

RESTATED BYLAWS
OF
GRANGE COOPERATIVE SUPPLY ASSOCIATION
As Amended November 15, 1999

ARTICLE I

Membership

Section 1. Eligibility. Any individual, partnership, corporation, trust, estate or association, including both landlord and tenant in share tenancies, who is a producer of agricultural commodities in the territory served by this cooperative, may become a member upon application accepted by the board of directors and the cash payment by such prospective member of the non-refundable membership fee in the amount of \$100.00.

Section 2. Consent to Taxation. Each producer who hereafter applies for and is accepted to membership in this cooperative and each member of this cooperative on the effective date of this bylaw who continues as a member after such date shall, by such act alone, consent that the amount of any distributions, with respect to patronage of the cooperative after January 1, 1963, by such producer, which are made in written notices of allocation (as defined in 26 USC 1388) and which are received by such producer from the cooperative will be taken into account by such producer at their stated dollar amounts in the manner provided in 26 use 1385(a) in the taxable year in which such written notices of allocation are received by such producer.

Each producer who hereafter applies for and is accepted to membership in this cooperative shall receive a copy of this bylaw section and a notification of its significance before such producer becomes a member of the cooperative.

Section 3. No Interest on Membership. No interest shall be paid on membership fees.

Section 4. Members Agree to Abide by Bylaws. All members agree to comply with and abide by the bylaws of the cooperative and the rules and regulations established by the board of directors as such bylaws, rules and regulations are now or as they subsequently may be amended.

Section 5. Transferability of Membership. Membership may be transferred to one eligible for membership in the cooperative only upon the approval of the transferee's application for membership by the board of directors, in which event the payments required under Section 1 of this Article shall not be required of the transferee. Transfer of a membership shall be accomplished by following such procedure as may be prescribed by the board of directors from time to time. Such transfer shall not be effective unless entered on the membership records of the cooperative.

Section 6. Termination of Membership. The board of directors may terminate a membership for failure of a member to do business with the cooperative during the previous

fiscal year or upon a member ceasing to be eligible to hold membership in the cooperative. On termination of membership, the rights and interests of such member in the property and assets of the cooperative shall automatically terminate, except for such member's interest in net savings on business done with the cooperative prior to termination of membership, and interest in the Cooperative's capital as evidenced by patronage refund credits. No settlement or payment shall be accelerated by virtue of such termination of membership.

Members of the cooperative prior to April 15, 1999 whose membership is terminated shall be given patronage refund credits of the then current series in an amount equal to the amount paid on the membership fee, and the membership shall be canceled on the membership records of the cooperative. Members becoming a member of the cooperative after April 15, 1999 whose membership is terminated shall not be entitled to receive patronage refund credits equal to the amount paid on the membership fee.

ARTICLE II

Meetings

Section 1. Annual Meeting. The annual meeting of the members of the cooperative shall be held within thirty (30) days of the 15th day of April of each year at such date, hour and place within the State of Oregon as may be designated by the board of directors.

Section 2. Special Meetings. Special meetings may be called at any time by the President or by order of the board of directors. Such meetings shall be called by the Secretary when at least ten (10%) percent of the members shall so request in writing, such request to state the business to be brought before the meeting.

Section 3. Notices. Notices stating the place, day and hour of all meetings of members shall be mailed by the Secretary to each member, at the address of the member which appears in the records of the cooperative, not less than seven (7) nor more than thirty (30) days prior to the date of such meeting. The notice of any special meeting shall include a brief statement of the purpose of that meeting. The notice shall be deemed to be given when deposited in the United States mail addressed to the member at the address of the member as it appears on the records of the cooperative with postage thereon prepaid.

Section 4. Quorum. At any meeting of the members those members present shall constitute a quorum and the majority vote of those present shall be sufficient for any action, except as otherwise required by law or these bylaws.

Section 5. Voting. Each member of the cooperative shall be entitled to one vote. Where husband and wife hold a membership in their joint names, they shall be entitled to but one vote.

Voting by proxy shall not be permitted, but a member that is a corporation, association, partnership, trust or estate may designate a representative to cast its vote. In the absence of written notice that some person has been designated to represent a member which is other than a natural person, such member may be represented by any of its principal officers.

