



North Coast Cooperative Inc.
Board Policy Manual
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Introduction

The Board Policy Manual, previously referred to as the Co-op Administrative Code, represents a procedural manual. It is the direct result of Co-op bylaws. The Board Policy Manual is better understood if the Bylaws are viewed as the Co-op's policies, and the procedures contained herein are an implementation of those policies.

The North Coast Cooperative Board Policy Manual is therefore a combination of policy and practice. It is a written set of statements providing guidelines for action in the financial, membership, personnel and planning areas of the Co-op.

Clearly written and available policies and procedures are one of the foundation elements of a system where individuals can be held accountable for adherence to policies and procedures.

Efforts to make policy and procedure information widely accessible, will also provide the tools necessary to effectively maintain decision-making at appropriate levels within the Co-op organization.

The procedural language contained herein, can be likely to change over time as new methods or trends are realized, and new resources or technology becomes available.

This revision of the North Coast Cooperative Board Policy Manual is a compilation of information received from the 2012/2013 and 2008 Administrative Code, the Co-op Management Staff, and the Co-op Board of Directors. It is intended to also reflect the State of California Corporations Code, the North Coast Cooperative Articles of Incorporation, and the North Coast Co-op Bylaws. Additionally, the 2012/13 Administrative Code intends to reflect the spirit of several group discussions, which took place during the past three years of North Coast Co-op Board meetings.

Starting in 2015, the Board approved a new Committee called the Policies and Procedures Committee (PPC) whose job it is to review policies, recommend new policies and maintain the Board Policy Manual. Starting in 2015, all policies will be tracked and sited, and the Manual restructured to be parallel with Bylaws.

For further clarification purposes, below is the ranking for rules and policies followed at the Co-op:

State of California Corporations Code
North Coast Cooperative, Inc. Articles of Incorporation
Bylaws of North Coast Cooperative, Inc.
North Coast Cooperative Board Policy Manual

Overview of Board Policy Manual (previously referred to as Administrative Code):

May 1991 – Board accepted the Administrative Code revision with two minor revisions, entitled North Coast Cooperative Election Policy for a first reading.

March 1993 – Board tabled major revision of the administrative code until January 1994 to encourage management to recommend suggested changes to those codes and policies which for legal or practical reasons should be changed.

November 1994 – Board accepted the Administrative Code as proposed.

November 1998 – Board minutes show that there was an Administrative Code Revision Ad Hoc Committee who met and was redoing the administrative code. Around this same time the Board was sent a sample Policy Governance document.

July 1999 – Board accepted the new Policy Governance with the changes listed below as the interim Board Policies, replacing the previous Administrative Code and policies. A final vote will be held at the November Board meeting.

August 2007 – Board officially moved to abandon (not used) Policy Governance document dated April 8, 2002.

September 2007 – Board discussed state of Administrative code and in May 2008 the Board adopts the Administrative code as presented with corrections.

September 2012 – Board adopted the Administrative Code 2012-2013 as revised. Board minutes from this meeting reflect a discussion to review the Admin Code as part of the monthly board agenda and review it no later than annually, but can be reviewed on a monthly basis as needed.

November 2012 – Board minutes show that there was conversation for a need to re-assign Policy Task Force Committee Chair for the “living” Administrative Code document.

2013-2014 – Revised Bylaws research and drafted, which took precedent over updating the Administrative Code. Admin code was intended to be updated once Bylaws were approved. If revised Bylaws had been adopted the title of the Administrative Code would have changed to Board Policy Manual.

March 2015 – Board approved new Committee called the Policies and Procedures Committee, which will handle bylaws, administrative code, securities permit, etc. Secretary will Chair.

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Section 1 - Membership

A. Accepting Memberships

- The Board determines what information, required in written form, is expected from applicants wishing to become Members. (Section 1.03)
- Applications for Membership are reviewed by the Board, or its designee, authorized by a Board Resolution. (Section 1.04)
- Before purchasing shares, via e-mail or paper, a prospective Member is given the Articles of Incorporation, Bylaws, and a Corporate Disclosure document. (Section 1.07)

B. Membership Benefits and Requirements

Co-op Membership supports reliable access to the best quality of food. A Membership is also a commitment to the local community. The Co-op continuously promotes good health throughout the community by actively and enthusiastically responding to the interests and concerns of its Members and their communities. The Co-op makes substantive contributions to the community through charitable giving, store donations, special events, and educational forums. Members may participate in board committees as outlined in each committee's charter.

Section 2 – Shares

The Co-op is authorized to issue four (4) classes of shares: (Section 2.02b)

Class A – Membership Shares

Class B – Sustaining Shares

Class C – Co-op Shares

Class D – Investment Shares

- No shares may be assigned or transferred. (Section 2.04)
- Only residents of the State of California may purchase Co-op Class A Membership Shares. (Bylaw 1.02)
- The voting rights and privileges of the Co-op rest exclusively in the voters of Class A Membership Shares. (Bylaw 2.02)
- Only bona fide holders of Class A Membership Shares may purchase Class B, C, or D Shares. (Bylaw 2.01)
- No dividends of any kind may be declared on Class A Shares. (Section 2.02a)

A. Repurchasing Shares

The Board of Directors shall determine when the re-purchase of shares may jeopardize the financial status of the Co-op, and therefore authorize a delay of the re-purchase. (Section 2.06)

(Board approved – July 2017)

B. Fair Share Definition

A “Fair Share” membership status is attained when a membership owns one (1) Class A Membership Share and at least \$300 in Class B Sustaining Shares (bylaw Section 2.08).

(Board approved - July 2017)

C. C Share Investment Cap

The Board of Directors hereby sets a \$50,000 C Share investment limit per co-op membership. C-Shares currently owned in excess of this amount shall remain, but any redeemed from a membership exceeding the cap shall not be subject to repurchase. Members who currently own C Shares at or above this limit shall not be eligible to purchase additional C Shares. As C Shares come available, half shall be reserved for sale to members who do not currently own any C shares and half to those who are current C share investors on a waiting list maintained by the Membership Coordinator. Current non-C share owners shall have 45 days from the date of availability to purchase available shares.

(Board approved - January 2013)

D. C Share Dividend Proration

Move to approve the Finance Committee’s recommendation to prorate C shares dividends to the value at the time based on the purchase date, effective in 3rd quarter with proper notice.

