

*POLICY NUMBER: II - 1
ADOPTED: 10/16/06*

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: GLOBAL GOVERNANCE COMMITMENT

The purpose of the board, on behalf of the owners, is to see to it that Sevananda Cooperative (a) achieves appropriate results for appropriate persons at an appropriate cost, and (b) avoids unacceptable actions and situations.

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: GOVERNING STYLE

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

Accordingly:

1. The board will cultivate a sense of group responsibility. The board, not the staff, will be responsible for excellence in governing. The board will be the initiator of policy, not merely a reactor to staff initiatives. The board will use the expertise of individual members to enhance the ability of the board as a body, rather than to substitute the individual judgments for the board's values.
2. The board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the board's values and perspectives. The board's major policy focus will be on the intended long-term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.
3. The board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles and ensuring the continuance of governance capability.
4. Continual board development will include orientation of new board members in the board's governance process and periodic board discussion of process improvement.
5. The board will allow no officer, individual or committee of the board to hinder or be an excuse for not fulfilling its commitments.
6. The board will monitor and discuss the board's process and performance at each meeting. Self-monitoring will include comparison of board activity and discipline to policies in the Governance Process and Board-GM Linkage categories.

- 7.A. The Board of Directors shall arrive at decisions by consensus. In cases where no consensus is reached, at the succeeding meeting of the Board of Directors, the same motion as worded will be carried by a three quarters (3/4) majority. Directors must be present to vote and a quorum of directors is required as defined in the Bylaws.
- 7.B. If the Board of Directors is unable to reach consensus in matters pertaining specifically to the Board of the Directors, the board may make these decisions carried by a three quarters (3/4) majority during the same meeting of the Board of Directors, in specific instances including but not limited to
- Appointment of a director
 - Election of board officers
 - Reinstatement of a director ^(8/10)

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: BOARD JOB DESCRIPTION

Specific job outputs of the board, as an informed agent of the ownership, are those that ensure appropriate organizational performance.

Accordingly:

1. The board will produce the link between the organization and the ownership.
2. The board will produce written governing policies that, at the broadest levels, address each category of organizational decision.
 - a) Ends: Organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).
 - b) Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - c) Governance Process: Specification of how the board conceives, carries out and monitors its own task.
 - d) Board-GM Linkage: How power is delegated and its proper use monitored, the GM role, authority and accountability.
3. The board will produce assurance of GM performance (against policies in 2a and 2b) and board performance (against policies in 2c and 2d, and against the Bylaws).

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: AGENDA PLANNING

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

1. The cycle will conclude each year on the last day of **December** so that administrative planning and budgeting can be based on accomplishing a one year segment of the board's most recent statement of long term Ends.
2. The cycle will start with the board's development of its agenda for the next year.
 - a) Consultations with selected groups in the ownership, or other methods of gaining ownership input will be determined and arranged in the first quarter, to be held during the balance of the year.
 - b) Governance education, and education related to Ends determination, (e.g. presentations by futurists, demographers, advocacy groups, staff, etc.) will be arranged in the first quarter, to be held during the balance of the year.
3. Throughout the year, the board will attend to consent agenda items as expeditiously as possible.
4. GM monitoring will be included on the agenda if monitoring reports show policy violations, or if policy criteria are to be debated.
5. GM remuneration will be decided after a review of monitoring reports received in the last year during the month of **February**.

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: PRESIDENT'S ROLE

The Board President assures the integrity of the board's process, and secondarily, may occasionally represent the board to outside parties.

Accordingly:

1. The job result of the President is that the board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
 - a) Meeting discussion content will be only those issues, which, according to board policy, clearly belong to the board to decide, not the GM.
 - b) Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.

2. The authority of the President consists in making decisions that fall within topics covered by board policies on Governance Process and Board-GM Linkage, with the exception of (a) employment 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.
 - a) The President is empowered to chair board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing).
 - b) 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.
 - c) 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 her or him.
 - d) The President may delegate this authority, but remains accountable for its use.

