

Durango Natural Foods Cooperative Board of Directors' Policy Manual



Mission Statement

Durango Natural Foods is a cooperatively owned grocery, providing our community with quality local, natural and organic foods and products at a reasonable cost. We are committed to offering excellent customer service and education, while upholding the cooperative principles.

Cooperative Principles

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training, and information
- Cooperation among cooperatives
- Concern for the community

Glossary

- **Board Calendar:** The primary reference for establishing the Board's agenda. The calendar reflects all recurring actions that the Board must take based on the bylaws and policies, including but not limited to GM monitoring, member/owners relations and Board process assessment.
- **Board Process:** How the Board fulfills its function.
- **Board-Management Delegation:** The Board instructing the GM through written policies.
- **BOD:** Board of Directors.
- **Cooperative and Co-op:** Durango Natural Foods Cooperative, inclusive of the Store, General Manager, Member/owners and the Board of Directors.
- **Current Ratio:** The financial value of the Current Assets divided by Current Liabilities.
- **Debt to Equity Ratio:** The financial value of any Mortgage loan divided by Equity plus Member loans.
- **Ends Policy:** The overarching mission and vision for the Cooperative in the community--the shared vision articulated with the Vision and Mission Statements.
- **Executive Limitations:** The limitations placed on the General Manager that shall neither cause nor allow any action, omission or organizational circumstance that is imprudent, unethical, illegal or contrary to the Cooperative Principles. All activity shall be for the purpose of achieving Board policies on Ends. This implies broad, but never independent powers for the GM.
- **GM:** The General Manager hired by the Board of Directors.
- **GM Limitations:** Carefully established, written policies creating boundaries of prudence and ethics within which all executive activity and decisions must take place.
- **GM Performance Monitoring:** The monitoring of the GM by the Board, done in such a way as to assure policy compliance. Systematic and rigorous monitoring of the GM will be solely against the expected GM job outputs: organizational accomplishment of Board policies on Ends, and operation within Board policies on Executive Limitations.
- **Member/owner:** Community members that have paid to join the Cooperative.
- **Staff:** The employees of DNF, who report to the GM.

Table of Contents

I. Ends Policies

- E1 Vision Statement
- E2 Mission Statement

II. Board Process Policies: Board Governance Process

- G1 Board Governing Style
- G2 Board Job Description
- G3 Board Meetings
- G4 Board President's Role
- G5 Board Members Code of Conduct
- G6 Board Committee Principles
- G7 Cost of Board Governance
- G8 Board Members' Compensation
- G9 Board Perpetuation
- G10 Board Records Policy
- G11 Board Policy Development

III. Board Process Policies: Board-GM Relations

- B1 Accountability of the GM
- B2 Accountability to the GM
- B3 Monitoring GM Performance
- B4 Evaluating GM Performance

IV. Executive Limitations

- L1 Customer Service and Value
- L2 Staff Treatment
- L3 Compensation and Benefits
- L4 Financial Conditions
- L5 Budgeting and Financial Planning
- L6 Asset Protection
- L7 Communication and Support to the Board
- L8 Executive Succession
- L9 Conflict of Interest
- L10 Volunteerism
- L11 Data Privacy Policy
- L12 Membership

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**Ends
Policy – E.1
Vision Statement**

Durango Natural Foods recognizes the interconnectedness between the health of individuals, our community, our land and our world. As a business, we strive to make environmentally sound, economically viable and socially just choices so that we meet the needs of the present without compromising the ability of future generations to meet their own needs.

This statement will be reviewed annually at the BOD Retreat.

Adopted 3/7/2007

**Ends
Policy – E.2
Mission Statement**

Durango Natural Foods is a cooperatively owned grocery, providing our community with quality local, natural and organic foods and products at a reasonable cost. We are committed to offering excellent customer service and education, while upholding the cooperative principles.

This statement will be reviewed annually at the BOD Retreat.

Adopted 3/7/2007

Board Process Policies
Policy
Governance Process

The Board of Directors (BOD) shall assure that the Cooperative's purpose, mission, and principles are carried out in the interests of its member/owners, while avoiding any action detrimental to the Cooperative.

Governance Process
Policy – G1
Board Governing Style

The Board will govern in a way that (1) emphasizes ~~future~~ vision, (2) emphasizes strategic and proactive leadership, (3) provides clear distinctions of Board and management roles, and (4) deliberates in many voices but governs in one voice.

