A regular meeting of the Food Conspiracy Board of Directors was held at the Pima Friends Meeting House, 931 N 5th Avenue, Tucson, at 6:30 pm on December 1, 2010.

Present
Paula Wilk
Natanya Siegel
Linda Laev
Betty King
Shefali Milczarek-Desai
Rob McLane
Joyce Liska
Torey Ligon
Patrick Campion
Todd Stadtlander
Fiore Iannacone
Cody Witham
Kelley Kriner
Ben Kuzma
Eric Lauterbach-Colby
Collin & C. Bardwell

1. Paula called the meeting to order at ___6:31__ p.m.

2. Review of Agenda and noted changes

   Ben: Take agenda item 4.F “Authorize GM to enter into a loan agreement with Sierra Vista Co-op” off the agenda until we get more info about our financials related to expansion – what our needs will be. Sierra Vista Co-op had a Dec. 15th deadline, but a member put up a farm in Minnesota as collateral to secure their loan so the deadline is no longer pressing for our loan. Removed from December agenda.

   Ben – Take agenda item 4.G “Authorize GM to enter into a loan agreement with Sleeping Frog Farms” off the agenda. Ben proposes that we join the CSA for $5,000 which is within Ben’s spending limits and then spend more time figuring out whether we can offer them a loan for $20,000. There is a restaurant in town that has a similar arrangement as a CSA member. Removed from December agenda.

   Shefali – Move the monitoring report, item 8.B.1 to the consent agenda. No objections so it is moved to the consent agenda.
4. Consent Agenda

Items: 4 A,B,C,D,E & 8.B.1.a

4.A  Approval of Minutes from September, October and November 2010 meetings

4.B  That the Elections Committee Charter be amended as proposed in order to authorize the Committee to plan and hold annual elections, require Committee reports to the board of significant issues and each annual election process and update the Committee membership.

4. C  That Linda Laev be the Elections Committee Chairperson, effective June 2, 2010

4.D  That the Board Approve Resolution 2010 – 03 Clarifying When Elected Directors Take Office

In accordance with Bylaw Section 4.3, which states that directors shall be elected by owners at or in conjunction with the annual meeting; and to provide for the orderly transition of board members and officers following an annual election; the board resolves that the term of newly-elected directors shall begin on the date and time of the first board meeting following their election.

4.E  Approval of 2011 CBLD Participation Agreement, as revised in consultation with CDS Consulting Co-op representative Mark Goehring, and authorize the Board President to sign and date it.

4.F  [removed from the agenda]

4.G  [removed from the agenda]

8.B.1.a  Approval of L-10 Membership policy monitoring report
          (Added to consent agenda per Shefali’s request, see above.)

_____ Shefali _____ moved to approve the consent agenda; _____ Linda ____ seconded the motion.

Yes 8  No 0  Abstain 0

5. Owner Time

Rob McLane – Equal Exchange is an organization that helps promote the cooperative model and one in which producers get a fair deal. Rob wants to know if the Co-op can carry fair trade bananas. OKE is a company that is offering them.
Todd says they are available to him occasionally. It is spotty and fair trade bananas are very expensive and would be about $2.00 a pound. Todd says he will look into the company and he is very open to carrying fair trade.

Shefali Milczarek-Desai – Last time she was in for a member sale day all the dairy was gone. Came three different times. Wondering why?

   Kelley – There was a super sale on organic valley and it was hard to keep in stock. 
   Eric – You can always ask. Sometimes there is more in the back. 
   Ben – We did a post-mortem on the holiday sale and figured out a number of things we could have done better.

Paula Wilk – Thinks the new shelves look spiffy.

6. GM Information for the Board:

Ben reports that the Co-op got a final delivery on shelving replacing two produce shelves in the front and a bread rack. They also added a couple of racks called “saddle packs” for additional bread. Bread is a growing category for the Food Conspiracy.

The Co-op front loaded this fiscal year. Lots of expenses have taken place in the first quarter of the year. Ben thinks we’ll come out ok because the sales have been good.

Ben wants to thank Shefali for reading board packet closely. General Manager report said sales were fine. Finance report showed they were not. Finance Manager and General Manager keep track of things separately and Shefali caught something that the auditor would have caught, but now it has been corrected sooner.

