

FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of March 21, 2017
105 Huntington Street, New London
(Approved by Board on April 18, 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 6:31 p.m. on Tuesday, March 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
Ellen Clinesmith
Kelleen Giffin
Carolyn Wilson

The following Board members were not present:

Paul Reid
Rachel Black

The following additional persons were present:

Lexa Juhre, General Manager
Elisa Giommi, Board Administrator
Ed DeMuzzio, owner (exited at 7:36 p.m.)
Katie Blanchard, owner

C. Check-In (6:32-6:35)

It was reported that the NFCA Annual meeting was great and the agenda from the meeting was passed around for those interested.

There are two co-ops in the process of forming in North Hartford and Winsted (in Litchfield County).

D. Agenda Review (6:35-6:37)

The discussion item regarding the reordering of the GM monitoring report schedule was removed. An item related to changes in the Board Code of Conduct was added to the Executive Session.

E. Owner Comments (6:37-6:38)

Katie Blanchard is in her last week of employment at Fiddleheads and is considering running for the Board. She thanked everyone who participated in the St. Patrick's Day parade.

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Ed DeMuzzio has previously served on the Fiddleheads Board and would love to get involved again. He noted how beautiful the store has become and how great things are progressing. Lexa gave credit to the staff and former interim GM Wynston Estis for much of the progress that Fiddleheads has made.

II. COMMITTEE/TASK FORCE (6:38-6:44)

Nominations and Annual Meeting Committees

It was noted that there will be no online voting, as was mistakenly noted in the committee minutes. It was agreed that there would be a published cut off time for in store voting of 12 noon on Saturday May 20, 2017.

Check-in and server volunteers will be needed for the Annual Meeting Party.

It was noted that about 82 owners (households) will be needed to achieve quorum.

It was suggested that Willimantic and the new start-up Connecticut co-ops be invited to the Party. Susan Zimmerman will contact Willimantic Food Co-op, Sue Phillips will contact the Winstead co-op, and Helene will contact the North Hartford co-op.

III. DISCUSSION/ACTION ITEMS (6:44-6:45)

Board Monitoring D1- Unity of Control

The Board evaluated its performance regarding policy D1. It was noted that there was strong agreement on the Board's understanding of and adherence to these policies.

IV. GM MONITORING REPORT (6:45-7:26)

Executive Limitations B1 – Annual Financial Condition and Activities (2016)

All indicators are moving in a very positive direction. It was noted that this will reflect well on the stores application to NCG.

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 growth was shown to be 8.59% over 2015 sales. This growth rate compares very favorably to other co-ops in the region and is significantly above the national average of 3%.

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Conclusion: In Compliance

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

It was noted that the reported net income figure was before taxes, though it was noted that this could be amended to show net income after taxes. There were some questions regarding margins that were addressed.

Conclusion: In Compliance

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

The current ratio for the year is strong. Cash on hand has just about reached the benchmark of 10 days. It is anticipated that this benchmark will be reached and sustained in 2017. It was also affirmed by the GM that 10 days is a comfortable benchmark.

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.*

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 GM and Board are not aware of any restricted funds.

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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.

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.*

Ownership growth and paid in equity were very strong in 2016. In a follow up to last month's meeting, Lexa noted outstanding equity to be around \$150,000 and with around half that amount realistically expected to be paid in based on active member figures. There was some discussion regarding abandoned equity. Sue Phillips stated that she had some good information from the NFCA meeting regarding escheat law and abandoned or dead equity.

Conclusion: In compliance

There was a discussion of potentially implementing a patronage program, perhaps as early as 2018. To meet this goal, everything would have to be prepared by December of 2017. It was proposed that Lexa have a proposal prepared by September of 2017. It was also proposed that a working group could be formed to look into the Co-op bylaws and state statutes regarding implementation of such a patronage program.

It was also noted that email questions regarding monitoring reports should be sent to Lexa by 9 p.m. on the Monday evening prior to the Board meeting.

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

Motion: Ellen Clinesmith

Second: Helene Bardinet

All in favor

V. MINUTES OF FEBRUARY 21, 2017 (7:26-7:31)

Motion to approve the Board minutes of February 21, 2017 as amended:

Motion: Susan Zimmerman

Second: Helene Bardinet

All in favor

Elisa and Katie left for the Executive Session and returned afterwards. Ed Demuzzio left at the time of

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Executive Session. He noted that he would be attending the April Board meeting as well.

VI. EXECUTIVE SESSION (7:32-8:21)

The purpose of the Executive Session is to discuss personnel matters relating to GM compensation, discuss monitoring compliance with Global B, discuss possible changes to the Code of Conduct, and to approve the Executive Session minutes of 2/21/2017.

Motion to enter executive session:

Motion: Susan Zimmerman

Second: Carolyn Wilson

All in favor

Executive session entered at 7:36 p.m and exited at 8:18 p.m.

Confidential minutes were taken in executive session. **The amended Code of Conduct was approved and will be prepared for Board members and candidates to sign by the April 18th Board meeting. The GM compensation discussion was tabled. Approval of the Executive Session minutes of 2/21/2017 was not voted on.**

VII. VISIONING DISCUSSION (8:19-8:40)

Section 2 of the membership article was discussed, related to Annual Meetings. An activity was proposed for the Annual Meeting Party in which owners would be asked on what they would like the co-op to focus its profits and attention with 6 or 7 potential categories from which to choose. Lexa proposed 5 draft categories: Food service, Staff Compensation, Food for All, Lower Prices, and Save for Expansion or New Location. She solicited feedback from the Board via email. Kelleen and Lexa will develop a proposal for the next Board meeting. An Annual Report will prepared for May.

VIII. CLOSINGS

A. Review Decisions, Tasks, and Assignments

- Invite Willimantic Food Co-op to Annual Meeting Party (Susan Z)
- Invite Winsted co-op to Annual Meeting Party (Sue P)
- Invite North Hartford co-op to Annual Meeting Party (Helene).
- Assist Paul Reid as a Board Buddy (Ellen)

- Prepare revised Code of Conduct for Board members and candidates to sign (Nominations)
- Email questions regarding monitoring reports should be sent to Lexa by 9 p.m. on the Monday evening prior to the Board meeting (Board)
- Proposal for Annual Meeting Party membership activity (Lexa & Kelleen)
- Proposal for patronage program prepared by September 2017 (Lexa)
- Meeting Agenda (Sue and Elisa)
- Annual Meeting Committee minutes (Ellen)
- Nominations Committee minutes (Kelleen)

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- Board Monitoring Report D2 (Elisa)
- Draft Minutes of March 21, 2017 Meeting (Danny & Elisa)
- GM Monitoring Report Policy B6 (Lexa)
- Total dollar gap figure between current personnel expenses and target personnel expenses (suggestion from November 2016 meeting) (Lexa)
- Member Equity Refund Requests (Lexa, if any)
- Proposed reordering of GM monitoring report schedule (Susan Z. & Lexa)
- Article for Visioning Discussion (Sue/Danny)
- GM Comments for Visioning Discussion (Sue/Lexa)
- Policy B4 - Executive Limitations (Sue/Elisa)
- Draft Agenda for May 16, 2017 meeting (Elisa)
- GM Update Report (Lexa) - THIS IS FYI - Not an agenda item!

B. Adjournment

Motion to adjourn:

Motion: Daniel Spurr

Second: Ellen Clinesmith

All in favor

Meeting adjourned at 8:40 p.m.

* * * * *

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

Minutes approved by vote of the Board on April 18, 2017 and put into final form by Danny Spurr/Elisa Giommi on April 23, 2017.