

# *Community Food Co-op Board of Directors Governing Policies*

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# ENDS POLICIES

A just and livable world with a sustainable economy founded on informed choice and cooperative values.

## **E1. Ensure Economic Resilience**

Build on our core competencies as natural-food grocers and extend the reach of our cooperative business. --Adopted 9/11/13

*The GM and the Finance Committee will monitor E1 concurrently with B4 by internal report prepared in February, May, July, and October, for Board review in March, June, August and November –Revised 8-10-11*

**E2. Local Food System Development**

Contribute to the development of a vibrant local and regional food production and distribution system. –Adopted 9/11/13

### **E3. Community Engagement**

Cultivate connections and build strategic partnerships to achieve goals that reflect our common values. –Adopted 9/11/13

#### **E4. Healthy Food Access**

Embrace the diversity of our community and take the initiative to make high quality, nutritious, culturally appropriate and affordable food accessible to all. – Adopted 9/11/13

## **E5. Exemplary Workplace**

Cultivate a work environment that generates staff engagement and models excellent employment practices. –Adopted 9/11/13

## **E6. Stewardship and Advocacy**

Energize our members to support positive change around core issues that affect the Co-op and the community's future. –Adopted 9/11/13

*The GM will monitor E2 – 6 by internal report prepared for Board review in April. The Member Affairs Committee will monitor E2 - E6 by internal report prepared in August, for Board review in September. – Revised 9/12/07 The Strategic Planning Committee will monitor E2 – 6 by internal report prepared in March for Board review in April*

## **E7. Cooperative Ownership**

Encourage development of the cooperative business sector by expanding local understanding and supporting cooperative enterprise. –Adopted 9/11/13

*The GM will monitor E2 – 7 by internal report prepared for Board review in April. The Member Affairs Committee will monitor E2 – E7 by internal report prepared in August, for Board review in September. – Revised 9/12/07 The Strategic Planning Committee will monitor E2 – 7 by internal report prepared in March for Board review in April –Revised 9/11/13*

# BOUNDARY POLICIES

The General Manager shall neither cause nor allow any action, omission or organizational circumstance that is either illegal, imprudent or unethical. All activity shall be for the purpose of achieving board policies on Ends.

## **B1. Staff Relations** –revised 12-14-11

Staff Relations - The General Manager may not cause or allow a relationship with our staff, which is economically unsustainable, inhumane, unsafe, unhealthy, illegal, unfair, or undignified. Accordingly, the general Manager may not fail to:

B1.1 Prevent discrimination or harassment among employees and potential employees based upon sex, race, age, physical or mental disability, sexual orientation, national origin, marital/parental status or religion.

B1.1.1 Ensure that channels are established and known to staff, for reporting harassment or discrimination without fear of retaliation.

B1.2 Provide a positive work environment by:

B1.2.1 Providing channels for staff input into decisions about how their work is done;

B1.2.2 Providing sufficient tools, information and technology needed for staff to perform their jobs;

B1.2.3 Cultivating a workplace culture that emphasizes recognition and appreciation;

B1.2.4 Providing mechanisms for staff involvement in operational improvements; and,

B1.2.5 Regularly obtaining an objective assessment of the employees' perception of the current work environment.

B1.3 Ensure the Co-op operates according to written personnel policies that are available to all staff in their most current form. –revised 9/8/10 The personnel policies must:

B1.3.1 Provide for a fair and thorough review of any grievance by means of a known procedure, which can be used without bias

B1.3.2 Comply with all applicable laws

B1.3.3 Be consistently applied to all employees

B1.3.4 Be regularly reviewed and updated to ensure current legal compliance

B1.3.5 Protect the Co-op's at will status

B1.3.6 Provide for annual evaluations of employee performance

B1.4 Establish and maintain reasonably current job descriptions for all jobs.

B1.5 Provide adequate orientation and training so staff can successfully perform their jobs.

B1.6 Take disciplinary action as needed following established policies.

B1.7 Provide for appropriate documentation, security, and retention of personnel records and all personnel related decisions.

B1.8 Provide for staff professional development by:

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B1.8.1 Providing opportunities for staff to develop skills and knowledge

B1.8.2 Promoting from within current staff when appropriate and encouraging staff to assume responsibility as appropriate.

*The GM will monitor B1 by internal report prepared for Board review in November*

## **B2. Compensation and Benefits**

Compensation and Benefits - The General Manager may not cause or allow compensation and benefits for employees, consultants, contract workers, and volunteers to be illegal, unfair, or to jeopardize the Co-op's fiscal integrity or public image. Accordingly, the General Manager may not fail to:

B2.1 Establish a wage and salary scale based on job responsibilities, the labor market, and longevity.

B2.1.1 Apply the wage scale consistently

B2.2 Create a benefits package that appropriately addresses the needs, social value, and economic viability of the Co-op and its employees.

B2.3 Report to the Board, within sixty days of the end of the fiscal year, for its decision whether a bonus or other profit sharing is appropriate. The report must:

B2.3.1 Provide a comparison of budget to actual performance in the following income statement categories: staff wages, staff benefits, productivity, operating profit and net profit. —Adopted 6/12/02

B2.3.2 Include a written recommendation for or against paying a bonus or profit sharing based on an analysis of the Co-op's financial performance and other mitigating factors. —Adopted 6/12/02

*The GM will monitor B2 by internal report prepared for Board review in March*

### **B3. Planning**

The General Manager shall not fail to provide the Board with the documents necessary for a thorough and well-informed planning process. Accordingly, the General Manager may not fail to:

B3.1 Provide information that will be helpful for the Board's Spring Strategic Planning Retreat, including an analysis of strengths, weaknesses, opportunities and threats (SWOT)  
—Revised 9/12/07 --Revised 9/8/10

*The GM will monitor B3 by internal report prepared for Board review in June*

B3.2 Prepare an Annual Business plan, which advances the long-range strategy of the organization, for review at the Board's Fall Retreat. The Annual Business plan shall include:  
Revised 12/8/04 and 9/12/07

B3.2.1 Projected quarterly and annual financial statements including: Profit and Loss, Balance Sheet and Cash Flow —Revised 9/12/07

B3.2.2 Underlying assumptions for the projected financial statements—Revised 9/12/07

B3.2.3 Capital budget projections —Revised 9/12/07

B3.2.4 Three year financial projections —Revised 9/12/07

*The GM will monitor B3.2 by internal report prepared for Board review in December*

B3.3 Prepare a final Business Plan for Board approval at the January Board meeting. —  
Revised 12/8/04, 9/12/07

*The GM will monitor B3.3 by internal report prepared for Board review in February*

## **B4. Financial Condition**

The General Manager may not jeopardize the long-term financial health of the cooperative. The General Manager shall monitor and enhance the financial health and working capital of the cooperative. Accordingly, the General Manager may not fail to:

B4.1 Settle payroll, taxes and other debts in a timely manner.

