



Focus on Development

Policies for Cooperatives

*It Is Called Cooperative Living.
You Enjoy Living, And Your Home Cooperative*

By Richard Berendson

Preface

The overall objective of this publication is to provide directors and managers of cooperatives with guidelines for writing, adopting, and implementing policies. Three broad classes of policies are presented-board, management and personnel.

Policies reflect the philosophy of the cooperative whether they are orally implied "because we have always done it that way" or a formal set of policies researched, skillfully written, adopted by board action, and communicated to all who are to work within their guidelines.

A written policy is important to all cooperatives. As cooperatives mature and longtime directors and employees retire, many oral and implied procedures are lost. Cooperatives in the process of organizing or emerging will find a set of written policies and guidelines for making routine and recurring decisions. In both cases, policies help cooperatives attain established goals and objectives.

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Sample Policies for Cooperatives

Policy Defined-

A policy statement provides guidelines for actions to attain the established objectives of the cooperative and reflect the cooperative's fundamental philosophy.

Why Write Policy?

Policies give direction to plans. They are a road map management can follow to reach goals and attain objectives. The well-written policy facilitates the delegation of authority to the lowest possible level in the cooperative.

Written policy statements must be a significant ingredient of each cooperative's planning activity. These policies should reflect the cooperative's basic philosophy and serve as guidelines for the cooperative's actions to attain its established objectives.

Before determining policy, objectives must be defined. Goals should be clearly stated in writing so that policies can be consistent. A cooperative might declare itself in a written purpose to be "a nonprofit, member-owned, and member-controlled enterprise established to provide marketing services and products to improve the economic condition of its members."

Policymaking becomes the means for achieving this objective.

Policy Responsibility

It is the duty and responsibility of the board to originate and approve broad and general policy. The directors should support specific operating procedures recommended by management. In a developing cooperative, the directors may have the responsibility to make policy decisions that affect the well-being of the cooperative—the section "How to Use Sample Policy Handbook" details the procedure.

Policy Characteristics

Policies can be broad and general or detailed and specific. Comprehensive policies leave room for interpretations and the exercise of judgment and initiative. Specific policies require predetermined conduct.

The policy should deal with a recognized need. It is the result of careful thought and research; deals with practical and specific matters: does not conflict with other cooperative policies: discounts recurring situations indicates the conditions, to whom, and to what extent it applies; specifies who is responsible for using it; and must be concise, legal, and not in conflict with the cooperative's articles of incorporation and bylaws.

Policies are not all of equal importance. Some policies are of such significance that they determine the character of the business. Others are limited in scope and could be changed or eliminated without effect.

Compare the significance of these two policies. One states that a producer will be guaranteed the sale of all products delivered regardless of quantity or quality. At the same time, another permits a coffee break for all employees in the morning and afternoon. The coffee break is essential to employees, but if eliminated would not affect the goals and objectives of the cooperative. Determining whether a cooperative will guarantee the sale of members' products or merely make every effort to move all products, or only handle effects of specific sizes or quality affects the very character of the business.

Some fundamental policies, such as a requirement to return margins to members on a patronage basis, will usually be placed in a cooperative's bylaws. However, written policies adopted by the board and set in a policy handbook are more appropriate than a bylaw for handling most issues. Board policies require formality for adoption. They can be changed easier if unanticipated problems occur. This avoids lengthy, complicated bylaws that mix essential rules critical to a cooperative's success with desirable business practices.

The policy covers broad or primary areas and is generally a long-term commitment established by the board. Procedures implement policy. They cover routine processes established by operations supervisors based on policy and may be changed on short notice. Policymaking groups must resist making detailed rules or writing procedures.

Mechanics of Writing Policy

Every business, new or old, large or small, has policies. The present policy may be written or oral. Some policies are mandatory based on State and Federal statutes. Others define and clarify the articles of incorporation, bylaws, or accepted contractual agreements (membership documents, marketing contracts, leases, and loan documents).

The precedent-the fact that “we’ve always done it this way” is the basis for policy, as long as it does not become the only basis. Printed materials issued by the cooperative such as letters to the membership, advertisements about services, price schedules, employee handbooks, contracts (marketing-purchasing-leases-loans), accounting records, consultants notes, invoices, and sales tickets, are all legitimate sources of policy statements.

A careful review of the minutes or notes of a steering committee and prior director meetings is a prime source for policy statements.

Research should be done on all these sources, materials compiled and formalized statements of policy prepared so they will have meaning and be accepted by the membership and employees.

Few people will take the time to look through all the primary sources for guidance in decision-making. Anyone can be expected to look in a well-documented manual, adequately indexed, that describes what they want to know when the situation arises.

Policies may be drafted by a paid outside consultant. If an outside consultant is used, more time may be needed to interview all the directors and management to determine the values each may have in a given policy area. The assessment of values becomes more complex if the directors express not only their values but also try to reflect the importance of the members.

A well-written and constructed policy mediates differences between conflicting values. The use of an outside consultant takes time and costs money. Still, the approach to any given policy area may be more objective and less biased than an internally generated policy.

Policy style can either be simple or written with a considerable explanation. Most policies are written in a simple form for ease in effective communication and implementation. However, some may feel that written policy should be more complex to be effective and thus leave room for misinterpretation. If your board chooses this method, review the BOARD/MANAGER RELATIONS sample policy on pages 42-44 as a guide.

Guidelines for Writing, implementing and Evaluating Policies

- Identify--Cooperative leaders must select the general areas to be covered by the policy, such as the board and management functions, organization, public relations, finances, sales /marketing/ production, and employee relations.
- Formulate-Ideas for changing current policy or introducing new policy may come from the members, directors, management, employees, or paid consultants.
- Adopt-The board, after considering the various recommendations, should agree on a final format that clearly explains all aspects of policy. Before finalization, obtain policy acceptance by getting the opinions and reactions of all those affected. A majority vote is needed for adoption.
- Distribute-Policy that has been identified, formulated, and adopted has no value unless all persons affected by the policy know and accept its content. All policies should be in written form, collected in a manual, classified as subject matter, and distributed to persons concerned with administering them. Knowledge and acceptance help to ensure consistent application.
- Implement-The manager is responsible for carrying out board policy by developing procedures to be followed, issuing instructions, and making sure concerned individuals understand, accept, and observe adopted policies.
- Control-This is the board's management job. It is the board's responsibility to determine if the manager is carrying out the established policy. Periodic reports from the manager on aspects of the

cooperative's operation are needed and not just at the end of the business year.

- Review and Evaluate-This is the job of the board and management in judging the effect of any given policy. Evaluating how well policies work is best determined by the level of understanding and acceptance of the policies by the entire organization,

Sample Policies

Sample policies in this publication offer a smorgasbord of ideas for directors and managers to consider in establishing and setting policies. Not all policies exhibited may be relevant to your cooperative.

Every board and management team needs to tailor the specific content of each policy to meet their cooperative.

