

FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of November 15, 2016

105 Huntington Street, New London

(Approved by the Board on December 20, 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 6:34 p.m. on Tuesday, November 15, 2016 at 105 Huntington Street, New London, CT.

B. Attendance

The following Board members were present:

Susan Phillips, President
Helene Bardinet, Vice-President
Danny Spurr, Secretary
Susan Zimmerman, Treasurer
Mona Harmon-Bowman
Ellen Clinesmith
Kelleen Giffin
Rachel Black
Carolyn Wilson (arrived at 6:50 p.m.)

The following additional persons were present:

Lexa Juhre, General Manager
Elisa Giommi, Board Administrator

C. Check-in

Danny has been working on an article about Co-op principle 2: Democracy for potential inclusion in a future newsletter. Elisa has been working with Andrea on establishing organized storage system on Google Docs for all Board documents. There will be a tutorial in the next couple weeks.

D. Agenda Review

It was suggested that the Board's visioning discussion of the New London County Food System Baseline Report be postponed until next month.

E. Owner Comments

Ellen Clinesmith asked if Fiddleheads was involved at all in the Brigade program at New London Public Schools as she was in contact with people involved in the program. Fiddleheads in not currently connected to the program. It was suggested that Brigade might be another organization to bring into the Board's visioning discussion.

II. COMMITTEE/TASK FORCE (6:40-7:22)

A. Nominations Committee (6:40-7:15)

1. Approval of Nominations Committee Charter

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Committee member names were removed from the charter. Last bullet point was changed to "Communicate and facilitate application and election process with owners." The charter will be resubmitted for approval next month.

There was also discussion of whether the Board should develop a standard template for charters. It was agreed that this idea could be revisited when charters were reviewed next year.

Tabled

2. Skills of Directors

It was agreed that the Skills of Directors article could be linked from the Fiddleheads website for potential candidates to read. Agreed upon attributes that should be sought in a director included financial skills or an openness to learning these skills and an acceptance of policy governance. Geographic, racial, and gender diversity to better reflect the diversity of ownership and the community were also identified as goals.

3. December Communication

The Committee plans to issue a communication to owners in December regarding 2017 Board elections. Elisa is available to help with any website details.

4. Conflict of Interest

The question was raised as to whether it would be appropriate for Board members who are up for election to serve on the Nominations Committee. It was agreed that this could be done if the Board member is conscious of when to recuse his or herself from discussions that may pose a conflict of interest.

B. Annual Meeting Committee (7:15-7:22)

Motion to approve Annual Meeting Committee Charter:

Motion: Susan Zimmerman

Second: Sue Phillips

All in favor

Sunday, May 21, 2017 is still the tentative date for the Annual Meeting, but has not been confirmed. Other potential venues were discussed. Lexa will look into pricing at the Oasis Room.

III. DISCUSSION/ACTION ITEMS (7:22-8:04)

It was reaffirmed that Board Monitoring reports will not be approved. The minutes will reflect that "The Board evaluated its performance regarding policy X."

A. Board Monitoring Report C4- Meetings (7:22-7:31)

The Board evaluated its performance regarding policy C4. All policies scored very well in both understanding and adherence to policy.

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B. Board Monitoring Report C5- Code of Conduct (7:22-7:31)

The Board evaluated its performance regarding policy C5. All policies scored very well in both understanding and adherence to policy. In policy C5.2.c. "A director who applies for employment must first resign from the Board" it was noted that even though the policy states "employment," employment at Fiddleheads is implied.

C. Board Budget 2017 (7:34-7:49)

There was discussion of whether it would be useful to have a more granular breakdown of personnel labor used for Board work to better inform future budget planning. It was decided that this was not necessary. There was a question as to whether the Board needed to budget for the use of Survey Monkey, as this may be phased out. It was decided to keep this line in the budget.

Motion to accept 2017 Board Budget of \$24,811 with amendments noted:

Motion: Danny Spurr

Second: Ellen Clinesmith

All in favor

D. Board Calendar (7:49-7:51)

It was noted that the Co-op Cafe in Keene, NH has been moved from March 12 to September 30th.

Motion to accept 2017 Board Calendar with amendments noted:

Motion: Susan Zimmerman

Second: Helene Bardinet

All in favor

E. GM Check-in (continued) (7:51-8:04)

Lexa stated that she has benefited from her coaching contract, but may not necessarily want to continue the same structure next year. It was suggested that the Board may wish to budget money for training without prescribing how the training money is spent, with a possible report, annually, of how the funds were allocated. These issues will be discussed further during the GM's annual review.

IV. GM MONITORING REPORTS (8:05-8:45)

**A. Executive Limitations B1 – Financial Condition and Activities (Quarter 3)
(8:05-8:19)**

It was noted that there was an label error on the Monitoring Report and it should state B1, Quarter 3

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

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The GM shall not:

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

Sales are up significantly as compared to the third quarter of last year.

