

Midwest Slow Money Institute

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Introduction

The fifth Slow Money Institute opened with a welcome from Grant Abert, a member of the Slow Money Team and co-founder of Sustain Dane, a non-profit organization working in Dane County to create “a community that deeply enjoys, cares for and is sustained by its unique environment.” Grant described the breadth of stakeholders present in the room, including farmers, food entrepreneurs, government officials, philanthropists, and investors, and acknowledged the support of University of Wisconsin-Extension, UW-Madison Center for Integrated Agricultural Systems, and Organic Valley farmer cooperative.

Grant then posed the central question of the day: how can we find ways of investing that restore healthy communities? Referring to the way that the current economy has challenged conventional wisdom, he declared that we are in a time when old truths don’t seem so true anymore and we are called on for new truths. He said that the purpose of this Slow Money Institute was to contribute to this conversation in the Midwest.

Slow Money: Vision, Mission, Strategy

“The issue of finding balance between nature and industrialism is not a new concept,” said Woody Tasch as he introduced the vision of Slow Money. The difference now, he said, is that we are finally reaching planetary limits and threatening the web of life on earth. Because of this, we must start daring to say that we are not on a one-way street toward globalization—we can change direction and add streets if we really want to.

Attached to this environmental understanding that we are hitting global limits is the economic understanding that there are limits to the percent return people can expect from investments without creating negative consequences for the future. Slow Money rests on the idea that investments can and should be done in a way that helps us change direction. Slow Money does not propose giving money away, but it also accepts that 20% returns on investments are unreasonable.

Strong Principles Are Key to a Slow Money Movement

Woody emphasized the importance of spending adequate time developing the principles of Slow Money before actually engaging in strategy. It is difficult to get people to use money differently, and many efforts have been launched with little effect. He pointed to socially responsible investment (SRI) and the “triple bottom line” of environmental, social, and economic sustainability as ideas that have made incremental progress but which have not created true change. The purpose of the Slow Money Institutes, leading to the official launch of the Slow Money Movement in Santa Fe, is to develop these principles and vision by understanding what is currently going on in different regions across the country.

Woody related a story about a meeting in Nantucket Bay with an executive who admitted that, if extinction of scallops in the bay was the cost of progress (more people buying houses and cars, etc.), then that was a price he was willing to pay. This is a form of economic violence, Tasch declared, and it is a choice in which we are all complicit because most of us don’t know where our money is

invested, and if we do know, we are probably unwilling to admit it. He alluded to China's "wholesale allegiance to economic growth," and the resulting environmental and social consequences, as another example of such economic violence. He proposed that two fundamental principles of Slow Money might be "beauty and nonviolence."

The Tension between Slow Money and Venture Capital

Woody Tasch next addressed the question of why Slow Money, or investments to build communities and food systems, must necessarily be only moderately profitable. He argued that the arithmetic of venture capital—buying low and selling high—does not work with small food enterprises. "You don't make a lot of money doing this, if you're doing it right," he insisted.

Woody related that, during the Slow Money Institute held in Point Reyes, a venture capitalist had challenged the notion that Slow Money must be a low-money making venture, arguing that people *can* make a large amount of money by investing in sustainable, community-oriented companies. Woody disagreed with this notion, as he believes that even if we did discover a truly sustainable and highly profitable investment, Slow Money investors would be obligated to leave their money in the company for future generations. This pointed to a theme that recurred throughout the day, that conventional investors, especially in venture capital might be concerned with an "exit strategy," such as selling off a company or pulling money out of an investment. In Slow Money this not the case—if anything, Slow Money is concerned with building a sustainable exit, such as by transferring ownership to a community member or coop. Unlike the exit strategies of conventional investing, which ultimately take money out of the community, Slow Money seeks to build community by keeping dollars regional.

