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DFC BOARD OF DIRECTORS POLICIES

LAST REVISED JANUARY 17, 2020

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Appendices

Policy Type: Ends  
Policy Title: A – Global End  
Last Revised: July 16, 2018  
Last Reviewed: July 16, 2018

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**Our Ends:** The Davis Food Co-op exists to serve as a community store and gathering place for current and future owners, so they have:

1. A thriving cooperatively owned business;
2. Access to healthful, local and high-quality food;
3. A store that makes environmental sustainability a priority; and,
4. Staff who are valued, educated and motivated.

Policy Type: Executive Limitations  
Policy Title: B – Global Executive Constraint  
Last Revised: June 10, 2019  
Last Reviewed: June 10, 2019

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The General Manager shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, imprudent, or violates commonly accepted business and professional ethics and practices, or the Cooperative Principles.

Policy Type: Executive Limitations  
Policy Title: B1 – Financial Condition and Activities  
Last revised: November 12, 2018  
Last reviewed: May 11, 2020

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With respect to the actual, ongoing financial conditions and activities, the General Manager must not cause or allow the Cooperative to be unprepared for future opportunities, the development of fiscal jeopardy, or key operational indicators to be below average for our industry.

The GM must not:

1. Allow sales growth to be inadequate.
2. Allow operations to generate an inadequate net income.
3. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
4. Allow solvency (the relationship of debt to equity) to be insufficient.
5. Allow growth in ownership and owner paid-in equity to be insufficient.
6. Default on any terms that are part of the Cooperative's loans.
7. Allow late payment of contracts, payroll, loans or other financial obligations.
8. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
9. Acquire, encumber or dispose of real estate.
10. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
11. Make any single capital expenditure over \$75,000 without board approval.
12. Neglect to include a list of all capital expenditures in the financial report.
13. Use restricted funds for any purpose other than that required by the restriction.
14. Allow financial record keeping systems to be inadequate or out of the conformity with Generally Accepted Accounting Principles (GAAP).
15. Make any loans without direction of the Board by written resolution.

Policy Type: Executive Limitations  
Policy Title: B2 –Planning and Financial Budgeting  
Last revised: October 17, 2016  
Last reviewed: October 17, 2016

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The General Manager must not operate without annual and multi-year budgets and plans that address intentional and improved Ends accomplishment along with avoidance of fiscal jeopardy.

The GM must not:

1. Create plans or budgets that
  - a. Risk incurring those situations or conditions described as unacceptable in the Board policy “Financial Condition and Activities.”
  - b. Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
  - c. Do not address excellence in business systems and operations.
  - d. Have not been tested for feasibility.
2. Provide less for Board prerogatives during the year than is set forth in the board budget.

Policy Type: Executive Limitations  
Policy Title: B3 – Asset Protection  
Last revised: October 17, 2016  
Last reviewed: October 17, 2016

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

The GM must not:

1. Allow equipment and facilities to be inadequately insured, or otherwise unable to be replaced if damaged or destroyed, including coverage for any losses incurred due to business interruption.
2. Allow unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Allow deposits or investments to be unreasonably risked.
4. Allow inadequate security of premises and property.
5. Allow data, intellectual property, or files to be unprotected from loss, theft or significant damage.
  - a. Allow improper usage of members' and customers' personal information.
6. Allow purchasing that is uncontrolled or subject to conflicts of interest.
7. Allow lack of due diligence in contracts.
8. Allow damage to the Cooperative's public image.

Policy Type: Executive Limitations  
Policy Title: B4 – Membership Rights and Responsibilities  
Last Revised: August 14, 2017  
Last Reviewed: May 11, 2020

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The General Manager must not allow members to be uninformed or misinformed of their rights and responsibilities.

The GM must not fail to:

1. Create or implement a member equity system with the following qualities:
  - a. The required member equity, or fair share, is determined by the Board.
  - b. Members are informed that equity investments are a) at risk, and b) generally refundable, though the Board retains the right to withhold refunds when necessary to protect the Cooperative's financial viability.
  - c. Equity will not be refunded if such refunds would lead to a net decrease in total member-owner paid-in equity at the end of any reporting period, or would risk, cause or exacerbate non-compliance with any Financial Condition policy.
2. Implement a patronage dividend system that
  - a. Complies with IRS regulations.
  - b. Allows the Board to examine a range of options and implications, so the Board can make a timely determination each year concerning how much, if any, of the Cooperative's net profit will be allocated and distributed to members.

