

SECOND AMENDED AND RESTATED ARTICLES OF ORGANIZATION

OF

MINNESOTA SOYBEAN PROCESSORS

**A COOPERATIVE ASSOCIATION GOVERNED BY
MINNESOTA STATUTES, CHAPTER 308B**

EFFECTIVE APRIL 1, 2013

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ARTICLE I

NAME AND PRINCIPAL PLACE OF BUSINESS

The name of this cooperative is Minnesota Soybean Processors. The principal place of business for this cooperative is the city of Brewster, Minnesota, in the county of Nobles County, Minnesota. The registered office address of this cooperative is 121 Zeh Avenue, P.O. Box 100, Brewster, Minnesota 56119-0100.

ARTICLE II

PURPOSES AND POWERS

Section 2.1 Purposes. This cooperative is organized for the following purposes:

(a) to receive, handle, store, warehouse, manufacture, process, market, prepare for market including changing the form or marketability of, buy, sell and otherwise deal in its own agricultural products and services or the agricultural products and services of its members, nonmembers, and others;

(b) to manufacture, buy, sell, market, store, warehouse, acquire, transport, distribute, process, produce, drill, mine, refine, and otherwise deal in and procure for its members, nonmembers and others, petroleum products, feed, grain, fertilizer, chemicals, livestock, machinery, equipment, supplies, and other goods, products, merchandise and services used or useful in farming and the agricultural industry;

(c) to engage in activities involving agricultural education, research and development, legislation and economic or social conditions pertaining to farmers and the agricultural industry;

(d) to engage in the financing of the activities described above; and

(e) to engage in any activity connected with or related to any such purposes, and to engage in any and all other lawful purposes or business for which a cooperative organized under Minnesota Statutes, Chapter 308B, may conduct or is authorized to perform by law.

To this end, the business and activities of this cooperative shall be conducted on a cooperative basis, as more particularly provided in these Articles of Organization (these "Articles") and the Bylaws (the "Bylaws") of this cooperative.

Section 2.2 Powers. In addition to other powers, this cooperative may perform every act and thing necessary, proper, incidental or convenient to the conduct of its business or the accomplishment of its purposes. This 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, nonmembers and others; to guarantee or stand as surety on loans made to its members, nonmembers 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, associations 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; and

(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, or alone or in association with others; and to employ agents, consultants and nominees to perform any or all of the powers described or referred to herein.

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. This cooperative shall not market the products of nonmembers in an amount the value of which exceeds the value of the products marketed for members. It shall not purchase supplies and equipment for nonmembers in an amount the value of which exceeds the value of the supplies and equipment purchased for members. It shall not purchase supplies and equipment for persons who are neither members nor producers of agricultural products in an amount the value of which exceeds fifteen percent (15%) of all its purchases. Business done for the United States or any of its agencies shall be disregarded in determining the limitations imposed by this section.

ARTICLE III DURATION

This cooperative shall have perpetual existence.

ARTICLE IV MEMBERSHIP AND AUTHORIZED UNITS

Section 4.1 Authorized Membership Interests and Units.

(a) This cooperative is organized on a membership interest basis. Membership interests and nonmember interests in the cooperative shall be represented and quantified by a unit of measurement referred to herein as a "Unit" (as defined in and more particularly provided in the Bylaws). This cooperative is authorized to issue patron membership interests and nonpatron membership interests. Patron membership interests shall be represented and quantified by Class A preferred units. Nonpatron membership interests shall be represented and quantified by Class C preferred units or Class D preferred units. This cooperative is also authorized to issue Class B preferred units, which Class B preferred units shall represent a nonmember interest in this cooperative. The provisions of this entire Article IV shall be implemented as more particularly

provided in the Bylaws of this cooperative.

(b) The authorized Units of this cooperative shall consist of: Five Thousand (5,000) common units; Fifty Million (50,000,000) Class A preferred units; Ten Million (10,000,000) Class B preferred units; Fifty Million (50,000,000) Class C preferred units; and Fifty Million (50,000,000) Class D preferred units. Except as may be limited by applicable law, these Articles or the Bylaws, the Board of Directors of this cooperative (the "Board of Directors") shall have the authority and power to issue each class of authorized units and to establish and issue one or more than one series of units within a class, to set forth the designation of series of such units, to fix the relative rights, preferences, privileges and limitations of each series of units; and to establish, issue, and maintain such capital reserve, nonunit revolving capital, unit retains, patronage equities, and other types of equity credits, as further provided for in or established pursuant to these Articles and the Bylaws.

Section 4.2 Membership and Common Units.