Accordingly:

G1.1 The Board will initiate policy. The Board will strive to be proactive rather than merely reactive.

G1.2 The Board will direct the Cooperative by carefully establishing written policies with a focus on long-term results. These policies will guide the Cooperative in four areas:

a. Ends: The overarching mission and vision for the cooperative in the community.

b. Board Process: How the Board fulfills its function.

c. Board-General Manager (GM) Relations: Defines the relationship between the Board and the Co-op GM.

d. GM Limitations: Boundaries of prudence and ethics within which all executive activity and decisions must take place.

G1.3 The Board will govern with excellence by enacting and enforcing policies upon itself with regard to attendance, preparation, policy-making principles, and adherence to Board-GM Relations policy. The Board will adhere to adopted Board policies.

G1.4 The Board will monitor and regularly discuss the Board's process and performance, ensuring continuous improvement through regular training as follows:

a. Rotate monthly reviews of Board Process and Board-Management

Delegation policies.

b. Conduct at least one written Board meeting evaluation annually.

c. Conduct an orientation session for all new Board members annually.

d. Conduct a Board retreat annually.

e. Send at least one Board member to the annual CCMA conference as funds allow.

f. Send at least one Board member to an NCGA-sponsored training session as funds allow.

G1.5 The Board will establish a clearly defined system to hold the Board accountable to member/owners and the community for executing its duties conscientiously and effectively.

**Governance Process
Policy – G2
Board Job Description**

The Board's job is to create a vision born of its connection with the Co-op's member/owners, write policy that will guide and govern the Co-op, hire and monitor the GM, and perpetuate itself.

Accordingly:

G2.1 The Board will create a shared vision (Ends policies) that guides strategic planning.

G2.2 The Board will develop effective communication between the Cooperative and its member/owners.

G2.3 The Board will hire a GM. The Board will direct and evaluate the GM's performance by monitoring against **Ends** and **Executive Limitations** policy.

G2.4 The Board will perpetuate itself through recruitment, training, and ongoing professional development, including monitoring and self-evaluation.

**Governance Process
Policy – G3
Board Meetings**

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

Accordingly:

G3.1 The Board is the sole authority over its own agenda. The President generally exercises this control on behalf of the Board, but any Board member, with the majority's agreement, may add, delete, or rearrange the order of items on the agenda.

G3.2 Only issues that reflect the Board's chosen and legal areas of responsibility shall consume Board time.

G3.3 The Board meeting agenda shall be developed and shared with Board members in a timely manner.

a. Issues for inclusion on the agenda, including the draft minutes from the previous meeting and issues pending approval shall be relayed to the Board President prior to the next scheduled Board meeting. Board members are responsible for retrieving and reviewing all documentation before coming to the meeting.

b. The person posting *Pending Agenda Items* shall be required to provide accompanied background information that is adequate to facilitate informed discussion. Expected Board outcomes for each agenda item shall be identified (e.g., an item for vote or a monitoring report).

c. A proposal shall include the following sections: (1) a header which includes (a) the Board person or committee making the proposal, (b) the name of the proposal, and (c) the meeting date at which the proposal shall be considered; (2) the exact wording of the proposal; (3) the purpose of the proposal, i.e., what the proposal will accomplish; (4) the cost, if any, of implementing the proposal; (5) the requested authority, if any, to direct the General Manager in implementing the proposal; (6) the expected date of completion; (7) dates of progress reports, if any.

G3.4 The President shall ensure that the agenda is posted the store no later than three days prior to the meeting.

G3.5 On the agenda, time shall be allotted to each agenda item. Each Board member has an opportunity to speak on each issue in a timely manner being respectful to the time allotted.

G3.6 The Board Secretary is responsible for preparing the Board minutes, either personally or through delegation to another Board member. After meetings, the Secretary shall perform or oversee the editing of the minutes.

a. The minutes shall use a format that includes at least the following headings for each agenda item:

1. Item Title: This heading should match agenda titles.

2. Issues Raised: This heading identifies main points of discussion.

3. Action Taken: This heading records Board votes, informal decisions, postponement or tabling of items, and so on.

4. Action Required: This item records further planned action, such as requests for more information, deadlines for action, or assigned duties to specific persons.

