

**ARTICLES OF INCORPORATION
OF
SAN JUAN ISLANDS FOOD HUB**

ARTICLE I

Name, Principal Place of Business, Registered Office and Agent

Section 1.1 Name. The name of the cooperative association is San Juan Islands Food Hub (“Cooperative”).

Section 1.2 Principal Place of Business. The principal place of business for the Cooperative is 150 Nichols St, Friday Harbor, WA 98250. The Cooperative may locate its places of business at any other place or places as the Cooperative’s board of directors (“Board of Directors”) may from time to time deem advisable.

Section 1.3 Registered Office and Agent. The initial registered office for the Cooperative is 419 S 1st St #207, Mt Vernon, WA 98273. The initial registered agent at that address is the Northwest Agriculture Business Center. The registered office and registered agent may be changed by the Board of Directors from time to time by updating the records of the Washington Secretary of State.

ARTICLE II

Purposes and Powers

Section 2.1 Purposes. The Cooperative is organized pursuant to Chapter 23.86 of the Revised Code of Washington (“Act”) as an agricultural association, as defined under the Act, for the following purposes:

a) To market for its members and others any and all agricultural products or any products derived therefrom;

b) To engage in any activity in connection with the picking, gathering, harvesting, receiving, assembling, handling, grading, cleaning, shelling, standardizing, packing, preserving, drying, processing, transporting, storing, financing, advertising, selling, marketing, or distribution of any such agricultural products or any products derived therefrom;

c) To purchase for its members and others farm supplies and equipment; to manufacture, process, sell, store, handle, ship, distribute, furnish, supply, and procure any and all such farm supplies and equipment; and to exercise all such powers in any capacity and on any cooperative basis that may be agreed upon;

d) To investigate, facilitate and develop other business opportunities for its members;

e) To coordinate, develop or provide services for its members and the products

produced and purchased by its members;

f) To do all lawful things to further add value and to increase returns and opportunities for its members; and

g) To undertake any lawful business for which associations may be incorporated under the Act.

To this end, the business and activities of the Cooperative shall be conducted on a cooperative basis under the laws of the State of Washington and the Act, as more particularly provided in these Articles of Incorporation of San Juan Islands Food Hub ("Articles") and the Bylaws ("Bylaws") of this Cooperative.

Section 2.2 Powers. The Cooperative shall have all powers, privileges and rights conferred upon it by applicable law. Without limiting the foregoing, this Cooperative shall have the power:

a) To borrow money from and to loan money to its members, nonmember patrons and others; to guarantee or stand as surety on loans made to its members, nonmember patrons and others by lenders; to issue bonds, deeds of trust, debentures, notes, and other obligations and to secure the same by pledge, mortgage, or trust deed on any real or personal property of this Cooperative; to draw, make, accept, endorse, guarantee, execute, and issue promissory notes, bills of exchange, drafts, warrants, warehouse receipts, certificates and other obligations, and negotiable or transferable instruments for any purpose deemed necessary to further the objects for which this Cooperative is formed;

b) To acquire, purchase, hold, lease, encumber, sell, exchange, and convey such real estate, buildings, and personal property as the business of this Cooperative may require;

c) To purchase, acquire, own, mortgage, pledge, sell, assign, transfer or otherwise dispose of equity or debt securities created by any other corporation or other legal entity wherever organized, with all the rights, powers and privileges of ownership thereof;

d) To borrow money, to incur obligations and to assume obligations of any other person, individual, corporation or other legal entity, in any amount, and to make contracts for hire;

e) To issue equity and debt securities, whether certificated or uncertificated, as further provided in the Articles and in the Bylaws;

f) To join with other cooperatives, limited liability companies, corporations, partnerships, cooperatives or other entities to form district, state, or national marketing, manufacturing, purchasing and service organizations, and other organizations engaged in the general purposes for which this Cooperative is formed, and to purchase, acquire,

and hold the capital stock or other equity interests and the notes, bonds and other obligations of such organizations;

g) To have one or more offices, and to conduct any or all of its operations and business and promote its purposes without restriction as to places or amounts;

h) To carry on any other business in connection with the foregoing and to engage in any of said activities on its own account or as agent for others, either alone or in cooperation with others; and to employ agents, consultants and nominees to perform any or all of the powers described or referred to herein; and

i) To perform every act and thing necessary, proper, incidental or convenient to the conduct of the Cooperative's business or the accomplishment of its purposes.

