

BLUE HILL CO-OP

BOARD POLICY BOOK

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These items and only these items, except as approved policies are added, are to be included in this book. No outdated policies, sample policies, or any other extraneous information shall be included.

--as set out on 2/15/2000, and updated on 9/16/2009 by Erich Reed for the Board

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A ENDS / PURPOSES

Ends Global—The Results We Aim to Create in the World

A1 Mission Statement

Through a thriving cooperative enterprise, we encourage a vibrant healthy community and a sustainable local economy.

We discern seven distinct groups comprising our “community,” as follows:

1. Co-op members
2. Non-member customers
3. Co-op staff and their families
4. Local suppliers
5. Local community
6. Larger cooperative community
7. Past and future generations of Blue Hill Food Co-op members

Blue Hill Food Co-op Ends:

A2 The Blue Hill Peninsula will have a retail source of food that is fairly priced, healthy, and organically grown and/or processed locally to the fullest extent possible.

This policy shall be monitored annually by the General Manager in a written report to the Board and also by the Board.

This policy shall be read aloud at the annual meeting of the owners.

Mission Statement approved by the Board 03/20/2007

Global Ends approved by the Board 09/19/2007, revised 7/21/2009

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B BOARD PROCESSES

B1 CODE OF CONDUCT

The Board expects of itself and its members, ethical and businesslike conduct. This commitment includes proper use of authority and appropriate decorum in group and individual behavior when acting as Board members.

1. Board members must represent un-conflicted 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. This accountability supersedes the personal interest of any director acting as an individual consumer or supplier of goods and services or individual investor in the organization or organization services.
2. Board members must avoid any conflict of interest with respect to their fiduciary responsibilities.
 - A. There must be no self-dealing or any conduct of private business or personal services between any director and the organization expect as procedurally controlled to assure openness, competitive opportunity, and equal access to 'inside' information.
 - B. Board members must not use their positions to obtain for themselves, family members, or close associates, employment within the organization.
3. Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.
 - A. Board members' interaction with the General Manager or with the staff must recognize the lack of authority in any individual director or group of Board members except as noted above.
 - B. Board members' interaction with the public, press or other entities must recognize the same limitation and the similar inability of any director or Board members to speak for the Board.
 - C. Board members will not make judgments of the General Manager or staff except as that performance is assessed against explicit Board policies by the official process.

Approved 3/97

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B BOARD PROCESSES

B2 ROLE OF BOARD PRESIDENT

B2.1. It is incumbent upon the President to assure that the Board adheres consistently to its own rules and policies and to those imposed upon it outside the organization.

B2.2. The President is responsible for seeing that all decisions of the Board are put into effect. The President is responsible for signing corporate documents.

B2.3. The President of the Board ensures the integrity of the Board's process and is the only person authorized to speak for the Board, except in situations explicitly authorized by Board resolution. In the President's absence, the Vice President may act similarly.

B2.4. Between Board meetings and in order to meet extraordinary and timely situational demands, the President may make decisions for the organization in consultation with other Board members. Such decisions shall be consistent with Board policies and shall not attempt to set Co-op goals nor to direct the employees or managers of Co-op enterprises.

B2.5. The President provides a liaison between the Co-op and the community at large, in areas not covered by Management.

Approved 8/15/2000, revised 8/19/2008

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B BOARD PROCESSES

B3 ROLE OF THE FACILITATOR

In the Board of Directors meetings and in committee meetings of more than six persons, an appointed Facilitator will conduct each meeting. This role may rotate among regularly participating members and others delegated by the group consensus. A Facilitator for each meeting to come will be designated at the previous meeting.

The Facilitator is responsible for guiding the process of the meeting with optimal respect for the group's business and for its participants' points of view and means of expression and listening. Facilitators do not express personal opinions nor attempt to direct the content of the discussion, except when they clearly relinquish the role and speak as an individual. Facilitators make an effort to consciously recognize participants as intending well, sharing responsibility for the best interests of the group discussion and of the Co-op, and capable of resolving conflicts internal to the group.