5. Attachments: This heading is used as needed, and attachments are identified by title and date.

G3.7 The Board shall maintain a Board Calendar as the primary reference for establishing the agenda. The calendar shall reflect all recurring actions that the Board must take based on the bylaws and policies, including but not limited to GM monitoring, member/owners relations and Board process assessment.

a. The Board shall review the Board Calendar each year at the annual Board Orientation, and the new one shall be distributed to all Board members, the GM and posted in the store.

b. At the annual Board Orientation, the dates and times of each monthly meeting shall be set for the following calendar year.

G3.8 The Board President may put an Executive Session on the agenda, or a simple majority may declare one to discuss financial issues, real estate, personnel matters, litigation, or potential litigation.

a. The Board may include no one or anyone else it chooses in an Executive Session.

b. The Board member/owner calling for an Executive Session must state their purpose in advance.

c. Whenever possible, an Executive Session should be announced on the published agenda or a Board majority may declare an Executive Session during a Board meeting.

d. While discussions in Executive Session shall be confidential, any resulting action or vote shall be reported in the minutes, in a manner consistent with the need for confidentiality.

G3.9 Member/owners may attend all Board meetings except for an Executive Session. If member/owners wish to address the Board, they may do so during the *Open Forum* session scheduled on each agenda. A total comment period of up to fifteen minutes shall be allocated to allow for this.

G3.10 Board performance will be regularly measured and areas of weakness addressed.

a. Annually review and, as needed, modify all **Board Process** policies.

b. Annually review and, as needed, modify all **Board-Management Delegation** policies.

c. Establish a monthly schedule of GM reporting on **Executive Limitations** policies so that all policies are reported on at least once annually. As needed, the Board will modify the schedule and/or policies and/or the amount of detail required in the reports.

d. Establish a system to annually review and/or create **Ends** policies. The Board will establish a schedule of GM reporting on **Ends** policies so that all policies are reported on at least once annually.

**Governance Process
Policy – G4
Board President’s Role**

The Board President assures the integrity of the Board's process and occasionally represents the Board to outside parties.

Accordingly:

G4.1 The Board President’s job is to ensure the Board behaves consistently according to its own policy and those rules legitimately imposed upon it from outside the organization.

G4.2 The Board President has no authority to unilaterally interpret Board policies on **Ends** nor **GM Executive Limitations**, nor authority to unilaterally supervise or direct the GM.

G4.3 The President’s authority includes interpreting and communicating any decision on behalf of the Board consistent with **Board Process** and **Board-Management Delegation** policies.

G4.4 In particular, the Board President is responsible for accomplishing the following:

a. Developing an agenda, ensuring that an annual Board calendar is maintained, ensuring continuing Board education, and presiding over the annual member/owners meeting, as required by Board Process policies,

b. Planning for implementing and monitoring **Board Process** policies,

c. Providing for effective communication and distribution of information to Board members between monthly meetings,

d. Ensuring that meetings are properly facilitated,

e. Representing the Board to outside parties in articulation of Board-stated positions.

G4.5 The Board President may delegate these responsibilities but remains accountable for their fulfillment.

**Governance Process
Policy – G5
Board Members’ Code of Conduct**

Board members are expected to conduct themselves ethically, responsibly, and in a business-like manner, including the proper use of authority and appropriate decorum when acting as Board members. Board members are legally responsible for discharging their duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner reasonably believed to be in the Co-op’s best interest.

Accordingly:

G5.1 Board members should conduct themselves as Board members rather than as individual member/owners while conducting Board business.

G5.2 Board members should loyally represent the Co-op’s interests. This supersedes any conflicting loyalty including, but not limited to, advocacy or interest groups, member/ownership on any other boards or staffs, or acting as an individual employee or consumer of the Cooperative’s services.

G5.3 Board members should be aware of and follow the Cooperative’s Bylaws, including the avoidance of conflict of interest, such as the following:

- a. There must be no self-dealing or any conduct of private business or personal services between any Board member and the Cooperative except as procedurally controlled to assure openness, competitive opportunity, and equal access to inside information.
 - b. The Staff Representative Board member, employed by the Co-op, will not vote on the GM's compensation.
 - c. Board members have an affirmative obligation to state any possible conflict of interest of their own as well as that of any other Board member.
 - d. Board members will not use their positions to obtain for themselves, family member/owners, or close associates any employment or business with the Co-op.
 - e. Board members will disclose any business or personal associations with current staff, contractors, or suppliers.
- G5.4** Board members shall be aware of and follow DNF Policies.
- G5.5** Board members shall bring complete honesty and personal integrity to the Board.
- G5.6** Board members shall openly and impartially consider all issues and matters, researching issues and seeking additional expertise where needed.
- G5.7** Board members shall prepare for and attend all Board meetings or notify the Board president when an absence is unavoidable.
- G5.8** Board members shall respect the confidentiality appropriate to issues of a sensitive nature. All personnel, real estate, marketing, legal, strategic planning, and financial matters will be considered sensitive issues subject to Board members' good faith and discretion unless or until made public by Board action.
- G5.9** As representatives of the Co-op, Board members shall project a positive image and conduct themselves in a professional manner. All Board members will respect the rights of other Board members, staff, and member/owners to communicate their ideas, and will communicate with honesty and respect.
- G5.10** When an individual Board member and/or Board members disagree with a policy or action developed by the majority of the Board, the dissenting Board member(s) shall have the right to present evidence and arguments to the Board in a manner consistent with Board's policies.

**Governance Process
Policy – G6
Board Committee Principles**

Board committees, when used, will be assigned to reinforce the wholeness of the Board's job, without interfering with the GM's authority, as delegated by the Board.

Accordingly:

G6.1 The Board may form Board committees either as a standing committee or for a particular purpose; committees formed for a particular purpose will later be dissolved.

- a. Standing committees may include: Member/Owner Relations, Policy Development, Finance, and Nominations and Elections.

G6.2 Board committees are to help the Board do its job. Committee work is limited to those tasks the Board specifically delegates to them.

G6.3 Board committees assist the Board by preparing policy alternatives and implications for Board deliberation. Board committees do not make final decisions.

- a. Committees will produce proposals that will be distributed to the full Board prior to any committee-suggested Board decision.

G6.4 Board committees may not speak or act for the Board except when given such authority at a regular Board meeting for specific and time-limited purposes. Board expectations of and authority delegated to committees from the Board will be carefully

stated so as not to conflict with authority delegated to the GM from the Board.

G6.5 Board committees may not exercise authority over staff.

a. Because the GM works for the full Board, the GM will not be required to obtain Board committee approval before an Executive action.

G6.6 Board committees are established and conducted according to rules outlined in specific policy or in a written committee charter approved by the Board at a regular Board meeting. Board committees report solely to the Board.

a. Committee charters will include at least the following: committee composition, chair selection and duties, committee function and outcome expected, frequency of committee reports to the Board, and a committee expiration date.

G6.7 The Board appoints committee chairs. Only Board members may be chairpersons. Board members may serve on any Board committee of their choosing. Other member/owners may serve on Board committees only with the consent of committee members, unless otherwise stated in the committee charter.

a. Board committee chairs are responsible for their committee project budgets. Once the Board approves a project proposal, the chair is to give a copy to the GM and request that the GM confirm that the project budget is realistic. If the budget is not realistic to the GM the Board committee chair must revise the budget, based on GM input, and re-submit it to the Board.

**Governance Process
Policy – G7
Cost of Board Governance**

The Board will continually improve its ability to govern by providing adequate resources for training, monitoring, and relations with member/owners. Costs will be prudently incurred but not so restrictive as to hinder Board development or functioning.

Accordingly:

G7.1 Board skills and methods will be continuously maintained and improved in the following areas:

a. There will be liberal amounts of training to orient and educate both new and existing Board members, including but not limited to:

1. Yearly retreats to clarify goals
2. Use of an outside trainer when possible
3. Attendance by as many Board members as possible at yearly cooperative industry conference and/or conventions

b. Outside monitoring will allow the Board to exercise confident control over organizational performance, including but not limited to:

1. A fiscal audit
2. Legal and other professional counsel
3. Market and other organizational analysis

c. Member/owner outreach will link the Board to member/owners' viewpoints and values, and will encourage member/owners to participate in their cooperative

**Governance Process
Policy – G8
Board Members' Compensation**

Board members should be recognized for the value of their volunteer service to the Board and the Cooperative.

Accordingly:

G8.1 All members of the Board of Directors, elected or appointed, shall be compensated with a 10 percent discount on purchases from the Cooperative.
Board members will receive no other compensation.

**Governance Process
Policy – G9
Board Perpetuation**

The Board is responsible for its own perpetuation through recruitment, election, and education of skilled and committed member/owners.

Accordingly:

G9.1 The Board may maintain a Nominations and Elections Committee.

