

## **BY-LAWS**

**of the**

**FREDERICK COUNTY CONSUMER COOPERATIVE, INC.  
5728 Buckeystown Pike, Unit B-1  
Frederick, MD 21704**

### **ARTICLE I. NAME AND LOCATION**

The name of the Cooperative is FREDERICK COUNTY CONSUMER COOPERATIVE, INC., trading as THE COMMON MARKET (hereinafter known as the FCCC). Its principal office is in Frederick County in the State of Maryland.

### **ARTICLE II. PURPOSES**

The purposes of the FCCC are as follows:

To establish and operate a cooperatively owned not-for-profit grocery store for the primary benefit of the members of the FCCC as well as for the benefit of patrons;

To promote sound nutrition by providing wholesome food to members and patrons and by providing nutrition and health information to assist members and patrons with their food choices;

To educate members and prospective members in the principles and practices of cooperative enterprises; and

To do anything permitted in the Maryland Consumer Cooperative Act (Title 5, Subtitle 5A of the Corporations and Associations Article of the Annotated Code of Maryland), as amended from time to time.

### **ARTICLE III. MEMBERSHIP**

Section 1. Open Membership. Membership in the FCCC is available without discrimination on the basis of race, color, religion, age, sex, national origin, marital status, disability, sexual orientation, economic situation or political affiliation, to all who can make use in good faith of what it offers and who are willing to accept the responsibilities of membership.

Section 2. Application for Membership. Application for membership shall be made on a form provided for that purpose.

Section 3. Membership Fee. Each application for membership shall be accompanied by a membership fee, ~~or~~ member equity contribution or, if the Board of Directors has elected to issue Class A Membership stock to evidence membership in the Cooperative, the purchase price for a single share of Class A Membership Stock. The amount of such membership fee, member equity contribution or purchase price shall be determined by the Board of Directors of the FCCC at their sole discretion.

Section 4. Fund Use and Administration. Membership fees and equity contributions shall be deposited in an account, expenditures from which must be guided by the Board of Directors.

Section 5. Member in Good Standing. A member in good standing is one who has fully paid his/her membership fee or is current in his/her equity share payment and has no outstanding debt to the FCCC.

Section 6. Resignation of Membership. Members may resign at any time by submitting a written and signed resignation. There will be no refund of membership fee(s). However, equity shall be refunded at the discretion of the Board of Directors. Equity refunds may be offset by amount due to the FCCC by the member. Equity shall be refunded except when such payment would impair the FCCC's ability to meet its other obligations as they become due, as determined by the Board of Directors.

Section 7. Rights of Membership. The rights of membership are as follows:

- A. Each member in good standing is entitled to one vote.
- B. Rights and interests of membership are not transferable.
- C. It is the member's responsibility to provide the co-op with a current mailing address.
- D. All members in good standing shall be eligible for all benefits established by the Board of Directors.

Section 8. Termination of Membership. Membership in the FCCC may be terminated by the Board of Directors at their discretion if the Board of Directors, by a majority vote, determines that a member has:

- A. Failed to patronize this cooperative for a period of two years or more;
- B. not paid any required membership fees;
- C. died or, if a legal entity, has ceased to exist and leaves no successor; or
- D. the Board of Directors by resolution finds that a member has pursued a course of action within the FCCC that is either contrary to the cooperative's basic principles of consumer cooperation or which endangers the cooperative's effective operation.
- E. The Board of Directors may only terminate the membership of a member at a meeting of the Board of Directors of which meeting 60 days written notice was provided to the member whose termination will be considered by the Board of Directors; such written notice may be provided by U.S. mail or other delivery method, addressed to the member at the last address for such member contained in the cooperative's books and records. The notice shall state with reasonable particularity the grounds for termination of the member's cooperative membership and such member shall be provided a reasonable opportunity to be heard at such meeting, including the opportunity to speak against termination of membership.

