



# BY-LAWS OF THE UPPER VALLEY COOPERATIVE

May 2001 (revised in 2003, 2004, 2012 & 2013)

[INCLUDING 2024 PROPOSED BYLAW CHANGES]

## Article I. Organization

- 1.1. Name. The name of the organization is Upper Valley Cooperative (hereinafter “the Co-op,” doing business as the Upper Valley Food Cooperative).
- 1.2. Purposes. As stated in the Articles of Incorporation, the purposes for which the Co-op is organized are to:
- Create and sustain in perpetuity a community-based nonprofit consumer buying function for the Upper Connecticut River Valley area of central Vermont and New Hampshire;
  - Encourage participation in the Co-op by members of the community at large;
  - Make available wholesome, natural, minimally-processed foods at prices which reflect the collective buying power of the Co-op’s membership and its affiliation with other cooperatives;
  - Obtain and market foods and nonfood items of sound quality from sources as close to the original point of production and as locally as possible;
  - Support and encourage through its buying policies and otherwise the local growing of fresh and storable produce, meat and dairy products and the local production of nonfood items;
  - Make available and promote educational and informational materials concerning nutrition, health and agricultural practices with the aim of developing local and regional alternative patterns of production and consumption; and
  - Support and encourage, and work cooperatively with, other persons and organizations whose purposes are similar to those of the Co-op. The Co-op shall be operated on a cooperative basis for the primary and mutual benefit of its members as ultimate consumers.
- 1.3. Office address. The principal office of the Co-op shall be at the Upper Valley Food Cooperative, 193 North Main Street, White River Junction, Vermont, 05001 until changed by the Board of Directors.

## Article II. Membership

- 2.1. Eligibility. Membership in the Co-op shall be open to anyone who wishes to patronize and support the Co-op, to accept the obligations of membership and abide by these By-Laws. Organizational membership shall be open to groups, whether incorporated or unincorporated. Any person expressing an interest in becoming a member shall be provided a copy of these By-Laws.
- 2.2. Admission. An applicant will be admitted to membership upon submitting an application form and fulfilling the financial obligations described below. The Co-op shall not deny membership to or otherwise discriminate against any person ~~on the basis of race, age, sex, national origin, political or religious belief or sexual preference~~.
- [BROADENING OUR COMMITMENT TO INCLUSIVITY]
- 2.3. Rights. Each member shall be entitled to make purchases from the Co-op, otherwise use its services on terms generally available to members, and participate in the governance of the Co-op as set forth in these By-Laws. Members may contribute labor or services as needed by the Co-op and may thereby be entitled to receive benefits, as determined by the Board of Directors. Members shall be provided reasonably adequate and timely information as to the organizational and financial affairs of the Co-op. Members shall be provided access to the books and records of the Co-op for any proper purpose at all reasonable times.
- 2.4. Obligations. Each member shall contribute to the capital needs of the Co-op through purchasing or subscribing to purchase a capital certificate at a price determined by the Board of Directors. The Board may waive the capital certificate purchase requirement in whole or in part for reasons of financial hardship. A member who falls more than one year in arrears of a capital certificate subscription will be considered inactive and lose the rights detailed above until the subscription promise is fulfilled.

- 2.5. Transfer. Membership rights and interests may not be assigned or transferred except with the express consent of the Board of Directors.
- 2.6. Good Standing. Members in good standing are those who accept the obligations of membership, are current in payment of their Capital Contributions, and abide by the By-Laws.
- 2.7. Disputes. In any dispute between the Co-op and a member or former member that involves normal membership transactions that cannot be resolved through informal negotiation, it shall be the policy of the Co-op to use mediation. In such an instance an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. No party with a grievance against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.
- 2.8. Termination. Membership may be terminated in any of the following ways:
- a) Voluntarily by a member at any time upon notice to the Co-op;
  - b) Automatically whenever required capital contributions remain delinquent for a period of time determined by the Board of Directors; or
  - c) For cause, including willful violation of the By-Laws: requires action by the Board of Directors following a fair hearing at which the member has the opportunity to speak and present evidence in ~~his or her~~ their behalf.
- 2.9. Renewal of membership. Applications for renewal of membership within one year of termination may be subject to conditions determined by the Board of Directors.

