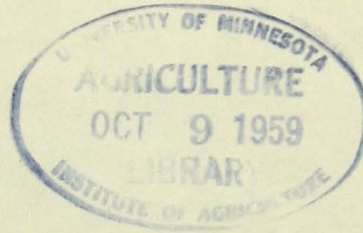


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Guidelines



Sample Forms and Worksheets

Articles of Incorporation
and By-Laws

For a Family-Farm Corporation

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September, 1959 (4)

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ARTICLES OF INCORPORATION

OF THE

_____ AGRICULTURAL CORPORATION

OF _____, MINNESOTA

We, the undersigned for the purpose of forming a business corporation under and pursuant to the provisions of Chapter 301, Minnesota Statutes, known as the Minnesota Business Corporations Act, do hereby associate ourselves as a corporate body, and adopt the following Articles of Incorporation:

ARTICLE I (NAME AND PURPOSE)

Section 1. The name of this corporation shall be the _____

Section 2. The purpose of this corporation shall be to engage in an agricultural production, purchasing, servicing, processing, manufacturing and marketing business. The general nature of its business shall be the producing, processing, handling, and marketing of cash grains, feed crops, milk and dairy products, livestock, eggs and poultry and other products of the farm and the purchasing and handling of building supplies, farm machinery, fertilizers, feeds, and other farm supplies and equipment.

Section 3. For such purposes it shall have the power and authority to own, operate, manage and control such land, buildings, machinery, and other agricultural facilities, including crop, dairy, livestock, egg and poultry production, processing, cooling and freezing, and marketing facilities, as may be required in the usual conduct of such a business. It shall also have the power to purchase, and hold, lease, mortgage, sell and exchange such land, buildings, other real estate, machinery and other personal property as the business of the corporation may require; to issue notes, mortgages, or other evidence of indebtedness; and it shall also have full power and authority to do and perform every act and thing necessary and proper to the conduct of its business which is permitted by the act under which this corporation is incorporated.

ARTICLE II (PERIOD)

The corporate period of this corporation shall be perpetual, and shall commence on the day that this certificate is filed in the office of the Secretary of State.

ARTICLE III (BUSINESS)

Section 1. The registered office, and the principal place of business, shall be in the _____ of _____, _____ County, Minnesota. Other offices for the transaction of business shall be located at such places as the board of directors may determine.

Section 2. The fiscal year of this corporation shall begin on the first day of _____ and close on the last day of _____ of each year (or of the following year).

Section 3. The annual meeting shall be held at the principal place of business of the corporation or at any other place in the area served by it, as may be determined by the Board of Directors. The annual meeting shall be held during the _____ half of _____ of each year, the exact date, place and hour to be determined by the Board of Directors.

Section 4. Special meetings of the stockholders of this corporation may be held in the manner as specified in the By-laws.

ARTICLE IV (CAPITAL STOCK)

Section 1. This corporation shall have only common stock. The amount of the authorized capital stock of this corporation shall be _____ dollars (\$ _____), and shall be divided into _____ (_____) shares of _____ dollars (\$ _____) each, and shall be paid at such time, and in such manner as the directors of this corporation shall order, but no shares shall be issued for less than the par value, nor until the same has been paid for in cash, or its equivalent, and such payment has been deposited with the treasurer of the corporation.

Section 2. The amount of stated capital with which this corporation shall begin business is one thousand dollars (\$1,000) or more. The outstanding capital stock shall at no time be diminished below the amount of one thousand dollars (\$1,000).

Section 3. There shall be no limit to the amount of capital stock held by one person.

Section 4. All applications for stock (membership) in this corporation shall be submitted to the board of directors, and shall be approved by them before any stock is issued to such applicants.

Section 5. Shares of stock shall be transferable in the order and in the manner as provided in the By-laws. All stock transfers shall be reported to the Secretary of the corporation within ten (10) days from the date of the transfer, so that it may be properly recorded with the corporation.

ARTICLE V (FINANCING)

Section 1. Any contributions to this corporation by a stockholder, or by stockholders, shall constitute paid in surplus. The board of directors may recommend to the stockholders that shares of stock be issued for a part of all of such paid in surplus proportionate to the number of shares held by each stockholder. Such a recommendation shall become effective if approved by a _____ vote of the stockholders. In addition, it must have the individual approval of the donor or donors as long as he or they are stockholders in the corporation.

Section 2. The board of directors shall have full responsibility for keeping this corporation in a sound financial condition. No cash dividends shall be paid on stock unless the corporation is soundly financed, as may be determined by the board of directors. Also, no cash dividend shall be paid on stock at the end of a fiscal year unless there was a "return" to the corporation for that year.

