

River Valley Co-op Board Policies

UPDATED November 20, 2019

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Last Revised: 4/27/10

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Policy Type: Ends
Policy Title: A – Global End
Last Revised: **April 27, 2010**

- A1. What will be/is different because of the existence of the Co-op? A just marketplace that nourishes the community.
- A2. Who benefits? Consumers in Hampshire and surrounding counties, and regional producers.
- A3. At what cost? For costs that ensure that the Co-op thrives.

This policy shall be monitored annually by internal report in September.

A Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
7/18/19	A	Revision	Monitored in October

Policy Type: Executive Limitations
Policy Title: B – Global Executive Constraint
Last Revised: **December 15, 2009**

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.

This policy shall be monitored annually by internal report in November.

B Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Executive Limitations
 Policy Title: B1 – Financial Condition and Activities
 Last revised: **December 15, 2009**

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.

The GM will not:

1. Allow sales to decline or be stagnant.
2. Allow operations to generate an inadequate net income.
3. Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion, to be insufficient.
4. Allow solvency, or the relationship of debt to member/owners' 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.

This policy will be monitored quarterly by internal report in February, May, September, and November and annually by external report in September (Board will hire auditor to address these points and to audit report.)

B1 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
7/19/19	B1	Revision	B1 monitored in August and by external report in September

Policy Type: Executive Limitations
 Policy Title: B2 – Business Planning and Financial Budgeting
 Last revised: **December 15, 2009**

The General Manager shall not cause or allow business planning and budgeting, for any fiscal year or the remaining part of any fiscal year to deviate materially from the Board’s Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

The GM will not cause or allow plans that:

1. Risk incurring those situations or conditions described as unacceptable in the Board policy “Financial Condition and Activities.”
2. Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
3. Plan expenditures in any fiscal year that would result in default under any of the cooperative’s financing agreements or cause the insolvency of the cooperative.
4. Have not been tested for feasibility.

This policy shall be monitored annually by internal report in October.

B2 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
9-10-18	B2	Revision	Policy shall be monitored annually by internal report in October.

Policy Type: Executive Limitations
 Policy Title: B3 – Asset Protection
 Last revised: **December 15, 2009**

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

The GM will not allow:

1. 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. Unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Inadequate security of premises and property.
4. Data, intellectual property, or files to be unprotected from loss, theft or significant damage.
 - a. Improper usage of members’ and customers’ personal information.
5. Uncontrolled purchasing or purchasing subject to conflicts of interest.
6. Lack of due diligence in contracts.
7. Damage to the co-op’s public image.

This policy will be monitored annually by internal report in January and by external report in January. (Board will hire auditor to address these points in addition to auditing report.)

B3 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
9-10-18	B3	Revision	Policy shall be monitored annually by internal report in January.

Policy Type: Executive Limitations
 Policy Title: B4 – Membership Rights and Responsibilities
 Last Revised: **December 15, 2009**

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

The GM will not:

1. Create or implement a member equity system without the following qualities:
 - a. The required member equity, or fair share, is determined by the Board.
 - b. Members are informed that equity investments are at risk. While they are generally refundable, the Board retains the right to withhold refunds when necessary to protect the co-op’s financial viability.
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, and make a timely determination each year concerning how much, if any, of the co-op’s net profit will be allocated and distributed to members.
3. Fail to establish a vital membership program which builds a sense of ownership among member-owners.

This policy shall be monitored annually by internal report in February.

B4 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
9-10-18	B4	Revision	Policy shall be monitored annually by internal report in February.

Policy Type: Executive Limitations
Policy Title: B5 – Treatment of Consumers
Last Revised: **December 15, 2009**

The General Manager will not be unresponsive to customer needs.

The GM will not:

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.

This policy shall be monitored annually by internal report in July.

B5 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
9-10-18	B5	Revision	Policy shall be monitored annually by internal report in July.

Policy Type: Executive Limitations
 Policy Title: B6 - Staff Treatment and Compensation
 Last revised: **December 15, 2009**

The General Manager will 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
 - c. Are accessible to all employees
 - d. Inform staff that employment is neither permanent nor guaranteed
 - e. Comply with all applicable laws
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 spelled out in his/her contract.

This policy shall be monitored annually by internal report in March.

B6 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
11-20-19	B6 - Staff Treatment and Compensation	Addition to item 2	To clarify GM behavior toward employees serving as directors

Policy Type: Executive Limitations
 Policy Title: B7 – Communication to the Board
 Last Revised: **December 15, 2009**

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

The GM will not

1. Submit monitoring data that is untimely, inaccurate, or hard to understand.
2. Report any actual or anticipated noncompliance with any policy of the Board in an untimely manner.
3. Allow the Board to be unaware of relevant trends, public events of the Cooperative, or internal and external changes which affect the assumptions upon which Board policy is based.
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 (a) fulfilling individual requests for information or (b) 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.

This policy shall be monitored annually by internal report in January.

B7 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Executive Limitations
 Policy Title: B8 –Board Logistical Support
 Last Revised: **December 15, 2009**

The General Manager will 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 or insufficiently accessible information and notice to members concerning Board actions, meetings, activities and events.

This policy shall be monitored annually by internal report in May.

B8 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
6-14-17	B8-Board Logistical Support	Addition to item 4. Insufficiently accessible	

Policy Type: Executive Limitations
Policy Title: B9 – Emergency GM Succession
Last revised: **December 15, 2009**

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.

This policy shall be monitored annually by internal report in April.

B9 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board Process
Policy Title: C – Global Governance Commitment
Last Revised: **April 27, 2010**

Acting on behalf of our owners, the Board ensures that our cooperative produces benefit and value, while avoiding unacceptable actions and situations.

This policy shall be monitored annually by internal report in June.

C Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board Process
 Policy Title: C1 – Governing Style
 Last Revised: **April 27, 2010**

The Board will govern in a way that emphasizes empowerment and clear accountability. In order to do this, we will:

1. Focus our vision outward and toward the future
2. Observe the 10 Policy Governance principles (See Appendix)
3. Maintain group discipline, authority and responsibility
4. Clearly distinguish board and general manager roles
5. Encourage diverse viewpoints
6. Proactively determine conflict of interest and respond appropriately.
7. Obey all relevant laws and bylaws.

This policy shall be monitored annually by internal report in January.

C1 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
11-20-19	C1 – Governing Style	Addition of item 6.	Address conflict of interests, and expected action

Policy Type: Board Process
 Policy Title: C2 – The Board's Job
 Last Revised: **April 27, 2010**

In order to govern successfully, the Board will:

1. Create and sustain a meaningful relationship with member-owners.
2. Hire, compensate, delegate responsibility to, and hold accountable a General Manager. (See D. Board GM Relationship Policies)
3. Have expectations in the form of written governing policies that realistically address the broadest levels of all organizational decisions and situations. We will write these policies in the form of Ends, Executive Limitations, Board Process, and Board-Management Relationship, as described in the Policy Governance principles.
 - 3.1 Update policies as needed to maintain relevance.
4. Assign responsibility to the GM (through Ends & Executive Limitations policies) and itself (through Board Process and Board-Management Relationship policies) in a way that honors our commitment to empowerment and clear distinction of roles.
5. Regularly monitor operational performance in the areas of Ends and Executive Limitations, and board performance in the areas of Board Process and Board-Management Relationship.
6. Perpetuate the Board's leadership capacity using ongoing education, training and recruitment.

This policy shall be monitored annually by internal report in January.