B4.2 Ensure expenditures do not deviate materially from Board stated priorities.

B4.3 Operate with pricing policies and expense controls sufficient to generate a net income within the range of 0.5% to 3.5% of sales. Net income used to determine percentage will not include federal income tax expense nor patronage refund allocation. —Revised 7/11/07, 1/14/09, 12/9/09, 8/14/13

B4.3.1 This includes meeting or exceeding efficiency standards attained by co-ops of similar sales volume. —Revised 7/11/07

B4.4 Disclose all out of the ordinary fiscal activity to the Board. Out of the ordinary refers to unplanned, unusual, one-time, non-historic fiscal activities. —Revised 7/11/07

B4.5 Maintain cash on hand in operational accounts sufficient to cover operational expenses for at least two weeks and maintain the remainder in accordance with the investment policy —Revised 7/11/07, 8/14/13, while:

B4.5.1 Maintaining a Quick Ratio of .5 or more. —Revised 3/13/02, 8/14/13

B4.6 Maintain debt to equity ratio of no more than 2.5. —Revised 7/14/04 --12/9/09

B4.7 Generate sales growth that meets or exceeds the current Board approved budget. —Revised 7/14/04 --7/9/08 -Revised 10/13/10

B4.8 Maintain adequate financial record keeping systems in accordance with generally accepted procedures, and disclose any material changes in accounting systems or methods. —Revised 7/11/07

B4.9 Inform the Board of any changes within the capital budget provides for in B3.2.3 that shifts 20% or more of the spending. Submit to the Board for approval any additions to the capital budget that would increase the approved capital budget by 10% or more. —Revised 9/8/10

B4.10 Refrain from borrowing or lending amounts greater than \$10,000 in aggregate or \$5,000 in any particular instance without prior Board approval —Adopted 3/13/02

B4.11 Meet or exceed all requirements of contracts, loans or other external obligations.

B4.12 Make or commit to donations equaling no more than .2% of total sales for the fiscal year. —Adopted 9/11/02 —Revised 2/29/12

B4.13 Maintain the creditworthiness of the Co-op —Revised 8/8/01

B4.14 Ensure that the Community Food Cooperative's cash reserves are invested in compliance with a written investment policy approved by the Board of Directors. —Adopted 7/11/07 —Revised 5/9/12

B4.14.1 The General Manager and anyone he or she may designate will have a current investment policy in place that includes and addresses the following items: investment

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objectives (including safety, liquidity, return on investments and local investments), prudence, delegation of authority, ethics and conflicts of interest, authorized financial institutions and broker/dealers, authorized investments (including authorized local investments), diversification, maximum maturities, authorization of financial institutions and dealers, internal controls and compliance. –Adopted 7/11/07 --Revised 5/9/12

B4.14.2 The General Manager and anyone he or she may designate will prepare an investment portfolio review and policy report quarterly for Finance committee review. The report should include a schedule listing the individual securities held and detail on each security, asset allocation by type and issuer, portfolio activity including distribution of trades among brokers, and the performance of the portfolio. –Adopted 7/11/07 --Revised 5/9/12

*The Finance Committee will monitor B4 by internal report prepared in February, May, July, and October, for Board review in March, June, August and November*

## **B5. Asset Protection**

The General Manager shall neither fail to adequately protect the cooperative's assets nor allow disrepair, excessive risk, untraceable transactions or conflict of interest to occur in the management of the cooperative's resources. Accordingly, the General Manager may not fail to:

B5.1 Maintain insurance coverage of stock, building, furniture and equipment at replacement value.

B5.2 Ensure cash is handled in a secure manner.

B5.3 Receive, process, and disburse funds with internal controls and separation of duties sufficient to meet the Board appointed auditor's standards.

B5.4 Provide and properly maintain the facilities and equipment necessary for the operation of the cooperative.

B5.5 Prevent the abuse or misuse of the cooperative's assets.

B5.5.1 Inventory cooperative property according to a set procedure and time line.

B5.5.2 Provide safeguards to prevent the theft or loss of, or damage to the cooperative's facilities, equipment, and other property.

B5.6 Maintain credit union and bank balances in compliance with the cooperative's investment policy or within federally insured limits.

B5.6.1 Ensure that the co-op receives competitive terms from financial institutions including an appropriate balance of high returns and low costs.

B5.7 Prevent exposure of the cooperative, the staff, or the directors to claims of liability.

B5.8 Develop a plan to prepare for disasters.

--Revised 9/8/10

*The GM will monitor B5 by internal report prepared for Board review in February, and by independent financial review in May*

## **B6. Communication and Counsel to the Board**

The General Manager may not cause the Board to be uninformed or misinformed. –Revised 4/9/08. Accordingly, the General Manager shall not fail to:

B6.1 Make the Board aware of relevant member concerns and suggestions; industry trends; legislative and legal issues and any other issues or developments that would assist the Board in providing effective governance for the cooperative. –Revised 9/8/10

B6.2 Submit timely, accurate, and understandable monitoring data required by Board policy.

B6.2.1 If the General Manager anticipates being out of compliance, the General Manager should give the Board timely notice.

B6.3 Advise the Board, if in the General Manager's opinion, the Board or one of its member-owners is not in compliance with the Board's policies on Board Process or Board/General Manager Relationship.

B6.4 Provide the Board with sufficient staff administration to carry out the Board's duties.

B6.5 Deal with the Board as a whole except, when appropriate, through the Board Chair.

B6.6 Gather and provide information to the Board as needed and requested for fully informed Board decisions.

B6.6.1 Inform the Board if, in the General Manager's opinion, the Board should clarify, amend, delete or make more specific any of its policies.

