

# Portland Food Co-op

## Policy Register

Last Revision: 27 June 2018

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## Ends Policies

### A – Global Ends

Revised: 14 Jan. 2014

1. High quality and fairly priced food, household goods, and personal items
2. Community education about food and food sources, health, and nutrition
3. A model and advocate for cooperation, democracy, and self-reliance
4. Investment in an environmentally and economically sustainable local food system
5. Fair and trusting relationships between consumers and producers
6. Cooperation with other cooperatives whenever possible

Beneficiaries: Member-Owners, other patrons, and the local, regional, and global communities.

## A1 – Products and Facilities Ends

Revised: 23 Jul. 2015

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1. A diverse mix of fairly priced environmentally and socially responsible products to feed and nurture our community.
  - a. A range of products that meet our customers' preferences.
  - b. Products reflecting our mission statement, Member-Owner values, and customer-derived criteria.
  - c. Full choice and information about products, including balanced information about products subject to consumer boycotts, or having potentially objectionable characteristics.
  - d. Honest and non-manipulative merchandising and marketing practices.
2. A safe and pleasant environment for shopping and engaging in community and Member-Owner activities.
3. A model of environmental stewardship, continuous reduction of the environmental impact of its operations, and encouragement of environmentally sustainable practices among its consumers and suppliers.

This policy will be monitored annually by internal report.

## A2 – Education Ends

Revised: 23 Jul. 2015

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1. Well-utilized sources of credible information and education for our community via in-store support, media, and outreach programs and activities, with a knowledgeable, friendly staff and volunteers.
  2. Readily available information and knowledge about:
    - a. PFC decisions, policies and plans
    - b. Cooperatives, cooperative practices and principles
    - c. Food and food sources, health and nutrition
    - d. Issues pertaining to the food-system that PFC engages
    - e. Environmental and social issues related to food
    - f. Products and services offered
    - g. Opportunities for Member-Ownership, participation, and decision-making

This policy will be monitored annually by internal report.

## A3 – Local Economy Ends

Revised: 23 Jul. 2015

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1. Relationships of trust between PFC consumer and supplier
2. Investment in the growth and development of the local food economy
  - a. Purchasing relationships with as great a number of local producers as possible
  - b. As high a volume of locally produced goods as consistent with business viability and Member-Owner preferences and values.
  - c. Non-monetary support for local vendors.
3. Connections and cooperation with other locally focused organizations
4. Exemplary working conditions
  - a. A model of fair employee compensation and benefits
  - b. A workplace based on cooperative principles

This policy will be monitored annually by internal report.



## A4 – Co-op Community and Member-ownership Ends

Revised: 23 Jul. 2015

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1. A co-op community open and welcoming to the full diversity of Portland residents, reflecting that diversity in its Member-Ownership and employees.
2. A vital Member-Ownership program fostering a sense of ownership among Member-Owners.
  - a. Member-owners' direct participation in store policy formation, community outreach, Member-Owner program development, and other important work of the co-op.
  - ~~b. A volunteer work program providing benefits to participating Member-Owners.~~
3. Partnerships with other co-ops and businesses that share PFC values, including partnerships based on:
  - a. Mutual economic benefit
  - b. Sharing of best practices or other knowledge

This policy will be monitored annually by internal report annually.

## Executive Limitations Policies

### B – Global Executive Constraint

Revised: 10 Jan. 2014

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The GM shall not cause or allow any practice, activity or decision which is illegal, imprudent, in violation of commonly accepted business and professional ethics and practices, or contrary to the Cooperative Principles as established by the International Cooperative Alliance, see Appendix A.

## B1 – Financial Condition and Activities

Revised: 26 Apr. 2016

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With respect to the actual, ongoing financial conditions and activities, the General Manager shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from board priorities established in the Ends policies.

The GM will not:

1. Allow sales to decline or be stagnant compared to the previous year's sales except in times of recession or other uncontrollable factors.
2. Allow operations to generate an inadequate net income
3. Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion, to be insufficient with the co-ops needs.
4. Allow solvency, or the relationship of Member-Owners' equity to debt, to be insufficient.
5. Acquire, encumber or dispose of real estate without board approval.
6. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
7. Allow late payment of contracts, payroll, loans, or other financial obligations.
8. Use restricted funds for any purpose other than that required by the restriction.
9. Allow financial record keeping systems and processes to be inadequate or out of conformity with GAAP.
10. Allow trade payables to be out more than 90 days.
11. Allow expenditures to deviate materially from board stated priorities.
12. Make capital expenditures, sell capital assets or enter into leases exceeding \$20,000 in value. If an emergency situation requires an unplanned purchase of assets above said amount, the GM will report it at the next regularly scheduled board meeting.

This policy will be monitored quarterly by internal report and by external report (audit) as requested by board.

## B2 – Planning and Budgeting

Revised: 23 Jul. 2015

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The General Manager shall not cause or allow business planning and budgeting, for any fiscal year or the remaining part of any fiscal year to deviate materially from the board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

The GM will not cause or allow plans that:

1. Risk incurring those situations or conditions described as unacceptable in the board policy "Financial Condition and Activities."
2. Omit or obscure credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
3. Plan expenditures in any fiscal year that would result in default under any of the cooperative's financing agreements or lead to the insolvency of the cooperative.
4. Provide less for board prerogatives during the year than is set forth in the Governance Investment Policy.
5. Have not been tested for feasibility.
6. Omit goals, strategies, operational plans, marketing plans, financial plans, benchmarks and measurements.

This policy shall be monitored by internal report annually.

## B3 – Asset Protection

Revised: 18 Nov. 2015

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

The GM will not allow:

1. 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. Unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Inadequate security of premises and property.
4. Inadequate operational systems to safeguard against theft, loss, or damage of property.
5. Abuse or misuse of the cooperative's assets.
6. Any one individual including the GM to have complete authority over a financial transaction.
7. Data, intellectual property, or files (including Member-Owners' and customers' personal information) to be unprotected from loss, theft, significant damage, or improper usage.
8. Uncontrolled purchasing or purchasing subject to conflicts of interest.
9. Lack of due diligence in contracts and real estate acquisitions.
10. Damage to the co-op's public image.
11. Deposit the cooperative's funds in institutions where they are not fully protected.

This policy will be monitored by internal report in annually and by external report (audit) as requested by board.

## B4 – Member-ownership Rights and Responsibilities

Revised: 10 Jan. 2014

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The General Manager shall not allow Member-Owners to be uninformed or misinformed of their rights and responsibilities.

The GM will not:

1. Create or implement a Member-Owner equity system that does not comply with [Bylaws](#) or does not inform Member-Owners that equity investments are at risk and are refundable as specified in the Bylaws.
2. Implement a patronage dividend system that does not:
  - a. Comply with IRS regulations.
  - b. Allow the board to examine a range of options and implications, and make a timely determination each year concerning how much, if any, of the PFC's net profit will be allocated and distributed to Member-Owners.
3. Provide inadequate or inaccurate information and notice to PFC Member-Owners concerning Board actions, meetings, activities and events.
4. Allow unauthorized use of the Member-Ownership.

## B5 – Treatment of Consumers

Revised: 23 Jul. 2015

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The General Manager will not be unresponsive to customer needs.

The GM will not:

1. Operate without a system for soliciting, addressing and responding to customer opinion regarding preferences, product requests, complaints and suggestions.
2. Allow an unsafe or unpleasant shopping experience for customers.
3. Operate without a system that directs staff to provide quality customer service and supports staff in doing so.

This policy will be monitored by internal report in annually.

## B6 – Staff Relations and Compensation

Revised: 23 Jul. 2015

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With respect to relations with paid and volunteer staff, the General Manager will not cause or allow conditions which are inhumane, illegal, unfair, or undignified.

The GM will not:

1. Operate without written personnel policies that:
  - a. Clearly express rules for staff
  - b. Provide for fair and thorough handling of grievances
  - c. Are accessible to all employees
2. Cause or allow personnel policies to be inconsistently applied.
3. Provide for inadequate documentation, security and retention of personnel records and all personnel related decisions.
4. Establish compensation and benefits that are internally or externally inequitable.
5. Change the GM's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

This policy will be monitored by internal report annually and by external report (audit) as requested by board.



## B7 – Communication and support of the Board

Revised: 23 Jul. 2015

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

The GM will not fail to:

1. Submit monitoring data that is timely, accurate, and clear.
2. Report any actual or anticipated noncompliance with any board policies in a timely manner.
3. Inform the board of relevant trends, internal and external changes which affect the assumptions upon which board policy has previously been submitted, and inform the board if, in the manager's opinion, any of the board's policies should be clarified, amended, deleted or made more specific.
4. Express his/her opinion if the GM believes the board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of board behavior that is detrimental to the work relationship between the board and the GM.
5. Deal with the Board as a whole except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the board.
6. Supply for the board's consent agenda all decisions delegated to the GM yet required by law, regulation, or contract to be board-approved.
7. When taking a leave, assign a person responsible to report to the board.
8. Provide the board with sufficient staff administration to support governance activities and board communication.

