

# Board Meeting Minutes

## La Montañita Co-op

September 19, 2017, 5:45 pm

901 Menaul Blvd NE, Albuquerque NM 87107

**Board Directors Present:** E. Wheeler, A. Satpathi, J. Glover J. Anaya, C. Jones, M. Hildebrand, G. Dennis, G. Gould and M. Joe

*Directors Absent:* None

*Quorum Present?* Yes

**Others Present:** R. Dixon (COSO), W. Prokopiak (CRO)

**Members Present that signed in:** C. Baron, J. Swan, A. Whiteley, D. Duran, B. Bartley, J. Plaut, T. Purley, J. Esqueda, R. Zaragoza, J. Phy

**Members Present Via Videoconference:** None

### **Proceedings:**

E. Wheeler called the meeting to order at 5:48 pm, welcomed everyone and introduced J. Esqueda, Director of the Coop Distribution Center

### **I. Discussion Forum: Cooperative Distribution Center (CDC) Warehouse (J. Esqueda)**

- a. Introduced the CDC and explained the CDC provides market opportunities for small local businesses and entrepreneurs. The CDC finished up Fiscal Year with over \$9M of sales overall contributed to the CDC. \$4M directly into the stores.
- b. Key items:
  1. Value chain work, Benjamin Bartley does farm to table value chain planning.
  2. Local food shed, CDC provides the supply chain
  3. Pay a fair price for the products procured.
  4. Highlight of products & offerings:
    - a. Rancho Duranzo (Rob, Will please correct spelling?) peaches
    - b. Sage cherries
    - c. Chile Roast – September 16, 2017 at the CDC
      - i. Roasted 88 cases, \$1200 in sales
      - ii. Seco Spice has been a partner for local green chile and that is what we roasted and sold.
      - iii. We are working with other local farmers who are beginning to reach the capacity we need to sell their chilies in the future to other stores as well as within LMC stores.
    - d. The CDC enables access for local restaurants & other local accounts procuring the products
      - i. Work with grower producer and the accounts & make the connection to get the local products into the stores and restaurants
    - e. CDC is a cost center for the LMC stores, everything is internal transfer within LMC, meaning no mark up cost to the LMC stores
    - f. Cooperation among cooperatives is a value of the Coop and where we need to go
    - g. We are working with growers to help them in choosing the products that we need to better support them and the community as well as we help them reach capacity.
  5. Future:
    - a. Future of CDC including tours, increasing our service to other NM regions and more distribution storage and delivery to the LMC stores

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- b. What does regional and local represent and mean?
    - i. Local can mean 200-400 miles
  - c. Regional example is Rancho Duranzo, 10-year strong relationship.
  - d. Food safety work is another thing we work with the small farmers on.
  - e. Production planning work to grow the most “valuable/sellable” crops and when.
  - f. Better defining the opportunities and value the CDC offers for the grower producer, including differentiators
  - g. Increased reporting to the member owners and growers, including the development of KPIs (Key Parameter Indicators).
  - h. The CDC has 2 trucks and has been working very hard to optimize and improve the logistic.
    - i. 22 stops a day of over 400 miles are optimized so we can lower our footprint
  - i. Working with other Coops across the state:
    - i. Mt. View Coop
    - ii. Ruidoso Coop
    - iii. Taos Coop
    - iv. SIDS
    - v. Los Alamos Coop
    - vi. etc
  - j. In over 10 years, the CDC has now had the opportunity to do site visits, tours, and further engage with other Cooperatives across the state.
  - k. Looking forward to working with Purchasing protocols and standards and increasing the efficiency of the CDC.
6. Member question: It seems that there has been a lot of outreach to bigger cities that have a Coop. What about the food deserts or Coops? We are among the highest in the US with the number of hungry children.
- a. J. Esqueda: School system and food desert correlation is an example of how the Coop works with community kitchens to produce meals that are affordable to get local product to organizations that provide healthy foods to children. We also work to help small CSAs, thanks to Ben Bartley’s work, to get into the SF Public school system, are now able to procure local produce and get that into the school system.
7. G. Dennis: Food deserts are not only rural areas; we have urban food deserts. Data sharing from the CDC is important information for the farmer’s to have. Appreciate that you distinguished based on regional vs. local. Most impressed with the local and the work you have done with the CDC. My question is related to the local, and keeping carbon footprint down with local distribution.
- a. J. Esqueda: “Local” is defined in so many ways, right now talking to the producers about the crops that are developed. Focus is not just price; it does include an assessment of the carbon footprint. Benjamin has been busy finalizing a a Local Food Production Program Grant; which allows us to scale local production, stores with the strategies, and how to bring in local products to the stores and the community. Double Up Food Bucks is also a great program, it’s been very successful, and La Montanita needs to focus on programs like this.