Finance Report

Patrick distributed new finance report. The difference from original report distributed last week is that year end takes place mid week, rather than at the end of a week. By ending mid-week (as is correct) it made a difference on year end figures.

Questions for General Manager or Finance Manager:

Betty – If we purchase a CSA membership with Sleeping Frog will the Co-op become a distribution site for the Sleeping Frog CSA? 
Ben – If we have the property behind the co-op it would be an easy decision to go forward with that. We do want to do some research into how it might impact existing CSAs however. We would not have a pickup on the same days that Tucson CSA picks up. 
Todd—Sleeping Frog will not have a public CSA pickup at the Co-op until the spring, if things work out.
Ben – Goal of this partnership would be to develop a pilot program that can be replicated in future years to help develop farming in the Tucson area. In the future, the program would be an operational program and would not require Board approval on a case-by-case basis because there would already be funding set aside in the budget.

Shefali – If it became a regular program, would the $25,000 be split between many farms, or given to just one.

Ben – That is to be decided based on several factors, including how much money we’ve made the previous year.

Paula – Wondering how the membership will feel.
Betty – Yes, wondering best way to engage owners on this topic.

Additional discussion about supporting Sleeping Frog Farm followed.

7. Items from Consent Agenda
   N/A

8. Board Work

   A. Resolution 2010 – 04 Approval of Proposed Amendments to Bylaws for Submission to a Vote of Owners

Pursuant to Bylaw Section 9.3, the Board resolves that the amendments to Sections 2.2, 2.4, 3.6, 3.8 and 4.8 to the Bylaws of the Food Conspiracy Cooperative, which are shown below, are approved for submission to a vote of owners in connection with the meeting of owners to be held in the second quarter of the 2010-2011 fiscal year.

PROPOSED, that the Bylaws of Food Conspiracy Cooperative be amended in the following respects:

Section 2.2 - Admission. Applicants will be admitted to ownership upon submitting required information and purchasing or subscribing to purchase not less than one nor more than twenty shares, at a price determined by the Board of Directors. Ownership shall be in the name of an individual as the primary owner and not more than one designated secondary owner. On or before admission, each owner shall be provided a copy of these bylaws, including the appended explanation of patronage rebates. Subscribers shall be considered owners for all purposes.

[Expl.: A 20 share maximum is significantly higher than the prevailing practice among co-ops. Because it is suggestive of a securities problem it could jeopardize the whole concept of a share purchase requirement as a range of shares.]

Section 2.4 - Responsibilities. Each owner shall keep reasonably current in payment of the share purchase requirement described in this Article, shall patronize the Co-op on at least an occasional basis, and shall notify the Co-op of any change to the owner's name or address. An
owner who becomes delinquent in meeting his or her share purchase obligation to an extent determined by the Board, or who fails to patronize the Co-op for a period of time determined by the Board, shall be placed into inactive status. The owner's participation rights shall then be suspended. An owner in inactive status may attain good standing only upon full payment of all arrearages, recommencing current payment of financial obligations or reestablishment of reestablishing a patronage relationship with the Co-op. References herein to the rights and entitlements of owners shall be understood to refer only to owners in good standing. Each owner shall refrain from conduct that disrupts any lawful activity or function of the Co-op, brings the Co-op into disrepute, presents a danger to the safety of persons or property or otherwise constitute cause for expulsion.

[Expl.: To eliminate an unnecessary barrier to reacquiring good standing by requiring only that the owner recommence current payments rather than pay all arrearages. There would seem to be no need for paying arrearages because the owner was not benefitting from owner entitlements during the period of delinquency.]

Section 3.6 - Quorum. The presence in person or by mail absentee ballot at the opening of the meeting of fifty owners if the Co-op has more than five hundred owners, or ten percent of all owners if the Co-op has five hundred or less owners, shall be necessary and sufficient to constitute a quorum for the transaction of business at or in connection with any meeting of owners.

[Expl.: For consistency with 3.8.]

