

## **PRUNE BARGAINING ASSOCIATION**

### **RESTATED ARTICLES OF INCORPORATION**

**FIRST:** The name of this Association shall be PRUNE BARGAINING ASSOCIATION (the "Association").

**SECOND:** (a) The purposes for which this Association is formed and the powers which it may exercise are to improve the economy of the California prune industry, to encourage the production of a quality product, and to render service to its members on a cooperative basis, as follows:

(1) To act as a bargaining association for producers of green and/or dried fruit intended for sale or use as dried prunes or the products thereof ("Products"), and in that capacity negotiate on their behalf with commercial handlers to establish the price and other terms of sale for such Products;

(2) To provide a forum for producers of Products to exchange ideas and consider common problems related to growing and marketing; to encourage and promote closer cooperation between such producers; to enhance the economic welfare and interests of its members; to encourage the continued production of quality Products; to represent the views of such producers before governmental and public agencies; to conduct and implement production, economic and marketing research; to secure and disseminate information to its members regarding production, marketing, regulatory activities and any other subject pertinent to the growing and marketing of Products; to cooperate and work with public and private agencies concerned with production, economic and marketing research; to provide the means by which such producers can responsibly solve problems affecting the business of growing Products; and to otherwise perform for such producers any required or helpful services including those which individual producers cannot conveniently perform; all for the primary purpose of improving the profitability of such producers and stimulating consumption, preventing speculation and waste, stabilizing marketing conditions and furnishing better and more economical means for the collection, standardization, manufacture, distribution and marketing of Products and their by-products;

(3) If circumstances warrant, to engage in any and all activities in connection with the production, marketing, selling, harvesting, preserving, processing, grading, storing, handling, shipping, utilization and manufacturing of Products and their by-products;

(4) If circumstances warrant, to engage in any and all activities in connection with manufacturing, selling or supplying its members with machinery, equipment and supplies;

(5) If circumstances warrant, to conduct central purchasing, manufacturing and marketing services through which Products and their by-products may be prepared for market and marketed economically and advantageously to producers and consumers; and to make and execute marketing contracts between the Association and its members allowing the members to sell all or any specified part of the members' Products exclusively to or through the Association or exclusively to or through any facilities to be created by the Association;

(6) To borrow and loan money, make advances to its members and guarantee performance and payment for itself or for others; to execute its bonds, notes, bills, mortgages, trust deeds and other evidence of indebtedness; to hypothecate, mortgage and pledge any and all of its property, both real and personal, including that which it may undertake to market or hold for its members; and otherwise to finance any of its activities;

(7) To establish, maintain and carry on agencies for the transaction of its own business; to act as agent, attorney-in-fact and broker for others; and to make and enter into contracts of every kind, nature and description;

(8) To purchase, acquire, lease, hold, sell, dispose of, and otherwise deal in and with each and every kind of personal property, including without limitation corporate stocks, bonds and securities, cooperative association memberships, interests and securities; and, while the owner thereof, to exercise all of the rights, privileges and incidents of ownership, including the right to represent and vote the same or authorize others so to do;

(9) To purchase, sell, acquire, improve, build, lease, hold, dispose of, operate, maintain and otherwise deal in and

with and exercise the privileges of ownership over all property, real and personal, of any kind or nature whatsoever deemed essential or convenient in conducting its business, including, without limitation, real estate, offices, warehouses, manufacturing and other establishments and all machinery, equipment and plants;

(10) To establish, acquire, develop, own, use and dispose of trademarks, brands, copyrights and patents as may be necessary or convenient in furthering any of the purposes for which the Association is formed; to make rules and regulations with reference to the use thereof; and from time to time to change, modify or repeal such rules and regulations;

(11) To provide all of its facilities and to serve its members on a non-profit, cooperative basis under such fair and equitable rules and regulations as may be prescribed pursuant to the terms and conditions of the bylaws to be adopted by the Association; to provide for the payment and collection for such facilities and services directly from the members, or indirectly by adding to the purchase or selling price thereof or through deductions from marketing returns or other funds, or otherwise, in such amount or charge as the board of directors, in its discretion, may deem sufficient to cover the cost of such facilities and services rendered or to be rendered by the Association including any expense or operating loss incurred or general overhead expense incurred; to provide the Association with sufficient working capital for the transaction and conduct of its business; and to establish and set up such special funds and reserves as, in its discretion, the Association may deem essential or convenient to carry on and conduct its business and meet future contingencies;

(12) To conduct purchasing, marketing and other operations and render services for nonmembers in a total amount not greater than the value of the products or services handled or provided by the Association for its members, subject only to such limitations as are contained in the Food and Agricultural Code of the State of California as now in effect or as hereafter amended, and to the further limitation that any revenue accruing from such source shall go to reduce the cost of service to its members;

