



## Board of Directors Meeting

Date: June 12, 2023

Time: 6pm

Time	Topic	Information/ Action	Presenter
6:00pm	<b>General Business</b> Introductions Agenda Review Review Tasks from May Meeting Review and Accept May Meeting Minutes Member Comments (2 minute limit)	Information Information Information Action Information	Manny Manny Lizz All Manny
	<b>General Manager Update</b>	Information	Brian M.
	<b>Committee Updates</b> Member Engagement Committee <ul style="list-style-type: none"> <li>Annual Meeting Agenda</li> </ul> Nominations Committee Update <ul style="list-style-type: none"> <li>Candidate Recommendations</li> </ul> Policy Committee <ul style="list-style-type: none"> <li>Committee Member Code of Conduct</li> <li>Committee Charter Updates</li> <li>Nominations Committee Charter Update</li> <li>Governance Policy - Revised</li> </ul>	Information  Action  Action	Alex/Felicia  Prasanna/Alex  Barbara/Delfina
	<b>Board Self-Monitoring</b> D - Global Management D1 - Unity of Control	Information Information	Manny Manny
	<b>Discussion Items</b> Upcoming Vacant Board Position GM Search Committee Framework	Information Action	Manny Manny
7:30pm	<b>Closings</b> Announcements Review Board Calendar Review Tasks & Assignments Check-in: How the meeting went	Information Information Information Information	All Admin All All

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# Board of Directors Meeting Unapproved Minutes

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Date: May 8, 2023

Convened: 6:03 Adjourned: 7:47pm

Directors Present: Manny Leon, Barbara Mendenhall, Brian Pimentel, Felicia Thomas-Hill, Prasanna Regmi, Arnold Sowell, Delfina Vargas

Director(s) Absent: Alexandria Jang

Staff Present: Brian Munn (IM GM/Store Director), Tyler Burch (HR Director), Angela Borowski (Finance Controller), Stacie Larkin (Marketing Director)

Members and Guests Present: Members attending via ZOOM

Notetaker: Elizabeth Ortiz Meeting Facilitator: Manny Meeting Chair: Manny

## **PRELIMINARIES**

Introductions took place.

### **Agenda Review:**

Moving General Manager Qualifications and Priorities to announcements.

Adding to the GM update during the Global Ends discussion, Hether would like to talk about the upcoming Board retreat.

Motion to approve agenda - Brian P.

Second - Delfina

Agenda approved

### **Tasks from previous meeting reviewed**

Tasks reviewed

### **Approve Minutes of Prior Meeting:**

Arnie's name is spelled wrong in the B6 policy.

Barbara's name is spelled wrong in the B5 policy.

Delfina's name is spelled wrong under the member comments section.

Motion to approve March meeting minutes - Prasanna

Second - Arnie

All in Favor

Minutes approved

### **Member Comments:**

None.

### **GM Update:**

*Microsoft Migration* - Tabling through the summer, will revisit in the next fiscal year.

Spring Fling - May 13th.

*Farm update*- Met with three of the six partners on Sunday May 7th. Talked about a potential partnership with them but they said they have to talk about it amongst all 6 partners.

*Business plan for the R Street Co-op* - Working with NCG to get a proper performance done, the business plan is almost done. The Strategic team is meeting tomorrow.

*Member Month* - First week was very busy, looking forward to this coming week.

Patio in the front of the store - In the very beginning stages of building a plan.

*NCG Conference* - went through the GM integration seminar and was very informative.

*Self check out* - Currently the only XL co-op without self check out or without a plan to get it. Hoping to move forward with a plan.

*Board Tour at SNFC* - May 24th @11am

## A

Stacie spoke about how our active membership bylaw change may have lowered the number of member participation in our last election. Also spoke about possibly having an online application.

Retreat: Hether spoke and wanted to make sure that for the Board retreat, the Ends policies are the ones that they want to work with.

Motion to accept A as presented in the packet - Barbara

Second - Manny

All in favor

## B1

Current ratio and quick ratio operational definitions and graphs do not match.

Arnie wanted to take time to talk about the Finance Committee and stated there are three points of action that need to be made.

- Selection of an auditor, keeping the current auditor.
- Board Development - Finances
- Board to be more involved in the Financial planning process

CoCoFiSt has been changed to CoMetrics.

Motion to accept B1 as presented in the packet - Manny

Second - Delfina

All in favor

## B3

Arnie asked to go over cyber security, Brian explains that GroupOne helps us monitor our system regarding cyber security. Planning to partner with NCG to do an IT audit.

Motion to accept B3 as presented in the packet - Jeneba

Second - Brian P.

All in favor

## **Committee Updates**

### Member Engagement Committee

Annual meeting - The Committee added a draft agenda to the Board packet and shared it with the Board.

### Nominations Committee

Bringing slate of candidates to the next Board meeting. Possibly bringing candidates to the May Member Engagement event on May 25th.

Nine people applied, could not validate membership for one of them, there were 8 people that were interviewed.

### Policy Committee

Motion to approve added language to Committee Charters as presented in the Board packet - Arnie  
Second - Prasanna  
All in favor

### **Board Self-monitoring**

#### Policy C7, C8

Adding in a section to show who filled out the survey or how many responses.

### **Discussion Items**

#### Board/Member - Meeting Participation

Brian P. speaks about attendance promoting monthly meetings, and asks for suggestions on how we can promote the meeting further.

A calendar function is on the webpage, a poster regarding meetings is at the front of the store, and also has been promoted to our instagram stories.

#### GM Search Process

Setting up a meeting with Columinate, this coming friday.

Also has been digging into what has been done in the past, after the Columinate meeting there will be another GM search committee meeting.

### **CLOSINGS: Review Tasks & Assignments**

#### **Announcements**

##### Sign-up sheet for Spring Fling

Manny passed around a sign-up sheet to work the Board table at the Spring Fling.

#### General Manager Qualifications and Priorities

Mentioned that the Board had a meeting regarding General Manager qualifications. There was a survey that was sent out to the Board of Directors and some staff, they are wanting to send this out to more staff soon.

Delfina stated that the Board should start talking with Members about the possibility to expand.

Also not everyone has filled out the survey to distinguish what weekend the retreat will happen.

#### Tasks/Assignments

1. Detailed Annual Meeting agenda - Member Engagement Committee
2. Retreat planning - Delfina and Hether
3. Brian M. will send out a follow up email with answers to questions about the B policies
4. GM Search Committee
5. Office Hours

### **ADJOURN MEETING**

Motion: Brian P.

Second: Arnie

Vote: All in Favor

Respectfully submitted by,

Elizabeth Ortiz  
Board Administrator

Member Engagement & Education Committee Submission:

Annual Meeting Framework for board approval - We are shooting for about a one-hour or shorter meeting

1. Welcome – 50<sup>th</sup> Anniversary 1973 - 2003 (2 min)
2. Recap of our Cooperative History, Principles, and Values (5-7 min)
3. Presentation from the Co-op Board including GM Search Process (15 mins)
4. Announcement of Board Election Results (5 mins)
5. State of the Co-op (20-30 mins)
6. Celebratory Closing (5 mins)

# 2023 Nominations Committee Notes

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June 1, 2023

**Committee members in attendance:**

Felicia Thomas Hill (board member), Alex Jang (board member), Stacie Larkin (staff), Tevis Pieper (member), and Prasanna Regmi (board member)

**Notes:**

The committee members met with all candidates based on the 2023 board-approved nomination plan. For this year's process, we reviewed the board's needs and priorities, which set the criteria for the candidates we sought. The criteria covered industry knowledge, skills, diversity, and more.

In order to recruit candidates, we all made a concerted effort. The marketing team put up posters and flyers to encourage members to run for the board. The staff shared information on the member quarterly, and the nominations committee members participated in tabling to recruit prospective board members. In addition, the committee also reached out to include our industry contacts and round-up recipients. To expand our pool, we encouraged staff members to consider running for the board.

Once we had the candidates, our board administrator validated each applicant's membership and invited them to interview with the Nominations Committee. To ensure consistency and objectivity with applicants, the committee used a set of interview questions and a scoring matrix to score all candidates.

While some candidates received strong recommendations, two individuals would benefit from additional exposure or experience in certain skill areas before being recommended to run for the board. The following are the candidates who are being recommended for the board's consideration:

Bernadette Brogden

Brian Pimental

Corby Drewes

Dana Cash

Elizabeth Sherrell-Davis

Manny Leon

We are grateful to Felicia, Stacie, and Tevis for all of their work on the nomination committee. We would also like to thank Lizz Ortiz for all the logistical support she provided to us.

Submitted by Alex Jang & Prasanna Regmi (Nominations Committee Co-chairs)

June 12, 2023

### **Policy Committee Governance Policy Review Report - continuing**

The Policy Committee has worked on assignments from the Board. The Board has approved work on some assignments. We are ready for the Board to review and decide on additional work. The Board can:

- Discuss and approve submission as presented. We will consider the submissions in the batches listed below (numbers 1-4).
- Offer motions to further revise submissions.
- Provide feedback to the Policy Committee and request the Committee continue working on any submission.
- Request additional time for individual review (table a motion for approval) and bring any submission back at a later Board Meeting.
- Request a Board training workshop to learn more about Policy Governance and talk about the draft policies vs. our current policies.
- Any other steps it finds necessary.