Slow Money, he said, cannot be a venture fund because that would mean refusing most entrepreneurs approaching the fund with ideas and only working with a few dozen companies. Neither can it attract what he called the "philanthropic dregs," or the small percentage of profits that foundations distribute to charitable organizations after investing their money in companies doing things antithetical to their causes. Rather, he argued that philanthropic foundations should view their investments and the money they bequeath as equally important in creating the change they seek to make in the world.

As it is neither venture capital nor philanthropy, the Slow Money movement must be a larger organizing effort. It must start with developing and encouraging people to sign the Slow Money principles. This effort, Tasch believes, will bring members into the movement and eventually translate to a critical mass of local investors putting their money into local food systems.

Audience Discussion

A participant commented that if Slow Money investments are going to provide low returns, it's important that they be low risk. As would be discussed later in the day, trust and social relationships can mitigate some of the risk in sustainable food systems. However, Woody responded that small food enterprises are inherently risky, and many of them may fail. It is important to use portfolio effects and similar mechanisms to lower risk.

Another participant brought up deep doubts about the ethical implications of potentially leading people into businesses where they might not make money. If we can't imagine farmers making money building communities and food systems, she asked, should we be encouraging people to invest in these things?

Woody responded that Slow Money's success will require two separate developments:

- 1.) A significant number of investors have to decide to take on the Slow Money challenge, regardless of risk.
- 2.) Then we have to make it easy for a large, critical mass of investors to go this direction. We can do this by creating templates and structures that make Slow Money less risky for average investors.

Above all, he emphasized, investors must be inspired to believe they can create change. He closed with an excerpt from a JFK speech about nuclear proliferation, saying that it is easy to think that "we are gripped by forces we cannot control" but "man can be as big as he wants." If a president could believe this about nuclear proliferation, then surely we can believe this about local food systems.

Small Food Enterprises Panel Discussion

Woody Tasch introduced the panel, which included:

- Amy Dickie, California Environmental Associates and Slow Money consultant
- Tory Miller, executive chef, L'Etoile Restaurant
- Tera Johnson, Tera's Whey
- Mark Olson, Renaissance Farm
- Bartlett Durand, Otter Creek Organics, and Black Earth Meats

Amy Dickie, Slow Money Consultant

Amy has compiled several reports for Slow Money through the partnership of the two organizations. She presented preliminary findings of her study mapping the local food economy of Wisconsin. She focused on the question of how to take small food enterprises to a larger scale and what resources are available to make this happen. The good news is that Madison is ahead of the curve when it comes to CSA farms and farmers' markets. Wisconsin is home to 1,000 certified organic farms as well as Harmony Valley, one of the biggest CSA farms in the country, and Organic Valley, a farmer-owned co-op that distributes dairy and meat from regional pools on a national scale. There is also strong institutional support for sustainable agriculture and widespread familiarity with the cooperative model, and Wisconsin has reached a critical mass of people involved in local food systems, all without the advantages of a major metropolitan area.

For the local food economy to grow, however, Amy said that Wisconsin needs to build supply chains that will retain their integrity. She used the term "value chains" to describe this kind of transparency and retained integrity. To that end, she described prospects for improvement in each step of the supply chain:

1.) Production

Wisconsin is strong in this area, but there is work to be done on access to land and farmer training. Wisconsin is losing farmland, and Amy suggested preliminary ideas about how to address this problem.

2.) Processing

As an indication of processing trends in this region, Amy noted that the number of dairy creameries in Wisconsin has fallen from 3,000 in the 1920's to 150 today. Given this situation, we need to support existing capacity in dairy processing and slaughterhouse facilities. Amy recommended focusing on retooling and support for existing facilities rather than trying to build new ones. Vegetable processing is another area where capacity must be built. Entrepreneurs will be the most important partners in addressing this issue.

