

# Community Food Co-op Board of Directors Governing Policies

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## **ENDS POLICIES**

### **E1. Ensure Economic Resilience**

Build on our core competencies as natural food grocers and extend the reach of our cooperative business.

### **E2. Local Food System Development**

Contribute to the development of a vibrant local and regional food production and distribution system.

### **E3. Community Engagement**

Cultivate connections and build strategic partnerships to achieve goals that reflect our common values.

### **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.

### **E5. Exemplary Workplace**

Cultivate a work environment that generates staff engagement and models excellent employment practices.

### **E6. Stewardship & Advocacy**

Energize our member-owners to support positive change around core issues that affect the Co-op and the community's future.

### **E7. Equity, Diversity & Inclusion**

Purposefully identify, seek to understand, and challenge systems of oppression and the disempowering impacts they have on the organization and our community.

### **E8. Cooperative Ownership**

Encourage development of the cooperative business sector by expanding local understanding and supporting cooperative enterprise.

## GM BOUNDARY POLICIES

The General Manager will ensure that all practices, activities, decisions and organizational circumstances are lawful, prudent, and in adherence to commonly accepted business and professional ethics and practices, and are in compliance with the Cooperative Principles.

### B1. Economic Resilience Boundaries

The General Manager will ensure that the Co-op is building on our core competencies as natural food grocers and extending the reach of our cooperative business. Accordingly, the General Manager will:

#### Financial Condition

- B1.1** Settle payroll, taxes and other debts in a timely manner.
- B1.2** Meet or exceed all requirements of contracts, loans or other external obligations.
- B1.3** Maintain the creditworthiness of the Co-op
- B1.4** Maintain financial record keeping systems in accordance with generally accepted procedures, and disclose any material changes in accounting systems or methods.
- B1.5** Provide the Board with timely financial information.
  - B1.5.1** Report financial results to the Board on a monthly basis and as requested.
- B1.6** Maintain the following balance sheet and operating ratios on a year-to-date basis:
  - B1.6.1** Quick Ratio of .5 or more.
  - B1.6.2** Debt to equity ratio of no more than 2.5.
  - B1.6.3** 14 days or more cash on hand in checking, savings, and money market accounts.
  - B1.6.4** Margin Minus Labor ratio of no less than 11% ((Gross Margin \$ - Total Labor \$)/Sales \$)
  - B1.6.5** Earnings before taxes and patronage in a range of 3%, with the bottom of the range based on the financial projections in the business plan.
- B1.7** Provide the Board with comparable operating data for the following:
  - B1.7.1** A representative peer group of NCG co-ops.

- B1.7.2** Price competitiveness with the natural products segment of the local grocery market.
- B1.8** Limit donations to no more than .2% of total sales for the fiscal year.
- B1.9** Inform the Board if changing priorities result in the reallocation of 20% or more of the current capital budget.
- B1.10** Secure Board approval before authorizing capital spending that would increase the current capital budget by 10% or more except in emergencies where the expenditure is necessary to maintain day-to-day operations.
- B1.11** Secure Board approval before borrowing \$10,000 or more except in the case where emergency borrowing is necessary to maintain the Co-op's day-to-day operations.
- B1.12** Ensure that the Co-op's cash reserves are invested in compliance with a written investment policy that has been approved by the Board and addresses the following items: investment 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.
  - B1.12.1** Provide the Co-op's Finance Committee with a quarterly investment report that includes: a schedule listing the individual securities held with detail on each security; asset allocation by type and issuer; portfolio activity including distribution of trades among brokers; and overall performance of the portfolio.

## **Asset Protection**

- B1.13** Provide safeguards to prevent the theft or loss or mismanagement of, or damage to the cooperative's facilities, equipment, and other property.
- B1.14** Maintain comprehensive business insurance coverage at replacement value for Co-op assets.
- B1.15** Maintain comprehensive liability insurance sufficient to protect the Co-op and indemnify management, staff, and directors from personal liability.
- B1.16** Maintain cash handling procedures that ensures security and provides for the safety of staff.
- B1.17** Maintain a system of internal controls and separation of duties sufficient to meet the Board-appointed auditor's standards.