C2 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
11-20-19	C2	Addition of sub paragraph 2	Clarify and make explicit where an employee director is expected to recuse due to conflict of interest

Policy Type: Board Process
 Policy Title: C3 – Agenda Planning
 Last Revised: **April 27, 2010**

The Board will follow an annual agenda that focuses our attention upward and outward.

1. Our annual governance cycle will run from January to December.
2. We will create, and modify as necessary, an annual calendar that includes the items mentioned in this policy: membership meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions as outlined in our Board-Management Relationship policies.
3. Throughout the year, we will attend to consent agenda items as expeditiously as possible.
4. We will limit the amount of meeting time taken up by monitoring reports, discouraging discussion unless the reports indicate policy violations, or the policy criteria themselves need review.

4.1 Goal: Spend 50% of meeting time on strategic thinking at 2/3 of our meetings.

This policy shall be monitored annually by internal report in January.

C3 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board Process
Policy Title: C4 – Board Meetings
Last Revised: **April 27, 2010**

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

1. We will use board meeting time only for work that is the whole Board's responsibility. We will avoid committee issues, operational matters and personal concerns.
2. Meetings will be open to the membership except when executive session is officially called.
 - a. We may occasionally use executive session to deal with confidential matters, as long as the purpose of the session is stated. When possible, announcement of the executive session should be on the published agenda.
3. We will use a relaxed version of Robert's Rules of Order. (See Appendix)
4. The meeting agenda will be determined by the board president, and may be modified at the meeting by a majority vote of the Board.

This policy shall be monitored annually by internal report in January.

C4 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board Process
Policy Title: C5 – Directors’ Code of Conduct
Last Revised: **September 13, 2012**

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

1. Every director is responsible at all times for acting in good faith, in a manner which she/he reasonably believes to be in the best interests of the co-op, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.
2. Directors must demonstrate unconflicted loyalty to the interests of the co-op’s owners. Directors shall be under an affirmative obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the Board of Directors. Directors having such an interest shall absent themselves from discussion and decision of the matter unless otherwise determined by the Board. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other boards or staffs, and the personal interest of any director acting as an individual consumer, owner, vendor or employee.
 - a. There will be no self-dealing or any conduct of private business or personal services between any director and the co-op except as procedurally controlled to assure openness, competitive opportunity and equal access to “inside” information.
 - b. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director shall abstain from the conversation and the vote.
3. Directors may not attempt to exercise individual authority over the organization.
 - a. When interacting with the GM or employees, directors must carefully and openly recognize their lack of authority.
 - b. When interacting with the public, the press, or other entities, directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated board decisions.
4. Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving board service.
5. Directors will prepare for and attend all board meetings and trainings.
6. Directors will support the legitimacy and authority of the Board’s decision on any matter, irrespective of the director’s personal position on the issue.
7. Any director who does not follow the code of conduct policy may be subject to termination per Article 4 Section 7 of the bylaws.
8. Directors sign an agreement annually titled ‘Board of Directors Code of Ethical Conduct’ whereby they agree to this code of conduct, and also complete an agreement annually titled ‘Board of Directors Annual Disclosure of Potential

Conflict of Interest'. See appendix.

This policy shall be monitored annually by internal report in September.

C5 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
9/13/2012	C5.7	Revision	“Any director who does not follow the code of conduct policy shall resign from the Board if requested to do so by a 2/3 majority vote of the remaining Board.” <i>revised to</i> “Any director who does not follow the code of conduct policy may be subject to termination per Article 4 Section 7 of the bylaws.”
9/13/2012	C5.8	Revision	“Directors sign an agreement annually whereby they agree to this code of conduct and disclose any conflicts of interest.” <i>revised to</i> “Directors sign an agreement annually titled ‘Board of Directors Code of Ethical Conduct’ whereby they agree to this code of conduct, and also complete an agreement annually titled ‘Board of Directors Annual Disclosure of Potential Conflict of Interest’. See appendix.”
11-20-19	C5.2	Addition	Clarify expectations with respect to conflicts of interest

Policy Type: Board Process
 Policy Title: C6 – Officers’ Roles
 Last Revised: **April 27, 2010**

The Board will elect officers in order to help us accomplish our job. No director who is also a employee of the Coop can serve as the president or vice-president.

1. No officer has any authority to supervise or direct the GM.
2. Officers may delegate their authority but must remain accountable for its use.
3. The president ensures the Board acts consistently with board policies.
 - a. The president is authorized to use any reasonable interpretation of the provisions in the Board Process and Board-Management Relationship policies.
 - b. The president will chair and set the agenda for board meetings.
 - c. The president plans for leadership (officer) perpetuation,
 - d. The president may represent the Board to outside parties.
4. The vice-president will perform the duties of the president in her/his absence.
5. The treasurer will lead the Board’s process for creating and monitoring the Board’s (not the co-op’s) budget
6. The clerk will make sure the Board’s documents are accurate, up to date, and appropriately maintained.

This policy shall be monitored annually by internal report in October.

C6 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
11-20-19	C6	Addition	Prohibit employee directors from serving as president and/or vice-president,

Policy Type: Board Process
Policy Title: C7 – Board Committee Principles
Last Revised: **April 27, 2010**

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

1. Committees will reinforce and support the wholeness of the Board.
 - a. In particular, committees help the whole board move forward when they research alternatives and bring back recommendations.
2. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
3. The Board will establish, regularly review and define committee responsibilities in written committee charters. (See Appendix)
 - a. We will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the GM.

This policy shall be monitored annually by internal report in April.

C7 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board Process
 Policy Title: C8 – Governance Investment
 Last Revised: **July 19, 2012**

The Board will invest in its governance capacity.
 We will make sure that board skills, methods and supports are sufficient to allow us to govern with excellence.

1. We will incur governance costs prudently, though not at the expense of endangering the development and maintenance of superior capability.
 - a. We will use training and retraining liberally to orient new directors and candidates for membership, as well as to maintain and increase existing members’ skills and understandings.
 - b. We will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
 - c. We will use outreach mechanisms like surveys, forums, focus groups, and the annual meeting as needed to ensure our ability to listen to member-owner viewpoints and values.
 - d. We will use professional and administrative support as needed.
 - e. We will hire an auditor annually to externally monitor policies B1 and B3.
2. We will develop the Board’s annual budget in a timely way so as to not interfere with the development of the Cooperative’s annual budget. We will complete this work no later than May.

This policy shall be monitored annually by internal report in August.

C8 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
7/19/12	C8	Revision	“The Board will invest in its governance capacity” strike the.
7/19/12	C8.3	Revision	“We will complete this work later no than May” revised to “work no later than May.”
9-10-18	C8	Revision	Policy shall be monitored annually by internal report in August.

Policy Type: Board Process
 Policy Title: C9 – Electronic Communications
 Last Revised: **September 5, 2018**

As a specific aspect of our code of conduct policy all directors will work to ensure confidentiality of co-op and board materials and discussions when communicating using any technology.

1. Directors should always use their assigned “@rivervalley.coop” email address for any communications related to board or co-op business.
 - a. Change your password for this email address at least once a year.
 - b. Do not use this address for anything other than board or co-op communications.
 - c. If you receive an email about co-op or board business at a different address, you must reply using your assigned email address.
 - d. Only “reply all” to an email when necessary.
2. Directors should never send any confidential documents or discuss any confidential topic through email. Use the board’s Google Docs site for all confidential communications.
3. Directors will only store any board-related materials on a password protected device. Do not use a shared computer for your board work.
4. Directors will immediately inform the board president and the co-op’s IT manager if you suspect your email has been hacked, or if your computer is lost or stolen, or if you have any other reason to be concerned that confidentiality of electronic materials may be breached.