3.) Distribution and Aggregation

Amy called distribution and aggregation the crux of local food systems in this region. She recognized that there is a debate around the definition of "local" and about what it means to scale up. She argued that we need to replicate and provide alternatives to industrial food systems, saying that, "We can't feed the world through the farmers' market." Amy pointed to marketing to Chicago as the first step, and said that we need a few mid-sized distributors rather than many micro-distributors. She brought up Black River Produce in Vermont and Veritable Vegetable in California as examples of such mid-sized distributors. In milk, Organic Valley is a key player both regionally and nationally. There is room to grow in artisanal cheese, as California and Vermont are out-marketing and out-distributing us in this area. There probably is also room to grow in meat aggregation.

4.) Market Development

Amy said there is "endless potential" in this area. Four main areas for improvement include marketing to Chicago, working with conventional grocers such as Walmart and Metcalfe that are beginning to show interest in local food, working with institutional buyers such as hospitals and schools, and developing rural markets where people have been left out of the local food movement. A few specific markets and sectors have particular importance. The good work being done in the Driftless Region should continue. In dairy, it is important not to let local compete with organic. There is work to be done in raising the profile of Wisconsin meat, especially processed meats such as specialty brats and sausage. And in apples, there is work to be done with aggregation, agritourism, local grocers, and branding.

Mark Olson, Renaissance Farm

Mark talked about his family's ownership of Oakhouse Bakery, and his involvement with the group that developed the first organic standards for milk. Renaissance Farm currently has 5 or 6 product lines, including several varieties of pesto, salad dressings, and flavored sea salts. He referred to Woody Tasch's comment on the "hockey stick" model of business development—starting low and selling when the business becomes valuable. Mark said that this had been his original plan: to build the business and then sell it in order to fund his retirement. Now, however, he wants to build a national brand and use it to incubate farms in regional markets.

Tera Johnson, Tera's Whey

Tera Johnson raised \$14 million to build an organic processing facility which produces whey protein for infant formula, protein shakes, energy bars, and similar products. Tera emphasized the importance of local money and the role it can play in providing capital for local food enterprises. She talked about the unique business culture of the Midwest, where more people build their companies with the goal of passing them on to family members rather than selling the business for a high profit. She believes that this attitude contributes to sustainability by keeping those businesses in the community. Tera offered unique investment products to investors with different interests. For instance, some investors wanted to put their money into capital improvements while others wished to fund operating expenses. She brought in her creameries as investors, since they have a vested interest in adding value to whey which would otherwise be treated as a waste product of the cheese making process. Her investors were not looking for returns common to venture capital investments. Tera also talked about issues of scale as it relates to local and regional production and marketing. She built the smallest plant that would be economically feasible, but she still produces more whey than she can sell locally, and therefore must sell to businesses on the East and West Coasts.

Tory Miller, Executive chef and co-owner, L'Etoile Restaurant

Tory talked about his childhood in Racine, Wisconsin, where his father farmed and his mother worked in a diner where Tory learned to cook. During cooking school in New York, he felt disconnected from this background and became frustrated with the lack of local ingredients. He talked about inheriting the L'Etoile business from Odessa Piper, and hoped that her “first thirty years” with the business would be followed by his “next thirty.” His goal is for the restaurant to exist into perpetuity as part of the community in Madison. He talked about the challenges of sourcing local food, saying that his restaurant deals with 206 different local partners, and that each of these relationships requires a large amount of time from his staff of 55 employees. He said that the restaurant does not make a lot of money, but his primary interest is in being an educator and a community benefactor.

Bartlett Durant, Otter Creek Organics and Black Earth Meats

Bartlett started Otter Creek with his wife and father-in-law. He and his family also manage Black Earth Meats, an artisan abattoir with humane handling certification that processes only 30-60 animals per day (in comparison with a small meat-packing plant that would average 3,000 animals per day). Bartlett said he values this meat business because through it he can help 120 other farms become more profitable, rather than just working on his own farm. He presented an idea he called “CSA squared” in which CSA customers could buy actual shares in a company or farm, similar to Tera’s effort to bring in creameries as investment partners. He suggested having large investors jump start the company and then getting smaller, local investors to buy them out.