Section 3. As may be submitted in a plan by the board of directors and approved by the stockholders, "the returns" of this corporation may be paid as cash payments, or in the form of additional shares of stock, or may be held to accrue as surplus to the corporation. The form in which "the returns" are applied may vary with individual recipients if this variation is indicated in the plan submitted by the board of directors, and is approved by the stockholders.

Section 4. In order to determine the fair value of the assets of this corporation, and to ascertain whether it may issue additional stock for either (1) surplus accrued from "the returns", or (2) paid in surplus, any unrealized appreciation of assets shall not be included. However, proper deduction shall be made for depreciation and depletion of the assets, and for losses of every character, whether or not they have actually been realized. The excess of the value of the assets, if any, above the total of the liabilities and the issued and stated capital stock of the corporation, shall constitute the true aggregate of its earned and paid in surplus.

Section 2. Vacancies in the board of directors may be filled by the remaining members of the board; the person or persons so appointed shall hold office only until the next annual meeting of the stockholders and until their successors have been elected and qualified.

Section 3. The names, post office addresses and terms of the first board of directors shall be as follows:

| NAME | ADDRESS | TERM |
|-------|---------|------------|
| _____ | _____ | _____ yrs. |
| _____ | _____ | _____ yrs. |
| _____ | _____ | _____ yrs. |
| _____ | _____ | _____ yrs. |
| _____ | _____ | _____ yrs. |

ARTICLE IX (OFFICERS)

Section 1. The officers of this corporation shall be a president, vice-president, a secretary and a treasurer, who shall be elected annually by and from the directors: The offices of the secretary and treasurer may be combined and when so combined shall be termed "secretary-treasurer".

Section 2. The names of the first officers of this corporation who shall hold office until their successors have been elected and qualified, are as follows:

| | |
|-------|---------------------|
| _____ | President |
| _____ | Vice-President |
| _____ | Secretary-Treasurer |

ARTICLE X (AMENDMENTS)

These Articles of Incorporation may be amended in whole, or in part, at any regular or special meeting of the stockholders; provided such action has been duly announced in the notice of the meeting. The notice of the meeting shall be mailed to each and every stockholder at least ten (10) days before the meeting and shall include a complete text of the proposed amendments. There shall be a quorum present, or represented by mail vote at the meeting. A majority of the total eligible votes in the corporation shall be required in favor of the amendments, in order to make them effective.

BY-LAWS OF THE

AGRICULTURAL CORPORATION

ARTICLE I (MEETINGS)

Section 1. (NOTICE OF MEETINGS) Notice of all annual and special stockholders' meetings shall be given by mail, by the secretary, to each stockholder at his last known address not less than ten (10) days before the date of the proposed meeting. The notice shall show the date of mailing thereof. The secretary shall keep an exact copy of such notices in his records.

Section 2. (ANNUAL STOCKHOLDERS MEETINGS) The annual meeting of this corporation shall be held as provided in the Articles of Incorporation.

Section 3. (SPECIAL STOCKHOLDERS MEETINGS) The president shall have a special meeting of the stockholders called upon written request from a sufficient number of stockholders to constitute ten (10) percent of the voting power of the stockholders, or upon the request of two or more of the directors. The notice of the meeting shall give the time, place and purpose of the special meeting and shall be issued within seven (7) days from the date that the request was filed. Such special meeting shall be held within the period of ten (10) to sixty (60) days from the date that the request was filed. No business shall be transacted at a special meeting except that mentioned in the notice of the meeting.

Section 4. If a person prefers to delegate his voting rights to another person he shall submit a written statement of his intentions to the Secretary of the Corporation, which shall be properly signed by him. The statement shall include the name of the person to whom the vote is being delegated, and the length of time for which it is being delegated. This statement shall be submitted sufficiently early so that the secretary can include a statement of such intentions, and the name and address of the person to whom the vote has been delegated in the notice of the meeting to stockholders, if such proxy voting is to apply at a stockholders meeting, or in the notice of the meeting to directors if such proxy voting is to apply at a directors meeting.

Section 5. (ORDER OF BUSINESS) In so far as possible, the order of business at the annual meeting and at all other meetings of the stockholders shall be:

1. Registration of stockholders
2. Proof of notice of meeting
3. Reading and disposal of all unapproved minutes
4. Reports of officers and committees
5. Election of directors
6. Unfinished business
7. New business
8. Adjournment

Section 5. (DIRECTORS MEETINGS) Meetings of the board of directors may be called by the president, or may be requested and called by a majority of the directors. Such meetings shall be considered to be regular meetings, so that any business of the corporation which should have the attention of the directors at that time may be discussed, given full consideration, and be voted upon.

