

BYLAWS OF THE CHILLICOTHE FARMERS' MARKET ASSOCIATION

The Chillicothe Farmers' Market Association is a non-profit, non-stock cooperative association formed under Chapter 1729 of the Ohio Revised Code. Its purpose is to associate agricultural producers and other farm market vendors for their economic benefit through joint action in marketing locally-grown agricultural products and locally-made baked goods and cottage food items directly from the producer to the consumer. To provide an orderly means of self-governance, the membership has adopted the following bylaws.

Article One *Membership*

1.1 Qualifications. Any person, firm, partnership, LLC, corporation or association, who or which agrees to be a patron of the Association, signs and abides by a Membership Agreement with the Association and the Association's Market Rules and Regulations, and meets other conditions as may be prescribed by the Board of Directors, may become a member of the Association. All applications for membership must be approved by the Board of Directors. Member status is effective as of the time the Board approves the application for membership.

1.2 Suspension or Termination. Members are expected to maintain high standards for customer service and quality products. Because of the importance and necessity of these high standards, the Market Master will deal with violations of the Membership Agreement and the Market Rules and Regulations as soon as they are known, following a procedure for notice and a hearing as provided in the Market Rules and Regulations. Within seven (7) days following the hearing, the Board will determine whether the Member is eligible to retain membership or whether a suspension or termination is required in the best interests of the Association. If an affirmative vote of at least two-thirds of the directors casting votes finds for suspension or termination, the Association may (a) suspend the member's rights as a member for a specified period of time or indefinitely until certain conditions have been met or (b) may terminate the membership.

1.2.1 Notice. Written notice may be given personally, by mail, or by electronic or telephonic transmittal. If mailed, the notice is given when it is deposited in the U.S. Mail, with postage prepaid, addressed to the person at the person's address as it appears on the records of the Association. If notice is sent by electronic or telephonic transmittal, notice is given when an electronic or telephonic confirmation of delivery is received.

1.2.2 Loss of certain rights. A suspended or terminated member has no rights or privileges, nor vote or voice in the management or affairs of the Association other than the right to participate in accordance with law in the event of dissolution.

Article Two ***Meetings of Members***

2.1 Annual Meeting. The annual meeting of the members will be held in the State of Ohio at such time and in such place as the Board of Directors shall designate. The business session will include election of directors, adoption of the next season's rules and regulations, and the next year's membership fee. Members also may request market stall locations at the time of the annual meeting.

2.2 Special Meetings. Special meetings of the members of the Association may be called at any time by order of the Board of Directors and shall be called by the directors upon receipt of a written petition signed by at least twenty percent (20%) of the members entitled to vote. The petition must state the specific business to be brought before the Association and demand a special meeting at any time for consideration of such business. The directors shall designate the time and place for a special meeting. No business shall be transacted at any special meeting other than the business referred to in the notice.

2.3 Notice of Meetings. Written notice of every regular and special meeting of members shall be prepared and given personally, by mail, or by electronic or telephonic transmittal at least (14) days before the meeting. Notice is given when deposited in the U.S. mail postage prepaid or, if by electronic or telephonic transmittal, upon confirmation of delivery. The notice shall state the nature of the business expected to be conducted and the time and place of the meeting.

2.4 Voting. Unless otherwise stated in the Articles of Incorporation, or these Bylaws, or as required by applicable law, all questions shall be decided by a vote of a majority of the members voting on the question.

2.4.1 One member-one vote. Each member is entitled to one vote. Voting by mail, electronic or telephonic transmittal is permitted when the vote is received prior to the beginning of the meeting. Proxy voting shall not be allowed.

2.4.2 Member-entity votes. If a membership is held by a partnership, LLC, corporation, or other legal entity, the member shall designate in writing the person who will vote on behalf of the member. That designation will remain in effect until written notice of a properly authorized change in the designated voter is received by the Association.

