

# **PHOENIX EARTH FOOD COOPERATIVE**

## **POLICY REGISTER**

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### **GLOBAL END:**

Health and well-being for Members and the community for a cost justified by the results.

Register originally created: 5/25/2006

Most recent revision: 07/26/2017

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POLICY TYPE: ENDS  
POLICY TITLE: E – GLOBAL END  
ADOPTED: 1/4/2007  
REVISIONS: 6/07/2007, 7/26/2017  
MONITORED:

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*Health and well-being for Members and the community for a cost justified by the results.*

E.1 Education

Members and the community have knowledge and access to information conducive to health, a sustainable environment, and a strong cooperative community.

E.1.1 Members and the community have knowledge and access to information about the health effects of:

E.1.1.1 Nutrition

E.1.1.2 Personal and social behavior

E.1.2 Members and the community have knowledge and access to information about sustainable environmental:

E.1.2.1 Principles

E.1.2.2 Practices

E.1.3 Members and the community have knowledge and access to information about:

E.1.3.1 Cooperative Values and Principles

E.1.3.2 The history and function of cooperatives in the economy

E.2 Products and Services

Members and the community have access to products and services that:

E.2.1 Satisfy members

E.2.2 Promote health and well-being

E.2.3 Are convenient for customers

E.2.4 Include affordable options

E.2.5 Give preference to Fair Trade, Certified Organic, and local food production for a cost consistent with achieving financial sustainability for the Co-op.

E.3 Cooperative Community

Members are engaged in a manner consistent with the Cooperative Values, reflected in:

E.3.1 Participating in Co-op deliberations, elections and events

E.3.2 Interacting with each other socially

E.3.3 Acting together to support social or environmental causes

E.3.4 Networking and sharing of resources with each other

This policy will be monitored annually by internal report according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: EXECUTIVE LIMITATIONS  
POLICY TITLE: L - GLOBAL EXECUTIVE CONSTRAINT  
ADOPTED: 08/10/06  
REVISIONS: 7/26/2017  
MONITORED:

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

This policy will be monitored annually by internal report according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: EXECUTIVE LIMITATIONS  
POLICY NUMBER: L1 – TREATMENT OF CUSTOMERS  
ADOPTED: 08/10/06  
REVISIONS: 7/26/2017  
MONITORED: 04/05/07

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*The General Manager will ensure that our customers receive high value in our products and services.*

The GM will:

- L.1.1 Offer a range of products and services that meet our customers’ needs.
- L.1.2 Ensure a safe and pleasant shopping experience for our customers.
- L.1.3 Have a system in place for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.

This policy will be monitored annually by internal report according to the monitoring schedule in the Board’s Annual Calendar.

POLICY TYPE: EXECUTIVE LIMITATIONS  
POLICY TITLE: L2 - STAFF TREATMENT  
ADOPTED: 08/10/06  
REVISIONS: 10/11/07, 7/26/2017  
MONITORED: 10/03/07

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*With respect to relations with paid and volunteer staff, the General Manager will ensure that conditions are fair, safe, and clear.*

The GM will:

L.2.1 Not cause or allow discrimination or harassment among employees and potential employees based on other than business related criteria, individual performance, and qualifications.

L.2.1.1 Conduct annual reviews of employee performance based on job description.

L.2.2 Operate with written personnel policies that: (a) clarify rules for staff, (b) provide for effective handling of grievances, and (c) protect against wrongful conditions, such as nepotism and grossly preferential treatment for personal reasons.

L.2.3 Provide for appropriate documentation, security and retention of personnel records and all personnel related decisions.

