

**FIDDLEHEADS BOARD OF DIRECTORS**  
**Minutes of Board Meeting of October 18, 2016**  
**105 Huntington Street, New London**  
(Approved on November 15, 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, October 18, 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  
Carolyn Wilson  
Ellen Clinesmith  
Kelleen Giffin  
Rachel Black

**The following additional persons were present:**

Lexa Juhre, General Manager  
Elisa Giommi, Board Administrator

**C. Agenda Review**

There were no member equity requests. Revision of Monthly Workflow Document was tabled. GM Monitoring Report B6 was tabled.

**D. Owner Comments**

An owner had asked a Board member if the suggestion box is regularly opened. Lexa responded that it is opened regularly and that she has responded directly to those requesting a response.

**II. MINUTES OF SEPTEMBER 27, 2016 BOARD OF DIRECTORS MEETING (6:34-6:43)**

There was a discussion of whether the Board Monitoring Reports required the detailed reporting in the minutes. It was agreed that the level of detail would be continued for now.

**Motion to approve the minutes of the September 27, 2016 Board of Directors Meeting with amendments noted:**

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

**III. DISCUSSION OF PREPARING FOR STRATEGIC PLANNING- DEVELOPING A VISION (6:44-7:08)**

There were a number of questions that arose from the discussion:

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- What is our role in the local food system?
- How can we better work in coalition with other groups and their initiatives? (Potentially inviting members of other groups like FRESH to a Board meeting.)
- What are the internal barriers to expansion?
- What does this community need?
- What do individual Directors feel about what the co-op's direction should be?
- What are the GM's five biggest challenges I the next five years?
- Where are we in addressing those challenges?
- What would success look like in 5 years?

It was agreed that the Board was in the learning phase of the strategic planning process and that it would be a good idea to bring some ideas up and come back to those ideas in a month or so with more information or research. It was also agreed that, at this stage, the Board could best use it's time educating itself about the local food system and the Co-op's role in it. As a next step the Board will review the New London Food Policy Council Report to discuss at the next meeting. Rachel Black will send a link to this report out to the Board.

**IV. GM MONITORING REPORTS (7:08-7:42)**

**A. Executive Limitations B1 – Financial Condition and Activities (Quarter 2) (7:08-7:22)**

Lexa noted that due to adjustments made based on the stores Financial Review, indicators for sub-policies 2, 3, and 4, while still in compliance, have changed. Revised figures for the first quarter were provided in the data for their respective sub policy, and revised financial statements were also supplied.

*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.*

The sales growth numbers from August were corrected. Quickbooks data has been adopted as a baseline.

**Conclusion: Sufficient Data, In Compliance**

2) *Allow operations to generate an inadequate net income.*

The net income figure from August was corrected.

**Conclusion: Sufficient Data, In Compliance**

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

**Conclusion: In compliance**

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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.*

Payment of payroll taxes, handled by Paymaster, was confirmed.

**Conclusion: Data sufficient, In compliance**

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

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

**Conclusion: Not in compliance- plan in place**

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

There are no restricted funds, to the knowledge of the Board.

**Conclusion: In compliance**

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

It was noted that there is an acceptable level of non-compliance, in that, to the best of everyone's knowledge, the Co-op is in compliance with GAAP, but to determine full compliance, an audit is necessary. The current plan is to have an internal controls assessment in 2017, and take steps to ready the Co-op for an audit in 2018, should this be decided upon.

**Conclusion: Not in technical compliance-- board satisfied that financial record keeping is adequate despite lack of third party assurance of compliance with GAAP**

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

**Conclusion: In compliance**

**Motion to approve the GM monitoring report B1 – Financial Condition and Activities (Quarter 2), with**

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**acknowledgment of non-compliance in sections noted:**

Motion: Susan Zimmerman

Second: Ellen Clinesmith

All in favor

**B. Executive Limitations B2 – Business Planning and Financial Budgeting** (7:22-7:42)

Global Policy Executive Limitations B2 – Business Planning and Financial Budgeting:

*The General Manager shall not shall not cause or allow business planning and budgeting to deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.*

Lexa acknowledged that Fiddleheads does not really have a multi-year plan in place.

The Draft pro-forma budget presented was referred to as a status quo budget that needed further refinement as the Co-op's bookkeeping issues continue to be resolved and liquidity projections clarified. A budget narrative with key indicators is in development but cannot be deemed a "business plan" in its current state.

*The GM will not:*

*1) Create plans or budgets that*

*a. Risk incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities" (Policy B1).*

*b. Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.*

Lexa noted that it has been difficult to establish baseline sales growth projections and that she is currently budgeting a relatively conservative 6% sales growth trajectory in 2017 for planning purposes.

Expense projections (and most significantly labor budget) have not yet been detailed.

Capital budget for 2017 has not been prepared.

Cash flow projections are not yet ready.

The Board appreciated Lexa's candor and thorough operational definitions. It was noted that the store has never had a Capital budget/plan.

*c. Would result in default under any of the Cooperative's financing agreements or cause the insolvency of the Cooperative.*

*d. Have not been tested for feasibility.*

A question was asked regarding whether feasibility testing of the Budget should be included in the operational definition of 1.d in addition to the testing of major plans. It was determined that the feasibility testing of the Budget was covered in the operational definitions of 1.a, b and c.

*2) Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy (Policy C8).*

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**Motion to approve the GM monitoring report B2 – Business Planning and Financial Budgeting, with acknowledgment of non-compliance in section Global, and sub-policies 1.a and 1.b:**

Motion: Mona Harmon-Bowman

Second: Helene Bardinet

All in favor

**VIII. COMMITTEE/TASK FORCE (7:42-8:11)**

**A. Nominations Committee (7:42-7:57)**

The after action survey results were sent out to the Board in the packet.