For the June Board Meeting, Policy Committee has prepared drafts:

- A Board Committee Member Code of Conduct and suggested edits to the Request for Committee Appointment form (a staff developed form).
- A revised Committee Charter Template to use for any new board committees and apply to current committee charters.
- A revised Nominations Committee Charter that incorporates revisions made to all other committee charters, adds greater emphasis on DEI goals for the Board and the candidate development process, and provides a robust process for the Committee to recommend members to fill a Board vacancy when requested by the Board. Revision also recognizes the role of the Committee is to develop and recommend Co-op members for nomination or appointment by the Board. The current charter language was accurate when the Committee directly nominated candidates for the ballot.
- Board Governance Policies: the A-Ends Policy, B-Executive Limitation Policies, C-Board Process Policies and D-Board-Management Relationship Policies. This document was provided in markup format to Board members in March for their review. The clean version is provided this month.

Tasks the Policy Committee still has to complete:

- Review the schedules for Ends, Executive Limitation, GM-Board Relationship and Board Self-Monitoring Reporting.

#### **List of Attachments and explanation of each document:**

1. Document 1a is the proposed Board Committee Member Code of Conduct:
  - This Code of Conduct and previously approved Removal Process for committee charters eliminate any need for a vetting or review process for members being recommended for appointment to a Board Committee other than the current system for committee chair to talk with members interested in serving on a committee.
  - Is based on the Board Director Code of Conduct and tailored to non-Board committee members.
  - Holds committee members to the same standard as Board Members as referenced in the removal process.



- Request for Committee Appointment form is included as document 1b with suggested edits to reference the Committee Member Code of Conduct so that members interested in Committees learn about it early in the process.

2. Document 2, revision to the Committee Charter Template:

- Removes reference to a vetting or review process prior to recommending committee members to the Board and instead refers to the standard committee chair interview process.
- Approval of this revised language will be applied to the previously approved Elections, Finance, Policy and Member Engagement and Education Committee Charters that are on hold pending approval of this final revision.

The previous informal committee member intake process has worked well. Having a Committee Member Code of Conduct and the committee member removal process, as well as requiring notice of the names of proposed committee members in the Board Packet will address situations similar to the recent issue the Board had.

3. Document 3, revised Nominations Committee Charter, aligns that committee's charter with the approved Committee Charter Template and other committee charters. Revisions add:

- Explicit language on goals for DEI.
- A robust Committee process, as requested by the Board, to recommend members to fill a vacant position when requested by the Board.
- Language that accurately reflects the Committee's role to develop and recommend Co-op members for nomination or appointment by the Board rather than direct appointment of candidates to the ballot, which the Committee did previously but has not done for more than 10 years. The bylaws were changed but the Committee Charter was not.

4. Document 4, Co-op Board Governance Policies. A clean copy of the document with the proposed revisions is included. The March Board Packet contains the marked up document showing revisions. Revisions were made:

- To be consistent with the use of capitalization, to delete gendered pronouns, to use members rather than owners (alignment with the bylaws) and to correct errors.
- To remove, consolidate or relocate sections where relevant and to add or expand needed sections such as for GM Evaluation and Compensation.
- To include useful language from the 2019 Columinate Governance Policy Template and other edits recommended by the Committee members and Board or other members who offered suggestions. These include DEI inclusion in policies and clarity of language on Board focus and governance.
- None of these revisions change any of the ways that the Board governs.

## Board Committee Member Code of Conduct DRAFT 5/30/2023

As a Co-op member appointed to a Co-op Board Committee, I commit to ethical, professional and lawful conduct. As a board committee member, I am accountable for my fiduciary duty to the Co-op, acting unselfishly for the benefit of the Co-op as a whole.

1. Duty of Care. Every committee member is responsible at all times for acting in good faith, in a manner which they reasonably believe 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. Duty of Loyalty. Committee members must demonstrate unconflicted loyalty to the interests of the Co-op. 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 committee member acting as an individual consumer or member.
  - a. There shall be no self-dealing or any conduct of private business or personal services between any committee member and the Co-op except as procedurally controlled by the Co-op to assure openness, competitive opportunity and equal access to “inside” information.
  - b. Every year (after the committee member is approved), every committee member shall sign this Committee Member Code of Conduct and will verbally report to their Committee Chair all actual and potential conflicts. Every committee member will immediately report any subsequent actual or potential conflicts to the Committee Chair.
  - c. When the committee is to decide on an issue about which a committee member has an unavoidable conflict of interest, that committee member shall abstain from both the conversation and the vote on that issue.
  - d. Any voting committee member who is also a paid employee has the same duties and responsibilities as any other committee member and has the additional duty of clearly segregating staff and committee responsibilities.

3. Committee members may not attempt to exercise individual authority over the organization.
  - a. When interacting with the GM or employees, committee members must carefully and openly recognize their lack of individual authority. Any direction by an individual committee member has only the same authority as any other member of the Co-op.
  - b. When interacting with the public, the press, or other entities, committee members must recognize the same limitation and the inability of any individual committee member to speak for the committee, the Board or the Co-op except to repeat explicitly stated Board decisions.
4. Committee members shall respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board committee service.
5. Committee members shall prepare for, take responsibility for, attend, and participate fully in all committee meetings, training, and other committee related activities to which the committee member has committed.
6. Committee members shall not campaign against Board-sponsored measures.
7. If a committee member fails to adhere to the Board Committee Member Code of Conduct, they will be reminded of it and, if possible, asked to make amends within a specific timeline. Failure to comply or egregious lack of adherence may result in removal from the committee. These actions aim to ensure that members fulfill their responsibilities, uphold the Co-op's integrity, and prioritize the organization and its members.
  - a. The decision to remove a committee member will be made by the executive committee (see committee charter for removal process), taking into account the best interests of the Co-op.



## Request for Appointment To a Board Committee

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I, \_\_\_\_\_, wish to be appointed to the \_\_\_\_\_ Committee.

I have read and agree to the terms of the Member Volunteer policy as it applies to Board Committee work. I understand that all committee work must be approved by the Chair of the Committee or by the Board before I may obtain any volunteer credit for the work. I have reviewed the Charter for the Committee that I wish to be appointed to. **I have read, understood and agree to the Board Committee Member Code of Conduct and will sign the Code of Conduct if I am appointed to a Board Committee.** I understand that membership and service on the committees are governed by the Board of Directors as set out in Board Governance Policy C7 – Board Committee Principles. I understand that submitting this form does not guarantee selection for any Board Committee. By signing, I agree that I am willing to make a six-month commitment to serving on the committee I have applied for.

Member Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Email: \_\_\_\_\_

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If appointed to Committee, Committee Chair will sign and date below.

Committee Chair Signature: \_\_\_\_\_

Date: \_\_\_\_\_



# Charter

## [Redacted] Committee

### Type

Mandated standing committee per Co-op bylaws 6.05. Or: Standing committee established by the Board. Or: Ad hoc committee established by the Board per Co-op bylaws 6.05.

### Accountability

The [Redacted] Committee serves under the general direction of the Co-op Board. The committee has no independent authority to direct the General Manager or any Co-op staff or to commit any of the Co-op's resources.

### Purpose

### Specific Duties

### Chair

A Board Member (except for Election Committee) appointed annually by the Co-op Board. *Provide term limits, if any, for the chair.*

### Committee Make-Up

The committee chair, an additional Board member (two for Elections), the Board Administrator, and any number of active members as determined by the committee chair. The Board Administrator shall serve as a nonvoting member on the committee to provide continuity, administrative support, and expertise in the Co-op's [Redacted] policy (for most, the Finance Committee includes CFO or Controller and GM). Committee members are selected **through an interview process with the committee chair(s).** ~~according to standardized committee member vetting procedures.~~

### Meetings

The committee will meet as often as deemed necessary for its functions. (for most, Finance is required to meet quarterly)

### Budget

Included with the budget established for the Board.

### Removal

Non-directors serving on a committee of the Board of Directors shall conform to the standards of conduct applicable to Board members set forth in California Cooperative Law and the cooperative's governance policies, even though such persons are not members of the Board of Directors. Should any non-director committee member fail to conform to these requirements they may be removed from the committee by the executive committee of the Board of Directors following a 15 day notice to the committee member of the

proposed removal, including an opportunity to be heard by the executive committee at least 5 days before the proposed removal becomes effective.



# Charter Nominations Committee

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## Type

Mandated standing committee per Co-op bylaws section 6.05.

## Accountability

The Nominations Committee serves under the general direction of the Co-op Board. The committee has no independent authority to direct the General Manager or any Co-op staff, or to commit any of the Co-op's resources.