This policy shall be monitored annually by internal report in September.

B Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment

Policy Type: Board-Management Relationship
 Policy Title: D – Global Board-Management Connection
 Last Revised: **March 14, 2018**

The Board’s sole official connection to the operations of the cooperative will be through the General Manager.

This policy shall be monitored annually by internal report in December.

D Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
3/14/18	D	Revision	Policy shall be monitored annually by internal report in December

Policy Type: Board-Management Relationship

Policy Title: D1 – Unity of Control

Last Revised: **April 27, 2010**

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

1. Decisions or instructions of individual directors, officers, or committees are not binding on the GM except in rare instances when the Board has specifically authorized this power.
2. In the case of directors or committees requesting information or assistance without board authorization, the GM can refuse any requests that, in the GM’s opinion, may disrupt operations or that require too much staff time or resources.

This policy shall be monitored annually by internal report in February.

D1 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
9-10-18		Revision	Policy shall be monitored annually by internal report in February.

Policy Type: Board-Management Relationship
 Policy Title: D2 – Accountability of the GM
 Last Revised: **March 14, 2018**

The General Manager is the Board’s only link to operational achievement and conduct.

1. The Board will view GM performance as identical to organizational performance so that the co-op’s accomplishment of board-stated ends and avoidance of board-proscribed means will be viewed as successful GM performance.
2. The Board will not instruct or evaluate any employee other than the GM.

This policy shall be monitored annually by internal report in February.

D2 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
3/14/18	D2	Revision	This policy shall be monitored annually by internal report in December.
9-10-18	D2	Revision	This policy shall be monitored annually by internal report in February.

Policy Type: Board-Management Relationship

Policy Title: D3 – Delegation to the GM

Last Revised: **March 14, 2018**

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

1. As long as the GM uses any reasonable interpretation of the Board’s Ends and Executive Limitations policies, the GM is authorized to establish all further policies, practices and plans for the cooperative.
2. The Board will respect and support the GM’s choices as long as those choices are based on reasonable interpretations of board policies.
3. If we change an Ends or Executive Limitations policy, the change only applies in the future.

This policy shall be monitored annually by internal report in February.

D3 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
3/14/18	D3	Revision	This policy shall be monitored annually by internal report in December.
9-10-18	D3	Revision	This policy shall be monitored annually by internal report in February.

Policy Type: Board-Management Relationship
Policy Title: D4 – Monitoring GM Performance
Last Revised: **March 14, 2018**

The Board will systematically and rigorously monitor and evaluate the GM’s job performance.

1. Monitoring is how the Board determines the degree to which the GM is following board policies. Information that does not directly relate to Ends or Executive Limitations policies is not monitoring information.
2. The Board will acquire monitoring information by one or more of three methods: (a) by internal report, in which the GM discloses interpretations and compliance information to the Board; (b) by external report, in which an external, disinterested third party selected by the Board assesses compliance with board policies; or (c) by direct board inspection, in which a designated director or committee assesses compliance with the policy criteria.
3. In every case, the standard for compliance will be any reasonable GM interpretation (as described by operational definitions and metrics) of the board policy being monitored. The Board is the final arbiter of reasonableness but will always judge with a “reasonable person” test rather than with interpretations favored by individual directors or by the Board as a whole.
4. The GM is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
5. The Board will monitor all policies that instruct the GM. The Board can monitor any policy at any time by any method but will ordinarily follow the schedule outlined in the Board Annual Calendar.
1. The Board’s annual evaluation of the General Manager, based on a summary of monitoring reports received from July 1 through June 30, will be completed by August 31. The Board will make its decisions concerning the evaluation and the employment contract no later than November 1. The Board will complete the GM compensation process no later than November 17. Any employee director should consider this a conflict and recuse themselves.
- 6.

This policy shall be monitored annually by internal report in February.

D4 Change Table

Date	Policy Changed	Change type (addition, deletion, revision, other)	Comment
3/14/18	D4	Revision	This policy shall be monitored annually by internal report in December.
9-10-18	D4	Revision	This policy shall be monitored annually by internal report in February.
11-20-19	D4	Addition to item 2 and item 6	Clarify conflict of interest for employee-directors

{[f:Je (Commonwealth of Massachusetts

William Francis Galvin

Secretary of the Commonwealth

One Ashburton Place, Boston, Massachusetts 02108-1512

ARTICLES OF ORGANIZATION

(General Laws, Chapter 156B

ARTICLE I

Title of the Corporation is

Northampton Community Cooperative Market, Inc.

ARTICLE II

The purpose of the corporation is to engage in the following business activities:

- (a) To acquire and distribute food and related goods and services on a cooperative basis for the benefit of its members and other persons as ultimate consumers; to operate retail outlets for this purpose and to do any action reasonably related thereto;
(b) To operate, maintain and improve, and to buy, acquire, sell, convey, assign mortgage and lease any real estate and personal property necessary, appropriate or convenient to the operation of the corporation;
(c) To own, operate and maintain as a cooperative community market complex for the benefit of the Stockholders of the corporation;
(d) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the corporation and the objects of its business and to secure the same by mortgage, pledge or other hypothecation of any of the assets or property of the corporation;
(e) To issue capital stock of the corporation to the holders of shares of such capital stock; and
(f) To enter into, perform and carry out contracts of any kind and to engage in any and all other activities necessary, convenient, appropriate or incidental to any of the foregoing and the accomplishment of the purposes of the corporation.

The corporation shall have all the powers, rights, privileges, benefits and exemptions and shall be subject to all the duties of a corporation organized under Chapter 156B of the General Laws of the Commonwealth.

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ARTICLE III

State the total number of shares and par value, if any, of each class of stock which the corporation is authorized to issue.

WITHOUT PAR VALUE		WITH PAR VALUE		
NUMBER OF SHARES	TYPE	NUMBER OF SHARES	PAR VALUE	
Common:	Common:	50,000	\$1.00	
Preferred:	Preferred:			

ARTICLE IV

If more than one class of stock is authorized, state a distinguishing designation for each class. Prior to the issuance of any shares of a class, if shares of another class are outstanding, the corporation must provide a description of the preferences, voting powers, qualifications, and special or relative rights or privileges of that class and of each other class of which shares are outstanding and of each series then established within any class.

Only one class of capital stock is authorized for the corporation.

ARTICLE V

The restrictions, if any, imposed by the articles of Organization upon the transfer of shares of stock of any class are:

SEE CONTINUATION SHEET SA

ARTICLE VI

Other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or stockholders, or of any class of stockholders:

SEE CONTINUATION SHEETS 6A THROUGH 6D

These are preliminary drafts. The articles are considered to be permanent and may only be changed by filing appropriate amendments.

Unless and until the Corporation ceases to be a cooperati,·e corporation pursuant to a decision of the stock.holders in accordance with the By-Laws, all shares of capital stock ofth(corporation shall be subject to the res trictions on transfer set forth herein and in the By-Laws.

Shares of the corporation are not transfcrat,k and m:ly o r,.! be reded med h · thl:' corporation pursuant to the pro,·is ions of the by-laws.