*The GM will monitor B6 by internal report prepared for Board review in October. The Executive Committee will monitor B6 by internal report in November, prepared for Board review in December.*

## **B7. Executive Succession**

The General Manager shall not operate without a written plan for emergency management succession. Accordingly, the General Manager shall not fail to:

B.7.1 Establish a “chain of command” to be used at any time the General Manager is unable to serve (planned or emergency absence).

B.7.2 Ensure that all member-owners of top-management attend at least one regularly scheduled Board meeting or Retreat meeting per year. –Adopted 1/9/02 –Revised 5/8/13

B.7.3 Ensure that critical General Manager procedures, systems and information are documented and that the designated interim General Manager has the knowledge of and access to the documentation in order to make informed decisions in the General Manager’s absence.

B.7.4 Actively prepare through training, coaching, development, and access to information, at least one staff member-owner who could be a candidate for General Manager if needed.

B.7.5 Systematically provide adequate succession planning for succession of all key staff positions.

*The GM will monitor B7 by internal report prepared for Board review in May*

## **B8. Customer Service and Value**

The General Manager may not fail to ensure that our customers receive high value in our products and services. Accordingly, the General Manager may not fail to:

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

B8.2 Use customer demand, market trends and the Co-op's value statements as criteria for establishing product selection guidelines.

B8.3 Establish pricing standards that balance the financial well-being of the cooperative with high value for our members and with the cooperative's Ends Policies.

*(Revised June 2010)*

B8.4 Maintain high standards for quality and freshness.

B8.5 Provide information to support informed choices.

B8.6 Ensure that all merchandising and marketing materials are honest and accurate.

B8.7 Establish programs and materials that educate consumers about health, cooking, environmental sustainability and cooperative businesses.

B8.8 Provide a safe and pleasant shopping experience for our customers.

B8.9 Operate with a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.

B8.10 Offer information to support informed purchasing decisions and provide boycott related information consistent with board support for boycotts approved under board process policy P8.4. —Revised 9/8/10

B8.11 Monitor customer satisfaction using existing feedback systems, other internally administered information gathering methods, and periodic surveys administered by objective third parties. —Adopted 6/12/02

B8.12 Ensure that donations are distributed in a way that is transparent, balanced, and fair. —Adopted 8/15/12

*The GM will monitor B8 by internal report prepared for Board review in January and June*

## **B9. Member-ownership**

The General Manager shall not fail to establish, maintain, and promote a vital member-ownership program. Accordingly, the General Manager shall not fail to:

B9.1. Ensure accurate and current member-owner records including name, address, equity payments and eligibility for benefits and voting

B9.1.1 The General Manager shall not allow unauthorized use of the member-ownership information.

B9.1.2 The General Manager may not change the member-owner capital contribution, membership fee, or any other aspect of member-ownership specified in the bylaws.  
*(Revised June 2010)*

B9.2 Build a sense of community and ownership among member-owners.

B9.2.1 The General Manager shall not fail to provide opportunities for member-owners to participate in the cooperative.

B9.3 Grow the active member-ownership.

*(Revised June 2010)*

B9.3.1 The General Manager shall not fail to ensure that adequate member-ownership information and application materials are readily available.

B9.3.2 The General Manager shall not fail to provide a means to regularly assess and monitor the number of member-owners and member-owner involvement in the Co-op. -  
-Adopted 7/15/09 –Revised 8/12/09

B9.3.2.1 The General Manager shall not fail to grow the membership to meet the targets set by the Board at the annual spring strategic planning retreat. –Adopted 8/12/09

B9.4 Make readily available to member-owners and the community, information and knowledge on cooperative, nutritional, consumer and environmental issues; and timely information relating to cooperative policy formulation and decision-making.

B9.4.1 Accordingly, the General Manager shall publish a newsletter on a frequent, consistent basis providing:

B9.4.1.1 A perspective consistent with the stated positions of the co-op, including By-Laws, Goal Statements and Policies

B9.4.1.2 Educational articles on cooperatives and cooperative practices; nutrition and food, health and environmental concerns

B9.4.1.3 Issues the Board is considering, discussion of decisions made by the Board; and information about opportunities for member-owners to participate. A timely accounting of issues being considered by the Co-op Board and time lines for those decisions; a discussion of decisions made by the Board; and information about, and encouragement to take part in, opportunities for member-ownership participation and decision-making. –Revised 1/12/05

B9.4.1.4 An impartial presentation of opposing points of view relating to Co-op issues

B9.4.1.5 Information relating to Co-op store business and products

B9.5 Promote involvement and respond to member-owner needs.

B9.5.1 The General Manager shall not fail to provide the means to regularly assess and monitor member-owners' needs.

B9.5.2 The General Manager shall not fail to provide the means to respond to member-owner needs as appropriate.

*The GM will monitor B9 by internal report prepared for Board review in April and October*

## **B10. Environment**

The General Manager shall not fail to take reasonable measures to ensure that the Co-op activities and practices minimize the Co-op's negative impact, and maximize the co-op's positive impact, on the environment. Accordingly, the General Manager may not fail to:

B10.1 Minimize or eliminate any release of pollutants.

B10.2 Reasonably minimize the creation of waste through reduction, reuse and recycling.

B10.3 Ensure that all waste is disposed of through safe and responsible methods.

B10.4 Minimize the use of non-renewable energy through improved efficiency and conservation.

B10.5 Ensure that to the greatest extent possible the Co-op will work with vendors and associated suppliers that demonstrate a commitment to triple bottom line (economic, ecological, and social) accounting principles. —Adopted 11/9/05, revised 12/9/09

B10.6 Ensure that the Co-op will give purchasing preference to Forest Stewardship Council Certified Chain-of-Custody companies whenever possible. —Adopted 11/9/05 —Revised 12-9-09

B10.7 Ensure that in all remodeling or building projects the Co-op will give preference to contractors who demonstrate a commitment to triple bottom line (economic, ecological, and social) accounting principles. —Adopted 11/9/05, --Revised `12-9-09

*The GM will monitor B10 by internal report prepared for Board review in August*

## **B11. Capital Projects**

The General Manager will submit a Capital Project proposal for Board approval for any expansion or improvement project costing in excess of \$300,000. Certain projects in excess of this threshold, if related to standard operational improvements, may be exempted from this requirement at the discretion of the Board.

