

**BY-LAWS OF
AURORA COOPERATIVE ELEVATOR COMPANY
AURORA, NEBRASKA**

**ARTICLE I
Standards of Operations**

The Aurora Cooperative Elevator Company (the “Cooperative”) shall be a cooperative agricultural organization instituted to promote and provide a medium for unity of effort by farmers and producers of agricultural products, including livestock, in the handling and marketing of grain and other agricultural products and to operate as provided in the Agricultural Marketing Act, approved June 15, 1929, as amended, (the “Marketing Act”) and to do anything that is conducive to carrying out the policy of Congress as stated in that the Marketing Act, and the Capper-Volstead Act, approved February 18, 1922, as amended.

This Cooperative shall have power to purchase, sell, or otherwise deal in futures upon any grain, commodity, stock or thing, for the purpose of hedging its operation, but shall not engage in such operations for speculative purposes and shall not have authority to do so.

**ARTICLE II
Stockholders**

Section 1. Qualifications for Ownership of Capital Stock. Each stockholder of this Cooperative shall be the holder of the one fully paid share of its Capital Stock (“Capital Stock”).

Only producers of agricultural products within the trade territory of this Cooperative which shall include lessors and landlords who participate in share tenancies, who patronize the Cooperative annually, may own the Capital Stock of this Cooperative.

The shares of Capital Stock and Certificates of Participation of this Cooperative shall be non-assessable. The Cooperative shall have a first lien upon the shares of Capital Stock and other equities issued to a stockholder or other patron for any and all debts and demands owing by said stockholder or patron to the Cooperative. No shares of Capital Stock or other equities may be surrendered or redeemed until said stockholder is free of all indebtedness to the Cooperative.

Section 2. Application for Shares. All applications for shares must be submitted to and approved by the Board of Directors before Capital Stock may be issued. Every applicant who applies for shares who is qualified to become a stockholder as defined by Section 1 of this Article shall be accepted unless the Board of Directors shall find just and reasonable grounds that acceptance of the applicant as a stockholder would prejudice the interests or otherwise obstruct the purposes of the Cooperative.

Section 3. Certificate of Equity Ownership. In lieu of the issuance of certificates representing shares of Capital Stock and Certificates of Participation, the Cooperative shall notify each holder of Capital Stock, Certificates of Participation and other equity interests of the Cooperative of the amount of his ownership interest. Such notification shall set forth the name of the Cooperative, that it is a Nebraska cooperative Cooperative, the name of the registered owner, and the par or face value of the equity owned. The certification of ownership need not bear the signature of any officer or the Cooperative. When issued and delivered, such certification shall be conclusive proof that the registered ownership interests are valid and outstanding, and shall be binding upon the Cooperative.

Section 4. Transferability of Equity Interests. The Capital Stock issued by the Cooperative may not be assigned or transferred. The Members' Equity Credits issued by the Cooperative may be transferred by patrons only with the approval and at the discretion of the Board of Directors and only to other patrons who hold Members' Equity Credits in the Cooperative. The Board of Directors of the Cooperative may establish policies and procedures to govern the transfer of Members' Equity Credits between patrons of the Cooperative.

Section 5. Stockholders Moved from Trade Territory. Stockholders who have moved from the trade territory of the Cooperative, which trade territory shall be determined by the Board of Directors shall immediately be ineligible to hold Capital Stock of this Cooperative and shall forfeit all rights and privileges on account of such Capital Stock and the Board of Directors shall have the authority to require the transfer of the Capital Stock of any such stockholder into Certificates of Participation as hereinafter defined of any equal value. All Members' Equity Credits of such stockholders shall be considered for redemption as herein provided.

Section 6. Failure to Patronize. If any stockholder ceases to patronize the Cooperative for a period of one (1) year, said stockholder shall immediately be ineligible to hold Capital Stock of this Cooperative, and shall forfeit any rights or privileges on account of such Capital Stock, and the right to participate in the management of the affairs of the Cooperative, and the Board of Directors shall cancel all shares owned by him, by paying to him the par or book value of the shares, whichever is less, or by issuing to him a Certificate of Participation of equal value. Such Notice of Cancellation shall be sent to the stockholder by first class mail at his last known post office address according to the records of the Cooperative. All Members' Equity Credits of such stockholder shall be considered for redemption as herein provided.

