

Concord Food Co-op Board Policies

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Policy Monitoring Schedule

October	Asset Protection (B.5) Emergency Management Succession (B.7)
November	Financial Condition (B.4) plus external audit Relocation (B11) Board Job Description (D.2)
December	Governing Style (D.1)
January	Communication and Counsel to the Board (B.6) Agenda Planning (D.3) (and orally after every meeting)
February	Financial Condition (B.4) Relocation (B11) Code of Conduct (D.5) (and orally after every meeting)
March	Committee Principles (D.6) (and orally after every meeting) Environment (B.10)
April	Chairperson's Role (D.4) (and orally after every meeting) Staff Relations (B.1)
May	Financial Condition (B.4) Relocation (B11) Financial Planning (B.3)
June	Membership (B.9) Customer Service and Value (B.8) Cost of Governance (D.8)
July	Ends (A) Communication and Counsel to the Board (B.6: board inspection only)
August	Financial Condition (B.4) Relocation (B11)
September	Compensation and Benefits (B.2) Relationship to Member Owners (D.7)

Concord Food Co-op Board Policies Adoption and Amendment Record

A. ENDS: The Concord Food Co-op Mission Statement; Adopted June 18, 2001. Amended February 13, 2002, and July 31, 2002.

B. EXECUTIVE LIMITATIONS

Global Executive Limitation Policy

1. Staff Relations; Adopted June 18, 2001. Amended February 13, 2002
2. Compensation and Benefits; Adopted June 18, 2001. Amended February 13, 2002.
3. Financial Planning; Adopted June 18, 2001. Amended February 13, 2002.
4. Financial Condition; Adopted June 18, 2001. Amended February 13, 2002.
5. Asset Protection; Adopted June 18, 2001. Amended February 13, 2002.
6. Communication and Counsel to the Board; Adopted June 18, 2001. Amended February 13, 2002.
7. Emergency Management Succession; Adopted June 18, 2001. Amended February 13, 2002.
8. Customer Service and Value; Adopted June 18, 2001. Amended February 13, 2002, and July 31, 2002.
9. Membership; Adopted June 18, 2001. Amended February 13, 2002.
10. Environment; Adopted June 18, 2001. Amended February 13, 2002.
11. Relocation; Adopted April 7, 2004. Amended August 25, 2004

C. BOARD-GENERAL MANAGER RELATIONSHIP

Global Board-General Manager Relationship Policy

1. Unity of Control; Adopted June 18, 2001. Amended February 13, 2002
2. Accountability of General Manager; Adopted June 18, 2001. Amended February 13, 2002.
3. Delegation to the General Manager; Adopted June 18, 2001. Amended February 13, 2002
4. Monitoring General Manager Performance; Adopted June 18, 2001, and amended February 13, 2002.

D. BOARD PROCESS

Global Board Process Policy

1. Governing Style; Adopted June 18, 2001. Amended February 13, 2002.
2. Board Job Description; Adopted June 18, 2001. Amended February 13, 2002.
3. Agenda Planning; Adopted June 18, 2001. Amended February 13, 2002 and April 4, 2002.
4. Chairperson's Role; Adopted June 18, 2001. Amended February 13, 2002 and April 4, 2002.

5. Directors' Code of Conduct; Adopted June 18, 2001. Amended February 13, 2002 and April 4, 2002.
6. Board Committee Principles; Adopted June 18, 2001. Amended February 13, 2002 and April 4, 2002.
7. Relationship to Members; Adopted June 18, 2001. Amended December 19, 2001 and February 13, 2002.
8. Cost of Governance; Adopted June 18, 2001. Amended December 19, 2001 and February 13, 2002.

A. ENDS

The mission of the Concord Food Co-op is to:

1. Provide our community with high quality natural and organic foods and environmentally sound products at reasonable prices.
2. Create a personable and friendly place to shop, with the product diversity to satisfy the grocery needs of most health and ecologically conscious households.
3. Support environmentally and socially responsible producers and suppliers, including purchasing local and regional products where available within price and quality standards.
4. Provide service that is cheerful, courteous and knowledgeable.
5. Be a resource to our membership by providing information on health and nutrition, and social, political and economic issues related to food and household products, and by promoting awareness of the value of consumer control through the cooperative system.
6. Conduct our affairs according to consumer cooperative and financially sound principles and act as a supportive and caring employer.

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

Adopted June 18, 2001. Amended February 13, 2002, and July 31, 2002.

B. EXECUTIVE LIMITATIONS
GLOBAL POLICY

The General Manager has an obligation to carry out the policies of the Board of Directors. S/he is the means by which the Board achieves the Co-op's goals. This implies broad but never independent powers. In exercising these powers, the GM shall not cause or allow any practice, activity or decision which is illegal, imprudent, in violation of commonly accepted business practices or contrary to the cooperative principles.