Other lawful provisions for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining or regulating the powers of the corporation, or of its directors or stockholders, or of any class of stockholders, are as follows :

1. **One Vote Per Stockholder**

Each stockholder shall be entitled to one vote on any subject arising in the management of the corporation. The corporation shall operate as a cooperative corporation in the manner provided in Chapter 157 of the General Laws of the Commonwealth in such other respects as may be provided herein or in the By-Laws.

(2) **Powers of the Board of Directors**

The Board of Directors shall have and may exercise all of the powers of the corporation, except such as are conferred by law or by the By-Laws upon the stockholders, and shall have the entire management and control of the Property, business and affairs of the corporation. Without limiting the foregoing provisions, the Board of Directors shall have the power to make contracts on behalf of the corporation and to fix the terms thereof; to incur liabilities and borrow money on the credit and for the use of the corporation, and to issue the negotiable or other obligations of the corporation therefor: To acquire property on behalf of the corporation and to fix the terms of any such acquisition; and, except where a vote of the stockholders is required by law or the By-Laws, to dispose of the Property of the corporation, and to secure indebtedness or obligations of the corporation, to mortgage or subject to a security interest any part of the assets of the corporation then owned or thereafter acquired, and to fix the terms of any such disposition, mortgage or security interest.

(3) **Distributions**

The Board of Directors may specify the manner in which the accounts of the corporation shall be kept and may determine what constitutes net earnings, profits and surplus. Unless the Board of Directors otherwise specifies, the excess of the consideration for any share of its capital stock with par value issued by it, over such par value shall be paid-in surplus. The Board of Directors shall apportion the earnings of the corporation, if any, in the manner provided in the General Laws of the Commonwealth, and shall determine what amount, if any, shall be declared as dividends. Such dividends shall be distributed only as provided in the By-laws.

(4) Contributions

The corporation may, by vote of the Board of Directors, make contributions, in such amounts as said Board may determine to be reasonable, (i) to corporations, trusts, funds or foundations, organized and operated exclusively for charitable, scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and (ii) to such other persons or entities in such amounts as may from time to time be permitted by law.

(5) Purchase of Stock

The Corporation may purchase or otherwise acquire, hold, sell or otherwise dispose of shares of its own capital stock, and such purchases or holding shall not be deemed a reduction of its capital stock.

(6) Reliance Upon Books of Corporation

Each Director and officer of the corporation shall, in the good performance of his or her duties, be fully protected in relying in good faith upon the books of account of the corporation, reports made to the corporation by any of its officers or employees or by counsel, accountants, appraisers or other experts or consultants selected with reasonable care by the Board of Directors, or upon other records of the corporation.

(7) Corporation's Lien

The corporation shall have a lien at all times upon the shares of stock of the corporation owned by each stockholder which shall secure the payment and performance of all existing and future obligations of the stockholder to the corporation arising under the By-Laws. Such lien shall be superior to all other liens, encumbrances and attachments to the fullest extent permitted by law. A defaulting stockholder shall promptly surrender to the corporation his or her share certificate of the corporation's stock upon demand therefor, provided however, that the failure of the corporation to make such demand or the failure of a defaulting stockholder so to surrender his or her certificate shall not affect the validity of any new certificate for the shares executed and delivered by the corporation in accordance with the provisions hereof.

(8) Provisions As To Dealings With Interested Parties

The corporation may enter into contracts or transact business with one or more of its Directors, officers or stockholders or with any corporation, organization or other concern in which any one or more of its Directors, officers or stockholders are Directors, officers, stockholders or

otherwise interested and may enter into other contracts or transactions in which any one or more of its Directors, officers or stockholders is in any way interested; and in the absence of fraud, no such contract or transaction shall be invalidated or in any way affected by the fact that such Directors, officers or stockholders of the corporation have or may have interests which are or might be adverse to the interest of the corporation even though the vote or action of Directors, officers or stockholders having such adverse interests may have been necessary to obligate the corporation upon such contract or transaction. At any meeting of the Board of Directors of the corporation, (or of any duly authorized committee thereof) at which any such contract or transaction shall be authorized or ratified, any such Director or Directors may vote or act thereat with like force and effect as if he or she did not have such interest, provided in such case the nature of such interest shall be fully disclosed to the other Directors. No Director shall be disqualified from holding office as Director or officer of the corporation by reason of any such adverse interests, unless the Board of Directors shall determine that such adverse interest is detrimental to the interest of the corporation.

(9) Indemnification

The corporation shall indemnify every person made or threatened to be made a party to any action by reason of his or her being or having been a Director or officer of the corporation against all judgments, fines, amounts paid in settlement and expenses incurred in connection with the action (exclusive of any judgments or amounts otherwise paid or ordered to be paid to the corporation) except to the extent the action is decided against him or her or settled and it is determined that he or she did not act in good faith in the reasonable belief that his or her action was in the best interests of the corporation. Unless those questions are decided by a court of competent jurisdiction, they shall be decided by a majority of a quorum of the members of the Board of Directors who were not parties to the action or, in the absence of such a quorum, by one or more disinterested persons to whom the questions are referred by the Board. The person or persons deciding the question may rely conclusively upon an opinion as to both facts and law by independent legal counsel selected by him or her or them and paid by the corporation.

The corporation may pay defense expenses in advance of the final disposition of an action, but only on receipt of an undertaking by the person indemnified to repay the amount advanced if it is determined as provided above that he or she is not entitled to indemnification.

As used in this article, "expenses" include attorneys' fees and "action" includes any civil or criminal action, suit or proceeding, whether or not brought by or in the right of the corporation, as well as any appeal therein.

(1 0) Duration

\.\' e hereby waive all requirements of the General Laws of the Commonwealth for notice of the first meeting of the incorporators for the purpose of organization. and appoint the 1gih da) of May. 1999. at 6:30 p.m. at 218 State Street, Northampton , :\fassachuse ts , as the time and place for holding such meeting.

ARTICLE VII

The effective date of organization of the corporation shall be the date approved and filed by the secretary of the Commonwealth. If a *farer* effective date is desired, specify such date which shall not be more than *thirty days* after the date of filing.

ARTICLE VIII

The information contained in Article VIII is not a permanent part of the Articles of Organization.

- a. The street address (*post office boxes are not acceptable*) of the principal office of the corporation in Massachusetts is:

"Mailing Address:
70 Hillside Road, Northampton MA 01060 P.O. Box 1245, Northampton, MA 01061
- b. The residential address and post office address of each director and officer of the corporation is as follows:

	RESIDENTIAL ADDRESS	POST OFFICE ADDRESS
President: David Gowler	201 Sugar Hill Road Williamsburg, MA 01096	Same
Treasurer: Ed Lafalby	593 South Pleasant Street Ashfield, MA 01002	
Clerk: Donald P. Douglass	49 Upper Street Buckland, MA 01338	Same
Directors: Barbara A. Fingold	70 Hillside Road Northampton, MA 01060	Same
Gary L. Schaefer	70 Hillside Road Northampton, MA 01060	Same
Jonathan C. Roche	553 Bellus Road Ashfield, MA 01330	P.O. Box 218 Ashfield, MA 01330
Elizabeth G. Powell	187 Crescent Street Northampton, MA 01060	Same

- c. The fiscal year (i.e., tax year) of the corporation shall end on the last day of the month of December
- d. The name and business address of the resident agent, if any, of the corporation is:

ARTICLE IX

By-law 5 of the corporation has been duly adopted and the president, treasurer, clerk and directors with such officers are elected in accordance herewith.