Section 7. Death of Stockholder. When a stockholder dies, the value of his Capital Stock shall be paid to his personal representative at the par value. The Board of Directors shall take action upon receipt of an application for the redemption of the deceased stockholder's Members' Equity Credits within ninety (90) days after the close of the fiscal year in which such application is received. All Members' Equity Credits of such stockholder shall be considered for redemption as herein provided.

Section 8. Withdrawal of a Stockholder. Any stockholder may withdraw from the Cooperative and upon due notice to the Board of Directors of such withdrawal, the par or book value of his shares of Capital Stock, whichever is less, as determined by the Board of Directors, shall be issued to such withdrawing stockholder in the form of Members' Equity Credits of equal value. All other equity interests of a withdrawing stockholder shall be considered and handled in the same manner and at the same time as such equity interests are redeemed for non-withdrawing stockholders.

Such withdrawal shall not affect any right or lien which the Cooperative has against the withdrawing stockholder or his equity interests for his indebtedness, if any, to the Cooperative.

Section 9. Participating Patron. Any person, firm, partnership, corporation, or association who is not an agricultural producer, may be issued a Certificate of Participation or in lieu thereof Members' Equity Credits. Such patron shall be eligible to receive patronage refunds on his patronage. Holders of the Certificates of Participation or holders of Members' Equity Credits that do not own a share of common stock or are not qualified to be a stockholder of the Cooperative shall have no vote in any of the affairs of the Cooperative.

Section 10. Consent. Each person who hereafter applies for and is accepted to membership in this Cooperative and each stockholder of this Cooperative on the effective date of this By-law who continues as a stockholder after such date shall, by such act alone, consent that the amount of any distribution with respect to his patronage occurring after November 30, 1963 and which are made in qualified written notices of allocation (as defined in 26 U.S.C. 1388), and which are received by him from the Cooperative, will be taken into account by him at their stated dollar amounts, in the manner provided in 26 U.S.C. 1385(a), in the taxable year in which such written notices of allocations are received by him. (Originally adopted as Article VI, Section 7, 1963).

Section 11. Voting Rights. In all matters of business, each stockholder shall be entitled to one (1) vote only, regardless of the number of shares he/she/it may hold. Any corporation or partnership holding Capital Stock shall designate its voting delegate and the person declared eligible for service on the Board of Directors of this Cooperative. Such designation shall continue in effect until revoked or changed by the stockholder. Shares held by two or more persons as joint tenants or tenants in common shall be entitled to one (1) vote only.

Section 12. Members' Equity Credits. The Members' Equity Credits of this Cooperative shall be earned permanent capital investment on the part of the patron subject to redemption as herein provided. Upon the issuance of a share of Capital Stock or a Certificate of Participation, all the remainder of each patron's equity in the Cooperative shall be represented by Members' Equity Credits. Members' Equity Credits may be issued in series or classes as determined by the Board of Directors. The Board of Directors may establish priorities for the redemption of separate series or classes of Members' Equity Credits.

Section 13. Base Capital. From time to time, the Board of Directors may establish the amount of permanent Base Capital to be maintained by the Cooperative and apportioned among the patrons on a patronage basis. Required Base Capital shall be represented by Members' Equity Credits of all series held by each equity holder. The series of Members' Equity Credits issued as a part of a Base Capital Plan may be classified differently for redemption practices.

Section 14. Redemption of Members' Equity Credits. It shall be the policy of the Cooperative, when other redemption priorities set forth herein have been met, and when funds are available, to redeem in cash, at the discretion of the Board of Directors, a percentage of each equity holder's Members' Equity Credits, that are eligible for redemption.

The Board of Directors may, by policy declaration, establish redemption practices and procedures, including determining those Members' Equity Credits that are eligible for redemption, based upon death, age, year earned, the equity capital requirements of the Cooperative, or other criteria. Such practices can be different for each series outstanding. The established practices shall be consistently applied for each series; provided however, such practices are subject to change and no equity holder shall have a vested right to claim redemption based upon any such policy declaration. The time, method, amount and series of redemptions of Members' Equity Credits shall be determined solely by the Board of Directors dependent upon the financial condition of the Cooperative and other business considerations.

The Board of Directors may establish separate standards for the redemption of Members' Equity Credits held by patrons whose business activity with the Cooperative has caused the Cooperative to sustain a loss because of non-payment or uncollectability of amounts owed to the Cooperative.

