

Memorandum of Understanding

This memorandum of understanding, effective as of March 6, 2020, reflects the agreement among the signatories (the “Parties”) regarding the Parties’ adherence to certain goals, values, principles, best practices, and conflict resolution, all as members of the Eastern Food Hub Collaborative (Collaborative).

Each of the undersigned Parties is a practicing food hub, which, as defined by the US Department of Agriculture, is a centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products. The Parties agree that Local Food Hub, a 501c3 organization that no longer does distribution, will serve as the backbone organization for the Collaborative.

BACKGROUND

There are numerous food hubs in the Eastern United States. As with food hubs nationwide, their business models vary, but they share the common objective of aggregating and distributing local food in support of better farming, transparency, and more resilient food systems. In February 2020, the Parties, working with Local Food Hub and expert facilitators, formally proposed establishing a network of these hubs, referred to as the Collaborative. The hubs share the common goals, values, principles and best practices as specified in this Memorandum of Understanding, and seek to increase purchasing transactions among themselves in order to strengthen and diversify the food system in the Eastern US. Upon signing, the Parties are the founding members of this Collaborative and agree to abide by its terms. To build the local food system the Parties are striving for, other members of the Collaborative and entities working with the Parties are expected to also abide by these terms.

BELIEF

When food hubs work together to leverage grower relationships and market access, the result is a more robust, resilient regional food system that places trusted farms at the core and increases the opportunities for consumers to make healthy, informed, delicious choices.

MISSION

To improve market opportunities for farmers and increase equitable access to good food, (represented by the values listed below) by leveraging food hub collaboration, best practices, financially sustainable transactions, and transparency.

PRINCIPLES AND VALUES

All of the Parties must be confident that the other hubs represent similar principles and values so that they can sell each other’s products in good faith. The following are the principles and values that the Parties commonly hold and strive for.

Principles

- Voluntary and open membership
- Active economic participation by members (i.e. engaging in transactions, including one-way trade)
- Open and transparent information sharing
- Concern for community and public awareness of resilient food systems

Values

Community

The more contact the Parties have with one another, the better the solutions to problems. To build community, each party agrees to:

- Have a designated individual responsible for Collaborative communications, and who is able to address communication in a timely fashion
- Participate in periodic meetings and gatherings (no more than twice per year)
- Support policies that further the mission of the Collaborative and are in keeping with its values
- Share resources such as grower trainings, product specifications and best practices, program ideas, and communications tools

Transparency

Transparency is the cornerstone of collaborative relationships and integral to the work of food hubs. In the spirit of transparency, the Parties will strive to:

- Maintain product identity throughout the sales cycle, to include the farm source whenever available, and if not, private label name with location, or name and location of a third-party source
- Collect and share as much information as possible about how products are grown, produced, processed, and certified
- Be clear about pricing strategies and systems and maintain transparency and trust in pricing negotiations
- Agree on common data points and their use, as to be defined by the Collaborative, and commit to sharing within the Collaborative

Sustainable Agriculture

To grow a more resilient food system that can sustain agriculture for generations to come, the Parties prioritize:

- Growing independently-owned and family farms
- Growing rural communities
- Supporting on-farm biodiversity
- Promoting sustainable water usage
- Building healthy soil
- Producing healthy and wholesome food for human consumption
- Supporting authentic practices, including certifications where reasonably possible

Product Freshness and Quality

The regional food system is built to optimize taste and nutrients, not durability for traveling thousands of miles and long shelf life. As a result, the Parties prioritize:

- Short supply chains
- Efficient logistics
- Product freshness
- Clear expectations, so that hubs can work on an individual transaction level to communicate product and pack expectations

Fair Prices to Farmers

The goal of the Parties is to make farm-to-market supply chains more efficient, not more expensive. Farmers should be compensated for the products at fair rates, paid in as timely a manner as possible, and earn a living wage. To accomplish this, the Parties will work to:

- Reduce transportation costs through innovative technology and transportation solutions
- Prioritize farmers' earnings
- Support living wages for farm help

Hub/Customer Loyalty

The Parties have customers that sometimes overlap, and have products that could also overlap. To preserve integrity, the Parties will:

- Respect pre-existing relationships by being transparent about those relationships, territory, and future growth
- Not undercut other hub prices for sales
- Offer collaborative solutions instead of competition
- Work to reduce inefficiencies and duplicative services

Food Access and Hub Sustainability

The Parties recognize the value of working to access diverse markets and make good food available to all members of our communities, regardless of where and how consumers get their food. The Parties also recognize that these efforts are not to compromise individual Hub sustainability or economic growth. Some, but not all, Parties are effectively working in underserved markets to increase food access, and have developed organizational language around the value of increasing access to good food for all. The Collaborative will be an effective tool to share information and advance hubs' programmatic goals to increase food access. The Parties are committed to getting products to market in an affordable way as possible.