EXECUTIVE LIMITATIONS
POLICY B1: STAFF RELATIONS

B1. With respect to relations with paid and volunteer staff, the General Manager may not cause or allow conditions which are unsustainable, inhumane, illegal, unfair, or undignified.

- B1.1 The manager may not cause nor allow discrimination or harassment among employees and potential employees based on other than business related criteria, individual performance, and qualifications. Specifically the manager shall not:
 - B1.1.1 Cause nor allow discrimination or harassment based upon sex, race, age, physical or mental disability, sexual orientation, national origin, marital/parental status or religion.
 - B1.1.2 Fail to take reasonable steps to prevent discrimination or harassment.
 - B1.1.3 Fail to ensure that channels are established and known to staff, to bring claims of harassment or discrimination without fear of retaliation.
- B1.2 The manager may not fail to 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 which emphasizes recognition and appreciation.
 - B1.2.4 Providing mechanisms for staff involvement in operational improvements.
 - B1.2.5 Regularly obtaining an objective assessment of the employees' perception of the current work environment.
- B1.3 The manager may not operate nor allow the co-op to operate without written personnel policies including a grievance procedure that are issued to all staff in most current form. The personnel policies must:
 - B1.3.1 Comply with all applicable laws.
 - B1.3.2 Protect the co-op's "at will" status and inform staff that employment is neither permanent nor guaranteed.
 - B1.3.3 Be adhered to and consistently applied to all employees.
 - B1.3.4 Be regularly reviewed and updated to ensure current legal compliance.
 - B1.3.5 Provide for a fair and thorough review of any grievance by means of a known procedure which can be used without bias.
- B1.4 The manager may not fail to protect staff from unsafe, unhealthy, or illegal conditions.

- B1.5 The manager may not fail to establish and maintain reasonably current job descriptions for all jobs.
- B1.6 Fail to provide adequate orientation and training so staff can successfully perform their jobs.
- B1.7. Fail to evaluate each staff at least annually based upon pre-established criteria.
- B1.8. Fail to take disciplinary action as needed following established policies.
- B1.9. Fail to provide for appropriate documentation, security and retention of personnel records and all personnel related decisions.
- B1.10. Fail to provide for staff development by:
 - B1.10.1 Providing opportunities for staff to develop skills and knowledge.
 - B1.10.2 Posting all job openings for staff.

This policy shall be monitored annually by internal report in April.

Adopted June 18, 2001, and amended February 13, 2002.

EXECUTIVE LIMITATIONS
POLICY B2: COMPENSATION AND BENEFITS

B2. With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the General Manager may not cause or allow conditions that are illegal, unfair, or that jeopardize the co-op's fiscal integrity or public image.

Accordingly, s/he may not fail to:

- B2.1 Establish a wage schedule, based upon job responsibilities and the labor market, which is applied consistently to all people and positions.
- B2.2 Establish current compensation and benefits which:
 - B2.2.1 Represent the geographic or professional market for the skills employed.
 - B2.2.2 Are based on revenues that can be safely projected.
 - B2.2.3 Represent internal equity.

B2.2.4 Base pay increases upon evaluation of performance

B2.3 Provide some portion of staff compensation contingent upon the financial performance of the co-op.

This policy shall be monitored annually by internal report in September.

Adopted June 18, 2001, and amended February 13, 2002.

EXECUTIVE LIMITATIONS
POLICY B3: FINANCIAL PLANNING

B3. With respect to planning fiscal events (budgeting for all or any part of a fiscal period), the General Manager may not jeopardize either operations or fiscal integrity of the organization. S/he will coordinate the preparation of annual business plans, capital, cash and operating budgets. The GM will monitor operational performance against these budgets and plans.

Accordingly, s/he may not cause or allow budgeting that:

- B3.1 Contains too little detail to enable reasonably accurate projection of revenues and expenses, separation of capital and operational items, cash flow, subsequent audit trails, and disclosure of planning assumptions.
- B3.2 Does not project income conservatively and does not constrain budgeted expenses within projected income levels.
- B3.3 Deviates from board stated priorities (see Ends Policies) when making allocations among competing budgetary needs.
- B3.4 Fails to meet or exceed efficiency standards attained by similar businesses.

This policy shall be monitored by internal report in May.

Adopted June 18, 2001, and amended February 13, 2002.

EXECUTIVE LIMITATIONS
POLICY B4: FINANCIAL CONDITION

B4. With respect to operating the cooperative in a sound and prudent manner, the General Manager may not jeopardize the long-term financial health of the cooperative. The general manager will monitor and enhance the financial health and working capital of the cooperative.

Accordingly, s/he may not:

- B4.1. Cause the cooperative to incur indebtedness other than trade payables incurred in the

ordinary course of doing business.

