

La Montañita Food Cooperative Board of Directors Meeting Minutes
Member Session
March 21, 2017 – 5:30 pm

Board Present: E. Wheeler, C. Jones, J. Glover, A. Satpathi, G. Dennis, J. Esqueda, J. Anaya, G. Gould, M. Joe

Also Present: Member-Owner (MO) Team Member (TM)

MO: I. Kessler, D. Zeaman, D. Bacon, A. Hardage, J & E. Maizels, S. Grogan, A. Watkins, E. Krasilovsky, R. Hardin, E. Shultz, S & K Khalsa, M. West, C. Lavoie, P. Calahan, R. Baer, L. Kahn, M. Hildebrand(TM), J. Bunker

Community Series

5:30 E. Wheeler asked all members to sign the Attendance Sheet and further sign in on the Comment Sheet to speak during the Members Comment period.

5:40 C. Jones recognized the member-owners for their years of participation and support of the Co-op. Over half had been member-owners for 10-20+years!

Introduced the Leadership Team – Board of Directors, Rob Dixon, Cooperative Operations and Support Officer (COSO), and Will Prokopiak, Cooperative Retail Officer (CRO).

La Montañita Co-op (LMC) Re-Organization – E. Wheeler presented the LMC's new organization structure (see attachment). The reorganization was done in response to the continuing decline in the finances of LMC and directly after the large loss of an approximately -\$400K loss in FY16. We were looking for ways to increase efficiency while lowering our overall costs. LMC is an ~\$40M/yr company and very complex. The decision was to eliminate 3 positions and break the organization into 2 Divisions; Retail and Operations and Support. This enabled LMC to have experts focusing on the critical operations within each division, which require a very different set of skills. You will hear the term Leadership Team, that is the Board of Directors, CRO, and COSO. It will be a vital function for the Co-op that the Leadership Team, and member-owners, all communicate with each other.

The FY17Q3; FY17Q4; FY18Q1 roadmap was discussed (see attachment). The direction the leadership team is heading in is to ensure LMC gets to and stays at Healthy Profitability. There will be 2 major audits; HR and Financial being started this quarter. These will help us find out what we do great and where we can find efficiencies. LMC is beginning multi-site meeting capability to bring the community in as a whole. There is a Bylaws review going on right now. This will be voted on in Nov. The Committees are up and running! Get involved. There will be quarterly financial updates to the members. Please keep in mind, there will be as much detail as possible, but some of the details must stay within the leadership team and Financial Committee. Website redevelopment is underway. Much more. Key is this is a roadmap keeps the leadership team on track. At some point, things may have to move...we will talk about it and have a reason.

- Member: Why are we reviewing the Bylaws?
 - E. Wheeler: Bylaws need to be realigned with the NM State Statutes and they haven't been reviewed for a while.
 - G. Dennis: Member Owners have expressed some concern as well. Please come to the meeting the first Tuesday of each month at the support office.
- Member: Thanks for holding the Monthly Meeting in SF. Is there any consideration of holding some Committee Meeting in SF?
 - It is a goal to have some in SF. Right now the plan is to have a telecom set up for the next meeting. The documents will be posted to the website so that everyone can access them. There will be notification sent out when this is set up.
 - G. Dennis: There will be committee reports at all the Monthly meetings.

- Member: Do we only have 2 Committees?
 - E. Wheeler: No we have 5;
 - Member Engagement
 - Policy
 - Nominations and Elections: it is ad hoc and only starts up for the election cycle, which is soon. Most likely April
 - Board Development Committee: It is ad hoc and used for Board training and Strategic planning and such. There has not been a need to have one yet
 - Finance Committee: This is a closed committee. There is much data that cannot be released outside this committee to protect the Co-op. There will be quarterly Finance updates at Board meetings, beginning at the April Board meeting in Albuquerque
- Member: Where is the agenda found on the website?
 - R. Dixon: Showed the group where to find it.
<http://lamontanita.coop/directors/documents/>

Business Meeting

6:12 E. Wheeler: Opened the meeting. The Rules of Engagement for the comment portion of the meeting are: Members, who have signed up, will be called on. They will have 2 minutes to state their question and/or comment. At the end of 2 minutes, the timekeeper (G. Dennis) will ring the bell. Please wrap up immediately. The Board President will check with the Leadership Team to see if anyone would like to answer or respond to the comment. Only one Team member will respond. If no team member can adequately respond, if it's a question, an Action Item will be taken. If the response triggers another question by the same owner-member, they must take a note and send it to TalkwiththeBoard@lamontanita.coop. Request everyone respect each others time.

1. Approve the Agenda

Issues Raised:

- None.

Actions Taken:

- G. Dennis motions to approve as written. G. Gould second.
- Unanimous approval.

Actions Required:

- None.

2. Consent Agenda

Issues Raised:

- None. E. Wheeler: Any issues with the items in the Consent Agenda, does anything need to be removed?
- No items to be removed.

Actions Taken:

- J. Esqueda motions to approve Consent Agenda. C. Jones Seconds.
- Unanimous approval.

Actions Required:

- None.