This policy will be monitored by internal report annually.

## B8 – GM Succession

Revised: 23 Jul. 2015

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To protect the board from sudden loss of GM services, the GM shall 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 and shall inform the board of that person.

This policy will be monitored by internal report in annually.

## Board Process Policies

### C – Global Governance Commitment

Revised: 11 Mar. 2014

Acting on behalf of our Member-Owners, the Board ensures that our cooperative produces benefit and value, while avoiding unacceptable actions and situations.

## C1 – Governing Style

Revised: 25 May 2017

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The Board will govern in a way that emphasizes empowerment and clear accountability. In order to do this, the Board will:

1. Focus our vision outward and toward the future.
2. Observe the 10 Policy [Governance Principles](#).
  - a. Ends Policies
  - b. Ownership
  - c. Board Process Policies
  - d. Board Holism
  - e. Board-Management Relationship Policies
  - f. Governance Position
  - g. Limitations Policies
  - h. Policies (Decisions) Come in Sizes
  - i. Any Reasonable Interpretation
  - j. Monitoring
3. Maintain group discipline, authority and responsibility.
4. Clearly distinguish Board and General Manager roles.
5. Encourage diverse viewpoints.
6. Obey all relevant laws and [Bylaws](#).

## C2 – The Board’s Job

Revised: 25 May 2017

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In order to govern successfully, the Board will:

1. Create and sustain a meaningful relationship with Member-Owners.
2. Hire, compensate, delegate responsibility to, and hold accountable a General Manager. (See D. Board GM Relationship Policies)
  - a. Use a strategic process to establish and routinely update the value of GM compensation, and complete this process in a timely manner
  - b. Any director who is also a paid employee may not participate in any executive session discussions or decisions related to the GM’s annual review and compensation, in order to protect the GM’s privacy as an employee of the Co-op.
3. Have expectations in the form of written governing policies that realistically address the broadest levels of all organizational decisions and situations. The Board will write and routinely update these policies in the form of Ends, Executive Limitations, Board Process, and Board-Management Relationship, as described in the Policy Governance principles.
4. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
5. 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.
6. Perpetuate the Board’s leadership capacity using ongoing education, training and recruitment.
7. Perform other duties as required by the [Bylaws](#) or because of limitations on GM authority.
8. Make final determination on disbursement or use of patronage dividend based on options provided by GM.

### C3 – Agenda Planning

Revised: 11 Mar. 2014

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The Board will develop and follow a multi-year workplan and annual agenda that focuses its attention on strategic goals and leadership.

1. The Board will create, and modify as necessary, an annual calendar that includes tasks and events related to its multi-year workplan, Member-Ownership meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions as outlined in its Board-Management Relationship policies.
2. Throughout the year, The Board will attend to consent agenda items as expeditiously as possible.
3. The Board will limit the amount of meeting time taken up by Executive Limitations monitoring reports, limiting discussion unless the reports indicate policy violations, or the policy criteria themselves need review.

## C4 – Board Meetings

Revised: 21 Nov. 2016

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

1. The Board will use Board meeting time only for work that is the whole Board's responsibility. The Board will avoid committee issues, operational matters and personal concerns.
2. Meetings will be open to the Member-Ownership except when executive session is officially called.
  - a. The Board may occasionally use executive session to deal with confidential matters, as long as the purpose of the session is stated. When possible, announcement of the executive session should be on the published agenda.
3. The Board will seek consensus through discussion. The Board will then finalize and document decisions through the use of the PFC modified consensus model, as described in the PFC [Bylaws](#).
4. The board president is responsible for creating the agenda in consultation with board members. The agenda may be modified at the meeting by a majority vote of the Board.

## C5 – Directors’ Code of Conduct

Revised: 25 May 2017

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Board members each commit to ethical, businesslike 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, in alignment with [Bylaws](#) article IV section 4.6, 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-Owner.
  - 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. 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 consensus decision or vote.
  - c. A director who applies for employment must first resign from the Board.
  - d. 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. Also see policy C2.2(b).
3. 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.
4. Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.
5. Directors will prepare for and attend all Board meetings and trainings in person.
6. 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.
7. 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.

## C6 – Officers' Roles

Revised: 16 Jun. 2015

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The Board will elect officers in order to help us accomplish its job.

1. No officer has any authority to supervise or direct the GM.
2. No employee of the Co-op may serve as an officer of the Board.
3. Officers may delegate their authority but remain accountable for its use.
4. In addition to duties specified in the [Bylaws](#), The president ensures the Board acts consistently with Board policies.
  - a. The president is authorized to use any reasonable interpretation of the provisions in the Board Process and Board-Management Relationship policies.
  - b. The president will chair and set the agenda for Board meetings.
  - c. The president plans for leadership (officer) perpetuation.
  - d. The president may represent the Board to outside parties.
5. In addition to duties specified in the [Bylaws](#), the vice-president will perform the duties of the president in her/his absence.
6. The treasurer will lead the Board's process for creating and monitoring the Board's (not the Cooperative's) budget.
  - a. In addition, the treasurer will facilitate the Board's understanding of the financial condition of the Cooperative in addition to what is required in the Bylaws
7. The secretary will make sure the Board's documents are accurate, up to date, and appropriately maintained, in addition to any other duties as required in the Bylaws.
8. In order to avoid a gap between outgoing and incoming officers, at the last Board meeting before the annual meeting, the Board shall appoint interim officers until the following month, when officer elections are normally held.



## C7 – Board Committee Principles

Revised: 11 Mar. 2014

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The Board will use Board committees only to help the Board accomplish its job.

1. Committees will reinforce and support the wholeness of the Board.
  - a. In particular, committees help the whole Board move forward when they research alternatives and bring back options and information.
2. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
3. The Board will establish committee purposes and responsibilities in written committee charters, regularly review and specify committee responsibilities, and evaluate committee performance.
  - a. The Board will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the GM.
4. Committees and their members will comply with applicable Codes of Conduct from this section, subject to review by the Board.

## C8 – Governance Investment

Revised: 25 May 2017

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The Board will invest in the Board's governance capacity.

1. The Board will make sure that Board skills, methods and supports are sufficient to allow it to govern with excellence.
2. The Board will incur governance costs prudently, though not at the expense of endangering the development and maintenance of superior capability.
  - a. The Board will use training and retraining liberally to orient new directors and candidates for membership, as well as to maintain and increase existing directors' skills and understanding.
  - b. The Board will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
  - c. The Board will use outreach mechanisms as needed to ensure our ability to listen to owner viewpoints and values.
  - d. The Board will use professional and administrative support.
3. The Board will develop the Board's annual budget in a timely way so as to not interfere with the development of the Cooperative's annual budget.

## Board-Management Relationship Policies

### D – Global Board-Management Connection

Revised: 15 Dec. 2013

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

#### D1 - Unity of Control

Revised: 15 Dec. 2013

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Only officially passed proposals or motions of the Board are binding on the GM.

1. Decisions or instructions of individual directors, officers, or committees are not binding on the GM except in rare instances when the Board has specifically authorized this power.
2. In the case of directors or committees requesting information or assistance without Board authorization, the GM can refuse any requests that, in the GM's opinion, may disrupt operations or that require too much staff time or resources.

#### D2 – Accountability of the GM

Revised: 15 Dec. 2013

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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 the Cooperative's accomplishment of Board-stated ends and avoidance of Board-proscribed means will be viewed as successful GM performance.
2. The Board will not instruct or evaluate any employee other than the GM.

### D3 – Delegation to the GM

Revised: 15 Dec. 2013

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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.
2. The Board will respect and accept the GM's choices as long as those choices are based on reasonable interpretations of Board policies.
3. If the Board changes an Ends or Executive Limitations policy, the change only applies in the future.

## D4 – Monitoring GM Performance

Revised: 23 Jul. 2015

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The Board will systematically and rigorously monitor and evaluate the GM's job performance.

1. Monitoring is how the Board determines the degree to which the GM is following Board policies. Information that does not directly relate to Ends or Executive Limitations policies is not used as monitoring information for the policies on which the GM reports.
2. The Board will acquire monitoring information by one or more of three methods: (a) by internal report, in which the GM discloses 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 or committee assesses compliance with the policy criteria.
3. In every case, the 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 will always judge with a "reasonable person" test rather than with interpretations favored by individual directors or by the Board as a whole.
4. The GM is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
5. 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.
6. The Board will complete an annual evaluation of the General Manager, based on a summary of monitoring reports received the previous year.

## Appendices

### E1 – Bylaws

Revised: 30 Apr. 2015

[link to official copy](#)

#### Article I: Organization

Section 1.1 – **Status.** Portland Food Cooperative (referred to in these bylaws as "PFC") is a cooperative association incorporated under the Consumer Cooperative law of the State of Maine.

