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STATE OF IDAHO

**ARTICLES OF INCORPORATION
OF
SUN VALLEY POTATO GROWERS, INC.**

IDAHO SECRETARY OF STATE

02/10/1998 09:00
CK: 34179 CT: 64938 BH: 88783

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**ARTICLE I.
NAME**

The name of this Cooperative is Sun Valley Potato Growers, Inc.

**ARTICLE II.
DURATION**

The duration of this Cooperative is perpetual.

**ARTICLE III.
PURPOSES AND POWERS**

Section 1. Purposes. The purposes of this Cooperative shall be to receive, handle, manufacture, process, and market the potatoes and other agricultural products of its members and other producers; to purchase, handle, and distribute agricultural supplies and equipment to its members and other patrons; to perform any and all related services for its members and other patrons; and to engage in any other lawful purpose. This Cooperative shall be operated on a cooperative basis for the mutual benefit of its members and patrons.

Section 2. Powers. This Cooperative shall have all the powers, privileges and rights conferred on cooperative corporations by the laws of the State of Idaho, including without limitation all powers necessary or convenient to effect any or all of the purposes for which this Cooperative is organized.

Section 3. Limitations. This Cooperative shall not market the products of nonmembers in an amount the value of which exceeds the value of the products marketed for members. This Cooperative shall not purchase supplies and equipment for nonmembers in an amount the value of which exceeds the value of supplies and equipment purchased for members. This Cooperative shall not provide services for nonmembers in an amount the value of which exceeds the value of the services provided for members.

ARTICLE IV. CAPITAL STOCK

Section 1. Authorized Capital. This Cooperative is authorized to issue the following shares of capital stock:

(a) One hundred (100) shares of Common Stock having a par value of one dollar (\$1.00) per share; and

(b) Six Million (6,000,000) shares of Patron Preferred Stock having a par value of Forty Cents (\$0.40) per share.

Section 2. Membership Stock; Common Stock. This Cooperative is organized with membership stock. The Common Stock of this Cooperative shall be the only class of voting stock. Members of this Cooperative shall be required to own one share of Common Stock. Common Stock shall only be issued to and held by agricultural producers, or cooperative associations composed of agricultural producers, that are eligible for membership and have been approved as members of this Cooperative by its Board of Directors. For purposes of the Articles of Incorporation and the Bylaws of this Cooperative, the term "agricultural producers" shall mean and include individuals, partnerships, business corporations, cooperative associations, or other entities that are actually engaged in the production of agricultural products, and cooperative associations of such agricultural producers. Individuals or entities that are tenants on land used for the production of agricultural products or lessors of such land who receive as rent part of the produce of such land shall be considered to be actually engaged in the production of agricultural products. Holders of Common Stock shall be entitled to vote in the affairs of this Cooperative in accordance with the Bylaws. Holders of Common Stock shall not transfer their shares without the prior approval of the Board of Directors. No dividends shall be paid on Common Stock. The Common Stock may be redeemed as provided in the Bylaws of the Cooperative.

Section 3. Patron Preferred Stock.

Paragraph 1. Ranking.

The Patron Preferred Stock shall, with respect to rights on liquidation, dissolution or winding up, rank prior to all other capital stock of the Cooperative.

Paragraph 2. Rights.

(a) No Rights to Dividends. The holders of Patron Preferred Stock shall not be entitled to receive any dividends.

(b) Delivery Rights or Quota. The holders of Patron Preferred Stock shall be entitled and obligated to deliver one (1) cwt of potatoes per share of Patron Preferred Stock held in accordance with the rules and regulations governing delivery rights and quota as exists from time to time.

Paragraph 3. Liquidation, Dissolution or Winding Up.

Upon any liquidation, dissolution or winding up of the Cooperative, the holders of Patron Preferred Stock will be entitled to be paid before any distribution or payment is made upon any other capital stock of the Cooperative an amount in cash equal to the par value. If upon any such liquidation, dissolution or winding up of the Cooperative, the Cooperative's assets to be distributed among the holders of the Patron Preferred Stock are insufficient to permit payment to such holders of the aggregate par value of each Patron Preferred share, then the entire assets to be distributed will be distributed ratably among such holders. The Cooperative will mail written notice of such liquidation, dissolution or winding up, not less than 60 days prior to the payment date stated therein, to each record holder of Patron Preferred Stock. Neither the consolidation or merger of the Cooperative into or with any other cooperative, corporation or partnership, nor the sale or transfer by the Cooperative of all or any part of its assets, nor the reduction, restatement or recapitalization of the capital stock of the Cooperative, will be deemed to be a liquidation, dissolution or winding up of the Cooperative within the meaning of this paragraph 3 unless done in connection with a liquidation, dissolution or winding up.

Paragraph 4. No Voting Rights.

Holders of Preferred Stock shall have no right to vote at any regular or special meeting of the common stockholders of the Cooperative.

Paragraph 5. Transfer.

At the written request of the holder of a share of Patron Preferred Stock, and upon the approval of the Board of Directors, the Cooperative shall register on its books and in its records any change of ownership of such shares, which registration shall be the official evidence of ownership of shares of Patron Preferred Stock in the Cooperative. No certificates evidencing Patron Preferred Stock shall be issued by the Cooperative.

ARTICLE V.
PATRONAGE REFUNDS

All net income (savings) of this Cooperative shall be distributed to members and patrons on the basis of patronage, as more particularly provided for in the Bylaws.

Patronage refunds may be distributed in cash, or in patronage credits or equities, as more particularly provided for in the Bylaws. Any such patronage credits or equities shall be redeemable only at the option of the Board of Directors.

ARTICLE VI. FIRST LIEN

This Cooperative shall have a first lien on all Common Stock, Patronage Preferred Stock, and patronage credits or equities, for all indebtedness of the respective holders to the 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 capital stock, patronage credits or equities, or other interests standing on its books; provided, however, that nothing contained herein shall give the owners of capital stock, patronage credits or equities, or other interests any right to have such a set off made.

ARTICLE VII. DISSOLUTION

In the event of any dissolution or liquidation of this Cooperative, whether voluntary or involuntary, and after all debts and liabilities of this Cooperative have first been paid according to their respective priorities, the remaining assets will be distributed in the following manner and order of preference:

- (a) All capital, other than capital stock, furnished through patronage shall be distributed without priority on a pro rata basis to the members and patrons to whom it is allocated on the books of this Cooperative;
- (b) The Patron Preferred Stock shall be redeemed at par value; and
- (c) Any remaining assets of this Cooperative shall be distributed among the members and patrons of this Cooperative in the proportion which the aggregate patronage of each member bears to the total patronage of all members and patrons, as shown by the records of the Cooperative.

ARTICLE VIII. REGISTERED AGENT AND REGISTERED OFFICE

The street address of the registered office of this Cooperative is 1450 West Highway 24, Paul, Idaho 83347. The name of the registered agent of this Cooperative, whose business office is identical to such registered office, is Michael Telford.

ARTICLE IX.
MAILING ADDRESS

The mailing address of this Cooperative to which the Secretary of State may mail notices as required by Idaho statutes is 1450 West Highway 24, Paul, ID 83347.

ARTICLE X.
BOARD OF DIRECTORS

Section 1. Board of Directors. The business and affairs of this Cooperative shall be managed by a Board of Directors consisting of such number of directors as shall be fixed in the manner provided in the Bylaws. The members of the Board of Directors will hold office until their successors have been elected and have taken office.

Section 2. First Board of Directors. The names and post office box or street addresses, either residence or business, of the first Board of Directors of this Cooperative are as follows:

<u>Name</u>	<u>Address</u>
Michael Telford	1450 West Highway 24, Paul, ID 83347
Michael Cranney	1310 South 600 West, Oakley, ID 83346
L. R. (Rusty) Gillette	1800 East 1961 South, Gooding, ID 83346
Rodney D. Lake	297 West 300 South, Burley, ID 83318
Robert Kunau	468 South 800 West, Burley, ID 83318

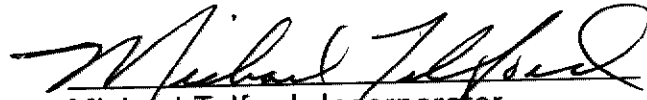
The term of office of the first Board of Directors of this cooperative shall be until the first annual meeting of the Cooperative held after the Cooperative commences operations. Thereafter, the term of office of the Board of Directors will be three (3) years, with the first Board of Directors dividing into three groups, designated by lot: 1/3 for a one (1) year term, 1/3 for a two (2) year term, and 1/3 for a three (3) year term.

ARTICLE XI.
AMENDMENT OF ARTICLES OF INCORPORATION

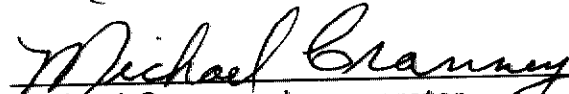
These Articles of Incorporation may be amended in the manner provided by Idaho law.

IN WITNESS WHEREOF, the undersigned incorporators of Sun Valley Potato Growers, Inc., an Idaho Cooperative Corporation, have executed these Articles of Incorporation as of this 6 day of Feb., 1998.

1450 West Highway 24
Paul, ID 83347


Michael Telford, Incorporator

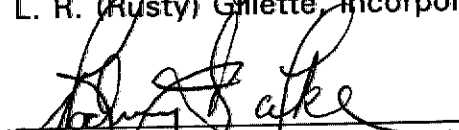
1310 South 600 West
Oakley, ID 83346


Michael Cranney, Incorporator

1800 East 1961 South
Gooding, ID 83330


L. R. (Rusty) Gillette, Incorporator

297 West 300 South
Burley, ID 83318


Rodney D. Lake, Incorporator

468 South 800 West
Burley, ID 83318


Robert Kunau, Incorporator

STATE OF IDAHO)
COUNTY OF Cassia) : ss.

On the 6 day of February 1998, personally appeared before me Michael Telford, Michael Cranney, L. R. (Rusty) Gillette, Rodney D. Lake and Robert Kunau, incorporators of Sun Valley Potato Growers, Inc., duly acknowledged to me that they executed the attached Articles of Incorporation of Sun Valley Potato Growers, Inc. and acknowledged that it is the good faith intention of the incorporators of said Cooperative to commence and carry on the business of said Cooperative in accordance with the attached Articles of Incorporation.

Garold Elmer
NOTARY PUBLIC
Residing at: Burley Idaho

My Commission Expires:

6-1-98