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: OTHER OFFICERS' ROLES

The Board elects officers to help it maintain the integrity of its process, its legal responsibility, and its responsibility for its own expenses. Officers are empowered to sign document for the cooperative when required and allowed by Board policy.

1. The job result of the Vice President is that the President's term may be fulfilled until the next officer elections in case the President becomes unable to serve. Accordingly, the Vice President will:
 - a) Become familiar with the duties of the President.
 - b) In so doing, actively work in partnership with the President.
2. The job result of the Secretary is that the Board's activities are recorded and archived with integrity. Accordingly, the Secretary will ensure that:
 - a) Board directors receive timely minutes of Board Meetings which accurately reflect legal standards.
 - b) Meeting minutes are archived in perpetuity, and sensitive documents (including financial reports, monitoring reports, GM contracts, GM appraisals, corporate book & seal, etc.) are kept in a secure location for a minimum of 7 years, or more if required by law.
 - c) The Board Books (Governance and Readings) are updated annually, with old documents being archived.
 - d) New directors receive copies of these books, and one copy is reserved for inspection by members.
 - e) There is a place to meet and refreshments for board meetings.
3. The job results of the Treasurer is that the Board and membership are knowledgeable regarding the finances of the cooperative, and that the Board's budget is maintained with integrity. Accordingly, the Treasurer will ensure that:

- a) The Board develops, approves and abides by a budget and tracks itemized expenses on a quarterly basis in accordance with the Cost of Governance policies. ^(11/10)
- b) The membership receives an annual financial report, and that quarterly reports are made available to interested members.
- c) New directors receive financial statement training and an explanation of the current financial situation.
- d) The GM bonus is calculated as per contract.

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: 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. The bounds of authority defined in this policy serve as a medium by which greater unanimity and closer coordination can be effected amongst directors, and between directors, management, and employees. Accordingly:

1. Members must represent unconflicted loyalty to the interests of the ownership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. It also supersedes the personal interest of any board member acting as a consumer of the organization's services.
2. Members must avoid conflict of interest with respect to their fiduciary responsibility.
 - a) There must be no self-dealing or any conduct of private business or personal services between any board member and the organization except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information.
 - b) 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.
 - c) Board members must not use their positions to obtain employment for themselves, family members or close associates.
 - d) Members will annually disclose their involvement with other organizations, with vendors, or any other associations that might produce a conflict.
3. Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in board policies.
 - a) Members' interaction with the GM or with staff must recognize the lack of authority vested in individuals except when explicitly board authorized.

- b) 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.
 - c) Members will not make individual judgments of GM or staff performance.
4. Members will respect the confidentiality appropriate to issues of a sensitive nature. All personnel, real estate, marketing, legal, strategic planning, and financial matters will be considered sensitive issues subject to directors' good faith and discretion unless or until made specifically clear by action of the board as whole.
 5. Members will be properly prepared for board deliberation.
 6. Directors who are delegated expenditure authority by the board shall use that authority solely to achieve the board's stated goal as effectively as possible and with the minimum possible expense.

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: BOARD COMMITTEE PRINCIPLES

Board committees, when used, will be assigned so as to reinforce the wholeness of the board's job and so as never to interfere with delegation from board to GM.

Accordingly:

1. Board committees are to help the board do its job, not to help or advise the staff. Committees ordinarily will assist the board by preparing policy alternatives and implications for board deliberation. In keeping with the board's broader focus, board committees will normally not have direct dealings with current staff operations.
2. Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the GM.
3. Board committees cannot exercise authority over staff. Because the GM works for the full board, he or she will not be required to obtain approval of a board committee before an executive action.
4. Board committees are to avoid over-identification with organizational parts rather than the whole. Therefore, a board committee, which has helped the board create policy on some topic, will not be used to monitor organizational performance on that same subject.
5. Committees will be used sparingly and ordinarily in an ad hoc capacity.
6. This policy applies to any group which is formed by board action, whether or not it is called a committee and regardless whether the group includes board members. It does not apply to committees formed under the authority of the GM.

