

FIDDLEHEADS BOARD OF DIRECTORS
Board Meeting of October 20, 2015 (approved November 17, 2015)

I. CALL TO ORDER, ATTENDANCE, ANNOUNCEMENTS

A. Call to order

Susan Phillips called to order a monthly meeting of the Fiddleheads Board of Directors at 6:30 PM on Tuesday, October 20, 2015 at 105 Huntington Street, New London, CT.

B. Attendance

The following board members were present:

Susan Phillips, President
Susan Zimmermann, Vice-President
Helene Bardinnet, Treasurer
Danny Spurr, Secretary
Mona Harmon-Bowman
Ellen Clinesmith

The following board members were not present:

Carolyn Wilson
Suzanne Cattanach

The following additional members were present:

Wynston Estes, Interim General Manager
Elisa Giommi, Board Administrator

C. Board Check-in

Susan Zimmerman offered to present information she brought back from two co-ops that she visited in Portland, OR.

Mona distributed notes on Capital Campaigns from a workshop she attended at the New London Public Library conducted by the Non-Profit Resource Center.

Elisa mentioned that if there are errors in packet info, please tell her with enough time to correct them.

D. Agenda Review

Approval of the minutes for October 6, 2015 was added to the agenda. The minutes were included in the packet, but not the agenda.

“Process for handling member equity and member loan refund requests” was removed as the Equity Refund Proposal was not in the packet. There was a question raised as to what documentation exists for member loans and the terms of the loans. Wynston will look into these loan schedules and noted that there needs to be a more formal process for handling member loans. This should be on a future agenda.

E. Member comments

No members were present

II. MINUTES OF PRIOR MEETINGS

A. Minutes of September 15, 2015 meeting

Motion to accept minutes of September 15, 2015.

Motion: Helene Bardinet

Second: Susan Zimmerman

All in favor with Ellen Clinesmith abstaining

B. Minutes of October 6, 2015 meeting

Motion to accept minutes of October 6, 2015.

Motion: Ellen Clinesmith

Second: Helen Bardinet

All in favor

III. MANAGER'S UPDATE REPORT

The manager's report was not in the packet, but was handed out at the meeting.

A. Lease negotiations

The building owner, Charlie Facas, has been ill and Ed DeMuzzio has not been able to meet with him to review the new lease. Though Wynston would like to request some improvements to the building and parking lot, the lease renewal offer is reasonable, and, in lieu of Charlie's health, there was a general consensus that a timely signing of the lease was of great importance. The lease may be able to be signed through a legal rep and could be approved by the board via email as long as the vote was unanimous.

B. Store reset

Additional funds are needed for the purchasing of shelving for the reset. Wynston is looking into drawing a few thousand dollars from our line of credit through CFNE to cover some shelving and labor costs. Some alternative financial ideas were offered.

C. NCG

The co-op, as an associate member of NCG, has access to many of the programs and systems that they have to offer. Operations has been trying out some of the tools and information that NCG offers, but will not be able to get useful information until our financials are cleaned up. We do not have access to other co-op's financials as an associate member.

D. Other store topics

To improve cash flow, Wynston is working with staff on purchasing strategies to reduce inventory of slow selling items and items where there is too much selection of the same product. She has also been reviewing our radio ads, as our current ads are not impacting sales growth. We will spend less on radio ads and have them be better targeted.

Wynston will be on vacation next week. Rachel Watrous will be Acting GM in her stead.

IV. CONSENT AGENDA

A. Board Monitoring Report C4- Meetings

The report results were incomplete in the packet, but the full report was distributed at the meeting.

B. Member Equity Refunds

There were no pending request for a Member Equity Refunds.

Motion to approve Consent Agenda

Motion: Mona Harmon-Bowman

Second: Ellen Clinesmith

All in favor

V. DISCUSSION

A. CDS Contract for Board Support

NCG will likely be able to reimburse the money for our CDS (CBLD) contract, but we would have to approve the contract first.

Susan Zimmermann talked to NCG about whether they can offer financial training to the Board. They do not offer this, but they do offer funding for Board Governance training. Susan offered the suggestion of having a small self run financial statement training using CDS resources and then having a retreat on financials with newly elected Board members in the summer, that could possibly be subsidized by NCG.

