

FIDDLEHEADS BOARD OF DIRECTORS

Board Meeting of May 19, 2015 [Approved June 16, 2015]

I. CALL TO ORDER, ATTENDANCE, ANNOUNCEMENTS

A. Call to Order

Mark Roberts called to order a regular meeting of the Fiddleheads Board of Directors at 6:36 p.m. on Tuesday May 19, 2015 at 105 Huntington Street, New London, CT.

B. Attendance

The following Board members were present:

Mark Roberts, Vice President and Treasurer
Sue Phillips, Secretary
Mona Harmon-Bowman, Governance Com, Chair
Helene Bardinnet, Governance Com, Chair
Daniel Spurr
Carolyn Wilson (arrived at 7:57 p.m.)

The following Board Members were absent:

Susan Zimmerman
Mark Patnode
Suzanne Cattanach

The following additional persons were present:

Vanessa Young, Board Administrator
Sheila Herbert, Co-Manager
Kristin DeMuzzio, Co-Manager
Andrea Henry, Staff
Ellen Anthony, Staff
Ed DeMuzzio (member/financial volunteer)
Maggie Cohen (with the Cooperative Fund of New England, from Boston, MA)

C. Announcements

- Introductions of new board members: Helene Bardinnet and Daniel Spurr; Mark Patinode was ill and unable to attend.

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- Introduction of guest Maggie Cohen. Maggie has just adopted Fiddleheads into her loan portfolio and wanted to meet Fiddleheads, and all who she will be working with.
- June meeting will include the Executive Board elections

D. Agenda Review

No changes.

E. Member Comments

- Ed DeMuzzio welcomes new directors.
- Ellen Anthony asked about board officers. They will be elected next month.

II. MINUTES OF PRIOR MEETINGS

A. Minutes of April 21, 2015 meeting

Motion to approve the minutes

Motion: Mona Harmon-Bowman

Second: Helene Bardinet

All in favor.

III. CONSENT AGENDA

- Agenda Items 1-5
 - Updated Board Roster
 - Updated BOD Calendar
 - Proposal to have Board Administrator attend and take minutes for Executive Sessions
 - Managers' Monthly Update Report
 - Board Monitoring Report D.3: Delegation to the GM

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Motion to approve items 1-5 on Consent Agenda.

Motion: Mona Harmon-Bowman

Second: Daniel Spurr

All in favor.

- **Agenda Item 6: Governance Committee Report**

Motion to Approve Governance Committee Report

Motion: Helene Bardinnet

Second: Sue Philips

All in favor.

- **Agenda Item 7: Annual Meeting and Membership Committee Reports**
Tabled for next month due to absence of Committee Chair.

III. RECONSTRUCTION OF GM SEARCH COMMITTEE

GM Search Committee

Sue Phillips, core committee member

Carolyn Wilson, core committee member

Ellen Clinsmith, would like to participate, she will know in June if she is able.

A charter must be brought in to begin process - by the committee

Budget inquiry - for the GM committee search

Sue Phillips will chair

Other committee membership will be determined, with Co-Managers exploring what staff members might be interested in serving. Best practice is to have one or two staff members on search committee in order to ensure that staff do not only have input but also buy-in to process and result.

There was some discussion of having non-staff, non-current and non-former BOD member as additional committee member. GM Search Committee will consider this suggestion. If member-owner participation is desired, Governance Committee has developed pool of 50 people who are interested in assisting with board work short of BOD membership. This pool could be tapped. Governance

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committee will find out what member-owners are interested and notify GM Search Committee Chair.

(Maggie Cohen departed at 6:54 p.m.)

IV. BOARD MONTHLY WORK FLOW

Board Monthly Work Flow

Mark Roberts, would like to propose sending the Board Packet as individual PDF files in one email verses one single large PDF. This will be done with June Board Packet.

It was noted that Fiddleheads Board of Directors Webpage needs to be upated and brought current. Board Administrator will take care of this and establish a new password to be shared with all Board Members.

It was agreed that suggested agenda items will be required to be sent only to President, who has discretion to finalize planned agenda.

- Individual directors can cc: other directors when sending proposed agenda items
- There is also a process to add agenda items at a meeting during agenda review
- Historically, very few agenda items are suggested by directors; most are routine/sheculed items or overflow from ideas generated in prior meetings

It was also agreed that if any director has not prepared for the board meeting by reading the board packet in relation to individual agenda items, they will recuse themselves from the conversation and voting on those items.