B11.1 The General Manager will include a description of the proposed project, including objectives the project seeks to fulfill; a rough estimate of total costs; and a description of how the project relates to the Ends Policies and the current strategic plan in any capital project proposal.

B11.2 The General Manager will provide Capital Project Boundary Policy monitoring reports until the Board determines that a project has been substantially completed or found to be infeasible.

B11.3 The General Manager will not commit significant resources to capital projects beyond those necessary to develop a comprehensive proposal without the approval of the Board.

B14.4 The General manager will ensure that the facilities and equipment at all Co-op locations are maintained to a high standard, capital projects not withstanding. – Adopted 12/11/13

*The GM will monitor B11 by internal report prepared for Board review in ??*

# PROCESS POLICIES

The Board will assure that the purpose, mission and values of the Co-op are properly carried out and will direct, monitor and be accountable for the interests of its member-owners' business and affairs.

## **P1. Board Job Description**

The Board of Directors will through adopting and monitoring its policies, oversee the assets of the Co-op in the interest of its member-owners.

P1.1 The Board will promote cooperative ownership through member-owner participation. --  
Revised 8/11/10

P1.1.1 Board Meetings and Board Committee meetings will be open to member-owners, except when the Board convenes in Executive Session.

P1.1.1.1 The Board of Directors may use an Executive Session to discuss the following issues:

P1.1.1.1.1 Personnel discussions (GM evaluations, litigation, law suits, and issues involving employee salary, wage structure, etc.)

P1.1.1.1.2 Marketing or sensitive planning discussion

P1.1.1.1.3 Financial matters such as future plans, real estate transactions, acquisitions, leases, etc.

P1.1.1.1.4 Information that a competitor could use against the Co-op to direct advantage.

P1.1.1.2 All Board members and anyone the Board invites may attend an Executive Session, unless a Board member's actions or activities interfere with a full and candid discussion of the topic. With regard to conflicts of interest, directors are expected to act in the spirit of Policy P3 – Code of Conduct and Ethics for the Board of Directors.

P1.1.1.3 Minutes are not taken at Executive Sessions , but actions will be recorded and made available to member-owners in the Board minutes as appropriate. --  
Revised 8/11/10

*The Member Affairs Committee will monitor P1.1 by internal report in May, prepared for Board review in June*

P1.2 The Board will assure that the Co-op shall respond to its member-owners' needs and input. --Revised 9/14/11

P1.2.1 The Board will explore the values of its member-owners by developing the means to regularly gather, assess and monitor the member-owners' needs.

*The Member Affairs Committee will monitor P1.2 by internal report prepared in August, for Board review in September*

P1.2.2 The Board will engage in strategic planning to ensure that the Co-op continues to meet member-owner needs in the future. --Revised 5/11/11

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*The Strategic Planning Committee and the Member Affairs Committee will monitor P1.2 by internal report prepared in August, for Board review in September –Revised 9/14/11*

P1.3 The Board will report regularly to the member-owners on the Board's activities, decisions and compliance with all Board Process Policies.

*The Board Administrator will monitor P1.3 by internal report, for Board review in January*

P1.4 The Board will determine financial benchmarks and investment policy to safeguard the owners' financial investment in the Co-op. —Revised 9/11/02 --Revised 9/8/10 –Revised 5/9/12

P1.4.1 The Finance committee will recommend financial benchmarks for Policies B4.5.1 and B4.6 at the June board meeting for Board approval. --Adopted 9/11/02 --Revised 9/8/10 – Revised 10-13-10 –Revised 5-9-12

P1.4.2 The Finance committee will recommend an investment policy at the June board meeting for Board approval. --Adopted 5/9/12

*The Finance Committee will monitor P1.4 by internal report prepared in May, for Board review in June – Revised 9/11/02*

P1.5 The Board will perpetuate itself through active recruitment, training and ongoing professional development, including monitoring and self-evaluation.

P1.5.1 The Board will participate in training and continuing education on concepts or issues related to the role of a director of the Co-op as needed.

P1.5.2 The Board will monitor its process relative to the Co-op's Mission, Vision and Values statements.

P1.5.3 The Board will actively recruit qualified candidates for the annual elections.

P1.5.4 The Board will hold retreats in the spring and fall of each year, for training and planning purposes, and ensure that strategic planning is informed by member-owner input and sound business judgement. --Revised 9/12/07

*The Board Development Committee will monitor P1.5 by internal report prepared in July, for Board review in August*

P1.6 The Board will take all reasonable measures to ensure that their activities and decisions minimize the co-op's negative impact, and maximize the co-op's positive impact, on the environment. Specifically, the Board will through its actions and decisions:

P1.6.1 Minimize or eliminate any release of pollutants.

P1.6.2 Reasonably minimize the creation of waste through reduction, reuse and recycling.

P1.6.3 Ensure that all waste is disposed of through safe and responsible methods.

P1.6.4 Minimize the use of non-renewable energy through improved efficiency and conservation.

*The Member Affairs Committee will monitor P1.6 by internal report prepared in November, for Board review in December*

## **P2. Governing Style**

The Board will use consensus decision making to ensure that while policies and decisions are deliberated in many voices, the Board governs with one voice.

P2.1 The Board will seek to be proactive in its actions, focusing on strategic leadership with an emphasis on future vision.

P2.1.1 The Board will meet with management at the annual spring retreat to review and refine the Board's long-range vision and establish strategic priorities for the organization. —Adopted 8/8/01 —Revised 9/12/07

*The Strategic Planning Committee will monitor P2.1 by internal report prepared in March, for Board review in April Revised 9-14-11*

P2.2 The Board will individually and as a body seek to promote member-owner involvement through example (attendance at Co-op events) and by actively seeking interaction with member-owners.

P2.3 The Board will ensure that all directors are able to use consensus process and policy governance effectively, and reinforce these skills at the bi-annual retreat. —Adopted 9/12/07

*The Board Development Committee will monitor P2.2 and P2.3 by internal report prepared in March, for Board review in April*

### **P3. Directors Code of Conduct and Ethics**

The Board will commit individually and as a body to ethical, respectful conduct when acting as Directors.

