



## Board Policies

**Policy Type:** Ends

**Policy Title:** A - Ends

**Last Revised:** January 23, 2012

1. A Greater Sense of Community.
2. Community members are better informed about cooperative principles and personal and environmental health.
3. People in our area have access to healthy products.
4. A vibrant local food economy.

**Policy Type:** Executive Limitations

**Policy Title:** B - Global Executive Constraint

**Last Revised:** February 26, 2014

The General Manager must not cause or allow any practice, activity, decision or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practice, or in violation of the Cooperative Principles. The board specifically prohibits the practice of nepotism.



## Board Policies

**Policy Type:** Executive Limitations

**Policy Title:** B I - Financial Condition and Activities

**Last Revised:** February 26, 2014

With respect to the actual, ongoing financial conditions and activities, the General Manager must not cause or allow the Cooperative to be unprepared for future opportunities, the development of fiscal jeopardy, or key operational indicators to be below average for our industry.

The GM must not

1. Allow sales growth to be inadequate.
2. Allow operations to generate an inadequate net income.
3. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
4. Allow solvency (the relationship of debt to equity) to be insufficient.
5. Allow growth in ownership and owner equity to be insufficient.
6. Default on any terms that are part of the Cooperative's loans.
7. Allow late payment of contracts, payroll, loans or other financial obligations.
8. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
9. Acquire, encumber or dispose of real estate.
10. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
11. Use restricted funds for any purpose other than that required by the restriction.
12. Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAPb).



## Board Policies

**Policy Type:** Executive Limitations

**Policy Title:** B2 - Business Planning & Financial Budgeting

**Last Revised:** February 26, 2014

The General Manager shall not cause or allow business planning and budgeting to deviate from the Board's Ends priorities, risk financial jeopardy or fail to be derived from a multiyear plan.

The GM must not:

- I. Create plans or budgets that:
  - a. Risk incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."
  - b. Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
  - c. Have not been tested for feasibility.
2. Provide less for Board prerogatives during the year than is set forth in the board budget.



## Board Policies

**Policy Type:** Executive Limitations

**Policy Title:** B3-Asset Protection

**Last Revised:** February 26, 2014

The General Manager must not allow assets to be unprotected, unreasonably risked, or inadequately maintained.

The GM must not:

1. Allow equipment and facilities to be inadequately insured or otherwise unable to be replaced if damaged or destroyed, including coverage for any losses incurred due to business interruption.
2. Allow unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Allow deposits or investments to be unreasonably risked.
4. Allow inadequate security of premises and property.
5. Allow data, intellectual property, or files to be unprotected from loss, theft or significant damage.
  - a. Allow improper usage of members' and customers' personal information.
6. Allow purchasing that is uncontrolled or subject to conflicts of interest.
7. Allow lack of due diligence in contracts.
8. Allow damage to the Cooperative's public image.



## Board Policies

**Policy Type:** Executive Limitations

**Policy Title:** B4 - Membership Rights & Responsibilities

**Last Revised:** February 26, 2014

The General Manager shall not allow members to be uninformed or misinformed of their rights and responsibilities.

The GM will not:

1. Create or implement a member equity system without the following qualities:
  - a. The required member equity, or fair share, is determined by the Board.
  - b. Members are informed that equity investments are a) at risk, and b) generally refundable, though the Board retains the right to withhold refunds when necessary to protect the Cooperative's financial viability.
  - c. Equity will not be refunded if such refunds would lead to a net decrease in total member paid-in equity, or would risk, cause or exacerbate non-compliance with any Financial Condition policy.
2. Implement a patronage dividend system that does not:
  - a. Comply with IRS regulations.
  - b. Allow the Board to examine a range of options and implications, so the Board can make a timely determination each year concerning how much, if any, of the Cooperative's net profit will be allocated and distributed to members.



## **Board Policies**

**Policy Type:** Executive Limitations

**Policy Title:** B5 -Treatment of Customers

**Last Revised:** February 26, 2014

The General Manager must not be unresponsive to customer needs.

The GM must not:

1. Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.
2. Allow an unsafe shopping experience for our customers.