(Approved by Board August 23, 2012 and inserted into BPM January 14, 2016)

Section 3 – Termination of Membership

A. Voluntary, Death, or Dissolution

- Member-owners may terminate their membership, effective immediately, at any time by written notification to the Board Secretary. (Bylaws, Section 3.01)
- Upon the death of a member-owner, the membership, and all membership rights, are immediately terminated. (Bylaws, Section 3.02)
- Upon the dissolution of a member-owner that is a legal entity, the membership, and all membership rights, are immediately terminated. (Bylaws, Section 3.02)

B. Membership Termination Through Expulsion

- (a) A member-owner may be expelled by a two-thirds (2/3) vote of the Board of Directors for any of the reasons specified in Bylaws Section 3.03(a). These reasons include failure to patronize the Co-op in the amount of at least FIFTY dollars (\$50.00) during the immediately preceding fiscal year. However, it is the intent of the Board only to expel member-owners who have not spent any money at the Co-op for at least two fiscal years. Other reasons for expulsion include: shoplifting from the Co-op, causing damage to the Co-op, or harassing or threatening its Employees.
- (b) Following the end of each fiscal year, the Board shall ensure that all member-owners who did not patronize the Co-op during the last fiscal year receive notice stating that continued non-patronage may result in expulsion. In addition, the notice will include notice of “no contact,” as provided in Section 3 D (3a) of these policies.

- (c) When a member-owner has failed to patronize the Co-op for two fiscal years *and* the member-owner has failed to respond in writing to notices required by Section 3 D (3) of these policies, and in the absence of extenuating circumstances, the Board shall expel the member-owner pursuant to Bylaw Section 3.03.
- (d) If the Board of Directors determines that expulsion is appropriate, the expulsion shall become effective on a resolution adopted by two thirds (2/3) vote of the Board of Directors. On expulsion of a member-owner, the name of the member-owner shall be stricken from the membership register and all of his or her membership rights shall cease except for any rights of settlement or redemption as provided in Section 3.04 of the Bylaws.

C. Termination of Memberships

Although the Co-op's Bylaws and policies contemplate a singular membership, it has been the practice of the Co-op to permit household shopping on a single membership. Membership applications from 1990 to the present have included space for collecting information about a second member-owner. California law permits joint memberships. Pursuant to the Co-op's policies, a condition of joint membership is that each joint member-owner designates the other joint member-owner as their Designated Beneficiary in the case of termination (due to death, dissolution or expulsion), and jointly designates one of the joint member-owners to receive any Redemption Proceeds on termination of the membership.

The procedures for termination of memberships are as follows:

- 1) Single membership no second member-owner on application, but spouse is using membership.
 - a. Voluntary: Where a single member-owner gives notice to the Co-op of the intent to withdraw, and there is no second member-owner on the contract, the membership terminates, triggering the member-owner's redemption rights. Because proprietary interests in the Co-op are not transferrable, and there is no contract between the spouse and the Co-op, the member-owner will have the exclusive right to the Redemption Proceeds from the Co-op.
 - b. Death or Dissolution: Where the Co-op receives notice of the death or dissolution of the member-owner, the membership terminates as of the date of death or dissolution, triggering redemption rights. A spouse or heir may demonstrate a legal claim to the Redemption Proceeds, which the Co-op would honor. The spouse or heir may open a new, single-person membership. In the case of dissolution, the original member-owner will retain the original membership number. In the case of death, the surviving spouse's new membership may be designated by the same membership number.
 - c. Expulsion: Where a single member-owner is expelled from the Co-op, the redemption rights will be triggered as indicated above. However, if the expulsion is due to no contact, the Co-op will not be able to redeem the shares (there is no means of locating the member-owner). In this case, the Co-op will hold the proprietary interests until they are properly claimed or until they become subject to transfer to the Co-op after the third year of no contact (Policies, Section 3 D (4)). A spouse or heir would need to demonstrate a legal claim to have rights in the Redemption Proceeds following expulsion for no contact, and such claim would only be honored prior to the transfer to the Co-

- op. Following transfer to the Co-op, a member-owner has no further claim to the proprietary interests or to any redemption proceeds.
- 2) Joint membership, with second member-owner on application. Where there are two member-owners on the application, each will have designated the other joint member-owner as their beneficiary; however, either joint member may voluntarily terminate the membership and receive all redemption proceeds.
 - a. Voluntary: Where one or both joint member-owners wish to voluntarily terminate the membership, the Co-op will redeem the proprietary interests to the joint member-owner who initiates the request. If one joint member-owner wishes to remain a member-owner of the Co-op, the Co-op will terminate the joint membership and open a new, single-person membership for the remaining member-owner, and the new membership may be designated by the same membership number.
 - b. Death or Dissolution: In the case of Death or Dissolution, the membership will terminate, and the surviving designated beneficiary will have rights to the Redemption Proceeds. The surviving joint member-owner may open a new membership, and the new membership may be designated by the same membership number.
 - c.) Expulsion: Where a joint member-owner is expelled, the Co-op will terminate the membership, triggering redemption rights. The Redemption Proceeds will be paid to the remaining joint member-owner. The remaining joint member-owner may open a new membership, and the new membership may be designated by the same membership number.
 - 3) Trusts: A member-owner's proprietary interest in the Co-op cannot be placed in a trust because the propriety interests are not transferrable. This means that a beneficiary of a trust could not receive the proprietary interests. A beneficiary of the trust may receive the Redemption Proceeds equal to the value of the proprietary interest. The Co-op recognizes that member-owners may wish to ensure that their heirs receive the value of the proprietary interest through distribution of the Redemption Proceeds to a trust. To accommodate these member-owners, the cooperative permits the member-owners to designate the Trustee of their trust as the beneficiary of the Redemption Proceeds in the event of membership termination. The membership may be either a single or joint membership. In the case of a joint membership, the Trustee will be designated as a secondary beneficiary following the surviving joint member-owner.
 - a. Termination of Single Membership with Trustee named as beneficiary:
On termination, the member-owner's Redemption rights are triggered, and the Co-op will pay the Redemption Proceeds to the Trustee of the member-owner's trust. The member-owner can list the right to receive the Redemption Proceeds as an asset in their trust, putting the trustee on notice to collect that asset after the death of the member-settlor of the trust.
 - b. Termination of Joint Membership with Trustee named as beneficiary:
On termination of the joint membership, the remaining joint member-owner is named as the primary beneficiary and will receive the Redemption Proceeds. If neither joint member-owner is able to receive the Redemption Proceeds—for example in the case of simultaneous death—the trustee, as beneficiary, will be able to receive the Redemption Proceeds. If there is a remaining joint member-owner, the membership will still be

terminated, and proceeds redeemed; however, if the remaining member-owner wishes to open a new account, the new account will be a single membership and the Trustee can be named as beneficiary. The new membership may be designated by the same membership number.

c. Trustee Situs:

Trustee does not need to be a resident of the state of California as the trustee will not become a member-owner of the Co-op but will only be entitled to receive the Redemption Proceeds.