Like Tera Johnson, he commented on issues of scale, saying that it is easier to send 20,000 lbs. of cheese to Santa Monica than to ship 20 lbs. to Chicago. However, he also believes that it is possible to draw a line in support of a food system that operates at a modest scale. “We are no longer human scale. We have broken ourselves, and it needs to stop here. We can take this back over, and become our own workers and our own consumers.”

Audience Discussion

Referring to some of the panelists' comments about their own exit strategies for their businesses, Karen Lahmen asked about having an agreement that a business owner will only sell the company to someone in the in the local area. Mark Olson said that it is important to continually consider such questions, and that this could be written into a covenant between the investors and the business owner. Tera Johnson commented that it is important to know from the beginning whether there is a goal of selling a business. Her ideal strategy would be to sell her business to her suppliers, thereby reinforcing their involvement.

Another participant asked Tera how she learned to create the funding structure she had described earlier, in which one group of investors owned the building while a different set owned the processing. She agreed that it takes considerable skill to develop such a structure and said that she had free expert advice. To obtain that sort of advice would require pro bono support or a group of entrepreneurs willing to pool their resources to pay for it. Tory Miller added that businesses need to be transparent so that other people can learn from them, and he discouraged the idea of keeping business secrets because such an attitude does not help the community.

Lunch Speaker: Jim Slama, FamilyFarmed.org

Jim Slama talked about his history with the organic movement and how things have changed since he started Conscious Choice magazine 21 years ago. Jim helped start a "Buy Local" movement in Chicago. Finding that there was no local food in stores, he started Wholesale Success, which works with universities and others to provide farmers with a guide to and training on post-harvest handling and GAP certification. This experience informed his perspective on the next steps towards sustainable food and economies. Jim said that fruit and vegetable production must expand in order to supply large markets like Chicago with local products. Having a packinghouse is crucial to this effort, he said, and he noted Alsum Produce and Goodness Greenness as distributors working on providing local and/or organic produce to the Chicago Area. Finally, Jim urged taking farms to a larger scale, saying that if we are to satisfy urban markets, vegetable farms must move out of the 10-20 acre range and towards the 200-250 acre range. He held up Harmony Valley as an example of a large CSA farm with a hybrid CSA/wholesale model and a complex pricing structure for different types of customers.

Co-ops & Alternative Forms of Financing

After a lunch of local food prepared by UW-Extension's conference service, a panel discussed co-ops and alternative forms of financing. The speakers included:

- Mike Bedessem, Chief Financial Officer of Organic Valley
- Rick Terrien, Driftless Food Co-op; Iowa County Economic Development Corporation
- Margaret Bau, USDA Cooperative Development Specialist, Stevens Point

Mike Bedessem, Organic Valley

Organic Valley is the marketing arm of the CROPP cooperative, which was founded in 1988 with a focus on vegetable aggregation. Soon, members realized that organic dairy was a more realistic direction and set a goal of providing a stable pay price for organic milk from its farmer members. Mike shared that CROPP's profit goal is 2.3 percent and its vision is regional: local farms, local processing, and local sales. Organic Valley has accomplished this through regional pooling of milk to nearby processing facilities. This co-op now includes 1,300 farms organized into regional pools in 30 states. He pointed out that when the organic movement first started, local was inherently part of what it meant to be organic. The company's vision is to re-couple local and organic.