Each member of the board of directors shall be duly notified of all directors meetings. A majority of the directors shall constitute a quorum at all meetings of the board of directors and a majority vote of the directors present shall decide all questions.

ARTICLE II (DIRECTORS AND OFFICERS)

Section 1. (NUMBER OF DIRECTORS AND TERM) The directors of this corporation shall be stockholders (members) of the corporation and shall be elected by ballot at the annual meeting for a term of ____ years, and shall hold office until their successors are elected and qualified. (If these by-laws announce the term of office of the directors for more than one year, then it shall be so arranged that as nearly as possible the term of office of an equal number shall expire each year.)

Section 2. (VACANCIES) Any vacancy in the board of directors, unless caused by removal by the stockholders, shall be filled by the remaining members of the board of directors until the next annual meeting.

Section 3. (ELECTION OF OFFICERS) The board of directors shall meet immediately after each annual election and shall elect by ballot, by and from their number, a president, a vice-president, a secretary and a treasurer. The offices of the secretary and treasurer may be held by one person and when so combined shall be termed "secretary-treasurer". The officers shall hold office until their successors have been elected and qualified.

Section 4. (COMPENSATION) The directors' fees, and other regular compensation, if any, of the board of directors shall be determined by the stockholders of the corporation. However, directors shall be entitled to reimbursement for special expenses incurred in directing the business of the corporation when such expenses are authorized by a majority vote of the directors.

Section 5. (REMOVAL) Any director of the corporation may be removed from office by a majority of the voting power of the stockholders, at any annual meeting, or special meeting called for that purpose, at which a quorum of the stockholders (members) shall be present or represented. No director shall be removed unless in the notice of such a meeting it has been stated that his removal is to be considered. At such meeting an opportunity shall be given such director to be heard in person or by counsel. In case of removal, the stockholders shall fill the vacancy of the unexpired term of such director, and such election shall be held at the same meeting in which the director was removed from office.

ARTICLE III (DUTIES AND POWERS OF DIRECTORS)

Section 1. (MANAGEMENT OF BUSINESS) The board of directors shall direct the business and the affairs of the corporation. They shall make rules and regulations which are needed for the operation of the business, provided, however, that such rules and regulations are not inconsistent with law, nor inconsistent with these Articles of Incorporation and By-laws. The Board of Directors shall have the power to employ and dismiss a manager, and other employees, and to determine their duties and to fix their wages.

Section 2. (AUDITS) The board of directors shall examine the records and accounts of the corporation at their regular meetings, and shall in addition have the books audited at least once a year by a disinterested competent accountant or by a committee of not less than two (2) stockholders, who may or may not be members of the Board of Directors. A plan as to how the accounts of the corporation shall be audited shall be submitted by the directors to the stockholders at their annual meeting. The plan as adopted by the stockholders shall then be in effect for the following fiscal year. The annual audit shall be made between the date of the close of the fiscal year and the date of the annual meeting, and a report of such an audit shall be submitted to the stockholders at their annual meeting.

ARTICLE IV (DUTIES OF OFFICERS)

Section 1. (PRESIDENT) The president shall:

- a. Provide leadership to the corporation.
- b. Preside at all meetings
- c. Sign as president, with the secretary, or secretary-treasurer, all notes, deeds and conveyances of real estate, as well as all certificates of stock.

Section 2. (VICE-PRESIDENT) In the absence or disability of the president, the vice-president shall perform the duties of the president.

Section 3. (SECRETARY) The secretary shall:

a. Keep a share register, giving the names and addresses of the shareholders, the number of shares held by each, and the dates on which the certificates therefor were issued.

b. Retain copies of any reports which have been made to all stockholders, or to any one or more of them within the immediately preceding three (3) years, and have them available for review by any of the stockholders.

c. Sign as secretary, with the president, all notes, deeds, and conveyances of real estate, as well as all certificates of stock.

d. Keep a complete record of the meetings of the corporation, and of the board of directors, and make such secretarial reports as may be required by the board of directors.

e. Serve all notices required by law.

f. Submit such monthly and other special reports to the board of directors as may be required by them.

g. The board of directors may delegate some of the duties of the secretary to an employee or employees of the corporation.

