

**FIDDLEHEADS BOARD OF DIRECTORS**  
**Minutes of Board Meeting of February 21, 2017**  
**105 Huntington Street, New London**  
(Approved by the Board on March 21, 2017)

**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, February 21, 2017, 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 (exited at 7:24)  
Ellen Clinesmith  
Kelleen Giffin  
Rachel Black  
Carolyn Wilson

**The following additional persons were present:**

Lexa Juhre, General Manager (exited at 8:14 p.m. for executive session)  
Elisa Giommi, Board Administrator (exited at 8:14 p.m. for executive session)  
Paul Reid, Owner

**C. Check-in (6:30-6:31)**

The Willimantic tour has been postponed.

Susan Zimmerman followed up on inviting people from the Willimantic Food Co-op to a Fiddleheads Board meeting. They will not be able to come until summer.

The Food Justice Panel that featured Rachel Black was very good and included a plug for Fiddleheads.

**D. Agenda Review (6:31-6-36)**

The item appointing a new Board member was moved up to the top of the agenda and it was noted that the Board would first have to accept the resignation of Mona Harmon-Bowman.

**II. APPOINTMENT OF NEW BOARD MEMBER**

**Motion to accept the resignation of Mona Harmon-Bowman from the Fiddleheads Board of Directors:**

Motion: Kelleen Giffen  
Second: Helene Bardinet

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All in favor

**Motion to appoint Paul Reid to the Fiddleheads Board of Directors:**

Motion: Ellen Clinesmith

Second: Danny Spurr

All in favor (8 directors)

There was a discussion of Paul's favorable qualifications for joining the Board after which the Board voted to appoint. The appointment will need to be ratified by Fiddleheads owners at the next Annual Meeting. If his appointment is ratified, Paul will serve out the remainder of Mona's term, which expires in 2019.

**III. COMMITTEE/TASK FORCE (6:39-6:43)**

**A. Annual Meeting Committee (6:39-6:40)**

There has been no meeting since the last Board meeting. It was noted that the joint Annual Meeting Committee/ Nominations Committee meeting scheduled for February 15<sup>th</sup> had to be rescheduled to Wednesday March 1<sup>st</sup> at 6:30 p.m. at the Co-op.

**B. Nominations Committee (6:40-6:43)**

There was a change in the election process, whereby Board candidates who participate in a "Board endorsed process" will have this noted on the election ballot:

All candidate statements and the election ballot will indicate those candidates who have participated in all the following **Board Endorsed Process** activities:

- Participation in a meeting with members of the Nomination Committee to go over the essential elements of Board membership
- Attending at least one Board meeting prior to the the end of April 2017
- Agreeing in advance of election to abide by the Fiddleheads Boards of Directors Code of Conduct

This change was approved unanimously via email prior to the meeting, so that the Nominations Committee could include it in their candidate packet.

An idea was brought up to add a commitment to a half day New Board Member training as part of the Board endorsed process.

It was noted that the store will not be using online voting.

**IV. DISCUSSION/ACTION ITEMS (6:43-7:24)**

**A. Board Monitoring C8: Government Investment (6:43-7:04)**

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The Board evaluated its performance regarding policy C8.

There were some questions as to the vagueness of the Global policy- *We will invest in the Board's governance capacity*. It was noted that Global policies are often vague and are clarified by the sub-policies. There may have been confusion as to this being a Global policy as it is labeled "C8-0" in the forms. It was suggested that this label be changed to "C8-Global" and similarly labeled for other policies.

Sub-policy C8-2a *We will use training and retraining liberally to orient new directors and candidates for membership, as well as to maintain and increase existing directors' skills and understanding.*

There were many comments on this policy related to improving the orientation of new directors. It was noted that this is an area of focus for the Nominations Committee and the Board is working on setting up an orientation for new directors after the next election. It was also noted that there is now a folder in the Drive of new member materials. There was also a suggestion to clarify "candidates for board membership" as this is the intent and interpretation adopted by the board.

Sub-policy C8-3c *We will use outreach mechanisms as needed to ensure our ability to listen to owner viewpoints and values.*

There were many comments regarding improved outreach to owners. Next month's Visioning Discussion will focus on owner outreach, orientation, and outreach mechanisms.

It was decided there was no need to form an ad hoc committee to revise these policies, though the possibility was raised of forming a standing Policy Committee to evaluate policies and suggest revisions.

There was a suggestion to improve the organization of the new Google Drive to make it easier to find policies, etc. There was also a suggestion that the Board consider adding a "sustainability" end to curb the use of paper.

**B. Board Self-Evaluation (7:04-7:21)**

It was noted that the Self-evaluation resources in the packet were for informing future revision of the Board Self-evaluation survey when it is reexamined next December. It was desired that there be Board performance questions added to the survey. It was noted that the Board Self-evaluation should help inform the Nominations Committee as to what skills or traits may be needed in prospective Board candidates.

There was also a question on whether the Code of Conduct fully reflected Director expectations in Board policy. It was suggested that a committee or task force compare Board policies to the Code of Conduct and recommend changes to the Code of Conduct if necessary. The Nominations Committee agreed to take on this task.

**C. GM Quarterly check-in (7:24-7:42)**

Lexa reflected that she finally has a good handle on the fiscal situation of the Co-op. With this

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“clearing of the weeds” she feels that she can better focus on deeper issues, noting such things as a budget, labor budget, 3-5 year plan, where to direct income (upgrades, raises, etc.).

It was noted that the Board would also like to see a Capital Budget at some point, which, Lexa noted, would vary depending on the stores direction and future plans, such as current site investment versus relocation and potential project budgets. She has been trying to make big investments only in portable removable items (such as servers and cool-bots) until we have a better sense of our long term plans.

