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Oregon Tilth, Inc. is a 501(c)(3) nonprofit organization that supports and promotes biologically sound and socially equitable agriculture through education, research, advocacy, and product certification.

Oregon Tilth Board Meeting Minutes September 25 and 26, 2015 River's Edge Hotel Portland, OR 97239

**Friday, September 25, 2015
3:00-8:00 PM**

Board Members Attending:

Lynn Youngbar
Steve Crider
Susan Schechter
Justin Freeman
Emma Sirois
Ryan Wist

Staff Attending:

Connie Karr
Chris Schreiner (taking minutes)
Chris Roddy
Jessie Hancock-Malo
Renee Kempka
Sarah Brown

Introductions, agenda review and Icebreaker

Welcome board members and staff. Review agenda, no changes. People learn about one another.

Education update and trajectory

Sarah Brown, Education Director, offers presentation on key activities & outcomes; future direction linked to strategic plan.

Activities and outcomes: transition services; trainings and conference presentations; record-keeping templates and case studies; national survey of transitional farmers; market analysis of supply gap (OR specialty crops focus); industry partnerships / collaborations; support and resources for closing supply gap; USDA NRCS partnership (OT staff on key USDA agency-wide teams re organic).

Next steps: expanded capacity for transition services; possible additional joint NRCS positions (looking for matching funds support); online help desk; podcasts; donor and membership development.

Discussion: Regarding possible development staff – articulate what education could offer members. Caution advised regarding possible business membership / support programs as part of development strategy. Think through how to engage while protecting OT brand integrity. Avoid pitfalls others have discovered. New topics to consider include food safety education / outreach and labor issues / challenges.

Communications update and trajectory

Chris Roddy, Communications Director, offers presentation on key activities & outcomes; future direction linked to strategic plan.

Activities and outcomes: Communications Strategy Design developed and presented to board in fall 2014. Relaunched brand new website (design and content) in Feb 2015 in conjunction with Organicology conference; More positive stories (approx. 1 original content story / month); Invested in photography (photo banking) – 11 photo shoots across US and in Mexico; Big Questions, Answered – certification resource series (common questions that OTCO staff frequently address); Lessons learned series – in-depth on different topics (ex. Nutrient Mgmt); Oregon Tilth produced webinars were complemented by “Quick Recap” guides; Developed standardized visual / presentation slides for staff; Certification packet materials re-vamped (new & prospective applicants).

2015 has been focused on developing a lot of format infrastructure, to enable more focus on content to fill into existing platforms and series.

Next steps: OTCO client marketing collateral (certification value-add material), Developing a Member Welcome Kit and Outreach Cards; also redesigning renewal cards; for 2016 – more membership outreach (story card, inspiration piece about connecting members); Thanksgiving 2015 – audio / photo slideshow on chefs with certified organic restaurant; Animal Welfare Flash Cards for Inspectors (resource for training); In Good Tilth – print redesign and online migration, rollout planned in 2016; More Spanish Translated Materials – also portal into website to access a lot of content in Spanish

Discussion: Measuring impact? 2015 and 2016 represent a lot of new communications and initiatives, so these 2 years represent baseline years. This will help us understand best metrics and measures for future.

Developing our reputation for reporters to be an authoritative and trusted source / resource. Helps our ability to influence what we see in the media.

Spinning Food report released earlier this year highlights big investments in PR and media efforts by “Big Food” to discredit organic. Our strategy is not being reactive. Establish a voice that is measured, science and evidence-based practices. Also consider subset of organic advocacy organizations that are creating narratives that attack organic from within. Efforts to reach beyond the converted.

Social media? Facebook is primary platform for OT; also on Twitter but right now, not really best platform because requires active conversation and dialog = resource intensive to manage and engage. Instagram is compelling platform because dominant content (~50%) is food-based.

Importance of identifying key “influencers” in online space (well-known activists, celebrity chefs, food bloggers) – they have huge following and engaged audience.

Certification update and trajectory

Connie Karr, Certification Director, offers presentation on key activities & outcomes; future direction linked to strategic plan.

Activities and outcomes: Currently have over 1500 clients in 47 states and 7 countries. 2015 is first year we’ve seen growth in farm clients since 2011. Still 97 applicants in pipeline; will bolster year-end growth figure. We work w/ 54 total inspectors, ~15 are staff (but only 2 are full-time, 100-120 inspections per year). Rest are independent contractors. As we anticipate continued growth, finding qualified inspectors is expected to be a bottleneck. As prospective clients shop around amongst certifiers, OTCO is differentiating on service, cost, and timeliness. In addition to USDA National Organic Program (NOP), other standards / services offered:

- Global Organic Textiles Standard (GOTS) – we’re one of the only US-based certifiers offering
- NSF 305 (Personal Care Products) – body care, cosmetics
- Transitional – same as organic standards, except 1 year w/out prohibited materials applied (not 3 yrs)
- Salmon Safe – we only offer inspection service (bundled w/ organic)
- Fair Trade USA – we only offer inspection service (stand alone or bundled w/ organic)
- Better Cotton Initiative – we offer inspection service. Based in EU and better known there. Developing US market and presence. Step towards organic at a later time.

Mexico /Latin America

Lot of potential growth opportunities

- Growth - 42% of NOP international is in Latin America. Half of US farmworkers speak Spanish.
- Personnel – Currently have Latin America Specialist (based in US) and contractor w/ small time commitment based in Mexico. Need for staff resource investment to seize opportunity
- Office – Centrally located; provides coordination hub and legal address
- Accreditation – Awaiting results of SENASICA Review. Hoping to have it finalized by year-end.
- Only 4 US certifiers seeking accreditation.

Next steps:

- Increased Technology (online renewal forms and payment coming for 2016; MyOTCO online tool translated in Spanish; Supplier Management module in MyOTCO)
- Customer Service and Value Adds
- Accessibility and Assistance
- Transition certification interest may grow as part of industry strategy to fill supply gap by creating more market / buyer recognition of transitional status

Consent agenda

- Minutes of 7/21/15 meeting
- EL-5 Emergency CEO Succession
- EL-7 Compensation and Benefits
 - **Ryan moves to accept consent agenda. Emma seconds. Discussion: Susan reminder to upload board meeting minutes ASAP. Lynn proud that compensation is at 94% of market. Six in favor. Motion passes (6-0-0)**

Meeting adjourned

Saturday, September 26, 2015

8:00 AM – 2:00 PM

Board Members Attending:

Lynn Youngbar
Steve Crider
Susan Schechter
Justin Freeman
Emma Sirois
Ryan Wist
Ann Forsthoefel

Staff Attending:

Connie Karr
Chris Schreiner (taking minutes)
Jessie Hancock-Malo
Renee Kempka

Guests Attending: Courtney Aguirre and Bill Rouse, Kern & Thompson LLC

Board Finance Committee Update

Representatives from Kern & Thompson LLC, financial auditing firm Oregon Tilth has used for past 3 years, presented 1) Board fiduciary oversight training and 2) 2014 Financial Audit results.

Board fiduciary oversight training: Reviewed Oregon Tilth's Balance Sheet and Profit & Loss Statements as examples. Offered six questions to ask when reviewing non-profit financial statements and where to look to on financial statements to evaluate financial health.

- How financially strong is the organization?
- Can the organization meet its obligations on time?
- Are there limitations on what the organization can do with its resources?
- Is the organization complying with restrictions on the use of funds?
- Is the organization increasing its net assets?
- Is the organization using its resources wisely?

General agreement that the organization has strong financial position. No red flags or concerns noted at this time. Majority of income is earned income from certification. Majority of expenses linked to compensation / benefits for staff (makes sense as a service organization). Majority of assets held in investment portfolio managed by Mackey Advisors, per board-established investment policy / strategy. Some restricted funds linked to grants and contracts. Staff provide full board with financial statements including Balance Sheet and summarized Profit & Loss Statement (YTD actual v. budget v. last year). Board Finance Committee also receives Cash Flow Statement and full detail Profit & Loss Statement.

