



Seward
COMMUNITY CO-OP

**SEWARD COMMUNITY CO-OP
POLICY MANUAL**

Last Updated April 2020

ENDS POLICIES

GLOBAL STATEMENT OF ENDS

- Seward Co-op will sustain a healthy community that has:
 - Equitable economic relationships
 - Positive environmental impacts
 - Inclusive, socially responsible practices

EXECUTIVE LIMITATIONS POLICIES

GLOBAL STATEMENT OF EXECUTIVE LIMITATIONS

The general manager (GM) will not cause or allow any organizational practice, activity, decision, or circumstance which is unlawful, imprudent, contrary to the cooperative principles, or in violation of the bylaws of the Seward Cooperative, Inc.

EL1: TREATMENT OF CONSUMERS

In interacting with consumers, the GM will not cause or allow conditions, procedures, or decisions that are unsafe, undignified, unnecessarily intrusive, discriminatory, or in other ways inconsistent with the board's stated Ends.

The GM will not:

- EL 1.1 Elicit information for which there is no clear necessity.
- EL 1.2 Use methods of collecting, reviewing, transmitting, or storing information that fail to protect against improper access to the material elicited or the consumer's privacy.
- EL 1.3 Fail to operate facilities with appropriate accessibility.
- EL 1.4 Fail to act in ways that ensure a high level of customer service in all areas of cooperative operations.
- EL 1.5 Fail to educate consumers on the benefits of the co-op business model.
- EL 1.6. Endanger the cooperative's public image, credibility, or its ability to accomplish Ends.

EL2: TREATMENT OF STAFF

With respect to the treatment of staff, the GM will not cause or allow conditions that are discriminatory, inequitable, unfair, undignified, disorganized, unclear, unhealthful, unsafe, or illegal, or deviate from board priorities established in its Ends Policies.

The GM will not:

- EL 2.1 Operate without a written personnel handbook which: (a) clarifies rules, rights and responsibilities for staff; (b) provides for respectful and effective handling

of concerns or conflicts; (c) contains a whistleblower policy.

EL 2.2 Allow staff to be unprepared to deal with emergency situations.

EL3: FINANCIAL CONDITIONS AND ACTIVITIES

With respect to the financial conditions and activities, the GM will not cause or allow the development of fiscal jeopardy or materially deviate from board priorities established in Ends Policies.

The GM will not:

EL 3.1 Fail to transparently represent the financial condition of the cooperative.

EL 3.2 Fail to provide the Board with quarterly updates on the co-op's financial condition, including board expenditures.

EL 3.3 Fail to provide quarterly income statements, balance sheets, cash flow statements, ratios and/or comparative data upon request.

EL 3.4 Fail to cooperate with the board's annual audit.

EL4: FINANCIAL PLANNING AND BUDGETING

Financial planning will not deviate materially from the Board's Ends priorities, risk fiscal jeopardy, or fail to consider long-term strategic planning.

The GM will not allow budgeting that:

EL 4.1 Misrepresents the projected financial condition of the cooperative.

EL 4.2 Provides less funding annually for board prerogatives than is set forth in the Cost of Governance policy, unless the GM determines that board prerogatives would cause financial harm to the co-op, in which case the GM will not fail to inform the board of such a determination.

EL5: EMERGENCY SUCCESSION

In order to protect the board from sudden loss of GM services, the GM will have a clearly stated and understood emergency GM succession plan.

The GM will not:

- EL 5.1 Fail to provide written copy of that plan to the Board and to senior co-op management.
- EL 5.2 Fail to ensure that the plan allows the successor to fully execute the responsibilities of the GM.
- EL 5.3 Fail to provide the Board with a plan for support for the Board to hire the next GM.

EL6: ASSET PROTECTION

The GM will not cause or allow the cooperative's assets to be unprotected, inadequately maintained or insured, or placed at unnecessary risk.