Mike spoke a bit about the financing structure of CROPP/Organic Valley. Initial capitalization is a big challenge for co-ops. CROPP's first financing came exclusively from its owners, and it is the only co-op that pays an 8 percent dividend. Mike explained that the reason for this high dividend is that the co-op takes a significant amount of capital out of the farms that join, and therefore wants to compensate them adequately. For the first several years, shares in the co-op could only be bought by farmer/owners, despite interest from other parties in investing in Organic Valley. Mike commented that the co-op leadership felt strongly that, "It's not like Microsoft or Intel. [The value of Organic Valley shares] is not going to go up in value." In 2004, the co-op decided to open up to outside investment in a controlled way. Outside investors can buy Class E shares that pay a 6 percent dividend. Shares can be redeemed, but only with board approval. This financing strategy allows Organic Valley to have more equity when going to the bank, allowing them to borrow money at 1.8 percent from a local JP Morgan branch. Mike said that the majority of these Class E share investments comes from within a 100-mile radius of Organic Valley headquarters in La Farge, Wisconsin, an economically depressed region. He said that this shows that, contrary to what one might assume, "There is money in the countryside that will help finance some of these businesses."

Rick Terrien, Driftless Food Co-op; Iowa County Economic Development Corporation

Rick talked about how the Driftless Food Co-op is an effort to create a regional produce distributor in Iowa County, Wisconsin, with 5 or 6 processing plants tied to a co-op that provides leadership. The goal is to help market gardens scale up to the 10-20 acre range and provide them with the infrastructure to process and sell their additional product. By doing this in Iowa County, Rick hopes to create a model for other counties and eventually knit together a system of processing facilities across the Driftless Region. Such infrastructure would provide farming and business opportunities, and encourage people to come back to rural areas. Rick announced that the Driftless Food Co-op recently broke ground on a 10,000 square foot kitchen in Iowa County, which is hoped will serve as an incubator for small farms and processors. The goal, he said, is to be both sustainable and reproducible.

Margaret Bau, USDA Cooperative Development Specialist, Stevens Point

Margaret Bau provided a background of the history of co-ops and their role in the Midwestern economy. Reminding us of the goal of funding principles for the Slow Money movement, Margaret said that co-ops are all about principles. Because they operate on member control, they represent true economic democracy. For instance, no matter how much money you have invested in Organic Valley, you still have just one vote in decisions.

There are 29,000 co-ops in the United States. Wisconsin is a hotbed of co-ops, with 850 in the state and 100 in Dane County alone. Many people consider the 1930's to have been the golden age of co-ops, as people formed co-ops in response to the hardships of the Great Depression. But while co-ops have often been a reaction to hard times, there are examples of co-ops being formed proactively in some places. For example, the Province of Quebec has used co-ops as a key community development tool because they are more likely to stay in business and create more jobs than conventional companies.

Co-ops can also be entrepreneurial. Margaret described the Mondragon Cooperative in the Basque region of Spain as an illustrative example for the Slow Money movement. Mondragon was started by a young priest in an effort to provide employment in a poverty-stricken area. The original co-op spun off new financing and marketing co-ops. Today, Mondragon is the seventh largest company in Spain, continuing to create spin-off companies to address new technologies and issues. Worker members can switch from one co-op to another, so that they retain employment even as some of the spin-offs go out of business.

After talking about Mondragon, Margaret informed the group about the Producers and Buyers Co-op in Eau Claire, which was formed when the leadership of Sacred Heart Hospital set a goal of sourcing 10 percent of the food they serve in their hospital locally. River Country RC&D helped organize the co-op, which is owned by farmers, buyers, and distributors. Other institutions including schools and additional hospitals have joined as well.

Audience Discussion

The discussion following this panel raised many questions about scale, sustainability, and the definition of local. One participant asked Mike Bedessem how Organic Valley determines which products should be distributed nationally and which should stay local. Mike responded that shipping is the key issue in this decision. Woody expanded on this question by asking Mike whether he thought Organic Valley should keep growing. In other words, how big is too big? Another audience member said that Organic Valley should not keep growing, as it risked becoming a behemoth. Mike Bedessem posed another question: how do you keep a co-op serving its members? His answer is that you hire their children, bringing in the next generation.

