

FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of September 5, 2017
105 Huntington Street, New London
(Approved on November 14, 2017)

I. CALL TO ORDER, ATTENDANCE, ANNOUNCEMENTS

A. Call to Order

Susan Phillips called to order a special meeting of the Fiddleheads Board of Directors at 6:30 p.m. on Tuesday, September 5, 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
Katie Blanchard (arrived 6:55 p.m.)

The following Board members were absent:

Rachel Black
Paul Reid

The following additional persons were present:

Lexa Juhre, General Manager
Elisa Giommi, Board Administrator

C. Check-In

There was discussion of the Board doing something to show appreciation for former Board members Carolyn Wilson and Mona Harmon-Bowman.

D. Agenda Review

The second Visioning Discussion question was moved to the Discussion/Action items section.

An item was added to discuss the Co-op Cafe to be held in Greenfield, MA on Saturday, November 4th and who might be available to attend.

II. MINUTES OF JUNE 20, 2017 (6:36-6:42)

Motion to approve the Board minutes of August 15, 2017 with amendments noted:

Motion: Helene Bardinnet
Second: Susan Zimmerman
All in favor with Sue Phillips abstaining.

III. GM MONITORING REPORT (6:42-7:17)

Executive Limitations B1- Financial Conditions (2nd Quarter)

FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of September 5, 2017
105 Huntington Street, New London
(Approved on November 14, 2017)

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.*

There was a question around the phrase “material deviation of actual expenditures from Board priorities established in Ends policies” and whether would pertain to a capital plan. It was determined that any deviations in the capital plan would best be reported in B2-Business Planning and Financial Budgeting.

Conclusion: In compliance

The GM shall not:

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

While sales growth fell below budget projections, the 3.09% rate is still above average for our region and is in compliance with the benchmark for averting fiscal jeopardy.

There was a question regarding the year over year monthly sales graph and why there was not the usual May spike in sales (as observed in the past 3 years). Lexa will look into this, but it was noted that sales patterns do not necessarily follow the same pattern every year.

Conclusion: In Compliance

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

The Co-op showed positive net income well above the compliance benchmark. The margin issues found in the first quarter have been corrected and are now in line with budgeted margins.

It was noted that the year to date net income (as of June 30th) is shown on the balance sheet, but not on the chart.

There were some comments on improvements that could be made to net income bubbles in the monitoring report.

Conclusion: In Compliance

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.*

FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of September 5, 2017
105 Huntington Street, New London
(Approved on November 14, 2017)

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. It was noted that more information should be supplied about plans to resolve owner loans that have been out of compliance for a lengthy period and details of the loan, such as the principal plus interest accrued on the loan, until such time as compliance is achieved.

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.

All financial record keeping issues that have been discovered by the GM, bookkeeper and CPA have been corrected. Work is still being done to refine and document monthly and quarterly closing protocols.

The GM recommends that the Board contract with the CPA to conduct a full audit at the end of 2017. Lexa will provide a contract for the Board to review at the September 19, 2017 Board meeting.

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.*

There was a question as to whether the proper way to handle abandoned equity has been investigated. This issue still needs to be addressed.

Conclusion: In compliance

Lexa will correct a typo in section 3 that mislabeled Q2 as Q1

FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of September 5, 2017
105 Huntington Street, New London
(Approved on November 14, 2017)

It was suggested that the Board set up a visioning discussion to discuss competition in the marketplace.

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

Motion: Helene Bardinet

Second: Susan Zimmerman

All in favor

IV. VISIONING DISCUSSION (7:18-7:57)

A. Our first Ends Policy is that "Fiddleheads exists so that shoppers and members have a strong sense of community." What does this mean to you?

Some of the ideas brought up included:

1. Running into people you know at the Co-op
2. Co-op participation
3. Sense of community from staff
4. Support for Annual Meeting
5. People inquiring about the Co-op/ showing interest in the Co-op and co-op participation
6. Structures to engage owners
7. Sense of ownership- it was noted that this may have decreased since rolling back the volunteer program.

It was noted that there may be different community goals for people at different levels of co-op commitment, from the casual shopper to the highly active co-operator. It was suggested that the Board plays and should play an active role in stewardship and engaging with owners on the higher tiers of co-op interest.

There was a suggestion of identifying owners with strong interest in the co-op model and co-op participation and inviting them to the CDS Co-op Cafe in November. It was suggested that staff may be able to identify who some of these owners might be.

There was a suggestion that we engage with owners who have previously shown commitment to the Co-op but may not be as involved any more and work on building back up these relationships. It was also suggested that it is important to engage new owners in more fully participating as co-op owners as well and help them buy into being a part of the co-op beyond just shopping. Education of new owners was seen as an important aspect of this as well as having tangible and consistent activities that help foster that connection.

It was suggested that regular new owner orientations be set up, potentially utilizing volunteers in the orientation process. It was suggested that individual invitations be sent to new owners inviting them to these orientations, with perhaps other incentives being offered for participation.

It was also suggested that better communication with owners regarding Board activities and decisions would be helpful in building a strong, healthy relationship between the Board and owners.

FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of September 5, 2017
105 Huntington Street, New London
(Approved on November 14, 2017)

Lexa noted that she is working on potentially setting up a Grocery 101 training as well as a Policy Governance and Financial Education training that would be open for owners to participate in as well as Board members.

