUNITY EDUCATION SERIES NOTES

April 19, 2016

Prior to the beginning of the Board Study, all present introduced themselves. The Board President then recognized the contributions that the late Marshall Kovitz made as a co-op founder and long-time member of the Board, and invited others to share their memories.

Food + Tech: Improving Food Literacy, Education, and Transparency

Facilitated by: Jeff Hertz

Topic and Goals: In this Board Study, participants will explore the challenges and opportunities of using food information technology to improve food literacy, education, and transparency. Participants will discuss:

1. *Ways in which increasing transparency surrounding food production, procurement, and marketing could increase sales.*
2. *How insights about transparency might apply to membership engagement, marketing, board development, education, communications, and sales strategies.*
3. *Infographics and other forms of visualization as both an educational and civic engagement tool.*
4. *The possibility of involving membership in the creation of La Montañita's own food consumer guide.*

To access instructions and materials for this Board Study, visit:

<http://lamontanita.coop/directors/documents/>

Discussion (organized by theme):

Theme: Concern that technology would supplant staff knowledge

- I think the greatest thing about La Montañita is that I don't have to bring my smart phone in.
- La Montañita hires fabulous employees. They are well-informed.
- People are the true brokers of knowledge.
- Apps are not connecting people to people. The person that helped you is the memory you take with you when you leave the store.
- We used to have a demo lady, and she would print out recipes. I have many of them.

- GM: There is a demo station at the Santa Fe store, and it is wildly successful. We are hoping to bring that model into our other stores.
- I'm not a person who is likely to whip out a phone. I have always counted on the co-op to be my screen between me and my food.

Theme: Technology could add to the shopper's experience

- The "second barcode" is a really good idea. You don't need a smart phone. Kiosks in the store or at the register would allow people to access the information without using the smart phone.
- The second barcode could allow customers to see the history and story of particular products.
- The great thing about the second barcode is that it is an opportunity to provide visibility and promotion for farmers.
- I walked through the store before I came here. There was a lot of food that I had never seen before. I have always wanted that kind of information in the store on what foods are and how I might use them.
- La Montañita is planning to put some monitors in the store that will loop video telling the stories behind the food.
 - This can provide opportunities for connections between staff and customers.
 - Yes, but these videos can also be manipulative.
 - Technology is not a bad thing if it is used to help people.
- Technology has the potential to generate sales and also to connect people to people. For example: having the demo person be the one to scan the barcodes.
 - How do we know it would work?
 - There is currently no data on how successful the "second barcode" strategy might be. It is not being used anywhere, except a little in France. But at this point it is an idea that Michael Pollen is putting forward.
- I'd like to be able to use the app outside of the store. I'd like to learn the story when I'm in the kitchen, cooking. I see the utility being on the educational part, not the snap judgment standing in line as to whether I want to buy a certain product.
- The co-op has a way of labeling food; colored tags indicate which products are local. For me that's very clear. Not that technology is bad in any way, but there is already a system in place. That system should be used to further the conversation. Is it not working?
 - I understand that we are conscious shoppers. But I think that we are trying to identify ways to expand La Montañita's community as well. There might be other tools we could use to broaden our customer base. Technology might be a helpful educational tool in that regard.
- I want to shop local. I want to know who the farmers are.

Theme: Transparency about food sources is important

- I appreciate the conversation about transparency. I felt up until recently, the co-op's food story was pretty well told. The story was word of mouth. We knew the produce, meat and cheese was organic and much of it was local. If we are now trying to increase transparency, are you also going to tell the stories of the conventional produce?
 - Why not tell the story? Let customers and member-owners make their choice and speak with their dollars.

- Concern: Conventional produce takes away space from other produce.
- What if the co-op created a consumer guide that explained how we decide on the product assortment? Maybe use Michael Pollen's *Food Rules* as a model.
- NM produces only 23% of the food we eat. Only 7% of this is produce. Selling conventional food means that La Montañita is selling food from elsewhere, and the money is going out. Selling local is very important to strengthening our local economy.
 - GM: To all the local farmers. La Montañita is working on a program called the "Double Up Bucks" program, which is all local. All we are doing right now is searching corner to corner in New Mexico for local food. Some of that is organic, but a lot is not. It is food from New Mexico, local food. The program is in line with our Ends statement that is about creating access for more people.
 - When you say "local," that is deceiving. About 85% of agriculture in New Mexico is owned by entities outside New Mexico.

Theme: Two Competing Values – Organics and Access/Affordability

- I am from rural New Mexico. I understand the plight of the farmer, and of the poor family, because that is where I came from. I am also the co-op's IT director and see the numbers behind the scenes. And I am an owner. I am concerned about how we best serve the needs of the community. This is a multi-faceted thing. How do we attack all of these problems – how do we address one person's needs as a farmer and an owner, and another's need to have organic, local produce? A family making \$30K trying to raise children cannot afford organic produce. The reason we are branching out in the variety of produce we sell is to meet the needs of the community.
- I am a local producer. We help people with low-income by subsidizing their CSA share. We are also not just selling food. We are teaching them how to farm. This is not just about making business. We have to make a living but we have to teach the others how to do it. Conventional means "poison." We don't want to just give access to food but to good quality food.
- Most of us are here because we do not support the recent changes in the co-op in selling conventional products and in how staff are being treated.
- Bringing conventional produce might make for lower prices in the co-op, but there are other stores that are going to have cheaper conventional onions.
- I belong to La Montañita because it is a co-op. I can buy specialty and organic foods lots of places, but the thing that makes me go to the co-op is because I want to shop at a store where the shoppers own the store. Even if the co-op sometimes sells foods I don't like.
- About 5 years ago, a review was done of all the products in the Santa Fe store, and only 25% were organic. Having non-organic food in the co-op is not a new thing.
- I'm a member primarily. Also a grower. I didn't realize that the switch was happening. I was turned off when I went to the store and saw the Clean Fifteen table. Up until now, I trusted the co-op to do the "sorting" of produce for me. That way I don't have to go two different places to find avocados. I like convenience.

Theme: Importance of Education and Communication

- The co-op needs to communicate more to the membership about why the change was made to sell conventional produce.

- Education is a huge need. I have never thought that we have done well enough communicating about why we are doing what we are doing. Also education on how to use basic ingredients, reduce waste, cook healthy food.
- All of the materials for this Board Study (including a number we did not discuss today) are available online. I really like the fact that this conversation moved towards education and communication, because I think that's where this lies right now. We are experiencing a lot of change in the co-op so education and communication need to go alongside that. We are trying to balance economic and social concerns. We need to continue to have owners and staff come out to the meetings. I am glad we had this conversation.
- This was a rich, hard conversation. This world is hard. We are responding to a lot of pressures.