



ALBERTA COOPERATIVE GROCERY

POLICY REGISTER

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INTRODUCTION

Policy Governance is the name given to the comprehensive system of board governance created by John Carver and described in detail in his books “Boards That Make a Difference”, and “On Board Leadership”, as well as his articles such as “A Theory of Corporate Governance: Finding a New Balance for Boards and Their CEO’s,” which can be found at www.carvergovernance.com.

What follows is the barest outline of the system of policy governance. For more detail, read the excerpts below the outline, then the article cited in the previous paragraph. Then, if you wish even more detail, check the books out from the library or borrow them and read as much as you care to.

1. The board is the agent of and has a fiduciary responsibility to the membership.

Corollary: the board is an extension of ownership and not an extension of management.

2. The board deliberates in many voices, and speaks with one voice.

Corollary: individual board members have no authority over the management team. The coaching they do as individuals does not carry the weight of board authority, but is a separate function they perform on their own.

3. The board governs rather than supervises or manages.

Corollary: the board avoids making case-by-case rulings.

4. Governance is setting and monitoring criteria.

Corollary: the agenda of board meetings consists primarily of setting and monitoring specific policies.

5. The board puts its criteria in the form of written policy.

Corollary: if the board wants the management team to do something or refrain from doing something, they include it in written policy.

6. The board monitors its policies.

Corollary: The board doesn't monitor goals and constraints that aren't included in written policies.

7. The board may monitor at any time and in any way, but generally uses three ways:

Management Team reports showing that policy requirements have been met or stating why they haven't been met, with a plan for meeting them in the future.

Inspection or audit by an outside person chosen and authorized by the board.

Direct inspection by a board member or members appointed to this task by the whole board.

8. The board manages the amount of interpretation to which its words are open.

Corollary: The board starts with the broadest statements and step-by-step adds more detailed levels of policies until the desired level of specificity is reached.

9. The ‘reasonable person test’ is used while monitoring policy to determine if the management team has met the criteria set by the board.

Corollary: If a reasonable person could interpret a policy in the way the management team has, then the management team has met the criteria.

10. Board committees exist to aid the board in its governance work.

Corollary: Committees have no supervisory or managerial role. The board may delegate some of its monitoring functions to committees. It is best to do so in writing, and state the conditions under which the management team may appeal to the board as a whole.

11. The policy governance document consists of four parts: ends to be achieved (Ends), policies the board makes for itself (Governance Process), means to be avoided (Management Limitations), and Board-Management Linkage.

Here are some excerpts from the articles and books mentioned above:

“Without denying that individual directors have advice to give and without in any way making that advice unavailable to CEO’s {Note: the model is based on a structure with one CEO, so read “Management Team” for “CEO”}, it must be recognized that the board-as a governing body-does not exist to advise the CEO but to form the accountability link between owners and operators. As that link, the board’s job is fulfilled only if it properly defines expectations and demands achievement. Its job is not fulfilled by even sterling advice in the absence of

defining and demanding. On the other hand, if defining and demanding is successful, the fact that a board refrained from advising doesn't matter. The board cannot allow its natural desire to advise to obscure the central challenge: How can a board command in such a way that management is optimally empowered and challenged at the same time? ...After all, the company belongs to the shareholders, not to the CEO or the board. The board has no right not to exercise authoritative ownership prerogatives." www.carvergovernance.com/pg-corp.htm

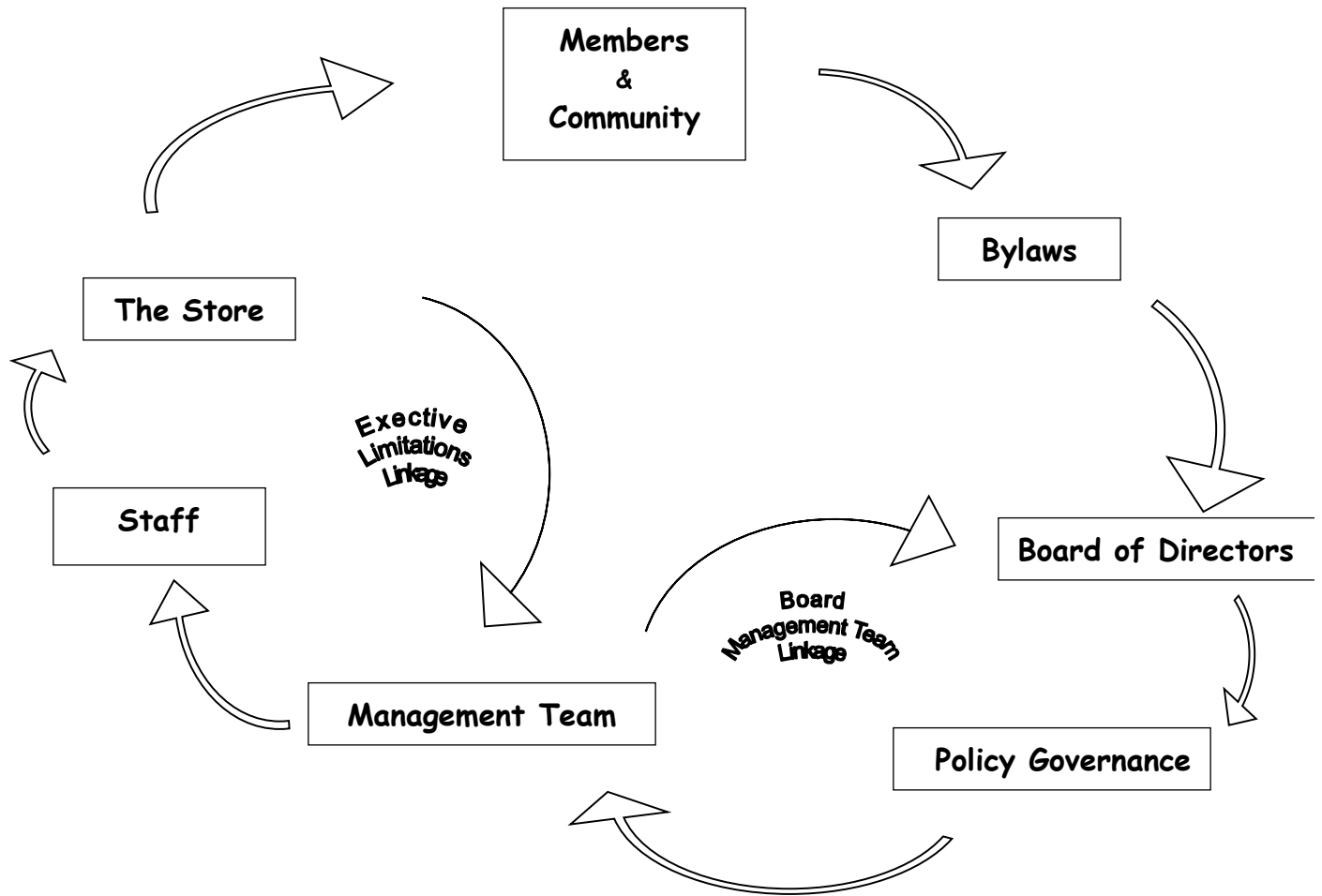
Monitoring:

If the board adopts the discipline of monitoring only what it has already addressed in policy, its anxiety will drive it to develop all the policies needed. "If you haven't said how it ought to be, don't ask how it is," describes the principle that forces a board to monitor instead of meander. The board can then monitor each policy at whatever frequency it desires by one or more of three methods.

1. Executive report. The manager makes available a report that directly addresses the policy being monitored. Unlike the common staff report, it is geared to a specific board policy. The monitoring of the financial condition, for example, would not manifest as the standard balance sheet and income statement. It would, instead, follow the format of the unacceptable circumstances spelled out in the board's policy on financial condition. The intent of so directly relating the report to policy language is that no additional interpretation is needed. Staff compliance or violation should be evident at a glance. It is the manager's responsibility to produce data that enable a majority of the board to feel reasonably assured of performance.
2. External audit. The board selects an external resource to measure management compliance with respect to a specific policy. It is important that the external party assess performance against the board's policy. If an external person judges against his or her own standards, the resulting assessment confounds monitoring and decision information. Fiscal auditors are the most common example of this method, but external audits need not be confined to fiscal issues.
3. Direct inspection. The board assigns one or more board members to check compliance with a specific policy. Infrequently, the board as a whole might perform this inspection. Direct inspection might require an on-site visit or inspection of a staff document. This monitoring method should not be used unless the board role and discipline are in excellent order, lest it deteriorate into meddling. Board members involved have no authority to direct anyone, nor may they make judgments on any basis but the literal policy."

John Carver's excellent books on policy governance are *Boards That Make a Difference* and *On Board Leadership*. Also see the article quoted above "A Theory of Corporate Governance: Finding a New Balance for Boards and Their CEOs."

The diagram below illustrates this role and the relationships of the various groups, as well as the function of “policy governance” in the board’s role:



POLICY TYPE: ENDS

Policy: Ends Overview – Alberta Cooperative Grocery Vision and Purpose

Revised: February 20, 2008

Related: ACG Bylaws

Committee: Board Maintenance & Development Committee

Review: August (prior to board retreat)

Article 2.1 Bylaws: “The Cooperative envisions a diverse North/Northeast Portland community that recognizes the important link between a healthy and sustainable food system and healthy and sustainable neighborhoods.”