- B4.2. Use restricted funds for any purpose other than that required by the restriction.
- B4.3. Settle payroll, taxes and other debts in other than a timely manner.
- B4.4. Allow expenditures to deviate materially from board stated priorities.
- B4.5. Operate without pricing policies and expense controls sufficient to generate a percent of net income not less than the approved budget.
- B4.6. Fail to disclose all out of the ordinary fiscal activity to the Board.
- B4.7. Fail to maintain sufficient cash to meet financial obligations on time.
 - B4.7.1 Fail to maintain current assets of at least twice current liabilities.
 - B4.7.2 Fail to maximize the use of cash and working capital.
 - B4.7.3 Fail to enhance the cooperative's purchasing power.
- B4.8. Fail to maintain debt to equity ratio of at least 2:1
- B4.9. Fail to generate sales growth consistent with the budget.
- B4.10. Fail to maintain adequate financial record keeping systems or fail to disclose any material changes in accounting systems or methods.
- B4.11. Make capital expenditures, sell capital assets or enter in to leases exceeding \$10,000 in value. If an emergency situation requires an unplanned purchase of assets above said amount, the GM will report it at the next regularly scheduled board meeting.
- B4.12. Fail to set and measure department performance standards for appropriate contribution to store performance.
- B4.13. Fail to meet or exceed all requirements of contracts, loans or other external obligations.

This policy will be monitored quarterly by internal report in November, February, May and August and annually by external report (audit) in November.

Adopted June 18, 2001, and amended February 13, 2002.

EXECUTIVE LIMITATIONS
POLICY B5: ASSET PROTECTION

B5. General Manager will not 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, s/he may not:

- B5.1 Allow insurance coverage of stock, building, furniture and equipment to fall below 90% of the replacement value.
- B5.2 Permit cash to be handled in an unsecure manner..
- B5.3 Receive, process, or disburse funds under controls insufficient to meet the Board appointed auditor's standards.
- B5.4 Allow any one individual including the GM to have complete authority over a financial transaction.
- B5.5 Fail to properly maintain building and equipment or to provide for adequate facility and equipment including but not limited to negotiating with the landlord for leases and repairs.
- B5.6 Cause nor allow abuse or misuse of the cooperatives assets.
 - B5.6.1 Cooperative property will be inventoried according to a set procedure and time line.
 - B5.6.2 Operational systems and a security system will be in place to ensure adequate safeguards against theft, loss, or damage of property.
- B5.7 Deposit the cooperative's funds in institutions where they are not fully protected. Returns must be maximized and costs minimized.
- B5.8 Allow unnecessary exposure of the cooperative, the staff, or the directors to claims of liability.
- B5.9 Fail to develop a plan to prepare for disasters.

This policy will be monitored annually by external report in October.

Adopted June 18, 2001, and amended February 13, 2002.

EXECUTIVE LIMITATIONS
POLICY B6: COMMUNICATION AND COUNSEL TO THE BOARD

B6. With respect to providing information and counsel to the Board, the General Manager may not cause or allow the Board to be uninformed or misinformed.

Accordingly, s/he may not fail to:

- B6.1 Make the Board aware of relevant trends, public events of the organization, or internal

and external changes which affect the assumptions upon which Board policy has previously been submitted.

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

B6.2.1 Inform the board, in a timely manner of actual or anticipated non-compliance with Ends or Executive Limitations polices.

B6.3 Advise the board, if in the General Manager's opinion, the board or one of its members is not in compliance with the board's policies on Board Process or Board/General Manager Relationship, particularly if the case is detrimental to the work or the manager or the relationship between the manager and the board.

B6.4 Provide the board with sufficient staff administration to support governance activities and board communication.

B6.5 Deal with the board as a whole.

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

B6.6.1 Inform the board if, in the manager's opinion, any of the board's policies should be clarified, amended, deleted or made more specific.

This policy will be monitored by internal report annually in January and by direct inspection by a board committee in July.

Adopted June 18, 2001, and amended February 13, 2002.

**POLICY B7: EXECUTIVE LIMITATIONS
EMERGENCY MANAGEMENT SUCCESSION**

B7. The General Manager shall not operate without a 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 Identify said persons to the board and require the next-in-charge to attend at least one board meeting per year.

B.7.3 Establish and document systems and procedures so that others can find information needed to meet the co-op's obligations in a planned or emergency GM absence.

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

B.7.5 Systematically develop the skills of department and area managers.

This policy will be monitored annually by internal report in October.

Adopted June 18, 2001, and amended February 13, 2002.

EXECUTIVE LIMITATIONS

POLICY B8: CUSTOMER SERVICE AND VALUE

B8. The General Manager may not fail to ensure that our members and our customers receive high value in our products and services. Accordingly, s/he may not fail to:

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

B8.2 To use the mission statement as the primary criteria for establishing product selection guidelines in line with customer demand and market trends.

B8.3 Offer full choice and information to our customers. If any products we carry are subject to consumer boycotts, or have potentially objectionable characteristics, the manager will ensure that balanced information is available for informed consumer choice.

B8.4 Maintain high standards for quality and freshness.

