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MADISON COUNTY IOWA

**Recorder's Cover Sheet**

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Name of Document: Articles of Merger of United Farmers Mercantile Cooperative with and into  
Farmers Cooperative Company

Document or instrument number of previously recorded documents:

SECRETARY OF STATE  
IOWA

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53887 - NS

**ARTICLES OF MERGER**

of

**UNITED FARMERS MERCANTILE COOPERATIVE**

with and into

**FARMERS COOPERATIVE COMPANY**

TO THE SECRETARY OF STATE  
OF THE STATE OF IOWA:

Pursuant to Section 499.67 of the Code of Iowa, the undersigned cooperative associations adopt these Articles of Merger for the purpose of merging them into one such cooperative association:

**ARTICLE I**

The Agreement and Plan of Merger setting forth the terms of the merger is attached hereto as Exhibit "A", and is incorporated herein by this reference as if set forth in full (the "Agreement and Plan of Merger"). Farmers Cooperative Company (Afton) shall be the surviving cooperative association resulting from the merger.

**ARTICLE II**

At special meetings of the Class A Members of Farmers Cooperative Company and of United Farmers Mercantile Cooperative held on March 18, 2016 pursuant to notice sent more than twenty (20) days prior to said date, the Agreement and Plan of Merger between the two companies was approved by both cooperatives.

**ARTICLE III**

The number of eligible Members entitled to vote on the Agreement and Plan of Merger and the tally of the vote is as follows:

<u>Association</u>	<u>No. Entitled to Vote</u>	<u>Number Voting</u>	<u>Votes For</u>	<u>Votes Against</u>
Farmers Cooperative Company	1144	739	586	153
United Farmers Mercantile Cooperative	522	362	309	53

The number of voters participating was more than the required majority, and the votes in favor of the merger were sufficient for approval under the requirements of Iowa Code §499.64.

(17)

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**ARTICLE IV**

The effective date of the merger shall be September 1, 2016.

IN WITNESS WHEREOF, Farmers Cooperative Company of Afton, Iowa and United Farmers Mercantile Cooperative have executed these Articles of Merger.

FARMERS COOPERATIVE COMPANY

UNITED FARMERS MERCANTILE  
COOPERATIVE

By: Larry King  
Name:  
Title:

By: Kent Swanson  
Name:  
Title:

By: Dale Lamb  
Name:  
Title:

By: Mike Coulson  
Name:  
Title:

Exhibit "A" - Agreement and Plan of Merger

## AGREEMENT AND PLAN OF MERGER

### Farmers Cooperative Company and United Farmers Mercantile Cooperative

THIS AGREEMENT AND PLAN OF MERGER ("Plan of Merger") is made and entered into as of the 10<sup>th</sup> day of Feb., 2016 by and between Farmers Cooperative Company, an Iowa cooperative association with its principal place of business in Afton, Iowa ("FCC") and United Farmers Mercantile Cooperative, an Iowa cooperative association with its principal place of business in Red Oak, Iowa ("UFMC"). FCC and UFMC are individually referred to in this Agreement and Plan of Merger as a "Merging Coop", and collectively as the "Merging Coops" or the "cooperatives" and the surviving cooperative after the merger as the "Merged Coop"

### RECITALS:

A. The parties desire to merge UFMC with and into FCC.

B. The parties' respective boards of directors have determined that such merger is in the best interest of each Merging Coop and should be effectuated upon the terms and conditions set forth in this Agreement and Plan of Merger, and therefore have, by Resolutions duly adopted, approved this Agreement and Plan of Merger, subject to its approval and adoption by the requisite vote of their Class A members.