This policy shall be monitored annually by internal report according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: EXECUTIVE LIMITATIONS  
POLICY TITLE: L3 - COMPENSATION AND BENEFITS  
ADOPTED: 08/10/06  
REVISIONS: 7/16/2017  
MONITORED: 07/05/07

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*With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the General Manager will ensure that conditions are legal, fair, and do not jeopardize the co-op's fiscal integrity or public image.*

The GM will:

- L.3.1 Establish a wage schedule based upon job responsibilities and the labor market, which is applied consistently to all people and positions.
- L.3.2 Not promise or imply permanent or guaranteed employment.
- L.3.3 Not establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.
- L.3.4 Not create obligations over a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to losses in revenue.
- L.3.5 Not change the GM's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

This policy shall be monitored annually by internal report and annually by external report according to the monitoring schedule in the Board's Annual Calendar.



POLICY TYPE: EXECUTIVE LIMITATIONS  
POLICY TITLE: L4 – MEMBERSHIP  
ADOPTED: 09/07/06  
REVISIONS: 04/05/07, 7/26/2017  
MONITORED: 06/04/07

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*The General Manager will establish, maintain, and promote a vital membership program that builds a sense of ownership among members.*

The GM will:

- L.4.1 Ensure accurate and current member records including name, address, equity payments and eligibility for benefits and voting.
  - L.4.1.1 Allow only authorized use of the membership information.
  - L.4.1.2 Make no change to the membership equity requirement or the membership benefits.
- L.4.2 Provide opportunities for members to participate in the cooperative.
- L.4.3 Ensure that adequate membership information and application materials are readily available.
- L.4.4 Ensure that members are aware of Board actions, meetings, activities or events.
- L.4.5 Communicate quarterly to membership via newsletter.

This policy will be monitored annually by internal report according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: EXECUTIVE LIMITATIONS  
POLICY TITLE: L5 - FINANCIAL CONDITION AND ACTIVITIES  
ADOPTED: 09/07/06  
REVISIONS: 04/03/08, 7/26/2017  
MONITORED: 02/04/07, 05/03/07, 08/07, 11/01/07, 02/07/08, 07/10/08

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*With respect to the actual, ongoing financial condition and activities, the General Manager will not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from board priorities established in Ends policies.*

The GM will:

- L.5.1 Not incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
- L.5.2 Use restricted funds only for the purpose that is required by the restriction mentioned above.
- L.5.3 Ensure that liquidity is sufficient to meet cash needs in a timely and efficient fashion.
  - L.5.3.1 Settle contracts, payroll, loans or other financial obligations in a timely manner.
  - L.5.3.2 Ensure that tax payments or other government-ordered payments are submitted on time and are accurately filed.
- L.5.4 Ensure that operations generate an adequate net income.
- L.5.5 Not make a single, non-merchandise purchase or commitment of greater than \$3000
  - L.5.5.1 with the exception of a point of sales system.
- L.5.6 Not acquire, encumber or dispose of real estate.
- L.5.7 Ensure that financial record keeping systems are adequate and in conformity with GAAP.

This policy will be monitored quarterly by internal report and annually by external report (audit) according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: EXECUTIVE LIMITATIONS  
POLICY TITLE: L6 - BUDGETING/FINANCIAL PLANNING  
ADOPTED: 09/07/06  
REVISIONS: 7/26/2017  
MONITORED: 02/01/07

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*Financial planning for any fiscal year or the remaining part of any fiscal year will be guided by the Board's Ends priorities, will not risk fiscal jeopardy, and will be derived from a multi-year plan.*

The GM will allow only plans that:

- L.6.1 Are consistent with the board policy "Financial Condition and Activities."
- L.6.2 Provide credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
  - L.6.2.1 Contain sufficient details to support assumptions.
- L.6.3 Provide sufficient funds for board prerogatives during the year set forth in the Cost of Governance policy.
- L.6.4 Are updated at least annually.