## Purpose

Provide support to the Board to ~~en~~ perpetuate a strong, stable, and well-informed Board, recruiting and educating **prospective** candidates for the Board and assisting in recruitment for Board committees.

## Specific Duties

1. Establish and maintain a recruiting plan to develop and attract strong candidates for the Board.
2. Establish and maintain a **candidate recommendation nominating** procedure **for Board approval** that is **open to all qualified members**, ensures fair consideration of **prospective candidate's** skills and background, **while practicing the values of diversity, inclusion and equity**.
3. **Establish and maintain an education program for prospective candidates.**
4. **Coordinate and conduct timely communications with members interested in being a Board director, including Board members up for re-election, to ensure deadlines are met and interested members receive feedback on committee decisions.**
5. ~~Nominate~~ **Recommend** a slate of qualified candidates to the Board for the annual election of Board directors.
6. **Establish and maintain a procedure for recommending candidates- potential appointees** to fill Board vacancies. This includes:
  - a. **Contact** ~~Review~~ any **previously unelected or qualified but unominated** candidates to **ask if see** they are interested in appointment.
  - b. Outreach to all qualified members to solicit additional interested members if less than three prospects are available per 6.a.
  - c. Review the potential **interested members-candidates**, including conducting the committee's standard ~~procedure~~ interview process and reviewing letter of interest, resume or references if provided.
  - d. After identifying two or more interested and qualified candidates to fill a Board vacancy, **present these names and their letter of interest, resume or references to the Board and** to the Board Administrator to arrange an opportunity for Board members to meet them prior to the Board meeting where they will be recommended by the committee for Board consideration and appointment.

## Chair

A Board Member appointed annually by the Co-op Board.

## Committee Make-up

The committee chair, an additional Board member, the Board Administrator, and any number of active members as determined by the committee chair. The Board Administrator shall serve as a nonvoting member

on the committee to provide continuity, administrative support, and expertise in the Co-op's nominations policy. Committee members are selected **through an interview process with the committee chair(s)**. Committee members may **not** be running in the upcoming election **or applying to fill a board vacancy while serving on the Nominations Committee**.

### **Meetings**

The committee will meet as often as deemed necessary for its functions.

### **Budget**

Included with the budget established for the Co-op Board.

### **Removal**

Non-directors serving on a committee of the Board of Directors shall conform to the standards of conduct applicable to Board members set forth in California Cooperative Law and the cooperative's governance policies, even though such persons are not members of the Board of Directors. Should any non-director committee member fail to conform to these requirements they may be removed from the committee by the executive committee of the Board of Directors following a 15 day notice to the committee member of the proposed removal, including an opportunity to be heard by the executive committee at least 5 days before the proposed removal becomes effective.





# Board of Directors Governance Policies

CONTENTS (Last Revised: November 2021)

Ends A – Ends

Executive Limitations B – Global Executive Constraint

- B1 – Financial Condition and Activities
- B2 – Planning and Financial Budgeting
- B3 – Asset Protection
- B4 – Membership
- B5 – Customer Experience
- B6 – Staff Treatment and Compensation
- B7 – Communication to the Board
- B8 – Board Logistical Support
- B9 – Emergency General Manager (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
- C9 – Board Director Compensation

Board Management Relationship

- D – Global Board-Management Connection
- D1 – Unity of Control
- D2 – Accountability of the General Manager
- D3 – Delegation to the General Manager
- D4 – Evaluating the General Manager
- D5 – Compensating the General Manager

Policy Type: Ends

Policy Title: A – Ends

Adopted/ Revised: February 7, 2012/ March 7, 2017

#### The Sacramento Natural Foods Cooperative

1. Is the destination of choice in the Sacramento area for high quality, healthy foods, with an emphasis on locally-grown and regionally produced, organic, and ecologically-sound products.
2. Is a financially sustainable operation that supports and yields economic, social and environmental returns to its members and the community at large.
3. Works to engage consumers in higher levels of participation in the Co-op.
4. Supports the community by:
  - a. Being a leader among local businesses & cooperatives nationally,
  - b. Educating its consumer base about food, food related issues, health and the environment,
  - c. Supporting the greater network of local farmers & regional production systems that emphasize seasonal availability,
  - d. Being a superior and highly sought-out workplace that promotes excellence, diversity and inclusion and fosters opportunities for participation, empowerment and growth.

Policy Type: Executive Limitations

Policy Title: B – Global Executive Constraint

Adopted: April 1, 2011

The General Manager must not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, oppressive, unjust, imprudent, or contrary to the Cooperative Principles, or in violation of commonly accepted business and professional ethics and practices, or in violation of the SNFC Strategic Plan.

Policy Type: Executive Limitations

Policy Title: B1 – Financial Condition and Activities

Adopted/ Revised: April 1, 2011/June 22, 2018/ July 8, 2019

With respect to the actual, ongoing financial conditions and activities, the General Manager must not cause or allow the Co-op to be unprepared for future opportunities, to develop fiscal jeopardy or to have key operational indicators be below average for our industry, or for material deviation of actual expenditures from board priorities established in the Ends policy. The General Manager must not:

1. Allow sales growth to be inadequate.
2. Allow operations to generate an inadequate EBITDAP (earnings before interest, taxes, depreciation, amortization, and patronage refunds) and net income.
3. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
4. Allow solvency (the relationship of debt to equity) to be insufficient.
5. Allow growth in membership and member paid-in equity to be insufficient.
6. Default on any terms that are part of the Co-op's financial obligations.
7. Allow late payment of contracts, payroll, loans or other financial obligations (including allowing trade payables to be out more than 90 days).
8. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business, without board approval.
9. Acquire, encumber or dispose of real estate or enter into long-term real estate leases without Board approval.
10. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
11. Use restricted funds for any purpose other than that required by the restriction.
12. Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).
13. Allow the Cooperative's operations to materially deviate from the financial plan as defined in policy B2.

Policy Type: Executive Limitations  
Policy Title: B2 – Planning and Financial Budgeting  
Adopted: April 1, 2011/ July 8, 2019

The General Manager must not operate without annual and multi-year plans and budgets that address intentional and improved Ends accomplishment and strengthening operations.

The General Manager must not:

1. Create plans or budgets that
  - a. Risk incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."
  - b. Omit planning assumptions.
  - c. Omit or obscure credible projection of revenues and expenses, member investment and return, separation of capital and operational items, cash flow, and debt service.
  - d. Do not pursue excellence in business systems and operations.
  - e. Have not been tested for feasibility.
  - f. Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy.
  - g. Fail to include sufficient detail to allow the Board to understand the operations of the Cooperative.
2. Begin any fiscal year without a financial plan agreed upon with the Board and General Manager.
3. Fail to obtain mutual agreement with the Board before making any changes to the plan during the fiscal year.

Policy Type: Executive Limitations  
Policy Title: B3 – Asset Protection  
Adopted: April 1, 2011

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

The General Manager must 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. Deposits or investments to be unreasonably risked.
5. Data, intellectual property, or files to be unprotected from loss, theft or significant damage.
  - a. Improper usage of members' and customers' personal information.
6. Purchasing that is uncontrolled or subject to conflicts of interest.
7. Lack of due diligence in contracts and real estate transactions.
8. Damage to the Co-op's public image.
9. Operating without a crisis communications plan that includes communication protocols for the Board.

Policy Type: Executive Limitations

Policy Title: B4 – Membership

Adopted/Revised: April 1, 2011/ October 15, 2018

The General Manager must not allow members to be without opportunities for meaningful participation.

The General Manager must not:

1. Allow members to be uninformed or misinformed of their benefits, rights and responsibilities.
2. Allow any individual to become a member unless that individual meets the eligibility requirements outlined in the Co-op's by-laws and pays the required member equity share.
3. Create or implement a member equity system without the following qualities:

- a. The required member equity determined by the Board.
  - b. Members are informed that equity investments are at risk and generally refundable though the Board retains the right to withhold refunds when necessary to protect the Co-op's financial viability.
  - c. Equity will not be refunded if such a refund would lead to a net decrease in total member paid-in equity at the end of any reporting period, or would risk, cause or exacerbate non-compliance with any Financial Condition policy.
4. Implement a patronage dividend system that does not:
    - a. Comply with IRS regulations.
    - b. Allow the Board to examine a range of options and implications, so that the Board can 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.
  5. Allow a member benefits program that does not offer value.
  6. Fail to forward to the Board any application for a member previously terminated by the Board of Directors by a super majority vote and shall not reinstate such member until the Board votes to reinstate with a majority vote.

Policy Type: Executive Limitations  
Policy Title: B5 – Customer Experience  
Adopted: April 1, 2011

The General Manager must not be unresponsive to customer needs. The General Manager must not:

1. Allow a customer experience that is not welcoming and inclusive.
2. Operate without a system for soliciting, addressing and responding to customer opinion regarding preferences, product requests, complaints and suggestions.
3. Allow an unsafe or unpleasant experience for our customers.
4. Operate without a system that directs staff to provide quality customer service.
5. Operate without written policies for handling customer misconduct that

include an appropriate range of responses.

