

**FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of August 16, 2016**

105 Huntington Street, New London

(Approved September 27, 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 p.m. on Tuesday, August 16, 2016 at 105 Huntington Street, New London, CT.

B. Attendance

The following Board members were present:

Susan Phillips, President
Helene Bardinnet, Vice-President
Danny Spurr, Secretary
Susan Zimmerman, Treasurer
Mona Harmon-Bowman
Ellen Clinesmith
Kelleen Giffin
Rachel Black

The following Board member was absent:

Carolyn Wilson

The following additional persons were present:

Lexa Juhre, General Manager
Elisa Giommi, Board Administrator

C. Check-in

The Board was apprised of recent travels and babies.

D. Agenda Review

Charter Bylaw Revision Task Force, Board Budget 2016, Annual Meeting Committee, and Owner Alignment Committee items were tabled. An item discussing rescheduling of the September meeting was added.

E. Owner Comments

No owner comments

II. MINUTES OF July 19, 2016 BOARD OF DIRECTORS MEETING

Motion to approve the minutes of the July 19, 2016 Board of Directors Meeting:

Motion: Ellen Clinesmith
Second: Mona Harmon-Bowman
All in favor with Susan Zimmerman abstaining

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III. CONSENT AGENDA

There were no member equity requests.

IV. DISCUSSION/ACTION ITEMS

A. Board Monitoring Report (C2-Board's Job)

The new format was partially implemented. The new questions were asked, but were presented in the old format. Helene forwarded a draft of the the presentation format to the Board. Input on the new format was solicited. After discussion, the following changes were made to the new question format:

1. Question 3 was changed from “Is this the policy we need?” to “Does this policy need:” with four options presented: “Discussion; Action; Revision; OK as is,” with Board members having the option to select multiple options.
2. The “Comment” box header in Question 2: “How well do you think we currently adhere to this policy?” was changed to “Do you have any thoughts or comments about our performance relative to this policy?” The “N/A” option was changed to “Don’t know”.
3. The five answer scale was kept for Question 1: “Do you understand what this policy means?”, with the options “Yes” and “I’m an expert in this policy!” being changed to “Well” and “Very Well” respectively.

Board Monitoring Report C2 will be resent (in addition to the scheduled report: C3) to all Board members for next month’s meeting, so that everyone will be able to answer the survey with the approved format.

B. Retreat outcomes

Susan Phillips presented a draft retreat outcome that will be sent to CDS consultant Jade Barker and solicited input:

*To develop an understanding of what a strategic planning process would look like— particularly how we can start with obtaining input from member-owners on ends policies.
(An example of this would be determining whether member-owners think some ends are more important than others. Also learning what degree of tolerance member-owners have for risk as we think about possible expansion.)*

Other Outcome: Learning how to develop a meaningful relationship between the board and member-owners generally.

Lexa is planning an owner drive/town hall meeting for the fall, which Lexa and the Board can use to start obtaining input from owners to inform the strategic plan.

C. Discuss Financial Review/Audit Options

Tabled.

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IV. GM MONITORING REPORT

The Board found the operational definitions for A3 and A5 reasonable, noting how difficult it can be to operationalize the Ends in general. The Board was also pleased with the new grayscale friendly graph format.

A. Policy: A- Ends

Ends A – Global End- *Fiddleheads Natural Foods Cooperative exists so that Southeastern Connecticut is a healthy, robust and inclusive community.*

Lexa noted in the area of inclusivity that neither staff nor clientele reflects proportional diversity of the community (New London) ethnically or socioeconomically and Fiddleheads has little in the way of institutionalized practices to engage with full array of constituencies in the city of New London or New London County. Lexa proposes pursuing a more diverse and multilingual staff, increased engagement with local agencies and churches, and translation of all co-op materials into Spanish.