### **Article III. Capital Contributions**

- 3.1. Membership Cards. For capital contributions received from members, the Co-op shall present the member with Membership Cards representing the equal rights of all members in the ownership of the Co-op. The amount and terms of payment for membership shall be set with respect to the current and prospective capital needs of the Co-op as determined by the Board of Directors. Membership Cards shall not be entitled to dividends or other monetary return on investment, shall be nontransferable, may not be pledged or hypothecated, and need not be evidenced by cards. They do not represent capital stock and they carry no rights to fixed or other dividends or interest.
- 3.2. Accounting of Membership. Amounts received for membership shall be credited on the books of the Co-op as Equity in the names of contributing members. The Co-op shall endeavor to use such proceeds only for acquiring capital assets or for paying liabilities incurred for such purpose.
- 3.3. Redemption. Upon termination of membership for any reason, Membership Cards shall be redeemed at their carrying value on the books of the Co-op. Remittance shall be on such terms as may be determined by the Board of Directors. Membership Cards shall be redeemed no later than upon dissolution of the Co-op (as described in Article XI). If they cannot then be paid in full, they shall be prorated among all outstanding amounts. Redemption proceeds shall at all times be subject to offset by amounts otherwise due and payable to the Co-op.

### **Article IV. Meetings of Members**

- 4.1 Annual meeting. An annual meeting of members shall be held within the second calendar quarter of each fiscal year, whenever practicable, and at a place convenient to members. The Board of Directors shall determine the time and place of the meeting. The purposes of the meeting shall be to hear reports on the operations and finances of the Co-op, to elect directors and to conduct such other business as may properly come before the meeting.
- 4.2 Notification. Written notice of the time and place of any meeting of members, together with a statement of the purposes of such meeting, shall be mailed to each member not less than twenty days before the date of the meeting. Mail will be defined as U.S. Postal Service unless a member has elected to receive notices by email instead, in which case that will constitute their notification. Email notifications shall be mailed on the same date as U.S. Mail.
- a) Delivery. Any written notice required under these By-Laws 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.
  - b) Waiver of notice. Any notice of a meeting may be waived in writing at any time before or after the meeting. 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.

- 4.3 Quorum. The presence of forty members or ten percent of all members (including valid absentee ballots), whichever is lesser, shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of members. An absentee ballot is defined as a ballot received either in paper form in the store or through U.S. Mail, or in electronic form through such Internet-based balloting as the Co-op may adopt.
- 4.4 Voting. Each current membership share is entitled to one vote on all matters submitted to a vote of members irrespective of the amount of contributed capital. Voting by absentee ballot may be authorized by the Board of Directors provided the issues for decision are fully stated in the notice of the meeting. Voting by proxy shall not be permitted. All issues shall be decided by a majority of members voting except where a higher percentage is required by law or by these By-Laws. Decisions on issues which are not included in the notice of the meeting shall be of an advisory nature only.
- 4.5 Special meetings. The Board of Directors may call Special Meetings of members either on their own initiative or in response to a petition from members.
- a) Number of signatures. Petitions in support of a Special Meeting or items for inclusion at a regular meeting must have the support of a petition with the valid signatures of twenty members of the Co-op currently in good standing or of five percent of all members of the Co-op, whichever is lesser.
  - b) Issues submitted by members. Notices of a meeting of members shall include any appropriate issues submitted by valid petition. Petitions must be received at the office of the Co-op not less than one month before the date of a regularly scheduled meeting.
  - c) Member requested meetings. A special meeting requested by members shall be called within eight weeks of the receipt of a valid petition. The petition shall state with specificity all business to be brought before the special meeting.