It was suggested that a Capital budget could be proposed based on staying at our current location.

It was decided to discontinue regular GM quarterly check-ins, while noting that Lexa may put a check-in on future agendas if she feels it to be necessary.

**D. Reorder of GM Monitoring Report Schedule (7:42-7:44)**

Tabled.

**V. GM MONITORING REPORTS (7:44-8:10)**

**A. Executive Limitations B1 – Financial Condition and Activities (Quarter 4)**

*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.*

Sales are up significantly (12.37%) as compared to the fourth quarter of last year.

**Conclusion: In Compliance**

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

Net Income is improved, and the declining margin trend has been corrected.

**Conclusion: In Compliance**

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

The current ratio remains high. Cash on hand has greatly improved. It was noted that there were no current ratios reported in the chart for Quarters 1 and 2. Lexa is still not confident in the accuracy of these numbers, though the numbers reported at the time were believed to be at least within the range of compliance. The Board did not believe it necessary to recalculate and re-report the current ratios

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from Quarters 1 and 2.

**Conclusion: In compliance**

4) *Allow solvency (the relationship of debt to equity) to be insufficient.*

The Co-op's equity position remains strong. Lexa expressed some confidence that the CFNE (Co-operative Fund of New England) loan set to come to term in 2018 can be renegotiated and its term extended. There was a question as to whether CFNE will reevaluate collateralization when the term ends. Lexa was not certain but noted that they would probably refer to Wegner's assessment.

**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.*

There is one owner loan that is past due and is being renegotiated for extension. The NCB (National Co-operative Bank) loan has been fully paid.

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

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 this non-compliance does not warrant corrective action at this time, in that, to the best of everyone's knowledge, the Co-op is in compliance with GAAP, but to get formal assurance of determine full compliance from a CPA, 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.

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**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.*

Growth in ownership and in paid in equity was very strong in 2016. Lexa noted there are efforts to better educate new owners on the benefits of cooperative ownership beyond the current program of Owner Deals and Quarterly coupons. She noted that the owner benefits program may have to be restructured should Fiddleheads be accepted into NCG.

The Board requested information on how many owners are fully invested versus how many still need to make equity payments (what is the equity gap).

**Conclusion: In compliance**

**Motion to approve the GM monitoring report B1 – Financial Condition and Activities (Quarter 4), with acknowledgment of non-compliance in sections 8 and 10:**

Motion: Carolyn Wilson

Second: Kelleen Giffin

All in favor

**VI. MINUTES OF JANUARY 17, 2017 AND FEBRUARY 7, 2017 (8:10-8:14)**

**Motion to approve the Board minutes of January 17, 2017 with amendments noted:**

Motion: Rachel Black

Second: Helene Bardinnet

All in favor with Paul Reid abstaining

**Motion to approve the Board minutes of February 7, 2017 with amendments noted:**

Motion: Ellen Clinesmith

Second: Kelleen Giffin

All in favor with Paul Reid and Carolyn Wilson abstaining

**VII. EXECUTIVE SESSION (8:14-8:46)**

The purpose of the Executive Session is to discuss personnel matters relating to GM evaluation and approve the Executive Session minutes of 2/7/2017.

**Motion to enter executive session:**

Motion: Carolyn Wilson

Second: Kelleen Giffin

All in favor

Executive session entered at 8:14 p.m and exited at 8:46 p.m.

Confidential minutes were taken in executive session. **The Board approved the GM evaluation letter**

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which will be delivered to the GM later this month. The Executive Session minutes of 2/7/2017 were approved.

**VI. CLOSINGS**

**A. Conferences**

1. Sue Phillips, Helene, Ellen, Paul, and Carolyn all announced their intention to attend the NFCA (Neighboring Food Co-op Association) Annual Meeting on March 18<sup>th</sup>. Helene will coordinate carpooling to the event.

2. Ellen Clinesmith and Paul Reid agreed to register for and attend the CCMA (Consumer Cooperative Management Association) national conference in June

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

Compare Board policies to Code of Conduct and recommend changes, if needed (Nominations Committee).

Deliver approved GM evaluation letter to Lexa (Sue P. and Eval Task Force))

Register for NFCA Annual Meeting on March 18<sup>th</sup> (if have not yet done so) (Sue P., Helene, Ellen, Paul, Carolyn)

Coordinate carpooling for NFCA Annual Meeting (Helene)

Register for CCMA in June (Ellen and Paul)

Information on how many owners are fully invested versus how many still need to make equity payments (what is the equity gap?) (Lexa)

Meeting Agenda for March 21<sup>st</sup> (Sue and Elisa)

Annual Meeting minutes (Ellen)

Nominations Committee minutes (Kelleen)

Board Monitoring Report D1 (Elisa)

Proposed reordering of GM monitoring report schedule (Susan Z. & Lexa)

Draft Minutes of February 21, 2017 Meeting (Danny & Elisa)

Draft Minutes of February 21, 2017 Executive Session (Danny)

GM Monitoring Report Policies B1-Annual (Lexa)

Member Equity Refund Request (Lexa, if any)

Draft Agenda for April 18, 2017 meeting (Elisa)

**C. Adjournment**

**Motion to adjourn:**

Motion: Daniel Spurr

Second: Susan Zimmerman

All in favor

**Meeting adjourned at 8:52 p.m.**

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Draft minutes prepared for submission to the board by Daniel Spurr/Elisa Giommi on February 27, 2017.

Minutes approved by vote of the Board on March 21, 2017 and put into final form by Danny Spurr/Elisa Giommi on March 28, 2017.