Policy Type: Executive Limitations  
Policy Title: B5 – Treatment of Customers  
Last Revised: October 17, 2016  
Last Reviewed: February 11, 2019

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The General Manager must not be unresponsive to customer needs.

The GM must not fail to:

1. Strive to provide exceptional value and service to customers.
2. Continuously examine industry best practices for customer service.
3. Operate a system for soliciting customer feedback and responding in a timely manner.

Policy Type: Executive Limitations  
Policy Title: B6 - Staff Treatment and Compensation  
Last revised: May 11, 2020  
Last Reviewed: May 11, 2020

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The General Manager must not treat staff in any way that is unfair, unsafe, or unclear. Will promote a positive workplace that promotes retention of good employees.

The GM must not fail to:

1. Operate with a written personnel policies manual that covers Davis Food Co-op employment practices and is consistent with California laws.
2. Promote equitable application of personnel policies.
3. Provide for adequate documentation, security and retention of personnel records.
4. Establish compensation and benefits that are internally and externally equitable.

Policy Type: Executive Limitations  
Policy Title: B7 – Communications with the Board  
Last Revised: June 10, 2019  
Last Reviewed: January 13, 2020

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

In furtherance of this requirement, the General Manager shall not fail to:

1. Submit monitoring reports to the Board. These reports shall be timely, accurate, and include operational definitions and verifiable data directly related to each section of the policy.
2. Report in a timely manner any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance and a proposed schedule regarding follow-up reporting.
3. Inform the Board of all legal actions against the Board or the DFC.
4. Inform the Board of any relevant media coverage, trends, public events, and internal or external changes affecting the DFC.
5. Share their opinion if they believe the Board is not complying with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the relationship between the Board and the General Manager.
6. Treat all members of the Board equitably.
7. Supply a list and summary of all decisions delegated to the GM that require Board approval by reason of law, regulation, or contract for inclusion on the Board's consent agenda.
8. Provide a mechanism for official board, officer, Committee and Task Force communications.

Policy Type: Executive Limitations  
Policy Title: B8 –Board Logistical Support  
Last Revised: October 17, 2016  
Last Reviewed: October 17, 2016

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The General Manager must allow the Board to have adequate logistical support.

The GM must not fail to:

1. Provide the Board with sufficient staff administration to support governance activities and Board communication.
2. Allow the board to have a workable mechanism for official board, officer or committee communications.
3. Allow directors to possess a current copy of the Policy Register and the Bylaws.
4. Provide adequate information and notice to members concerning Board actions, meetings, activities and events.
5. Allow sufficient archiving of board documents.

Policy Type: Executive Limitations  
Policy Title: B9 – Emergency GM Succession  
Last revised: October 17, 2016  
Last reviewed: October 17, 2016

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To protect the Board from sudden loss of GM services, the GM must not have less than one other manager sufficiently familiar with Board and GM issues and processes to enable her/him to take over with reasonable proficiency as an interim successor.

Policy Type: Board Process  
Policy Title: C – Global Governance Commitment  
Last Revised: November 14, 2016  
Last Reviewed: November 14, 2016

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Acting on behalf of our owners, the Board ensures the success of the cooperative by working together effectively, empowering and holding accountable professional management, providing strategic leadership for our cooperative, and perpetuating our democratic organization.

Policy Type: Board Process  
Policy Title: C1 – Governing Style  
Last Revised: November 12, 2018  
Last Reviewed: November 12, 2018

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We will govern the DFC as a cooperative enterprise, respecting democratic governance, strategic leadership, and accountable empowerment, with consideration of the impact our decisions could have on Business, Member-Owners, Management, and Staff.

In order to do this, we will:

1. Be a strategic leader by focusing our vision outward and toward the future.
2. Use effective systems to delegate authority to professional management, holding the use of that power accountable, and clearly distinguishing between board and management responsibilities.
3. Use Policy Governance as a tool of effective decision-making.
4. Use a thoughtful process that maintains board authority and responsibility.
5. Follow the seven cooperative principles: Open Membership, Democratic Member Control, Member Economic Participation, Autonomy and Independence, Ongoing Education, Cooperation among Cooperatives, and Concern for Community.
6. Follow all relevant laws and bylaws.