Any vote to amend the bylaws may be conducted by mail ballot if authorized by the board of directors. The Secretary shall prepare a ballot on a particular question or questions to be voted on at any annual or special meeting of the members, including the election of directors. The Secretary shall mail to each member along with the notice of the meeting, a ballot on each such question and a voting envelope. The ballot may be cast only in a sealed voting envelope which is authenticated by the member's signature and returned to the cooperative on or before the date set for the meeting. A vote so cast shall be counted as if the member were present and voting in person.

ARTICLE III

Board of Directors

Section 1. Number and Term. The board of directors of this cooperative shall consist of nine persons, who at all times shall be members of the cooperative; provided, however, that any member that is a corporation, association, partnership, trust or estate may designate a representative to stand for election as a director. The term of office of all directors shall be three (3) years. Directors shall serve staggered terms with three terms expiring each year and three each year thereafter. No director shall hold during the term as director any position in the cooperative on regular salary.

Section 2. Vacancies. Vacancies on the board of directors shall be filled by a majority vote of the remaining directors though less than a quorum of the board. A person elected to fill a vacancy shall hold office during the remainder of the term of the director succeeded. Termination of membership in the cooperative by any individual who is a director shall automatically create a vacancy in such member's office as a director.

Section 3. Meetings. Within ten (10) days after each annual meeting of members, the directors elected at such meeting and those holding over shall hold an organization meeting for the purpose of electing officers and for the transaction of such other business as may come before the meeting. If all such directors are present at the time and place of such meeting, no prior notice of such meeting shall be required to be given to the directors.

The board of directors by resolution may establish the date, time and place of other regular meetings of the board.

Section 4. Special Meetings. Special meetings may be called by the President and must be called by the President at the request of at least three (3) directors. Such special meetings may be held at such time and place as the board of directors or the President shall determine, and any business may be transacted at such meeting.

Section 5. Notices. Meetings of the board, whether special or regular, may be held on three (3) days' notice, given by mail, or not less than eight (8) hours' notice, given by telephone or telegraph. Attendance of a director at a meeting shall constitute a waiver of notice thereof except where a director attends a meeting for the express purpose of objecting to the transaction or any business because the meeting is not lawfully called or convened.

Section 6. Quorum. A majority of the directors shall constitute a quorum, but no action of the board of directors shall be valid unless it is approved by an affirmative vote of at least five directors.

Section 7. Compensation. The members of the cooperative may provide a fair compensation and mileage for the time actually spent by its officers and directors in its service. However, no director during his term of office shall occupy any position in the cooperative on a regular salary, nor shall he be a party to a contract for profit with the cooperative different in any respect from the business relations accorded to other members.

Section 8. Removal of Directors. Any director may be removed from office at an annual or special meeting of the members by a majority vote of all members voting in person thereon at such meeting, provided: that written reasons for the removal of the director are included in the notice of such meeting; that such reasons are presented at such meeting; and the director whose removal is sought has an opportunity to answer such reasons prior to the vote for removal. The Secretary of the cooperative shall include such statement of reasons for removal in the meeting notice if such statement is filed within at least fifteen (15) days prior to the date of an annual or special meeting, together with a written petition signed by at least twenty (20) members of the cooperative requesting the removal of such director. It shall be the duty of the Secretary to forthwith deliver a copy of the statement of reasons for removal to the director and to include in the meeting notice the director's answer to such reasons, if such answer is received by the Secretary within four (4) days of the date of delivery of the statement of reasons for removal of the director. The written statement of reasons for removal shall be filed with the minutes of the meeting.

ARTICLE IV

Duties of Directors

Section 1. Management. The corporate powers of the cooperative shall be exercised by or under the authority of the board of directors, and the business and affairs of the cooperative shall be managed under the direction of the board of directors. The board of directors shall make the necessary rules and regulations for the operation of the business and the guidance of the affairs, employees and agents of the cooperative. Any rule or regulation adopted by the board may be amended, suspended or repealed by a majority vote of the members of the cooperative present at any annual meeting or any special meeting called for the purpose of considering such rule or regulation.

Section 2. Employment of Manager. The board of directors may appoint and remove at its pleasure the manager and other officials, agents and employees, prescribe their duties and fix their compensation. The manager shall not be a director.