## Board Policies

**Policy Type:** Executive Limitations

**Policy Title:** B6 - Staff Treatment & Compensation

**Last Revised:** August 20, 2019

The General Manager must not treat staff in any way that is unfair, unsafe or unclear or create or foster a hostile work environment for any employee.

The GM will not:

- 1) Operate without written personnel policies that:
  - a) Clarify rules for staff.
  - b) Provide for fair and thorough handling of grievances in a way that does not include the Board as a participant with the exception of instances that involve the GM directly:
    - i. Violation of existing policies
    - ii. Inconsistent application of policy to different employees in similar situations
    - iii. An unfair situation caused by an inherently unfair or discriminatory policy
    - iiii. Sexual harassment
  - c) Are accessible to all staff.
  - d) Inform staff that employment is neither permanent nor guaranteed.
- 2) Cause or allow personnel policies to be inconsistently applied.
- 3) The GM will not allow inadequate documentation, security and retention of personnel records and all personnel related decisions.
- 4) Establish compensation and benefits that are internally or externally inequitable.
- 5) Change the GM's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees
- 6)



## Board Policies

**Policy Type:** Executive Limitations

**Policy Title:** B7 - Communication to the Board

**Last Revised:** February 26, 2014

The General Manager must not cause or allow the Board to be uninformed or unsupported in its work.

The GM must not:

1. Submit monitoring reports that are untimely or inaccurate, or that lack operational definitions and verifiable data directly related to store operations.
2. Report in an untimely manner any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance and a proposed schedule regarding follow-up reporting.
3. Allow the Board to be unaware of relevant legal actions, media coverage, trends, public events of the Cooperative, or internal and external changes.
4. Withhold his/her opinion if the GM believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the GM.
5. Deal with the Board in a way that favors or privileges certain directors over others.
6. Fail to supply for the Board's consent agenda all decisions delegated to the GM yet required by law, regulation, or contract to be Board-approved.





## Board Policies

**Policy Type:** Executive Limitations

**Policy Title:** B8 - Board Logistical Support

**Last Revised:** February 26, 2014

The General Manager must not allow the Board to have inadequate logistical support.

The GM must not:

1. Provide the Board with insufficient staff administration to support governance activities and Board communication.
2. Allow the Board to be without a workable mechanism for official Board, officer or committee communications.
3. Allow directors to be without an updated copy of the Policy Register, the Bylaws, and the Articles of Incorporation.
4. Provide inadequate information and notice to members concerning Board actions, meetings, activities and events.
5. Allow insufficient archiving of Board documents.

**Policy Type:** Executive Limitations

**Policy Title:** B9 - Emergency GM Succession

**Last Revised:** February 26, 2014

To protect the board from sudden loss of GM services, the GM must not have less than one other manager sufficiently familiar with Board and GM issues and processes to enable her/him to take over with reasonable proficiency as an interim successor.



## Board Policies

**Policy Type:** Board Process

**Policy Title:** C - Global Governance Commitment

**Last Revised:** March 24, 2014

Acting on behalf of our owners, the Board ensures the success of the cooperative by working together effectively, empowering and holding accountable professional management, providing strategic leadership for our cooperative, and perpetuating our democratic organization.

**Policy Type:** Board Process

**Policy Title:** CI - Governing Style

**Last Revised:** March 24, 2014

We will govern in a manner consistent with the Four Pillars of Cooperative Governance (Teaming, Accountable Empowerment, Strategic Leadership, Democracy). In order to do this, we will:

1. Be a strategic leader by focusing our vision outward and toward the future.
2. Ensure effective systems of delegating authority to professional management, holding the use of that power accountable, and clearly distinguishing between board and management responsibilities.
  - a. Observe the 10 Policy Governance principles (Ends Policies, Ownership, Board Process Policies, Board Holism, Board-Management Relationship Policies, Governance Position, Limitations Policies, Policies/Decisions Come in Sizes, Any Reasonable Interpretation, Monitoring)
3. Maintain team discipline, authority and responsibility.
4. Practice the habits of a successful democracy.
5. Obey all relevant laws and bylaws.



## Board Policies

**Policy Type:** Board Process

**Policy Title:** C2 – The Board’s Job

**Last Revised:** March 24, 2014

In order to govern successfully, we will:

1. Create & sustain a meaningful relationship with member-owners.
2. Hire, compensate, delegate responsibility to, and hold accountable a General Manager.  
(See D. Board/GM Relationship Policies)
  - a. Use a strategic process to establish the value of GM Compensation, and complete this process in a timely manner.
3. Have expectations in the form of written governing policies that realistically address the broadest levels of all organizational decisions and situations. We will write these policies in the form of Ends, Executive Limitations, Board Process, and Board/Management Relationship as described in the Policy Governance Principles.
4. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
5. Rigorously monitor operational performance in the areas of Ends and Executive Limitations, and Board performance in the areas of Board Process and Board/Management Relationship.
6. Perpetuate the Board's leadership capacity using ongoing education, training and recruitment.
7. Perform other duties as required by the bylaws or because of limitations on GM authority.
8. Hire an auditor for the co-op to audit the financials, inventory, and other areas the Board sees as necessary on a periodic basis.



## **Board Policies**

**Policy Type:** Board Process

**Policy Title:** C3 – Agenda Planning

**Last Revised:** March 24, 2014

We will follow a strategic multi-year work plan and annual agenda that focuses our attention upward and outward.

1. We will create, and modify as necessary, an annual calendar that includes tasks and events related to our multi-year work plan, membership meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions as outlined in our Board - Management Relationship policies.
2. Throughout the year, we will attend to consent agenda items as expeditiously as possible.
3. We will limit the amount of meeting time taken up by Executive Limitations monitoring reports, discouraging discussion unless the reports indicate policy violations or the policy criteria themselves needs review.



## Board Policies

**Policy Type:** Board Process

**Policy Title:** C4 - Board Meetings

**Last Revised:** March 24, 2014

Board meetings are for the task of getting the Board's job done.

1. We will use Board meeting time only for work that is the whole Board's responsibility. We will avoid committee issues, operational matters and personal concerns. However, issues regarding Board conduct are pertinent.
2. Meetings will open to the membership except when executive session is officially called.
  - a. We may occasionally use executive session to deal with confidential matters, as long as the purpose of the session is stated. When possible, announcement of the executive session should be on the published agenda.
3. We will seek consensus through discussion. We will then finalize and document decisions through the use of motions, seconds and majority vote. If a strongly split vote is cast, the Board will continue discussions to try and reach a strong consensus.
4. The meeting agenda will be determined by the Board and Board President, and may be modified at the meeting by a majority vote of the Board.

**Policy Type:** Board Process

**Policy Title:** C5 - Directors Code of Conduct

**Last Revised:** March 24, 2014

We each commit ourselves to ethical, businesslike and lawful conduct.

1. Every director is responsible at all times for acting in good faith, in a manner which she/he reasonably believes to be in the best interests of the Cooperative, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.
2. Directors must demonstrate unconflicted loyalty to the interests of the Cooperatives owners. This accountability supersedes any conflicting loyalty such



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as that to advocacy or interest groups, membership on other Boards or staffs, and the personal interest of any director acting as an individual consumer or member.

- a. There will be no self-dealing or any conduct of private business or personal services between any director and the Cooperative except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information.
  - b. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director shall abstain from conversation and the vote.
  - c. A director who applies for employment must first resign from the Board.
3. Directors may not attempt to exercise individual authority over the organization.
- a. When interacting with the GM or employees, directors must carefully and openly recognize their lack of authority.
  - b. When interacting with the public, the press, or other entities, directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated Board decisions.
  - c. Directors will respect the confidentiality appropriate to issues of sensitive nature and must continue to honor confidentiality after leaving Board service.
4. Directors will prepare for and attend all Board meetings and trainings.
5. Directors will support the legitimacy and authority of the Board's decision on any matter, irrespective of the director's personal position on the issue.
6. Any director who does not follow code of conduct policy can be removed from the Board by a 2/3 majority vote of the remaining Board.