IN WITNESS WHEREOF, I, the President, have hereunto set my hand and the seal of the corporation this 1st day of December, 2011.

The undersigned, whose name(s) is/are (5) and business or residential address(es) are clearly typed or printed below, do hereby associate, with the intention of forming this corporation under the provisions of Chapter 156B, do hereby sign these Articles of Organization in accordance with the provisions of Section 7.1 of the Massachusetts General Laws, Chapter 156B, Section 7.1.

Signature: Jonathan C. Roche
Signature: Elizabeth G. Powell
Signature: David Gowler
Signature: Gary L. Schaefer

Northampton, MA
 Elizabeth G. Powell
 201 SUGAR HILL RD
 WILLIAMSBURG, MA 01096

310 Bridge Road
 Foggins, MA 01042

NOTE: If an organizing corporation is being organized in the correct name of the corporation, the state or other jurisdiction in which it was incorporated, the name of the person signing on behalf of said corporation and the title of the signatory by which such action is taken.

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THE COMMONWEALTH OF MASSACHUSETTS

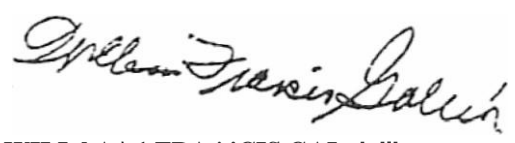
ARTICLES OF ORGANIZATION

(General Laws, Chapter 156B)

I hereby certify that upon examination of these Articles of Organization duly submitted to me, it appears that the provisions of the General Laws relating to the incorporation of corporations are complied with, and I hereby approve said articles; and the filing fee in the amount of \$ 1.00 has been paid, said articles are deemed perfect and

filed with me this 11th day of July, 1995.

Effective date - - - - -



WILLIAM F. GALVIN

Secretary of the Commonwealth

FILING FEE: One tenth of one percent of the total authorized capital stock, but not less than \$200.00. For the purpose of filing shares of stock with a par value less than \$1.00, or no par stock, shall be deemed to have a par value of \$1.00 per share.

TO BE FILLED IN BY CORPORATION
Photocopy of document to be sent to:

Thomas A. Miranda, Esq.
MIRANDA LAW OFFICES
351 Pleasant Street
Northampton, MA 01060

Telephone: (413) 584-1282

Commonwealth of Massachusetts

Examiner

William Francis Galvin

Secretary of the Commonwealth

One Ashburton Place, Boston, Massachusetts 02108-1512

ARTICLES OF AMENDMENT

(General Laws, Chapter 90B, Section 72)

C. 17. (S7)

Name Approved

Y/e, Am' C (c.f.t.:f) Gres'Je '), e.-.d- f ft \ C. y LVP President / Vice Presid cnr.

and Betsy Powell (Clerk), and Ed Malby (Treasurer), "T «A Sv n!, clerk /!.-A5si3d1llt Cl.c!.

of Of {t\1N1'1V-V---.CDYY'.)IMI} o.4o('2> 1::9-CTuchl, Tu c..
(Exact name of corporation)

located in B14---.at 'Sce! \, t ks.l e..... =a\H- DDJY \ fl! \ A . a.L...110! =, - - -
(Street address of corporation in Massachusetts)

certify that these Articles of Amendment affecting articles numbered:

5, and 6

(Number those articles 1, 2, 3, 4, 5 and/or 6 being amended)

of the Articles of Organization were duly adopted at a meeting held on Dec. \", ,20 by vote of:

1, J. shares of (:o, M.H.D., Q... of 2. \f;) shares outstanding.
(type, class & series, if any)

----- shares of ----- of ----- shares outstanding, and
(type, class & series, if any)

----- shares of ----- of ----- shares outstanding,
(type, class & series, if any)

1. "8aA g ar le r Alajerif/ ef eachi r)pc, class ar Etsizs uanraH8H1g and ar'irl, d .e ver@ Hler@e .! sr .1. being ac

least two-thirds of each class or series owning and entitled to vote thereon and of each class or series of stock whose rights are adversely affected thereby:

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¹ For ,11ne,11mr11ts l, dapted plln l,,lllr 10 Chllpter J56B. Srrtioll 7 0.

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Notr: If tht spau provided 1111,ur any article or itt111 011 ths fon11 is inn,fficienr, additions shall hr Jt forth 011 one ride only of uparat.r 8 112,; 11 rhuu of paprr 1virl, a left margin of at 1111st l incb. Mdition to more than one art icle mayht made on a single shut 10 [011g ns tac-h articl rrequiriug tnrh addition is c-/rarly illdirattd.

To change the number of shares and the par value (if any) of any type, class or series of stock which the corporation is authorized to issue, fill in the following:

The total *previously* authorized is:

WITHOUT PAR VALUE STOCKS		WITH PAR VALUES STOCKS		
TYPE	NUMBER OF SHARES	TYPE	NUMBER OF SHARES	PAR VALUE
Common:		Common:	50,000	\$1
Preferred:		Preferred:		

Change the total authorized to:

WITHOUT PAR VALUE STOCKS		WITH PAR VALUES STOCKS		
TYPE	NUMBER OF SHARES	TYPE	NUMBER OF SHARES	PAR VALUE
Common:		Common:	50,000	\$1
Preferred:		Preferred:		
		Series A1	500	\$1,000
		Series A3	500	\$1,000
		Series B1	500	\$1,000
		Series B2	500	\$1,000
		Series B3	500	\$1,000
		Series C1	500	\$1,000
		Series C2	500	\$1,000
		Series C3	500	\$1,000

Article IV shall be deleted in its entirety and the following substituted therefore:

Preferred stock shall be divided into nine series as follows:

Series A1 entitled to a 2% dividend, redeemable in 5 years and requiring a minimum purchase of 1/2 share.

Series A2 entitled to a 2% dividend, redeemable in 7 years and requiring a minimum purchase of 1/2 share.

Series A3 entitled to a 2% dividend, redeemable in 10 years and requiring a minimum purchase of 1/2 share.

Series B1 entitled to a 4% dividend, redeemable in 5 years and requiring a minimum purchase of 5 shares.

Series B2 entitled to a 4% dividend, redeemable in 7 years and requiring a minimum purchase of 5 shares.

Series B3 entitled to a 4% dividend, redeemable in 10 years and requiring a minimum purchase of 5 shares.

Series C1 entitled to a 5% dividend, redeemable in 5 years and requiring a minimum purchase of 20 shares.

Series C2 entitled to a 5% dividend, redeemable in 7 years and requiring a minimum purchase of 20 shares.

Series C3 entitled to a 5% dividend, redeemable in 10 years and requiring a minimum purchase of 20 shares.

Preferred stock shall be nonvoting. All preferred stock, irrespective of its series, shall have equal preferences over common stock in the net earnings of the corporation and in its net assets upon liquidation. All dividends shall be cumulative.

Article V (relating to restrictions upon transfer of shares) shall be deleted in its entirety and the following substituted therefor:

Common stock shall not be transferable and may be redeemed by the corporation only in accordance with provisions of the By-laws.

See Continuation Sheet 6A and 6B

The foregoing amend mem(s) will become effective when these Articles of Amendment are filed in accordance with General Laws, Chapter I 5613, Section 6 unless these articles specify. In accordance with the vote adopting the amendment, a *mer* effective date not more than *thirty* days after such filing, in which event the amendment will become effective on such later date.

Effective date: - - - - -

SIGNED UNDER THE PENALTY OF PERJURY, this 1 day of 3rd VIJ, 20 03

Amy Martyn / Karen B. T , *President / *Vice President
Betsy Powell / [Signature] , *Clerk / *Assistant Clerk

ARTICLES OF AMENDMENT
(General Laws, Chapter 156B, Section 72)

I hereby approve the within Articles of Amendment and, the filing fee in the amount of \$ _____ having been paid, said articles are deemed to have been filed with me this _____ day of _____ 20__ _

Effective date: - - - - -

WILLIAM FRANCIS GALVIN
Suretary of the Commonwealth

TO BE FILLED IN BY CORPORATION

Photocopy of document to be sent to:

100 State Street, Northampton, MA 01061
Northampton, MA 01061

fv "I

Telephone: 508-312-3561

CONTINUATION SHEET 6A

Article VI, provision (1) (relating to voting rights of stock)
Shall be deleted in its entirety and the following two provisions substituted therefor:

(IA) Operating on a Cooperative Basis

The corporation shall be operated on a cooperative basis for the mutual benefit of its shareholder/members in the manner provided in Chapter 157 of the General Laws of the Commonwealth and in such other respects as may be provided herein or in the By-laws of the corporation.

(IB) Voting Rights

Shares of capital stock of the corporation shall have no voting rights. Each holder of common stock whose membership in the corporation is in good standing in accordance with the By-laws shall be entitled to one and only one vote on any subject arising in the management of the corporation, irrespective of the number of common shares held by such person.

Article VI, provision (2) (relating to the powers of the Board of Directors) shall be deleted in its entirety and the following two provisions substituted therefor:

(2A) Powers of the Board of Directors

The Board of Directors shall have and may exercise all of the powers of the corporation, except such as are conferred by law or by the By-laws upon stockholder/members. Without limiting the foregoing, the Board of Directors shall have the power: to make contracts on behalf of the corporation and to fix the terms thereof; to acquire property on behalf of the corporation and to fix the terms of any such acquisition; to incur liabilities and borrow money on the credit and for the use of the corporation, and to issue negotiable or other obligations of the corporation therefor; to secure the indebtedness or obligations of the corporation, to mortgage or subject to a security interest any part of the assets of the corporation then owned or thereafter acquired, and to fix the terms of any such mortgage or security interest; to cause the corporation to become a partner in any business or other enterprise which the corporation would have power to conduct by itself and, except where the vote of stockholder/members is required by law or the

CONTINUATION SHEET 6B

By-laws, to dispose of the property of the corporation, and to fix the terms of any such disposition.

(2B) Limitation of Director Liability

A director shall have no personal liability to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director notwithstanding any provision of law imposing such liability, except (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under section sixty-one or sixty-nvo of chapter 156B, or (iv) for any transaction from which the director derived an improper personal benefit.

Article VL provision (3) (relating to distnbutions) shall be deleted in its entirety and the following substituted therefor:

(3) Distributions

No dividends shall be declared or paid with respect to common stock of the corporation.

the directors must be included in the notice of the next membership meeting. Any action by the directors to repeal or amend a bylaw must be ratified by a two-thirds vote of the representatives of active member-owners present at the next membership meeting or such action will be deemed to be nullified.

I hereby certify that the above bylaws are correct as stated.

_____ Date: _____
Amy Martyn, Clerk, Northampton Community Cooperative Market, Inc.
_____ Date: _____

Witness: Betsy Powell

Bylaws of Northampton Community Cooperative Market, Inc.

Article 1 - Organization

1.1 Name: The name of this organization is Northampton Community Cooperative Market, Inc. (referred to in these bylaws as "the Co-op")

1.2 Purpose: The purpose of the Co-op is to acquire and distribute food and related goods and services on a cooperative basis for the benefit of its member-owners and other patrons.

1.3 Principles: The business of the Co-op shall be operated in accordance with the International Cooperative principles.

First Principle: VOLUNTARY AND OPEN MEMBERSHIP

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

Second Principle: DEMOCRATIC MEMBER CONTROL

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.

Third Principle: MEMBER ECONOMIC PARTICIPATION

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the cooperative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Fourth Principle: AUTONOMY AND INDEPENDENCE

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Fifth Principle: EDUCATION, TRAINING, AND INFORMATION

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public -- particularly young people and opinion leaders -- about the nature and benefits of cooperation.

Sixth Principle: COOPERATION AMONG COOPERATIVES

Cooperatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

Seventh Principle: CONCERN FOR COMMUNITY

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

1.4 Fiscal Year: The fiscal year of the Co-op shall in each year end on June 30th, or the closest Sunday to that date.

Article 2 - Membership

2.1 Eligibility: Membership in the Co-op shall be voluntary and open to all who are in accord with its purpose and principles, who intend to make use of its services, and accept the responsibilities of membership. Memberships will be of two types: a) Household and b) Institutional. "Member" shall refer in these bylaws to an individual who is part of a household or institution which holds a membership. "Representative of a membership" shall refer to an individual voting or otherwise acting on behalf of a household or institutional membership.

2.2 Admission: Applicants shall be admitted to membership upon paying a minimum installment of the member equity requirement, as determined by the Board of Directors. In the event of questionable eligibility, admission shall be subject to approval by the Board of Directors at any time before or within six months after admission to membership. Memberships are not transferable.

2.3 Memberships: Household Memberships shall be constituted of no more than 4 adult individuals who share responsibility for the household's purchases. The Representative of Membership shall designate household members for their membership and shall apprise the Board Clerk of any changes in household membership. Household memberships entitle all individuals covered by that membership to purchase goods and services and participate in co-op programs and events as member-owners. The Representative of Membership shall transact all official membership business with the co-op and be named as the member-owner on stock certificates, patronage rebate checks, or refunds of the membership. Household Member-Owner's Representative of Membership shall be entitled to one vote in all matters submitted to a vote of members-owners.

Institutional Memberships shall be organizations or businesses that desire to participate as a member-owner. Institutional Memberships entitle member-owners to the same benefits as Household Memberships. The Institution's Representative of Membership shall be entitled to make institutional purchases for business purposes only. The Representative of Membership shall transact all official membership business with the co-op. The organization or business will be named as the member-owner on stock certificates, patronage rebate checks, or refunds of the membership. Institutional Member-Owners will each be entitled to one vote in all matters submitted to a vote of members-owners.

2.4 Responsibilities:

- a) Member-owners shall abide by these bylaws, by decisions made at membership and Board meetings, and by the means established in these bylaws to amend such decisions. To maintain active membership, member-owners shall be required to at least minimally participate in the affairs of the Co-op as determined by the Board of Directors.
- b) Member-owners are expected to apprise the Clerk in writing of any changes of name or address. The name and address provided by a member in writing shall be the address to which all notices for that member will be sent.

2.5 Access to Information: Upon written request member-owners shall be provided access to the specified books and records of the Co-op within two weeks.

2.6 Termination: Membership may be terminated in the following ways:

- a) voluntarily by a member upon written notice to the Co-op;
- b) automatically, whenever a member becomes delinquent in fulfilling the member equity or minimal participation requirements. Such membership can be reestablished by fulfilling the member equity and minimal participation requirements.

c) involuntarily for cause by the Board of Directors after a fair hearing at which the representative of a membership is given the opportunity to speak and present evidence, provided that such person is accorded a right of appeal at the next membership meeting.

Upon suspension or termination of membership for any reason, member equity payments shall be redeemed in accordance with Article 8 below.

Article 3 - Membership Meetings

3.1 Annual Meeting: An annual membership meeting shall be held within four months of the close of the fiscal year or at a time determined by the Board of Directors. The location will be determined by the Board of Directors and announced no less than 30 days in advance of the meeting via a membership-wide mailing and prominent notices in the store. The announcement shall include the proposed agenda of the meeting and a description of issues which will be voted upon by the membership. Late agenda items may be placed upon the agenda by written notice to the Board Clerk at least 48 hours before the meeting. Decisions on issues not included in the notice of a meeting shall be of an advisory nature only. The purpose of the annual meeting shall be to hear reports on operations and finances, to review any important policy issues or other matters that vitally affect the Co-op, to elect Directors, and to conduct such other business as may properly come before the meeting.

3.2 Special Meetings: Special membership meetings may be called by the Board or by petition of at least 25 member representatives, subject to the same notice requirements as the annual meeting.

3.3 Quorum: Except as otherwise required by law or by these bylaws, no quorum shall be necessary for the transaction of business at any member-owner meeting. A majority of those voting shall constitute a valid vote of the member-owners.

3.4 Decisions: Representatives of a membership may vote as described in section 2.3, in person, by proxy or by absentee ballot. In voting for directors, each member may cast one vote for each position to be filled, but no more than one vote may be cast for any one candidate. Otherwise each member shall have one vote in all matters submitted to a vote of member-owners. All issues shall be decided by a majority of member-owners voting except where otherwise required by law or by these bylaws.

Article 4 - Board of Directors

4.1 Powers and Duties: Except as to matters reserved to membership by law or by these bylaws, the business and affairs of the Co-op shall be directed and controlled in the interests of member-owners by a Board of Directors (sometimes referred to in these bylaws as "the Board"). The powers and duties of the Board shall include, but not be limited to: engaging and monitoring the performance of a general manager, overseeing the operations of the Co-op, approving budgets and fiscal controls, setting membership policies, securing good conditions of employment and assuring that the purpose and principles of the Co-op are properly carried out.

4.2 Requirements and Qualifications: The Board shall consist of up to nine directors. In addition, the General Manager shall serve as a non-voting member of the Board. To be qualified to serve as a director, a person shall be a member of the Co-op and be at least 18 years of age.

4.3 Nomination: Any member-owner in good standing may apply for candidacy to the Board of Directors. If a member is not selected for candidacy by the nominations committee, they may still be added to the ballot by obtaining a petition of 50 member-owners in good standing.

4.4 Election and Term: Directors shall be elected by plurality vote at the annual membership meeting. Directors shall be elected to serve for terms of three years, and may not serve more than five consecutive terms.

4.5 Compensation: Directors may be compensated as approved by member-owners.

4.6 Conflicts of Interest: Directors shall be under an affirmative obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the Board of Directors. Directors having such an interest shall absent themselves from discussion and decision of the matter unless otherwise determined by the Board.

4.7 Termination: The term of office of a director may be terminated prior to its expiration in any of the following ways:

- a) voluntarily by a director upon written notice to the Co-op;
- b) involuntarily, with or without cause, by action of a membership meeting; and
- c) involuntarily for cause, which may include but not be limited to:
 - termination of membership
 - absence from three regularly scheduled consecutive Board meetings
 - or by a two-thirds vote of the Board after a fair hearing at which the director is given the opportunity to speak and present evidence, provided that such person is accorded a right of appeal at a membership meeting. The director shall remain in position until the outcome of any appeal.

4.8 Vacancies: If a vacancy occurs on the Board between annual membership meetings, the remaining Board member-owners shall appoint a replacement to fill the slot of the departing director. In the case of a Board member leaving the Board before completion of his or her term, the Board will appoint a substitute to complete the remainder of the term. If there are no remaining directors, a special membership meeting shall be convened to appoint new directors.

Article 5 - Meetings of the Board

5.1 Convening: The Board of Directors shall meet on a regular basis. Meetings of the Board may be called by the Board, in which case no notice to Directors will be required, or by the President or any two Directors, in which case notice of the time and place of such meeting will be required no less than five days prior if notice is written, or two days prior if oral. Notice of all Board meetings shall also be posted conspicuously at the Co-op store as soon as practicable after a meeting is set.

5.2 Open Meetings: Meetings of the Board shall be open to member-owners unless closed by the Board as to a particular issue of a sensitive nature. Such closed session shall be for purposes of discussion only and no votes shall be taken at such sessions.

5.3 Quorum and Decision Making: The presence in person of a majority of Directors shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board. Decisions of the Board shall be made by majority vote of Directors present.

Article 6 - Committees

6.1 Executive Committee: The Executive Committee of the Board shall consist of the Officers of the Board together with the General Manager (as a non-voting member). The Executive Committee may act on behalf of the whole Board in emergency situations that may arise between meetings of the full Board. Any decisions made by the Executive Committee must be reviewed by the full Board at its next meeting, and may be either approved or overturned by the full Board.

6.2 Committees: The Board may designate committees to perform specified functions. Committees exercising the powers of directors shall be composed of directors.

Article 7 - Officers

7.1 Designation: The officers of the Co-op shall consist of President, Vice President, Treasurer, Clerk, and such other officers or assistant officers as is determined by the Board. No officer shall hold more than two positions, and the President and Vice-President positions cannot be held by the same person at the same time. All officers shall be directors.

7.2 Election and Term: Officers shall be elected annually by the Board at its first meeting following the annual membership meeting. Officers shall serve for terms of one year or until election of their successors, and may serve no more than five consecutive terms. Officers may be removed from their office at any time, with or without cause, by the Board.

7.3 Duties: Officers shall have the following duties and such additional duties as is determined by the Board:

- a) the President shall preside at all Board and membership meetings and, as authorized by the Board, sign formal documents on behalf of the Co-op;
- b) the Vice President shall perform the duties of President in his or her absence and shall, as requested, assist the President in the performance of his or her duties;
- c) the Treasurer shall monitor the financial affairs of the Co-op and the filing of all required reports and returns and shall, as authorized by the Board, sign formal documents on behalf of the Co-op; and
- d) the Clerk shall oversee the issuance of required notices and the keeping of minutes of all Board and membership meetings and shall, as authorized by the Board, sign or attest to formal documents on behalf of the Co-op. Minutes of all Board meetings shall be posted conspicuously at the Co-op within two weeks after the meeting. The minutes of closed sessions of the Board do not need to be publicly posted, but the minutes should indicate the Board went into a closed session.

Article 8 - Member-owners' Equity

8.1 Member Equity Requirements: Member equity requirements shall be determined by the Board of Directors in accordance with the current or prospective capital needs of the Co-op and shall be paid within the time specified by the Board. Different requirements may be set for household and institutional member-owners, but such requirements shall be uniform among member-owners of the sametype.

8.2 Accounting: Member-owner equity payments shall be credited on the records of the Co-op to capital accounts in the names of contributing membership.

8.3 Redemption: Member-owner equity payments shall be redeemed within sixty days of approval by the Board of Directors following termination of membership and request for redemption. Withholding of approval shall only be for good cause, including that such payments would violate loan agreements or other contractual obligations of the Co-op or would jeopardize the solvency of the Co-op. In no event shall redemption proceeds exceed the total of the member's equity payment(s). Redemption proceeds shall at all times be subject to being offset by amounts otherwise due and payable to the Co-op.

8.4 Member-owners' payments: Any institutional member-owner's equity payments, redemption payments, dividends, or rebates shall be made payable only to the named institutional member-owner.

Individual or household member-owner's equity payments, redemption payments, dividends, or rebates shall be made payable only to the named representative of membership and not divided among or paid to household members.

In the absence of any such notice of designation or in the event of the death or prolonged absence of the representative of membership, the Co-op, by a vote of the Board of Directors, may designate another person in the household or institution as the representative of membership for such purposes.

8.5 Sales of Alcoholic Beverages Any profits that accrue from the sale of alcoholic beverages must be accounted for separately from profits that accrue from other sales and those profits cannot be used to distribute to members or to reduce costs to members..

All alcohol sales shall be available to the public without discrimination.

Special discounts to members will not apply to the sale of beer and wine, however, any discounts that are available to the general public can apply to cooperative members.

Article 9 – Patronage Dividends

9.1 Adjusted net savings: The Board may, after the close of the fiscal year, determine whether to distribute to the owners the net savings of the Cooperative in the form of patronage dividends. Such patronage dividends may be distributed partially in cash or voucher and partially in allocated retained patronage credited to the account of each such member but in no event shall the cash/voucher portion be less than the percentage required by the federal tax code. In determining amounts distributable to owners, the net savings of the Co-op derived from the excess or deficit of revenues over costs and expenses shall first be determined in accordance with generally accepted accounting principles. Such net savings shall then be reduced by amounts not attributable to business done with owners, by amounts attributable to sales of beer and wine in accordance with state law, and by other amounts which are not allowable under federal or state tax laws, and by such reasonable reserves for necessary business purposes as may be determined by the Board. In determining and allocating such adjusted net savings, the Co-op shall use a single allocation unit except to the extent that it shall, subsequent to the adoption of these bylaws, engage in any new and distinct line of business. Net savings attributable to business done with non-owners shall be credited to unallocated owners' equity.

9.2 Consent of owners: By obtaining or retaining membership in the Cooperative, each owner consents to take into account, in the manner and to the extent required by federal and state tax law, any patronage dividend received from the Cooperative. In addition, by obtaining or retaining membership in the Cooperative, each owner is required to accept all patronage dividends received from the Cooperative.

9.3 Use of Patronage Dividend: Failure to Claim or Redeem: The cash/voucher, portion of any patronage dividend distributed to an owner may be used for the purchase of goods at the Cooperative, redeemed for cash, or donated to the Cooperative. The cash portion of a patronage dividend distributed to any owner that is not claimed, used, redeemed or donated within 90 days from issuance shall revert to the Cooperative as a donation without further notice to the owner. Such cash portions of patronage dividends that are donated or that revert to the Cooperative as provided in this subsection shall be distributed and allocated as the Board may determine.

Article 10 - Notice

10.1 Notice: Any notice required under these bylaws shall be deemed delivered when deposited in the United States mail with names and addresses as they appear in the records of the Co-op.

10.2 Waiver of Notice: Any notice of a meeting required under these bylaws may be waived in writing at any time before or after the meeting for which notice is required. The attendance of any person at a meeting shall constitute a waiver of notice of the meeting except where the person attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully convened.

Article 11 - Indemnification

11.1 Liability: No member or member organization of Northampton Community Cooperative Market, Inc. shall be liable for any indebtedness or obligation of Northampton Community Cooperative Market, Inc. in an amount exceeding such member's unpaid current dues, personal accounts payable, and any duly authorized levy or special assessment.

11.2 Indemnification: Subject to the limitations in this Article, Northampton Community Cooperative Market, Inc. shall indemnify its current and former directors and officers against all losses and expenses, including reasonable attorney fees, to which they may become subject by reason of their positions with Northampton Community Cooperative Market, Inc. or their service in its behalf. Such indemnification shall apply whenever such person is a party or is threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative or investigative. Such indemnification shall include direct payment or settlement of liabilities and potential liabilities. Payment of expenses incurred in defending a suit or proceeding in advance of its final disposition may be made only upon receipt by Northampton Community Cooperative Market, Inc. of a contractual undertaking by or on behalf of such person to repay such amounts unless the person shall be determined to be entitled to indemnification under this article.

11.3 Limitations: Indemnification shall only be provided if the person is determined to have acted in good faith and in the reasonable belief that his or her action was in the best interests of Northampton Community Cooperative Market, Inc., or, in regard to criminal actions, that such person had no reasonable cause to believe that his or her action was unlawful. If such determination is not made in a legal proceeding related to the claim, it may be made by a quorum of disinterested directors or by independent legal counsel selected by such quorum. If not made or able to be made by either, the determination shall be made by independent legal counsel selected at a membership meeting. In any action by or in the right of Northampton Community Cooperative Market, Inc. or in which such person is charged with receiving an improper personal benefit, indemnification shall be provided only as to reasonable expenses and only if the person is not adjudged liable to Northampton Community Cooperative Market, Inc. on such basis.

11.4 Payments: Indemnification payments and advances of expenses shall be made only in such increments and at such times as will not jeopardize the ability of Northampton Community Cooperative Market, Inc. to pay its other obligations as they become due. All such payments made shall be reported in writing to member-owners with or before the notice of the next membership meeting.

Article 12 - Bylaws

12.1 Severability: In the event that any provision of these bylaws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such

extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of these bylaws.

12.2 Amendment: These bylaws may be amended or repealed in whole or in part by vote of two-thirds of the representatives of active member-owners of the Co-op present at a membership meeting, provided that notice stating the substance of the proposed amendment was included in the notice of the meeting. The directors may amend or repeal these bylaws in whole or in part, except any provision which by law, the Articles of Organization, or these bylaws requires action by the member-owners. Within thirty days of any such repeal or amendment of the bylaws by the directors, notice stating the substance of the change shall be given to the member-owners. In addition, notice of any repeal or amendment of the bylaws by the directors must be included in the notice of the next membership meeting. Any action by the directors to repeal or amend a bylaw must be ratified by a two-thirds vote of the representatives of active member- owners present at the next membership meeting or such action will be deemed to be nullified.

Change Table

Date amended by Board	Date ratified by Membership	Change type (addition, deletion, revision, other)	Comment
3/13/2001	5/21/2001	Changes to articles 1.3, 1.4, 1.5, 2.3, 3.1, 3.3, 3.4, 4.3, 4.5, 8.2, 8.4. "Member" changed to "Member-owner" throughout.	
9/15/2005	11/6/2005	Article 8.5 added	
7/20/2006	11/12/2006	Articles 4.4 and 4.8 revised	Changing Board terms from two to 3 years and substitute directors to fill out terms rather than fill vacancy only until next annual meeting.
2/13/2013	12/5/2013	Articles 4.3 and 7.1 revised; Article 9 Added and subsequent bylaws renumbered	Revision to 4.3: Deleted "There shall be a maximum of 2 candidates for each vacancy on the board. In the event that more than two candidates apply for any vacant seat, the Board shall appoint a nominations committee to select three candidates for each vacant seat. The nominations committee shall consist of one current Board member not up for reelection and two member-owners in good standing." Revision to 4.3: Changed the number of member-owners needed for candidacy petition from 5 to 50. Revision to 7.1: Deleted "The officers of Treasurer and Clerk may be held by the same person." Added "No officer shall hold more than two positions, and the President and Vice-President cannot be held by the same person at the same time."