Section 15. Look-Through Principle. In the case of a corporation or a partnership holder of Members' Equity Credits, the priority of redemption shall be determined by the "look-through" principle, whereby such corporation or partnership shall be considered eligible for priority redemption to the same extent as the individual stockholders of such corporation or partners of the partnership would have qualified, if each individual stockholder or partner were an individual equity holder of this Cooperative. The amount of any such redemption shall be determined by the percentage of ownership interest as reported annually to the Cooperative. Any redemption will be paid to the corporation or partnership, and not to the individual stockholder or partner thereof. Each corporation or partnership shall report annually the percentage of ownership interest in the corporation or partnership of each of its stockholders or partners. Failure to report the percentage of individual ownership interest will disqualify any allocations made to the corporation or partnership by this Cooperative from redemption priority. If a corporation or partnership should dissolve, its Members' Equity Credits in this Cooperative shall be prorated among and transferred to the individual stockholders or partners and considered for redemption on an individual ownership basis.

If the equity holder is a trust, it shall be deemed by this Cooperative to be acting for the benefit of the beneficiaries of the trust, and the trustee and beneficiaries shall be subject to the same requirements as a corporate stockholder to permit application of the “look-through” principle.

Section 16. Joint Ownership. Unless otherwise determined by the Board of Directors, when two or more persons are holders of Members’ Equity Credits of this Cooperative as tenants in common or joint tenants with rights of survivorship, they shall be deemed by this Cooperative to be acting as partners and shall be subject to the same requirements as a partnership.

Section 17. Source of Allocated Savings. The annual net savings of the Cooperative which may be apportioned among the patrons result primarily from (a) annual local operations and (b) annual patronage from other cooperatives. The Board of Directors may establish policies and practices for the allocation and redemption of Members’ Equity Credits in series in order to recognize the difference in the character of the assets held by the Cooperative, the patronage commitment of the patron and the resulting impact on availability of current funds for equity redemption purposes.

To enable the Cooperative to fairly and consistently deal with the different sources of savings, the records for Members’ Equity Credits maintained by the Cooperative and reports to the equity holders will state what portion of Members’ Equity Credits is classified in each outstanding series.

Section 18. Reversion of Equity Interests. The Capital Stock, Certificates of Participation, Members’ Equity Credits or other equity or ownership interests in the Cooperative, regardless of how titled, held by an equity holder in the Cooperative resulting from the allocation of net savings other than grain pool distributions, may, without notice, be declared to revert to the Cooperative or its successor in interest if (a) the equity holder has not fulfilled the minimum patronage requirements established by the Board of Directors or (b) the equity holder has not provided the Cooperative with his/her current mailing address and taxpayer identification number.

ARTICLE III **Meetings of Stockholders**

Section 1. Annual Meetings of Stockholders. The annual meeting of the stockholders shall be held within the trade territory of the Cooperative at such time and place as determined by the Board of Directors.

Section 2. Special Meetings of Stockholders. A special meeting of the stockholders may be held within the trade territory of the Cooperative at any time or place upon the call of the Board of Directors; provided however, the Board of Directors shall be required to call a special meeting upon the written request of ten percent (10%) of the stockholders of the Cooperative.

Section 3. Notice of Meetings of Stockholders. Notice of all meetings of stockholders shall be mailed to each stockholder at least ten (10) days, but not more than fifty (50) days, prior to the meetings, unless otherwise required by law.

Section 4. Quorum. A quorum at all meetings of stockholders shall consist of ten percent (10%) of the stockholders, but not more than fifty (50) stockholders, nor less than five (5) stockholders. If less than a quorum is present at any meeting, a majority of those present must adjourn the meeting from time to time without further notice.

Section 5. Order of Business. The order of business insofar as possible at the annual meeting of stockholders and at all other meetings of stockholders shall be:

- (a) Verification of quorum.
- (b) Proof of notice of meeting.
- (c) Reading and approval of minutes.
- (d) Election of directors
- (e) New business.
- (f) Adjournment.

Section 6. Voting. All questions shall be decided by a vote of a majority of the stockholders voting thereon, except as specifically provided by law. There shall be no voting by proxy or by power of attorney. Mail ballots may be used on specific issues, provided that the mail ballots are received by the Secretary and counted at the same time as all other ballots are received.