Policy Type: Board Process  
Policy Title: C2 – The Board’s Job  
Last Revised: November 14, 2016  
Last Reviewed: January 13, 2020

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In order to govern successfully, we will:

1. Practice, protect, promote and perpetuate a healthy democracy for our Cooperative.
2. Hire, compensate, delegate responsibility to, and hold accountable a General Manager.
  - a. Use a strategic process to establish the value of GM compensation and complete this process in a timely manner.
3. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
4. Rigorously monitor operational performance in the areas of Ends and Executive Limitations, and Board performance in the areas of Board Process and Board-Management Relationship.
5. Perpetuate the Board’s leadership capacity using ongoing education and training, a robust recruitment, qualification and nomination process and fair elections.
  - a. Ensure that DFC election policies are established, maintained, and adhered to.
6. Perform other duties as required by the bylaws or because of limitations on GM authority.

Policy Type: Board Process  
Policy Title: C3 – Agenda Planning  
Last Revised: January 13, 2020  
Last Reviewed January 13, 2020

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We will follow a strategic multi-year work plan presented in an annual calendar and produce meeting agendas that focus our attention forward and outward.

1. Under the direction of the president we will create and modify as necessary, an annual calendar that includes tasks and events related to our multi-year work plan, membership meetings, Board training schedules, monitoring schedule, the annual election and the GM evaluation and compensation decisions as outlined in our Board-Management Relationship policies. The annual calendar will break out the meetings of committees and task forces and will be reviewed and updated by them monthly as part of the Board meeting packet.
2. Board meeting agendas will be determined by the Board president with input from the Executive Committee (if the president desires to have such a committee), and may be modified at the meeting by a majority vote of the Board.

Policy Type: Board Process  
Policy Title: C4 – Board Meetings  
Last Revised: December 9, 2019  
Last Reviewed: December 9, 2019

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Board meetings are for the task of getting the Board’s job done.

1. We will use Board meeting time only for work that is the whole Board's responsibility. We will avoid committee issues, operational matters, personal concerns and other topics that are not the highest and best use of our time.
2. Meetings, but not executive sessions, shall be open to the membership.
  - a. We may occasionally use executive session to deal with confidential matters. When possible, an announcement of the executive session should be on the published agenda.
  - b. Minutes of the executive session will be approved only in executive session and shall be kept in a confidential file available only to the Board. The regular meeting minutes will indicate the executive session happened, the reason for the session, and any non-confidential decisions that the Board wants placed in the regular minutes.
3. We will seek consensus through discussion. We will then finalize and document decisions through the use of motions, seconds and majority vote.
4. If we must make a decision outside of a regular meeting, the vote on that decision shall be unanimous and affirmed in writing by all directors. We will include a record of that decision in the minutes of the next regular meeting.

Policy Type: Board Process  
Policy Title: C5 – Directors’ Code of Conduct  
Last Revised: August 14, 2017  
Last Reviewed: August 14, 2017

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We each commit ourselves to ethical, professional and lawful conduct.

1. Every director is responsible at all times for acting in good faith, in a manner which she/he reasonably believes to be in the best interests of the Cooperative, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.
2. Directors must demonstrate unconflicted loyalty to the interests of the Cooperative’s owners. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other Boards or staffs, and the personal interest of any director acting as an individual consumer or member.
3. Directors will engage in discussions to gain a shared understanding of what is a potential conflict of interest and how to deal with it/them.
  - a. There will be no self-dealing or any conduct of private business or personal services between any director and the Cooperative except as procedurally controlled to assure openness, competitive opportunity and equal access to “inside” information.
  - b. At a new director’s first board meeting, he/she will complete the “Conflict of Interest Disclosure” form and will verbally report to the whole board the potential conflicts. Any subsequent potential conflicts will be reported to the whole board immediately.
  - c. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director shall abstain from the conversation and the vote.
  - d. A director who applies for employment must first resign from the Board.
  - e. Any director who is also a paid employee has the same duties and responsibilities as any other director and has the additional duty of clearly segregating staff and Board responsibilities.
4. Directors may not attempt to exercise individual authority over the organization.
  - a. When interacting with the GM or employees, directors must carefully and openly recognize their lack of authority.
  - b. When interacting with the public, the press, or other entities, directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated Board decisions.
5. Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.
6. Directors will prepare for attend and participate fully in all Board meetings and trainings.
7. Directors who are unable to be present at a board meeting are encouraged to attend electronically and will be counted in attendance. Board members who are unable to attend a meeting either in person or electronically, are encouraged to provide the secretary with written comments on agenda items before the meeting takes place.
8. Directors will support the legitimacy and authority of the Board’s decision on any matter, irrespective of the director’s personal position on the issue.
9. Any director who does not follow the code of conduct policy can be removed from the Board by a 2/3 majority vote of the remaining Board.