Ends A1 – Food Justice- *Fiddleheads exists so that Southeastern Connecticut is a model for achieving food justice for all.*

Lexa interpreted this to mean Fiddleheads should be a leader on the issue of overcoming food insecurity in our community to the extent that is practical within our food & product policy. The Pantry program currently underway will be assessed in the fall. The stalled Food for All program will be rebooted. Fiddleheads will engage in partnership with local groups focused on food justice issues. EBT sales have increased year over year.

Ends A2 – Thriving Local Economy- *Fiddleheads exists so that Southeastern Connecticut is a thriving locally based economy.*

Purchases from local vendors are increasing. Local products currently represent approximately 37% of the store's total sales.

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

Strategies to address this end include participating in and sponsoring events including social events and potentially work project parties and “town-meetings” to inform strategic planning, showcasing vendors and community partners, the Neighborly Nickel program, a clean, warm, inviting store with room for community interaction, and outreach and communication with owners. In addition to Customer count, Number of Owner events and money distributed through the Neighborly Nickel program will be used as data based metrics to measure success in this area.

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

There was a question from the Board as to whether the intention of this end was growing the use of the co-op model beyond merely the co-op itself- through activities such as partnering with and

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fostering co-ops in our area. The interpretation of this end, though seen as reasonable, did not address growth of the co-op model beyond the store itself. It was generally agreed that growth of the co-op model beyond just the store was the intent of the policy and that the Board may want to reflect on this policy in the future, though this end is not necessarily the highest priority of the six ends at this time.

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

A variety of strategies were proposed to meet this end, including offering workshops and classes, in store consumer education, healthful practice incentives, and partnering with local groups. As a metric, Fiddleheads will seek to increase educational programming and related participation rates year over year.

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

Staff compensation is a high priority at this time. A staff survey was conducted last year, and a follow up survey may be conducted in a few months. The staff's Advocacy Committee continues to help update the employee manual.

Motion to accept the GM monitoring report (A- Ends):

Motion: Kelleen Giffin

Second: Ellen Clinesmith

All in favor

B. Executive Limitations B1 – Financial Condition and Activities (Quarter 2)

Lexa noted that due to adjustments made based on the store's Financial Review, indicators for sub-policies 2, 3, and 4, while still in compliance, have changed and Quarter 1 financial statements need to be restated. Lexa has generated restated Q1 financial statements, footnoting major changes.

B-Global: *With respect to the actual, ongoing financial conditions and activities, the General Manager shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures for Board priorities established in Ends policies.*

Conclusion: In compliance

The GM shall not:

1) *Allow sales to decline or be stagnant.*

Conclusion: Data not sufficient

There was a question regarding the impact of the quarterly coupon as compared to prior years and the 2% member discount. It is really too early to tell and we will have more information after a few more quarters. There was also a question regarding the discrepancy between the sales growth

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number presented in the report and the number on the profit and loss sheet. The 5.8% number on the profit and loss statement was likely the correct figure, but Lexa will look into this. There were also questions related to discrepancies between numbers pulled from CocoFiSt versus numbers from QuickBooks. This is related to how each system handles certain bookkeeping areas differently. It was requested that future reports show QuickBooks numbers only, for consistency.

2) Allow operations to generate an inadequate net income.

Conclusion: Data not sufficient

Since the net income figure is related to the questionable sales number, Lexa will confirm the net income figure.

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

Conclusion: In compliance

There was a question as to why our current ratio was so high. Lexa noted that she was warned of a summer decline in sales, that was not as severe as expected, so the store has more cash on hand as a result. Also, staff compensation is not as high as it should be.

4) Allow solvency (the relationship of debt to equity) 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

6) Acquire, encumber or dispose of real estate.

Conclusion: In compliance

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

Conclusion: Data not sufficient

Payroll taxes are handled through a third party (Paymaster), but records of these tax payments may be requested. The Board requested that these payments be confirmed by the co-op. Lexa noted that Personal Property tax will be filed on a different schedule next year.

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

Conclusion: Not in compliance- plan in place

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Accounts Payable are now within terms and are currently compliant.