ARTICLE IV **Directors**

Section 1. Election of Directors. The Board of Directors of this Cooperative shall consist of not less than seven (7) nor more than twenty-one (21) members; the Board of Directors shall from time to time establish the number of directors. The members of the Board of Directors must be actively engaged in farming operations on a regular basis. Any person named on a share of Capital Stock held by joint tenants or tenants in common and the duly authorized representative of a corporation or partnership stockholder may be eligible to serve as a director. No stockholder shall be eligible for the Board of Directors if he is in competition with, or is affiliated with an enterprise which is in competition with, this Cooperative.

Directors shall be elected by the stockholders for a term of three (3) years. Election shall be by secret ballot and it shall require a simple majority of votes cast in the election to elect Directors. The three (3) year terms of Directors shall be staggered, by dividing the total number of directors into three groups, with each group containing one-third (1/3) of the total number of Directors on the Board, as near as may be.

The Board of Directors may establish districts within the trade territory of the Cooperative from which candidates for the Board of Directors shall be selected and may adopt policies for the nomination and election of directors.

The Board of Directors may appoint a nominating committee preceding the annual meeting of stockholders. Notwithstanding the report of the nominating committee, every stockholder shall have the right to make nominations of persons to stand for election to the Board of Directors.

Section 2. Vacancies. The office of any member of the Board of Directors who retires from farming operations shall be declared vacant at the next annual meeting of the stockholders and his successor duly elected.

In the event a director shall become ineligible to hold office, his office shall be declared vacant. Vacancies occurring on the Board of Directors, other than by expiration of term or retirement from farming, shall be filled by appointment by the remaining members of the Board by a majority vote and for a term expiring at the next annual meeting, at which time the stockholders shall elect a director for the balance of the term.

Section 3. Officers of the Board of Directors. The Board of Directors shall meet following each annual stockholders meeting to elect a Chairman, Vice-Chairman and Secretary-Treasurer. Each officer shall hold office for one (1) year and until the election and qualification of a successor. Nominations for officers may be made by any member of the Board of Directors present. Election shall be by secret, written ballot and it shall require a simple majority of votes cast for election. Such officers shall be deemed the officers of the Board of Directors and not executive officers of the Cooperative.

Section 4. Directors' Meetings. Regular meetings shall be held by the Board of Directors at such place and time as the Board may determine. At the annual organizational meeting, the Board may establish regular meeting dates for the year on which meetings shall be held without further notice.

Special meetings of the Board of Directors shall be held whenever called by the President or by a majority of the directors. Any and all business may be transacted at any special meeting. A meeting of the Board of Directors may be held at any time and a director's appearance at the meeting shall be a waiver of notice thereof, unless the director, at the beginning of the meeting or promptly upon his or her arrival objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting.

Oral or written notice of each regular or special meeting of the directors shall be given each director at least twenty-four (24) hours prior to the time of the meeting. Such notice may be waived by all the directors.

Section 5. Quorum. A majority of the Board of Directors shall constitute a quorum at any meeting of the Board.

Section 6. Compensation. Reasonable compensation and expenses of the members of the Board of Directors shall be determined by the Board of Directors, and shall be set annually at the first regular Board meeting each year.

Section 7. Indemnification. Each person, now or hereafter a director, officer or agent of this Cooperative, shall be indemnified by the Cooperative against all costs and expenses, including counsel fees reasonably incurred by or imposed upon him in connection with or resulting from any action, suit, or proceeding, or the settlement thereof prior to final adjudication, to which he is or may be a party by reason of his being or having been a director, officer or agent of the Cooperative (whether or not a director, officer or agent at the time such costs or expenses are incurred by or imposed upon him), if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Cooperative, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The right of indemnification herein provided shall be in addition to all other rights to which any such person may be entitled as a matter of law.

ARTICLE V

Duties of Directors

Section 1. Management of Business. The Board of Directors shall have general supervision and control of the business and the affairs of the Cooperative and shall adopt or approve policies and procedures not inconsistent with the law or these Bylaws for the guidance of the management, employees, patrons, officers, stockholders and agents of the Cooperative.

Section 2. Employment of Manager. The Board of Directors shall have power to employ a manager, define his/her duties, fix his/her compensation, and dismiss him/her with or without cause at any time. The Board shall authorize the employment of such agents and counsel as it from time to time deems necessary or advisable in the interest of the Cooperative, and prescribe their duties. The manager shall have charge of the business of the Cooperative under the direction of the Board of Directors.