Section 1.2 – **Purpose and mission.** The PFC is organized to operate a retail grocery store for the primary and mutual benefit of its Member-Owners as patrons of its services. The PFC is organized and shall be operated exclusively on a cooperative and nonprofit basis. The mission of the PFC is to provide high quality and fairly priced food and other household goods and personal items; to offer education and information on cooperative principles and practices, food and food sources, health, and nutrition; to serve as a model of cooperation, democracy, and self-reliance;

to invest in an environmentally and economically sustainable local food system; to cultivate fair and trusting relationships between consumers and producers; and to cooperate with other cooperatives whenever possible; all for the mutual benefit of its Member-Owners and the local, regional, and global community.

**Section 1.3 – Cooperative principles.** The PFC shall be operated in accordance with the cooperative principles adopted by the 1995 General Assembly of the International Co-operative Alliance, including: (i) voluntary and open Member-Ownership; (ii) democratic member control; (iii) member economic participation; (iv) autonomy and independence of the co-op; (v) providing education, training and information; (vi) cooperation with other cooperatives; and (vii) concern for community.

**Section 1.4 – Nondiscrimination.** The PFC shall not arbitrarily discriminate on the basis of race, color, sex, sexual orientation, gender identity, physical or mental disability, genetic pre-disposition, religion, age, ancestry, national origin or political affiliation.

## **Article II: Member-Ownership**

**Section 2.1 – Eligibility and admission.** Member-ownership in the PFC shall be voluntary and open to any individual eighteen years of age or older or organization operated on a cooperative or nonprofit basis whose purpose is to make purchases from the PFC for the use or consumption of the applicant and to accept the responsibilities of Member-Ownership. Applicants will be admitted to Member-Ownership upon submitting required information and complying with the share purchase requirement. On or before admission to Member-Ownership each Member-Owner shall be provided a copy of these bylaws. If within six months after the date of application any doubts arise concerning eligibility, including doubts as to the apparent intent of the applicant, the application for Member-Ownership shall be subject to approval by the Board.

**Section 2.2 – Share purchase requirement.** Applicants shall be required to purchase one common share and such additional, if any, series A preferred shares as they may be able and willing to provide as a financial expression of support for the PFC. Applicants who are low-income persons on public assistance shall be required to purchase no more than one-tenth of a common share. All purchases of shares shall be at their par value of one hundred dollars per share. The share purchase requirement may be paid in installments by applicants who express a need to do so.

**Section 2.3 – Rights.** Except as otherwise provided in these bylaws, an individual Member-Owner or any member of his or her household and an organizational Member-Owner through any of its agents shall be entitled to make purchases from the PFC on terms generally available to Member-Owners. An individual Member-Owner and the authorized agent of an organizational Member-Owner shall be entitled to participate in the governance of the PFC as set forth in these bylaws. Except as otherwise required by these bylaws, persons who have subscribed for but not fully paid the share purchase requirement shall be considered owners.

**Section 2.4 – Responsibilities.** Each Member-Owner shall keep reasonably current in payment of the share purchase requirement, shall make purchases from the PFC on at least an occasional basis, and shall notify the PFC of any change to the name or address of the Member-Owner.

**Section 2.5 – Inactive status.** A Member-Owner who becomes delinquent by one month in meeting the share purchase requirement, or who fails to patronize the PFC for a period of one

year, shall be placed into inactive status. His or her participation rights shall then be suspended. A Member-Owner in inactive status may attain good standing upon recommencing payment of financial obligations or reestablishing a patronage relationship with the PFC. Except as otherwise provided herein, references in these bylaws to the rights and entitlements of Member-Owners shall be understood to refer to Member-Owners in good standing.

**Section 2.6 – Access to information.** Member-Owners shall be provided reasonably adequate and timely information as to the organizational, operational and financial affairs of the PFC.

**Section 2.7 – Settlement of disputes.** In any dispute between the PFC and any of its Member-Owners or former Member-Owners which cannot be resolved through informal negotiation, it shall be the policy of the PFC to prefer the use of mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. Neither party with a grievance against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.

**Section 2.8 – Limited transfer ability.** Upon termination of Member-Ownership, or at any time as to shares held in excess of the minimum amount, the PFC will upon request of the Member-Owner transfer the carrying value of ownership rights and interests, including shares and deferred patronage dividends, net of any authorized offsets, to the credit of another person designated by the requesting Member-Owner or a person legitimately acting for the Member-Owner, provided that the transfer involves no element of profit and that the person so designated is or becomes a Member-Owner of the PFC. Member-Ownership rights and interests may not otherwise be sold, assigned, or transferred. Any attempted transfer contrary to this section shall be wholly void and shall confer no rights on the intended transferee.

**Section 2.9 – Withdrawal and expulsion.** A Member-Owner may withdraw at any time upon notice to the PFC. A Member-Owner may be expelled by vote of Member-Owners for cause after being provided at least ten days notice of the charges and an opportunity to respond in person or in writing or by counsel. Upon termination of Member-Ownership, all rights and interests in the PFC shall cease except for rights to redemption of capital pursuant to Article VII of these bylaws.

### **Article III: Meetings of Member-Owners**

**Section 3.1 – Annual meeting.** An annual meeting of Member-Owners shall be held within four months after the close of each fiscal year to receive reports on operations and finances of the PFC, to elect directors, and to conduct such other business as may properly come before the meeting.

**Section 3.2 – Special meetings.** Special meetings of Member-Owners may be called by the Board and shall be called by the Secretary as soon as practicable after the receipt of petitions signed by not less than ten percent of all Member-Owners, such petitions stating any proper business to be brought before the meeting.

**Section 3.3 – Notice.** Written notice of the time, place, and purpose or purposes of the meeting shall be provided to each Member-Owner not less than twenty nor more than fifty days before the date of the meeting. Any business conducted at a meeting other than that specified in the notice of the meeting shall be of an advisory nature only.

**Section 3.4 – Record dates.** Unless otherwise determined by the Board, only persons who are

Member-Owners at the close of business on the day immediately preceding the date of distribution of notices shall be entitled to notice and to vote with respect to the subject of such notice.

Section 3.5 – **Quorum.** As to election of directors, Member-Owners present by ballot or in person shall constitute a quorum for the transaction of business on this issue. As to all other issues presented to a vote of Member-Owners, the presence by ballot or in person of fifty Member-Owners or five percent of all Member-Owners, whichever is lesser, shall be necessary and sufficient to constitute a quorum for the transaction of business at a meeting of Member-Owners.

Section 3.6 – **Voting.** Each Member-Owner shall have one and only one vote on each matter submitted to a vote of Member-owners irrespective of the number of shares owned or subscribed for. Voting by proxy shall not be permitted. Unless otherwise required by law or by these bylaws, issues shall be decided by a simple majority of votes cast except where one or more choices are to be made from several alternatives, in which case the alternative(s) receiving the most votes shall be considered approved. In-person meetings of Member-Owners shall be conducted generally in accordance with reasonable and accepted rules of parliamentary procedure.

Section 3.7 – **Voting by written ballot.** Member-Owners may vote by written ballot delivered to the PFC unless otherwise determined by the Board. Ballots, together with the exact text of an issue for decision, shall be included in the notice of the meeting to which they relate. Ballots shall be submitted in a manner that reasonably secures the privacy of Member-Owners and the integrity of the voting process. Casting of a written ballot shall be equivalent to presence in person at a meeting with respect to the subject of the written ballot and voting by ballot shall for all purposes be considered a meeting of Member-Owners.

Section 3.8 – **Issues submitted by Member-Owners.** Notices of a meeting of Member-Owners shall include any proper issue submitted by petition of not less than five percent of all Member-Owners. Petitions must be received by the PFC not less than fifteen days before the issuance of notice of the meeting at which they are to be presented to a vote of Member-Owners.

#### **Article IV: Board of Directors**

Section 4.1 – **Powers and duties.** Except as to matters reserved to Member-Owners by law or by these bylaws, the business and affairs of the PFC shall be managed under the direction and supervision of the Board of Directors (sometimes referred to in these bylaws as “the Board”).

The duties of the Board shall include, but not be limited to, overseeing the operations and finances of the PFC, establishing policies to govern operational decisions, engaging a general manager and monitoring and evaluating his or her performance, and assuring that the purpose and mission of the PFC are properly carried out.

Section 4.2 – **Number and qualifications.** The Board shall consist of not less than five nor more than sixteen individuals, as determined by the Board or at a meeting of Member-Owners.

To be qualified as a director a person shall be a Member-Owner and shall not have any personal agenda with respect to the PFC, or antagonism against the PFC, or overriding conflict of interest with the PFC, or disinclination to act in the best interests of the PFC. No more than one employee of the PFC shall serve as a director at any one time when the number of directors is

nine or less, and no more than two employees shall serve as directors at any one time when the number of directors is ten or more.

