

**POLICY B: EXECUTIVE LIMITATIONS**  
**GLOBAL EXECUTIVE LIMITATIONS**

The General Manager has an obligation to carry out the policies of the Board of Directors. S/he is the means by which the Board achieves its expressed intentions and purposes on behalf of the Co-op. This implies broad powers, although s/he remains accountable to the Board.

The General Manager will not cause or allow any operational practice, activity, decision, or organizational circumstance which is either unlawful, imprudent or in violation of commonly accepted business and professional ethics, or disruptive to the cooperative's survival as an ongoing business.

This policy will be monitored and reviewed in accordance with the schedule in policies B1-B10

POLICY B1: EXECUTIVE LIMITATIONS  
STAFF RELATIONS

- B1.1 The General Manager may neither cause nor allow harassment or inappropriate discrimination to or among employees and potential employees. Staff refers to both paid employees and working members (unpaid). With respect to the treatment of paid and volunteer staff, the General Manager will create, and ensure enforcement, of conditions that are fair, dignified, and safe.  
Accordingly, the General Manager shall not:
- B1.1.1 Fail to oversee the hiring of new employees.
  - B1.1.2 Discriminate among employees in any way other than individual performance and qualifications.
  - B1.1.3 Fail to ensure that channels are established and known to staff to bring claims of harassment or discrimination without fear of retaliation.
- B1.2 The General Manager may not fail to provide a positive work environment by:
- B1.2.1 Providing sufficient tools, information and technology needed for staff to perform their jobs, and develop skills and knowledge for satisfactory and safe work performance.
  - B1.2.2 Cultivating a workplace culture, which emphasizes recognition and appreciation.
- B1.3 The General Manager may neither operate nor allow the Co-op to operate without written personnel policies that are issued to all staff in their most current form (e.g., personnel policy manual). The personnel policies shall not fail to:
- B1.3.1 Be regularly reviewed and updated to ensure current legal compliance.
  - B1.3.2 State the Co-op's "at will" status and inform staff that employment is neither permanent nor guaranteed.
  - B1.3.3 Provide for a fair process for grievances by means of a known procedure, which can be used without bias.
  - B1.3.4 Include a procedure for progressive discipline.
- B1.4 The General Manager may not fail to take reasonable precautions to protect staff from unsafe, unhealthy or illegal working conditions.
- B1.5 The General Manager may not fail to establish and maintain reasonably current job descriptions for all jobs.

- B1.6 The General Manager may not fail to provide adequate orientation and training so staff can successfully perform their jobs.
- B1.7 The General Manager may not fail to evaluate each employee at least annually based upon pre-established criteria.
- B1.8 The General Manager may not fail to take disciplinary action as needed.
- B1.9 The General Manager may not fail to provide for appropriate documentation, security and retention of personnel records and all personnel related decisions.
- B1.10 The General Manager may not fail to post job openings for staff unless unusual circumstances justify it.

### **Monitoring**

This policy will be monitored annually by an internal report in April. The report will include, but is not limited to, the following items:

1. A review of any changes in the personnel policy.
2. A review of the results of staff input, which will be conducted at the discretion of the Board and/or General Manager.
3. A review of data such as turn-over rate and average length of service of staff members.
4. A report on staff training and development.

POLICY B2: EXECUTIVE LIMITATIONS  
COMPENSATION AND BENEFITS

B2. With respect to employment, compensation, and benefits to employees, consultants and contract workers, the General Manager shall not cause or allow jeopardy to financial integrity or to public image. Further, without limiting the scope of the previous statement by the following, the General Manager shall not:

B2.1. Jeopardize the long term interests of the Co-op with compensation & benefits policies which ignore appropriate compensation for specific job skills, experience, length of service, performance and general labor market conditions. Ideally, the GM will not fail to consider the concept of a living wage as well.

B2.2 Establish employment, consulting, or contract employment contracts over a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to losses in revenue.

B2.3 Establish or change benefits so as to cause unpredictable or inequitable situations, including those that incur unfunded liabilities.

This policy will be monitored by internal report and reviewed annually in April.

