

River Valley Co-op

Board Policies

UPDATED MARCH 14, 2018

Based on CBLD Policy Register Template originally created November, 2008

CONTENTS

Last Revised: 4/27/10

Ends	A – Ends
Executive Limitations	B – Global Executive Constraint B1 – Financial Condition B2 – Planning and Budgeting B3 – Asset Protection B4 – Membership Rights and Responsibilities B5 – Treatment of Consumers B6 – Staff Treatment and Compensation B7 – Communication to the Board B8 – Board Logistical Support B9 – GM Succession
Board Process	C – Global Governance Commitment C1 – Governing Style C2 – The Board’s Job C3 – Agenda Planning C4 – Board Meetings C5 – Directors’ Code of Conduct C6 – Officers’ Roles C7 – Board Committee Principles C8 – Governance Investment
Board- Management Relationship	D – Global Board-Management Connection D1 - Unity of Control D2 – Accountability of the GM D3 – Delegation to the GM D4 – Monitoring GM Performance
Appendices	Articles of Organization Bylaws Board Annual Calendar and Monitoring Schedule Committee Charters Monitoring Decision Tree Policy Governance Source Document Relaxed Robert’s Rules of Order Board of Directors Code of Ethical Conduct Board of Directors Annual Disclosure of Potential Conflict of Interest Monitoring Report Procedures [to be added] GM Evaluation Procedure [to be added]

Policy Type: Ends
Policy Title: A – Global End
Last Revised: **April 27, 2010**

- A1. What will be/is different because of the existence of the Co-op? A just marketplace that nourishes the community.
- A2. Who benefits? Consumers in Hampshire and surrounding counties, and regional producers.
- A3. At what cost? For costs that ensure that the Co-op thrives.

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

A Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Executive Limitations
Policy Title: B – Global Executive Constraint
Last Revised: **December 15, 2009**

The General Manager 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.

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

B Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Executive Limitations
 Policy Title: B1 – Financial Condition and Activities
 Last revised: **December 15, 2009**

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

The GM will not:

1. Allow sales to decline or be stagnant.
2. Allow operations to generate an inadequate net income.
3. Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion, to be insufficient.
4. Allow solvency, or the relationship of debt to member/owners' equity, to be insufficient.
5. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
6. Acquire, encumber or dispose of real estate
7. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
8. Allow late payment of contracts, payroll, loans or other financial obligations.
9. Use restricted funds for any purpose other than that required by the restriction.
10. Allow financial record keeping systems to be inadequate.

This policy will be monitored quarterly by internal report in February, May, September, and November and annually by external report in October (Board will hire auditor to address these points and to audit report.)

B1 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Executive Limitations
 Policy Title: B2 – Business Planning and Financial Budgeting
 Last revised: **December 15, 2009**

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 multiyear plan.

The GM will not cause or allow plans that:

1. Risk incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."
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. 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.
4. Have not been tested for feasibility.

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

B2 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Executive Limitations
 Policy Title: B3 – Asset Protection
 Last revised: **December 15, 2009**

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

The GM will not allow:

1. Equipment and facilities to be inadequately insured, or otherwise unable to be replaced if damaged or destroyed, including coverage for any losses incurred due to business interruption.
2. Unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Inadequate security of premises and property.
4. Data, intellectual property, or files to be unprotected from loss, theft or significant damage.
 - a. Improper usage of members' and customers' personal information.
5. Uncontrolled purchasing or purchasing subject to conflicts of interest.
6. Lack of due diligence in contracts.
7. Damage to the co-op's public image.

This policy will be monitored annually by internal report in October and by external report in October (Board will hire auditor to address these points in addition to auditing report.)

B3 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Executive Limitations
 Policy Title: B4 – Membership Rights and Responsibilities
 Last Revised: **December 15, 2009**

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

The GM will not:

1. Create or implement a member equity system without the following qualities:
 - a. The required member equity, or fair share, is determined by the Board.
 - b. Members are informed that equity investments are at risk. While they are generally refundable, the Board retains the right to withhold refunds when necessary to protect the co-op’s financial viability.
2. Implement a patronage dividend system that does not
 - a. Comply with IRS regulations.
 - b. Allow the Board to examine a range of options and implications, and make a timely determination each year concerning how much, if any, of the co-op’s net profit will be allocated and distributed to members.
3. Fail to establish a vital membership program which builds a sense of ownership among member-owners.