**NOW, THEREFORE**, in consideration of the foregoing Recitals and the agreements set forth below, FCC and UFMC AGREE as follows:

#### 1. Merger.

a) UFMC shall be merged with and into FCC (the "Merger") effective September 1, 2016 (the "Effective Date"), with FCC continuing as the surviving cooperative association, all in accordance with the applicable provisions of Chapter 499 of the Code of Iowa (the "Act"), and upon and subject to the terms and conditions set forth in this Plan of Merger. Effective as of the Merger, the Articles of Incorporation of FCC will be amended to, among other things, change the name of the Merged Coop to United Farmers Cooperative. On the Effective Date, the Articles of Incorporation of FCC shall be amended and restated to read as shown on Exhibit "1" hereto.

b) All rights, title and interest of each of the Merging Coops in and to every type of property shall be transferred to and be vested in the Merged Coop by virtue of such merger without any deed or other transfer. On the Effective Date, the Merged Coop shall possess all the rights, privileges, immunities, powers and franchises and be subject to all the debts, liabilities, and duties of each of the Merging Coops, and the title to any real or personal property, whether by deed or otherwise vested in either of the Merging Coops shall not revert or be in any way impaired by reason of the merger; provided, however, that all rights of creditors and all liens upon any property of either shall be preserved unimpaired, and all debts, liabilities, and duties of each of the Merging Coops shall thenceforth attach to the Merged Coop and may be enforced

against it to the same extent as if said debts, liabilities, and duties had been incurred or contracted by the Merged Coop; and any claim existing or action or proceeding, pending by or against either of the Merging Coops may be prosecuted as if such merger had not taken place, or the Merged Coop may be substituted in the place of such Merging Coop.

2. Submission of Plan of Merger to Members. This Agreement and Plan of Merger shall be submitted to a vote of the Class A members of both Merging Coops at special meetings of their respective members to be held as soon as is practical following the execution of this Agreement and Plan of Merger, but in all events no later than March 25, 2016. The parties shall promptly advise the other of the results of that vote; and, in the event this Agreement and Plan of Merger is timely approved, whether any members of either of the Merging Coops exercised rights as a dissenting member under Sections 499.65 and 499.66 of the Act.

If this Agreement and Plan of Merger is not approved by the requisite vote of the members of both cooperatives on or before March 25, 2016, this Plan of Merger shall be deemed to be automatically abandoned and terminated.

3. Articles of Merger. If this Agreement and Plan of Merger is approved by the requisite vote of the members of both cooperatives in the manner required by the Act and is not abandoned by FCC or UFMC pursuant to Article 9 hereof, FCC and UFMC shall execute Articles of Merger (the "Articles of Merger") and promptly deliver the same to counsel for the Merged Coop for filing with the Iowa Secretary of State; provided, however, that regardless of when filed, the Merger shall be effective on September 1, 2016.

4. Conversion of Equity

a) UFMC shall have its auditors complete a final audit for the period September 1, 2015 through August 31, 2016. The results of said audit shall be used to determine the conversion of UFMC equity as set forth below.

- (i) Each UFMC share of Class A Voting Common Stock, par value of \$250, outstanding as of the Effective Date shall be converted and canceled in exchange for one (1) share of Class A Voting Common Stock, par value \$250 of the Merged Coop.
- (ii) Each UFMC share of Class B Non-Voting Common Stock, par value of \$50, outstanding as of the Effective Date shall be converted and canceled in exchange for one (1) share of Class B Non-Voting Common Stock, par value \$50 of the Merged Coop.
- (iii) In the event any Class A or Class B Member of UFMC is also a fully-paid common stockholder in FCC as of the Effective Date, then he/she will be paid the par value of the UFMC stock and the UFMC stock will be canceled and said stockholder will retain the common stock owned by that Member in FCC.