POLICY B3: EXECUTIVE LIMITATIONS  
BUDGETING AND FINANCIAL CONDITIONS

- B3. With respect to operating the Co-op in a sound and prudent manner as well as planning and budgeting for fiscal events, the General manager may not jeopardize fiscal integrity nor the long-term financial health of the Co-op. S/he shall not fail to prepare annual business plans, capital, cash and operating budgets. The General Manager shall not fail to monitor operational performance against these budgets and plans. With respect to general financial condition, the General Manager will not:
- B3.1 Fail to maintain necessary financial records in accordance with generally accepted accounting principles and provide all information necessary for performance of any required audits, and/or reviews.
  - B3.2 Fail to ensure that the cooperative observes local, state and federal laws and regulations pertaining to financial matters and make prompt and accurate payment of all tax liabilities.
  - B3.3 Jeopardize the credit status and assets of the cooperative by failing to make all payroll, loan, lease or other debt payments in a timely manner.
  - B3.4 Operate without pricing policies and expense controls sufficient to generate a net income as adopted by the Budget.
  - B3.5 With respect to the budget, the General Manager will not:
    - B3.5.1 Fail to prepare operational, cash flow and capital expenditure budgets to be submitted for Board inspection at the regular Board meeting.
    - B3.5.2 Allow budgeting that contains too little information to enable credible projection of revenues and expenses, separation of capital and operational items, cash flow, subsequent audit trails, and disclosure of planning assumptions.
    - B3.5.3 In addition to numerical data, the General Manager will not fail to prepare a budget narrative clearly explaining the connection between planned expenditures and Board mandated ends.

This policy will be monitored monthly both internally by the General Manager & externally, but not subject to the General Manager, by the bookkeeper.

POLICY B4: EXECUTIVE LIMITATIONS  
FINANCIAL PLANNING

B4. With respect to operating the Co-op in a sound and prudent manner, the General Manager may not jeopardize the long-term financial health of the Co-op. The General Manager shall not fail to monitor and enhance the financial health and working capital of the Co-op.

Accordingly, s/he may neither cause nor allow the Co-op to:

B4.1 Incur indebtedness other than (a) trade payables incurred in the ordinary course of business or (b) leases for equipment required for the ordinary course of business.

B4.2 Use legally restricted funds for any purpose other than that required by the restriction.

B4.3 Settle payroll, taxes and other debts in other than a timely manner.

B4.4 Make expenditures that deviate materially from Board policies on Ends.

B4.5 Operate without pricing policies and expense controls sufficient to generate long-term profitability.

B4.6 Fail to disclose all out of the ordinary fiscal activity to the Board.

B4.7 Fail to maintain sufficient cash to meet financial obligations on time; therefore, s/he shall not fail to work towards an:

B4.7.1 Adequate Quick Ratio of 1 to 1 (Cash/Current Liabilities).

B4.7.2 Adequate Current Ratio of 1.2 (or more) to 1 (Current Assets/Current Liabilities). Current Assets are cash and inventory and anything else that can be turned into cash within the year.

B4.8 Fail to work towards an adequate Debt to Equity Ratio of 2 (or less) to 1 instead of a negative Debt to Equity Ratio which the co-op had in 2008. (Indebtedness/Equity).

B4.9 Fail to maintain adequate financial record keeping systems or fail to disclose to the Board any material changes in accounting systems or methods.

B4.10 Fail to meet or exceed all requirements of contracts, loans or other external obligations.

This policy will be monitored monthly both internally by the General Manager and externally and by the bookkeeper, who is not subject to the General Manager but to the Board.

POLICY B5: EXECUTIVE LIMITATIONS  
ASSET PROTECTION

B5. The General Manager shall not fail to adequately protect the Co-op's assets nor allow disrepair, excessive risk, untraceable transactions or conflict of interest to occur in the management of the Co-op's resources.

Accordingly, s/he may neither cause nor allow the Co-op to:

B5.1 Permit insurance coverage of stock, building, furniture and equipment to fall below replacement value.

B5.2 Fail to properly maintain building and equipment or to provide for adequate facility and equipment.

B5.3 Permit cash to be handled in an insecure manner including a no tab policy.

B5.4 Abuse or misuse the Co-op's assets; therefore s/he may not:

B5.4.1 Fail to ensure that Co-op property will be inventoried according to a set procedure and time line.

B5.4.2 Fail to ensure that operational systems and a security system will be in place to ensure adequate safeguards against theft, loss or damage of property.

B5.5. Allow any operational activity which would endanger the organization's public image or credibility.

B5.6 Allow the Co-op to incur long term debt without a normal and prudent *pro forma* financial analysis including a projected balance sheet and a statement of cash flows.

B5.7 Make any purchase wherein normally prudent protection has not been given against conflicts of interest.

B5.8 Make any capital expenditure for the fiscal year without having either:

B5.8.1 obtained comparative prices and quality, or

B5.8.2 made a cost-benefit analysis that ensures the balance of long-term quality and cost.

B5.9 Fail to maintain a sufficient combination of cash flow and cash reserves to allow:

B5.9.1 timely payment of all Co-op liabilities, and

B5.9.2 a reasonable buffer against unforeseen interruptions in the Co-op's business.

B5.10 Accept or initiate loans without Board approval.