D. Maintenance of Membership Rolls Policy

- 1) It is the intent of the Board to maintain an active roll of memberships in order to minimize administrative burden and negative impact to the environment. Membership rolls are maintained either through patronage as described in Section 3 B (1) of these policies, or through “no-contact”. “No Contact” means no response from the member-owner to the cooperative’s written communication requests to the member-owner, and/or return of mail to the Co-op as undeliverable. In evaluating whether there has been “Contact” the Co-op will not consider shopping or voting, which could be done by someone other than the member-owner, using the member-owner’s number. “Contact” includes receipt of a cancelled check or redeemed voucher negotiating the member-owner’s patronage refund or share dividends but does not include mail returned to the cooperative as undeliverable.
- 2) In the case of death or dissolution, the cooperative has not received notice of the death or dissolution and is not able to declare the membership terminated. Where there has been no contact with the cooperative through written communication from the member-owner, or negotiation of distributions of patronage refunds and/or share dividends, the membership is in jeopardy of becoming terminated.
- 3) Following the end of each fiscal year, the Board shall ensure that all member-owners who did not contact the Co-op during the last fiscal year receive notice mailed to the last known address stating the membership is in jeopardy of being terminated.
 - a. The notice shall explain the legal status of the member-owner’s proprietary interest after one, two and three years of no contact and it will direct the member-owner as to how to affirm his or her proprietary rights and request that the member-owner contact the Co-op.

When a member-owner has failed to contact the Co-op for two fiscal years and the member-owner has failed to respond in writing to notices required by Section 3 D (3) of these policies, the Co-op will send an additional notice and request for contact. The notice shall explain the legal status of the member-owner’s proprietary interest after one, two and three years of no contact and it will direct the member-owner as to how to affirm his or her proprietary rights.

When a member-owner has failed to contact the Co-op for three fiscal years and the member-owner has failed to respond in writing to notices required by Section 3D (3) of these policies, the Co-op will send an additional notice and request for contact. The notice shall provide that after the third year, the property will be transferred to the Co-op in accordance with California Cooperative Law section 12446 and Bylaws section 2.07.

- 4) If the Board of Directors determines that expulsion is appropriate, the expulsion shall become effective on a resolution adopted by two thirds (2/3) vote of the Board of Directors. On expulsion of a member-owner, the name of the member-owner shall be stricken from the membership register and all of his or her membership rights shall cease except for any rights of settlement or redemption as provided in Section 3.04 of the Bylaws.4)
- 5) Redemption Proceeds, as used in these Policies, refers to any amounts due to a member-owner, or a legal or designated beneficiary of a member-owner, on the termination of a membership, exclusive of any amounts due from the member-owner to the cooperative. For purposes of redemption, in the case of termination by death or dissolution, the value of a membership account shall be as of the date of death or dissolution, rather than the date of termination of the membership.

E. Cooperative Exemption from California's Escheat Laws:

- 1) Certain unclaimed personal property, including a member-owner's proprietary interests in a cooperative, and accrued but unpaid patronage and any dividends, will escheat to the state of California pursuant to California's Code of Civil Procedure section 1516. The property will escheat if the following applies: first, there has been no contact between the member-owner and the cooperative for 3 years, and second, the cooperative does not know the location of the member-owner.
- 2) California's Cooperative Law section 12446 provides an exception to the escheat rule and provides that property that would otherwise escheat will instead become property of the cooperative if the cooperative has a requisite provision in its Bylaws, and it follows a specified procedure.
- 3) Unclaimed Proprietary Interest Procedure:
 - a. The General Manager shall report annually to the Board on the number of member-owners who received notices pursuant to Section 3 D(3) of these policies. The General Manager's report shall list all memberships terminated because of voluntary termination, or termination by death or dissolution, and shall state the disposition of the proprietary interests associated with the membership.
 - b. The report shall list all memberships terminated because of expulsion, including expulsion for lack of contact, and the report shall indicate the form of notice given to alert the member-owner of the risk the membership will become terminated.
 - c. The report shall list all memberships for which there has been no contact and shall state the value of the unclaimed proprietary interests, broken down by the number of years of no contact.
 - d. After three fiscal years of no contact, and following notice and procedure, as prescribed in these policies and California law, unclaimed propriety interests shall be transferred to the Co-op pursuant to the California Corporations Code section 12446, and Bylaws Section 2.07.

- e. This policy shall be interpreted in such a way as to ensure compliance with all applicable statutes and the most recent version of the State of California Unclaimed Property Holder Handbook. The Board shall review and update this policy as needed to ensure compliance.

(Entirety of Section 3 Board approved – February 2018)

Section 4 – Membership Meetings and Members

A. Membership Meetings and Members

Section 5 – Directors

A. Standing Committees (Section 5.16)

Standing committees are established by the Board to support ongoing functions necessary for the operations of the Board and/or the Co-op. The Board may also establish an ad hoc committee (or task force) for a specific task or issue; the ad hoc committee would disband once its work is complete.

