

**La Montanita Food Cooperative
Board of Directors Meeting Minutes
February 18, 2014 – 5:30 pm**

Board Present: Martha Whitman, Marshall Kovitz, Ariana Marchello, Jake Garrity, Susan McAllister, Lisa Banwarth-Kuhn, Jessica Rowland, Leah Roco, Betsy VanLeit

Board Absent: None

Also Present: Deborah Good (admin assistant), Terry Bowling (General Manager), Jennifer Cornish (facilitator), John Mulle (staff), Sharret Rose (staff), Michelle Franklin (staff), David Hurley (member), Tracy Sprouls (member), Ian Colburn (member/staff), Dianne Layden (member/researcher), Don Davis (member), Robert Quinlan (member), James Glover (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 – food & refreshment

Issues Raised: Due to the large number of visitors, all present are invited to introduce themselves.

Actions Taken: None

Actions Required: None

2. Approve the Agenda

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

Actions Taken: The agenda is approved unanimously.

Actions Required: None

3. Member Comments

Issues Raised: None

Actions Taken: None

Actions Required: None

4. Consent Agenda

a. Board Minutes – January 2014

b. Member Engagement Committee Minutes – January 27

c. Board Development Committee Minutes - February 3

d. Member Engagement Subcommittee Minutes – February 9

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

Actions Taken: The consent agenda is approved unanimously.

Actions Required: None

5. Annual Retreat Proposal

Issues Raised:

- Martha moves and Marshall seconds to approve the proposal.
- Retreat is a day annually when the board thinks about study topics for the next year.

- Board Development Committee oversees the study from month to month and is in charge of proposing the annual retreat agenda. This year's proposal is that the agenda include board study planning as well as discussion of the functioning of board—succession, recruitment, and dispatch of board duties.
- Date for retreat: May 17, 2014. Backup date: May 3, 2014. (Retreat will be about 6 hours long.)
- Facility: Marshall will look into availability of the Source.

Actions Taken: The proposal is approved unanimously.

Actions Required: None

6. LaM Fund ROI Proposal - Terry

Issues Raised:

- Betsy moves and Lisa seconds to approve the proposal.
- La Montanita Fund is an in-house loan program for farmers and producers in the state of New Mexico. A Board advisory committee approves the loans. The Fund has been in operation a few years. It is more active in the summer than other times of year. Investments have been good, and it is growing every year. Investors are generally motivated by the cause, not by the value of the return on investments.
- Discussion:
 - Question: Have any other co-ops taken off with this idea? Terry: Not the way we have. Only NCGA has a similar fund.
 - Question: La Montanita is requiring that farmers we buy from carry their own liability insurance. This is a new requirement. Could there a connection between this issue and the LaM Fund? Terry: Funds are allocated according to applications and can be used for a variety of expenses, including insurance. Liability insurance, though, is not very expensive—not enough to merit a loan, so the issues don't really overlap. Loans run \$1,000-\$27,000.
 - Question: How many individuals has the fund reached? Terry: There have been 25-30 loans.
 - Question: You said you think the Fund will have a lifespan. Why? Terry: That's what I've seen. The need for loans sometimes decreases or other loan options will arise, and it would not be worth it to keep the Fund active if there are not enough folks looking for loans.

Actions Taken: The proposal is approved unanimously.

Actions Required: None

7. Management Monitoring Report – X2.5 and X9.0-9.4

Issues Raised:

- Leah moves and Lisa seconds to approve the report.
- Discussion:
 - Westside Store:
 - Westside store lost money in December. We knew going in that we could have cut that loss with layoffs, but we decided not to do that (payroll costs were significant while sales were low). The store hasn't taken off like we had hoped. Sales are up in the past four weeks compared to the previous four weeks. It is going to take time to build. Membership continues to grow, customer count increasing every week. Meanwhile, our other stores' sales are strong.
 - Board question: Any sense as to whether we are getting new members or is it existing members who are shopping at the Westside store? Terry: In the first month, the new store signed up 1,000 members. We are consistently signing up

new members at the store. Our membership is growing and I expect it will continue to grow.

- Board question: Have you done any analysis of where the members are coming from? Terry: Mostly Corrales and some Rio Rancho. They are generally clustered in the area around the store.
- The Monitoring Report:
 - This report presents the annual wage grid examination. This is a comparison of La Montanita's wages to wage data for comparable job categories provided by the New Mexico Department of Workforce Solutions. Terry reports his confidence in the accuracy of the NM data is low.
 - Benefits are as much (or more) of a concern for potential employees as wages. Co-op benefits are good. The number of applications for co-op jobs is consistently high.
 - Board question: Do we provide better benefits than other employers? Terry: I think our benefits package is as good as Whole Foods'. Our benefits are good, and we pay benefits for staff working 20 hours a week.
 - We are self-insured; it is more affordable than paying for an indemnity plan. Board question: Is the decision to be self-insured affected by the new laws? Response: No. The new laws still allow for us to be self-insured.
 - Board question: What triggered the increases made in wages for the various grades of jobs? Response: In some cases, we looked at how many people are capped out at the maximum pay and for how long, and increased the cap. Santa Fe was also a driver for these changes because of their increased living wage. We didn't want too much of a gap between employees in the differently locations.
 - Visitor question: If staff start to choose to purchase their insurance in the exchange, would you start to change how you offer benefits? Response: I suppose we would look at that, but at this point, getting insurance through the co-op is much more advantageous for staff than buying through the exchange. Our plans are very affordable for employees. Most of our staff get insurance through us; few opt out.
 - We also offer good dental insurance.
 - Board comment: I wish there were some way to translate our benefits into the wage figure so it was easier to do comparisons. Terry – We could look at that for next year, but it would not allow us to compare with the state data, which does not account for benefits.
 - The number one reason that people want to work for the co-op (other than just wanting to work at a co-op) is the benefits. People are shocked how good our benefit package is. We have a reputation for having the best/most affordable insurance available in this kind of work.