B5.11 Fail to have adequate internal controls in accordance with Generally Accepted Accounting Principles (GAAP)

This policy will be monitored quarterly by internal report in January, April, July & October.

**POLICY B6: EXECUTIVE LIMITATIONS**  
**COMMUNICATION AND COUNSEL TO THE BOARD**

B6 With respect to providing communication and support to the Board, the General Manager may neither cause nor allow the Board to be less than fully informed or to be misinformed.

Accordingly, the General Manager shall not fail to:

B6.1 Make the Board aware of relevant trends, public events of the Co-op or internal and external changes that affect the assumptions considered by the Board in creating policies.

B6.2 Submit timely, concise, accurate and understandable monitoring data required by Board policy in monitoring reports; therefore, s/he shall not fail to:

B6.2.1 Inform the Board, in a timely manner, of actual or anticipated noncompliance with Board Policies, even if they are not scheduled for monitoring at that time.

B6.3 Advise the Board chair or executive committee if, in the General Manager's opinion, the Board is not in compliance with its own policies on Board Leadership and Board- Management Relations, particularly in the case of Board behavior which is detrimental to the working relationship between the Board and the General Manager.

B6.4 Deal with the Board as a whole, except as appropriate through the Board president.

B6.5 Inform the Board if, in the General Manager's opinion, any of the Board's policies should be clarified, amended, deleted or made more specific.

B6.6 Provide for the Board as many diverse viewpoints as needed for fully informed Board decisions, including staff and external points of view, issues and options.

B6.7 Inform the Board of the existence of any matter within her/his responsibility of which s/he has become aware that s/he believes has become controversial within the community or the Membership. Explain the manner in which s/he is handling it, and his/her reasoning.

This policy will be monitored by internal report and reviewed annually in July.

**POLICY B7: EXECUTIVE LIMITATIONS  
MANAGEMENT CONTINUITY**

B7 With respect to the need to plan for emergency management succession, the General Manager may not fail to:

B7.1 Ensure that there is a person or persons adequately trained to manage the store in an emergency, until such time as the Board can authorize a temporary or permanent replacement.

B7.2 Maintain computer and paper files in such a manner that another person can step in and carry out key responsibilities.

B7.3 Inform the Board who s/he designates to be “in charge” in an emergency situation.

This policy will be monitored by internal report and reviewed bi-annually in January and July.

**POLICY B8: EXECUTIVE LIMITATIONS**  
**CUSTOMER SERVICE AND VALUE**

B8 The General Manager may not fail to ensure that our members and our customers receive high value in our products and services .

Accordingly, the General Manager shall neither cause nor allow the Co-op to fail to:

B8.1 Offer a range of products and services that meet our customers' needs.

B8.2 Work toward establishing purchasing and operating policies and procedures that bring the best price value for our customers while maintaining standards for quality and freshness, and ensuring that products are organic (unless not available or too expensive), vegetarian (except for canned tuna, animal foods and frozen fish), ethically sound (i.e. fair trade , minimal and/or recycled packaging ) and fiscally responsible.

B8.3 Ensure that all merchandising and marketing practices be honest and accurate.

B8.4 Provide for a safe and pleasant shopping experience for our customers; therefore, s/he shall not fail to:

B8.4.1 Ensure that staff is well trained in effective customer service techniques.

B8.4.2 Ensure that the store is clean and aesthetically pleasing.

B8.5 Solicit, consider and respond in a timely manner to customer opinion regarding preferences, product requests, complaints and suggestions.

B8.6 All activism materials are to be restricted to a designated area of the store determined appropriate by the General Manager.

This policy will be monitored by internal report and reviewed annually in January.

POLICY B9: EXECUTIVE LIMITATIONS  
MEMBERSHIP

B9 The General Manager shall not fail to establish, maintain and promote a vital membership program that builds a sense of ownership among members.

Accordingly, the General Manager shall not fail to:

B9.1 Ensure accurate and current member records and prevent unauthorized use of the membership information.

B9.2 Provide opportunities for members to participate in the Co-op.

B9.3 Ensure that the process and benefits of becoming a member are clear and that adequate membership information and application materials are readily available to everyone.

B9.4 Promote membership growth.

B9.5 Communicate effectively so that all members and potential members understand what a cooperative is, what it can do for them, what their responsibilities are, and how they may participate according to their level of interest. This may include, but need not be limited to, in store and out of store communications, member input in decision making, and ample opportunity for member feedback.

B9.6 Develop and execute programs, activities, and events that ensure a well informed, participating membership and positions the co-op positively in the overall business, co-op and neighborhood community. This may include, but is not limited to, ensuring that the annual meeting takes place and offering other opportunities (events, programs, activities) that encourage participation and education.