The Co-op Board, by majority vote, currently authorizes the following Committees:

Finance Committee

Nominating Committee

Member Action Committee

Policies and Procedures Committee

Environmental Action Committee

(Board approved - December 2015)

(Board approved - April 2016)

- Committees and committee appointments are identified each year and voted upon by a majority at a regular board meeting.
- All Committee activities have the purpose of enhancing Board decision making and are of value to the general Co-op community.
- The Co-op Board majority will select at least 2 Directors for each executive Committee the Board authorizes. (Section 5.16b)
- All Committee members must be current Co-op Members.
- The General Manager will make Staff Member appointments to Committees.
- Committees receive member input, study problems and/or issues chosen by the Committee or assigned by the Board.
- Committees will establish a charter of purpose and duties, meeting schedule and other relevant guidelines.
- Committees may place items on the Board agenda under Committee Reports.
- Committees may suggest motions to the Board.
- Committees cannot fill Board vacancies, nor authorize Committee vacancies. (Section 5.16b)
- The Co-op Board majority must authorize the selection of executive Committee Members. (Section 5.16b)
- The chair of all committees (standing, ad-hoc, task force) will be a North Coast Co-op board member except when otherwise specified in a committee's approved charter.

- The Member Action Committee may select its own chair who may or may not be a board member. *(Board approved - December 2015)*

B. Committee Meeting Notifications

Board to publicize dates, times and locations of future committee meetings in Co-op news, on website and at Customer Service. *(Board approved - May 2015)*

C. Committee Charters

Each committee of the Board has a charter outlining the committee's purpose, responsibilities, chair, composition, decision making process, communication and meeting information. Changes to charters require Board approval.



a. Finance Committee Charter

Purpose: The Finance Committee conducts oversight of the Co-op's finances. This includes reviewing financial statements and other pertinent financial reporting. Most, if not all, financial motions are first considered by the committee, and later, the committee sees to it that the required motions are made at the Board meeting.

Responsibilities of the Finance Committee:

1. With the help of management, solicits bids for an independent audit. The audit is conducted after the close of the books at the end of the fiscal year. The audit is reviewed by the Finance Committee and submits it for board approval.
2. Reviews the annual budget prepared by management and submits it for board approval.
3. Reviews quarterly financials prepared by management and submits it for board approval.
4. Makes recommendations to the Board on investment dividend rate and patronage refunds.
5. Operates in accordance with the principles of the full Board, exercising the same governing focus, code of conduct and confidentiality.
6. Reviews other financially related issues as needed and submits recommendations to the board.

Chair: The Treasurer of the Board is the Chair of the Committee.

Composition: The committee shall be comprised of all board members and one non-voting staff liaison as designated by the General Manager. There may be up to three at-large Co-op members appointed by the Finance Committee for two year terms. Terms of appointed members shall be staggered such that no more than two members end their terms at any one time. Qualifications for the Finance Committee should include a basic understanding of financial statements and ratio analysis. All committee members must be current Co-op members. All Co-op members are invited to attend and participate.

Decision Making: The Committee shall seek consensus whenever possible and use majority vote when consensus is not reached.

Communication: The Committee Chair works with staff to create the agendas and meeting packets. Agenda and packet will be emailed to committee members one week prior to meetings. Proposed agenda and action items will be available at customer service in each store and posted on the website.

Meetings: The Finance Committee meeting is held as soon as possible after the close of each quarter and generally before the next monthly board meeting.

Reporting to Board: Committee Chair may place items from the Committee on the Board agenda under Committee Reports and make recommendations to the Board, as necessary. Minutes from the Finance Committee meeting will be included in the next Board Meeting packet for Board approval. Committee Chair will review minutes, plus any recommendations to the Board.

(Board approved - June 2017)



b. Member Action Committee Charter

Purpose: The Member Action Committee will act as an advisory committee to the Board of Directors, taking on issues delegated by the Board, as well as providing an organized structure for members to come together, to communicate their ideas and concerns, and to influence North Coast Co-op policy and practice.

Responsibilities: The Committee shall take into consideration any topic relevant to its purpose. The Committee shall bring policy recommendations to the Board of Directors. The Committee shall report regularly to the Board of Directors.

Chair: The Committee members may select their own Chair, whom may or may not be a Board member.

Composition: The Committee shall be composed of at least two Board members, one non-voting Co-op staff liaison and as many Co-op members as would like to participate.

Decision Making: The Committee shall seek consensus whenever possible and use majority vote when consensus is not reached. Voting members of the Committee are those who have attended 3 out of the last 5 meetings.

Communication: Agendas and minutes shall be posted on the Co-op's website, and will be emailed to committee members one week prior to meetings. Agendas and action items shall be posted at Customer Service in each store.

Meetings: The Committee shall meet monthly, alternating locations between Eureka and Arcata.

(Board approved - November 2015)



c. Nominating Committee Charter

Purpose: To recruit and nominate qualified candidates with the skills, experience and dedication to serve both on the Board of Directors and in Board Committees. To provide training and development opportunities for all board members, with specific emphasis on new board members.

Responsibilities:

A. RECRUITMENT:

1. Solicit, on an annual basis, guidelines from the board of directors on the skills/experience needed on the board so that special emphasis can be placed on recruiting candidates with those skills/experience.
2. Contact potential candidates and promote the need for candidates widely.
3. Actively recruit and make recommendations on candidates to fill board vacancies.
4. Recruit members to participate on board committees per guidelines set forth by committees.

B. PROCESS:

1. Establish a nominations procedure that ensures consistent and fair consideration of a candidate's skills and background.
2. Prepare an annual election timeline.
3. Receive and validate petitions from members seeking independent nomination.
4. Supervise nominations and elections processes, including preparation of ballot and validation/counting of ballots, to ensure all elections deadlines are met.
5. Promote member participation in the election.

C. COMMUNICATION:

1. Handle all communications with candidates and potential candidates.
2. Prepare questions/guidelines for candidates' statements and supervise any communications to members regarding board elections.

D. TRAINING:

1. Identify and coordinate training and professional development activities for the board and committees, including orientation and training of new board members.

E. OTHER:

1. Any other procedures as outlined in the Board Policy Manual.

Chair: As appointed by the Board President.

Composition: The Committee shall be composed of at least two Board members, one non-voting Co-op staff liaison as designated by the General Manager, and members at large for one year terms, (none of whom are up for election or will be running in the current election). Co-op members are always invited to sit in on meeting.



Decision Making: The Committee shall seek consensus whenever possible and use majority vote when consensus is not reached. Voting members of the Committee are those who have attended 3 out of the last 5 meetings.

Communication: Agendas and minutes shall be posted on the Co-op's website, and will be emailed to committee members one week prior to meetings. Agendas and action items shall be posted at Customer Service in each store.

Reporting to the Board: The Committee Chair may place items from the Committee on any Board agenda under Committee Reports and make recommendations to the Board, as necessary.