Section 3.8 - Balloting by mail. Absentee ballots. Owners may, as authorized by the Board, vote by mail absentee ballots delivered to the Co-op by mail, in person at the store, or, if the Co-op is able to authenticate that it is the owner who is casting the vote, by electronic means. Voting by absentee ballots may be for directors or upon any issue properly submitted to a vote of owners. Ballots, together with the exact text of an issue for decision shall be included in the notice of the meeting to which they relate. Ballots, absentee ballots, together with votes cast at the meeting, if any. Ballots, absentee ballots shall be counted together with votes cast at the meeting, if any. Balloting by mail shall be considered to be action taken at a meeting of owners for all purposes under these bylaws, with or without explicit reference thereto.

[Expl.: Authorizes voting by electronic means if relevant statutory requirements are met and clarifies that absentee ballots may be delivered in person at the store. The former last sentence and "if any" with reference to meetings were deleted as MS 308A requires a meeting of owners and guarantees the right of owners to vote at the meeting, as is the practice of the Co-op. Reference to the equivalence of absentee ballots to presence at a meeting was deleted as explicit statutory authorization of absentee ballots makes this claim unnecessary.]

Section 4.8 - Indemnification. In order to attract and retain qualified people to serve in positions of responsibility, the Co-op shall as required by, and may as permitted by, Minnesota law indemnify its directors, officers, general manager, staff representative and other responsible agents as required or permitted under Minnesota law. Indemnification payments shall be made on a
priority basis but only in such increments and at such times as will not jeopardize the ability of the Co-op to pay its other obligations as they become due. Any indemnification payments or advances shall be reported to owners not later than the next-scheduled meeting of owners.

[Expl.: To avoid any obligation to indemnify someone where indemnification was merely permitted by the governing statute—a burden that was never intended.]

**Betty motions to approve. Joyce seconds.**

Ben explained how proposed changes came about/or purpose of each proposed change.

**Vote: 8 in favor; 0 against. Motion passes.**

Item 8.A is Resolution number 2010-04.

**B.1.a** – moved to consent agenda  
**B.1.b** – Policy Reflection on L-10 – no discussion

**C. Committee Reports**

1. Board Development – No report  
2. Owner Linkage – No Report  
3. Elections – Linda reported that the report in the Board packet is from before we talked to the attorney. A few changes have been made to election schedule. (Application due date is now 12/15 instead of 1/1). Ballots will be sent out as a separate mailing. There are a couple of volunteers scheduled to count ballots, but we still need several additional volunteer counters. Board members are encouraged to help recruit new board members during holiday events at the co-op.  
4. GM Review – There will not be a report on the January agenda because we are waiting for the auditor’s review to be completed and there will not be any information to report at the time of the meeting.

Upcoming Events:

Tomorrow there is a lecture at the University about agriculture and sustainability that Natanya sent an email about. 
Patrick’s next BOD finance training is Monday 12/6 from 11-1 pm.  
Deadline for Board application is December 15th.  
Deadline for January agenda items is December 27th. (Paula will not be in town so all items should be sent to Joyce and Torey). 
Next BOD meeting is January 5th. At that meeting Ben will report on aspects of the Co-op’s 10 year plan.  
Newsletter deadline is January 10th. Natanya is writing the next Board report.

**Break**
Presentation on CSAs:

Philippe from Tucson CSA

Philippe was a student doing a PhD in ethnobotany. As a student he interviewed almost every organic grower in Arizona and learned about CSAs. Philippe became interested in starting a CSA in Tucson. He talked to one of the farmers who already had a CSA – Frank Martin of Glendale. Frank told Philippe he needed 15 members to get started. The following week it started. Now there are 450-600 members.

Tucson CSA is an unconventional CSA because it was started by consumers rather than by the farmer. It took 5 years to reach 500 members and 3 years to reach 75. After 2006 when Michael Pollan wrote his book and Barbara Kingsolver wrote her book, things really took off. When the economic recession hit, things plateaued. Slow down is ok because if the CSA continued to grow, things would have to change and it wouldn’t be the intimate community that it is today.

Originally, Tucson CSA just included produce – about $20-25 worth each week. Now they offer local eggs, meat (grassfed beef, lamb, pork, chicken, turkey), honey, raw milk and other items.

The CSA has 1.5 paid staff members. Philippe is full time. Sara Jones is half time. Volunteers do everything else. For every 3 hours members get a free weekly share.