(13) To enter into contracts or affiliate with any other cooperative, association or corporation for the better and more economical conduct of its business upon such terms and conditions as, in its discretion, the Association may deem expedient; and

(14) To have, exercise and possess all powers, rights and privileges necessary or incidental to the primary purposes for which the Association is organized or to the activities, or any thereof, in which it is to be engaged; and to have, exercise and possess any other rights, powers and privileges granted by law to nonprofit cooperative associations or to ordinary corporations, except such as are inconsistent with the express provisions of the Food and Agricultural Code of the State of California as now in effect or as hereafter amended; and to contract accordingly; all to the same extent and as fully as a natural person might or could do without limitation as to the place of conduct of business or operations whether within the State of California or elsewhere, provided that the Association shall be operated for the mutual benefit of its members as producers, provided further that the Association shall not pay dividends on stock or membership capital in excess of eight percent (8%) per annum, and provided further that the business of the Association shall be conducted upon a nonprofit, cooperative basis without profit to the Association as such.

(b) The enumeration of any specific purpose or power in these Articles shall not be deemed or construed to limit any purposes or powers of the Association not so enumerated.

**THIRD:** The principal office for the transaction of the business of the Association is to be located in Sutter County, State of California.

**FOURTH:** The Association currently has twenty-four (24) directors, and the number of directors shall not be less than thirteen (13) nor more than twenty-five (25). Specific authority is hereby conferred upon the members and directors of the Association to change the number of directors from time to time by adoption and/or amendment of the bylaws of the Association in accordance with the provisions of section 54116 of the Food and Agricultural Code of the State of California as now in effect or hereafter amended.

**FIFTH:** Membership in the Association shall be limited as prescribed by the Food and Agricultural Code of the State of California as now in effect or as hereafter amended.

**SIXTH:** The Association is and shall be organized without capital stock. All rights and interests of a member shall be evidenced by certificates, to be issued to those entitled thereto, as determined by the board of directors of the Association under appropriate provisions to be incorporated in its bylaws. Such certificates when so issued and made of record by the Association shall be conclusive as to any matter or thing therein set forth, and the member by the acceptance of membership shall be obligated thereby.

**SEVENTH:** The general rules applicable to all members by which the voting power and property rights and interests of each member shall be determined and fixed without regard to date of admission to membership are as follows:

(a) **Voting Power.** The voting power of the members shall be unequal. Each member shall have one (1) vote, plus additional votes based on patronage, as set forth in the Association's bylaws.

(b) **Property Rights.** The Association, pursuant to appropriate bylaw provision, may create or provide for the creation of revolving and other special funds. Property rights and interests in such funds and the ultimate distribution thereof in whole or in part shall be limited as may be specified at the time of creation of such funds, or as may be set forth in appropriate certificates to be issued against the respective funds to evidence the respective rights and interests therein, or as may be set forth in the agreements to be entered into between the Association and its members. Notwithstanding how held, evidenced or certified, the amount standing to the credit of any such funds while held and retained by the Association shall be subject to the rights and claims of its creditors and to the payment of its debts, liabilities and obligations; may be hypothecated, mortgaged or pledged in the same manner and to the same extent as the unallocated funds or properties of the Association; may be used by the Association for the promotion of any of its legitimate objects or purposes; and shall be subject to distribution in whole or in part only as and whenever determined by the board of directors.

**EIGHTH:** Due provision may be made in the bylaws of the Association for the levy and collection of such dues, charges and assessments as may be deemed essential or proper to meet all of its necessary and proper financial requirements, to carry on and conduct its business and to set up adequate working capital, special funds and such reserves for future contingencies as conditions may warrant. No formal requirements need be complied with in order to levy, impose and enforce the payment for such dues, charges or assessments other than such as may be set forth and contained in the bylaws of the Association. Due provision may be made for the enforcement and collection thereof from the members through appropriate legal action, a deduction from marketing returns, an Association charge to be made on products handled or services rendered or by and through any or all such means or otherwise.

**NINTH:** The liability of the directors of the Association for monetary damages shall be eliminated to the fullest extent permissible under California law, including without limitation to the extent authorized by Sections 204(10) and 309(c) of the Corporations Code. The Association is authorized to provide indemnification of agents (as defined in Section 317 of the Corporations Code) for breach of duty to the Association and its members through bylaw provisions or through agreements with the agents, or both, in excess of the indemnification otherwise permitted by Section 317 of the Corporation Code, subject to the limits on such excess indemnification set forth in Section 204 of the Corporation Code.

**TENTH:** The Association, through its bylaws or otherwise, may further provide for any other matter or thing in furtherance of but not in conflict with these articles and not inconsistent with the provisions of the Food and Agricultural Code of the State of California as now in effect or as hereafter amended.