**Section 4.3 – Nominations, election and terms.** Candidates for Director positions shall be nominated by the Board, or by a petition signed by at least 50 Member-Owners in good standing and submitted to the PFC by a date designated by the Board. No employee directly hired by the Board shall be eligible for nomination. All directors shall be elected by member-owners. Unopposed candidates must receive the votes of a majority of those voting to be considered elected. Directors shall be elected for terms of three years. Directors shall hold office until their successors are elected or until their offices are sooner terminated in accordance with these bylaws.

**Section 4.4 – Compensation.** Directors may be compensated only as approved at a meeting of Member-Owners. Directors may be reimbursed for reasonable expenses incurred in connection with the performance of authorized business of the PFC.

**Section 4.5 – Standards of conduct.** Directors shall be responsible at all times for discharging their duties in good faith, in a manner that they reasonably believe to be in the best interests of the Co-op and with the care that an ordinarily prudent person in a like position would use under similar circumstances.

**Section 4.6 – Conflicts of interest.** Directors shall be under an affirmative duty to disclose their actual or potential conflicts of interest, either direct or indirect, in any matter under consideration by the Board or by a committee exercising any authority of the Board, and such interest shall be made a matter of record in the minutes of the meeting. A director or member of a committee having such an interest shall be permitted to make a statement with regard to the matter but shall not be permitted to participate in the discussion or decision of the matter.

**Section 4.7 - Indemnification.** The PFC shall indemnify its directors and officers as required by state law, and shall indemnify and reimburse each present, past and future Director for any claim or liability (including expenses and attorneys fees actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a Director, to the full extent allowed by law, except to the extent the Director acted in bad faith. Any indemnification payments or advances shall be reported to Member-Owners not later than the next-scheduled meeting of Member-Owners.

**Section 4.8 - Committees.** The Board may appoint special or standing committees to advise the Board or to exercise such authority as the Board shall designate. Such committees shall include at least one director. The appointment of any committee shall not relieve the Board of its responsibilities in the oversight of the PFC.

**Section 4.9 – Termination.** The term of office of a director may be terminated prior to its expiration in any of the following ways: (i) voluntarily by a director upon notice to the Secretary; (ii) by decision of  $\frac{2}{3}$  of the remaining directors for conduct contrary to the Cooperative or failure to follow Board policies; and (iii) by decision of the Member-Owners in accordance with the petition and voting provisions of these bylaws.

**Section 4.10 – Vacancies.** Any vacancy among directors occurring between annual meetings may be filled by the Board for the remainder of the vacant position's term.



## **Article V: Meetings of the Board**

Section 5.1 – **Convening.** As far as may be practicable meetings of the Board shall be held no less frequently than once in each month. Meetings not called by the Board may be called by the President and shall be called by the Secretary upon request of any three directors.

Section 5.2 – **Notice.** Meetings called by the Board shall require no notice, it being the responsibility of absent directors to inquire as to the time of further scheduled meetings. Other meetings shall require written notice to be sent to all directors at least three days before the date of the meeting, including transmission by a telecommunications device. Notices of meetings of the Board shall also be posted in a timely manner and in a conspicuous place in the PFC's store, but the inadvertent failure to do so shall not affect the validity of the meeting.

Section 5.3 – **Waiver of notice.** Any notice of a meeting required under these bylaws may be waived in writing at any time before or after the meeting for which notice is required. A person who attends a meeting other than for the sole purpose of objecting to the adequacy of the notice shall be deemed to have waived any objection to the notice.

Section 5.4 – **Quorum.** The presence in person, including by any means of communication whereby all directors participating may simultaneously hear each other during the meeting, of a majority of directors shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board.

Section 5.5 – **Decision making.** Decisions at meetings of the Board shall be made by consensus. A decision by consensus shall be considered the affirmative vote of all directors present except those who express an objection or concern but stand aside. If consensus cannot be reached on a particular matter after diligent effort to do so, such issue shall be decided by a two-thirds majority vote.

Section 5.6 – **Action without a meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting only if a written consent to the action is signed by all directors and filed with the minutes of meetings.

Section 5.7 – **Open meetings.** Meetings of the Board and all committees shall be open to Member-Owners, except that sessions of a meeting may be closed as to matters of a confidential or sensitive nature. A portion of each meeting of the Board shall be set aside for Member-Owners who are present to express their concerns on any matter relevant to the PFC.

## **Article VI: Officers**

Section 6.1 – **Designation and qualifications.** The principal officers of the PFC shall consist of President, Vice President, Secretary and Treasurer. Principal officers shall be directors. The Board may designate other officers or assistant officers.

Section 6.2 – **Election, terms and removal.** Officers shall be elected by the Board at its first meeting following the annual meeting of Member-Owners. Officers shall serve for terms of one year or until election of their successors. Officers may be removed and replaced by the Board at any time whenever the best interests of the PFC would thereby be served.

Section 6.3 – **Duties.** In addition to signing or attesting to formal documents on behalf of the PFC as authorized by the Board, officers shall fulfill such duties as are determined by the Board or required by state law.

- (a) The President shall be responsible for coordinating the activities of the Board, assuring the orderly conduct of all meetings, maintaining effective communication with the general manager, and shall present a report of operations at the annual meeting of Member-Owners.
- (b) The Vice President shall be responsible for performing the duties of the President in his or her absence or disability and assisting the President in the performance of his or her duties, and shall assure that the PFC at all times has a properly registered clerk.
- (c) The Secretary shall be responsible for the recording and keeping of adequate minutes of all meetings of the Board and of Member-Owners, overseeing the issuance of notices required under these bylaws, authenticating records of the PFC, and attending to Board correspondence.
- (d) The Treasurer shall be responsible for monitoring the maintenance of financial records, the compilation of financial reports, and the filing of required reports and returns, and shall present a financial report at the annual meeting of Member-Owners.

## **Article VII: Shares**

Section 7.1 – **Issuance and terms.** The PFC shall issue common and series A preferred shares to evidence capital funds provided by Member-Owners. Such shares may be issued only to persons eligible for, and admitted to Member-Ownership in, the PFC. Shares shall be issued only at their par value of one hundred dollars per share. Common shares shall be entitled to no dividend or other monetary return on capital. Series A preferred shares shall be entitled to no more than a fixed dividend sufficient to offset cost of living increases and a minimal recompense for assumed risk, as determined by the Board. The minimum share purchase requirement shall be subject to increase for the reasonable capital needs of the PFC, provided that such increase applies equally to both existing and newly-admitted Member-Owners.

Section 7.2 – **Certificates.** The PFC shall issue certificates to evidence fully-paid shares. Each certificate shall have printed upon it information as to voting rights being on a one-member-one-vote basis, proxies being prohibited, and transferability being limited. All certificates shall be signed personally or by facsimile by the President and the Secretary and shall be numbered and registered by the PFC. The PFC may issue a replacement certificate for any share alleged to have been lost, stolen or destroyed without requiring the giving of a bond or other security against related losses.

Section 7.3 – **Redemption.** Common shares shall be redeemable upon request following termination of Member-Ownership. Series A and Series B preferred shares shall be redeemable, upon request no sooner than three years after they have been issued and at any time at the option of the PFC. Both common and Series A and Series B preferred shares shall be redeemed in the amount of their par value or their net book value, whichever is lesser, as determined by the Board, if and when there are sufficient reserve funds for redemption. Redemption proceeds shall be subject to offset by amounts due and payable to the PFC by the Member-Owner. No redemption shall be made when payment would impair the ability of the Co-op to meet its other obligations as they become due. Reapplications for Member-Ownership after full or partial redemption of common shares shall be subject to full repayment of redemption proceeds.

## **Article VIII: Patronage dividends**

Section 8.1 – **Distribution obligation.** After the end of each fiscal year the realized net savings of the PFC attributable to the patronage of Member-Owners shall be allocated among

Member-Owners in proportion to their patronage, in accordance with this article, and in such a manner and at such a time as to constitute patronage dividends within the meaning of federal income tax law. Twenty percent of such allocation shall be distributed by a check accompanying a written notice of allocation to each recipient. Unless otherwise required under federal tax law all of the operations of the PFC shall comprise a single allocation unit.

**Section 8.2 – Allocations and reductions.** A portion of the realized net savings of the PFC not attributable to the patronage of Member-Owners shall be allocated to an educational fund used for teaching cooperation, and a portion may be allocated to funds for the general welfare of Member-Owners, both portions being as determined by the Board. Any distributable net savings of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board, be excluded from allocation and distribution. A patronage dividend to which Member-Owners are entitled may be waived in whole or in part by vote of Member-Owners.

**Section 8.3 – Consent of Member-Owners.** By obtaining or retaining Member-Ownership in the PFC, each Member-Owner shall thereby consent to take into account, in the manner and to the extent required by Section 1385 of the Internal Revenue Code, the stated dollar amount of any qualified written notice of allocation in the taxable year in which such notice is received.