Actions Taken: Passes unanimously

Actions Required: None

8. Board Study – Evergreen vs Mondragon – Lessons for NM – Marshall/Betsy

Issues Raised: See Appendix A.

Actions Taken: None

Actions Required: None

9. Board Functioning – All

Issues Raised:

- La Montanita is preparing to launch a new website, in Wordpress format, which will allow us to post Board study materials. Sara Wentzel-Fisher wants a 75-word biography from each board member and a photo. The bios go to Sarah, and the photos go to both Sarah and Edite Cates. Deadline: next board meeting.
- Visitor/member comment: I encourage that educating the community become a more active part of the co-op's work. It would assist the mission statement and help the community financially. I've been with the co-op as a staff member and member, and never seen education provided on how to use the products we sell. Responses: Board member recommends the member be in touch with Robin and Sarah in Membership Services. Terry also says that they do more classes/workshops at the Santa Fe location because the space allows for it. A board member/employee reports this topic was discussed at the Department Team Leader meeting.

Actions Taken: None

Actions Required: None

10. Administrative Assistant Duties

Issues Raised: See Task List

Actions Taken: None

Actions Required: None

11. Meeting Evaluation

Issues Raised: Two comments:

- Great choice of articles.
- Thanks, Terry, for the information you shared, including visuals.

Actions Taken: None

Actions Required: None

12. Next Meeting Agenda Construction

Issues Raised: Potential for a long video as part of the study hour. The goal is to have a light agenda allowing more time for the study.

Actions Taken: None

Actions Required: None

13. Adjourn Regular Session

Issues Raised: None

Actions Taken: Meeting adjourned at 7:40pm, followed by an executive session.

Actions Required: None

ATTACHMENT A: BOARD STUDY

La Montanita Food Co-op
Board of Directors Meeting – February 18, 2014

Topic – Evergreen vs Mondragon – Lessons for NM

Led by: Marshall and Betsy

Goal for presentation and discussion: Reflect on how we can be a meaningful part of the future in terms of community economic development, and gain a better understanding of the opportunities and challenges for creating a co-operative network in NM.

Assignment:

- Look over the Evergreen website: <http://evergreencooperatives.com/about/>
- Read: *Sustainable Economic Democracy: Worker Cooperatives for the 21st Century*, by Nicholas Iuviene Amy Stitely, Lorlene Hoyt (published by MIT Community Innovators Lab in Oct 2010)

Thoughts on reading -- Marshall:

- One important difference between the two examples in the reading and Albuquerque – both Mondragon and Cleveland are post-industrial cities. Albuquerque was never heavily industrialized.
- The paper notes the recent financial collapse and the impetus to initiate economic change. It is important to note that the work Evergreen was doing started long before that happened.
- An important definition of economic democracy – a socio-economic arrangement where local economic institutions are democratically controlled. This does not reject the role of market but also does not accept the traditional idea of maximizing profit as advocated by economic decision-makers. Cooperative ownership is one way of achieving economic democracy. It prevents leakage; i.e. it keeps wealth in the community.
- Page 7: “The most important lesson from Legacoop and the Mondragon is the importance of developing an economically integrated network of cooperatives rather than a single cooperative... One worker cooperative on its own is most likely doomed to fail in a highly competitive global economy. However, an ecosystem of several worker cooperatives and support organizations can create an infrastructure that leads to sustained growth and expansion.”
- Page 8: Mondragon did not get too big, creating “spinoff firms” as it grew. This prevented bureaucracies from developing, which would stifle creativity and democracy.
- Co-ops are just one model. There are other components to community development as well. Identifying where the co-op model makes sense vs, for example, a nonprofit model, is an important part of planning in community development.
- Page 26: Framework for developing cooperative economic development strategies (similarities between the two):
 1. Identify the appropriate scale/size
 2. Analyze local economic context
 3. Organize a network and establish a governing structure
- Page 27: Conclusions:
 1. Leadership must be effective and democratic.
 2. Cultivate the values of local ownership and solidarity (challenge of overcoming culture of individualism)
 3. Education builds network capacity.
 4. Cooperatives are organizing entities and can play a role in a larger social movement.

Key Themes in Discussion:

1. Ground-up versus top-down

- Mondragon started from the ground up whereas Evergreen, probably out of necessity, was created from the top down. Civic community leaders, hospitals, universities came together in Cleveland and said they needed to do something to make their neighbors' lives better. It was not the neighbors themselves initiating the cooperative.
- Each model has its pros and cons as you develop. Evergreen has the challenge of how do we devolve power to the people who are actually doing the work. They don't really address it. A deeper study should include that.
- Both models use the idea of looking locally at what kinds of services and needs are being fulfilled by outside organizations and asking, what can we "take over" – what's being outsourced now that we could take on?
- How is Evergreen going to transition the leadership back into the community from the philanthropic top? I think that is an issue here too, even if our grassroots are stronger. The people who have the time to create such a cooperative effort here are not necessarily the people who it would be serving.

2. A network increases the competitive advantage of individual co-ops

- Strength of a cooperative network – cooperative + other kinds of institutions that form an interlocking way of maintaining a local economy – is this. When you try to pit the co-op model against the global model, you run into the problem of scale. Cooperatives get together to create the scale. They also compete because of the focusing on meeting a local need on the correct scale, which off-sets the weakness that cooperatives will never meet the scale of multinational corporations like Walmart.
- Import replacement. All these entities pool their resources, eventually creating their own local economy—a labor market with higher skilled workers.
- There is strength in numbers when people have a common goal. I think that that number creates a power and an influence for change. Organization within that is very important, but when it comes to making policy changes, when you have a strength of people who are organized, there is potential to create actual change. E.g. Changing food safety laws so that they are more specific to small businesses: you need enough people on a side of the line raising their voices.

3. How would this work in Albuquerque, New Mexico, and this region?

- In NM, where there is such large government presence, small businesses and co-ops can get together and reach a competitive scale. Albuquerque comprises half the population of NM and can be a hub for the rest of the state, and this kind of model could work well here.
- Gar has an article about Evergreen when it was getting started. The thing that made it work was they were in absolute crisis, so the whole city came together to make it work. No one was calling it a socialist effort; there was little resistance. I'm not sure we have that kind of crisis to motivate people here. I'm worried that it would be seen as a socialist movement in contrast to individual business owners.
- There are crises looming in Albuquerque and this area. One, for example: water.
- Albuquerque has some similarities to Evergreen: university and hospital, Kirkland. Albuquerque may also have stronger grassroots.
- Evergreen model was exciting because of parallels to Abq. Poverty is high in both cities. I think there is more ground-up involvement here. I actually think NM is really in a good position to be

open to a cooperative model because of the history of collaborative relationships (part of the culture). I'm excited about potential for community development.

- This may be La Montanita's next thing. We are in a position to do a chunk of this work. We have some leverage. Could we get others to sign on to what we can't begin to do.
- We have this potential to touch a lot of other organizations and contribute. We generate all these ideas about things to do, the education piece, the finance piece. We don't need to do it all. Networking with other co-ops – Something unique about the southwest because of our geography. We need to do networking because of how population and agriculture are spread out. Not one food organization can really do it all.
- Evergreen unique because it is not network of existing co-ops. Nor is it offering resources to people wanting to start a co-op. It is intentionally choosing to start co-ops to meet needs and providing the anchor institutions to make it happen. I think NM has an interesting mix of anchor institutions and grassroots organizations. How do we create a network?
- There is not a lot of manufacturing in NM. How does that play into it? Evergreen started with laundry. Then solar. Now they are deep into an agricultural co-op. And I don't know what they have planned next. That would be part of the analysis – what would meet a need in this state that we would have the capacity to build?

4. Worker co-ops vs. other kinds of co-ops

- Worker co-ops is what I see coming out of this.
- Worker co-ops are different from La Montanita. Does La Montanita have the expertise to help develop worker co-ops?
- There are food co-ops that are worker co-ops: Peoples, for example.
- Worker co-ops don't have a great success record in this country. That would be a big challenge to undertake.
- There was a lawyers co-op at turn of 20th century that was very successful.
- A possible source for a worker co-op: recent graduates with business degrees. Could we use grant money to train?
- The model would not have to be worker co-ops.
- There is a lot in the literature about worker co-ops. Some of what has happened is workers scrambling to save something that is closing. That is different than starting a worker co-op from scratch. We may not have the expertise on worker co-ops, but there must be others with that expertise.
- Organizations exist that do provide TA to workers co-ops.

5. USDA-funded Cooperative Development Center?

- USDA funds are available for a cooperative development center. This is something we could apply for. Co-op leadership is in the early stages of exploring the idea.
- La Montanita is already doing some co-op development throughout the state. We could look at developing a clearinghouse for information and resources, making these available to groups starting co-ops. The challenge is to keep people excited after initial momentum has slowed. Lot of work to start a co-op.

6. What next?

- How do we get anchors and grassroots to talk to each other? The Collective Impact Framework (out of Stanford) could be helpful in exploring in that.
- Mission Graduate is an example here in Albuquerque. There's an article on that. That could be a resource.
- How do we bring this to the larger community? We are discussing the idea of a summit to bring people together. That's what we're working toward, in cooperation with CDS.

- Maybe we want to do a field trip to Cleveland.