## Board Policies

**Policy Type:** Board Process

**Policy Title:** C6 - Officers' Roles

**Last Revised:** October 20, 2020

We will elect officers in order to help us accomplish our job.

1. No officer has any authority to supervise or direct the GM.
2. Officers may delegate their authority but remain accountable for its use.
3. The President ensures the Board acts consistently with Board policies.
  - a. The President is authorized to use any reasonable interpretation of the provisions in the Board Process and Board-Management Relationship policies.
  - b. The President will chair and set the agenda for Board meetings and facilitate the co-op's annual General Membership Meeting.
  - c. The President plans for leadership (officer) perpetuation.
  - d. The President may represent the Board to outside parties.
4. The Vice President will perform the duties of the President in his/her absence. The Vice President will ensure that the election and referenda processes follow the Board's policies and bylaws.
  - a. Complete election/referenda ballots and a separate tally sheet of the totals/results will be filed in the office for five years. After five years, the ballots may be discarded, but the tally sheets will remain on file.
  - b. Ballot issues will be explained and the tallied election/referenda results reported at the Annual Membership Meeting and in the subsequent member newsletter.
  - c. Coordinate and order NHFC board member shirts for new board members (if budgeted for in current year).
5. The Treasurer will lead the Board's process for creating and monitoring the Board's (not the Cooperative's) budget. The Treasurer will be responsible for the following:
  - a. Create and monitor the Board's budget. Give verbal report on board budget at each meeting.
  - b. Chair any committee charged with researching financial-related matters.
  - c. Any other duties pertaining to the Treasurer's office as requested by the Board.
6. The Secretary will make sure the Board's documents are accurate, up to date, and appropriately maintained.



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- a. Take minutes at the annual meeting and type them in a report format for the Board files and next year's General Membership meeting, utilizing the How To files as a guide for taking minutes.
- b. Prepare board books annually and distribute to new board members. Inform incumbent members of the updated files and where to locate in Drop Box.
- c. Take/prepare meeting minutes as needed at regular meetings and special meetings when the Administrative Assistant is unable to do so.
- d. Take/prepare confidential meeting minutes for Closed Sessions/Meetings. Keep these in a "Board Only" folder and provide electronic copy of minutes to the President, as well. Board Only folder and complete contents are to be turned over to new Secretary and President upon the change of such office holder(s). These minutes are confidential and available only to current board members.





## Board Policies

**Policy Type:** Board Process

**Policy Title:** C7 - Board Committee Principles

**Last Revised:** March 24, 2014

We will use Board committees only to help us accomplish our job.

1. Committees will reinforce and support the wholeness of the Board
  - a. In particular, committees help the whole Board move forward when they research alternatives and bring back options and information.
  
2. Board committees may not speak or act for the Board except when formally given such authority for specific and time limited purposes.
  
3. The Board will establish, regularly review and control committee responsibilities in written committee charters. The three standing committees maintained by the Board will be the Education, Perpetuation, and General Manager Evaluation Committees. Ad hoc committees may be also be established.
  - e. We will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the GM.



## Board Policies

**Policy Type:** Board Process

**Policy Title:** C8-Governance Investment

**Last Revised:** June 18, 2019

We will invest in the Board's governance capacity.

1. We will make sure that Board skills, methods and supports are sufficient to allow us to govern with excellence.
2. We will incur governance costs prudently, though not at the expense of endangering the development and maintenance of superior capability.
  - a. We will use training and retraining liberally to orient new directors and candidates for membership, as well as to maintain and increase existing directors' skills and understanding.
  - b. We will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
  - c. We will use outreach mechanisms as needed to ensure our ability to listen to owner viewpoints and values.
  - d. We will use professional and administrative support.
3. We will develop the Board's annual budget in a timely way so as to not interfere with the development of the Cooperative's annual budget. In no case will we complete this work later than October. The Board's annual budget will be based on a percentage of store sales and shall be no more than one half of one percent of annual sales. The Board is not required to use that entire budget.



## Board Policies

**Policy Type:** Board Process

**Policy Title:** C9-Board Member Succession

**Last Revised:** June 18, 2019

In the event a board member for any reason is unable to discharge their duties and responsibilities as a member of the Co-Op Board and there is more than one board meeting before the next election, the following processes will be used to name a replacement.