P3.1 Directors will conduct Co-op business with honesty, loyalty, a sense of humor, personal integrity, confidentiality, diligence, and in good faith.

P3.2 No director may make a contract or other agreement with the Co-op providing him/herself preferential terms or conditions.

P3.3 No director may provide more than 25% of their paid professional service to the Co-op. --Revised 5/12/04

P3.4 No director may accept gifts or favors from parties conducting business with the Co-op.

P3.5 All Board business will be conducted at meetings properly announced and open to the public, unless covered by Policy P1.1.1 sub-policies concerning Executive Sessions.

P3.6 Compensation, if any, of the Board of Directors will be established in good faith by the Board of Directors.

P3.7 No competitor may serve on the Board of Directors.

P3.8 Any duality of interest or possible conflict of interest on the part of any governing Board member-owner should be disclosed to the other member-owners of the Board and made a matter of record. This should happen annually, at the April Board Meeting, and during any discussion where a conflict of interest or duality of interest becomes apparent.

—Revised 6/12/02

P3.8.1 When any governing Board member has a duality of interest or possible conflict of interest he or she will not participate in the consensus building process. The minutes of the meeting should reflect that a conflict of interest disclosure was made at the time of the discussion. —Revised 6/12/02

P3.8.1.1 Board members who have withdrawn from the consensus building process due to a conflict of interest may state their position on the matter and answer questions posed by others involved in the discussion. —Revised 6/12/02

P3.8.2 If the Board finds a director to be in violation of any aspect of this code of conduct, it may request the Director's resignation. The Board may take additional legal action on behalf of the Co-op.

P3.9 Board members will strive to balance their personal preferences and opinions with consideration for how the Co-op can best serve its member-owners' needs and when necessary separate their preferences from action in the best interests of the Co-op. While both views may be expressed, each director is legally and morally obliged to make the decisions on behalf of the best interests of the member-owners as a whole.

P3.10 Board members will attend monthly Board meetings, the Annual Meeting and Party, the Community Party, two annual Board retreats and at least one Member Forum annually.

P3.10.1 If a Board member is unable to attend these meetings they will notify the Board Chair or Board Administrator prior to the meeting.

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P3.11 Board members will serve as Board representative and/or chair of at least one standing Board committee as assigned by the Board Development Committee.

P3.12 The code of conduct will be reviewed and committed to annually by all current Board Members.

*The Board will monitor P3 annually by self-report at the April Board Meeting*

## **P4. Board Committees**

Board committees will be used to reinforce the wholeness of the Board's job.

P4.1 The Board will establish standing committees and approve such committees' responsibilities in a written committee charter approved by the full Board. Changes to the committee charter must also be approved by the full Board.

P4.1.1 The Finance Committee will be responsible for, but not limited to: Reviewing and recommending the budget to the whole board, reviewing period financial statements and key indicators, engaging the outside auditor and other outside financial experts as needed, and communicating the financial position of the Co-op to the Board and member-ownership through a variety of mechanisms. —revised 8/3/05, 6/11/14

P4.1.1.1 Be composed at minimum of two Board members, the Finance Committee Chair, the General Manager and Financial Manager. When possible a member-owner at large will also be included. The committee size will not exceed 7 people. The Finance Committee will select its chair. --Revised 6/14/06, 7/15/09

P4.1.1.2 Meet monthly at a time and place determined by the committee.

P4.1.2 The Member Affairs Committee (MAC) will monitor owner linkage policies on behalf of the Board and act as an advisory committee to the Board on the relationship between the Co-op, its owners and the community.

Specifically the committee shall:

- a) Provide a forum and working body for considering owner ideas and concerns;
- b) Ensure compliance with the donations policy, P6.4.2 and P6.4.3.
- c) Identify opportunities for raising owner awareness on issues related to cooperative principles and the mission/vision and values of the Co-op, and coordinate with the Outreach Team to pursue feasible initiatives.
- d) Recommend policies and owner linkage activities to the Board that promote the principles of co-operative ownership with an emphasis on our Mission/Vision/Values statements.
- e) Monitor trends in owner input. --Adopted 8/8/01 —Revised 8/3/05

P4.1.2.1 Be composed at minimum of two Board members, one staff member and at least one owner at large. —Revised 3/13/02

P4.1.2.2 Meet monthly. Meeting times and location will be conveyed to the ownership through the Co-op newsletter and the agenda will be posted in store by the Thursday before the next meeting.

P4.1.2.3 Operate by consensus. In order to be considered in polling for a consensus a MAC Member must have attended at least three consecutive MAC meetings and make a six-month commitment to the MAC. MAC members who miss three meetings in a row lose their voting and consensus privileges until they have attended three meetings in a row again. – Revised 9/14/11, 8/15/12

P4.1.3 The Board Development Committee will administer Policy P1.5 – Board Perpetuation. Specifically the committee will:

- a) Develop informational background packets for potential Board candidates;
- b) Recruit potential candidates and establish a candidate review process that ensures consistent and fair consideration of their skills and backgrounds;
- c) Develop and follow an annual elections timeline that allows for nominations by committee and nominations by petition within the deadlines for an approved elections schedule
- d) Make nominations and handle all communications with candidates and potential candidates
- e) Receive and validate petitions from additional member-owners seeking independent nomination;
- f) Prepare questions/guidelines for candidate statements and supervise any communications to member-owners regarding board elections
- g) Supervise elections, including preparation of ballot and validation/counting of ballots
- h) Identify interested directors, and present Board Chair and Vice Chair candidates for selection at the first Board meeting following the annual election (April Board Meeting). If more than one Board member is interested in either position the Board will call for consensus to move to a vote for decision making –revised 12-14-11 –Revised 6-8-11
- i) Recruit and appoint member-owners to participate on Board committees per guidelines set forth by committees
- j) Identify and coordinate training and professional development activities for the Board and committees; and,
- k) Plan and implement the spring and fall retreats –Revised 9/12/07
- l) Review proposed policy changes to assure consistency in policy format. –Adopted 6/13/01 –Revised 3/13/02, 9/12/07

P4.1.3.1 Be composed at minimum of two Board members with a minimum size of three members and a maximum size of five members.

P4.1.3.2 Meet monthly.

