

Berkshire Cooperative Association Board of Directors Policy Manual

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Policy Type: ENDS

Policy Title: BERKSHIRE COOPERATIVE ASSOCIATION ENDS

Berkshire Co-op Market is the center of a flourishing community that:

- Cultivates generosity, cooperation, and care for our environment
- Invigorates the local economy through equitable relationships and support of the cooperative movement
- Engages our greater community through education and outreach
- Is the trusted source of healthful food for all

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

Revised July 27, 2016

Policy Type: EXECUTIVE LIMITATIONS
Policy Title: D: GLOBAL EXECUTIVE DIRECTIVE

The General Manager will cause the Cooperative to conduct its affairs in a manner that is prudent, ethical, legal and in accordance with the Cooperative Principles. All activities of the Cooperative will be for the purpose of achieving Board policies on Ends.

Adopted: April 4, 2000

Policy Type: EXECUTIVE LIMITATIONS
Policy Title: D1: CUSTOMER SERVICE AND VALUE

The General Manager shall not fail to ensure that the cooperative's value and service to owners/customers shall equal or exceed market standards.

Accordingly, the General Manager shall not fail to:

D1.1. Make available wholesome, natural foods and other products of high quality with due consideration to the social, economic, and ecological implications of the product being marketed.

D1.2. Provide education and information concerning nutrition and agricultural practices with the aim of supporting alternative patterns of production, consumption, and use.

D1.3. Establish programs and materials that educate consumers about health, cooking, environmental sustainability and the cooperative business model.

D1.4. Take into account the needs of owners/customers as to pricing with due consideration for the limitations in D1.1-1.3 above.

D1.5. Provide a safe and enjoyable shopping experience for owners/customers.

D1.6. Define and promote excellent owner/customer service.

D1.7. Establish and operate a system for soliciting and considering owner/customer opinion regarding preferences, product requests, complaints, and suggestions.

D1.7.1. Ensure timely responses to owner/customer concerns and complaints.

This policy will be monitored by internal report in April.

Revised: June 23, 2010

Policy Type: EXECUTIVE LIMITATIONS
Policy Title: D2: STAFF RELATIONS

With respect to relations with paid and volunteer staff and applicants, the General Manager may not cause or allow workplace conditions which are inhumane, illegal, unsafe, unfair or disrespectful.

Accordingly, s/he will not

D2.1. Cause nor allow discrimination or harassment based upon sex, race, age, physical or mental disability, sexual orientation, national origin, marital/parental status, religion or other prohibited category.

D2.2. Fail to provide a positive work environment by neglecting to

D2.2.1. Provide channels for staff input into decisions about how their work is done.

D2.2.2. Provide sufficient tools, information and technology needed for staff to perform their jobs.

D2.2.3. Cultivate a positive workplace culture, that emphasizes recognition, appreciation, and mutual respect.

D2.2.4. Provide mechanisms for staff involvement in operational improvements.

D2.2.5. Periodically obtain an objective assessment of the employees' perception of the current work environment.

D2.3. Allow the Co-op to operate without a current set of written personnel policies issued to all staff that:

D2.3.1. Complies with all applicable laws.

D2.3.2. Protect the Co-op's "at will" status and apprise staff that employment is neither permanent nor guaranteed.

D2.3.3. Is consistently applied to all employees.

D2.3.4. Is regularly reviewed and updated to ensure current legal compliance.

D2.3.5. Provides a fair and unbiased grievance process that allows for a thorough review of any grievance without fear of retaliation.

D2.4. Fail to protect staff from unsafe, unhealthy, or illegal conditions.

D2.5. Fail to establish job descriptions for all jobs and evaluate employees at least annually based upon the job description and any other established criteria.

D2.6. Fail to provide adequate orientation and training to staff.

D2.7. Fail to provide for appropriate documentation, security and retention of personnel records and all personnel related decisions.

D2.8. Fail to provide for staff development by neglecting to

D2.8.1. Provide opportunities for staff to develop skills and knowledge.

D2.8.2. Post all job openings for staff.

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

Revised: July 25, 2012

Policy Type: EXECUTIVE LIMITATIONS
Policy Title: D3: COMPENSATION AND BENEFITS

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:

D3.1. Establish a wage schedule, based upon job responsibilities and the local labor market, which is applied consistently to all people and positions.

D3.2. Establish current compensation and benefits which

D3.2.1. Represent the geographic or professional market for the skills employed.