1. The Board will retrieve the election results of the latest board election.
2. Establish the candidate(s) who had the next most votes in the election.
3. The Chair will contact that individual(s) to determine if they are still interested in serving on the Board of Directors.
  - a. If the results of the election were a tie the interest of both individuals will be assessed. If they are both interested in serving, the board will vote on the two to determine a replacement. If only one is interested and the other is not, the interested party will be named the replacement.
  - b. If they are not interested, the Board will continue going down the results of the election until an interested party is discovered and they will be named the replacement.
  - c. If no party is interested or the election was not contested, the Board will appoint a replacement.
4. That individual will serve out the remainder of the year until the next member meeting. The new member will retain all committee memberships as the previous board member.

If there is an election forthcoming after the very next board meeting, the board will wait and use the next election results to continue with the above process. It will be advertised and made aware to the member owners that they are also voting to fill a partial term of a departing board member.



## **Board Policies**

**Policy Type:** Board/Management Relationship

**Policy Title:** D - Global Board/Management Connection

**Last Revised:** March 24, 2014

The Board's sole official connection to the operations of the cooperative will be through the General Manager.

**Policy Type:** Board/Management Relationship

**Policy Title:** DI – Unity of Control

**Last Revised:** March 24, 2014

Only officially passed motions of the Board are binding on the GM.

1. Decisions or instructions of individual directors, officers, or committees are not binding on the GM except in rare instances when the Board has specifically authorized this power.
2. In the case of directors or committees requesting information or assistance without Board authorization, the GM can refuse any request that, in the GM's opinion, may disrupt operations or that require too much staff time or resources.



## Board Policies

**Policy Type:** Board/Management Relationship

**Policy Title:** D2 - Accountability of GM

**Last Revised:** November 22, 2008

The General Manager is the Board's only link to operational achievement and conduct.

1. The Board will view GM performance as identical to organizational performance so that the Cooperative's accomplishment of Board stated ends and avoidance of Board-proscribed means will be viewed as successful GM performance.
2. The Board will not instruct or evaluate any employee other than the GM.

**Policy Type:** Board/Management Relationship

**Policy Title:** D3–Delegation to the GM

**Last Revised:** October 27, 2010

The Board delegates authority to the GM through written Ends and Executive Limitations policies.

1. As long as the GM uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the GM is authorized to establish all further policies, practices and plans for the Cooperative.
2. The Board will respect and accept the GM's choices as long as those choices are based on reasonable interpretations of the Board's policies.
3. If the Board changes an End or Executive Limitations policy, the change only applies in the future.



## Board Policies

**Policy Type:** Board/Management Relationship

**Policy Title:** D4 - Monitoring GM Performance

**Last Revised:** October 20, 2020

The Board will systematically and rigorously monitor and evaluate the GM's job performance.

1. Monitoring is how the Board determines the degree to which the GM is following Board policies. Information that does not directly relate to Ends or Executive Limitations policies is not monitoring information.
2. The Board will acquire monitoring information by one or more of three methods:
  - a. By internal report, in which the GM discloses interpretations and compliance information to the Board.
  - b. By external report, in which external, disinterested third party selected by the Board assesses compliance with Board policies.
  - c. By direct Board inspection, in which a designated director or committee assesses compliance with the policy criteria.
3. In every case, the standard compliance will be any reasonable GM interpretation (as described by operational definitions and metrics) 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 directors or by the Board as a whole.
4. The GM is compliant with a policy if he/she presents a reasonable interpretations and adequate data that demonstrate accomplishment of that interpretation.
5. The Board will monitor all policies that instruct the GM. The Board can monitor any policy at any time by a method listed above but will ordinarily follow the schedule outlines in the Board Annual Calendar.
6. The Board's annual evaluation of the General Manager will be based on a summary of monitoring reports received for the calendar year from January through December. The evaluation will be completed each year by January 31<sup>st</sup>.
7. In a contract year, the renewal will be completed by March 31<sup>st</sup>.