G9.2 New and advisory Board members shall receive orientation and a *Board of Directors' reference manual* within one month of their being seated. The topics shall include, but not be limited to, recent board history, policy governance, finances, Co-op bylaws, and *Board Policy Manual*.

G9.3 The Board may recruit an advisory Board member to participate as a nonvoting member in all regular meetings and potentially to fill a vacated Board position.

**Governance Process
Policy – G10
Board Records Policy**

Board records will be maintained in a secure and accessible manner so as to perpetuate the organizational memory of its decision making. Records will, to the extent practical, remain open to member/owners' inspection. The approved minutes of each Board meeting will be posted in a manner approved by the Board.

Accordingly:

G10.1 Documents shall be archived to meet legal requirements regarding type of document, archive medium and duration.

a. The Secretary will archive approved minutes of monthly and special Board meetings in electronic form for three years.

b. The Secretary will archive approved minutes of executive session meetings regarding internal Board matters, such as appointments to the Board and conflict of interest in electronic form for three years.

c. Archive the original paper copies of personnel documents such as employment contracts, performance evaluations, and other official communications between the Board and the GM or between the Board and contract workers for a period of six years following termination.

d. Archive the original paper copies of documents that commit the Co-op to the acquisition of substantial assets or liabilities such as purchases or loans indefinitely.

e. The Board Secretary shall review on a yearly basis all archived documents and,

with the President's approval, destroy any that have exceeded their required legal and internal retention requirements.

G10.2 The GM shall maintain a secured storage unit to archive hard copies of certain documents. Only the GM will allow access to this storage.

G10.3 The Secretary and one additional Board member shall, independently of each other, maintain complete electronic backup copies of all electronically archived documents. Backup documents shall always be maintained in an electronic storage medium that is currently available and readable.

G10.4 Documents concerning the following shall be considered confidential: (1) personnel matters, (2) actual or potential legal actions, (3) strategic development, (4) any other issue the Board deems to be worthy of confidential status, and (5) all minutes from Board Executive Sessions.

G10.5 All confidential documents, both electronic and hard copy, will be maintained in secured files, with the Board Secretary limiting access to current Board members.

a. The Board President is responsible for ensuring that the Secretary maintains an archive of confidential Board documents.

b. Physical and/or electronic documents requiring confidentiality shall be archived at a location that provides primary access for the Secretary and also assures access for the President.

**Governance Process
Policy – G11
Board Policy Development**

G11 Board Policy Development

The Board shall continually evaluate and, as needed, amend its policies in an orderly manner.

Accordingly:

G11.1 The Board shall follow an open and recognizable procedure when adding to or amending any policy.

a. The Board will determine whether existing policy is sufficient to address each issue, whether existing policy needs to be adjusted, or whether new policy is required. The Board will propose all needed language as well as the location of any new policy.

Adopted 8/20/2007

These policies will be reviewed annually in August.

Board Process Policies
Policy
Board-GM Relations

As the Board's sole official link to the Cooperative's operating organization, the General Manager (GM) is accountable for the organization's performance and for the exercise of authority delegated to him/her by the Board.

- 1 Only decisions of the Board acting as a body are binding on the GM.
 - a. Individual Board members or committees have no binding authority to direct the GM. A Board member may request but not require information from the GM.
- 2 Board decisions will be identified by formal motions and votes and communicated in writing via the Board minutes.

Board Process Policies
Policy – B1
Accountability of the GM

As the sole official link to operational organization, the performance and accountability of the organization shall be considered the performance and accountability of the GM.

Accordingly:

- B1.1** The expected output of the GM is to bring the Cooperative toward achieving Board policies on Ends, while operating within the Board policies on Executive Limitations.
- B1.2** The Board and its individual members will refrain from evaluating or instructing, either formally or informally, any staff other than the GM.
- a. With prior consent of the GM, the Board may authorize its individual members to interact with specific staff members for the following narrowly defined purposes, including, but not limited to:
 1. Finance Manager or GM. Request copies of Board insurance policies; request copies of Durango Natural Food's Personnel Policy Manual; process and maintain certain information regarding the GM's employment status; assist in tasks required for new GM search.
 2. Bookkeeper. Request reimbursement for out-of-pocket expenses; process and maintain certain information regarding the GM's employment status; assist with postage and mailing Board-related materials.
 3. Membership/Outreach Coordinator. Assist with preparations for General Membership Meetings; assist with preparations for Board elections and all other balloting; assist with Board candidate recruitment; assist with Board presence at membership events; assist with editing and publication of Board articles in the newsletter.

