

FIDDLEHEADS BOARD OF DIRECTORS
Board Meeting of November 17, 2015
(Approved on January 5, 2016)

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, November 17, 2015 at 105 Huntington Street, New London, CT.

B. Attendance

The following board members were present:

Susan Phillips, President
Susan Zimmerman, Vice-President
Helene Bardinet, Treasurer (arrived at 6:34PM)
Danny Spurr, Secretary
Mona Harmon-Bowman
Ellen Clinesmith
Carolyn Wilson

The following additional members were present:

Wynston Estis, Interim General Manager
Elisa Giommi, Board Administrator

It should be noted that Suzanne Cattanach has resigned from the Board of Directors.

C. Board Check-in

D. Agenda Review

The Lease Renewal item was removed from the consent agenda, as the lease renewal has not yet been finalized.

The Process for Handling Member Loans and Refund requests was removed from the Discussion/Action Item section as this has not yet been finalized.

The Proposal for Financial Training was added to the Discussion/Action Item Section.

It was clarified that the proposed Board Budget was for 2016, not 2015.

E. Member comments

Elisa Giommi proposed a new Board of Directors group photo for the coop.
No other members were present.

II. MINUTES OF PRIOR MEETINGS

A. Minutes of October 20, 2015 meeting

There were some edits and typographical errors noted.

Motion to accept minutes of October 20, 2015 with proposed edits.

Motion: Mona Harmon-Bowman

FIDDLEHEADS BOARD OF DIRECTORS
Board Meeting of November 17, 2015
(Approved on January 5, 2016)

Second: Ellen Clinesmith
All in favor with Carolyn Wilson abstaining

III. MANAGER'S UPDATE REPORT

The manager's report was not included in the packet, but was presented orally at the meeting.

A. Lease negotiation

The lease negotiation is not yet complete, but Wynston has seen an addendum for a three year contract at the same rate as the five year contract. The addendum is with landlord's lawyer.

B. Store Reset

Reset is two thirds complete. The piano will stay, but will be locked. Volume levels of music will be managed to not interfere with the customer/staff experience.

C. Staff Update

Kristin DeMuzzio will be leaving at the end of the month. A replacement front end manager will most likely be hired from within, but there will be a need for new staff hires next month, as staffing levels are pretty minimal already. Wynston will be away from Thanksgiving until the following Monday. Rachel Watrous will again be acting GM in her stead.

D. Thanksgiving Hours

Fiddleheads will be opened from 8 to noon on Thanksgiving. Staff input was mixed on whether to be open on Thanksgiving, but there were enough staff willing to work the shift to allow Fiddleheads to be open.

IV. CONSENT AGENDA

A. Board Monitoring Report C5- Directors Code of Conduct

B. GM Search Committee Minutes

C. Member Equity Refund Requests

There are no pending requests for a Member Equity Refund.

D. Approve revisions of Workflow from September 15, 2015

Motion to approve the Consent Agenda

Motion: Ellen Clinesmith

Second: Danny Spurr

All in favor

V. DISCUSSION

A. Report on Portland, Oregon Co-ops

The collective management of the two co-ops mentioned (the Alberta Co-op and the People's Co-op) was of particular interest in relation to our GM transition and succession plan. Joanne Todd, a Board consultant at CDS is a former Board Director at the People's Co-op and could be a potential resource if the Board wanted more information on collective management. It

FIDDLEHEADS BOARD OF DIRECTORS
Board Meeting of November 17, 2015
(Approved on January 5, 2016)

was suggested that Ms. Todd could be a good candidate for our CDS-CBLD consultant should we request a change of consultants. Ms. Todd is the consultant for the Willimantic Food Co-op.

B. CDS Contract for Board Support

Susan Zimmerman contacted CDS about the possibility of requesting a new consultant. CDS will consider our request, but it is CDS who decides how to assign their consultants. They will be meeting at the end of the month to work out consultant assignments.

Susan Phillips will contact Mark (CDS) about our decision to renew.

Susan Zimmerman will contact David Fowle (NCG) about covering the CDS/CBLD contract fees as well as potentially covering our budgeted extra consulting hours and consultant travel expenses for the Board retreat.

Motion to enter into contract with CDS

Motion: Ellen Clinesmith

Second: Helene Bardinnet

All in favor

C. Financial Training Proposal

There was discussion about having a financial number crunching get together either before or after the proposed Willimantic facilitated training. Having such a get together after the training was seen as preferable.

Susan Zimmerman will coordinate with the Willimantic Co-op people to schedule a financial training session for sometime in January.

Motion to approve Financial Training Proposal

Motion: Mona Harmon-Bowman

Second: Carolyn Wilson

All in favor

D. Board Budget 2016

It was proposed that we remove the CBLD contract expenses from the budget should NCG agree to cover those costs.

There was some confusion about what the actual expenses were for Board consulting hours in the 2015 budget. It was agreed that this should be looked into further and that a more accurate set of actual 2015 Board expenses be assembled.

Motion to request for the Board Treasurer and General Manager to assemble 2015 Board Actuals by February 2016

Motion: Mona Harmon-Bowman

Second: Ellen Clinesmith

All in favor

Motion to approve the 2016 Board Budget (1st column of the Budget table)

FIDDLEHEADS BOARD OF DIRECTORS
Board Meeting of November 17, 2015
(Approved on January 5, 2016)

Motion: Ellen Clinesmith
Second: Susan Zimmerman
All in favor

E. Process for Handling Member Equity Refund Requests

The Board was shown the updated language on the Member/Owner Application form informing applicants about their equity and refund procedures. Wynston also read the new Member Equity Refund Request form to the Board.

It was noted that there is still a lot of work to do sorting out how equity was handled in the past so that our member equity is accurately reflected on our Balance sheet and our outstanding member equity can be made more current. Also, the language used on the application needs to be more accurate and the information regarding member equity more clearly stated.

F. Expectation of Board Membership

A proposed Board Code of Conduct Agreement was reviewed. It was agreed that the bylaws referenced in the agreement should be included in the agreement and minor edits were made.

Code of Conduct Agreement approval tabled until December. Governance Committee will prepare a final draft of the agreement for the December meeting.

G. Current Discount Policy and Practice

Plans are underway to replace the 2% member discount, by the February 2016 birthday celebration, with alternative ways to incentivize ownership. There will be a drive throughout the month of December to inform members of the upcoming changes. The military and student equity discount program will also be discontinued. The overall equity structure was also discussed.

H. IGM Service Contract Continuation

Approval was sought for a 4-8 week extension of the IGM Wynston Estis contract. After some discussion, it was agreed that, though it is possible we may not need Wynston's services for the full 8 weeks, this is probably a realistic time frame.

A question was asked about succession planning. Wynston has been examining this issue since her arrival at the store. It was noted by her that there is a lack of in-house capacity, but a plan, possibly using remote CDS consultants, can be developed, should Fiddleheads not have a permanent GM in place when Wynston leaves. Wynston will consult with Marilyn Scholl (CDS) about succession options.

Motion to approve an eight week continuation of the Interim General Manager Wynston Estis' contract through CDS

Motion: Susan Zimmerman
Second: Mona Harmon-Bowman
All in favor

FIDDLEHEADS BOARD OF DIRECTORS
Board Meeting of November 17, 2015
(Approved on January 5, 2016)

VI. COMMITTEE/TASK FORCE REPORTS/ACTION

A. Governance Committee Report

The Governance Committee is in the process of creating their calendar. Constance Kendros was interviewed and is interested in serving on the Governance Committee, though she currently has a scheduling conflict on the Committee's meeting day.

Approval of Governance Calendar and chair for Governance Committee tabled.

B. GM Search Committee

The Board will be conducting an in-person interview with a GM candidate on December 1, 2015 at 6:30PM. There is a possibility of informal activities or dinner with the candidate on the following day. Elisa will send out an email to the Board about scheduling activities for the following day.

There were questions raised about interview questions 7 and 8 regarding race. It was felt that the questions may be too abstract and should relate more to the job of the potential GM. It was also felt that there should be a question related to income inequality as well as a question about engaging our regional membership outside of the local New London area.

Helene Bardinet, Ellen Clinesmith, Susan Zimmerman and Danny Spurr will meet to discuss potential questions relating to race, income inequality, and regional engagement.

C. Annual Meeting Committee Report

A deposit of \$600 will be needed to secure the Hygienic Art Park space for the meeting.