Claire Strader of Troy Community Farm commented that she thinks size is a problem. She pointed out the need to develop a common understanding of what we mean by "small." Is it 5 acres, 20 acres, or 250 acres? At what point, she asked, do we start replicating the conventional food system and superficially tacking on the term "organic"? Some discussion followed about the differences between the wholesale and direct-to-consumer models, and the role of each. Michelle Miller of CIAS commented that this scale issue is also a governance issue, and one of the key questions is who owns the branches as a company get bigger.

Farmland and New Financing Strategies

Woody Tasch introduced the next two speakers as offering perspectives on "things that are broken in the system and how we can fix them."

Robert Karp, New Spirit Ventures LLC.

Robert Karp is the former director of Practical Farmers of Iowa, a farmer-led sustainable agriculture organization, and is also a former board member of the Michael Fields Agricultural Institute. He opened with a story about how he hit upon the idea of New Spirit Ventures, which is “a pilot social venture dedicated to increasing access to farmland by organic farmers.” Robert received a call from a wealthy family friend who had recently started to take a more active role in the management of her family’s assets. She told him she wanted to invest 3 million dollars in farmland. She wanted to do it in a way that truly benefited farmers, kept land in sustainable agriculture, and protected it from development. She hoped for a 3 percent to 5 percent return on the investment. Robert set out to research how to do this, not only for this particular friend but for future investors who might be interested in this kind of opportunity.

Robert then gave an overview of farmland economics. Prices for farmland are highly inflated due to a number of causes including urban expansion and investor speculation. Inflated prices prevent new farmers from buying land and some existing farmers from expanding their land base. This economic situation drives the consolidation of farms and causes more and more farmers to rent land. Organic certification poses a much greater risk to farmers on rented land, since the process takes 3 years and the farmer cannot be assured of being able to renew a year-to-year lease.

Robert discussed how sustainable investment in farmland could work in the Upper Midwest, where there is a great need for such a program. He noted that there are quite a few places in the Upper Midwest where it would be reasonable to expect a 3-5 percent return on farmland rental values, and many places already have a significant amount of organic agriculture. Robert and his first investor decided to invest in farmland with farmers who had at least a 5-year track record. The investor wanted to buy into land without buildings, meaning that investments would expand existing farms rather than start new farms that would require houses and other structures. Robert and the investor also decided to focus on mid-size, diversified farms, believing that the combination of crops and livestock would make the operations less risky. They wanted to work out a long-term lease agreement, with the farmer having the first option to buy. Having settled on these criteria, they put out a call for farmer applicants who fit the profile they were seeking. Robert’s role, and the role of New Spirit Ventures, is to find the land, identify the farmer, conduct due diligence, and facilitate a connection between the farmer and the investor.

New Spirit Ventures has subsequently been contacted by a number of groups and individuals. Based on this interest, they held a summit in 2008 to discuss this approach to farmland investing. Some attendants at this summit expressed concern that many problems in farmland price inflation have been *caused* by investors. Conventional farm management companies, for example, are notorious for buying up farmland, bringing on “operators,” and not concerning themselves with the plight of farmers or sustainability. Robert proposed using social investment to solve problems caused by conventional investors, creating a completely alternative kind of farm management company. He remarked that farmland should not be a commodity, and wondered how his project could be “socially-financed land liberation.”

Robert’s experience highlighted the issue of “due diligence” in conventional investing. Investment regulations require fund managers to make investments that will provide the highest return, and to preclude any other considerations. This prevents fund managers from making investments with other goals in mind than pure profit. A theme that came up during the day was the need for groups

to organize in such a way that would allow money to be invested with alternative goals, such as keeping money local and supporting sustainable, restorative ends.

