

FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of February 20th, 2024
Via Google Meet and In Person at 300 State St. New London, CT

(Approved by the Board on March 19th, 2024)

I. CALL TO ORDER, ATTENDANCE, ANNOUNCEMENTS

A. Call to Order

Brenda De Los Santos called to order a regular meeting of the Fiddleheads Board of Directors at 6:33 pm on Tuesday, February 20th, 2024 via Google Meet and in person at the Dewart Building on 300 State Street, New London Connecticut.

B. Attendance

The following Board directors were present:

Brenda De Los Santos, President
Chevelle Moss-Savage, Vice President (Arrived 6:40)
Amy Duval, Treasurer
Sue Phillips, Secretary
Cassandra Campbell (Arrived 7:09)
Danny Spurr
Susan Zimmerman
Olivia Jenkins
Rae Hutchins (left at 7:43)

The following Board Directors were not present:

The following additional persons were present:

Katie Blanchard, Board Administrator
Stanley Bellamy, General Manager
John Cleveland, Owner and Staff Member (Wellness Coordinator)

C. Check-ins and Agenda Review (6:33-6:55)

1. Directors reviewed the agenda.
 - a. Moved the GM Update up to directly before the GM Monitoring Report.
 - b. Board Policy D Global and D1 were added to the packet in lieu of Policy C Global and C1 Governing.
2. Directors shared check-ins

D. Owner Comments

1. John Cleveland expressed interest in running for the Board and is attending to see what the meetings are like.

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II. APPROVE DRAFT MINUTES (6:55-6:57)

1. The Board reviewed the minutes from January 16th, 2024 noting preferred formatting changes.

Motion to approve the minutes from January 16th, 2024 as amended.

Motion: Danny Spurr

Second: Amy Duval

All in favor. Olivia Jenkins abstaining, having not attended the meeting.

III. CONSENT AGENDA (6:57-6:57)

A. Equity Refund Requests

1. L. Cleveland
2. S. Roy

Motion to approve the consent agenda.

Motion: Amy Duval

Second: Olivia Jenkins

All in Favor

IV. COMMITTEE/TASK FORCE (6:57- 7:08)

A. Policy Equity Review Committee:

1. The Policy Equity Review Committee updated Bylaws 4.8 and 4.9 to reflect the ratified revisions voted upon in May.

4.8 Conflicts of Interest.

Directors shall be under an obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the Board.

Directors having such a conflict shall absent themselves from discussion and decision of the matter unless otherwise determined by the Board. ~~No employee of the Cooperative may serve on the Board.~~

4.9 Employee directors.

Member-Owners who are employees of the Cooperative may serve on the Board, but no more than two (2) such directors may serve on the Board at one time. Directors elected or appointed to the Board as Employee Member-Owners must resign from the Board if they are no longer employed by the Cooperative. Likewise, Directors elected or appointed as Non-Employee Member-Owners must resign from the board if hired by the Cooperative.

2. The policy equity review committee also proposed changes to Board Policies C5 Directors' Code of Conduct and C6 Officers.
3. The next meeting is set for March 12th.

Motion to approve Bylaw revisions for 4.8 and 4.9 and Board Policy revisions for C5 and C6.

Motion: Chevelle Moss-Savage

Second: Sue Phillips

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All in Favor.

B. Nominating Committee:

1. The February minutes will be included in March's Meeting.
2. The Nominating Committee established a call for candidates communication which went out in the most recent newsletter.
3. Meet and greet dates with interested candidates are set for February 24th, March 5th and 20th.
4. The Board reviewed candidate questions and added requirements for training, retreats and serving on committees.
5. There was a question about encouraging diversity with interested candidates and fostering safer spaces for those with diverse identities in meetings.
 - a. It was noted that anecdotally board members are reaching out to personal connections but have not yet done the work within the community to reach out to diverse candidates. This will be discussed in the next meeting.

V. GM MONITORING REPORT (7:08-7:32)

A. GM Update:

- a. The Birthday Party went well. There was a lot of engagement and great traffic despite the weather. The interactions were organic and enthusiastic.
- b. There was an "Instagram Takeover" connecting our customers and staff with Fiddleheads' social media. This helped to humanize the customer service and experience of shopping at Fiddleheads.
- c. Double Up Food Bucks is ready to launch for the rest of the season which goes through April at a cost of about \$10,000. Fiddleheads anticipates continuing with this program with a new enrollment (and fee) to start May 1st.

