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SECRETARY OF STATE  
STATE OF IDAHO

ARTICLES OF INCORPORATION  
OF  
SETTERS HAY COOPERATIVE ASSOCIATION, INC.

The undersigned, all of whom are engaged in the production of agricultural products, do hereby voluntarily associate ourselves for the purpose of forming a cooperative marketing association, with capital stock, under the provisions of Cooperative Marketing Act, IC 22-2601, et. seq., of the State of Idaho.

ARTICLE ONE  
NAME

The name of the association shall be the SETTERS HAY COOPERATIVE ASSOCIATION, INC.

ARTICLE TWO  
PURPOSE

The association is formed for the following purposes:

To acquire, handle, and market hay and straw, or any of the products derived therefrom, of its members and to engage in any activity in connection with the harvesting, receiving, assembling, handling, grading, standardizing, packing, preserving, drying, processing, transporting, storing, financing, advertising, selling, marketing, and distributing of any hay and straw delivered by its members or any of the products derived therefrom.

ARTICLE THREE  
POWERS

The association shall have the following powers:

1. To engage in activity necessary or convenient for the purposes set forth in Article Two.
2. To borrow money without limitation; to give a lien on any of its property as security therefor in any manner permitted by law; and to make advance payments and advances to members; to draw, make, accept, indorse, guarantee, execute, and issue promissory notes, bills of exchange, drafts, warrants, certificates, and all kinds of obligations and negotiable or transferable instruments for any purpose that is deemed to further the objectives for which this association is formed and to give a lien on any of its property as security therefor.
3. To act as the agent or representative of any member or members in any of the activities mentioned in Article Two hereof.

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4. To buy, lease, hold, and exercise all privileges of ownership over such real or personal property, tangible or intangible, as may be necessary or convenient for the conduct and operation of the business of the association, or incidental thereto.

5. To establish reserves and to invest funds thereof in bonds or such other property as may be provided by bylaws.

6. To enter into contracts with individuals, including members, to provide services necessary and convenient for the purposes set forth in Article Two hereof.

7. To have the exercise, in addition to the foregoing, all powers, privileges, and rights conferred on ordinary corporations and cooperative marketing associations by the laws of this state and all powers and rights incidental or conducive to carrying out the purposes for which this association is formed, except such as are inconsistent with the express provisions of the act under which this association is incorporated and the purposes for which it is incorporated, and to do any such thing anywhere. The enumeration of the foregoing powers shall not be held to limit or restrict in any manner the general powers possessed by this association, all of which are hereby expressly claimed.

#### **ARTICLE FOUR PLACE OF BUSINESS AND REGISTERED AGENT**

The association shall have its principal place of business at S. 25058 Drechsel Road, Worley, Idaho, 83876.

The initial registered agent of the association is MATT DRECHSEL, whose address is S. 25058 Drechsel Road, Worley, Idaho 83876.

#### **ARTICLE FIVE DURATION**

The term for which this association shall exist is fifty (50) years from and after the date of its incorporation.

#### **ARTICLE SIX DIRECTORS**

The number of directors of this association shall be three (3). Of the first elected board of directors, one (1) shall be elected for one year; one (1) for two years; and one (1) for three years. Thereafter all directors shall be elected for three (3) years. The names and addresses of those who are to serve as incorporating directors until the first annual meeting of the members or until their successors are elected and qualified are:

<u>Name</u>	<u>Address</u>	<u>Position</u>
PAUL STEARNS	24015 E. Drumheller Road Rockford WA 99030	1

<u>Name</u>	<u>Address</u>	<u>Position</u>
MATT DRECHSEL	S. 25058 Drechsel Road Worley ID 83876	2
GARY DRECHSEL	S. 24055 Drechsel Road Worley ID 83876	3

## ARTICLE SEVEN MEMBERSHIP

Section 1. No Capital Stock. This Cooperative shall be organized without capital stock. Each person desiring to become a member of this association shall pay a membership fee as set forth in the association's bylaws.

Section 2. Eligibility. The association shall admit applicants to membership in the association upon such uniform conditions as may be prescribed in its bylaws. The association shall be operated on a cooperative basis for the mutual benefit of its members as producers. Membership in the association shall be restricted to producers and associations of producers who shall patronize the association.

Section 3. Transfer of Membership Interest. A membership interest may be transferred only in accordance with those procedures in the association's bylaws.

Section 4. Voting Rights. The voting rights of the shareholders of the association shall be equal, and no shareholder shall have more than one (1) vote upon each matter submitted to a vote at a meeting of the shareholders.

Section 5. Property Rights and Interests. The property rights and interests of each shareholder in the association shall be unequal, and shall be determined and fixed in the proportion that the patronage of each shareholder shall bear to the total patronage of all shareholders of the association. In determining property rights and interests, all amounts allocated to each patron or evidenced by certificates of any kind shall be excluded, and on dissolution, the equity interests of shareholders shall be determined as provided in the bylaws. New members admitted to the association shall be entitled to share in the property of the association in accordance with the foregoing general rule.

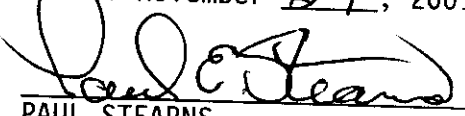
Section 6. Lien for Indebtedness. This association shall have a lien on all of its retained patronage for all indebtedness of the holders thereof to the association.


## ARTICLE NINE PATRONAGE DIVIDENDS

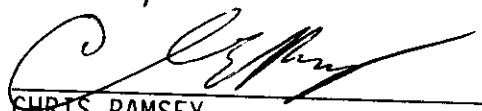
Section 1. Patronage Allocation. The net earnings of the association shall be allocated to the members on the basis of each member's patronage with the association.


Section 2. Patronage Dividends. All patronage dividends shall be allocated by a "qualified written notice of allocation" as that term is defined in Internal Revenue Code § 1388 as it now exists or is hereafter amended.


DATED: November 29, 2001.

  
PAUL STEARNS

  
GARY DRECHSEL

  
CHRIS RAMSEY

  
MATT DRECHSEL

  
HERB MILLHORN