There was a suggestion to set up quarterly Co-op cafes to engage owners. **There was a tentative plan made to set up a Co-op Cafe for the upcoming winter as a trial.**

V. DISCUSSION/ACTION ITEMS (7:57-8:47)

A. Board Monitoring Reports C1-Governing Style (7:57-8:16)

The Board evaluated its performance regarding policy C1-Governing Style

It was noted that we are currently engaged in figuring how to improve in the area of C2-1 *In order to govern successfully, we will create and sustain a meaningful relationship with member-owners.*

In discussing C1-2 *Observance of the 10 Policy Governance Principles* it was suggested that the Board go over these principles as part of a visioning discussion.

With regard to C1-5 *In order to govern we will encourage diverse viewpoints* it was acknowledged that there seemed to be two concerns: one regarding Board members potentially not feeling comfortable expressing their opinions and one regarding increasing the diversity of Board membership.

B. Board Monitoring Report C2- The Board's Job (8:16-8:19)

The Board evaluated its performance regarding policy C2-The Board's Job

It was noted that C2-7 *In order to govern successfully, we will perform other duties as required by the bylaws or because of limitations on GM authority* is more of a boilerplate statement to catch any missing policy considerations.

C. Creation of Policy Revision Task Force (8:19-8:23)

It was determined that the charter would include who is on the task force, a list of the policies to be revised and that the task force would be charged with proposing revisions that would be brought back to the Board for consideration. The Board would then vote to approve or not approve the proposed revisions. If a proposed revision was not approved the committee would then bring a new revision proposal back to the Board.

D. Visioning Discussion- What are achievable goals for our Board-Member Connection task force? (8:23-8:47)

1. It was suggested that this task force may be more appropriate as an operational GM chartered task force, though there was support from the GM and members of the Board for a Board chartered task force that would deal in some capacity with Board-Owner Communication efforts.
2. It was suggested that there should be a Board update created by the Board and distributed by the GM to owners on roughly a monthly schedule, ten times per year.

FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of September 5, 2017

105 Huntington Street, New London

(Approved on November 14, 2017)

3. It was also suggested that the Board would like to be informed of the Co-op schedule of communication to owners and generally receive more data regarding communication with owners. It was suggested that this could be an area where policy is developed to make this expectation more explicit.
4. It was also suggested that policy B8- *Board Logistical Support* could be an area where the expectation of better Board-Owner communication is laid out and monitored.

E. Creation of Board-Owner Connection Task Force

1. It was determined that a Board-Owner Connection Task Force be set up with sole initial task of setting up a meeting, that may include both Board members and owners, to brainstorm a list of ideas for enhancing Board communication and connection to owners. The Board could then determine which ideas might be appropriate for a Board task force to pursue and which ideas might be more appropriately handled by the GM and operations.

VI. COMMITTEE/TASK FORCE (8:47-8:50)

A. Annual Meeting Committee (8:47-8:50)

The Annual Meeting Committee had an online discussion and decided to recommend keeping the Annual Meeting budget the same for 2018 as the previous year, with the understanding that the Board would most likely be spending less on the Annual Meeting this year, but may want to initiate additional Owner events. It was determined by the Board to allocate \$2,400 to the Annual Meeting budget and \$1,900 to the member linkage budget line.

VII. EXECUTIVE SESSION to approve the Executive Session minutes of the May 16, 2016 Board meeting

Tabled

VIII. CLOSINGS

Sue Phillips, Susan Zimmerman, Danny, Katie, Helene plan on attending the Co-op Cafe on Saturday, November 4, 2017 in Greenfield, MA. Ellen may be able to go. Elisa will get in touch with Rachel and Paul to see if they are interested in attending. It was suggested that we reach out to owners who may be interested in attending.

It was noted that CCMA will be held in Portland, OR next year.

A. Review decisions, tasks, and assignments

1. Contact Carolyn regarding hosting a potluck (Helene)
2. Resubmit B1 report to fix typo in which "Q2" is misstated (Lexa)
3. CPM audit contract for 2017 (Lexa)
4. Draft Policy Revision Task Force charter (Danny and Elisa)
5. Draft Nominations Committee charter (Danny and Elisa)
6. Draft Annual Committee Charter (Danny and Elisa)

FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of September 5, 2017
105 Huntington Street, New London
(Approved on November 14, 2017)

7. Set up Board-Owner Communication Brainstorm meeting (Helene)
8. Sign up Board members for Co-op cafe in November (Lexa)
9. Meeting Agenda (Sue and Elisa)
10. Annual Meeting Committee minutes (Ellen)
11. Board Monitoring Report C3 Agenda Planning (Elisa)
12. Draft Minutes of August 15, 2017 Meeting (Danny & Elisa)
13. GM Monitoring Report B7 & B8 (Lexa)
14. Member Equity Refund Request (Lexa, if any)
15. Draft Agenda for October 17, 2017 meeting (Elisa)
16. GM Update Report (Lexa) - THIS IS FYI - Not an agenda item!

B. Adjournment

Motion to adjourn:

Motion: Daniel Spurr

Second: Helene Bardinet

All in favor

Meeting adjourned at 8:55 p.m.

* * * * *

Draft minutes prepared for submission to the board by Daniel Spurr/Elisa Giommi on September 11, 2017.

Minutes approved by vote of the Board on November 14, 2017 and put into final form by Danny Spurr/Elisa Giommi on November 16, 2017.