B9.7 The General Manager ensures that the discounts set by the Board are maintained:

- Spouses and significant others of the general manager will receive a full discount while shopping at Daily.
- Board members receive a 10% discount for their services on the board, in addition to other discounts they may receive as a working or investor member.
- No discount, except for the founder's discount shall exceed 20%. The founder's include Mindy Pfeiffer-Beach, Kay Frances Dickerson, Angie Grass, and Michael Wegner who shall receive a full lifetime discount of 25% at the co-op .

B9.8 Except for discounts, General Manager sets the rights, responsibilities and privileges of the working members.

This policy will be monitored by internal report and reviewed annually in January.

POLICY C: BOARD-GENERAL MANAGER RELATIONSHIP  
GLOBAL POLICY

The Board's only input/participation in the operational aspects, achievements, and conduct of the Co-op shall be through the General Manager.

All Board-General Manager Relationship Policies will be evaluated according to the Board's self-assessment process.

All Board-General Manager Relationship Policies will be reviewed in December.

POLICY C1: BOARD-GENERAL MANAGER RELATIONSHIP  
UNITY OF CONTROL

C1 Only decisions of the Board acting as a body are binding on the General Manager.

Accordingly,

C1.1 Decisions or instructions of individual Board members, officers or committees are not binding on the General Manager except in rare instances when the Board has specifically authorized such exercise of authority.

C1.2 In the case of Board members or committees requesting information or assistance without Board authorization, the General Manager can refuse such requests that, in the General Manager's opinion, require a material amount of staff time, funds or are disruptive.

All Board-General Manager Relationship Policies will be evaluated according to the Board's self-assessment process.

All Board-General Manager Relationship Policies will be reviewed in December.

**POLICY C2: BOARD-GENERAL MANAGER RELATIONSHIP**  
**ACCOUNTABILITY OF GENERAL MANAGER**

C2 The Board holds only the General Manager accountable for the operation and management of the Co-op in accordance with the Board's policies.

Accordingly,

C2.1 The Board will never give direction to persons who report directly or indirectly to the General Manager.

C2.2 The Board will refrain from evaluating either formally or informally any staff other than the General Manager.

C2.3 Neither the Board nor individual Board members will meet with staff members to discuss aspects of store business which falls under the purview of the General Manager.

C2.4 The Board will view General Manager performance as successful when it complies with Board policies.

All Board-General Manager Relationship Policies will be evaluated according to the Board's self-assessment process.

All Board-General Manager Relationship Policies will be reviewed in December.

**POLICY C3: BOARD-GENERAL MANAGER RELATIONSHIP**  
**DELEGATION TO THE GENERAL MANAGER**

C3 The Board will direct the General Manager through written Ends to be achieved and Executive Limitations policies to be complied with, allowing the General Manager to use a reasonable interpretation of these policies.

Accordingly,

C3.1 As long as the General Manager uses a reasonable interpretation of the Board's Ends and Executive Limitations policies, the General Manager may make all further policies, decisions, take all actions, establish all practice and develop all activity with respect to Co-op operations.

C3.2 The Board may change its Ends and Executive Limitations policies at any time. This may change the latitude of choice given to the General Manager with respect to Co-op operations.

C3.2.1 When making such a change, the Board will specify the expected compliance date.

C3.2.2 As long as specific Ends or Executive Limitations are in place, the Board will respect and support the General Manager in the implementation of these policies.

All Board-General Manager Relationship Policies will be evaluated according to the Board's self-assessment process.

All Board-General Manager Relationship Policies will be reviewed in December.

**POLICY C4: BOARD-GENERAL MANAGER RELATIONSHIP**  
**MONITORING GENERAL MANAGER PERFORMANCE**

C4 The General Manager's job performance will be systematically and rigorously monitored against accomplishment of Board Ends and compliance with Board Executive Limitations Policies.

Accordingly,

C4.1 Monitoring is to determine the degree to which Board policies are being met.

Only data which establishes this will be considered monitoring data.

C4.2 The Board will acquire monitoring data by one or more of three written report methods.

C4.2.1 Internal report, in which the General Manager provides compliance information to the Board.

C4.2.2 External report, in which an external, disinterested third party chosen by the Board assesses and reports on compliance with policies.

C4.2.3 Direct inspection, in which a designated member or members of the Board assess compliance with the appropriate policy criteria.

C4.3 In every case, the standard for compliance shall be any reasonable interpretation of the Board policy being monitored. Also in every case, the board will judge (a) the reasonableness of the GM's interpretation and (b) whether data demonstrate accomplishment of the interpretation.

C4.4 Monitoring reports should:

C4.4.1 Include data and facts for each part of the policy clearly focused on the policy. Statements of compliance alone, without data, will not be accepted.