## **Article V. Board of Directors**

- 5.1. Powers. Except as to matters reserved to members by law or by these By-Laws, the business and affairs of the Co-op shall be directed and controlled by a Board of Directors.
- 5.2. Number and qualifications. The Board shall, whenever possible, consist of twelve persons but shall in all cases consist of at least five persons. All directors must be members in good standing of the Co-op and shall have no overriding conflict of interest.
- a) Changing numbers. The number of Directors comprising the Board may be altered only at a meeting of Members.
- 5.3. Nominations. A candidate for the Board of Directors shall have been a (“current”) member of the Co-op, in good standing at the date of the Annual Meeting. Not less than one month prior to the Annual Meeting each candidate so nominated shall submit a statement detailing ~~his or her~~ their interest in the Co-op, relevant experience, and reasons for seeking a seat.
- 5.4. Election and terms. Directors shall be elected at the annual meeting of members by having received the highest number of votes among all candidates. The terms of Directors shall be staggered so that, as nearly as may be practicable, one-third shall end each year. Directors shall be elected for terms of three years. If necessary to fill vacancies, Directors may be elected for either a one- or a two-year term. At other times Directors shall hold office until their successors are elected or until their offices are sooner terminated in accordance with these By-Laws.
- 5.5. Interim appointments. If the Board finds that the number of directors is insufficient to properly carry out Board functions, it may appoint directors to fill authorized but unfilled positions until the time of the next annual meeting. No more than two Board-appointed Directors shall serve at any one time.
- 5.6. Contracts for profit. During their term of office, directors shall not be parties to any contract for profit with the Co-op differing in any way from the business relations accorded each member.
- 5.7. Conflicts of interest. Directors shall be under an affirmative duty to disclose their actual or potential conflicts of interest in any matter under consideration by the Board. Directors having such an interest may not participate in the decision of the matter, except in their capacity as Members with the right of full participation in discussions.
- 5.8. Referenda. At the request of three or more Directors, a decision of the Board shall be referred to a meeting of

members. A decision referred to members will stand until annulled or modified by members. Modification by members shall not impair rights previously acquired by third parties.

5.9. Removal. A Director may be removed and replaced, with or without cause, at any time by members at a meeting called in part for the purpose. A Director may be removed by the Board of Directors only for cause after a fair hearing at which ~~he or she is they are~~ given the opportunity to speak and present evidence in ~~his or her~~ **their** behalf. A Director who fails to attend two consecutive meetings of the Board without adequate explanation shall be considered to have resigned.

## **Article VI. Meetings of the Board of Directors**

6.1 Meetings. A regular meeting of the Board of Directors shall be held, without any other notice, immediately after the annual meeting of Members. The Board of Directors may determine the times and places of additional regular meetings. Special meetings shall be called upon request of at least three directors. A meeting of the board shall be held ~~at least once every month a minimum of 11 times a year, striving for monthly.~~

**[DECREASE MINIMUM REQUIRED BOARD MEETINGS FROM 12 TO 11]**

6.2 Notice of meetings. Meetings called by the Board of Directors shall require no further notice than the resolution of the Board, advertised by a timely notice posted in a conspicuous place in the Co-op. All other meetings shall require written or oral notice to all directors. Written notices shall be delivered not less than ten days before the date of the meeting and oral notices in person or by telephone shall be given not less than seven days before the date of the meeting.

6.3 Quorum. A majority of directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

6.4 Decision-making. The Board shall make all decisions by consensus, attempting to reconcile differing points of view based upon the purposes of the Coop. Any decision made by consensus shall be deemed to be inclusive of a vote in any required percentage. If two-thirds of the Directors present find that a consensus cannot be reached within a reasonable period of time on an issue requiring immediate action, then a two thirds majority of directors present may decide such issue.

6.5 Open meetings. Meetings of the Board of Directors or of any committee shall be open to all members of the Coop, except that sessions on confidential, sensitive and personnel issues may be ordered closed by the Board or by the committee.

6.6 Written consent. Decisions of the Board of Directors may be made without a meeting if a consent in writing is signed by all Directors stating the action to be taken and filed as the minutes of the meeting.

## **Article VII. Officers.**

7.1 Designation. All officers shall be members of the Co-op. The officers of the Coop shall be President, Vice President, Clerk and Treasurer and such other officers or assistant officers as determined by the Board of Directors. The President, Vice President, Clerk and Treasurer shall be Directors and the Treasurer shall not be an employee of the Coop.

a) Terms of service. Officers shall serve for a term of one year or until their successors are selected and may hold that office for no more than ~~three~~ **five** consecutive one-year terms. Officers may be removed and replaced, whenever the best interests of the Co-op would thereby be served, at any time by the Board of Directors.

**[INCREASE OFFICER TERM LIMITS TO 5 YEARS]**

b) Time of selection. The newly elected Board of Directors shall select its officers immediately following the annual meeting of Members.

