

# Board Meeting Minutes

## La Montañita Co-op

April 18, 2017

5:45 pm Indian Cultural Center, Chaco Room 3

### Board Directors:

*Present:* E. Wheeler, J. Glover, A. Satpathi, J. Esqueda, J. Anaya, G. Gould, M. Joe

*Arrived late:* G. Dennis

*Absent:* C. Jones

Quorum Present? Yes

### Others Present:

A. Powers, Board Administrative Assistant, R. Dixon, COSO, W. Prokopiak, CRO

### Members Present:

C. Aragon, L. Kahn, G. Lawlor, S. Grogan, A. Watkins, R. Zaragoza, K. Gygi, A. Tracey, A. Whiteley, Joseph Phy, M. Creaturo, C. Baron, M. Franklin, B. Bartley

### Proceedings:

E. Wheeler called the meeting to order at 5:51 pm and introduced directors, executives, and the new board administrative assistant.

#### I. Informational Topic Discussion: Quarterly Financial Update

J. Glover - Presented a PowerPoint, which summarized the financial outlook of the Co-op in several key areas, including: "Where we have been, where we are now, and where we are going". He explained that due to prior financial issues with the Co-op, and other issues involving the previous board, there has been a need for more transparency. He then happily reported that "the support team is doing a fantastic job of looking at all the components of the Co-op", and that there are financial improvements in many key areas.

- **Where we have been**

- **2016 Financial Losses.** During 2016, there were large financial losses, with a high percent based on reduced sales, and the remaining losses due to operational costs.
- **Operational Losses/Legal Fees.** The most significant operational losses occurred as one-time losses.
- **Reduced Profitability/ Low Financial Performance.** Co-op Past Financial Performance information was presented to the board, which showed that beginning in 2014 through 2016, there was a strong decline in profits throughout all revenue centers.

- **Where we are now** – He explained that, "We are doing really well to turn this around and make sure we are not spending beyond our means".

- **Strategies Developed to Reduce Operational Costs** – The Coop is looking into various ways of reducing operational costs including: Property and Liability Insurance, Co-op Supplies Costs, and State Unemployment Tax.
- **Changing Banks Research** – Ongoing research being conducted to identify alternative banks instead of the Co-op's current bank, Wells Fargo. He said, "we are looking for a bank that will line up with our ethical standards, which is not something we can do overnight". He explained that it is difficult to find a bank that will not have some unethical involvement. J. Glover explained that changing banks is very complex, it is

going to take time, and that there are extensive issues which must be considered. He mentioned the consideration of Nusenda Bank, which is currently used for some of the Co-op's banking operations, however, they cannot meet the volume transaction requirements of the Co-op.

- **Store Profitability Challenges** – He explained that some stores are not doing as well as others, and that some have been impacted by recent construction congestion near their stores. He said they are in the process of looking at every single store to identify ways they can increase profitability. They are working on evaluating costs and making pricing changes. He noted that some costs are going down, and others are going up. These cost fluctuations can make a big difference to the bottom line.
- **Marketing Strategies Development.** W. Prokopiak reported that an evaluation is being conducted to address the marketing needs of each store, and that unique marketing strategies are being developed and implemented, designed to draw customers toward certain brands and products.
- **Where we are going** – He noted that the future goal for the Co-op is to continue to reduce the deficit and be operating in the black by the end of this fiscal year (August 31, 2017).
- W. Prokopiak mentioned that the Clean 15 had also resulted in losses for the last fiscal period and that although the Q2 was in the negative, there has been significant improvements.

#### **Topic Discussion - Questions/Comments**

1. ART Project / Nob Hill Sales

*Q. What are the connections to the losses for the Nob Hill store/regarding the ART project?*

A. W. Prokopiak stated that the store profits are down by a small percentage due to the ART project. He explained that other Co-op stores in the area have increased sales, likely from customers shopping at other stores due to the construction-related congestion in the Nob Hill area. No significant reduction in overall sales for the Co-op.

2. Financial Report

Member comment: It was a pleasure to hear the financial report and to hear about the progress being made.

E. Wheeler asked if there were any more questions or comments. There were no further questions or comments.

The topical discussion ended at 6:10 pm.

## **II. LMC Business Meeting**

E. Wheeler opened the meeting at 6:10 pm.

1) Approve the Agenda:

*Issues Raised:* None.