- (iv) All named local preferred stock and other allocated local patronage dividends of UFMC, after the issuance of patronage dividends after the Effective Date for the period ending on the Effective Date (if any), shall be transferred to a new single, deferred equity pool of the Merged Coop on a dollar-for-dollar basis, and assigned to the same years as with FCC.
  - (v) All named regional preferred stock of UFMC outstanding as of the Effective Date shall be consolidated and allocated, on a dollar-for-dollar basis, to the single equity pool of the Merged Coop beginning with the year 1999.
  - (vi) All other equity and retained earnings shown on UFMC 's balance sheet as of the Effective Date , and not addressed above, shall be transferred to the balance sheet of the Merged Coop on a dollar-for-dollar basis.
- b) The merger shall not affect the outstanding equity of FCC, except as follows:
- (i) Upon merger, previously issued and outstanding share of FCC Class B Common Stock, par value \$250, shall be converted to a Class B Common Stock, par value \$50, and the owner shall receive \$200 in Class A Preferred Shares; and any outstanding subscription for a share of Class B Common Stock shall constitute a subscription to Class B Common, par value \$50.
  - (ii) In addition, the FCC deferred equity as of the Effective Date for the years prior to the year 1999 shall be combined and reassigned to the year 1999.
- c) Notwithstanding the foregoing or any other term or condition of this Plan of Merger which may appear to be to the contrary, if any cooperative equity holder becomes entitled to payment as a dissenting member pursuant to Sections 499.65 and 499.66 of the Act, such equity holder shall not be entitled to, and shall not receive, any equity in the Merged Coop as provided above, but rather shall only be entitled to receive from the Merged Coop whatever payment may be required by Sections 499.65 and 499.66 of the Act. The Merged Coop shall have sole liability for any payments required under Sections 499.65 and 499.66 of the Act.
- d) As soon as possible following the Effective Date, UFMC shall provide the Merged Coop with a written certification showing the total outstanding UFMC common stock, preferred stock, allocated patronage, and other equity, including the name of the holder thereof. Said certification shall conform in all respects with the final audited financial statements of UFMC.

5. Final Audits: Allocation of Fees and Expenses. UFMC shall cause its certified public accountants to conduct an audit of UFMC for the period September 1, 2015 to the Effective Date. FCC shall cause its certified public accountants to conduct an audit of FCC for the period from January 1, 2016 to the Effective Date. By no later than October 28, 2016 each Merging Coop shall direct their respective auditors to provide an audit review to the other's Board of Directors. Each Merging Coop waives any right of confidentiality with respect to its financial information, and hereby authorizes their auditor to discuss such information with the other of the cooperatives, and their respective agents and representatives. The audits shall be certified by such accountants in accordance with generally accepted accounting and auditing principles applied consistently with its audits for prior years. The legal expenses and auditing fees of UFMC shall be classified as an expense of UFMC incurred in the period prior to the Effective Date.

6. For fiscal years ending on the day before the Effective Date

a) Those persons who are the UFMC directors immediately prior to the Effective Date (the "UFMC Directors") shall meet after the completion of the audited financial statements of UFMC as of August 31, 2016, and shall consider whether to recommend to the Merged Coop board that they cause the Merged Coop to issue patronage refunds to UFMC members or, if applicable, allocate losses to UFMC members for the twelve months ending August 31, 2016 in accordance with past practices. If the UFMC Directors recommend issuing patronage refunds or allocating losses, and if the Merged Coop board concludes that such recommendation is in accordance with past practices, then the Merged Coop board shall cause the Merged Coop to issue patronage refunds or allocate losses consistent with the recommendation. The deferred portion of these patronage refunds shall be treated as UFMC Local Preferred Stock and UFMC Regional Preferred Stock issued and outstanding on the Effective Date.

(b) Those persons who are the FCC directors immediately prior to the Effective Date (the "FCC Directors") shall meet after the completion of the audited financial statements of FCC as of August 31, 2016, and shall consider whether to recommend to the Merged Coop board that they cause the Merged Coop to issue patronage refunds to FCC members or, if applicable, allocate losses to FCC members for the eight months ending August 31, 2016 in accordance with past practices. If the FCC Directors recommend issuing patronage refunds or allocating losses, and if the Merged Coop board concludes that such recommendation is in accordance with past practices, then the Merged Coop board shall cause the Merged Coop to issue patronage refunds or allocate losses consistent with the recommendation. The deferred portion of these patronage refunds shall be treated as FCC Local Preferred Stock and FCC Regional Preferred Stock issued and outstanding on the Effective Date.

7. Directors. Following the merger, the Merged Coop shall be managed by a Board of Directors comprised of no less than five (5) but no more than eighteen (18) members. Upon merger, the initial Board shall be as follows:

<u>from FCC</u>	<u>Term Expires</u>	<u>from UFMC</u>	<u>Term Expires</u>
1. Gerald Petersohn	1 year	1. Mike Carlson	1 year
2. David Cheers	1 year	2. Gary Hartstack	1 year
3. Brian Fuller	1 year	3. Brian VanMeter	1 year
4. Steve Osgood	2 year	4. Steve Hefflefinger	2 year
5. Hugh Whitson	2 year	5. Bret Hultman	2 year
6. Gary Smith	2 year	6. Kent Swanson	2 year
7. Larry Weis	3 year	7. Mike Dreyer	3 year
8. Dale Lents	3 year	8. Doug Foote	3 year
9. Jason Green	3 year	9. Keith Klocke	3 year

Any vacancies in the Board seats filled by former members of one of the Merging Coops during the terms specified above shall be filled with a person who was a member of that Merging Coop on the Effective Date (unless no such member can be found to so serve).