Policy Type: Board Process C6 –  
Policy Title: Officers' Roles  
Last Revised: December 9, 2019  
Last Reviewed: December 9, 2019

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We will elect officers in order to help us accomplish our job.

1. Officers:

- a. No officer has authority to supervise or direct the General Manager or staff.
- b. May delegate their authority but remain accountable.
- c. All Officers ensure that the Board acts consistently with Board of Director Policies.
- d. May sign contracts on behalf of the Board only upon Board approval.

2. The President:

- a. Shall facilitate Board meetings and the Annual Membership Meeting.
- b. Shall set the agenda for Board meetings.
- c. Shall act as Board liaison with the General Manager and share important developments with the Board.
- d. Shall plan for leadership (officer) perpetuation.
- e. Is authorized to make decisions that are consistent with Board Process (C Policies) and Board-Management Relationship policies (D Policies) in order to facilitate Board functioning.
- f. Is authorized to represent the Board to consultants and outside parties.
- g. May sign documents for the Cooperative as required by contract or law

3. The Vice- President shall perform the duties of the President in his or her absence.

4. The Treasurer shall:

- a. Chair the Finance Committee.
- b. Create and monitor the Board's budget.
- c. Facilitate the Board's understanding of the financial condition of the Cooperative
- d. Review all tax returns.
- e. Sign engagement letters with audit/review/tax firms.
- f. Work with the Finance Committee to lead the directors in reviewing the Cooperative's budget before Board approval.

5. The Secretary shall:

- a. Ensure that Bylaws and Board of Director Policies are kept up to date for the Board, membership, and wherever publicly available.
- b. Ensure that the Board's documents are accurate, up to date, and appropriately maintained.
- c. Ensure that notices of Board and membership meetings as well as minutes from those meetings are posted.
- d. Keep the Board informed of correspondence directed to the Board and respond as appropriate.
- e. Sign documents for the Cooperative as required by contract or law.

Policy Type: Board Process  
Policy Title: C7 – Board Committee and Task Force Principles  
Last Revised: June 10, 2019  
Last Reviewed: June 10, 2019

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The Board may charter Committees and Task Forces to help us accomplish our job. They help the whole Board move forward by considering issues, researching alternatives, and presenting options, information, and/or proposals for Board consideration.

1. Committees and Task Forces shall be formed by written charters approved by the Board. In general, Committees are recurring and Task Forces are formed for temporary, specific and time-defined purposes.
2. Committees and Task Forces may not speak or act for the Board except when formally given such authority for specific and time-limited purposes
3. The Board may establish, annually review, and amend Committee and Task Force Charters.

Policy Type: Board Process

Policy Title: C8 – Governance Investment

Last Revised: January 13, 2020

Last Reviewed: January 13, 2020

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We will invest in the Board's governance capacity.

1. We will make sure that Board skills, methods and supports are sufficient to allow us to govern with excellence.
2. We will incur governance costs prudently.
  - a. We will use training and retraining liberally to orient new directors and board candidates, as well as to maintain and increase existing directors' skills and understanding.
  - b. We will arrange professional monitoring assistance as necessary so that the Board can exercise control over Board and DFC performance.
  - c. We will use outreach mechanisms as needed to ensure our ability to listen to owner viewpoints and values.
  - d. We will use professional and administrative support.
3. We will develop the Board's annual budget in a timely way so that it can be included with development of the Cooperative's annual budget.
4. We will maintain our strength and continuity through the recruitment and development of skilled, committed and motivated directors.

Policy Type: Board Process  
Policy Title: C9 – Board Relations with Members  
Last Revised: January 9, 2017  
Last Reviewed: January 9, 2017

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The Board will take actions sufficient to ensure that open communication exists between Directors and members. These will include reporting on Board activities and accepting input from members.