The Facilitator is charged with responsibility for directing the meeting group's attention to making reliable efforts to see that

1. The meeting has an agenda that all participating members consent to;
2. Minutes of the meeting are kept by someone in attendance, with key tasks and decisions noted there, and formally approved by the members in a reliable and timely manner;
3. The meeting starts and ends within the time allotted for it by the agenda;
4. Discussion stays related to the agenda and purpose of the meeting;
5. Deliberation and decision-making is timely, fair, orderly and thorough; and
6. Divergent ideas and opinions are heard and respected.

In the interests of maintaining the flow and efficiency of discussion, the Facilitator is expected

1. to transition to and introduce each segment of the meeting;
2. to introduce and explain how to participate in any unfamiliar techniques of discussion that are introduced;
3. to draw forth, limit, clarify or guide the participants' speeches, as well as prescribing and revising the form or technique of discussion;
4. to review out loud just what has happened in each discussion and what decisions have been made, assuring that these are minuted accurately; and
5. to recognize and clarify any follow-up steps for decisions made as well as for decisions deferred, assuring that these are minuted accurately.

The role of Facilitator may be taken by one person or shared by two persons, at the discretion of the person initially delegated this role.

adopted 09 26 06

BLUE HILL CO-OP BOARD POLICY BOOK

B BOARD PROCESSES

B4 Policy Governance

B4 The board will govern lawfully, observing the principles of the Policy Governance model, with an emphasis on 1) outward vision rather than internal preoccupation, 2) encouragement of diversity in viewpoints, 3) strategic leadership more than administrative detail, 4) clear distinction of board and general manager roles, 5) collective rather than individual decisions, 6) future rather than past or present, and 7) pro-activity rather than reactivity.

B4.1 The board as a group will be responsible for excellence in governance. The board will use the expertise of individual board members to enhance the abilities of the board as a body rather than to substitute individual judgments for the board's values.

B4.2 The board as a whole will be responsible for fulfilling board commitments and therefore will allow no officer, individual, or committee of the board to hinder or be an excuse for not fulfilling board commitments.

B4.2.1 Each director of the board shares the responsibility for effective board leadership including meeting preparation and participation.

B4.2.2 Each board director has the responsibility of supporting the board president's right to interpret and enforce board process policies.

B4.3 The board will direct, control, and inspire the Blue Hill Co-op through 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 effects on the Blue Hill Co-op, not on administrative or operational means of attaining those effects.

B4.3.1 The board will produce assurance of performance by monitoring and discussing compliance with its policies and process annually and at each meeting using the board policy monitoring checklist. Self-monitoring will include comparison of board activity and discipline to policies in the board process and board-general manager relationship categories.

Approved by the board 04 29 2008 *This policy shall be monitored annually.*

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B BOARD PROCESSES

B5 Board Committee Policy

- B5. The board may establish committees to help carry out its responsibilities. To preserve board holism, committees will be used sparingly and only when deemed to increase effectiveness. Committees will be used so as to interfere minimally with the wholeness of the board's job.
- B5.1. Each board committee will include one director from the board as a liaison, who will report to the board on request and who will often participate in meetings of the committee. Liaisons will clarify the committees' responsibilities with respect to the board's policies, expectations, and needs. Liaisons need not have any other active role in the work of a board committee.
- B5.2. The chair of a board committee, if any, may be any active owner. Each formal meeting of a committee will result in minutes prepared by one of its participants, to be submitted to the board secretary within two weeks of the meeting.
- B5.3. Board committees may not speak or act for the board, except when formally given such authority for specific and time-limited purposes. Such authority will be carefully stated in order not to conflict with authority delegated to the general manager.
- B5.4. Board committees function to help the board do its job, not to help staff do their jobs. Board committees are not to be created by the board to advise, evaluate, or direct staff. Board committees cannot exercise authority over staff.
- B5.5. Board committees will never interfere with delegation from the board to the general manager.
- B5.6. The board will never require separate approval by a board committee to authorize an executive action.
- B5.7. This policy applies only to committees that are formed by board action, whether or not the committees include non-board members. It does not apply to committees formed under the authority of the general manager.

