

FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of November 21, 2017
105 Huntington Street, New London
(Approved by Board on January 16, 2018)

I. CALL TO ORDER, ATTENDANCE, ANNOUNCEMENTS

A. Call to Order

Sue Phillips called to order a regular meeting of the Fiddleheads Board of Directors at 6:34 p.m. on Tuesday, November 21, 2017 at 105 Huntington Street, New London, CT.

B. Attendance

The following Board members were present:

Susan Phillips, President
Susan Zimmerman, Treasurer
Helene Bardinet, Vice-President
Danny Spurr, Secretary
Ellen Clinesmith
Carol Connell

The following Board members were absent:

Katie Blanchard
Paul Reid

The following additional persons were present:

Lexa Juhre, General Manager
Elisa Giommi, Board Administrator

C. Check-In

The Board was informed that Kelleen Giffin had submitted her resignation.

Motion to accept Kelleen Giffin's resignation from the Fiddleheads Board of Directors:

Motion: Sue Phillips
Second: Danny Spurr
All in favor

It was noted that Board resignations do not require acceptance from the Board, but that the Board traditionally has voted to accept resignations so that they can be formally recorded in the minutes.

D. Agenda Review

An item related to a potential Audit Committee was added to the agenda. An executive session was added to discuss personnel matters related to GM compensation.

E. Member check-in

Elisa asked if the co-op related emails she has been forwarding to the Board have been gladly

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received. The Board acknowledged that they have been.

II. COMMITTEE/TASK FORCE (6:38-7:11)

A. Audit Committee (6:38-6:42)

It has been brought to the Board's attention that according to Connecticut state statute 601 §33-753 (c), corporations such as Fiddleheads may need to form a two person Audit Committee for the purpose of conducting an audit. Susan Zimmerman and Sue Phillips will meet to prepare a draft charter for this committee.

B. Nominating Committee (6:42-6:45)

Some revisions regarding appointment of committee members were proposed to the charter.

The Board was informed that owner and former Board director Mona Harmon-Bowman was interested in staying on as a member of the Nominating Committee. It was noted that according to the Nominating Committee Charter (and apparently CT state statute), committee members should be appointed by the Board.

Motion to appoint owner Mona Harmon-Bowman to the Nominating Committee:

Motion: Danny Spurr

Second: Helene Bardinet

All in favor

C. Policy and Bylaws Revision Committee (6:45-7:11)

Some edits were made to the draft charter and it was decided that the committee would be made up of up to four directors. It was determined that the list of potential revisions to be considered would not be included in the charter, but the specific policy and bylaws revisions for the committee to consider would still be assigned by the Board. It was suggested that the Board consider assigning four or five revisions at a time to the committee, assigning those considered of highest priority first. A list of revisions for the Policy and Bylaws Revision Committee to consider was assembled:

1. Policies to be reviewed or added:

- a.) Adding to the executive limitations policy that GM will not allow owners/consumers/ community to have a negative view of the co-op or not allow owners to view her as an inaccessible contact person to whom to bring concerns about the co-op (either add to asset protection—B3 or consumers—B5)
- b.) Executive Limitations: establish a formal policy around GM reimbursement – Lexa feels comfortable reimbursing herself for relatively small expenses (less than \$50) for meals and such, but not so much for larger amounts. Should process have notice to the board and approval?
- c.) Policy relating to GAAP compliance and whether or not the language needs to be amended.

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2. Bylaws to be reviewed or added:

- a.) Possibility to change election process to have voting AFTER annual meeting – determining whether a bylaw revision would be necessary.
- b.) Clarify language around term limits (no director shall be elected whose election would result in her or his being expected to serve over 10 years within a single 12 year period?)
- c.) Officers roles
 - 1.) Executive Committee- Creating a bylaw addressing the concept of an Executive Committee and its existence or nonexistence.
 - 2.) Officers' roles- amending the bylaw related to the Treasurer's role to eliminate the duty of submitting the Annual Report to the State.

There was a discussion regarding the listing of current committee members. It was decided that for each committee a table of current committee members and the the committee's chair will be created and posted on the Board's Fiddleheads website page by Elisa and Danny. The finalized committee charters will also be posted there.

III. GM MONITORING REPORT (7:11-7:41)

Executive Limitations B1- Financial Conditions (3rd Quarter)

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 declined slightly from the third quarter of last year. Possible reasons for this include emerging competition and price sensitivity. There is a plan in place to increase advertising in the fourth quarter and further integrated the co-op's marketing with that of NCG (National Cooperative Grocers) to which the Co-op has recently become a full member. Also, margins are such that strategic price reductions in the first quarter of 2018 could be implemented.

Conclusion: Not in Compliance- plan in place

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

Though sales were roughly flat in the third quarter, net income was very strong compared to the same period last year.

Conclusion: In Compliance

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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 needs to be renegotiated for extension or paid in full. There is a plan in place to resolve the outstanding loan by the end of 2017. It was requested that Lexa report on the status of this loan at the January Board meeting.

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).*

In consultation with Wegner CPA, it was determined that a financial review by a CPA is an “attestation engagement” and, as such, does provide limited assurance of compliance with GAAP. This, in conjunction with the Co-op's successful internal controls assessment, provides strong assurance of compliance with this policy. The Co-op's upcoming audit should provide confirmation of this assessment.

Conclusion: In compliance

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11) *The GM will not allow growth in ownership and owner paid-in equity to be insufficient.*

It was requested that Lexa list the current number of owners as part of the data.

