

ARTICLES OF INCORPORATION
OF THE
VALLEY WIDE COOPERATIVE INC.

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SECRETARY OF STATE
STATE OF IDAHO

THIS IS TO CERTIFY, that we, the undersigned all of whom are bona fide residents of the State of Idaho, engaged in the production of agricultural products, do hereby associate ourselves together for the purpose of organizing and causing to be incorporated a non-profit, cooperative association, without capital stock, under the authority and pursuant to the provisions of the "Co-operative Marketing Act", of the State of Idaho, approved February 25th, 1921, and acts amendatory thereof and supplemental thereto, and in conformity with the "National Agricultural Marketing Act", approved June 15th, 1989, and acts amendatory thereof and supplemental thereto. That this Corporation is the result of the consolidation of the Menan Cooperative Marketing & Supply Inc. of Menan Idaho and the Madison Cooperative Assn. Inc. of Rexburg, Idaho, and that this consolidation was agreed upon by at least 2/3 of the members present from each constituent corporation by vote. And we do hereby certify in writing and declare:

ARTICLE I
NAME

That the name of this incorporated association shall be, and is, "VALLEY WIDE COOPERATIVE INC."

ARTICLE II
PLACE OF BUSINESS

That the principle places of business of this corporate association shall be at Menan, Jefferson County Idaho and Rexburg, Madison County Idaho. The corporate office is located in Rexburg, Idaho.

ARTICLE III
POWERS AND PURPOSES

The powers and purposes of the Association are as follows:

Section 1. **Business With Members.** To do all on a nonprofit, cooperative basis as agent for its members and to perform all acts and things and carry on and conduct all business and trade authorized by the Cooperative Marketing Act of the State of Idaho and acts amendatory thereof and supplemental thereto.

Section 2. **Business With Non-Members.** To transact business of the types and in the manner described in Section 1, above with or for non-members of the Association, on either a profit or non-profit basis, to an amount in any one fiscal year not to exceed the amount transacted with members in any such year.

IDAHO SECRETARY OF STATE

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ARTICLE IV
TERM

The term for which this corporation shall exist is perpetual.

ARTICLE V MEMBERS AND ASSOCIATES

Section 1. Qualifications. The qualifications for membership and rights and responsibilities of members shall be as provided in the Bylaws (and any rules, regulations or policies adopted by the Board of Directors pursuant thereto) as they now exist or may hereafter be amended or established.

Section 2. Membership Fee. The Association shall have a membership fee of \$ 1.00 or such other amount as the Board of Directors shall determine from time to time. No capital stock shall be issued to evidence membership. The Association may issue a certificate or other evidence of membership in such manner, form and device as the Board of Directors shall from time to time prescribe.

Section 3. Limitations on Transfer. Membership in the Association shall be nontransferable except as provided in the Bylaws.

Section 4. Voting: Property Rights.

(a) Voting power of the members of the Association shall be equal and each member shall have one vote only. Voting by proxy and by mail shall be permitted in such instances and in the manner as provided by the Bylaws of the Association from time to time in effect.

(b) The property rights and interests of each member of the Association shall be unequal, and shall be determined and fixed in the manner specified in Article VI below.

Section 5. Associates. Any person who does not, or ceases to, qualify as a member may be admitted into the Association as an associate (hereinafter, "Associate"). Associates may have any or all of the rights, privileges and obligations of members except the right to vote in, or be a Director or Officer of the Association. Associates may be designated "Associate Members," but the word "Member" as used in the Association's Articles of Incorporation and Bylaws shall refer only to a voting member. The word "Patron" or "Patrons" as used in the Association's Articles of Incorporation and Bylaws shall include Members, Associates and Non-Members.

ARTICLE VI BOOK CREDITS, CAPITAL FUNDS AND RESERVES

Section 1. Authority. The Association, through its Board of Directors, shall have the power to establish book credits, capital funds and other reserves (allocated or non-allocated) to provide funds for corporate purposes in the manner provided by the Bylaws by retains from margins or proceeds otherwise payable to the members or by other methods of collection. The designation, preferences, limitations, and relative rights of each class or series of book credits, funds and reserves shall be determined by the Board of Directors upon issuance or creation of the same.