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

B4 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Executive Limitations
Policy Title: B5 – Treatment of Consumers
Last Revised: **December 15, 2009**

The General Manager will not be unresponsive to customer needs.

The GM will not:

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

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

B5 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Executive Limitations
 Policy Title: B6 - Staff Treatment and Compensation
 Last revised: **December 15, 2009**

The General Manager will not treat staff in any way that is unfair, unsafe, or unclear.

The GM will not:

1. Operate without written personnel policies that:
 - a. Clarify rules for staff
 - b. Provide for fair and thorough handling of grievances
 - c. Are accessible to all employees
 - d. Inform staff that employment is neither permanent nor guaranteed
 - e. Comply with all applicable laws
2. Cause or allow personnel policies to be inconsistently applied.
3. Provide for inadequate documentation, security and retention of personnel records and all personnel related decisions.
4. Establish compensation and benefits that are internally or externally inequitable.
5. Change the GM's own compensation and benefits, except as spelled out in his/her contract.

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

B6 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Executive Limitations
 Policy Title: B7 – Communication to the Board
 Last Revised: **December 15, 2009**

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

The GM will not

1. Submit monitoring data that is untimely, inaccurate, or hard to understand.
2. Report any actual or anticipated noncompliance with any policy of the Board in an untimely manner.
3. Allow the Board to be unaware of relevant trends, public events of the Cooperative, or internal and external changes which affect the assumptions upon which Board policy is based.
4. Withhold his/her opinion if the GM believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the GM.
5. Deal with the Board in a way that favors or privileges certain Board members over others except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.
6. Fail to supply for the Board’s consent agenda all decisions delegated to the GM yet required by law, regulation, or contract to be Board-approved.

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

B7 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Executive Limitations
 Policy Title: B8 –Board Logistical Support
 Last Revised: **December 15, 2009**

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

The GM will not:

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

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

B8 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
6-14-17	B8-Board Logistical Support	Addition to item 4. Insufficiently accessible	

Policy Type: Executive Limitations
Policy Title: B9 – Emergency GM Succession
Last revised: **December 15, 2009**

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

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

B9 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board Process
Policy Title: C – Global Governance Commitment
Last Revised: **April 27, 2010**

Acting on behalf of our owners, the Board ensures that our cooperative produces benefit and value, while avoiding unacceptable actions and situations.

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

C Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board Process
 Policy Title: C1 – Governing Style
 Last Revised: **April 27, 2010**

The Board will govern in a way that emphasizes empowerment and clear accountability. In order to do this, we will:

1. Focus our vision outward and toward the future
2. Observe the 10 Policy Governance principles (See Appendix)
3. Maintain group discipline, authority and responsibility
4. Clearly distinguish board and general manager roles
5. Encourage diverse viewpoints
6. Obey all relevant laws and bylaws.

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

C1 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board Process
 Policy Title: C2 – The Board’s Job
 Last Revised: **April 27, 2010**

In order to govern successfully, the Board will:

1. Create and sustain a meaningful relationship with member-owners.
2. Hire, compensate, delegate responsibility to, and hold accountable a General Manager. (See D. Board GM Relationship Policies)
3. Have expectations in the form of written governing policies that realistically address the broadest levels of all organizational decisions and situations. We will write these policies in the form of Ends, Executive Limitations, Board Process, and Board-Management Relationship, as described in the Policy Governance principles.
 - 3.1 Update policies as needed to maintain relevance.
4. Assign responsibility to the GM (through Ends & Executive Limitations policies) and itself (through Board Process and Board-Management Relationship policies) in a way that honors our commitment to empowerment and clear distinction of roles.
5. Regularly monitor operational performance in the areas of Ends and Executive Limitations, and board performance in the areas of Board Process and Board-Management Relationship.
6. Perpetuate the Board’s leadership capacity using ongoing education, training and recruitment.