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8. Member Owner: Last year the CDC did \$18K in local school district sales, another food access metric is \$750K in SNAP sales. There is work to be done, but it's progress. The CDC worked with the membership team to do advocacy regarding local procurement for locally produced foods.
9. D. Duran: The Coop stays involved in many ways. LMC hosted a meeting last year regarding the food tax NM was proposing which would have detrimentally impacted many of the people in the lower economic stratus. We continue to work regarding the impact of the food tax on at-risk people.
10. Member: Working hard to feed local communities and work with the local school system.
11. J. Esqueda: We help with small scale growing and grant work by offering assistance for growers to try to capture available government monies.
12. J. Esqueda: CDC is being recognized as an Aggregate Food Hub, a conference will be hosted in the Spring. The CDC is setting up Farm Tours and Workshops, planning is commencing. March 27<sup>th</sup>, 28<sup>th</sup>, 29<sup>th</sup> of 2018. This has grown in years of hard work, and we are taking it to the next level.
13. J. Esqueda: When it came to taking on a new role, my goal was to meet with as many people as possible, I had 3 orders of Business cards in 90 days. 750 business cards in 60 days have been handed out. A lot of conversation and it is paying off.
14. A. Satpathi: Let's have a challenge to get the same number of new members in the next 90 days.
15. J. Esqueda: I'm looking forward to the next 10-15 years. Please encourage local chefs, partners, chefs, etc. to contact the CDC.

## II. LMC Business Meeting

E. Wheeler opened the meeting at 6:19 pm.

### 1) Approve the Agenda:

*Issues Raised:* G. Dennis noted that the agenda erroneously called out the Elections and Nominations Committee when it is Nominations and Elections Committee

*Actions Taken:* C. Jones motioned to approve with modifications as noted.

G. Gould seconded the motion. Unanimous approval.

*Actions Required:* None.

### 2) Approve Consent Agenda

*Issues Raised:* None

*Actions Taken:* G. Gould motioned to approve as written.

M. Joe seconded the motion. Unanimous approval.

*Actions Required:* None

## III. Committee Updates

- 1) Policy Development Committee: (A. Satpathi) Proposed Bylaws changes approved by the Board and will be published in the newsletter for all members to review. Policy Committee is now reviewing LMC governing policies.
- 2) Membership Engagement Committee: (C. Jones) Annual meeting, scheduling it so that Albuquerque member owners and staff can take the Railrunner as an option.
  - a. Lots of work on the venue, and catering, menu, etc.

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- b. Possibly a food truck
  - c. Engage member owners, staff, have a fun event for everyone, and also the future and opportunities for La Montanita.
  - d. This event will set the stage for next year's activities.
  - e. Member owners. On Saturday, the 21st of October is the Annual meeting in Santa Fe. A subcommittee has formed to review member survey results, and the product manual as well. Looking at member recruitment and education as well.
- 3) Elections and Nominations Committee: (G. Dennis) Expressed gratitude to the members of the N&E Committee
- a. Candidate packets for the Board of Directors has been completed, there are 14 candidate submissions.
  - b. Ballot language from the Policy Committee has been provided to the Community Outreach Department to prepare the Ballot for the La Montanita 2017 Elections.
  - c. Extension for candidates based on the current Bylaws, it will be announced that the candidate deadline is extended to the deadline of Oct. 5<sup>th</sup>.
  - d. We will not be doing background checks. The Candidate application includes certification that the candidate does not have a felony conviction, which is what prompted the conversation. However, this is due to the law requiring that no Board member can be a felon of a company that sells alcohol.
  - e. Details of Elections and Candidates themselves will be in the October Newsletter and on the website
- 1) Finance Committee: (J. Glover) Finance Annual Year ended August 31. In a much better position. A Full financial update at the Annual Member meeting in October 2017.
- a. Financial data is available in the CDC office and Santa Fe store, and will be available to all locations soon.
    - i. Members may sign out but not make copies or take pictures; this is proprietary information.
  - b. Financial Audit to commence with Agreed Upon Procedures:
    - i. Financial Controls: Cash reimbursement and Cash disbursement
    - ii. Contracts & Procurements
  - c. Wells Fargo update later in the minutes.
- 4)
- 5) Member Questions and Comments on Committees:

**Finance Committee Discussion.** *Member: Thanks James for the financial update. It would be very useful to hear a report on a quarterly basis by store. Also, see membership trends by stores, look at staff vacancies by store, that impacts finances.*

J. Glover: The Committees looks at Key Financial Indicators, one is vacancies. We Look at membership numbers and what is the strategic plan for growing the membership base.

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*Member: On the list of banks, is a credit union being looked at?*

J. Glover: Credit Unions, unfortunately, cannot meet our banking needs. One of the banks being looked at does have a branch in Gallup. Looking at serving Gallup as well, and will the proposed changes work.

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

### IV. LMC Business

1) Update on Annual Meeting (C. Jones)

No further updates from those in the Committee Section.

2) Update on COSO and CRO Interviews (E. Wheeler)

3) COSO/CRO Interviews are moving forward and we are moving forward. We will keep members informed, we did the best we could to keep the timeline projected at the start of the reorganization. There are 2 panels; there is a Board only and Staff only panel, of which Mike Hildebrand participates in both for continuity. The 2-panel system allows us to get a 360 view of the candidates.

4) Other Business Updates

1) J. Glover: The finance Committee is recommending that we transition from Wells Fargo to Century Bank. (See attach PowerPoint presentation)

a. Member owners please do due diligence and email back to

[talkwiththeboard@lamontanita.coop](mailto:talkwiththeboard@lamontanita.coop)

b. Transition will start Nov. 1 if approved

c. 90 days to make the full transition

d. G. Gould: is there a downside?

i. J. Glover: Operational impacts regarding logistics and it will also be a learning curve for the Finance team.

e. Member owner: Since Wells Fargo (WF) is so close to the Gallup Store, would the Board agree to leave WF at only the Gallup location?

i. J. Glover: it's easier for the Finance team to have everything at one place. We will save money to switch all locations across, plus the Coop is seeking to no longer bank with WF.

f. B. Bartley: The savings for the change orders accounts for the change orders to go out to Gallup are included?

i. J. Glover: yes.

g. B. Bartley: Do they have other comparably sized accounts?

i. J. Glover: Yes, they have other large accounts.

h. Member question: How did Century handle foreclosures?

i. J. Glover: The vast majority of their investments are in municipal bonds, not in mortgages, to our knowledge.

i. E. Wheeler: That's part of the research – members please research mortgage backed securities held by Century Bank or any other concerns.

j. C. Jones: James designed this for members to be able to go do their own research and contribute to the decision. This is a Coop principle to get our finances correct.

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- 2) A. Whiteley: Gave a shout out to James E. for great CDC presentation.

### V. Member Comments/Questions

- 1) Member: Thinking about the figures and current finances, questioned if there had been discussion to having just one large La Montañita retail store in ABQ, with enough parking and full store accessibility, instead of having 3 stores that are losing money? We could have 1 profitable store in Albuquerque.
  - a. J. Glover: Strategic planning includes thinking about “crazy” ideas. You have to look at them to decide if they would fit La Montañita or not. Not currently planned, but we have thought about it.
  - b. E. Wheeler: New markets are coming in; what is the viability of the existing stores; what are our leases, unfortunately we carry long-term leases. The next board will have to look at all of it which is why it is important to look at the candidates and make sure they have the background to work through these business decisions. It’s vital that they do, they are the ones that will present it to the membership if that is the direction they recommend. It should not be done without membership input.
    - a. Ben Bartley: Location is a consideration when we talk food access, because convenience is a top 3 priority when people consider shopping.

- VI. **Adjourn Member Session.** Motion was made by G. Dennis to adjourn; Motion was seconded by G. Gould.

### Email Votes:

#### 1. October 26, 2017 -- Motion to Approve Nominations and Elections Committee Charter Dated October 26, 2017

Motion: G. Dennis

Second: C. Jones

Approved: G. Dennis, C. Jones, J. Anaya, M. Hildebrand, A. Satpathi, E. Wheeler, J. Glover

Abstain: M. Joe