

**FIDDLEHEADS BOARD OF DIRECTORS**  
**Minutes of Board Meeting of May 16, 2017**  
**105 Huntington Street, New London**  
(Approved by the Board on June 20, 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, May 16, 2017 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  
Ellen Clinesmith  
Kelleen Giffin  
Carolyn Wilson (arrived at 6:58 p.m.)  
Paul Reid  
Rachel Black

**The following additional persons were present:**

Lexa Juhre, General Manager  
Elisa Giommi, Board Administrator (exited at 8:27 p.m. for executive session)

**C. Check-in**

Elisa and Danny have been working on updating Board documents to include revision date footers, organizing documents on the Google Drive, and creating working copies of the Bylaws and Policy Manual. There are two versions of the Bylaws and Sue Phillips stated she could help determine which is the final version.

Paul Reid was congratulated for announcing his candidacy for city council.

**D. Agenda Review**

No Agenda changes.

**II. COMMITTEE/TASK FORCE (6:36-7:01)**

**A. Annual Meeting Committee (6:36-6:45)**

The Annual Meeting Committee minutes were not available for the May packet but will be included in the June packet. Ellen will forward the minutes to the Board for their information ahead of the upcoming Annual meeting on Saturday. The timeline and agenda of the meeting were reviewed and some meeting tasks were assigned to directors. Some Board members will help with the ballot counting. It was suggested for next year that there be a formal process in place for ballot counting with an owner, a staff person, and a Board member (who is not up for re-election) involved in the ballot

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counting.

**B. Nominations Committee (6:45-7:01)**

1. Proposed Board Buddy Guidelines and Director Role Document

There was a discussion of the Director Role Document and the second page of the document that dealt with director performance improvement. It was decided to remove the second page of the document. Further revisions were suggested.

The Board Buddy Guidelines were accepted as presented.

**Motion to approve the Board Buddy Guidelines and Director Role Description as revised:**

Motion: Susan Zimmerman

Second: Rachel Black

All in favor with Helene and Carolyn abstaining

2. Code of Conduct

**Motion to approve the Code of Conduct as formatted:**

Motion: Susan Zimmerman

Second: Danny Spurr

All in favor

**III. MINUTES OF APRIL 18, 2017**

**Motion to approve the Board minutes of April 18, 2017 as amended:**

Motion: Ellen Clinesmith

Second: Helene Bardinet

All in favor

**IV. CONSENT AGENDA (7:01-7:03)**

**A. Member Equity Refund Request from Joseph Murray**

**B. Updated Board Calendar**

**Motion to approve the Consent Agenda:**

Motion: Ellen Clinesmith

Second: Paul Reid

All in favor

Lexa will provide the equity refund amount to Danny for entry in the minutes.

**V. DISCUSSION/ACTION ITEMS (7:03-8:03)**

It was noted that the new survey format used the wrong number scale (a 1 to 4 scale instead of a 1 to 5 scale). It was decided not to reissue the surveys to correct the scale issue, but to note the

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discrepancy when the Board Monitoring Table is compiled.

**A. Board Monitoring D3- Delegation to the GM (7:03-7:42)**

The Board evaluated its performance regarding policy D3.

**B. Board Monitoring D4- Monitoring GM (7:03-7:42)**

The Board evaluated its performance regarding policy D4.

In reading the Board monitoring reports D3 and D4, it was noted that some directors felt more time may be needed to accomplish Board work, specifically GM Monitoring, than is allowed for in the monthly Board of Director meetings while other Directors feel the time to be generally sufficient.

There has been an effort to ask Lexa questions regarding the GM Monitoring Report via email prior to meetings in an effort to both aid Lexa in preparing for the meeting and help make GM monitoring report discussions more efficient. There was some concern that there was too much conversation happening online and that much of this conversation should be happening at the meetings themselves. In addition, it was pointed out that many of the questions did not relate directly to determining compliance with policy, and, while helping limit these types of questions during the meeting [Board Policy C3.III. *We will limit the amount of meeting time taken up by Executive Limitations monitoring reports, discouraging discussion unless the reports indicate policy violations, or the policy criteria themselves need review.*], the sharing of the questions and answers online was leading to significant online discussion of these topics.

It was decided that Board members may continue to send Lexa GM monitoring report questions prior to the meeting, but not as a group email. It was requested that instead of sharing the question and answers on Google Drive, Lexa would determine, based on the question asked, whether to

1. Bring relevant questions to the monthly meeting for discussion.
2. Answer the Director individually via email.
3. Refer the Director to other resources, such as the Board President or Treasurer, to facilitate a better understanding of finances, Board policy, etc.

It was reiterated that the GM was under no obligation to answer questions from individual Directors outside of meetings.

**C. Annual Financial Review from Wegner (7:42-7:49)**

The Financial Review did not make it into the Board Packet, but was distributed separately. It was requested that Elisa revise the packet to include this. There was a question regarding a discrepancy in the sales numbers from the year previous in the 2016 report versus the 2015 report. Lexa will report back on this next month. The Annual Financial report will appear in next month's packet.

**D. NCG Membership (7:49-8:03)**

The Board of Directors authorized Lexa to accept full membership in NCG (National Cooperative

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Grocers) and sign all related documents to this acceptance through unanimous email consent prior to the monthly meeting [see Bylaw Article 4.6], as acceptance was a time sensitive matter.

**Motion to ratify NCG acceptance authorization decision made outside of Board meeting:**

Motion: Helene Bardinet

Second: Rachel Black

All in favor

There was a discussion regarding communication of this decision to Owners. It was noted that the contract would start in August, with new pricing and Co-op discounts rolling out in September and October (National Co-op month). An item will be added to the August agenda to discuss messaging. It was requested that the Board be supplied at some point with an F.A.Q. or related document to help provide consistent answers to potential Owner questions regarding membership in NCG.

**VI. GM MONITORING REPORT**

**A. Executive Limitations B6 – Staff Treatment & Compensation (8:03-8:08)**

It was noted that the B6 monitoring report was amended after the packet was distributed and it was requested that Elisa put the amended monitoring report (sent out on May 12<sup>th</sup>) in a revised Board packet for archival purposes. There was a request for information regarding what the gap between current compensation and target compensation for staff is and the estimated time it will take to achieve target compensation levels and benefit levels. There was a discussion of whether the Board needed this information as a separate item, or whether it should be part of the business plan, which is scheduled to be reported on in October (policy B2). It was decided that, while an updates on staff compensation could be reported at the next meeting, a full report would be provided by October of 2017, either as part of the Business Plan monitoring report or otherwise.

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

A staff survey will be conducted every two years

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

**Conclusion: Compliant**

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

**Conclusion: Compliant**

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

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**Conclusion: Compliant**

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

**Conclusion: Non-compliant, plan in place**

Compensation and benefits do not compare favorably to other co-ops and businesses of the Co-op's sector, especially in upper level positions. Lexa has made increased compensation and development a primary focus, particularly in the upper level positions and has detailed plans for working towards the goal of external equity, with increasing net income a big part of her plan. Long term, Lexa is evaluating a gainshare plan to link economic success of the co-op to increased compensation.

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: Compliant**

**Motion to approve GM Monitoring Report B6- Staff Treatment & Compensation with acknowledgment of non-compliance in section 4 and with an update of the corrective action plan for section 4 expected by October 2017.**

Motion: Susan Zimmerman

Second: Kelleen Giffin

All in favor

**B. Executive Limitations B1 – Annual Financial Condition and Activities (Quarter 1)**

(8:08-8:25)

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.*

While sales growth fell below budget projections, the 5.12% rate is still above average for our region.

**Conclusion: In Compliance**

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

Fiddleheads reported a net loss in the 1<sup>st</sup> quarter of 2017 of 1.19% due in large part to a failure of a

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critical computer systems component and some significant perishable margin losses, some of which may have been more appropriately reported in the last quarter of 2016. Staff costs were also slightly higher than budgeted.

There was a question related to the insurance coverage issues with refrigeration failures and whether this might fall under policy B3- Asset Protection. It was thought to be potentially germane to B3.

There was a question as to whether there were other factors involved in the net income loss. It was reported that general merchandise, frozen, and HABA (health and beauty) departments showed lower margins than expected. The reason for this is still being determined, whether from problems with inventory practices or theft.

**Lexa will provide monthly updates on B1 section 2 until compliance is achieved.**

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

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

**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 needs to be renegotiated for extension.

**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.

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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.

Lexa continues to work closely with the bookkeeper and CPA to refine and document financial protocols to ensure consistent monthly and quarterly closing routines. Progress will be reported to the Board in conjunction with each B1 monitoring report and at more frequent intervals as the GM sees fit.

Language was amended in the report from "We have contracted with Wegner to perform a review of 2016, with the idea that we would pursue an audit for FY 2017." to "We have contracted with Wegner to perform a review of 2016, with the idea that the Board will want to contract for an audit for FY 2017."

**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 – Annual Financial Condition and Activities as amended, with acknowledgment of non-compliance in sections 2, 8, and 10 and monthly updates on section 2 to be conducted until compliance is reached:**

Motion: Ellen Clinesmith

Second: Paul Reid

All in favor

**VII. EXECUTIVE SESSION (8:27-8:42)**

The purpose of the Executive Session is to discuss personnel matters relating to GM compensation. **The minutes of Executive Session are here recorded, as no business was conducted except to approve the Executive Session minutes of February 21, 2017 and March 21, 2017.**

**Motion to enter executive session:**

Motion: Helene Bardinnet

Second: Susan Zimmerman

All in favor

Executive session entered at 8:27 p.m and exited at 8:42 p.m.

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Confidential minutes were taken in Executive Session. **A contract for GM compensation was approved for the rest of the calendar year of 2017.**

**VIII. CLOSINGS**

No Board members will be able to attend CCMA this year.

Carolyn Wilson, who is not running for re-election, was thanked for her Board service!

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

- Determine correct final version of Bylaws and procure Word versions of Bylaws and Policy Manual (Sue P., Elisa, Danny)
- Send out Annual Meeting minutes from May to the Board (Ellen)
- Revise Director Role Document (Kelleen)
- Put Annual Financial Review in revised 5/26/17 Board packet (Elisa)
- Put final version of B6 monitoring report, sent May 12, in revised 5/26/17 Board packet (Elisa)
- Report on sales discrepancy from Wegner reports (Lexa)
- Agenda Item for August meeting regarding messaging NCG membership (Sue P., Elisa)
- NCG FAQ (Lexa)
- Update on compensation (delta between current and target, etc.) for June meeting (Lexa)
- Corrective Action plan for B6 by October (Lexa)
- Monthly update on B1.2 *Inadequate Net Income*- compliance/plan of correction (Lexa)
- Schedule with Jade new director orientation for late May/Early June (Kelleen)
- Meeting Agenda (Sue and Elisa)
- Annual Meeting Committee minutes (Ellen)
- Nominations Committee minutes (Kelleen)
- Board Member Code of Conduct (Kelleen & Nom Com)
- Board Monitoring Report C Global (Elisa)
- Board Monitoring Report D Global (Elisa)
- Draft Minutes of May 16, 2017 Meeting (Danny & Elisa)
- Draft Executive Session minutes for May 16, 2017 Meeting (Danny)
- GM Monitoring Report B5 (Lexa)
- Member Equity Refund Request (Lexa, if any)
- NCG Documents (Lexa)
  - A: Member Rights and Responsibilities Disclosures and Policies
  - B: NCG Global Programs Participation Agreement
  - C: Resolution to Approve GM Signature
- Annual Financial Review from Wegner (Elisa)
- Draft Agenda for July 18, 2017 meeting (Elisa)
- GM Update Report (Lexa) - THIS IS FYI - Not an agenda item!

**B. Adjournment**

**Motion to adjourn:**

Motion: Helene Bardinet

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Second: Danny Spurr  
All in favor

**Meeting adjourned at 8:44 p.m.**

\* \* \* \* \*

Draft minutes prepared for submission to the board by Daniel Spurr/Elisa Giommi on May 22, 2017.

Minutes approved by vote of the Board on June 20, 2017 and put into final form by Danny Spurr/Elisa Giommi on July 4, 2017.