B8.5 Establish purchasing and operating policies and procedures that bring the best price value for our customers while maintaining standards for quality and freshness and fiscal responsibility.

B8.6 Ensure that all merchandising and marketing practices be honest and non-manipulative.

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

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

B8.9 Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.

This policy will be monitored annually by internal report in June.

Adopted June 18, 2001. Amended February 13, 2002, and July 31, 2002.

EXECUTIVE LIMITATIONS
POLICY B9. MEMBERSHIP

- B.9. Membership. The General Manager shall not fail to establish, maintain, and promote a vital membership program which builds a sense of ownership among members.
- B.9.1. The General Manager shall not fail to ensure accurate and current member records including name, address, equity payments and eligibility for benefits and voting.
- B. 9.1.1 The General Manager shall not allow unauthorized use of the membership information.
- B.9.1.2 The General Manager may not change the membership equity requirement or the membership benefits.
- B. 9.2 The General Manager shall not fail to provide opportunities for members to participate in the cooperative.
- B. 9.3 The General Manager shall not fail to ensure that adequate membership information and application materials are readily available.
- B. 9.4 The General Manager shall not fail to ensure that a membership drive is conducted annually.
- B. 9.5 The General Manager shall not fail to make readily available to 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.
- B 9.5.1 Accordingly, the GM shall not fail to publish a newsletter on a frequent, consistent basis providing the following:
- a. A perspective consistent with the stated positions of the co-op, including By-Laws, Goal Statements and policies.
 - b. Educational articles on cooperatives and cooperative practices; nutrition and food, health and environmental concerns.
 - c. 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 membership participation and decision-making.

- d. An impartial presentation of opposing points of view relating to co-op issues
- e. Information relating to co-op store business and products

This policy will be monitored annually by internal report in June.

Adopted June 18, 2001, and amended February 13, 2002.

EXECUTIVE LIMITATIONS
POLICY B10: ENVIRONMENT

B10. The General Manager shall not fail to take reasonable measures to ensure that the co-op activities and practices do not unduly damage the environment.

B10.1 The General Manager shall not fail to minimize or eliminate any release of pollutants.

B10.2 The General Manager shall not fail to reasonably minimize the creation of waste through reduction, reduce and recycle.

B10.3 The General Manager shall not fail to ensure that all waste is disposed of through safe and responsible methods.

B10.4 The General Manager shall not fail to reasonably minimize the use of non – renewable energy through improved efficiency and conservation.

This policy will be monitored annually by internal report in March.

Adopted June 18, 2001, and amended February 13, 2002.

EXECUTIVE LIMITATIONS
B11. RELOCATION

B.11. The General Manager (GM) shall not fail to ensure the following in planning and implementing the Coop's move to a larger location to better fulfill its mission:

B.11.1. **Planning and Research** – The GM shall not fail to include sufficient, professional planning and research on all aspects of the project including financial assumptions, market data, and location analysis. The manager is authorized to prudently invest in planning and research such amount as approved by the Board.

B.11.2. **Site Selection** – The GM shall not fail to give preference to a site which has the potential to attract new members, and enough customers to successfully support its operations. More specifically:

- B.11.2.1. The selected site must show strong promise for being developed into a store with a layout, product selection, overall ambience, and sense of community, which will put us in a strong competitive position to benefit member /owners.
- B.11.2.2. Selected site will have good parking access
- B.11.2.3. Selected site must have enough space for on site management office.
- B.11.2.4. The GM shall not fail to ensure comprehensive assessment of location issues, presenting options and recommendations to the Board for final approval.
- B.11.2.5. The GM shall not fail to include meeting/education space in the new store as is economically feasible.
- B.11.2.6. The GM shall not fail to ensure the project will have an adequate loading dock facility and access for same.
- B.11.2.7. The GM shall not fail to ensure that the project meets all applicable zoning requirements.
- B.11.2.8. The selected site will not have any environmental liability issues, which are not resolvable within the project budget.

B.11.3 Cost – The GM shall not fail to keep project costs at a level that will not increase debt to equity ratio to above 2.5:1 when member loans are considered as equity and/or not more than 3.5:1 if member loans are considered as debt.

- B.11.3.1 Realistic projections must show a debt to equity ratio of 2:1 within 24 months after completion of the project.
- B.11.3.2. The GM shall not fail to engage only licensed, insured contractors with successful track records doing similar size and type of projects.
- B.11.3.3. Total project cost must be based upon a budget that includes a contingency of at least 10%.

B.11.4. Financing - The GM shall not enter into debt to finance the project without the Board's approval.