The question was asked “What do we need to do now as a Board?”:

1) Approve the Nominations Committee Charter.

2) Discuss what skills or abilities are needed in new Board members.

It was also determined that the Board should assess the skills and abilities it possesses in current members.

This could also possibly dovetail with the Board Self Assessment survey being drafted for November.

It was determined that the Board should devote 30 minutes at a future meeting to discussing these items: 25 minutes for a skills and abilities discussion and 5 minutes for charter approval.

It was noted that there should be a communication plan developed by the Committee for the upcoming election cycle to be reported back to the Board and that the Board may wish to see list of potential candidates in the current Board pool. Directors were encouraged to suggest people for this pool.

A question was raised regarding the survey comment about the staff being detached from the Board. Some suggestions were given to enhance Board/Staff relations, such as bagging groceries, attending staff meetings, and Board/Staff parties. Lexa will give this issue some thought. It was also suggested that Staff interest in what the Board does should be revisited as a Board discussion.

**B. Annual Meeting Committee (7:57-8:11)**

A draft charter was provided to the Board. It was determined that the names of the committee members be removed from the charter. A question was raised regarding the bullet point: “Draft an Annual Meeting budget for approval by the Board.” In terms of developing the overall Board Budget, the Annual Meeting budget should be determined by September. This bullet was changed to “Develop an estimate of total expenditures for the Annual Meeting no later than August and allocate and track total expenditures.” A bullet will be added to include a post meeting debrief. Sunday, May 21, 2017 is still the tentative date for the Annual Meeting.

**Charter tabled to be reworked for next month.**

**IX. DISCUSSION/ACTION ITEMS (8:11-8:48)**

**A. Annual Calendar 2017 (8:11-8:17)**

It was determined that the owner communications line should be kept. Monitoring of B6:Staff was added to April.

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Tabled to next month.

**B. CBLD contract for 2017 (8:17-8:27)**

It was determined that no one attended the CBLD online event on October 12<sup>th</sup>. Sue Phillips plans to attend the event on the October 19<sup>th</sup>.

It was noted that before entering into a contract renewal, it may be wise to determine the value that has been obtained from the contract agreement. Some of the many benefits we have gained from our CBLD relationship were enumerated, such as:

- Access to a Board consultant via, phone, email, and, at times, in person to answer questions.
- The Board's consultant facilitated a retreat and debriefing that were positively received.
- The Board received free admission to CBLD workshops in January, that it was noted, included free food.
- Discounted admission to CDS organized Co-op Cafes.
- The contract was also seen as insurance that we have access to immediate guidance in the event that something unexpected should happen.

It was noted that the NCG grant defraying part of the cost last year would not be sought again this year, as this was granted due to the uncertain financial situation of the store. The Board may wish to conduct a more thorough reflection on the value of the CBLD contract next year.

**Motion to approve the CBLD contract for 2017:**

Motion: Susan Zimmerman

Second: Rachel Black

All in favor

**C. GM Quarterly Check-in (8:28-8:48)**

Lexa spoke of some of her challenges including:

- 1) Financial learning- It has been a challenge determining the Co-op's financial position. She has been in contact with her consultant as well as a number of others to help in determining things such as what numbers are reasonable and what is good practice.
- 2) Mapping the community and the history of the Co-op- Better understanding New London and New London in the larger context.
- 3) Building new relationships and determining where the co-op fits in relation to other organizations- One of the challenges in this area is determining her best use of time.
- 4) Being on the floor more of the time.

The Board felt that Lexa was comfortable asking for support should she need it.

It was requested that the next GM Quarterly Check-in be conducted earlier in the Agenda.

**D. Board Monitoring C4 -Meetings**

**Tabled**

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**X. CLOSINGS**

**A. Review decisions, tasks, and assignments**

- Schedule Willimantic Field Trip (Rachel, Helene, Lexa)
- Meeting Agenda (Sue and Elisa)
- Draft Minutes of October 18, 2016 Meeting (Danny & Elisa)
- Member Equity Refund Request (as needed) (Lexa)
- New London Food Policy Council Report (Rachel, Sue P., Elisa)
- Revised Board Workflow Document (Lexa, Sue, and Elisa)
- Monitoring Report Decision Tree (Elisa)
- GM Monitoring Report Policies B1, B6 (Lexa)
- Nominations Committee Charter (Mona, Kelleen, Ellen)
- Communications plan for 2017 Board election cycle (Mona, Kelleen, Ellen)
- Materials to facilitate a Board skills and abilities discussion (Mona, Kelleen, Ellen)
- List of people in Board pool (Mona, Kelleen, Ellen)
- Annual Meeting Committee Charter (revised) (Danny)
- Output for Board Monitoring of Policy C5 Code of Conduct & C4 Meetings (Helene)
- Board Budget (Susan Z.)
- 2017 Board Calendar DRAFT (Sue and Elisa)
- Draft Agenda for December 20, 2016 meeting (Elisa)

**B. Adjournment**

**Motion to adjourn:**

Motion: Mona Harmon-Bowman

Second: Ellen Clinesmith

All in favor

Meeting adjourned at 8:51 p.m.

\* \* \* \* \*

Draft minutes prepared for submission to the board by Daniel Spurr/Elisa Giommi on October 22, 2016.

Minutes approved by vote of the Board on November 15, 2016 and put into final form by Danny Spurr/Elisa Giommi on November 17, 2016.