P4.1.4 The Strategic Planning Committee (SPC) coordinates the strategic planning process. Responsibilities shall include, but are not limited to:

- a) Assisting with the articulation of strategic priorities;
- b) Coordinating the Board's ongoing Study and Engagement process;
- c) Engaging member-owners in the strategic planning process;
- d) Collaborating with the BDC on planning and implementation of the Spring and Fall Retreats.

P4.1.4.1 Be composed at minimum of two Board members and the General Manager. The committee size shall not exceed 7 people.

P4.1.4.2 Meet no less than quarterly at a time and place determined by the committee. – Adopted 9/14/11

P4.1.5 The Executive Committee will: act as the Board's oversight body in matters relating to the General Manager and is empowered to act on behalf of the Board for time-sensitive matters. —Revised 3/13/02

P4.1.5.1 Be composed of a minimum of three Board member-owners, including the Board Chair, Board Vice - Chair and Finance Chair. The Board Chair will chair the committee. The maximum size of the committee will not exceed five member-owners. —Revised 4/9/08

P4.1.5.2 Meet as needed.

P4.1.6 The Board and any standing committee may form ad hoc committees for a particular purpose. These committees will dissolve after the purpose is accomplished. The Board or committee forming the ad hoc committee will determine committee composition.

P4.2 All standing committees will report to the Board via written report at the closest monthly Board Meeting following each committee meeting. Ad hoc committees will report to the Board or the committee that formed them via written report at the closest meeting following the ad hoc committee meeting.

P4.3 Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.

P4.4 The committee members, with the exception of the Executive Committee, select the committee chairs. —Revised 6/25/08 Committee chairs will ensure the integrity of the committee and its process. Specifically committee chairs will:

P4.4.1 Ensure the establishment of the committee budget and subsequent monitoring of the budget;

P4.4.2 Ensure that the committee minutes, budgets and reports are maintained and included in the appropriate Board packets;

P4.4.3 Ensure that pertinent committee proposals are added to the Board agenda

P4.4.4 Act as liaison between the Board and the committee;

P4.4.4.1 The Chair of the Member Affairs Committee will also act as the liaison between the Board and the newsletter editor should questions concerning articles submitted by Board Committees or individual Board Members that purport to be speaking for the Board arise. —Adopted 9/12/01

P4.5.5 Committee Chairs will: Evaluate the need for additional training and information for the committee, working with the Board Administrator to obtain the necessary training or information;

P4.5.6 Utilize staff support to accomplish the goals of the committee with the approval of the General Manager; and

P4.5.7 Ensure that important committee documents are preserved in a centralized location for use by subsequent committee members or chairs.

*Each committee will monitor P4 by internal report prepared in May for Board review in June —Revised March 13, 2002*

## **P5. Board Chair**

The Board Chair directs the work of the Board and works with the General Manager to provide focus and leadership in achieving the goals of the Co-op.

P5.1 The Board Chair oversees the Board's yearly agenda and monitoring timeline in collaboration with the General Manager, committee chairs and the Board Administrator.

P5.1.1 The Board Chair will be responsible for providing appropriate facilitation of Board Meetings.

P5.1.2 The Board Chair will prepare and deliver the Board's annual report to the member-ownership at the Annual Meeting.

P5.1.3 The Board Chair will oversee the preparation of the Board agendas in consultation with the General Manager and Board Administrator.

P5.2 The Board Chair will oversee the work of the Board's committees by communicating regularly with committee chairs.

P5.3 The Board Chair will communicate with the General Manager through regular meetings. He or she will oversee the terms of employment and, with the Executive Committee, the annual evaluation process.

P5.4 The Board Chair will develop the Board budget and review expenses.

P5.5 The Board Chair will chair the Executive Committee

P5.6 The Board Chair will represent the Board to outside parties in announcing Board-stated positions and serve as official spokesperson for the Board to the community at large and/or other Co-ops.

P5.6.1 The Board Chair will respond to member-owner correspondence and concerns, individually or via the Co-op newsletter.

P5.7 The Board Chair will sign legal documents as needed. –Revised 9/14/11

P5.8 The Board Chair will ensure that the General Manager provides the Board with the administrative hours and personnel necessary for the Board to effectively carry out its work. –Revised 5/11/05

P5.9 The Board Chair may delegate his or her authority, but remains accountable for its use.

*The Executive Committee will monitor P5 by internal report prepared in February, for Board review in March*

## **P6. Cost of Governance**

The Board will invest in its governance capacity at a rate calculated to ensure development and maintenance of superior governance for the Co-op.

P6.1 Training will be used liberally to orient new Directors and Board candidates, as well as to maintain and increase the skills of existing Directors.

*The Board Development Committee will monitor P6.1 by internal report prepared in October, for Board review in November*

P6.2 Outside monitoring assistance will be arranged as needed.

*The Board Development Committee will monitor P6.2 by internal report prepared by in October, for Board review in November*

P6.3 Outreach will occur as needed to link the Board to member-owner viewpoints and values.

*The Member-owner Affairs Committee will monitor P6.3 by internal report prepared in October, for Board review in November*

P6.4 The Board will return the percentage of the Co-op's annual gross sales called for in Policy B4.12 through donations to empower groups whose missions are congruent with the Co-op's values statements. –Revised 2/29/12

P6.4.1 The Board will approve an annual donations budget in time for inclusion based on the previous year's sales and projected expenses of the Co-op.

P6.4.1.1 Approximately 40% of the donation budget will be allocated for distribution by the Board of Directors to fund Community Shopping Days (CSD's) and to advance community engagement in the Co-op's Ends or other issues important to our member-owners. The Member Affairs Committee will administer that portion of the donation budget controlled by the Board. –Revised 3/12/08, 2/9/11

P6.4.1.2 Approximately 60% of the donations budget will be allocated for distribution by the General Manager. Included in the General Manager's portion of the donation budget will be the Farm Fund Committee, community volunteer coupons and scrip program. –Revised 1/8/03, 3/12/08, 8/15/12

P6.4.2 The Member Affairs Committee will recommend to the full Board which organizations should be awarded Community Shopping Days. –Revised 3/12/08

P6.4.2.1 In July the Member Affairs Committee will solicit applications for Community Shopping Days. The committee will solicit through the Co-op newsletter, signs in the store and written communication to community organizations. Solicitation of Community Shopping Day applications will clearly state the donation criteria and cut-off date for Community Shopping Day applications. –Revised 2/9/11

