

FIDDLEHEADS
BOARD OF DIRECTORS MEETING
Special Board Meeting
Monday January 6, 2014
5:30-6:20 PM
105 Huntington Street, New London

Time	Topic	Resources	Board Action/ Outcome	Leader
6:30-6:35	Consent Items-Any item can be removed for discussion at the request of a board member <ul style="list-style-type: none"> • Revised GM Monitoring Report B1 Financial Condition • GM Monitoring Report B7 Board Communication (Board Packet) • GM Monitoring Report B8 Board Support (Board Packet) • 2014 Meeting Schedule (Board Packet) • 2014 Board Budget (Board Packet) • 2014 Annual Calendar (Board Packet) 		Accept reports	President
6:35-6:45	Consent Agenda Items needing discussion		Accept after discussion	President
6:45-6:55	Action Items <ul style="list-style-type: none"> • Remove board member (Board Packet Bylaws Section 4.4 and C5 Directors' Code of Conduct) • Elect Secretary • Policy Register A: Ends (Board Packet) <i>Review changes from November meeting</i> • Board Monitoring Proposal <i>Discuss revised proposal to monitor board policies</i> 		Vote to remove Vote to elect Approve Ends Approve Proposal	President
6:55-7:20	Board Discussion-These items are for discussion; no action at this meeting <ul style="list-style-type: none"> • Executive Session to discuss process for removal of board member (board packet includes Bylaws Section 4.4 Removal and Policy Board Process C5 Directors' Code of Conduct) <i>What was the process, what did we learn, how can it be improved?</i> 	Questions for discussion at the end of the Board Performance Culture	Take action at next meeting as needed	Lee Boltz and Mona Harmon Bowman

BOARD PACKET:

- 1) General Manager Monitoring Reports
- 2) 2014 Meeting Schedule
- 3) 2014 Board Budget
- 4) 2014 Board Calendar
- 5) Revised Policy Register A: Ends
- 6) Bylaws Section 4.4 Removal
- 7) Board Process C5 Directors' Code of Conduct
- 8) Revised Board Monitoring Proposal

Policy Title: B1- Financial Condition and Activities

Monitoring Report: Third quarter 2013

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 from Board priorities established in Ends policies.

I interpret this to mean that my management of the coop will be fiscally sound and that I will not create, condone, or allow any financial behavior within the coop that would result in financial conditions which would be significantly different from the 2013 budget, would lead to a loss of profitability, would be a fiscal practice which did not reflect GAA principles, or that could potentially cause the loss of viability of the coop.

The GM will not:

B.1.1 Allow sales to decline or be stagnant.

I interpret this to mean that the overall pattern of sales must be better than the previous year. That as we compare our sales for the current to prior years that we will see growth. If sales do not show growth there will need to be an explanation that is tied to industry or overall economic conditions that are creating a negative impact much broader than just Fiddleheads Co-op.

Sales through the third quarter of 2013.

GROSS Sales	2012	2013	Percent change
First Quarter	\$418,023.50	\$586,495.42	40.37%
Second Quarter	\$459,504.26	\$669,220.98	45.61%
Third Quarter	\$458,239.75	\$676,644.06	47.7%
Fourth Quarter			
YTD	\$1,335,767.51	\$1,932,360.46	44.7%

The overall increase in sales through the third quarter of 2013 compared to 2012 is 44.7%. The third quarter increase was 47.4% in spite of September sales being less than August. Sales have not been allowed to decline or be stagnant, therefore I am in compliance.

The GM will not:

B.1.2.Allow operations to generate an inadequate net income

I interpret this to mean that the GM will see that the sales generate adequate net income to meet financial obligations of the co-op. While co-op sales have increased, there have also been increases in expenses, so what is the net income that has been realized and is it adequate?

The Profit and Loss statement prepared July 17 for the annual audit shows that from the beginning of 2013 thru July 17, that the coop has generated a net income of \$62, 549,86. While there have been no specific dollar or percentage goals set for net profit for the year, this figure is one which indicates that we have an adequate net income. Figures for this year will allow us to set goals for the next budget year.