BEST PRACTICES

Adherence to the following best practices is important for the Parties in order to represent and sell each other's products in good faith.

Food Safety

All Parties recognize that food safety, from farm to consumer, is of the utmost importance. All Parties have Standard Operating Procedures for product recalls, and routinely conduct mock

recalls. The Parties commit to product traceability, and to the extent possible, will source-identify all products.

The Parties are encouraged to have a third party audit of their food safety plan, and to pursue industry standards for food safety (for example, Good Handling Practices for warehouses, etc.).

Liability and Responsibility

Issues will inevitably arise with product quality. In these cases, the parties agree that:

- Product issues will be reported back to the hub of origin upon identification
- Parties will investigate whether issues are related to transportation or storage errors
- The origin hub and the final seller will negotiate the compensation terms for the customer and between them
- The transporter is not liable for product defect if they follow all product handling and cold chain best practices

Pricing and Payment

To make this system work financially, the Parties agree to:

- Negotiate in good faith when selling products from hub-to-hub
- Disclose the end price of products to other hubs, so they can price similarly
- Ensure that all Parties are financially whole
- Find the most efficient transportation, sales, and invoicing solutions
- Collaborate by adding backhauls and promoting sales of other products
- Adhere to agreed upon payment schedules, but be flexible if needed to help during critical times

Resource Sharing

One of the benefits of the Collaborative is the opportunity for economies of scale. In the event of a group purchase of an item, such as software, boxes, labels or even long-term assets, the group should:

- Identify one hub to take charge of the transaction, and compensate appropriately and in a timely manner
- Communicate with a decision-maker from each hub to decide upon the product specifications and details
- Receive several quotes for a product, and use a democratic process to decide upon the best option
- Execute written product/service procurement agreements between participating Parties or the among the Collaborative as a whole to delineate ownership, responsibility, liability, and contingency

Marketing

In order to take advantage of the benefits of joint marketing while also maintaining hub independence, the Parties agree to:

- Maintain source identification and original hub affiliation in all marketing related to products being traded and sold, unless otherwise agreed upon by transacting hubs
- Use common set of language in describing the Collaborative, as outlined in communications materials, approved by the Parties

Long-term Goal: Production Planning

Maximizing production planning can contribute immensely to the efficiency of the local food system. The Parties will strive over time to:

- Investigate and keep records of projected customer demand for each product
- Record producer preferences, growth potential and available dates
- Collaborate to buy products from different Parties in meetings or using software
- Optimize crops from different regions, and extend the season by growing in different elevations and climates
- Plan the next year's products to meet the demand of the whole group, and optimize regions for different products

BREACHES

If any of the following occurs, the Party will breach this memorandum of understanding, and potentially lose all business within the Eastern Food Hub Collaborative.

- Improperly transporting product – no Party shall break the cold chain, or leave product in an improper location for longer than the product can withstand
- Misinforming the customer – no Party shall sell product as if it comes from a different hub or a different farm, or as holding certifications it does not possess
- Competing unfairly – no Party shall use the knowledge of where product is going to undercut prices and take a pre-existing customer from another hub
- Disclosing sensitive information – no Party shall share information about another hub's business practices, financial situation or other sensitive information without such other hub's express permission
- Delaying payment – no Party shall extend payment beyond the agreed number of days without a clear need and agreement to delay

If any Party is alleged to have broken one of these rules, which are not minor conflicts or otherwise fit under the circumstances listed under Conflict Resolution below, the Party which was hurt by the alleged breach shall notify the allegedly breaching Party, which will have 15 days from its receipt of such notice to respond to such notice or remedy such breach. If such dispute is not resolved by the Parties during such 15-day period, then the aggrieved party may bring such dispute before all of the Parties, including but not limited to the aggrieved Party and the breaching Party, which will decide by majority vote upon the evidence presented whether a breach has occurred and if so, the appropriate response to the breach. The majority decision of the Parties will be final and binding upon all Parties and not appealable to mediation, arbitration or a court.

CONFLICT RESOLUTION

This business has by its nature many decision makers. There are boards of directors, managers, employees, customers, producers and funders involved. There will be conflicts as the Parties grow and change, and especially given that time is a precious commodity. These are conflict resolution practices that the Parties shall endeavor to adhere to in their businesses.