Article 2.2 Bylaws: “The purpose of the Cooperative shall be to strive toward achieving the above vision. The Cooperative shall provide high quality, healthy and affordable food and products. The Cooperative shall obtain such products primarily from local, regional, organic and socially responsible sources. The Cooperative shall function as a neighborhood and community resource, informing and involving the members of the diverse North/Northeast Portland community.”

Summary of Alberta Cooperative Grocery Ends Policies:

Policy: Ends 1 – Sustainable Living

Revised: November 21, 2010
Related: ACG Bylaws Article II
Committee: Education Committee
Review: August (prior to board retreat)

ACG will provide sustainable foods and goods and encourage and work towards social and environmental sustainability.

Accordingly:

- E1.1 Whenever feasible, ACG markets food that is organically grown, giving preference to locally produced foods from socially and environmentally responsible sources.
 - E1.1.1 ACG will seek out new products, manufacturers, and growers of local, organic, and sustainable foods.
 - E1.1.2 ACG will support meaningful standards for sustainable and organic.
 - E1.1.2.1 ACG will acknowledge the Natural Step's definition of 'sustainable' for our purposes and adhere to FDA standards for 'organic'.
 - E1.1.3 ACG will provide information on nutrition, sustainable agriculture, natural foods, government policies, and cooperative principles, enabling shoppers to make intelligent choices.
- E1.2 In making product choices, ACG emphasizes high quality, healthy and affordable foods with a low level of credibly established deleterious health effects. Within these parameters, the product selection shall reflect the diverse food needs of our community members and shoppers.
- E1.3 ACG will minimize its selection of excessively packaged food, maintain and market foods that promote slow food, and encourage wise food consumption.
- E1.4 When buying equipment or remodeling, if feasible and prudent, ACG will purchase energy efficient and recycled materials.
- E1.5 ACG will promote and encourage the use of alternative transportation, recycling, and reusing materials.

Ends 1 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Products Inspection and Assessment	General Manager	BOD	August

Policy: Ends 2 – Membership

Revised: November 21, 2010
Committee: Membership & Outreach Committee
Review: August (prior to board retreat)

ACG will be a democratic organization run by and for its members. It will be an example of interdependence, bringing people together in an enriching and empowering environment.

Accordingly:

- E2.1 ACG will provide consumers with the opportunity to become member owners. (See appendix for Membership Shares Policy)
- E2.2 ACG will provide its members with benefits in order to make membership rewarding. Benefits include the opportunity to be a part of a democratic organization, to practice leadership, and to share in the financial success of the co-op.
- E2.3 ACG will provide members with opportunities to participate in store activities, including the working member program, which includes opportunities to help with co-op governance and operations by serving on committees or on the board.
- E2.4 ACG’s ownership base will be as broad as possible, involving a diverse staff, members, and shoppers. To acquire and maintain this broad base, the ACG will actively pursue new members through marketing.
- E2.5 ACG will have strong, clear communication between the members and the board/staff, providing support to the working members and giving the non-working members a voice.

Ends 2 MONITORING:

How	By Whom	For Whom	Schedule
Executive Report	General Manager	BOD	August

Note: Include demographic comparisons with other coops.

Policy: Ends 3 – Promoting Co-ops

Revised: November 21, 2010
Committee: Membership & Outreach Committee
Review: September

ACG will promote a positive image of the cooperative model.

Accordingly:

- E3.1 ACG shall adhere to the seven principles put forth by the International Cooperative Alliance.
 - E3.1.1 Cooperative membership shall be voluntary and open to all persons who accept the responsibilities of membership, without discrimination on the basis of gender, social class, race, political affiliation, age, sex, or religion.
 - E3.1.2 All members shall have equal rights in the control of the Cooperative. All elected officials shall serve as fiduciaries to the membership.
 - E3.1.3 Member economic participation shall be equitable and democratically controlled.
 - E3.1.4 The Cooperative shall remain an autonomous and independent entity in all of its activities, notwithstanding agreements and activities with other organizations.
 - E3.1.5 The Cooperative shall provide training and education to Cooperative membership to empower members to contribute effectively to the Cooperative’s development. The Cooperative also shall provide information to the community about the nature and benefits of cooperation.
 - E3.1.6 The Cooperative shall promote cooperation among cooperatives by working together through local, regional, national, and international organizations.
 - E3.1.7 While focusing on member needs, the Cooperative shall establish policies to promote sustainable community development.
- E3.2 ACG collaborates with organizations that are involved in the adherence and promotion of the Cooperative principles; whenever feasible, the co-op will combine it’s buying power with that of other co-ops.
- E3.3 ACG shall maintain orderliness and cleanliness at standards up to or exceeding business standards.
- E3.4 ACG will expose people to the power of using consumer choices to create social change.

Ends 3 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	General Manager	BOD	September

Policy: Ends 4 –Running a Great Store

REVISED: November 21, 2010
Committee: Membership & Outreach Committee
Review: September

ACG will provide shoppers with a shopping experience they can enjoy, including a positive return on their investment of time and money.

Accordingly:

- E4.1 ACG will offer an array of products and services when it is economically reasonable and of service to our customers which satisfy our goals and mission.
- E4.2 ACG shall create a consistent store image so shoppers feel encouraged to shop at ACG.
 - E4.2.1 ACG will have easily accessible, understandable, and user-friendly ways for patrons to navigate the store and make their purchases.
 - E4.2.2 ACG will encourage shoppers through an effective marketing program.
- E4.3 ACG shall not be limited by stereotypes of what co-ops can or can't do.
- E4.4 ACG will be a fun, friendly, creative store, participating in local business events.
- E4.5 ACG will be a model of a neighborhood working together democratically to meet its needs. ACG will act as a community resource.
- E4.6 ACG will engage in a process of continuous improvement with relation to BOD, Management Team and Staff.

Ends 4 MONITORING:

How	By Whom	For Whom	Schedule
E4.1-4.3: External Audit	Independent agent	BOD	September
Remainder: Exec. Report	General Manager	BOD	September

Policy: Ends 5 – Outreach
Revised: November 21, 2010
Related: G2.1
Committee: Membership & Outreach Committee
Review: October

ACG will be an important part of the north/northeast Portland social fabric. It will create and maintain relationships with new individuals and organizations

Accordingly:

E5.1 ACG will be involved with the N/NE community through participation in planned, announced events.

Ends 5 MONITORING:

How	By Whom	For Whom	Schedule
Executive Report	General Manager	BOD	October

This policy will be monitored quarterly by linkage between the board and the membership. Clarify????

Policy: Ends 6 – Financial Stability

Revised: March 01, 2011
Related: L3, G3.3
Committee: Finance Committee
Review: February

ACG will maintain financial stability.

Accordingly:

- E6.1 We manage our capital resources in order to balance profitability with value-based investment; and the protection of our stability, future, and member benefits.
- E6.2 ACG board and staff will be skilled in gathering, analyzing, and presenting the financial data necessary to effectively manage the cooperative.

Ends 6 MONITORING:

How	By Whom	For Whom	Schedule
Executive Report	General Manager	BOD	February

POLICY TYPE: GOVERNANCE PROCESS

Policy: Governance Overview

Revised: February 20, 2008

Committee: Board Maintenance & Development Committee

Review in: February

The board of directors represents the members of Alberta Cooperative Grocery and fulfills the legal responsibilities to be a steward of the cooperative, on behalf of the owner-members. The purpose of the board, on behalf of the members, is to see that the organization fulfills the Alberta Cooperative Grocery mission as stated in the Articles of our Bylaws, to create and maintain a cooperative vision, and to provide strategic leadership for the cooperative.

Policy: Governance 1 – How the Board Governs

Revised: September 6, 2011

Related: ACG Bylaws Articles V, VI, VII

Committee: Board Maintenance & Development Committee

Review in: February

The board governs in a way that:

- G1.1 Emphasizes Policy and “The Big Picture”. The board directs the organization through “policy governance,” i.e., the establishment of written policies stating the ends to be achieved, and means to be avoided, with a focus on long-term results. Policy Governance addresses four areas, as follows:
- G1.1.1 Ends [E]: Organizational products, effects, benefits, outcomes, and recipients.
 - G1.1.2 Governance Process [G]: How the board conceives, carries out, and monitors its own tasks
 - G1.1.3 Management Limitations [L]: Constraints on management authority that establish the boundaries within which all management activity and decisions must take place. (These are the “means to be avoided” referred to above.) These limitations are intended to provide managers with clear guidelines about what is unacceptable to the board, and an understanding that, within these constraints, they are responsible for the management of the co-op.
 - G1.1.4 Board-Management Team Linkage [M]: This section provides clear distinctions of board and management roles, specifies how authority is delegated to the management, how the board and management communicate, and how the management team is monitored by the board (we are a “Policy Board,” not an “Operations Board;” the focus is on policy, not on operational work.)
- G1.2 Emphasizes Future Vision
- G1.3 Emphasizes initiative and strategic leadership. The board will cultivate a sense of group responsibility for excellence in governing, and will enforce upon itself whatever discipline is needed in matters such as attendance, preparation, policy-making principles, and respect of roles. The board will not allow any director or committee to hinder fulfillment of board commitments or adherence to board policy.
- G1.4 Deliberates in many voices but governs in one voice.
- G1.4.1. In communicating with one or more members or with staff or with other members of the community at large on matters within the scope of board responsibility, an individual director:
 - (a) may express his or her own views, but shall identify them as such;
 - (b) shall not disclose information received by the board in confidence;
 - G1.4.2. The board shall respond promptly to requests for information or other letters to the board from members, staff or community members. Absent a decision of the board to handle a particular inquiry in some other fashion, the [secretary/vice-president] shall
 - (a) acknowledge receipt of the inquiry, and inform the requestor about the different options for receiving a response from the board and when each could be expected.
 - (b) make a preliminary determination of the interval within which the response is to be made;
 - (c) distribute copies of the inquiry, the acknowledgment, and the proposed response interval to the board; and
 - (d) designate one or more board members to draft a proposed response. Within the proposed response interval, or within such shorter or longer interval as the board may agree upon, the board shall concur in a final draft of the response and shall authorize the [secretary/vice-president] to deliver the response to the requestor. To the extent possible, the mechanisms specified in this paragraph shall be executed through e-mail correspondence.