The GM will not:

- EL 6.1 Fail to adequately insure the cooperative's assets.
- EL 6.2 Fail to obtain an adequate D&O insurance policy and fail to provide a copy of the policy upon request.
- EL 6.3 Fail to follow accounting procedures sufficient to satisfy the board-appointed auditor's standards.
- EL 6.4 Unnecessarily expose the cooperative, its board or staff to claims of liability.

EL7: COMPENSATION AND BENEFITS

With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the GM will not cause or allow jeopardy to fiscal integrity or to public image, create any inequities in compensation based on race, gender, sexual orientation, or any other protected class, or deviate from board priorities established in its Ends policies.

The GM will not:

- EL 7.1 Change the GM's own compensation and benefits, except as their benefits are consistent with a package for all other employees.
- EL 7.2 Promise or imply permanent or guaranteed employment.
- EL 7.3 Establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.

- EL 7.4 Create obligations over a longer term than revenues can be reasonably projected.
- EL 7.5 Provide less than some basic level of benefits to all full time employees, though differential benefits to encourage longevity are not prohibited.

EL8: COMMUNICATION AND SUPPORT TO THE BOARD

The GM will not permit the board to be uninformed or unsupported in its work.

The GM will not:

- EL 8.1 Neglect to submit monitoring data required by the board in Board-Management Delegation policy “Monitoring of GM Performance” in a timely, accurate and understandable fashion, directly addressing provisions of board policies being monitored, and including GM interpretations consistent with Board-Management Delegation policy “Delegation to the GM,” as well as relevant data.
- EL 8.2 Allow the board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy, regardless of the board’s monitoring schedule.
- EL 8.3 Allow the board to be without decision information required periodically by the board or let the board be unaware of relevant trends.
- EL 8.4 Let the board be unaware of any incidental information it requires, including threatened or pending lawsuits and material internal changes.
- EL 8.5 Allow the board to be unaware that, in the GM’s opinion, the board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of board behavior that is detrimental to the work relationship between the board and the GM.
- EL 8.6 Allow the board to be unaware that the board’s compensation is causing financial harm to the co-op.
- EL 8.7 Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.
- EL 8.8 Fail to support the functions of the board.
 - EL 8.8.1 Fail to provide information showing that board elections are being

conducted fairly and accurately.

EL 8.9 Deal with the board in a way that favors or privileges certain board members over others except when, (a) fulfilling individual request for information or (b) responding to officers or committees duly charged by the board.

EL 8.10 Fail to submit to the board a consent agenda containing items delegated to the GM yet required by law, regulation, or contract to be board-approved, along with applicable monitoring information.

EL9: REAL ESTATE CONVEYANCES

As stated in the Bylaws, the authority and responsibility for approving and signing all notes, deed and other conveyances of real estate rests with the Board of Directors.

The GM will not:

EL 9.1 Fail to inform the Board of any real estate negotiations.

EL9.2 Fail to obtain formal Board resolutions that are legally appropriate for all decisions regarding real estate conveyances.

EL 9.3 Fail to arrange for and obtain legally appropriate approvals related to real estate conveyances.

BOARD PROCESS POLICIES

GLOBAL STATEMENT OF BOARD PROCESS

The purpose of the board is to work together, on behalf of the owners of Seward Community Co-op, to create shared interpretation and meaning so that Seward Community Co-op achieves desirable results at an equitable cost (as specified in board Ends policies), that avoid unacceptable actions and situations (as prohibited in board Executive Limitations policies).