The respective boards of the Merging Coops have expressed their desire and intent that the bylaws of the Merged Coop provide for four informal election districts to assure that all parts of the trade territory are adequately represented. Over time, the board will be reduced from eighteen to twelve members and there will then be three directors from each of these informal districts. The merged board will determine the districts and the election procedures 60 days prior the annual meeting for the 2016 - 2017 fiscal year. The board shall retain the right to amend the bylaws at any time at its discretion.

8. UFMC Employees. The parties acknowledge that upon consummation of the Merger, any persons employed by UFMC on the Effective Date shall, by operation of law, become the employees of the Merged Coop without any further action by the parties. All accrued vacation and sick leave, as well as years of service, for the UFMC employees shall carry over to their employment with the Merged Coop. This Section 8 shall not, in any manner, be construed as granting any UFMC employee a contract or assurance of continued employment with the Merged Coop. All employees who become employees of the Merged Coop pursuant to this section shall be employed "at will", which means that either such employee or the Merged Coop may terminate the employment relationship with or without cause and with or without advance notice.

9. Abandonment. Notwithstanding the approval of this Plan of Merger by the members of FCC and UFMC, the board of directors of FCC and of UFMC shall each have the right, in their respective sole discretion, to unilaterally abandon this Plan of Merger for any reason at any time prior to 5:00 p.m. on August 31, 2016 by resolution of said board of directors.

In the event either FCC or UFMC elect to so abandon this Agreement and Plan of Merger, an officer of such party shall deliver, prior to 5:00 p.m. on August 31, 2016, written notice thereof to the President and General Manager of the other party, which notice shall be effective only upon actual receipt thereof. If this Agreement and Plan of Merger is abandoned, each party shall bear all of its own costs and expenses incurred in connection with this



Agreement and Plan of Merger, and neither FCC nor UFMC shall have any liability or obligation to the other party for any damages, losses, costs or expenses in any way resulting from or connected with the development of this Agreement and Plan of Merger, or the abandonment thereof.

10. Interim Conduct of Business.

a) Except as provided in subparagraph (b) immediately below, until the Effective Date of the Merger, each of the Merging Coops shall: (1) conduct their business in the ordinary and usual course; (2) refrain from disposing of any of their property (except in the regular and ordinary course of business); and (3) refrain from distributing any additional stock or equity or redeeming any of their outstanding stock or equity, except as may be expressly authorized in this Agreement and Plan of Merger. FCC and UFMC will immediately notify the other of any material adverse change in its business assets, operations, liabilities, or financial condition which occurs after the date of execution of this Agreement and Plan of Merger and prior to the Effective Date of the Merger.

(b) Notwithstanding subparagraph (a) immediately above, the following actions may be taken prior to the Effective Date of the Merger:

(i) Any and all transactions authorized in this Agreement and Plan of Merger.

(ii) Each of the Merging Coops may issue common stock and memberships, as applicable, in the ordinary course of business consistent with past practices and Iowa law.

(iii) Each of the Merging Coops may redeem common stock and memberships, if applicable; or, with respect to UFMC, convert one class of common stock into another class of common stock consistent with its past practices and Iowa law.

(iv) Each of the Merging Coops may redeem equity held by a deceased equity holder at the time of death consistent with its past practices and Iowa law.

(v) Either of the Merging Coops may ask the other to approve an extraordinary transaction, and may participate in the transaction if it is approved by the other, which approval may be withheld in the other party's respective sole discretion.