Section 3. Reports of Business. The Board of Directors shall present at each annual meeting of the stockholders a detailed statement or report of the business of the preceding year. Such statements shall show the financial condition of the Cooperative at the end of the fiscal year in such form as shall exhibit to the stockholders the assets and liabilities of the Cooperative and all other facts and figures pertinent to a complete understanding of the Cooperative's financial position for the period.

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 responsibility for the custody of any of its funds or negotiable instruments to give adequate bonds or insurance. Such bonds or insurance, unless cash security is given, shall be furnished by a responsible bonding or insurance company and approved by the Board of Directors, and the cost thereof

shall be paid by the Cooperative. The Board of Directors shall provide for the adequate insurance of the property owned by the Cooperative or stored by it, and not otherwise adequately insured, and liability insurance in the form and amounts normal for the activity of the Cooperative.

Section 5. Audits. The Board of Directors shall be responsible to engage an independent auditing firm and to obtain an audit of the Cooperative made at least at the end of each fiscal year and at other times as they deem necessary. The audit shall meet these requirements:

- (a) The audit shall be performed by a certified and licensed, independent public auditing and accounting firm employed by the Board of Directors of the Cooperative.
- (b) The audit shall be made in accordance with generally accepted auditing standards.
- (c) The audit procedures shall include generally accepted accounting practices to accurately count, measure and report the inventories of the Cooperative.
- (d) The audit shall express an independent opinion as to the fairness of the financial statements taken as a whole, or clearly state why an opinion cannot be rendered.

The audit shall be in written form and shall be presented to the Board of Directors and reviewed by them at a regular or special meeting. Each year each stockholder shall be given a summary financial statement based upon the annual audit. (Effective November 9, 1987)

Section 6. Depository. The Board of Directors shall have this power to select one or more banks to act as depositories of the funds of the Cooperative and to determine the manner of receiving, depositing and disbursing funds of the Cooperative and the form of checks and the person or persons by whom the same shall be signed.

Section 7. Marketing Agreements. This Cooperative may make marketing agreements with its stockholders requiring the stockholders to sell, for any period of time not over five (5) years, products through the Cooperative, or buy specifically enumerated supplies through the Cooperative, but in such case a reasonable period during each year after the first two (2) years of the contract shall be specified during which any stockholder, by giving notice in prescribed form, may be released from such obligation thereafter. Such agreement may contain such other terms and conditions as are provided by Section 21-1304 et. seq. R.R.S. Neb.

The Board of Directors shall have the power to carry out all agreements of the Cooperative with its stockholders and participating patrons in every way advantageous to the Cooperative representing the stockholders collectively.

Section 8. Nepotism. No director or the immediate relative of the manager or of any director shall be regularly employed by the Cooperative, except by a unanimous approval of the Board of Directors.

Section 9. Credit Policy. The Board of Directors shall establish and enforce a credit policy and fully inform the patrons of said credit policy.

Section 10. Associate Members. The Board of Directors may appoint Associate Members of the Board of Directors. Such Associate Members shall be allowed to participate in the discussions upon all matters brought before the Board of Directors, but shall not be entitled to vote upon any matter.

Section 11. Committees. The Board of Directors may, in its discretion, appoint such committees as may be necessary.

ARTICLE VI

Duties of Officers of the Board of Directors

Section 1. Duties of Chairman. The Chairman shall (a) preside over all meetings of the stockholders and of the Board of Directors, (b) call special meetings of the stockholders and the Board of Directors, and (c) perform all acts and sign all papers of the cooperative as he may be authorized or directed to sign by the Board of Directors. The Chairman shall perform such other duties as may be prescribed by the Board of Directors.

Section 2. Duties of the Vice-Chairman. In the absence or disability of the Chairman, the Vice-Chairman shall perform the duties of the Chairman.

Section 3. Duties of the Secretary-Treasurer. The Secretary-Treasurer shall (a) oversee and assure that complete records of all meetings of the Cooperative and of the Board of Directors shall be kept, (b) have general charge and supervision of the records of the Cooperative, (c) shall sign all papers pertaining to the Cooperative as he/she may be authorized or directed to sign by the Board of Directors, (d) serve all notices required by law and these By-laws, and (e) make a full report of all matters pertaining to this office to the stockholders at the annual meeting. The Secretary-Treasurer shall make, or cause to be made, such corporate reports required by law and shall perform such other duties as may be required of him by the Board of Directors. Upon the election of his successor, the Secretary-Treasurer shall turn over to him all books and other property belonging to the Cooperative that he may have in his possession. He shall perform such duties with respect to the finances of the Cooperative as may be prescribed by the Board of Directors.