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

C2 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board Process
 Policy Title: C3 – Agenda Planning
 Last Revised: **April 27, 2010**

The Board will follow an annual agenda that focuses our attention upward and outward.

1. Our annual governance cycle will run from January to December.
2. We 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 our Board-Management Relationship policies.
3. Throughout the year, we will attend to consent agenda items as expeditiously as possible.
4. We 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.
 - 4.1 Goal: Spend 50% of meeting time on strategic thinking at 2/3 of our meetings.

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

C3 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board Process
 Policy Title: C4 – Board Meetings
 Last Revised: **April 27, 2010**

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

1. We will use board meeting time only for work that is the whole Board's responsibility. We will avoid committee issues, operational matters and personal concerns.
2. Meetings will be open to the membership except when executive session is officially called.
 - a. We may occasionally use executive session to deal with confidential matters, as long as the purpose of the session is stated. When possible, announcement of the executive session should be on the published agenda.
3. We will use a relaxed version of Robert's Rules of Order. (See Appendix)
4. The meeting agenda will be determined by the board president, and may be modified at the meeting by a majority vote of the Board.

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

C4 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board Process
Policy Title: C5 – Directors’ Code of Conduct
Last Revised: **September 13, 2012**

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

1. Every director is responsible at all times for acting in good faith, in a manner which she/he reasonably believes to be in the best interests of the co-op, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.
2. Directors must demonstrate unconflicted loyalty to the interests of the co-op’s owners. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other boards or staffs, and the personal interest of any director acting as an individual consumer or member.
 - a. There will be no self-dealing or any conduct of private business or personal services between any director and the co-op except as procedurally controlled to assure openness, competitive opportunity and equal access to “inside” information.
 - b. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director shall abstain from the conversation and the vote.
3. Directors may not attempt to exercise individual authority over the organization.
 - a. When interacting with the GM or employees, directors must carefully and openly recognize their lack of authority.
 - b. When interacting with the public, the press, or other entities, directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated board decisions.
4. Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving board service.
5. Directors will prepare for and attend all board meetings and trainings.
6. Directors will support the legitimacy and authority of the Board’s decision on any matter, irrespective of the director’s personal position on the issue.
7. Any director who does not follow the code of conduct policy may be subject to termination per Article 4 Section 7 of the bylaws.
8. Directors sign an agreement annually titled ‘Board of Directors Code of Ethical Conduct’ whereby they agree to this code of conduct, and also complete an agreement annually titled ‘Board of Directors Annual Disclosure of Potential Conflict of Interest’. See appendix.

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

C5 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
9/13/2012	C5.7	Revision	“Any director who does not follow the code of conduct policy shall resign from the Board if requested to do so by a 2/3 majority vote of the remaining Board.” <i>revised to</i> “Any director who does not follow the code of conduct policy may be subject to termination per Article 4 Section 7 of the bylaws.”
9/13/2012	C5.8	Revision	“Directors sign an agreement annually whereby they agree to this code of conduct and disclose any conflicts of interest.” <i>revised to</i> “Directors sign an agreement annually titled ‘Board of Directors Code of Ethical Conduct’ whereby they agree to this code of conduct, and also complete an agreement annually titled ‘Board of Directors Annual Disclosure of Potential Conflict of Interest’. See appendix.”

Policy Type: Board Process
 Policy Title: C6 – Officers’ Roles
 Last Revised: **April 27, 2010**

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

1. No officer has any authority to supervise or direct the GM.
2. Officers may delegate their authority but must remain accountable for its use.
3. The president ensures the Board acts consistently with board policies.
 - a. The president is authorized to use any reasonable interpretation of the provisions in the Board Process and Board-Management Relationship policies.
 - b. The president will chair and set the agenda for board meetings.
 - c. The president plans for leadership (officer) perpetuation,
 - d. The president may represent the Board to outside parties.
4. The vice-president will perform the duties of the president in her/his absence.
5. The treasurer will lead the Board’s process for creating and monitoring the Board’s (not the co-op’s) budget
6. The clerk will make sure the Board’s documents are accurate, up to date, and appropriately maintained.