- B1.18** Ensure that systems are in place to maximize the useful life of equipment and facilities.
- B1.19** Ensure that systems are in place to track and maintain an inventory of the Co-op's tangible assets.
- B1.20** Maintain complete, up-to-date member-owner records in a secure, fully backed-up database.
- B1.21** Prevent breaches of confidentiality or unauthorized access to member-owner personal information.
- B1.22** Ensure that plans and documentation are maintained to respond to emergencies.
  - B.1.22.1** Ensure that staff are trained to respond effectively in emergencies.

## Planning

- B1.23** Support the Board in maintaining a current and relevant Strategic Plan.
- B1.24** Prepare an Annual Business plan that advances the goals of the Strategic Plan, for review at the Board's Fall Retreat. The Annual Business plan will include:
  - B1.24.1** Projected quarterly and annual financial statements including: Profit and Loss, Balance Sheet and Cash Flow
  - B1.24.2** Underlying assumptions for the projected financial statements
  - B1.24.3** Capital budget projections
  - B1.24.4** Three year financial projections
- B1.25** Prepare a final Business Plan for Board acceptance at the January Board meeting.

## 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.

- B1.26** 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.
- B1.27** 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.

- B1.28** 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.
- B1.29** The General Manager will ensure that the facilities and equipment at all Co-op locations are maintained to a high standard, capital projects notwithstanding.

## Succession

- B1.30** Designate a person to assume the responsibilities and authority of the General Manager for planned or unplanned absences until the GM returns or the Board designates an Interim GM.
  - B1.30.1** Ensure that the GM designee is familiar with and has access to the General Manager's computer and physical files, and all documents necessary to enable them to effectively carry out the GM duties.
- B1.31** Actively prepare through training, coaching, development, and access to information, at least one manager who could be a candidate for General Manager if needed.
- B1.32** Maintain up-to-date succession plans for all the Co-op's critical management functions.
- B1.33** Ensure that each member of the Management Team attends at least one regular board meeting or board retreat per year.

## Staff Profit Sharing Bonus

- B1.34** 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:
  - B1.34.1** Provide a comparison of budget to actual performance in the following income statement categories: staff wages, staff benefits, productivity, operating profit and net profit.
  - B1.34.2** 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.

## **B2. Local Food System Development Boundaries**

The General Manager will ensure that the Co-op is contributing to the development of a vibrant local and regional food production and distribution system. Accordingly, the General Manager will:

- B2.1** Ensure that the Co-op offers a range of products and services that meet customer needs and reflect the Co-op's commitment to local and sustainable food systems.
- B2.2** Maintain educational programs, publications, and in-store materials to inform people of all ages and walks of life about the value of a healthy lifestyle and local and sustainable food systems.
- B2.3** Support the development of a local, sustainable food system by incorporating local producers/farmers, distributors and manufacturers of local foods into the Co-op supply chain.
- B2.4** Maintain programs and provide investment to support the economic development of the local sustainable food system.

### **B3. Community Engagement Boundaries**

The General Manager will ensure that the Co-op is cultivating connections and building strategic partnerships to achieve goals that reflect our common values. Accordingly, the General Manager will:

#### **Collaboration and Connection**

- B3.1** Actively pursue opportunities to work collaboratively with values-oriented organizations to achieve the strategic plan goals.
- B3.2** Maintain communication channels to tell the Co-op's story to the member-owners and community at large.
- B3.3** Provide appropriate and meaningful engagement opportunities to member-owners.
- B3.4** Ensure the Co-op hosts and participates in events that represent the diverse demographics of our community.

#### **Support and Transparency**

- B3.5** Ensure that all merchandising and marketing materials are honest, accurate and informative.
- B3.6** Allocate the GM's portion of the donation budget (60%) to support community groups and initiatives with shared values.

#### **Customer Service**

- B3.7** Provide a safe and pleasant shopping experience for all customers.
- B3.8** Ensure Co-op staff members have the tools and training to provide excellent customer service.
- B3.9** Maintain systems for gathering, compiling, and responding to feedback and grievances.
- B3.10** Engage professional researchers to conduct member-owner/customer surveys every three to five years to assess member-owners attitudes and involvement with the Co-op.