2.5 Quorum. Those members present, provided it is no less than 20% of the voting membership, shall constitute a quorum at any properly called annual or special membership meeting.

Article Three ***Directors and Officers***

3.1 Number and Qualifications of Directors. The Association shall have a board of directors of not less than five (5) members; provided, however, if the Association has fewer than five members, the number of directors shall equal the number of members.

3.1.1 Conflicts of Interest. No person shall be eligible to be a director or officer if that person is in competition with, or is affiliated with any enterprise that is in competition with, the Association. If a majority of the Board of Directors of the Association finds at any time that any director or officer is so engaged or affiliated and has failed to follow the provisions set forth in Article Fourteen of these Bylaws dealing with conflicts of interest, the procedure for Removal of Directors and Officers as set forth in Article Three, Section 10 shall be followed, with the Board requesting removal in the place of the member petition.

3.2 Election of Officers and Directors.

3.2.1 Election. At the first annual meeting of the members of the Association and in even-numbered years thereafter, members will elect a President and a Director at-large (Seat No. 1) for two-year terms to succeed the initial President and one of the directors at-large. At the second annual meeting of the members of the Association and in odd-numbered years thereafter, members will elect a Vice President and a Secretary-Treasurer for respective two-year terms, and a Director at-large (Seat No. 2) for a two-year term to succeed the initial Vice President, Secretary-Treasurer and Director at-large. The nominees receiving the greatest number of votes will be elected. If the number of members of the Association is seven or fewer, all members shall serve as directors until the next annual meeting held after membership has increased to more than seven members.

3.2.2 Qualifications. Officers and Directors at-large shall hold office until the election and qualification of a successor, unless earlier removed by death, resignation, or for cause. The Officers and Directors will be Members of the Association. The Secretary and Treasurer offices may be held by the same person, but no officer shall execute or acknowledge any instrument in more than one capacity if the instrument is required by law or by the Articles of Incorporation or the Bylaws to be executed, acknowledged, or verified by two or more officers.

3.3 Vacancies. Whenever a vacancy occurs in the Board of Directors, other than from the expiration of a term of office, the remaining directors, by majority vote, shall appoint a member to fill the vacancy for the remainder of the term. Officer vacancies will be filled by the Board.

3.4 Regular Board Meetings. In addition to the meetings mentioned above, regular meetings of the Board of Directors will be held quarterly, and at such other times and places as the Board may determine.

3.5 Special Board Meetings. A special meeting of the Board of Directors will be held whenever called by the President or a majority of the directors. Only the business specified in the written notice shall be transacted at a special meeting. Each call for a special meeting shall be in writing, shall be signed by the person or persons calling the meeting, shall be addressed and delivered to the secretary. Notice can be delivered electronically or telephonically.

3.6 Notice of Board Meetings. The Secretary shall give notice of Board meetings not less than two (2) weeks prior to the date of the meeting. Notice may be given to each director by electronic, telephonic, or mail. Notice may be waived in writing by all the directors, and their appearance at a meeting shall constitute a waiver of notice.

3.7 Quorum. A majority of the Board of Directors shall constitute a quorum at any meeting of the board.

3.8 Reimbursement and Compensation. The Association may provide a fair remuneration for the time actually spent by its officers and directors in its service.

3.9 Contracts with Directors. No director of the Association, during the term of his office, shall be a party to a contract for profit with the Association differing in any way from the business relations accorded regular members, unless prior written approval is obtained by a majority of the disinterested directors after full disclosure of the material facts to the Board. The disinterested directors can constitute less than a quorum for purposes of this vote. The contract must be fair at the time it is authorized.

3.10 Removal of Directors and Officers. Whenever any director fails to meet the qualifications as described in Section 1 of this Article, or fails to attend three (3) consecutive Board meetings, either regular or special, without just cause, and provided that notice of such meetings has been given in accordance with these Bylaws, it shall be the duty of the Board to remove the director. The Board shall fill the vacancy in accordance with Section 4 of this Article.

Any member of the Association may bring charges against a director of the Association by filing them in writing with the Secretary of the Association, together with a petition, signed by twenty percent (20%) of the members, requesting the removal of the director in question. The removal shall be voted upon at the next regular or special meeting of the Association and, by a vote of a majority of the members voting, the Association may remove the director and fill the vacancy. The director or against whom such charges are brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present witnesses, and the persons bringing the charges against him shall have the same opportunity.

Article Four
Duties of Directors and Employees

4.1 Management of Business. The Board of Directors shall have general supervision and control of the business and the affairs of the Association and shall make all rules and regulations consistent with law, the Articles of Incorporation, and the Bylaws for the management of the business and the guidance of the members, officers, employees, and agents of the Association.

4.2 Appointment of Market Manager. The Board of Directors annually may appoint or employ a Market Manager. The Market Manager will oversee market operations, including but not limited to collecting daily stall fees, coordinating communication with vendors, and providing information in a timely manner to the local press regarding the growers and their products offered week-to-week. The Board may dismiss a Market Manager with or without cause at any time. The Board shall authorize the employment of other employees, agents, and counsel as it from time to time deems necessary or advisable in the interest of the Association. The Market Manager shall have charge of the day-to-day business of the Association under the policy direction of the Board.

4.3 Bonds and Insurance. The Board of Directors may require the Market Manager and all other officers, agents, and employees charged by the Association with responsibility for the custody of any of its funds, negotiable instruments, or other property of or for the Association to give adequate bonds. Such bonds, unless cash security is given, shall be furnished by a responsible bonding company approved by the Board of Directors, and the cost shall be paid by the Association. The Board of Directors may provide for the insurance of the Association and its property.

4.4 Accounting System and Audits. The Board of Directors shall have installed an accounting system adequate to meet the requirements of the business and shall require proper records to be kept of all business transactions.

At least once in each year the Board of Directors shall secure the services of a competent and disinterested public auditor or accountant, who shall review the books and accounts of the Association and render a report in writing, which report shall be submitted to the directors and the manager of the Association and made available to the members of the Association. This report shall include at least a balance sheet showing the true assets and liabilities of the Association, and an operating statement for the fiscal period under review.

4.5 Depository. The Board of Directors shall select one or more banks to act as depositories of the funds of the Association and determine the manner of receiving, depositing, and disbursing the funds of the Association and the form of checks and the person or persons by whom they shall be signed, with the power to change such banks and the person or persons signing such checks and the form at will.

4.6 Committees. The Board of Directors may, at its discretion, appoint committees as it deems appropriate.

Article Five *Duties of Officers*

5.1 Duties of President. The President (1) shall preside over all meetings of the Association and the Board of Directors; (2) may call special meetings of the Board of Directors; (3) appoint committees as the Board of Directors may deem advisable for the proper conduct of the Association; and (4) perform all acts and duties usually performed by a presiding officer. The President may call executive committee meetings at his or her discretion.

5.2 Duties of Vice President. In the absence or disability of the President, the Vice President shall perform the duties of the President; provided, however, that in case of death, resignation, or disability of the President, the Board of Directors may declare the office vacant and elect any eligible person President. The Vice President also will assist the President as need and serve as the assistant market manager.

5.3 Duties of Secretary. The Secretary shall keep a complete record of all meetings of the Association and the Board of Directors and shall have general charge and supervision of the books and records of the Association. The Secretary shall sign papers pertaining to the Association as authorized or directed by the Board. The Secretary shall serve all notices required by law and by these bylaws and shall make a full report of all matters and business pertaining to the office to the members at the annual meeting. The Secretary shall perform such other duties as may be required by the Association or the Board of Directors. Upon the election of a successor, the Secretary shall turn over all books and other property belonging to the Association to the successor.

5.4 Duties of Treasurer. The Treasurer shall be responsible for the keeping and disbursing of all monies of the Association, and shall keep accurate books of accounts of all transactions of the Association. The Treasurer shall perform duties with respect to the finances of the Association as may be prescribed by the Board of Directors. At the expiration of his term of office, the Treasurer shall promptly turn over to his/her successor all monies, property, books, records, and documents pertaining to the office or belonging to the Association.

Article Six *Operation at Cost and Members' Capital*

6.1 Operation at Cost. The Association shall at all times be operated on a cooperative service-at-cost basis for the mutual benefit of its member-patrons.

6.2 Margin Allocation. To induce patronage and to assure this Association will operate on a service-at-cost basis in all its transactions with its members, the Association is obligated to

account on a patronage basis to all member-patrons on an annual basis for all amounts received from business conducted with members on a patronage basis, over and above the cost of providing such services, and making reasonable additions to reserves. The allocation will be on the basis on the volume (or dollar value) of product marketed through (and/or purchased from) the Association.

The Association is hereby obligated to pay all such amounts to the patrons in cash or by credits to a capital account of each member patron.

6.3 Per-Unit Retains. Each member also agrees to provide capital in such amounts as determined by the Board of Directors based on physical units of product marketed through the Association. Such per-unit retains shall be allocated to the member's capital credit account.

6.4 Dividends. No dividends will be paid on any capital credits.

6.5 Records and Documentation. The books and records of the Association shall be set up and kept in such a manner that at the end of each fiscal year, the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member. The Association shall, within 8-1/2 months after the close of each fiscal year, notify each member of the capital so credited to the member's account. The notice shall be in the form of a written notice of allocation or per-unit retain certificate (as those terms are used in Subchapter T of the Internal Revenue Code) or other appropriate written document. The board shall have discretion to issue such notices and certificates in either "qualified" or "non- qualified" form as permitted by the Internal Revenue Code and other applicable law.

6.6 Fiscal Year. The fiscal year of this Association shall commence on the first day of January and end on the last day of December.

Article Seven *Consent*

Each person who applies for and is accepted to membership in this Association, and each member of this Association on the effective date of this Bylaw who continues as a member after such date, shall, by such act alone, consent that the amount of any distributions with respect to the member's patronage occurring after the effective date of this Bylaw, which are made in qualified written notices of allocation or qualified per-unit retain certificates (as defined in 26 U.S.C. 1388), and which are received by the member from the Association, will be taken into account by the member at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which such written notices of allocation and per-unit retain certificates are received by the member.

Written notification of the adoption of this Bylaw, a statement of its significance, and a copy of the provision shall be given separately to each member and prospective

member before membership in the Association.

Article Eight
Nonmember Business

This Association may rent space to non-member vendors (“dailies”) on either a patronage or non-patronage basis. However, this Association shall not rent space to non-members in an amount the value of which exceeds the value of the rental space for members. Neither shall the Association purchase promotional items for non-members in an amount the value of which exceeds the value of the promotional items purchased for members.

Article Nine
Non-patronage Income

The non-patronage income of the Association shall be its gross receipts derived from all sources which under law do not qualify as patronage income (in this case, rent paid by non-members), less all expenses properly attributable to the production of such non-patronage source income and all income taxes payable on such receipts by the Association. Non-patronage income shall be used in behalf of the Association and its members in accordance with such lawful purposes, including assignment to an unallocated reserve account and allocation in whole or in part to members, as may be determined by the Board of Directors.

Article Ten
Losses

10.1 Patronage Losses. In the event the Association suffers a loss during any year it operates the Chillicothe Farmers’ Market (expenses exceed income from stall rental to members and non-members), the loss may be apportioned among the members and non-members who rented stalls during the year of loss. To the extent practicable, the loss should be borne on an equitable basis by the vendors renting stalls during the loss year. The Board shall have full authority to prescribe the basis on which any capital furnished by vendors (patrons) may be reduced or the loss otherwise equitably apportioned among the vendors.

10.2 Non-patronage Losses. If in any fiscal year the Association shall incur a loss other than on patronage operations, the loss may be charged against any reserve accumulated from non-patronage earnings in prior years.

10.3 General Provisions. The Board shall have no authority to make assessments against members. This section shall not be construed to deprive the Association of the right to carry backward or forward losses from any source whatsoever in accordance with the Internal Revenue Code or state taxing statutes.

Article Eleven
Dissolution and Property Interest of Members

11.1 Voluntary Dissolution. At any member meeting held for the purpose of dissolving the Association, the members may adopt a resolution of dissolution by the affirmative vote of sixty percent (60%) of the members votes cast on the proposal. Notice of the meeting shall be given to all members, whether or not entitled to vote.

11.2 Involuntary Dissolution. The board of directors may adopt a resolution of dissolution in the following cases:

- a. When the Association has been adjudged bankrupt or has made a general assignment for the benefit of creditors;
- b. By leave of the court, when a receiver has been appointed in a general creditors' suit or in any suit in which the affairs of the Association are to be wound up;
- c. When the Articles of Incorporation have been canceled for failing to file annual franchise or excise tax returns or to pay franchise and excise taxes and the Association has not been nor desires to be reinstated: or
- d. When substantially all of the assets have been sold at judicial sale or otherwise:

The Board of Directors shall be responsible for seeing the appropriate state filings are made and notices given pursuant to Chapter 1729.

11.3 Disbursement of Assets. Upon dissolution, the Board of Directors shall disburse the Association's assets in the following order; first, to pay the Association's debts and liabilities; second, to retire all capital furnished through patronage (member capital accounts) without priority on a pro rata basis; and third, to distribute the remaining property and assets of the Association among the members and former members in the proportion in which the aggregate patronage of each member bears to the total patronage of all such members insofar as practical, unless otherwise provided by law.

Article Twelve
Indemnification

The Association will indemnify its officers, directors, employees, and agents under the provisions of the Ohio Revised Code 1729, as it may be amended from time to time. The Association may purchase liability insurance coverage for any person serving as an officer, director, employee or agent to the extent permitted by applicable Ohio law. The directors of the Association shall be liable only as members of the Association, unless otherwise provided by

law.

Article Thirteen
Amendment

If notice of the character of the amendment proposed has been given in the notice of meeting, these Bylaws may be altered or amended at any regular or special meeting of the members by the affirmative vote of the majority of the member votes cast.

Article Fourteen
Conflict of Interest

14.1 General policy. Recognizing that directors and officers have a duty to loyalty and fidelity to the Association and must govern the Association's affairs honestly and economically, while exercising their best care, skill and judgement for the benefit of the Association, to avoid even the appearance of impropriety, the directors and officers of the Association shall:

- a. Disclose to the Board any situation wherein the director or officer has a conflicting or duality of interest that could possibly cause that person to act in other than the best interest of the Association; and
- b. Follow the procedures stated in Section 2, below, governing the participation on behalf of the Association in any transaction in which the person has, or may have, a conflict of interest.

14.2 Procedure

Any director or officer having a known duality of interest or possible conflict of interest on any matter shall make a disclosure of such conflict to the other directors. Such director shall not vote or use his or her personal influence on the matter, but such director may be counted in determining the quorum for the meeting. The minutes of the meeting shall reflect the making of the disclosure, the abstention from voting and the quorum situation. Any officer having a known duality of interest or possible conflict of interest on any matter before such officer for administrative action shall report the conflict to the Chairman or, in the case of the Chairman, to the vice Chairman. Such officer shall abstain from taking any administrative action on the matter. The requirements in this Section 2 shall not be construed as preventing any director or officer from briefly stating his or her position in the matter, nor from answering pertinent questions of the board or other officers.

Adoption

Adopted on _____, 2008, by the officers and directors who are to serve until their successors are elected at the first and second annual meetings, as witnessed by their signatures:

_____	_____
_____	_____