Policy Type: Executive Limitations

Policy Title: B6 – Staff Treatment and Compensation

Adopted/Revised: April 1, 2011/ June 10, 2019

The General Manager must not treat staff in any way that is unjust, unsafe, or unclear. The General Manager must not:

1. Cause and/or allow inequitable treatment of applicants and/or employees in regard to race, sex, identity, national origin, primary language, cultural fit, ability, or other factors unrelated to job qualifications and job performance.
2. Operate without policies and practices that attract and retain staff that reflect the diversity of our community.
3. Allow staff to be without training that supports justice and equity.
4. Operate without written personnel policies that:
  - a. Clarify rules for staff
  - b. Provide for fair and thorough handling of workplace conflicts. The Board should not be included as a participant in the conflict resolution and/or grievance process.
  - c. Support employees in reporting unethical or illegal behavior.
  - d. Are accessible to all staff.
  - e. Inform staff that employment is neither permanent nor guaranteed.
  - f. Are applied consistently.
  - g. Are in compliance with any union agreements.
5. Discourage and/or prevent any employee from reporting unethical and/or illegal activity to the Board, and/or discriminate, and/or retaliate against any employee for reporting unethical and/or illegal behavior or activity.
6. Provide for inadequate documentation, security and retention of personnel records and all personnel related decisions.

7. Establish compensation and benefits that are internally inequitable and not competitive in our market.
8. Change the General Manager's own compensation and benefits, except as those benefits are consistent with a package for all other employees.
9. Allow the Co-op to operate without a program that encourages staff to become members of the cooperative.

Policy Type: Executive Limitations

Policy Title: B7 – Communication to the Board

Adopted/Revised: April 1, 2011/ February 4, 2014

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

1. Submit monitoring reports that are untimely, inaccurate, hard to understand or that lack operational definitions (metrics, benchmarks) and verifiable data directly related to each section of the policy.
2. Report in an untimely manner any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance and a proposed schedule regarding follow-up reporting.
3. Allow the Board to be unaware of relevant legal actions, media coverage, trends, public events of the Co-op, or internal and external changes.
4. Allow the Board to be unaware in advance of public and private events, petitions, and sponsorships supported by the Co-op, except in cases where such advance notice is not possible.
5. Withhold from the Board relevant information from or about key partners including NCG (National Co+op Grocers), including (but not limited to): reports about industry trends, operational audits, risk assessment and joint liability, program participation, and member agreements.
6. Withhold an opinion if the General Manager believes the Board is not in compliance with its own policies on Board Process and Board-Management Relationship, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the General Manager.
7. Deal with the Board in a way that favors or privileges certain Board members over others except when responding to officers or committees duly charged by the Board.



8. Fail to supply for the Board's consent agenda all decisions delegated to the General Manager yet required by law, regulation, or contract to be Board approved.
9. Take leave without assigning a person responsible to report to the Board.

Policy Type: Executive Limitations  
Policy Title: B8 – Board Logistical Support  
Adopted: April 1, 2011

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

1. Provide the Board with insufficient staff administration to support governance activities and Board communication.
2. Allow the Board to be without a workable mechanism for official Board, officer or committee communications.
3. Provide inadequate information and notice to Co-op members concerning Board actions, meetings, activities and events.
4. Allow insufficient or inaccessible archiving and/or an online system for working on Board documents.

Policy Type: Executive Limitations  
Policy Title: B9 – Emergency General Manager Succession  
Adopted/Revised: April 1, 2011/ October 8, 2013

To protect the Co-op from sudden loss of General Manager services, the General Manager must not have less than one other manager sufficiently familiar with General Manager responsibilities and Board processes, including any special projects for which the General Manager is the lead manager, to enable them to take over with reasonable proficiency as an interim successor, and shall inform the Board of that person.

Policy Type: Board Process  
Policy Title: C – Global Governance Commitment  
Adopted: April 1, 2011/ Amended September 15, 2018

Acting on behalf of our members, the Board ensures the success of the Co-op by working together effectively, empowering and holding accountable professional

management, providing strategic leadership for our Co-op, and perpetuating our democratic organization.

Policy Type: Board Process  
Policy Title: C1 – Governing Style  
Adopted: April 1, 2011

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

1. Be a strategic leader by developing insight and foresight to set direction and facilitate movement in that direction.
2. Ensure effective systems of delegating authority to professional management, holding the use of that power accountable, and clearly distinguishing between Board and management responsibilities.
3. Work as a team.
4. Maintain discipline, embrace responsibility and exercise group authority.
5. Practice the habits of a successful democracy.
6. Maintain a commitment to diversity, equity and inclusion.
7. Seek, encourage and listen to people with a variety of demographic characteristics and diverse perspectives.
8. Use Policy Governance as our operating system, guiding the work of the Board and the General Manager through written policies.
9. Obey all relevant laws and bylaws.

Policy Type: Board Process  
Policy Title: C2 – The Board's Job  
Adopted: April 1, 2011

The role of the Board is to represent our members, to direct and inspire the Co-op, and to ensure appropriate performance.

In order to govern successfully, we will:

1. Practice, protect, promote and perpetuate a healthy democracy for our Co-op.
  - a. Establish and maintain communication with members, educating ourselves on diverse needs and perspectives, and reporting on the Board's activities and decisions.
2. Hire, set compensation for, delegate responsibility to, and hold accountable a General Manager.
3. Assign responsibilities through policies in a way that honors our commitment to empowerment, and clear distinction of roles.
4. Regularly and rigorously monitor the General Manager's performance in the areas of Ends and Executive Limitations.
5. Regularly and rigorously evaluate our Board performance in comparison to our agreements as written in Board Process and Board-Management Relationship policies.
6. Perpetuate the Board's leadership capacity using a robust recruitment, qualification and nomination process; thoughtful appointments; fair elections; and ongoing education and training.
  - a. We will have a strategic year-round recruitment and screening process.
  - b. We will commit to diversity, equity and inclusion.
  - c. We will provide excellent orientation to potential candidates and newly elected or appointed directors.

Policy Type: Board Process  
Policy Title: C3 – Agenda Planning  
Adopted: April 1, 2011

We will follow a strategic work plan and annual agenda that focuses our attention toward the future and away from operational details.

1. Our annual governance cycle will start when new directors are seated following the annual election (normally early October).
2. We will maintain an annual calendar that includes tasks and events related to our work plan, membership meetings, our annual election cycle, Board training schedule, monitoring schedule, and the General Manager evaluation and compensation decisions as outlined in our Board-Management Relationship

policies.

3. Board meeting agendas will be prepared by the Executive Committee and may be modified at the Board meeting by a majority vote of the Board. The Board Chair will solicit agenda items from Board members prior to the Executive Committee meeting.

Policy Type: Board Process

Policy Title: C4 – Board Meetings

Adopted: April 1, 2011

We will use our Board meetings as a valuable and primary tool 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, avoiding topics that are not the best use of our time such as operational matters and personal concerns.
2. Meetings will be open to the membership except when an executive session is officially called.
  - a. We will 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 attend to consent agenda items as expeditiously as possible.
4. We will seek agreement through discussion. We will finalize and document decisions through the use of motions, seconds and majority vote. We will use a relaxed version of Robert's Rules of Order.
5. If we must make a decision outside of a regular meeting, we will follow our bylaws, include all Board directors, and ensure that it is properly documented.

Policy Type: Board Process

Policy Title: C5 – Directors' Code of Conduct

Adopted/Revised: April 1, 2011/ March 4, 2014/ September 15, 2018/ September 14, 2020

We each commit ourselves to ethical, responsible and lawful conduct. As Board directors, we are accountable for our fiduciary duty to the Co-op, acting unselfishly as trustees for the benefit of the Co-op as a whole.

1. Duty of Care. Every director is responsible at all times for acting in good faith, in

a manner which they reasonably believe 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. A director's duty of care shall focus the director on ensuring the adoption and adherence to policies developed by the Board as a whole.

2. Duty of Loyalty. Directors must demonstrate unconflicted loyalty to the interests of the Co-op. 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 director's duty of loyalty requires discretion regarding conflicts of interest and treatment of confidential information.
  - 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 by the Co-op to assure openness, competitive opportunity and equal access to inside information.
  - b. Every year (once the new Board is seated), every director shall complete the Code of Conduct Agreement form and will verbally report to the whole Board all actual and potential conflicts. Every director will immediately report any subsequent actual or potential conflicts to the whole Board. At the same time, all directors shall submit to a background check to verify suitability for Board service. Such background checks will include the following disqualifying checks:
    - i. Bankruptcies more recent than 10 years (only to preclude the director from holding a position with signing authority).
    - ii. Felony convictions (given the impossibility of listing every potential violation, the Board must take a good-faith decision as such matters arise).
    - iii. Misdemeanor convictions involving financial issues or dishonesty.
    - iv. Other convictions or pleas involving crimes that would cause issues (for example: sexual assault). The full Board will vote on the particular conviction, should a dispute arise.
  - c. 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.
  - d. A director who applies for employment at the Co-op must first resign from the Board.