The possibility of sharing expenses with neighboring/regional co-ops for Board financial training was also brought up. It was suggested that we talk to Erbin and Bonnie of NFCA about this possibility.

The CDS Contract was tabled to the November meeting so we could better determine if we would need additional services from CDS. We do not need to approve the contract until November 30th.

B. Board Budget

Helene emphasized that the Board budget presented was a very rough draft and more of a beginning point for discussion than a fully fleshed out budget. The actual board spending for 2015 is unclear as the financial reports are still being repaired and not all board expenses were separated from store expenses. In particular, the Annual Meeting was considered a joint Board and store expense last year and it is unclear how much was spent on the meeting. The Annual Meeting is now being considered a Board expense.

A question was raised as to the status of the Board's Cooperative Grocer subscriptions. Elisa said that she spoke to Kristin and she was supposed to do this. This may have been overlooked in the transition to our Interim GM. Elisa will check with Kristin regarding the subscriptions. It was also noted that Mark Patnode's subscription should be changed Ellen

Clinesmith. No one was sure about when the Nov/Dec issue was to arrive?

There was discussion about conference expenses. In particular, it was proposed that more money be budgeted for the CCMA conference as, due to it being in New England this year, we may want to send more Board members than usual; as many as seven.

Helene was thanked for her efforts in working on the budget.

C. Expectations for Board Members

Tabled to until next month, so that we can discuss this.

D. Current Discount Policy and/or Practice

This was addressed in the IGM monitoring report and pulled out to discuss here.

1. Member discounts

Wynston pointed out that the current policy of giving a 2% discount to member does not grow sales and does not incentivize or attract members. She is looking at other ways owners can be appreciated/rewarded without using an across the board 2% discount, with the hope of transitioning to a new system.

2. Military/student discounts

As was discussed last meeting, there was some uncertainty as to whether the military and student discounts had been discontinued or not. This program was found to violate our bylaws as it allowed a discounted equity payment of \$10 for students and military. According to our bylaws, equity shares cannot be discounted and all member-owners must pay the full \$25 stock price to become members. The 2% military/student discounts have not been discontinued. We are still unsure if the discounted equity program had been discontinued. Wynston reminded the Board that discounts are an operational issue and fall under the GM's discretion, though, as was pointed out, the Board became involved in this issue because of the discounted equity violations.

The issue will be put on next month's agenda where we will hopefully have more information on the discount program.

VI. Committee/Task Force Reports/Action

A. Governance Committee Report

Ellen Clinesmith was added to the committee. They will be sending out letters to potential Board members in November and are looking for more potential candidates. Helene will follow up with Constance Kendros on Facebook. Ellen Clinesmith talked about reaching out to Electric Boat members.

Approval of the Governance Committee calendar was tabled until we have an Annual Meeting date set.

B. GM Search Committee

There is a candidate. We will talk more about it next month.

C. Annual Meeting Committee

There is no date set yet for the Annual Meeting. Different venues and formats are being investigated as well as costs.

D. Member-Owner Communications Committee

Our next Board meet and greets are set for the Saturday and Sunday, the 21st and 22nd of November.

VII. GM MONITORING REPORT

It was decided to approve each section and subsection separately.

A. End A2-Thriving Local Economy

Motion to approve Monitoring Report for End A2:

Motion: Helen Bardinet

Second: Susan Zimmerman

All in favor

B. Ends A3-Sense of Community

Motion to approve Monitoring Report for End A2:

Motion: Ellen Clinesmith

Second: Mona Harmon-Bowman

All in favor

C. B1 Financial Conditions & Activities

1. Executive Limitation B1.1- The GM shall not allow sales to decline or become stagnant.

The last two quarters have shown negative sales growth compared to the same period last year.

There was a discussion about the elimination of the 2% member discount and it was clarified that the program would be changed to something more sustainable and not eliminated outright.

Motion to approve Monitoring Report for Executive Limitation B1.1 with acknowledgement of non-compliance:

Motion: Daniel Spurr

Second: Susan Zimmerman

All in favor

2. Executive Limitation B1.2- The GM shall not allow operations to generate inadequate net income.

There was a question as to where the web grocer set up expense appears in the quarterly

financials. Wynston informed the Board that the expense was split up over the first and second quarters and that she would provide more information for the next meeting.

