

## OZARK NATURAL FOODS

CATEGORY A: ENDS STATEMENT	01
CATEGORY B: GENERAL MANAGER LIMITATIONS	02
Policy #01: Staff Relations, Compensation, and Benefits	03
Policy #02: Business Planning and Budgeting	04
Policy #03: Financial Condition	05
Policy #04: Asset Protection	06
Policy #05: Communication and Counsel to the Board	07
Policy #06: Management Continuity	08
Policy #07: Customer Service, Value, and Food Education	09
Policy #08: Membership	10
Policy #09: Sustainability Policy	11
CATEGORY C: BOARD/MANAGEMENT DELEGATION	13
Policy #01: Unity of Control	14
Policy #02: Accountability of the GM	15
Policy #03: Delegation to the GM	16
Policy #04: Monitoring GM Performance	17
CATEGORY D: BOARD PROCESS	18
Policy #01: Governing Style	19
Policy #02: Board Job Descriptions	20
Policy #03: Board Annual Agenda	21
Policy #04: Board Meetings	22
Policy #05: Board Monitoring:	23
Policy #06: Board President's Role	24
Policy #07 Vice President's Role	25
Policy #08: Secretary's Role	26
Policy #09: Board Member Code of Conduct	27
Policy #10: Board Committee Principles	29
Policy #11: Governance Investment	30
Policy #12: Board Perpetuation	31
Policy #13: Records Policy	32
Policy #14: Board Benefits	33

OZARK NATURAL FOODS  
CATEGORY A: ENDS STATEMENT  
Adopted: 07.29.08

Last Revised: 04.17.10

---

- A. Ozark Natural Foods is a pro-active and vital member of the community
  - a. Owners have affordable food, resources ,and services available to them;
  - b. Links and synergies with producers and value-added vendors of local products are available;
  - c. The health and quality of life in Northwest Arkansas is improved; and
  - d. The integrity of organic food and food safety standards are consistently maintained.
  
- B. Ozark Natural Foods is viewed as a model of environmental stewardship, cooperative economics and social sustainability.

OZARK NATURAL FOODS  
**CATEGORY B: GENERAL MANAGER LIMITATIONS**  
Adopted: 07.29.08

Last revised: 07.29.08

---

**Global Policy:** The General Manager (GM) has an obligation to develop and implement programs that will realize Ozark Natural Foods' (ONF) stated Ends, working within the context of owners' values and Board policies. The GM shall 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 practices, or in violation of the Cooperative Principles.

**GENERAL MANAGER LIMITATIONS: B**  
**Policy #1: Staff Relations, Compensation, and Benefits**  
Adopted: 07.29.08

Last revised: 03.24.10

---

The GM may not cause or allow conditions which are unfair, unsafe, unclear, disrespectful or undignified.

The GM will not:

- A. Cause or allow discrimination among employees and potential employees based on other than business related criteria, individual performance, and qualifications.
- B. Cause or allow harassment in the workplace.
- C. Operate without written personnel policies that:
  - C.1 Clarify rules for staff
  - C.2 Provide for effective handling of grievances
  - C.3 Protect against nepotism
  - C.4 Are accessible to all employees.
  - C.5 Inform staff that employment is neither permanent nor guaranteed.
- D. Cause or allow personnel policies to be inconsistently applied.
- E. Fail to provide for appropriate documentation, security and retention of personnel records and all personnel related decisions.

Further, the GM may not fail to:

- F. Follow the cooperative's currently approved Personnel Manual.
- G. Enable the staff to earn a living wage that is no less than that computed for Fayetteville/ Washington County on the Living Wage Website or a similar source.
- H. Strive to give staff a cost-of-living adjustment no less than every other year.
- I. Evaluate staff annually for merit raises.
- J. Assure staff members are adequately trained in basic safety procedures.
- K. Using contracted professional(s), assess employee attitudes and job satisfaction at least every other year.

**GENERAL MANAGER LIMITATIONS: B**  
**Policy #2: Business Planning and Budgeting**  
Adopted: 07.29.08

Last revised: 04.19.10

---

The General Manager shall not cause or allow business planning and budgeting, for any fiscal year or the remaining part of any fiscal year to deviate materially from the board's Ends priorities, risk financial jeopardy, or fail to be derived from a written business plan with at least a 3-5 year horizon. The business plan will take into account national and local economic, market and category expectations and describe the co-operative's strategies for navigating these trends.

The GM will not cause or allow plans that:

1. Risk incurring those situations or conditions described as unacceptable in Board policies B3: Financial Condition and B4: Asset Protection
2. Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
3. Fail to monitor operational performance against budgets and plans.
4. 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.
5. Have not been tested for feasibility.
6. Provide less for board prerogatives during the year than is set forth in the Governance Investment Policy D11.
7. Leave the Co-op unprepared for loss of key management personnel.
8. Fail to include a cost benefit analysis for capital expenditures of \$75,000 or greater.

**GENERAL MANAGER LIMITATIONS: B**

**Policy #3: Financial Condition**

Adopted: 07.29.08

Last revised: 08.26.08

---

With respect to operating the cooperative in a sound and prudent manner, the GM may not jeopardize the long-term financial strength of the cooperative.

Accordingly, the GM may not:

- A. Fail to minimize exposure to liability or claims to liability.
- B. Fail to ensure adequate liquidity.
- C. Allow operations to generate an inadequate net income.
- D. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
- E. Allow financial record keeping systems to be inadequate or out of conformity with GAAP.

## GENERAL MANAGER LIMITATIONS: B

### Policy #4: Asset Protection

Adopted: 07.29.08

Last revised: 08.26.08

---

The GM must prevent disrepair, excessive risk, untraceable transactions, or conflict of interest in the management of the cooperative's resources.

Accordingly, the GM may not:

- A. Make non-emergency or unbudgeted expenditures of \$75,000 or greater without a cost benefit analysis.
- B. Cause the cooperative to incur long-term indebtedness and/or collateralized debt and/or asset-secured debt without Board approval.
- C. Deposit the cooperative's funds in institutions where they are not fully protected. Returns must be optimized and costs minimized.
- D. Allow abuse or misuse of the cooperative's assets. Cooperative property will be inventoried and a secure system will be in place to ensure adequate safeguards to prevent loss, damage or theft of property.
- E. Allow insurance coverage of stock, building, furniture and equipment to fall below 90% of the replacement value.
- F. Fail to conduct a full financial audit no less than every third year or more frequently when circumstances warrant.
- G. Allow damage to the co-op's good will, its public image, its credibility, or its ability to accomplish ends.
- H. Fail to perform an annual review of the co-op's disaster recovery and business continuity program, including making appropriate modifications as necessary.

**GENERAL MANAGER LIMITATIONS: B**  
**Policy #5: Communication and Counsel to the Board**  
Adopted: 07.29.08

Last revised: 03.24.10

---

The GM may not cause or allow the Board to be uninformed or unsupported in its work.

Accordingly, the GM may not fail to:

- A. Make the Board aware of relevant trends and events.
- B. Advise the Board if the Board or one of its members is not in compliance with the Board's policies on Board Process or Board/Management Relations.

The GM will not:

- C. Neglect to submit monitoring data verbally and in writing required by the board (see policy on monitoring GM performance) in a timely, accurate, and understandable fashion, directly addressing the provisions of board policies being monitored.
- D. Fail to report in a timely manner any actual or anticipated noncompliance with any policy of the board.

**GENERAL MANAGER LIMITATIONS: B**

**Policy #6: Management Continuity**

Adopted: 07.29.08

Last revised: 07.29.08

---

*To protect the Board from sudden loss of GM services, the GM shall not permit there to be fewer than two other managers sufficiently familiar with board and GM issues and processes to enable either to take over with reasonable proficiency as an interim successor.*

**GENERAL MANAGER LIMITATIONS: B**  
**Policy #7: Customer Service, Value, and Food Education**  
Adopted: 07.29.08

Last revised: 08.26.08

---

The GM may not fail to ensure that our members and our customers receive high value in our products and services. Accordingly, the GM will not:

- A. Fail to offer a range of products and services that meet our customers' needs.
- B. Allow an unsafe or unpleasant shopping experience for our customers.
- C. Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.
- D. Fail to create and monitor strategies and programs that educate shoppers about the co-op business model and healthful living.

## GENERAL MANAGER LIMITATIONS: B

### Policy #8: Membership

Adopted: 07.29.08

Last revised: 08.26.08

---

The GM shall not fail to establish, maintain, and promote a vital membership program, which builds a sense of ownership among members.

Accordingly the GM shall not fail to:

- A. Ensure accurate and current member records including name, address, equity payments, and eligibility for benefits and voting.
  - A.1 The GM shall not allow unauthorized use of the membership information.
  - A.2 The GM may not change the membership equity requirement or the membership benefits.
- B. Ensure that adequate membership information and application materials are readily available.
- C. Ensure that membership outreach programs are conducted at least annually.
- D. Ensure regular communications with members informing them of cooperative, nutritional, consumer and environmental issues; and timely information relating to cooperative policy formulation and decision-making.
- E. Ensure that members are aware of Board actions, meetings, activities and events.
- F. Provide information relating to cooperative store business and products.
- G. Provide and promote avenues for members to express compliments, complaints or opposing views related to cooperative issues.

**GENERAL MANAGER LIMITATIONS: B**

**Policy #09: Sustainability Policy**

Adopted: 07.29.08

Last revised: 08.26.08

---

*In keeping with ONF's overarching principles, the GM shall utilize all current and feasible means to realize the principles of sustainability as ongoing programs.*

Accordingly, GM will not fail to:

- A. Consider the environmental impact and principles of sustainability and environmental stewardship in decision making.

OZARK NATURAL FOODS  
**CATEGORY C: BOARD/MANAGEMENT DELEGATION**  
Adopted: 07.29.08

Last Revised: 07.29.08

---

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

**BOARD/MANAGEMENT DELEGATION: C**

**Policy #1: Unity of Control**

Adopted: 07.29.08

Last revised: 07.29.08

---

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

Accordingly:

- A. Decisions or instructions of individual board members, officers or committees are not binding on the GM except in rare instances when the board has specifically authorized such exercise of authority.
- B. In the case of Board members or committees requesting information or assistance without Board authorization, the GM can refuse such requests that require, in the GM's opinion, a material amount of staff time or funds or is disruptive.
- C. Unified decisions will be recognized by voting and communicated in writing.

**BOARD/MANAGEMENT DELEGATION: C**

**Policy #2: Accountability of the GM**

Adopted: 07.29.08

Last revised: 03.24.10

---

The GM 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 GM.

Further, as the sole official link to operational organization, the performance and accountability of the organization shall be considered the performance and accountability of the GM:

Accordingly:

- A. The Board will never give instructions to persons who report directly or indirectly to the GM.
- B. The Board will not evaluate, either formally or informally, any staff other than the GM.
- C. The GM will be evaluated strictly based on the success of the cooperative so that organizational accomplishment of Board-stated Ends and avoidance of Board-prescribed Means will be viewed as successful GM performance.
- D. While the GM may delegate authority, she/he remains solely responsible for the cooperative's performance.

**BOARD/MANAGEMENT DELEGATION: C**

**Policy #3: Delegation to the GM**

Adopted: 07.29.08

Last revised: 07.29.08

---

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

Accordingly,

- A. The Board will develop written policies instructing the GM to achieve certain results, for certain recipients, at a specific cost. These policies will be developed systematically from the broadest, most general level to more defined levels and will be called Ends policies.
- B. The Board will never prescribe organizational means delegated to the GM.
- C. As long as the GM uses any reasonable interpretation of Board policies and General Manager Limitations, the GM is authorized to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities.
- D. The Board may change its policies on Ends and General Manager Limitations, thereby shifting the boundary between Board and GM domains. By doing so, the Board changes the latitude of choice given to the GM. But as long as any particular delegation is in place, the Board will respect and support the GM's choices.

## BOARD/MANAGEMENT DELEGATION: C

### Policy #4: Monitoring GM Performance

Adopted: 07.29.08

Last revised: 08.26.08

---

The Board will track GM performance by monitoring in such a way as to have assurance of policy compliance. Systematic and rigorous monitoring of the GM will be solely against the expected GM job outputs: organizational accomplishment of Board policies on Ends and operation within Board policies on General Manager Limitations.

- A. Monitoring is simply to determine the degree to which board policies are being met. Information that does not do this will not be considered to be monitoring information.
- B. The Board will monitor by one or more of three methods:
  - B.1 By Internal report, in which the GM discloses interpretations and compliance information to the Board.
  - B.2 By External report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies.
  - B.3 By Direct Inspection by the Board, in which a designated Director or Directors assess compliance with the appropriate policy criteria.
- C. In every case, the Board will judge (a) the reasonableness of the GM's interpretation and (b) whether data demonstrate accomplishment of the interpretation.
- D. Monitoring reports require establishment of (1) a baseline or history for comparison (2) a reliable measurement technique, and / or (3) if out of compliance, a short term—up to twelve month-- plan of remediation.
- E. In every case, the standard for compliance shall be any reasonable GM 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 Board members or by the Board as a whole.
- F. All policies that instruct the GM 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.
- G. The GM may suggest changes in policy; however, performance will be compared to existing policy, not proposed policy.
- H. The Board's annual evaluation of the General Manager, based on a summary of monitoring reports received from June 1<sup>st</sup> to May 30<sup>th</sup> will be completed within 45 days following the May financial reports. The Board will make its decisions concerning the evaluation, the employment contract, and compensation adjustment no later than September 15<sup>th</sup>. Compensation adjustments will take effect January 1<sup>st</sup>.

OZARK NATURAL FOODS  
CATEGORY D: BOARD PROCESS  
Adopted: 07.29.08

Last revised: 07.29.08

---

*Global Policy The purpose of the Board, on behalf of our owners, is to ensure that our cooperative (a) achieves appropriate results for appropriate persons at an appropriate cost (as specified in board Ends policies) and (b) avoids unacceptable actions and situations (as prohibited in Board Executive Limitations policies).*

## BOARD PROCESS

### Policy #1: Governing Style: D

Adopted: 07.29.08

Last revised: 03.24.10

---

The Board will govern lawfully, observing the principles of the Policy Governance model, with an emphasis on (a) outward vision rather than an internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of Board and chief executive roles, (e) collective rather than individual decisions, (f) future rather than past or present, and (g) proactivity rather than reactivity;

Accordingly,

- A. The Board will direct, control, and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long-term impacts outside the staff organization, not on the administrative or programmatic means of attaining those effects.
- B. The Board will regularly monitor and discuss the Board's process and performance, ensure continuous improvement through regular training, implement self-evaluations and on a regular basis, compare Board activities with stated Board Process objectives.
- C. Continual board development will include orientation of new board members in the Board's Governance Process and periodic Board discussion of process improvement.
- D. The Board will establish a clearly defined system to hold itself accountable to member/ownership for the conscientious and effective execution of its duties.
- E. The Board will prevent any Director or committee from hindering or being an excuse for not fulfilling Board policy or commitments.
- F. The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Although the Board can change its Governance Process policies at any time, it will scrupulously observe those currently in force.

**BOARD PROCESS: D**  
**Policy #2: Board Job Descriptions**  
Adopted: 07.29.08

Last revised: 07.29.08

---

The Board's job is to represent the member-owners in ensuring appropriate organizational performance and sustainability.

Consequently, the Board shall not fail to:

- A. Write governing policies that realistically address the broadest levels of all organizational decisions and situations.
  - A.1 Ends: organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).
  - A.2 Executive limitations: constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
  - A.3 Governance process: specification of how the board conceives, carries out, and monitors its own task.
  - A.4 Board-management delegation: how power is delegated and its proper use; the GM's role, authority, and accountability.
- B. Create a shared vision (Ends policies) that informs strategic planning.
- C. Maintain effective linkage between the cooperative and its member/owners.
- D. Hire a qualified GM.
- E. Direct the GM in accordance with written policy.
- F. Evaluate (by monitoring against Ends and General Manager Limitations policies) the performance of the GM.
- G. Continue to lead into the future through regular and systematic recruitment, training, and ongoing professional development activities, including monitoring and self-evaluation.

**BOARD PROCESS: D**  
**Policy #3: Board Annual Agenda**  
Adopted: 07.29.08

Last revised: 03.24.10

---

To accomplish its job products with a governance style consistent with Board policies, the Board will follow an annual agenda that (a) completes a re-exploration of Ends policies annually and (b) continually improves board performance through board education and enriched input and deliberation.

- A. The Board's annual governance cycle will run from January 1 to December 31.
- B. The cycle will start with the Board's development of its agenda for the upcoming year.
  - B.1 Consultations with selected groups in the ownership, 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.
  - B.2 Governance education and education related to Ends determination (presentations by futurists, demographers, advocacy groups, staff, and so on) will be conducted on an ongoing basis.
- C. Throughout the year, the Board will attend to consent agenda items as expeditiously as possible.
- D. 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.
- E. 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, and the GM evaluation and compensation decisions as outlined in Policy C4, paragraph H.

**BOARD PROCESS: D**  
**Policy #4: Board Meetings**  
Adopted: 07.29.08

Last revised: 03.03.09

---

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

Therefore the Board shall not fail to:

- A. Set the agenda in consultation with the General Manager. Any Board members may add, delete or rearrange the order of items on the agenda with the board president's approval.
- B. Ensure that only issues that reflect the areas of Board responsibility, defined either legally or by policy, shall consume Board time.
- C. Ensure that the agenda shall be developed and shared with Board members one week before each meeting.
- D. Ensure that the Board Secretary prepares or oversees preparation of the Board minutes, either personally or through delegation to the Board Scribe. Draft meeting minutes shall be distributed to all Board members and the GM no later than one week from the board meeting. If appropriate, recipients may suggest changes to ensure minutes' accuracy.
- E. Ensure that the Board calendar shall be the primary reference in establishing the agenda. The calendar shall reflect all recurring actions that the Board must take based on the Bylaws and policies, including but not limited to GM monitoring, member/owner linkage and Board process assessment.
  - E.1 The Board governance calendar shall be reviewed by the Board each year and distributed to all Directors.
- F. Ensure that member/owners are permitted to attend all Board meetings except executive session. Up to fifteen minutes at the beginning of each meeting shall be reserved as a comment period to allow for owner remarks. Following the comment period, member / owners shall refrain from interrupting Board proceedings.
- G. Hold open meetings, unless an executive session is called. Executive sessions may be used when the subject matter is related to litigation, personnel, real estate transactions, or any other matter deemed to be similarly sensitive by the Board.
- H. Directors or the General Manager may request an Executive session but:
  - H.1 The purpose of the session must be stated.
  - H.2 The Board may include no one else or anyone else it chooses.
  - H.3 Authority to declare the session is the President's unless overridden by a simple majority.
- I. When possible, announcement of the executive session should be on the published agenda.
- J. Minutes of executive sessions shall be kept by the president or vice president. Only the outcome of executive sessions shall be reported in the regular Board minutes.
- K. Set a date for the next board meeting before adjournment.

**BOARD PROCESS: D**  
**Policy #5: Board Monitoring:**  
Adopted: 07.29.08

Last revised: 07.29.08

---

*The Board will monitor and discuss the Board's process and performance at each meeting. Self-monitoring will include comparison of board activity and discipline to policies in the Governance Process and Board-Management Delegation categories.*

**BOARD PROCESS: D**  
**Policy #6: Board President's Role**  
Adopted: 07.29.08

Last revised: 03.24.10

---

The Board President assures the integrity of the Board's process and occasionally represents the Board to outside parties.

Accordingly, the Board shall not fail to agree that:

- A. The Board President's job is to ensure the Board behaves consistently according to its own policy and those rules legitimately imposed upon it from outside the organization.
- B. The Board President has no authority to unilaterally interpret Board policies on Ends or General Manager Limitations. Therefore, the Board President does not have authority to unilaterally supervise or direct the General Manager.
- C. In particular, the Board President has the responsibility to ensure the accomplishment of the following:
  - C.1 Develop an agenda, maintain an annual Board calendar, assure continuing Board education, and preside over the annual member/ownership meeting, as required by Board Process policies.
  - C.2 Plan for the implementation and monitoring of Board Process policies.
  - C.3 Provide for effective communication and distribution of information to Board members between monthly meetings.
  - C.4 Coordinate tasks as assigned by the Board and follow up on their completion with the appropriate persons.
  - C.5 Facilitate (or appoint a facilitator for) Board meetings with all the commonly accepted powers of that position (e.g.: ruling, recognizing).
  - C.6 Represent the Board to outside parties in articulation of Board-stated positions.
  - C.7 Approve in advance Board-related expenditures.
- D. The Board President may delegate these responsibilities but remains accountable for their fulfillment.
- E. Ensure that other Board officers and directors carry out their duties.

**BOARD PROCESS: D**  
**Policy #7 Vice President's Role**  
Adopted: 07.29.08

Last revised: 03.24.10

---

Accordingly:

- A. The Vice-President will ensure that the election and referenda process follows the Board's policies.
- B. The Vice-President will be the liaison between the Board and the GM to ensure that Board members are informed of the structure of the Annual Owner's Meeting and all other special meetings in order for the Board to constructively participate.
- C. In accordance with our bylaws, the Vice-President will perform the duties of the President in her/his absence.
- D. Keep minutes of executive session.

**BOARD PROCESS: D**  
**Policy #8: Secretary's Role**  
Adopted: 07.29.08

Last revised: 08.26.08

---

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

Accordingly,

- A. The Secretary will ensure that all Board documents and filings are timely and accurate.
  - A.1 The Secretary will act as the Board's liaison with the Board Administrator by a) assuring that directors and Board associates (General Manager, minute-takers, facilitator, etc) receive a complete meeting packet before each meeting; b) assuring that all meeting minutes are accurate and well-formatted; and c) assuring that all Board documents (electronic and paper) are safely archived for an appropriate length of time.
  - A.2 The Secretary will assure 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.
- B. (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.
- C. The authority of the Secretary is access to and control over board documents.

**BOARD PROCESS: D**  
**Policy #9: Board Member Code of Conduct**  
Adopted: 07.26.08

Last revised: 07.26.08

---

The Board commits itself and its members to ethical, responsible and business-like conduct, including the proper use of authority and appropriate decorum when acting as directors. Directors are legally responsible for discharging their duties in good faith and in a manner reasonably believed to be in the best interest of the cooperative.

Accordingly, each Director shall not fail to:

- A. Conduct herself/himself as a Board member/owner rather than as an individual member/owner while conducting Board business.
- B. Represent the interests of member/owners. This supercedes any conflicting loyalty including, but not limited to, advocacy or interest groups, member/ownership on any other Boards or staffs, or acting as an individual employee or consumer of the cooperative's services.
- C. Follow the cooperative's Bylaws, including the avoidance of conflict of interest.
  - C.1 All conduct of private business or personal services between any Director and the cooperative shall be disclosed to the board and controlled to assure openness, competitive opportunity, and equal access to "inside information"
  - C.2 Directors have an affirmative obligation to state any possible conflict of interest of their own as well as that of any other Director.
  - C.3 Directors shall not use their positions to obtain for themselves, family member/owners, or close associates employment or business with the cooperative.
  - C.4 Directors shall disclose any business or personal associations with current or prospective staff, contractors or suppliers.
- D. Be aware of and follow the cooperative's policies.
- E. Bring complete honesty and personal integrity to the Board.
- F. Openly and impartially consider all issues and matters, researching issues and seeking additional expertise where needed.
- G. Members shall be properly prepared for Board deliberation.
- H. Members shall attend all Board meetings or notify the Board president when an absence is unavoidable.
- I. Members shall participate actively in Board proceedings and communications between meetings and shall equitably share the work of the Board.

- J. Respect the confidentiality appropriate to issues of a sensitive nature. All personnel, real estate, marketing, legal, strategic planning, and financial matters will be considered sensitive issues subject to directors good faith and discretion unless or until made public by Board action.
- K. Project a positive image and conduct herself /himself in a professional manner. All Directors will respect the rights of other Directors, staff and member/owners to communicate their ideas, and will communicate with honesty and respect.
- L. Ensure that when an individual Director and/or Directors disagree with a policy or action developed by the majority of the Board, the dissenting Director shall have the right to present evidence and arguments to the Board in a manner consistent with Board's policies.
- M. Board members may not attempt to exercise individual authority over the organization.
- N. Members will support the legitimacy and authority of the Board's decision on any matter, regardless of the member's personal position on the issue.

**BOARD PROCESS: D**  
**Policy #10: Board Committee Principles**  
Adopted: 07.29.08

Last Revised: 03.24.10

---

Board committees, when used, will be assigned to help complete the Board's job and shall not interfere with delegation from the Board to the GM.

Accordingly, the Board shall not fail to ensure that:

- A. 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.
- B. Board committees may assist the Board by preparing policy alternatives and implications for Board deliberation. Board committees do not make final decisions.
- C. Committees will produce written reports and/or other documentation which will be distributed to the full Board prior to any committee-suggested Board decision.
- D. Board committees may not speak or act for the Board except when given such authority at a regular Board meeting for specific and time-limited purposes. Expectations and authority will be carefully stated so as not to conflict with authority delegated to the GM from the Board.
- E. Board committees may not exercise authority over staff. Because the GM works for the full Board, s/he will not be required to obtain approval of a Board committee before an executive action.
- F. Board committees are established and conducted according to rules outlined in specific policy or in a written committee charter approved by the Board at a regular Board meeting. Board committees report solely to the Board.
- G. Committee charters will include at least the following: committee composition, chair selection and duties, committee function and outcome expected, frequency of reports to the Board, and expiration date of the committee.
- H. Board committee chairs are chosen by the Board. Directors may serve on any Board committees of their choosing and non-directors may serve at the discretion of the other committee member/owners, unless otherwise stated in the committee charter.
- I. Board committees may be either standing committees which persist or ad hoc committees formed by the Board for a particular purpose to report back to the Board and are later dissolved.

**BOARD PROCESS: D**  
**Policy #11: Governance Investment**  
Adopted: 07.29.08

Last revised: 07.29.08

---

The Board will continually improve its ability to govern by providing adequate resources for training, monitoring, and linkage with member/owners. Costs will be prudently incurred but not so restrictive as to hinder Board development or functioning.

**BOARD PROCESS: D**  
**Policy #12: Board Perpetuation**  
Adopted: 07.29.08

Last revised: 03.24.10

---

The Board is responsible for its own perpetuation through recruitment, election and education of skilled and committed member/owners.

Accordingly,

- A. The Board shall maintain a Perpetuation committee with a permanent charter but with members appointed on an ad hoc basis.
- B. The Perpetuation Committee shall ensure new Directors receive orientation and a Board reference manual within three (3) months of being seated. The topics shall include but not be limited to Recent Board History, Policy Governance Manual, Finances, and cooperative Bylaws.

**BOARD PROCESS: D**  
**Policy #13: Records Policy**  
Adopted: 07.29.08

Last revised: 07.29.08

---

Board records will be maintained in a secure and accessible manner so as to perpetuate the organizational memory of cooperative decision-making. Records will, to the extent possible, remain open to member/owner inspection. The approved minutes of each Board meeting will be prominently posted and summarized for the newsletter the month following their approval.

Accordingly,

- A. The Board Secretary will maintain an archive of all approved minutes of Board, committee, and member/ownership meetings.
  - A.1 Documents related to personnel and strategic development issues as well as all minutes from Board Executive Sessions will be considered confidential.
- B. All confidential documents, both electronic and hard copies, will be maintained in secured files with access limited to current Board member/owners through the Board Secretary.
- C. Physical and/or electronic documents requiring confidentiality will be archived at a location that provides primary access for the Secretary, and will be backed up securely.

**BOARD PROCESS: D**  
**Policy #14: Board Benefits Policy**  
Adopted: 02.03.09

Last revised: 03.03.09

---

The Board will review and discuss their benefits on a yearly basis, taking into account transparency to ownership, equability with respect to work load, and national standards regarding board compensation. The Board will ensure that any benefits changes take into account cost to owners, fair market value of work, in accordance with coop by-laws, and any other appropriate rules and regulations.