

PPAY 1518199

FILED
In the office of the Secretary of State
of the State of California

APR - 9 1991

March Fong Su
MARCH FONG SU, Secretary of State

ARTICLES OF INCORPORATION
OF
WALNUT BARGAINING ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

That

all of whom are residents of the State of California engaged in the production of agricultural products, we, the undersigned, have voluntarily associated ourselves together for the purpose of forming a nonprofit cooperative association, without capital stock, pursuant to the provisions of Division 20 of the Food and Agricultural Code of the State of California and do hereby certify:

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

SECOND: (a) The purposes for which this Association is formed and the powers which it may exercise are as follows:

- (1) To provide a forum for producers of walnuts to exchange ideas and consider common problems related to growing and marketing walnuts; to encourage and promote closer cooperation between such producers to enhance and promote closer cooperation between such producers to enhance the economic welfare and interests of its members; to encourage the continued production of quality walnuts; 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 walnuts; to cooperate and work with public and private agencies concerned with production,

economic and marketing research; to conduct central purchasing, manufacturing and marketing services through which walnuts and its by-products may be prepared for market and marketed economically and advantageously to such producers and to consumers; to provide the means by which such producers can responsibly solve problems affecting the business of growing and marketing walnuts; 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 walnuts and their by-products;

(2) 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 walnuts and their by-products;

(3) To engage in any and all activities in connection with manufacturing, selling or supplying its members with machinery, equipment and supplies;

(4) To conduct central purchasing, manufacturing and marketing services through which walnuts and their by-products may be prepared for market and marketed economically and advantageously to producers and consumers of walnuts; and to make and execute marketing contracts between the Association and its members requiring the members to market 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;

(5) To borrow and loan money, make advances to its members and guarantee performance and payment for itself or for others; to execute 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;

(6) 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;

(7) 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 other so to do;

(8) 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 of nature whatsoever deemed essential or convenient in conducting its business, including, without limitation, real estate, offices, warehouses, processing and other establishments and all machinery, equipment and plants;

(9) 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 repeat such rules and regulations;

(10) 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;

(11) 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;

(12) 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

(13) 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 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 Sacramento County, State of California.

FOURTH: The number of directors of the Association shall be four (4). Specific authority is hereby conferred upon the members 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 the Food and Agricultural Code of the State of California as now in effect or hereafter amended. The names and residences of those who are to serve as incorporating directors and until election and qualification of their successors are as follows:

<u>Name</u>	<u>Residence</u>
1. Walter G. Deardorff	12435 Delaware, Hickman CA 95323
2. David G. Forry	4260 River Road, Colusa CA 95932
3. R. Donald Morene	600 Swanson Road, Rio Oso CA 95674
4. David W. Stoffel	7480 Cana Highway, Chico CA 95926

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 record by the Association shall be conclusive as to any matter or thing therein set forth, and the member, by the acceptance of the 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 and may exercise one (1) vote plus one (1) additional vote, not to exceed one hundred (100) votes in aggregate per member, for each twenty-five (25) tons of walnuts marketed by or through the Association. No member shall have less than one (1) vote nor shall any member have fractional votes.

(b) Property Rights. The Association, pursuant to appropriate Bylaw provision, may create or provide for the creation of a revolving fund or 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 and authorized objects or purposes; and shall be subject to distribution in whole or in part only as and whenever determined by the Board of Directors. Subject only to the foregoing limitations, the property rights and interests of each member of the Association in its property and assets shall

be equal without regard to date of admission to membership.

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 of 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 Association is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through Bylaw provisions, agreements with agents, vote of shareholders or disinterested directors or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject only to the applicable limits set forth in Section 204 of the California Corporations Code with respect to actions for breach of duty to the Association and its members.

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.

IN WITNESS WHEREOF, we have hereunto set our hands on the following dates set forth below:

Name of Incorporating Director

Walter G. Deardorff

David B. Forry

R. D. Norene

David Stoffel

Residence

12435 Delaware Hickman 95323

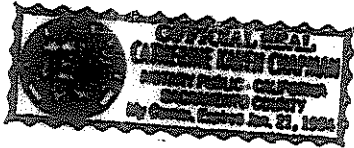
4260 River Road Colusa CA 95932

600 Swanson Rd. Rio Oso, CA 95674

7480 Camp Hwy Chico, Ca. 95926

State of California
County of Sacramento.

On April 8, 1991, before me the undersigned, a Notary Public for the State of California, personally appeared David B. Forry, Walter G. Deardorff, Robert D. Norene, and David W. Stoffel. Proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument, and acknowledged that they executed it.



Catherine Karen Chapman
Notary Public