BP1: GOVERNING STYLE

The board will govern with an emphasis on strategic leadership, accountable delegation of organizational authority, accountable leadership, democracy, transparency, and equity. In order to govern well, we will:

- BP 1.1 Strategically lead the cooperative by focusing our vision on the future.
- BP 1.2 Establish effective policy to delegate authority to professional management, hold management accountable for that delegated authority, and clearly distinguish between board and management responsibilities. Policy shall be written in the broadest terms which allow for the least limiting reasonable interpretation acceptable to the board. The board's major policy focus will be on the intended long-term impacts of the co-op, not on the administrative or programmatic means of attaining those effects.
- BP 1.3 Enforce upon ourselves whatever discipline is needed to govern within the board's stated priorities, and routinely monitor the board's performance under existing policy.
- BP 1.4 Ensure board policies comply with the law and the cooperative's bylaws and allow the board to fulfill the legal responsibilities of the board and the fiduciary responsibilities of individual board members. The board's policy manual shall be made available to all owners.
- BP 1.5 Hold board meetings that are open to co-op owners except when in executive session. Meeting agendas and meeting minutes shall be made available to all owners.
- BP 1.6 Oversee a fair and accurate board of directors' election, according to the co-op's bylaws. The election process shall be open, transparent, and equitable, and the results shall be reported to co-op owners. Accordingly:
 - BP 1.6.1 If a director leaves the board and there is more than six months

until the next election, the board may offer the position to the following in order of availability:

BP 1.6.1a The highest vote recipient not elected in the most recent election.

BP 1.6.1b A potential future board candidate agreed upon by the majority of the board.

BP 1.6.2 If removed from office, a director shall be ineligible to run in subsequent elections.

BP2: ROLE OF THE BOARD

The role of the board, as an informed agent of the ownership, is to ensure appropriate organizational performance. Accordingly, the board has direct responsibility for the following:

BP 2.1 Practice, protect, promote and perpetuate a healthy democracy for the cooperative.

BP 2.2 Hire, compensate, delegate responsibility to, and hold accountable a GM.

BP 2.2.1 Use a strategic process to establish the value of GM compensation, and complete this process in a timely manner.

BP 2.3 Monitor and review policies that address the broadest levels of all organizational decisions and situations. Rigorously monitor operational performance in the areas of Ends and Executive Limitations, and board performance in the areas of Board Process and Board-Management Delegation.

BP 2.4 Perpetuate the board's leadership capacity using ongoing education and training; a robust recruitment, qualification and nomination process; and fair elections. Continual board development will include orientation of new board members in the board's governance process, ongoing training of current board members, and periodic board discussion of process improvement.

BP 2.5 Perform other duties as required by the bylaws or because of limitations on GM authority.

BP3: AGENDA PLANNING

The board sets its own agenda that enables directors to develop a shared sense of the board's role. Monthly agendas follow a rolling annual calendar, that is reviewed at least quarterly, which:

- BP 3.1 Reviews and monitors policies annually;
- BP 3.2 Clearly articulates plans for a democratic process with owners;
- BP 3.3 Continually improves board performance through education about the co-op and business trends;
- BP 3.4 Allows adequate time for monitoring organizational performance on Ends and Executive Limitations; and
- BP 3.5 Reviews overall GM performance and compensation.
 - BP 3.5.1 GM compensation will be decided in executive session during the month of September after a review of the GM's response to the board's request for proposal of GM compensation.

BP4: PRESIDENT'S ROLE

The elected board president is delegated the responsibilities of ensuring the integrity of the board's process and, secondarily, occasionally representing the board to outside parties. Accordingly:

- BP 4.1 The assigned result of the president's job is that the board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
 - BP 4.1.1 At least quarterly, the president will monitor attendance and participation of all directors.
 - BP 4.1.2 The president will communicate with individual directors who may be at risk or are in violation of attendance and participation expectations subsequently detailed in BP 8.5, BP 8.6, and BP 8.7.
- BP 4.2 The authority of the president consists in making decisions that fall within topics covered by board policies on Board Process and Board-Management Delegation, with the exception of (a) employment or termination of a GM and (b) where the board specifically delegates portions of this authority to others. The president is authorized to use any reasonable interpretation of the provisions in these policies.
 - BP 4.2.1 The president is responsible for ensuring that the board meeting agenda is set and that meeting materials are provided to the board in a timely manner. In the course of setting each agenda, attendance and participation of individual directors will be reviewed. Any board member may add or delete items from the

agenda provided the majority of the board agrees to the change.

- BP 4.2.2 The president is empowered to chair board meetings with all the commonly accepted power of that position, such as ruling and recognizing.
- BP 4.2.3 The president is responsible for ensuring that a plan for continuity of board leadership is developed.
- BP 4.2.4 The president has no authority to make decisions about policies created by the board within Ends and Executive Limitations policy areas. Therefore, the president has no authority to supervise or direct the GM or staff. However, the president will maintain regular contact with the GM.
- BP 4.2.5 The president may represent the board to outside parties in announcing board-stated positions and in stating chair decisions and interpretations within the area delegated to them.
- BP 4.2.6 With board approval, the president has the authority to sign contracts and agreements, and approve all invoices, for services necessary for effectively conducting the business of the board.
- BP 4.2.7 The president may delegate this authority, but remains accountable for its use.

BP5: VICE PRESIDENT'S ROLE

The elected vice president is delegated the responsibilities of supporting the board president, assuming the president's role in the absence of the president, and ensuring board leadership, continuity and development. The vice-president has no authority to supervise or direct GM or staff. The vice-president may delegate their authority but remains accountable for its use.

BP6: BOARD SECRETARY'S ROLE

The elected board secretary is delegated the responsibility of ensuring the integrity and timeliness of the board's documents and filings. The secretary has no authority to supervise or direct GM or staff. The secretary may delegate their authority but remains accountable for its use.

- BP 6.1 The secretary will ensure the board's policy manual is up to date and each director has access to the latest, complete version.

BP7: TREASURER'S ROLE

The elected treasurer is delegated the responsibility of ensuring that financial audits and reviews are conducted as specified by the monitoring schedule and of monitoring the board budget. The treasurer has no authority to supervise or direct GM or staff. The treasurer may delegate their authority but remains accountable for its use.

BP 7.1 The treasurer will communicate with the GM each month to review owner stock reports, to ensure stock repurchases do not pose fiscal jeopardy to the co-op. Stock repurchase requests will be placed on the consent agenda, or will be approved by the treasurer between meetings, when a) the dollar value of repurchase requests is less than the amount of stock sold to owners and b) the number of households joining the co-op is greater than five times those requesting repurchase.

BP8: EMPLOYEE DIRECTORS

As stated in the Bylaws, up to two employees may serve on the board of directors. While directors who are employees bring an employee's perspective to the board, they do not represent employees. Like at-large directors, employee directors represent all co-op owners.

BP 8.1 One director position shall be designated for a full-time or part-time employee who is also an owner of the association. If the Designated Employee Director ceases employment at Seward Co-op, they will be ineligible to serve on the board and will vacate their term.

BP 8.2 Up to one employee may serve as an at-large director. This individual may continue to serve on the board if they cease employment at Seward Co-op.

BP 8.3 Employee directors do not participate in discussions, deliberations or votes regarding GM compensation or other personnel matters.

BP9: BOARD MEMBERS' CODE OF CONDUCT

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

BP 9.1 Board members must represent loyalty to the interests of the ownership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other boards, or staff. This accountability supersedes the personal interest of any director acting as an individual consumer of the organization's services.

- BP 9.2 Board members must avoid conflict of interest with respect to their fiduciary responsibility.
- BP 9.2.1 There must be no self-dealing or any conduct of private business or personal services between any director and the organization except as procedurally controlled to assure openness, competitive opportunity and equal access to inside information. Board members must annually disclose their involvements with other organizations, with vendors, or any associations that might be or might reasonably be seen as being a conflict.
 - BP 9.2.2 When the board is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote, but also from the deliberation.
 - BP 9.2.3 Board members will not use their board position to obtain employment in the organization for themselves, family members, or close associates. Should a board member apply for employment, he or she must fully disclose the application to the board.
- BP 9.3 Board members may not attempt to exercise individual authority over the organization.
- BP 9.3.1 Board members' interaction with the GM or with staff must recognize the lack of authority vested in individuals except when explicitly board authorized.
 - BP 9.3.2 Board members' interaction with public, press or other entities must recognize the same limitation and the inability of any board member to speak for the board except to repeat explicitly stated board decisions.
 - BP 9.3.3 Except for participation in board deliberation about whether the GM has achieved any reasonable interpretation of board policy, board members will not express individual judgments of performance of employees or the GM.
- BP 9.4 Board members will not reveal confidential information regarding litigation, personnel, real estate transactions, market research, non-public financial information, matters discussed in executive session, or any other matter the board determines to be sensitive.
- BP 9.5 Board members are required to participate in mandated board activities, including but not limited to: board meetings, owner engagement activities, committee work, and scheduled trainings and retreats, unless due to unavoidable circumstances

they are unable to do so. Unavoidable absences include but are not limited to: death in the family, illness, and work schedule conflicts. When an unavoidable absence is known, board members must contact the board president. Board members who miss two consecutive board meetings except for good cause or one-third of all scheduled meetings/trainings during a year (November-October) may be removed from office with an affirmative vote of the board.

Board members are encouraged to participate in additional board activities, such as regional meetings or conferences.

- BP 9.6 Board members will be properly prepared for board meetings and will participate productively in board discussions.
- BP 9.7 Board members acknowledge some time-sensitive decisions must occur between meetings and will make every effort to respond to board communications, particularly emails requiring a vote, in a timely manner.
- BP 9.8 Board members will support the legitimacy and authority of board decisions, irrespective of the member's personal position on the issue, and will refrain from activities that undermine the board's stated position. Board members will use existing board processes, as established through policy, as the avenue for expressing disagreement with board decisions. The board will allow no officer, individual or committee of the board to hinder or be an excuse for not fulfilling the board's obligations.

BP10: BOARD COMMITTEE PRINCIPLES

Board committees, used on an as-needed basis, will be assigned to reinforce the wholeness of the board's job and so as never to interfere with delegation from board to GM. Accordingly:

- BP 10.1 Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes.
- BP 10.2 Board committees cannot exercise authority over staff.
- BP 10.3 Board committees are to gather information and make recommendations to the entire board for decision making purposes.
- BP 10.4 This policy applies only to groups formed by board action.
- BP 10.5 A committee is a board committee only if its existence and charge come from the board, regardless whether board members sit on the committee. Unless otherwise stated, a committee ceases to exist as soon as its task is complete.

BP11: COST OF GOVERNANCE

In order to better achieve its stated Ends, the board will invest in its governance capacity. Accordingly:

BP 11.1 Investment in board skills, methods, and supports will be sufficient to assure governing with excellence.

BP 11.1.1 Training and retraining will be used liberally to orient new board members and board candidates, as well as to maintain and increase existing board member skills and understandings.

BP 11.1.2 Outside monitoring assistance will be arranged at the board's discretion.

BP 11.1.3 Outreach mechanisms will be used as needed to ensure the board's ability to listen to owner viewpoints and values.

BP 11.2 Costs will be prudently incurred.

BP 11.2.1 The board's compensation shall be in effect unless changed by the owners of the co-op at a regular or special meeting, or unless the board determines that the compensation would cause financial harm to the co-op, in which case the board will suspend its compensation.

BP 11.2.1.a In October 2013, the coop owners voted to approve the following compensation for directors:

Monthly stipend of \$400 for board members;

Monthly stipend of \$500 for secretary, treasurer, and vice-president;

Monthly stipend of \$750 for president.

These amounts are in addition to the 10 and 15 percent discounts that board members and the president receive, respectively, for purchases at the co-op.

BP 11.3 The board will submit its annual budget by May.

BP12: BOARD ELECTIONS

The board will oversee a fair and accurate board of directors election, according to the co-op's bylaws. The election process should be open, transparent and equitable, and the results should be reported to co-op owners. To accomplish this, the board will:

BP 12.1 Annually in the first quarter, designate an election committee to work with the General Manager and the operational staff that the General Manager designates on election-related matters.