ARTICLE VII

Management

Section 1. Duties of Manager in General. Under the direction of the Board of Directors, the manager, who shall be designated the President and Chief Executive Officer of the

Cooperative, shall have general charge of the ordinary and usual business operations of the Cooperative, including the purchasing, marketing, and handling of all products, supplies and equipment. He/she shall, so far as practicable, endeavor to conduct business in such a manner that the stockholders and patrons will receive just and fair treatment. The Manager shall deposit all money belonging to the Cooperative in the manner and form prescribed by the Board of Directors.

Upon the appointment of his/her successor, the manager shall deliver to him/her all money and property belonging to the cooperative which he/she has in his/her possession or over which he/she has control.

Section 2. Duties of Manager to Account. The manager shall be required to maintain his records and accounts in such a manner that the true and correct condition of the Cooperative may be ascertained therefrom at any time. He shall render monthly and annual statements in the form and in the manner prescribed by the Board of Directors. He shall carefully preserve all books, documents, correspondence, and records of whatever kind pertaining to the Cooperative which may come into his possession.

Section 3. Duties of Manager Concerning Employees. The manager shall employ, supervise, and dismiss all employees of the Cooperative and fix their compensation subject to the policies adopted by the Board of Directors not inconsistent with these Bylaws.

ARTICLE VIII

Distributions of Earnings

Section 1. Net Margins. The gross receipts of this Cooperative shall include all proceeds from commodities marketed for patrons, plus all sums received for supplies, equipment, and services procured for patrons, plus all income from all other sources. From the gross receipts shall be deducted all costs and expenses and other charges which are lawfully excludable or deductible from this Cooperative's gross income for the purpose of determining the amount of the net margins.

Section 2. Dividends. No dividends shall be paid on Capital Stock.

Section 3. Deductions. The Cooperative shall deduct from said net margins as determined in Section 1 of this Article: (a) reasonable reserves for depreciation, bad debts, obsolescence, contingent losses, or for any necessary business purposes; and (b) fifteen percent (15%) of said net margins, which shall be added to retained savings. Provided, however, that the Board of Directors may reduce or eliminate the percentage to be added to retained savings upon the adoption of the Board of Directors resolution that irrevocably provides for the reduction or elimination of the percentage to be added to retained savings with respect to the fiscal period for which such resolution is adopted; and (c) the net margins found to be attributable to non-patron sources, which shall be added to retained savings; to the extent that the net margins deducted pursuant to this subsection are sufficient, the retention for retained savings provided under subsection (b) herein shall be

deducted from the non-patronage source rather than from the net margins from transaction with stockholders or participating patrons; provided, that any additions made to retained savings which come from margins generated from participation in price support programs of the Federal Government shall be allocated to the patrons originating same.

Section 4. Apportionment of Patrons. The balance of said net margins, which remain after the deductions set forth in Sections 2 and 3, shall be deemed to be the stockholders' and participating patrons' net margins. All of the stockholders and participating patrons' net margins shall, as received by this Cooperative, belong to and be held for them and shall be apportioned among them on a patronage basis at the close of each fiscal year. In addition, the Board of Directors, at its discretion, may allocate and distribute all or a portion of the net margins attributable to business done with or for the U.S. Government, or from other non-patron sources. (Amended March 1, 1990).

Section 5. Computation. This allocation or appropriation shall be made on the basis of or in proportion to the amount or value of the products, supplies, equipment and services marketed for or sold to the stockholders and participating patrons. Different rates may be declared upon different classes of goods.

The stockholders and participating patrons of this Cooperative have full knowledge of the method of allocating the earnings of the grain department, on the bushel-in-bushel-out method of dividing the net earnings, wherein the grain marketing patrons have agreed to share with the purchase patrons of the grain department, only those risks, margins and losses arising after delivery of their grain to the Cooperative and receipt of them of the initial advance as established by the Cooperative, and thereby the end results of said allocation protects the interests of the marketing patrons so they receive at least an arms length price for their grain dealings between the marketing and purchasing activity of the grain department. Nothing contained herein shall be construed to limit that authority of the Board of Directors to establish different rates for purposes made by producer patrons and commercial feed lot patrons or non-producer patrons with regard to the grain purchases. (Amended March 1, 1990).