Section 3. Accounts, Audits and Reports. It shall be the responsibility of the board of directors that an accounting system is installed and maintained adequate for the requirements of the cooperative. The board shall cause to be made an annual audit by a certified public accountant. Special audits shall be made at any time upon order of a majority of the board of directors or upon a majority vote of the members at any meeting. The audit, books and records of

the cooperative shall be open for inspection by the members at all reasonable times as provided by ORS 62.440.

The board shall cause to be kept a complete record of all of its acts and the proceedings of its meetings and shall cause to be presented at the annual meeting a report reviewing the Cooperative's business for the year and showing the condition of its affairs.

Section 4. Bonds and Insurance. The board of directors shall require the manager and all other officers, agents and employees charged by the cooperative with the responsibility for the custody of any of its funds, securities or property, to give bond with sufficient surety for the faithful performance of their official duties in a bonding company approved by the board of directors. The premium on such bond(s) shall be paid by the cooperative. The board of directors shall also provide for the adequate insurance of the property of the cooperative.

Section 5. Borrowing Money. The board of directors may borrow money for any purpose of the cooperative upon open account, or upon any asset of the cooperative, in such amounts and upon such terms as the board may determine, and the board shall have authority to issue notes, certificates, bonds, debentures or other evidence of indebtedness, and to secure the same by mortgage, trust deed, or any other form of security.

Section 6. Establishing of Depositories. The board of directors shall have power to select one or more banks to act as depository of the funds of the cooperative and to determine from time to time the manner of receiving, depositing and disbursing the funds of the cooperative and the form of checks and the person or persons by whom such checks shall be signed.

Section 7. Execution of Corporate Documents. When the execution of any instrument has been authorized by the board of directors without specifying the executing officer, such instrument may be executed by any two of the following officers: the President, Vice-President, Secretary, Treasurer and Assistant Secretary. The board of directors may, however, authorize any one of such officers to sign any of such instruments for and on behalf of the cooperative and may designate officials or employees of the cooperative other than those named above who may sign such documents.

Section 8. Indemnification of Directors. Under the conditions hereinafter stated, the cooperative shall indemnify any and all of its directors or officers who are directors, or former directors or former officers who were directors, against all expenses, including attorney's fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by them or imposed upon them in connection with the defense or settlement of any action, suit or proceeding, whether civil, criminal or administrative, brought or threatened in which they or any of them are or might be parties, a party or a witness, by reason of being or having been directors or officers who are directors. Such conditions for indemnification are:

1. Compliance by such indemnitee with the standard of good faith and reasonableness required by the applicable provisions of ORS 62.464 and ORS 62.466.
2. Compliance with the method of determination of eligibility for indemnification prescribed by the provisions of ORS 62.474.

Section 9. Indemnification of Officers and Employees. The cooperative may or shall, pursuant to ORS 62.476, indemnify all of its officers and employees against all expenses, including attorney's fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by them or imposed upon them in connection with the defense or settlement of any action, suit or proceeding, whether civil, criminal or administrative, brought or threatened in which they or any of them are or might be parties, a party or a witness, by reason of being or having been officers or employees. The conditions for indemnification of such officers or employees shall be the same as required for directors, pursuant to ORS 62.464, ORS 62.466, and ORS 62.474.

ARTICLE V

Officers

Section 1. Offices to be Filled. The principal officers of this cooperative shall be a President, one or more Vice Presidents as determined by the board, a Secretary and a Treasurer. At least one of the principal officers must be a director of the cooperative. The offices of Secretary and Treasurer may be filled by the same person. The board of directors may appoint an assistant secretary or an assistant treasurer by resolution entered in its minutes.

Section 2. Election. The officers shall be elected by vote of the board of directors at the organization meeting of the board each year, and the term of office shall be for a period of one (1) year or until their successors are elected and assume office. Any officer, however, may be removed from office for cause by affirmative vote of five (5) directors.

Section 2.5. Vacancies. A vacancy in an office of the cooperative shall be filled by a majority vote of the board of directors. A person elected to fill a vacancy shall hold office during the remainder of the term of the officer succeeded.

Section 3. President. The President shall preside at all meetings of the members of the cooperative and of the board of directors. He shall sign for the cooperative such contracts and other documents as he may be authorized by the board of directors to sign, and shall perform all acts and duties usually performed by a president or as prescribed by the board of directors.