P6.4.2.2 Applications will be accepted for a period of at least eight weeks. At its September meeting the Member Affairs Committee will evaluate the applications with an emphasis placed on selecting organizations whose missions are congruent with the Co-op's Mission, Vision and Values statements. Awards will be given from the following areas: food and sustainable agriculture, peace and human rights,

ecological issues, education, health and well being, community health and social justice. Donations will be primarily awarded to organizations that are focused in the Bellingham and Whatcom County area. —Revised 3/10/04

P6.4.2.3 At the October Board Meeting the committee will report on the applications received, and recommend 12 organizations and one alternate to the full Board. The Board will approve 12 organizations for Community Shopping Days in the coming fiscal year and the chosen organizations will be listed in the Co-op newsletter. – Revised 7/11/07, 2/9/11

P6.4.3 The remainder of the Board's portion of the donation budget will be administered as follows:

P6.4.3.1 The Member Affairs Committee will allocate available donation funds on a quarterly basis. Any allocated funds not donated during a given quarter will be rolled over to the next allocation period.

P6.4.3.1.1 Requests for donations must be submitted in written form, a minimum of one week prior to the next MAC meeting. Applications must follow the guidelines established by the Member Affairs Committee. –Revised 4/13/11

P6.4.3.1.2 The Member Affairs Committee will award donations to Whatcom and Skagit County organizations in amounts not to exceed \$400. All applications requesting a donation of more than \$400 or applications for organizations that exist outside of Whatcom County will be referred to the full Board for approval.

P6.4.3.2 The Member Affairs Committee will allocate any remaining portion of the Board's Donation budget towards targeted events or activities that will advance community engagement in the Co-op's Ends or other issues important to our member-owners. –Adopted 3/12/08

*The Member Affairs Committee will monitor P6.4 by internal report prepared in March, for Board review in April –Revised 2/29/12*

P6.5 The Board will spend up to its budget for the current Fiscal Year for expenses associated with but not limited to: consultants, conferences, workshops, external third-party monitoring of organization performance, outreach costs to link with member-owners and Board perpetuation costs. --Revised 12/8/04

P6.5.1 The Board's budget will be reviewed annually by the Board Chair and the Finance Committee and amended as needed.

*The Finance Committee will monitor P6.5 by internal report prepared in February, for Board review in March –Revised 12/14/11*

## **P7. Monitoring**

The Board will monitor its policies for compliance according to the attached annual calendar.

P7.1 The Board may also choose to monitor any policy at any time deemed necessary using any method deemed appropriate. —Adopted 8/8/01

P7.2 The Board Development Committee will monitor the monitoring process for compliance.

P7.3 The Board will conduct an annual self-evaluation at the end of each calendar year. —  
Adopted 1/8/03

*The Board Development Committee will monitor P7 by internal report prepared in January and June, for Board review in February and August*

## **P8. Political Policy**

The Board of Directors of the Community Food Co-op recognizes the diversity of our member-ownership may hold a wide range of opinions on any issue. We therefore encourage all member-owners to individually and actively participate in the political process. —Adopted 9/12/01

P8.1 Any member-owner can present an issue by signing up to table within the store as long as the issue falls within the following tabling guidelines:

P8.1.1 We permit groups of all points of view, except those that promote discrimination, mistreatment or who slander individuals or groups, to table because we believe in promoting communications between and among owners. —Revised 8/15/12

P8.1.2 We require that the Co-op's disclaimer be displayed during the entire tabling event. —Revised 8/15/12

P8.1.3 Use of the table is reserved for CFC owners with an active membership. The owner signing up for the table reservation is responsible during the entire tabling event, and shall ensure all those tabling during the reservation have read and understand the tabling guidelines. —Revised 8-15-12

P8.1.4 An owner must be present during the entire tabling event. —Revised 8/15/12

P8.1.5 Only one table will be available for member-owner use at any given time.

P8.1.7 Tablers may not campaign for any individual running for political office. —Revised 8-15-12

P8.8 Tablers may not promote or sell products for individual gain. 100% of funds raised must go to the designated cause. —Adopted 8/15/12

P8.1.9 Failure to comply with these rules will result in tabling privileges to be withdrawn. —Revised 8/15/12

P8.2 Member-owners wishing to have unattended petitions and information concerning these petitions displayed in the Co-op must present these issues and information to the Member Affairs Committee. The Member Affairs Committee is empowered to give Co-op permission for the display of information and placement of petitions within the store. — Revised 6/9/10

P8.2.1 For issues which are time-sensitive (requiring action before the next Member Affairs Committee Meeting) approval by the committee chair and/or two committee members will be considered sufficient for placement of information/petitions within the store.

P8.2.2 If the Member Affairs Committee deems a petition to be controversial according to the Co-op's Mission, Vision and Values statements, the matter will be referred to the Board of Directors for a decision.

P8.3 The Community Food Co-op's Board of Directors may choose to lend its endorsement to issues deemed relevant and in accordance with the Co-op's value statements.

P8.3.1 Co-op Endorsement: The Board may choose to lend its endorsement to some issues that have a direct impact on our mission or our role as a cooperative. In general, the Co-op limits its endorsement to issues of: Cooperatives, Food, Nutrition and Health

Products, Sustainable agriculture, Environmental issues, Consumer safety, and Human rights.

P8.3.2 Endorsement by the Board should always read “Endorsed by the Board of Directors, Community Food Co-op”.

P8.3.3 Endorsement requests will be presented to the Member Affairs Committee. MAC will forward endorsement requests to the Board in the form of a proposal including recommendations concerning the form each endorsement should take.

P8.3.3.1 For emergency or time sensitive endorsement requests the chair of the MAC committee with the Board Chair’s agreement can place the endorsement directly on the Board agenda. —Adopted 7/14/04

P8.3.3.2 Endorsement by the Board may include any or all of the following:

- Lending the Co-op Board’s name to publicity concerning the issue;
- Member-owner forums or lectures on the issue;
- Informational pamphlets available in the store;
- Tabling priority;
- Signs in the store; and/or,
- Newsletter articles.