D3.2.2. Are based on revenues that can be safely projected.

D3.2.3. Represent internal equity.

D3.2.4. Allow for base pay increases upon evaluation of performance.

D3.2.5. Provide a livable wage structure.

D3.3. Provide some portion of staff compensation contingent upon the financial performance of the Co-op.

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

Revised: February 27, 2013

Policy Type: EXECUTIVE LIMITATIONS
Policy Title: D4: FINANCIAL CONDITION

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

The GM will not:

D4.1. Allow sales to decline or be stagnant as compared to prior performance of the cooperative, national industry averages, and/or comparable venues.

D4.2. Allow operations to generate an inadequate net income.

D4.3. Allow liquidity or the ability to meet cash needs in a timely and efficient fashion, to be insufficient.

D4.4. Allow solvency, or the relationship of debt to member/owners' equity, to be insufficient.

D4.5. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.

D4.5.1. In the event a specific unbudgeted or unanticipated liability is incurred in excess of \$10,000, the General Manager shall not fail to inform the Board in a timely manner.

D4.6. Acquire, encumber or dispose of real estate, or engage in new lines of business that depart from the current Ends policy.

D4.7. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.

D4.8. Allow late payment of contracts, payroll, loans or other financial obligations.

D4.9. Use restricted funds for any purpose other than that required by the restriction.

D4.10. Allow financial record keeping systems to be inadequate or out of conformity with GAAP (Generally Accepted Accounting Practices) or any other widely accepted comprehensive accounting system such as tax basis accounting.

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

Revised: January 22, 2014

Policy Type: EXECUTIVE LIMITATIONS

Policy Title: D5: BUSINESS PLANNING AND FINANCIAL BUDGETING

The General Manager shall not cause or allow business planning and financial budgeting—for any fiscal year or the remaining part of any fiscal year—to deviate significantly from the board’s Ends priorities, risk financial jeopardy, or fail to be derived from or be consistent with a realistic multiyear plan.

D5.1 The GM will not cause or allow business planning and budgeting that:

D5.1.1 Risk incurring those situations or conditions described under board policy D4 (“Financial Condition”), sections D4.1 and D4.2.

D5.1.2 Omit credible and conservative projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

D5.1.3 Plan expenditures in any fiscal year that would result in default under any of the cooperative’s financing agreements or cause the insolvency of the cooperative.

D5.1.4 Lack a basis for demonstrating feasibility.

D5.2 The GM will not operate the Co-op during any given fiscal year without having beforehand developed a budget for that fiscal year, and will not implement the budget for a given fiscal year without prior board review of the budget as being consistent with the board’s Ends Policy and the provisions of the D5 policy.

Revised: January 22, 2014

Policy Type: EXECUTIVE LIMITATIONS
Policy Title: D6: ASSET PROTECTION

Assets will be adequately maintained and protected.

Accordingly, the General Manager will cause the cooperative to:

D6.1. Maintain insurance coverage of assets, including: stock, fixtures and equipment at (80)% or greater of replacement value.

D6.2. Conduct its activities in a manner that minimizes the risk of liability claims against the cooperative, staff, and directors.

D6.2.1. The General Manager will ensure adequate liability insurance.

D6.3. Ensure that purchasing does not involve conflicts of interest.

D6.4. Receive, process, or disburse cash and other funds under controls sufficient to meet the board-designated accounting firm's standards.

D6.5. Maintain in reasonable operating order the cooperative's buildings, equipment and other tangible assets.

D6.6. Operate the business of the cooperative so as to minimize risks, theft, loss or damage to all property including data, files and intellectual property.

D6.7. Deposit the organization's funds in institutions where they are fully protected.

This policy will be monitored annually in March.

Revised: June 23, 2010

Policy Type: EXECUTIVE LIMITATIONS
Policy Title: D7: COMMUNICATION AND COUNSEL TO THE BOARD

Information provided to the board will be timely, complete, and accurate.

Accordingly, the General Manager will ensure the:

D7.1. Submission of timely, complete and accurate monitoring data required by board policies on Board-Management Relationship.

D7.2. The board is made aware of relevant trends, public events of the organization, and material internal and external changes, particularly changes which affect the assumptions upon which board policy has previously been established.

This policy will be monitored annually in September.

Revised: November 17, 2010

Policy Type: EXECUTIVE LIMITATIONS
Policy Title: D8: EXECUTIVE SUCCESSION

The General Manager will have an emergency management succession.

Accordingly, the General Manager will:

D8.1. Establish a “chain of command” to be used at any time the General Manager is unable to serve (planned or emergency absence).

D8.2. Identify said persons to the board and require the next-in-charge to attend at least one board meeting per year.

D8.3. 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 General Manager absence.

D8.4. 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.

D8.5. Systematically develop the skills department and area managers need to effectively operate the store in the absence of the General Manager.

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

Revised: June 23, 2010

Policy Type: EXECUTIVE LIMITATIONS
Policy Title: D9: OWNERSHIP

The General Manager will establish, maintain, and promote a vital ownership program.

D9.1. The General Manager will ensure that accurate and current owner records are maintained, including name, address, equity payments, patronage dividends, and eligibility for benefits and voting.

D9.1.1. The General Manager will only allow authorized use of the owners' information.

D9.1.2. The General Manager may not change the equity requirement without Board approval.

D9.1.3. The General Manager will ensure that adequate information and application materials are readily available.

D9.1.4. The General Manager will ensure that owners are informed that equity investments are at risk (i.e., while they are generally refundable, the Board retains the right in accordance with bylaws provisions to withhold refunds when necessary to protect the Cooperative's financial viability).

D9.2. The General Manager will stay abreast of state and IRS requirements regarding patronage dividends, and will inform the Board of any changes in requirements that might require a change in the Cooperative bylaws.

D9.3. The General Manager will provide to the Board a range of options and implications regarding patronage dividends, and make a timely recommendation each year concerning how much, if any, of the Cooperative's net profit will be allocated and distributed to owners.

D9.4. The General Manager will provide opportunities for owners to participate in the Cooperative.

D9.5. The General Manager will provide information to owners about the Cooperative and its products.

D9.6. The General Manager will take consistent action to increase ownership.

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

Revised: September 22, 2010

Policy Type: EXECUTIVE LIMITATIONS
Policy Title: D10: BOARD LOGISTICAL SUPPORT

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

The GM will not:

D10.1. Provide the Board with insufficient staff administration to support governance activities and Board communication.

D10.2. Allow the board to be without a workable mechanism for official board, officer or committee communications.

D10.3. Allow Board Members to be without an updated copy of the Policy Register and the Bylaws.

D10.4. Provide inadequate information and notice to members concerning Board actions, meetings, activities and events.

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

Adopted: June 8, 2011

Policy Type: EXECUTIVE LIMITATIONS
Policy Title: D11: NATIONAL LINKAGE

The Berkshire Co-op Market shall cooperate and maintain linkage with other food co- operatives.

Accordingly, the General Manager will not fail to ensure the following:

1. **D11.1.** The Berkshire Co-op Market's participation in and support of other food cooperatives, including regular and ongoing participation in the National Cooperative Grocers Association (NCGA), in ways that further the Berkshire Co-op Market's Ends and promote the food cooperative industry as a whole.
2. The board is made aware of relevant trends among other food cooperatives and the national cooperative movement, public events of the NCGA, and material internal and external changes of the NCGA, particularly those changes which may impact the Berkshire Co-op Market.

This policy will be monitored annually in September.

Revised: November 20, 2013

Policy Type: GOVERNANCE PROCESS
Policy Title: G: GLOBAL GOVERNANCE COMMITMENT

The purpose of the board, on behalf of the members, is to direct the Berkshire Co-op Market so that specific results for members are achieved. Results are to be reached via acceptable actions and within appropriate cost.

Adopted: April 4, 2000

Policy Type: GOVERNANCE PROCESS
Policy Title: G1: GOVERNING STYLE

The board will govern in a way that emphasizes empowerment, clear accountability and excellence.

In order to do this, the board will:

G1.1. Focus our vision outward and toward the future

G1.2. Govern in accordance with Policy Governance principles

G1.3. Maintain group discipline, authority and responsibility

G1.4. Clearly distinguish board and General Manager roles

G1.5. Encourage diverse viewpoints

G1.6. Observe all relevant laws and bylaws

This policy will be monitored annually in September.

Revised: March 23, 2011

Policy Type: GOVERNANCE PROCESS
Policy Title: G2: BOARD JOB DESCRIPTION

The job of the board is to represent owners and protect their interests by developing relevant Ends, defining and ensuring appropriate organizational performance, and carrying out the board's fiduciary and legal responsibilities to owners.