I am in compliance with meeting the standard of adequate net income.

The GM will not:

B.1.3. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.

I interpret this to mean that there is sufficient cash on hand to meet our payable obligations. A positive ratio of resources to debts is 1/1.25; this measure reflects if a firm has enough resources to meet its obligations. As of July 17 our cash on hand was \$109,251.87. Our current liabilities were \$81,039.52. This is a ratio of 1/1.35 so we are at a better level than the expected industry standard.

The GM is in compliance with this standard.

The GM will not:

B. 1. 4. Allow solvency (the relationship of debt to assets) to be insufficient.

I interpret this to mean that the GM will monitor the relationship of assets and liabilities to make sure that the relationship is a positive one. The determination of positive depends on how Fiddleheads compares to the industry standard.

Once we are members of CoCoFiSt, we will have financial information accessible to us that will demonstrate what is the industry standard. I research through about a dozen food co-op annual reports to see what I could learn about their ratios of debt to assets. Unfortunately not all co-ops use the same criteria to determine what is a liability. It is hard to create comparison when not everyone uses the same definition. The data from CoCo FiSt will hopefully eliminate that.

Where do we stand regarding our solvency? The chart below shows our rate based on a July Balance Sheet and a more recent October balance sheet. It also shows the solvency rates of several other co-ops for comparative purposes.

Fiddleheads July Balance Sheet	0.64
Fiddleheads October Balance Sheet	0.59
Ashland Food Coop	0.29
Friendly City Food Coop	0.89
Wheatsville Food Coop	0.45
Davis Food Coop	0.49
Northampton Community Coop	1.15

The General Manager is in compliance with this directive.

The GM will not:

B.1. 5 Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.

I interpret this to mean that I will stay within overall budget guidelines and that if adjustments need to be made that those changes will be communicated and explained to the Board of Directors. In the course of doing regular business if equipment fails and needs to be replaced, the GM will do so in a prudent manner and keep the Board of Directors aware of such changes. It will also be the responsibility of the GM to make changes in any insurance, tax, or loan arrangements required with the replacement of equipment.

We have not taken on any debt other than trade payables during the past nine months. Therefore I am in compliance with this directive.

The GM will not:

B.1.6. Acquire, encumber or dispose of real estate.

I interpret this to mean exactly what it says. I am not to take part in any real estate transactions in the name of the coop.

I have not purchase or disposed of any real estate in the name of the coop. Therefore, I am in compliance with this direction.

The GM will not:

B.1.7. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.

I interpret this to mean that all tax obligations will be met and met on time.

We have an internal system of seeing that our sales tax is calculated and paid on a regular basis. We also have some annual taxes which we pay as the notices are received. The execution of these is also something that is reviewed by the auditors. We have not been delinquent or in arrears on any taxes for which we are responsible. Thus, the GM is in compliance with this directive.

The GM will not:

B. 1. 8. Allow late payment of contracts payroll, loans or other financial obligations.

I interpret this to mean that the GM will establish procedures which assure that payroll is prepared and distributed on time, that loan payments are made and that all other bills for operations, equipment, and product are paid in a timely manner. Our procedures are established and operating in such a way that 98% of all obligations are met on time. There are a few instances when we are not able to immediately expedite our obligations from that we don't have the resources, but rather that we are seeking some documentation before we will submit payment. I am in compliance with this directive.

The GM will not:

B. 1.9. Use restricted funds for any purpose other than that required by the restriction.

I interpret this to mean that any restricted funds which are set aside or established for a particular purpose need to be spent only for that purpose. The co-op has not restricted funds in regular accounts. Therefore, none has been spent for an inappropriate purpose. I am in compliance with this directive.

The GM will not:

B.1.10 Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

I interpret this to mean that financial records will be kept in a professional manner and use the GAAP to prepare our records.

This is certainly our practice and goal and to the best of our knowledge it is how we are keeping our records. If we are not following these practices, recommended adjustments will be noted in the audit that is currently being completed. I am in compliance with this directive.