This policy will be monitored by:

Policy: Governance 2 – Role of the Board of Directors

Revised: February 20, 2008

Related: G5, ACG Bylaws Articles V & XI

Committee: Board Maintenance & Development Committee

Review in: February

The job of the board is to represent the members in determining and demanding appropriate organizational performance. Specifically, the board:

- G2.1 Represents the interests of the members of Alberta Cooperative, and ensure their involvement and input into long term planning and policy-making.
 - G2.1.1 The board will educate itself regarding the values held by members and will report periodically to the membership on the board's activities, decisions, and compliance with board policies.
 - G2.1.2 The board will bring to the membership major decisions affecting the overall direction of the coop, and other decisions as appropriate.
- G2.2 Sets broad policy (this document) based on member interest, community interest, and best practices in the cooperative and grocery store industry.
- G2.3 Working with the Management Team, reviews and approves the Cooperative's Annual Plan, which provides direction for the organization and Management Team for the next year, including areas of focus, ends to be achieved, budget to be followed, and other organizational results to be addressed.
- G2.4 Ensures that there is adequate oversight of the Cooperative through:
 - G2.4.1 Oversight of the Management Team (hire, determine structure, evaluate, fire)
 - G2.4.2 Monitoring implementation of policies and directives established by the board
 - G2.4.3 Monitoring performance of the organization against standards set by the board (ends, annual plan, budget, etc.)
- G2.5 Upholds the mission and by-laws
- G2.6 Provides clear, useable future vision
- G2.7 Defines requirements and benefits of membership and volunteer work programs
- G2.8 Provides support in emergencies and transitions
- G2.9 Serves as keepers of institutional memory; provide long-term and spiritual support
- G2.10 Ensures that the board and new members are sufficiently oriented and trained in order to effectively carry out the board's duties
- G2.11 Perpetuates itself through recruitment

Policy: Governance 3 – Policy Governance Review Process

Revised: December 2, 2008

Related: ACG Bylaws 5.8

Committee: Board Maintenance & Development Committee

Review in: February

To accomplish its job and to ensure that it continually improves in its governance role, the board will:

1. Annually review and evaluate all policies in this policy governance document, to ensure that they are up to date, and accurately describe board expectations. This is typically done in a committee, and the review date is listed in each policy.
2. Monitor the management team's implementation of, and compliance with policy governance. Providing reports to the board is usually the responsibility of the management team. In a few instances, the board has indicated a method of monitoring that involves the board directly inspecting to determine compliance, or the management team or the board to arrange for an external expert to "audit" or conduct an outside assessment of how well a policy was followed,
3. Continually improve its performance through board education, and
4. Ensure efficient use of board meeting time

Accordingly:

- G3.1 The board will prepare a calendar annually (see Calendar Appendix), which will include all board events such as: membership meetings, board training and retreats, schedule for reviewing and evaluating the policies in policy governance, schedule for monitoring compliance with policy governance sections Ends and Link, management reviews, etc.
- G3.2 Reviewing Policies to keep them up to date: Annually, the board will review all policies. Different policies may be reviewed at different times of the year. Committees proposing any revision to policy governance should submit to the board any written proposals, along with a rationale for any proposed changes
- G3.2.1 The following is a suggested schedule for reviewing and evaluating policies in Policy Governance:
- September – October (to coincide with the board's Annual Planning Retreat): Ends Section: The relevant committee should consider any proposals for changes to the policy, prior to the retreat.
 - February: Governance Section, and all other policies designated to the Board Maintenance and Development Committee. This section could be reviewed and evaluated as part of an annual review of the board, and so would be attend by outgoing and incoming board members.
 - July-October: Portions of Link and M Sections assigned to the Personnel Committee: These sections could be reviewed annually sometime after the management reviews are complete (targeted for July), and before the Board's Annual Planning Retreat (in October). If the Personnel Committee believes that an issue or policy is most appropriately dealt with in the Planning Retreat itself, it could recommend this.
 - October – November: Portions of Link and M Sections assigned to the Finance Committee: These sections could be reviewed and evaluated in the fall, after the Board's Annual Planning Retreat and before the end of the year, concurrent with the Finance Committee's annual work on budget.

Policy: Governance 4 – Roles of Board Officers, Staff Members & Liaisons

Revised: June 07, 2011

Related: G3.3

Committee: Board Maintenance & Development Committee

Review in: February

- G4.1 The board president ensures the integrity of the board's process.
 - G4.1.1 The board president's job is to ensure the board behaves consistently with its own rules and legal requirements.
 - G4.1.2 In particular, the board president has the following delegatable responsibilities:
 - G4.1.2.1 Chair board meetings
 - G4.1.2.2 Recruit interested and willing directors to compose an initial slate of officers for the next year
 - G4.1.2.3 Ensure that board's annual policy governance process is followed as outlined in G
 - G4.1.2.4 Present to members an annual report rooted in the evaluation of policy governance, which summarizes the board's work that year.
 - G4.1.2.5 Represent the board to outside parties.
 - G4.1.3 The board president has no authority to make decisions about board policies on Ends or Executive Limitations.
 - G4.1.3.1 The board president has no authority to supervise or direct the Management Team.
- G4.2 The board vice-president provides support to the president as needed, and chairs the Management Linkage Committee. The vice-president has the following responsibilities:
 - G4.2.1: Understand the responsibilities of the board president and be able to perform these duties in the president's absence.
 - G4.2.2: Assist the president with officer and committee recruitment.
- G4.3 The board secretary's role
- G4.4 The board treasurer's role
- G4.5 The board-staff liaison's role
- G4.6 The roles of staff members serving on the board
 - G4.6.1 Staff members elected to the BOD serve as full members of the board, with the following provisions:
 - G4.6.1.1 Advisory language place holder: keeping in mind potential stress, difficult situations that they may find themselves in if they are chairing a committee that evaluates managers, or serving as board president.
 - G4.6.1.2 They may excuse themselves from executive sessions of the board, where personnel issues are often discussed.

Policy: Governance 5 – Individual Director Responsibilities

Revised: April 5, 2011

Related: Bylaws Article V

Committee: Board Maintenance & Development Committee

Review in: February

The board of directors commits itself to ethical and business like conduct, including proper use of authority and appropriate behavior when acting as directors.

G5.1 Directors have the following responsibilities:

G5.1.1 Represent un-conflicted loyalty to the interests of the membership as a whole.

G5.1.2 Be aware of and follow the organization's bylaws and policy governance, including avoidance of conflict of interest.

G5.1.3 Perform board duties in good faith.

G5.1.4 Bring complete honesty and personal integrity to the board.

G5.1.5 Openly and impartially consider all issues and matters, researching issues and seeking additional expertise where needed

G5.1.6 Prepare for and attend all board meetings or notify the board president when an absence is unavoidable.

G5.1.7 Know the agenda, read the previous meeting's minutes, and other written information pertinent to the meeting.

G5.1.8 Attend new director orientation at the beginning and end of director's term

G5.1.9 During their first term as director, each director is required to serve on at least one committee.

During successive terms, directors are encouraged to contribute in ways that represent their interests and skills.

G5.1.10 Have fun!

G5.2 Directors do not have individual authority over the organization except as explicitly set forth in board policies or the bylaws.

G5.2.1 Individual directors interacting with the Management Team or any staff do not have any authority, except when a) explicitly board authorized and, b) communicated to Management Team.

G5.2.2 Directors interacting with the public, press, members, or other entities have no authority to speak for the board except to repeat explicitly stated board decisions.

G5.2.3 Directors will not consider or give any weight to any individual's judgments of a manager's performance, unless part of a formal evaluation.

G5.3 Directors will respect the confidentiality of all issues required by law and stated in the bylaws, particularly in the areas of personnel, real estate, and legal matters. These issues will be considered sensitive issues subject to directors' good faith and discretion unless or until made specifically clear by board action. Any other matters of confidentiality will be clearly specified by the board at the appropriate time.

G5.4 At all times directors shall act as representatives of the organization and shall conduct themselves in a professional manner, which fosters confidence and reflects positively on the organization, its members, and its staff.