The powers, privileges and rights specified herein shall, except where otherwise expressed, be in no way limited or restricted by reference to or inference from the terms of any other provision of these Articles. The enumeration of powers, privileges and rights herein shall not be held to limit or restrict in any manner the general powers, privileges and rights conferred upon this Cooperative under applicable law.

Section 2.3 Limitation on Nonmember Business. The Cooperative shall not deal in the products of nonmembers to an amount greater in value than such as are handled by it for members.

Section 2.4 Bylaws. The Bylaws of this Cooperative may be adopted, amended, and repealed by majority vote of the Board of Directors.

Section 2.5 Duration. The duration of the Cooperative shall be perpetual.

ARTICLE III Membership and Capital Stock

Section 3.1 Authorized Capital Stock. This Cooperative is organized with capital stock.

(a) **Classes and Authorized Amounts.** The authorized capital stock of this Cooperative shall consist of 200 shares of common stock without par value and 5,000 shares of preferred stock without par value.

(b) The common stock of this Cooperative may be transferred only with the written consent of the Board of Directors of the Cooperative and on the books of the Cooperative, and then only to those eligible to hold it. No purported assignment or transfer of common stock shall pass to any person or legal entity not eligible to hold it, nor the rights or privileges on account of such stock, nor a vote or voice in the management of the affairs of the Cooperative. The Board of Directors may refuse to consent to any transfer which the Board of Directors determines is not in the best interests of the Cooperative, and no

member shall be entitled to compensation of any kind by reason of such refusal.

(c) The preferred stock of this Cooperative may be issued to any persons or legal entities, including but not limited to individuals and joint ventures, corporations, partnerships, limited liability companies, limited liability partnerships, or cooperatives entity. Preferred stock shall carry no voting rights or voice in the management or control of the Cooperative. Noncumulative dividends not to exceed eight percent (8%) per year may be paid on preferred stock at the absolute discretion of the Board of Directors. Preferred stock may be transferred in accordance with such rules, regulations or policies as the Board of Directors may adopt. It may be redeemed in whole or in part on a pro rata basis at par, plus any dividends declared and unpaid, at any time on thirty (30) days' notice by the Cooperative, provided said stock is redeemed in the same order as originally issued by years. If the preferred stockholder fails to deliver any certificate evidencing such stock, the Cooperative may cancel the stock on its books.

(d) Except as may be limited by applicable law, these Articles or the Bylaws, the Board of Directors have the authority and power to establish and issue one or more than one series of shares of common or preferred stock; to set forth the designation of series of such shares; to fix the relative rights, preferences, privileges and limitations of each series of shares; and to establish and maintain such capital reserve, nonstock revolving capital, unit retains, and other types of equity credits as further provided in these Articles and the Bylaws.

Section 3.2 Membership and Common Stock.

a) For purposes of these Articles and the Bylaws, the Common Stock may only be held by persons or legal entities, including but not limited to individuals and joint ventures, corporations, partnerships, limited liability companies, limited liability partnerships, or cooperatives that meet the following definition:

- i. "producers of agricultural products" are engaged in the production of one or more agricultural products, including as tenants of land used for the production of such products and lessors of such land that receive as rent therefor any part of the product of such land;
- ii. "buyers of agricultural products" are engaged in the purchasing of one or more agricultural products;
- iii. "community partners" are engaged in supporting local and regional agricultural missions and support the missions and goals of the Cooperative.

b) Membership in this Cooperative is restricted to the holders of the common stock of this Cooperative, and each member of this Cooperative must hold one share of common stock. Common stock may only be held by producers of agricultural products, buyers of agricultural products, and community partners who meet the requirements and conditions of membership as provided in these Articles, in the Bylaws or by resolution of the Board of Directors. Each member who has met the requirements for membership set forth in these Articles, including without limitation, the requirement to subscribe to one

share of common stock, as determined by the Board of Directors, is entitled to vote, but no member shall have more than one vote in the affairs of this Cooperative. The Bylaws may establish additional conditions, requirements or limitations of holding common stock.

c) Shares of common stock are transferable only with the approval of the Board of Directors, and then only to persons eligible to hold the common stock. No purported assignment or transfer of any common stock to any person not eligible to hold such shares passes any rights or privileges on account of such shares. The common stock may be redeemed only at the option of the Board of Directors in accordance with the provisions of these Articles and the Bylaws. Except as required by law, no holder of common stock has any right whatsoever to require the redemption of its common stock. The Board of Directors has the authority to establish a redemption policy on terms and conditions it deems advisable in its sole discretion. The shares of common stock may have additional terms and conditions, qualifications, methods of acceptance, duties, rights and privileges as stated in the Bylaws of this Cooperative.

d) No dividends shall be paid on the common stock of this Cooperative.

e) No member shall have any property rights whatsoever in the Cooperative or any of its assets by reason of their membership. In the event the membership of any member shall terminate for any reason whatsoever, such member shall not thereupon become entitled to demand or receive any interest in the property or assets of the Cooperative, but shall be entitled only to receive payment of its interest in any capital stock, book credits, capital funds, or allocated reserves in accordance with the rules, regulations, and policies adopted by the Board of Directors.