(a) Membership in this cooperative is restricted to the holders of the common units of this cooperative, and each member of this cooperative (both patron members and nonpatron members) must hold one common unit. No person may hold more than one common unit. Only common unitholders shall have voting power in this cooperative. Holders of the common units shall be restricted to persons who meet the requirements and conditions of patron membership or nonpatron membership in this cooperative as provided in or established pursuant to these Articles and the Bylaws.

(b) Each holder of common units shall have one vote in the affairs of this cooperative regardless of the number of Class A, Class C or Class D preferred units held by such common unitholder, subject however to the authority and the power of the Board of Directors, upon the approval of a majority of the voting power of members present and entitled to vote at a duly held meeting called for that purpose or the notice of which included such purpose, to establish and issue nonpatron membership interests represented by Class D preferred units with voting power based on and in proportion to Class D preferred units held (and not based on one member, one vote), provided that the collective voting power of the patron members of this cooperative may not be less than fifty percent (50%) of the voting power of all members.

(c) The common units are non-transferable and cannot be pledged. No holder of common units shall have any right whatsoever to require the redemption of its common unit. The common units may be redeemed only at the option of the Board of Directors in accordance with the provisions of these Articles and the Bylaws. The Board of Directors shall have the authority to establish a redemption policy on terms and conditions it deems advisable in its sole discretion; provided, however, that the common units may never be redeemed for more than the value of the

consideration for which the common units were issued. No dividends shall be paid on the common units of this cooperative.

(d) The Board of Directors shall have the authority to establish such additional terms and conditions, qualifications, methods of acceptance, duties, rights and privileges of membership in this cooperative and holding common units as it may from time to time deem advisable. The Board of Directors may refuse membership or provide conditional membership to an applicant in its sole discretion.

(e) For purposes of these Articles, the following definitions shall apply:

(i) the term “patron membership interest” means the membership interest in this cooperative requiring the holder to conduct patronage business for or with this cooperative.

(ii) the term “patron” means a person (including individuals and joint ventures, corporations, partnerships, limited liability companies, limited liability partnerships, unincorporated associations or other legal entities) who conducts patronage business with this cooperative in accordance with these Articles and the Bylaws.

(iii) the term “patronage business” refers to business done by this cooperative with or for patrons.

(iv) the term “nonpatron membership interest” means a membership interest that does not require the holder to conduct patronage business for or with this cooperative to receive allocations of profit or loss or distributions.

(v) the term “patron member” means a member holding a patron membership interest.

(vi) the term “nonpatron member” means a member holding a nonpatron membership interest.

Each transaction between this cooperative and each patron member pursuant to a Uniform Marketing and Delivery Agreement shall be conducted on a patronage basis and shall be subject to and shall include as a part of its terms each provision of the Articles and Bylaws, whether or not the Articles or the Bylaws are expressly referred to in the transaction or the transactions documentation. Each transaction between this cooperative and a nonpatron member or a nonmember or between this cooperative and a patron member that is not transacted pursuant to a Uniform Marketing and Delivery shall be presumed to be and shall be conducted on a nonpatronage basis, unless this

cooperative obligates itself in writing before or at the time of the transaction to conduct the transaction on a patronage basis.

Section 4.3 Class A Preferred Units. Holders of Class A preferred units shall be restricted to patron members who are required to conduct patronage business for or with this cooperative to receive profit or loss allocations or distributions. The Bylaws may establish additional conditions, requirements or limitations of holding Class A preferred units. The Class A preferred units are nonvoting, and holders of Class A preferred units are not entitled to voting rights in this cooperative solely by virtue of their ownership of Class A preferred units. No dividends on capital shall be paid on the Class A preferred units, provided that the foregoing restriction shall not limit the financial rights of the holders of the Class A preferred units to receive profit or loss allocations or distributions in accordance with the Bylaws. Class A preferred units shall be transferable only with the approval of the Board of Directors, and then only to persons eligible to hold Class A preferred units. No purported assignment or transfer of any Class A preferred units to any person not eligible to hold such units shall pass any rights or privileges on account of such units. Class A preferred units may be redeemed or exchanged only at the option of the Board of Directors in accordance with the provisions of these Articles and the Bylaws. No holder of Class A preferred units shall have any right whatsoever to require the redemption or exchange of its Class A preferred units. The Board of Directors shall have the authority to establish a redemption or exchange policy on terms and conditions it deems advisable in its sole discretion. The Board of Directors shall have the authority to establish such additional terms and conditions, qualifications, methods of acceptance, duties, rights and privileges of holding Class A preferred units as it may from time to time deem advisable.