Conclusion: In Compliance

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

Net Income is sufficient, but there is some concern about decreasing margins. There is a plan in place to correct this issue that includes mid-quarter reviews.

Conclusion: In Compliance

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

A question was raised as to why the current ratio continues to be high while the cash on hand continues to be low. There was some discussion of inventory turns.

Conclusion: In compliance

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: 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. A NCB loan from 2006 has a remaining balance that is out of terms. Payments are being made on an agreed upon schedule and the balance should be paid by year end.

Conclusion: Not in compliance- plan in place

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

The Board is not aware of any restricted funds.

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.*

The September ownership drive was a great success. More owners (71) were signed up in September 2016 that in any other single month on record, including February 2016, the prior record month.

Conclusion: In compliance

Motion to approve the GM monitoring report B1 – Financial Condition and Activities (Quarter 3), with acknowledgment of non-compliance in sections 8 and 10:

Motion: Mona Harmon-Bowman

Second: Helene Bardinet

All in favor

B. B6- Staff Treatment and Compensation (8:19-8:45)

Global Policy: Executive Limitations B6 – Staff Treatment & Compensation

The General Manager shall not treat staff in any way that is unfair, unsafe, or unclear.

Survey data from the last employee survey in November 2015 is mostly outdated, but it does show a concern among staff regarding compensation. Lexa plans to conduct a staff survey in time for the next B6 monitoring report in April.

Conclusion: In compliance

1) *The GM will not operate without written policies that:*

a. Clarify rules for staff.

b. Provide for fair and thorough handling of grievances in a way that does not include the Board as a participant in the grievance process.

c. Are accessible to all staff.

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d. Inform staff that employment is neither permanent nor guaranteed.

A new edition of the employee manual is being reviewed by legal counsel. It includes (as do other documents) notice that employment at Fiddleheads is “at will.”

The Board President is currently notified if there is a grievance filed against the GM. There was a discussion of whether this would violate 1.b, but it was determined that, in cases involving the GM, this is appropriate. Policy should be interpreted to mean that board is advised of such grievances even if not involved in adjusting them.

Conclusion: In compliance

2) The GM will not fail cause or allow personnel policies to be inconsistently applied.

Conclusion: In compliance

3) The GM will not fail to provide for adequate documentation, security and retention of personnel records, information, and all personnel related decisions.

Conclusion: In compliance

4) The GM will not establish compensation and benefits that are internally or externally inequitable.

Though internal equitability is fairly sound, and entry level wages are relatively competitive in comparison to similar business in the area, non-entry level wages are well below the median for our region. Lexa is working to increase wages and establish clear wage benchmarks.

It was suggested that a total dollar gap figure between current personnel expenses and target personnel expenses would be helpful to the Board in evaluating progress towards these wage increases.

Conclusion: Not in compliance- plan in place

5) The GM will not change the GM's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

Conclusion: In compliance

Motion to approve GM monitoring report B6- Staff Treatment and Compensation, with acknowledgment of non-compliance in section 4:

Motion: Danny Spurr

Second: Kelleen Giffin

All in favor

V. MINUTES OF OCTOBER 18, 2016 (8:45-8:49)

Motion to approve the Board minutes of October 18, 2016 with amendments noted:

Motion: Susan Zimmerman

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Second: Helene Bardinet
All in favor

VI. CONSENT AGENDA (8:49-8:53)

There were no Member equity refund requests

Motion to approve revisions to the Monthly Workflow document with edits noted:

Motion: Ellen Clinesmith
Second: Rachel Black
All in favor

VII. CLOSINGS (8:53-8:54)

A. CDS Call

There is no CDS call scheduled for this month.

B. Review decisions, tasks, and assignments

Meeting Agenda (Sue and Elisa)
Draft Minutes of November 15, 2016 Meeting (Danny & Elisa)
Member Equity Refund Request (as needed) (Lexa)
New London Food System Baseline Report (Rachel, Sue)
Monitoring Report Decision Tree (Elisa)
GM Monitoring Report Policies B: Global Constraint and B3: Asset Protection (Lexa)
Staff salary cost gap (Lexa)
Committee Notes/Minutes
Look into pricing for the Oasis Room (Lexa)
Nominations Charter (Mona)
"Could you be a board member?" Tab on Web Page (Elisa and Nom Com)
Output for Board Monitoring of Policy C6 Officers' Roles (Elisa, Helene)
Board Director Self-monitoring Draft (Helene, Danny)
Draft Agenda for January 17, 2017 meeting (Elisa)

C. Adjournment

Motion to adjourn:

Motion: Susan Zimmerman
Second: Kelleen Giffen
All in favor

Meeting adjourned at 8:54 p.m

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

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Minutes approved by vote of the Board on December 18, 2016 and put into final form by Danny Spurr/Elisa Giommi on December 29, 2016.