*Actions Taken:* G. Gould motioned to approve as written. J. Esqueda seconded the motion. Unanimous approval.

*Actions Required:* None.

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### 2) Approve Consent Agenda

Issues Raised: None.

Actions Taken: J. Esqueda moved to approve as written. G. Gould seconded the motion.

Unanimous approval.

Actions Required: None.

#### a) Consent Agenda Items:

##### i. Approve March 21, 2017 Business Meeting Minutes

Issues Raised: None.

##### ii. Approve Policy Committee Charter

Issues Raised: None.

##### iii. Approve Finance Committee Charter

### III. **Committee Updates**

- 1) Policy Development Committee: G. Dennis - not present; E. Wheeler postponed this update until G. Dennis arrived later in the meeting (see below).
- 2) Membership Engagement Committee: E. Wheeler – The Committee is in the process of finalizing the Charter, and working diligently on our New Member Survey. They are considering what to do with the data for each of the survey questions to make the survey results more actionable. The discount for completing the survey will be for July, not June, as in previous years. She asked everyone to encourage others to participate in the survey. She stressed the importance of conducting the survey and that the results should drive the Committee to real action plans.
- 3) Elections and Nominations Committee: J. Esqueda – The Committee is in the process of compiling candidate packets, and they have recently discussed a proposed timeline with a few key dates. They are working with marketing and will be using election software for the process. The next monthly meeting will be held on May 8 from 6-7 pm at the Support Office.
  - E. Wheeler commented that the team was doing great.
  - Member Questions on Committees: E. Wheeler asked if there were any questions or comments. There were no further questions or comments.

### IV. **Update on LMC Business**

- 1) Composting (J. Glover)- Reported that after talking with several store managers, it was determined that a composting program would not be cost-effective, or beneficial. He explained that leftovers from the produce departments is usually picked up by people with chickens, and there would not be enough to use for compost. He said they would keep monitoring the composting idea, but will not be moving forward at this time.
- 2) Additional Updates

Finance Committee Report (J. Glover): Reported that he and J. Heckes, and several others have completed the Finance Committee Charter, which was included in the Consent Agenda for this meeting. He noted that the Committee usually meets quarterly, or monthly, depending on sales volume. He stated that the information discussed at the

meetings is proprietary and is not published, and this is a closed meeting. Further discussed ensued concerning confidentiality.

**V. Committee Updates, resumed**

- 4) Policy Development Committee (G. Dennis) – There is a core team that has committed to showing up at every meeting. Each committee will report monthly, unless Ad-hoc or Finance. The Policy Development Committee is overseeing the revision of the Bylaws. Since they are outdated, she is in the process of reviewing and revising them. She invited members to attend in person or via electronic means. She expressed gratitude for members that have come forward to assist. Gina read verbatim from a list of 11 Steps for the Bylaws process:

**Bylaws Timeframe and Process:**

Step 1: Policy Development Committee members comment on Bylaws

When: Already Completed

Who: Policy Development Committee

Step 2: Master Document Compilation of Committee Comments

When: April 2017, end of April

Who: Gina Dennis, Chair

Step 3: Policy Development Committee Review of Master Document Comments

When: [May 3, 2017](#) Committee Meeting

Who: Committee Members

Step 4: Policy Development Committee officially Recommends Bylaws updates to Board

When: May to June 2017, including [June 7, 2017](#) Committee Meeting

Who: Committee Members

Step 5: Board Reviews Committee Recommendations

When: June to July 2017

Who: LMC Board

Step 6: Board makes its Decisions on Bylaws Updates

When: August 2017

Who: LMC Board

Step 7: LMC Attorney Reviews Board Decisions and Procedures for Notice for Membership Meeting

When: August to September 2017

Who: the Attorney will be hired by Board/LMC

Step 8: Board Notice to LMC Membership to Comment on Bylaws Updates

When: September 2017

Who: Notice sent by LMC Board

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Step 9: Board Review of LMC Membership Comments on Bylaws Updates

When: September 2017

Who: Notice sent by LMC Board

Step 10: Board Notice for Meeting to LMC Membership to Vote on Bylaws Updates

When: October 2017

Who: Notice sent by LMC Board

Step 11: Meeting where LMC Membership Votes on Bylaws Updates

When: November 2017, Within 30 days of Notice for Meeting

Who: LMC Membership Voting Majority

### Bylaws – Discussion/Comments:

*Q. What does majority of membership mean?*

A: E. Wheeler - G. Dennis is reviewing this with the Co-op attorney.