G5.5 If at any time a board member is temporarily unable to fulfill their responsibilities as a board member, the board can allow said board member a leave of absences for a mutually agreed upon period of time.

Policy: Governance 6 – Board Committee Principles

Revised: February 20, 2008
Reference: ACG Bylaws Articles 5.4 & 5.5 & 5.6.e & 5.7.b
Committee: Board Maintenance & Development Committee
Review in: February

When used, board committees will be used to complete board work and never to interfere with delegation from board to Management team, or to do management, staff, or operational functions.

- G6.1 Board committees help the board perform its role. Board committees do not help or advise staff. Committee work is limited to those tasks specifically delegated to committees by the board.
 - G6.1.1 Board committees may be either standing committees or ad hoc committees. Ad hoc committees may be formed for a particular purpose and dissolved after completing their purpose. Policies under G6 apply to both.
 - G6.1.2 Board committee responsibilities are established in a written committee charter approved by the board. Any changes to a committee charter must be approved by the board.
 - G6.1.3 Board committees report solely to the board
 - G6.1.4 Directors may serve on any board committee of their choosing. Non-directors may serve at the discretion of the committee chair.
 - G6.1.5 Board committees normally do not deal with current staff operations. Board committees cannot exercise authority over staff.
 - G6.1.6 Board committees may not speak or act for the board except when the board formally grants this authority for specific and time-limited purposes. Expectations and authority will be carefully stated so as not to conflict with authority delegated to the Management Team.
 - G6.1.7 Because the Management Team works for the full board, it will not be required to obtain approval of a board committee before an executive action.
- G6.2 Board committee chairs are appointed by the board and have the following responsibilities:
 - G6.2.1 Ensure the integrity of the committee and its process.
 - G6.2.2 Preside over committee meetings, determining their agenda and coordinating work to complete the committee's tasks effectively.
 - G6.2.3 Ensure committee minutes, budgets and reports are maintained and available.
 - G6.2.4 Add pertinent committee proposals to the board agenda.
 - G6.2.5 Ensure the committee and its members are in compliance with board policies and the committee charter.

Policy: Governance 7 – Building Board Capacity

Revised: February 20, 2008

Committee: Board Maintenance & Development Committee

Review in: February

The board will invest in its governance capacity.

G7.1 Board skills and methods will be sufficient to ensure governing with excellence.

G7.1.1 Before, or soon after, the annual board meeting, an orientation will occur with the entire outgoing board, new incoming board members, and board candidates.

G7.1.2 Training will be used to both maintain and increase skills of existing directors.

Policy: Governance 8 – Endorsements

Revised: January 9, 2008
Committee: Marketing & Outreach
Review in: February

The Alberta Cooperative Grocery can endorse campaigns and/or policies. The board of directors will vote on endorsements at the monthly board of directors' meeting. The following process will be followed in order for the ACG to make an endorsement:

- G8.1 Any cooperative member can sponsor an endorsement.
- G8.2 The sponsor of the endorsement will bring the endorsement to the appropriate board committee and provide the committee with background information about the policy/campaign.
- G8.3 The committee chair will bring the endorsement to the board's monthly meeting, sending all pertinent information to the board via email or written text at least one week before the board meeting.
- G8.4 The endorsement will be placed on the meeting agenda under new business.
- G8.5 The endorsement's sponsor will attend at the monthly meeting to answer questions or clarify information.
- G8.6 The board of directors must approve all endorsements.
- G8.7 Endorsements will be limited to campaigns or legislation that affect:
 - G8.7.1 Food security or nutrition
 - G8.7.2 Cooperative businesses
 - G8.7.3 Workers rights (especially as related to farm workers)
 - G8.7.4 Agricultural policy (especially as related to conservation policy and/or organic)
 - G8.7.5 The grocery and/or natural foods industry
- G8.8 The board will determine what kind of support will go along with the endorsement (e.g., time, access to member, money)
- G8.9 The endorsement process is a separate process from individual donation requests.

Policy: Governance 9 – Board Procedures

Approved: November 22, 2010

Committee: Board Maintenance & Development Committee

Review in: February

G9.1 Preparing the Board meeting Agenda

G9.1.1 Any board member may place an item on the board’s meeting agenda. The person submitting the agenda item is the “sponsor” and is responsible to attend the meeting and present the item.

G9.1.2 All new business for, and all proposals being brought for passage by the Board should be communicated to the Board President (via email or in writing) no less than ten days prior to the next scheduled Board Meeting.

G9.1.2.1 All items requiring board approval are to be placed in “New Business”.

G9.1.3 The Board President should ensure that the board’s agenda is emailed to all board members at least seven days prior to each board meeting.

G9.1.4 The sponsor of each item is to email out proposals for review, at least seven days before the board meeting, and bring sufficient copies to the board meeting. Any item handed out at the meeting should also be emailed out in advance.

G9.2 Committee Reports: The board will receive a brief update on committee work and provide feedback to committees as needed. In general, the board’s role is not to delve into committee work.

G9.3 Management Reports

G9.4 Agenda items requiring approval

G9.4.1 Proposals responding directly to events that have transpired within seven days of the Board meeting, and that require an immediate Board response, may be brought without placing them on the agenda in advance. In order to add items to the agenda after the agenda is published, the board should approve a revised agenda at the board meeting.

G9.5 Decision making process: In accordance with the Bylaws, the Board will follow a formal consensus process for all Board decisions.

G9.5.1 All directors will be trained in consensus decision making and have access to handouts outlining the process.

Policy: Governance 10 – Elections Committee (Board Elections & Bylaw Revisions)

Approved: March 01, 2011

Reference: Bylaws 3.1, 6.1, 6.4. 6.5

Committee: Elections Committee

Review in: February

G10.1 Elections Committee Responsibilities

G10.1.1 The Elections Committee is responsible for coordinating elections for the board of directors. This includes determining the number of open seats, soliciting nominations, determining candidate eligibility according to the bylaws, receiving and posting candidate statements; and preparing, distributing, collecting and counting ballots.

G10.1.2 The Elections Committee is responsible for coordinating Bylaw revision votes. This includes receiving and posting proposed Bylaw revisions, assessing their legality and possible redundancy; and preparing, distributing, collecting and counting ballots.

G10.2 Election Committee Structure

G10.2.1 Composition: The Election committee shall consist of at least two board members, one of whom shall be designated as the chair. The Election committee will solicit staff and owner participation at the discretion of the chair.

G10.2.2 Restrictions: Candidates for elections may not serve on the elections committee. Other potential conflicts of interest may arise and will be addressed at the discretion of the committee chair.

G10.3 Universal Voting Procedures (includes BOD elections & Bylaw revisions)

G10.3.1 One ballot will be provided per individual member (primary shareholder) in good standing. Members shall have at least the following voting options: 1) in store 2) by mail 3) annual membership meeting.

G10.3.2 Ballots will be anonymous. After determining eligibility and before tallying votes, the elections committee will separate ballots from any identifying member information.

G10.3.3 The Elections committee will ensure the security of the ballots throughout the voting period. Ballots will be counted by at least two members of the Elections committee.

G10.3.4 When they are concurrent, Board elections and Bylaw revisions will be voted on same ballot, with a separate explanation detailing the bylaw revisions.

G10.4 Board of Director Election Specific Procedures

G10.4.1 The Committee will solicit candidates at least five weeks before the annual membership meeting.

G10.4.2 The Elections Committee will generate a randomly ordered list of candidates for the ballot, and approve the final ballot design.

G10.4.3 For vote tallying purposes, Yes = 1, No = -1, Blank = 0. Candidates will be ranked based on the number of points they receive after subtracting the number of no's from the number of yes's. For aboard candidate to win a seat they must have a positive vote tally.

G10.4.4 An elections committee member will inform candidates of election results prior to announcing the results. Results are to be announced to the membership as soon as possible.

G10.5 Bylaw Revision Specific Procedures

G10.5.1 When there are multiple Bylaw revisions proposed simultaneously, each revision will be voted on respectively, and will either pass or fail.

G10.5.2 Bylaw revisions require that two thirds of the total votes be YES in order to pass.

Policy: Governance 11 – Meeting Expectations

Approved: December 7, 2010
Committee: Board Maintenance & Development Committee
Review in: October

The Board is committed to encouraging all who attend co-op meetings to meet each other's needs for safety, respect, and efficient use of meeting time. The Board reserves the right to exclude from meetings anyone who cannot meet these needs, for whatever reason. Accordingly, the following meeting expectations will be used:

G11.1 Owners who exceed their allotted agenda time or deviate from their posted topic, where applicable, without board approval, will be asked to end their remarks by whoever is facilitating the meeting or by the meeting chair.

G11.2 If a person continues to speak after being asked to end their remarks, or otherwise prevents others from following the agenda or efficiently using meeting time, the person will be asked to leave the meeting by whoever is facilitating the meeting and/or by other board directors.

G11.3 If a person physically interacts with another person without their consent at a meeting, or threatens to, they will be asked to leave the meeting.

G11.4 If a person at a meeting refuses to leave after being asked to by the facilitator and/or any board director for the reasons listed above, the person will be excluded from future meetings, until such time as the Board votes to allow the person to attend again.