Accordingly:

G2.1. The board will create and sustain an effective relationship with owners that includes opportunities for direct communication. The board will educate itself regarding owners' values, needs, interests and aspirations as they pertain to the Co-op. The board will report periodically to the owners on the board's activities, decisions and compliance with its policies.

G2.2. The board will hire, delegate responsibility to and hold accountable a General Manager.

G2.3. The board will adopt and operate according to a set of bylaws whose provisions ensure that the legal requirements for operating a cooperative are met, including provisions for holding an annual owners meeting, electing board members, establishing ownership requirements, issuing patronage dividends, and tracking owner equity (including retained patronage dividends).

G2.4. The board will enact written policies that guide the organization in four areas.

G2.4.1. Ends: Organizational goals, products, effects, benefits, outcomes and recipients.

G2.4.2. Executive Directives and Limitations: Directives and limitations regarding authority that establish prudent and ethical means by which all executive activity and decisions must take place.

G2.4.3. Governance Process: Specification of how the board defines, carries out, and monitors its own tasks and responsibilities.

G2.4.4. Board-General Manager Linkage: Specification of how authority is delegated to the General Manager and the process by which the General Manager is held accountable.

G2.5. The board will engage in ongoing discussion regarding the values and vision of the Co-op.

G2.5.1. The board will review and revise its Ends policies and other policies on an ongoing basis as appropriate to reflect the evolving values and vision of the Co-op and its owners.

G2.6. The board will ensure its ongoing effectiveness through recruitment, training and professional development, including monitoring and self-evaluation.

This policy will be monitored annually in February.

Revised: July 25, 2012

Policy Type: GOVERNANCE PROCESS
Policy Title: G3: AGENDA PLANNING

We will follow an annual calendar that focuses our attention on our Ends, and that effectively covers our monitoring and other responsibilities under Policy Governance.

G3.1. Our annual governance cycle will run from the November Board meeting through the November annual Owners meeting.

G3.2. We will create, and modify as necessary, an annual calendar that includes the items mentioned in this policy, including owner meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions as outlined in our Board-Management Relationship policies.

G3.3. Throughout the year, we will attend to any routine or consent agenda items—including monitoring reports—as expeditiously as possible.

G3.4. Throughout the year, the Board will periodically engage in training and educational activities the intent of which is to strengthen the Board's governance capacity, increase the Board's understanding of cooperative businesses, and generally build knowledge and skills relevant to the Board's role.

G3.5. The board president will be responsible for drafting Board meeting agendas with input from other directors and the General Manager.

G3.6. The agenda and all written statements, meeting documents and reports will be included in the next board packet, which will be available at least seventy-two hours prior to the scheduled board meeting.

G3.7. The board, at the beginning of a meeting, may modify the agenda.

This policy will be monitored annually in December.

Revised: March 8, 2016

Policy Type: GOVERNANCE PROCESS
Policy Title: G4: BOARD PRESIDENT'S ROLE

The board president assures the integrity of the board's process and, secondarily, represents the board to outside parties.

Accordingly:

G4.1. The primary task of the board president is to ensure that the board governs consistently according to its own rules and those legitimately imposed upon it from outside the organization.

G4.1.1. Board meetings will cover issues which, according to board policy, clearly belong to the board to decide, not the General Manager.

G4.1.2. Board deliberations will be fair, open, and thorough as well as timely, orderly and to the point.

G4.2. 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:

G4.2.1. Chair board meetings, with all the commonly accepted power of that position.

G4.2.2. Develop the board budget.

G4.2.3. The board president, whose term is ending, shall solicit interested and willing directors to compose an initial slate of officers for the next year. That slate will be presented at the annual board meeting to be held within 30 days following the adjournment of the annual ownership meeting. A new board president shall be elected by the board at the annual board meeting, and the new president shall ensure that officers are elected by the board at that time. Should an officer position become vacant at a later time, the board shall elect a replacement officer.

G4.2.4. Report to owners annually in writing on the state of the organization.

G4.2.5. The board president may represent the board to outside parties in announcing board-stated positions and in stating chair decisions and interpretations within delegated areas.

G4.2.6. The board president may delegate authority but remains accountable for its use.

G4.2.7. The board president has no authority to make decisions about board policies on Ends or Executive Directives or any other matter not expressly authorized herein.

G4.2.8. The board president has no authority to supervise or direct the General Manager.

G4.2.9. The board president has authority to delegate board attendees to the CCMA Conference. The board president is encouraged to attend.

G4.2.10. When the board president makes a decision outside a meeting of the board, s/he shall report that decision to the board no later than the next meeting of the board.

Revised: March 24, 2010

Policy Type: GOVERNANCE PROCESS
Policy Title: G5: DIRECTORS' CODE OF CONDUCT

The board commits itself and its directors to ethical, honest and businesslike conduct, including proper use of authority and appropriate decorum when acting as directors.

Accordingly:

G5.1. Directors have the following responsibilities:

G5.1.1. Directors must represent un-conflicted loyalty to the interests of the owners.

G5.1.1.1. A director whose spouse or significant other is in a staff or management position at the Berkshire Co-op Market shall refrain from participating in the discussion of or voting on any matter that may affect the terms of employment of his/her spouse or significant other.

G5.1.2. Directors must be aware of and follow the organization's bylaws, including avoidance of conflict of interest.

G5.1.3. Directors must be aware of and follow the board's policies.

G5.1.4. Directors are expected to perform board duties in good faith, and with such care, as an ordinarily prudent person in a like position would use under similar circumstances.

G5.1.5. Directors will openly and impartially consider all issues and matters, researching issues and seeking additional expertise where needed.

G5.1.6. Directors will prepare for and attend all board meetings or notify the board president when an absence is unavoidable.

Additionally:

G5.2. Directors do not have individual authority over the organization except as explicitly set for in board policies or the bylaws.

G5.2.1. Individual directors have no authority over the General Manager or staff except when explicitly authorized by the board.

G5.2.2. Individual directors shall not speak officially on behalf of the board to the public, press, owners, or other entities unless authorized to do so by the board.

G5.2.3. When individual directors interact with members of the community informally, and there is a possibility of confusion as to whether they are acting on behalf of the board, they will ensure that they make clear whether they are acting on behalf of the board or in their individual capacity.

G5.2.4. Whenever directors interact with members of the community in their capacity as directors, they shall report and fully describe that interaction to the board no later than the next board meeting.

G5.3. Directors will respect the confidentiality appropriate to issues of a sensitive nature. Personnel, real estate, marketing, legal, strategic planning and financial matters will generally be considered sensitive issues subject to director's good faith and discretion unless or until made specifically clear by board action.

G5.4. At all times, directors recognize that they are representatives of the organization and will conduct themselves in a professional manner that fosters confidence and reflects positively on the organization, its owners and its staff.

Directors will disclose potential conflicts of interest and sign the Conflict of Interest Statement and Disclosure Form at the November meeting.

This policy will be monitored annually in January.

Revised: June 8, 2011

Policy Type: GOVERNANCE PROCESS
Policy Title: G6: BOARD COMMITTEE PRINCIPLES

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

Accordingly:

G6.1. Board committees exist to help the board do its job. A committee's work is limited to those tasks specifically delegated to them by the board.

G6.1.1. Board committees may be either standing committees or ad hoc committees temporarily formed for a particular purpose.

G6.1.2. Board committee responsibilities are established in a written committee charter approved by the board. The board must approve changes to a committee charter.

G6.1.3. Board committees report solely to the board.

G6.1.4. The board appoints board committee chairs. Directors may serve on any board committee of their choosing, and non-directors may serve at the discretion of the committee chair, unless otherwise stated in the committee charter or by board directive.

G6.1.5. Board committees ordinarily assist the board by preparing policy alternatives and implications for board deliberation; board committees normally do not deal with staff operations.

G6.1.6. Board committees may not speak or act for the board except when authorized for specific and time-limited purposes. Committee authority shall not conflict with authority delegated to the General Manager.

G6.1.7. Board committees may not exercise authority over the General Manager or other staff.

G6.2. The job of the committee chair is to ensure the integrity of the committee and its process. Board committee chairs have the following responsibilities:

G6.2.1. Preside over committee meetings, determine their agenda and coordinate work to effectively complete the committee's task.

G6.2.2. Ensure the establishment of the committee budget and the subsequent monitoring of this budget.

G6.2.3. Ensure that committee minutes, budgets and reports are maintained and included in the board packet.

G6.2.4. Add committee proposals to the board agenda, thoroughly researched and discussed by the committee.

G6.2.5. Ensure that the committee and its members are in compliance with board policies and the committee's charter.

G6.2.6. Ensure that relevant committee documents are preserved and available for use by subsequent committee members or chair.

This policy will be monitored annually in April per committee.

Revised: June 25, 2010

Policy Type: GOVERNANCE PROCESS
Policy Title: G7: GOVERNANCE INVESTMENT

The board will invest in its governance capacity.

Accordingly:

G7.1. Board skills and methods will be sufficient to assure governing with excellence.

G7.1.1. Training will be used liberally to orient new directors and board candidates as well as to increase skills of existing directors.

G7.1.2. Outside monitoring assistance will be arranged as needed so the board can exercise confident control over organizational performance.

G7.1.3. Outreach mechanisms will be used as needed to gather information on owner viewpoints and values.

G7.1.4. Professional and administrative support will be arranged as needed.

G7.2. Governance expenses will be prudently incurred though not at the risk of jeopardizing the development and maintenance of superior governance.

This policy will be monitored annually in June.

Revised: June 23, 2010

Policy Type: BOARD-MANAGEMENT RELATIONSHIP
Policy Title: M: GLOBAL BOARD-GENERAL MANAGER LINKAGE

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

Adopted: April 4, 2000

Policy Type: BOARD-MANAGEMENT RELATIONSHIP
Policy Title: M1: UNITY OF CONTROL

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

Accordingly:

M1.1. Decisions or instructions of individual directors or committees are not binding on the General Manager except in rare instances when the board has specifically authorized such exercise of authority.

M1.2. In the case of directors or committees requesting information or assistance without board authorization, the General Manager can refuse such requests that require, in the General Manger's opinion, a material amount of staff time or funds, or are disruptive.

This policy will be monitored annually in October.

Adopted: April 4, 2000

Policy Type: BOARD-MANAGEMENT RELATIONSHIP
Policy Title: M2: ACCOUNTABILITY OF THE GENERAL MANAGER

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

M2.1. The board will view General Manager performance as identical to organizational performance; the co-op's accomplishment of board-stated ends and avoidance of board-proscribed means will be viewed as successful General Manager performance.

M2.2. The board will not instruct or evaluate any employee other than the General Manager.

This policy will be monitored annually in October.

Revised: October 26, 2011

Policy Type: BOARD-MANAGEMENT RELATIONSHIP
Policy Title: M3: DELEGATION TO THE GENERAL MANAGER

The board delegates authority to the General Manager through written Ends and Executive Limitations policies.

M3.1. As long as the General Manager uses any reasonable interpretation of the board's Ends and Executive Limitations policies, the General Manager is authorized to establish all further policies, practices and plans for the cooperative.

M3.2. The board will respect and support the General Manager's choices as long as those choices are based on reasonable interpretations of board policies.

M3.3. If the board changes an Ends or Executive Limitations policy, the change only applies in the future.

This policy will be monitored annually in October.

Revised: October 26, 2011

Policy Type: BOARD-MANAGEMENT RELATIONSHIP
Policy Title: M4: MONITORING GENERAL MANAGER PERFORMANCE

The board will systematically and rigorously monitor and evaluate the General Manager's job performance.

M4.1. Monitoring is how the board determines the degree to which the General Manager is following board policies. Information that does not directly relate to Ends or Executive Limitations policies is not monitoring information.

M4.2. The board will acquire monitoring information by one or more of three methods:

M4.2.1 by internal report, in which the General Manager discloses interpretations and compliance information to the board;

M4.2.2. by external report, in which an external, disinterested third party selected by the board assesses compliance with board policies; or

M4.2.3. by direct board inspection, in which a designated director or committee assesses compliance with the policy criteria.

M4.3. In every case, the standard for compliance will be any reasonable General Manager 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.

M4.4. The General Manager is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation. For Ends policies, monitoring reporting generally requires prior establishment of (1) a baseline or history for comparison, (2) a reliable and credible measurement technique, and (3) a short-term (12 month) target/goal.

M4.5. The board will monitor all policies that instruct the General Manager. The board can monitor any policy at any time by any method but will ordinarily follow the schedule outlined in the Board Annual Calendar.

M4.6. The Board's annual evaluation of the General Manager, based on a summary of monitoring reports received from November through October will be completed by October 31. The Board will make its decisions concerning the evaluation and the employment contract no later than October 31. The board will complete the General Manager compensation process no later than November 30.

This policy will be monitored annually in October.

Revised: December 14, 2011