2014 Audit Results: Staff cooperative and transparent when working with auditors. Some repeat issues identified, several of which have already been addressed in 2015 protocols but this was audit for 2014. Staff provides board with a management response to audit findings outlining corrective plans. Final determination by auditors: *"In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oregon Tilth, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America."*

2016 Budget Process / Timeline

Renee Kempka, Finance Director, gave presentation outlining steps and timing of preparing 2016 budget.

- Late September – present budget process to board; preliminary meetings with staff; data collation
- Early October – continued data research / collation; collect questionnaire from staff; basic budget created
- Late October – budget narrative presented to finance committee / board
- Early November – preliminary budget presented to Finance Committee for review
- Late November – board reviews and provides input
- December – board approves budget at its December meeting as part of consent agenda and Executive Limitations monitoring report (EL3 – Financial Planning and Budgeting)

Discussion: Suggestion that board give staff guidance to "blue sky" in thinking about investments in strategic initiatives, informed by strategic plan. Idea is to provide board support to consider some important investments in the coming years.

If cash assets continue increasing over time into the future, should consider at what point do we transfer excess funds beyond operational needs into other accounts (i.e. investment portfolio).

Action item for Finance Committee: In consultation w/ Renee and Chris, draft statement from Board to staff regarding consideration of important investments in coming years, informed by strategic plan. – appreciate financial performance, encourage exploration of investments – thinking about resources necessary, expected outcomes / results and timeline as well as metrics for evaluation of return on investments.

Board Governance Committee Update

Bylaws review and revisions

Update has been desired for some time; bylaws are out of date.

Committee marked up current bylaws to discuss desired changes with non-profit attorney. Sought board input on topics for which we didn't have clear consensus at committee level.

Board terms – currently serve 3-year terms and no term limits. Is this too long? Shorten to 2 years?

Recommend drafting for two consecutive election terms at 3 years each - total 6 years consecutive service via election. Be sure to allow for longer consecutive service if appointed prior to first elected term.

Annual elections of Board Officers – check in opportunity. Agreement to keep same.

Compensation – bylaws currently allow for compensation, but currently no compensation provided. Do we want to remove allowance for compensation to codify volunteer service?

- **Motion to leave compensation as option for board service in draft of restated bylaws. 2 in favor, 4 opposed. Motion does not pass.**

Note there will be an opportunity to revisit all topics again when final draft of restated bylaws is presented to board.

Board role as “Impartiality Mechanism” training

Training included presentation and discussion led by Connie Karr, Certification Director.

Review of requirements in various sections of ISO 17065 regarding role of “mechanism for safeguarding impartiality” – OTCO has identified the board as this “mechanism.”

Presentation of the Impartiality Risk Assessment Tool for review and consideration by the board.

Areas of Risks

Type(s) of Services

- Competition – board is satisfied
- Consultancy – board is satisfied

Related Entity(ies) or Body(ies)

- Oregon Tilth – board is satisfied with request to refine language for better clarification around use of “Oregon Tilth” and “OTCO” – clarify different staff... education and certification programs.

→ Board Executive Session (15 minutes)

Certification

Objectivity –

Board wants addition into risk assessment tool to address existing policies in place about not accepting gifts or favors of any kind from applicants or clients. With this addition, board is satisfied.

Lack of Competency – board is satisfied

Over-Familiarity – feedback to clarify OTCO rotates every 3-4 years for inspectors as a matter of policy, and strives to rotate reviewers similarly (though not prescribed by policy). With changes, board is satisfied.

Compromised Objectivity – board is satisfied

Board Recruitment and Enhancement Committee Update

Seeking feedback on approaches to board development / training.

Basic training for potential board members – make sure understand key concepts of board service – duty of care, duty of loyalty and fiduciary oversight.

Onboarding training for new board members – organization history (ex. Bequest gift as bulk of assets in investment portfolio); training around Policy Governance.

Continuing education for board members – Different options / approaches to consider.