G11.5 If a person refuses to leave a meeting when asked for the reasons above, or attends while excluded for the reasons above, whoever is facilitating the meeting or any board director present will either personally call or ask someone else to call the police, who will be asked to remove the person who won't leave when asked for trespassing.

G11.6 Ground rules for meetings will be posted at board meetings and member meetings.

SECTION G APPENDICES

CALENDAR APPENDIX: Board of Directors Annual Calendar

January

- Management Linkage Committee: Manager Annual Review. (M4.4.1) (January to March)
- Review annual governance cycle and/or calendar. (G3.1)
- **Monitoring/Policy Review:** Limit8 (Board Support)

February

- Review previous year's financial results.
- Report from Management on previous year's Annual Plan
- Prepare for annual membership meeting (bylaw revisions, etc.)
- **Monitoring/Policy Review:** End 6 (Financial); Limit 3 (Balance Sheet Only)

March

- Initial slate of new board officers' prepared for orientation (G4.2.2)
- **Monitoring/Policy Review:** Limit 6 (Communication to Board)
- Management Linkage Committee presents report on Manager Annual Review (L6 Communication & Counsel to the Board, Direct Inspection)
- Annual Membership Meeting; New board members elected (ACG Bylaws 4.1 & 6.1 - 6.5)
- New Board Member Orientation (all outgoing Board Members attend).
- Board officers elected. (ACG Bylaws 5.9 & 7.1 - 7.2) (G4.2.2)

April

- **Monitoring/Policy Review:** Limit3 (Financial)
- Review the format of the L3 monthly "Board Report" and make and needed changes.
- Begin review & Evaluation of G section of Policy Governance.

May

- **Monitoring/Policy Review:** Limit 3 (Balance Sheet Only), Limit 7(Succession)

June

- **Monitoring/Policy Review:** Limit 1 (Customer Service & Value), Limit 2 (Staff Treatment, Training and Compensation)

July

- Mid-year financial evaluation & budget revisions
- Co-op Birthday
- **Monitoring/Policy Review:** Limit 0 (Global), Limit 5 (Asset Protection and External Audit)

August

- **Monitoring/Policy Review:** End 0 (Overview), End 1 (Sustainable Living), End 2 (Membership); Limit 3 (Balance Sheet Only)

September

- **Monitoring/Policy Review:** End 3 (Promoting Coops), End 4 (Running a Great Store)
- Prepare for Board Retreat.

October

- Board Retreat
- Long term visioning & planning; Work on Ends section of policy register, annual reviewing & monitoring activities as described in policy register
- Establish board priorities for next year
- **Monitoring/Policy Review:** End 5 (Outreach)

November

- Draft Budget (L4, L5, E6)
- Draft Annual Plan from Management Team
- **Monitoring/Policy Review:** Limit 3 (Balance Sheet Only)

December

- Final Budget (L4, L5, E6)
- Final Annual Plan from Management Team
- **Monitoring/Policy Review:** Limit 4 (Budget/Planning)

Policies Listed by Related Committee, with Review Schedule

Note: This is the schedule for reviewing the policies in policy governance, which is different from the schedule used to monitor compliance with the policies.

Board Maintenance & Development Committee:	
Ends Overview	
Governance Overview	
Governance 1	
Governance 2	
Governance 3	
Governance 4	
Governance 5	
Governance 6	
Governance 7	
Governance 9	
M Overview	
M 1	
M 3?	February
Management Linkage Committee:	
Limits Overview	
Limits 1	
Limits 2	
Limits 6	
Limits 7	
M 2	
M 3	
M 4	
M 5	
Finance Committee:	
Ends 6	
Limits 3	
Limits 4	
Limits 5	
Education Committee:	
Ends 1	
Membership & Outreach Committee:	
Ends 2	
Ends 3	
Ends 4	
Ends 5	
<u>Governance 8</u>	<u>February</u>
Elections Committee:	
Governance 10	

MONITORING SCHEDULE BY POLICY NAME/NUMBER:

Ends 1 MONITORING:

How	By Whom	For Whom	Schedule
Executive Report	Mgmt Team	Board	August

This policy will also be monitored quarterly by linkage between the board and the membership. Clarify????

Ends 2 MONITORING:

How	By Whom	For Whom	Schedule
Executive Report	Mgmt Team	Board	August

Note: Include demographic comparisons with other coops.

Ends 3 MONITORING:

How	By Whom	For Whom	Schedule
Executive Report	Mgmt. Team	Board	September

Ends 4 MONITORING:

How	By Whom	For Whom	Schedule
E4.1-4.3: External Audit	Independent agent	Board	September
Remainder: Exec. Report	Mgmt. Team	Board	September

Ends 5 MONITORING:

How	By Whom	For Whom	Schedule
Executive Report	Mgmt. Team	Board	October

This policy will also be monitored quarterly by linkage between the board and the membership. Clarify????

Ends 6 MONITORING:

How	By Whom	For Whom	Schedule
Executive Report	Mgmt. Team	BOD & Membership	February

LIMITS OVERVIEW – MONITORING:

How	By Whom	For Whom	Schedule
Executive Report	Mgmt Team	Board	July

LIMITS 1 MONITORING:

How	By Whom	For Whom	Schedule
Executive Report	Mgmt. Team	Board	June

LIMITS 2 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	Management Team	Board	June

In addition:

Executive Report	Mgmt. Team	Board	June
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Description: The management team will provide an annual report to the board of directors, detailing their complete compensation package. (Outlined in M-5)

LIMITS 3 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	Mgmt Team	BOD	May

Description: Monitoring report addressing the entire policy.

Executive Report	Mgmt Team	BOD	May
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Description: A year end Profit and Loss Report, Balance Statement, and a report that shows actual performance in comparison to the approved budget.

In addition, the following reports will be provided on the schedule listed, to be produced by the management team when the period covered by the report has been closed, and emailed out at least 1 week prior to the meeting:

“Board Report”	Mgmt Team	BOD	Quarterly
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Description: report highlighting pertinent aspects of financial performance. The format of this report shall be reviewed annually, to reflect currently relevant issues in financial performance.

Balance Statement	Mgmt Team	BOD/Fin Com.	May, July, October, January
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Description: Quarterly balance statement to be emailed to the BOD, not presented at the meeting.

P&L & Cash Flow Stmt	Mgmt Team	Finance Com.	Quarterly
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Description: Monthly and YTD Profit and Loss and Cash Flow report, with comparisons between actual performance and budget.

LIMITS 4 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	Mgmt Team	Board	December

Description: The budget, narrative addressing items in this policy, and notes.

LIMITS 5 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	Mgmt Team	BOD	July

Description: report on entire policy.

External Report	BOD	BOD	July
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Description: An annual review or audit, including a review of cash handling procedures and their implementation.

Balance Statement	Mgmt Team	BOD/Fin Com.	April, July, October, January
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Description: Quarterly balance statement to be emailed to the BOD, not presented at the meeting.

Executive Report	Mgmt Team	BOD	July
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Description: Report inflows and expenditures of shares funds (L6.8).

LIMITS 6 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Direct Inspection	Board	Personnel Comm./Bd	March

Description: The Personnel Committee will initiate a survey of the entire board, compile results, and bring results, highlighting any deficiencies back to the board.

LIMITS 7 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	Mgmt. Team	Board	May

LIMITS 8 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	Mgmt. Team	Board	January

Board Maintenance & Development Committee Charter

Approved December 2, 2008

The Board Maintenance and Development Committee has the following responsibilities.

- 1) Ensure that the policy register is:
 - a) Updated whenever the full board approves changes
 - b) Usable and readable
 - c) Internally consistent
- 2) Ensure that everyone has access to a copy of the policy register document and that past versions are archived.
- 3) Ensure that the board has forums and processes to do planning.
- 4) Ensure that the board has an Orientation and retreat each year.
- 5) Ensure that the board has adequate training and development to meet its needs.

Owner Linkage Committee Charter

Approved December 2, 2008

Revised March 24, 2011

The member linkage committee will provide a link between the board and the membership.

The main focuses are:

- 1) Facilitating board recruitment
- 2) Educating members on the work of the board;
- 3) Gathering feedback from members for the board
- 4) Creating opportunities for the board and membership to connect.

Finance Committee Charter

Approved August 03, 2010

The Board Finance Committee has the following responsibilities:

- 1) Oversight of the Board budget.
- 2) Monitor the co-op's financial operations.
- 3) Review financial statements that are presented to the Board and the membership.
- 4) Make financial recommendations to the Board regarding such items as patronage dividends, allocating co-op surplus, audits and auditors, and entering into partnerships.

Management Linkage Committee Charter

Policy Type: Management Limitations

Policy: Limits – Global Management Constraint

Revised: October 4, 2011

Committee: Personnel Committee

Review in: July (After manager evaluations)

The Management shall neither cause nor allow any practice, decision, action, omission, or organizational circumstance that is either unlawful, imprudent, contrary to explicit bylaws, in violation of the Seven Cooperative Principles, or in violation of commonly accepted businesses and professional practices. All activity shall be for the purpose of achieving ACG’s Ends Policies.

LIMITS OVERVIEW – MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	General Manager	BOD	July

Policy: Limits 1 – Customer Service and Value

Revised: November 21, 2010
Committee: Personnel Committee
Review in: June

Value and service to customers shall not fall significantly behind market standards.