To Prevent Conflict

- Read and respond to communications promptly and thoroughly
- Avoid taking advantage of each other's customers, distribution networks, resources and producers
- Gather all the facts before jumping to conclusions
- Practice empathy

To Resolve Minor and Major Conflicts

- Involve all relevant decision-makers in discussions of the conflict and/or send a Party representative who can make and act upon decisions
- Always be prepared to listen and compromise
- If needed, contact the backbone agency, Local Food Hub, for a resolution. Such resolution shall be final and binding upon all Parties and not appealable to mediation, arbitration or a court.

Any Party may terminate this memorandum of understanding as to its own involvement upon 60 days' prior written notice to the other Parties.

The contact persons for this memorandum of understanding are

- point person on behalf of hub, hub name, email address, phone
- point person on behalf of hub, hub name, email address, phone
- point person on behalf of hub, hub name, email address, phone

Agreed to by The Founding Members:

Please indicate name and title of the individual signing for your organization.

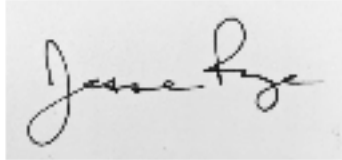
Appalachian Sustainable Development, signed by

Robin Robbins, General Manager/Appalachian Harvest

Crown O'Maine Distribution Company, signed by

Marada Cook, General Manager

Farm Fresh Rhode Island, signed by Jesse Rye



Firsthand Foods, signed by Tina Prevatte Levy



Food Connects, signed by Alex McCullough



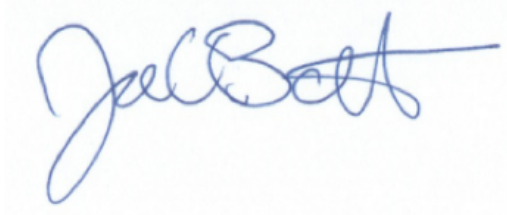
Grow Food Carolina, signed by Anthony Mirisciotta



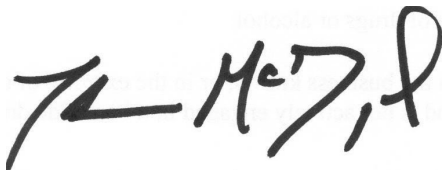
Local Environmental Agriculture Project (LEAP), signed by Maureen McNamara Best, Director of Strategic Planning



Turnrow, Appalachian Farm Collective, signed by John (Fritz) Boettner, Managing Director



4P Foods, signed by Tom McDougall



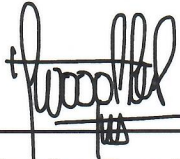
Freshlist, signed by Jesse Leadbetter





9/21/2020

Christopher Bradshaw, Executive Director, Dreaming Out Loud, Inc.

A handwritten signature in black ink, appearing to read 'Hugo Mogollon', positioned above a horizontal line.

Hugo Mogollon, Executive Director, FRESHFARM Markets, Inc.

A handwritten signature in blue ink, appearing to read 'Evan Eppler', consisting of a long, sweeping horizontal stroke followed by a more complex, looped ending.

Evan Eppler, Three River Farmers Alliance

Appendix

Supplemental materials we wish to develop.

Robust and explicit food safety standards, expectations, and protocols for product handling. For example:

In order to ensure the integrity of products throughout the local food system, the Parties agree to:

- Label every box with full traceability information, ideally with product type and pack size, farm or area of origin, and date received to initial hub
- Maintain cold chain for all products at their optimum temperature
 - Post and maintain temperatures for different products
 - Train drivers on cold chain practices
 - Sort and load in refrigerated facilities
- Follow food safety practices
 - Share hub's food safety plan and/or certifications
- Get independent audits
- Work toward GAP certifications for farms and warehouses
- Know that many markets require specific certifications, but that higher levels of food safety certification are always valued, and may eventually be mandated by large portions of markets.
- Minimize steps in the supply chain
-

in SC food hub network, we instituted some best practices from PACA ie notice within 24 hrs of receiving. not sure if we need to be that specific here. details could be in a future doc so simply added 'promptly' here.

Liability and Responsibility

This point was not included, but could be addressed later, perhaps in the above food safety protocol section.

Issues will inevitably arise with product quality. In these cases, the parties agree that:

- The transporter is not liable for product defect if they follow all cold chain best practices

Define "Good Food," or another term to talk about our products

Jennifer Curtis: In 2007, the Kellogg Foundation funded numerous projects around the country focused on "good food," which they defined as "healthy, green, fair and affordable." A lot of thought went into the definition, and evaluation metrics. Could be a good resource. Good food needs to be better defined or it has no real meaning.

Here's something from Wallace:

<https://www.wallacecenter.org/hufed-library/2011/7/8/charting-growth-to-good-food-final-report-to-the-food-society.html>

More emphasis and language around the need to increase our individual hub's financial viability.