Section 4. Vice President. In the absence or disability of the President, the Vice President shall preside and perform the duties of the President. The Vice President shall also perform such other duties as may be delegated to him by the board of directors. In the event of the death, resignation or long continued disability of the President, the board of directors may declare the office of President to be vacant and elect a successor.

Section 5. Secretary. The Secretary shall keep or cause to be kept a complete record of all meetings of the cooperative and of the board of directors. He shall keep or cause to be kept proper membership records and shall perform such other duties as may be required by the board of directors. The Assistant Secretary may be authorized by the board of directors to perform the duties of the Secretary.

Section 6. Treasurer. The Treasurer shall keep such records, make such reports and perform such other duties as may be required from time to time by the board of directors.

Section 7. Delegation of Duties. In the event of the absence or disability of any officer, the board of directors may delegate during such absence or disability the powers or duties of such officer to any other officer or director.

ARTICLE VI

General Method of Doing Business

Section 1. Non-Profit Operation. The term "net savings" is used in these bylaws in the same manner as that term is used in the Oregon cooperative Act, and net savings shall be determined in accordance with the provisions of such Act, subject to such adjustments as may be required by the United States Internal Revenue Code.

This cooperative shall operate on a cooperative, non-profit basis for the mutual benefit of its members. The portion of the net savings of the cooperative derived from business transacted with members doing more than \$500 worth of business in a given year belongs to such members in proportion to their respective patronage and shall be returned to members either in the form of cash or credits. The cooperative may serve non-members, on a cooperative basis, in such manner and to such extent as the board may from time to time determine. As to any non-member with which the cooperative does business on a cooperative basis, the board may prescribe a form of nonmember patronage contract to be executed with the cooperative by such non-member. Persons or parties executing such a contract shall be referred to as non-member patrons in these bylaws. Products received or services performed by the cooperative for non-member patrons, may for accounting purposes, be pooled with such products or services of similar classifications received or rendered by the cooperative to its members, or may be handled or performed and accounted for separately, as the board may determine.

Section 2. Operation by Divisions or Departments. If the board of directors finds that the net savings are substantially different as between two or more classes or types of products handled by the cooperative, or classes or types of business done by the cooperative, it may establish reasonable classifications of patronage by products or departments based upon such differential, so that net savings will be equitably distributed among the members or non-member patrons in each year as nearly as practical in proportion to the patronage that produces such net savings.

Section 3. Application of Net Savings to Indebtedness. The cooperative at its option may withhold any and all net savings distributable to a member or non-member patron and apply the same to the indebtedness of such member or non-member patron of the cooperative. In any such event, however, the cooperative shall notify such member or non-member patron of the amount so applied.

Section 4. Allocation of Loss. If there is a net loss in any year, the amount of such loss shall be charged against the members' equity reserve.

ARTICLE VII

Capital Accounts

Section 1. Patronage Refund Credits. For the portion of the net savings of the cooperative returned to its members or non-member patrons other than in cash, the cooperative has issued and shall issue patronage refund credits. Such credits shall be established in an annual series corresponding with the year of patronage of the cooperative upon which such credit was based.

Section 2. Evidence of and Transferability of Credits. An allocation to members or non-member patrons in patronage refund credits shall be evidenced by a notice advising the member or non-member patron entitled thereto of the credits to his account based on his patronage of the cooperative for the particular year involved. Patronage refund credits may be assigned and transferred by the owner thereof by a written form of assignment provided by the cooperative and the cooperative shall issue an acknowledgment of assignment. The cooperative shall only recognize the holder of credits as shown by its books.

The cooperative may offset any indebtedness due it from the holder of credits and against the earliest of such credits before the transfer of the interest to the holder, and the assignment of such credits will only be recognized to the extent of the credits remaining after deducting such indebtedness.

Section 3. Patronage Refund Credits Subordinate to Claims of Creditors. Patronage refund credits are subordinate in right to claims of all present and future creditors of the cooperative.

Section 4. Interest. No interest shall be paid in patronage refund credits.