## **B4. Healthy Food Access Boundaries**

The General Manager will ensure that the Co-op is embracing the diversity of our community and taking the initiative to make high-quality, nutritious, culturally appropriate and affordable food accessible to all. Accordingly, the General Manager will:

- B4.1** Actively pursue strategies and partnerships to improve access to healthy food.
- B4.2** Create a shopping experience that is welcoming to an economically diverse clientele by including quality products with affordable price points.
- B4.3** Ensure a shopping experience that is inclusive of an ethnically and culturally diverse clientele by including products from various food traditions within the framework of customer demand and prudent category management practices.
- B4.4** Ensure that gross margin goals and pricing practices support value-priced options in all departments.
- B4.5** Ensure that programs supporting inclusivity, healthy eating and informed choices are incorporated into our educational offerings.

## **B5. Exemplary Workplace Boundaries**

The General Manager will cultivate a work environment that generates staff engagement and models excellent employment practices. Accordingly, the General Manager will:

### **Staff Relations**

- B5.1** Ensure that the Co-op provides a work environment that is free from discrimination and does not allow any form of harassment, including but not limited to harassment based on any status protected by law.
  - B5.1.1** Ensure that channels are established and known to staff, for reporting harassment or discrimination without fear of retaliation.
  - B5.1.2** Ensure that best practice systems are in place to support an inclusive and diverse workplace.
  - B5.1.3** Provide a fair and thorough review of any grievance by means of a known procedure.
  - B5.1.4** Maintain a system for engaging staff in providing feedback on business practices.
- B5.2** Establish a positive work environment that:
  - B5.2.1** Emphasizes recognition and appreciation.
  - B5.2.2** Provides workers with feedback on performance and the opportunity to discuss job development no less than annually.
  - B5.2.3** Includes mechanisms for staff input into operational systems and problem solving.
- B5.3** Provide the tools, training and technology necessary for staff to perform their jobs and represent the Co-op's values.
- B5.4** Ensure that professional development opportunities are available that build leadership skills and offer advancement opportunities.
- B5.5** Promote from within current staff when appropriate.
- B5.6** Ensure the Co-op operates according to written personnel policies that conform to all applicable law, are consistently applied to all employees and:
- B5.7** Protect the Co-op's At-Will status.
- B5.8** Provide clarity and transparency about opportunities for advancement.

- B5.9** Ensure access to a current job description for all employees.
- B5.10** Provide for appropriate documentation, security and retention of personnel records and all personnel related decisions.
- B5.11** Provide for an assessment of staff members' perception of the current work environment by a qualified third-party every 3-5 years, and
  - B5.11.1** Ensure that mechanisms are in place to address any resulting recommendations.
- B5.12** Ensure that personnel polices and procedures are reviewed for compliance with all applicable laws by a qualified third-party every 3-5 years and
  - B5.12.1** Ensure that mechanisms are in place to address any resulting recommendations.

### **Compensation and Benefits**

- B5.13** Provide a structure for employee compensation and benefits that balances the needs of the employees with those of the cooperative and its member-owners.
- B5.14** Ensure that pay and benefits programs meet all legal and tax requirements.
- B5.15** Ensure that pay and benefit programs are applied equitably to all staff.
- B5.16** The structure underlying compensation decisions is available to staff.

## **B6. Stewardship & Advocacy Boundaries**

The General Manager will ensure that the Co-op energizes our member-owners to support positive change around core issues that affect the Co-op and the community's future. Accordingly, the General Manager will:

### **Stewardship**

- B6.1** Foster the development of fair trade, organic, non-GMO and sustainable businesses.
- B6.2** Maintain systems to measure the Co-op's sustainability practices.
- B6.3** Maximize the overall energy-efficiency of Co-op facilities and equipment.
- B6.4** Maintain preventive maintenance programs for refrigeration and other systems to minimize the accidental release of pollutants or toxic materials.
  - B6.4.1** Ensure that equipment is in place to monitor systems and alert store personnel to problems.
- B6.5** Minimize our contribution to the waste stream through reduction, reuse and recycling and ensure that all waste is disposed of through safe and responsible methods.
- B6.6** When possible work with suppliers, contractors and service providers that operate consistent with the Co-op's Ends.
- B6.7** Ensure that Co-op remodeling or building projects incorporate green building practices to the greatest extent possible.

### **Advocacy**

- B6.8** Ensure that all directives issues by the Board pursuant to Process Policy P6 are implemented in a timely and complete manner.