It is our policy and procedure to prefer informal mediation as a means of settling conflict between member-owners and the Board.

Policy Type: Board Process  
Policy Title: C10 – Referendum and Initiatives  
Last Revised: September 5, 2018  
Last Reviewed September 5, 2018

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### **Referendum**

In the event it shall be deemed advisable for any reason, the Board of Directors may conduct a member vote on a specific issue or issues. Such a vote is a “Referendum.”

### **Initiatives**

This section discusses two types of initiatives: boycott and non-boycott initiatives. Because of member driven nature of initiatives, this policy sets out specific procedures to insure uniform consideration of member concerns.

In every case, the goal is to try to resolve an issue raised by a member or members without the need for a ballot measure.

### **Boycott Initiatives**

Prior to soliciting member signatures or endorsement for a Boycott Initiative, any member or members in good standing who believe the Co-op should discontinue or de-emphasize a product should provide the Board of Directors with the following information in writing:

- The reason for the proposed action and an explanation of how this change will benefit the overall membership and the community;
- Documentation supporting that reason;
- The names of organizations supporting the action in question or other similar actions;
- The names of any other co-ops or grocery stores presently supporting the action in question or other similar actions;
- A complete list of products covered by the proposed action; and
- An exact list of products covered by the proposed action which are carried (at the relevant time) by the Davis Food Co-op.

## **Non-Boycott Initiatives**

Prior to a soliciting member signatures or endorsement for any reason other than a boycott, any member in good standing shall make a proposal to the Board of Directors by providing the following information in writing:

- The precise action desired;
- The reason for the proposed action and an explanation of how this change will benefit the overall membership and the community;
- Documentation supporting that reason;
- The names of organizations supporting the action in question or other similar actions; and
- The names of any other co-ops or grocery stores presently supporting the action in question or other similar actions.

The Board will certify at a regular Board Meeting that the information presented is complete and require the GM to respond to the Board with a recommendation regarding the proposed action in writing by the next Board meeting. If the Board does not certify that the information in the proposed initiative is complete, the Board must do so with a vote in the form "The Board acknowledges receipt of proposal X, but asks member X to complete the proposal by providing XYZ."

If the Board is unsatisfied with the action chosen or response given (including a non-response) by the GM, the Board may vote to place the proposal on the ballot as a referendum.

If a member is unsatisfied with the response of the GM and/or of the Board, they may put commence solicitation of the required member signatures to put forward an initiative.

In all cases, it is the preference of the Board of Directors to address member preferences about policy and specific products by education and compromise, rather than resorting to initiatives.

After completing the former process, members have the right to solicit the required member signatures to put forward an initiative for a member vote, provided that the initiative is for a lawful and proper purpose, and is not of such a controversial or divisive nature, that it creates a significant and disproportionate risk of harm to the cooperative, and permanent member, shopper, or employee loss and/or resignations. The Board in its sole discretion shall have the right to evaluate the propriety of any initiative and the likelihood the initiative will cause such a significant and disproportionate risk.

The required member signatures for boycott and non-boycott initiatives may be collected by petitioning of members, subject to the following conditions:

1. The written initiative petition is signed by no fewer than fifteen percent of shareholders in good standing.

The determination of what constitutes “fifteen percent of shareholders in good standing” shall be made based on the first day of the month preceding the date on which the petition is submitted or filed.

2. The petition must be filed with the Board, or its designated agent(s), within 120 days of the date the first signature was collected. A petition shall be deemed “filed with” or “submitted to” the Board on the date it is received by the Board, or its designated agent(s), after the completion of all relevant procedures set forth in this Policy.
3. In order to be considered for inclusion on the ballot for any Co-op election, the petition must be filed at least 120 days before that election begins.
4. Upon receiving an initiative, the Board shall review it and inform the member(s) who submitted it, within 45 days, and in writing, whether the initiative satisfies the requirements set forth in these Policies and meets the requirements of the Co-op’s Bylaws.

Determinations of whether the petition satisfies the requirements stated in Policy and in Bylaws, shall be made by the Board, in good faith, after the exercise of reasonable diligence, without bias. But acknowledging its legal and fiduciary obligations, which include business considerations made in the best interest of the corporation.