Conclusion: In compliance

Motion to approve the GM monitoring report B1 – Annual Financial Condition and Activities with acknowledgment of non-compliance in sections 1 and 8:

Motion: Susan Zimmerman
Second: Helene Bardinet
All in favor

IV. VISIONING DISCUSSION (7:41-8:00)

The Board watched a brief trailer for the documentary about the co-op movement, "Food for Change". There was a discussion of whether the Co-op should purchase the DVD and rights to show the film and on how the Co-op might be able to use the film. It was determined that the Board would buy the film using funds in the Board budget and that the film could potentially be shown in conjunction with the Co-op's birthday or potentially later in 2018. It was requested that Lexa report back on the prospect of showing the film at the Co-op's 10th Birthday in February or at some point later in 2018.

It was also suggested that the Board schedule an informal viewing party for Board directors and Lexa, potentially at Susan Z.'s or Carol's house.

Motion to purchase the DVD of "Food for Change" using Board funds:

Motion: Danny Spurr
Second: Ellen Cline Smith
All in Favor

V. CONSENT AGENDA (8:00-8:01)

Motion to approve the Member Equity refund request of Joe Dominguez for \$175:

Motion: Susan Zimmerman
Second: Helene Bardinet
All in favor

VI. DISCUSSION/ACTION ITEMS (8:01-8:20)

A. Board Monitoring Report C5 (8:01-8:16)

The Board evaluated its performance regarding policy C5. The Board scored well in all the areas covered by the report.

There was a discussion of outdated versions of the Code of Conduct being displayed on the webpage and also, the Policy Manual potentially being outdated and not updated to reflect the changes to the

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Code of Conduct. Danny will look in these issues.

One of the lower scores related to policy C5-5 regarding attendance and preparedness. It was determined that the Board Secretary and Administrator will create and maintain an attendance register that will be posted on the Fiddleheads website. Danny will report back on this in January.

B. Board Budget (8:16-8:17)

Motion to approve the 2018 Board budget:

Motion: Ellen Clinesmith
Second: Helene Bardinet
All in favor

C. Board Calendar (8:17-8:20)

Some updates on event dates and titles were added.

Motion to approve the 2018 Board Calendar as amended:

Motion: Susan Zimmerman
Second: Danny Spurr
All in favor

VI. EXECUTIVE SESSION (8:28-8:31)

The purpose of this executive session meeting was to discuss personnel matters related to GM compensation.

A motion passed to specify PTO (paid time off) accrual of the GM for 2017 and 2018.

Executive session entered at 8:28 p.m. and exited at 8:31 p.m.

Motion to enter Executive Session:

Motion: Helene Bardinet
Second: Ellen Clinesmith
All in favor

VII. CLOSINGS (8:20-8:28)

There was a discussion of whether to postpone the December 19th regular Board meeting due to the fact that Katie and Helene can not attend. It was decided that the meeting would still be held as the other six current Directors would make a quorum.

A. CDS Call (8:20-8:28)

Sue Phillips and Susan Zimmerman will attend a CDS call on November 29th at 5:30 pm. Topics to be discussed will be included the Audit Committee and ideas in regard to executive committees.

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B. Review decisions, tasks, and assignments

1. Update director information to reflect Kelleen's resignation (Elisa)
2. Update Policy Revision Committee Charter and include finalized charter in next packet (Danny, Elisa)
3. Meet to prepare draft charter for Audit Committee (Sue P., Sue Z.)
4. Create committee rosters for inclusion on the Fiddleheads webpage (Elisa, Danny)
5. Post finalized committee charter to the Fiddleheads webpage (Elisa, Danny)
6. Add Mona to Nominating Committee roster (Elisa)
7. Report on status of owner loans at January BOD meeting (Lexa)
8. Report back on prospect for showing "Food for Change" in conjunction with the February Birthday or some point later in 2018 (Lexa)
9. Purchase the "Food for Change" DVD (Lexa, Elisa)
10. Schedule an informal Board viewing of "Food for Change" (Board)
11. Finalize Nominating and Annual Meeting Committee Charters (Elisa, Danny)
12. Investigate Code of Conduct discrepancies on website (outdated), Google drive, and Policy manual (find out if and when the Board amended the Policy Manual) (Danny, Elisa)
13. Create a Director attendance register to be posted on the website- report on this in January (Danny, Elisa)
14. Finalize storage policy for Executive Session minutes (Danny)
15. Think of additional tasks for the Secretary and Board Administrator (Danny, Board)
16. Finalize Board Calendar (Elisa)
17. Finalize Board Budget (Elisa)
18. Attend CDS call on November 29th at 5:30pm (Sue P. and Sue Z.)
19. Meeting Agenda (Sue P. and Elisa)
20. Board Monitoring Report C6-Officer's roles (Elisa)
21. Draft Minutes of November 14, 2017 Meeting (Danny&Elisa)
22. Draft Minutes of November 21, 2017 Meeting (Danny&Elisa)
23. Include decision tree in Board packet (Elisa)
24. GM Monitoring Report B- Global Constraint (Lexa)
25. GM Monitoring Report B3-Asset Protection (Lexa)
26. Member Equity Refund Request (Lexa, if any)
27. Draft Agenda for January 16, 2017 meeting (Elisa)
28. GM Update Report (Lexa) - THIS IS FYI - Not an agenda item!

C. Adjournment

Motion to adjourn:

Motion: Carol Connell

Second: Helene Bardinet

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All in favor

Meeting adjourned at 8:32 p.m.

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Draft minutes prepared for submission to the board by Daniel Spurr/Elisa Giommi on November 28, 2017.

Minutes approved by vote of the Board on January 16, 2018 and put into final form by Danny Spurr/Elisa Giommi on January 18, 2018.