

**BYLAWS**  
**of**  
**FREDERICK COUNTY CONSUMER COOPERATIVE, INC.**  
**DBA THE COMMON MARKET**  
**Effective September 18th, 2023**

**Article I: Organization**

1.1 **Name.** The name of the cooperative is Frederick County Consumer Cooperative, Inc., trading as The Common Market (the “*Cooperative*”).

1.2 **Ownership and Purpose.** The Cooperative shall be owned by its members and shall operate in accordance with the International Cooperative Alliance’s Statement on the Cooperative Identity for the mutual benefit of its member-owners. Its purposes are:

To establish and operate a cooperatively owned grocery store to promote sound nutrition by providing wholesome food to all patrons and by providing nutrition and health information to assist all patrons with their food choices;

To educate current and prospective member-owners 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 II: Membership**

2.1 **Eligibility.** Membership in the Cooperative shall be open to any individual or legal entity who is in accord with the Cooperative’s purposes and is willing and able to accept the responsibilities of membership.

2.2 **Nondiscrimination.** Membership in the Cooperative is available without discrimination on the basis of race, color, place of birth, religion, age, sex, gender identity, sexual orientation, disability, marital status, socioeconomic status, political affiliation, or any other characteristic that does not directly pertain to a person’s eligibility for membership.

2.3 **Admission.** Any eligible person may be admitted to membership upon submitting an application and investing equity, paying the membership fee, or purchasing Class A Membership Stock in an amount and on such terms as determined by the Board of Directors (the “*Board*”). A legal entity applying for membership must name a single individual as an authorized representative.

2.4 **Rights.** Member-owners have the right to elect the Board, to attend meetings of the Board, to receive notice of and attend membership meetings, to petition as described in these bylaws, and to approve amendments to these bylaws. Each member-owner shall have one vote and no more

on all matters submitted to member-owners. The rights of member-owners shall apply only to active member-owners in good standing. All rights and responsibilities of member-owners are subject to applicable state law, the Cooperative's Articles of Incorporation and these bylaws (as they may be amended from time to time), and the policies and decisions of the Cooperative or the Board.

**2.5 Responsibilities.** Member-owners shall keep current in equity investments due to the Cooperative, shall keep the Cooperative informed of any changes in name or current address, and shall abide by these bylaws and the policies and decisions of the Cooperative or the Board. Member-owners shall also patronize the Cooperative at least once in every 2-year period. A member-owner who upholds these responsibilities is considered an active member in good standing.

**2.6 Termination of Membership.** A member-owner may terminate their membership voluntarily at any time by written notice to the Cooperative. Membership may be terminated involuntarily by the Board for cause after the member-owner is provided fair notice of the reasons for proposed termination and has an opportunity to respond in person or in writing. Cause may include (1) intentional or repeated violation of any provision of the Cooperative's bylaws or the policies and decisions of the Cooperative or the Board adopted in accordance with these bylaws, (2) actions that impede or will impede the Cooperative from accomplishing its purposes, (3) actions or threats that adversely affect the interests of the Cooperative or its member-owners, (4) willful obstruction of any lawful purpose or activity of the Cooperative, (5) breach of any contract with the Cooperative, or (6) failure to patronize the business for more than two (2) years. Membership is automatically terminated if a member-owner shall die or cease to exist.

**2.7 Return of Equity.** Equity may be returned upon termination of membership in the Cooperative, under terms determined by the Board, provided that the Board has determined that the equity is no longer needed by the Cooperative.

**2.8 Unclaimed Equity.** If a member-owner voluntarily or involuntarily terminates membership in the Cooperative, and fails to inform the Cooperative of their mailing address, then the equity and patronage dividend amount allocated to that member-owner will be retained by the Cooperative or donated to a non-profit to the extent authorized by state law, at the discretion of the Board.