5. The Board shall notify the members(s) who submitted an initiative, in writing, of the Board’s decision and the stated reasons therefore.
6. If any initiative is not submitted to or filed with the Board pursuant to the procedures described above, or if the Board determines that the initiative does not satisfy the requirements set forth in this Policy, the Board shall have the authority to reject said initiative, and refuse to send it to the members for a vote.
  - a. If the Board rejects the petition, it shall notify the members(s) who submitted it, in writing, of the Board’s decision and the stated reasons therefore. Where the Board rejects an initiative because it is not submitted or filed pursuant to the procedures set forth in this Policy, the Board may, at its discretion, give the member(s) who submitted said initiative an opportunity to cure the defect(s), and resubmit the initiative within a time period specified by the Board.
  - b. If the Board does not provide any opportunity to cure said defect(s), no further petitioning for such an initiative may take place for at least 12 months from the date of its rejection. Where the Board rejects an initiative on the grounds that it is unlawful and/or harmful to the Co-op, an identical or substantially similar initiative may not be proposed, unless the Board is satisfied that any unlawfulness or harm to the Co-op has been cured.
7. Initiatives that are timely and properly filed with the Board in accordance with the requirements of this Policy shall be presented to the members for a vote at the next regularly-scheduled general, or, at the Board's discretion, special election, within 12 months of such submission to the Board. Notwithstanding any other provision of this part, initiatives that are rejected by the Board pursuant to the processes described above shall not be presented to members for a vote.

Policy Type: Board-Management Relationship

Policy Title: D – Global Board-Management Connection

Last Revised: December 12, 2016

Last Reviewed: December 12, 2016

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The Board's sole official connection to the operations of the cooperative will be through the General Manager.

Policy Type: Board-Management Relationship

Policy Title: D1 – Unity of Control

Last Revised: June 10, 2019

Last Reviewed: June 10, 2019

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Only officially passed motions of the Board are binding on the General Manager.

1. Decisions or instructions of individual Directors, Officers, or Committees and or Task Forces are not binding on the General Manager except in rare instances when the Board has specifically authorized this power.
2. In the case of Directors, Officers, Committees or Task Forces requesting information or assistance without Board authorization, the General Manager can refuse any requests that, in the General Manager’s opinion, may disrupt operations or that require too much staff time or resources.

Policy Type: Board-Management Relationship

Policy Title: D2 – Accountability of the GM

Last Revised: December 12, 2016

Last Reviewed: December 12, 2016

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The General Manager is the Board's only link to operational achievement and conduct.

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

Policy Type: Board-Management Relationship

Policy Title: D3 – Delegation to the GM

Last Revised: December 12, 2016

Last Reviewed: December 12, 2016

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The Board delegates authority to the GM through written Ends and Executive Limitations policies.

1. As long as the GM uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the GM is authorized to establish all further policies, practices and plans for the cooperative. The Board will respect and accept the GM's choices as long as those choices are based on reasonable interpretations of Board policies.
2. If the Board changes an Ends or Executive Limitations policy, the change only applies in the future.

Policy Type: Board-Management Relationship

Policy Title: D4 – Monitoring GM Performance

Last Revised: December 12, 2016

Last Reviewed: December 12, 2016

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

1. The Board will acquire monitoring information by one or more of three methods: (a) by internal report, in which the GM discloses policy interpretations and compliance information to the Board; (b) by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies; or (c) by direct Board inspection, in which a designated director(s) or task force assesses compliance with the policy.
2. In every case, the Board’s standard for compliance will be any reasonable GM interpretation (as described by operational definitions and metrics) of the Board policy being monitored. The Board is the final arbiter of reasonableness but we will always judge with a “reasonable person” test rather than with interpretations favored by individual directors or by the Board as a whole.
3. The Board will accept that the GM is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
4. The Board will monitor all policies that instruct the GM. The Board can monitor any policy at any time by any method listed above but will ordinarily follow the schedule outlined in the Board Annual Calendar.
5. The Board's annual evaluation of the General Manager, based on a summary of the monitoring reports received will be completed by January 31. The Board will make its decisions concerning the evaluation no later than February 28.

