



CERTIFICATE OF INCORPORATION  
OF

CLEARWATER - PALOUSE ENERGY CO-OPERATIVE, INC.

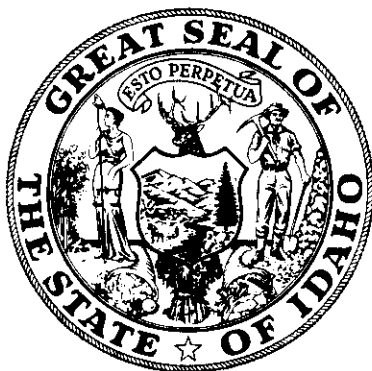
I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of Incorporation for the incorporation of \_\_\_\_\_

CLEARWATER - PALOUSE ENERGY CO-OPERATIVE, INC.

, duly signed pursuant to the provisions of the Idaho Cooperative Marketing Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Incorporation and attach hereto a duplicate original of the Articles of Incorporation.

Dated April 23, 1980



SECRETARY OF STATE

\_\_\_\_\_  
Corporation Clerk

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ARTICLES OF INCORPORATION

OF  
CLEARWATER - PALOUSE ENERGY CO-OPERATIVE, INC.

ARTICLE I.

NAME

The name of this corporation shall be "Clearwater - Palouse Energy Co-operative, Inc."

ARTICLE II.

PLACE OF BUSINESS

*James Lucas Rt 1 Box 118 Moscow 83843*  
The place where the principal business of this corporation will be transacted and its registered office shall be Moscow, Latah County, State of Idaho, but offices or places of business may be located at any other point within this State, or any other place in the United States.

ARTICLE III.

OBJECTS AND PURPOSES

The nature of the business and the objects and purposes to be transacted, promoted and carried on are:

Section 1. To promote, foster and encourage the intelligent and orderly marketing of agricultural products and agricultural energy products through cooperation and to eliminate speculation and waste, and to make the distribution of agricultural products and agricultural energy products direct as can be efficiently done between the producer and consumer, and to stabilize the marketing problems of agricultural products and agricultural energy products.

Section 2. To be a non-profit, cooperative agricultural organization instituted to promote and provide a medium for unity of effort by

farmers and their associations in the handling and marketing of their agricultural products and agricultural energy products; to conduct its operations agreeable to the Act of Congress of the United States, commonly known and referred to as "Agricultural Marketing Act" approved June 15, 1929, and to carry out the policy of Congress as stated in that Act; to take advantage of the laws of the State of Idaho relating to agricultural non-profit cooperative marketing associations; to serve as a marketing association for the handling of the agricultural products and agricultural energy products belonging to its common stockholders on the cooperative plan; to reduce waste and effect economies with reference thereto; and to do anything that is conducive to said purposes.

Section 3. To establish, maintain, and provide facilities for efficiently and economically storing, handling and marketing, in any capacity and on any basis that may be agreed upon, wheat and other agricultural products and agricultural energy products; to prepare, grade, test and mix the same for market; to buy, sell and distribute the same; to build, construct, purchase or lease facilities for production, distribution and marketing of agricultural products and agricultural energy products; and to engage in any activity in connection therewith.

Section 4. To buy agricultural products from its common stockholders and others and to sell the same, but it shall not deal in agricultural products of others than its common stockholders to any amount greater in value than such as is handled by it for its common stockholders.

Section 4A. To buy supplies, equipment and machinery for its common stockholders and others, provided that the value of the supplies, equipment and machinery purchased for others than its common stockholders shall not exceed the value of supplies, equipment and machinery purchased for common stockholders.

Section 5. To enter into contracts if deemed advisable, with common stockholders requiring them to market their agricultural products for a specified period to or through this corporation; and to act as

agent, representative, owner, factor or broker with reference to wheat or other agricultural products in the handling, preparing for market and marketing the same.

Section 6. To loan money to individual common stockholders to assist them in financing and marketing their agricultural products, but no such loan shall be made to any such stockholder unless such stockholder patronizes and uses the marketing facilities of this corporation.

Section 7. To buy, acquire, own, hold, handle, deal in, sell and other wise dispose of and exercise all the privileges of ownership in all kinds of real or personal property.

Section 8. To acquire the rights and property and to undertake the whole or any part of the assets and liabilities, of any person, firm association, or corporation, for any purpose; to pay for the same in cash or otherwise; to hold or in any manner dispose of the whole or any part of the property so purchased; to conduct in any lawful manner the whole or any part of any business so acquired, and to exercise all the powers necessary or convenient in and about the conduct and management of such business.

Section 9. To guarantee, purchase or otherwise acquire, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of shares of the capital stock, bonds, or other evidence of indebtedness created by other corporations for any purpose, and while the holder of such stock to exercise all the rights and privileges of ownership, including the right to vote thereon.

Section 10. To borrow money for any of the purposes of this corporation without limitation; and to issue deeds of trust, notes and other obligations therefor, and to secure the same by pledge, mortgage, deeds of trust or other security instruments on the whole or any part of the property of this corporation either real or personal, or issue notes, or other obligations without any such security.

Section 11. To draw, make, accept, endorse, guarantee, execute, and issue promissory notes, bills of exchange, drafts, warrents, certificates, and all kinds of obligations and negotiable or transferable instruments for any purpose.

Section 12. To purchase, hold or re-issue the shares of its capital stock, as provided by law.

Section 13. The objects herein shall, except where otherwise expressed, be in no way limited or restricted by references to or inference to the terms of any other clause or paragraph of these Articles or Incorporation.

The foregoing enumeration of the specific powers shall not be held to limit or restrict in any manner the powers of this corporation but this corporation shall have all the privileges and immunities granted by the acts of Congress of the United States and the laws of the State of Idaho to non-profit cooperative agricultural organizations and be subject only to such restrictions and limitations as may be contained in said acts of Congress and the laws of said state. It is further expressly provided that this corporation shall have full, complete and ample power to engage in and transact any lawful business whatever, and do any and all things necessary therefor to the same extent as any corporation or natural person might or could do, not in conflict with the above-mentioned federal and state laws, as principal, agent, contractor, trustee, or otherwise, alone or in company with others.

#### ARTICLE IV.

##### DURATION

The duration of this corporation shall be fifty (50) years from the 15th day of April 1980.

ARTICLE V.  
CAPITAL STOCK

Section 1. This corporation shall continue with and have authorized capital stock of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) consisting of:

1000 shares of common stock of a par value of \$500.00 per share.

Section 2. MEMBERSHIP. Any person, firm, partnership, cooperative or association, including both landlord and tenant in share tenancies, who or which is a bona fide producer of agricultural products to be handled by or through this corporation, or any non-profit cooperative association, or any bona fide producer of agricultural products using supplies or equipment handled by or through this corporation, who or which agrees to abide by the Articles of Incorporation, by-laws, rules and regulations of this corporation, as amended from time to time, may, with the approval of the Board of Directors of this corporation, become a common stockholder of this corporation. Each such person, firm, partnership, cooperative or association shall subscribe and pay for one (1) share, and one (1) share only, of the common stock of this corporation. When such person, firm, partnership, cooperative or association has subscribed, purchased and paid for, and has been issued, one (1) share of the common stock of this corporation, such person, firm, partnership, cooperative or association shall thereupon be a common stockholder of this corporation and be entitled to one (1) vote, and one (1) vote only, in the affairs of this corporation. Each such common stockholder shall be deemed to have acquired membership in this corporation and shall be a member, sometimes referred to and called a member stockholder, of this corporation.

Section 3. DISSOLUTION OR LIQUIDATION OF THE CORPORATION. In the event of dissolution or liquidation of this corporation, whether

voluntary or other wise, all obligations of this corporation, secured or unsecured, shall be paid first in accordance with lawful priorities. The common stock shall be redeemed at par, pro-rata. Next, the common stockholders' unpaid margins as of date of dissolution or liquidation shall be refunded to common stockholders on a pro-rata basis proportioned to such margins, provided that patrons other than common stockholders shall share, pro-rata, without discrimination, on a proportional bases with common stockholders to the extent of unpaid margins credited to such patrons accounts for fiscal years prior to the corporation's fiscal year commencing on the first day of July, 1980. In the event there shall then be any excess after payment of debts and common stock and allocated patronage margins of this corporation as herein provided, such excess shall be prorated among common stockholders of this corporation on a basis proportional to their respective patronage regardless of date of allocations of such patronage margins. Any indebtedness of common stockholders to this corporation may be offsett by this corporation before any payment shall be made to any such stockholder indebted to this corporation at the time of liquidation of dissolution.

Section 4. Any attempt to transfer certificates of common stock of this corporation to any person or party except a bona fide producer of agricultural products or non-profit agricultural cooperative association approved by the Board of Directors of this corporation, shall vest no title in the purchaser or receiver and no rights of the original holder to participate in the affairs of this corporation shall attach in the event of an unauthorized transfer. All transferes shall be on the books of this corporation. Transfer books may be closed ten (10) days prior to each annual meeting or ten (10) days prior to each dividend date on preferred stock. Transfers shall be made in person by the owner, by an accredited representative of the owner, or by an attorney properly authorized. Transfers shall be made only upon surrender of stock certificates for cancellation, properly endorsed.

Section 5. Each stock certificate shall be signed by both the president or vice-president and the secretary or assistant secretary of this corporation and shall bear the official corporate seal of this corporation.

#### ARTICLE VI.

##### BOARD OF DIRECTORS

Section 1. This corporation shall be managed by a Board of Directors consisting of not less than five (5). The number, term of office and manner of election shall be as provided in the by-laws. The directors shall be elected by and from the common stockholders of this corporation, at such time and for such terms as the by-laws may prescribe, and shall hold office during the term for which they are elected, and until their successors are elected and qualified; but a majority of the common stockholders shall have the power, at any regular or special meeting legally called for the purpose, to remove any director or officer for cause, and fill the vacancy. Each member of the Board of Directors shall have one (1) vote in all meetings of the Board of Directors.

Section 2. The Board of Directors shall annually elect a president, vice-president and secretary from their own number, and also a treasurer who need not be a member of the Board of Directors, any may appoint such other officers as may be authorized by the by-laws of this corporation.

Section 3. A majority of the common stockholders present shall have the power at any regular or special meeting regularly called for the purpose, or at any annual meeting, to remove any director or officer for cause, as provided by law, and to fill any vacancy on the Board of Directors.

#### ARTICLE VII.

##### BY-LAWS

The common stockholders shall enact by-laws for the government



and regulation of this corporation not inconsistent with these Amended and Re-Stated Articles of Incorporation.

Section 1. This corporation may upon resolution adopted by its Board of Directors, become a member of and subscribe for stock in any non-profit cooperative association and this corporation may unite in employing and using agencies and facilities of other such cooperative associations for carrying on and continuing of its business and that other cooperative associations shall be eligible for membership in this corporation.

Section 2. This corporation is formed to function on a cooperative basis for the mutual benefit of its common stockholders. Reasonable reserves as determined by the Board of Directors of this corporation shall be set aside from year to year from net margins attributable to patronage transactions between the corporation and common stockholders, which reserves shall be allocated to the common stockholders upon the basis of patronage. After setting aside such reserves and making such deductions as may be necessary to pay the costs of operation of the business, the balance of the margins of this corporation attributable to patronage transactions between the corporation and common stockholders shall be allocated, disclosed and distributed to its common stockholders, strictly on a patronage basis in accordance with cooperative principles.

Section 2A. The sum of all net earnings attributable to patronage transactions between the corporation and non-members and the net income from non-patronage sources of the corporation for the fiscal year, shall not be allocated or distributed but shall be retained and utilized by the corporation as follows:

(a) First, such sums shall be applied to the payment of any Federal and State income tax liability.

(b) Second, in the event any excess of such net earnings and net income remain after application for the foregoing purposes, such excess shall constitute retained earnings of the corporation and shall be

available for any corporate purpose.

Section 3. These Articles of Incorporation may be altered or amended in any respect, including increases or decreases in capital stock, at any regular meeting or at any special meeting of its common stockholders called for that purpose. Amendments must first be approved by two-thirds (2/3) of the directors and then adopted by the affirmative vote of the two-thirds (2/3) of its common stockholders at such meeting; provided, however, that there shall be a quorum at such meeting.

#### ARTICLE VIII.

##### DEBTS

Private property of the stockholders shall not be subject to the payment of corporate debts.

#### ARTICLE IX.

The names and post office addresses of each of the incorporators of this corporation, and the number of shares subscribed by each, are as follows:

<u>Name:</u>	<u>Post Office Address:</u>	<u>Shares Subscribed:</u>
Gary L. Morris	Potlatch, Idaho 83855	one share
A. E. Helbling	401 North Monroe Moscow, Idaho 83843	one share
James Lucas	Route 1, Box 118 Moscow, Idaho 83843	one share
William O. Haxton	Route 1, Box 100 Genesee, Idaho 83832	one share
Eugene Esser	Genesee, Idaho 83832	one share

IN WITNESS WHEREOF, we, the undersigned, have set our hands  
this 21<sup>st</sup> day of April, 1980.

Gary L. Morris  
Gary L. Morris

A. E. Helbling  
A. E. Helbling

James Lucas  
James Lucas

William O. Haxton  
William O. Haxton

Eugene Esser  
Eugene Esser

STATE OF IDAHO     )  
                              :     ss.  
County of Latah    )

On this 21<sup>st</sup> day of April, 1980, before me, the undersigned,  
a Notary Public in and for said state, personally appeared GARY L. MORRIS,  
A. E. HELBLING, JAMES LUCAS, WILLIAM HAXTON, and EUGENE ESSER, known to me  
to be the persons whose names are subscribed to the above and foregoing  
instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and notorial  
seal the date last above written.

Robert Munnich  
NOTARY PUBLIC in and for the  
State of Idaho, residing at  
Moscow, Idaho.