Meetings: The committee will meet as often as deemed necessary for its functions.

(Board approved - August 2015)



d. Policies & Procedures Committee Charter

Purpose: The Committee will act as an advisory committee to the Board of Directors, taking on issues delegated by the Board, as well as reviewing all governing documents including Articles of Incorporation, Bylaws, Administrative Code and policies of the North Coast Co-op. On an ongoing basis, the Committee shall review all legal documents and ensure appropriate distribution and recommend changes to those documents and policies to Board of Directors.

Responsibilities: The Committee shall consider each of the documents stated above, as well as any other relevant documents. The Committee shall bring recommended motions and shall report regularly to the Board of Directors.

Chair: The Board Secretary shall chair the Committee.

Composition: Voting members of the Committee shall be composed of at least two Board members and any number of at large members as follows: at large members shall attain and retain voting privileges by attending at least three out of the last five meetings. Co-op members are always invited to sit in on meetings. The General Manager will designate a non-voting staff liaison.

Decision Making: The Committee shall seek consensus whenever possible and use majority vote when consensus is not reached.

Communication: Proposed agenda, and minutes of the previous meeting, shall be posted at Customer Service and on the Co-op's website and emailed to committee members one week prior to meetings.

Reporting to Board: The Committee Chair may place items from the Committee on any Board agenda under Committee Reports and make recommendations to the Board, as necessary. A Code Review section will be placed on the Board Agenda every twelve (12) months to allow opportunity to address the need for possible updates, if they should occur.

Meetings: The Committee shall meet monthly.

(Board approved - June 2015)



e. Earth Action Committee Charter

Purpose: The Earth Action Committee will act as an advisory committee to the Board of Directors, taking on issues delegated by the Board. This includes proactively embracing “the challenge to move our operations, investments, and economic development towards environmentally and socially responsible activities” in order to “regenerate and strengthen ecological and social, local and global relationships” (per the board-approved 20 Year Statement of Sustainability 2015).

Responsibilities: The Committee shall take into consideration any topic relevant to its purpose. The Committee shall bring policy recommendations to the Board of Directors. The Committee shall report regularly to the Board of Directors.

Chair: The Board of Directors will select the Committee Chair.

Composition: The Committee shall be composed of at least two Board members, one non-voting staff liaison and as many Co-op members as would like to participate.

Decision Making: The Committee shall seek consensus whenever possible and use majority vote when consensus is not reach. Voting members of the Committee are those who have attended 3 out of the last 5 meetings.

Communication: Agendas and minutes shall be posted on the Co-op’s website, and will be emailed to committee members one week prior to meetings. Agendas and action items shall be posted at Customer Service in each store.

Reporting to Board: The Committee Chair may place items from the Committee on any Board agenda under Committee Reports and make recommendations to the Board, as necessary.

Meetings: The Committee shall meet monthly.

(Board approved – July 2017)



D. Community Representation

As a means of adhering to Cooperative Principal No. 7, Concern for Community, Board members shall stay abreast of local issues and activities by attending other local meetings or events. Staff will notify the Board of relevant meetings/events throughout the year with as much lead time as possible. The Board may designate official Co-op Representation to events.

(Board approved - September 2017)

E. Correspondence to the Board

When the North Coast Co-op Board receives written correspondence sent to the Board as a whole, the letter is forwarded to the entire Board and the following procedures will be followed:

- 1) The Assistant to the Board will send a quick response "Thank you, the appropriate person will get back to you"
- 2) Then Assistant will send the letter to the President and General Manager.
 - a. President and/or General Manager respond as appropriate.
 - b. Response letter includes a cc to the Board.
 - c. Then include in Board packets, unedited. Name may be redacted upon request.
 - d. Assistant will track letters and responses in a digitally secured format.

(Board approved - July 2015)

F. Internal Communications

This section deals with the issue of employee feedback to the Board. There will be times when the Board is made aware of feedback, questions, and/or concerns regarding the store's operations from employees of the organization. Information received in this way is often important in enabling Board members to fulfill their democratic and fiduciary duties.

- At the time when a concern is first voiced to a Board Director, it is important for the Director to ask the employee whether they have addressed the issue through internal channels established by Co-op management and if they have not done so, to encourage them to do so.
- Directors are encouraged to address significant concerns with the General Manager and/or the Board, particularly if it appears that those concerns are not being adequately addressed through internal channels.
- If the issue is brought to the General Manager by a Director, the Director will receive a response from the General Manager on the issue.
- The Director may determine the issue deserves a broader discussion involving the rest of the Board. The Director may take action to include the item on a future Board agenda.
- Directors shall respect the confidentiality of privileged communications from employees, particularly communication regarding personnel issues.

(Board approved - September 2017)

G. Board Elections (Nominating Committee)

Co-op Board Elections are managed by the Co-op Board Nominating Committee (NC). The Nominating Committee has overall responsibility for Co-op elections. The Nominating Committee shall not include any Candidates of a current election. In the case of any conflict between this Section and the Nominating Committee Charter, the Charter governs.

(Board approved - September 2017)

The Nominating Committee performs and/or closely monitors the following functions:

Recruitment of Board Candidates
Filling Mid-Term Vacancies
Electing Employee Directors
General Election Publicity
General Election Candidate Campaigning
General Membership Voting
General Election Ballot Counting
General Election Results

Recruitment of Board Candidates

- Prepares an elections timeline for approval by the board.
- Generates a slate of candidates.
- Handles all communications with candidates and potential candidates.
- Receives candidates “code of conduct”.
- Prepares and/or updates questions and guidelines material for candidate statements.

Filling Mid-Term Board Vacancies

- Reference must be made to Co-op Bylaws Sec. 5.17 – 5.21 for particular circumstances of Director removal.
- A Director may become ineligible to serve if convicted of a felony or if he/she has three (3) or more unexcused consecutive absences of regular or special meetings. (Section 5.20)
- When a vacancy is not filled by approval of members as referenced in Bylaws, the vacancy may be filled by a majority vote of the Directors currently in office, regardless of if a quorum of Directors exists. (Section 5.21)
- Members may elect a Director at any time, if the vacancy is not filled by the Directors. (Section 5.21)
- When an employee director seat is vacant mid-term, an employee election should be held, when feasible. The elected employee director candidate may then be appointed to the board, Board maintains authority to appoint without election when necessary.