Section 4. (TREASURER) The treasurer shall:

a. Receive and disburse all funds of the corporation.

b. Keep a complete record of all financial transactions of the corporation and perform such other duties pertaining to his office as may be required by the board of directors.

c. Submit a complete and detailed financial report to the stockholders at their annual meeting, including a report of the current year's business as provided in the audit, and such other financial data as the board of directors may require.

d. The board of directors may delegate some of the duties of the treasurer to an employee or employees of the corporation.

Section 5. (SECRETARY-TREASURER) If the corporation has a secretary-treasurer, his duties shall be a combination of the duties of the secretary and treasurer.

ARTICLE V (BUSINESS CONSIDERATIONS)

Section 1. (RESPONSIBILITY OF DIRECTORS AND OFFICERS) The directors and officers shall furnish leadership to the corporation, and shall discharge the duties of their respective positions in good faith, and exercise such care and diligence as they would exercise under similar circumstances in their own private business. Inattention and gross negligence on the part of a director or officer shall render him personally liable to, and for, the corporation.

Section 2. (AVAILABILITY OF RECORDS) Every stockholder, in person or by agent or attorney, shall have the right to examine the share register, the financial records, and the records of the proceedings of the stockholders and directors. Such an examination may be made for any proper purpose at any reasonable time or times, and excerpts may be made from such corporation records.

Section 3. (FINANCIAL LIMITATIONS)

a. No personal loans shall be made by this corporation either directly or indirectly, to any stockholder of this corporation.

b. No loans shall be made by this corporation to any other corporation in which its individual stockholders might have a special interest.

c. The funds of this corporation shall always be kept separate from, and shall not be co-mingled with, the funds of individual stockholders.

Section 4. (SALE AND TRANSFER OF STOCK) Whenever a shareholder desires to dispose of some or all of his shares of stock in the corporation such shares shall be offered for sale in the following order and in the following manner:

a. To the corporation as such, so that it may be held as treasury stock and later resold, or may be cancelled and the funds represented thereby be added to the corporation surplus.

b. To other stockholders in the corporation.

c. To an interested party who has previously not been a stockholder in the corporation, but who has been approved by the board of directors as an eligible stockholder.

The stockholder shall give notice to the corporation and indicate how many shares of stock he is offering for sale. If the corporation does not offer to buy such shares within thirty (30) days from the date of his notice, he may then offer such shares for sale to other stockholders in the corporation, through a special notice to be issued by the secretary of the corporation. If he has not been able to sell his shares to other stockholders within thirty (30) days from the date they were first offered to them, then he may offer such shares for sale to interested parties who have previously not been stockholders.

ARTICLE VI (RETURNS)

Section 1. (CALCULATION OF "THE RETURN") Out of the total receipts of the business, the corporation shall pay the expenses of the business, including interest payments on money borrowed from and furnished by people other than stockholders, but not including any allowances for labor, management and such money invested in the business of the corporation by the stockholders. The balance which remains after such expenses have been deducted from the total receipts shall be "the return" and shall be distributed to labor, management and to the stockholders for the capital furnished by them. If some or all of the labor is provided by people who are not stockholders, or by stockholders who prefer to work on a contract basis, and the wages and salaries are pre-determined and established on a contract basis, as recommended by the directors and approved by the stockholders, then the total of such wages shall also be considered as part of the expenses of the corporation. If such wages have been included as an expense of the corporation then "the return" shall be distributed to such management, and labor, if any, as was furnished by stockholders who were not on a pre-determined contract basis, and to the stockholders for the money they have invested.

Section 2. (ALLOCATION AND DISTRIBUTION OF THE RETURNS) At every annual meeting of the stockholders the Board of Directors shall submit a plan for the allocation and distribution of "the returns", to such management and labor as is entitled to part of the returns, and to the stockholders for the money they have invested in the corporation. The plan of the directors may be changed in the manner desired by the stockholders at their annual meeting. The plan as approved by the stockholders shall then be in effect in the following fiscal year. The plan shall include:

a. A statement of the proportion of the return to be allocated to management, to labor, and to the capital invested by the stockholders.

b. A statement of the manner of distribution, namely whether payment shall be made in cash, whether shares of common stock shall be issued, or whether such returns shall accrue as an earned surplus. The manner of distribution may be different to the various recipients, such as making payments to management and labor in cash, and issuing shares of stock for the returns on money invested by the stockholders, if such differences are clearly defined in the plan.

ARTICLE VII (AMENDMENTS)

These By-Laws may be amended in whole or in part at any regular or special meeting of the stockholders, in the same manner as provided for amending the Articles of Incorporation of this corporation.

UNIVERSITY OF MINNESOTA



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