**2.9 Non-transferability.** Membership rights and member equity may not be transferred in any manner.

### **Article III: Member Meetings and Decision Making**

**3.1 Annual Meeting.** A membership meeting shall be held each year at a time and place to be determined by the Board. The purpose of such meetings shall be to hear reports on governance, operations and finances, to review issues that vitally affect the Cooperative, and to transact such other business as may properly come before the meeting.

**3.2 Special Meetings.** The Board may call special meetings of the membership. The Board shall call a special meeting if presented with a written petition stating a proper purpose and signed by at least five percent (5%) of active member-owners or two hundred (200) active member-owners, whichever is less. Notice of special meetings shall be issued to member-owners. In the case of a

petition, notice of the special meeting will be issued within ten (10) days after a presentation of the petition to the Board. No business shall be conducted at that special meeting except that specified in the notice of meeting.

**3.3 Notice of Meetings.** Notice of the date, time, place, and purpose of each meeting of the membership shall be posted in a conspicuous place at the Cooperative and communicated by written notice to member-owners' postal address or by means of electronic communications such as email or similar technology not less than fifteen (15) days nor more than ninety (90) days prior to the date of the meeting.

**3.4 Voting.** Voting on all matters that member-owners are entitled to vote upon will be accomplished through paper or electronic ballots, or both, as authorized by the Board. Voting by mail is allowed. Unless otherwise specified in these bylaws, notice of the vote shall be posted in a conspicuous place at the Cooperative and communicated by written notice delivered to member-owners' postal or electronic address not less than fifteen (15) days nor more than ninety (90) days prior to the end of the election period. Unless otherwise stated in the Cooperative's Articles of Incorporation, or these bylaws, or required by law, all questions shall be decided by a vote of a majority of the member-owners voting thereon. Proxy voting is not allowed.

**3.5 Quorum.** At any meeting of the member-owners, or for any vote of the members, a quorum necessary for decision-making shall be five percent (5%) of the total number of member-owners or one hundred (100) member-owners, whichever is less.

#### **ARTICLE IV: Board of Directors**

**4.1 Powers and Duties.** The Board shall be composed of nine (9) Directors. Except for matters for which member-owner voting is required, the Board shall have full power to govern the Cooperative, including, but not limited to, hiring management and evaluating management's performance, establishing compensation, if any, for the Board, assuring that the mission of the Cooperative is articulated and carried out, and adopting policies of the Cooperative and making decisions for the Cooperative in accordance with these bylaws.

**4.2 Eligibility.** Directors must be member-owners of the Cooperative in good standing or the authorized representative of a legal entity that is a member-owner of the Cooperative in good standing. A maximum of two (2) employees of the Cooperative may serve on the Board. A person with a conflict of interest so continuing and pervasive that they are unable to effectively fulfill the responsibilities of a director with the Cooperative shall not be qualified to serve as a director.

**4.3 Terms and Elections.** Elections shall occur annually, in a manner prescribed by the Board. A plurality of votes cast shall elect. Directors shall serve a term of three (3) years and shall serve staggered terms so that approximately one-third (1/3) of the Board is elected each year.

**4.4 Vacancies.** Any vacancy among Directors may be filled by appointment by the Board. A Director so appointed shall hold office only until the next Board election, when the member-owners shall vote for a Director to serve the remainder of that term.

**4.5 Removal.** A Director or officer may be removed by a majority decision of the remaining Directors for conduct contrary to the Cooperative, failure to follow Board policies, or a conflict of interest so continuing and pervasive that such Director is unable to effectively fulfill the

responsibilities of a director. In addition, a Director may be removed by decision of the member-owners in accordance with the special meeting petition and voting provisions of these bylaws.