(Board approved - September 2016)

Election of Employee Directors (Section 5)

- A total of two (2) Employee Directors are elected to serve on the Co-op Board. (Section 5.01)
- All Employee Director Candidates must be employees of the Co-op and current Members of the Co-op. (Section 5.02)
- Election of Employee Director Candidates by Member co-workers takes place between one (1) and two (2) months prior to the General Election.

- Employee Director Candidates who are elected by Member co-workers must have their election affirmed (yes) or rejected (no) by the General Membership on the General Election ballot. (Section 5.03b)
 - Co-op Employees who are directly supervised by the General Manager are NOT eligible to run for an Employee Director vacancy. (Section 5.02)
 - The General Manager is not eligible to run for an Employee Director vacancy. (Section 5.02)
 - Write in Candidates are permitted. A line for “write in” shall be placed on the Employee Election ballot for each open Employee Director seat and counted by the NC.
 - Any write in candidate must be a current employee and a current member-owner of the North Coast Co-op and agree to candidate requirements. If a write-in candidate is elected, they are required to return requested paperwork before being placed on the General Election ballot.
 - Coordination of the Employee Director election is assisted by members of the NC who are Co-op Staff, the Board Assistant, and the current Employee Directors who are not actively running for re-election.
 - Employee voting eligibility is verified by use of a Non-Member employee list. (Section 5.03a)
 - Only one vote per Membership is permitted regardless of if employees share a Membership. (Section 4.13a)
 - The last day of the Employee Election is the date used (date of record) to validate an employee membership ballot for the election. An employee membership ballot is counted only if the date of record is current and if the employee is still employed by the Co-op on the day that ballots are counted.
 - The NC Chair and three (3) NC members will count ballots for the Employee election.
 - If NC Chair is unavailable to count ballots, Board Secretary will substitute and report results to NC Chair.
 - The NC Chair shall ensure the names of the elected Employee Director Candidates are placed on the General Election ballot for ratification by General Membership.
 - The NC Chair shall ensure Employee Director Candidates are given equal representation in all publicity material, in their various formats, alongside General Election Candidates throughout the General Election period. (Section 5.03c)
 - Elected Employee Directors are seated at the same time as other newly elected Directors.
- (Board approved - September 2017)*

General Election Publicity

- The NC coordinates a “Special Election Section” with the Co-op Newsletter Editor and the Co-op Website Manager to include publication of a ballot, all Candidate statements (including those of elected Employee Director Candidates), text of referendums, and a website voting link if possible.
- Examples of more publicizing are, but not limited to, store posters, written articles and use of other mass media.
- Informational articles will be published in preceding editions of the Co-op Newsletter.
- The end date of election period is clearly stated on all Election material. (Section 4.18)
- The NC prepares the official ballot and voting instructions and keeps it current and revised.
- The NC conducts Candidate forums and facilitates other election publicity.

(Board approved - September 2017)

General Election Candidate Campaigning

- No electioneering or advocacy of candidates (except each candidate's photo and each candidate statement) will be allowed within 15 feet of ballot box and no campaigning within five feet of any entrances to the stores.
- The General Manager (GM) and/or NC Chair shall ensure the above electioneering rule is posted near the ballot box for duration of election period.
- The GM and/or NC Chair shall enforce the electioneering rule as needed.
- During the election period board candidates may table, or meet and greet Co-op members at the south entrance/exit of Arcata store and the main entrance/exit of Eureka store.
- During the election period board candidates may also meet and greet members in the parking lots of both stores.
- Candidates must conduct themselves in a courteous and respectful manner to members, employees, customers and fellow candidates.
- Electioneering violations or complaints are documented immediately, including name and telephone number of complainant, and provided to the Board Chair as soon as possible for further evaluation by Board.
- Providing personalized campaigning materials is the responsibility of candidates.

General Membership Voting

- The voting period for the general election voting period is to occur annually in the fall and be no longer than six weeks and no shorter than two weeks.
- The record date for determining the members entitled to vote at a meeting or cast written ballots is forty-five (45) days before the date of the meeting. A member's ballot is counted only if the date of record is current. (Bylaw Section 4.13(c))
- Adequate supply of ballots/envelopes with ballot box must be placed prominently, in each store, for the duration of election period.
- Voting rules and instructions must be clearly posted near ballot/voting area.
- Posted voting instructions shall include date of record rule, extra votes rule, and request for member information and signature on ballot.
- Write in candidates are permitted. A line for "write in" shall be placed on the general election ballot for each open General Director seat and counted by the NC.
- Write in candidates must be current member-owners of the North Coast Co-op and agree to candidate requirements. If a write-in candidate is elected, they are required to return requested paperwork before being seated.
- For the duration of election period, the ballot box key is in the possession of NC Chair (or his/her designee). A second key is given to another NC member.
- All ballots received shall be immediately placed into the locked ballot box.

General Election Ballot Counting

- Only the NC Chair or his/her designee is authorized to collect ballots by mail.
- The NC Chair is the only authorized body to process ballots and count votes.
- At the close of voting period the NC convenes at a disclosed location to count ballots, no later than two (2) days following close of voting period. Members can observe the ballot counting process.
- Only the NC Chair or his/her designee is authorized to open ballot boxes.
- A minimum of three (3) NC members must be present to open ballot boxes.

- NC and their designees will count ballots. Current candidates are excluded from the ballot counting process but may observe. With exception to notifying candidates, board and necessary staff, all participants and observers must agree to refrain from disclosing election results until a public announcement is made.
- NC members shall have on hand a list or database of all current Co-op members, membership numbers, and date of record provided by GM or designee.
- All received ballots are organized by member number.
- If a membership stands of record in the names of two or more persons, the vote of one joint holder will bind all, when only one votes, and the vote of the majority will bind all, when more than one joint holder votes (Section 4.13(b)).
- After ballot verification and organization, but before counting, the left sides of all the ballots are removed to ensure voter confidentiality.
- Effort must be made to maintain confidentiality of all Members' votes.
- Ballots are tallied up for vote results.
- Candidates who receive the highest number of votes are elected. (Section 5.04)
- Disputes about the validity of a ballot are resolved by a majority vote of the NC. If a tie ensues, the ballot in question is not counted.