3. E. Wheeler introduced the Cooperative Retail Officer (CRO), Will Prokopiak, and the Cooperative Operations and Support Officer (COSO)

- Will Prokopiak –
- Rob Dixon -

4. Member Comments:

- EK – Moved to Santa Fe in 2004. We chose to put our money in a credit union, farmers markets and La Montañita Co-op, even though you can buy organic in other places. Looked into Co-ops and found they began in the British Isles and there are 7 existing principles for Co-ops. These are not enough for the 21st Century. With all the challenges today, we need to look at our footprint. The Co-op buys tomatoes from Mexico, that is 260 miles away. There is a problem with that distance.
 - E. Wheeler: Changing the principles will be something done in the Strategic Planning. This will roll into a Co-op Café to get member input.
- PC - New member as of Oct. of last year, shops at the West Side store, wants to know if the budget that was set for that store (potentially unrealistic), are we looking at setting a more realistic budget?
 - J. Glover: We are looking at a financial structure for all of the stores, once that is done, we will take a holistic look for the organization as a whole. At that time we will be able to make a better assessment.
- IK: Membership engagement committee, we had one question last time that she would like to submit to everyone? How can we give positive feedback that we go back to our La Montañita, and the conflict between Take Back the Co-op (TBTC) and the Co-op, and welcome ideas that we come back to “one Co-op”, maybe is it a panel, something we can submit to the website. She finds it wonderful we can have all the questions we had last year, and listen to each other, find common ground, principles why we are member owners, and that we can anchor them. We want to maintain the contact – don’t lose that we have that kind of concern always for our Co-op.
 - E. Wheeler: we all need to stay involved, and continue to make progress.
- KK: One key thing to that is part of the answer is the notion of generosity. Directed this comment to member owners, based on anticipated success of healthy profitability, he offered a concept to plant a seed where we can be given a choice about our dividend, if we want to, we give it back we could give to the community in a uniting experience. There should be an avenue for us to do this. He is not dependent on receiving back the money, our collective generosity could attract more people, our success relies on working together to serve others and that will be a true cooperative.
- JB: members for the past 4 years, understands that there is opportunity for volunteering in ABQ and wanted to know if there are options for member-owners to volunteer in Santa Fe? Does it have to be in ABQ stores?
 - **W. Prokopiak’s Action Item**
- Member: Why was the Voting for the Treasurer not on the Agenda?
 - Elise: by approving the Consent Agenda, we approved him as Treasurer. Consent agenda is for this.
- MH: Wellness DTL (Dept Team Leader, SF) – 25 years as worker and member in Coops. Commends the Board for the work to get to us where we are. Sentiment in the store not spoken, culminated in where we are today. Relieved and hopeful. In that spirit of hope, he has something on the agenda for all of us. Something that will go a long way to get all team members on board, to be passionate about Coops, to be engaged because their needs aren’t being met. Has a pulse on the floor with team on the floor, they can’t pay their bills. We have a living wage ordinance in SF, “Nickel & Dimed” author, noted here in SF we have a living wage ordinance, but you are \$5 shy of where it needs to be. Should be a priority. We want to create a livelihood. A real Living wage is not \$11/hr.
- DZ: Marketing – odd swerve, and we are the official NM Lobos Brat. Asked a question about the Brat. Also, raising the wage floor is important, and would be more important to me than the people who farm, ranch, etc. and right now big national brand – please comment on that?
 - R. Dixon: questions about Lobo Brat, and questions about get local. What is the number

1 thing to bring sales in? One way of advertising is word of mouth. We sponsored the NM Lobos, the Brat was thrown in as part of the package. Pretty good ROI on that campaign, UNM Alumni is a big part of our base. New campaigns coming up are local farmers. Rob mentioned the 3-year marketing plan under development.

- EB: Questioned whether the Co-op should be supporting sports because it may not align with the Co-op values. Why do we want to support the Lobos with Co-op Money?
 - A. Satpathi: She stated that she is a Lobo, grew up in Espanola, UNM is an opportunity for achievement for many locals in the State (including her).
 - R. Dixon: Also pointed out that by partnering with the Lobo's, the Co-op was helping one of our local farmers because now the Lobos are selling Kyzer Farms Brats at the stadium increasing name recognition and sales for the Kyzer Farms as well as name recognition of the Co-op.
 - DZ: Get fresh is vague. There used to be a song about keeping chemicals off our plate...we need to get specific about what we mean.
- EM: Loves the idea to donate the dividend, it ties into help people be able to afford food and Jay asking why we can't volunteer at the Co-op? There is an entire list of organizations that members can volunteer and get a 15% discount, you can tell people about that, if you take that and watch the sales and get discounted items, and then you can get some nice savings.
 - PB: Added to the idea of the marketing that we are clear on what the Co-op fundamentally represents, it's not a marketing ploy. The idea of a cooperative and the money is that it is supposed to generate the growth for the community. They are spending money because they want a better community. Whole Foods can't put that message out; they can do good things for their workers, but they aren't building our community.
 - EB: Read today Albertsons will be merging with Sprouts, that is an opportunity for us. Sprouts and Vitamin Cottage are primarily where people in SF shop other than the Co-op.
 - JM – From the comments she heard during the meeting she pointed out that; we all bring our own genes, history, passion, background for health. The Co-op is a business, we have to maintain the business, and we can't meet everyone's needs and make it a viable entity. She can afford to shop due to volunteering, and other means, she chooses the Co-op, and knows that when she goes in that it is organic when it says is organic; she can trust what it is. Main shopping is at the Co-op, and it represents the value of what the food says it wants to be.
 - C. Jones: Similar facets of these conversations came up at a Santa Fe Store Team Members meeting. With the smaller WF closing, people don't know the Co-op is on W. Alameda, word of mouth is so important. Please ask if they know if LMC exists, and implore to become members if not so already.
 - E. Wheeler : Member Comments are closed.
 - Action Item: Will determine if there is a process for Volunteers to work in the SF Store.

5. Committee Updates

- G. Dennis: Policy Development Committee: The Charter has been approved and a core team established. The Core Team has committed to showing up to every committee meeting. However, any member may come and participate in all committee meetings. The Committee is now reviewing the Bylaws. The committee encourages all members to participate and there will be an electronic means to participate if you are not in the city where the meeting is held.
 - E. Wheeler: Once the telecom number is set up, we post it on the website/send it out in the Scoop email.
- J. Glover: The Finance committee meets quarterly, or monthly if LMC operating income is below 0.5% of net sales. The Committee is currently meeting monthly. The Finance

Committee Charter has been developed and will be posted on the website in the next couple of weeks. All Committee Charters will be updated annually. The Finance Committee is a closed meeting due to the nature of the information that is reviewed. There will be quarterly financial updates presented to the members. FY17Q1 & Q2 will be presented at the April Board Meeting in Albuquerque.

- E. Wheeler: Membership Committee: The last meeting was a Brainstorming session talking about the mission and vision of the Committee. Part of the Core Team was identified, still finalizing the rest. The Core Team is just the people who have agreed to making every meeting. They have no more or less power or voice than any other member at the committee meetings. The next meeting will be to continue working on the charter and look at the member survey. Understand why we have the questions we have on it, and determine if they are the right ones. The meetings are the 2nd Tuesday of each month. At 1 hour, we will review Action Items and then adjourn the meeting.
- J. Esqueda: Nominations and Elections Committee: This is an Ad-hoc committee which leads the Co-op to the Elections. It will begin in April and be soliciting members to get involved. The charter will be developed and approved beginning in April. The focus is to ensure that the direction is driven by the membership and it fair. Anyone interested, please contact J. Esqueda at TalkwiththeBoard@lamontanita.coop; there will be telecon capability for calling in.
- E. Wheeler mentioned website, scoop, newsletter etc. will notify of meetings, dates, etc. via the standard LMC communication channels.

6. Update on LMC Business

- Pricing Update – W. Prokopiak:
 - Over the past year there have been concepts put into place to increase margins and the number one priority is the look at those price increases. Price increases are common; as the distributors increase prices, LMC has to increase its retail. What has been encountered is that we are outside the norm of the difference between retail and distributor prices in some cases. This is a complex issue. The Scanning department sits at the computer and integrates with the POS (Point of Sale – Cash register) system and compare the vendor price with LMC price and make sure that difference (margin) is correct, make sure LMC is not selling things too cheaply or expensive. Team members brought forth abnormalities and Scanning made corrections, approximately 25% of the items we are aware of. Scanning continues to make corrections as LMC gets increases from the distributors, trying to bring things back into normalcy. It will be about 4-6 weeks before we are at “normalcy”, prior pricing adjustments put an extreme stress on team...it was directed in a manner not conducive to happiness, we are taking a measured approach. We are asking members and team members to identify things that seem out of whack. As of now, there is a lot more to look at by location etc. and how that plays into profitability.
 - E. Wheeler: if anyone has any questions, please email the board at talkwiththeboard@lamontanita.coop.
 - J Glover.: “Profitable” for our Co-op is a margin as small as ~1% - this equates to just over \$400K, Pricing is a fine art, and the CRO is currently working hard to get this right for LMC.
- Wells Fargo Update – J. Glover.
 - The request is for La Montañita to switch banks from Wells Fargo to somewhere else because of their support for DAPL (Dakota Access Pipe Line). James G. moved his own business. LMC has its main business banking operations with Wells Fargo, with some savings accounts with Nusenda. Being able to shift our business banking from Wells Fargo is possible, but will be very difficult. The scale of the task is huge. We are looking at different banks, for example Nusenda’s highest end business banking

accounts only ~400 transactions/month whereas LMC has thousands/day. It would have to be one of the big banks to handle LMC's level of volume and activity. There are 22 banks that support and fund DAPL, which means that we need to do a lot of research into each bank and that will take time. Also, LMC have an unsecured line of credit with Wells Fargo, this is another aspect we must consider when searching for a new bank.

- Composting Update: C. Jones
 - Recent member requests have requested that LMC composts any food waste. The Board have contacted Soilutions to start providing this service to the Albuquerque Stores. We are looking in to a few options for Santa Fe. We hope to have composting up and running within the next moth or two.