Private on-site training by consultants? Pros: lots of providers, limited time requirements for board because occurs in conjunction w/ existing meetings, customizable. Cons: limited time and sacrificing precious board meeting time, limited to annual or semi-annual basis

Annual conferences / events? Costs can be expensive (registration and travel)

Curriculum acquisition / purchase and online programs? Some are credentialed; requires significant individual time commitment. Costs can be more because paying on individual board member basis.

Discussion about creating a board manual for orientation and reference. One option is assigning a “board buddy” to go through different sections of board manual as part of onboarding new members.

Trainings to Board from staff:

Impartiality role, Key aspects of programmatic work

Committee will be administering a board survey in near future to inventory skills, desired skills training / development, will help inform training needs and recruitment of prospective candidates.

Recruitment strategy – consider strategy of targeting younger generation (even those who have no experience serving on boards). Recruitment for broader geographic representation that mirrors areas of activity. Diversity considerations.

Action Item for all Committees: Please share final versions of job descriptions defining purpose and responsibilities with Chris Schreiner. They will be uploaded to for easy reference on dropbox.

Emerging Trend / Hot Topic: *Transparency, ecological economics and social responsibility*

Participants share their perspectives, experience and implications on Oregon Tilth’s work and organic sector in general

Increasing consumer expectations for transparency. Key areas of interest include 1) conservation / environmental, 2) social justice and 3) market / fair pricing structures. Different consumers prioritize different aspects to inform their choices and assign value.

Sustainable Food Trade Association – current partner on Organicology. They start w/ organic companies and have worked to develop and benchmark business sustainability programs. Shared metrics and reporting. Currently inward oriented – designed to facilitate company accountability and track progress amongst peers with shared values and goals.

Social Responsibility / Fair Trade / Ag Justice Project – different models of voluntary certification standards. Some focused on fair prices across supply chain, others more focused on work treatment / rights.

Institutional Purchasers – working in collaboration w/ other sectors (public schools, universities and colleges, municipal / govt food services); organizations trying to establish best practices by institutional buyers.

Where are opportunities?

Develop rating system (i.e. certification standards, or company-developed criteria like WFM Responsibly Grown) or simply provide info in transparent, clear way and let consumers decide what matters?

Discussion: Some consumers espouse to care, but in the end they want someone else to do the work of evaluating against criteria and tell them what labels / certifications they can trust when making choices in market.

Is it hip? They want to belong to trend set by peers. Importance of branding.

Not marketing products to drive sales, we're trying to push incremental change in areas that desperately need attention. Draw attention to practices to resolve problems. Impetus is to drive change, not to replace a label. This is not necessarily being about a service that is bought and paid for by farm or company.

Possible way to grow membership, by providing for small fee for access to info / data.

Discussion w/ Patagonia – "Provisions" food line, focus on social responsibility. Organic Valley also wanting to put out that kind of information. More progressive companies are moving in this direction.

Through NOSB process, there's a vocal minority that is speaking out against all synthetics in organic production. They purport to be representing consumers – and alleging that synthetics isn't consistent w/ organic principles. Some think that's too much down in the weeds than most consumers want or understand. Need to consider business confidentiality of information / data.

Suggest exploring possible deeper and more meaningful relationship between Oregon Tilth and Sustainable Food Trade Association.

SFTA sustainability reports published are quite onerous and companies aren't doing a good job capturing value for the effort. Benefit hasn't been premiums or market recognition. Benefit is it serves as mechanism for internal accountability and community of practice.

Oregon Tilth being the "best voice in organic" – provide great transparency about what it means.

Telling the story of the challenges of producing organically.

Certification has value, if recognized in marketplace.

One of our core competencies is inspection / certification; build upon that to expand to other standards that address consumer demand for increased transparency in areas not covered by USDA NOP.

"You can trust that what we say is real."

Confirm next meeting and adjourn

Next meeting: Thursday, November 19th at OT office in Corvallis, prior to the Annual Meeting.

Exact time TBD: plan for mid-afternoon.