- e. Any director who is also a paid employee (as provided for in Section 6.02(d) of the bylaws) has the same duties and responsibilities as any other director, and has the additional duty of clearly segregating staff and Board responsibilities. Any director who is also a paid employee shall resign from the Board if and when their employment ends
3. Directors may not attempt to exercise individual authority over the organization.
  - a. When interacting with the General Manager or employees, directors must carefully and openly recognize their lack of individual authority. Any direction by an individual director is of the same authority as any other member of the Co-op.
  - b. When interacting with the public, the press, or other entities, directors must recognize the same limitation and the inability of any individual director to speak for the Board except to repeat explicitly stated Board decisions.
4. Directors will not exhibit violent, oppressive or racist behaviors or speech.
5. Directors shall respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service. Executive session matters, attorney-client privileged communications, and commercially proprietary matters are confidential.
6. Directors will use electronic communications in a manner consistent with this policy and the responsibilities of a Board member.
7. Directors will prepare for, take responsibility for, attend, and participate fully in all Board meetings, retreats, training, and other Board related activities to which the director has committed.
8. 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.
  - a. Directors shall not campaign against Board-sponsored measures.
  - b. Expression of subsequent dissenting viewpoints shall be conducted according to any process determined by the Board.
9. Any director who does not follow the code of conduct policy shall be subject to a disciplinary process and measures that may result in being requested to resign from the Board by a 2/3 majority vote of the remaining Board. (See Appendix for Board Governance Policies, C-5-Director's Progressive Disciplinary Process). In addition,

- a. A director is subject to removal from the Board for any reason authorized by law.
- b. Any director may be expelled from Co-op membership for not following the rules of the Co-op, including the Director's Code of Conduct (Bylaws sections 4.03 and 6.04(b)(1-3)).

Policy Type: Board Process  
Policy Title: C6 – Officers' Roles  
Adopted: April 1, 2011

We will elect officers in order to help us accomplish our job (see Appendix for job descriptions).

1. No officer has any individual authority to supervise or direct the General Manager.
2. Officers may delegate their authority but remain accountable for its use.
3. The Board Chair ensures the Board functions well and in accord with our policy agreements. The Board Chair:
  - a. Is authorized to make decisions that are consistent with Board Process and Board-Management Relationship policies in order to facilitate the Board's functioning.
  - b. Will chair, and with the Executive Committee, set the agenda for Board meetings. To ensure all directors have the ability to request agenda items, the Board Chair will solicit input prior to the Executive Committee meeting.
  - c. Is the point person for the relationship between the Board and General Manager between meetings.
  - d. Plans for Board leadership (officer) perpetuation.
  - e. May represent the Board to outside parties.
4. A Vice Board Chair will perform the duties of the Board Chair if the Board Chair is unable to do so.
5. The Finance Committee chair will lead the process for creating and monitoring the Board's (not the Co-op's) budget and will facilitate the Board's understanding of the financial condition of the Co-op.
6. A Vice Board Chair in conjunction with the Corporate Secretary will make sure

Board documents are accurate, up to date, and appropriately maintained.

- a. Board documents include Board policies, meeting minutes, monitoring report summary, annual calendar and committee charters, Board operating procedures, job descriptions and other records that perpetuate Board operations and activity.

Policy Type: Board Process

Policy Title: C7 – Board Committee Principles

Adopted: April 1, 2011

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

1. Committees will reinforce and support the wholeness of the Board.
  - a. In particular, committees help the whole Board move forward when they research alternatives and bring back options and information.
2. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
3. Only the Board has the authority to appoint committee members.
4. The Board will establish, regularly review and control committee responsibilities in written committee charters.
  - a. Charters must be approved by the Board.
  - b. We will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the General Manager.
  - c. We will compensate Co-op members appointed to Board committees similar to compensation provided to Member Community Service Program participants (Bylaws 2.05).

Policy Type: Board Process

Policy Title: C8 – Governance Investment

Adopted: April 1, 2011

We will invest in the Board's governance skills, methods and support to allow us to govern with excellence.

1. We will use the Co-op's resources prudently and strategically.
  - a. We will use training and retraining liberally to orient new directors and Board candidates, as well as to maintain and increase existing directors' skills and understandings. See Appendix for Board Orientation and Onboarding, as well as Board Development checklists and plans.



- b. We will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
- c. We will use outreach mechanisms as needed to ensure our ability to listen to member viewpoints and values.
- d. We will use professional and administrative support.
- e. In establishing Board compensation we will:
  - i. Provide a stipend and discount on Co-op purchases to Board members.
  - ii. Link compensation to the work requirements of various roles.
  - iii. Have the Co-op Treasurer determine the San Francisco area Consumer Price Index for June as published by the Bureau of Labor Statistics for the most recent 12-month period and provide this information to the chair of the Finance Committee, which may recommend adjusting the amount of Board stipends for the upcoming year by this Index.
  - iv. Based on the financial condition of the Co-op, decide whether or not to approve adjustment of the annual stipend.
  - v. Receive the same store discount as staff. The discount may be reviewed as part of setting the Board's budget.
  - vi. Keep our members informed.
- 2. We will develop the Board's annual budget in a timely way so as to not interfere with the development of the Co-op's annual budget. We will complete this work no later than August 31.

Policy Type: Board-Management Relationship

Policy Title: D – Global Board-Management Connection

Adopted: April 1, 2011

The Board has hired the General Manager (GM) to operate the business. We will be an excellent employer to the GM as our sole employee, cultivating a relationship rooted in equity, respect, and mutual support. In delegating authority to the GM, we acknowledge the GM's expertise and we will work collaboratively and transparently with the GM in addressing any issues as they arise.

Policy Type: Board-Management Relationship  
Policy Title: D1 – Unity of Control  
Adopted: April 1, 2011

Only official decisions and policies 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 may refuse any requests that, in the GM's opinion, may disrupt operations or require too much staff time or resources.

Policy Type: Board-Management Relationship  
Policy Title: D2 – Accountability of the General Manager  
Adopted: April 1, 2011

The GM is accountable for achieving the Ends and operating the organization within the Executive Limitations.

1. The Board will view organizational accomplishment of Ends and organizational operation within Executive Limitations successful GM performance.
2. The Board will not instruct or evaluate any employee other than the GM.

Policy Type: Board-Management Relationship  
Policy Title: D3 – Delegation to the General Manager  
Adopted: April 1, 2011

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 Co-op.
2. The Board will respect and accept the GM's choices as long as those choices are based on reasonable interpretations of Board policies.
3. If the Board changes an Ends or Executive Limitations policy, the change only applies after the change is approved.

Policy Type: Board-Management Relationship  
Policy Title: D4 – Evaluating the General Manager  
Adopted: April 1, 2011

The Board will systematically and rigorously monitor and evaluate the GM's job performance compared to expectations set forth in Board policies.

1. The Board's policy monitoring process is the foundation of our annual evaluation of the GM.
2. The Board will acquire monitoring information by one or more of three methods:
  - a. Most commonly by internal report, in which the GM discloses interpretations and compliance information to the Board;
  - b. Periodically by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies; or
  - c. Rarely by direct Board inspection, in which a designated director or committee assesses compliance with policy.
3. The Board will accept that the GM is compliant with a policy if the monitoring report includes a reasonable interpretation, including clear metrics and benchmarks, and adequate data that demonstrate accomplishment of that interpretation.
  - a. The Board's standard for compliance with a policy will be any reasonable interpretation by the GM. The GM's interpretation does not need to be an interpretation favored by individual directors or by the Board as a whole.
4. In evaluating non-compliance, we will consider the severity, implications and trends, as well as the GM's explanation and plan to achieve compliance.
5. The Board will monitor all policies that instruct the GM. The Board can monitor any policy at any time by any method listed above but will ordinarily follow the schedule outlined in the Board Annual Calendar.
6. The Board's annual evaluation of the GM, based on a summary of monitoring reports received from July through June will be completed by July 31.
  - a. The Board will establish a GM Evaluation Committee in January to consist of Board Officers and other interested directors. The Committee will prepare a plan for GM Evaluation that follows this policy.
  - b. In June of each year the GM Evaluation Committee will review a summary

of monitoring reports received during the previous 12 months.

- c. The GM Evaluation Committee will invite the GM into a conversation to share other relevant information and clarifications.
- d. Based on the review of reports and the conversation, in July the GM Evaluation Committee will present an evaluation letter to the Board for approval. The final approved letter will be presented to the GM by July 31.

Policy Type: Board-Management Relationship

Policy Title: D5 - Compensating the General Manager

Last Revised:

The Board will compensate the GM in a way that honors their value to the Co-op, and demonstrates our commitment to equitable treatment.