*Q. What number of people are attending the Policy Development Committee meetings?*

A. G. Dennis - There are 8 people attending. The Committee members commented on the Bylaws and made edits, and the Committee will review those edits at the May 2017 meeting.

*Q. Is the committee meeting held on Wednesdays?*

A. G. Dennis – The meeting will be held on Tuesday.

*Q. Asked about the attorney review of the Bylaws and how the final steps will be handled?*

A. E. Wheeler explained that there are many steps involved including a ballot to be sent out by mail. She noted that reviewing all of the statutes and covering many angles to get it done right. The NM Statutes have not been revised since 2006

Comments: A. Satpathi – Noted that the NM Secretary of State stopped requiring Corporations to update Bylaws of record in the 90's; in the future the Co-op is to continue to make updates and then maintain our own Bylaws of record.

*Q. Are we seeking legal counsel regarding the term "mail" in the current Bylaws? It was suggested that the term "mail" should be applied to include email which would increase participation.*

A. E. Wheeler – We are planning to consult with legal counsel regarding the language used in the Bylaws and discuss the use terms regarding mail and email. We are drafting a letter to legal counsel, and we will have to work the process.

*Q. Who is the lawyer?*

A. E. Wheeler said we have not hired a lawyer yet, and will not do so until we're ready, and it makes sense.

E. Wheeler asked if there were any more questions or comments. There were no further questions or comments.

**VI. Member Questions/Answers/Comments**

*Q. Is there be a Board member that could hear the concerns of the employees at the Rio Grande store?*

A. E. Wheeler - Donna Duran is the HR person now, and will handle employee concerns for all of the stores. There have been managers and other individuals going to that store so they could address the concerns of the employees there.

R. Dixon: As COSO, he will re-communicate to staff that Donna is available.

W. Prokopiak stated there is a section on the portal, talkwiththeboard@lamontanita.com, there are systems in place, W. Prokopiak and R. Dixon both have open door policies.

R. Dixon: The Board had "road show" at each store and Co-op location, and staff had an opportunity to talk with Board members.

*Q. Are there any pending Labor Board cases?*

A. E. Wheeler – No, there no pending cases. All of the cases have been closed.

*Q. Is the previous HR staff involved in negotiations with the Labor Board? Concerned about previous history and ability to be fair and just.*

A. E. Wheeler – previous staff has been involved in some of the negotiations for the purposes of rate calculations. We have considered that in future negotiations she will have limited participation. The only authority for any decisions for LMC, is E. Wheeler and W. Prokopiak. No other participants have LMC decision making authority.

*Q. What are the deadlines for Unionization at the Rio Grande Store?*

A. tbd

*C. Store Team Lead at RG – J. Phy, said staff should know he has an open door, please speak with Rob, Will, HR, etc. if you aren't comfortable to speak with Joe.*

*Q. Can we reach out to more of the local farmers that used to supply the Co-op and try to bring them back?*

A. Yes, we would like to see more of the local farmers participate again with the Co-op.

*Q. Can water be provided at board meetings in the future?*

A. tbd

*Q. Can the Board Directors email addresses be noticed in the newsletter so they can be easily contacted?*

A. The email addresses for Board Directors is now available on the Co-op website.

*Q. Can a Community Forum for community dialogue be created, like we discussed during a previous meeting?*

A. Action taken to add to the priority list.

*Q. Are we going to be moving the monthly Board Meetings in the future so that we can save money?*

A. Action taken to add to the priority list.

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Q. Can we find a meeting place that is closer to public transportation?

A. *tbd*

C. *A member happily reported that he noticed that employee morale has improved.*

C. *Member M. Franklin, was recognized by A. Watkins with flowers and commended for her many years of dedication and service to the Co-op.*

**Adjourn Member Session.** Motion was made by J. Esqueda to adjourn; Motion was seconded by Greg Gould. The meeting was adjourned at 7:05 pm.

**ATTEST:**

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**ALLENA SATPATHI, BOARD SECRETARY**