- B.11.4.1. The GM shall not use owner financing, financial institution loans, vendor credit, equipment leasing and landlord financing in any combination other than that which is most economical in the long term for member-owners including considerations of cost of financing, cost of obtaining financing, and tax implications.
- B.11.4.2. The GM shall not fail to identify the combination of financing that is the most economical for the project and that will result in the necessary capital to complete the expansion project.
- B.11.4.3. The GM shall not fail to realistically project financing and have the projections reviewed by an external person with experience in managing a project of this scale.
- B.11.4.4. The GM shall not fail to base total project cost on a budget that includes a contingency of not less than 10%.
- B.11.4.5. The GM shall not rely on an increase of member equity greater than 50% without a detailed, realistic plan for achieving the increase.

B.11.4.6. The GM shall not fail to have a signed lease agreement in place and shall obtain approval from legal counsel before initiating withdrawal of member loans held in escrow.

B.11.5. Profit and Cash Flow - The GM shall not fail to assess (to include external assessments as needed) and strengthen the fiscal capacity for successful expansion.

B.11.5.1. The GM shall not fail to increase sales and new operating income to improve capital position.

B.11.5.2. The GM shall not fail to develop and update a projection of the financial sources and project costs.

B.11.5.3. The GM shall not fail to provide to the Board a working and current pro forma.

B.11.5.4. If expansion is a project greater than \$500,000, pro formas must be based on a professionally prepared market study performed by consultants with a track record of success in projecting natural food grocery sales.

B.11.5.5. The GM shall not fail to demonstrate that conservative cash projections clearly have the ability to pay off all finance sources as contracted.

B.11.5.6. The GM shall not fail to project profits of not less than 1% of sales for the second year, 1.5% for the third year and 2% for the fourth year after relocation.

B.11.5.7. The GM shall not fail to prepare projections of income statement, cash flow and balance sheet for the 5 years following the project.

B.11.6. Timing and approval – The GM shall not fail to get Board approval prior to entering into debt agreements to finance the project.

B.11.6.1. The GM shall not enter into a lease or site purchase agreement without a commitment on financing and Board approval.

B.11.6.2. The GM shall not cause or allow construction or demolition to occur prior to the closing of financing.

B.11.6.3. The GM shall not fail to get Board approval on the total project costs including financial sources and uses prior to proceeding with the expansion project.

B.11.7. Capacity – The GM shall not fail to ensure that the project does not exceed the Coop's capacity to operate the new store successfully.

B.11.7.1. The GM shall not fail to ensure that management, marketing, operational systems, accounting, and organization capacity are all be analyzed and enhanced to ensure they meet the new capacity requirements.

B.11.8. Environmental considerations - The GM shall not fail to consider the environmental impacts of materials and products of our expansion project.

B.11.8.1. Other things being equal, when choices are made that will affect resource use (e.g. energy, land) the more resource efficient choice will be preferred.

B.11.8.2. When there is a cost difference, a more environmental choice is preferred if the cost difference is less than 10%.

B.11.9. Viability - The GM shall not fail to be responsive in product selection, pricing, and service levels to ensure sufficient levels of gross sales and net profit.

B.11.9.1. The GM shall not fail to monitor and respond to market forces that could affect the success of the store. These forces include new food stores in our trade area, format changes in existing food stores in our trade area, economic trends in our trade area and traffic patterns in the immediate vicinity.

B.11.10. Interim Priorities - During the planning time for the relocation, the GM shall not fail to maintain profitability in the current store operations, nor fail to maintain staff morale, nor fail to build an effective and resilient management team.

B 11.11 Coop Mission - The GM shall not fail to implement the Co-op's mission statement and expansion vision statement in executing the expansion.

B 11.11.1 The GM shall not fail to ensure that the store plans and designs reflect our mission statement and the expansion vision and plan.

B.11.12. Communication - The GM shall not fail to advise the Board of significant progress toward the move including quarterly revisions / updates of time lines, financial condition, and general updates monthly.

B 11.13 Expansion Plan - The GM shall not fail to develop and update a comprehensive written Expansion Plan as soon as practicable but no later than March 31, 2004. At a minimum the Expansion Plan shall not fail to:

B 11.13.1. Rely upon and analyze the market study.

B 11.13.2. Include a detailed description of the store concept describing all the operational departments and store layout.

B 11.13.3. Include a forecast of expected capital improvements.

B 11.13.4 Identify the Co-op's expansion project team and describe each person's role and expertise.

B 11.14 Committees - The GM shall not fail to participate in all expansion related committees

This policy shall be monitored quarterly by internal report in (May, August, November and February.)

Adopted April 7, 2004. Amended August 25, 2004

GLOBAL POLICY

The Board's only official connection to the Co-op's operational organization will be through the General Manager.

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

BOARD-GENERAL MANAGER RELATIONSHIP POLICY C1: UNITY OF CONTROL

- C1: Only decisions of the board acting as a body are binding on the general Manager.
- C1.1 Decisions or instructions of individual board members, officers, or committees are not binding on the manager except in rare instances when the board has specifically authorized such exercise of authority.
- C1.2 In the case of board members or committees requesting information or assistance without board authorization, the manager can refuse such requests that in the manager's opinion require a material amount of staff time, funds or are disruptive.