Board Process Policies
Policy – B2
Delegation to the GM

B2 Delegation to the GM

The Board shall instruct the GM through written policies. These policies prescribe both the organizational Ends to be achieved and Executive Limitations, which describe situations and actions to be avoided, allowing the GM to use any reasonable interpretation of these policies.

Accordingly:

B2.1 Using any reasonable interpretation of Board policies, the GM is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities.

B2.2 The Board may change its policies on Ends and Executive Limitations, thereby shifting the boundary between Board and GM domains. By doing so, the Board changes the latitude of choice given to the GM. But as long as any particular delegation of authority or latitude is in place, the Board will respect and support the GM's choices that are in line with its policies.

B2.3 No violation or anticipated violation of Board policy should ever be kept from the Board. If the GM deems it necessary to violate Board policy, he/she will inform the Board as follows: notify the President immediately verbally and notify the full Board in writing no later than the next regular Board meeting. Response, either approving or disapproving, does not exempt the GM from subsequent Board judgment of the action.

Board Process Policies
Policy – B3
Monitoring GM Performance

The Board will track GM performance by monitoring in such a way as to have assurance of policy compliance. Systematic and rigorous monitoring of the GM will solely be against the only expected GM job outputs: organizational accomplishment of Board policies on Ends, and operation within Board policies on Executive Limitations.

B3.1 The Board will monitor by one or more of three methods:

a. By Internal report, in which the GM discloses compliance information to the Board. (Internal reports may include third party reports contracted by the GM as required by the BOD.)

b. By External report, in which an external, disinterested third party selected by the Board, assesses compliance with Board policies.

c. By Direct Inspection by the Board, in which a designated Board member(s), assess compliance with the appropriate policy criteria.

B3.2 There are two general ways to measure conformance with Board policies:

a. Measuring compliance with requirements. These policies are typically financial in nature, and reporting provides a Yes/No answer with summary information.

b. Measuring incremental progress towards long-term outcomes. Monitoring these policies requires prior establishment of (1) a baseline or history for comparison, (2) a reliable and credible measurement technique, and (3) a short-term target (for example 12 months).

B3.3 In every case, the standard for compliance shall be any reasonable interpretation by the GM of the Board policy being monitored.

B3.4 Monitoring is intended to determine the degree to which Board policies are being met.

B3.5 All policies that instruct the GM will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any of the accepted methods, but will ordinarily depend on the Board Calendar.

Board Process Policies
Policy – B4
Evaluating the GM's Performance

The Board will view organizational performance as a reflection of the GM's performance. Therefore, the GM will be evaluated on the implementation of Board-stated policies and compliance with Executive Limitations through monitoring reports. The following is the process for that evaluation

Accordingly:

B4.1 The GM's evaluation will be conducted annually on the anniversary of GM's hire date. New GM hires may be given an interim evaluation at the three-month point. Compensation decisions occur at the time of hire and at any evaluation.

B4.2 The Board will review and process the GM's completed monitoring reports for Executive Limitations and Ends during the year when presented at Board meetings. For the annual GM-evaluation-Board-meeting, The Board Secretary will ensure that a Summary Chart is prepared that lists all the GM's monitoring reports for the previous year (or since hire).

a. In an Executive Session, the Board will review the Summary Chart, form an evaluation, and draft a letter, which will be presented by the Board President to the GM.

B4.4 The GM Evaluation should include the following:

- a.** Monitoring
- b.** Monitoring Reports
- c.** Summary Chart (Check Sheet)
- d.** Policy Violations
- e.** Annual Summary of GM Performance
- d.** Policy Violations

Adopted 8/20/2007

These policies will be reviewed annually in August.

Executive Limitations Policy

The General Manager shall neither cause nor allow any action, omission or organizational circumstance that is imprudent, unethical, illegal or contrary to the Cooperative Principles. All activity shall be for the purpose of achieving Board policies on Ends. This implies broad, but never independent powers.

- L1 Customer Service and Value**
- L2 Staff Treatment**
- L3 Compensation and Benefits**
- L4 Financial Conditions**
- L5 Budgeting and Financial Planning**
- L6 Asset Protection**
- L7 Communication and Support to the Board**
- L8 Executive Succession**
- L9 Conflict of Interest**
- L10 Volunteerism**
- L11 Data Privacy Policy**
- L12 Membership**

**Executive Limitations
Policy – L1
Customer Service and Value**

As a Cooperative business, we are committed to providing exceptional value and service to our member/owners and other customers. Our recognition of this essential relationship is expressed by how we welcome people into our store and by how we respond to all those who are part of the community.

