

PFMA Partnership Committee

March 10, 2013

10am

Dandelion Spring Farm and Straw's Farm, Newcastle

Attending: Larry Bruns, Beth Schiller, Lee Straw, Hanne Tierney, Clayton Carter

Not Attending: Simon Frost, Jessie Dowling, David Buchanon

### **Mediation Clause in the Rules/Bylaws**

need to put something into the rules and/or bylaws directing us to seek mediation services in cases we cannot reach agreement normally

HT would like it in the rules, not by-laws

- also doesn't want to name a specific mediator

LB wants to clarify if there are cases we might need to seek mediation other than violation of rules

- suggestions: vendor disputes most likely, disagreements with city or nearby businesses possibly

Agreed upon wording:

"Mediation will be used as a means of last resort if issues at the market cannot be resolved.

The cost of the mediation will be split between the market and the individuals involved in the dispute."

Current rules §12 ("Violation of the rules") shall be renumbered to §13 and this new wording will become §12, "Conflict Resolution and Mediation".

### **Partnerships at Market**

LB doesn't care what happens outside of market

- wants market to approve partnerships represented at one stand

HT - partnerships can take many forms

- doesn't want itemized list of allowable and not-allowable partnerships

BS - do we just look at partnerships based on market spaces used?

HT - worries that requiring partnerships to be LLC or such would hold partnerships to a higher standard than other members who may be simple, unorganized sole proprietorship or informal "DBA" (doing business as)

- doesn't like the idea that a partnership might consist only of businesses selling each others products but not working together to produce them

LB - what about "ghost" memberships?

HT - bad experience with ghost memberships at other markets; they were used only as a way to sneak past rules limiting bought-in products

BS - let's focus on the issues that have been raised about partnerships or that might be

affected by partnerships:

1. 1 space at market should mean 1 membership fee, 1 license and 1 check from the EBT program

2. inconsistencies between the licenses and business names

3. new farms getting into market without going through the normal approval mechanisms

BS - is there a % determination that changes from something being a bought-in product to a partnership?

LB - partnerships shouldn't be allowed to buy-in

- if you want to share a space, you must have market approval

CC - should we have members announce partnerships at the annual meeting just like we announce changes to products being offered?

LB - not sure that would address the issue enough; there is no approval for new products from current members, just announcements

- would like the market membership to have a say in the approval of partnerships at market

BS - more partnerships could affect the layout and feel of market; more smaller displays with greater segmentation and less overall cohesiveness

- wants the "why" of the partnership to be super clear

LB, LS, BS - if the partnership dissolves, the former partners revert to their status before the partnership - ie they revert to their previous seniority; members revert to single members; non-members revert to non-members (ie must apply as new member if they want to attend)

Everyone - partnerships should be no buy in

Attempt to define "partnership": A partnership is more than one business entity sharing a space a market.

An LLC is a legal business entity that might end-run around any partnership rules. Partnership rules will be a step in the right direction, but won't "solve" the problem.

LS - we're trying to address 2 different issues as if they were one, but the need to address this is important to keep control over new memberships

CC - why not ask about changes to business status at annual meeting?

LB - this is too complicated and we can't answer it unless we contact a lawyer

This discussion will help us to clarify what our memberships mean and how we look at new applicants.

BS - what about omitting the term "partnership" and just ask to define the nature of the businesses producing the products. Asking "who is the license holder and describe the source of your products" is simple and direct.

LB - this is about truth in advertising

Another attempt: A partnership is an established business relationship for shared product lines.

CC - really likes his idea about asking about partnerships on the application and/or at annual meeting

Licenses are issued to a name; that name is perfunctory but important.

### **Final Decisions**

1. Ask on the application: "who does this membership represent?"
2. Liability insurance must match name of "entity" applying
3. Article 3, paragraph 1 of bylaws change "farmer" to "farmer(s)" and "organization" to "association".
4. this is a good start
5. Rules §5e "multiple entity memberships are not allowed to buy-in products for resale"

**Submitted by Clayton Carter**