This policy shall be monitored by internal report according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: EXECUTIVE LIMITATIONS  
POLICY TITLE: L7 - ASSET PROTECTION  
ADOPTED: 09/17/06  
REVISIONS: 7/26/2017  
MONITORED: 01/04/07

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*The General Manager will ensure that the cooperative's assets are protected, adequately maintained and not unnecessarily risked.*

The GM will:

- L.7.1 Insure adequately against theft and casualty losses and against liability losses to board members, staff and the cooperative itself.
- L.7.2 Protect data, intellectual property, information and files.
- L.7.3 Not receive, process, or disburse funds under controls that meet the Board-appointed auditor's standards.
- L.7.4 Not unnecessarily expose the cooperative, the board, or the staff to claims of liability.
- L.7.5 Not subject plant and equipment to improper wear and tear or insufficient maintenance.
- L.7.6 Not allow purchasing to be uncontrolled or subject to conflicts of interest.
- L.7.7 Deposit the cooperative's funds only in institutions where they are fully protected except where necessary to facilitate operational transactions.
- L.7.8 Not endanger the cooperative's public image, credibility, or its ability to accomplish Ends.

This policy will be monitored annually by external report according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: EXECUTIVE LIMITATIONS  
POLICY TITLE: L8 - COMMUNICATION AND COUNSEL TO THE BOARD  
ADOPTED: 09/17/06  
REVISIONS: 7/26/2017  
MONITORED: 01/04/08

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*The General Manager will ensure that the Board is well informed.*

The GM will:

- L.8.1 Ensure that the Board is aware of relevant trends, public events of the Cooperative, or internal and external changes which affect the assumptions upon which Board policy has previously been submitted.
- L.8.2 Submit timely, accurate, and understandable monitoring data required by Board policy D4 – Monitoring General Manager Performance.
  - L.8.2.1 Ensure that the Board is aware of any actual or anticipated non-compliance with Ends or Executive Limitations polices, regardless of the monitoring schedule.
  - L.8.2.2 Submit only monitoring reports that include:
    - Policy criteria repeated in the report.
    - The Manager’s interpretation of the policy.
    - Relevant data that fully address the interpretation.
    - An explanation and the anticipated date for compliance, if the report indicates an out-of-compliance situation.
    - A clear indication of which aspects of the report are changed since the last report.
- L.8.3 Let the Board know 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 of the General Manager or the relationship between the General Manager and the Board.
- L.8.4 Deal with the Board in a way that doesn’t favor or privilege certain board members over others except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the board.
- L.8.5 Submit to the board a consent agenda containing items delegated to the GM yet required by law, regulation or contract to be board-approved, along with applicable monitoring information.

This policy will be monitored by internal report according to the monitoring schedule in the Board’s Annual Calendar.

POLICY TYPE: EXECUTIVE LIMITATIONS  
POLICY TITLE: L9 - EXECUTIVE SUCCESSION  
ADOPTED: 09/17/06  
REVISIONS: 7/27/2017  
MONITORED: 04/05/07

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*In order to protect the Board from sudden loss of GM services, the General Manager will have at least two other employees sufficiently familiar with the Board and GM issues and processes to be able to take over with reasonable proficiency as an interim successor.*

This policy will be monitored by internal report according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: EXECUTIVE LIMITATIONS  
POLICY TITLE: L10 –BOARD LOGISTICAL SUPPORT  
ADOPTED: 09/17/06  
REVISIONS: 7/26/2017  
MONITORED: 08/27/07

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*The General Manager will ensure that the Board has adequate logistical support.*

The GM will:

- L.10.1 Provide the Board with sufficient staff administration to support governance activities and Board communication.
- L.10.2 Ensure that the board has a workable mechanism for official board, officer and committee communications.
- L.10.3 Ensure that newly elected or appointed Board Members have an updated copy of the Policy Register, the Bylaws and recent minutes before the first board meeting that they attend.

This policy will be monitored by internal report according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: GOVERNANCE PROCESS  
POLICY TITLE: G - GLOBAL GOVERNANCE COMMITMENT  
ADOPTED: 05/25/06  
REVISIONS:  
MONITORED: 7/26/2017

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*The purpose of the Board, on behalf of our member-owners, is to see to it that the cooperative (1) achieves appropriate results for appropriate persons at an appropriate cost and (2) avoids unacceptable actions and situations.*

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board's Annual Calendar.