## **B7. Equity, Diversity and Inclusion Boundaries**

The General Manager will ensure that the Co-op purposefully identifies, seeks to understand, and challenges systems of oppression and the disempowering impacts they have on the organization and our community. Accordingly, the General Manager will:

- B7.1** Increase diverse cultural representation within our organization to create a culture of inclusivity in staff, member-owners, shoppers and leadership.
  - B7.1.1** Ensure that multilingual capacity of the organization enables the co-op to serve our community as an employer and retail store.
- B7.2** Develop systems to incorporate community input into our processes and policies.
- B7.3** Build collaborations and partnerships that drive the equity, diversity and inclusion goal.
- B7.4** Publicly report equity, diversity and inclusion indicators and progress.

## **B8. Cooperative Ownership Boundaries**

The General Manager will ensure that the Co-op encourages development of the cooperative business sector by expanding local understanding and supporting cooperative enterprise. Accordingly, the General Manager will:

### **Member-Owner Relations**

- B8.1** Ensure that staff training and materials effectively communicate the values of Co-op ownership and becoming a co-op member.
- B8.2** Provide opportunities for member-owner involvement in the Co-op.
- B8.3** Provide sufficient resources to support board linkage efforts
- B8.4** Ensure that new member-owner recruitment is sufficient to maintain a minimum of 70% sales to members in stores open three years or more.
- B8.5** Support a positive view of ownership by treating member-owners well.

### **Cooperative Development**

- B8.6** Foster the development of cooperatively owned businesses.

## **BOARD PROCESS POLICIES**

The Board promotes cooperative values and ensures that the purpose, mission and values of the Co-op are properly carried out.

### **P1. Board Job Description**

In order to oversee the assets and activities of the Co-op in the interest of its member-owners, the Board will:

#### **General Manager Oversight**

**P1.1** Hire, compensate, delegate responsibility to, and hold accountable a General Manager.

#### **Policy Governance**

**P1.2** Maintain and monitor written governing policies that hold the Board accountable for governing in the interests of its member-owners.

**P1.2.1** The Board will monitor its policies for compliance according to the attached annual calendar.

**P1.2.2** The Board may also choose to monitor any policy at any time deemed necessary using any method deemed appropriate.

#### **Fiscal Oversight**

**P1.3** Oversee the financial health of the Co-op in the interest of its member owners, including maintaining appropriate financial benchmarks and a comprehensive investment policy.

#### **Member-Owner Linkage**

**P1.4** The Board will ensure that member-owner engagement opportunities exist and that the means are in place to regularly gather, assess and monitor the member-owners' needs and values.

**P1.5** The Board will ensure that the Co-op shall respond to its member-owners' input.

**P1.6** The Board will report regularly to the member-owners on the Board's activities, decisions and compliance with all Board Process Policies

#### **Board Development**

**P1.7** The Board will perpetuate itself through active recruitment, training and ongoing professional development, including monitoring and self-evaluation.

**P1.8** The Board will spend up to its budget for the current Fiscal Year for expenses associated with its work.

## Strategic Planning

**P1.9** The Board will maintain a Strategic Plan that aligns with Ends Policies and is accessible to member-owners.

**P1.9.1** The Board will review the Strategic Plan annually.

**P1.9.2** The Board will collect member-owner input on the Strategic Plan every three years and update as indicated.

## **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 focus on strategic leadership with an emphasis on future vision.

**P2.2** The Board will ensure that all directors are able to use consensus process and policy governance effectively, and reinforce these skills at the biannual retreats.

**P2.3** Board Meetings and Board Committee meetings will be open to member-owners, except when the Board convenes an executive session.

**P2.3.1** The Board of Directors may use an executive session to deal with confidential matters, as long as the purpose of the session is stated. When possible, announcement of the executive session should be on the published agenda.

**P2.4** 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. Ethics & Code of Conduct**

The Board will commit individually and as a body to ethical, respectful conduct, and acting in accordance with the Bylaws.

- 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.
- 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 policies concerning executive sessions.
- P3.6** Directors will maintain regular attendance at Board and Committee meetings and participate in member linkage activities.
- P3.7** Compensation, if any, of the Board of Directors will be established in good faith by the Board of Directors.
- P3.8** No competitor may serve on the Board of Directors.
- P3.9** 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 and during any discussion where a conflict of interest or duality of interest becomes apparent.
  - P3.9.1** 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.
    - P3.9.1.1** 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.
    - P3.9.2** 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.