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

C6 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board Process
 Policy Title: C7 – Board Committee Principles
 Last Revised: **April 27, 2010**

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

1. Committees will reinforce and support the wholeness of the Board.
 - a. In particular, committees help the whole board move forward when they research alternatives and bring back recommendations.
2. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
3. The Board will establish, regularly review and define committee responsibilities in written committee charters. (See Appendix)
 - a. We will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the GM.

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

C7 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board Process
 Policy Title: C8 – Governance Investment
 Last Revised: **July 19, 2012**

The Board will invest in its governance capacity.

1. We will make sure that board skills, methods and supports are sufficient to allow us to govern with excellence.
2. We will incur governance costs prudently, though not at the expense of endangering the development and maintenance of superior capability.
 - a. We will use training and retraining liberally to orient new directors and candidates for membership, as well as to maintain and increase existing members’ skills and understandings.
 - b. We will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
 - c. We will use outreach mechanisms like surveys, forums, focus groups, and the annual meeting as needed to ensure our ability to listen to member-owner viewpoints and values.
 - d. We will use professional and administrative support as needed.
 - e. We will hire an auditor annually to externally monitor policies B1 and B3.
3. We will develop the Board’s annual budget in a timely way so as to not interfere with the development of the Cooperative’s annual budget. We will complete this work no later than May.

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

C8 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
7/19/12	C8	Revision	“The Board will invest in the its governance capacity” strike the.
7/19/12	C8.3	Revision	“We will complete this work later no than May” revised to “work no later than May.”

Policy Type: Board-Management Relationship
Policy Title: D – Global Board-Management Connection
Last Revised: **March 14, 2018**

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

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

D Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
3/14/18	D	Revision	Policy shall be monitored annually by internal report in December

Policy Type: Board-Management Relationship

Policy Title: D1 – Unity of Control

Last Revised: **April 27, 2010**

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

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

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

D1 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board-Management Relationship

Policy Title: D2 – Accountability of the GM

Last Revised: **March 14, 2018**

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

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

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

D2 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
3/14/18	D2	Revision	This policy shall be monitored annually by internal report in December.

Policy Type: Board-Management Relationship

Policy Title: D3 – Delegation to the GM

Last Revised: **March 14, 2018**

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

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

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

D3 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
3/14/18	D3	Revision	This policy shall be monitored annually by internal report in December.

Policy Type: Board-Management Relationship
 Policy Title: D4 – Monitoring GM Performance
 Last Revised: **March 14, 2018**

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

1. Monitoring is how the Board determines the degree to which the GM is following board policies. Information that does not directly relate to Ends or Executive Limitations policies is not monitoring information.
2. The Board will acquire monitoring information by one or more of three methods: (a) by internal report, in which the GM discloses interpretations and compliance information to the Board; (b) by external report, in which an external, disinterested third party selected by the Board assesses compliance with board policies; or (c) by direct board inspection, in which a designated director or committee assesses compliance with the policy criteria.
3. In every case, the standard for compliance will be any reasonable GM interpretation (as described by operational definitions and metrics) of the board policy being monitored. The Board is the final arbiter of reasonableness but will always judge with a “reasonable person” test rather than with interpretations favored by individual directors or by the Board as a whole.
4. The GM is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
5. The Board will monitor all policies that instruct the GM. The Board can monitor any policy at any time by any method but will ordinarily follow the schedule outlined in the Board Annual Calendar.
6. The Board’s annual evaluation of the General Manager, based on a summary of monitoring reports received from July 1 through June 30, will be completed by August 31. The Board will make its decisions concerning the evaluation and the employment contract no later than November 1. The Board will complete the GM compensation process no later than November 17.

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

D4 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
3/14/18	D3	Revision	This policy shall be monitored annually by internal report in December.