Executive Limitations B7

Communication to the Board

The General Manger shall not cause or allow the Board to be uninformed or unsupported in its work.

The GM will not.

I. Submit monitoring reports that are untimely or inaccurate, or that lack operational definitions and verifiable data directly related to each section of the policy.

Monitoring reports were provided to the BOD as shown:

<i>Month</i>	<i>Report</i>
August	Financial Condition
September	Asset Protection
October	Financial Condition and Quarterly Report
November	Staff
December	Board Communication and Board Support

Explanation and Definitions have been supplied and one report has been researched and resupplied on the basis of questions raised regarding data and its meaning.

II. Fail to report any actual or anticipated noncompliance with any Board policy, with a plan or reach compliance, in a timely manner.

I spoke with the BOD and President of the BOD regarding the November report on Staff and that most of the items which were to be reported were dependent on having an employee handbook in practice regarding the quality of such and how it was being applied. I indicated that we were close to having a handbook, but it was not finished, thus, I would not be able to provide total documentation on several items until our handbook was in place and being utilized. Other reports reflected data on all specified topics.

III. Allow the Board to be unaware of relevant legal actions, media coverage, trends, public events of the Cooperative, or internal and external changes.

There have been no legal actions that involved the co-op so there have not been any to report to the BOD.

The flood that required involving our insurance carrier was reported to the BOD in a timely manner.

We have had no specific media coverage recently. When we do have any media events, the BOD is made aware of them prior the event if we know that it will be covered. Other times we report the coverage as soon as we become aware of it.

We send a weekly eblast to all members that includes the BOD. This vehicle provides information of workshops, presentations, and other public events that are being held at the co-op.

When any significant change is taking place at the co-op this is reported to the BOD either via an email if it is of a more immediate nature. If it is not immediate in nature then it is shared in the monthly report of the GM.

IV. Without his/her opinion if the GM believes the Board is not in compliance with its own policies on Governance Process (Policy C1) and Board Management Delegation (D3) particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the GM.

To the best of my knowledge there have not been any instances when the BOD or a member of the BOD has done anything that was detrimental to the working relationship or lines of authority between the GM and BOD. Once the handbook is in the hands of the employees (before the end of this month) it will be particularly important that these lines are clear.

In the one instance that a policy statement was not present for a topic that I am being held responsible for, I brought it to the attention of the BOD.

V. Deal with the Board in a way that favors or privileges certain Board members over others except when responding to officers or committees duly charged by the Board.

It certainly is the position of the GM to treat all members of the BOD as equals and not to show any favoritism to any individual BOD member. I don't believe I have ever been asked to do anything by a particular BOD member that would have been a special privilege or consideration for them.

VI. Fail to supply, for the Board's consent agenda, all decisions delegated to the GM yet required by law, regular, or contract to be Board-approved.

To the best of my knowledge the only situations that are stipulated to require BOD authorization that we have had have been brought to the BOD. These were loan agreements.

Executive Limitations B8 Board Logistical Support

The General Manager shall not allow the Board to have inadequate logistical support.
The GM will not:

- I. Allow Board Members to be without an updated copy of the Policy Register and Bylaws.
- II. Provide inadequate information and notice to members concerning Board actions, meetings, activities and events.
- III. Allow insufficient archiving of board documents.

None of these three have been the responsibility of the GM. Members of the BOD have taken care of these matters other than getting notices out to members of meetings or special events. Is there a need or reason why these should become the responsibility of the GM. I am not out of compliance at the moment, because I was not aware that these responsibilities were being changed, nor am I sure that it would make good sense for these to become the responsibility of the GM. Previously a BOD member kept a file of all of the minutes of all BOD meetings and you now have a BOD member who is creating your Board Book with achieved materials. I have no problem with II and believe I have been in total compliance of getting information out to members of all activities of the co-op. The one place that I need to address is to make sure that notice of BOD meetings is placed in the eblast each month. This usually happens but not always. We need place a blanket notice in several months ago indicating that the BOD meets the third Tuesday of each month at 6:30 at 105 Huntington Street and meetings are open to all members.

