

PM 2-1
12/19/95
revised 12/11/02

GENERAL MANAGER'S CONSTRAINT

The general manager shall not cause or allow any practice, activity, decision or organizational circumstance which is either unlawful, imprudent or in violation of commonly accepted business and professional ethics.

PM 2-2
03/07/01
05/12/04

PRODUCTS AND SERVICES

With respect to the products and services offered by the cooperative, the General Manager may not cause or allow a deviation from the board's stated priorities.

Furthermore, s/he shall not fail to:

1. maintain and publicize to the public a Products and Services statement for each business which is consistent with board stated priorities;
2. operate with policies and procedures that ensure that the cooperative complies with its Products and Services statement.

TREATMENT OF STAFF

With respect to treatment of paid and volunteer staff, the general manager may not cause or allow conditions, procedures or decisions which are discriminatory, disrespectful, unsafe, unduly undignified, unnecessarily intrusive or which fail to provide appropriate confidentiality and privacy.

Accordingly, she or he may not:

1. Operate without written personnel procedures which clarify personnel rules for staff, provide for effective handling of grievances, and protect against wrongful conditions.
2. Operate without written work safety policies and procedures.
3. Discriminate against any staff member for expressing an ethical dissent.
4. For paid staff, cause or allow a decision-making standard that is not transparent or does not allow for opportunity to participate in decisions and shape the guidelines for decisions
5. Prevent staff from grieving to the board when (A) internal grievance procedures have been exhausted and (B) the employee alleges either (i) that board policy has been violated to his or her detriment or (ii) that board policy does not adequately protect his or her human rights.
6. Fail to acquaint staff with their rights and responsibilities under this policy.
7. Outsource normal employee positions to subcontract labor as a means to circumvent these provisions.

COMPENSATION AND BENEFITS

With respect to employment, compensation and benefits to employees, consultants, contract workers and volunteers, the GM may not cause or allow jeopardy to fiscal integrity or to public image.

Further, without limiting the scope of the previous statement by the following, he or she shall not:

- 1) Change his or her own board-determined compensation and benefits, except as his or her benefits are consistent with a package for all other employees.
- 2) Promise or imply permanent or guaranteed employment.
- 3) Establish current compensation and benefits which deviate materially from the geographic or professional market for the skills employed, except where such a standard is demonstrably exploitative or inadequate.
- 4) Create obligations over a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to losses of revenue.
- 5) Provide less than some basic level of benefits to all full time employees, though differential benefits to reward longevity are not prohibited.
- 6) Establish or change pension/ retirement benefits so as to cause unpredictable or inequitable situations, including those that:
 - Incur unfunded liabilities.
 - Allow any employee to lose benefits already accrued from any foregoing plan.
 - Treat the GM differently from other employees.
 - Are instituted without prior monitoring of these provisions.

PM 2-5
03/07/01
5/15/01
11/16/04
10/25/05

PLANNING AND BUDGETING

Planning, including social, environmental, and financial planning, shall not risk fiscal jeopardy, fail to be derived from a multi-year plan or fail to be consistent with achievement under Ends policies and other Executive Limitations policies.

Further, without limiting the scope of the foregoing by the following, the General Manager shall not:

- 1) Fail to include credible projection of revenues and expenses, owner investment and return, capital expenditures, cash flow, and disclosure of planning assumptions.
- 2) Plan expenditures in any fiscal year that would result in default under any of the organization's financial agreements or cause the insolvency of the corporation.
- 3) Fail to project income conservatively and constrain budgeted expenses within projected income levels.
- 4) Fail to plan so as to safeguard the organization from unacceptable financial conditions enumerated in the Financial Condition and Activities policy 2-6.
- 5) Provide less for board prerogatives during the year than is set forth in the Cost of Governance policy 4-16.

PM 2-6
9/26/00
11/16/04
9/6/05

FINANCIAL CONDITION AND ACTIVITIES

With respect to the actual ongoing financial condition and activities, the General Manager shall not cause or allow the development of fiscal jeopardy, compromised fiduciary responsibility, or material deviation from the board's Ends policies.

Further, without limiting the scope of the foregoing statement by the following, the GM shall not:

- 1) Operate at a rolling four-quarter net profit of less than 1%.
- 2) Fail to create or establish any long term reserves as appropriate.
- 3) Use restricted funds for other than their intended purpose.
- 4) Fail to settle payroll and debts in a timely manner.
- 5) Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
- 6) With regard to leveraging owners' investment, exceed a debt to equity ratio of 3:1.
- 7) Operate the cooperative so as to cause it to be in default under any of its financial agreements.
- 8) Fail to follow applicable accounting standards in the maintenance of the financial records of the organization.
- 9) Fail to aggressively pursue receivables after a reasonable grace period.
- 10) Fail to keep the cooperative competitive and entrepreneurial while protecting long term stability.

PM 2-7

1/16/96

12/11/02

10/13/04, 11/16/04

9/19/07, 10/17/07

6/17/09, 10/21/09

ASSET PROTECTION

The GM shall not cause or allow assets to be unprotected, inadequately maintained or unnecessarily risked.