Policy Type: Elections

Last Revised: January 13, 2020

Last Reviewed: January 13, 2020

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## **Overview of Elections**

Elections shall be held in accordance with applicable California statutes, in a manner prescribed by the Davis Food Co-op Bylaws, the Board of Directors and these Election Policies. Annual Elections shall include election of Directors to the Board and may also include binding votes on matters within the authority of the membership and/or non-binding votes that are advisory only.

### **1. Special Elections**

Special Elections may be called by a majority vote of the Board of Directors or by a majority vote of owners at a lawful Membership Meeting where a quorum is present.

### **2. Voting**

- a. Each shareholder who is in good standing on the last day of balloting shall be entitled to one vote in each election. No voting shareholder shall be entitled to more than one vote regardless of the number of shares owned. All votes shall be secret votes.
- b. Proxy voting is prohibited in cooperatives by California law. Giving a vote to a member of the household who is not designated as co-owner in the member's records to cast for the shareholder is defined as proxy voting.
- c. Five percent (5%) of the shareholders in good standing shall constitute a quorum for any election or action reserved to the members under the DFC Bylaws unless a larger quorum is required by law. No quorum is required for non-binding (advisory) votes.
- d. Approval by a majority of those shareholders in good standing who vote in a given election shall constitute approval by the membership, unless a larger proportion is required by law or by another provision of the DFC Bylaws. Notwithstanding, election of Directors shall be by a plurality of votes.

### **3. Board and Management Responsibilities**

- a. The Board shall ensure that procedures for the annual election (and any other elections duly called) comply with applicable laws and the DFC Bylaws. Declared candidates for positions on the Board of Directors in the next election may not participate in these activities.
- b. Procedures for elections shall be approved by the Board of Directors at least 60 days before the election begins and shall be posted conspicuously in the store at least 30 days before the election begins. Procedures shall include an Election Calendar, Nomination and Candidacy procedures, voting and counting methods, and a secure & confidential chain of custody for all ballots cast, at a minimum. Management shall assure that staff execute the necessary actions and contracts to carry out the procedures.
- c. The Board shall appoint one or three Inspectors of Elections (as defined in the California Corporations Code §12483) at least 30 days before each election. No declared candidate shall serve as an Inspector of Elections during their candidacy.

d. The Inspector(s) of Election shall assure that votes are counted in a fair, secure, and timely manner. Once the results are reported to the Inspector(s) of Elections, the Inspector(s) shall provide a report of the election results to the Board of Directors. The results become official only upon certification by the Board. Election results shall be posted in the store, and all candidates notified, within 36 hours after certification and no later than 14 days after the close of the election.

e. Management shall assure that election results, ballots, and votes are stored for one year after the close of the election, in such a way that they are secure from tampering and available to the Board upon request.

#### **4. Director Candidates and Initiatives**

A. Notice of the election, the names of any eligible candidates for election to the Board of Directors, and the full text of any proposed initiatives that meet the requirements in the Bylaws and Board Policies on the ballot shall be conspicuously posted in the store and on the Co-op's website for the duration of the election.

B. In an election that includes replacing one or more board members whose full terms are incomplete, Board seats shall be allocated according to the number of votes cast. Board members with the higher number of votes will be assigned the longer terms, and those with the lower number of votes will be assigned the shorter terms.

C. Leafleting, petitioning, or soliciting outside the store on Co-op property shall be subject to reasonable regulations. No one may engage in leafleting, petitioning or soliciting within the store proper. Soliciting means being present for the purpose of engaging in election discussions with members and attempting to convince them to vote in a certain way.

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APPENDICES

**Code of Conduct Agreement**

**For Board of Directors**

I agree to abide by Board Policy C5 Directors' Code of Conduct and any subsequent changes the Board makes to that policy. I understand that if, in the opinion of 2/3 of the Co-op Directors, I have violated the letter or spirit of the Code of Conduct, the Board has the ability to vote to remove me from the Board in accordance with Policy C5.

According to Policy C5, I have an affirmative duty to disclose my actual and potential conflicts of interests, including relationships (such as with associations, organizations of which our co-op is a member, co-op employees and vendors) that may pose a conflict of interest in whole or in part with respect to my service on the board. These are listed below. I understand that I have a duty to disclose any additional actual or potential conflicts that may arise and to abide by board policy regarding participation in matters under consideration by the board.

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Signature of Director

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Date

Note: This form is to be completed by all Directors annually, within one month following board elections.

rev. 06/22