

FIDDLEHEADS BOARD OF DIRECTORS MEETING

January 19, 2016

6:30-8:30 PM

105 Huntington Street, New London

(Approved on February 20, 2016)

I. CALL TO ORDER, ATTENDANCE, ANNOUNCEMENTS

A. Call to Order

Susan Phillips called to order a meeting of the Fiddleheads Board of Directors at 6:32 p.m. on Tuesday January 19, 2016 at 105 Huntington Street, New London, CT.

B. Attendance

The following board members were present:

Susan Phillips, President
Susan Zimmerman, Vice-President
Helene Bardinot, Treasurer
Danny Spurr, Secretary
Carolyn Wilson
Mona Harmon-Bowman
Ellen Clinesmith

The following additional members were present:

Wynston Estis, Interim General Manager
Elisa Giommi, Board Administrator

C. Board Check-in

Snow dates were discussed for the upcoming Financial Training on Saturday, January 23, as there is a possible winter storm developing. The board settled on a snow date of February 2 at 6:30PM. Susan Zimmerman will be in touch with Joanne Todd and will send out an email to board members should the Saturday training be canceled. Sue Phillips will help call Board members should that prove necessary.

D. Agenda Review

It was proposed that an item be added to the agenda to authorize Sue Phillips to sign the Financial Review contract with Wegner CPA. The board agreed that Sue Phillips should sign as Board President and that a motion was not necessary.

E. Owner Comments

There were no owner comments. It was noted that co-op member-owners are now referred to as owners.

II. JANUARY 5, 2016 BOARD OF DIRECTORS SPECIAL MEETING MINUTES

Motion to approve the minutes of the January 5, 2016 Board of Directors Special Meeting with corrections noted:

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

III. MANAGER'S UPDATE REPORT

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A. Lease update

Attorney Daryl Finizio has a hard copy of the lease agreement and Wynston will be meeting with him tomorrow to discuss it. The co-op has an interim lease agreement in effect with the same terms as the previous year until such time as the new lease is signed.

B. Owner Incentive Program Update

The new incentive program roll out has been going smoothly thus far and while a few customers have had questions or confusion about the change, the overall reaction of owners has been positive. In the first week of the January roll out, the co-op received \$900 in equity payments and in the second week, \$1400, with approximately 25 new owners signing up. Staff have been flexible with owners as the goal is to have a smooth transition and to retain members. As of February 7th owners in good standing will have access to the new incentive program but there will no longer be an across the board discount (2% discount). To become an owner, one must pay the initial \$25 payment. The remaining \$150 of equity may be paid in annual \$25 installment (with a \$5 processing fee). No equity discounts will be offered.

C. Owner loan repayment

An owner loan repayment schedule will be devised in conjunction with the forthcoming 2016 budget. Wynston has come across an example owner loan packet from the Food Co-op Initiative and will send a link to it to the board.

D. Store Update

1. The store will be losing a produce person and front end person and will be looking for a part-time bookkeeper.
2. A review of our insurance confirmed that our insurance rates are based on property value and not volume of sales.
3. There has been a reset in the frozen foods section of the store.
4. Planning for the upcoming birthday party is in full swing and weather plans are being devised for potential store closings and power outages.

IV. CONSENT AGENDA

A. Board Monitoring Report C7- Committee Principles

There was a discussion regarding question 5: "The board will establish, regularly review and control committee responsibilities in written committee charters." It was agreed that our committee charters needed to be reviewed and that this should be done on a regular basis. A review of committee charters will be put on a future agenda, hopefully for the next meeting in February.

Question 1: "We will use board Committees only to help us accomplish our jobs" was also discussed. In regards to the Governance Committee, there was a question as to what other duties they should or should not have beyond recruiting candidates for the Board of Directors, such as funneling interested parties to other committees or task forces. When examining the committee charters, the Board will revisit Question 1.

It was also suggested that we review our policies regarding board electronic communications.

Motion to approve Board Monitoring Report C7- Committee Principles

Motion: Carolyn Wilson

Second: Danny Spurr

All in favor

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B. Owner Equity Refund

Motion to approve the Owner Equity Refund request of Ross Hemphill:

Motion: Carolyn Wilson

Second: Helene Bardinet

All in favor

V. EXECUTIVE SESSION

The purpose of this executive session is to approve the minutes of the executive session of January 5, 2016.

Motion to enter into Executive Session:

Motion: Ellen Clinesmith

Second: Helene Bardinet

All in favor

Executive Session was entered into at 7:18 p.m. And exited at 7:21 p.m.

Confidential minutes were taken in executive session. The executive session minutes of January 5, 2016 were approved.

VI. DISCUSSION/ACTION ITEMS

A. Code of Conduct

Signed copies of the Code of Conduct Agreement Form were distributed. There was a clarification of conflict of interest disclosures. Conflict of interests need only be disclosed as they become relevant and, when in doubt, a board member should disclose possible conflicts.

B. CBLD Q4 status

Year end review questions from our CBLD consultant will be tabled until next month.

C. Board Calendar

The Board Calendar draft was reviewed and edited. A financial review selection process, a Committee charter review, and a bylaw task force were added to the calendar, in addition to various other edits. It was also proposed that the Governance Committee calendar be added to the Board Calendar as a separate line. Elisa will forward the updated calendar to Susan Phillips, Danny Spurr, and Susan Zimmerman for review.