2014 MEETING SCHEDULE

FIDDLEHEADS
Board of Directors

JANUARY 21

FEBRUARY 18

MARCH 18

APRIL 15

MAY 20

JUNE 17

JULY 15

AUGUST 19

SEPTEMBER 16

OCTOBER 21

NOVEMBER 18

DECEMBER 16

2014 Board Budget

	1Q	Actual	2Q	Actual	3Q	Actual	4Q	Actual	Annual	Actual
CDS Consulting	1,613	-	1,613	-	1,613	-	1,613	-	6,450	-
Cooperative Café	300	-	-	-	-	-	-	-	300	-
CCMA	-	-	2,500	-	-	-	-	-	2,500	-
Conference Travel	1,200	-	1,500	-	-	-	-	-	2,700	-
Consultant Travel	-	-	-	-	1,500	-	-	-	1,500	-
Consulting Hours	390	-	390	-	390	-	390	-	1,560	-
Legal/Director's Ins	3,000	-	2,000	-	-	-	-	-	5,000	-
Total	6,503	-	8,003	-	3,503	-	2,003	-	20,010	-

Conference Expense

1Q Cooperative Cafe 6@\$50

2Q CCMA 2@\$850

Conference Travel

1Q Mileage and Hotel, Keene NH X 2

2Q Airfare and Hotel, Madison WI

Consulting Hours for Task Force Support

3@\$130=\$390

Director's Insurance estimated

2014 BOARD CALENDAR

Fiddleheads BOD 2014 Calendar

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Board Education	CBL 101 & Leadership Training Keene NH Jan.11th		CDS Cooperative Café Keene NH March 15 NFCA Annual Meeting Putney School March 29			CCMA June Madison		CT NOFA Summer Conference	NFCA Fall Gathering		Yearly Reflection: What have we learned? How can we integrate this learning/lead into the future?	Yearly Review and Update of next year's education plan
Member Engagement and Newsletter Articles	Set Date for Annual Meeting Store-Board Task Force	Member Event to present Ends	Article about Policy Governance	Article about BoD Elections, Candidate Bios	Annual Member Meeting Article for Annual Report							
Admin. Agenda Items				Deadline for BOD Candidates information for ballots Review Member Meeting Agenda and assignments	Board Elections Farewell to departing directors Orientation meeting for new board members	Welcome new directors Election of Board Officers Review GM Compensation Proposal	Finalize GM Evaluation	BOD Retreat ?????????	Board Retreat Follow-up Start 2015 calendar BOD Budget finalized			Review calendar for next year
Board Monitoring	C7: Committee Principles	C8: Governance Investment	D1: Unity of Control	D2: GM Accountability	D3: Delegation to GM D4: Monitoring GM	C: Global Governance D: Global BoD-Mgmt	C1: Governing Style	C2: Board's Job	C3: Agenda Planning	C4: Meetings	C5: Code of Conduct	C6: Officers
GM Monitoring	B4: Membership B9: Succession	B1: Financial Condition	B1: Annual Financial Condition	B6: Staff	B1: Financial Condition	B5: Consumers	A: Ends	A: Ends, continued B1: Financial Condition	B7: Board Communication B8: Board Support	B2: Planning & Budgeting	B1: Financial Condition	B: Global Constraint B3: Asset Protection

Bylaws Section 4.4 Removal

A Director may be removed by decision of two-thirds of the remaining Directors for conduct contrary to the Cooperative or failure to follow the Board policies.

Board Process C5 – Directors’ Code of Conduct Adopted June 18,2013

We each commit ourselves to ethical, businesslike and lawful conduct.