Further, without limiting the scope of the previous statement by the following, he/she shall not:

- 1) Fail to insure against theft and casualty losses to at least 80 percent replacement value and against liability losses to board members, staff or the organization itself in an amount greater than the average for comparable organizations.
- 2) Subject plant and equipment to improper wear and tear or insufficient maintenance.
- 3) Fail to protect inventory against damage, contamination or deterioration.
- 4) Unnecessarily expose the organization, its board or staff to claims of liability.
- 5) Make any purchase wherein normally prudent protection has not been given against conflict of interest and without appropriate systems for assuring an Ends-consistent balance of cost and quality.
- 6) Fail to protect intellectual property, information and files from loss, significant damage, theft or unauthorized use.
- 7) Operate without procedures for timely recovery of cooperative function following a disaster.
- 8) Receive, process or disburse funds under controls which are insufficient to meet the board-appointed auditor's standards.
- 9) Compromise the independence of the board's audit or other external monitoring or advice.
- 10) Invest or hold operating capital in insecure instruments, including in any financial institution that has not achieved the highest rating by at least two national rating services, bonds of less than AA rating, or in non-interest bearing accounts except where necessary to facilitate ease in operational transactions.
- 11) Endanger the organization's public image or credibility, particularly in ways that would hinder its accomplishment of mission.
- 12) Change the organization's name or substantially alter its identity in the community.
- 13) Create, purchase or dilute any subsidiary corporation unless (a) 80% of the corporation is owned by this organization; and (b) there is no reasonable chance of resultant damage to the organization's reputation.

COMMUNICATION AND SUPPORT TO THE BOARD

With respect to providing information and support to the board, the general manager may not permit the board to be uninformed or unsupported. Accordingly, he or she may not:

1. Neglect to submit monitoring data required by the board (see policy on Monitoring Executive Performance) in a timely, accurate and understandable fashion, directly addressing provisions of the board policies being monitored.
2. Let the board be unaware of relevant trends, anticipated adverse media coverage, material external and internal changes, particularly changes in the assumptions upon which any board policy has previously been established.
3. Fail to advise the board if, in the CEO's opinion, the board is not in compliance with its own policies on Governance Process and Board-Staff Relationship, particularly in the case of board behavior which is detrimental to the work relationship between the board and the CEO.
4. Fail to marshal for the board as many staff and external points of view, issues and options as needed for fully informed board choices.
5. Present information in unnecessarily complex or lengthy form.
6. Fail to 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.
7. Fail to report in a timely manner an actual or anticipated noncompliance with any policy of the Board.
8. Fail to provide the Board with administrative support for effective planning, facilitating and recording activities of the Board, its officers and committees and maintaining a secure and current archive of those records.
9. Allow the Board to be without effective mechanisms for communicating with the ownership.

EMERGENCY MANAGEMENT SUCCESSION

In order to protect the board from sudden loss of chief executive services, the chief executive may not have fewer than two other executives familiar with board and chief executive issues and processes.

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TREATMENT OF CONSUMERS

With respect to interactions with consumers, the general manager shall not cause or allow conditions, procedures or decisions which are discriminatory, disrespectful, unsafe, unduly undignified, unnecessarily intrusive or which fail to provide appropriate confidentiality and privacy.

Further, without limiting the scope of the foregoing by the following, he or she shall not:

- 1) Use methods of collecting, reviewing or storing consumer or prospective consumer information that fail to protect against improper access to the information elicited.
- 2) Fail to inform consumers of how information that is gathered from may be used.

PM 2-11
created 9/6/05
amended 9/27/05
deleted 9/13/09

OWNER INVESTMENT AND RETURN

This policy was deleted following the assumption of responsibility for owner distribution by the Board. The Board intends to create a new Board Process policy 4.9 to govern this issue.

TREATMENT OF VENDORS

With respect to interactions with vendors, or those applying to be vendors, the GM shall not cause or allow conditions, procedures, or decisions which are unfair, disrespectful, undignified, unnecessarily intrusive, discriminatory, arbitrary, capricious, deceptive, deceitful, exploitative, unsafe, or that fail to provide appropriate confidentiality.

Further, without limiting the scope of the foregoing, he or she shall not:

- 1) Use procedures that elicit information for which there is no demonstrable necessity.
- 2) Use methods of collecting, reviewing, or storing vendor information that fail to protect against improper access to that information.
- 3) Fail to establish with vendors a clear understanding of expectations.
- 4) Fail, where appropriate, to encourage long-term relationships.
- 5) Fail to engage in contracts/ agreements with vendors that are mutually beneficial and provide for transparency and clarity in pricing.
- 6) Fail to pay vendors within agreed upon terms.
- 7) Fail to inform vendors of this policy.
- 8) Fail to provide a grievance procedure for vendors who believe that they have not been accorded a reasonable interpretation of their protections under this policy.