

**RESOLUTION AMENDING ARTICLES OF
INCORPORATION**

BE IT RESOLVED That the Articles of Incorporation of CHANDLER CO-OP, CHANDLER, MINNESOTA be amended in their entirety to read as follows:

ARTICLE I. NAME AND PLACE

The name of this cooperative shall be "CHANDLER CO-OP" and the principal place of transacting business and registered office of this cooperative shall be at 151 Fifth Street, Box 205, in Chandler, Murray County, State of Minnesota, 56122. Other offices and plants for the transactions of business shall be located at such places as the Board of Directors may determine from time to time.

ARTICLE II. OBJECTS AND PLAN

Section 2.01 PURPOSE. This Cooperative may engage in any activity within the purposes for which cooperatives may be organized and all such activities shall be deemed within its purposes, subject to express limitations, if any, enumerated in these Articles of Incorporation. One of the most important purposes at present is to associate a large number of farmer producers to reduce their costs through joint action in purchasing their supplies and equipment and to control the sale and distribution of their products.

ARTICLE III. ORGANIZATION ON MEMBER BASIS

Section 3.01 MEMBERSHIP BASIS. This Cooperative is organized without capital stock on a membership basis. One class of voting membership is authorized for agricultural producers who are eligible to participate based on eligibility factors established by these Articles of Incorporation, by the Restated Bylaws that will have been adopted at the same member meeting as these Restated Articles of Incorporation, and by the uniform standards and requirements that the Board of Directors may adopt, establish, modify, amend, or delete from time to time during meetings of the Board of Directors. Upon automatic or discretionary termination of a voting membership as provided herein, by the bylaws or by the adoption of uniform standards and requirements, all voting rights and other rights of membership shall automatically cease. No action taken hereunder shall impair the obligations or liabilities of either party under any contract with the Cooperative which may be terminated only as provided therein. The Board of Directors may establish non-voting classes of membership, but those classes – even if the word “member” is applied to them - of patrons shall not possess voting rights in the Cooperative.

Section 3.02 LIENS. The cooperative shall have a first lien, with the usual right of enforcement for ordinary liens, upon all outstanding capital stock, certificates of interest, revolving fund certificates, credits, letters of advice and all other evidence of patronage equities standing on the cooperative’s books, for any indebtedness due 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 present value of such capital stock, certificates on interest, patronage capital or other interests standing on its books ; provided, however, that nothing contained herein shall give the holders of such stock, certificates, patronage capital or other interests any right to have such set off made. The board of directors shall determine discount rates and time to redemption in its sole discretion for its present value evaluation.

ARTICLE IV. OPERATION ON A COOPERATIVE BASIS

Section 4.01 DISTRIBUTION OF PATRONAGE INCOME. The distribution of net proceeds is described in Chapter 308A, Minnesota Cooperative Law, including without limitation MSA 308A.701, 308A.705 and 308A.711, in federal statutes under Subchapter T of the federal tax code, case law, and legislative, judicial or agency acts that occur from time to time. The portion distributed with written notices of allocation is accounted for with book entries that are described as allocated equity credits, patron equity credits, or with other Board approved descriptions consistent with GAAP, Minnesota Statutes, and its Articles of Incorporation and/or Bylaws. Bylaw VI establishes the preexisting obligation requiring the cooperative to operate on a cooperative basis.

Section 4.02 REDEMPTION OF ALLOCATED EQUITIES. The Board of Directors will cause allocated and patron equities to be redeemed in the sole and absolute discretion of the Board of Directors, according to policies and practices that account for the cooperative's need for excess capital and priorities for how to use that capital. Allocated and patron equities are not transferable or assignable without the prior written consent of the Cooperative, which consent shall be determined in the Cooperative's sole and absolute discretion of the Board of Directors. If a redemption obligation exists at all, that obligation does not follow to the assignee or transferee of those patron equities.

Section 4.03 DISTRIBUTION COMPARED TO REDEMPTION

Distribution of net proceeds is an accounting process whereby net proceeds are allocated to individual patrons with book entries described variously as patron or allocated equities, or other nomenclature. The redemption of equity is described entirely as a corporate act of paying cash to redeem those book entries in the sole and absolute discretion of the board of directors according to policies the board adopts pursuant to the bylaws and the inherent governance powers of the board of directors.

ARTICLE V. BOARD OF DIRECTORS

Section 5.01 NUMBER. The management of this cooperative shall be vested in a board of not less than five (5) directors, who shall be elected by and from the members at the annual meeting. All vacancies in the Board of Directors shall be filled by the Board until the next annual meeting.

Section 5.02 OFFICERS. The Board of Directors shall elect from its membership a Chairman, a Vice-Chairman, a Secretary, and a Treasurer, the latter two are not required to be directors. The Board of Directors may appoint a General Manager and Chief Executive Officer, a Chairman and such other officers as the Board of Directors may appoint and fill. The bylaws shall prescribe officer positions and duties.