11. Access to Information and Facilities. Each of the Merging Coops will allow the management, employees, and professional advisors of the other free access to their facilities, assets, properties, files, records, and audits, including all of their corporate minutes and any and all information relating to taxes, commitments and contracts, real estate and personal property, titles and financial conditions. From and after the date of this Agreement and Plan of Merger, FCC and UFMC each agree to cause their auditors to cooperate in making available all financial information requested by the other. UFMC shall also instruct its auditors to deliver to FCC its audited financial statements and working papers for the period ending August 31, 2016, no later than October 28, 2016, provided that neither the provision of such information nor any

investigation pursuant to this Section shall affect any representations or warranties or the conditions to the obligations of the parties to consummate the Merger. Each party shall hold in confidence all such nonpublic information until such time as such information is otherwise publicly available, and, if this Agreement is terminated, each party will deliver to the other all documents, work papers and other material (including copies) obtained by such party or on its behalf from the other party as a result of this Agreement or in connection herewith, whether so obtained before or after the execution hereof.

12. Warranties and Representations. Each of the Merging Coops respectively, as to itself only, warrants and represents to the other as follows:

a) It is a cooperative association duly organized and existing under Chapter 499 of the Code of Iowa and is in good standing under the laws of the State of Iowa.

b) Since the date of its last certified audited financial statements there has not been any change in the business, assets, operations, liabilities, or financial condition of such party which individually or in the aggregate which would have a material adverse effect on the business, assets, operations, properties, prospects or condition, financial or other, of such party.

c) It has good and marketable title to all of its properties and assets reflected on its balance sheet free and clear of all liens and encumbrances, except those liens and encumbrances reflected on its balance sheet, and liens and encumbrances which are immaterial in their effect upon the ownership and continued possession and use of such properties and assets.

d) It is not a party to or threatened by any litigation, proceeding or controversy before any court or administrative agency which might result in a material adverse change in its business or property, except litigation, proceedings or controversies which have been disclosed to the other parties in writing prior to the date of this Agreement and Plan of Merger.

e) It has filed or will timely file with the appropriate governmental agencies all tax returns required by such agencies to be filed by it, and it is not in default with respect to any such filing. It has paid all taxes claimed to be due by state or local taxing authorities, except taxes disputed by such party, the amount and nature of which has been disclosed in writing to the other parties prior to the date of this Agreement and Plan of Merger.

f) It has operated its business only in the ordinary course of business since the date of its last certified financial statements.

g) Its last audited financial statements delivered to the other party fairly present, in accordance with generally accepted accounting principles applied on a basis consistent with prior years, the financial condition of such party as of the date of such statements and for the period covered by the statements. Such financial statements and the notes thereto do not omit to state any material liability, contingent or otherwise, or any other fact necessary to make them not misleading.

h) Except as disclosed in this subsection or as previously disclosed to the other party in writing, and except for small surface spills associated with normal business operations or other similar immaterial occurrences or conditions, its directors and general manager have no

actual knowledge of any (1) environmental contamination that currently exists with respect to any of its properties or assets; or (2) threatened or likely liability for environmental contamination that currently exists.

i) Its representations and warranties will be true and complete on the Effective Date.

13. Survival of Representations and Warranties. All representations, warranties and covenants of the Merging Coops as set forth herein shall survive the filing of the Articles of Merger and the consummation of the Merger.

14. Entire Agreement. This written Agreement Plan of Merger and the Exhibits hereto constitute the entire, integrated agreement between the parties hereto pertaining to the subject matters hereof and supersede all prior or contemporaneous negotiations, agreements, discussions and understandings of the parties hereto in connection with the subject matters hereof. This Plan of Merger may not be amended, and no term or condition hereof may be waived, except in or by a writing duly signed by all of the parties hereto.

15. Extensions and Waivers. Either of the Merging Coops may, pursuant to action by its Board of Directors, by an instrument in writing, extend the time for or waive the performance of any of the obligations of the other or waive compliance by the other with respect to any of the covenants or conditions contained in this Agreement and Plan of Merger; provided, however, that no such extension or waiver shall affect the rights of the members or shareholders of either UFMC or FCC in a manner which is materially adverse to such members or shareholders.

Dated as of Feb 10, 2016.

FARMERS COOPERATIVE COMPANY

By: Larry Hess

By: Dale Kentz

Dated as of Feb 10, 2016.