A suggested procedure follows:

1. Management or a board committee, or a combination of both, should research and compile a list of the current policies being followed. The topic or subject of either written or implied policies should be listed in order of importance to the cooperative based on the group's judgment.
2. On an individual basis, each director and member of the management team should review the sample policies in this handbook and the list of current policies now in effect as compiled by the group in step 1.
3. After the appropriate study, and usually upon recommendation of management, the board should agree on the specific policies needed.
4. The chairperson should appoint a committee from the board and management to prepare a draft policy on each topic accepted earlier by the board. Or the board may instruct management to draft policies from its list of recommended topics.

5. Policy drafts should be presented in a special board meeting. Each director and member of the management team must have the opportunity to make suggestions and recommendations regarding policy content.
6. A final draft of each policy should be written and include recommendations accepted in the special board policy session. This draft should be sent to each individual board member and management staff for their extensive review before final approval.
7. A second special board meeting should be held to read and discuss the proposed policies. If major revisions are necessary, the draft should be referred back to the original committee. If significant modifications are not required, the board may adopt a written policy by majority vote.
8. Adopted policy, both new or revised, must be signed by the board president and secretary, dated, and recorded in the board minutes. For the sake of brevity, the policy may be referenced by title or a numbering system in the minutes, and the complete policy attached elsewhere. Revisions should be cross-referenced to the original procedure.
9. Each director and management team member shall be given a complete manual of all adopted policies. The extent of distribution of policies to employees, members, and interested parties is at the discretion of the directors and management. An official updated policies manual shall be on file in the corporate offices of the association or maintained by an elected official of the board.
10. Each policy should be reviewed annually by the complete board, or a committee appointed by the chairperson for that specific purpose. A majority vote of the board is required to adopt policy additions and revisions.

Board and Manager Functions

Annual Policy Review and Revision

Each year at the (month) board meeting, the board president shall select a committee of (number) board members /and the manager/ to review all policies. The committee shall report to the board by the (month) board meeting with suggested revisions to all procedures that should be changed. All revisions and additions must be approved by the entire board.

(The following action dates and signature blocks should be used with each policy. To save space in this publication, this part has been deleted from subsequent policy examples.)

Date: _____ Attested _____
Secretary

Review Date: _____

Authority

Management is authorized by the board of directors to take whatever actions are necessary to conduct the cooperative's business, including operations, control of all expenses, and membership activities within the framework of policies established by the board.

Board's Duty to Follow Legal Documents

The articles and bylaws, in conjunction with the membership agreement and other contracts with cooperative members, form the basis under which the cooperative operates. As a result, each board member is responsible for reading and understanding the basic tenants of all legal documents and of ensuring that the board of directors as a whole follow any requirements, they contain for either the board or the cooperative.

Board Meeting Procedure

Board meetings are essential and should be conducted in a businesslike manner. This is where plans and policies are made, operations are reviewed, and decisions are reached for management's guidance.

Discussions should be full but limited to the business at hand. A program or agenda (except for emergency items) for the meeting shall be prepared in advance by the board president and mailed to board members at least (number) days before the meeting date. A suggested outline for a board meeting is as follows:

The meeting shall be called to order within (number) minutes of the time stated in the board meeting notice. If a quorum is absent, the president shall determine an alternate date and time.

- Read the minutes of the previous.
- Reports of standing and special committees.
- Management operational reports, balance sheets, operating statements, and budget comparisons.
- Unfinished business.
- Read important correspondence of which the board should be advised.
- Discuss plans for improvement of the business.
- New business.
- Adjournment.

Board Meeting Minutes

Board minutes constitute an essential legal and historical record of the policies and business activities of the cooperative.

They are a valuable record for management's guidance about policy actions and directives. They also provide a source of information for board meetings and activities to be reported at the annual meeting.

Promptly after each board meeting, the minutes shall be written in permanent form and placed on file at the cooperative's office by the board secretary. The minutes shall include:

- Date, place, and time of the meeting.
- A record of the people who attended the meeting and directors who were absent.
- A brief statement of all matters pertaining to the business of the cooperative during the meeting.
- All motions, resolutions, and votes by the board. If a roll call vote is taken each individual response shall be recorded.
- Highlights of the manager's report, such as volume
- of sales, expenses, earnings,
- Signature of the board secretary and president.
- The handwritten copy of the minutes taken at the board meeting should be submitted to (Title of Person) for typing within [number] days after the regularly scheduled meeting.

Board Supervision of Manager

The board of directors shall have absolute authority and responsibility to select the manager, negotiate the manager's salary, develop the manager's job description, assign duties to the manager, and terminate employment in cases where the manager is not performing to the board's standards.

Board's Use of Outside Consultants

The board is responsible, with the manager's consultation, for hiring such outside consultants as may be necessary to operate the business appropriately. These consultants may include but are not limited to accountants, lawyers, and engineers.

Conflict of Interest

No director shall engage in any business or service activity that will place them in direct competition with any business unit or service offered by the cooperative.

If, upon review of the board, any director is within the bounds of this conflict-of-interest policy, they shall be asked to resign.

(Failure to resign shall result in action as provided by the bylaws of the cooperative.)

Confidentiality

A director may not disclose information obtained by his or her position as director before such information is made available to all members at the board's direction, nor provide such information to selected persons under the circumstances giving business or another advantage to the director or other persons.

Credit to Directors

The cooperative shall not extend credit to any director on any terms or in any amounts not available to any other cooperative member.

Directors will receive no price advantage over that available to other members.

Director and Certification

Recognizing their individual and joint responsibilities for the overall economic functions of the cooperative, each director shall:

- Attend at least one training function in the area of management or finance annually.
- Participate in at least one area or regional cooperative meeting.
- Receive a certificate of completion for a basic director training program within a 3-year time limit.

Failure to participate in the management and financial training programs for cooperative directors could result in requested resignation by the board president.

Insurance and Bonds

The general manager/board committee/ shall determine through an annual review of all phases of the business are adequately protected by insurance and bond coverage and report findings to the full board as soon as possible after the inspection. The board shall ensure that actions are taken to correct any deficiencies.

Insurance and bond coverage shall be purchased from a cooperative insurance company if rates are competitive.

Manager's Role in Board Meetings

The manager shall attend all board meetings and present a manager's report and (monthly, quarterly) financial review.

Financial statements shall include but are not limited. to:

- Statement of Operations with budget comparisons
- Balance Sheet with comparison to past fiscal year
- Aging of all accounts receivable
- Summary of delinquent accounts
- Market position forwarding forward sales and contracts
- Position of Commodity Options used in hedging.

Manager's Responsibility

Management is responsible for the day-to-day operation of the cooperative. This includes hiring all employees and handling all matters regarding personnel.

The manager shall give to the board periodical comparisons regarding the financial condition of the cooperative and the volume of business. This may be expanded to indicate precisely which reports are to be made and how often, i.e., budget/previous month/previous year.