Reasons for Exclusion of a Ballot:

- The identification information on a ballot is not complete enough to verify membership status.
- Date of record is expired.
- Member has voted for more than the number of Candidates to be elected.
- The voter's marks lack clarity to determine beyond a reasonable doubt the voters' intention.

General Election Results

- NC Chair shall ensure that the candidates and the Board are notified of election results as timely as possible but before public announcement is made. Elected candidates are required to sign and return Code of Conduct.
- NC Chair shall ensure within five (5) days of election closing, the Candidates elected and/or referendum results, including specific vote counts per candidate or other ballot item, are announced and posted in all Co-op stores and on Co-op website.
- NC Chair shall deliver to Board President, within five (5) days after election close, a written report of election results, including vote totals, signed by all NC members participating in the vote count.
- Board President shall submit the original written report to the Board Secretary for archiving at Co-op Headquarters.
- NC Chair shall ensure shredding of ballots within ten (10) days after newly elected Directors are seated on the Board.
- In compliance with California Corporations Code Section 12594, members have 60 days to request the results of the director election and see the votes per candidate.

H. Board Meeting Packet Availability Policy

At least one week before the monthly meeting of the board, board members are provided with a Board Packet that includes the agenda and associated reports and materials. The primary

purpose of the Board Packet is for board members to have all necessary information for preparation in advance of board meetings.

Board Packets are available to members in four ways: to be viewed at the customer service desk, by requesting a copy at customer service, at the board meeting and by email. Staff will continue to look into posting the Board Packets on the website when website is appropriately developed. A copy of the upcoming board meeting agenda is posted online and at Customer Service in each store.

No portion of the Board Packet will be released to members prior to the board of directors receiving the information. *(Board approved - July 2015)*

I. Board Meeting Summary

On a monthly rotating basis, a board member will provide a summary of the previous board meeting to be made as widely available to members as possible. *(Board approved - July 2017)*

J. Education Forum

The Board shall strive to include 15-20 minutes for an education forum at each meeting *(Board approved – July 2017)*

K. Qualifications for Board Candidates

The following are the basic qualifications for candidates for the Co-op Board:

- Has no record of shoplifting at the Co-op or has had the right to shop reinstated according to operating procedures.
- If previously employed by the Co-op, was not fired within the past 12 months.
- Any actual or potential conflict of interest, including any potential conflict relating to previous employment at the Co-op, is disclosed and there is no overriding conflict of interest.
- Any past felony conviction is disclosed and there is no conviction which in the judgement of a reasonable person precludes service on the board.
- Is a member of the Co-op at the time of submitting application for candidacy?

The Nominating Committee shall use these qualifications to determine whether a candidate is excluded from candidacy. Should the Nominating Committee exclude a candidate, the full board may reconsider the exclusion provided the candidate chooses to contest it in a timely manner.

(Board approved - March 2016)

Section 6 – Officers

A. Officers Selection

The Co-op Board includes four (4) Officers: President, Vice President, Secretary, and Treasurer. (Section 6.01)

Following any change in the membership of the Board, and whenever circumstances warrant, the Board shall ensure that all offices identified in the Bylaws Article VI are filled. Selection of officers may occur in any manner consistent with Article VI. *(Board approved – December 2016)*

Section 7 - Corporate Records And Reports

Section 8 - Inspection Rights

A. Board Inspections

- The Board may review any aspect of Co-op operations, structures or procedures at any reasonable time and in a manner which does not interfere with the daily operations of the business. (Section 8.02)
- Any Director, at any reasonable time, may inspect and/or copy Co-op books, records and any documents. (Section 8.02)
- Any Director may inspect the physical properties of the Co-op in a manner which does not interfere with the daily operations of the business. (Section 8.02)

Section 9 - Surplus Allocation and Distribution

A. Member Patronage Records

It is essential to maintain accurate records of Co-op Member patronage per Fiscal Year for the purposes of distributing Patronage Dividends or Refunds.

- Upon member requests, Co-op cashiers shall record at the time of sale, the membership number and amount of purchase.
- Tax is not included when recording the amount of purchase toward patronage refunds.

B. Patronage Refunds (Section 9.03)

At the end of the Co-op's Fiscal Year, bylaws direct that all profits attributable to Member purchases shall be returned to the Members in the form of Patronage Refunds. The amount of profits due to each individual Member shall be determined, and said profit shall be distributed to the Member in accordance with our bylaws.

The amount of any refund is calculated as follows:

- The total net sales for the year shall be divided into two groups: sales to members and sales to non-members.
- The percentage of sales to each of the two groups must be determined.
- To determine the amount of profits distributed to the membership, the total profits earned in the year shall be multiplied by the percentage of sales to members.
- To determine the percentage of sales attributed per member for any given year and also the percentage of profits they receive for that year, each individual members' patronage

(purchases) shall be determined and then compared to the total sales to members for the year in question.

- Based upon the economic picture of the Co-op on an annual basis, the percentages of sales attributed to members, and the percentages of profits received may vary from year to year.
- The Board of Directors, in accordance with bylaws and cooperative tax laws, is responsible for determining what percentage of profits is distributed in cash and what percentage of profits is distributed in shares.
- Patronage refunds are considered a non-taxable event for the member and the Co-op, as long as 20% of total profits attributable to member purchases is distributed to members, in the form of cash.

Section 10 – Merchandising

A. Purchasing & Merchandising Policies

Values in Product Selection

As a core part of its commitment to fiscal, environmental, and social responsibility, the North Coast Co-op strives to carry products which are environmentally sound and socially responsible, which support our local community and economy, and which meet the needs of our members.

Purchasing Policy

Environmentally Sound

- The Co-op strives to sell products which have significant positive environmental impacts in their production or use. Significant positive impacts may include but are not limited to: regeneration of soil; restoration of habitat; investment in clean, renewable energy; and removal of pollutants (including greenhouse gases) from the environment.
- The Co-op strives not to sell products which have significant negative environmental impacts in their production, transportation or use. Significant negative impacts may include but are not limited to: the generation of excessive and/or unnecessary packaging waste; pollution (including greenhouse gases); habitat destruction; and unsustainable harvest of wild populations.