**Section 8.4 – Deferred amounts.** The portion of each allocation not currently paid by check shall be credited to revolving capital accounts in the names of recipient Member-Owners and shall constitute a reserve fund for the general conduct of the business of the PFC. Such deferred amounts shall accrue no dividend or other monetary return on capital and may be redeemed when determined by the Board to be no longer needed for their intended purpose. At that time they shall be redeemed in the order of the oldest outstanding amounts and on a pro rata basis among such amounts, except that redemptions shall be payable only to Member-Owners who are then in good standing or become so within a six-month period of time. Deferred patronage dividends may also be redeemed under compelling circumstances as determined by the Board.

They shall be subject to being offset by amounts otherwise due and payable to the PFC and by assessments resulting from tax audit adjustments.

**Section 8.5 – Net losses.** No portion of a net operating loss realized by the Cooperative shall be allocated to Member-Owners. The patronage portion of such losses shall be carried forward to offset patronage-sourced income of subsequent years. The nonpatronage portion of such losses shall be carried back and forward to offset nonpatronage-sourced income of prior and subsequent years as required or permitted under federal income tax law.

## **Article IX: Miscellaneous matters**

**Section 9.1 – Fiscal year.** The fiscal year of the PFC shall coincide with the calendar year.

**Section 9.2 – Communication by electronic means.** Unless otherwise required by these bylaws, any notice, consent, ballot, petition, or other document required or permitted by these bylaws may be delivered by electronic means, provided that, in the case where such communication expressly or impliedly requires the signature of the person submitting the communication, means are in place to reasonably assure the authenticity of the signature.

## **Article X: Interpretation and Amendment of Bylaws**

**Section 10.1 – Interpretation.** The Board of Directors shall have the power to interpret these bylaws, apply them to particular circumstances, and adopt policies in furtherance of them,

provided that all such actions are reasonable and consistent with these bylaws.

**Section 10.2 – Severability.** In the event that any provision of these bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.

**Section 10.3 – Amendment.** These bylaws may be amended or repealed only at a meeting of Member-Owners, provided that the proposed amendments are stated or fully described in the notice of the meeting at which the amendments are to be adopted.

#### **Appendix: EXPLANATION OF PATRONAGE DIVIDEND CONSENT PROVISION**

Section 8.3 of the PFC's bylaws relates to when and how patronage dividends are required to be included in the taxable incomes of recipient Member-Owners. Section 1385(b) of the Internal Revenue Code provides that a patronage dividend shall not be included in the taxable income of a recipient to the extent that such amount "is attributable to personal, living, or family items."

This exclusion from taxable income would apply to Member-Owners whose purchases from the PFC were for such personal use. To such persons section 8.3 is therefore of no effect. To all other Member-Owners section 8.3 represents their consent to include the amount of their patronage dividend in their taxable incomes for the year in which they receive their patronage dividend notice and check. This consent would apply to Member-Owners who are organizations and others whose purchases from the PFC were for business or income-producing purposes.

These bylaws were preliminarily approved by the Board of Directors on 1 October 2013 and were approved by Member-Owners at a special meeting on 29 October 2013. Subsequent revisions were approved 30 April 2014, 30 April 2015 and 28 April 2017.

## E2 - Board Committee Charters:

Revised: 26 June 2018

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### E2.1 – Executive Committee

#### *Type:*

Standing committee (to be renewed annually)

#### *Date Chartered:*

26 June 2018

#### *Members:*

GM, President, Vice President, Secretary, Treasurer. All Board members are always welcome to attend.

#### *Responsibilities:*

- Translating collective Board priorities and goals into actionable agendas and committee work
- Creating the Board agenda and packet each month
- Managing the Board calendar, based on input from full Board
- Training Board members (new and continuing), including during a retreat (identify strategy and training opportunities for retreat and bring back to Board to create ad-hoc committee to run retreat)
- Oversight of Board governance, including self-monitoring.

### E2.2 – Board Perpetuation Committee

#### *Type:*

Standing committee (to be renewed annually)

#### *Date Chartered:*

27 June 2018

#### *Purpose:*

Organize the Board's identification and recruitment of well-qualified Board members according to Board policy and develop procedures and criteria for a fair and democratic election.

#### *Role and Responsibilities of Committee:*

- Identification and recruitment of qualified candidates:
  - Develop or revise recruitment information materials
  - Plan recruitment activities in conjunction with other MO linkage activities
- Develop an application and nomination process:
  - Develop or revise an application packet
  - Formalize in writing the nominating and interviewing process
- Meet with and screen prospective candidates:
  - Check references and fact check candidate applications
  - Interview applicants
- Submit to the board, according to the timeline, the names of recommended nominees for election or appointment.
  - Provide for two types of candidates: board-nominated and petition-nominated

(nominees submitted by petition as described in bylaws)

- Develop procedures and criteria for a fair and democratic election based upon the principles of the [cooperative values and principles \(E3\)](#) and [PFC Bylaws](#)
- Board Recruitment events proposed and organized by this committee. Executed with assistance and participation of full board
  - Communicate board activities to members with the purpose of educating members about board service and activities.
  - Perp Comm will plan events quarterly. Will ensure MO/Board communication occurs (store emails will include board news quarterly)
- Provide a brief report to the board monthly about the activities of this committee

#### *Membership:*

The committee shall have no less than 4 members, and be comprised of Board members. All members are recommended by the committee Chairperson. All appointments expire annually, thereby requiring each new board to reappoint members each year.

#### *Committee Governance:*

The PFC Board of Directors will appoint a chairperson who will be responsible to:

- Facilitate or designate another committee member to facilitate meetings
- Provide meeting summaries to be included in upcoming Board meeting packets
- Ensure committee has members suited to the work of the committee

#### *Decisions and Quorum:*

Committee decisions on proposals to the PFC Board will be made using a modified consensus model. Committee Quorum is three members, and is suspended when there are less than three members appointed to the committee.

#### *Meetings:*

Meetings will occur on an “as needed” basis with the bulk of planning and execution happening via email.

## E3 - Cooperative Values and Principles

Revised: Revised: 15 Dec. 2013

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From the ICA: <http://ica.coop/en/what-co-op/co-operative-identity-values-principles>

### E3.1 – Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

### E3.2 – Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

#### *1. Voluntary and Open Membership*

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

#### *2. Democratic Member Control*

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

#### *3. Member Economic Participation*

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

#### *4. Autonomy and Independence*

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

#### *5. Education, Training and Information*

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

#### *6. Cooperation among Cooperatives*

Co-operatives serve their members most effectively and strengthen the co-operative movement by

working together through local, national, regional and international structures.

#### *7. Concern for Community*

Co-operatives work for the sustainable development of their communities through policies approved by their members.



## E4 - Job Descriptions:

Revised: 17 May, 2014

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### E5.1 – President

The President shall be responsible for coordinating the activities of the Board, assuring the orderly conduct of all meetings, maintaining effective communication with the general manager, and shall present a report of operations at the annual meeting of Member-Owners.

### E5.2 – Vice-President

The Vice President shall be responsible for performing the duties of the President in his or her absence or disability and assisting the President in the performance of his or her duties, and shall assure that the PFC at all times has a properly registered clerk.

### E5.3 – Secretary

The Secretary shall be responsible for the recording and keeping of adequate minutes of all meetings of the Board and of Member-Owners, overseeing the issuance of notices required under these bylaws, authenticating records of the PFC, and attending to Board correspondence.

### E5.4 – General Manager

To lead the PFC in achieving the ends policies of our board of directors.

The job of the General Manager is to ensure the achievement of organizational results as defined in Ends policies and avoidance or unacceptable conditions as defined in Executive Limitation policies. The General Manager has the authority to use any reasonable interpretation of these policies.

The General Manager is empowered to make all decisions, create all policies, and authorize all engagements that he or she can demonstrate upon board request are consistent with a reasonable interpretation of board policy.

### E5.5 – Treasurer

The Treasurer shall be responsible for monitoring the maintenance of financial records, the compilation of financial reports, and the filing of required reports and returns, and shall present a financial report at the annual meeting of Member-Owners.

## E5 - Election Code

Revised: 30 April, 2014

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(see [bylaws](#))

## E6 - Recruitment, Voting & Elections Procedures

Adopted 03/22/2016

Proposed Changes 4/9/18

Accepted 5/22/2018

[Portland Food Co-op Board of Directors](#)

[Recruitment, Voting and Elections Procedures](#)

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[Role of the Recruitment and Election/Annual Meeting/Annual Report Liaison.](#)

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[Conflict of Interest](#)

[Candidate Application and Qualifications.](#)

[Evaluation of Candidate Applications](#)

[Election Information for Owners](#)

[Commencement of the Vote](#)

[Election Administrators; Authority and Accountability](#)

[Voting Process](#)

### **I. Purpose**

The purpose of this document is to define procedures for voting and assure that 1) Member-Owners are properly informed of the matters presented for a vote, 2) Member-Owners have a fair opportunity to participate in the vote, and 3) elections for Board of Director positions are fair and democratic, as required by Sections 3.6, 3.7 and 4.3 of the Portland Food Co-op (PFC) Bylaws. In the event that any provision of these procedures conflicts with the Bylaws of the Co-op, the Bylaws shall prevail.