#### **ARTICLE IV. MEETINGS OF THE MEMBERSHIP**

Section 1. Annual Meetings. Membership meetings shall be held within nine (9) months of the end of the fiscal year, once in every 12-month period. The Board of Directors shall determine the date, time and place of each meeting. It shall give at least thirty days notice of each meeting and its proposed agenda by posting an announcement in the FCCC store as well as by mailing an announcement to every member household at its last known address. A quorum shall be established by a count of those members in good standing present and those members in good standing in absentia who have

authorized a member in good standing present to serve as proxy. A count of five (5) percent or 50 members, whichever is fewer, shall constitute a quorum.

Section 2. Special Meetings. A special meeting can be called by the Board of Directors or by a written request to the Board of Directors by at least five (5) percent of the members in good standing. The Board shall give reasonable notice of a special meeting. In the case of a meeting requested as described above, the Board shall convene the meeting within thirty days of the President's receipt of the request. A quorum of five (5) percent of members in good standing, or 50 members, whichever is fewer, shall be required to conduct business at a special meeting. No business will be conducted at a special meeting other than that specified in the notice of meeting.

Section 3. Membership Meetings.

A. Voting: voting shall be conducted by ballot, in person or by mail.

B. Proxy: A proxy must be in writing on a form provided by the FCCC for that purpose and must be submitted to the President or his/her designee at the meeting.

C. Open Meetings: All membership meetings shall be open to the public. All persons attending will be given a reasonable opportunity to participate.

D. Order: All meetings of the membership shall be conducted according to Robert's Rules of Order unless a motion to suspend the Rules is passed.

E. Agenda: The agenda shall include all items publicly posted and shall also include "Good of the Order" to allow other items to be raised from the floor.

## **ARTICLE V. BOARD OF DIRECTORS**

The Board of Directors shall be responsible for the government and fiscal health of the FCCC.

Section 1. Number of Directors and Terms. The Board of Directors shall be responsible for the government and fiscal health of the FREDERICK CO-OP. The Board shall consist of nine Directors, each of whom must be a member in good standing. One third of the Directors shall be elected at each annual meeting for a term of three (3) years, and shall hold office until their successors shall be elected. The Directors shall be elected to terms that are staggered, such that one third of the Directors shall be elected each year.

Section 2. Nomination and Election. Directors shall be elected at the Annual Membership Meeting. Member voting shall be by ballot, either in person or by mail. Proxy voting is allowed as described in Article IV above. Each member may cast one vote per open seat. A plurality of votes cast shall elect.

Section 3. Powers. The Board of Directors shall exercise all powers allowed by Maryland law and necessary for the effective management of the FCCC.

Section 4. Resignation, Removal, Vacancies. Any Director may resign at any time by giving written notice to the President. Any Director may be removed by a majority vote of the Directors in office at the time at any regular or special meeting of the Board. Any Director shall be removed who ceases to be qualified to serve under these by-laws. Any vacancy caused by the resignation, removal, death, disqualification, or otherwise of any Director may be filled by election by the Board within a reasonable period. The person so elected shall hold office only until the next Annual Membership meeting. Then that term shall be filled at the regular election of the Board of Directors, with the Director so elected to fill a vacant term in office shall serve for the remainder of his/her predecessor's term in office.

Section 5. Open Meetings and Notice. All meetings of the Board of Directors shall be open to the membership except when an executive session is convened on motion. Reasonable notice of all open meetings shall be posted in the FCCC store.

Section 6. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by resolution of the Board, provided that notice of every resolution of the Board fixing or changing the time or place for the holding of regular meetings of the Board shall be mailed to each director at least three (3) days before the first meeting held pursuant thereto. The annual meeting of the Board of Directors shall be held immediately following the annual Membership Meeting at which a Board of Directors is elected. Any business may be transacted at any regular meeting of the Board.

Section 7. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by any member of the Board of Directors. The Secretary shall give notice of each special meeting of the Board of Directors, by mailing written notice to each Director at least three (3) days prior to the meeting or by otherwise notifying each Director of the meeting at least two (2) days before the meeting. Any requirement of notice contained in this Section 7 may be waived by any Director. Unless otherwise indicated in the notice thereof, any and all business may be transacted at any special meeting. At any meeting at which every director shall be present, even though without notice, any business may be transacted and any director may in writing waive notice of the time, place and objectives of any special meeting.