Section 6. Provision for Equity Capital. The board of directors shall have the power to establish equitable procedures for acquiring and maintaining adequate equity capital to finance the business of the Cooperative. The share of each patron in the net margins of the Cooperative shall be payable to him at the close of each fiscal year, but the payment may be made by retention of the portion of the patrons' net margins in the equity capital of the Cooperative as determined by the board of directors.

Section 7. Special Provisions for Losses and Extraordinary Items. In the event that the Cooperative suffers a loss in any one year, the board of directors, in its discretion, may charge such loss against the retained savings contributed by those patrons whose patronage gave rise to such loss, or against the Members Equity Credits and other equities held by those patrons whose patronage gave rise to such loss or assess such patrons the amount of such loss. If income or expense is attributable to extraordinary items, including gain or loss from business assets owned or investments held: (a) the amount thereof shall be

allocated, insofar as is practicable, to the patrons of the Cooperative during the period to which such gain or loss is attributable, and (b) if such income or expense attributable to business done with or for patrons is includable in gross income for a fiscal year after the fiscal year during which such patronage occurred, the patronage may be deemed to have occurred during the Cooperative's fiscal year during which such income or expense is includable in gross income; provided that the board of directors may allocate or treat such extraordinary income or expense in such other manner as it, in its discretion, determines will provide equitable treatment to all patrons of the Cooperative. (Effective December 15, 1986).

ARTICLE IX

Dissolution

Upon the dissolution of this Cooperative, all debts and liabilities of this Cooperative shall first be paid according to their respective priorities. Any property remaining after discharging the debts and liabilities of this corporation shall be distributed to the stockholders and participating patrons. If there is any capital accumulated from deferred patronage, the holders thereof shall be paid before the holders of the capital stock and Certificates of Participation shall be paid. To the extent the Board of Directors has established classes of deferred patronage providing for priority of redemption in the event of dissolution, deferred patronage paid upon dissolution will be paid according to the priority of the classes. If funds are not sufficient to pay the holders of equity capital in full, it shall be distributed on a pro-rata basis without regard to time of investment. The remainder of such property, shall be distributed among the stockholders and participating patrons on the basis of their respective patronage as shown on the records of the corporation insofar as practicable.

ARTICLE X

Fiscal Year

The fiscal year of this Cooperative shall commence on the first day of September of each year and end on the last day of August.

ARTICLE XI

Waiver of Notice

Any stockholder may waive in writing any notice of a meeting required to be given by these By-laws. The attendance of a stockholder at any meeting shall constitute a waiver of notice of such meetings by such stockholder, except in case a stockholder attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

ARTICLE XII

Amendments

Section 1. Amendments by Stockholders. These By-laws may be amended by a majority vote of the stockholders present and voting at any meeting, provided that notice of the intention to propose amendments shall have been given in the notice of the meeting.

Section 2. Amendments by Board of Directors. The Board of Directors may, by two-third majority vote, amend the By-laws at any time, subject to ratification by the stockholders. An amendment made by the Board of Directors shall have full force and effect from the time the Board of Directors approve such amendment until acted upon by the stockholders, even though such amendment may be later rejected.

ARTICLE XIII
By-laws Distribution

These Restated By-laws shall be duplicated and a copy thereof shall be delivered to each stockholder and participating patron. All new stockholders or participating patrons shall receive a copy of the By-laws, as may be restated or amended from time to time, in the year in which they become active in the Cooperative. These Bylaws and any subsequent revisions or amendments shall be posted on the Cooperative's website and a copy of the By-laws shall be available upon request at the Cooperatives corporate office.

Duly adopted at the Annual Meeting of the Stockholders of the Aurora Cooperative Elevator Company, April 6, 2009.

Executed April 6, 2009



Chairman, Board of Directors

Attest: 

Secretary, Board of Directors

NOTICE OF ADOPTION OF CONSENT BY-LAW

To Each Member and Prospective Member: This association has adopted the "consent" By-law. By retaining or obtaining membership in this association after its adoption of that By-law and your receipt of this notice, you consent to include in your gross income for Federal income tax purposes, the full face amount of each qualified written notice of allocation which you receive from this association to evidence your share of the Net Margin.