This Association is the result of a unification of the Menan Cooperative Marketing and Supply, Inc. of Menan, Idaho and the Madison Cooperative Association of Rexburg, Idaho. All classifications of stock of said cooperatives and their face value will be carried forward to the Valley Wide Cooperative Inc. Ownership of allocated stock will remain allocated to the original patron. Classification of stock hereafter will be simply "Book Credits".

Section 2. Records. The amounts supplied as book credits or to the various classes or capital funds and other allocated reserves shall be credited to the respective persons by whom supplied, and the books of the Association shall indicate the amounts credited to each such person.

Section 3. Voting Rights. The holders of book credits, capital funds and allocated reserves shall have no vote or voice in the management or control of the Association by virtue of their ownership thereof, nor shall they have any preference in the distribution of assets except as provided in these Articles of Incorporation.

Section 4. Transferability. Book credits, capital funds and allocated reserves shall be nontransferable except in the case of death, operation of law, or as otherwise allowed by the Board of Directors in its discretion (hereinafter a "permitted transfer").

Section 5. Redemption and Repayment. The Association may and it hereby reserves the right at any time, or from time to time, to call, purchase, redeem, retire, cancel or reissue, for any reason, any and all of its then outstanding book credits, capital funds or allocated reserves in such amounts as the Board of Directors may determine by paying to the respective holders thereof or by depositing to their order at the office of the Association a sum or sums equal to the stated amount thereof as shown on the books and records of the Association. Written notice of such deposit shall be given to the holders of record of such book credits, capital funds or allocated reserves so purchased or called by mailing such notice to their last known address as shown by the records of the Association.

Section 6. Accelerated Redemption and Repayment. Notwithstanding anything in these Articles of Incorporation or the Bylaws to the contrary, the Board of Directors shall have the right and power to declare that one or more accelerated redemptions of book credits, capital funds or allocated reserves shall be granted to a Member, Patron or his heirs in the following situations:

(a) If the Board of Directors shall determine that an accelerated redemption will be for the best interests of the Association in compromising and settling a bona fide dispute with some Patron concerning his claimed right;

(b) When the Association has sufficient capital funds that it can redeem and pay-off in whole or in part book credits of a Patron who is over 75 years of age and who has loyally supported the Association or to the heirs of such Patron upon the following limitations and conditions:

First, that any such accelerated redemption shall be granted only upon written application of the Patron or his heirs, and that any such accelerated redemption payment shall be in the order of priority of application received by the Association, and that the payment to any Patron who has loyally supported this Association or to his heirs under this by-law authority shall not exceed Two Hundred-Fifty (\$250) dollars in any one fiscal year.

Second, that the total amount paid out in such accelerated redemption in any one fiscal year shall not exceed Five Thousand (\$5000) dollars.

Third, that if any such contemplated accelerated redemption shall in the absolute, bona fide judgment and discretion of the Board of Directors impair the capital position of the Association for needed fixed and/or operating capital, or shall hinder the operation of the regular, revolving redemption plan for redeeming book credits then the authority for making accelerated redemptions may at any time be discontinued by the resolution of the Board of Directors declaring suspension of the previously authorized accelerated redemption.

ARTICLE VII RIGHTS AND PRIORITIES

Section 1. Rights. No member shall have any property rights whatsoever in the Association or any of its assets by reason of his membership. In the event the membership of any member shall terminate for any reason whatsoever, such member shall not thereupon become entitled to demand or receive any interest in the property or assets of the Association, but shall be entitled only to receive payment of its interest in any book credits, capital funds, or allocated reserves in accordance with the rules, regulations and policies adopted by the Board of Directors.

Section 2. Evidence of Transfer. No permitted transfer of any interest in book credits, capital funds, and allocated reserves shall be of any effect, or entitle the transferee to be paid or to receive any money from the Association until evidence of such transfer satisfactory to the Association shall be submitted to the Association.

Section 3. Books and Records Conclusive. In calling or purchasing or in paying over any monies supplied as book credits, capital funds and allocated reserves, the Association may rely solely upon its own records and shall not be liable to any person other than the person appearing by its records to be the owner thereof and entitled to receive money thereon.

Section 4. Right of Offset. No permitted transfer of any interest in book credits, capital funds and allocated reserves shall be valid until all claims of the Association against the registered holder thereof have been paid in full. The Association shall have the right to offset any indebtedness of a Member or Patron to the Association against: (a) any sums payable by the Association to such Member or Patron; (b) such Member or Patron's book credits, capital funds and allocated reserves in the Association; and/or (c) the cash portion of any patronage dividend payable by the Association to such Member or Patron. Each Member and Patron of the Association does hereby make, constitute and appoint the Association such Member and Patron's attorney-in-fact for him and in his name, place and stead, for his use and benefit, to sign, endorse, and deliver to the Association such portion of the cash portions of such Member and Patron's patronage dividend as may be necessary to satisfy any indebtedness of such Member and Patron to the Association.

Section 5. Premature Redemption or Payment. In the event the Association shall be obligated to redeem or otherwise liquidate a Member or Patron's interest in any book credits, capital funds or allocated reserves other than in the ordinary course of its business, including without limitation, cases where such amounts are applied in whole or partial satisfaction of the claims of a Member or Patron's creditors (including the Association itself or its assigns) or of a trustee in bankruptcy or cases where such amounts are required to be directly paid to a Member or Patron or his creditors or successors or assigns, then such interests shall be discounted to their present value.

For purposes hereof, present value shall be calculated with reference to the Association's history of redeeming those interests of its Members or Patrons which are of similar character to those being prematurely redeemed (e.g., with reference to classification, type or year of issuance, etc.) over the ten (10) year period immediately preceding such premature redemption and with the use of a discount rate equal to the prime rate as published in the Wall Street Journal of the date of redemption or such greater rate, at the Board of Directors' option, as may then be appropriate.

Section 6. **Dissent.** In the event any member shall be authorized to dissent from certain corporation actions pursuant to Idaho Code Section 22-2601 et seq. and such member dissents thereunder, such member shall only be entitled to receipt payment of his interest in any book credits, capital funds or other allocated reserves as and when payment would have been received had no dissent occurred. In the event the Association shall be obligated to make premature payment therefore, pursuant to such "dissenter's rights," the valuation provisions of Section 5 of this Article shall apply. In no event, however, shall such interest be valued at more than the actual consideration contributed to the Association therefore, or the fair value thereof, whichever is less.

Section 7. **Association Priority on Dissolution or Liquidation.** In the event of dissolution or liquidation of the Association, all assets of the Association or proceeds thereof shall be distributed in the following order of priority: (a) In payment of all secured liabilities, then of all unsecured liabilities of the Association, other than such as are hereinafter specified; (b) In payment of the issuance amount of any outstanding book credits or capital funds retained from members or patrons, without regard to the time of issuance, pro rata; (c) In payment of any allocated reserves, pro rata; (d) In payment of the membership fees paid by all members of record at the commencement of dissolution or liquidation, pro rata; and (e) If any balance remains, it shall be distributed among the members of the Association in proportion to their patronage of this Association during the ten (10) years next preceding the date of the dissolution or liquidation.

ARTICLE VIII **REGISTERED OFFICE AND AGENT**

The address of the registered agent of the Association is 101 E. Main, Rexburg, Idaho 83440.

And the name of the registered agent at such address is DAVID J. HOLTOM

ARTICLE IX **DIRECTORS AND OFFICERS LIABILITY; INDEMNIFICATION**

Section 1. (a) Except as provided in subsection (b) below, a member of the Board of Directors or an officer of this Association shall not be individually liable for any act or omission in the course and scope of his official capacity unless the act or omission constitutes gross negligence.