BOARD-GENERAL MANAGER RELATIONSHIP POLICY C2: ACCOUNTABILITY OF MANAGER

- C2. The manager is the board's only official link to the operational achievement and conduct so that all authority and accountability of staff as far as the board is concerned is considered the authority and accountability of the manager.
- C2.1 The board will never give direction to persons who report directly or indirectly to the manager.
- C2.2 The board will refrain from evaluating either formally or informally, any staff other than the manager.
- C2.3 The board will view manager performance as identical to organizational performance, so that organizational accomplishment of board-stated Ends Policies and compliance with board-stated Executive Limitations policies will be viewed as successful manager performance.

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

C.3. The board will guide the manager through written Ends policies to be achieved and Executive Limitations policies to be complied with, allowing the manager to use any reasonable interpretation of these policies.

C3.1 The board will develop Ends policies instructing the manager to achieve certain results for certain people, at a specific cost. The policies will be developed systematically from the broadest, most general level, to more defined levels.

C.3.2 The board will develop Executive Limitations policies that limit the latitude the manager may exercise in choosing the organizational means. The policies will be developed systematically from the broadest, most general level, to more defined levels.

C.3.3 As long as the manager uses any reasonable interpretation of the board's Ends and Executive Limitations policies, the manager may make all further policies, decisions, take all actions, establish all practice and develop all activity.

C.3.4 The board may change its Ends and Executive Limitations policies, thereby shifting the boundary between board and manager domains. By doing so, the board changes the latitude of choice given to the manager. But as long as any particular delegation is in place, the board will respect and support the manager's choices.

BOARD-GENERAL MANAGER RELATIONSHIP
POLICY C4: MONITORING MANAGER PERFORMANCE

C.4. Systematic and rigorous monitoring of the manager's job performance will be solely against the only expected manager output: accomplishment of board policies on Ends, and operation within the boundaries established in board policies on Executive Limitations.

C.4.1 Monitoring is simply to determine the degree to which board policies are being met. Data that do not do this will no be considered monitoring data.

C.4.2 The board will acquire monitoring data by one or more of three methods: internal report, in which the manager disclosed compliance information to the board; by external report, in which an external, disinterested, third party chosen by the board assesses compliance with policies; and by direct inspection, in which a designated member or members of the board assess compliance with the appropriate policy criteria.

C.4.3 In every case, the standard for compliance shall be any reasonable interpretation of the board policy being monitored.

C.4.4 All policies that instruct the manager will be monitored at a frequency and by a method chosen by the board. The board can monitor a policy at any time by any method, but will ordinarily depend upon a routine schedule.

C.4.4.1 The monitoring schedule is as follows:

A.	Ends	Annual	Internal	July
B1.	Staff Relations	Annual	Internal	April
B2.	Compensation and Benefits	Annual	Internal	September
B3.	Financial Planning	Annual	Internal	May
B4.	Financial Condition	Quarterly	Internal	Nov, Feb,
	“	“	“	May, and Aug
	“	Annual	External	November
B5.	Asset Protection	Annual	Internal	October
B6.	Communication and Counsel to the Board	Annual	Internal	January
B7.	Emergency Management Succession	Annual	Internal	October
B8.	Customer Service and Value	Annual	Internal	June
B9.	Membership	Annual	Internal	June
B10.	Environment	Annual	Internal	March

Adopted June 18, 2001, and amended February 13, 2002.

BOARD PROCESS GLOBAL POLICY

The purpose of the Board on behalf of the cooperative ownership is to make sure the Co-op's goals are achieved and to protect the owners' interests and assets.

BOARD PROCESS POLICY D1. GOVERNING STYLE

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

D1.1 The board will cultivate a sense of group responsibility. The board not the staff, will be responsible for excellence in governance. The board will be the initiator of policy, not merely a reactor to staff initiatives. The board will use the expertise of individual board members to enhance the abilities of the board as a body rather than to substitute individual judgments for the board's values. The board will allow no officer, individual, or committee of the board to hinder or be an excuse for not fulfilling board commitments.

D1.1.1 Each member of the board shares the responsibility for effective board leadership including meeting participation.

D1.1.2 Each board member has the responsibility of supporting the Board Chair's responsibility and right to interpret and enforce Board Process policies.

D1.1.3 If at any time during a board meeting, any board member believes that the board is not adhering to one or more of its policies, said member may (should) request that said policy be read aloud.

D1.2 The board will direct, control, and inspire the organization through careful establishment of broad written policies reflecting the board's values and perspectives about ends to be achieved and means to be avoided. The board's major policy focus will be on the intended long-term effects on the organization, not on administrative or operational means of attaining those effects.

D1.2.1 The board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation, policy making principles, respect of roles, and ensuring continuance of governance capability. Continual board development will include orientation of new board members in the board's process and periodic discussions of process improvement.