B. B1 Financial Condition (Q4 2023)

1. Stan noted non-compliance in B1 - Section 2: "The GM will not allow operations to generate inadequate net income." He reported net loss of \$46,436, representing 2.86% of sales. Stan knew this was going to be a challenging quarter with so much turnover and the living wage increase. The consultant Stan has been working with did note that these losses are a trend experienced throughout Northeast Co-ops and given the initiatives and challenges the co-op has been facing, the consultant thought the losses would be greater.
2. It was noted that the Budget to Actual line item for personnel was actually slightly lower than budgeted for Q4. Stan clarified that it wasn't direct personnel expenses that drove the net income loss but the impact of the personnel changes on store operations, particularly in the Grocery Department.
 - a. The projected margin was off. It was noted that the margins in the Grocery Department were typically at 39% and they fell to 34% as the entire grocery management team turned over twice in this quarter. This is the largest department and this effect was felt throughout the Co-op.
 - b. It was noted that as a result of this margin discrepancy, Stan recommended scaling back on significant changes in product mix and allowing staff to settle into protocols.

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- c. Changes to the product mix implemented in the fourth quarter without adequate pricing history led to margin issues. Changes are now being implemented at a slower pace including identifying slower selling items to make room for products that might be more appealing to neighborhood shoppers (such as clean conventional products).
3. It was also noted that the Financial Report conducted in 2023 for calendar year 2022 had noted that the Co-op was not in compliance of GAAP due to non-implementation of a FASB ASC Topic 842 regarding the reporting of leasing information.
 - a. Due to this, it was suggested that the Board approve the B1 Financial Condition Report noting non-compliance with both section B1 - Section 2 (net income) and B1 - Section 10 ("The GM will not allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principals (GAAP).)

Motion to accept GM Monitoring Report B1 Financial Condition (Q4 2023) noting non-compliance in B1.2 The GM will not allow operations to generate an inadequate net income and B1.10 The GM will not allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

Motion: Susan Zimmerman

Second: Sue Phillips

Eight in favor. Cassandra Campbell opposed.

VI. DISCUSSION / ACTION ITEMS (7:32-7:58)

A. Update on Board Retreat: (7:32-7:34)

1. The April 6th Board Retreat was canceled due to illness of the Columinate Consultant who was going to facilitate the retreat.
2. The Board Retreat will likely be rescheduled for the Fall to include new Board Members.
3. The Board will discuss a date in June when the new Board Members are seated.
4. It was suggested that the Board meet informally to socialize on April 6th - but several board members had already re-arranged their schedules for that date and were no longer available.
5. It was also agreed that the Board Administrator would send a gift basket to Columinate Consultant.

B. CCMA Planning: (7:34-7:47)

1. Brenda De Los Santos, Chevelle Moss-Savage, Cassandra Campbell and Sue Phillips all expressed interest in attending CCMA. The GM has been asked to register these Board Members.
2. The Board discussed adding a line item to the Board Budget for recruiting new candidates to the Board (lunches, coffee, etc.). Pros include having the ability to hold a focused meeting in a relaxed setting. Cons include creating an appearance that we are "wooing" candidates so that if they run they are guaranteed a seat on the board. This discussion topic will be placed on a future agenda.

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C. Board Monitoring Survey D - Global Board Management Connection: and D2 Unity of Control: (7:47-7:49)

Board-Management Relationship D – Global Board Management Connection

(Adopted June 18, 2013)

(Revised November 21, 2023)

The Board has hired the General Manager to operate the business. We will be an excellent employer to the GM as our sole employee, cultivating a relationship rooted in equity, respect and mutual support. We acknowledge the GM's expertise and we will delegate authority to the GM. We will work collaboratively and transparently with the GM in addressing any issues as they arise.

Board-Management Relationship D1 – Unity of Control

(Adopted June 18, 2013)

(Revised November 21, 2023)

Only official decisions and policies of the Board are binding on the GM.