Currently, the New Spirit Ventures team is trying to take this project to the next level with a business plan to scale up the effort. Robert posed the questions, “Can we take this to scale in a way that preserves integrity? Can we make sure that farmland remains farmland?” He identified areas to work on next:

- Working with land trusts and land conservancies
- Figuring out how farmers can still have equity in the land
- Exploring rental structures such as lease-to-own, shared risk lease, and guaranteed right to buy
- Focusing on distinct bio-regions in the Midwest
- Ramping up product - specific supply chains by identifying and aiding farmers who are already interested in growing for that supply chain

Other questions to be investigated are whether this effort should ultimately be led by an LLC, a nonprofit, or a co-op, and whether it is possible to expand beyond direct farmer/investor relationships while still maintaining integrity.

An audience member asked about land donations from people who would like to see their land in agriculture. Robert said that he had been contacted by people who wanted to donate land, but he cautioned that the reason this effort has worked so far is that it started with the farmers and their needs, not the land. Another audience member commented on how important it is to move quickly on expanding this project, noting that much of Wisconsin’s farmland is owned by aging farmers, and that much of the land will change hands in the next 10 years as this generation retires from farming. It is therefore crucial to have new farmers ready to keep this land in agriculture.

Ken Kerzner, Bond Advisor

Ken remarked that much of the day’s discussions focused on attracting capital to sustainable agriculture and providing returns that were in keeping with the risks of the investments. He noted that we had seen models of how to move value around in order to accomplish these goals. He gave a few examples. Tera had talked about how some real estate investors bought into her buildings, while others invested in production. Other speakers had discussed investors who were willing to accept a lower return for a social good. Mike Bedessem had mentioned how Organic Valley used investments in the co-op to access lower interest rates. All these different levels of financing, Ken said, allowed organizations to move value to the investors who need steady returns.

Ken introduced the idea of tax-exempt debt as another model for moving value, in keeping with the rest of the models presented during the day. He said he had been working with non-profits for over 15 years and had seen the prevalence of tax-exempt bonds skyrocket. Tax-exempt bonds have a constitutional basis. The Constitution recognizes that states will provide services that the federal government does not provide. Therefore, the federal government cannot tax money that a state is using to provide these services for itself. When a non-profit organization provides a service that is for the public good, they enjoy this tax-exempt status, and the local or state government can issue tax-exempt bonds for them.

The challenge for Slow Money, Ken said, is to understand how to satisfy this fundamental argument: that a business it is accomplishing a public good. If we are supporting a single farm or co-op to the exclusion of others, this is a difficult argument to make. The key is to establish that there is a public good in keeping farmland in agriculture. Especially important would be to show that these actions coincide with public policy goals already established by the legislature. At the end of Ken's talk, Woody asked jokingly, "So you're saying it's feasible?" Ken agreed that this case can be made.

One participant asked for an example of a kind of endeavor that could be financed with public debt. Ken responded that capital expenditures on buildings, factories, or even equipment qualify as long as the rights to use that equipment are equally shared by the public. For instance, an Illinois conservation organization bought land that was scheduled for development and turned it into parkland accessible by the public. This was a legitimate use of tax-exempt debt.

Another audience member asked what a group would have to do to convince local authorities that an investment is for the public good. Ken responded that, generally, the less you are asking for, the less work you have to do. For nonprofits, there is usually a state agency that serves as a conduit and will conduct a public hearing. There is a process of informing the public about what the group is doing, but in general the process is not very involved. The biggest challenge is not with state or local authorities but with the IRS, in making sure there is no violation of its codes about public purpose or private benefit.

Finally, a participant asked about using the model of energy bonds to establish a precedent for bonds to buy farmland. Ken emphasized that he thinks it is important to develop a separate precedent and system for bonds to buy farmland. Renee Knight noted that this is already happening at the county level. Ken noted that development bonds were established by showing that there was a public purpose in building a factory because it created jobs. Referring to these precedents, he said, "You take the piece of it you want, but you build a piece that works in this environment."