P8.3.4 Endorsement of any issues must be by consensus with no more than one Board member standing aside. This does not include Board members who stand aside because of a conflict of interest. —Revised 7/14/04, 3/12/08

P8.3.5 The Board will not endorse any issue that is not in accordance with the Co-op’s Ends Policies.

P8.3.5.1 The Board may choose not to endorse an issue that is poorly articulated or deemed to be of questionable ethics.

P8.3.5.2 The Board may also choose not to endorse any issue that in their perception does not have the support of a majority of the Co-op member-ownership.

P8.4 The Board of Directors may support consumer boycotts.

P8.4.1 Board support of a boycott will at minimum involve educating the member-ownership and community about the issues surrounding a boycott.

P8.4.1.1 The Board will specify which of the following means of education will best be used to support a consumer boycott that is approved by the Board: Informative articles in the Co-op newsletter; pamphlets and/or posters in the member-owner information area; shelf signage near boycotted items.

P8.4.2 Removing products from the shelves requires that the Board find that all of the following conditions are met:

- a) Retaining a product on the shelves would be in conflict with a value expressed in the CFC mission statement;
- b) Co-op participation in the boycott would make an appropriate statement to the community at large about the issue;
- c) Participation would not have a materially adverse financial or legal impact on

the Co-op; and,

d) A majority of the Co-op member-ownership would support the boycott issue. –Revised 1/12/05

P8.4.3 In announcing a boycott action to the member-ownership, the Board will state why the action was taken and whether or not additional action such as support for legislation is to be undertaken.

P8.5 The Board of Directors does not support or endorse individual candidates for political office.

P8.6 Each year the Community Food Co-op's Board of Directors shall identify one major issue in the community relevant to the Co-op's mission, vision and values, for the purpose of raising community awareness and inspiring community action.

P8.6.1 Each October the Member Affairs Committee shall recommend one to three major community issues relevant to the Co-op's mission, vision and values to raise community awareness and inspire community action.

P8.6.1.1 The Board shall select the PYT at the fall Board retreat and incorporate it into Board planning, committee work, including the annual meeting. –Adopted 2/8/06, Revised 5/14/08

*The Member Affairs Committee will monitor P8 by internal report prepared in October and April for Board review in November and May*

## **P9. Profit Sharing Bonus**

At the February or March Board Meeting the Board will consider granting a profit sharing bonus to Co-op staff based on:

P9.1 A comparison of budget to actual performance in the following income statement categories: staff wages, staff benefits, productivity, operating profit and net profit.

P9.2 The recommendation of the General Manager

P9.3 Any other factors or circumstances that the Board thinks are material to this decision.

—Adopted 6/12/02

*The Finance Committee will monitor P9 by internal report prepared in February, for Board review in February/March*

# BOARD/GM RELATIONS POLICIES

The Board's sole official connection to the operations of the Co-op, its achievements, and conduct will be through the General Manager.

## **R1. Board and GM—Communication**

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

R1.1 The Board as a whole relates to staff only through the General Manager.

*The Executive Committee will monitor R1 by internal report prepared in February, for Board review in February/March*

## **R2. Board and GM—Policy and Operations**

The Board focuses on general high-level policies and hereby delegates lower-level policies, means and specific decisions to the General Manager. The General Manager is authorized to establish all further policies, make all decisions, take all actions and develop all activities that are true to the Board's policies.

R2.1 The Board may, by extending its policies, “un-delegate” areas of the General Manager's authority, but will respect the General Manager's decisions as long as the delegation is in effect.

R2.2 The General Manager has the authority to make any reasonable interpretation of Board policy.

*The Executive Committee will monitor R2 by internal report prepared in February, for Board review in March*

### **R3. Board and GM—Authority and Compensation**

Only the Board, acting as a body during a Board Meeting, has authority over the General Manager.

R3.1 An individual Board member has such authority only when it is specifically delegated to that individual for a certain limited purpose by the Board as a whole.

R3.2 The Executive Committee will conduct an annual review of the General Manager's performance by the end of March. --Adopted 1/8/03 --Revised 11/10/10

R3.2.3 The Executive Committee will recommend to the Board at the April Board meeting whether we should change the General Manager's salary and compensation. --Revised 10/13/04, 11/10/10

*The Executive Committee will monitor R3 by internal report prepared in March, for Board review in April  
--revised 11/10/10*

#### **R4. Board and GM—Monitoring Co-op Performance**

The Board will monitor aspects of Co-op performance, which it has addressed in explicit statements of policy.

R.4.1 The Board will hold the General Manager accountable for achieving its “Ends” policies, Section E, while not violating its “Boundaries” policies, Section B.

R4.1.1 Monitoring reports are to determine whether goals are being achieved and boundaries are being overstepped.

R4.1.2 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.

R4.1.3 All monitoring reports must include reasonable information and data to show compliance. Where helpful, the report should include a description of the manager’s interpretation of the Board’s policy.

R 4.1.4 In every case, the standard for compliance will be any reasonable interpretation of the Board policy being monitored.

R4.2 Monitoring methods include the following:

R.4.2.1 Internal reports – periodic reports from the General Manager, the Board Chair or Board Committees to the Board;

R.4.2.2 External judges – auditors, site inspectors, or other external assessors who will be retained to answer certain monitoring questions;

R.4.2.3 Direct inspection – directors may be assigned to monitor certain policies. The directors involved will have only the authority to state whether, in their opinion, the policy has been implemented;

R.4.2.4 Data gathered from surveys of member-owners, shoppers or staff and other methods as deemed appropriate by the Board.

R4.3 Reports from the General Manager to the Board shall be submitted in a timely manner.

R4.3.1 To facilitate the work of the General Manager as well as that of the Board, the General Manager shall prepare an annual reporting calendar including topics, policy numbers, and due dates of all reports called for in Board policies. This calendar is to be submitted two weeks before the January Board Meeting.

R4.3.2 In the event that a report cannot be submitted by the date it is due, the General Manager shall contact the Board Chair ahead of time to make an adjustment.

*The Executive Committee will monitor R4 by internal report prepared in March for Board review in April  
–revised 11/10/10*

**R5. Board and GM—Bonus**

At the February or March Board Meeting the Board will consider granting a percentage of net savings from the previous year that will be awarded to the General Manager depending on performance

*The Executive Committee will monitor R5 by internal report, prepared in March for Board review in April  
—revised 11/10/10*