Three owner loans are past due and are being renegotiated for extension.

There was a question as to the NCB loan that had previously been in default. A new loan schedule has been negotiated. There was also a question regarding the CL&P loan believed to be due in September of 2016. Lexa will look into this loan.

9) Use restricted funds for any purpose other than that required by the restriction.

Tabled

10) Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

Tabled

11) The GM will not allow growth in ownership and owner paid-in equity to be insufficient.

Tabled

GM monitoring report B1- Financial Condition (Q2) was tabled to next month so that accurate data can be provided on sub-policy 1 and 2. A revised report will be submitted for next month.

V. COMMITTEE/TASK FORCE

A. Nominations Committee

The Nominations Committee will be sending out a survey related to the election and nominating process in a couple weeks to the Board, Wynston, Lexa, candidates, and staff (at Lexa's discretion) as well as a link to CDS best practices related to these topics. It was noted that Helene will be stepping down from Nominations Committee after this election after action process.

VI. EXECUTIVE SESSION

Executive Session to approve the minutes of the June 21, 2016 executive session was tabled.

VII. CLOSINGS

A. CDS call

Sue Phillips, Carolyn, and Lexa will scheduled a CDS call to discuss the Member Owner Outreach Committee, Annual Meeting Committee and Bylaws Revision Committee.

B. Rescheduling of September Board Meeting

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The monthly Board meeting of September 20, 2016 was rescheduled to September 27, 2016. This change will be posted on the events board and on the web page as the regular meeting of September 20, 2016 being cancelled and a special meeting being scheduled for September 27, 2016, as per bylaws.

C. Review decisions, tasks, and assignments

- Make sure Lexa has the password to the Board's archive page on the Fiddleheads website- ELISA
- Schedule field trip to Willimantic Food Co-op- RACHEL, HELENE, LEXA, MONA, SUSAN Z.
- Schedule meeting between Alice of Willimantic Food Coop and Lexa- SUSAN Z.
- Schedule an Annual Meeting Committee meeting for August to discuss charter ideas, potential Annual Meeting date- CAROLYN, DANNY, ELLEN, LEXA
- Schedule Board support call with Jade: SUE P., CAROLYN, LEXA
- Post change in date of September meeting- ELISA
- Meeting Agenda (Elisa)
- Draft Minutes of August 16, 2016 Meeting (Danny & Elisa)
- Member Equity Refund Request (as needed) (Lexa)
- Monitoring Report Decision Tree (Elisa)
- Resend Board Monitoring Survey for Policy C2- The Board's Job: HELENE, ELISA
- Output for Board Monitoring of Policy C3 – Agenda Planning and C2- The Board's Job (Helene and Elisa)
- Options for Financial Review at end of 2016 - Lexa
- Board Budget (Susan Z.)
- Revised GM monitoring Report Policy B1- 2nd Quarter Financial Condition (Lexa)
- GM Monitoring Report Policy B7 – Board Communication (Lexa)
- GM Monitoring Report Policy B8 – Board Support (Lexa)
- Committee Notes/Minutes
 - Proposed Bylaw Revision Committee Charter
 - Nominations Minutes (Mona/Helene)
 - Annual Meeting Minutes (Carolyn)
 - Proposed Owner Alignment/Communications (Carolyn)
- Executive Session Minutes of June 21, 2016 – (circulated confidentially/brought to meeting by Danny)
- Draft Agenda for October 18, 2016 meeting (Elisa and Sue P.)

D. Adjournment

Motion to adjourn:

Motion: Mona Harmon-Bowman

Second: Ellen Clinesmith

All in favor

Meeting adjourned at 8:45 p.m.

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Draft minutes prepared for submission to the board by Daniel Spurr/Elisa Giommi on August 21, 2016.

Minutes approved by vote of the Board on September 27, 2016 and put into final form by Danny Spurr/Elisa Giommi on October 12, 2016.