

**THESE RESTATED ARTICLES OF INCORPORATION OF CBH COOPERATIVE SHALL SUPERSEDE
EXISTING ARTICLES OF INCORPORATION AND ALL PRIOR AMENDMENTS.**

**ARTICLE I.
NAME AND PRINCIPAL OFFICE**

Section 1. Name. The name of this corporation shall be the "CBH Cooperative ".

Section 2. Location. The location, principal place of business shall be 2030 Main Street, Sturgis, South Dakota 57785.

**ARTICLE II.
PURPOSE**

Section 1. Activities Permitted 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.

**ARTICLE III.
ORGANIZATION ON MEMBER 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.

**ARTICLE IV.
BOARD OF DIRECTORS**

Section 1. Size of Board of Directors. The business and affairs of the Cooperative shall be managed by a Board of Directors of not less than seven (7) directors as defined and set forth in the Bylaws of the Cooperative.

Section 2. 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 President and

such other officers as the Board of Directors may appoint and fill. The bylaws shall prescribe officer positions and duties.

ARTICLE V.
OPERATION ON A COOPERATIVE BASIS

Section 1. Distribution of Patronage Income. The net proceeds from transactions with patrons are accounted for according to Chapter 47-16 of South Dakota Statutes, and, except for net proceeds added to allocated and/or unallocated reserves, allocated and distributed to patrons under a preexisting obligation that qualifies for taxation as a cooperative under subchapter T in United States Statutes. 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, South Dakota Statutes, and its Articles of Incorporation and/or Bylaws. The bylaws establish the preexisting obligation requiring the cooperative to operate on a cooperative basis.

Section 2. 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 capital, its priorities for how to use that capital, which prioritize redemptions for those patrons who are active users of its products and services. The Bylaws further establish guidelines for redemption of allocated equities. 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 3. Distribution of Net Proceeds Contrasted with Redemption of Allocated Equities. The distribution of net proceeds is described in Chapter 47-16 of South Dakota statutes and in federal statutes under Subchapter T of United States statutes. The redemption of equity is described entirely as a corporate act that is in the sole and absolute discretion of the board of directors.

ARTICLE VI.
FIRST LIEN, DISCOUNTED EQUITY AND SET-OFF OF EQUITY

Section. 1. First Lien. This Cooperative shall have a first lien on all allocated and patron equities, and other interests standing on its books, and the books of entities through which the Cooperative transacts its patronage business for all indebtedness of respective holders to the Cooperative, provided, however, that nothing contained herein shall give owners of allocated and patron equities or other interests any right to require the Cooperative to enforce the first lien for payment of amounts owed to the Cooperative or the entities through which it transacts its patronage business.

Section 2. Discount of Equity. The Cooperative may discount the value of the equity credits. The method of discounting the value of the equity credits shall be to calculate the present value of the credits based on the number of years to the expected redemption of the equity credits had the offset against the indebtedness not occurred. The discount rate shall be determined by the

Board of Directors. If the discounted equity credits are more than the indebtedness to be offset, any excess credits shall be returned, at the Board's discretion, either at the time of the offset, or in the normal redemption cycle along with every other patron's equity. If the discounted equity credits are less than the indebtedness to be offset, the Cooperative's lien may, in the sole discretion of the Board of Directors, continue against future equity credits allocated to the patron, which shall be discounted and offset against the remaining indebtedness.

Section 3. Set-off of Equity. Whenever the Board of Directors determines, in its sole discretion, that a member or patron who is obligated for the payment of any goods or services purchased from the association or any business entity through which the Cooperative conducts a patronage-sourced business is insolvent, the Board of Directors may, in its sole discretion, discount and set off as much equity equal to the indebtedness owed to the Cooperative or other business entity. The balance, if any, after the discount and setoff shall not be redeemed unless the Board of Directors determines, in its sole discretion, that the redemption is consistent with and in support of the Cooperative's goals and objectives and business interests. Until a determination is made by the Board of Directors, if ever, to redeem the equity, the remaining equity shall remain accounted for on the books and records of the Cooperative at its remaining face value.

ARTICLE VII.

CERTIFICATES OF INDEBTEDNESS AND 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 South Dakota 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 VIII.
LIQUIDATION

In the event of any liquidation, dissolution, or winding up of this Cooperative, whether voluntary or involuntary, all debts and liabilities of this Cooperative shall be paid first according to their respective priorities. Preferred equity certificates shall be paid next, together with cumulative dividends, if any, for any series or class of certificate with that feature. All capital furnished through patronage shall then be distributed without priority on a pro rata basis to the patrons to whom allocated on the books of the Cooperative. Any amount remaining shall be distributed to members and patrons in such proportions as patronage of each patron during a base period (the base period shall be comprised of the fiscal year proceeding dissolution plus three (3) full years preceding said fiscal year) is in proportion to the total patronage of all patrons during said basis period, unless paid in full prior to dissolution. Each patron's patronage in said base period shall be disregarded in distribution of remaining Property when their share of patronage is less than an amount determined by the Board of Directors.

ARTICLE IX.
DIRECTOR LIABILITY; INDEMNIFICATION; AND INSURANCE

Section 1. Liability. To the fullest extent permitted under the South Dakota Cooperative Association Act, as the same now exists or may hereafter be amended, a present or former director of the Cooperative shall not be personally liable to the Cooperative, its members, patrons or stockholders for monetary damages for breach of fiduciary duty as a director, so long as such director (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.

Section 2. Indemnification. To the fullest extent permitted under the South Dakota Cooperative Association Act, 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 SDCL §47-17-22.

Section 3. 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 X.
QUORUM**

Section 1. Quorum. The quorum for this cooperative is fifty (50) members unless the quorum is enlarged by Section 2.

Section 2. 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 3. 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 transaction is seventy-five percent (75%) of the enlarged quorum.

**ARTICLE XI.
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 \$100, shall be converted to allocated equity credits. For example, a stockholder with a share of common stock (\$100) and \$400 of allocated equity credits shall hold \$500 of allocated equity credits immediately after the Restated Articles of Incorporation are filed in the South Dakota Secretary of State's office. These Restated Articles of Incorporation shall supersede and replace the Cooperative's existing Articles of Incorporation.

IN WITNESS WHEREOF, we have hereunto set our hands this _____ day of January 2022.

Ken Snyder, President
Board of Directors

ATTEST:

Casey Miller, Secretary
Board of Directors