(b) Nothing in subsection (a) above shall limit or modify in any manner the duties and liabilities of a director or officer of this Association to the Association or the Association's members.

(c) A member of the Board of Directors of this Association shall not be personally liable to the Association or to its members for monetary damages for conduct as a director except for: (1) acts or omissions that involve intentional misconduct or a knowing violation of the law by such

director; or (2) for any transaction from which the director will personally receive a benefit in money, property or services to which such director is not legally entitled.

(d) If the laws of the State of Idaho are amended to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of a director or officer of the Association shall be eliminated or limited to the fullest extent permitted by such laws as so amended. Any repeal or modification of the foregoing paragraphs by the members of the Association shall not adversely affect any right or protection of a director or officer of the association existing at the time of such repeal or modification.

Section 2. To the fullest extent, and in the manner permitted by the laws of the State of Idaho, the Association shall indemnify any person made a party to any threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative (whether brought by or in the right of the Association or otherwise) by reason of the fact that he is or was a director or officer of the Association, or who, while a director or officer of the Association, is or was serving at the request of the Association as a director, officer, partner, trustee, employee, or agent of another corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan, against judgments, penalties, fines, settlements and reasonable expenses (including attorneys' fees) incurred by him in connection with such action, suit or proceeding. Reasonable expenses incurred by him in connection with such action, suit or proceeding may be paid or reimbursed by the Association in advance of the final disposition of such proceeding in the manner permitted by the laws of the State of Idaho.

Section 3. The right to indemnification and the payment of expenses incurred in defending any action, suit or proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, Bylaws, agreement, vote of members or disinterested directors or otherwise.

Section 4. The Association may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Association or another corporation, partnership, joint venture, trust, other enterprise or employee benefit plan, against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under the laws of the State of Idaho.

ARTICLE X **AMENDMENTS**

Section 1. The Articles of Incorporation may be amended by a two-thirds vote of the member-stockholders attending (either in person or by an authorized proxy or mail ballot) an annual meeting or a special meeting called for the purpose of amending the Articles of Incorporation, of which special meeting a prior written notice of at least ten (10) days shall have been mailed to voting stockholders stating generally the nature and purpose of the amendments to be proposed.

Section 2. This Association reserves the right to amend, alter, change or repeal any of the provisions contained in the Articles of Incorporation or Bylaws in the manner now or hereafter

authorized by the law; and all rights conferred upon officers, directors, and holders of book credits, capital funds and allocated reserves are granted subject to this reservation; and the powers to amend shall include the power of increasing, decreasing, or reclassifying authorized and issued capital stock of any form (if any), and non-stock, patronage-capital interests, and of altering or changing the preferences given to one or more classes of stock or to one or more classes or kinds of certificated or uncertificated patronage capital interest of members and non-member patrons and to alter and change the par value of any stock by increasing or decreasing the same, or the stated value of any patronage capital interests when losses are incurred.

ARTICLE XI **INITIAL BOARD OF DIRECTORS**

The initial Board of Directors shall be ;

Eric C. Beck	3447 E 650 N	Menan, Idaho 83434
Jerry Hall	793 N 3900 E	Rigby, Idaho 83442
Roger Clark	809 N 3600 E	Menan, Idaho 83434
Mel Briggs	3725 E 500 N	Lewisville, Idaho 83431
Brett Summers	5151 W 2000 S	Rexburg, Idaho 83440
Gary Summers	27 N 3000 E	Sugar City, Idaho 83448
Merle Jeppesen	434 Morgan Dr.	Rexburg, Idaho 83440
Scott Neville	2263 W 1000 N	Rexburg, Idaho 83440

Signed;

Eric C. Beck

**Eric C. Beck
Chairman of the Board
Menan Cooperative
Marketing & Supply Inc.**

Brett Summers

**Brett Summers
Chairman of the Board
Madison Cooperative Assn.
Inc.**