Other changes to the work flow were as followed:

- 4th Tuesday: copies of draft minutes routinely sent only to President, not to all BOD members – individual directors can request draft minutes from secretary or board administrator.
- Saturday 10 days before meeting: Board Admininstrator will have responsibility to send out Meeting Notice & Post on the Bulletin Board at the Co-op

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Motion to change Monthly Work Flow Document consistent with above.

Motion: Daniel Spurr

Second: Mark Roberts

All in favor.

V. PROPOSAL FOR GOVERNANCE COMMITTEE TO INTERVIEW DIRECTORS

There is an unwritten proposal that, in advance of the June Board Meeting, the Governance Committee interview each director, and create a slate of officers for Board approval.

As an alternative it was suggested that each director express their interest in board leadership positions in the context of the June elections discussion so that all board members are cognizant of interests, limitations, and various factors that might be relevant in determining the officers to be elected. Overarching concern is transparency in election process rather than creating perception that a closed proceeding resulted in determining BOD officers with no discussion in forum open to members.

Consensus reached that directors would like Governance Committee to interview directors to see who is interested in pursuing any executive position on the board. The Governance Committee will then bring report on the individual directors' interest for board discussion in context of office elections.

Motion to have Governance Committee interview directors vis-à-vis interest in board leadership and report on results at June Board Meeting.

Motion – Danny Spurr

Second – Helene Bardinnet

All in Favor

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VI. MONITORING REPORT B1 ANNUAL FINANCIAL CONDITION

Prior to discussing the Financial Condition reports, the Financial Statements for year ending December 31, 2014 were distributed. Net operating loss was (\$39,846).

Question was raised as to whether the Financial Statements document could be put onto Board Website. Board Administrator will do this.

Monitoring Report B1

Note: The report was changed after the meeting with Jeannie Wells, Consultant (CDS Consultant who is supporting the GM for the next few months) and per requests when report was first presented for April board meeting.

Further Explanations:

- Net loss reported in Net Income as Percent of Sales (page 5) and in Annual Financial Statements.
 - High depreciation was reported as a result of a shift in accounting procedures, thus it appears high based on number reported, not because Fiddleheads assets actually depreciated more than expected in the course of the fiscal year. Switch was from double declining balance to straight-line depreciation. Fiddleheads will continue to use double declining balance depreciation for tax purposes but this and all future financial statements will reflect straight-line depreciation.
 - Higher than budgeted labor costs have now been brought under control.
 - The legal expenses (\$12K), on-site expansion expenses (≈\$7.5K) and exploration of relocation expenses (\$18K) were all extraordinary and non-recurring. These items collectively come very close to accounting for the \$40K net operating loss in 2014.
 - In future reports co-managers will include ballpark amounts for such explanatory expenses.

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- Earnings Before Interest, Income Tax, Depreciation, and Amortization (EBITDA) (page 6)
 - There was a conflict between text saying median not available and a median line being shown on chart. The line on chart was in error, it reflects the median for larger co-ops, not co-ops in the same size category as Fiddleheads.

- Financial Record-Keeping (page 11)
 - The missing date should be the date of the cover letter under which Fiddleheads received financial statements for 2014 from accountant.

- Sub-policy – B.1.11
 - Co-managers included a proposed new measure of financial well-being: that the number of co-op members grow by 5% or 10% annually. This measure was achieved in 2014.
 - Directors liked this suggestion and a Proposed Revision to Policy B.1 will be included on agenda for June.

Motion to Accept Annual Financial Monitoring Report (B.1).

Motion: Helene Bardinet

Second: Sue Phillips

All in favor, with one abstention (Mona Harmon-Bowman)

VII. MONITORING REPORT B1 Q1 FINANCIAL CONDITION

This is First Quarter 2015 Financial Report

Further Explanations:

- The reason there are not B1.5, B1.6 and B1.8, B1.9 and B1.10 is following CDS recommendation that quarterly financials update annual financial report without going into unnecessary minutiae.

- Sub policy 1.1 (page 3) concerning Sales Growth
 - Bottom line that our we are seeing a decline in sales, not sales growth.