7.2 Responsibilities. Officers shall have the following powers and duties together with such other powers and duties as may be determined by the Board of Directors:

a) President. The President shall ~~be responsible for facilitating~~ **ensure the facilitation of** all meetings of members and of the Board of Directors, shall represent the Co-op in dealings with outside parties and shall sign formal documents on behalf of the Co-op as authorized by the Board;

**[ALLOW DELEGATION OF MEETING FACILITATION]**

b) Vice President. The Vice President shall perform the duties of President whenever the President is unable to do so and shall otherwise assist the President in the performance of ~~his/her~~ **their** duties;

- c) Clerk. The Clerk shall oversee the keeping of complete and accurate minutes, including records of attendance, of all meetings of members and of the Board of Directors and of all important actions of committees and shall sign with the President or attest to formal documents of the Co-op as authorized by the Board; and
- d) Treasurer. The treasurer shall oversee the presentation of timely financial statements and the filing of required returns and reports.

#### **Article VIII. Indemnification.**

- 8.1 Rights. The Co-op shall, subject to the terms, conditions and limitations in this Article, indemnify its Directors and Officers, including those formerly holding such positions, against all liabilities and expenses to which they may actually and reasonably become subject by reason of their positions with the Co-op 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 threatened, pending or completed proceeding, whether civil, criminal, administrative or investigative. Payment of expenses in advance of a final disposition of the action or proceeding may be made only upon receipt by the Co-op of a contractual undertaking by or on behalf of such person to repay such amounts unless ~~he or she~~ **they** shall subsequently be determined to be entitled to indemnification under this Article.
- 8.2 Limitations. No indemnification shall be made unless the person to be indemnified is successful on the merits in defense of the action or is specifically determined to have acted in good faith and in the reasonable belief that ~~his or her~~ **their** actions were in the best interests of the Co-op and, in regard to criminal proceedings, to have had no reasonable cause to believe that ~~his or her~~ **their** actions were unlawful. If such determination is not made in a legal proceeding related to the claim, it may be made by independent legal counsel or a professional arbitrator agreed to by both the Co-op and the person to be indemnified. In any action or proceeding by or in the right of the Co-op, indemnification may be provided only as to reasonable expenses and only if the person is not adjudged liable to the Co-op. Indemnification payments and advances of expenses shall be made only in such increments and at such times as will not jeopardize the ability of the Co-op to pay its other obligations as they become due.

#### **Article IX. Fiscal Matters.**

- 9.1 Fiscal year. The Co-op fiscal year shall begin and end within six (6) days of June 30.
- 9.2 Operating policies. The Co-op shall be operated in accordance with sound business practices insofar as they are consistent with its purposes and with cooperative principles.

#### **Article X. Committees.**

- 10.1 Executive Committee. The Executive Committee shall consist of the President, Vice President, Clerk and Treasurer. Unless specifically restricted by the Board, The Committee shall exercise necessary interim or other stated authority of the Board of Directors except as to matters involving long-range policies or unusually large expenditures. The Committee shall be convened by the President and shall require actual notice to all of its members, a quorum of three members and decision-making by consensus. Any actions taken by the Committee shall be reported at the next following meeting of the Board of Directors. The Executive Committee shall not operate to relieve the Board of general supervisory responsibilities in the management of the Co-op.
- 10.2 Standing Committees. The standing committees of the Co-op shall comprise the following:
- a) Finance. The Finance Committee shall consist of the Treasurer, as chairperson, and at least two other persons one of whom shall be a director. It monitors Co-op finances in order to provide effective advice to the Board and the General Manager.
  - b) Nominating. The Nominating Committee shall consist of the Vice President, as chairperson, and at least two other persons one of whom shall be a Director. Its purposes shall be to seek qualified nominations for Directors and otherwise to insure the long-range quality and stability of the Board of Directors.
- 10.3 Committee Membership. Members of standing committees and other special committees shall be appointed by the Board of Directors and may be removed or replaced by the Board at any time, whenever the best interests of the Co-op would thereby be served. All such committees shall function to advise the Board and develop proposals for its consideration. They may take action only as empowered by the Board of Directors in which case they shall require actual notice to all of their members, a quorum of three members and

decision-making by consensus.

#### Article XI. Dissolution.

11.1 Procedures. Unless otherwise required by law, the Co-op shall be dissolved in accordance with procedures set forth in the Vermont Nonprofit Corporation Act.