Motion to approve the Annual Meeting date of May 21, 2015 and the Annual Meeting budget of \$3500

Motion: Ellen Clinesmith

Second: Danny Spurr

All in favor

D. Membership Committee

Tabled

VII. GM MONITORING REPORT

A. Ends A2 – Thriving Local Economy (Adopted January 6, 2014)

Fiddleheads exists so to make Southeastern Connecticut a thriving, locally based economy
Reasonable progress toward compliance.

B. Ends A3 – Sense of Community (Adopted January 6, 2014)

Fiddleheads exist so that shoppers and members have a strong sense of community
Reasonable progress toward compliance.

C. Ends A6 – Workplace (Adopted January 6, 2014)

Fiddleheads exists so that Southeastern Connecticut has meaningful work opportunities in a

FIDDLEHEADS BOARD OF DIRECTORS
Board Meeting of November 17, 2015
(Approved on January 5, 2016)

supportive environment.

Reasonable progress toward compliance.

The updates to job descriptions and duties and responsibilities were clarified. It was noted that the new financial summary matrix was very helpful. Wynston will provide Carolee Colter (CDS) with a copy of the new staff structure to provide to the GM candidate.

D. Executive Limitations B1 – Financial Condition and Activities (Revised August 18, 2015) Sections 1, 2, 3, 5, 7, 8

The GM shall not:

Section 1: Allow sales to decline or be stagnant.

Not in compliance. Fiddleheads is still under-performing. There is a plan in place to grow sales through improved:

- *Daily routine*
- *Promotions*
- *Pricing*

Section 2: Allow operations to generate an inadequate net income.

Not in compliance. There is a plan to improve net performance in 2016:

- *Replace 2% discount*
- *Promote product and service-based incentives:*
 - *The BIG Deal*
 - *Owner Exchange*
 - *Quarterly 10% off coupon*
 - *Quarterly and Seasonal exclusive discounts*

Section 3: Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.

In compliance.

Section 5: Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.

In compliance.

Section 7: Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.

In compliance

Section 8: Allow late payment of contracts, payroll, loans or other financial obligations.

Not in compliance. Non-compliance results from some overdue accounts payables. Efforts are being made to address this.

There were several discussion items for Executive Limitation B1:

1. A question was raised about the current ratios and why, while they seemed good, there

FIDDLEHEADS BOARD OF DIRECTORS
Board Meeting of November 17, 2015
(Approved on January 5, 2016)

was not a lot of cash on hand.

2. There was a clarification that the Gross Margin is calculated prior to any discounts.
3. Wynston noted that the primary income problem was related to sales and not margins.
4. It was noted that percent of assets financed by member equity is very low. This is due to current members not being paid up on their equity obligations as well as the need for more members. An equity drive is planned for after the reset in conjunction with the planned changes to owner benefits. Some ideas were offered to encourage members to pay off the rest of their equity obligations.

E. Executive Limitations B2 – Business Planning and Financial Budgeting
(Adopted June 18, 2013)

In compliance.

F. Executive Limitations B3 – Asset Protection (Adopted June 18, 2013)

In compliance.

G. Executive Limitations B4 – Membership Rights and Responsibilities (Adopted June 18, 2013)

Not in compliance. Plan to come into compliance by February 2016 (birthday) when new member/owner program is live.

H. Executive Limitations B7 – Communication to the Board (Adopted June 18, 2013)

In compliance.

I. Executive Limitations B8 – Board Logistical Support (Adopted June 18, 2013)

In compliance.

Motion to accept Interim General Manager monitoring report with acknowledgement of non-compliance in the sections noted above:

Motion: Susan Zimmerman

Second: Helene Bardin

All in Favor

VIII. CLOSINGS

A. The CDS consultant call

Call is scheduled for December 3, 2015 at 4:30 PM

B. Tasks and Assignments

Susan Phillips will email the Board the review of tasks and assignments.

C. Adjournment

**FIDDLEHEADS BOARD OF DIRECTORS
Board Meeting of November 17, 2015
(Approved on January 5, 2016)**

Motion to adjourn at 8:50 pm

Motion: Mona Harmon-Bowman

Second: Helene Bardinnet

All in favor

Draft minutes prepared for submission to the board by Danny Spurr/Elisa Giommi on December 20, 2015.

Minutes approved by vote on January 5, 2016 and put into final form by Danny Spurr/Elisa Giommi on January 10, 2015.