Section 5. Retirement of Patronage Refund Credits. Patronage refund credits may be retired by the board of directors in the priority of establishment of such credits, but there shall be no priority between credits established in the same fiscal year. The directors may establish different repayment series for member and non-member patronage refund credits. If there are funds available to retire part but not all of the patronage refund credits of a particular series, part payment may be made upon credits of such series. Patronage refund credits shall be retired at the value thereof as shown on the books of the cooperative. Such retirement shall be made in cash or in 15-year notes of the cooperative, as may be determined by the board of directors. However, if retirement of such credits is to be made in 15-year notes, such notes shall be issued in retirement of all such credits retired in that fiscal year. When retirement is made in the form of notes, odd amounts of such credits of any holder under \$10.00 shall be carried over to the next succeeding series of such credits.

Section 6. Retirement of Patronage Refund Credits on Death.

(a) Upon the death of an individual to whom patronage refund credits were originally issued, the board of directors shall retire the credits of such holder by paying the face value in cash to his executor or administrator. In the event there is no probate of the estate of such

decedent, payment may be made to the heirs under conditions to be prescribed by the board of directors. If a partnership is the holder of such credits and a partner dies, if the surviving partner or partners are no longer in the business of raising agricultural commodities in the territory served by the cooperative and make a proper showing to such effect, or if the surviving non-member partners refuse to enter into a non-member patronage contract, the provisions of this section shall apply to redemption of the interest of the deceased partner in such credits, at the request of the surviving partner or partners and of the executor or administrator of the deceased partner's estate.

(b) Where patronage refund credits were held in the name of husband and wife or were otherwise jointly held, no payment shall be made to the surviving spouse or to the surviving joint tenant; provided, however, that if such survivor is no longer engaged in the business of raising agricultural products in the territory served by the cooperative, or refuses to enter into a non-member patronage contract, then upon proper showing to such effect and upon request from such survivor, payment will be made, subject to the conditions hereinafter set forth.

(c) It is expressly provided, however, that the cooperative shall not be obligated in any one fiscal year to make payments in accordance with the provisions of this section in excess of an amount equal to five (5%) percent of the maximum amount of patronage refund credits outstanding at any time during such year. Any sums otherwise payable on account of death of holders of such credits because such sums exceed the five (5%) percent limitation shall be paid in the subsequent year or years in accordance with priority of dates of death. The board of directors shall adopt such rules and regulations as may be necessary to carry out the purposes of this section.

(d) Any patronage refund credits retired under this section which remain unclaimed after four years may be forfeited by the board of directors and shall revert to the cooperative and be credited to the members' equity reserve pursuant to Article VII, Section 10, below.

Section 7. Offset of Indebtedness. Any indebtedness due from the record holder of a credit to the cooperative may be offset by the cooperative before retirement of such credit or any part thereof

Section 8. Members' Equity Reserve. The portion of the net savings of the cooperative derived from business transacted with non-members who elect not to enter into non-member patronage contracts, and derived from business of \$500 or less in a given year transacted with members or non-member patrons, after payment of taxes thereon, if any, shall be credited to the members' equity reserve. Such reserve shall be considered as part of the capital of the cooperative for all purposes. The members or non-member patrons shall not be entitled to payments of credits_ to members' equity reserve except in the event of liquidation or dissolution of the cooperative.

Section 9. Rights of Dissolution. Rights of holders of patronage refund credits upon dissolution or liquidation of the cooperative are set forth in the Restated Articles of Incorporation.

Section 10. Unclaimed Distributions. Any distribution of net savings in cash or redemption of or payment based upon any indebtedness, capital stock of the cooperative or other equity interest which remains unclaimed four (4) years after the date authorized for payment, redemption or retirement, may be forfeited by the board of directors and shall revert to the cooperative according to the procedure set forth in the Oregon cooperative Corporation Act, provided that at least six (6) . months prior to the declared date of forfeiture, notice that the payment is available has been mailed to the last-known address of the person shown by the Cooperative's records to be entitled thereto or, if the address is unknown, is published as provided by ORS 62.245. Funds which so revert shall be credited to the members' equity reserve.

ARTICLE VIII

Amendments

These bylaws may be amended at any meeting of the members by a majority vote in the affirmative of those present or represented by ballot, provided that notice of the proposed amendments is included in the written notice of the meeting.

These Restated Bylaws were adopted by the board of directors on the 13th day of October, 1999, and submitted for vote of the members on November 15, 1999.

By: _____, Secretary