CSA takes 10% of what they sell to cover overhead. 90% goes directly to the grower.

The only non-local product sold is coffee.

Frank has 20-30 different items growing in the field. It is not easy to manage that scale of production. Over the year, Frank grows 200 different types of vegetables. He has 3 separate CSAs, providing about 1000 shares to Tucson, Flagstaff, and Prescott. Frank is a “super-farmer” and not many others in the country can match his production.

Tucson CSA is interested in starting a commercial kitchen where they could cook with CSA shares and then sell ready-to-eat meals made with CSA items. Kitchen could then also be used by other cooks to help stimulate artisan food producers.

Adam & Debbie from Sleeping Frog Farms

Sleeping Frog Farm started in Sept 2008 on a property in North Tucson. Started on .25 acres. Goal was to become a community farm serving Tucson and southern Arizona.

Sleeping Frog didn’t start with a CSA, it began with farmers market and restaurant sales. From .25 acres they moved to .75 acres. In May 09, they began a CSA with 50 members. Of that 50, 15
were from restaurants. In second season which began in October, they sold 85 shares. Since then, they haven’t been able to fill demand because of significant interest in local foods.

CSA model seemed like the best model for them to fulfill goal as a community farm. CSA model allows for money upfront for seeds, irrigation, infrastructure projects and labor. Connection with shareholders is really valuable as well. Members think of Sleeping Frog as their farm.

Running a CSA farm is hard work. In summer, they can spend up to 16 hours a day in the fields. In winter, it can be up to 11 hours a day. The weekly commitment can be difficult from a CSA in that you can never take a week off or delay share delivery if unexpected things happen.

On the other hand, being a CSA offers great security. CSA members come through to pick up shares regardless of things that might happen. A rainy farmers market can ruin a day’s sales, but CSA members still come to pickup shares.

Right now, in addition to produce, they raise chickens for eggs. Looking to get into meat poultry operation, but animal products bring added scrutiny from regulators. They also do a small amount of business in dairy (goat milk).

In April they purchased 75 acres near Benson, AZ. Goal is to expand and be able to provide more food. They are still in transition process. Currently have 3 acres planted on new property and still farming original property. Goal is to have 400 CSA members.

New property is in San Pedro Valley, which they believe to be the most water-secure property in Southern Arizona.

Pickup location at this point is at St. Phillips Plaza in Tucson. They take off 4 weeks from mid-December to mid-January from CSA but keep selling at farmers market during that time.

They take interns but require a 3 month minimum stay.

Discussion:

Paula asked Philippe, Adam & Debbie about the most challenging aspects of running a CSA or small farm.

A discussion followed in which all three agreed that one of the greatest challenges is the lack of local farmers in Southern Arizona and the need to encourage more/new producers to get into farming.

Natanya moved to adjourn meeting. Joyce seconded. Vote 8-0. Motion passes.
Board Meeting Evaluation/Monitoring Form  
Date of Meeting 12/01/2010

In a continual effort to improve its Policy Governance process, the Food Conspiracy Board of Directors developed this form to evaluate its progress. This evaluation is the board as a whole, not individual board members.

1. The board was prepared for the meeting
   X  Satisfactory □ Needs Improvement □ Unsatisfactory

2. The board’s time was appropriately spent on Ends as opposed to Means
   X  Satisfactory □ Needs Improvement □ Unsatisfactory

3. Each board member was given an adequate opportunity to participate in discussion and decision making.
   X  Satisfactory □ Needs Improvement □ Unsatisfactory

4. The board’s treatment of all persons was courteous, dignified and fair.
   X  Satisfactory □ Needs Improvement □ Unsatisfactory

5. The board adhered to its adopted governance style:
   a. It emphasized outward vision:
      X  Yes □ No
   b. It encouraged diversity in viewpoints:
      X  Yes □ No
   c. It exercised strategic leadership more than overseeing administrative detail:
      X  Yes □ No
   d. It maintained a clear distinction between board and management roles:
      X  Yes □ No
   e. It looked to the future:
      X  Yes □ No

6. Did the Board Encourage Owner Participation?
   X  Satisfactory □ Needs Improvement □ Unsatisfactory

Evaluation comments: