

State of Idaho

Department of State

CERTIFICATE OF INCORPORATION OF

PRO-MAR SELECT WHEAT OF IDAHO, INC.
File number C 115968

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 PRO-MAR SELECT WHEAT OF IDAHO, INC. duly signed pursuant to the provisions of the Idaho Nonprofit Corporation 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: August 2, 1996



Pete T. Cenarrusa
SECRETARY OF STATE

By *Anna Subel*

ARTICLES OF INCORPORATION
OF
PRO-MAR SELECT WHEAT OF IDAHO, INC.,
a cooperative association

AUG 2 2 16 PM '96

SECRETARY OF STATE
STATE OF IDAHO

ARTICLE I. NAME

The name of this cooperative is: Pro-Mar Select Wheat Of Idaho, Inc., a cooperative association.

ARTICLE II. DURATION

The Cooperative shall have perpetual existence.

ARTICLE III. PURPOSE

This Cooperative is organized for the following purposes:

(a) To receive, purchase, store, grade, preserve, dry, process, pack, ship, finance, advertise, market, sell, distribute, and otherwise deal in the agricultural products produced by its members; and

(b) To purchase, manufacture, process, store, handle, sell, ship, distribute, finance, furnish, supply, and procure farm supplies and equipment and to perform services for its members; and

(c) Any other lawful purpose permitted of cooperatives in accordance with the Idaho Cooperative Marketing Associations Act. This Cooperative shall be operated on a cooperative basis for the mutual benefit of its members.

ARTICLE IV. POWERS AND LIMITATIONS

Section 1. Powers. This Cooperative shall have all powers, privileges, and rights conferred on cooperative associations by the laws of the State of Idaho and any other state in which it shall be qualified to do business.

Section 2. Limitations. This Cooperative shall not market the products, or purchase supplies or equipment, of nonmembers in an amount the value of which exceeds the value of the products marketed for, and supplies or equipment purchased for, members.

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IDAHO SECRETARY OF STATE
DATE 08/02/1996 0900 15739

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IDAHO SECRETARY OF STATE
DATE 08/02/1996 0900 15739

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ARTICLE V. CAPITAL STOCK

Section 1. Authorized Capital Stock. This Cooperative is organized with capital stock. The authorized capital stock of this Cooperative shall consist of Five Thousand (5,000) shares of Membership Stock with a par value of Two Hundred Dollars (\$200.00) per share, Fifty Million Shares (50,000,000) of Patron Preferred Stock with a par value of \$.01 per share, and Five Hundred Thousand Shares (500,000) of Investor Preferred Stock with a par value of \$.01 per share. The Membership Stock constitutes the only class of common stock of this Cooperative. This Cooperative may also establish and maintain such capital reserve, nonstock revolving capital, or other types of equity credits; as may be provided in the Bylaws.

Section 2. Membership Stock. Membership Stock shall only be issued to and held by agricultural producers or cooperative associations composed of agricultural producers. "Producers" shall mean and include persons actually engaged in the production of agricultural products handled by this Cooperative, including tenants of land used for the production of any such products, and lessors of such land who receive as rent part of the produce of such land, and cooperatives of such producers. The Membership Stock shall be the membership stock of the Cooperative. Excepting for the initial incorporators and Board of Directors as provided for in Article IX hereof and subject to the conditions therein expressed, the holders of Membership Stock shall, upon entering into a Uniform Marketing Agreement with this Cooperative and acquiring Patron Preferred Stock in an amount corresponding to the amount of product the holder desires to deliver to this Cooperative, become the members of this Cooperative with the power to vote in its affairs, and only the holders of Membership Stock of this Cooperative who have met all requirements for membership shall have voting power. Membership in this Cooperative may be further defined, conditioned, or restricted as provided in the Bylaws. Each member is restricted to only one vote, regardless of the number of shares of Membership Stock held by such member. Voting by proxy shall not be permitted. Membership Stock is nontransferable and may only be redeemed as provided in the Bylaws and then only in the manner and to the extent permitted by law. No dividends shall be paid on Membership Stock.

Section 3. Patron Preferred Stock. Patron Preferred Stock shall be issued to and held by holders of membership stock of this Cooperative who have entered into a Uniform Marketing Agreement with this Cooperative. Patron Preferred Stock shall have no voting rights, and it may be transferred only with the approval of the Board of Directors in the manner and to the extent permitted by law. Members shall have the right to deliver to this cooperative product in proportion to the number of shares of Patron Preferred Stock owned by the member, as further provided in the Bylaws. No dividends shall be paid on Patron Preferred Stock. The

outstanding Patron Preferred Stock may be redeemed as provided in the Bylaws and then only in the manner and to the extent permitted by law. The terms and conditions set forth herein shall be printed on the face of every Patron Preferred Stock Certificate.

Section 4. Investor Preferred Stock. Investor Preferred Stock may be issued to any person or entity. Dividends on Investor Preferred Stock may be paid as determined by the Board of Directors, but shall not exceed six percent (6%) per year. Dividends on Investors Preferred Stock shall be noncumulative, unless otherwise determined by the Board of Directors. Investor Preferred Stock shall have no voting rights, and it may be transferred only with the approval of the Board of Directors. Investor Preferred Stock may be redeemed in whole or in part at any time, as provided in the Bylaws. **PROVIDED, the terms and conditions set forth herein shall be printed on the face of every Investor Preferred Stock Certificate.**

Section 5. Common Stock Transferability and Redemption:

Without limiting any other restriction or qualification herein set forth, the Bylaws shall prohibit the transfer of the common stock of the association to persons not engaged in the production of the agricultural products handled by the association, and such restrictions shall be printed upon every certificate of stock subject thereto.

The Cooperative may redeem common stock only as permitted by the provisions of IC Section 22-2614.

Section 6. Common Stock Ownership Limitation. No stockholder shall own more than one twentieth (1/20) of the issued common stock of the cooperative.

Section 7. Ineligible Members. In the event the Board of Directors of this Cooperative shall find that any shares of Membership Stock of this Cooperative have come into the hands of any person who is not eligible for membership, or that the holder thereof has ceased to be an eligible member, such holder shall have no rights or privileges on account of such stock, or vote or voice in the management or affairs of this Cooperative other than as specifically required by law. This Cooperative shall have the right at its exclusive option, (i) to purchase the Membership Stock of the ineligible holder at the lesser of its par value or book value; or (ii) to convert such Membership Stock into a nonvoting equity interest.

Section 8. Stock Transfers. Membership Stock is nontransferrable. Transfers of Patron Preferred Stock shall only be made with the approval of the Board of Directors in a manner and subject to conditions as specified by the Board of Directors and

then only to persons engaged in the production of the agricultural products handled by the Cooperative who hold a share of Membership Stock and have entered into a Uniform Marketing Agreement with this Cooperative. Transfers of Investor Preferred Stock shall only be made with the approval of the Board of Directors in a manner as specified by the Board of Directors. Transfers approved shall only occur after the surrender of the stock certificates held. No transfer of stock shall be made until all indebtedness owing to this Cooperative by the stockholder has been paid.

Section 9. Distribution of Net Income. The net income (total annual net savings) in excess of dividends, per unit retains, and additions to reserves shall be distributed on the basis of patronage as provided in the Bylaws. The records of this Cooperative shall show the interest of the stockholder in the reserves.

ARTICLE VI. FIRST LIEN

This Cooperative shall have a first lien on all shares of its capital stock, equity credits or on any other interest distributed on a patronage basis standing on its books for all indebtedness of the respective holders or owners thereof to this Cooperative. This Cooperative shall also have the right, exercisable at the option of the Board of Directors, to set off such indebtedness against the amount of such capital stock, equity credits or any other interest distributed on a patronage basis standing on its books; provided, however, that nothing contained herein shall give the holders of such stock, equity credits or any other interest distributed on a patronage basis, any right to have such set off made.

ARTICLE VII. INDEMNIFICATION AND LIMITED LIABILITY

Section 1. Director Liability. No director of this corporation shall be personally liable to the cooperative or its members for monetary damages for breach of fiduciary duty as a director, except for liability:

(a) for a breach of the director's duty of loyalty to this cooperative or its members;

(b) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

(c) for a transaction from which the director derived an improper personal benefit; or

(d) liability provided for under Section 30-1-48, Idaho Code.

It is the intention of the members of this cooperative to eliminate or limit the personal liability of the directors of this cooperative to the greatest extent permitted under applicable law. If amendments to applicable statutes are passed which authorize cooperative associations to act to further eliminate or limit the personal liability of directors, then the liability of the directors of this cooperative shall be eliminated or limited to the greatest extent permitted by the applicable statutes, as so amended or added.

Any repeal or modification of this Section 1 of this Article VII by the members of this association shall not adversely affect any right of or any protection available to a director of this cooperative which is in existence at the time of such repeal or modification.

Section 2. Indemnification of officers, directors, employees, and agents. The association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise to the extent permitted by Section 30-1-5, Idaho Code, or other applicable law, except that the association reserves the right, at its sole discretion, to determine whether and how much, if any, insurance it may purchase on behalf of directors, officers, employees or agents.

Any repeal or modification of this Section 2 of Article VII by the members of this association shall not adversely affect any right of or any protection available to a director, officer, employee or agent of this cooperative by reason of any threatened, pending or completed action, suit or proceeding in existence at the time of such repeal or modification.

ARTICLE VIII. DISSOLUTION

In the event of dissolution and winding up the affairs of the Cooperative, the assets of the Cooperative shall be applied and paid in accordance with applicable law and to the extent permitted thereby, in the following order of priority:

First, to pay all debts and liabilities of the Cooperative according to there respective priorities;

Second, to pay the holders of the Investor Preferred

Stock the lesser of the initial offering price or the book value thereof;

Third, to pay the holders of the Patron Preferred Stock the lesser of the initial offering price or the book value thereof;

Fourth, to pay the lesser of the par value or the book value of Membership Stock to holders thereof without priority;

Fifth, to pay all equity credits and other non-stock capital furnished through patronage without priority on a pro-rata basis to the holders to whom it is allocated on the books of the Cooperative;

Sixth, any remaining assets of this Cooperative shall be distributed among the members and patrons of this Cooperative, including both current members and patrons and former members and patrons, in the proportion which the aggregate patronage of each member bears to the total patronage of all members and patrons during the most recent ten (10) year period, as shown by the records of the Cooperative.

ARTICLE VIII. PRINCIPAL OFFICE; INITIAL REGISTERED AGENT

The Cooperative shall have its principal office at 1109 Main Street, Suite 315, Boise, Idaho 83702. The initial registered agent is Richard Garber whose business address is 1741 Gibson Way, Meridian, Idaho 83642.

ARTICLE IX. INCORPORATORS AND FIRST BOARD OF DIRECTORS

The names and addresses of each of the incorporators, who shall also act as the initial Board of Directors, are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Richard Garber	17270 Northside Blvd., Nampa, ID 83687
Gary Esser	1430 Lenville Road, Moscow, ID 83843
Mike Ricks	1280 S 1000 W, Rexburg, ID 83440
Keith Kinzer	Rt. 2 Box 55A, Genesee, ID 83832
Jay Hansen	47 Reynolds, Malad, ID 83252
Tom Iverson	HCR 61, Box 129, Bonners Ferry, ID 83805
Wulf Lebrecht	136 N 400 W, Blackfoot, ID 83221
Tom Stroschein	965 S 2400 W, Aberdeen, ID 83210

The initial board members shall be deemed members upon purchase and payment for one (1) share of membership stock, subject to the following conditions:

- (a) When this Cooperative makes Patron Preferred Stock available to producers of agricultural products, said initial board members shall each be required to (i)

become the holder of one (1) or more shares of Patron Preferred Stock, (ii) enter into a Uniform Marketing Agreement, (iii) consent to take retains into income, and (iv) receive approval of the existing Board of Directors for continuing membership.

- (b) The term of office of the initial Board of Directors of this Cooperative shall be until the first annual meeting of the members of this Cooperative, and until their successors have been elected and taken office.

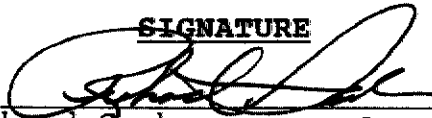
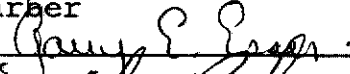
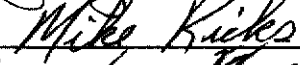
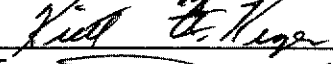

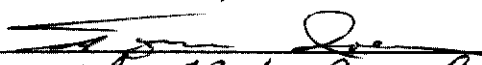

ARTICLE X. BOARD OF DIRECTORS

This Cooperative shall be governed by a board of not less than five (5) directors, determined as provided in these Articles and in the Bylaws.

ARTICLE XI. AMENDMENT

These Articles may be amended at any regular or special meeting properly noticed and called stating the purpose for said meeting. An amendment must first be approved by two thirds (2/3) of the directors and then adopted by the affirmative vote of two thirds (2/3) of the member stockholders of the association present at such meeting, and provided, that quorums as specified in the Bylaws of the Cooperative must be present at the meetings of the directors and of the stockholders.

IN WITNESS WHEREOF, the following Incorporators have executed these Articles of Incorporation on the date reflected next to their respective signatures.

<u>SIGNATURE</u>	<u>DATE</u>
 Richard Garber	7/30/96
 Gary Esser	7/30/96
 Mike Ricks	7-30-96
 Keith Kinzer	7-31-96
 Jay Hansen	7-30-96
 Tom Iverson	7/30/96
 Wulf Lebrecht	7/30/96

Tom Stroschein
Tom Stroschein

7/30/96

STATE OF IDAHO, COUNTY OF Blaine)ss

On this 30 day of July, 1996, before me, the undersigned, a Notary Public in and for said State, personally appeared **Richard Garber**, known or identified to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first written above.

DMW

Notary Public for Idaho
Residing at: Caldwell, ID

My Commission Expires: 12-6-99

STATE OF IDAHO, COUNTY OF Blaine)ss

On this 30 day of July, 1996, before me, the undersigned, a Notary Public in and for said State, personally appeared **Gary Esser**, known or identified to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first written above.

David H. Whitney

Notary Public for Idaho
Residing at: Caldwell, ID
My Commission Expires: 12-1-96

STATE OF IDAHO, COUNTY OF Blaine)ss

On this 30 day of July, 1996, before me, the undersigned, a Notary Public in and for said State, personally appeared **Mike Ricks**, known or identified to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first written above.

David H. Whitney
Notary Public for Idaho

Articles of Incorporation- 8

Residing at: Caldwell, ID
My Commission Expires: 12-6-99

Latah
STATE OF IDAHO, COUNTY OF Latah) ss

On this 31st day of July, 1996, before me, the undersigned, a Notary Public in and for said State, personally appeared **Keith Kinzer**, known or identified to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first written above.

David C. Baumgartner
Notary Public for Idaho
Residing at: Genesee
My Commission Expires: 3-31-99

STATE OF IDAHO, COUNTY OF Blaine) ss

On this 30 day of July, 1996, before me, the undersigned, a Notary Public in and for said State, personally appeared **Jay Hansen**, known or identified to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first written above.

David L. Whitney
Notary Public for Idaho
Residing at: Caldwell, ID
My Commission Expires: 12-6-99

STATE OF IDAHO, COUNTY OF Blaine) ss

On this 30 day of July, 1996, before me, the undersigned, a Notary Public in and for said State, personally appeared **Tom Iverson**, known or identified to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first written above.


David L. Whitney
Notary Public for Idaho

Residing at: Caldwell ID
My Commission Expires: 12-6-99

STATE OF IDAHO, COUNTY OF Blaine) ss

On this 30 day of July, 1996, before me, the undersigned, a Notary Public in and for said State, personally appeared **Wulf Lebrecht**, known or identified to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

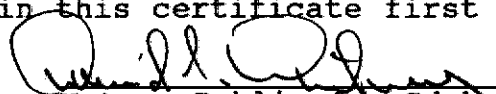
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first written above.


Notary Public for Idaho
Residing at: Caldwell ID
My Commission Expires: 12-6-99

STATE OF IDAHO, COUNTY OF Blaine) ss

On this 30 day of July, 1996, before me, the undersigned, a Notary Public in and for said State, personally appeared **Tom Stroschein**, known or identified to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first written above.


Notary Public for Idaho
Residing at: Caldwell ID
My Commission Expires: 12-6-99