

Policy Governance Manual

**Adopted 5/21/01
Revised 4/22/05**

Willimantic Food Co-op Policy Governance Manual
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Introduction and Acknowledgements

In October of 2000, the Willimantic Food Co-op Board of Directors began exploring policy governance at an overview session with Marilyn Scholl, a consultant and trainer with Cooperative Development Services. After learning more about policy governance, the Board decided to pursue adopting policy governance as their way of operating. They began writing this manual during a two-day retreat with Marilyn Scholl in January of 2001. They continued writing it at regular Board meetings and special Board meetings during the following four months. The Willimantic Food Co-op Policy Governance Manual was adopted at the May 21, 2001 Board meeting. This document is a working document under which the Board will operate. They will continue developing this manual by writing the Ends Policies section, which they anticipate will take approximately 9-12 months. The Board is committed to operating under policy governance for the next two years. At that time, they will revisit policy governance as a way of operating and determine whether this style of governance continues to fit the goals and outcomes of the Willimantic Food Co-op.

The Board has set the following **Timetable to Monitor Implementation** for their policies:

Month	Manager Policies	Board Policies
January	A.1 Ends Policies	
February	B.3 Financial Planning	D.8 Board Committee Principles
March	B.7 Emergency Management Succession	D.2 Relationship to Members
April	A.2 Ends Policies	B.4 Financial Condition (internal)
May	B.1 Staff Relations	D.7 Board Members' Code of Conduct
June	C.4 Manager's Annual Review (or June if Board meeting occurs prior to Annual Meeting)	B.4 Financial Condition (internal)
July	C.4 Manager's Annual Review (or May if June Board meeting occurs after Annual Meeting)	A.3 Ends Policies
August	D.3 Governing Style	B.2 Compensation & Benefits
September	C.1 Unity of Control	
	C.2 Accountability of the Manager	
	C.3 Delegation to the Manager	B.4 Financial Condition (internal & external)
October	A.4 Ends Policies	D.1 Board Job Description
November	B.6 Communication & Counsel to the Board	D.4 Agenda Planning
December	B.9 Membership	D.6 President's Role
		B.4 Financial Condition (internal)
		D.5 Board Process

Revised 1/7/05 – Change End policies from all monitoring in July to A.1 in January, A.2 in April, A.3 in July, and A.4 in October.

Special thanks go to the following Co-op staff and Board members who worked diligently throughout this process and were instrumental in the development of this manual:

Joe Celentano, Board member
Jane Cook, Board Scribe
Jean de Smet, Board member
Dave Freeburg, Co-op Staff Representative to the Board
Robert Fichter, Board member
Jack Fulton, Board President, 2002-03
Virginia Fulton, Board President, 2000-02
Chip Gough, Board Treasurer
Christine Huda, Board member
Alice Rubin, Co-op General Manager
Bruce Oscar, Co-op Assistant Manager
Shoshana Levinson, Board member
Jeff Nash, Co-op Assistant Manager
Marilyn Scholl, consultant and trainer with Cooperative Development Services
Pam Skelly, Board member
Lynn Stoddard, Board member
Christine Witkowski, Board member

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POLICY A: ENDS **GLOBAL ENDS POLICY**

The mission of the Willimantic Food Co-op, as a community-based, member-owned retail consumer cooperative located in the Willimantic region, is to provide nutritious, affordable foods and other products. The Willimantic Food Co-op is committed to the increased of cooperative methods in the production and marketing of food and related products.

POLICY A.1: PROVIDE HIGH QUALITY, NUTRITIOUS, AFFORDABLE FOODS & PRODUCTS

A.1 With respect to providing nutritious, affordable foods and products, the Willimantic Food Co-op will:

- A.1.1 Promote the benefits and make available certified, organically grown food products to members and the public.
- A.1.2 Provide alternatives to organic products for the sake of affordability.
- A.1.3 Promote the purchase of bulk and minimally packaged products.
- A.1.4 Purchase as much inventory as possible from local producers of certified organic or unsprayed produce and high quality baked and other goods.
- A.1.5 Participate actively as a member of other cooperatives in order to assure the continued viability of the suppliers of high quality natural foods.

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

Adopted 5/8/03

Revised 11/4/04 – Change A.1 monitoring from July to January.

POLICY A.2: ASSURE THE VIABILITY OF THE WILLIMANTIC FOOD COOPERATIVE

A.2.1 **Fiscal:** With respect to assuring the financial viability of the cooperative, the Willimantic Food Cooperative will:

- Maintain positive cash flow.
- Maintain positive sales growth.
- Be aware of and respond to market trends, when desirable, within the frame of the other ends policies.
- Achieve appropriate profit levels to meet all financial obligations.
- Use member equity only for capital expenditures, not for current expenditures.
- Maintain adequate capital to meet future needs and obligations.
- Ensure adequate controls over the Co-op assets and maintain reasonable insurance coverage.

A.2.2 **Membership:** The Willimantic Food Coop is owned by its members and exists to serve them. To build a strong membership, the Willimantic Food Coop will:

- Constantly seek to attract and keep members.
- Continually seek input from its members with regard to the Cooperative in its entirety.
- Respond to input from members about operations, products and planning.
- Cultivate participation by cooperative members in all aspects of operations and planning.
- Ensure that the staff is well-trained and helpful in order to answer consumers' questions.

A.2.3 **Physical Plant:** In order to maintain the Co-op's viability, the Co-op will create a welcoming and aesthetically pleasing store that includes:

- A.2.3.1 Efficient layout and service.
- A.2.3.2 A safe environment.
- A.2.3.3 Handicapped accessibility.
- A.2.3.4 The development and maintenance of a community gathering space.

A.2.4 **Sense of Community:** The Willimantic Food Co-op will strive to promote a sense of connection with the community. The Willimantic Food Co-op will:

- A.2.4.1 Encourage cooperation and synergy with local businesses.
- A.2.4.2 Take a leadership role in the community.
- A.2.4.3 Buy and sell local products and services.
- A.2.4.4 Promote an atmosphere where all people feel welcome.

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

Adopted 5/8/03

Revised 11/4/04 – Change A.2 monitoring from July to April.

POLICY A.3: PROMOTE THE WELL-BEING OF THE ENVIRONMENT

A.3 The Willimantic Food Coop is committed to maintaining and promoting the health and well-being of the environment. As much as is feasible, the Co-op will operate in a manner that minimizes impact and maximizes environmental sustainability while providing products that are environmentally friendly. This includes:

Recycle; manage waste efficiently and effectively; choose green energy sources; use low impact cleaning and maintenance products; and conserve energy and other resources.

Provide products that are produced organically.

Promote local products whenever possible to limit transportation and cost.

Support and do business with environmentally conscious businesses and groups.

Sell paper and plastic products that are manufactured from recycled materials.

Minimize packaging, including the promotion of bulk products.

Provide accessible written environmental information about products and practices.

Provide education related to healthier lifestyles and environmental sustainability.

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

Adopted 5/8/03

POLICY A.4: SUPPORT COOPERATIVE PRINCIPLES

A.4 Cooperative membership is the soul of an organization that exists not for the profit of a few, but for the good of all. The Willimantic Food Co-op is a true cooperative and will strive to support cooperative principles by:

A.4.1. Adhering to the cooperative principles of the International Cooperative Alliance (These can be found on the following pages or on the Internet at: <http://www.coop.org/ica/info/enprinciples.html> for the ICA *Statement on the Co-operative Identity*). The cooperative principles are guidelines by which cooperatives put their values into practice. These guidelines include:

A.4.1.1 First Principle: Voluntary and open membership

A.4.1.2 Second Principle: Democratic member control

A.4.1.3 Third Principle: Member economic participation

A.4.1.4 Fourth Principle: Autonomy and independence

A.4.1.5 Fifth Principle: Education, training, and information

A.4.1.6 Sixth Principle: Cooperation among cooperatives

A.4.1.7 Seventh Principle: Concern for the community

A.4.2. Modeling the cooperative philosophy by involving staff in decision-making, providing a positive work environment, and paying living wages.

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

Adopted 5/8/03

Revised 11/4/04 – Change A.4 monitoring from July to October.

Statement on the Co-operative Identity
February 1996

International Co-operative Alliance

Source: http://www.wisc.edu/uwcc/info/i_pages/prin.html

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

1st Principle: Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co- operation.

6th Principle: Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

POLICY B: EXECUTIVE LIMITATIONS
GLOBAL EXECUTIVE LIMITATIONS

The General Manager has a fiduciary responsibility to the vision, the values, and the goals of the Board of Directors. S/he is the means by which the Board achieves its intents and purposes for the Cooperative. This implies broad but never independent powers. In exercising these powers, the General Manager will not cause nor allow any practice, activity, decision or organizational circumstance that is either unlawful, imprudent, or in violation of commonly accepted business and professional ethics, or that violates our cooperative values and principles.

POLICY B.1: STAFF RELATIONS

B.1 With respect to relations with staff, the General Manager may not cause or allow conditions that are unsustainable, unsafe, inhumane, illegal, unfair, or undignified.

B.1.1 The General Manager may not cause nor allow discrimination among employees and potential employees except for business-related criteria, individual performance, and qualifications. Specifically, the General Manager shall not:

B.1.1.1 Cause nor allow discrimination based upon sex, race, age, mental disability, sexual orientation, nation origin, marital/parental status, or religion.

B.1.1.2 Fail to take reasonable steps to prevent discrimination.

B.1.1.3 Fail to ensure that channels are established and known to staff, to bring claims of discrimination without fear of retaliation.

B.1.2 The General Manager may not fail to provide a positive work environment by:

B.1.2.1 Providing channels for staff input for decisions about how their work is done;

B.1.2.2 Providing sufficient tools, information and technology needed for staff to perform their jobs;

B.1.2.3 Cultivating a workplace culture that emphasizes recognition and appreciation;

B.1.2.4 Providing mechanisms for staff involvement in operational improvements;

B.1.2.5 Regularly obtaining an objective assessment of the employees' perception of the current work environment.

B.1.3 The General Manager may not operate nor allow the co-op to operate without written personnel policies, including a grievance procedure, that are issued to all staff in the most current form. The personnel policies must:

B.1.3.1 Comply with all applicable laws;

B.1.3.2 Protect the co-op's "at will" status and inform staff that employment is neither permanent nor guaranteed;

B.1.3.3 Be developed and/or revised by a committee which must include management and staff;

B.1.3.4 Be adhered to and consistently applied to all employees;

B.1.3.5 Be reviewed annually and updated as needed to ensure current legal compliance;

B.1.3.6 Document that all staff have signed a statement that they have read and understand the personnel policy manual;

B.1.3.7 Provide for a fair and thorough review of any grievance by means of a known procedure that can be used without bias.

B.1.4 The General Manager will not fail to provide for staff development which should include but not be limited to:

B.1.4.1 Opportunities for staff to develop skills and knowledge.

B.1.4.2 Posting all job openings for staff.

B.1.5 The General Manager will not fail to ensure that each staff member is evaluated at least annually based upon pre-established criteria in the job description.

B.1.6 The General Manager will not fail to take disciplinary action as needed in accordance with established personnel policies.

B.1.7 The General Manager will not fail to provide for appropriate documentation, security, and retention of personnel records and all personnel-related decisions.

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

Adopted 5/21/01

Revised 9/6/01 - Changed wording in B1.3.5 to clarify that personnel manual will be updated as needed. Changed wording in B1.5 to clarify that the General Manager is accountable for the evaluations but may not actually evaluate each staff person herself.

Revised 12/6/01 - Changed monitoring schedule from March to April.

POLICY B.2: COMPENSATION AND BENEFITS

B.2 With respect to employment, compensation, and benefits to employees, consultants, and contract workers, the General Manager may not cause or allow conditions that are illegal, unfair, or that jeopardize the co-op's fiscal integrity.

Accordingly, s/he may not fail to:

B.2.1 Establish a fair wage schedule, based upon experience, job responsibilities, and the labor market, which is applied consistently to all people and positions.

B.2.2 Establish current compensation and benefits which:

B.2.2.1 Represent the geographic or professional market for the skills employed.

B.2.2.2 Are based on revenues that can be safely projected.

B.2.2.3 Establish pay increases based upon meeting satisfactory evaluation of performance standards.

B.2.3 Provide some portion of staff compensation contingent upon the financial performance of the co-op.

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

Adopted 5/21/01

Revised 12/6/01 - Changed monitoring schedule from June to August.

POLICY B.3: FINANCIAL PLANNING

B.3 With respect to planning fiscal events (budgeting for all or any part of a fiscal period), the General Manager may not jeopardize either operations or fiscal integrity of the organization. S/he will coordinate the preparation of an annual business plan and budgets. The General Manager will monitor operational performance against these budgets and plans.

Accordingly, s/he may not cause or allow annual budgeting aligned with the fiscal year that:

- B.3.1 Contains too little detail to enable:
 - reasonably accurate projection of revenues and expenses,
 - separation of capital and operational items,
 - cash flow projections,
 - subsequent audit trails, and
 - disclosure of planning assumptions.
- B.3.2 Fails to project income conservatively or that projects a loss.
- B.3.3 Deviates from board priorities as stated in board policies when making allocations among competing budgetary needs.

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

Adopted 5/21/01

Revised 9/6/01 - Change wording in B.3.1 from "cash flow" to "cash flow projections". Change wording in B.3.3 to include all board policies.

Revised 12/6/01 - Changed monitoring schedule from December to January.

POLICY B.4: FINANCIAL CONDITION

B.4 With respect to operating the cooperative in a sound and prudent manner, the General Manager may not jeopardize the long-term financial health of the cooperative. The general manager will monitor and enhance the financial health and working capital of the cooperative.

Accordingly, s/he may not:

- B.4.1 Cause the cooperative to incur indebtedness other than trade payables incurred in the ordinary course of doing business.
- B.4.2 Use restricted funds for any purpose other than that required by the restriction.
- B.4.3 Settle payroll, taxes and other debts in other than a timely manner.
- B.4.4 Allow expenditures to deviate materially from board stated priorities.
- B.4.5 Operate without pricing policies and expense controls sufficient to generate a net profit.
- B.4.6 Fail to disclose all out of the ordinary fiscal activity to the Board.
- B.4.7 Fail to maintain sufficient cash to meet financial obligations on time.
- B.4.8 Fail to maintain debt to equity ratio of no more than 2:1.
- B.4.9 Fail to generate sales growth.
- B.4.10 Fail to maintain accurate and verifiable financial record keeping systems that serve the needs of both internal and external reporting nor fail to disclose any material changes in accounting systems or methods.
- B.4.11 Make capital expenditures, sell capital assets or enter into leases exceeding \$8,000 in value without Board approval. If an emergency situation requires an unplanned purchase of assets above the said amount, the General Manager will report it at the next regularly scheduled Board meeting.
- B.4.12 Fail to set and measure department performance standards for appropriate contribution to store performance.
- B.4.13 Fail to meet or exceed all requirements of contracts, loans, or other external obligations.

This policy will be monitored quarterly by internal report in March, June, September, and December and annually by external report in September.

Adopted 5/21/01

Revised 11/1/01 - Change wording of B.4.8 from "at least 2:1" to "no more than 2:1". Change wording for B.4.10 from "adequate financial record keeping systems or" to "accurate and verifiable financial record keeping systems that serve the needs of both internal and external reporting nor".

Revised 12/6/01 - Changed monitoring schedule from "by internal report in August, November, February and May and annually by external report in August" to "by internal report in March, June, September and December and annually by external report in September".

Revised 9/5/02 - Changed wording of B.4.11 to increase the amount from \$5,000 to \$8,000 and to include the words "without Board approval".

POLICY B.5: ASSET PROTECTION

B.5 General Manager will not fail to protect the cooperative's assets nor allow disrepair, excessive risk, untraceable transactions or conflict of interest to occur in the management of the cooperative's resources.

Accordingly, s/he may not:

B.5.1 Allow insurance coverage of stock, building, furniture and equipment to fall below 90% of the replacement value.

B.5.2 Permit cash to be handled in an unsecured manner.

B.5.3 Receive, process or disburse funds under controls insufficient to meet generally accepted accounting procedures, including:

B.5.3.1 Allowing any one individual, including the General Manager, to have complete authority over financial transactions

B.5.4 Fail to protect the financial integrity of the cooperative.

B.5.5 Fail to properly maintain building and equipment or to provide for adequate facility and equipment including but not limited to negotiating with the landlord for leases and repairs.

B.5.6 Neither cause nor allow abuse or misuse of the cooperative's assets.

B.5.7 Deposit the cooperative's funds in institutions where they are not fully protected.

B.5.8 Allow unnecessary exposure of the cooperative, the staff, or the directors to claims of liability.

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

Adopted 5/21/01

Revised 12/6/01 - Changed monitoring schedule from January to February.

Revised 3/20/05 – Changed B.5.3.1 to “transactions” (plural).

POLICY B.6: COMMUNICATION AND COUNSEL TO THE BOARD

B.6 With respect to providing information and counsel to the Board, the General Manager may not deliberately cause or allow the Board to be uninformed or misinformed.

Accordingly, s/he may not fail to:

B.6.1 Make the Board aware of relevant trends, public events of the organization, or internal and external changes that affect the assumptions upon which Board policy has previously been submitted.

B.6.2 Submit timely, accurate, and understandable monitoring data required by Board policy under monitoring Executive Performance.

B.6.2.1 Inform the board, in a timely manner, of actual or anticipated non-compliance with Ends or Executive Limitations policies.

B.6.3 Advise the board, if in the General Manager's opinion, the board or one of its members is not in compliance with the board's policies on Board process or Board/General Manager Relationship, particularly if the case is detrimental to the work of the manager or the relationship between the manager and the board.

B.6.4 Provide the board with sufficient staff administration to support governance activities and board communication.

B.6.5 Deal with the board as a whole except as determined by the board. This does not preclude Board members from having conversations with the General Manager about other areas than board business.

B.6.6 Gather and provide information to the Board as needed and as requested for fully informed board decisions.

B.6.6.1 Inform the board if, in the manager's opinion, any of the board's policies should be clarified, amended, deleted or made more specific.

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

Adopted 5/21/01

Revised 12/6/01 - Changed monitoring schedule from March to October.

POLICY B.7: EMERGENCY MANAGEMENT SUCCESSION

B.7 The General Manager will not operate without a written plan for management succession.

Accordingly, the General Manager shall not fail to:

B.7.1 Establish and communicate a “chain of command” to be used at any time the General Manager is unable to serve (planned or emergency absence).

B.7.2 Identify said persons to the Board and require the next-in-charge to attend at least one Board meeting per year.

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

B.7.4 Actively prepare the staff to manage the Coop for the general manager if needed, through training, coaching, development, and access to information.

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

Adopted 5/21/01

Revised 12/6/01 - Changed monitoring schedule from August to February.

Revised 4/4/02 - Changed wording from " Actively prepare...at least one staff..." to "Actively prepare the staff."

POLICY B.8: CUSTOMER SERVICE AND VALUE

B.8 The General Manager will not fail to offer a balance of high quality and good value in our products and services that meet the needs of the co-op members and customers.

Accordingly, s/he may not fail to:

B.8.1. Make available wholesome, natural foods and other products of high quality as inexpensively as possible with due consideration to the social, economic, and ecological implication of the product being marketed. (By-Laws Section 1.1)

B.8.1.1 Include customer demand and market trends as criteria for establishing product selection guidelines.

B.8.2. Provide education and information concerning nutrition and agricultural practices with the aim of supporting alternative patterns of production, consumption and use.

B.8.2.1 Establish programs and materials that educate consumers about health, cooking, environmental sustainability and cooperative businesses.

B.8.3. Establish fiscally responsible purchasing and operating policies and procedures that bring the best price value for our customers while maintaining standards for quality and freshness.

B.8.4. Ensure that all merchandising and marketing practices be honest and non-manipulative.

B.8.5. Provide for a safe and pleasant shopping experience for our customers.

B.8.6. Establish and operate a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.

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

Adopted 5/21/01

Revised 9/6/01 - Change wording in B.8.2 from "developing alternative patterns..." to "supporting alternative patterns..."

Revised 12/6/01 - Changed monitoring schedule from September to October.

Revised 11/4/04 – Change monitoring schedule from October to November (to accommodate Ends A.4 in October).

POLICY B.9: MEMBERSHIP

B.9 The General Manager shall not fail to establish, maintain, and promote a vital membership program that builds a sense of ownership and invites participation among members.

B.9.1 The General Manager shall not fail to ensure accurate and current member records including name, addresses, equity payments and eligibility for benefits and voting.

B.9.1.1 The General Manager shall not allow unauthorized use of the membership information.

B.9.1.2 The General Manager may not change the membership equity requirement or the membership benefits.

B.9.2 The General Manager shall not fail to provide opportunities for members to participate in the cooperative.

B.9.3 The General Manager shall not fail to ensure that adequate membership information and application materials are readily available.

B.9.4 The General Manager shall not fail to make readily available information and knowledge on cooperative, nutritional, consumer and environmental issues, and timely information relating to cooperative policy formulation and decision-making to owners and the community.

B.9.4.1 Accordingly, the General Manager shall not fail to publish a quarterly newsletter.

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

Adopted 5/21/01

Revised 10/4/01 - Eliminate B.9.4 (annual membership drive) per Board vote on 10/4/01.

Revised 12/6/01 - Changed monitoring schedule from October to November.

POLICY B.10: ENVIRONMENT

B.10 The General Manager shall not fail to take reasonable measures to ensure that the co-op activities and practices minimize our negative and maximize our positive impact on the environment.

Accordingly, the General Manager shall not fail to:

- B.10.1 Minimize or eliminate any release of pollutants.
- B.10.2 Reasonably minimize the creation of waste through reduction, reuse, and recycling.
- B.10.3 Ensure that all waste is disposed of through safe and responsible methods.
- B.10.4 Reasonably minimize the use of non-renewable energy through improved efficiency and conservation.

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

Adopted 5/21/01

Revised 12/6/01 - Changed monitoring schedule from April to May.

POLICY C: BOARD-GENERAL MANAGER RELATIONSHIP
GLOBAL BOARD-GENERAL MANAGER RELATIONSHIP POLICY

The Board's official connection to the operational aspects of the Cooperative, its achievements, conduct, and staff will be through the General Manager.

POLICY C.1: UNITY OF CONTROL

C.1 Only decisions of the Board acting as a body are binding on the General Manager.

C.1.1 Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager except in rare instances when the Board has specifically authorized such exercise of authority.

C.1.2 In the case of Board members or committees requesting information or assistance without Board authorization, the General Manager can refuse such requests that, in the manager's opinion, are disruptive or require a material amount of staff time or funds.

This policy will be monitored annually by Board review in August.

Adopted 5/21/01

POLICY C.2: ACCOUNTABILITY OF THE MANAGER

C.2 The Board holds the General Manager accountable for the operation and management of the co-op.

C.2.1 The Board will view successful manager performance as organizational accomplishment of the Ends Policies and compliance with the Executive Limitations policies.

C.2.2 The Board will never give direction to or evaluate any person who reports directly or indirectly to the manager.

This policy will be monitored annually by Board review in August.

Adopted 5/21/01

POLICY C.3 DELEGATION TO THE MANAGER

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

C.3.1 The Board will develop Ends policies instructing the General Manager to achieve certain results for certain people, at a specific cost.

C.3.2 The Board will develop Executive Limitations policies that limit the latitude the General Manager may exercise in choosing the organizational means.

C.3.3 As long as the manager uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the General Manager may make all further policies and decisions, take all actions, establish all practices and develop all activities.

C.3.4 The Board may change its Ends and Executive Limitations policies at any time, thereby shifting the boundary between Board and General Manager domains. When making such a change, the Board will specify the compliance date.

C.3.4.1 As long as any particular policy is in place, the Board will respect and support the General Manager's choices.

This policy will be monitored annually by Board review in August.

Adopted 5/21/01

POLICY C.4: MONITORING MANAGER PERFORMANCE

C.4 The General Manager’s job performance will be systematically monitored and viewed as successful in accordance with the accomplishment of the Board policies on Ends and within the boundaries established within Executive Limitations.

C.4.1 Monitoring determines the degree to which Board policies are being met. Only data that does this will be considered monitoring data.

C.4.2 The Board will acquire monitoring data by one or more of three methods:

- internal report, in which the manager discloses compliance information to the Board;
- by external report, in which an external, disinterested, third party chosen by the Board assesses compliance with policies; and
- by direct inspection, in which a designated member or members of the Board assess compliance with the appropriate policy criteria.

C.4.3 In every case, a reasonable interpretation by the General Manager of the Board policy being monitored is the standard for compliance.

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

C.4.4.1 The monitoring schedule is as follows:

Policies Related to Manager	How Often	How	When
A.1 Ends Policies	Annually	Internal	January
A.2 Ends Policies	Annually	Internal	April
A.3 Ends Policies	Annually	Internal	July
A.4 Ends Policies	Annually	Internal	October
B.1 Staff Relations	Annually	Internal	April
B.2 Compensation and Benefits	Annually	Internal	August
B.3 Financial Planning	Annually	Internal	January
B.4 Financial Condition	Quarterly	Internal	March, June, September and December
B.5 Asset Protection	Annually	External	September
B.6 Communication and Counsel to the Board	Annually	Internal	October
B.7 Emergency Management	Annually	Internal	February
B.8 Succession	Annually	Internal	February
B.8 Customer Service and Value	Annually	Internal	November
B.9 Membership	Annually	Internal	November
B.10 Environment	Annually	Internal	May
C.1 Unity of Control	Annually	Board review	August
C.2 Accountability of the Manager	Annually	Board review	August
C.3 Delegation to the Manager	Annually	Board review	August
C.4 Manager's Annual Review	Annually	Board review	May or June

This policy will be monitored annually by Board review in May (if Co-op Annual Meeting is prior to the June Board meeting) or June (if Co-op Annual Meeting is after the June Board meeting.)

Adopted 5/21/01

Revised 11/4/04 – Change monitoring schedule for Ends Policies from all in July to A.1 in January, A.2 in April, A.3 in July, and A.4 in October. Change monitoring schedule for B.8 to November.

POLICY D: BOARD PROCESS
GLOBAL BOARD PROCESS POLICY

The Board of Directors as a group, and as individuals, act as trustees on behalf of the members' ownership interest in the Cooperative and shall assure that the purpose, mission and principles of the Cooperative are properly carried out on behalf of the membership. The relationship with members is the Board's primary relationship. The Board has fiduciary and legal responsibility to the members.

POLICY D.1: BOARD JOB DESCRIPTION

D.1 The job of the Board is to represent the membership in determining and demanding appropriate organizational performance.

D.1.1 The Board will produce the link between the cooperative and the membership.

D.1.2 The Board will produce written governing policies that, at the broadest levels, address each category of organizational decision.

D.1.2.1 Ends - Organizational outcomes, recipients, and their relative worth. (what good, for whom, at what cost?).

D.1.2.2 Executive limitations - Constraints on the manager's authority that establish the boundaries within which all executive activity and decisions must take place.

D.1.2.3 Board General Manager Relationship - How power is delegated and monitored; the manager's role, authority and accountability.

D.1.2.4 Board Process - Specifications on how the Board conceives, carries out and monitors its own work.

D.1.3 The Board will monitor the manager's performance on Ends and Executive Limitations.

D.1.4 The Board will assess and improve its own performance by regular assessment of compliance with Board policies on Board Process and Board-General Manager Relationship.

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

Adopted 5/21/01

POLICY D.2: RELATIONSHIP TO MEMBERS

D.2 The Board obtains its authority from and represents the members. The Board is responsible for linkage with members.

D.2.1 The Board shall always act in the best interest of the cooperative as a whole. To make informed policy decisions, the Board must understand the values and needs of the members. The Board must, therefore, obtain adequate and appropriate information from its members. This information can be acquired through but is not limited to surveys, focus groups, open Board meetings, social gatherings, and suggestion book.

D.2.2 The Board will ensure that the cooperative meets all requirements of the law and the bylaws for its relationship with members including holding an annual meeting and preparing a written annual report to members.

D.2.2.1 At least annually, the Board shall disseminate a report of the cooperative's financial resources and how those resources have been used.

D.2.3 The Board will ensure the effective communication of the vision and mission of the cooperative to the members.

D.2.3.1 The Board will create opportunities to report periodically to the members on its role, its activities and its decisions such as in public minutes, reports and newsletters.

D.2.4 The Board will ensure that the member equity program contributes adequate capital for the cooperative.

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

Adopted 5/21/01

Revised 2/7/02 - Remove "a statement of its values and" from D.2.2.1.

POLICY D.3: GOVERNING STYLE

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

D.3.1 The Board will cultivate a sense of group responsibility. The Board will be responsible for excellence in governance and will be the initiator of policy. The Board will use the expertise of individual Board members to enhance the abilities of the Board as a body. The Board as a whole will be responsible for fulfilling Board commitments.

D.3.1.1 Each member of the Board shares the responsibility for effective Board leadership including meeting participation.

D.3.1.2 Each Board member will support the Board President's responsibility and right to interpret and enforce Board Process policies.

D.3.1.3 If at any time during a Board meeting, any Board member believes that the Board is not adhering to one or more of its policies, the policies in question should be read aloud.

D.3.2 The Board will direct, control, and inspire the organization through careful establishment of broad written policies reflecting the Board's values and perspectives about ends to be achieved and means to be avoided. The Board's major policy focus will be on the intended long-term effects on the organization, not on administrative or operational means of attaining those effects.

D.3.2.1 The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation, policy making principles, respect of roles, and ensuring continuance of governance capacity. Continual Board development will include orientation of new Board members in the Board's process and periodic discussions of process improvement.

D.3.2.2 The Board will monitor and discuss the Board's process and performance at each meeting. Self-monitoring will include a comparison of Board activity and discipline to policies in the Board Process and Board-General Manager Relationship categories.

D.3.2.3 All policies that instruct the Board 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 depend upon a routine schedule. The monitoring schedule is as follows:

Policies Related to Board

	How Often	How	When
D.1 Board Job Description	Annually	Internal	September
D.2 Relationship to Members	Annually	Board Report	February
D.3 Governing Style	Annually	Internal	July
D.4 Agenda Planning	Annually	Internal	October
D.5 Board Process	Annually	Internal	December
D.6 President's Role	Annually	Internal	November
D.7 Board Members' Code of Conduct	Annually	Internal	April
D.8 Board Committee Principles	Annually	Internal	January
D.9 Cost of Governance	Annually	Internal	March

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

Adopted 5/21/01

Revised 9/6/01 - Eliminate D.3.2.1.1 since it is covered under D.7.11.

POLICY D.4: AGENDA PLANNING

D.4 To accomplish its job with a governance style consistent with Board policies, the Board will follow an annual agenda that completes the review of Ends Policies and continually improves Board performance.

D.4.1 The Board's annual governance cycle will start in June. The development of its agenda for the next year will begin two months earlier. The Board calendar will include all Board events such as membership meetings, Board training, monitoring schedule, and review of specific policies. The calendar will be reviewed on a regular basis.

D.4.2 At the end of each Board meeting, the Board's current policy discussion and the annual calendar will provide the basis for determining the broad outlines of the next meeting's agenda. The following process will be used to determine the Board's agenda:

D.4.2.1 At each board meeting, one of the directors will agree to review the policy scheduled for monitoring at the next meeting. That director will study the policy and submit a written report to the other board members no later than 10 days prior to the next meeting. The report will contain the reviewing director's thinking about whether the board is in compliance with each section of the policy, and will propose any changes to the policy that seem, to the reviewer, to be warranted, including the rationale for such changes. Each board member will review the report prior to the next meeting. Once the other directors have read the review, any questions, concerns or alternate suggestions for changes, with the rationale for such changes, should be sent via e-mail to the other directors. Board members will study the policy review, along with any questions, concerns or alternate suggestions that have been received, in preparation for discussion at the next meeting. The review, with the alternate suggestions, if any, will be discussed at the meeting at which time agreement will be reached or the need for further analysis will become apparent.

D.4.2.2 The Board president will collect these written statements, determine relevancy and priority for discussion, and produce an agenda for the next Board meeting. Urgent items that show up in the interim and require Board attention may also be included.

D.4.2.3 Meeting content will focus on those issues which, according to Board policy, clearly belong to the Board to decide, not the General Manager.

D.4.2.4 Compliant General Manager monitoring reports will be included on a "consent agenda." Discussion is warranted only if directors have valid objections to the monitoring reports, including non-compliance, substandard reporting, unreasonable interpretation of policy, factual inaccuracies, or questions in aid of valid objections.

D.4.2.5 The agenda and all written statements and reports will be included in the next Board packet.

D.4.2.6 The agenda, as so determined, may be modified by the Board at the beginning of the next meeting.

D.4.2.7 There will be a standing agenda item at each Board meeting for members to speak.

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

Adopted 5/21/01

Revised 11/1/01 - Revised wording of D.4.2.1 to better reflect the process that the Board is currently using to report on their monitoring of Board policies before and during meetings.

POLICY D.5: BOARD PROCESS

D.5 To accomplish its job in a governance style consistent with board policies, the board will conduct meetings where leadership is shared. Deliberation will be timely, fair, orderly and thorough, but also efficient, limited to time and kept to the point.

Accordingly,

D.5.1 The Board will follow a process in which a board member volunteers to facilitate the next month's meeting. This is not a requirement of board members but a role each member has the opportunity to fill on a rotating basis.

D.5.1.1 The facilitator will follow the agenda set by the Board President as described in D.4.

D.5.1.2 The President and the facilitator will communicate about the agenda prior to the board meeting so that the facilitator will know the rationale for the way the agenda is constructed.

D.5.1.3 Each board member will take responsibility to assure that the meeting is well run with the ultimate responsibility falling to the Board President in the rare instances where a problem arises that jeopardizes the effectiveness and efficiency of the meeting.

D.5.2 In addition to the facilitator, the meeting will also have a vibes watcher and a timekeeper, both of whom are board members who have volunteered for these duties.

D.5.2.1 The vibes watcher's job is to assess if and when a meeting has become contentious beyond a reasonable discussion and to assist the facilitator in bringing the meeting back to order. The vibes watcher shall complete an evaluation form at the end of each meeting.

D.5.2.2 The time keeper's job is to assist the facilitator to finish the meeting within the time allotted by determining the time needed for each agenda item and announcing that discussion should be wrapped up when that time is running out.

D.5.3 Decisions will be reached at board meetings via a modified consensus model. In this model, consensus will be used unless a decision is either not possible or cannot be reached with time constraints. In the latter case, a vote will be taken.

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

Adopted 5/21/01

Revised 9/6/01 - Eliminate D.5.3.1 and D.5.3.2 since they are covered under Co-op Bylaws.

Revised 12/6/01 - Revise the preamble to the D.5 section by moving D.5.4 to become the second sentence under D.5 and eliminate D.5.4 as a separate subsection.

Revised 12/9/04 – Add sentence to 5.2.1: “The vibes watcher shall complete an evaluation form at the end of each meeting.”

POLICY D.6: PRESIDENT'S ROLE

D.6 The President assures the integrity of the Board's process and the integrity of the Board's relationship with the General Manager. Occasionally, the President represents the Board to outside parties. The President's job is to ensure that the Board follows its own rules, the By-laws, and laws legitimately imposed upon it from outside the organization.

D.6.1 The President is responsible for the functioning of the Board and, therefore, must ensure that Board evaluation, orientation/training and performance are effective and adhere to Board Process policies.

D.6.2 The President may make decisions on behalf of the Board which fall within or are consistent with Board policies on Governance Process and on the Board-General Manager Relationship. The President is authorized to use a reasonable interpretation of these policies.

D.6.2.1 The President's authority does not extend to making decisions within Ends and Executive Limitations policy areas, each of which is within the purview of the General Manager.

D.6.2.2 The President's authority does not extend to supervising, interpreting Board policies to, or otherwise directing the General Manager.

D.6.3 The President will maintain sufficient materials and organization to ensure a smooth transition to the next President.

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

Adopted 5/21/01

Revised 11/7/02 - Eliminate D.6.3 ("The president may delegate authority outlined in D.5...") since D.5 was changed to reflect the Food Co-op's current Board process and does not require delegation of authority.

POLICY D.7: BOARD MEMBERS' CODE OF CONDUCT

D.7 The Board commits itself to ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

D.7.1 An individual member is responsible at all times for discharging his/her duties in good faith in a manner which she/he reasonably believes to be in the best interests of the Co-op and with such care as an ordinarily prudent person in a like position would use under similar circumstances. (By-laws Section 4.3)

D.7.1.1 Board members must represent unconflicted loyalty to the interests of the coop. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. This accountability supersedes the personal interest of any director acting as an individual consumer of the organization's services.

D.7.2 Board members must avoid any conflict of interest with respect to their fiduciary responsibility.

D.7.2.1 An individual member shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Members having such an interest may not participate in the decision of the matter, nor, unless otherwise determined by the Board, in the discussion of the matter. (By-laws Section 4.5)

D.7.2.2 An individual member shall not, during her/his term of office, be a party to a contract for profit with the Co-op differing in any way from the business relations accorded each member or upon terms differing from those generally current among members. (By-laws Section 4.4)

D.7.2.3 Board members must not use their positions to obtain for themselves, family members or close associates employment within the organization or a business relationship with the co-op.

D.7.3 An individual Board member shall maintain confidentiality as needed to protect the Co-op's interests and financial viability. This means that all directors shall not discuss disputed or confidential corporate actions, policies, or issues with Co-op members, employees, or the general public unless the board decides that such information is no longer confidential. All issues related to personnel, real estate, business strategies and goals, pending litigation, and details of the Co-op's financial status will be considered sensitive issues subject to confidentiality unless or until full disclosure is approved by the Board as a whole.

D.7.4 An individual Board member shall attend and actively participate in the Board's training sessions and retreats.

D.7.4.1 Board members come to board meetings prepared to participate responsibly by having read all meeting materials.

D.7.4.2 Board members have a responsibility to express their own opinion.

D.7.5 Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in board policies.

D.7.6 Board members' interaction with the General Manager or with staff must recognize the lack of authority in any individual director or group of board members except as noted herein.

D.7.7 Board members' interaction with the public, press or other entities must recognize the same limitation and the similar inability of any director or board members to speak for the board.

D.7.8 An individual member shall respect the rights of others to communicate their ideas free from interruption and without intimidation or fear of reprisal.

D.7.9 An individual member may disagree with a policy approved by or action taken by the majority of the Board. However, once action is taken he/she will support that policy or action as being the considered judgment of the Board.

D.7.9.1 An individual member shall have the right to present further evidence and argument to the Board for further consideration and as a result, the Board shall reconsider its actions in a manner consistent with Board practices.

D.7.10 Board members who do not follow the "Board Members' Code of Conduct" (Policy D.7), are expected to resign from the board.

D.7.11 The term of office of director may be terminated prior to its expiration in any of the following ways: (1) voluntarily by a director upon notice to the Co-op; (2) automatically upon termination of membership in the Co-op or upon termination of employment in the case of management and staff directors; (3) involuntarily, with or without cause, by the group that elected such person; (4) involuntarily for cause by the Board after a fair hearing at which the director is given the opportunity to speak and present evidence, provided that such person is accorded the right of appeal at the next meeting of members, (5) a Director who fails to attend three consecutive Board meetings, unless excused by the Board, shall be presumed to have resigned. (By-Laws Section 4.7)

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

Adopted 5/21/01

Revised 9/6/01 - Under D.7.11, changed "a Director who fails to attend..." to point 5 under this

section.

Revised 4/4/02 - Under D.7.10, changed wording to say "Board Members' Code of Conduct (Policy D.7)" to distinguish this subsection from the former Code of Conduct that has been replaced by this policy.

POLICY D.8: BOARD COMMITTEE PRINCIPLES

D.8 The Board may establish committees to help carry out its responsibilities. Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's job and so as never to interfere with delegation from the whole Board to the manager.

D.8.1 Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Such authority will be carefully stated in order not to conflict with authority delegated to the General Manager.

D.8.2 Board committees are to help the Board do its job, not to help the staff do its jobs. Committees will assist the Board chiefly by preparing policy alternatives and implications for Board deliberation. Board committees are not to be created by the Board to advise staff.

D.8.3 If a Board committee is used to monitor organizational performance in a given area, the same committee will not have solely created the Board policy in that area. This is to prevent committee over-identification with an organizational part rather than the whole.

D.8.4 Board committees cannot exercise authority over staff, and Board committees will not ordinarily have direct dealings with current staff operations.

D.8.5 This policy applies only to committees that are formed by Board action, whether or not the committees include non-Board members. It does not apply to committees formed under the authority of the General Manager.

D.8.6 Board responsibility cannot be delegated to its committees.

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

Adopted 5/21/01

POLICY D.9: COST OF GOVERNANCE

D.9 Because poor governance costs more than learning to govern well, the Board will invest in its governance capacity.

D.9.1 Board skills and methods will be sufficient to assure governing with excellence.

D.9.1.1 Training will be used to orient new directors, as well as to maintain and increase skills of existing directors. This includes, but is not limited to, training with consultants and attendance at conferences and workshops.

D.9.1.2 Outside monitoring assistance will be arranged as needed so that the Board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal audit or review and external, third party monitoring of organizational performance.

D.9.1.3 Outreach will occur as needed to link the Board to member viewpoints and values, such as surveys, forums, focus groups, and the annual membership meeting.

D.9.1.4 Board perpetuation will be ensured through such items as meeting support, recruiting, and elections. Board candidates will have opportunities to learn about the directors' role, in such ways as information sessions and visits to Board meetings.

D.9.2 Costs will be prudently incurred, according to the Co-op's budget, though not at the expense of endangering the development and maintenance of superior capability.

D.9.2.1 The Board, in conjunction with the organization's yearly budgeting cycle, shall periodically allocate fiscal figures for costs associated with section D.9 of the Willimantic Food Co-op Policy Governance Manual.

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

Adopted 5/21/01

Revised 3/7/02

D.9.1.1 - Delete "and Board candidates" and add commas for clarity

D.9.1.2 - Add commas and the word "that" for clarity

POLICY E. CO-OP EXPANSION
GLOBAL CO-OP EXPANSION POLICY

In order to advance the Ends Policies of the Willimantic Food Co-op (WFC), and subject to the limitations set forth in this policy, the WFC will implement a project to relocate the store to increase WFC's current retail capacity and projected sales, improve service to members (both current and future), expand the market for local and sustainably produced foods, and contribute to the vitality of the community.

POLICY E.1: ROLES AND RESPONSIBILITIES OF GENERAL MANAGER AND BOARD

- E.1.1 **General Manager's Role.** This expansion policy will be implemented by the General Manager consistent with the limitations stated in this policy. Key decisions in implementing this policy are subject to the approval of the Board as specifically noted.
- E.1.2. **Board of Directors' Role.** The Board's role with respect to the expansion policy will include:
 - E.1.2.1 Facilitating communication with WFC members to: solicit members' ideas, provide information on expansion decisions, build member commitment to the project, and report monthly to members on progress of the project;
 - E.1.2.2 Taking the lead in fundraising for the project;
 - E.1.2.3 Approving key expansion decisions of the General Manager as stated in this policy;
 - E.1.2.4 Monitoring implementation of this policy by the General Manager; and
 - E.1.2.5 Periodically reviewing this policy and making appropriate modifications.

POLICY E.2: GENERAL LIMITATIONS

- E.2.1 **Sources and Uses Budget.** The General Manager will prepare a sources and uses budget and modify the existing store operating budget accordingly to isolate project related expenses. Both the sources and uses budget and the existing store operating budget will be submitted to the Board for approval before the General Manager executes the lease for 91 Valley Street. The General Manager must advise the Board of any modifications of the approved sources and uses budget during monthly reports to the Board.
- E.2.2. **Financing and Property Transactions.** Any financing package, lease, or other encumbrance of WFC property associated with the project, is subject to advance approval by the Board.
- E.2.3. **Financially Prudent Management.** The General Manager will manage the use of owner financing, loans from financial institutions and other sources, vendor credit, equipment leasing and landlord financing in a combination that is most financially prudent in the long term, including considerations of cost of financing, cost of obtaining financing, and tax implications. Financing agreements will not include any terms that give undue control or decision-making to outside parties.
- E.2.4. **Staffing and Organizational Structure.** The General Manager will ensure appropriate management of staffing in order to ensure a smooth transition and operations of the Valley Street store. Specifically, the General Manager will:
 - E.2.4.1 Encourage participation of WFC staff in the planning and implementation of the project;
 - E.2.4.2 Establish an organizational model and staffing structure for the Valley Street store;
 - E.2.4.3 Assure that adequate attention is given to hiring, transfer, development, and training needed to assure a smooth transition to expanded operations; and
 - E.2.4.4 Manage and support the transition to expanded operations in a manner that helps staff to manage change and uncertainty.
- E.2.5. **Maintaining Current Operations.** The General Manager will maintain current store operations consistent with existing policies during project planning and implementation.

- E.2.6. **Contracting for Project Services.** The General Manager may contract for services to implement the project, including services for staff training and development and for a project manager. The General Manager will receive Board approval prior to contracting for project service contracts equal to or greater than \$8,000.
- E.2.7. **Project Advisory Team.** The General Manager may establish a project advisory team to advise the General Manager on project-related decisions during the implementation of the project.

POLICY E.3: FINANCIAL LIMITATIONS: RATIOS AND PROFIT PROJECTIONS

- E.3. The General Manager will not pursue expansion options that expose the Cooperative to undue financial risk nor imperil its future operations. In order to help avoid undue financial risk, the General Manager will ensure that any future expansion positions the finances of the Cooperative within the financial ratios and profit projections as defined below. In calculating these ratios, the General Manager will employ generally accepted accounting principles.
 - E.3.1. **Current Ratio.** Current assets divided by current liabilities, shall not be less than 1.00 in the first year of an expanded operation, 1.10 in the second year, and 1.20 in the third.
 - E.3.2. **Debt to Equity Ratio.** Total debt divided by total equity, shall be not more than 3.50 in the first year of an expanded operation, 3.25 in the second year, and 3.00 in the third.
 - E.3.3. **Debt Coverage Ratio.** Net positive cash flow from operations (that is, net income plus depreciation and other non-cash charges) divided by fixed principal and interest payments, should not be less than 1.1 in the first year, 1.15 in the second, and 1.25 in the third. The debt coverage ratio is currently .734, which is below the recommended amount of 1.1. As we revise the sources and uses budget and renegotiate terms we expect to achieve the ratio of 1.1.

POLICY E.4: OTHER FINANCIAL LIMITATIONS

- E.4.1. **Overall Project Cost.** The General Manager will ensure that the total project cost will not exceed the amount stated in the approved sources and uses budget, without prior approval from the Board.
- E.4.2. **Owner Financing.** Member equity and member loans will account for at least 40% of the total estimated project cost.
- E.4.3. **Construction Contingency.** The General Manager will budget for a construction contingency of at least 10% of the total estimated project cost.
- E.4.4. **Review of Budget and Costs.** At least monthly, the General Manager will review the financial plans for the project, compare them to the actual project costs, and submit reports of this review to the Board.

POLICY E.5: PROJECT LOCATION

- E.5 The General Manager will ensure that the Valley Street location is highly suitable to meet the following requirements and the WFC Ends Policies.
 - E.5.1. The site must have good parking access and access to public transportation, walking, and bicycling.
 - E.5.2. The site must show strong promise for being developed into a store with a lay-out, produce selection, overall ambience, and sense of community, which will put the WFC in a strong competitive position vis a vis our members.
 - E.5.3. The project must meet all applicable zoning requirements.
 - E.5.4. The site must have the potential to develop a store that fosters a sense of community.
 - E.5.5. The site will not have any environmental liability issues that are not resolvable within the project budget.

POLICY E.6: STORE SIZE AND DESIGN

- E.6 The General Manager will ensure that the Valley Street store size and design meet the following requirements.
 - E.6.1. The store will include retail space expansion of two and one-half to three times current size.
 - E.6.2 The store will have enough space for an on-site management office.
 - E.6.3. The store will include meeting/education space as is economically feasible.
 - E.6.4. The General Manager will submit a plan of the store design for Board review. The store design will take into account member and shopper preferences for products and services to be offered and the ambience of the store. The General Manager will report each month to the Board on any major changes in the planning and development of the store design,
 - E.6.5. The project will use environmentally friendly and energy efficient design, materials, and technologies to the extent feasible and prudent within the overall project budget, with consideration for life cycle costs.

POLICY E.7: PROJECT TIMELINE

- E.7. The General Manager will plan for a smooth transition from current operations to expanded operations.
 - E.7.1. The General Manager will provide an overall timeline for project implementation to the Board for approval with the sources and uses budget, prior to execution of a lease for 91 Valley Street. The timeline will include key decision points requiring Board approval. The General Manager must advise the Board of any modifications of the approved project timeline during monthly reports to the Board..

POLICY E.8: REPORTING

- E.8 The General Manager will update the Board monthly on the progress of project implementation and provide a comprehensive report on the status of the project at least quarterly. The Board will update the members monthly on the status of the project.
 - E.8.1. The General Manager's monthly reports will include the following:
 - E.8.1.2 Review of sources and uses budget and current status, potential changes from approved sources and uses. This will include current fundraising status.
 - E.8.1.3 Review of timeline, progress made, upcoming decision points, potential changes in timeline.
 - E.8.1.4 Review of progress on store design, any potential changes from original design.
 - E.8.1.5 Review of staffing and organizational structure for new store, current status, potential changes to original plan.
 - E.8.2 The General Manager's quarterly reports will be written in a format that is appropriate for updating members and will include the following:
 - E.8.2.1 Information listed in section E.8.1 for monthly reports.
 - E.8.2.2 Monitoring report on compliance with Policy E Co-op Expansion policy.
 - E.8.3 The Board's monthly progress reports to the members may be provided in writing and/or through presentations at member meetings and will include the following:
 - E.8.3.1 A summary of information provided in reports by the General Manager.
 - E.8.3.2 The status of major project milestones.
 - E.8.3.3 An opportunity for member input as appropriate.

This policy will be monitored by internal report by the General Manager quarterly in March, August, November,

and February until completion of the expansion project. The Board will monitor sections E.1.2 and E.8.3 quarterly in March, August, November, and February until completion of the expansion project.

Adopted 4/14/05