Section 5.03 INDEMNIFICATION To the fullest extent permitted under Minnesota Law, as amended from time to time, as the same now exists or may hereafter be amended, a present or former director of the Cooperative, each officer, manager, employee or agent of the Cooperative or any subsidiary of the Cooperative, engaged in fulfilling the legal fiduciary duties in the business or affairs of the Cooperative or if serving with the express prior consent of the Board of Directors, shall be indemnified by the Cooperative against liability incurred by reason of serving in such capacity, so long as any such person serving in such capacity (i) acted in good faith, (ii) reasonably believed in the case of conduct in an official capacity, that the conduct was in the best interests of the cooperative, and in all other cases, that the conduct was at least not opposed to the best interests of the cooperative, and (iii) in the case of any criminal proceeding, had no reasonable cause to believe the conduct was unlawful. Such person serving in such capacity shall not be indemnified by the Cooperative against liability incurred by reason of being such person and serving in such capacity, if such person (i) breached his or her duty of loyalty or care to the Cooperative, (ii) is adjudged liable for negligence or misconduct in the performance of duty, intentionally committed misconduct or knowingly violated the law, or (iii) received an improper personal financial benefit. A director or former director is also not entitled to indemnification in connection with a proceeding by or in the right of the Cooperative, except for reasonable expenses incurred in connection with the proceeding if it is determined that the director has met the relevant standard of conduct pursuant to Minnesota law as it is amended by legislative or judicial act, including without limitation MSA 308A.328.

Section 5.04 LIABILITY No director of this cooperative 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) for an act or omission occurring prior to the date when the provisions hereof become effective.

It is the intention of the members of this cooperative to eliminate or limit the personal liability of the directors of the cooperative to the greatest extent permitted under Minnesota law. If amendments to the Minnesota Statutes are passed after this amendment becomes effective 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 Minnesota Statutes, as so amended. Any repeal or modification hereof by the members of this Cooperative 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 5.05 INSURANCE The Cooperative shall purchase and maintain insurance on behalf of any person who is or was a director, officer, manager, employee, or agent of the Cooperative or is or was serving with the express prior consent of the Board of Directors, against liability asserted against and incurred by such person in such person's said capacity.

ARTICLE VI. CERTIFICATES OF INDEBTEDNESS - PREFERRED EQUITIES

In addition to and not by way of limitation of the powers granted to the Board of Directors of this Cooperative by the laws of the State of Minnesota or elsewhere in these Articles or the Bylaws of this Cooperative, the Board of Directors shall have the authority and power to, by resolution, establish and issue to any person (whether member, nonmember patron, or other person) one or more than one class or series of certificates of indebtedness and/or certificates of preferred equity, designate classes or series of these debt and/or equity certificates, and fix the relative rights, preferences, privileges and limitations of each class or series of each debt or equity certificate. Dividends may be paid on the certificates of preferred equity; provided that dividends on such certificates may not exceed the rate allowed by law; dividends shall be cumulative except that classes or series of preferred equity certificates may be specifically established by the Board of Directors with noncumulative dividends. Certificates of indebtedness or equity shall not entitle the holder to possess voting rights; in a liquidation of the Cooperative, certificates of indebtedness shall be paid with other indebtedness before payment to equity holders, and after the payment of all indebtedness, preferred equity certificates, together with cumulative dividends for any class or series for which the Board of Directors issued with cumulative dividends shall be paid before any other interests are paid. Unless otherwise expressly authorized by the Board of Directors, debt or equity certificates established and issued pursuant to this Article may only be sold or transferred with the approval of the Board of Directors of this Cooperative, and the Cooperative shall have a continuing right of first refusal to purchase its debt and/or equity certificates at their fair market value, except that such value cannot exceed the face value, together with accrued interest and/or dividends.

ARTICLE VII. CHANGEOVER TO MEMBERSHIP ORIENTATION

Upon the adoption and filing of these Restated Articles of Incorporation, the Cooperative will be organized on a membership basis without capital stock. The Cooperative will continue to be governed exclusively by agricultural producers who are eligible to vote and participate in its affairs, as provided for in these Articles of Incorporation and Bylaws concerning Membership. Upon the filing of these Restated Articles of Incorporation each share of common stock, par value \$10, shall be converted to allocated equity credits. For example, a stockholder with a share of common stock (\$10) and \$490 of allocated equity credits shall hold \$500 of allocated equity credits immediately after the Restated Articles of Incorporation are filed in the Minnesota Secretary of State's office. These Restated Articles of Incorporation shall supersede and replace the Cooperative's existing Articles of Incorporation.

ARTICLE VIII. QUORUM

Section 8.01. QUORUM. The quorum for this cooperative at any special or annual meeting is fifty (50) members unless the quorum is enlarged by Section 2.

Section 8.02. ENLARGED QUORUM. When the Board of Directors has not approved the resolution authorizing consideration of a consolidation, liquidation, division, merger or acquisition, the quorum is enlarged to 50% of the then total voting membership plus one.

Section 8.03. ENLARGED AFFIRMATIVE VOTE. When the Board of Directors has not approved the resolution authorizing consideration of a consolidation, liquidation, division, merger or acquisition, the affirmative vote required to approve the resolution is seventy-five percent (75%) of the enlarged quorum.

ARTICLE IX. AMENDMENTS

These Articles of Incorporation may be amended by the cooperative in whole or in part in the manner provided by law at the time of amendment.