## **II.Types of Co-op Votes**

These procedures apply to:

### **A. Election of Directors.**

A Co-op election will be held annually by confidential ballot to elect directors to the Co-op's Board of Directors as provided in Section 4.3 of the Bylaws. The Board will schedule a director election at a time that will allow newly elected directors to begin their responsibilities at the May Board meeting. The Board will decide annually the number of director positions to be filled. Vacancies among directors occurring between annual meetings will be filled by the Board in accordance with Section 4.10 of the Bylaws.

### **B. Other Co-op Votes.**

Co-op votes for matters other than to elect directors may be scheduled to coincide with the election of directors. These may include proposals to amend the bylaws or other matters that could be considered at a regular or special meeting of the owners.

## **III.Eligibility to Vote.**

**A.** Eligibility shall be determined in accordance with Section 4.2 of the Bylaws.

a) Member-Owners may transfer their ownership in accordance with Section 2.8 of the Bylaws in order to be eligible to vote or to be nominated for a director position as long as they do so by the applicable deadlines.

## **IV.Quorum**

**A.** A quorum for election of directors and any other issues presented to a vote of Member-Owners, shall be as specified in Section 3.5 of the Bylaws.

## **V.Procedure for the Election of Directors**

### **A. Role of the Board Perpetuation Committee**

The Board Perpetuation Committee shall appoint a representative to serve as Elections and Annual Meeting Liaison. The purpose of the Liaison is to facilitate communications between the Board and the store's Education and Outreach Coordinator during the planning and execution of the annual elections and meeting. The Liaison is accountable to the Board.

### **B. Role of Perpetuation Committee.**

The Perpetuation Committee will coordinate recruitment and elections and ensure availability of the resources reasonably necessary for the vote to be conducted in compliance with these procedures. The Perpetuation Committee is accountable to the Board of Directors and is responsible for:

1. Preparing content for materials and implementing procedures needed for the election in accordance with the timeline that the Board establishes each year and in compliance with MRSA Title 13 Chapter 85 and PFC Bylaws;
2. Tallying the vote results;
3. Documenting tasks outlined in the annual *Recruitment and Elections Timeline*, for the purpose of establishing best practices and providing continuity.

### **C. Conflict of Interest**

1. In the event that members of the Perpetuation Committee are also candidates for seats on the Board of Directors, the following process will ensure that they do not exert undue influence in the elections process:

- a) All members of the Board of Directors and of the Perpetuation Committee who are candidates for Board seats will complete the same application process required of all other candidates, which includes pledging to adhere to the [Directors' Code of Conduct](#) (item C5 in the Policy Register), which includes a conflict of interest clause.
- b) In particular, Committee members who are running for election will neither participate in determinations regarding candidate qualifications nor in collecting, counting, verifying or certifying ballots.

### **D. Candidate Application and Qualifications.**

Not later than the deadline stated in the *Recruitment and Elections Timeline*, a prospective candidate is required to submit a complete candidate application packet. The application packet will be available on the Co-op's website.

#### **1. Potential Board candidates must complete the following tasks to be placed on the ballot:**

- a) Attend and participate in an informational session for prospective candidates, including reading the Bylaws and the Policy Register as well as other documents specified in the orientation agenda;
- b) Attend at least one Board meeting before the application deadline;
- c) Confirm in the application their willingness to abide by the Directors' [Code of Conduct](#).

- d) Submit any other materials requested by the Perpetuation Committee for purposes of informing Member-Owners of the qualifications of the candidates so they may make a fully-informed choice;
- e) Attend PFC's Annual Meeting and be prepared to meet and greet MOs; and
- f) Agree to abide by any rules for candidates seeking election to the Board.

**2. Additional Requirements Include:**

- a) Eligibility will be determined in accordance with Sections 4.2 and 4.3 of the Bylaws.

**E. Evaluation of Candidate Applications**

The Perpetuation Committee is responsible for reviewing candidate applications and supporting documentation and will submit for Board approval the names and submission materials of all candidates who have fulfilled all the requirements for a position on the ballot.

**F. Election Information for Owners**

**1. Information Provided by Portland Food Co-op.** Statements provided by candidates placed on the ballot describing their qualifications will be made available to owners on PFC's website, in an email sent to all Member-Owners and in the PFC newsletter, as well as on the store bulletin board. In addition, the following information may also be made available to members:

- a) Sample ballots,
- b) Voting process guidelines; and

**2. Information Provided by Candidates.** All candidates will be provided an equal opportunity to present their candidacy to the owners, subject to any rules adopted by the Board.

- a) Talking with Member-Owners at the Annual Meeting
- b) Campaigning at store locations in the following manner is permitted as long as a candidate does not disrupt store business:
  - (1) Tabling, which means setting up a table in front of the store;
  - (2) Talking to Member-Owners.
- c) Written materials describing candidates and their qualifications and viewpoints will be restricted to formats requested of all candidates by the Perpetuation Committee, to ensure that candidates have an equal opportunity to campaign based on their merits and so that Member-Owners may make an informed choice when voting.

d) Candidates may not campaign for themselves via emails or phone calls to individual Member-Owners.

**3. Other Co-op Votes.** Information about non-director election matters proposed for a binding or non-binding decision of the owners will be made available to the Member-Owners in the manner indicated in Section 3.2 and 3.8 of the Bylaws.

## **VI. Commencement of the Vote**

### **A. Election Administrators; Authority and Accountability**

#### **1. Initiating the Process**

- a) Annual elections for directors will occur each spring, in conjunction with the Annual Meeting, which will be scheduled in accordance with Section 3.1 of the Bylaws.
- b) Board-proposed Bylaws changes will also be put to a vote at this time.
- c) Notices of annual and special meetings of Member-Owners shall be sent in accordance with Section 3.3 of the Bylaws.

**2. Scheduling the Vote.** The Board will determine the commencement and termination dates and times for a Co-op vote, in accordance with Section 3.3 of the Bylaws.

**3. Notice to Member-Owners.** The Perpetuation Committee will, via cooperation with the store, assure that Member-Owners are properly informed of and have a fair opportunity to participate in a Co-op vote in the time frame and manner prescribed by the Board of Directors, by:

- a) Posting prominent signs at all locations maintained by the Co-op with election information and the date, time, and location of any meeting at which a vote will be taken or confirmed;
- b) Sending notice by electronic and/or U.S. Post to the addresses provided by the Member-Owners, as reflected in the ownership records of the Co-op;
- c) Providing Member-Owners with access to the exact content of any proposal being submitted for a Co-op vote; and
- d) Unless otherwise instructed by the Board of Directors, informing Member-Owners by including information in a special or regularly scheduled edition of the Co-op newsletter or other mailing to owners' addresses as found in the current membership database. Member-Owners should receive this mailing in a timely manner, but not necessarily before voting commences.

- e) All information provided to Member-Owners about issues presented in the Co-op vote shall be factual and fair.

## **B. Voting Process**

### **1. Ballots**

- a) The Perpetuation Committee will prepare ballot forms presenting the voting options in an impartial manner with clear instructions how to vote. Reproductions or ballots in an alternative format are acceptable if they clearly indicate the voter's intentions and otherwise comply with voting requirements.

- b) Co-op votes may include ballots cast in the store, ballots cast at Annual Meeting, ballots cast by mail or hand delivered if received before the close of the vote, and ballots cast electronically through the PFC website.

- 2. Voting on Website.** Electronic voting may be provided through the PFC website. An electronic back-up system will be in place to secure electronic voting records.

### **3. Confidentiality of Ballots**

- a) The Perpetuation Committee will have custody of the ballots and will assure that unauthorized persons do not view the votes on individual ballots, except as provided herein.

- b) Ballots that have been cast will be held in a secure location as chosen by the Perpetuation Committee. Members of the Perpetuation Committee are authorized to view the ballots and will each be under an affirmative obligation not to reveal how any individual Member-Owner voted except with the explicit permission of the Member-Owner-voter.

- c) All ballots shall be retained in a secure location until the Board has certified the vote results (at the next regularly scheduled Board meeting following close of elections and for a period of 30 days thereafter).

- d) The Board may authorize additional inspection of ballots on a confidential basis after the Perpetuation Committee presents the vote results if necessary in order to verify the outcome.

### **4. Verification of Ballots and Compilation of Results**

- a) The Perpetuation Committee will verify that the name and owner number on each ballot corresponds to an owner in good standing and that no more than one ballot is cast by an owner.

- b) Votes by proxy are not allowed and will be disqualified.

- c) Issues shall be decided by a simple majority of votes cast except where one or more choices are to be made from several alternatives, in which case the alternative(s) receiving the most votes shall be considered approved.

- d) Unopposed candidates must receive the votes of a majority of those voting to be considered elected.
- e) The Perpetuation Committee may tally votes as they come in or periodically during the voting period. Only Perpetuation Committee members who are not candidates will count votes. A confidential electronic spreadsheet record will be created for each ballot itemizing the owner name, owner number, and votes cast on each issue on the ballot. The Committee may contact individual Member-Owners directly to clarify or authenticate their ballots.
- f) Invalid ballots will be verified by two members of the Perpetuation Committee who are not candidates. Any ballots that have been determined to be invalid will be made available for inspection by Member-Owners.
- g) The Board President will inform newly elected directors of their election and next steps to be taken by the day following the close of the elections.
- h) Results of director elections, Bylaws changes and other matters voted upon will be published on the PFC website, store bulletin board, PFC newsletter and in an email sent to all Member-Owners by the day following the close of elections.

#### **5. Confirmation Meeting; Certification of Vote.**

- a) Votes will be certified by the Board at the next regularly scheduled Board meeting following close of elections. The meeting shall be open to all Member-Owners. At this meeting, the Perpetuation Committee will declare the vote to be concluded and present the number of votes cast for each item on the ballot.
- b) All the ballots received will be exhibited at this meeting, although the individual ballots will be obscured to maintain confidentiality. Any ballots that were disqualified, however, will be made available for inspection at the meeting.
- c) The Perpetuation Committee will report on any unusual or noteworthy circumstances that may have been observed in the voting process, and will answer any questions Member-Owners may have.
- d) If the results are challenged or for any other reason the Perpetuation Committee is unable to confirm the election results at this time, the confirmation discussion may be adjourned from time to time until the Perpetuation Committee is prepared to report conclusive results to the Board.
- e) All ballots will be kept in a locked file cabinet accessible only by the Perpetuation Committee



## E7 - Policy Governance Principles

Revised: 15 Dec. 2013

1. **Ownership:** The Board connects its authority and accountability to those who morally if not legally own the organization—if such a class exists beyond the Board itself—seeing its task as servant-leader to and for that group. “Owners,” as used in the Policy Governance model, are not all stakeholders, but only those who stand in a position corresponding to shareholders in an equity corporation
2. **Governance Position:** With the ownership above it and operational matters below it, governance forms a distinct link in the chain of command or moral authority. Its role is commander, not advisor. It exists to exercise that authority and properly empower others rather than to be management’s consultant, ornament, or adversary. The Board—not the staff—bears full and direct responsibility for the process and products of governance, just as it bears accountability for any authority and performance expectations delegated to others.
3. **Board Holism:** The Board makes authoritative decisions directed toward management and toward itself, its individual Member-Owners, and committees only as a total group. That is, the Board’s authority is a group authority rather than a summation of individual authorities.
4. **Ends Policies:** The Board defines in writing the (a) results, changes, or benefits that should come about for specified (b) recipients, beneficiaries, or otherwise defined impacted groups, and (c) at what cost or relative priority for the various benefits or various beneficiaries. These are not all the possible “side benefits” that may occur, but those that form the purpose of the organization, the achievement of which constitutes organizational success. Policy documents containing solely these decisions are categorized as “Ends” in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.
5. **Board Means Policies:** The Board defines in writing those behaviors, values-added, practices, disciplines, and conduct of the Board itself and of the Board’s delegation/accountability relationship with its own subcomponents and with the executive part of the organization. Because these are non-ends decisions, they are called “Board means” to distinguish them from ends and staff means. In describing the Policy Governance model, documents containing solely these decisions are categorized as Governance Process and Board-Management Delegation, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.

6. **Executive Limitations Policies:** The Board makes decisions with respect to its staff's means decisions and actions only in a proscriptive way in order simultaneously (a) to avoid prescribing means and (b) to put off limits those means that would be unacceptable even if they work. Policy documents containing solely these decisions are categorized as "Executive Limitations" in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.
7. **Policy "Sizes":** The Board's decisions in Ends, Governance Process, Board-Management Delegation, and Executive Limitations are made beginning at the broadest, most inclusive level and, if necessary, continuing into more detailed levels that narrow the interpretative range of higher levels, one articulated level at a time. These documents—which replace or obviate Board expressions of mission, vision, philosophy, values, strategy, and budget—are called policies in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.
8. **Delegation to Management:** If the Board chooses to delegate to management through a chief executive officer, it honors the exclusive authority/accountability of that role as the sole connector between governance and management.
9. **Any Reasonable Interpretation:** In delegating further decisions—beyond the ones recorded in Board policies—the Board grants the delegatee the right to use any reasonable interpretation of those policies. In the case of Ends and Executive Limitations when a CEO exists, that delegatee is the CEO. In the case of Governance Process and Board-Management Delegation, that delegatee is the CGO (chief governance officer) except when the Board has explicitly designated another Board member or Board committee.
10. **Monitoring:** The Board monitors organizational performance through fair but systematic assessment of whether a reasonable interpretation of its Ends policies is being achieved and a reasonable interpretation of its Executive Limitations policies is being avoided. If there is a CEO, this constitutes the CEO's evaluation.

All other practices, documents, and disciplines must be consistent with the above principles. For example, if an outside authority demands Board actions inconsistent with Policy Governance, the Board creatively uses the consent agenda or other device to be lawful without compromising governance.

Policy Governance is a precision system that promises excellence in governance only if used with precision. These governance principles form a seamless paradigm or model. As with a clock, removing one wheel may not spoil its looks but will seriously damage its ability to tell time. So in Policy Governance, all the above pieces must be in place for Policy Governance to be effective. When all brought into play, they allow for a governing Board to realize owner accountability. When they are not used completely, true owner accountability is not available.

Policy Governance Boards live these principles in everything they are, do and say.

Produced by International Policy Governance Association in consultation with John and Miriam Carver, 2005 - 2007.

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## E8 – Board Annual Calendar

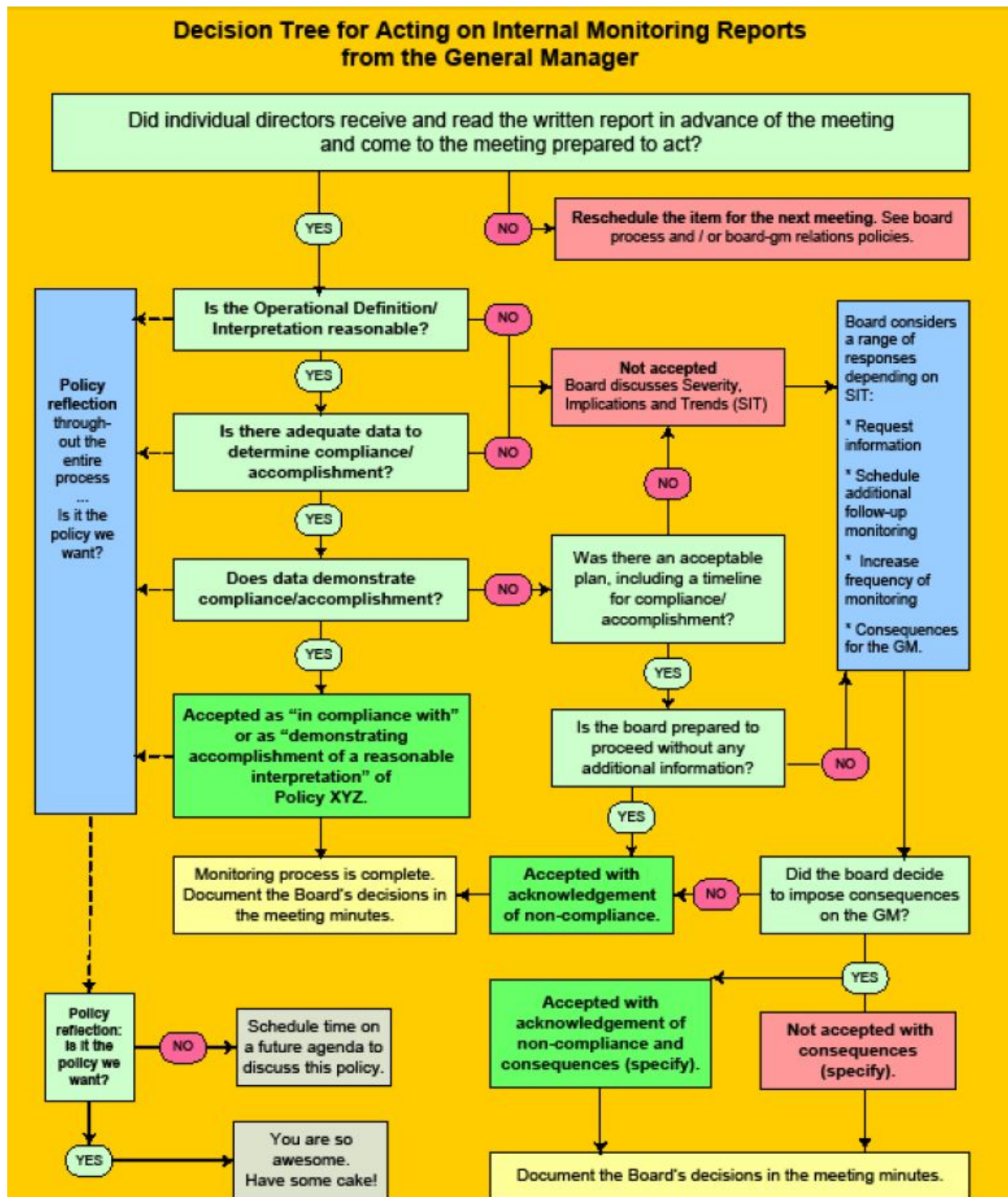
Revised: 24 April 2018

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2018-2019 [Board Calendar](#)

## E9 – Decision Tree for Monitoring Reports (CDS)

Revised:



Approved by the Board of Directors August 19, 2014 to take effect immediately

[Updated April 22, 2015 (A1) and June 22, 2015 (C6)]

## E10 – PFC Consensus Model

# PFC Board of Directors Consensus Model

Much of the content below has been extracted from the Wikipedia entry on [Consensus Decision Making](#) (well worth reading through), and also includes enhancements and additions to render a complete description of our process.