Accordingly, the Management Team shall neither cause nor allow:

- L1.1 Quality and freshness to drop below market standards
- L1.2 Customers without publicized access to information and educational opportunities regarding food, nutrition, health, and consumer and environmental issues.
- L1.3 Customer exposure to an unsafe shopping experience.
- L1.4 A failure to define and promote excellent customer service
- L1.5 A failure to develop a program to assess customer service including direct feedback from customers

“Market Standard” for comparison analysis of our business practices will comprise of two elements:

- 1) other natural food cooperatives locally, regionally and nationally.
- 2) other local independently owned whole/natural food stores within Portland.

LIMITS 1 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	General Manager	BOD	June

Policy: Limits 2 –Staff Treatment, Training, and Compensation

Revised: November 21, 2010
Committee: Personnel Committee
Review in: June

Paid staff and volunteers shall not be subjected to illegal, unfair, undignified, or unsafe treatment or conditions. Staff shall not lack understanding or training relating to their job duties, or relating to the broader functioning of the cooperative.

Accordingly, the Management Team shall neither cause nor allow:

- L2.1 Operation without written personnel policies.
- L2.2 Inadequate documentation, security and retention of personnel records and all personnel related decisions.
- L2.3 Employees to have no known procedure by which grievances of any reasonable type can be fairly and thoroughly reviewed.
- L2.4 Failure to evaluate each staff member at least annually based upon an established process auditable by the BOD.
- L2.5 Failure to provide staff with an annual opportunity to evaluate the performance of the management team and to provide adequate response to staff’s evaluations.
- L2.6 Compensation and benefits that are internally or externally inequitable.
- L2.7 Staff to be uninformed that employment is neither permanent nor guaranteed.

LIMITS 2 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	General Manager	BOD	June
<u>In addition:</u>			
Executive Report	General Manager	BOD	June

Description: The management team will provide an annual report to the board of directors, detailing their complete compensation package. (Outlined in M-5)

Policy: Limits 3– Financial Condition

Revised: June 07, 2011
Related: E6 & G3.3
Committee: Finance Committee
Review in: October

Actual financial conditions and performance shall not incur fiscal jeopardy. Accordingly, the Management Team shall not fail to implement written policies that:
L3.1 Ensure security of data and funds, fiscal transparency, and fiscal accountability
L3.2 Ensure that ACG follows best practices in fiscal controls

LIMITS 3 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	General Manager	BOD	May
<i>Description: Monitoring report addressing the entire policy.</i>			
Executive Report	General Manager	BOD	May
<i>Description: A year end Profit and Loss Report, Balance Statement, and a report that shows actual performance in comparison to the approved budget.</i>			
In addition, the following reports will be provided on the schedule listed, to be produced by the management team when the period covered by the report has been closed, and emailed out at least 1 week prior to the meeting:			
“Board Report”	General Manager	BOD	Quarterly
<i>Description: report highlighting pertinent aspects of financial performance. The format of this report shall be reviewed annually, to reflect currently relevant issues in financial performance.</i>			
Balance Statement	General Manager	BOD/Fin Com.	May, Aug, Nov, Feb
<i>Description: Quarterly balance statement to be emailed to the BOD, not presented at the meeting.</i>			
P&L & Cash Flow Stmt	General Manager	Finance Comm	Quarterly
<i>Description: Monthly and YTD Profit and Loss and Cash Flow report, with comparisons between actual performance and budget.</i>			

Policy: Limits 4– Budgeting/Financial Planning

Revised: November 21, 2010

Related: E6

Committee: Finance Committee

Review in: December

Budgeting for all or any part of a fiscal period shall not risk fiscal jeopardy, contain too little detail for the board to make a reasonable and accurate decision, be brought to the board in a first draft less than three months before it needs to be passed, deviate materially from board policies on Ends, or fail to be derived from a multi-year plan.

LIMITS 4 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	General Manager	BOD	December

Description: The budget, narrative addressing items in this policy, and notes.

Policy: Limits 5– Asset Protection

Revised: November 21, 2010

Committee: Finance Committee

Review in: July

Assets shall not be inadequately maintained, unnecessarily risked, or unprotected.

Accordingly, the management team shall neither cause nor allow:

L5.1 Insurance coverage of stock, building, furniture, and equipment to fall below 90% replacement value.

L5.2 Unnecessary exposure of the organization, staff, or directors to losses and claims of liability.

L5.3 Purchasing that risks conflicts of interest.

L5.4 Receipt, processing, or disbursement of funds under controls insufficient to meet generally accepted accounting principles (GAAP), or a board-appointed auditor’s standards.

L5.4.1 An absence of, or lack of strict compliance with, procedures established by the Management Team with respect to the handling of cash.

L5.5 Any unnecessary risk to building and equipment from a lack of maintenance.

L5.6 Operation of the organization in a way that unnecessarily risks theft, loss, or damage to property.

L5.7 Deposit of the organization’s funds in institutions where they are not fully protected.

L5.8 Shares funds to be:

- used for purposes other than to pay down long term liabilities (member loans, PDC Loan) and to acquire fixed assets (refrigerators, etc.).
- inadequately tracked.

L5.9 Compromise the independence of the board’s audit or other external monitoring or advice

LIMITS 5 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	General Manager	BOD	July
<i>Description: report on entire policy.</i>			
External Report	BOD	BOD	July
<i>Description: An annual review or audit, including a review of cash handling procedures and their implementation.</i>			
Balance Statement	General Manager	BOD/Fin Com.	May, Aug, Nov, Feb
<i>Description: Quarterly balance statement to be emailed to the BOD, not presented at the meeting.</i>			
Executive Report	General Manager	BOD	July
<i>Description: Report inflows and expenditures of shares funds (L5.8).</i>			

Policy: Limits 6– Communication and Counsel to the Board

Revised: November 21, 2010
Related: M2, M3, M4
Committee: Personnel Committee
Review in: March

Information provided to the board shall not have significant gaps in timeliness, completeness, or accuracy. Accordingly, the Management Team shall neither cause nor allow:

- L6.1 Submission of untimely, inaccurate, or confusing monitoring data or reports.
- L6.2 The board to be unaware of relevant trends, public events of the organization, and material internal and external changes, particularly changes which affect the assumptions upon which board policy has previously been established.
- L6.3 Any member of the management team to be absent from any portion of any board meeting. If emergencies require managers to miss meetings, they should not miss more than three in a given year, and no more than two in a row.
- L6.4 Incomplete or untimely submission of annual plans, budgets, or other proposals for board review, insufficient time for board members to review management proposals prior to discussion, or insufficient copies of management proposals at board meetings.
- L6.5 The failure to maintain coop archives, with the current and previous year in paper form at the coop, that include board and committee minutes, annual meeting minutes, all monitoring documents (including financial reports and other reports emailed to board, or delivered to board meetings), bylaws, policy governance.
- L6.6 Archives to be unavailable to board members in electronic form.

LIMITS 6 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Direct Inspection	Board	Personnel Comm./Bd	March

Description: The Personnel Committee will initiate a survey of the entire board, compile results, and bring results, highlighting any deficiencies back to the board.

Policy: Limits 7– Management Succession & Emergency Management

Revised: November 21, 2010
Committee: Personnel Committee
Review in: May

The Management Team shall not operate without a plan for emergency management succession. Accordingly, the Management Team shall neither cause nor allow:

- L7.1 Failure to establish a “next in charge” to be used at any time a board appointed manager is unable to serve (planned or emergency absence).
- L7.2 Failure to notify the board and staff of who is designated to be next in charge, for each board appointed management position, and to require the next-in-charge to attend at least one board meeting per year.
- L7.3 Any aspect of store functioning to be impeded if for any reason a manager is unavailable.
- L7.4 Fewer than two employees who have
 - L7.4.1 Functional knowledge of all critical systems, software and procedures.
 - L7.4.2 Complete access to all coop records, data, funds, passwords, safes, and all other resources used in the functioning of the coop.
- L7.5 Any situation that would prevent the treasurer from having sufficient access to fully carry out their duties, including a unique read-only password for all financial records.

LIMITS 7 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	General Manager	Board	May

Policy: Limits 8– Board Logistical Support

Revised: November 21, 2010

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

Accordingly, the GMT will not:

- L8.1 Provide the Board with insufficient staff administration to support governance activities and Board communication.
- L8.2 Allow the Board to be without a workable mechanism for official board, officer, or committee communications.
- L8.3 Allow Board Members to be without an updated copy of the Policy Register and the Bylaws.
- L8.4 Provide inadequate information and notice to members concerning board actions, meetings, activities, and events.
- L8.5 Provide inadequate access to members concerning public portions of board records.
- L8.6 Allow the board to be without an accurate archive of board meeting minutes as well as agendas, reports, and activity summaries of membership meetings.
- L8.7 Allow the board to be without adequate facilitation for board meetings.
- L8.8 Allow the board president to be unaided in preparation of the board agenda.
- L8.9 Allow the board secretary to be unaided in formatting, preparing and publishing the board minutes.