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

This policy will be monitored by internal report annually in December.

Adopted June 18, 2001, and amended February 13, 2002.

BOARD PROCESS
POLICY D2. BOARD JOB DESCRIPTION

D2. The job of the board is to represent the membership in determining and demanding

appropriate organizational performance. Accordingly:

- D.2.1 The board will produce the link between the cooperative and the membership.
- D.2.2 The board will produce written governing policies that, at the broadest levels, address each category of organizational decision.
 - D2.2.1 Ends: Organizational outcomes, recipients, and their relative worth. (what good, for whom, at what cost?).
 - D2.2.2 Executive limitations: Constraints on the manager's authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - D2.2.3 Board-General Manager Relationship: How power is delegated and its proper use monitored; the managers role, authority and accountability.
 - D2.2.4 Board Process: Specifications on how the board conceives, carries out and monitors its own work.
- D.2.3 The board will produce assurance of the manager's performance by monitoring its policies on Ends and Executive Limitations.
- D2.4 The board will assess and improve its own performance by regular assessment of compliance with board policies on Board Process and Board-General Manager Relationship.

This policy will be monitored by internal report annually in November.

Adopted June 18, 2001, and amended February 13, 2002.

BOARD PROCESS
POLICY D3. AGENDA PLANNING

D3. To accomplish its work with a governance style consistent with board policies, the board will follow and annual agenda that 1) completes re-exploration of ends annually and 2) continually improves board performance through board education and enriched input and deliberation. Accordingly:

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

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

D3.2.1 In the interim before the next meeting, directors should review the designated policy areas scheduled for the "next agenda" and consider if there are policies that they would like to see added, modified, or deleted. They should then prepare a written statement describing these policy changes, along with a discussion of their rationale, for review by other directors.

D3.2.2. The board president will collect these written statements, determine relevancy and priority for discussion, and produce an agenda for the next board meeting. Other items that require board attention may also be included.

D3.2.3. General Manager monitoring reports will be included on a "consent agenda." Discussion is warranted when directors have valid objections to the monitoring reports, including non-compliance, substandard reporting, unreasonable interpretation of policy, factual inaccuracies, or questions.

D3.2.4. The agenda and all written statements and reports will be included in the next board packet.

D3.2.5. The agenda, as so determined, may be modified by the board at the beginning of the next meeting.

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

Adopted June 18, 2001. Amended February 13, 2002 and April 4, 2002.

BOARD PROCESS
POLICY D4. CHAIRPERSON'S ROLE

D4. The chairperson assures the integrity of the board's process and the integrity of the board's relationship with the manager. Occasionally the chair represents the board to outside parties.

The job "product" of the Chairperson is the integrity of the board's process. The Chairperson is the only person authorized to speak for the board except for the General Manager, other than in rare and specifically authorized instances.

D.4.1 The job output of the Chairperson is that the board behaves consistent with its own rules and those legitimately imposed upon it from outside the organization.

D.4.1.1 Meeting discussion content will only be those issues which, according to board policy, clearly belong to the board to decide, not the General Manager.

D.4.1.2 Deliberation will be timely, fair, orderly and thorough, but also efficient, limited to time and kept to the point.

D.4.1.3 Roberts' Rules are observed except where the board has superseded them with policy statements.

D.4.2 The authority of the Chairperson consists in making any decision on behalf of the board which falls within or is consistent with board policies on Governance Process and on the Board-General Manager Relationship. The Chairperson is authorized to use any reasonable interpretation of these policies.

D.4.2.1 The Chairperson is empowered to chair board meetings with all the commonly accepted power of that position (e.g. ruling, recognizing).

D.4.2.2 The Chairperson is responsible for the functioning of the board and therefore, must ensure that board evaluation, orientation/training and performance are effective and adhere to board process policies.

D.4.2.3 Chairperson authority does not extend to making decisions within Ends and Executive Limitations policy areas, each of which is within the purview of the General Manager.

D.4.2.4 Chairperson authority does not extend to supervising, interpreting board policies to or otherwise directing the General Manager.

D.4.2.5 The Chairperson may delegate this authority but remains responsible for its use.

D.4.4 The chairperson will maintain sufficient materials and organization to ensure a smooth transition to the next chair.

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

Adopted June 18, 2001, and amended February 13, 2002.

BOARD PROCESS
POLICY D5. DIRECTORS' CODE OF CONDUCT

D5. The board commits itself to ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum in group and individual behavior when acting as board members.

D5.1 Board members must represent unconflicted loyalty to the interests of the ownership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. This accountability supersedes the personal interest of any director acting as an individual consumer of the organization's services.

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

D5.2.1 There must be no conduct of private business or personal services for profit between any director and the organization except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information. Required controls will include full disclosure and board consent, with competitive bidding where directed by the board.

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

D5.3 Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in board policies.

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

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

D5.3.3 Board members will make no judgments of the General Manager or staff performance except as that performance is assessed against explicit board policies by the official process.