BP 12.1.1 The committee shall not include candidates in the current year's election.

BP 12.2 Annually review election process by referencing the election process timeline, and other documents contained in the election protocol.

BP 12.3 Ensure adequate information is provided to members regarding the election.

BP 12.3.1 Any director may participate in efforts to provide information about the election to owners, provided that no director campaigns for them self or any other candidate in connection with such efforts.

BOARD-MANAGEMENT DELEGATION POLICIES

GLOBAL STATEMENT OF BOARD-MANAGEMENT DELEGATION

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

BMD1: UNITY OF CONTROL

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

Accordingly:

BMD 1.1 Decisions or instructions of individual board members, officers, or committees are not binding on the GM except in rare instances when the board has specifically authorized such exercise of authority.

BMD 1.2 In the case of board members or committees requesting information or assistance without board authorization, the GM can refuse such requests that require, in the GM's opinion, a material amount of staff time or funds or is disruptive.

BMD2: ACCOUNTABILITY OF THE GM

The GM is the board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the GM.

Accordingly:

BMD 2.1 The board will never give instructions to persons who report directly or indirectly to the GM, unless that person's position has been provided for board support.

BMD 2.2 The board will not evaluate, either formally or informally, any staff other than the GM.

BMD 2.3 The board will view GM performance as identical to organizational performance, so that organizational accomplishment of board stated Ends and avoidance of board proscribed means will be viewed as successful GM performance.

BMD3: DELEGATION TO THE GM

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

Accordingly:

- BMD 3.1 The board will develop policies that are reasonably measurable. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called Ends policies. All issues that are not Ends issues as defined above are Means issues.
- BMD 3.2 The board will develop policies that limit the latitude the GM may exercise in choosing the organizational means. These limiting policies will describe those practices, activities, decisions and circumstances that would be unacceptable to the board, even if they were to be effective. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies. The board will never prescribe organizational means delegated to the GM.
 - BMD 3.2.1 Limitations at a more defined level do not restrict the scope of the more general limitation of which they are a part.
 - BMD 3.2.2 The aggregate of limitations at a more defined level may embrace the scope of the more general limitation of which they are a part, but only if justified by the GM to the board's satisfaction.
- BMD 3.3 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, make all decisions, take all actions, establish all practices and develop all activities. Such decisions of the GM shall have full force and authority as if decided by the board.
- BMD 3.4 The board may change its Ends and Executive Limitations policies, thereby shifting the boundary between board and GM domains. By doing so, the board changes the latitude of choice given to the GM. But as long as any particular delegation is in place, the board will respect and support the GM's choices.
- BMD 3.5 The General Manager is authorized to cast votes for the co-op in elections and meetings of organizations to which the co-op belongs.

BMD4: MONITORING OF GM PERFORMANCE

Systematic and rigorous monitoring of GM job performance will be solely against the expected GM job outputs: organizational accomplishment of board policies on Ends and organizational operation within the boundaries established in board policies on Executive Limitations.

Accordingly:

- BMD 4.1 Monitoring is simply to determine whether board policies are being met. Information that does not do this will not be considered to be monitoring information.

- BMD 4.2 By board's decision, the board will acquire monitoring data by one or more of three methods: (a) by internal report, in which the GM discloses compliance information, along with their justification for the reasonableness of interpretation; (b) by external report, in which an external, disinterested third party selected or approved by the board assesses compliance with policies, augmented with the GM's justification for the reasonableness of their interpretation; and (c) by direct board inspection, in which a designated member or members of the board assess compliance with policy, with access to the GM's justification for the reasonableness of their interpretation.

- BMD 4.3 In every case, the standard for compliance shall be any reasonable GM interpretation of the board policy being monitored. The board is final arbiter of reasonableness, but will always judge with a "reasonable person" test rather than with interpretations favored by board members or by the board as a whole.

- BMD 4.4 All policies that instruct the GM will be monitored at a frequency and by a method chosen by the board. The board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule.