



FAIR STATE BREWING COOPERATIVE

POLICY REGISTER

REVISED MAY 2019

Table of Contents

Ends	A – Ends
Executive Limitations	B – Global Executive Constraint B1 – Financial Condition B2 – Planning and Budgeting B3 – Asset Protection B4 – Membership Rights and Responsibilities B5 – Treatment of Consumers B6 – Staff Treatment and Compensation B7 – Communication to the Board B8 – Board Logistical Support B9 – CEO Succession
Board Process	C – Global Governance Commitment C1 – Governing Style C2 – The Board’s Job C3 – Agenda Planning C4 – Board Meetings C5 – Directors’ Code of Conduct C6 – Officers’ Roles C7 – Board Committee Principles C8 – Governance Investment
Board-Management Relationship	D – Global Board-Management Connection D1 – Unity of Control D2 – Delegation to the CEO D3 – Monitoring CEO Performance
Appendices	<i>Code of Conduct Agreement</i> <i>Sample Committee Charters</i> <i>CEO Report template</i> <i>Board Meeting Cadence</i> <i>Policy Governance Quick Guide</i>

Ends Policy

Policy Type: Ends
Policy Title: A – Global End
Last Revised: **May 4, 2019**

Fair State Brewing Cooperative will achieve lasting success by:

- Creating high quality, sought after, recognizable, and innovative beverages.
- Providing meaningful experiences to bring people together in all communities.
- Building a diverse and engaged family of member-owners and employees, consistent with our core values of respect, integrity, competence, improvement, and fun.
- Being an active, supportive, and responsible member in the communities in which we do business

Executive Limitations

Policy Type: Executive Limitations
Policy Title: B – Global Executive Constraint
Last Revised: **May 13, 2017**

The Chief Executive Officer must not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices, or the spirit of the Cooperative Principles.

B1 – Financial Condition and Activities

Policy Type: Executive Limitations
Policy Title: B1 – Financial Condition and Activities
Last revised: **April 10, 2019**

With respect to the actual, ongoing financial conditions and activities, the Chief Executive Officer must not cause or allow the Cooperative to be unprepared for future opportunities, cause or allow the development of fiscal jeopardy, or cause or allow unsustainable financial and operational metrics.

The CEO must not:

1. Allow sales growth to be inadequate.
2. Allow operations to generate an inadequate net income.
3. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
4. Allow solvency (the relationship of debt to equity) to be insufficient.
5. Allow growth in ownership and owner paid-in equity to be insufficient.
6. Default on any terms that are part of the Cooperative's loans.
7. Allow late payment of contracts, payroll, loans or other financial obligations.
8. Incur debt in exception of: trade payables, reasonable and customary liabilities incurred in the ordinary course of doing business, and those incurred within bylaw parameters.
9. Acquire, encumber, or dispose of real estate without Board consent and approval.
10. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
11. Use restricted funds for any purpose other than that required by the restriction.
12. Allow financial record keeping systems to be inadequate or incomplete, or otherwise follow unreasonable and unacceptable accounting processes.

B2 – Planning and Financial Budgeting

Policy Type: Executive Limitations

Policy Title: B2 –Planning and Financial Budgeting

Last revised: **April 10, 2019**

The Chief Executive Officer must not operate without annual budgets and multiple-year plans that address intentional and improved Ends accomplishment along with avoidance of fiscal jeopardy.

The CEO must not:

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

B3 – Asset Protection

Policy Type: Executive Limitations

Policy Title: B3 – Asset Protection

Last revised: **April 10, 2019**

The Chief Executive Officer must not allow assets to be unprotected, unreasonably risked, or inadequately maintained.

The CEO must not:

1. Allow equipment and facilities to be inadequately insured, or otherwise unable to be replaced if damaged or destroyed, including coverage for any losses incurred due to business interruption.
2. Allow unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Allow deposits or investments to be unreasonably risked.
4. Allow inadequate security of premises and property.
5. Allow data, intellectual property, or files to be unprotected from loss, theft or significant damage.
 - a. Allow improper usage of members' and customers' personal information.
6. Allow imprudent purchasing that could be subject to or have the appearance of a conflict of interest.
7. Allow lack of due diligence in contracts.
8. Allow damage to the Cooperative's public image or relationships with valued partners.
9. Violate any real estate or other asset lease terms or obligations without Board consent and approval.

B4 – Membership Rights and Responsibilities

Policy Type: Executive Limitations

Policy Title: B4 – Membership Rights and Responsibilities

Last Revised: **May 13, 2017**

The Chief Executive Officer must not allow members to be uninformed or misinformed of their rights and responsibilities.

The CEO must not:

1. Create or implement a member equity system without the following qualities:
 - a. The required member equity, or fair share, is determined by the Board.
 - b. Patron members are informed that equity investments are at risk and generally refundable, though the Board retains the right to withhold refunds when necessary to protect the Cooperative's financial viability.
 - c. Equity will not be refunded if such refunds would lead to a net decrease in total member paid-in equity, or would risk, cause or exacerbate non-compliance with any Financial Condition policy.
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, so the Board can make a timely determination each year concerning how much, if any, of the Cooperative's net profit will be allocated and distributed to members.

B5 – Treatment of Customers

Policy Type: Executive Limitations

Policy Title: B5 – Treatment of Customers

Last Revised: **May 13, 2017**

The Chief Executive Officer must not be unresponsive to customer needs.

The CEO must not:

1. Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.
2. Allow an unsafe experience for our customers.

B6 - Staff Treatment and Compensation

Policy Type: Executive Limitations

Policy Title: B6 - Staff Treatment and Compensation

Last revised: **May 13, 2019**

The Chief Executive Officer must not create a work environment for staff in any way that is unfair, unsafe, or unclear.

The CEO must not:

1. Operate without written personnel policies that:
 - a. Clarify rules for staff.
 - b. Provide for fair and thorough handling of grievances in a way that does not include the board as a participant in the grievance process.
 - c. Are accessible to all staff.
 - d. Inform staff that employment is neither permanent nor guaranteed.
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 inequitable or could otherwise jeopardize the fiscal health of the cooperative.
5. Change the CEO's own compensation without the approval of the FSBC Compensation Committee.
6. Change the CEO's own benefits package without the approval of the FSBC Compensation Committee.

B7 – Communication to the Board

Policy Type: Executive Limitations
Policy Title: B7 – Communication to the Board
Last Revised: **April 10, 2019**

The Chief Executive Officer must not cause or allow the Board to be uninformed or unsupported in its work. As such, the Chief Executive Officer will keep the Board informed through the use of a monthly report and other memoranda that highlight the activities, decisions, and performance of each business unit and business function.

The CEO must not

1. Submit monthly CEO reports that are untimely or inaccurate or inconsistent with the format agreed upon by the Board and CEO.
2. Report in an untimely manner any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance and a proposed schedule regarding follow-up reporting.
3. Allow the Board to be unaware of relevant legal actions, media coverage, trends, public events of the Cooperative, internal and external changes (including but not limited to significant staffing issues or changes, safety concerns, etc.) that we may be asked about by membership.
4. Withhold their opinion if the CEO 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 CEO.
5. Deal with the Board in a way that favors or privileges certain directors over others.
6. Fail to supply for the Board's consent agenda all decisions delegated to the CEO yet required by law, regulation, or contract to be Board-approved.
7. Fail to include Board representation in key discussions when required for the wellbeing of the Cooperative, including, but not limited to those discussions regarding capital expenditures, significant changes to distribution, and director or executive level staffing.

B8 – Board Logistical Support

Policy Type: Executive Limitations

Policy Title: B8 –Board Logistical Support

Last Revised: **April 10, 2019**

The Chief Executive Officer must not allow the Board to have inadequate logistical support.

The CEO must not:

1. Provide the Board with insufficient staff administration or support.
2. Allow the board to be without a workable mechanism for official board, officer, or committee communications.
3. Allow directors to be without an updated copy of the Policy Register and the Bylaws.
4. Provide inadequate information and notice to members concerning Board actions, meetings, activities, and events.
5. Allow insufficient archiving of Board documents.

B9 – Emergency CEO Succession

Policy Type: Executive Limitations

Policy Title: B9 – Emergency CEO Succession

Last revised: **May 13, 2017**

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

Board Process

Policy Type: Board Process
Policy Title: C – Global Governance Commitment
Last Revised: **April 10, 2019**

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

C1 – Governing Style

Policy Type: Board Process

Policy Title: C1 – Governing Style

Last Revised: **April 10, 2019**

We will govern in a manner consistent with the Four Pillars of Cooperative Governance (Teaming, Accountable Empowerment, Strategic Leadership, Democracy). In order to do this, we will:

1. Be a strategic leader by focusing on the comprehensive strategy and vision for the future.
2. Ensure effective systems of delegating authority to the CEO, holding the use of that power accountable, and clearly distinguishing between board and CEO responsibilities.
 - a. Observe the 10 Policy Governance principles (Ends Policies, Ownership, Board Process Policies, Board Holism, Board-Management Relationship Policies, Governance Position, Limitations Policies, Policies/Decisions Come in Sizes, Any Reasonable Interpretation, Monitoring)
3. Maintain team discipline, authority, and responsibility.
4. Practice the habits of a successful democracy.
5. Obey all relevant laws and bylaws.

C2 – The Board’s Job

Policy Type: Board Process

Policy Title: C2 – The Board’s Job

Last Revised: **April 10, 2019**

In order to govern successfully, we will:

1. Practice, protect, promote, and perpetuate a healthy democracy for our Cooperative.
2. Hire, compensate, delegate responsibility to, hold accountable, and remove a Chief Executive Officer.
3. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
4. Rigorously monitor operational performance in the areas of Ends and Executive Limitations, and Board performance in the areas of Board Process and Board-Management Relationship.
5. Perpetuate the Board’s leadership capacity using ongoing education and training, a robust recruitment, qualification and nomination process and fair elections.
6. Perform other duties as required by the bylaws or because of limitations on CEO authority.
7. Ensure Board representation in key discussions when required for the wellbeing of the Cooperative, including, but not limited to those discussions regarding capital expenditures, significant changes to distribution, and director-level staffing.

C3 – Agenda Planning

Policy Type: Board Process

Policy Title: C3 – Agenda Planning

Last Revised: **April 10, 2019**

We will follow an annual agenda that focuses our attention on the continued achievement of the Ends.

1. We will create, and modify as necessary, an annual calendar to be completed by January 1 each year that includes tasks and events, membership meetings, Board training schedule, reporting, the CEO evaluation and compensation as outlined in our Board-Management Relationship policies.
2. Board meeting agendas will be determined by the Board chair, and may be modified at the meeting by the Board.

C4 – Board Meetings

Policy Type: Board Process
Policy Title: C4 – Board Meetings
Last Revised: **April 10, 2019**

We will:

1. Use Board meeting time only for work that is the whole Board's responsibility. We will avoid committee issues, operational matters, personal concerns and other topics that are not the highest and best use of our time.
2. Not make meetings open to the membership except when a member-owner session is officially called.
 - a. Public Meeting Minutes must be made available to the membership.
3. We will seek consensus through discussion. We will finalize and document decisions through the use of motions, seconds and majority vote.

C5 – Directors’ Code of Conduct

Policy Type: Board Process

Policy Title: C5 – Directors’ Code of Conduct

Last Revised: **October 10, 2017**

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

1. Every director is responsible at all times for acting in good faith, in a manner which they reasonably believe to be in the best interests of the Cooperative, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.
2. Directors must demonstrate unconflicted loyalty to the interests of the Cooperative’s owners. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other Boards or staffs, and the personal interest of any director acting as an individual consumer or member.
 - a. There will be no self-dealing or any conduct of private business or personal services between any director and the Cooperative except as procedurally controlled to assure openness, competitive opportunity, and equal access to “inside” information.
 - b. At a new director’s first board meeting, they will complete the “Conflict of Interest Disclosure” form and will verbally report to the whole board the potential conflicts. Any subsequent potential conflicts will be reported to the whole board immediately.
 - c. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director shall abstain from the vote.
 - d. The CEO is the only employee eligible to serve on the Board. The CEO has the same duties and responsibilities as any other director, and has the additional duty of clearly segregating staff and Board responsibilities. The CEO will resign from the Board if and when their employment ends.
3. Directors may not attempt to exercise individual authority over the organization.
 - a. When interacting with the CEO 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 act responsibly at Board & brewery events, especially as concerns alcohol. All Board members must meet the required government standards to serve on the Board of an alcohol-based business.
5. Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.
6. Directors will prepare for, attend, and participate fully in all Board meetings and trainings.
7. Directors will support the legitimacy and authority of the Board’s decision on any matter,

irrespective of the director's personal position on the issue.

8. 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

Policy Type: Board Process
Policy Title: C6 – Officers’ Roles
Last Revised: **May 13, 2019**

We will elect the following officers to help us accomplish our job: Chair, Vice Chair, Treasurer, Records Officers.

1. No officer has any authority to supervise or direct the CEO.
2. Officers may delegate their authority but remain accountable for its use.
3. Duties will be delegated to the CEO as determined by the board.
4. The Chair (two-year, non-consecutive term) shall:
 - a. Preside over Board meetings.
 - b. Manage the calendar invitations for Board meetings.
 - c. Set the priorities and create the agenda for Board meetings.
 - d. Enforce the deadline for Board Packet submissions ten days prior to meetings.
 - e. Provide the agenda and Board Packet one week prior to meetings.
 - f. Lead the development, approval, and implementation of Board policies, as Chair of the Governance Committee, that help to ensure sound and compliant governance and management of the organization.
 - g. Act as a liaison between the Board and the CEO to help ensure the Board’s directives and resolutions are carried out.
 - h. Coordinate an annual performance review of the CEO.
 - i. Plan for leadership (officer) perpetuation.
 - j. Assure ongoing recruitment, development, and contributions of Board members
 - k. Represent the Board to internal and external stakeholders.
 - l. Exercise and perform such other powers and duties as may be from time to time prescribed by the Board.
5. The Vice Chair (one-year term) shall:
 - a. Assist the Chair.
 - i. The Chair and the Vice Chair will determine which responsibilities and duties the Vice Chair will perform.
 - ii. The Chair and Vice Chair will confirm and communicate the delineation of responsibilities and duties to the Board.
 - b. Perform the duties of the Chair, in the absence of the Chair.
6. The Treasurer (one-year term) shall:
 - a. Lead the Audit Committee’s process for creating and monitoring the Board’s (not the Cooperative’s) budget.
 - b. Chair and convene a monthly meeting of the Audit Committee.

- c. Facilitate the Board's understanding of the financial condition of the Cooperative.
 - d. If requested, assist the CEO with development of the financial reporting aspects of the quarterly CEO's report in accordance with Policy B1.
7. The Records Officer (one-year term) shall:
- a. Make sure the Board's documents (i.e., Meeting Minutes, Voting Logs) are accurate, up to date, and appropriately maintained electronically.
 - b. Prepare a redacted version of the Meeting Minutes to be shared publicly (Public Meeting Minutes).
 - c. Record face-to-face Board votes and document Board votes conducted by email.
 - d. Provide the Meeting Minutes and Public Meeting Minutes for the Board Packet for voting/approval.

C7 – Board Committee Principles

Policy Type: Board Process

Policy Title: C7 – Board Committee Principles

Last Revised: **April 10, 2019**

We will use Board committees to help us accomplish our job.

1. Committees will reinforce and support Board holism.
 - 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, regularly review, remove, and control committee responsibilities in written committee charters.
 - a. We will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the CEO.
4. Committees will incorporate management and member perspective when the issues call for it and when the Committee or Board deems it a good idea to do so.
5. Standing board committees will include Audit, Legal and Governance, Compensation, and Membership Engagement. The board may also create additional committees or task-forces to resolve issues that the board deems necessary.
6. Each Board member will serve on a minimum of two committees.

C8 – Governance Investment

Policy Type: Board Process

Policy Title: C8 – Governance Investment

Last Revised: **April 10, 2019**

We will invest in the Board's governance capacity.

1. We will make sure that Board skills, methods and supports are sufficient to allow us to govern with excellence.
2. We will incur governance costs prudently, though not at the expense of the development and maintenance of superior capability.
 - a. We will use training and retraining liberally to orient new directors and board candidates, as well as to maintain and increase existing directors' skills and understanding, and to build team capacity and strengthen relationships
 - b. We will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
 - c. We will use outreach mechanisms as needed to ensure our ability to listen to owner viewpoints and values.
 - d. We will use professional and administrative support.
3. The Audit Committee 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

Policy Type: Board-Management Relationship
Policy Title: D – Global Board-Management Connection
Last Revised: **May 13, 2017**

The Board's official connection to the operations of the cooperative will be through the Chief Executive Officer.

D1 – Unity of Control

Policy Type: Board-Management Relationship

Policy Title: D1 – Unity of Control

Last Revised: **April 10, 2019**

Only officially passed motions of the Board are binding on the CEO.

1. Decisions or instructions of individual directors, officers, or committees are not binding on the CEO 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 CEO can refuse any requests that, in the CEO's opinion, may disrupt operations or that require too much staff time or resources.
3. The Board will not instruct or formally evaluate any employee other than the CEO, except in rare instances when the CEO has specifically authorized this power.

D2 – Delegation to the CEO

Policy Type: Board-Management Relationship

Policy Title: D2 – Delegation to the CEO

Last Revised: **April 10, 2019**

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

1. As long as the CEO uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, practices, and plans for the cooperative.
2. If the Board changes an Ends or Executive Limitations policy, the change only applies in the future.

D3 – Monitoring CEO Performance

Policy Type: Board-Management Relationship

Policy Title: D3 – Monitoring CEO Performance

Last Revised: **April 10, 2019**

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

1. The Board will view CEO performance as identical to organizational performance so that organizational accomplishment of Ends and organizational operation within Executive Limitations will be viewed as successful CEO performance.
2. The Board will acquire monitoring information by one or more of three methods: (a) the use of a monthly CEO report (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.
3. In every case, the Board's standard for compliance will be any reasonable CEO interpretation (as described by operational definitions and metrics) of the Board policy. The Board is the final arbiter of reasonableness but we will always judge with a "reasonable person" test.
4. The Board will accept that the CEO is compliant with a policy if the Board is presented with a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
5. The Board will monitor all policies that instruct the CEO. The Board can monitor any policy at any time.

APPENDICES

Code of Conduct Agreement

SAMPLE

Code of Conduct Agreement For Board of Directors

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

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

Signature of Director/Candidate

Date

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

Committee Charter

SAMPLE

COMMITTEE: NOMINATION AND RECRUITMENT

DATE CHARTERED:

END OF TERM:

The primary purposes of the Nomination and Recruitment Committee will be to:

1. Identify and recruit a pool of well-qualified Board candidates according to Board policy.
2. Develop an application and screening process.
3. Provide a brief written report to the Board monthly about the activities of this committee.
4. Submit to the Board in a timely way names of recommended nominees for election or appointment.

Monthly CEO Report Template

SAMPLE

CEO General Commentary

- Progress towards goals/vision
- Industry trends and insights
- Other happenings

Production

- **KPIs:** BBLs packaged, labor/bbl, overtime used
- Business unit Owner: Jarrod
- Commentary

Taproom

- **KPIs:** guests, revenue/guest, revenue/member
- Business unit Owner: Charlie
- Commentary

Distribution/sales

- **KPIs:** MN depletions, MN PODs, MN velocity, midwest shipments, coastal shipments, actual vs. plan.
- Business unit Owner: Justin
- Commentary

Marketing / Membership / Cooperates

- **KPIs:** new members, donations (time and money), social media impressions
- Business unit Owner: Sarah
- Commentary

Financials

- **KPIs:** cash balance, EBITA, net income, actual vs. plan
- Business unit Owner: Jake
- Commentary

HR / Staffing

- **KPIs:** headcount, managerial changes, injuries, total labor/bbl

- Business unit Owner: Jake
- Commentary

Board Meeting 2019 Cadence

Monday, March 4, 2019 6pm, FS2	Board Meeting	<ul style="list-style-type: none"> • Deep dive - Finance • CEO Reporting period - January and prior year-end
Wednesday, April 10, 2019 6pm, FS2	<i>Off Meeting</i>	<ul style="list-style-type: none"> • CEO Reporting period - February • Working Session - Policy Governance
Monday, May 13, 2019 6pm, FS2	Board Meeting	<ul style="list-style-type: none"> • Deep dive - Production • CEO Reporting period - March
Wednesday, June 12, 2019 6pm, FS2	<i>Off Meeting</i>	<ul style="list-style-type: none"> • CEO Reporting period - April • First meeting for new Board members
Wednesday, July 17, 2019 6pm, FS2	Board Meeting	<ul style="list-style-type: none"> • Deep dive - Taproom • CEO Reporting period - May
Wednesday, August 14, 2019 <i>Timing & Location - TBD</i>	<i>Off Meeting</i>	<ul style="list-style-type: none"> • CEO Reporting period - June • Cooptoberfest
Wednesday, September 11, 2019 6pm, FS2	Board Meeting	<ul style="list-style-type: none"> • Deep dive - Distribution/sales • CEO Reporting period - July
Wednesday, October 16, 2019 <i>Timing & Location - TBD</i>	<i>Off Meeting</i>	<ul style="list-style-type: none"> • CEO Reporting period - August
Wednesday, November 13, 2019 6pm, FS2	Board Meeting	<ul style="list-style-type: none"> • Deep dive - HR/Staffing • CEO Reporting period - September
Wednesday, December 11, 2019 <i>Timing & Location - TBD</i>	<i>Off Meeting</i>	<ul style="list-style-type: none"> • CEO Reporting period - October
Wednesday, January 15, 2020 6pm, FS2	Board Meeting	<ul style="list-style-type: none"> • Deep dive - Membership • CEO Reporting period - November
Wednesday, February 12, 2020 <i>Timing & Location - TBD</i>	<i>Off Meeting</i>	<ul style="list-style-type: none"> • CEO Reporting period - January and prior year end

Policy Governance Quick Guide

Policy Governance is an operating system for boards of directors. As with operating systems for computers, the system itself is not the point of the board's work; the system simply provides an underlying framework on which boards can build further agreements and activities. Policy Governance does not mandate specific decisions, but does highlight the kinds of decisions a board should make. These decisions include agreements about how the board will work together, how the board will empower and hold accountable the cooperative's management, how the board will articulate the cooperative's purpose and set up the cooperative for movement in that direction, and how the board understands the role of member-owners and others in the governance of the cooperative.

The Policy Governance operating system is essentially an integrated set of principles – principles that gain their power when used together. Key to the principles is the meaning of the word “policy.” Within the context of Policy Governance, policies are the proactive articulation of values or principles that guide action.

Policy Governance principles:

1. Ownership

- The cooperative is owned by its members. The board exists to act and make decisions on behalf of and in the best interest of the owners.

2. Position of Board

- The board is a distinct link in the chain of empowerment and accountability within the cooperative. The owners empower the board through the bylaws, and the board is accountable to owners for the success of the cooperative. In turn, the board empowers and holds management accountable, delegating authority to management through Ends and Executive Limitations policies.

3. Board Holism

- The authority of the board belongs to the whole. To say that the board “speaks with one voice” means that the board's authority is a group authority. The “voice” of the board is expressed through the written policy decisions. Directors can work to persuade and influence the board in its deliberations and decision-making; beyond that, individual directors or subsets of the board have no authority to instruct staff.

4. Board Means Policies

- The board defines in writing its own job and how it operates. These decisions are agreements about the board's means, categorized as Board Process policies and Board-Management Relationship policies.

5. Clarity and Coherence of Delegation

- The board unambiguously identifies the authority and responsibility of any person (e.g., CEO or board president) or committee to whom the board delegates. No individual director, officer, or

committee can be delegated responsibility that interferes with or duplicates responsibility delegated to the CEO.

6. Ends Policies

- The board defines in writing the cooperative's purpose in terms of: intended effects/benefits to be produced, intended recipients of those benefits, and (if desired) the intended cost-benefit or priority of those benefits. (Any decisions about issues that don't fit the definition of Ends are *means* decisions.)

7. Executive Limitations Policies

- The board defines in writing its expectations about the means of the cooperative. Rather than prescribing board-chosen means, Executive Limitation policies define limits on operational means – essentially, defining boundaries on the CEO's authority. Executive Limitation policies describe means that are not allowed even if they are effective. The board retains the authority to make decisions that are outside of the CEO's authority.

8. Policy sizes

- The board decides the four types of policies first at the broadest, most inclusive level. The board can then further define each policy in further levels of detail until reaching a point at which the board can accept any reasonable interpretation of the written policy.

9. Any Reasonable Interpretation

- More detailed decisions about Ends and operational means are delegated to the CEO, who has the right to use any reasonable interpretation of the board's written policies. A reasonable interpretation will include more detailed and/or clarified meaning of the board's policy, along with operational definitions (the metrics and benchmarks used to gauge accomplishment). More detailed decisions about board means (and the right to use any reasonable interpretation of those written policies) are delegated to the board chair – unless part of the delegation is explicitly directed to another officer or committee.

10. Monitoring

- The board must check to ensure that the cooperative has achieved (or made progress toward) the Ends while operating within the Executive Limitation boundaries. The board judges the CEO's interpretation and operational definition for reasonableness, and judges whether the data demonstrates accomplishment of that interpretation and operational definition. The ongoing monitoring of Ends and Executive Limitations policies constitutes the CEO's performance evaluation. The board must monitor its own performance according to the stated board means policies.

Policy Governance is a registered service mark of John Carver.

For further information, see:

- Carver, John. *Boards That Make a Difference: A New Design for Leadership in Nonprofit and Public Organizations*, third edition. San Francisco: Jossey-Bass, 2006.
- Policy Governance Source Document, International Policy Governance Association, policygovernanceassociation.org
- carvergovernance.com, the authoritative website for the Policy Governance model
- Policy Governance FAQ in the CBLD Library, cdsconsulting.coop/cbldlibrary
- Goehring, Mark. "Taking Policy Governance to Heart," *Cooperative Grocer*, March 2009