1. We will establish a compensation package that is equitable, competitive in our market, and sustainable for the Co-op.
2. We will use a strategic process to establish the value of the GM's compensation, and we will complete this process in a timely manner, normally no later than August 31.
3. The Board will present a Request for Proposal template to the GM in June to initiate compensation adjustment discussion.
4. The Board will determine GM compensation by August 31. Board approved compensation adjustment will be reported to the Finance Manager by the Board Chair.

## APPENDIX - BOARD of DIRECTORS GOVERNANCE POLICIES

Policy Type: Board Process

Policy Title: C5 Appendix – Directors' Progressive Disciplinary Process

Adopted/Revised: September 15, 2018/ September 14, 2020,

This progressive disciplinary process outlines measures that the Board shall follow when notified of director misconduct.

1. The following preliminary remedies are available to the Board:
  - a. A director, member, or staff of the Co-op may bring a concern regarding director misconduct to any member of the Executive Committee. If the accused director, or if the accuser, is a member of the Executive Committee, that director shall not participate in committee decision making about the disciplinary process.
  - b. The Executive Committee shall exercise judgment and common sense to resolve accusations of alleged misconduct. This responsibility is delegable by the Executive Committee.
  - c. Prior to pursuing any formal action, the Executive Committee (or the committee's delegee) shall meet with the accused director and any accusers or witnesses. The form and scope of meetings is at the prerogative of the Executive Committee or the committee's delegee.
  - d. If the Executive Committee (or the committee's delegee) finds that misconduct occurred, the Executive Committee or the committee's delegee, shall communicate in writing the nature of the misconduct to the accused director. A director may be asked to refrain from further misconduct and encouraged to seek help from fellow directors, former directors, or organizations that provide support to the Board. The purpose of any help should be to gain understanding of the conduct, encourage behavioral changes, and learn how the director might follow the Code of Conduct.
  - e. Pending resolution of an act of misconduct characterized by a confidentiality breach, the Executive Committee (or the committee's delegee) may exclude the director from confidential communications regarding the matter at issue. This action is appealable to the whole Board, which shall provide a response to the appeal. The timeframe for this process of notice to exclude, right to appeal and resolution of the appeal shall be timely to prevent delaying Board decision on the confidentiality matter.
  - f. Pending resolution of an act of misconduct characterized by a conflict of interest, the Executive Committee (or the committee's delegee) may

exclude the director from voting and deliberating regarding the matter at issue. This action is appealable to the entire Board, which shall provide a response to the appeal. The timeframe for this process of notice to exclude, right to appeal and resolution of the appeal shall be timely to prevent delaying Board decision on the conflict of interest matter.

- g. Repeat occurrences of misconduct may be brought to the whole Board, which may reinforce prior actions or impose additional measures to address the director's misconduct. The director alleged to have committed the misconduct shall be afforded adequate procedural protections, including advance notice of each accusation in writing, evidence against the director, and the opportunity to be represented by a personal adviser but not an attorney. Any remedial action decisions shall be communicated to the director in writing.
2. Upon exhaustion of available preliminary remedies, the Board may pursue final action remedies. These disciplinary matters may be conducted in executive session. Final action on any disciplinary matters shall be recorded in the minutes of the Board. These actions shall include, but not be limited to, the following:
- a. Regarding acts of misconduct characterized by a confidentiality breach, the Board may vote to exclude the director from confidential communications regarding the matter at issue for up to the duration of the remainder of the director's term.
  - b. Regarding acts of misconduct characterized by a conflict of interest, the Board may exclude the director from voting and deliberating regarding the matter at issue for up to the duration of the remainder of the director's term.
  - c. Requiring the director to attend any appropriate training or professional counseling appropriate to the misconduct.
  - d. Prohibiting the director from serving as a Board or corporate officer or chair of a committee, especially if the misconduct has included a sustained and unexcused lack of participation in committee or officer responsibilities.
  - e. Directing the Nominations Committee to decline to recommend nominating the director as a candidate to serve an additional term.
3. As a last resort, the Board may request a director who repeatedly violates the Code of Conduct to resign by a 2/3 majority vote.
- a. Board shall call an executive session (including the General Manager and a personal advisor, who is not an attorney, if requested by the accused

director) to review the evidence. An outside investigation may also be undertaken by the Board. If there is documented evidence that a director has not complied with the Code of Conduct, the director may resign from the Board voluntarily or the remaining directors may request the accused director to resign by a 2/3 majority vote of the remaining directors. There must be documented evidence for the Board to take a 2/3 majority vote.

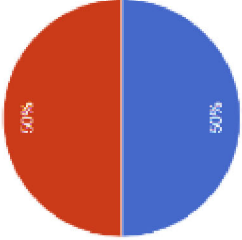
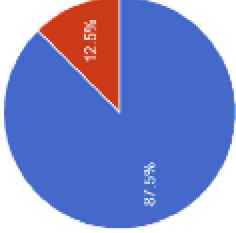
- b. Following a successful Board vote requesting a director to resign, that director's violation of the Code of Conduct is the basis for the Board to decide whether to suspend or expel that director as a member of the Co-op for failure to follow the rules of the Co-op as provided for in the bylaws. Status as a director does not preclude a director from suspension or expulsion from the Co-op for any reasons applicable to Co-op members.
- c. Board decisions regarding requested resignations or removal shall be communicated to the Co-op membership by notice of an agenda item for the Board meeting where the decision is made and recorded in the meeting minutes. In addition, members may be notified directly if desired by the Board.

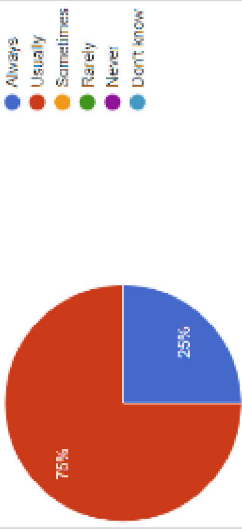
## **BOARD JOB DESCRIPTIONS**

<p>The Board connects to the operations of the cooperative only through the General Manager.</p>	<table border="1"> <caption>Frequency of Board Connection to Operations</caption> <thead> <tr> <th>Frequency</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Always</td> <td>50%</td> </tr> <tr> <td>Usually</td> <td>37.5%</td> </tr> <tr> <td>Sometimes</td> <td>12.5%</td> </tr> <tr> <td>Rarely (Never)</td> <td>0%</td> </tr> <tr> <td>Don't know</td> <td>0%</td> </tr> </tbody> </table>	Frequency	Percentage	Always	50%	Usually	37.5%	Sometimes	12.5%	Rarely (Never)	0%	Don't know	0%	<p>Comments?</p>	<p>sounds so scary for a new board member though because we do communicate with other employees through committees and such - but we do not influence or change operations.</p> <p>Think we do a good job of this but the Board would like to converse more with the IGM about possible ways to revise this relationship to provide some more flexibility.</p>	<p>Is Policy D sufficient for the purposes of the Board?</p>	<table border="1"> <caption>Sufficiency of Policy D</caption> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>75%</td> </tr> <tr> <td>No</td> <td>12.5%</td> </tr> <tr> <td>I Don't know</td> <td>12.5%</td> </tr> </tbody> </table>	Response	Percentage	Yes	75%	No	12.5%	I Don't know	12.5%	<p>Do you have any suggestions for how the Board could improve on its implementation of this policy?</p>	<p>This is where board interpretations come in handy or we rewrite it so it gives some flexibility for board members to engage with other employees without fear of breaking the policy. Did we ever add something about the board being able to directly communicate with HR as needed to perform our duties as GM monitors?</p>
Frequency	Percentage																										
Always	50%																										
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Don't know	0%																										
Response	Percentage																										
Yes	75%																										
No	12.5%																										
I Don't know	12.5%																										
			<p>As mentioned above, think we may want to pilot some ideas that might allow for a little more flexibility under certain circumstances.</p>																								



<p>Do you have any suggested change(s) to this policy?</p>	<p>Do you have any comments about Policy D?</p>
<p>No.</p>	<p>I have not seen any director misinterpret this policy, but during onboarding it would be useful to review this (and all policies) to ensure new directors understand it.</p>
<p>Board should have a discussion of this policy at the retreat.</p>	

<p>The Board utilizes officially passed motions to direct the GM.</p>	 <p>50% (Always) and 50% (Usually)</p>	<p>Comments?</p>	<p>This is an area where some flexibility could be allowed, from time to time, with GM acceptance and the Executive team's okay.</p>	<p>Individual Directors, and/or Committees are not directing the General Manager, except in instances authorized by the Board.</p>	 <p>87.5% (Always) and 12.5% (Usually)</p>	<p>Comments?</p>
		<p>As a board, we abide by this and have worked on communicating directions to the GM through the Executive Committee</p>			<p>Should not have 9 different directions provided but may want to see if this is an area, under certain circumstances, where some flexibility could be allowed.</p>	

<p>Individual Directors and Committee members do not request information or assistance from the GM without Board authorization.</p>  <p>Legend:              Always (Blue)              Usually (Red)              Sometimes (Green)              Rarely (Purple)              Never (Orange)              Don't know (Light Blue)</p>	<p>Comments?</p>	<p>Do you have any suggestions for how the Board could improve on its implementation of this policy?</p> <p>Need discussion with the Board about areas of possible flexibility in this policy.</p>	<p>Do you have any suggested change(s) to this policy?</p> <p>This is a good policy to keep and glad that it's set for us. I know we are working towards a policy revamp since there is some areas that can be changed to match the needs of our business</p>
			<p>Board should have a discussion about this policy at the retreat.</p>

## SNFC General Manager Search: Framework

**Recommendation:** Approve authorizing the General Manager (GM) search committee to enter into agreements / contracts with the Carlisle Group and Columinate for purposes of recruiting General Manager candidates and coordinating the search process, interview preparation, interview process, selection process, and negotiating an employment agreement with the board-approved candidate.