## PFC Agreement Objectives

**Cooperative:** Participants in an effective consensus process should strive to reach the best possible decision for the group and all of its members, rather than competing for personal preferences.

**Egalitarian:** All members of a consensus decision-making body should be afforded, as much as possible, equal input into the process. All members have the opportunity to present, and amend proposals.

## Alternative to common decision-making practices

Consensus decision-making is an alternative to commonly practised adversarial decision-making processes.<sup>[5]</sup> [Robert's Rules of Order](#), for instance, is a process used by many organizations. The goal of Robert's Rules is to structure the debate and passage of proposals that win approval through majority vote. This process does not emphasize the goal of full agreement. Critics of Robert's Rules believe that the process can involve adversarial debate and the formation of competing factions. These dynamics may harm group member relationships and undermine the ability of a group to cooperatively implement a contentious decision.

Consensus decision-making attempts to address the problems of both Robert's Rules of Order and top-down models. Proponents claim that outcomes of the consensus process include:

- Better Decisions: Through including the input of all stakeholders the resulting proposals may better address all potential concerns.
- Better Implementation: A process that includes and respects all parties, and generates as much agreement as possible sets the stage for greater cooperation in implementing the resulting decisions.
- Better Group Relationships: A cooperative, collaborative group atmosphere can foster greater group cohesion and interpersonal connection.

## Roles

The PFC consensus decision-making process has several roles designed to make the process run more effectively. The facilitator, a timekeeper, a process monitor and a secretary or notes taker. Historically, the PFC has rotated these roles through the group members in order to build the experience and skills of the participants, and prevent any perceived concentration of power. The common roles in a consensus meeting are:

- **Facilitator:** As the name implies, the role of the facilitator is to help make the process of reaching a consensus decision easier. Facilitators accept responsibility for moving through the agenda on time; ensuring the group adheres to the mutually agreed-upon mechanics of the consensus process.
- **Timekeeper:** The purpose of the timekeeper is to ensure the decision-making body keeps to the schedule set in the agenda. Effective timekeepers use a variety of techniques to ensure the meeting runs on time including: giving frequent time updates, and ample warning of short time.
- **Process Monitor:** is charged with monitoring the 'emotional climate' of the meeting, taking note of the body language and other [non-verbal cues](#) of the participants. Drawing out hesitant speakers, defusing potential emotional conflicts, maintaining a climate free of intimidation and being aware of potentially destructive power dynamics, such as sexism or racism within the decision-making body, are the primary responsibilities of the process monitor.
- **Note taker:** The role of the notes taker or secretary is to document the decisions, discussion and action points of the decision-making body.

## Decision rules

PFC seeks Unanimous consent (See agreement vs. consent below)

### Agreement vs. consent

Giving consent does not necessarily mean that the proposal being considered is one's first choice. Group members can vote their consent to a proposal because they choose to cooperate with the direction of the group, rather than insist on their personal preference. Sometimes the vote on a proposal is framed, "Is this proposal something you can live with?" This relaxed threshold for a yes vote can achieve full consent. This full consent, however, does not mean that everyone is in full agreement. Consent must be 'genuine and cannot be obtained by force, duress or fraud'

### Consensus blocking and other forms of dissent

Groups that require unanimity allow individual participants the option of blocking a group decision. This provision motivates a group to make sure that all group members consent to any new proposal before it is adopted. Proper guidelines for the use of this option, however, are important. The ethics of consensus decision-making encourage participants to place the good of the whole group above their own individual preferences. When there is potential for a block to a group decision, both the group and dissenters in the group are encouraged to collaborate until

agreement can be reached. Simply vetoing a decision is not considered a responsible use of consensus blocking. PFC norms suggest the use of consensus blocking is limited to issues that are fundamental to the group's mission or potentially disastrous to the group.

## Dissent options

When a participant does not support a proposal, he or she does not necessarily need to block it. When a call for consensus on a motion is made, a dissenting delegate has one of three options:

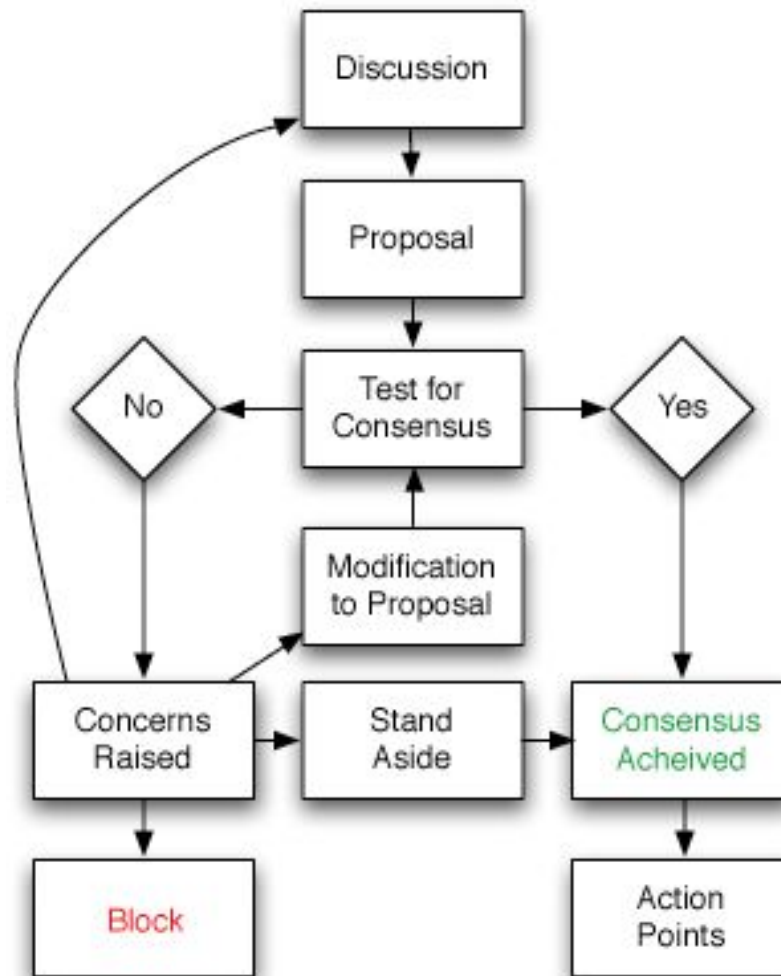
- **Stand aside:** A "stand aside" may be registered by a group member who has a "serious personal disagreement" with a proposal, but is willing to let the motion pass. Although stand asides do not halt a motion, it is often regarded as a strong "nay vote" and the concerns of group members standing aside are usually addressed by modifications to the proposal. Stand asides may also be registered by users who feel they are incapable of adequately understanding or participating in the proposal.
- **Block:** Any group member may "block" a proposal. In the PFC model, a single block is sufficient to stop a proposal.

Blocks are generally considered an extreme measure—only used when a member feels a proposal endanger[s] the organization or its participants, or violate[s] the mission of the organization (i.e., a principled objection). At PFC, a group member opposing a proposal will first try to work with its proponents to find a solution that works for everyone.

## Consent flow chart

The flowchart below generally describes the PFC process with a few exceptions:

1. Discussion and Proposal development often takes place in Committees prior to the presentation of the proposal at board meetings. Board members should view the board packet and the materials associated with the proposal in order to prepare questions, alternatives and additional discussion points. Therefore, the Board process often begins in the second box ("Proposal") in the chart.
2. A "Block" may not necessarily prevent the passage of a proposal. See Modifications section below.



## Modifications

The PFC implements a modification to the consensus model that promotes forward progress in the event of perceived misuse of “blocking”. If consensus cannot be reached on a particular matter after diligent effort to do so, such issue shall be decided by a two-thirds majority vote. The facilitator is charged with determining whether efforts to reach consensus have been “diligent”, and must initiate a vote or call for a continuation of discussion and modifications until a decision (either by consensus or subsequent vote) has been reached.