POLICY TYPE: GOVERNANCE PROCESS  
POLICY TITLE: G1 - GOVERNING STYLE  
ADOPTED: 05/25/06  
REVISIONS: 04/17/13  
MONITORED: 04/17/13, 7/26/2017

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*The Board will govern in a way that (1) emphasizes future vision (more than past or present), (2) emphasizes initiative and strategic leadership (not operational detail), (3) provides clear distinctions of Board and management roles, and (4) deliberates in many voices but governs in one voice.*

Accordingly:

- G.1.1. The Board will direct the cooperative through careful establishment of written policies reflecting the Board’s values about ends to be achieved and means to be avoided, with a focus on intended long-term effects rather than on the administrative or programmatic means of attaining those effects.
- G.1.2. The Board will cultivate a sense of group responsibility for excellence in governing. The Board will allow no Board member or committee to hinder or be an excuse for not fulfilling Board commitments or following Board policy. The board will not use the expertise of individual members to substitute for the judgment of the board, although the expertise of individual members may be used to enhance the understanding of the board as a body.
- G.1.3 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 the continuance of governance capability.
- G.1.4 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 Board policies on Governance Process and Board-General Manager Delegation.
  - G.1.4.1 Different policies from Governance Process and Board-General Manager Delegation will be chosen for each month according to the Board’s Annual Calendar.
- G.1.5 Board decisions will be made using a consensus process. Decisions will be made by using the “unanimous minus two” rule: more than two attending board members are required to block a decision.

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board’s Annual Calendar.

POLICY TYPE: GOVERNANCE PROCESS  
POLICY TITLE: G2 - BOARD JOB DESCRIPTION  
ADOPTED: 05/25/06  
REVISIONS: 04/05/07  
MONITORED: 02/08/07, 03/06/08, 7/26/2017

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*The job of the Board is to represent the member-owners in ensuring appropriate organizational performance.*

Accordingly:

- G.2.1. The Board will create and act as the link between the member-owners and the cooperative business they own. The Board will educate itself regarding the values held by the members and report periodically to the members on the Board's activities, decisions, and compliance with Board policies on Governance Process and Board-General Manager Linkage.
  - G.2.1.1. The Board will provide adequate opportunities for the linkage between the Board and membership no less than four times each year.
- G.2.2. The Board will enact written policies that address the broadest levels of all organizational decisions and situations.
  - G.2.2.1. Ends: Organizational products, effects, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).
  - G.2.2.2. Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
  - G.2.2.3. Governance Process: Specification of how the Board conceives, carries out, and monitors its own tasks.
  - G.2.2.4. Board-General Manager Delegation: How power is delegated and its proper use monitored; the General Manager role, authority, and accountability.
- G.2.3. The Board will assure General Manager performance through monitoring against Board policies on Ends and Executive Limitations (G.2.2.1 and G.2.2.2).
- G.2.4. The Board will perpetuate itself through recruitment, training, and ongoing professional development, including monitoring and self-evaluation.

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: GOVERNANCE PROCESS  
POLICY TITLE: G3 - AGENDA PLANNING  
ADOPTED: 05/25/06  
REVISIONS: 11/02/06  
MONITORED: 01/04/07, 01/03/08, 7/26/2017

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*To accomplish its job with a governance style consistent with Board policies, the Board will follow an annual agenda that (1) annually completes re-exploration of Ends policies and links with members, and (2) continually improves Board performance through Board education and enriched input and deliberations.*

Accordingly:

- G.3.1. The Board's annual governance cycle will run from October 1 to September 30.
- G.3.2 The cycle will begin with the development of the Board's agenda for the coming year. The agenda will include:
  - G.3.2.1 Consultations with selected groups of member-owners or other methods of gaining ownership input will be determined and arranged in the first quarter, to be held during the balance of the year.
  - G.3.2.2 Governance education, and education related to Ends determination (like presentations by futurists, demographers, advocacy groups, staff, etc) will be arranged in the first quarter, to be held during the balance of the year.
- G.3.3 Throughout the year, the Board will attend to consent agenda items as expeditiously as possible.
- G.3.4 The Board will limit the amount of meeting time taken up by monitoring reports, discouraging discussion unless the reports indicate policy violations, or the policy criteria themselves need review.
- G.3.5 GM compensation will be determined in February, following a review of the previous year's monitoring reports.
- G.3.6 The Board will create, and modify as necessary, an annual calendar that includes the items mentioned in this policy (membership meetings, Board training schedule, monitoring schedule, etc).

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: GOVERNANCE PROCESS  
POLICY TITLE: G4 - BOARD PRESIDENT'S ROLE  
ADOPTED: 06/08/06  
REVISIONS: 7/26/2017  
MONITORED: 02/08/07, 02/07/08

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*The Board president assures the integrity of the Board's process and the integrity of the Board's relationship with the General Manager. Occasionally the president represents the Board to outside parties.*

- Accordingly:
- G.4.1 The Board president's job is to ensure the Board behaves consistently according to its own rules and those legitimately imposed upon it from outside the organization.
    - G.4.1.1 Board meetings will cover issues that, according to Board policy, clearly belong to the Board to decide or to monitor.
    - G.4.1.2 Information that is neither for monitoring performance nor for Board decisions will be minimized and noted as such.
    - G.4.1.3 Conversation and deliberation will be fair, open, and thorough but also timely, orderly, and kept to the point.
  - G.4.2 The Board president is authorized to make decisions falling within Board policies on Governance Process and Board-General Manager Relationship, except where the Board specifically delegates portions of this authority to others. The Board president is authorized to use any reasonable interpretation of the provisions in these policies.

In particular, the Board president has the following responsibilities:

    - G.4.2.1 Chair/facilitate Board meetings.
    - G.4.2.2 Ensure that Board officers and directors carry out their duties.
  - G.4.3 The Board president may delegate the authority outlined in this policy but remains accountable for its use.
  - G.4.4 The Board president has no authority to make decisions about Board policies on Ends or Executive Limitations.
    - G.4.4.1 The Board president has no authority to supervise or direct the General Manager.

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: GOVERNANCE PROCESS  
POLICY TITLE: G5 – BOARD MEMBERS’ CODE OF CONDUCT  
ADOPTED: 06/08/06  
REVISIONS:  
MONITORED: 04/05/07, 04/03/08, 7/26/2017

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*The Board commits itself and its members to ethical and well-ordered conduct, including proper use of authority and appropriate decorum when acting as Board members.*

Accordingly:

- G.5.1 Board members must represent complete loyalty to the interests of the ownership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, other organizations, employees of the cooperative, and any personal interest as a consumer.
  - G.5.1.1 An individual member shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board.
- G.5.2 Board members must avoid any conflict of interest with respect to their fiduciary responsibility.
  - G.5.2.1 An individual member shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Members having such an interest may not participate in the decision of the matter, nor, unless otherwise determined by the Board, in the discussion of the matter.
  - G.5.2.2 An individual member shall not, during her/his term of office, be a party to a contract for profit with the Co-op differing in any way from the business relations accorded each member or upon terms differing from those generally current among members.
  - G.5.2.3 Board members must not use their positions to obtain for themselves, family members or close associates employment within the organization or a business relationship with the co-op.
- G.5.3 Board members may not attempt to exercise individual authority over the Cooperative, or representation of the Board or the Cooperative, except as explicitly set forth in Board policies.
  - G.5.3.1 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.
  - G.5.3.2 Board members' interaction with the public, press or other entities must recognize the same limitation and the similar inability of any director to speak for the Board, except to repeat explicitly stated Board decisions.