The manager should be prepared to discuss items on the agenda and other issues expected to come up at the meeting.

The manager should also bring up matters he/she feels need board attention or discussion.

Proposals for board action shall contain sufficient information for board members to make informed decisions.

Resolutions

All resolutions offered to any general assembly of this cooperative must be submitted to the resolution committee and approved by the board by a majority vote prior to presentation or publication.

Resolutions that have any political activity implications or suggest support of political candidates or specific legislation at the local, State, or National level may not be published or presented to any general assembly of this cooperative.

Resolutions for specific recognition to any member, director, manager, employee, or patron may be offered from the floor of the general assembly. All resolutions offered either in print or verbally must have prior approval of the board president.

Membership Relations

Communications

The board will actively communicate with members, patrons, communities being served, cooperatives, and the public, as appropriate, and in keeping with the cooperative's communication plan. Attitudes about the cooperative shall be gathered and recorded and the information will be used to shape programs, procedure, and policy.

All communications will consistently project the desired image of a well-managed, soundly financed, and democratically-controlled cooperative established to improve the economic condition of members and patrons.

Purchase of Common Shares of Stock

At all times, the bylaws of the cooperative shall determine how and when any potential or existing member who desires to participate in patronage refunds shall purchase shares of common stock.

Any member who desires to participate in the patronage refunds of the (name of cooperative) shall purchase (number) shares of common stock at a par value of \$ _____ with cash.

The balance of the necessary shares may be earned from patronage or transferred from equities of another consenting member.

Organization

Classification of Employees

All employees will be designated as one of the following classifications:

Permanent full-time-An employee who works a minimum of [] hours per day,

[] days per week, []weeks per year.

Permanent part-time-An employee who works a minimum of [] hours per day [] days per week, []weeks per year.

Temporary-All other employees.

A temporary employee who is later classified as a regular full-time employee will be entitled to benefits from the time of last initial employment.

Counseling

Management maintains at all times an “open door” policy for counseling with employees on their individual employment concerns, including educational and career development, relationships with fellow employees, and other work-related issues.

Employee Performance Appraisal

Formal appraisals of each employee’s performance will be conducted at least annually.

The evaluation will be based on her/his position description and the performance standards.

Each employee will participate with the supervisor in the appraisal.

Employment of Relatives

Employment of immediate relatives (husband, wife, child, sibling, parent, grandparent, aunt, uncle, nephew, niece) of any /salaried or regular full-time employee/board member/supervisor/shall be prohibited.

Holidays Observed

The board of directors recognizes that the following holidays (1) shall be observed by closing.

- New Year's day
- Martin Luther King
- Washington's Birthday
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day
- Thanksgiving Day
- Christmas Day

If a holiday falls on a Sunday, the following Monday will be observed, or if the holiday falls on Saturday, which is not a typical workday, the previous Friday will be observed.

- (1) This statement is included for illustration purposes only. Your cooperative may wish not to offer this statement.

Note: Specific days presented in the sample policy are for illustration only. Each cooperative must determine the day appropriate for their operation.

Hours of Operations

It is the manager's /board's/ responsibility to determine the cooperative's hours of operation based on the recommendations of the board /manager/.

The cooperative shall have as its standard hours of operation:

Monday through Friday from 8:00 AM to 5:00 PM, Saturday from 8:00 AM to Noon. Deviations from this schedule for emergencies shall be at the manager's discretion. Seasonal variations require the approval of the board.

Jury Duty

Employees will be permitted to serve on jury duty when requested.

While serving, employees will continue their average salary.

Any compensation received by the employee for jury service, other than for meals, and mileage, must be turned over to the association.

Line of Authority

The board of directors of this cooperative has given full authority to the general manager to employ, terminate, and set wages of all cooperative employee within the guidelines of the approved wage and salary plan, except him/herself.

Employees are cautioned not to discuss personal grievances and problems or accept orders from directors, patrons, or any other employee except the general manager or his/her supervisor.

It shall be the responsibility of management to communicate line of command to the employee through job descriptions, organization charts, and other media.

Pay Periods and Paychecks

Pay periods begin on Monday and end on Sunday. All employees will be paid /weekly/biweekly/monthly/. Payday will be on Wednesday for all employees. Each employee will receive with their paycheck a record of the deductions required by law and/or authorized by the employee to be deducted.

Employees paid on an hourly basis will be paid time and one-half for all work over 40 hours during the week. To maintain uniformity, hours over the scheduled workweek are not to be worked except when authorized by supervisors. At the end of the work-week, the employee will sign his/her hourly schedule/time- card/ for hours worked to indicate its correctness.

All employee's timecards will be picked up immediately following the end of the workweek.

Advance payment to either salaried or hourly employees will be allowed only with the approval of the general manager and is limited to (number) weeks' pay.(I)

Regular or normal pay is defined as 40 hours for one (1) workweek, eight (8) hours for one (1) day, and four (4) for one-half day.

Performance Evaluation

At least yearly at a time chosen by the board president, a formal evaluation of the board's performance as an entity and of individual members shall be conducted. The assessment may be done as an internal program or by outside consultants. Areas of unsatisfactory per- performance as determined by the examination shall be reviewed with the board, and the necessary remedial actions for correction shall be taken and recorded in the Board minutes.

The Board holds the General Manager accountable for the total operation of the cooperative and its membership activities. Performance is measured using regular reports from management, the performance of products and services on members' farms, member reports, an annual outside audit, and an annual budget.

Personnel Records

A personnel file shall be maintained for each employee. Individual personnel files will be considered confidential.

This file shall contain such information as the employee's application form, physical report, references, State and Federal withholding tax forms, yearly performance appraisal reviews, and another employment history.

An inactive file shall be maintained for at least three years for persons who have left the association's employment.

substitution or Replacement of Paychecks

Employees are expected to exercise caution and good judgment in handling paychecks.

Replacement of checks lost or misplaced by an employee or issued incorrectly as a result of employee carelessness will be made at the expense of the employee.

Supervision

Each employee is directly responsible to his/her supervisor, as indicated by the organization chart and the employee's position description.

The employee is accountable for all duties specified in the position description and equally for additional responsibilities assigned by the supervisor.

Wage and Salary Plan Adjustment

Wages and salaries of all employees will be administered within the limits of the current wage and salary plan approved by the board of directors.

Recommendations for individual wage and salary adjustment will be based on an appraisal of job performance by the employee's supervisor.

All adjustments must be approved by the general manager before becoming effective.

All adjustments must be within the pay range and at time intervals commensurate with the association's wage and salary plan.

Public Relations

Community Activities

The association encourages its employees to participate in community affairs and trade associations so long as such activities do not interfere with the employee's ability to perform work or place an undue hardship on the association. Employees shall obtain permission to leave their workplace for such activities from the supervisor.

The cooperative may maintain membership with civic and educational organizations. Employees may be designated by the board of directors/general manager/ to represent the cooperative membership. The cooperative shall pay all dues and expenses of the authorized membership.

Conflict of Interest

Employees are to avoid conflicts of interest, which could be construed as unethical or could embarrass the cooperative.

Political Activity

No employee shall engage in any partisan political activity as a cooperative representative.

Finances

Accounts Payable

The board instructs the manager to ensure that all money owed is paid on a timely basis to avoid service charges, interest penalties, and or delinquent notices. Where applicable, bills are to be paid, if cash flow and credit limits allow, in time to receive any discounts for early payment.

Annual Financial Audit

The board of directors shall engage the services of a Certified Public Accountant/Public Accountant/ for the purpose of auditing the financial records and accounts of the cooperative at the end of each fiscal year.

The engaged accountant shall be instructed to prepare an/Unqualified Opinion /Qualified Opinion/ audit of the financial records. The final audit shall include, but not be limited to: a balance sheet, statement of operations, source and use of funds, and the necessary supplementary schedules.

Upon completion of the audit, a full report shall be presented to a majority of the board in an official directors' meeting. The accountant's reports must be approved or rejected by official board action and made a part of the board's minutes.

Annual Operating Budget

The manager shall prepare or cause to be prepared an annual operating budget for board consideration. The preliminary budget should be presented to the board no later than the month before the beginning of the next fiscal year. The final budget shall be approved by the board of directors by (number of days) days after the completion of the past fiscal year's audit.

(1)

Management shall operate the cooperative as far as practical within the budget as adopted. Expenditures exceeding the budget by more than a percent in any given month or in total shall require approval by the board.

Management is responsible for developing long-range plans for review and approval by the board, which will provide for orderly growth, maintain financial stability, and meet the needs of members served by the cooperative.

(1). It is advantageous to have the final budget projections and pro forma statements based on the previous year's fiscal audited figures.

Borrowing Policy

All central borrowing shall be obtained from the source of the least cost but must comply with previous loan covenants, agreements, and commitments.

Borrowing may not exceed the loan limit of the set by board resolution.

The board and the manager shall review the loan limit resolution annually. If needed, the manager may request board approval to increase the limit during the year. To ensure the availability of adequate funds and credit services at a reasonable cost, the cooperative will maintain alternative sources of capital, utilizing the Farm Credit System, other lending institutions, and other sources, as appropriate.

Credit Policy

Note: This section constitutes only part of the cooperative's total credit policy. The following statements are offered as suggestions for formal policy development.

- The manager is responsible for having the credit policy available at all times for employee and patron reference.
- A credit application signed by the patron and approved by the appropriate person /committee/ shall be on file before credit is extended to any patron.
- All purchases made on credit during the month are due and payable by the (date] (last day) of the following month.
- A Finance charge of ____% per month (APR ____% Percent) will be charged against accounts not paid on or before the (date) (last day) of the month after the month of purchase. A minimum finance charge of \$ _____ will be applied to all past due accounts.
- An account becomes delinquent when it exceeds the due date by (number) days.
- Credit will not be extended to patrons with delinquent accounts.
- The manager has \$ the authority to establish credit limits for individual accounts up to \$ _____. Higher limits must be approved by /board/controller/credit committee/.
- All accounts have a credit limit of \$ _____ unless previous arrangements have been approved by management /board/.
- Patrons with delinquent accounts shall contact management /credit committee/ to discuss arrangement for payment.
- The manager will contact patrons with delinquent
- accounts to discuss specific arrangements for payment.

Handling Delinquent Accounts

The credit committee (hoard president plus two other directors appointed by the president) shall review with the manager the accounts receivable on a /monthly/quarterly/ basis.

Delinquent notices shall be sent to those accounts past due per the credit policy.

Delinquent unpaid balances of accounts receivable over (number) days past due /will be/may be/ referred to the cooperative's attorney for collection /or charged against the member's ownership account, upon action of the board of directors/.

If it becomes necessary /to apply member's ownership account to member's receivable/ or action is taken through a collection agency or civil court, the member shall be put on a cash basis until a satisfactory credit statement can be provided.

Director Per Diem, Mileage, and Travel Expense

Directors shall be paid \$ _____ for attendance at all regularly scheduled meetings.

Directors serving on president-appointed committees shall also receive \$ _____ for each session attended.

A scheduled appointment is when a director is performing duties as a director.

A director may be authorized by the president to use his/his personal vehicle for cooperative business when necessary and a collaborative vehicle is unavailable. When such a private vehicle is used, the director shall be paid \$____ per mile for the actual miles driven. The rate shall be reviewed yearly. Public transportation expenses will be reimbursed if, in the president's opinion, it is most advantageous to the cooperative and the director.

Transportation expenses for a spouse /will/will not/ be allowed. Air travel will be permitted at (type) class if the cost is less than other modes of travel.

When it is necessary for a director and/or spouse to remain away from home overnight while in the cooperative's service, the cooperative will, with prior approval of the board president, pay reasonable and necessary lodging and meal expense not to exceed \$ _____per day.

Expenses shall be itemized and /or approved by the board president/ turned in to the manager for payment on a standard expense form.

Donations

In the interest of charitable organizations and community goodwill, contributions may be made to individual organizations not to exceed \$ _____ or \$ _____in product per year for each organization. However, total annual contributions are not to exceed \$ _____ as approved budgeted amount.

Employee Credit

Employees with approved credit may purchase goods and services on the same credit terms as other patrons.

Employees shall borrow their long-term credit requirements at regular financial institutions such as banks and credit unions.

A terminating employee's owing balance shall be deducted from his/her final payroll settlement from the cooperative.

Employee Travel and Entertainment Allowance

Air travel when necessary at (type) rates. (economy or tourist)

Private auto use at \$ _____per mile.

Per diem for lodging and meals not to exceed \$ _____ per day, except for specific locations at actual cost by approval of board/manager.

Entertainment as part of travel is limited to per diem without prior approval of the board/manager.

Receipts for all expenditures over \$ _____ must be attached to a request for reimbursement.

Payment for travel expense reimbursement to employees must be approved by a manager.

Payment for travel expense reimbursement to the manager must be approved by/the treasurer/secretary of the board/president of board.
Expenses for spouse travel /will/will not/ be allowed.

Foreign travel only with prior board approval and with the allowance specified in advance.

Expenditures for Facilities, Machinery, and Equipment

The general manager shall obtain approval from the board for purchases or leases of new or replacement facilities, machinery, or equipment exceeding \$ _____

In emergencies, where the replacement of an asset is needed before a general board meeting can be held, the manager may obtain approval by contacting the (name) board committee by phone and having individuals indicate acceptance.

In this situation, the committee shall have the approval ratified at the next board meeting and included in the minutes of the meeting.

For example, in a marketing cooperative, the need for repairs may occur during a peak receiving season. If directors are involved in their own harvesting operations, they may not be available for telephone approval. In this case, the board may instruct management to make the necessary repairs without consultation.

Expenditures for Supplies and Services

The board must approve expenditures for operational supplies and services exceeding \$ _____ /per month/annually/.

Operational supplies or services costing more than this should be placed for bids, with at least (number) price quotes. For supplies and services less than the stated amount, the manager all has the authority to authorize the purchase.

Expressions of Sympathy

The manager shall send expressions of sympathy to families of employees or directors in case of death, but limited to the immediate family (husband, wife, child, sibling, parent, grand parent, aunt, uncle, nephew, niece).

Individual contributions for flowers or memorial funds shall not exceed \$

Redemption of Equities

The board shall intend to provide, with the approval of the (lending institutions), an orderly program for members' investments to be paid and to allow equity financing based on participation to be provided by the active members.

Within the limits of sound, progressive financial policy and any provisions of the bylaws or any applicable State laws, the board shall have absolute discretion in determining when to redeem any members' equity, placing priority in the following manner:

First-Repurchase, the common stock (and other classes if fiscally responsible) of former member-patrons who have died, retired or moved from the area served by the cooperative.

Second-Repurchase common stock (and other classes if fiscally responsible) of other former member-patrons who have not used the services of the cooperative for (number) years.

Third-Redeem, retained patronage investments of deceased members.

Fourth-Redeem all other retained patronage investments, oldest first: if all patronage investments in a single calendar year are not to be redeemed simultaneously, a pro-rata share of all such assets will be saved.

Equities of deceased members shall be distributed as follows:

Individual Accounts

a written request for payment.

proof by original certificate of the Court that the applying party is the qualified and acting executor or administrator of the estate of the deceased member.

present all of the deceased member's shares of stock in the cooperative in the form of certificates. If these have been lost or destroyed an affidavit may be submitted in lieu of the original certificate.

a copy of the death certificate. joint Accounts

Joint accounts

shall be held by the cooperative in the name of the surviving joint tenant(s). or transferred to the individual accounts of surviving joint tenant(s) upon receipt of written request and certified copy of the deceased member's death certificate.

Upon the death of the last surviving joint tenant, the equities shall be paid out as provided for individual accounts.

Partnership Accounts

shall be paid out as provided for individual accounts. All partners will be deemed to have equal shares in the partnership unless a different intent is shown in writing.

Similar procedures should be outlined for handling the equities of retired, move-aways, and members who no longer qualify for membership.

Travel Expense

An expense report must be submitted by an employee any time association funds are spent for travel.

When necessary for an employee to remain away from home overnight on association business, the association will pay reasonable lodging and meal expenses not to exceed \$ _____

Paid receipts must be submitted along with the expense report by the employee for all lodging expenses and for any single item of expenditure that exceeds \$ _____

An employee may occasionally be requested by his/her supervisor or general manager to use his/her personal vehicle for association business.

In such instances, the employee will be paid []cents per mile for the actual miles driven upon presentation of an expense report.

Public transportation will be used when specified by the general manager. In such instances, the employee will be reimbursed upon presentation of the paid travel receipt.

Sales/Marketing/Productions

Grain Marketing and Hedging

The policy of the board of directors shall be to protect inventory of all types of grain through hedges or cash transactions. The maximum inventory of unprotected grain shall be:

Grain(type)	Inventory in Units (Bu/Cwt)
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____ -

All grain purchased, except allowable company inventory, shall be marketed immediately after purchase. Margins shall be maintained as projected in the annual budget. Sales through forward cash contracts are not to be construed as cash grain sales. Selling "short" on the cash grain position is prohibited. Use of hedging with futures contracts to protect the cash grain margins of minimum inventories is permitted. All grain hedged in Board of Trade transactions shall be reviewed at the request of the board of directors and a

copy of each transaction sent to the board president. At no time shall management place futures contracts in a speculative position.

Inventory

An annual inventory of the cooperative shall be taken each year and the physical count shall be verified by an auditor hired by the board of directors. The president shall appoint a committee to observe the taking of actual physical inventory at the close of the fiscal year.

It shall be the general manager's responsibility to maintain inventories of merchandise for sale. Care should be given not to overstock slow moving merchandise.

Here, the board may identify some items needed for operation of the cooperative and establish minimum volumes (i.e., boxes for packing fresh vegetables).

Marketing

The cooperative is to market only products from those areas that can be expected to provide a reasonable return to both the producer and the cooperative.

Each marketing service provided by the cooperative shall be self-sustaining, with producers to finance each service in proportion to their use of it.

To assure supplies of raw products of suitable quality to meet sales needs and commitments, contracts may be made between the cooperative and producers.

Marketing operations are to be consumer oriented. The cooperative shall provide marketing and technical information needed for growers to plan their production in line with consumer demands as to quality and quantity, and in the forms desired by consumers.

To meet consumer demand, the cooperative may purchase products from sources other than its members, but not to exceed 49 percent of the total dollar marketed..

Marketing agreements are legal contracts between the grower and the cooperative. The cooperative will protect the integrity of its marketing agreements and the interests of the members who comply with their agreements by initiating appropriate legal action against members who violate their marketing agreements and other persons who induce such violations.

Merchandise To Be Handled

It is the manager's /board's/ responsibility to determine the major lines of merchandise handled by the cooperative based on recommendations of the board /manager/.

Producer Payments

Timing of payment schedules to producers for products shall be determined by the board, consistent with sound business practices and in compliance with restrictions imposed or recommended by the lending institution.

Payments shall be administrated on a day to day basis by the manager. Payments to producers will be equitable in relation to quality delivered and services performed.

Purchasing Policy

The manager shall purchase supplies, equipment, and products from regional cooperatives/stated supplier/, where applicable provided all factors are equal, including quality, service, price, and refunds.

Operation of Association Vehicles

Employees operating an association vehicle must have a valid driver's license or chauffeurs license if required. Each employee must adhere to safety rules while operating or using any and all types of equipment, including motor vehicles and those items pushed, pulled, or energized by them.

Every employee is responsible to operate equipment safely and report any expectant failure or defect immediately to management.

Every incident or accident involving personal injury or property damage shall be fully reported in detail without delay.

Drivers will refrain from the use of intoxicants, including alcohol, stimulating, depressing, or hallucinatory drugs, or narcotics prior to and during the workday.

Drivers will obey all State laws, rules, and regulations, and be responsible for operative violation of them.

Drivers will test and examine all brakes and other safety equipment for proper function at the beginning of each workday.

No driver will loan or willfully misuse an association vehicle, nor operate it in a manner to damage or injure it mechanically.

The driver shall not allow any unauthorized person to drive or be transported in a company vehicle, including friends, relatives, or children.

All drivers shall pay /moving/ fines incurred.

Every vehicle used for transportation of flammable or explosive liquid, gases or solids shall at all time follow OSHA guidelines for safety equipment.

Any vehicle used in the transportation of butane, propane, gasoline, kerosene, diesel, or an flammable or explosive shall not be driven by any person under the age of 21 or over the age of 65.

Reporting Injuries and Property Damage

Personal injury, customer injury, and property damage accidents must be reported to the general manager or the supervisor as soon as possible on forms provided and signed by the injured employee and supervisor.

Except for minor injuries, a physician's attention immediately must be secured. Failure to do so could result in dismissal.

Safety

The association is interested in the welfare and safety of each employee and will make every effort to comply with the Occupational Safety and Health Act (OSHA).

Employees must be constantly aware of accident potential.

Employees are charged with the responsibility for exercising good judgment and caution in observing safety, and rules, particularly in handling products and equipment that could result in personal injury to self, fellow workers, patrons, and the public or result in property damage.

Employees are expected to use safety equipment whenever and wherever needed. Excessive violation of safety rules could be cause for termination. All potential safety problems are to be reported to the employee's supervisor.

Employee Relations

Application Requirements

All applicants shall complete and file an employment application form before a personal interview.

Attendance and Punctuality

Employees are expected to be at their regular scheduled work location promptly at the beginning of the workday.

If an employee must be absent, he/she must notify the supervisor as far in advance as possible but no later than one-half hour after average starting time.

Work will continue until quitting time, or if on a shift assignment, until relieved or dismissed by the supervisor.

Tardiness or absences shall be handled by the supervisor.

Conduct

While management makes no pretense of controlling an employee's conduct when not at work, his/her conduct and reputation "off the job" affect the public image of the cooperative, to this extent, employees' conduct will be taken into consideration.

Every effort shall be made to create a good public image of the cooperative through the media of clean work clothes, clean facilities and equipment, and "off-work" behavior of employees.

A pleasant, friendly, and courteous greeting, whether in personal contact or on the telephone, will go a long way in creating a good public image of the cooperative plus a good public image of oneself.

The employee should at all times be supportive of the cooperative goals and strategies as well as fellow employees.

The employee should offer constructive suggestions to his/her supervisor to improve the cooperative's goals, strategies, and other employees to better serve the cooperative's patrons.

Discrimination

The association will not discriminate against the hiring of any applicant or the employment of any person because of race, color, national origin, sex, age, handicap, or religion following the Equal Employment Opportunity Act.

Employee Gifts

Any professional or business-related gifts to cooperative employees with a value of \$_____ or more shall become the property of the cooperative.

It is the responsibility of employees to report gifts to the general manager.

Gifts from the cooperative to individuals, either employees or persons outside the cooperative, may be given at the discretion of the general manager but shall not be more than \$_____ in value per gift.

Employee Meetings

Employees will be requested to attend periodic employee meetings scheduled by management. This provides an opportunity to inform employees of company policies, cooperative information and training, and will provide the employee an opportunity to express his or her views and make contributions for improvements. Hourly employees will be paid for attending these meetings if held during non-business hours.

Employee Orientation

Each new full-time employee will be thoroughly briefed on the employee policy handbook and will receive a copy of the personnel handbook.

The personnel handbook shall contain a copy of the employee's job description, organizational chart for the cooperative, and his/her reporting relationships.

Employee Purchases

Permanent and part-time employees may make purchases through wholesale outlets readily available to the cooperative.

Merchandise purchased through wholesale catalogs will be figured on a cost basis, plus freight, sales tax, and 5 percent. This would apply only to merchandise not normally handled by the association. Purchases shall be paid immediately upon receipt of the invoice. Each transaction must be cleared before further purchases are allowed.

Management, at its discretion, may grant nominal discounts to employees on their purchases of products: however, such discounts will not apply to agricultural production or business supplies and services.

Employees, permanent full-time, permanent part-time, and temporary, may purchase for personal use any items in our regular inventory at retail, less percent.

Some "sale" items may not carry this discount, based on the decision of the general manager.

Discounts on purchases are intended for the sole personal use of the employees and their immediate family. They do not extend to purchases for friends or relatives or income purposes.

Employee Training

The cooperative encourages employee training through special training sessions, correspondence courses, and regular classroom instruction. Approval of the course selected must be obtained from the supervisor. The cost of systems that are particularly beneficial to both the cooperative and the employee will be paid by the cooperative.

Where sufficient interest is shown, classes in job training will be held, and technical textbooks will be made available for interested employees.

Funeral Leave

Regular full-time employees will be allowed [] days per year with pay on account of death in the employee's immediate family, defined as spouse, father, mother, child, son-in-law, and daughter-in-law.

One day leaves will be allowed on account of the death of the father-in-law, mother-in-law, brother, sister, brother-in-law, sister-in-law, grandchild, and grandparent. Any exception to this rule will be charged to the employee's vacation,

Approval in advance must be secured from the employee's supervisor and/or general manager.

Group Insurance

A hospital and medical insurance plan is provided for each salaried and regular full-time employee and his/her family, if so desired.

The cooperative pays 100% of the employee's hospital and medical insurance premiums and 100% of the premiums for dependents.

All eligible employees will be furnished a detailed copy of the plan and an explanation of its coverage, as well as requirements for filing a claim.

The life insurance plan includes a minimum of term life insurance coverage on the employee plus a salary continuation benefit which provides for an income equal to of an employee's basic wages. This coverage applies for a period of illness up to months duration at which time the retirement plan salary continuation program takes over. (Name of cooperative) and the employee participate on a share-cost basis. A life insurance policy will be provided for each employee participating with the plan.

All eligible employees will be furnished a detailed copy of the plan and an explanation of its coverage, as well as requirements.

Holidays

The following holidays will be observed: New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Christmas Day, and a personal holiday. The personal holiday may be used however an employee desires but must be cleared with the supervisor before using it.

Permanent full time and permanent part time employees shall be paid their normal salaries and hourly rates for holidays.

If a permanent full time or permanent part time employee is required to work on a holiday, he/she will be given an additional day of vacation.

The additional day is to be selected by the employee but must be approved by their supervisor and/or the general manager. The pay rate for the holiday will be the normal pay rate.

If a holiday falls on Sunday, the following Monday will be observed.

If a holiday falls on Saturday, the previous Friday will be observed.

If a holiday occurs during an employee's vacation, the employee will be charged with one less day of vacation.

Hours of Work

A normal work week will consist of [] hour days/ [] and [] days/, totaling hours per week for all permanent full-time employees.

[]hour is allowed for lunch except where operating conditions require a shorter period or by mutual agreement of the supervisor and the employee.

Employees are required to punch their own timecards. Employees should punch in at their assigned starting time and punch out at their assigned quitting time. Any deviations must be approved by the supervisor.

Actual hours worked each day will be computed at the nearest quarter hour. Hours in excess of the normal work week are not to be worked unless advance authorization is given by the employee's supervisor or general manager.

To maintain the consistent high quality of service given customers, employees may be required to work on a shift basis.

There may be occasions when employees will be asked to work overtime.

Just Cause for Termination of Employment

The association considers the following acts as among those contributing to just cause for immediate discharge. Disregard for association policies, insubordination, malicious damage to equipment, excessive absenteeism, drinking or using intoxicants or drugs on duty, being intoxicated or under influence of drugs on duty, dishonesty, disregard of safety rules, and other such acts that would tend to harm or embarrass the association. An employee discharged for just cause shall forfeit all employee rights and not be eligible for rehire.

Maternity Leave

With written approval of her physician, a female employee who becomes pregnant may work during her term of pregnancy.

Disability due to maternity will be handled the same as an illness or accident requiring sick leave. Upon diagnosis of pregnancy, the employee will immediately furnish the cooperative with a physician's statement indicating approximate delivery date and length of time she might continue to work.

A maternity leave of absence /without pay/ will be granted upon request.

The length of leave will be determined at the time leave is approved, but normally not exceeding 6 months.

Upon release from the doctor, an employee on maternity leave will be able to return to a position equal in pay and status to her previous position prior to maternity leave.

Military Leave

A leave of absence shall be granted to regular employees called into the military service of the United States: The employee will not lose any benefits accrued to him, including vacation, sick leave, seniority, or retirement benefits, unless not permitted by the retirement plan.

Existing statutes applicable to reemployment and other veteran's rights will be followed by the cooperative when the employee returns from military service.

The cooperative will allow time off without pay for summer training of employees who are members of the National Guard or organized reserve units. Such time may be counted as vacation time if the employee so desires.

Outside Employment

No employee shall conduct a personal business, project, or profession that requires any cooperative working time or that is in competition to or is in conflict with any phase of the cooperative's business without the consent of his/her supervisor.

No employee shall conduct any outside employment during regular scheduled work hours at the cooperative.

Work during off-duty hours that will interfere with the proper efficiency of the employee's duties will not be considered in the best interest of the cooperative.

The employee may be required by the Manager to limit or discontinue such activity or leave the employment of the cooperative.

Persons Eligible for Employment

The association will not hire close relatives of the manager or any director as a permanent full-time employee or permanent part-time employee.

Close relatives included spouse, child, father, mother, sister, brother, father-in-law, mother-in-law, sister-in-law, brother-in-law, son-in-law, daughter-in-law or grandparent.

Physical Examination

A physical examination may be required of any applicant prior to acceptance for employment.

Arrangements for physical examinations shall be made with a physician approved by the cooperative and expense involved shall be paid by the association.

Promotion

The cooperative has no set policy that provides for systematic or seniority promotion. However, management promises an unbiased, and fair evaluation of an employee's growth and value to the organization and will give pay and responsibility advancement accordingly.

Promotion should be made within the cooperative system whenever practical, recognizing that some positions requiring special skills, training, or experience may have to be filled from outside.

Probationary Period

All new employees shall serve a (number)-month probationary period during which the cooperative and the employee shall have an opportunity to determine the desirability of the job and the suitability of the employee on the job.

At the end of the (number)-month period, an interview will be held between the employee and the supervisor to determine if satisfaction exists between both the employee and the supervisor.

If the employee continues after the (number)-month period, he/she will be classified as a regular full-time or regular part-time employee.

Rehire of Former Employees

An employee who voluntarily resigns and later returns to the employment of the cooperative shall be considered a new employee.

Retirement Plan

The cooperative provides a retirement plan for all permanent full time employees eligible to participate.

Contributions to the plan will be in accord with the plan's rules and regulations.

A detailed explanation of this benefit is available to each participant.

Selection of New Employees

The decision to hire shall be based on how well personal qualifications compare with the job requirements.

Department supervisors shall screen and interview job applicants. The department supervisor shall have the responsibility for hiring and discharging an employee, subject to the approval of the general manager.

Sick Leave

An employee is entitled to take sick leave during those periods incapacitated from performing duties by reason of sickness, off the job injury or for medical, surgical, dental, eye examination or treatment, or where the employee's presence at their post of duty might jeopardize the health of others.

Both permanent full time and permanent part time employees accrue sick leave benefits. A maximum of 11 working days may be accumulated.

Permanent full time employees while at their job site shall accrue sick leave at the same proportional rate of permanent full time employees.

The employee shall be paid at the normal rate of pay for the actual time absent from work up to the extent of the sick leave accrued.

No employee shall be paid in lieu of accrued sick leave.

Sick leave may be used in increments of one-half of a working day. However, if an employee is absent for two hours or less the general manager may waive the charge against the employee's sick leave.

The cooperative must be notified of absence because of sickness not less than one-half hour after the beginning of the workday in which the absence began. Return to work after sick leave shall also be reported.

Requests for sick leave for medical, dental, optical, or chiropractic examinations or treatments shall be submitted for approval to the supervisor and/or general manager prior to the beginning of sick leave.

If sick leave accrual becomes exhausted, an employee may charge excessive sick leave against vacation time if any is accrued.

Time lost for disabling work-related injuries will not be charged against sick leave.

A sick leave record will be maintained by the association for each employee showing the total number of accrued sick leave days and the number of sick leave days taken.

Employees shall have on file with the cooperative the name, address, and telephone number of the person to be contacted in case of accident or illness on the job.

The general manager reserves the right to deny, in whole or part, payment for sick leave in cases of proven abuse or malingering.

Termination

Employees who voluntarily terminate employment with the association shall give [] weeks' written notice. Failure to provide such information may result in forfeiture of certain association benefits as determined by the general manager.

Permanent full-time employees terminated due to lack of work, reduction in the workforce for economic reasons, or other cause not the employee's fault shall be entitled to [] weeks pay instead of notice.

In the case of extended illness, an employee may be terminated, and company-paid employee benefits will cease when the employee has used all accrued vacation and sick leave. However, the employee may request a (number day leave of absence and continue to enjoy company benefits if paid in total by the employee. Leave of absence requests must be approved by the general manager.

Upon termination, an employee shall turn in his/her uniforms so the association emblems may be removed. The uniform will subsequently be returned to the employee.

Vacation

Vacation may not be taken until the completion of one full year of employment with the cooperative.

Vacation benefits may be accrued by permanent full-time and permanent part-time employees but not by temporary employees.

Permanent full-time employees shall accrue paid vacation as follows:

The first year of service, six (6) working days; after one (1) year of service, extra days will be allowed for each additional year served for the next three years; up to a maximum of 12 working days; upon completion of the 11th year of continuous service, employees will be allowed 18 working days of vacation per year.

Permanent part-time employees shall accrue vacation at a proportional rate to permanent full-time employees.

A vacation record will be maintained for each employee showing the total number of accrued days and the number of vacation days taken,

Vacation time can only be used in increments of half a working day.

Employees are encouraged to take a vacation every year, but if necessary, some or all accrued leave may be postponed until another year within the following limits: the maximum accrual of repose is 12 working days after completion of 11 years of service, and then it will be 24 working days. After 25 years of service, it will be increased to 36 working days.