**4.6 Meetings.** The Board shall hold regular and special meetings at such time and place as it shall determine. Meetings may be held in person or via remote technology. All Directors shall be notified of said meeting by written notice delivered to the Director's postal address or by means of electronic communications such as email or similar technology at least three (3) days in advance, unless the Board agrees to a shorter notice. Attendance by a Director at any meeting constitutes waiver of notice of that meeting. The Board will provide reasonable notice of all Board meetings to member-owners. Meetings shall be open to all member-owners unless the Board decides to go into executive session regarding confidential or proprietary matters, such as: labor relations or personnel issues; negotiation of a contract; discussion of strategic goals or business plans, the disclosure of which would adversely impact the Cooperative's position in the marketplace; and/or discussion of a matter that may, by law or contract, be considered confidential.

**4.7 Action Without a Meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting and without prior notice by a written action affirmed by all of the Directors. The action is effective when affirmed by all of the Directors, unless a different effective time is provided in the action.

**4.8 Quorum.** A majority of the current Directors shall constitute a quorum and no decisions shall be made without a quorum.

**4.9 Conflicts of Interest.** Directors shall be under an obligation to disclose their actual or potential conflicts of interest. Directors having such a conflict shall absent themselves from discussion and decision of any related matter under consideration by the Board unless otherwise determined by the Board. Directors may not do business with the Cooperative except in the same manner as other member-owners generally do business with the Cooperative or under other conditions that are procedurally defined to avoid preferential treatment.

**4.10 Officers.** The Board will designate a President, Vice-President, Secretary, and Treasurer. The President and Vice-President must be Directors. The Secretary and Treasurer may be, but do not need to be, Directors. The positions of Secretary and Treasurer may be combined.

**4.11 Indemnification.** The Cooperative shall indemnify and reimburse each present, past and future Director and officer for any claim or liability (including expenses and attorneys' fees actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a Director or officer, to the full extent allowed by law, except to the extent the Director or officer acted in bad faith or for acts or omissions that involve intentional misconduct or a knowing violation of law by the Director or officer, or that involve a transaction from which the Director or officer will personally receive a benefit in money, property, or services to which the Director or officer is not legally entitled.

**4.12 Compensation.** Directors shall be allowed reasonable compensation for service as a Board member, provided that all such compensation shall be disclosed to the Member-Owners.

## **ARTICLE V: Patronage Dividends**

**5.1 Allocations to Member-Owners.** The Cooperative shall allocate and distribute to member-owners the net profit from business done with them in such a manner as to qualify them as patronage dividends consistent with cooperative principles, the Cooperative's Articles of Incorporation, applicable state and federal laws and generally accepted accounting principles. The Board shall determine when and how such allocations and distributions will be made.

**5.2 Consent of Member-Owners.** By obtaining or retaining membership in the Cooperative, each member-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. Each member-owner also agrees that if their patronage dividend is not cashed within ninety (90) days of the date on which it was issued by the Cooperative, the Cooperative shall have the right, at the discretion of the Board, to revert such patronage dividend to the Cooperative or to make a contribution of such patronage dividend in the name of that member-owner to support other organizations aligned with the Cooperative's purpose.

#### **ARTICLE VI: Audit and Annual Report**

The Board will appoint an audit committee to audit, or cause to have audited, the affairs of the Cooperative at least annually and make a full report on the audit to the Board. A report for the previous fiscal year shall be read or presented in written form at the annual meeting of member-owners of the Cooperative and kept with the records of the Cooperative.

#### **ARTICLE VII: Dissolution and Liquidation**

The Cooperative may be dissolved or liquidated upon a decision of the Board and a two-thirds (2/3) vote of the member-owners who participate in the vote. Upon dissolution of the Cooperative, its assets shall be used to pay its debts and obligations and to make distributions of any surplus in accordance with the Seventh Article of the Cooperative's Articles of Incorporation (as the same may be amended from time to time).

#### **ARTICLE VIII: Amendments**

These bylaws may be amended or repealed, in whole or in part, by a majority of the member-owners who participate in the vote. An amendment may be proposed by decision of the Board or by petition of at least fifteen percent (15%) of active member-owners. The proposed amendment shall be publicized to the membership not less than four (4) weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.