- P3.10** Directors may not attempt to exercise individual authority over the organization.
- P3.10.1** When interacting with the GM or employees, Directors must carefully and openly recognize their lack of authority.
  - P3.10.2** When interacting with the public, the press, or other entities, Directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated Board decisions.
  - P3.10.3** Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.
  - P3.10.4** Directors will support the legitimacy and authority of the Board's decision on any matter, irrespective of the director's personal position on the issue.
- P3.11** Individual Board Members will review and commit to the P3 policies annually.

## **P4. Board Committees**

The Board will maintain standing committees as an important mechanism in fulfilling the wholeness of the Board's job.

### **Scope of Authority**

**P4.1** Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.

### **Finance Committee**

**P4.2** The Finance Committee oversees the economic resilience of the Co-op with a focus on prudent financial management.

Responsibilities include, but are not limited to:

- P4.2.1** Monitoring monthly financial statements and key indicators;
- P4.2.2** Engaging the outside auditor and other outside financial experts as needed;
- P4.2.3** Reviewing and recommending the annual budget to the whole Board;
- P4.2.4** Maintaining appropriate benchmarks for policies B1.6.1 – B1.6.4;
- P4.2.5** Maintaining a comprehensive investment policy, to be reviewed at least annually;
- P4.2.6** Ensuring that the financial position of the Co-op is communicated to the Board and member-ownership through a variety of mechanisms.

The committee will:

- P4.2.7** Be composed at minimum of two Board members, the General Manager and Financial Manager. When possible a member-owner at large will also be included. The committee size shall not exceed 7 people;
- P4.2.8** Meet monthly at a time and place determined by the committee.

### **Member Affairs Committee**

**P4.3** The Member Affairs Committee (MAC) acts as an advisory committee to the Board on the relationship between the Co-op, its member-owners, and the community.

Responsibilities include, but are not limited to:

- P4.3.1** Serve as a “think tank” to explore issues of concern to our member-owners, and generates ideas for how the co-op might respond.

**P4.3.2** Monitor trends in member-owner input and offer recommendations for how to enhance member-owner communications.

**P4.3.3** Identify and incubate concepts for programs, campaigns, or events that can help raise awareness and provide education to our member-owners, related to our strategic plan and the seven cooperative principles.

**P4.3.4** Annually select and recommend a slate of Community Shopping Day recipients for approval by the Board, and allocate MAC grants.

The committee will:

**P4.3.5** Be composed at minimum of two Board members, one staff member and at least one member-owner at large;

**P4.3.6** Meet monthly. Meeting times and location will be conveyed to the member-ownership through the Co-op newsletter and the agenda will be posted in store by the Thursday before the next meeting.

**P4.3.7** Ensure that any person included in the committee's polling for consensus has attended at least three consecutive MAC meetings and has made a minimum six-month commitment to being a MAC member.

## **Board Development Committee**

**P4.4** The Board Development Committee (BDC) oversees the fundamental systems and activities necessary for excellent governance.

Responsibilities include, but are not limited to:

**P4.4.1** Coordinating the Board candidate recruitment and election process;

**P4.4.2** Preparing a recommended slate of officers and committee assignments to be presented to the Board for approval at the first Board meeting following the annual election (April Board Meeting);

**P4.4.3** Identifying and coordinating training and professional development activities for the Board and committees;

**P4.4.4** Collaborating with the SPC on planning and implementation of the spring and fall retreats and member-owner events;

**P4.4.5** Reviewing and proposing policy changes to assure consistency and accuracy;

**P4.4.6** Reviewing the annual Board budget drafted by the Board Chair (August meeting).

The committee will:

- P4.4.7** Be composed at minimum of two Board members with a minimum size of three members and a maximum size of five members;
- P4.4.8** Meet monthly at a time and place determined by the committee.

### **Strategic Planning Committee**

**P4.5** The Strategic Planning Committee (SPC) coordinates the strategic planning process, helping to ensure that the Co-op's long-term trajectory meets member needs in a way that is both inspired and stable.

Responsibilities include, but are not limited to:

- P4.5.1** Keeping the Strategic Plan current;
- P4.5.2** Coordinating the Board's ongoing Study & Engagement process;
- P4.5.3** Collaborating with the BDC on planning and implementation of the spring and fall retreats and member-owner events.

The committee will:

- P4.5.4** Be composed at minimum of two Board members and the General Manager. The committee size shall not exceed 7 people.
- P4.5.5** Meet no less than quarterly at a time and place determined by the committee.

### **Executive Committee**

**P4.6** 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.

The committee will:

- P4.6.1** Be composed of a minimum of three Directors 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 Directors.
- P4.6.2** Meet as needed at a time and place determined by the committee.

## Ad Hoc Committees

**P4.7** 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.

**P4.7.1** 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.

## Committee Chairs

**P4.8** The committee members, with the exception of the Executive Committee, will select a Director as committee chair. Committee chairs will ensure the integrity of the committee and its process. Specifically committee chairs will:

**P4.8.1** Ensure that the committee minutes and any other relevant materials (e.g., budgets and reports) are maintained and included in the appropriate Board packets;

**P4.8.2** Ensure that pertinent committee proposals are added to the Board agenda;

**P4.8.3** Act as liaison between the Board and the committee;

**P4.8.4** Evaluate the need for additional training and information for the committee, working with the Board Administrator to obtain the necessary training or information;

**P4.8.5** Utilize staff support to accomplish the goals of the committee, with the approval of the General Manager;

**P4.8.6** Ensure that important committee documents are preserved in a centralized location for use by subsequent committee members or chairs.

## **P5. Board Chair**

The Board Chair ensures the Board's actions are consistent with Policy and works with the General Manager to provide focus and leadership in achieving the goals of the Co-op. Accordingly, the Board Chair will:

- P5.1** Collaborate with the General Manager, Committee Chairs, Board Administrator and Board Facilitator to facilitate the Board's work.
- P5.2** Oversee the Board's planning and monitoring including:
  - P5.2.1** Ensuring appropriate facilitation of Board Meetings and Retreats; and
  - P5.2.2** Overseeing the preparation of agendas for the Board Meetings and Retreats, in consultation with the General Manager, Board Administrator and Board Facilitator.
- P5.3** Uphold transparency and integrity in communicating governance matters to member-owners and the community at large, including:
  - P5.3.1** Reviewing all minutes from Board Meetings and Retreats, and ensuring timely posting on store bulletin boards and in newsletters;
  - P5.3.2** Ensuring preparation and delivery of the Board's annual report to the member-ownership at the Annual Meeting;
  - P5.3.3** Delivering verbal updates to member-owners at the Annual Meeting and Party and at other Board events, such as Dining with Directors;
  - P5.3.4** Overseeing all governance-related communications to ensure that the Board effectively communicating its activities and is speaking with one voice;
  - P5.3.5** Representing the Board to outside parties in announcing Board-stated positions, and serve as official spokesperson for the Board; and
  - P5.3.6** Ensuring timely response to member-owner correspondence and concerns, individually or via the Co-op newsletter.
- P5.4** Act as the primary Board liaison with the General Manager (GM) and:
  - P5.4.1** Meet with the GM as needed to ensure alignment between governance and operations.
  - P5.4.2** Coordinate the GM's annual review process, including offering contract terms as approved by the Board; and

- P5.4.3** Ensure that the GM provides the Board with the administrative hours and personnel necessary for the Board to effectively carry out its work.
- P5.5** Draft Board budget in July, and attend the BDC meeting to review in August. The budget will:
  - P5.5.1** Include clearly stated assumptions and rationale for notable increases or decreases to any line item;
  - P5.5.2** Not exceed 0.3% of the Co-op's overall budget;
  - P5.5.3** Be based on a) Spending for previous three years; b) Spending for current year to date shown as a percentage of budget vs actual; c) Projected income for coming year; d) Consultant bids for coming year; e) Anticipated changes in hard costs, e.g. venue rentals; f) Budget for MAC "Project" fund.
- P5.6** Serve as chair of the Executive Committee.
- P5.7** Sign legal documents as needed.
- P5.8** The Board Chair may delegate his or her authority, but remains accountable for its use.

## **P6. Civic Engagement**

The Board recognizes that our diverse member-owners are likely to hold a wide range of opinions on any issue. We therefore encourage all member-owners to individually and actively participate in the political process.

**P6.1** Endorsements and support must be approved by consensus of the Board with no more than one Board member standing aside for reasons other than conflict of interest.

## **Advocacy**

The Board may choose use one or more communication channels to endorse or otherwise support local or national issues it considers to be in alignment with the Co-op's Ends Policies and relevant to a significant percentage of member-owners.

- P6.2** To provide guidance for operations staff charged with implementation the Board will identify one or more of the following communication channels:
- A. Allowing the use of Co-op logos, images, or other materials in endorsee's materials in a manner and to an extent determined by the Co-op.
    - a. The full board must approve or delegate approval authority for any written statements to be used by endorsee.
  - B. Using one or more Co-op publications such as the newsletter, magazine, website or social media to bring the endorsed issue to the member-owners' attention.
  - C. Using one or more in-store communication channels such as shelf signage, table tents, flyers, posters, and banners to bring the endorsed issue to the member-owners attention while in one of our facilities.
  - D. Using one or more avenues of outreach to the general public such as press releases, media appearances, and hosting public events.

**P6.3** The Board does not support or endorse individual candidates for political office.

## **Consumer Boycotts and Product Campaigns**

The Board may choose to endorse or otherwise support consumer boycotts and other product related campaigns it considers to be in alignment with the Co-op's Ends Policies and relevant to a significant percentage of member-owners.

**P6.4** Boycotts or other product related campaigns must be associated with an organized regional or national campaign to be considered for endorsement by the Board.

- P6.5** Any Board decision to remove products from the shelves must meet all of the following criteria:
- A. Participation would not have a materially adverse financial or legal impact on the Co-op;
  - B. One or more policies or practices of the companies associated with the product(s) in question are significantly out of alignment with the Co-op's Ends Policies;
  - C. Co-op participation in the boycott would make an appropriate statement to the community at large about the issue;
- P6.6** To provide guidance for operations staff charged with implementation the Board will identify a communication plan using policy P6.2.

## **P7. Board Donations**

The Board will return a percentage of the Co-op's annual gross sales through donations to empower groups whose missions are congruent with the Co-op's Ends.

### **Amount**

**P7.1** The Board will approve an annual donations budget based on the previous year's sales, projected expenses of the Co-op, and the percentage specified in B1.8.

**P7.2** 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.

### **Community Shopping Days**

**P7.3** The Member Affairs Committee will recommend to the full Board 12 organizations to be awarded Community Shopping Days. Awards will be given from the following areas:

- Food and sustainable agriculture
- Social justice, peace and human rights
- Cooperative Development
- Community development
- Education
- Ecological issues
- Health and well-being
- Other

Donations will be primarily awarded to organizations that are focused in the Bellingham and Whatcom County area.

### **Other Donations**

**P7.4** The remainder of the Board's portion of the donation budget will be administered as follows:

**P7.4.1** 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.

**P7.4.1.1** 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.

**P7.4.1.2** 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.

**P7.4.1.3** 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.

**P7.5** Ensure that management-directed community giving programs use a decision making process that is transparent, balanced, and equitable.

## BOARD/GM RELATIONSHIP POLICIES

### R1. Communication

The General Manager will:

- R1.1** Provide the Board with sufficient staff support staff to enable the Board to govern effectively.
- R1.2** Respond in a timely way to Board and Board members' requests for data or other information that would contribute to informed decisions and good governance.
- R1.3** Inform the Board when issues related to member concerns and suggestions, industry trends, legislative, legal matters, or other issues and developments not covered by scheduled monitoring reports, or the information is time sensitive.
- R1.4** Provide the board with a plan and timeline for returning to compliance when reporting "out of compliance".
- R1.5** Deal with the Board as a whole except, when appropriate, through the Board Chair.
- R1.6** Inform the Board Chair or Vice-Chair if the Board as a whole or an individual Director is acting contrary to Board's policies on Board Process or Board/General Manager Relationship.
- R1.7** 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 General Manager will provide the Board with the documents necessary for a thorough and well-informed planning process, including by:

- R1.8** Providing information as requested for the Board's strategic planning processes.
- R1.9** Preparing a preliminary Annual Business plan that advances the Co-op's Strategic Plan, for review at the Board's Fall Retreat.
- R1.10** Submit a final Business Plan for Board approval at the January Board meeting.

## **R2. Policy & 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.

### **R3. Authority & 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.
- R3.3** The Executive Committee will recommend to the Board at the April Board meeting whether we should change the General Manager's salary and compensation.
- R3.4** 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.

## **R4. Monitoring & Co-op Performance**

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

- R4.1** 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.
  - R4.1.4** 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:
  - R4.2.1** Internal reports – periodic reports from the General Manager, the Board Chair or Board Committees to the Board;
  - R4.2.2** External judges – auditors, site inspectors, or other external assessors who will be retained to answer certain monitoring questions;
  - R4.2.3** Direct inspection – directors may be assigned to monitor certain policies. The directors involved will have only the authority to state whether, their opinion, the policy has been implemented;
  - R4.2.4** 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.

## CAPITAL PROJECT BOUNDARY POLICIES

### CPB1.

The General Manager will submit a Capital Project Feasibility Proposal to the Board for approval that includes: project timeline, sources and uses of cash, capital budget, debt schedule, and three year cash flow projection.

**CPB1.1** Feasibility proposals for retail expansion projects will also include: professionally prepared market studies with 3 – 5 years of sales projections, 3 – 5 years pro forma financial statements (income statement, balance sheet, cash flow).

*Except in unusual circumstances, the GM will monitor CPB1 once per Capital Project*

### CPB2.

The General Manager will prepare and maintain up-to-date Project Plans for approved Capital Projects, for approval by the Board, that include:

- Project timeline
- Sources and uses of cash
- Capital budget
- Debt schedule
- Three year cash flow projection
- Member/owner and community/neighborhood communication and engagement plans (including board's member linkage plan)
- Schematic design
- Key decision points with details about the process for each decision, including involvement from Board and member-owners

**CPB2.1** Project Plans for retail expansion projects will also include:

- Staffing plans and budgets
- Marketing plans and budget
- The opinion of a neutral third party, experienced in similar retail expansion projects on the accuracy and reasonableness of the plan

### CPB3.

The General Manager will continue to comply with the B4 Financial Condition policies except as noted below.

**CPB3.1** Policy B4.10 will be superseded by CPB3.1 for Capital Projects

**CPB3.2** Owner financing, bank loans, vendor credit, equipment leasing, and landlord financing may be used in combinations that are most economical for the long-term economic viability of the Coop.

#### **CPB4.**

The General Manager will ensure that all contracts are in writing, with appropriately licensed and bonded companies, that have ethical employment practices compatible with co-ops encompassing honesty, integrity and respect within the workplace.

**CPB4.1** The General Manager will notify the Board of contracts for \$25,000 or more and obtain prior board approval for contracts for \$100,000 or more.

**CPB4.2** All contracts made by the General Manager shall be fixed price or “cost not to exceed” contracts, and at competitive rates within the Bellingham and Whatcom county market.

**CPB4.3** In the awarding of contracts the General Manager will give preference to cooperatively owned companies when there is a choice between equally qualified privately owned and cooperatively companies.

#### **CPB5.**

The General Manager will use their best efforts to minimize the environmental impact from Capital Projects.

**CPB5.1** The General Manager will endeavor whenever possible to engage local firms that demonstrate a commitment to triple-bottom-line business practices.

**CPB5.2** The General Manager will ensure that Capital Projects are completed to LEED or other comparable green building design, construction and operating standards to the greatest extent feasible.

#### **CPB6.**

The General Manager will provide project reports to the Board during all phases of each Capital Project.

**CPB6.1** project costs to date compared to budget to date and overall budget

**CPB6.2** overall progress to date

**CPB6.3** updated timelines and status of project milestones

**CPB6.4** potential red flags to achieving the next milestones

**CPB6.5** upcoming decision points

**CPB6.6** The GM will provide emergency updates to the Executive Committee when appropriate.

**CPB7.**

The General Manager will implement the Member/owner Communication plans from CPB1.1 or CP1.2 to keep the member/owners informed during all phases of capital improvement projects.

**CPB8. Confidentiality**

None of these policies require or authorize the General Manager to release confidential information

*During an active Capital Project, per CPP1, the GM will monitor CPB2 – CPB8 monthly.*