Group Discussion and Closing Remarks

Woody opened the last session by remarking that common issues had recurred throughout the day. Discussion broke out around the topics of scale and what is local. Steven Read of Shepherd's Way Farms in Minnesota talked about how he does cheese tastings across the country, and how customers in California identify with his product as "local" because they can see that it is from a small family farm that shares their values. He argued that, "We should not get hung up on what is local. The issue is respecting the farm." He also argued that appropriate scale is a personal and relative issue. Farmers should grow their operations to a size that they feel is sustainable. Woody Tasch added that there is no arbitrary size that is too big—the issue is whether you can trust that farmers and consumers are maintaining relationships along the supply chain. Greg David countered that there is a size beyond which farms and businesses will be violating the principles discussed at this workshop. He said that size needs to follow basic human values and that we need to ask ourselves whether we are being exploitative or sustainable with ecological and community capital. Neither exploitative nor sustainable is good enough, he said: we need to be *restorative*.

Verna Kragnes commented in a different vein. She related her experience starting the second CSA farm in Wisconsin. That farm has successfully worked out a legal process of carrying out a generational land transfer without a sale.. She talked about how important it is to share creative solutions of this type throughout the movement so that other communities can see how people are handling similar challenges. Woody added that Mondragon provides a similar example of the alternative becoming mainstream.

After these comments, Woody continued to describe what Slow Money is. Right now, it consists of a nonprofit network of 150 investors. Woody laid out four main steps for the organization, emphasizing again that it is critical to spend enough time on the earlier steps, which include developing principles and building an alliance, before moving into strategies and concrete actions.

Four Steps for the Slow Money Movement

1.) Gather signatures for the Slow Money Principles.

At that time of this workshop, 500 people had signed the Slow Money Principles. The first organizing goal of the group is to have 100,000 people sign the principles. The principles are still in development and will be finalized at a national gathering in September, 2009.

2.) Form a Slow Money Alliance.

This alliance consists of original donors who have committed funds—from \$25 to \$50,000—to the idea of Slow Money investment. The Slow Money Alliance was originally conceived of as a way to create an investment fund, but the group soon decided that it was more important to launch a national movement before creating such a fund.

3.) Catalyze the formation of local investment clubs.

Local investment clubs would consist of groups of people who commit to moving a portion of their money from “fast money” to Slow Money investments, and who come together to discuss how to accomplish this. Woody asked everyone in attendance whether such a group could organize as a prototype in the Madison region and be ready within a year to coordinate with a national Slow Money organization.

4.) Aggregate capital in a Slow Money Fund.

This fund could be created at a national level from a combination of small and large donations. How this fund would interface with local investment clubs is an evolving concept, but Woody suggested that the fund could be leveraged in ways that could reduce risk for local donors.

Audience Discussion

Greg David, leader of a “community supported energy” movement in Jefferson County (modeled on Community Supported Agriculture), commented that food and energy need to be linked as we move forward with Slow Money principles. Another participant added that, given the importance of public policy such as the Farm Bill, we have an obligation to add a public policy aspect to the Slow Money principles. Addressing Woody, one audience member said that Slow Money needs to be primarily a grassroots movement, and that local funds need to be greater than national funds coming into an area.

Discussion began to focus on investment strategy and how local funds would work with the national fund. Woody pulled the discussion back to the Slow Money principles, reminding the audience to keep things simple and focus on the first three steps before moving onto the fourth. He emphasized that each person joining an investment club would have to make their own decision about how much money they could provide and what risk they could take on. The purpose of the club would be for people to educate themselves as a group.

Finally, Odessa Piper returned everyone's attention to the debate around what local means. Sharing a personal motto that she kept in mind when building L'Etoile Restaurant, she proposed that, "Local is a distance best traveled by our hearts. Local is the distance our hearts can travel." Leaving the discussion on that note, Woody Tasch and Grant Abert thanked everyone for their interest and participation in the day, and brought the meeting to a close.

The UW-Center for Integrated Agricultural Systems provided this summary, with lead author Alexandra Lyon and contributing authors Cris Carusi, Michelle Miller, Anne Pfeiffer, Samuel Pratch, and Anne Schoenborn.