C4.4.2 Include the date and name of person preparing.

C4.4.3 Include a reference to the complete text of the policy being monitored.

C4.4.4 Be clearly labeled and separated from other information and reports.

C4.4.5 Provide a conclusion stating in or out of compliance.

C4.4.6 In cases of non-compliance provide an explanation and plan.

C4.5 The Board will acknowledge by majority vote into the minutes the receipt of the GM monitoring reports. Receipt does not imply approval or rejection of the content of the report by the Board, only the fulfillment of the GM's responsibility to supply it. The Board may vote to extend the reporting period.

C4.6 All policies that instruct the General Manager will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend upon a routine schedule.

C4.6.1 The monitoring schedule is as follows:

A	Ends	Annual	Internal	October
B1	Staff Relations	Annual	Internal	April
B2	Compensation and Benefits	Annual	Internal	April
B3	Budgeting & Financial Condition	Monthly	Internal & External	
B4	Financial Planning	Monthly	Internal & External	
B5	Asset Protection	Quarterly	Internal	January, April, July, October
B6	Communication and Counsel to the Board	Annual	Internal	July
B7	Management Continuity	BiAnnual	Internal	January, July
B8	Customer Service and Value	Annual	Internal	January
B9	Membership	Annual	Internal	January

All Board-General Manager Relationship Policies will be evaluated according to the Board's self-assessment process.

All Board-General Manager Relationship Policies will be reviewed in December.

POLICY C5: BOARD-GENERAL MANAGER RELATIONSHIP  
GENERAL MANAGER EVALUATION

C5 The Board will evaluate the General Manager only on issues for which it has written policy and on all such issues. The General Manager Evaluation is an ongoing, continuous process of policy monitoring. Annually, the Board will conduct a summary evaluation of the General Manager as well as following progressive discipline for non-compliance. This will be a compilation and review of compliance with Board policy as reported in Ends and Executive Limitations monitoring reports.

C5.1 Throughout the year, the Board will keep a current listing of all reports, dates expected, dates received, compliance result, Board action and any relevant notes.

C5.2 At the end of the reporting year (which will fall a year after the date of the General Manager hire), the General Manager may submit additional data updating the monitoring of any policy, whether or not the Board has required such report.

C5.3 The annual summary evaluation will follow an established procedure.

C5.3.1 Within 30 days of the end of the reporting year each Board member will receive from the clerk a copy of the complete current monitoring reports.

C5.3.2 Within 60 days of the end of the reporting year, the Board will hold a meeting in executive session to discuss the summary evaluation.

C5.3.3 During this session, the Board will come to a conclusion regarding the General Manager's overall performance in view of the monitoring data and report submitted. No new performance criteria will be considered.

C5.3.4 The Board during the executive session will decide what action(s) it wishes to take as a result of the summary evaluation.

C5.3.5 Within 30 days of the executive session, a Board task force will be formed consisting of the president and one other Board member to:

- Meet with the General Manager to report the Board summary evaluation conclusions

- Negotiate compensation and contract (if any)
- Report outcomes of the meeting with the General Manager to the full Board
- Document the summary evaluation and outcomes for the General Manager's personnel file
- Ensure confidentiality of information

C5.4 Changes to Board policy may be suggested by the Board or the General Manager during the time of the evaluation but will not impact the judgment in the summary evaluation.

This policy will be monitored by internal report annually in the month following summary evaluation. (Policy meaning the entire C section which is monitored in December)

POLICY D: BOARD PROCESS  
GLOBAL POLICY

The purpose of the Board is to ensure that the Co-op achieves its Ends on behalf of the members. The Board will provide leadership and direction by writing and monitoring governing policies.

This policy will be monitored and reviewed in accordance with the schedule in policies D1-D7.

POLICY D1: BOARD PROCESS  
GOVERNING STYLE

D1 The Board will govern with an emphasis on 1) outward vision rather than internal preoccupation, 2) encouragement of diversity in viewpoints, 3) strategic leadership more than administrative detail, 4) clear distinction of Board and General Manager roles, 5) collective rather than individual decisions, 6) future rather than past or present and 7) pro-activity rather than reactivity.

D1.1 The Board will cultivate a sense of group responsibility. The Board will be responsible for governing and will be the initiator of policy. The Board as a whole will be responsible for fulfilling Board commitments .

D1.2 The Board will direct the Co-op through careful establishment of broad written policies about Ends to be achieved and means to be avoided. The Board's major policy focus will be on the viability and success of the Co-op, not on administrative or operational means of attaining those effects.

D1.2.1 The Board will enforce upon itself whatever discipline is needed to govern. Continual Board development will include orientation of new Board members in the Board's process and periodic discussions of process improvement.