VII. COMMITTEE/TASK FORCE

A. Governance Committee

Seven people have shown interest in involvement and possible board work with Fiddleheads. Meet and greets with interested candidates will be scheduled and an email will be sent to owners in good standing soliciting candidates. The main goal is acquiring good candidates for the Board of Directors.

The Governance Committee will have January and February minutes for next month's Board packet as well as their current charter and proposed revisions.

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B. GM Search Committee

Motion to accept GM Search Committee notes for their January 12, 2016 meeting:

Motion: Susan Zimmerman

Second: Helene Bardinet

All in favor

C. Annual Meeting Committee

The Annual Meeting Committee will meet with the Governance Committee on Friday, January 22 (weather pending) to discuss the Election process for the upcoming Annual Meeting. It was requested that the Annual Meeting Committee provide their charter for review at the next board meeting.

D. Owner Communications Committee

It was decided that a Board meet and greet will not be necessary for January as Board members will be involved in the store at the Birthday Party in early February. It was requested that the Owner Communications Committee provide their charter for review at the next board meeting.

VIII. IGM MONITORING REPORT

A. Ends A2 – Thriving Local Economy Fiddleheads exists so to make Southeastern Connecticut a thriving, locally based economy

Some questions were asked about communication with vendors.

Conclusion: Reasonable progress towards accomplishment.

B. Ends A3 – Sense of Community Fiddleheads exists so that shoppers and members have a strong sense of community

Conclusion: Reasonable progress towards accomplishment.

C. Ends A4 – Growing Co-op Model Use Fiddleheads exists so that Southeastern Connecticut has a growing use of the Co-op model

Conclusion: Reasonable progress towards accomplishment.

D. Ends A5 – Food and Health Knowledge Fiddleheads exists so that Southeastern Connecticut is knowledgeable about food systems, and personal and environmental health.

Conclusion: Reasonable progress towards accomplishment.

E. Ends A6 – Workplace Fiddleheads exists so that Southeastern Connecticut has meaningful work opportunities in a supportive environment.

The Staff Advocacy Group is seated and will continue to review and update the employee handbook.

Conclusion: Reasonable progress towards accomplishment.

F. Executive Limitations B Global Executive The General Manager shall not cause or allow any practice, activity, decision, or organization circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practice or, in violation of the Cooperative Principles

It was decided by the board to table Global B Executive to the February meeting.

G. Executive Limitations B1 Financial Condition and Activities

The GM shall not

- 1) Allow sales to decline or be stagnant.

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Conclusion: Not in compliance

a. The Co-op has shown negative sales growth compared to the same quarter of the year prior in the last two quarters.

b. A plan is in place to improve sales through improved daily routine, staff training, promotions, posting of sale information, web design, structuring of equity payment system.

2) Allow operations to generate an inadequate net income.

Conclusion: Not in compliance

The 2% member discount is being replaced by a new member incentive program in February. This should help the co-op see improved margin and income performance, as there will no longer be a constant 2% drain on income. Reduction of inventory in the bulk and merchandise departments has helped free up cash.

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

Conclusion: In compliance

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

Conclusion: In compliance

7) Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.

Conclusion: In compliance

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

Conclusion: Not in compliance

There are Accounts Payable that are beyond terms and four owner loans are overdue. Extraordinary costs for December diminished progress made in this area, but as many resources are being put towards retiring these debts as possible. Plans to improve sales will help to become current. Repayment of two owner loans have been planned for and two will be renegotiated. The IGM is working with Attorney Finizio on these loan revisions.

H. Executive Limitations B2 Business Planning and Financial Budgeting

Conclusion: In compliance

I. Executive Limitations B3 Asset Protection

Conclusion: In compliance

J. Executive Limitations B4 Membership Rights and Responsibilities

Conclusion: Not in compliance

There is a plan to come into compliance by the Co-op's birthday in early February when the new owner exclusive incentives will go live. All non-owners and owners not current with their equity payment will not be eligible for any owner discounts or incentives.

K. Executive Limitations B7 Communication to the board

Conclusion: In compliance

Motion to accept the IGM monitoring report of January 19, 2016 with acknowledgment of non-compliance in sections noted:

Motion: Helene Bardinet

Second: Mona Harmon-Bowman

All in favor

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IX. CLOSINGS

A. Schedule CBLD call

A CBLD call was scheduled for Thursday, January 28th at 5 p.m. with our new CBLD consultant Jade Barker.

B. Review decisions, tasks, and assignments

Sign Wegner contract (Sue P.)

Email Board a link to the Food Co-op Initiative's owner loan packet. (Wynston)

Answers to CBLD questions (Susan Z. and any others)

Enter revisions to the Board Calendar and send revised copy to Sue P., Danny, and Susan Z (Elisa)

Governance Committee charter (Mona and Helene)

GM Search Committee charter (Sue P.)

Annual Meeting Committee charter (Carolyn)

Member Communications Committee charter (Carolyn)

GM monitoring report for Global B (Wynston)

C. Meeting Checklist

No meeting checklist was conducted. It was proposed that the board consider eliminating the meeting checklist.

D. Adjournment

Motion to adjourn:

Motion: Ellen Clinesmith

Second: Danny Spurr

All in favor

Meeting adjourned at 8:39 p.m.

Draft minutes prepared for submission to board by Danny Spurr/Elisa Giommi on February 10, 2016.

Minutes approved by vote of the Board on February 20, 2016 and put into final form by Elisa Giommi on February 28, 2016.