I. Every director is responsible at all times for acting in good faith, in a manner which she/he reasonably believes to be in the best interests of the Cooperative, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

II. Directors must demonstrate unconflicted loyalty to the interests of the Cooperative’s owners. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other Boards or staffs, and the personal interest of any director acting as an individual consumer or member.

a. There will be no self-dealing or any conduct of private business or personal services between any director and the Cooperative except as procedurally controlled to assure openness, competitive opportunity and equal access to “inside” information.

b. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director shall abstain from the conversation and the vote.

c. A director who applies for employment must first resign from the Board.

III. Directors may not attempt to exercise individual authority over the organization.

a. When interacting with the GM or employees, directors must carefully and openly recognize their lack of authority.

b. When interacting with the public, the press, or other entities, directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated Board decisions.

IV. Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.

V. Directors are expected to prepare for and attend all Board meetings and trainings.

VI. Directors will support the legitimacy and authority of the Board’s decision on any matter, irrespective of the director’s personal position on the issue.

REVISED POLICY REGISTER A: ENDS

Policy Type: Ends

Policy Title: A – Global End

Last Revised: Proposed November 15, 2013

Fiddleheads Natural Foods Cooperative exists so that Southeastern Connecticut (SE) is a healthy, robust, just and inclusive community.

Policy Type: Ends

Policy Title: A1 – Food Justice

Last Revised: Proposed November 15, 2013

Fiddleheads exists so that SE CT is a model for achieving food justice for all.

Policy Type: Ends

Policy Title: A2 – Thriving Local Economy

Last Revised: Proposed November 15, 2013

Fiddleheads exists so that SE CT is a thriving locally-based economy.

Policy Type: Ends

Policy Title: A3 – Sense of Community

Last Revised: Proposed November 15, 2013

Fiddleheads exists so that shoppers and members have a strong sense of community.

Policy Type: Ends

Policy Title: A4 – Growing Co-op Model Use

Last Revised: Proposed November 15, 2013

Fiddleheads exists so that SE CT has a growing use of the co-op model.

Policy Type: Ends

Policy Title: A5 – Food and Health Knowledge

Last Revised: Proposed November 15, 2013

Fiddleheads exists so that SE CT is knowledgeable about food systems, and personal & environmental health

Policy Type: Ends

Policy Title: A6 – Workplace

Last Revised: Proposed November 15, 2013

Fiddleheads exists so that SE CT has meaningful work opportunities in a supportive environment.

REVISED BOARD MONITORING PROPOSAL

Fiddleheads Food Cooperative

Revised Proposal for Monitoring Board Policies

Need: There are 14 policies governing board performance. The board approves each December a monitoring calendar for the following year. Currently division among the 12 months is as follows:

- C: Global Governance/D. Global BoD-Management
- C1: Governing Style
- C2: Board's Job
- C3: Agenda Planning
- C4: Meetings
- C5: Code of Conduct
- C6: Officers
- C7: Committee Principles
- C8: Governance Investment
- D1: Unity of Control
- D2: GM Accountability
- D3: Delegation to GM/D4: Monitoring GM

Proposal: The Board of Directors review each policy through a survey emailed to each Director from Survey Monkey, immediately following each Board Meeting. This survey is to be completed within one week to facilitate consolidation of the results in a timely matter with adequate lead time to be in the subsequent month's Board Packet. The first mailing for January will be mailed following the December 2013 meeting. The board will designate a member experienced in surveys to prepare the survey and compile the results. Duties of the recording secretary will include support to prepare and compile the survey.

Questions for Discussion:

- Who prepares survey monkey each month?
- Who compiles survey results and prepares report?
- Do we include the report in our board book?

GP8 - Governance Investment

1. GP8-1: We will make sure that Board skills, methods and supports are sufficient to allow us to govern with excellence.

Strongly Disagree Somewhat Disagree Neither Disagree Nor Agree Somewhat Agree Strongly Agree

We are meeting our expectations (within the last 6 months):

Other (please specify)

2. GP8-2: We will incur governance costs prudently, though not at the expense of endangering the development and maintenance of superior capability.

Strongly Disagree Somewhat Disagree Neither Disagree Nor Agree Somewhat Agree Strongly Agree

We are meeting our expectations (over the last 6 months):

Other (please specify)