Section 8. Quorum. A majority of the whole number of directors shall constitute a quorum for the transaction of business at all meetings of the Board of Directors. If at any meeting less than a quorum shall be present, a majority of those present may adjourn the meeting from time to time. The act of the majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by law or the Articles of Incorporation or by these By-Laws.

Section 9. Required Vote. An affirmative vote of a majority of those present shall be necessary for the passage of any resolution.

Section 10. Indemnification. The FCCC shall indemnify and reimburse each present and future director and officer for any claim or liability (including expenses and attorney fees, judgements, fines, and amounts paid in settlements, actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a director or by reason of his or her acts or omissions as a director. Such indemnification shall be made only if determined by the Board of Directors that the director acted in good faith in the reasonable belief that his or her action was in the best interest of the FCCC. The foregoing shall not be exclusive of any rights to which directors may be lawfully entitled.

Section 11. Personal Liability. No member, officer, or Director of this corporation shall be personally liable for the debts or obligations of this corporation of any nature whatsoever, nor shall any of the property of the members, officers, or Directors be subject to the payment of the debts or obligations of this corporation.

## **ARTICLE VI. OFFICERS**

Section 1. Officers. Officers of the FCCC shall be President, Vice-President, Secretary and Treasurer. These Officers shall serve a term of one year and shall be elected by the Board within three months following the Annual Membership Meeting.

Section 2. Vacancies. A vacancy in any office shall be promptly filled by election by the Board. A Director elected to fill a vacancy in office shall serve for the remainder of his/her predecessor's term in office.

Section 3. Duties.

A. President: The President shall have such powers and perform such duties incident to the office as may be required by law, by the Articles of Incorporation or these by-laws, or which may be prescribed from time to time by the Board of Directors. The President shall see that all Membership and Board meetings are facilitated. All actions of the President shall be subject to ratification by the Board.

B. Vice-President: In the absence of the President, or in the event of the President's inability or refusal to act, the Vice-President shall perform all duties of the President. When so acting, the Vice President shall have all the powers and be subject to all the restrictions of the President. The Vice-President shall have such other powers and perform such duties incident to the office as may be required by law, by the Articles of Incorporation or these by-laws, or which may be prescribed from time to time by the Board of Directors.

C. Secretary: The Secretary shall be responsible for recording, approving, certifying, and archiving of all approved minutes of meetings of the Board and of the membership. The secretary shall present at all reasonable times to any director of the FCCC, his/her attorney, or any other member of the FCCC, upon request and for appropriate purpose, any archived documents. The Secretary shall see that copies of the minutes of each Board meeting are distributed to all Board members prior to the next regularly scheduled Board meeting. The minutes shall maintain a record of attendance of board members and of the membership at all regular and special meetings of the Board. The Secretary shall see that copies of current by-laws are available to all Board members, the General Manager, and to any other member upon request. The Secretary shall have such powers and perform such duties incident to the office as may be required by law, the Articles of Incorporation or these by-laws, or which may be prescribed from time to time by the Board of Directors.

D. Treasurer: The Treasurer shall monitor and provide oversight of the financial condition of the FCCC. The Treasurer shall receive, review, and present to the Board the results of any audit or review by an independent auditor. The Treasurer shall have such other powers and perform such other duties incident to the office as may be required by law, the Articles of Incorporation or these by-laws, or which may be prescribed from time to time by the Board of Directors.

## **ARTICLE VII. COMMITTEES AND TASK FORCES**

Section 1. Standing Board Committees. Standing Board Committees are those committees deemed essential by the Board of Directors to execute its responsibilities of oversight and fiscal health of the FCCC. The Board of Directors has the authority from time to time to form standing board committees.

A. The Board Development Committee shall be a standing board committee.

Section 2. Composition. All Board Committees and Task Forces shall have at least two members who have been duly appointed by the Board of Directors. A member of the Board shall chair each Board Committee.

Section 3. Ad-Hoc Task Forces. The Board may from time to time create an ad-hoc task force.