Socially Responsible

- The Co-op strives to sell products which have significant positive social or economic impacts in their production or use. Significant positive impacts may include but are not limited to: support for labor rights; fair compensation and good treatment of workers; support for co-ops; and positive political, cultural, economic or health effects on producers and/or consumers or on their communities.
- The Co-op strives not to sell products which have significant negative social or economic impacts in their production, transportation or use. Significant negative impacts may include but are not limited to: lack of respect for the rights of workers or communities; failure to fairly compensate workers and/or treat them humanely; and negative political, cultural, economic or health effects on producers and/or consumers or on their communities.

Local

- The Co-op strives to sell products which are produced and/or processed locally, particularly when the producer is a local individual or a locally owned entity, and particularly when those products have significant positive environmental and/or social impacts as described above.

Meeting Member-Owner Needs

- The Co-op exists primarily for the mutual benefit of our member-owners. The Co-op respects the diverse needs of our member-owners and strives to sell products which meet those needs.

Exemption

- Any, and all, products which the Co-op is required to carry to remain an authorized participant in the Women, Infants and Children (WIC) Program shall be exempted from this policy to the extent that requirements of the WIC Program conflict with this policy.

Merchandising Policy

- The Co-op promotes items which, under the Purchasing Policy, fall into the categories of products we “strive to sell.” We promote local, environmentally sound, and socially responsible products.
- Whenever possible, the Co-op does not promote non-local items which compete with comparable local products we sell.
- Within the parameters of the budget and the Purchasing Policy, the Co-op strives to provide products at prices which are affordable to as much of the community as possible.
- The Co-op is committed to educating its member-owners and other shoppers by providing accurate, relevant consumer information.
- Co-op merchandising is directed toward adult consumers only. However, the Co-op may direct positive, healthful, educational messages toward children when appropriate.

Implementation of Purchasing & Merchandising Policies

- Co-op staff have sole discretion to interpret and apply these policies. However, the Board may provide guidance from time to time on the interpretation or application of the policies. The Board may also adopt more specific policies or take other actions which affect purchasing.
- The Co-op encourages members to provide input on the implementation of these policies. Co-op staff will consider all such input, but will not be bound by it.
- These policies will be posted prominently in each of the Co-op’s retail locations and on its website.
(Board approved - February 2017)

B. Boycott Policy

The Board will consider participating in any boycott when a proposal is made to do so by staff, or by a member or group of members. In making its decision, the Board will weigh all available information as for the reasons for and likely effects of the boycott. Decisions to participate in a boycott will be revisited at reasonable intervals or whenever relevant considerations may have changed.
(Board approved - June 2016)

Section 11 - Planning

A. Strategic Planning Process – Five Year Plan

- Each year at the Annual Meeting the General Manager will present to the Membership a thorough update on the Co-op 5 Year Strategic Plan achievements and setbacks.
- The General Manager will present to the Board brief updates on individual sections of the 5 Year plan as part of the monthly General Manager Report.
- One year prior to the expiration date of a 5 Year Plan, the Board shall authorize an Ad Hoc Committee to implement the process of creating a new Strategic Plan.
- The Ad Hoc Committee will involve the General Membership in the process of Strategic Planning.

Section 12 - Other

A. Loss Control

The Board of Directors is ultimately responsible for the protection and preservation of all Co-op assets. The General Manager, at direction of the Board, will maintain policies and procedures to minimize preventable loss and protect all Co-op assets. *(Board approved - September 2017)*

Financial Accountability

- Management shall maintain proper cash handling, recording and accounting systems to accurately record the financial business of the Co-op in accordance with Generally Accepted Accounting Principles (GAAP).
- The Board of Directors shall contract with an independent accounting firm to audit the Co-op's books on an annual basis, and report to the Board the fairness and accuracy of those records.

Insurance

Appropriate levels of insurance shall be maintained for business liability including property, fire, vehicle and other property loss, worker's compensation, and errors and omissions on the part of Management and the Board. The Board shall review the Co-op's insurance coverages from time to time to ensure adequate coverage and affordable rates. *(Board approved - September 2017)*

Theft Prevention

- Management shall put appropriate theft prevention programs in place to prevent the loss of assets from theft.
- All individuals who are suspected of theft shall be approached in a civil manner and treated with courtesy as much as the situation allows.
- If individuals are uncooperative, belligerent or violent, the health and safety of all concerned is of paramount importance.
- Shoppers accused of theft at the Co-op are subject to immediate revocation of their shopping privileges at discretion of the General Manager.
- A member whose privileges have been revoked may request reinstatement, in writing to the Board. The Board may grant such requests at its discretion.

(Board approved - September 2017)

B. Newsletter Policy

The newsletter has two main functions: for communication among member-owners and between the Board of Directors and the membership, and for North Coast Co-op to share information and market its offerings. It is the intent of the board to maintain the newsletter for its communication functions even if operations no longer uses it for marketing. The newsletter could be in the form of print, online, email, or some other as of yet unknown widely received method. The newsletter could be delivered weekly, monthly, quarterly or with any regularity, determined from time to time by the Board of Directors, with consideration for labor, operational and environmental costs and benefits.

The key features of a newsletter shall be:

1. Announcements of board, committee, or other meeting dates and times.
2. Reports on board activities, policy decisions and strategic initiatives.
3. Opportunities for education and advocacy on relevant topics.
4. Opportunities for member-owner input.
5. Opportunities for member-owners to communicate with each other.
6. Opportunities for communicating operational information.

In most cases, member-owner communication would be in the form of a written letter or comment. Letters and comments which meet the following requirements shall be published if feasible in the judgement of the editor:

- Written by a member-owner of North Coast Co-op.
- Relates to North Coast Co-op or cooperative business in general. This requirement shall be broadly interpreted.
- Addressed to the Editor or to the Board of Directors and a clear desire is manifest that it be published.
- Statements are not libelous.

If submitted communication does not meet requirements above, or publication in its entirety is deemed infeasible for any other reason, author will be notified by editor.

(Board approved - September 2016)

C. Updates to the Board Policy Manual

- In the course of using these Co-op Board Policy Manual procedures, it is the duty of all users to make notes of any necessary changes and updates as needed.
- Proposed changes and updates are considered first by the Policies and Procedures Committee or other relevant committee, which shall make recommendations regarding such proposed changes or updates to the full board.
- Changes to the Board Policy Manual must be approved by a majority vote of the full board.
- The Board Assistant will maintain a process for ensuring that distributed copies of the Board Policy Manual remain the most current.