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- However the median line shown on chart at 17% was incorrect (that would be median for larger co-ops) should be at 7% as reflected in text – so we are not doing as poorly as indicated on chart.
- There was some confusing about the plan to remediate. Co-Managers explained that this was in part due to formatting snafu.
 - There should be 2 major categories - Increase Basket Size & Advertise Strategically – all other bullets are sub-categories to these main strategies.
 - Co-Managers will give more details on plans to Increase Basket Size & Advertise Strategically in next B.1 monitoring report.
- Co-Managers explained that they have contracted with Nicole Kilmek of CDS to help with the store reset in the next 2 months. Store reset refers to reorganization of existing products in existing space for a more effective use of marketing space to present products. Such a reset has potential to boost sales.
- Directors would still like to see a little more detail in written reporting of remediation plan. This will contribute to a full understanding of the different approaches being taken to remediate flagging sales and why these approaches might be successful.
- Co-Managers also report that on-line ordering should increase sales growth. Although there will be a full presentation on On-Line Ordering at next board meeting, the software should be available on June 1st and they are hoping to fill 6 orders a day, 5 days a week.
- Given concern about declining sales growth, co-managers will report on this metric monthly (in update reports) until a positive trend develops.

(7:57pm - Carolyn Wilson arrived)

- (Our Co-op) Graph - Sub-Policy 1.2 (page 4)
 - Despite dropping sales, there is still some profit.

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- Sub-policy (proposed) B1.11 (page 7) Membership Growth
 - Membership growth down 25%, did not lose 25% of members (change in the rate of growth, not actual growth).
 - Board feels it might be more helpful to compare membership growth from first quarter 2014 to membership growth in the first quarter 2015.
 - Co-Managers also want to note that this decreased ownership growth rate reflects, in part, the opening for Ownership & Outreach Manager. This is a very important job and filling the position should contribute to reversing this trend.

Motion to accept First Quarter Financial Monitoring Report (B.1) with the understanding that board will get updates on Sales Growth in the Monthly Update Reports.

Motion – Danny Spurr

Second – Mark Roberts

All in favor.

VIII. RETREAT TOPICS

Board needs to develop Retreat Topics for Board Retreat on July 12th. Typically Board reaches agreement on desired retreat outcomes and then CDS consultant develops agenda and activities.

As a group, board agreed upon the following desired retreat outcomes:

- Bonding as a team that includes three new directors.
- Review/Refine SWOT Analysis (Input being output of the Co-operative Cafes)
- Identify and Prioritize Action Goals consistent with SWOT Analysis)
- Roadmap toward development of strategic plan (this will be a long term process, soliciting input from member-owners and the larger community and thus member-owner and community by-in)

Motion to accept retreat outcomes.

Motion: Carolyn Wilson

Second: Mona Harmon-Bowman

All in favor.

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IX. EXECUTIVE SESSION

Purpose of Executive Session is to approve minutes of Executive Session of April 21, 2015.

Motion to enter Executive Session.

Motion: Daniel Spurr

Second: Helene Bardinnet

All in favor.

Executive Session entered at 8:28 p.m.

Motion to accept the minutes of Executive Session of April 21, 2015.

Motion: Mona Harmon-Bowman

Second: Sue Philips

All in favor, with two abstentions (Daniel Spurr & Helene Bardinnet).

Motion to leave Executive Session 8:30pm

Motion: Mona Harmon-Bowman

Second: Carolyn Wilson

All in favor.

Executive Session exited at 8:30 p.m.

Separate minutes of substantive executive sessions are routinely taken and maintained in a separate confidential file. Executive session proceedings are reported here as approval of minutes was non-substantive, obviating the need for generation of a set of confidential minutes.

X. CLOSING

A. Agenda Review (items for June Board meeting)

- o Approval of minutes on May 19, 2015 board meeting
- o Consideration of revision of Policy B1 to include goal of annually increasing membership
- o Annual Meeting Committee Report

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- o Member-Owner Involvement Committee Report
- o Board Office Elections
- o Staff presentation on feasibility of on-line ordering system
- o GM Search Committee approval of charter
- o GM Monitoring Reports: B.6 Staff and B.9 GM Succession
- o Board Monitoring Report: C.1 Governing Style

B. Adjournment

Motion to adjourn Meeting 8:32pm

Motion: Mona Harmon-Bowman

Second: Helene Bardinet

All in favor.

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Draft minutes prepared for submission to board by Sue Phillips/Vanessa Young on May 29, 2015.

Minutes approved by vote of the Board on June 16, 2015 and put into final form by Sue Phillips on July 1, 2015.