LIMITS 8 MONITORING:

<u>How</u>	<u>By Whom</u>	<u>For Whom</u>	<u>Schedule</u>
Executive Report	General Manager	BOD	January

Policy Type: Board-Management Linkage

Policy: M – Global Board-Management Team Linkage

Revised: February 20, 2008

Related: L6

Committee: Board Maintenance & Development Committee

Review in: February

The board's sole official connection to the operational organization, its achievements, and conduct will be through managers hired and supervised by the Board.

Policy: M1 – Unity of Control

Revised: February 20, 2008

Related: G2, L6

Committee: Board Maintenance & Development Committee

Review in: February

Only decisions of the board acting as a body are binding on the Management Team.

Accordingly:

M1.1 Decisions or instructions of individual directors or committees are not binding on the Management Team except in rare instances when the board has specifically authorized such exercise of authority.

M1.2 In the case of directors or committees requesting information or assistance without the board's authorization, the Management Team can refuse such requests that require, in the Management Team's opinion, a material amount of staff time or funds, or are disruptive.

Policy: M2 – Accountability of the Management Team

Revised: February 20, 2008

Related: G3.3, L6, ACG Bylaws Article VIII

Committee: Personnel Committee

Review in: July (After Manager Evaluations)

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

Accordingly:

M2.1 The board will never give instructions to persons who report directly or indirectly to the Management Team.

M2.2 The board will refrain from evaluating, either formally or informally, any staff other than the Management Team

M2.3 The board will view Management Team performance as identical to organizational performance, so that organizational accomplishment will be viewed as successful Management Team performance.

Policy: M3 – Delegation to the Management Team

Revised: February 20, 2008

Committee: Personnel Committee, Board Maintenance & Development Committee

Review in: February

Does this go at the beginning of this document? Or the beginning of this section? Or in Section G?

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

Accordingly:

- M3.1 The board will develop policies instructing the Management Team 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 board policies on Ends.
- M3.2 The board will develop policies that limit the latitude that the Management Team 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 board policies on Executive Limitations.
- M3.3 As long as the Management Team uses any reasonable interpretation of the board policies on Ends and Executive Limitations, the management Team is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities.
- M3.4 The board may change its policies on Ends and Executive Limitations, thereby shifting the boundary between board and Management Team domains. By doing so, the board changes the latitude of choice given to the Management Team. But as long as any particular delegation is in place, the board will respect and support the Management Team's choices.

Policy: M4 – Monitoring Management Team Performance

Revised: February 20, 2008

Related: G3.3

Committee: Personnel Committee

Review in: July (After Manager Evaluations)

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

Accordingly:

M4.1 Monitoring is simply to determine the degree to which board policies are being met. Data that do not do this are not monitoring data.

M4.2 The board will acquire monitoring data by one or more of three Methods:

M4.2.1 By internal report, in which the Management Team discloses compliance information to the board.

M4.2.2 By external report, in which an external, disinterested third party selected by the board assesses compliance with board policies.

M4.2.3 By direct board inspection, in which a designated director or directors assess compliance with the appropriate policy criteria.

M4.3 In every case, the standard for compliance shall be any reasonable management team interpretation of the board policy being monitored.

M4.4 All policies that instruct the Management Team 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 the following schedule in G3.3

M4.5 The board will conduct an annual performance evaluation for each Manager. The Personnel Committee shall follow the procedure outlined in the appendix of this section of policy governance.

Policy: M5 – Manager Compensation

Revised: January 6, 2009

Committee: Personnel Committee

Review in: July (After Manager Evaluations)

The board of directors will ensure that the managers who it hires and evaluates are compensated fairly and in line with similar positions in other natural food stores and cooperatives in our area. The board of directors will set compensation and benefits for board-hired managers using the following guidelines:

M5.1 Wages

M5.1.1 The wage scale shall be from a minimum of \$13.39 to a cap of \$20.60 per hour, as of January 6, 2009. This scale will be changed yearly by the management team based on a cost of living index. The management team will bring this proposed change to M5 to the board for approval at the time that non-management staff receive a cost of living adjustment.

M5.1.2 Managers will routinely receive an automatic cost of living increase at the same time as non-management staff, using the same formula as other staff who have similar seniority and work similar number of hours.

M5.1.3 The management team will receive a seniority raise in the amount of \$0.75/hr at the yearly anniversary of their hiring.

M5.1.4 The board of directors will specify, in the job description, the maximum number of paid hours per week for each management position.

M5.2 Cash Bonuses

M5.2.1 Managers will routinely receive bonuses awarded to non-management staff, using the same formula as other staff who have similar seniority and work similar number of hours. The management team will bring this formula to the board for approval.

M5.2.2 At its discretion, the Board of Directors may award merit bonuses to a manager, based solely on excellent performance as documented in the manager's annual review.

M5.2.2.1 Any bonus funds awarded to managers by the board will not affect the funds available for personnel or bonuses to other staff.

M5.3 Paid Leave: Managers accrue paid leave in accordance with how it is awarded to other staff, unless specifically altered by the board of directors.

M5.4 Benefits Package: Manager benefits (insurance, discounts, etc.) are the same as the benefits package awarded to other staff who work the same number of hours and have similar seniority, unless the Board of Directors specifies different benefits.

M5.5 Professional development: The cooperative will maintain a separate expense account containing funds that are restricted to use for managers' professional development. Professional development resources and activities may be further specified during the annual review process.

M5.6 Expenses: Managers are to be reimbursed for all expenses that they personally incur as a result of doing their jobs, consistent with IRS regulations.

M5.7 The Management Team will provide an annual report to the board of directors, detailing their complete compensation package, at the board's May meeting (beginning of manager review process).

M5.8 Jury Duty Compensation: Managers shall be compensated for jury duty in accordance with how other staff are compensated, unless specifically altered by the board of directors.

SECTION M APPENDICES

Evaluations of General Management Team by the Board

The board will evaluate the GMT in the areas described below:

- Performance against Ends as monitored in the annual plan
- Performance against compliance to Limits as reported in monitoring reports from the last 12 months.

Evaluation of the GMT's performance will take place annually after the first of the year.

- The Personnel Committee will compile all the monitoring reports and Ends monitoring from the previous 12 months and create a summary of the performance of the GMT based on information gathered from the monitoring reports
- Review of the GMT will be finished before the annual meeting.

The Personnel Committee chair shall coordinate the review process. This includes:

- Gathering and compiling monitoring reports of Limits from the previous 12 month period and the Ends as monitored in the Annual Plan
- Setting up a meeting with the personnel committee to create a summary of the monitoring reports and recommendation for merit bonus to present to the board
- Ensuring that an executive session is placed on the board agenda
- Presenting the personnel committees summary about the performance of the management team.
- Presenting the summary to the management team at a closed board meeting after approval of the board including any performance improvement needed or merit bonuses awarded

Review follow up:

- Update board policies
- Update description of GMT if needed
- Personnel Committee chair will file review summary in manager personnel files stored at the Co-op

General Management Team Job Description

Approved 6/17/09

PURPOSE: The General Management Team (GMT) is responsible for managing the operations of the Alberta Cooperative Grocery, in order to meet the goals and objectives set by the Board of Directors. The GMT works in accordance with the Co-op's mission statement and the Cooperative Principles. The team members are hired by the board and jointly held accountable for the following areas of responsibilities: board-management linkage, planning, finance, operations, membership and outreach, and personnel. They are empowered by the Board to divide and delegate duties as necessary.

STATUS: Reports to the Board of Directors. Hires and supervises staff. Each manager is scheduled at 32-40 hours per week.

COMPENSATION: See Management Compensation Policy (M5)

RESPONSIBILITIES:

BOARD-MANAGEMENT LINKAGE

- A. Prepare and present timely and effective reports to the Board supported with appropriate analysis. Reports will focus on monitoring business performance and compliance with policies and limits defined by the Board, progress towards goals, significant deviations from goals, compliance of sound business performance, and plans for corrective action.
- B. Maintain effective communication and working relationships with Board Directors and Board President.
- C. Proactively identify and advise the Board about issues of concern or issues that could benefit the Co-op.
- D. Assist the Board in accessing training and support for fulfilling its duties.
- E. Support the board in ensuring external financial reviews/audits as necessary.

PLANNING

- A. Coordinate preparation of the annual business plan, based on long-range strategic plans and the Co-op's mission, policies, goals, and financial needs.
- B. In coordination with the Board, research and create long-range plans that reflect ACG's bylaws, mission, and end statements.
- C. Set performance objectives for the store, individual departments, and membership program. Meet with relevant staff to review performance in relation to goals; develop and implement plans for corrective action.
- D. Research and utilize national cooperative resources.

FINANCE

- A. Ensure fiscal responsibility in Co-op operations and the financial viability of the Co-op. Ensure Co-op financial practices, money handling, and other internal financial controls conform to acceptable accounting principles.
- B. Provide and interpret timely, accurate financial statements for the Board of Directors and Finance Committee. Provide financial analyses of current operations and projections for future plans.
- C. Coordinate preparation of annual operating and capital budgets for final approval by the Board of Directors.
- D. Manage the budget, monitor deviations, take corrective action and report to the Board on actions taken.
- E. Prepare financing proposals and obtain financing as directed by Board. Coordinate preparation of loan proposals and negotiate with financial institutions for favorable terms.
- F. Work with and oversee staff and/or contracted services to ensure timely, accurate accounts payable, payroll, accounts receivable, bank deposits, bank reconciliation, entering of daily cash receipts, and member equity records.
- G. Ensure timely, accurate tax payments. Work with outside accountant to obtain most favorable tax status.
- H. Prepare cash flow budgets for the annual business plan. Monitor cash flow. Invest savings, and schedule large expenditures to meet projected cash flow needs.