## **ARTICLE VIII. CONFLICT OF INTEREST**

Section 1. Directors' Duties. The Directors of the FCCC recognize that each of them owes to the organization a duty of honesty, loyalty, diligence, and sound business judgment whenever they act on behalf of the FCCC. The Directors further recognize that situations may arise from time to time that create or involve a conflict of interest.

Section 2. Definition of Conflict of Interest. A potential conflict of interest exists whenever a Director could reasonably anticipate that an action taken by the Board, Committee or Task Force might financially benefit 1) any interest of a relative by blood or marriage of the Director; 2) any interest of a business or organization of which the Director is an officer, member, employee, director, partner, stockholder, or beneficial owner; or 3) any goal or objective sought by the Director other than a disinterested concern for the benefit of the FCCC as a whole.

Section 3. Procedure. If a potential conflict of interest exists, a Director shall immediately disclose the nature of the conflict to the Board and shall recuse him/herself from any and all discussions and voting concerning the matter. Such action shall be recorded in the minutes of the meeting.

Section 4. Compensation of Directors. Because of the potential for conflict of interest, all payments made to Directors for any service, consultation, or employment with the FCCC must be disclosed.

## **ARTICLE IX. FINANCE**

Section 1. Financial Operation. This corporation operates on a cooperative basis and allocates earnings and losses to members or owners in good standing on the basis of the business done with or for such owners. Thus, in accordance with Subchapter T of the Internal Revenue Code, this corporation shall declare a patronage dividend to be distributed among the members or owners in accordance with the total amount of patronage business generated by each such member or owner during the preceding fiscal year.

Section 2. Patronage Dividend. The patronage dividend, as determined by the Board of Directors, shall be paid in cash, property or written notices of allocation as defined by Subchapter T of the Internal Revenue Code. Such checks must be endorsed and cashed within ninety days of issue date; otherwise the affected distribution will be canceled. Any allocations of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board, be excluded from distribution provided that they are not then or later distributed to other owners.

Each member shall have an internal capital account in his or her name. The surplus earnings of the company after paying taxes, interest on loans, and additions to the unallocated reserve shall be allocated to owners as a patronage dividend. Unless otherwise decided by the Board of Directors, the patronage dividend shall be credited to the owner's Internal Account. At least 20% of each year's patronage allocation must be paid in a "qualified check" redeemable in cash.

Section 3. Allocation of net loss. In the event the Co-op shall incur a net loss in any fiscal year, such loss may be charged against retained savings or other unallocated owner equity account. If the net loss exceeds such amounts, or in any event if the Board so determines, the amount of such loss may either be carried forward to offset adjusted net savings of subsequent fiscal years or allocated to owners in the same manner as for adjusted net savings except that such allocation shall not exceed the total of invested capital. Any such allocated net loss shall be charged in the sole discretion of the Board of Directors to a capital reserve and/or retained patronage rebates of prior fiscal years and/or against patronage rebate allocations of subsequent fiscal years. Allocated net losses which are not so offset may be charged against the carrying value of shares only upon termination of ownership. Allocated net losses shall not otherwise be assessed to or collected from owners.

Section 4. Allocated Equity Capital. The Board of Directors shall manage the Cooperative's allocated equity capital in a way to preserve and build upon the Cooperative's financial position while also allowing for redemptions of equity as and when the Cooperative has the financial strength to redeem equity. The Board of Directors has the sole discretion for the redemption of any equity. No equity redemption policy shall be interpreted to require any expenditure of equity capital and the Board of Directors retains all right and power to the final review and approval of any redemption of any type of equity.

Section 5. No Address. Whenever the Co-op determines that it does not have a current address for the member or owner who was previously allocated equity of the Co-op, or whenever a member or owner fails to maintain a current address at the Co-op, then, in that case and before the previously allocated equity ever becomes payable, the equity will be deemed to be contributed to the Co-op's unallocated surplus. In the case of a dissolution of the Co-op, the total surplus remaining, including these contributed amounts, if any, will be distributed to the members or owners as determined by the Board and in accordance with the Articles and By-laws of the Co-op. The contribution shall be considered a dormancy charge. The Board may determine to reverse the contribution and reinstate the allocated equity in the Board's sole discretion when the member or owner demonstrates that the member was the owner of the allocated equity.

#### **ARTICLE X. NET SAVINGS**

The Board of Directors shall allocate net savings for the general purpose of expanding service.

#### **ARTICLE XI. BANK ACCOUNTS AND LOANS**

Section 1. Bank Accounts. The Board of Directors shall have the authority to appoint such members, officers, or Directors to act on behalf of the FCCC in the capacity as its fiduciary agent. Such appointed agents except as otherwise expressly provided by law, by the articles of incorporation, or by these by-laws, shall, in the name of the corporation, execute such deeds, loans, mortgages, bonds, contracts, checks, or other such instruments that may be authorized by the Board of Directors. In the event that the Board of Directors shall fail to designate a fiduciary agent, such agent will become by default the 1) President or Vice President and 2) the Secretary or Treasurer. In that case, all instruments must be signed by either the President or Vice President and countersigned by either the Secretary or Treasurer.

Section 2. Loans. Officers or agents of the FCCC, as designated by the Board of Directors, shall have authority to effect loans, advances or other forms of credit at any time for the FCCC from such banks, trust companies, institutions, corporations, firms or persons as the Board of Directors, shall designate. As security for the repayment of such loans, advances or other forms of credit, designated officers shall have authority to assign, transfer, endorse and deliver, either originally or in addition or substitution, any or all stocks, bonds, rights and interests of any kind in or to stocks or bonds, certificates of such rights or interest, deposits, accounts, documents covering merchandise, bills, accounts receivable and other commercial paper and evidences of debt at any time held by the FCCC. For such loans, advances or other forms of credit to make, execute and deliver one or more notes, acceptances or written obligations of the FCCC on such terms, and with such provisions as to the security or sale or disposition thereof as such officers or agents shall deem proper. Also to sell to, or discount or rediscount with, such banks, trust companies, institutions, corporations, firms or persons any and all commercial paper, bills receivable, acceptances and other instruments and evidences of debt at any time held by the FCCC, and to that end to endorse, transfer and deliver the same. There shall from time to time be certified to each bank, trust company, institution, corporation, firm or person so designated the signatures of the officers or agents so authorized; and each such bank, trust company, institution, corporation, firm or person is authorized to reply upon such certification until written notice of the revocation by the Board of Directors of the authority of such officers or agents shall be delivered to such bank, trust company, institution, corporation, firm or person.

#### **ARTICLE XII. FISCAL YEAR**

The fiscal year for the FCCC will end within 6 days of June 30<sup>th</sup> beginning 2003.

#### **ARTICLE XIII. DISSOLUTION**

Dissolution of the FCCC may be accomplished only by approval in writing of two-thirds of the FCCC membership. Upon dissolution, the resources of the FCCC shall be used to pay its debts and obligations and to make distributions of any surplus in accordance with the Seventh Article of the FCCC's Articles of Incorporation, as the same may be amended from time to time.

#### **ARTICLE XIV. AMENDMENTS**

These by-laws may be amended at any general membership meeting by a two-thirds vote of those members in good standing present and those members in good standing in absentia who have authorized a member in good standing present to serve as proxy. Such proxy must be in writing on a form provided by the FCCC for that purpose and must be submitted to the President or his/her designee at the meeting. A copy of any proposed amendments shall be posted in the FCCC store and a copy shall be mailed to every member household at its last known address at least thirty days before the meeting.

In the event that any provision in the by-laws is determined to be invalid or unenforceable under any statute or rule of law, then such provision will be deemed inoperable 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 in these by-laws.

#### **ARTICLE XV. STANDING RULES**

Robert's Rules of Order, Newly Revised, shall govern any matter not addressed in these by-laws.

THE FOREGOING ARE CERTIFIED as the by-laws of the FREDERICK COUNTY CONSUMER COOPERATIVE, INC., adopted by the general membership and current as of September 26, 2015.

seal

David Cloutier  
President

September 26, 2015  
Date