Section 4.4 Class B Preferred Units. Class B preferred units may be issued to any person or entity, and represent a nonmember interest in this cooperative. Class B preferred units are nonmember, nonvoting units, and the holders of Class B preferred units are not members of this cooperative and shall have no voting rights in this cooperative solely by virtue of their ownership of Class B preferred units. Dividends on Class B preferred units may be paid as determined by the Board of Directors. Dividends on the Class B preferred units shall not exceed eight percent (8%) annually on the value of the consideration for which the units were issued, and the dividends may be cumulative. As further provided herein, the Board of Directors shall have the authority and power to establish and issue one or more than one series of Class B Preferred Units, to set forth the designation of series of such units, and to fix the relative rights, preferences, privileges and limitations of each series of units of Class B preferred units. The Board of Directors shall have the authority to establish a redemption policy with respect to each series of units of Class B preferred units on terms and conditions it deems advisable in its sole discretion. Class B preferred units shall be transferable only with the approval of the Board of Directors.

Section 4.5 Class C Preferred Units. Holders of Class C preferred units shall be restricted to nonpatron members who are not required to conduct patronage business for or with this

cooperative to receive profit or loss allocations or distributions. The Bylaws may establish additional conditions, requirements or limitations of holding Class C preferred units. The Class C preferred units are nonvoting, and holders of Class C preferred units are not entitled to voting rights in this cooperative solely by virtue of their ownership of Class C preferred units. No dividends on capital shall be paid on the Class C preferred units, provided that the foregoing restriction shall not limit the financial rights of the holders of the Class C preferred units to receive profit or loss allocations or distributions in accordance with the Bylaws. Class C preferred units shall be transferable only with the approval of the Board of Directors, and then only to persons eligible to hold Class C preferred units. No purported assignment or transfer of any Class C preferred units to any person not eligible to hold such units shall pass any rights or privileges on account of such units. Class C preferred units may be redeemed or exchanged only at the option of the Board of Directors in accordance with the provisions of these Articles and the Bylaws. No holder of Class C preferred units shall have any right whatsoever to require the redemption or exchange of its Class C preferred units. The Board of Directors shall have the authority to establish a redemption or exchange policy on terms and conditions it deems advisable in its sole discretion. The Board of Directors shall have the authority to establish such additional terms and conditions, qualifications, methods of acceptance, duties, rights and privileges of holding Class C preferred units as it may from time to time deem advisable.

Section 4.6 Class D Preferred Units. Holders of Class D preferred units shall be restricted to nonpatron members who are not required to conduct patronage business for or with this cooperative to receive profit or loss allocations or distributions. The Bylaws may establish additional conditions, requirements or limitations of holding Class D preferred units. The Class D preferred units are nonvoting, and holders of Class D preferred units are not entitled to voting rights in this cooperative solely by virtue of their ownership of Class D preferred units, subject to the authority and the power of the Board of Directors, upon the approval of a majority of the voting power of members present and entitled to vote at a duly held meeting called for that purpose or the notice of which included such purpose, to establish and issue nonpatron membership interests represented by Class D preferred units with voting power based on and in proportion to Class D preferred units held (and not based on one member, one vote), provided that the collective voting power of the patron members of this cooperative may not be less than fifty percent (50%) of the voting power of all members. No dividends on capital shall be paid on the Class D preferred units, provided that the foregoing restriction shall not limit the financial rights of the holders of the Class D preferred units to receive profit or loss allocations or distributions in accordance with the Bylaws. As further provided herein, upon the approval of a majority of the voting power of members present and entitled to vote at a duly held meeting called for that purpose or the notice of which included such purpose, the Board of Directors shall have the authority and power to establish and issue one or more than one series of Class D Preferred Units, to set forth the designation of series of such units, and to fix the relative rights, preferences, privileges and limitations of each series of units of Class D preferred units. Class D preferred units shall be transferable only with the approval of the Board of Directors, and then only to persons eligible to hold Class D preferred units. No purported

assignment or transfer of any Class D preferred units to any person not eligible to hold such units shall pass any rights or privileges on account of such units. Class D preferred units may be redeemed or exchanged only at the option of the Board of Directors in accordance with the provisions of these Articles and the Bylaws. No holder of Class D preferred units shall have any right whatsoever to require the redemption or exchange of its Class D preferred units. The Board of Directors shall have the authority to establish a redemption or exchange policy on terms and conditions it deems advisable in its sole discretion. The Board of Directors shall have the authority to establish such additional terms and conditions, qualifications, methods of acceptance, duties, rights and privileges of holding Class D preferred units as it may from time to time deem advisable.