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: BOARD COMMITTEE STRUCTURE

A committee is a board committee only if its existence and charge come from the board, regardless whether board members sit on the committee. Committees will assist the board as necessary, and will be used in a way that will not interfere with board holism. Their work is limited to those tasks specifically delegated to them by the board. Standing committees address continual tasks and exist until dissolved by the board. Ad hoc committees address one-time tasks and cease to exist upon their completion.

1. Standing committees include:
 - a. The Finance Committee, which reviews Sevananda's finances on an annual basis in order to assist with long-term planning for the co-operative's financial future.
 - b. The Policy Committee, which reviews Sevananda's Board Policies and Bylaws on an annual basis in order to submit recommendations for any needed updates.
 - c. The Member Linkage Committee, which crafts an annual and tri-annual plan for linking to members for approval by the Board. The Member Linkage Committee also takes the initiative in marshalling resources with which to enact the linkage plans.

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: COST OF GOVERNANCE

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

Accordingly:

1. Board skills, methods, and supports will be sufficient to assure governing with excellence.
 - a) Training and retraining will be used liberally to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings.
 - b) Outside monitoring assistance will be arranged so that the board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal audit.
 - c) Outreach mechanisms will be used as needed to ensure the board's ability to listen to owner viewpoints and values.
2. Costs will be prudently incurred while assuring high quality. ^(11/10)
3. The board shall review its vendors annually. ^(11/10)

*POLICY NUMBER: II - 11
ADOPTED: 10/16/06*

POLICY TYPE: BOARD-GM LINKAGE

POLICY TITLE: GLOBAL GOVERNANCE-MANAGEMENT CONNECTION

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

POLICY TYPE: BOARD-GM LINKAGE

POLICY TITLE: UNITY OF CONTROL

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

Accordingly:

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.
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.

POLICY TYPE: BOARD-GM LINKAGE

POLICY TITLE: 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:

1. The board will never give instructions to persons who report directly or indirectly to the GM.
2. The board will refrain from evaluating, either formally or informally, any staff other than the GM.
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.

POLICY TYPE: BOARD-GM LINKAGE

POLICY TITLE: 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:

1. The board will develop policies instructing the GM to achieve certain results, for certain recipients at a specified cost. These policies will be developed systematically from the broadest (most general) level to more defined levels, and will be called Ends policies.
2. The board will develop policies, which limit the latitude the GM may exercise in choosing the organizational means. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies.
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.
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.

POLICY TYPE: BOARD-GM LINKAGE

POLICY TITLE: MONITORING GM PERFORMANCE

Systematic and rigorous monitoring of GM job performance will be solely against the only 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:

1. Monitoring is simply to determine the degree to which board policies are being met. Data, which do not do this, will not be considered to be monitoring data.
2. The board will acquire monitoring data by one or more of three methods: (a) by internal report, in which the GM discloses compliance information to the board, (b) by external report, in which an external, disinterested third party selected by the board assesses compliance with board policies, and (c) by direct board inspection, in which a designated member or members of the board assess compliance with the appropriate policy criteria.
3. For each policy reported on the GM will be expected to provide the following information:
 - a) The relevant policy being monitored;
 - b) His or her interpretation of said policy;
 - c) The rationale for his or her interpretation;
 - d) Relevant data sufficient for the board to determine compliance or noncompliance.
4. In every case, the standard for compliance shall be any reasonable GM interpretation of the board policy being monitored.
5. All policies, which 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.

<u>Policy</u>	<u>Month</u>	<u>Method</u>
General Executive Constraint	January	Internal
Emergency GM Succession	February	Internal

Financial Condition and Activities	Feb, May, Aug, Nov	Internal
Ends Policy Review	March	Internal
Actual (Financial Condition and Activities – Audit)	March	External
Asset Protection – Audit	March	External
Treatment of members	April	Internal
Treatment of customers	April	Internal
Compensation & Benefits	June	Internal
Treatment of staff	June	Internal
Products and Services	July	Internal
Treatment of vendors	September	Internal
Asset Protection – GM	October	Internal
Budget/Financial Planning	November	Internal
Information (Communication & Support to Board)	December	Direct Inspection