UNITED FARMERS MERCANTILE  
COOPERATIVE

By: Kent D. Hansen Pres.

By: Brant Kentz

**Amended and Substituted Articles of Incorporation of  
United Farmers Cooperative**

**1. Members**

**1.1 Eligibility for membership**

Any natural person or entity who is engaged in producing a product marketed by United Farmers Cooperative (herein "the cooperative"), who customarily consumes or uses the supplies or commodities that the cooperative handles or who uses the services the cooperative renders or who is a tenant or landlord who receives a share of agricultural products as rent is eligible for membership. The person or entity seeking to become a member shall complete a written application on a form prescribed by the board and the board will approve an application for membership if it determines that the applicant is eligible and that approval is in the best interests of the cooperative.

**1.2 Purchase of common stock to become member**

**A. Voting members**

An approved applicant who is a producer of agricultural products with a profit motive or who is a landlord who receives a share of grain or livestock in payment of farm rent becomes a voting member by buying a share of Class A Common Stock from the cooperative for \$250.

**B. Nonvoting members**

Any other approved applicant becomes a nonvoting member by buying a share of Class B Common Stock from the cooperative for \$50. A nonvoting member cannot vote at member meetings or be elected a director, but a nonvoting member has all of the other rights of membership.

**C.** On the filing date of these Amended and Substituted Articles with the office of the Iowa Secretary of State, ("the Effective Date"), each previously issued and outstanding share of Class B Common Stock, par value \$250, shall be converted to a subscription for Class B Common Stock, par value \$50, and the owner shall receive \$200 in Class A Preferred Shares; and any outstanding subscription for a share of Class B Common Stock shall constitute a subscription to Class B Common, par value \$50.

**D. Subscribers**

The Bylaws may specify the procedures for a patron to subscribe for a share of Common Stock.

**1.3 Termination of a membership**

Whenever a membership terminates, the member's membership and Common Stock or subscription for Common Stock will be cancelled, and the cooperative will pay the par value of the Common Stock.

**A. Death**

Following the death of a natural person, the membership will terminate when the cooperative is notified of the death, and the cooperative will make this payment to the

stockholder's personal representative within two years thereafter.

**B. Voluntary withdrawal**

The membership will terminate upon receipt of the notice of voluntary withdrawal from a member, and the cooperative will make this payment to the stockholder within two years thereafter.

**C. Ineligibility**

The membership will terminate upon the determination by the board that a member is no longer eligible to be a member, and the cooperative will make this payment to the stockholder within 60 days thereafter.

**D. Expulsion**

The board may expel any member who has attempted to transfer the member's membership or stock in violation of the terms hereof or any member who has not done any significant business with the cooperative for two consecutive fiscal years, or any member who has failed for four months to pay the amount the member owes to the cooperative. The membership will end upon the determination by the board, and the cooperative will make this payment to the stockholder within 60 days thereafter, except that the cooperative may set off against this payment any debt owed by the member to the cooperative.

**1.4 Organizational members**

An individual, corporation, partnership, limited liability company, estate or trust may become a member. A membership that is owned by individuals as tenants in common or joint tenants will be treated as a partnership even if there is no formal partnership agreement. An organizational member shall be deemed as a single shareholder for all voting purposes and shall specify in writing a person to vote on behalf of the organization. This person will be treated as the only person authorized to make motions, make nominations and vote on behalf of the organization, provided that this person cannot vote more than once on each issue. If the organizational member owns a fully paid share of Class A Common Stock, this person is eligible to serve as a director. The Preferred Stock issued to an organizational member may be treated as if it was owned by its beneficial owners for purposes of the cooperative's equity redemption programs, as provided in the Bylaws.

**1.5 Annual meeting of members**

The annual meeting of the members will be held within 180 days after the end of each fiscal year. The board will set the time and place of each annual meeting.

**1.6 Transfer between membership classes**

If the board determines that a voting member is no longer eligible to be a voting member, then the board may reclassify the member as a nonvoting member. If a member is so reclassified and if the member owns a share of Class A Common Stock, the cooperative will cancel this stock, issue to the member a share of Class B Common Stock, and pay the member \$200.