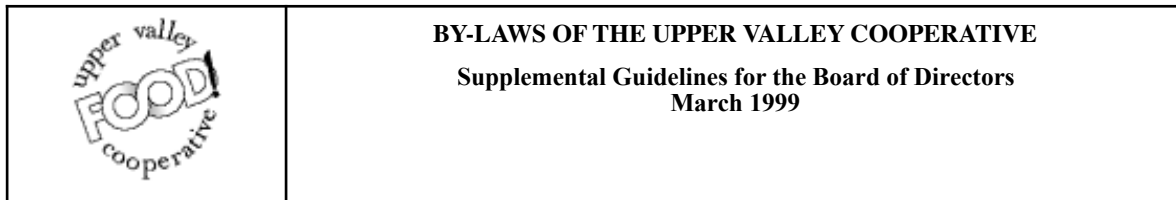
11.2 Distribution of assets. Upon liquidation of the Co-op, its assets shall be distributed in the following manner and order:

- a) Payment. By paying or making provision for the payment of all liabilities and expenses of liquidation;
- b) Redemption. By redeeming outstanding capital certificates which, if they cannot be paid in full, shall be paid on a pro rata basis among all such outstanding amounts; and
- c) Distribution. By distributing any remaining assets to one or more nonprofit organizations with purposes similar to those of the Co-op, as selected by the Board of Directors.

#### Article XII Amendment

12.1 Amendment. These By-Laws may be amended or repealed by a two-thirds vote of members present at any meeting of members provided that the proposed amendments are fully stated or described in the notice of the meeting.

12.2 Severability. In the event that any provision of these By-Laws 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 By-Laws.



The following activities illustrate how the Board of Directors implements the By-Laws, without themselves being part of the By-Laws. They appear here for purposes of information to the Members and permanent guidance and continuity for the Board.

A. **Board duties.** The duties of the Board of Directors described in the By-Laws include, but are not be limited to:

1. Hiring and firing the general manager and evaluating her/his their performance. The Board shall establish policies and goals to guide the general manager, and determine her/his their compensation and employee benefits;
2. Providing suitable accommodations, machinery and plant to conduct the Co-op's business ;
3. Fostering a spirit of enthusiasm for cooperative effort among the staff and the members of the Co-op. This includes identifying, preparing and recruiting for the Board, management and committees individuals who will aid the Co-op to survive and thrive in the future;
4. Determining the capital requirements of the Co-op and the equity portion to be provided by the members;
5. Approving all borrowing, from members, the general public, and financial institutions;
6. Approving an operating budget for the current fiscal year and projections for succeeding fiscal years;
7. Formally reviewing complete financial statements at least quarterly and operating reports at more frequent intervals;
8. Adopting significant and realistic plans for future development and growth, and review and modify them at regular intervals;
9. Determining basic policies for cooperation with other cooperatives, consumer and cooperative information

- programs, and guidelines for appropriate political action;
10. Reviewing and making recommendations to membership on any proposed changes in articles or By-Laws;
  11. Authorizing appropriate officers or agents to sign contracts, leases or other documents on behalf of the Co op, purchases and disposal of large capital items, and investment of the co-op's funds;
  12. Approving new services or major changes in present services.

**B. Additional responsibilities.** The responsibilities of the Board of Directors described in the By-Laws include oversight responsibility for:

1. The carrying out of all Co-op activities within the law, the Articles of Incorporation and the By-Laws.
2. The keeping of adequate accounting records in accordance with generally accepted accounting principles;
3. The accurate completion and timely filing of all legally required reports and returns;
4. The maintenance and regular updating of:
  - a) Accurate corporate records, including copies of the Articles Of Incorporation, By-Laws, minutes of member and Board meetings, and all required reports and returns;
  - b) Accurate lists of members; of amounts paid in, audited and due on capital obligations of members; and of intermediate and long term auditors, including debenture holders;
  - c) Adequate insurance and fidelity bond coverage as deemed necessary by the Board;
  - d) Equitable personnel policies and employee benefit programs;
5. The establishment of appropriate internal controls and periodic audits as required by the Board;
6. The assurance that channels of communication between management, Board and membership remain reasonably free flowing and open, providing adequate and easy input from and to members' regarding operations of the Co-op;
7. The design and consistent implementation of effective programs for consumer and cooperative information.