OPERATIONS

- A. Oversee the general functioning of daily store operations in collaboration with staff.

- B. Ensure a focus on providing a welcoming, positive, respectful store experience for all customers and staff. Prioritize meeting customer needs while maintaining store security/viability and employee safety and wellbeing.
- C. Ensure compliance with all applicable laws: business licenses, permits, health regulations, zoning, workers comp, employment security, etc.
- D. Ensure the physical plant is adequately maintained and functional, and meets all security, health and safety standards. Ensure assets are utilized productively and safeguarded from loss.
- E. Negotiate with landlords for leases and improvements.
- F. Negotiate with contractors for expansion, remodel and major repair and maintenance projects.
- G. Ensure adequate insurance for all Co-op operations.
- H. Oversee development of product and pricing strategies. Ensure the use of effective merchandising.

MEMBERSHIP & OUTREACH

- A. Ensure effective implementation of membership promotion, involvement programs, and shares program. Ensure the maintenance of accurate membership records.
- B. Ensure overall member satisfaction by monitoring key indicators. Develop and monitor the usage and value of the member benefit program.
- C. Ensure the Co-op maintains clear and effective communication with our membership. As the General Management Team, inform the membership through presentations at annual membership meetings, newsletter articles, and other means.
- D. Ensure the Co-op is marketed to the community to increase sales, membership, and visibility within the community.
- E. Represent or delegate other staff to represent Alberta Co-op in the N/NE and Portland communities as well as the national co-op community. Network with other co-ops and co-op organizations to further cooperative values and nurture cooperative economics.

PERSONNEL

- A. Ensure development of cost-effective, equitable, and legal personnel policies, using staff input.
- B. Plan for labor needs and coordinate hiring qualified staff for all positions, following established hiring policies.
- C. Ensure timely evaluations for all staff with objective criteria based on job descriptions.
- D. Ensure that performance problems are properly addressed, documented, and resolved.
- E. Control labor costs and enhance productivity.
- F. Ensure development and maintenance of job descriptions, training programs, and employee compensation and benefit packages.
- G. Provide adequate professional development opportunities for all staff, including the General Management Team. Prepare personal professional development plan to ensure ongoing educational opportunities.
- H. Foster employee job satisfaction and commitment to the Co-op. Ensure that Alberta Co-op promotes staff development and empowerment in support of its mission and for the benefit of all employees and member-owners.

GENERAL APPENDICES

Membership Policy

Revised: March 3rd, 2010

- A. A person who purchases a share, or subscribes to purchase a share will be considered a member-owner of the co-op and will have access to all rights and benefits of owners, immediately upon making their first payment.
- B. The share purchase amount will be \$180.
- C. Beyond the rights of membership established in our Bylaws III.6, the Alberta Cooperative Board establishes the following membership benefits:
 - a. 2% point-of-sale register discount
 - b. 10% case order discount
 - c. Special Member Appreciation Day discounts, coupons, and other incentives at the discretion of the Management Team, within the member benefit budget approved annually by the Board.
 - d. Sister Organization benefits at the discretion of the Management Team.
- D. Only members of a household may “share a share” and only two cards will be issued per household. One person will be the primary shareholder. She will be the party responsible for the membership and will be the only person who may terminate membership and redeem the share for money.
- E. An owner who does not keep current with required share payments will become inactive after 30 days and all benefits of ownership will be suspended. Benefits of ownership will resume when payment is received.
- F. A member terminates their membership by:
 - a. Requesting, in writing, that their membership be terminated and a refund of their share, or
 - b. Requesting, in writing, that their membership be terminated and contributing the share to the co-op (funds to be considered donated equity), or
 - c. The member’s survivor provides us a copy of the member’s death certificate and requests a refund to the person’s estate.
- G. Shares may be redeemed by an owner at any time and repayments will be made by the co-op within 30 days. Two exceptions to this:
 - a. repayments may be held until the six month anniversary of the date of the owner’s initial payment, and repayments may be delayed until replacement investments are secured. In this case, the member will be notified of the delay and when they can expect their refund.
 - b. Any money that the member owes to the co-op, such as NSF checks, will be subtracted from the refunded amount.
- H. An owner may not transfer her share to any other person.
- I. The Management Team will report inflows and expenditures of shares funds to the board, monthly.

Working Membership Policy

Approved: March 3rd, 2010

The purpose of the Working Member Program is to build community amongst our membership and provide a learning opportunity for member-owners. The Co-op functions primarily as an institution for community service, driven by our mission to serve as a community resource and gathering place, while providing fresh, high-quality, affordable food to the diverse members of North and Northeast Portland. The program is for the benefit of the members and not to meet the labor needs of the business; working members do not displace regular employees. Working members serve voluntarily without expectation or in contemplation of compensation. Working members who contribute time through in-store shifts (stocking, produce, cashier) are considered similar to interns, receiving an educational experience in consumer grocery co-op operations through training and support from staff. This program is part of our adherence to the 5th Cooperative Principle: “The Cooperative shall provide training and education to Cooperative membership to empower members to contribute effectively to the Cooperative’s development.”

- A. Any member-owner of the co-op may be a working member, provided they are an active member (not delinquent in their payments). The Management Team may negotiate payment plans allowing more frequent, smaller payments for people who wish to be working members and for whom \$30 payments are burdensome.
- B. The specific benefits and requirements of Working Membership shall be set at the discretion of the Management Team, within the budget approved by the Board and dependent on the needs and resources of the store. Benefits may include register discounts that are in addition to the regular member discount.
- C. Member equity that has been donated to the Co-op by departing members who choose not to receive a refund may be used to support the equity requirement of low-income members. The Management Team will oversee this Low-income Membership Fund program.

Current Strategic Planning Notes

Notes from Board retreat, October 2007 5-year goals & expansion planning discussions

5 Year Goals Brainstorm

1. Own and expand store
2. Move to another space
3. Become more a place not just a thing, but for regular weekly groceries(less convenience more destination)
4. Buy our space
5. Get second space
6. Save own space, to present offer to Roslyn – in charge of our destiny
7. Increase local food system, linkages: benchmark, strategies, goals
8. Higher profile role about food linkages and security
9. Creating usable open space in store for community to gather
10. Do assessment of our business goals and values and a plan to implement them
11. Option-to-buy in our lease
12. Non -floor receiving area
Create functional floor plan for store including: community members, receiving – everything
13. Evaluating how we relate to the people who were in the neighborhood before us
14. Proactive in engaging other businesses on the street
15. Consider relocating in the name of being a “Community”, store
16. Be involved in guiding the alberta business association.
17. Have a vision/goal of how much we can expand while still being a community store
18. Help other kindred start -up businesses
19. Fund staff development to be more inclusive
20. Be more part of nature neighborhoods / protecting wildlife habitat
21. Model vegetable garden
22. Define what it means to be a community store and become it
23. 3 Co-ops create a distributor
24. Kiddy play area not right near the exit
25. Child care center
26. Super used play area
27. A large strong neighborhood base of members
28. 1000 members
29. New floor
30. Have a plan for how we use our profits: growth, members, community development, activism, charity.

31. Active in sustainability: queen power, roof power, green roof, solar
32. Charge for bags
33. Eliminate paying credit card fees
34. Energy star rating
35. Carbon offsets
36. Funds for community social justice grants
37. Analysis/understanding of why we don't have more diverse customer base and plan addressing that
38. More diverse board
39. Incorporate anti-racism into what we do
40. More age diversity
41. More affordable/ accessible membership
42. Purchase from places (supplies and products) that don't exploit
43. Alt. transport promotion
44. Reduce parking lot to 2 handicapped
45. Board-staff linkage that empowers both groups

Prioritizing of 5-year Goals:

Feasible and Important: 33, 8, 19, 13, 6, 37, 3, 41, 39, 28, 14, 7, 1, 42, 19, 46, 18

These are the goals we want to focus on.

More discussion: 2, 5, 16, 18, 19, 23, 24, 26, 27, 30, 34, 35, 36, 40, 45

Feasible and Not Important: 15, 2

Not Feasible and Important: 11, 32, 12, 17, 43, 26, 25, 9

Not Feasible and Not Important: 45, 22, 21

Growth expansion discussion, visioning

Lease expires 2/2011

- A. Influence where things are headed in the neighborhood
- B. Growth with our mission
- C. Play to our strengths and figure out our niche/ uniqueness
- D. Grow without losing who we are
- E. Focus on sustainability
- F. Grow with our values
- G. Be proactive, not reactive about growth
- H. Don't grow faster than we can grow/mature organizationally with our values
- I. How to grow and hold onto our values, address our fears about this

J. Growth can give us resentment to do our values

Building

- Enthusiasm about ownership; we want to continue our space
- Reluctant to spend a lot of money on this space if we don't own it
- If we can't get the 2nd floor, we need to do something
- Possible to buy out a partner in the owner group
- Find out from Roslyn
- We want to buy
- Wait to invest in nailed down Cap. improvement, until we progress