- G.5.3.3 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.
- G.5.4 An individual member shall maintain confidentiality as needed to protect the Co-op's interests and financial viability. Directors shall not discuss disputed or confidential corporate actions, policies, or issues with Co-op members, employees, or the general public unless the board has decided that such information is no longer confidential. All issues related to personnel, real estate, business strategies and goals, pending litigation, and details of the Co-op's financial status will be considered sensitive issues subject to confidentiality unless or until full disclosure is approved by the Board as a whole.
- G.5.5 Individual members shall contribute productively to the Board's work by
  - G.5.5.1 Regularly attending and actively participating in the Board's meetings, training sessions and retreats.
    - G.5.5.1.1 The board may replace any board member who misses more than 3 meetings within a calendar year.
  - G.5.5.2 Coming to board meetings prepared to participate responsibly by having read all meeting materials.
  - G.5.5.3 Responsibly expressing one's own opinion.
  - G.5.5.4 Respecting the rights of others to communicate their ideas free from interruption and without intimidation. Board members should listen respectfully to the opinions of others and honor divergent opinions.
  - G.5.5.5 Accepting group decisions as legitimate.
  - G.5.5.6 Sharing responsibility for group behavior and productivity.
  - G.5.5.7 Not dominating Board meeting time, nor expecting the Board to deal with topics that are not appropriate for the Board.
  - G.5.5.8 Having fun!
- G.5.6 Individual directors will support the legitimacy and authority of Board decisions, irrespective of the director's personal position on the issue.

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: GOVERNANCE PROCESS  
POLICY TITLE: G6 - BOARD COMMITTEE PRINCIPLES  
ADOPTED: 06/08/06  
REVISIONS:  
MONITORED: 06/07/07, 05/01/08, 7/26/2017

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*Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's job and so as never to interfere with delegation from Board to General Manager.*

Accordingly:

- G.6.1 Board committees are to help the Board do its job, not to help or advise staff. Committee work is limited to those tasks specifically delegated to them by the Board.
- G.6.2 Board committees ordinarily assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board's focus on governance, Board committees normally do not deal with current staff operations.
- G.6.3 Board committees may be either standing committees, which persist, or *ad hoc* committees formed for a particular purpose and later dissolved. Policies under G6 apply to both.
- G.6.4 Board committee responsibilities (product and authority) are established in a written committee charter created and controlled by the Board.
- G.6.5 Board committees report solely to the Board as specified by the Board in the committee charter.
- G.6.6 Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated so as not to conflict with authority delegated to the General Manager.
- G.6.7 Board committees cannot exercise authority over staff. Because the General Manager works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: GOVERNANCE PROCESS  
POLICY TITLE: G7 - COST OF GOVERNANCE  
ADOPTED: 05/25/06  
REVISIONS: 12/06/06, 7/26/2017  
MONITORED: 10/11/07

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*Because poor governance costs more than learning to govern well, the Board shall invest in its governance capacity.*

Accordingly:

- G.7.1. Board skills and methods will assure governing with excellence.
  - G.7.1.1 Education and training will be used liberally to orient new directors and Board candidates, as well as to maintain and increase skills of existing directors. This includes but is not limited to use of consultants, attendance at conferences, purchasing resources, and workshops.
  - G.7.1.2 Outside monitoring assistance will be arranged as needed so the Board can exercise confident control over organizational performance.
  - G.7.1.3 The Board will maintain an active link to members' viewpoints and values, using tools such as surveys, forums, focus groups and the annual meeting.
  - G.7.1.4 Board expenses for recruitment and election costs shall be considered investments in the perpetuation of a highly effective Board.
- G.7.2. Governance costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability
  - G.7.2.1. Up to  $\frac{1}{2}$  of 1% of the Cooperative's annual budget will be dedicated for items in G7.1.
  - G.7.2.2 The Board's annual budget will be developed in a timely way so as to not interfere with the development of the Cooperative's annual budget.

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board's Annual Calendar.