If the board determines that a nonvoting member is eligible to be a voting member, then the board may notify the member that he or she is eligible to be a voting member. In such event, the member can become a voting member by paying the cooperative \$200 and if said amount is paid, the cooperative will issue to the member a share of Class A Common Stock and will cancel the Class B Common Stock owned by the member.

## 2. Directors

### 2.1 Election of directors

The cooperative will have between five and eighteen directors as specified in the Bylaws. Any member who owns a fully paid share of Class A Common Stock is eligible to serve as a director.

### 2.2 Vacancies

A director may resign by submitting a resignation to the president. If a director becomes ineligible because they no longer hold a Class A Share of Common Stock while serving as a director, then that director must resign as a director within 30 days of notification from the board or shall be presumed to have resigned if no resignation is received within said period of time. At any member meeting called for that purpose, a majority of all of the voting members may remove a director. A vacancy created by a member vote will be filled at the same meeting by the same members. A vacancy resulting from an increase in the number of directors may be filled by the board for the term specified by the board. A vacancy created in any other manner may be filled by the board until the next annual meeting of the members, at which time the members will elect a director to serve the unexpired portion of the term.

### 2.3 Indemnification

The cooperative shall indemnify its present and former directors and officers to the maximum extent authorized under Iowa Code sections 499.59 and 499.59A, which sections are incorporated into these Articles of Incorporation by this reference.

### 2.4 Compensation and expenses

The board will set the compensation and expense reimbursement policy for the directors, officers and general manager.

## 3. Members' Equity

### 3.1 Authorized capital stock

The cooperative is authorized to issue the following capital stock:

Type of Stock	Authorized Shares	Par Value
Class A Common Stock	5,000	\$250
Class B Common Stock	3,000	\$50
Class A Preferred Stock	20,000,000	\$1.00
Class B Preferred Stock	20,000,000	\$1.00
Class C Preferred Stock	20,000,000	\$1.00
Class D Preferred Stock	20,000,000	\$1.00
Class E Preferred Stock	20,000,000	\$1.00
Class F Preferred Stock	20,000,000	\$1.00

### 3.2 Stock rights

All stock will be issued at its par value. The Bylaws may provide for the cooperative to pay dividends on any class of its stock. Class A Common Stock is the only class of stock with voting rights. A person or entity may only own one share of either Class A Common Stock or Class B Common Stock.

### 3.3 Allocation of net savings

The board will determine the portion of net savings that will be set aside as reserves to meet the cooperative's future needs. The members authorize the board to make additions to reserves even

if such additions exceed the limitations of Iowa Code section 499.30. The remaining net savings will be distributed to the members as patronage refunds. The Bylaws will specify the procedures to be followed in allocating patronage refunds.

### **3.4 Allocation of losses**

The cooperative may allocate part or all of its losses to the members. The Bylaws will specify the procedures to be used in allocating losses. The Bylaws may provide for the cancellation of Preferred Stock and for the cancellation of future patronage refunds.

### **3.5 Redemption of Preferred Stock**

The Bylaws will specify the procedures to be followed in allocating patronage refunds and redeeming Preferred Stock. These rules will establish the order of redemption based on objective criteria which are equally applied to all similarly situated members. The Bylaws may apply different rules to different classes of Preferred Stock. The adoption of such a Bylaw provision does not create a right to have stock redeemed until the board decides to make a redemption under the Bylaws. The board may amend such a Bylaw provision from time to time without any liability to any member. The cooperative may offer to buy Preferred Stock for less than its stated value, but no holder will be required to accept such an offer.

### **3.6 Transferability of stock**

Except for transfers by operation of law, Common Stock is not transferable, and Preferred Stock may be transferred only under the following circumstances:

#### **A. Estates**

The Preferred Stock owned by a deceased person will be transferred on the cooperative's books to the person's estate or beneficiaries as determined under applicable law to the extent that it is not redeemed within one year after the application for payment.

#### **B. Organizational members**

The Preferred Stock of certain organizational members will be transferred as provided in the Bylaws.

#### **C. Board approval**

Preferred Stock can be transferred with the board's approval.