Section 4.7 Ineligibility of a Common Unitholder.

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

(b) In exercising its right to redeem or to convert the common units under the preceding paragraph, this cooperative may cancel the certificate or certificates of such common units on its books in the event the holder fails to deliver the certificate or certificates evidencing such common units to the cooperative. In the event this cooperative exercises its right to convert the common units into a nonvoting certificate of interest or other nonvoting equity credit, this cooperative shall have no obligation to redeem such nonvoting equity interest, nor shall the holder of such interest have any right to demand the redemption thereof, and such interest shall remain subject to the terms and conditions of these Articles and the Bylaws, including without limitation restrictions on transfer and priorities of interests on dissolution.

(c) Except as specifically provided for in the Bylaws, no action taken by this cooperative with respect to its common units shall modify the obligations and liabilities of any holder thereof to this cooperative under these Articles and the Bylaws or under any uniform marketing and delivery agreement or other contract between the holder and this cooperative, nor impair the rights of this cooperative under the Articles and Bylaws or such contracts.

Section 4.8 Nonmember Patronage Transactions. Producers of agricultural products and associations of such producers 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 patron 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.

**ARTICLE V
PROFITS AND LOSSES AND DISTRIBUTIONS**

The profits and losses of this cooperative shall be allocated between and among patron membership interests, nonpatron membership interests, and nonmember interests as prescribed by the Bylaws of this cooperative, provided that allocations of profits to the patron membership interests collectively may not be less than fifty percent (50%) of the total profits in any fiscal year. The Bylaws of this cooperative shall prescribe the distribution of cash or other assets of this cooperative between and among patron membership interests, nonpatron membership interests, and nonmember interests, provided that distributions to patron membership interests collectively shall not be less than fifty percent (50%) of the total distributions in any fiscal year. Profits and losses allocated to patron members and distributions to patron members shall be made on the basis of patronage, as more particularly provided in the Bylaws of this cooperative. The foregoing provisions of this Article shall be implemented as more particularly provided in the Bylaws of this cooperative.

**ARTICLE VI
LIQUIDATION**

In the event of any dissolution, liquidation 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. As more particularly provided in and in accordance with the Bylaws, the remaining assets shall then be paid to the holders of patron membership interests, nonpatron membership interests, and nonmember interests to the extent of their interests therein. The Bylaws may provide more particularly for the allocation among the patron membership interests and nonpatron membership interests of this cooperative of the consideration received in any merger or consolidation to which this cooperative is a party.

**ARTICLE VII
FIRST LIEN**

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

**ARTICLE VIII
BOARD OF DIRECTORS**

Section 8.1 Number and Board. The business and affairs of this cooperative shall be managed by a board of directors of not less than five (5) persons, as further provided in the Bylaws. Directors shall be elected by the members at the annual meeting of the common unitholders of this cooperative in such manner and for such terms as the Bylaws shall prescribe. In order to preserve continuity of governance and the harmonious transition of the Board of Directors of this cooperative under Chapter 308A to the Board of Directors of this cooperative under Chapter 308B, the directors of this cooperative serving on the Board of Directors immediate prior to the effective date of these Second Amended and Restated Articles of Organization shall constitute the initial directors on the first Board of Directors of this cooperative under Chapter 308B on and after such effective date, and shall serve for the terms for which said directors were previously elected and in the manner in accordance with the Bylaws.

Section 8.2 Limitation on Liability. No director of this cooperative shall be personally liable to the cooperative or its members for monetary damages for breach of fiduciary duty as a director, except for liability:

- (a) for a breach of the director's duty of loyalty to the cooperative or its members;
- (b) for acts or omissions that are not in good faith or involve intentional misconduct or a knowing violation of law;
- (c) for knowing violations of securities laws or for illegal distributions;
- (d) for a transaction from which the director derived an improper personal benefit;

or

(e) for an act or omission occurring prior to the date when the provision in the articles or bylaws eliminating or limiting liability 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 Minnesota law. If amendments to the Minnesota Statutes are passed after this Article becomes effective which authorize cooperatives 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 the Minnesota Statutes, as so amended. Any repeal or modification of this Article by the common unitholders 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 IX
AMENDMENTS**

These Articles of Organization may be amended in accordance with the Minnesota Cooperative Associations Act, Chapter 308B, Minnesota Statutes, upon the approval of a majority of the votes cast at an annual or special meeting of the common unitholders of this cooperative.

Adopted and approved by the members of this cooperative effective April 1, 2013.