In this regard, the General Manager will not:

L1.1 Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.

L1.2 Fail to provide education of member/owners and the community at-large to include, at minimum, cooperative ideas and principles.

L1.3 Fail to provide customers with a safe and pleasant shopping environment, including superior customer service that sets us apart from other stores

L1.4 Fail to provide customers with product policy information

This policy will be reviewed annually.

Adopted 11/19/2007

Revised 2/16/2009

**Executive Limitations
Policy – L2
Staff Treatment**

With respect to treatment of paid staff, the General Manager may not cause or allow conditions that are inhumane, unfair, unsafe, or illegal.

The General Manager will not:

L2.1 Allow unlawful discrimination among employees.

L2.2 Allow unsafe, unhealthy or illegal conditions.

L2.3 Operate without a Personnel Manual, which clarifies policies and procedures for staff and provides for effective handling of grievances and is implemented in a consistent and fair manner.

L2.4 Fail to provide appropriate documentation, security, and retention of records.

L2.5 Operate with inadequately trained staff.

L2.6 Operate without a mechanism for staff feedback regarding management and operations.

This policy will be reviewed annually in June.

Adopted 11/19/2007

Revised 5/19/2008

**Executive Limitations
Policy – L3
Compensation and Benefits**

With respect to employment, compensation and benefits to employees, the General Manager will not:

- L3.1** Allow staff to be uninformed that employment is neither permanent nor guaranteed.
- L3.2** Allow staff to be uninformed about the role of the Board
- L3.3** Permit the establishment of a compensation package and/or wage schedule that is not based upon job responsibilities and which is not applied consistently to all people and positions.
- L3.4** Change the GM's own compensation and benefits, except where his or her benefits are consistent with a package for all other employees.
- L3.5** Fail to annually evaluate and, as finances allow, move toward compensation and benefits in line with the local geographical and professional market respective to skills employed.

This policy will be reviewed annually in December.

Adopted 11/19/2007
Revised: 7/21/2008

**Executive Limitations
Policy – L4
Financial Conditions**

With respect to operating the cooperative in a sound and prudent manner, actual financial conditions and performance shall not incur fiscal jeopardy or compromise Board policies on Ends.

Accordingly, The GM will not

- L4.1** Allow the organization to incur indebtedness other than trade payable accounts or line of credit use incurred in the ordinary course of doing business without board approval
- L4.2** Permit liquidity to be insufficient.
- L4.3** Use restricted funds for any purpose other than that for which such funds were established.
- L4.4** Permit payroll, debts, and taxes to be overdue or inaccurately filed.
- L4.5** Incur expenditures that deviate materially from Board policies on Ends.
- L4.6** Transact a single capital expenditure greater than \$5,000.00 without approval of the Board.
- L4.7** Acquire, mortgage, or dispose of land or permanent buildings without approval of the Board.
- L4.8** Fail to respond to local and global market forces that could affect the financial success of the store.

L4.9 Allow financial record keeping systems to be inadequate or out of conformity with GAAP (Generally Accepted Accounting Principles.)

L4.10 Conduct operations that do not generate adequate net income; net income shall not fall below 0.5%

L4.11 Neglect to provide accurate summary financial statements to the Board on a quarterly basis.

L4.12 Fall out of good NCGA membership standing nor fall out of line with any applicable national NCGA purchasing contract requirements.

This policy will be reviewed quarterly.

Adopted: 11/19/2007'

Revised: 7/21/08

**Executive Limitations
Policy – L5
Budgeting And Planning**

The GM may not cause or allow planning to deviate materially from the board's Ends priorities, risk financial jeopardy, or fail to be derived from a strategic long-term plan.

Accordingly, the General Manager will neither cause nor allow planning that:

L5.1 Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of valid planning assumptions.

L5.2 Is derived from less than a multi-year perspective.

L5.3 Does not protect the long-term health of the coop as described in Financial Conditions policy.

L5.4 Does not provide for board governance development

L5.6 Leaves the coop unprepared for loss of key management personnel.

L5.7 Deviates from Board policies on Ends when making allocation decisions between competing budgetary needs.

This policy will be reviewed annually in October.

