# CHATHAM MARKETPLACE EXECUTIVE LIMITATIONS POLICIES

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Last Revised: 12/18/12

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Policy Title: B – Global Executive Constraint

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The General Manager shall 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 in violation of the Cooperative Principles.

Policy Title: B1 – Financial Condition and Activities

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

- 1. Allow sales to decline or be stagnant.
- 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. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
- 6. Acquire, encumber or dispose of real estate.
- 7. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
- 8. Allow late payment of contracts, payroll, loans or other financial obligations.
- 9. Use restricted funds for any purpose other than that required by the restriction.
- 10. Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

Policy Title: B2 – Business Planning and Financial Budgeting

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The General Manager shall not cause or allow business planning and budgeting to deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

- 1. Create plans or budgets that
  - a. Risk incurring 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. Would result in default under any of the Cooperative's financing agreements or cause the insolvency of the Cooperative.
  - d. Have not been tested for feasibility.
- 2. Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy.

Policy Type: Executive Limitations
Policy Title: B3 – Asset Protection

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

- 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 purchasing that is uncontrolled or subject to conflicts of interest.
- 7. Allow lack of due diligence in contracts.
- 8. Allow damage to the Cooperative's public image.

Policy Title: B4 – Membership Rights and Responsibilities

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

- 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. Members are informed that equity investments are a) at risk, and b) 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.

Policy Title: B5 – Treatment of Customers

Last Revised: 12/18/12

The General Manager shall not be unresponsive to customer needs.

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

Policy Title: B6 - Staff Treatment and Compensation

Last revised: 12/18/12

The General Manager shall not treat staff in any way that is unfair, unsafe, or unclear.

### The GM will 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 internally or externally inequitable.
- 5. Change the GM's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

Policy Title: B7 – Communication to the Board

Last Revised: 12/18/12

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

- 1. Submit monitoring reports that are untimely or inaccurate, or that lack operational definitions and verifiable data directly related to each section of the policy.
- 2. Report any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance, in an untimely manner.
- 3. Allow the Board to be unaware of relevant legal actions, media coverage, trends, public events of the Cooperative, or internal and external changes.
- 4. Withhold his/her opinion if the GM believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the GM.
- 5. Deal with the Board in a way that favors or privileges certain Board members over others except when responding to officers or committees duly charged by the Board.
- 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.

Policy Title: B8 –Board Logistical Support

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The General Manager shall not allow the Board to have inadequate logistical support.

### The GM will not:

1. Provide the Board with insufficient staff administration to support governance activities and Board communication.

- 2. Allow the board to be without a workable mechanism for official board, officer or committee communications.
- 3. Allow Board Members 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.

Policy Title: B9 – Emergency GM Succession

Last revised: 12/18/12

To protect the Board from sudden loss of GM services, the GM shall not have less than one other manager sufficiently familiar with Board and GM issues and processes to enable her/him to take over with reasonable proficiency as an interim successor.