1. Decisions or instructions of individual directors, officers, or committees are not binding on the GM except in rare instances when the Board has specifically authorized this power.

2. In the case of directors or committees requesting information or assistance without Board authorization, the GM can refuse any requests that, in the GM's opinion, may disrupt operations or that require too much staff time or resources.

1. The Board reviewed these policies. As they were recently updated to reflect what we believe is our current practice, there were no additional comments.

D. Revisit Idea of Audit: (7:49-7:56)

1. Fiddleheads contracted a Financial Review in lieu of an Audit last Fall. Audits are usually conducted every three years. Fiddleheads is due for the full audit for 2024, so we will need to contract for this before winter so the auditing accountant will be able to observe the Q4 2024 Inventory.
2. In light of the timing not being right for a full audit of 2023, the board had previously discussed conducting another Financial Review for 2023 as well as an Internal Controls Review. It was agreed that this should be pursued.
3. It was noted that the accountant the Board contracted for the 2022 Financial Review (Audrey Griffin with Synergy Accounting and Business Solutions) does not perform Financial Audits and Wegner no longer has the capacity to perform Fiddleheads' audits.

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Therefore, the Board will add an item to agenda in later summer to identify a CPA for the 2024 audit.

Motion to send an engagement letter to Fiddleheads' accountant to conduct a review and an Internal Controls Audit.

Motion: Susan Zimmerman

Second: Sue Phillips

All in favor.

E. Yearly Reflection: (7:56-7:58)

1. Goals for Current Year:
 - a. Cultivating Community.

Motion to set the 2024 Board Theme as Cultivating Community

Motion: Amy Duval

Second: Chevelle Moss-Savage

All in Favor.

VII. CLOSINGS (7:58-8:15)

A. Owner Comments:

1. There were no owner comments.

B. Meeting Talking Points

1. The Board will send an engagement letter to the accountant who conducted a 2022 Financial Review to conduct both a 2023 Financial Review and an Internal Controls Review.
2. Board discussed how to be intentional about recruiting interested candidates from diverse backgrounds and continue working on increasing our own capacities (as board and as individuals) to welcome a variety of intersectional identities.
3. Reviewed the Financial Condition Monitoring Report for Q4 2023 noting non-compliance with net income and non-compliance with GAAP.
4. Accepted Policy Review Committee's proposed changes to bring bylaws in line with vote taken at Annual meeting in may 2023 and to revise Policies C5 and C6 relating to Directors' Code of Conduct and Officer Roles to remain consistent with updated bylaws.
5. The Board identified four members interested in attending CCMA.
6. The Nominating Committee gave an update and are still looking for candidates.
7. The Board reviewed Policy D: Governance - Management Connection

B. Future Tasks and Responsibilities:

1. Brenda will add agenda items for searching for a new CPA in late summer and adding a budget line item for prospective board member/board candidate meetings perhaps sooner than that,

C. Upcoming events

1. NFCA meeting and board elections March 16th.

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2. Board Retreat with Columinate Consultant on April 6th, 2024 at Connecticut College has been canceled.
3. CCMA, May 30th-June 1st, 2024 – all Board Members are encouraged to attend if possible, given the proximity/drivability to Portland, ME vs. other CCMA's requiring travel by air.

VIII. Executive Session (8:12-8:40)

Motion to enter executive session.

Motion: Chevelle Moss-Savage

Second: Sue Phillips

All in favor.

A. Legal Matters.

- 1) Board Discussed Legal Matters

B. Approval of Executive Session Minutes from January 16th, 2024 (8:35)

Motion to approve minutes of Executive Sessions held on January 16th, 2024.

Motion: Susan Zimmerman

Second: Chevelle Moss-Savage

All still present in favor.

IX. Meeting Adjourned (8:40)

Motion to exit executive session and to adjourn meeting:

Motion: Amy Duval

Second: Chevelle Moss-Savage

All in favor.

Meeting adjourned at 8:40 pm

Draft minutes prepared for submission to the Board by Katie Blanchard and Susan Phillips on March 15th, 2024.

Minutes approved by vote of the Board on March 19th, 2024, and put into final form by Katie Blanchard on March 29th, 2024