D1.2.2 The Board will monitor and discuss its process and performance annually and at each meeting. Self-monitoring will include comparison of Board performance to policies in the Board Process and Board-General Manager Relationship categories.

D1.3 The Board of The Daily Groceries Co-op follows the decision making process as provided in the By-laws. (bylaws 5.3 and bylaws 5.4)

This policy will be monitored by internal report and reviewed annually in September.

POLICY D2: BOARD PROCESS  
BOARD JOB DESCRIPTION

D2 The job of the Board is to represent the membership in establishing governing policies and to monitor and ensure organizational performance.

D2.1 The Board will produce and maintain a link between the Co-op and the Members.

D2.2 The Board will produce written governing policies that, at the broadest levels, address categories of decisions.

D2.2.1 Ends - Organizational outcomes (what good?), recipients (for whom?) and their relative worth (at what cost?).

D2.2.2 Executive limitations - Constraints on the General Manager's authority which establish the prudence and ethics boundaries within which all executive activity and decisions must take place.

D2.2.3 Board-General Manager Relationship - How power is delegated and its proper use monitored; the General Manager's role, authority and accountability.

D2.2.4 Board Process - Specifications on how the Board conceives, carries out and monitors its own work.

D2.3 The Board will ensure performance by monitoring compliance with its policies.

D2.3.1 The Board will assess the General Manager's performance by monitoring its policies on Ends and Executive Limitations.

D2.3.2 The Board will assess and improve its own performance by regular assessment of compliance with Board policies on Board Process and Board-General Manager Relationship.

D2.4 Because one of the Board's major responsibilities is the careful crafting of written policies to guide its own efforts and the efforts of the General Manager, the Board will continually be evaluating the need for new policies and modifying existing policies when necessary. The following procedure outlines the steps by which new or modified existing policies are typically developed:

D2.4.1 New Limitations policies or modifications of existing policies generally arise out of the concerns, ideas or worries of Board members or others in the Co-op community.

D2.4.2 When a Board member raises an issue, the facilitator or chair will ask whether a majority of Board members share the concern. If not, the concern will be dropped for the time being. If the concern is shared,

proceed to the next step.

D2.4.3 The Board will determine, or delegate to a task group to determine, whether a policy already exists to address the concern. If not, proceed to the next step.

D2.4.4 The Board will determine what kind of policy is needed and where it would fit within the existing framework.

D2.4.5 The Board will assign a priority to the issue or send it to the President, who will situate the issue within a prioritized list of issues for policy development.

D2.4.6 The Board will determine whether a more general policy is needed before adding the new policy language. If so, the Board will institute the more general policy first and then institute the more specific policy.

D2.4.7 The Board will discuss the issues and outline the policy language needed.

D2.4.8 The Board will either:

- 1) draft the new policy itself;
- 2) assign the drafting task to a task group; or
- 3) assign a task group to come up with two or more possible policies, along with a discussion of the pros and cons of each policy option.

D2.4.9 The Board will decide at a Board meeting whether or not to approve the proposed policy.

This policy will be monitored by internal report and reviewed annually in September.

POLICY D3: BOARD PROCESS  
BOARD AGENDA PLANNING

D3 To accomplish its purpose with a governance style consistent with Board policies, the Board will follow an annual agenda that reviews Ends and continually improves Board process/policy.

D3.1 The Board's annual governance cycle will start in March with the development of its agenda for the next fiscal year. The Board calendar will include all Board events such as membership meetings, Board training, monitoring schedule and review of specific policies. The calendar will be reviewed on a regular basis.

D3.2 At the end of each Board meeting, the Board's unfinished agenda items and the annual calendar will provide the basis for determining the broad outlines of the next meeting's agenda. The following process will be used to determine the Board's agenda:

D3.2.1 In the interim before the next meeting, Board members should review the designated policy areas scheduled for the next agenda and consider if there are policies that they would like to see added, modified or deleted.

D3.2.2 The General Manager's internal monitoring reports will be included on the agenda. However, discussion is warranted only if Board members have objections to the monitoring reports, including potential noncompliance, substandard reporting, unreasonable interpretation of policy, factual inaccuracies or questions in aid of valid objections.

D3.2.3 The agenda may be modified by the Board at the beginning of the next meeting.

D3.3 When the Board receives a written communication, a copy shall be distributed to the Board and it shall be placed on the Agenda.

D3.3.1 The Agenda item for discussion shall be whether, under Board policies, the substantive matters contained in the letter are within the purview of the General Manager or the Board.

D3.3.2 If it is determined that the substantive issues raised by the letter are the responsibility of the General Manager, it shall be referred to her/him.

D3.3.3 If it is determined that the substantive issues raised by the letter are the responsibility of the Board, the Board shall determine whether the matter shall be added to the current or the following meeting Agenda.

D3.3.4 In any case the Board shall respond to the writer of the letter advising him/her as to its disposition.

This policy will be monitored by internal report annually in September and at the end of every Board meeting by oral comment.

POLICY D4: BOARD PROCESS  
OFFICER'S ROLE

D4 The President ensures the integrity of the Board's process and occasionally may represent the Board to outside parties.

D4.1 The job result of the President is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.

D4.1.1 Meeting discussion content will be only those issues that, according to Board policy, clearly belong to the Board to decide, not the General Manager.

D4.1.2 Deliberation will be fair, open and thorough but also timely, orderly and kept to the point.

D4.2 The authority of the President consists in making decisions that fall within topics covered by Board policies on Governance Process and Board-General Manager Relationship, except where the Board specifically delegates portions of this authority to others. The President is authorized to use any reasonable interpretation of the provisions in these policies.

D4.2.1 The President is empowered to chair Board meetings, with all the commonly accepted power of that position (for example: ruling, recognizing).

D4.2.2 The President has no authority to supervise or direct the General Manager.

D4.2.3 The President may represent the Board to outside parties in announcing Board-stated positions and in stating chair decisions and interpretations within the area delegated to her or him.

D4.2.4 The President may delegate this authority but remains accountable for its use.

D4.3 The President will monitor compliance by the General Manager with direction from the Board, and will take such actions as are necessary to carry out Board directives. The President will advise the Board as a whole, in person, writing or other medium, of any action taken pursuant to this subparagraph, within 48 hours of such action.

D4.4 The President is responsible for the performance of duties normally assigned to the Board Liaison, Clerk and Treasurer including, but not limited to:

- D4.4.1 The Board Liaison will discharge the duties and responsibilities of the President in his/her absence or unexpected departure from office. When so acting, the Board Liaison has all the powers of, and is subject to all the restrictions upon, the President. The Board Liaison may also be called upon to assist the President in the discharge of his/her duties as assigned by the President or the Board.
- D4.4.2 The Clerk will ensure that: all Board and committee meeting minutes are complete, accurate, and approved by the Board and maintained in a permanent archive; the articles of incorporation, bylaws, and all Board policies are kept current, are provided to all Board members and are maintained at a central location; all Board notices required by statute, regulation and Board resolution are issued to the appropriate parties; the Board manual is updated as required by the Board; and new Directors receive the Board manual.
- D4.4.3 The Treasurer will ensure the integrity of the Board's budget and financial condition and ensure that the Board abides by a Board-authorized budget. The Treasurer will meet weekly with the General Manager and bookkeeper (or designate someone) to review the current financial documents and financial status of the co-op. A report of this meeting will also be sent weekly to the Board.

This policy will be monitored by internal report annually in September and at the end of every Board meeting by oral comment.

POLICY D5: BOARD PROCESS  
BOARD MEMBERS' CODE OF CONDUCT

D5 The Board commits itself to ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

D5.1 An individual member is responsible at all times for discharging his/her duties in good faith in a manner which she/he reasonably believes to be in the best interests of the Co-op and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

D5.2 Board members must avoid any conflict of interest with respect to their fiduciary responsibility.

D5.2.1 An individual member shall be under an affirmative duty to disclose their financial or other interest in any matter under consideration by the Board. Members having such an interest may not participate in the decision of the matter nor in the discussion of the matter unless otherwise determined by the Board.

D5.2.2 Board members must not use their positions to obtain for themselves, family members or close associates employment within the organization.

D5.3 Board members may not attempt to exercise individual authority over the Co-op except as a representative of the Board or the Co-op, as explicitly set forth in Board policies.

D5.3.1 Board members' interaction with the General Manager or with staff must recognize the lack of authority in any individual Board member or group of Board members except as noted above.

D5.3.2 Board members' interaction with the public, press or other entities must recognize the same limitation and the similar inability of any Board members to speak for the Board.

D5.3.3 Directors will not individually act or speak regarding the performance of the General Manager or staff performance.

D5.3.4 Board members may only speak for the Board as specifically authorized or by stating official Board decisions or policies.

D5.4 An individual member shall maintain confidentiality as needed to protect the Co-op's interests and financial viability. Directors shall not discuss disputed or confidential Co-op actions, policies or issues with Co-op members, employees or the general public unless the Board decided that such information is no longer confidential. All issues related to personnel, real estate, business strategies and

goals, pending litigation and details of the Co-op's financial status will be considered sensitive issues subject to confidentiality unless or until full disclosure is approved by the Board as a whole.

D5.5 Individual members shall contribute productively to the Board's work.

D5.5.1 Board members should regularly attend and actively participate in the Board's meetings, training sessions and retreats.

D5.5.2 Board members should come to Board meeting prepared to participate responsibly by having read all meeting materials.

D5.5.3 Board members have a responsibility to express one's own opinion.

D5.5.4 Board members shall respect the rights of others to communicate their ideas free from interruption and without intimidation. Board members should listen respectfully to the opinions of others and to honor divergent opinions.

D5.5.5 Board members must accept group decisions as legitimate.

D5.5.6 Board members should share responsibility for group behavior and productivity.

D5.5.7 Board members should not dominate Board meeting time nor expect the Board to deal with topics that are not appropriate for Board.

D5.5.8 Board members shall support the Board President on Board discipline and Board accountability.

D5.6 An individual member may disagree with a policy approved by or action taken by the Board. However, once action is taken he/she will support that policy or action as being the considered judgment of the Board.

D5.6.1 An individual member shall have the right to present further evidence and argument to the Board for further consideration and as a result, the Board may reconsider its actions in a manner consistent with Board practices.

D5.7 Board members shall not miss more than three consecutive Board meetings.

D5.8 Individual Board members who do not follow the Board conduct policy in this Section D5 shall be subject to removal as described in the By-laws.

This policy will be monitored by internal report annually in September and at the end of every Board meeting by oral comment.

POLICY D6: BOARD PROCESS  
BOARD COMMITTEE PRINCIPLES

D6 Board committees, when used, will be assigned to reinforce the Board's job and not to interfere with delegation from the whole Board to the General Manager.

D6.1 Board committees are to help the Board do its job, never to help or advise staff. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board's broader focus, Board committees will normally not have dealings with current staff operations.

D6.2 Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the General Manager.

D6.3 Board committees cannot exercise authority over staff. Because the General Manager works for the full Board, s/he will not be required to obtain approval from a Board committee before a managerial action.

D6.4 Board committees are to avoid over-identification with organizational parts rather than the whole. Therefore a Board committee that has helped the Board create policy on some topic will not be used to monitor organizational performance on that same topic.

D6.5 Board members are responsible for chairing all committees.

This policy will be monitored by internal report annually in September and at the end of every Board meeting by oral comment.

POLICY D7: BOARD PROCESS  
RELATIONSHIP TO MEMBERS

D7 The Board obtains its authority from and represents the members. The Board is responsible for linkage with members.

D7.1 The Board has fiduciary and legal responsibility to the members.

D7.2 The Board shall always act in the best interest of the Co-op as a whole.

D7.2.1 To make informed policy decisions, the Board must understand the values and needs of the members. Therefore the Board must obtain adequate and appropriate information on the members.

D7.3 The Board shall communicate periodically to the members on its role, its activities and its decisions. The Board will ensure the effective communication of the vision and mission of the Co-op to the members.

D7.4 The Board is responsible for ensuring that the process and benefits of becoming a member in the Co-op is clear and available to everyone.

D7.5 The Board will ensure that the Co-op meets all requirements of law and bylaws for relationship with members including holding an annual meeting and preparing a written annual report to members.

D7.5.1 At least annually, the Board shall disseminate a statement of its values and a report of the Co-op's financial resources and how those resources have been translated into services.

D7.6 In order to ensure that the Co-op is maintaining a culture of service and is addressing issues that the membership is concerned about, the Board President or a designee will annually review the Board's work plan with regard to the members' values and priorities. The Board will:

D7.6.1 design activities in addition to the membership meeting designed to determine members' concerns.

D7.6.2 review member-initiated input to the cooperative, including emails to the Board and Board members, comments from members to management (both printed and omitted from the newsletter), members comments at Board meetings, and all pertinent responses from management and Board of Directors members. This will be done at least once each year.

D7.6.3 provide space in each monthly Board meeting for Directors to report the comments and concerns of members at linkage events.

This policy will be monitored by Internal report annually in September.

## ADDENDUM – Notes on Monitoring

Some notes on determining how frequently to monitor:

Monitoring frequency varies depending on a number of factors:

- How often is the information received likely to change?
  - If the board receives the same information in a sequence of monthly reports, monitoring is likely too frequent. Information may not be expected to change more than once or twice per year.
- What is the degree of risk of the area being monitored?
  - Knowing whether a succession plan is in place is less risk than knowing the financial condition.
- What is the board's level of confidence in the GM?
  - For a new GM, who does not have a track record, the board may wish to monitor certain high risk areas like financial condition or asset protection more frequently.
- How often does the board need to see evidence to demonstrate due diligence?

Overall, stagger monitoring reports so meetings are not overloaded and the workload for the GM is evened out over time.]