### **3.7 Tax consent**

Each member consents to take into account and report as taxable income the dollar amount of any written notice of allocation in the year the written notice is received, unless the written notice states that the member is not required to take the amount into income that year. A "written notice" is a notice of the issuance of Preferred Stock or a similar notice which tells the member the dollar amount allocated to the member by the cooperative as a patronage refund. Each member makes this consent by the act of becoming a member or continuing as a member.

### **3.8 Non-qualified patronage**

The cooperative is authorized to issue non-qualified patronage refunds as may be provided for in the Bylaws.

## **4. Miscellaneous**

### **4.1 Applicable law**

The cooperative is organized and operates under Chapter 499 of the Code of Iowa. These Amended and Substituted Articles of Incorporation are a full statement of all of the cooperative's Articles of Incorporation, and previous versions of the Articles of Incorporation are of no



continuing force and effect.

#### **4.2 Name**

The name of the cooperative is "United Farmers Cooperative" (referred to herein as the "cooperative").

#### **4.3 Offices**

The cooperative will have such offices as the board determines. The cooperative's principal business office will be located in Afton, Iowa.

#### **4.4 Purposes**

The cooperative is organized to conduct any lawful business that will serve its members, either directly or indirectly. The cooperative may accomplish any of these purposes through one or more subsidiaries.

#### **4.5 Duration**

The cooperative will have a perpetual duration.

#### **4.6 Lien and set off**

The cooperative will have a security interest in and a right of setoff against all of its stock, stock and patronage dividends, and in any cash paid with regard thereto. This security interest and right of setoff will secure repayment of any debt owed by the member to the cooperative.

#### **4.7 Payments to members**

Each member is responsible for keeping the cooperative informed of that member's current mailing address. Unless the cooperative receives different payment instructions, the cooperative will send all payments by mailing a check to the member's last known address. If any check is not cashed within six months for any reason (including its return to the cooperative because it is undeliverable), then the cooperative will hold the money for the member for a period of two years after it was first mailed to the member. If the member does not provide the cooperative with a current address or otherwise claim the money within this two year period, then the money will become the property of the cooperative.

#### **4.8 Documents of title**

Any deed, mortgage, contract for deed, lease, or any other document relating to real or personal property on behalf of the cooperative shall be signed by any two of the cooperative's officers.

#### **4.9 Distribution in liquidation**

Upon dissolution or liquidation, the cooperative's assets remaining after the payment of all debts will be distributed to the members and former members who continue to own stock. The regional investments and the proceeds from the redemption or sale of the regional investments will be distributed to the holders of the Regional Preferred Stock in proportion to the stated value of Regional Preferred Stock held by each holder. If the redemption of several classes of stock is tied to a group of regional investments, then the proceeds from each group of regional investments will be distributed to the holders of the stock to which the group is tied in proportion to the stated value of that stock held by each holder. The other assets will be distributed to the members and former members who continue to own stock in proportion to the total par value of each member's and former member's stock other than Regional Preferred Stock up to its par value. The excess (if any) will be distributed to the members and former members who continue to own stock in proportion to the business done by them with the cooperative during the time period (which is practicable under the circumstances) determined by the board to best reflect the patrons whose business resulted in the cooperative accumulating the assets. No preference will be given to estates in making the distribution in liquidation.

**4.10 Stock certificates**

Class A Common Stock and Class B Common Stock shall be issued with or without certificates as provided in the Bylaws. Preferred Stock will be reflected only on the books of the cooperative.

**4.11 Limited liability**

The private property of the members, directors and officers will be exempt from execution for the debts of the cooperative.

**4.12 Amendment of Articles of Incorporation**

These Articles of Incorporation may be amended by the vote of two-thirds of the members who vote on the amendment at any member meeting if a notice of the meeting was sent to all voting members at least ten days before the meeting and the notice contained a copy of the amendment or a summary of the amendment.

**4.13 Abandonment**

A member's entire interest in the cooperative is deemed abandoned if (1) the member does not claim a disbursement due from the cooperative for a period of two years after the amount is due, and (2) the cooperative does not know the location of the member at the end of this two year period. The Bylaws may specify the notice and claim procedures to implement this Section

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I hereby certify that this is a true and complete document(s) to which the seal is affixed as filed in this office beginning September 2, 2016

Dated October 11, 2016

*Jan D. Pate*

Secretary Of State

By Deann Binkley



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