**Recommendation:** Approve GM salary range for job posting / description purposes with a range of \$150k - \$175k.

**Recommendation:** Approve GM search process as specified in this document.

### **Process:**

1. **The Carlisle Group:** will lead the recruitment process and coordinate with Columinate in selecting a pool of candidates for the search committee to interview. The Carlisle will focus on the recruitment process / identifying candidates component of this process. Please reference search specifications in the attached document provided by the Carlisle Group. *Estimated contract cost: 22.5% of initial GM base salary.*
2. **Columinate:** Melanie from Columinate will serve as the coordinator of the entire process. Several example of coordinating duties include, but are not limited to, working with the board to develop priority characteristics that are desired in a selected GM, screening candidates that are provided by The Carlisle Group, reach out and contact candidates selected to be interviewed by the search committee, develop interview questions, assist with the final selection process, assist / provide recommendations during the salary / negotiation phase. Columinate does not provide candidates recruitment services, rather only services associated with the coordination of the recruitment, interview, selection process. Please reference the attached proposal provided by Columinate for additional details. *Estimated contract cost: \$7,000*
3. **Estimated Timeline:** 4-5 months from the time agreements are signed to the selection of the GM. The first round of recruitment will last **30 days**. Scheduling of interviews with first round of potential candidates will start within **14 business days** of the closing date for the first round of recruitment. Timelines for subsequent rounds will be contingent on the number and success of the first round of candidates.

4. Initial preparation: the search committee will work with Columinate and SNFC HR to update the job announcement, job description, and all relevant documentation that is needed for recruitment purposes.
5. Interviews: Upon initial recruitment, the search committee will interview a pool of candidates brought forth by The Carlisle Group / Columinate. This process will occur for multiple rounds until the search committee identifies **three candidates** that are consistent with the developed board GM priority characteristics and also obtain the highest interview scores – those three candidates will be brought forward for interviews with the full board. Prior to interviewing with the Board, these three candidates will also interview with SNFC senior management staff. Senior management will be selected by the SNFC HR Director.
6. Additional Evaluation Criteria: Beyond interviews, evaluation criteria for final candidates include, but are not limited to, professional reference checks and background checks.
7. Reporting: Columinate will provide periodic updates on the day to day process to the search committee – the committee will forward these communications to board members accordingly. Additionally, the Chair will provide the board and members with a monthly update provided verbally at the SNFC’s monthly board meeting.
8. If a candidate is not selected upon completion of interviews and deliberation by the Board, the search committee will reconvene and commence with another round of recruitment / selection.
9. Funding: Funding for services will be paid through the Board budget.

It is important to note that based on the search committee’s conversations with the Carlisle Group and Columinate *and* as specified in the written proposals, a combination of services between the Carlisle Group and Columinate appear to be standard practice throughout the industry.

## **The Carlisle Group: Proposal Details**

To aid your discussions with the rest of the board, I've summarized a lot of information about our GM search services/experience below!

I have been recruiting in the grocery industry for over 21 years. Over the past seven years, my team has been highly successful in placing General Manager talent within the co-op community. I have also worked with other independent grocers of all sizes from coast-to-coast as well as corporate grocery chains.

Some of the Co-op General Manager roles we have filled include work with the following:

Sugar Beet Food Co-op in Oak Park, Chicago  
Wild Onion Food Co-op (start-up) in Rogers Park area of Chicago  
Oshkosh Food Co-op, Oshkosh WI  
Brattleboro Food Co-op, Brattleboro VT  
Cook County Whole Foods Market in Grand Marais, MN  
Co-Opportunity Market in Santa Monica, CA  
Sacramento Natural Foods in Sacramento, CA  
The Common Market in Frederick, MD  
Berkshire Food Co-op in Great Barrington, MA  
Boise Food Co-op in Boise, ID  
Swarthmore Co-op in Swarthmore, PA  
Common Ground Co-op in Urbana, IL  
Green Top Grocery in Bloomington, IL  
Takoma Park Silver Spring Co-op in MD  
Bluff Country Co-op in Winona, MN  
East End Food Co-op in Pittsburgh  
Newark Natural Foods in DE  
Dill Pickle Co-op in Chicago  
North Coast Co-op in Arcata, CA  
City Center Market in Cambridge, MN  
Fredericksburg Food Co-op, VA (during start-up phase)  
Just Food Co-op, Northfield MN  
Community Co-op Market, Tallahassee FL  
Three Rivers Co-op, Knoxville TN  
Dorchester Food Co-op, Boston, MA  
Natural Harvest Food Co-op, Virginia, MN  
Outpost Natural Foods, Milwaukee, WI  
Community Food Co-op, Bozeman, MT

Among many other co-ops and several placements with National Co-op Grocers as well!

We are also actively engaged in the search process for GM's for New Pioneer Co-op in Iowa and Springfield Food Co-op in Vermont.

This should summarize some of our work, but of course I'd be happy to answer any questions you have about our experience.

I will detail a number of things for you below, including information on our recruitment approach, fees etc. I know I have included a LOT of information here as I believe in full transparency with my clients.

I think our experience in the grocery industry uniquely qualifies us to find talent for you. We understand the complexities of running an independent grocery organization, interacting with the board, the employees, the community, and so forth. Every grocer is different, and hiring the right General Manager can truly make or break an organization! That's why it is extremely important to partner with a search firm that understands your business and how to properly brand your search in the market.

In filling positions, we use a multi-dimensional recruitment approach. Most importantly, this is created based on feedback from your board!

In most cases we immediately connect with our existing database of candidates with general management experience nationwide, while also posting the position on job boards, social media etc.

Beyond this, we build a strategic search plan to identify passive candidates to cold-call and recruit. This is fully customizable based on your organization's needs. Because we know how valuable 'local' experience is, we usually start within a 50 mile radius of your store, and call all independent grocery stores or co-ops that are relevant, as well as any relevant grocery chains if desired. We will then extend that radius to a regional search, or ultimately national search if needed. We pay particular attention to attract diverse talent across the grocery industry in general, as some of the best candidates sometimes come from the most unexpected places.

When we have gained interest from a candidate, we spend an extensive amount of time educating the individual on your opportunity, discussing the history of your organization, the community, and specific challenges/goals that your organization may have. We work with the potential candidate to gauge interest level, then go more in-depth into the candidate's qualifications. We typically have the candidate complete some prescreening interview questions, then build an executive summary on each candidate. Some clients have also chosen to utilize our personality profile tools to map the candidate's profile to the traits desired by the board (included in our fees, we do not have any hidden fees!)

When we send a candidate to you, you will receive their resume, prescreen interview tailored to your job description, executive summary (detailing the candidate's career highlights, why we think they are a fit, career history and compensation expectations), and personality profile.

We are highly interactive throughout the process with both the candidate and the client. We can serve as a liaison for the interviewing process, counseling both parties on scheduling, expectations, and feedback. We also manage the offer/negotiation process to ensure everyone is on the same page. On the back-end of the search, we provide professional reference checking, and can perform background checks as desired. We counsel the candidate through the resignation process to ensure a successful on-boarding with your organization.

Regarding our fees: Our total fee is normally 25% of the candidate's starting base salary only, however given that you recently worked with us just a few years ago, we are willing to lower our fee to 22.5% to help with your recruiting budget. We ask for approximately one-third of the fee paid up-front to initiate the search, (which we call a search engagement fee), with the remaining two-thirds paid upon the candidate's start date. For example, if your anticipated salary is \$150K, at 22.5% our total projected fee would be \$33,750. We would charge one-third of this fee up-front, which in this example would be \$11,250 invoiced when we begin the search. The remaining fee will then be adjusted based on the candidate's starting salary. So for example if you end up paying someone \$140K, the rest of the fee would be \$20,250 invoiced on that candidate's start date.

If you already have existing candidates that have applied to you directly or that currently work at the organization, you may choose to have those candidates go through our screening process. We would only charge a final placement fee equal to 10% of that finalist's starting salary (that is in addition to the up-front search engagement fee, but still much lower than the full 22.5% fee).

We offer a 180-day replacement guarantee on candidates we source. If for whatever reason things do not work out in the first 180 days with the General Manager you hire, we will replace that person at no additional cost to you.