Section 3.3 Ineligibility of a Common Stockholder.

a) As may be more particularly provided for in the Bylaws, if the Board of Directors finds that any common stock of this Cooperative has come into the hands of any person who is not eligible to own common stock or who has otherwise become ineligible for membership in this Cooperative, the Board of Directors of this Cooperative has the right, at its option, (1) to redeem the common stock at an amount equal to the value of the consideration for which the common stock was issued or (2) to convert the common stock into a nonvoting certificate of interest or other nonvoting equity credit at an amount equal to the value of the consideration for which the common stock was issued. Upon such redemption or conversion, such ineligible holder of common stock ceases to be a member of this Cooperative and ceases to have voting rights in this Cooperative.

b) In exercising its right to redeem or to convert the common stock under the preceding paragraph, this Cooperative may cancel the certificate or certificates of such common stock on its books in the event the holder fails to deliver the certificate or certificates evidencing such common stock to the Cooperative. If this Cooperative exercises its right to convert the common stock into a nonvoting certificate of interest or other nonvoting equity credit, this Cooperative has no obligation to redeem such nonvoting equity interest, nor does the holder of such interest have any right to demand

the redemption thereof.

c) Except as specifically provided for in the Bylaws, no action taken by this Cooperative with respect to its common stock modifies the obligations and liabilities of any holder thereof to this Cooperative under any uniform marketing and delivery contract or other contract between the holder and this Cooperative, nor impairs the rights of this Cooperative under such contracts.

Section 3.4 Nonmember Patronage Transactions. Producers of agricultural products or buyers of agricultural products and cooperatives of such producers and buyers who patronize this Cooperative under conditions established by the Board of Directors or as provided in the Bylaws but who are otherwise ineligible to be members of this Cooperative may nevertheless conduct business with this Cooperative on a patronage basis as a nonmember patron, as more particularly provided in the Bylaws or by policies and procedures established by the Board of Directors. Such nonmember patrons are not members and are not entitled to voting rights or other rights and privileges incident to membership, such as a voice in the management or control of the Cooperative.

Section 3.5 Dissent. In the event any member shall dissent from those certain corporate actions described in Chapter 23.86 RCW to which such member is allowed to dissent thereunder, such member shall only be entitled to receive payment of their interest in any capital stock, book credits, capital funds or other allocated reserves as and when payment would have been received had no dissent occurred. In the event the Cooperative shall be obligated to make premature payment therefor, pursuant to such "dissenter's rights," the dissenting member shall be limited to a return of the actual consideration contributed to the Cooperative therefor, or the fair value thereof, whichever is less.

ARTICLE IV Liquidation

In the event of dissolution or liquidation of the Cooperative, all assets of the Cooperative or proceeds thereof shall be distributed in the following order of priority:

- a) In payment of all secured liabilities, then of all unsecured liabilities of the Cooperative, other than such as are hereinafter specified;
- b) In payment to preferred stockholders of the actual consideration contributed to the Cooperative for all outstanding preferred stock upon original issuance of the same as shown by the records of the Cooperative, plus any unpaid declared dividends on such preferred stock. If there are insufficient funds to pay such amounts in full, then the available funds shall be shared amongst such preferred stockholders pro rata based upon the respective dollar amounts due each hereunder;
- c) In payment of each category or class of book credits and capital funds in accordance with such respective priorities of payment as were determined by the Board of Directors upon issuance of the same, pro rata;

- d) In payment to common stockholders of the actual consideration contributed to the Cooperative for all outstanding common stock upon original issuance of the same as shown by the records of the Cooperative. If there are insufficient funds to pay such amounts in full, then the available funds shall be shared amongst such common stockholders pro rata based upon the respective dollar amounts due each hereunder; and
- e) In payment of any allocated reserves, pro rata.

**ARTICLE V
First Lien**

This Cooperative has a first lien on all capital stock, equity credits, and other interests standing on its books for all indebtedness of the respective holders or owners thereof to the Cooperative. This Cooperative also has the right, exercisable at the option of the Board of Directors, to set off such indebtedness against the amount of such capital stock, equity credits, or other interests standing on its books, provided, however, that nothing contained herein gives the owners of capital stock, equity credits, or other interests any right to have such set off made.

**ARTICLE VI
Incorporators**

Incorporators. The name and address of the incorporators are as follows:

1. NAME: David Bauermeister, Northwest Agriculture Business Center
ADDRESS: 419 S 1st St #207, Mt Vernon, WA 98273
2. NAME: Adam Greene, Oak Knoll Farm
ADDRESS: P.O. Box 1866, Friday Harbor WA 98250
3. NAME: Stephanie Coffey, San Juan Islands Agricultural Guild
ADDRESS: P.O. Box 1945, Friday Harbor, WA 98250
4. NAME: James K. Hooper
ADDRESS: 163 Island Drive, Friday Harbor, WA 98250
5. NAME: Candace Jagel
ADDRESS: 46 Evergreen Lane, Friday Harbor, WA 98250
6. NAME: Doug Rowan, San Juan Island Grange #966

ADDRESS: P.O. Box 2013, Friday Harbor, WA 98250

ARTICLE VII Board of Directors

Section 7.1 Board of Directors & Initial Directors. The management of the Cooperative will be vested in a Board of Directors. The initial Board of Directors shall consist of five (5) directors. Thereafter, the number of directors of the Cooperative shall be fixed by the Bylaws and may be increased or decreased from time to time in the manner specified therein. In no event shall there be less than three (3) directors. The names and addresses of the persons who shall serve as the initial directors until their terms expire and until election and qualification of their successors, unless there be a resignation or removal in accordance with law, are the above-named five incorporators.

Section 7.2 Limitation on Liability. No director of this Cooperative shall be personally liable to the Cooperative or its members for monetary damages for any act or omission in the course and scope of his or her official capacity unless the act or omission constitutes gross negligence, except for liability:

- a) for a breach of the director's duty of loyalty to this Cooperative or its members;
- b) for acts or omissions that involve intentional misconduct, a knowing violation of law, or violation of RCW 23B.08.310;
- c) for any transaction from which the director will personally receive a benefit in money, property, or services to which the director is not legally entitled; or
- d) for an act or omission occurring prior to the date when the provisions of this Article became effective.

It is the intention of the members of this Cooperative to eliminate or limit the personal liability of the directors of the cooperative to the greatest extent permitted under Washington law.

If amendments to Washington law are passed after this Article becomes effective which authorize cooperative associations to act to eliminate or further limit the personal liability of directors, then the liability of the directors of this Cooperative shall be eliminated or limited to the greatest extent permitted by Washington law, as so amended. Any repeal or modification of this Article by the common stockholders of this Cooperative shall not adversely affect any right of, or any protection available to a director of this Cooperative which is in existence at the time of the repeal or modification.

ARTICLE VIII Amendments

These Articles of Incorporation may be amended at any regular or special meeting of members called for that purpose, after notice of the proposed amendment has been given to all members entitled to vote thereon, in the manner provided by the Bylaws. The proposed amendment shall be adopted by a vote of a majority of the members voting, but no amendment shall be approved if the total vote is less than twenty-five percent of the total membership of the Cooperative.

INCORPORATORS

DocuSigned by:

Adam Greene

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Adam Greene, Oak Knoll Farm

DocuSigned by:

Candace Jagel

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Candace Jagel

DocuSigned by:

James K. Hooper

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James K. Hooper

DocuSigned by:

David Bauermeister

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David Bauermeister, Northwest Agriculture Business Center

DocuSigned by:

Stephanie Coffey

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Stephanie Coffey, San Juan Islands Agricultural Guild

DocuSigned by:

Doug Rowan

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Doug Rowan, San Juan Island Grange #966

CONSENT TO SERVE AS REGISTERED AGENT

Northwest Agriculture Business Center hereby consents to serve as Registered Agent in the State of Washington for San Juan Islands Food Hub. Northwest Agriculture Business Center understands it will be its responsibility to accept service of process, notices, and demands on behalf of the entity; to forward mail to the entity; and to immediately notify the Office of the Secretary of State if it resigns or changes the Registered Office Address.

2/3/2020

DATED this ____ day of _____, 20__.

DocuSigned by:

David Bauermeister

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David Bauermeister, representative of
Northwest Agriculture Business Center
419 S 1st St #207,
Mt Vernon, WA 98273