D5.4 Board member have the responsibility to participate effectively in board meetings. Specifically, each board member has the responsibility:

D 5.4.1 To come to board meeting prepared to participate responsibly.

D 5.4.2 To express one's own opinions.

D 5.4.3 To listen respectfully to the opinions of others; to honor divergent opinions.

D 5.4.4 To accept group decisions as legitimate.

D 5.4.5 To share responsibility for group behavior and productivity.

D 5.4.6 To not dominate board meeting time, nor expect the board to deal

- with topics that are not appropriate for board.
- D 5.4.7 To support the board chair on board discipline and board accountability.
- D5.5 Board members who by majority vote of the board do not follow the board conduct policy shall resign from the board.

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

Adopted June 18, 2001. Amended February 13, 2002 and April 4, 2002.

BOARD PROCESS

POLICY D6. BOARD COMMITTEE PRINCIPLES

D6. The board may establish committees to help carry out its responsibilities. Board committees, when used, will be assigned so as to reinforce the wholeness of the board's job and so as to not interfere with delegation from the whole board to the manager.

This policy applies only to committees which are formed by board action, whether or not the committees include non-board members. It does not apply to committees formed under the authority of the General Manager.

- D.6. 1 Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes. Such authority will be carefully stated in order not to conflict with authority delegated to the General Manager.
- D.6. 2 Committees shall promptly report on and account for their activities to the board.
- D.6. 3 Board committees are to help the board do its job, not to help the staff do its jobs. Committees will assist the board chiefly by preparing policy alternatives and implications for board deliberation. Board committees are not to be created by the board to advise staff.
- D.6. 4 Organizational performance will not be monitored by committee, only by the whole board.
- D.6. 5 Board committees cannot exercise authority over staff and, in keeping with the board's focus on the future, board committees will not ordinarily have direct dealings with current staff operations. Further, the board will not impede its direct delegation to the General Manager by requiring approval from a board committee before an executive action. The General Manager works for the board, never for a board committee or officer.

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

Adopted June 18, 2001. Amended February 13, 2002 and April 4, 2002.

BOARD PROCESS
POLICY D7. RELATIONSHIP TO MEMBER OWNERS

D7. The Board obtains its authority from and represents the member-owners. The Board is responsible for linkage with member owners. The relationship with owners is the board's primary relationship. The board has fiduciary and legal responsibility to the member owners.

D.7.1 The Board obtains its authority from the member-owners and has the fiduciary and legal responsibility to represent their best interests. The board shall always act in the best interest of the cooperative as a whole.

D.7.1.1 To make informed policy decisions, the Board must understand the values and needs of the member-owners. The Board must, therefore, obtain adequate and appropriate information on the member-owners.

D.7.2 The board shall report periodically to the member owners on its role, its activities and its decisions.

D.7.2.1 At least annually, the board shall disseminate a statement of its values and a report of the cooperative's financial resources and how those resources have been translated into services.

D.7.2.2. The board will build and sustain a sense of ownership, pride and loyalty among members.

D.7.2.3 The board will ensure the effective communication of the vision and mission of to cooperative to the members.

D.7.3. The board will ensure that the member equity program contributes adequate capital for the cooperative.

D.7.3.1. The Board is responsible for ensuring that the process and benefits of becoming a member in the Co-op is clear and available to everyone.

D.7.4 The board will ensure that the cooperative meets all the requirements of applicable laws and of the Co-op's bylaws in its relationship with its members, including holding an annual meeting and preparing a written annual report to members

D7.5 The board will encourage members to take on active leadership roles.

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

Adopted June 18, 2001, amended December 19, 2001 and February 13, 2002.

BOARD PROCESS
POLICY D8. COST OF GOVERNANCE

D8. Because poor governance costs more than learning to govern well, the board will invest in its governance capacity. Accordingly:

D8.1. Board skills and methods will be sufficient to assure governing with excellence.

D8.1.1. Training will be used liberally to orient new directors and board candidates, as well as to maintain and increase skills of existing directors.

D8.1.2. Outside monitoring assistance will be arranged as needed so the board can exercise confident control over organizational performance. This includes but is not limited to fiscal audit.

D8.1.3. Outreach will occur as needed to link the board to member viewpoints and values.

D8.2. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.

D8.2.1. Up to the annual budgeted amount for costs including but not limited to: training, such as consultants and attendance at conferences and workshops; external, third-party monitoring of organizational performance, such as audits and legal advice or reviews; outreach costs to link with members, such as surveys, forums, focus groups, and the annual membership meeting; and board perpetuation costs, such as meeting support, recruiting, and election costs.

D8.2.2. Fiscal figures in D8.2.1 shall be periodically amended in conjunction with the organization's yearly budgeting cycle.

This policy will be monitored by internal report annually in June.

Adopted June 18, 2001, amended December 19, 2001 and February 13, 2002.