You will find many retained search firms will charge 33% of the candidate's first year total compensation (including bonuses), with one-third paid up front, another third paid after 30 days, and the final third paid upon presentation of finalist candidates. I have not found this model to be very conducive for our clients as it does not guarantee final placement of the candidate. Our fee model guarantees that we continue searching for candidates until the position is filled!

More information on our work in the industry is attached.





To the Board of Directors of Sacramento Natural Foods Co-op  
Attn: Manny Leon  
From Melanie Reid, HR Consultant, Columinate

May 17, 2023

Thank you for the conversation last week and your interest in learning about the available support of the General Manager search and hiring process at SNFC. This proposal outlines the service offering that we discussed.

# **Proposal**

## **Project Management Services for the GM Hiring Process**

### **PURPOSE**

My goal is to provide full project management of the hiring process both internally and externally. Externally, this would mean managing the relationship with an executive search firm. Should you choose to utilize a search firm, I would be in the role of main contact, acting as the Board's agent in working with the recruiter.

While it adds expense, I believe working with an executive search firm is the best way to find qualified candidates in a timely manner. I have a good partnership with Brett Myers at The Carlisle Group who I know you have already spoken with. I am open to working with other recruiters as well, I just don't have an established relationship with others at this time.

Internally, I would provide full process support to both the search committee and the full Board of Directors. From resume review and candidate screening to coordinating the finalist interview process and negotiating an offer to your chosen candidate, I will ensure a thorough process is followed and that the Board feels supported along the way. If you choose to work independently (without a search firm) I will work with you to advertise the position and will aim to cast as wide a net as possible for finding the best candidates in a timely manner. However, I am not a recruiter and a passive recruiting process is likely to take more time and entail significantly more work.

While having a search committee in place is important, by managing the process, I will assume many of the responsibilities of the search committee so they may focus on other co-op responsibilities and the process will not become a full-time job for anyone. I will work closely with a committee chair and be responsible for helping to ensure that the Board and search committee remain in alignment throughout the process. I will maintain regular communication with the committee chair throughout all phases of the process.

## **PROCESS**

These are the process phases and how things typically work during each:

### **PHASE ONE: RELATIONSHIP BUILDING**

During Phase One I will learn about the current situation at SNFC and what qualities the Board is looking for in GM candidates. I'll want to gain perspective from key players including any other consultants SNFC is engaged with as well as Board members. Together with the Board, I will help you create a list of key qualifications during this phase of the process. We will also review and revise the GM job description. I will join a Board meeting (remotely) during this phase to work through a qualifications exercise and ask key questions of Board members to gain perspective and insight into what SNFC needs most in the next GM.

### **PHASE TWO: CANDIDATE SCREENING**

During Phase Two I will work closely with the executive search firm (if applicable) as they review resumes and screen potential candidates. I will conduct phone screen interviews with each candidate and coordinate the process for first round interviews with the search committee. The first round of interviews is conducted via zoom.

I will be the main contact for the recruiter during this phase and will provide regular communication to the search committee throughout. If there is no search firm, this will be the phase during which the position is posted, and resumes are reviewed and screened. I will help manage both. I will request assistance from both the search committee and key staff members in ensuring a smooth process.

### **PHASE THREE: FINALIST INTERVIEWS/SELECTION**

Phase three will include coordinating the process for the Board to conduct in-person interviews with the finalist candidates and providing support as the board makes its hiring decision. I will work with both the candidates and the Board to ensure an efficient, productive, and enjoyable site visit experience for each of the finalists. Once a candidate is selected, I will advise during compensation negotiations, as needed, and ensure reference and background checks are completed on the selected candidate.

## **EXPERIENCE AND RESOURCES**

The following are some of the areas where my support and guidance is likely the most valuable:

- Defining qualifications for the new GM and ensuring an appropriate job description is in place.
- Creating a realistic timeline for the process.
- Planning and facilitating search committee meetings.
- Initial screening for designated candidates.
- Facilitating the interview process, including developing interview guides based on key qualifications.
- Making an offer/providing an offer letter.
- Compensation package /employment agreement.

## **COST**

The cost for a full support package is \$7,000. (All work is conducted remotely.) I bill half upfront and the final half when your GM is hired. If no recruiter is engaged, I charge an additional \$2000.

As you know, hiring a General Manager is one of the biggest decisions that the Board of Directors will make for your co-op. My goal is to help ensure that a thorough and thoughtful process is followed to facilitate the best outcome for your organization. I recognize that SNFC has been through a difficult chapter with the untimely departure of the previous GM. Certainly not a "best outcome" scenario. I'm sorry you have all had to go through that.

Ultimately, the right manager is out there for SNFC and I believe my assistance with managing the hiring process would be of great value. I look forward to the opportunity to work with you and am happy to answer any questions that arise as you review this proposal. When you are ready to move forward, please let me know and I will send a contract for signature.

Thank you!

In cooperation,  
Melanie

*All information provided and recommendations made are provided in good faith based upon the experience and judgment of the consultant. However, it should be understood that your co-op remains responsible for all decisions made and all actions or inactions that result from this work.*

	Jan. 2023	Feb. 2023	Mar. 2023	April 2023	May 2023	June 2023
<b>Board Education &amp; Development</b>	Colum. CBL 101 1/27, Board/ Manager Relations 1/17, Board Compensation 1/26	Explore Policy Gov. 2/13	Finance Training for Directors: Session 1: 3/06 Session 2: 3/13 Session 3: 3/20 Session 4: 3/27	Diversity 4/6, Financial Statement Audits 4/11, CBL 101 4/15 Register for CCMA before April 14th	GM Compensation and Evaluation 5/17	CCMA June 8-10 in Sacramento, CA
<b>Board &amp; Member Engagement Opportunities</b>	Member Quarterly Article & Board Notes Due		Call for Board Candidates  Run For the Board Forum March	Member Quarterly Article & Board Notes Due 03.27  Candidate Nomination forms & Election Info Online	Deadline For Nominations Com. To Submit Candidates For Board Approval May 30  Spring Fling May 13  Member Engagement Event May 25	
<b>Required Agenda/ Packet / Executive Session items</b>	Patronage Refund Decision  Election: Policy, Info Packet & Schedule Updated	Nominations & Education Committee Plan Approvals  6 Month GM Evaluation  Preferred Shares Dividends Decision				Vote on Nominations Com. Candidate Recommendations  Ballot Measure Certification Deadline
<b>GM Limitation Monitoring Reports</b>	No Reports	B1 – Financial Condition & B3 –Asset Protection		B4 – Member Rights/Responsibiliti es, B5 – Consumer Treatment, B6 – Staff Treatment & Compensation	B1 – Financial Condition B3 –Asset Protection A – Global Ends	No Reports
<b>Board Process Monitoring Reports</b>		C3 – Agenda Planning & C4 Board Meetings	C6 – Officers’ Roles & C2 – The Boards’ Job	C – Global Governance & C1 – Governing Style	C7- Board Committee Principles & C8 – Governance Investment	D – Global Management Connection & D1 – Unity of Control
<b>Co-op Community Happenings</b>		Member Days February 1-28			Member Days May 1-31	

	July 2023	August 2023	Sept. 2023	Oct. 2023	Nov. 2023	Dec. 2023
Board Education & Development	CBL 101 7/15		Explorations in Gov. 9/12(session 1) 9/19(session 2) 9/26(session 3)	Director Orientation  CBL 101 10/21	Director Orientation  Nov. 4-5 Board Retreat	
Board & Member Engagement Opportunities	Member Quarterly Article Due 06.22	Member Engagement Event Aug 3rd	Annual Meeting and 50th Celebration Sept. 30	Member Quarterly Article Due 09.27  Call for Committee Members  Harvest Festival Oct. 7		
Required Agenda/ Packet Items/ Executive Session	Final Candidates Approved for Ballot  Treasurer gives Bay area CPI to Finance Com. Chair	Board Budget (by August 31)  ENDS Policy Review  GM Annual Review & Compensation Discussion	General Election  Call for Board Officer Interest	Seat New Board Members  Elect Board Officers  Call for Committee Chair & Member Interest	Board Committee Chair & Member Appointments	Co-op Member Committee Appointments
GM Limitation Monitoring Reports	No Reports	B1 – Financial Condition, B3 – Asset Protection & B10 – Endorsement of Public Policy	B7 – Communication to Board, B8 – Board Logistical Support & B9 – GM Succession	No reports	B1 – Financial Condition, B2 – Planning & Budgeting & B3 – Asset Protection	B – Global GM Constraint
Board Process Monitoring Reports	D2 – Accountability of the GM & D3 – Delegation to GM	C5 – Directors Code of Conduct	D4 – Monitoring GM Performance	No reports	No reports	No reports
Co-op Community Happenings		Member Days August 1-31	Farm to Fork Soil Born Farms Autumn Equinox – TBD		Member Days November 1-30	

*Calendar Items with date to be determined: CA Center for Co-op Development Conference*

Register for Columinate Training: <https://columinate.coop/events/>