Vacations are for the purpose of employee relaxation away from the job. This may best be accomplished if breaks are taken a week at a time as a minimum.

If an observed holiday falls within an employee's vacation period, they will be given an additional day of vacation. This day may be chosen by the employee but must be approved by the supervisor and/or the general manager. The employee will be paid for the holiday at their standard rate. The employee must give the supervisor two weeks' notice before the desired vacation. Each vacation, insofar as possible, will be granted at the time requested, but the final allotment of vacation periods is reserved by the general manager.

If a terminating employee is in good standing, he/she will be compensated for their accrued vacation time. This amount will be included in the last paycheck.

In the case of an employee's death, payment for accrued vacation shall be paid to the employee's estate.

Note: The lengths of time and specific detail are for illustration purposes in the sample policy. Each cooperative must determine the size and method of accruing vacation benefits proper for their labor market.

Work Breaks

Where practicable, employees will be granted breaks once in the morning and the afternoon.

Breaks will be arranged by the general manager and/or supervisors. Employees must maintain work break schedules and be prompt in resuming work.

Breaks will be staggered, so work areas are attended to at all times. At no time shall a member or cooperative customer be made to wait while an employee is on break.

Abuse of breaks may result in the loss of this privilege.

Work Clothing

All employees are required to come to work in proper attire, clean and neat in appearance.

The association will pay the cost of authorized uniforms up to \$ _____ annually for those employees required to wear them.

Employees may purchase uniforms during the probationary period of employment. The cooperative will then reimburse the employee if they move to the permanent time or permanent part-time status up to \$ _____

Workmen's Compensation Insurance

The association carries workmen's compensation insurance on all eligible employees for their protection of income in case of on-the-job injury.

The insurance costs the employee nothing. The cooperative pay the entire cost.

All injuries must be reported within [] hours to assure that all workers comply with Workmen's Compensation Insurance regulations. Failure to comply with required reporting may result in loss of eligibility.

Board/Manager Relations

Board of Directors General Manager Relationship

I Objective

To establish the policy governing the basic relationship between the board and the general manager of the cooperative, including the principles involving the delegation of authority.

II, Policy

The board recognizes, establishes, and maintains the following guidelines in their relationship with the general manager:

- A. It is recognized that good management is the most important factor in the success of the cooperative. This includes a strong and effective board of directors, general manager, and staff, as well as dedicated employees. In exercising its responsibilities, the board reserves authority to establish policies, approve plans and programs, and delegate authority to the general manager, except those that are, by law, the Articles of Incorporation and Bylaws, conferred upon or reserved to the board.
- B. The board recognizes the responsibility and need to establish policies, approve plans and programs, appraise results achieved, and delegate authority to the general manager to execute and carry out plans, programs, and policies. The general manager shall, among other things be responsible for

the hiring of capable personnel, determining compensation within the approved wage and salary plan and policy, training, supervising, and terminating personnel, if necessary.

- C. All policies of the board shall be adopted at regular or special meetings acting collectively as a board. The general manager is delegated the responsibility of carrying out policies and reporting back to the board on the results achieved.
- D. The board recognizes that should any director undertake in private conversation with others to make commitments for the board, unless directed officially by the board, that director becomes involved in a serious breach of policy that might disrupt the entire organization. The board member may be subject to reprimand from his fellow directors should she/he attempt to make commitments unofficially for the board.
- E. It shall be the policy of the board to refrain as individuals from discussing management and personnel problems directly with personnel of the cooperative. The board, in consultation with the general manager, may confer with key personnel at regular or special meetings of the board.

Please study this provision carefully to make sure it meets the needs of your cooperative.

- F. It shall be distinctly understood that the “flow” of authority for the management of the cooperative shall be through the general manager to the board. The board shall require full and complete information from the general manager concerning matters in connection with the management of the cooperative as set forth in board policies.

G. Primarily, the purpose of this policy is to determine the relationship that shall exist between the board, as the elected trustees of the members, and the general manager, who is employed by the board. The board recognizes that efficient management of the cooperative can exist only through mutual understanding and complete cooperation between the board and general manager.

The general manager is expected to produce results and give an account to the board for his/her stewardship. His/her performance cannot be the best unless he/she is given latitude to exercise independent judgment in executing policies of the board. The board acknowledges that obligation and gives the general manager that latitude of judgment and discretion and expects faithful performance in carrying out all of the policies.

H. The board recognizes for the employment of the general manager and, further, the additional responsibility for a systematic appraisal annually of the general manager's performance so that growth, development, and effective improvements are encouraged.

III Responsibilities

- a. The president shall be responsible for directing the attention of board members to violation of this policy.
- b. The president shall be responsible for that the performance of the manager is appraised each year by the _____ (committee), with a report made to the entire board in _____ (month), and the results discussed with the general manager.

Statement of Objectives

Overall Objectives of the Cooperative

1. to improve and stabilize the net income of the members:
 - a. Through the effective overall performance of such marketing, purchasing, packing, processing, warehousing, grower financing, and related services as are deemed necessary or advantageous by the members.
 - b. By providing adequate jointly-owned facilities for handling, packing, warehousing, processing, at a lesser investment per unit than the grower can provide them on 44 the farm or ranch.
 - c. By maintaining sufficient volume to be a factor in the market, reduce market risks, and support at competitive unit costs a capable staff, adequate facilities, and an effective program of approved services.
2. To conduct the cooperative's business in a manner that will earn and retain the favorable regard of our members, customers, employees, suppliers, and the public.

Specific Objectives of the Cooperative

Board of Directors-Maintain the association in accordance with cooperative principles and consistent with the articles of incorporation, bylaws, and other legal contractual requirements.

Management-Manage the operations of the cooperative in accordance with viewpoints, objectives, and policies of the directors and members.

Membership Relations-Create among the members a sense of ownership of and responsibility for their cooperative, encouraging members to recognize the necessity of uniting and actively supporting cooperative philosophy and technique.

Organization-To be a nonprofit, member-owned and member-controlled business to render a vital service to farmers in maintaining optimum profitability of farming operations.

Public Relations-Recognize the role of business in a community, and strive to provide leadership and to cooperate with other business, community, and civic groups in furthering programs of mutual interest and benefit to the community.

Continuously maintain good relations and increase the goodwill and acceptance of the public and communities in the areas of operation.

Finances-Maintain financial stability for debt retirement, equity retirement, and future growth and expansion.

Sales/Marketing/Production-Provide the best value in products and services for the members.

Realize optimum total returns for the member's through effective merchandising, advertising, and selling.

Employee Relations-Create among the employees an understanding of member ownership philosophy and principles and develop their interests in and enthusiasm for high quality member service. Create among all personnel a desire for maximum growth and development and to provide ways and means to assist them in accomplishing their objectives through self-expression, maximum creativeness, and sense of accomplishment.