Motion to approve Monitoring Report for Executive Limitation B1.2:

Motion: Susan Zimmerman
Second: Ellen Clinesmith
All in favor

3. Executive Limitation B1.3- The GM shall not allow liquidity to be Insufficient

It was noted that the Board would like to see the quick ratio reported in addition to the current ratio for the next report.

Motion to approve Monitoring Report for Executive Limitation B1.3:

Motion: Mona Harmon-Bowman
Second: Helen Bardinnet
All in favor

4. Executive Limitation B1.5- The GM shall not incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.

Motion to approve Monitoring Report for Executive Limitation B1.5:

Motion: Susan Zimmerman
Second: Helene Bardinnet
All in favor

5. Executive Limitation B1.7- The GM shall not allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.

Motion to approve Monitoring Report for Executive Limitation B1.7:

Motion: Ellen Clinesmith
Second: Helene Bardinnet
All in favor

6. Executive Limitation B1.8- The GM shall not allow late payment of contracts, payroll, loans, or other financial obligations.

Payroll and loans payments are current. Accounts payable are not current.

Motion to approve Monitoring Report for Executive Limitation B1.8 with acknowledgement of non-compliance:

Motion: Susan Zimmerman
Second: Helen Bardinnet
All in favor

D. Executive Limitation B2- Business Planning And Financial Budgeting

Motion to approve Monitoring Report for Executive Limitation B2:

Motion: Mona Harmon-Bowman
Second: Ellen Clinesmith
All in favor

E. Executive Limitation B3- Asset Protection

Motion to approve Monitoring Report for Executive Limitation B3:

Motion: Helen Bardinnet

Second: Daniel Spurr

All in favor

F. Executive Limitation B4- Membership Rights and Responsibilities

This section was deemed not applicable.

G. Executive Limitation B6- Staff Treatment and Compensation

Wynston noted that once the Staff Advocacy Group is in place the Grievance Committee can retire to an ad hoc committee.

Motion to approve Monitoring Report for Executive Limitation B6:

Motion: Daniel Spurr

Second: Ellen Clinesmith

All in favor

H. Executive Limitation B7- Communication to the Board

Motion to approve Monitoring Report for Executive Limitation B7:

Motion: Helen Bardinnet

Second: Mona Harmon-Bowman

All in favor

There was a conversation about Susan Zimmerman and Helene Bardinnet meeting with Wynston to talk about financial reporting formats. It was agreed that December would be a better month to meet, as November will be a very busy month due to the proposed reset.

VIII. CLOSINGS

A. Agenda Review for November 17, 1015 meeting

Minutes of October 20, 2015 (DRAFT) – ELISA and DANNY

Info on Portland, OR Co-ops presentation- SUSAN Z.

Manager's Update Report -- WYNSTON

Board Monitoring Report C.5 – Directors Code of Conduct -- ELISA

GM Search Committee Minutes — SMP

CBLD Additional Training Proposal/NCG Funding Application – SUSAN Z.

Proposed Board Budget for 2016 – HELENE

Proposed Process for Member Equity Refunds –WYNSTON

Proposed Process for Member Loans and Refund Requests –WYNSTON

Expectations for Board Members — MONA/Governance

Proposed Governance Committee Calendar – MONA/Governance

Candidate(s) for board vacancy — MONA/Governance

IGM Monitoring Report – WYNSTON

ALSO

WYNSTON to send SMP final approved (edited) version of IGM Monitoring Plan for “Filing” (add date approved please!)

SMP to inform SPZ of any opportunity for collaborative financial training with other NFCA Boards

Lease Renewal (WYNSTON to provide to SMP) – SMP will seek email approval if possible before November 17th

Discount Policies and Practice – WYNSTON to determine if written or oral report more appropriate and whether able to make proposal

B. Adjournment

Motion to adjourn at 8:46PM

Motion: Mona Harmon-Bowman

Second: Ellen Clinesmith

All in favor

Draft minutes prepared for submission to the board by Danny Spurr/Elisa Giommi on October 31, 2015.

Minutes approved by vote on November 17, 2015 and put into final form by Elisa Giommi on November 18, 2015.