Approved 06 20 2007

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B BOARD PROCESSES

B6 Selection of Board Officers

- 1) Officers of the Board – including but not restricted to a President, Vice-President, Treasurer, and a Secretary/Clerk – shall be elected annually, by consensus by the Board from among the members of the Board.
- 2) This selection shall take place at the board meeting immediately following the Annual Meeting of the Co-op Membership or the one subsequent to that. If the Board wishes, names may be placed in nomination at one meeting and then the selection, including discussion in which the nominees may participate, will be made at the subsequent meeting.
- 3) The Board’s Officers each fulfill roles as outlined in the By-laws and Policies of the Board. Their function is to coordinate, providing leadership from within, rather than acting as designated authorities or organization bosses. They, with the other Board Members, are ultimately responsible to the membership and may be recalled by consensus of the Board at a meeting of the Board, or by the membership at an Annual or Special Meeting of the members for which appropriate notice has been given.
- 4) Resignation from a Board Office requires a letter of resignation to the Board, delivered to the President or Secretary, and will take effect at the meeting immediately following its receipt.

Approved 3/00

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BOARD POLICY BOOK

B BOARD PROCESSES

B7 Approval of Minutes of the Annual Meeting

Minutes of the Annual Meeting of the Co-op Membership shall be prepared by a member delegated to do so by the Board. When the minutes have been completed and read by Board members, at the earliest convenient regularly scheduled Board meeting following the Annual Meeting of the Co-op Membership, the minutes shall be approved of the Board. Thereafter, a copy of the approved minutes will be made available to interested parties through the Co-op.

Approved 7/20/2004

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BOARD POLICY BOOK

B BOARD PROCESSES

B8 Governance Investment

B8. The board shall invest in its governance capacity. Accordingly:

B8.1. Board skills, methods and supports will be sufficient to ensure governing with excellence.

B8.2. Governance costs will be incurred prudently, but not so prudently as to endanger the development and maintenance of superior capability.

B8.2.A. Training and retraining will be used liberally to orient new members and candidates for membership as well as to maintain and increase existing members' skills and understandings.

B8.2.B. Outside monitoring assistance will be arranged as necessary so that the board can exercise confident control over organizational performance.

B8.2.C. Outreach mechanisms will be used as needed to ensure the board's ability to listen to owner viewpoints and values.

B8.2.D. Professional and administrative support will be provided.

B8.3. The board's annual budget will be developed in a timely way so as not to interfere with the development of the Co-op's annual budget. In no case will we complete this work later than June 30th.

Approved 05 20 2008

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BOARD POLICY BOOK

C BOARD/MANAGEMENT RELATIONS

C1 DELEGATION OF AUTHORITY TO THE GENERAL MANAGER

C1.1. The board establishes governing policies within this board policy register, while the General Manager implements them and develops subsidiary policies. The two types of policies by which the board exercises authority over management are

- Ends Policies, which direct the General Manager to achieve specific results, and
- Executive Limitations Policies, which constrain the General Manager to act within boundaries of prudence and ethics acceptable to the board.

All board authority regarding staff will be delegated through the General Manager. Authority and accountability of staff is included under authority and accountability of Managers.

C1.2. The General Manager may establish policies, make decisions, take actions, and develop activities true to board policies. The board may get information on these actions and, if necessary, may, by extending its own board policies, rescind areas of the Manager's authority. All decisions and choices of the Manager will be respected unless such a withdrawal occurs. The board will extend as much freedom as possible to the General Manager without jeopardizing the enterprise that the General Manager is charged with managing.

C1.3. All board policies will be clearly communicated to the General Manager. The General Manager has the right and responsibility to offer feedback to the board on the efficacy of these policies.

C1.4. The General Manager may not perform, allow or cause to be performed any act that is contrary to explicit board constraints on executive authority.

C1.5. No individual board member, officer or committee has authority over the General Manager. In the event of a perceived violation by a board member of the provisions of this board policy C1, the General Manager will promptly inform the President or Vice President.

C1.6. Any board member may request information from the General Manager. Any board request for information on issues within the General Manager's responsibility will be delivered in a clear and timely manner, allowing adequate time for response. Any such board request for information may be refused if, in the General Manager's judgment, excessive amounts of staff time or financial costs are involved. Board requests for information held by staff will be made to the General Manager only. Staff will communicate with the General Manager before communicating a concern to the board.

C1.7. Should the General Manager deem it necessary to violate board policy, the General Manager will inform the President or Vice President of the board. The purpose of such communication shall be not to request approval but to ensure that no violation may be intentionally kept from the board. Any officer response, whether approving or disapproving, does not exempt the General Manager from subsequent board judgment of such violation.

C1.8. This policy will be monitored by the board annually, scheduled in a timely relationship to the date of its annual General Manager Review.

Approved 9/18/2001, revised 11/21/2006, 01/15/2008

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C BOARD/MANAGEMENT RELATIONS

C4 Monitoring Management Performance

Monitoring management performance is synonymous with monitoring organizational performance against Board policies on Ends and Executive Limitations. Monitoring and measuring gives shape to progress and improvement.

1. The purpose of monitoring is simply to determine the degree to which Board policies are being fulfilled. Other kinds of information will not be considered monitoring.
 - a. Monitoring will be done on a scheduled basis.
2. A given policy can be monitored in any or all of three ways:
 - a. Internal Report: Disclosure of compliance information to the Board from the Managers.
 - b. External Report: Discovery of compliance information by a disinterested, external auditor, inspector or judge who is selected by and reports directly to the Board. Such reports must assess executive performance only against policies of the Board, not the standards set by the third party.
 - c. Direct Board Inspection: Discovery of compliance information by a Board member, a committee or the Board as a whole. Direct inspection will only be performed when requested by the Board as a whole.
3. Upon the choice of the Board, any policy can be monitored by method at any time. However, each Ends and Executive Limitations policy of the Board will be classified by the Board according to frequency and method of monitoring.
4. There are two general ways to measure conformance with Board policies:
 - a. Compliance with requirements. Policies that require full compliance for effective operation of the organization. Reporting provides a yes/no answer.
 - b. Incremental progress toward long-term outcomes (Ends). Policies that are visionary in nature require short-term measures that indicate steady progress. Short-term (12 months) targets must be set, with valid baselines and believable measurement tools.
5. These policies require the following structure for measurement and reporting to be meaningful:

- a. A baseline (or a history) for comparison.
 - b. A reliable and credible measurement technique.
 - c. A short-term (12 months) target.
6. The Board's responsibility is to understand when the organization is making progress or veering off course. Monitoring short-term progress toward the (long-term) vision can be problematic. Deviations will most certainly occur for a variety of reasons, such as unrealistic targets, untested measurement techniques, or an incorrect baseline.

The "well-tuned" Board-Management relationship should deal smoothly with deviations from policy. To that end, the Board's role is not to problem solve but to understand the reason for the deviation, to determine the effect of the deviation on the long-term goals, and to evaluate the Manager's thinking on corrective action.

Adopted 1/94

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D EXECUTIVE LIMITATIONS

D0.5 MANAGERS' EXECUTIVE CONSTRAINTS

The Managers have a fiduciary obligation to the vision, the values, the goals, and the preferences of the Board of Directors. S/he is the means by which the Board achieves its intents and purposes for the agency. Between sessions of the Board, the Managers, de facto, are surrogate for the Board. This implies broad, but never independent, powers.

In exercising these powers, the Managers shall not cause or allow any practice, activity, decision, or organizational circumstance which is either imprudent or in violation of commonly accepted business and professional ethics.

Accordingly, s/he may not fail to:

1. Deal with staff and volunteers in a humane, fair, and forthright manner.
2. Maintain financial conditions that do not incur fiscal jeopardy or compromise Board Ends policies.
3. Provide information to the Board that is timely, complete, and accurate.
4. Protect and adequately maintain assets.
5. Maintain compensation and benefits reflective of current market and adhere to policies authorized by the Board.
6. Purchase goods and services for the cooperative based on maximum value per dollar spent, without incurring real or arguable conflict of interest.
7. Provide exceptional value and service to our customers and members.

Adopted 2/00
Updated 1/16/01

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BOARD POLICY BOOK

D EXECUTIVE LIMITATIONS

D1 FINANCIAL CONDITIONS

Accordingly, the General Manager may not cause or allow:

1. The organization to incur indebtedness other than trade payables incurred in the ordinary course of doing business.
2. The use of restricted funds from cash reserves or other restricted accounts, such as a savings account, without prior Board authorization.
3. Payroll, debts, licensing fees, or taxes to be settled in other than a timely manner, or other than in accordance with all legal and government regulations.
4. Customary or business expenditures to deviate from the Board's stated Ends or Purposes.
5. A failure to disclose complete fiscal activity to the Board, including the report of all capital asset expenditures over \$500 within three months' time.
6. The Co-op to operate without pricing policies.
7. Net profit of less than 1% from combined total Co-op operations for a given fiscal year, unless budgeted for less than 1%.
8. An expenditure for, or the negotiation of a lease obligation for, the acquisition of depreciable assets totaling more than \$5,000 without Board authorization.
9. A ratio of current assets to current liabilities of less than 2:1 for any one-month period.

The General Manager will monitor this policy by verbal report to the Board on a quarterly basis (August, November, February, and May) and by written report at the end of the fiscal year. This policy will be monitored bi-annually by external report (audit) at the end of the fiscal year; the General Manager is responsible for arranging the audit.

Adopted 3/97

Revised 1/16/01, 2/15/05, 5/15/07, 9/18/07

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BOARD POLICY BOOK

D EXECUTIVE LIMITATIONS

D2 BUDGETING/FINANCIAL PLANNING

With respect to financial planning for all or any part of a fiscal period, the Manager may not jeopardize either operations or fiscal integrity of the organization.

Accordingly, s/he may not cause or allow budgeting that:

1. Contains too little detail to reasonably enable:
 - Accurate projection of revenues and expenses
 - Separation of capital and operations items
 - Subsequent audit trails
 - Disclosure of planning assumptions
2. Does not project income conservatively and does not constrain budgeted expenses within projected income levels.
3. Deviates from Board-stated priorities (see Ends/Purposes policies) when making allocations among competing budgetary needs.
4. The manager shall maintain a written detailed business plan. Such a plan shall outline how the business intends to accomplish its mission statement and also provide a timeline consisting of one, three and five year horizons.

This policy will be monitored annually by the General Manager in a written report to the Board.

Adopted 3/97

Updated 1/16/01

Approved revision 5/05, 9/15/09

BLUE HILL CO-OP

BOARD POLICY BOOK

D EXECUTIVE LIMITATIONS

D3 ASSET PROTECTION

To minimize risk, disrepair or untraceable transactions in the management of the Coop's resources, the General Manager will not:

PROPERTY

1. Allow insurance coverage of inventory, fixtures and equipment to fall below 90% of the replacement value.
2. Fail to perform scheduled and unscheduled maintenance on fixtures and equipment.
3. Fail to keep a record of all the Coop's major equipment and fixtures, to be updated annually following the close of the fiscal year. A copy of the record will be kept in a separate location from the physical business.
4. Allow abuse or misuse of the Coop's property. Systems will be in place to insure adequate safeguards against theft, loss, or damage of property.

FUNDS

5. Receive, process or disburse funds under internal controls deemed insufficient by the Board and its appointed auditor's standard.
6. Deposit the Coop's funds in institutions where they are not fully insured by the F.D.I.C.
7. Fail to protect the Coop's assets by neglecting to purchase adequate liability insurance.
8. Protect the Coop's intangible assets including owner lists, logos, trade name, reputation, image, and any other intangible asset directly related to the Coop.

This policy shall be monitored annually by the General Manager in a written report to the Board.

Adopted 3/97

Updated 5/29/08

Revisions approved 5/08, 9/15/09

BLUE HILL CO-OP BOARD POLICY BOOK

D EXECUTIVE LIMITATIONS

D4 STAFF TREATMENT

With respect to treatment of paid and volunteer staff, the General Manager may not cause or allow conditions that are unsustainable, inhumane, unfair, or undignified.

Accordingly, he/she may not:

1. Cause or allow discrimination or harassment among staff members based upon gender, race, age, physical or mental disability, sexual orientation, national origin, marital/parental status, or religion.
2. Discriminate among employees, except in using business-related criteria, including individual performance and qualifications.
3. Fail to protect the staff from unsafe, unhealthy or illegal conditions.
4. Fail to provide for a fair and thorough review, without bias, of any grievance by means of the procedure outlined in the employee handbook.
- 4A. Fail to provide staff members with an explanation of a decision regarding his/her grievance, while using discretion concerning the extent of informing the staff at large, in order to protect staff members' privacy if necessary.
- 4B. Fail to notify the board when a grievance has been filed, or fail to inform the board of the subject and outcome of a grievance.
5. Fail to establish reasonably current job descriptions for all Co-op staff positions.
6. Fail to provide adequate orientation and training as needed for staff members.
7. Fail to evaluate each staff member at least annually, based upon pre-established criteria.
8. Fail to inform current staff members of new job openings within the Co-op in such a way as to allow for timely application for such positions, before the job is advertised to non-staff members.
9. Fail to evaluate all in-house applicants based on their qualifications and past experience.
10. Fail to cultivate a workplace which emphasizes recognition and appreciation.

This policy will be monitored annually by the General Manager in a written report to the Board.

Adopted 2/00

Revisions approved 1/16/01, 8/19/03, 3/15/05, 4/29/08, and 8/18/09

BLUE HILL CO-OP BOARD POLICY BOOK

D EXECUTIVE LIMITATIONS

D5. COMMUNICATION AND COUNSEL TO THE BOARD

With respect to providing information and counsel to the Board, the General Manager may not cause or allow the Board to be uninformed or misinformed. Accordingly, s/he may not fail to:

D5.1. Make the Board aware of relevant trends and internal or external changes that affect the assumptions upon which Board policy has been developed.

D5.2. Keep the Board informed about all relevant financial, legal, and operational issues.

D5.3. Submit timely, accurate, and understandable monitoring data required by Board policy under “Monitoring Management Performance.”

D5.4. Submit monthly Management Reports to the Board in writing, detailing major shifts in staffing, store policies, and operations.

D5.5. Submit quarterly financial statements that show the balance sheet for the end of the previous quarter plus the income and expenses for that quarter.

D5.6. Through email and/or through Directors’ mailboxes at the Co-op, distribute relevant reports to the Board and the minute taker by 4:00 PM on the Friday prior to the Board meeting.

D5.7. Be present at scheduled monthly Board meetings, at the Annual Meeting of Co-op owner/members, and at Board trainings/retreats, unless excused by the Board.

D5.8. Prepare an annual corporate budget and report significant deviations from this budget in a timely manner.

Approved 07 17 2007

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BOARD POLICY BOOK

D EXECUTIVE LIMITATIONS

D6 MANAGEMENT CONTINUITY

1. To protect the board from sudden loss of GM services and to prevent disruption of business activities and assure smooth operation of the store, the GM shall not permit there to be fewer than one other employee sufficiently familiar with board and GM issues and processes to enable him or her to take over with reasonable proficiency as an interim successor.
2. The General Manager shall not fail to identify said person to the board and the staff and require that person to attend at least one board meeting per year.
3. The General Manager shall not fail to document systems and procedures and ensure that the designated person has access to information needed to meet the Co-op's obligations in a planned or emergency General Manager absence.

Adopted on 12 19 2006

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EXECUTIVE LIMITATIONS

D7 Ownership

In order to maintain and promote a vital ownership, the General Manager shall not fail to:

D7.1 Ensure maintenance of accurate and current ownership records, including name, address, capital certificate payments, and eligibility for benefits and voting.

D7.1.1 Nor may s/he permit unauthorized use of the ownership information.

D7.2 Ensure that owners are adequately informed of their responsibilities, rights, and benefits.

D7.3 Ensure that owners receive 60 days advance notice of any required installment payments toward their capital certificates.

D7.4 Provide a range of opportunities for owners to participate in the cooperative.

D7.5 Ensure that the process and benefits of becoming an owner are clear and that adequate ownership information and application materials are readily available to everyone.

D7.6 Promote ownership growth.

D7.7 Prepare for the annual meeting by arranging refreshments, entertainment and/or education, along with timely publicity in advance of the event, consistent with requirements set in the bylaws and the needs of the ownership.

This policy will be monitored annually by the general manager.

Approved 12/18/07