POLICY TYPE: GOVERNANCE PROCESS  
POLICY TITLE: G8 – TREASURER’S ROLE  
ADOPTED: 05/25/06  
REVISIONS: 7/26/2017  
MONITORED: 04/05/07, 06/05/08

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*The Treasurer’s role is to help ensure that the Board creates and follows good policy relating to the financial condition of the cooperative and the Board itself.*

Accordingly,

- G.8.1 The Treasurer will monitor the Co-op’s budget.
- G.8.2 The Treasurer will create and monitor the Board’s budget in accordance with policy G7.
- G.8.3 The Treasurer will chair any committee charged with researching financial policies, or with hiring an auditor.

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board’s Annual Calendar.

POLICY TYPE: GOVERNANCE PROCESS  
POLICY TITLE: G9 – VICE PRESIDENT’S ROLE  
ADOPTED: 05/25/06  
REVISIONS:  
MONITORED: 08/16/07, 7/26/2017

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*The Vice-President’s role is to help the Board maintain the relationship between the Board and the Member-owners.*

Accordingly:

- G.9.1 The Vice-President will ensure that the election and referenda process follows the Board’s policies.
- G.9.2 The Vice-President will be the liaison between the Board and the GM to ensure that all special events like Member Meetings are structured in a way that helps the Board do its work.
- G.9.3 In accordance with our bylaws, the Vice-President will perform the duties of the President in her/his absence.

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board’s Annual Calendar.

POLICY TYPE: GOVERNANCE PROCESS  
POLICY TITLE: G10 - SECRETARY'S ROLE  
ADOPTED: 05/25/06  
REVISIONS: 04/05/07, 7/26/2017  
MONITORED: 07/05/07, 07/10/08

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*The Secretary's role is to ensure the integrity of the Board's documents.*

Accordingly,

- G.10.1 The Secretary will ensure that all board documents and filings are timely and accurate.
  - G.10.1.1 The Secretary will ensure that directors, board associates and General Manager receive a complete meeting packet before each meeting; b) ensuring that all meeting minutes are accurate and well formatted; and c) assuring that all Board documents (electronic and paper) are safely archived on site at the Co-op for an appropriate length of time.
  - G.10.1.2 The Secretary will ensure that the policy register is updated to reflect changes approved by the board of directors, that policies are coherent and adhere to the Policy Governance model, and that the latest electronic and print version is distributed to the directors and GM.
- G.10.2 (In accordance with our bylaws) The Secretary will certify by her/his signature the results of voting in all elections and referenda put to the membership of the Co-op.
- G.10.3 The secretary has the authority to access and control board documents.

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: BOARD-GENERAL MANAGER DELEGATION  
POLICY TITLE: D - GLOBAL GOVERNANCE-MANAGEMENT CONNECTION  
ADOPTED: 07/06/06  
REVISIONS:  
MONITORED: 7/26/2017

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*The Board's sole official connection to the operational organization, its achievements, and conduct will be through the General Manager.*

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: BOARD-GENERAL MANAGER DELEGATION  
POLICY TITLE: D1 - UNITY OF CONTROL  
ADOPTED: 07/06/06  
REVISIONS:  
MONITORED: 07/05/07, 07/10/08, 7/26/2017

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

Accordingly:

- D.1.1. Decisions or instructions of individual directors or committees are not binding on the General Manager except in instances when the Board has specifically authorized such exercise of authority.
- D.1.2. In the case of directors or committees requesting information or assistance without Board authorization, the General Manager may refuse such requests that require, in the General Manager's opinion, excessive staff time or funds, or are disruptive.

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: BOARD-GENERAL MANAGER DELEGATION  
POLICY TITLE: D2 - ACCOUNTABILITY OF THE GENERAL MANAGER  
ADOPTED: 07/06/06  
REVISIONS:  
MONITORED: 12/06/07, 7/26/2017

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*The General Manager is the Board's only link to operational achievement and conduct; all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the General Manager.*

Accordingly:

- D.2.1. The Board will never give instructions to persons who report directly or indirectly to the General Manager.
- D.2.2. The Board will refrain from evaluating, either formally or informally, any staff other than the General Manager.
- D.2.3. The Board will evaluate General Manager performance based solely upon organizational performance, so that organizational accomplishment of Board-stated Ends and avoidance of Board-proscribed means will be viewed as successful General Manager performance.

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: BOARD-GENERAL MANAGER DELEGATION  
POLICY TITLE: D3 - DELEGATION TO THE GENERAL MANAGER  
ADOPTED: 07/06/06  
REVISIONS:  
MONITORED: 08/16/07, 7/26/2017

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*The Board will instruct the General Manager through written policies that prescribe the organizational Ends to be achieved and describe organizational situations and actions to be avoided, allowing the General Manager to use any reasonable interpretation of these policies.*

Accordingly:

- D.3.1. The Board will develop policies instructing the General Manager to achieve certain results, for certain recipients, at specified costs. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called Ends policies. All issues that are not Ends issues as defined above are Means issues.
- D.3.2. The Board will develop policies that limit the latitude the General Manager may exercise in choosing the organizational means. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies. The board will never prescribe organizational means delegated to the GM.
  - D.3.2.1 Below the global level, a single limitation at any given level does not limit the scope of any foregoing level.
  - D.3.2.2 Below the global level, the aggregate of limitations on a given level may embrace the scope of the foregoing level, but only if justified by the GM to the Board's satisfaction.
- D.3.3. As long as the General Manager uses *any reasonable interpretation* of the Board policies on Ends and Executive Limitations, the General Manager is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities. Such decisions of the GM shall have full force and authority as if decided by the Board.
- D.3.4. The Board may change its policies on Ends and Executive Limitations, thereby shifting the boundary between Board and General Manager domains. By doing so, the Board changes the latitude of choice given to the General Manager. But as long as any particular delegation is in place, the Board will respect and support the General Manager's choices.

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board's Annual Calendar.

POLICY TYPE: BOARD-GENERAL MANAGER DELEGATION  
POLICY TITLE: D4 - MONITORING GENERAL MANAGER PERFORMANCE  
ADOPTED: 07/06/06  
REVISIONS: 10/11/07  
MONITORED: 12/06/07, 7/26/2017

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*Monitoring of General Manager job performance will be solely against the only expected GM job outputs: organizational accomplishment of Ends policies and organizational operation within the boundaries established in Executive Limitations policies.*

Accordingly:

- D.4.1. Monitoring is simply to determine the degree to which Board policies are being met. Information that does not do this is not monitoring information.
- D.4.2. The Board will acquire monitoring data by one or more of three methods:
  - D.4.2.1. By *internal report*, in which the General Manager discloses compliance information to the Board, along with her/his justification for the reasonableness of the interpretation.
  - D.4.2.2. By *external report*, in which an external, disinterested third party selected by the Board assesses compliance with Board policies, augmented with the GM's justification for the reasonableness of his/her interpretation.
  - D.4.2.3. By *direct Board inspection*, in which a designated director or directors assess compliance with policy, with access to the GM's justification for the reasonableness of his/her interpretation.
- D.4.3. In every case, the standard for compliance shall be *any reasonable General Manager interpretation* of the Board policy being monitored. The Board is the final arbiter of reasonableness, but will always judge with a "reasonable person" test rather than with interpretations favored by individual Board members or by the Board as a whole.
- D.4.4. 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 follow the schedule outlined in the Board Annual Calendar.
- D.4.5. The Board's annual evaluation of the General Manager, based on a summary of monitoring reports received from January 1 through December 31, will be completed by February. The Board will make its decisions concerning the evaluation, the employment contract, and compensation adjustment no later than April.

This policy shall be monitored by Board evaluation according to the monitoring schedule in the Board's Annual Calendar.