Adopted 11/19/2007

Revised: 7/21/2008

**Executive Limitations
Policy – L6
Asset Protection**

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

The General Manager will not allow:

L6.1 Inadequate security of premises and property.

L6.2 Uncontrolled purchasing or purchasing subject to conflicts of interest.

L6.3 Lack of due diligence in contracts and real estate acquisitions.

L6.4 Equipment and facilities to be uninsured, inadequately insured, or otherwise unable to be replaced if damaged or destroyed, including coverage for any losses incurred due to business interruption.

L6.5 Unnecessary exposure to liability or lack of insurance protection from claims of liability.

L6.6 Data, intellectual property, or files to be unprotected from loss, theft, or significant damage.

L6.7 Damage to the coop's goodwill, its public image, its credibility, or its ability to accomplish ends.

This policy will be reviewed annually in July.

Adopted 11/19/2007

Revised 5/19/2008

**Executive Limitations
Policy – L7
Communication and Support to the Board**

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

Accordingly, the General Manager will not:

L7.1 Neglect to make the Board aware of relevant trends, legal actions, public events, internal and external changes, which affect the assumptions upon which any policy the board has previously approved.

L7.2 Fail to submit timely, accurate, concise, and understandable monitoring reports supported by quantitative and qualitative data, required by Board policy in accordance with Board Calendar.

L7.3 Fail to report in a timely manner any actual or anticipated noncompliance with any policy of the board.

L7.4 Fail to apprise the board, if in the GM's opinion, 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.

L7.5 Deal with the board in a way that favors or privileges certain board members over others except when : a) fulfilling individual requests for information or b) responding to officers or committees duly charged by the board.

L7.6 Fail to supply for the board's Consent Agenda all decisions delegated to the GM, yet required by law, regulation, or contract to be board-approved.

This policy will be reviewed annually in January.

Adopted 11/19/2007

Revised: 7/21/2008

**Executive Limitations
Policy – L8
Executive Succession**

The General Manager shall not operate without a plan for emergency management succession.

To protect the board from sudden loss of GM services, the GM shall not be without fewer than one other manager sufficiently familiar with board and GM issues and processes to enable either to take over with reasonable proficiency as an interim successor.

This policy will be reviewed annually in April.

Adopted 11/19/2007
Revised 5/19/2008

**Executive Limitations
Policy – L9
Conflict of Interest**

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

Accordingly, the GM shall not:

L.9.1 Allow for any employee to be engaged in any activity, which will result in a private financial gain to the employee, either directly or indirectly without GM approval. The GM shall not allow conflict of interest, or appearance of conflict of interest by any employee. When the conflict involves the GM, full disclosure to the Board is required.

L.9.2 Allow loyalty to an individual (including self) or group (other than Durango Natural Foods) to prevent the GM from clearly acting in the best interest of Durango Natural Foods as a whole, legally, financially, and ethically.

This policy will be reviewed annually in March

Adopted 11/19/2007
Revised 11/17/2008

**Executive Limitations
Policy – L10
Spirit of Volunteering**

Durango Natural Foods values its long tradition of supporting and being supported by volunteerism.

Accordingly, the GM shall not fail to:

L10.1 Utilize volunteer member/owner labor in appropriate aspects of the cooperative to the extent that it is financially and legally prudent to do so.

L10.2 Make volunteer member/owner-worker labor available to community organizations to the extent that it is financially and legally prudent to do so.

This policy will be reviewed annually in December.
Adopted 11/19/2007, Revised 7/21/2008

**Executive Limitations
Policy – L11
Privacy Policy**

Durango Natural Foods maintains a member/owner database and is committed to guarding its customers' personal privacy to the highest degree possible, consistent with legitimate business needs and legal requirements.

Accordingly, the GM shall not fail to:

L11.1 Ensure that the member/owner database is used only for valid internal Co-op purposes as approved by the GM.

L11.2 Ensure consumer privacy.

This policy will be reviewed annually in March

Adopted 11/19/2007

Revised 11/17/2008

**Executive Limitations
Policy – L12
Membership**

The General Manager will not fail to establish, maintain, and promote a vital membership program that builds a sense of ownership among members.

The GM will not:

L12.1 Fail to provide members opportunities to participate in the cooperative.

L12.2 Fail to inform members of board actions, meetings, activities, and events.

L12.3 Change the membership dues requirement without board approval.

L12.4 Fail to inform members of what may be expected and what may not be expected from the membership.

This policy will be reviewed annually.

Adopted 10/27/2008