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OFFICE OF GENERAL  
COUNSEL

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October 26, 2011

**BY HAND DELIVERY**

Anthony Herman, Esq.  
General Counsel  
Federal Election Commission  
999 E Street N.W.  
Washington, D.C. 20463

**Re: Advisory Opinion Request**

Dear Mr. Herman:

Pursuant to 2 U.S.C. § 437f, we seek an advisory opinion on behalf of the Virginia Poultry Growers Cooperative, Inc. ("VPGC" or "Cooperative"). VPGC seeks to establish a connected political action committee ("PAC") and seeks guidance on the following issues discussed herein under the Federal Election Campaign Act of 1971, as amended ("Act") and the regulations promulgated thereunder.

**Factual Background**

VPGC is organized in the Commonwealth of Virginia as an agricultural cooperative corporation under the provisions of the Virginia Agricultural Cooperative Association Act, Chapter 3, Title 13.1 of the Code of Virginia (Articles of Organization, as amended, are enclosed with this request). The Cooperative issues capital stock and currently has 154 members, including corporations, partnerships, limited liability companies, and sole proprietorships.

VPGC is both a cooperative and a membership organization. Under 2 U.S.C. § 441b(b)(4)(c) 11 CFR § 114.7(a), membership organizations, cooperatives, or corporations without capital stock, or separate segregated funds established by such persons may solicit contributions to the fund from members and executive or administrative personnel, and their families, of the organization, cooperative, or corporation without capital stock. Commission regulations define a "membership organization" as a trade association, cooperative, or corporation without capital stock that:

- (i) Is composed of members, some or all of whom are vested with the

- power and authority to operate or administer the organization, pursuant to the organization's articles, bylaws, constitution or other formal organizational documents;
- (ii) Expressly states the qualifications and requirements for membership in its articles, bylaws, constitution or other formal organizational documents;
  - (iii) Makes its articles, bylaws, constitution, or other formal organizational documents available to its members upon request;
  - (iv) Expressly solicits persons to become members;
  - (v) Expressly acknowledges the acceptance of membership, such as by sending a membership card or including the member's name on a membership newsletter list; and.
  - (vi) Is not organized primarily for the purpose of influencing the nomination for election, or election, of any individual to Federal office.

11 CFR § 114.1(e)(1)(i)-(vi); *see also* 11 CFR § 100.134(e)(1)-(6).

As described below, VPGC meets the regulatory standard for a membership organization:

(i) VPGC is composed of members who are vested with the power and authority to operate or administer the organization, pursuant to the organization's Articles of Incorporation and Bylaws. Each member must affirmatively consent to membership via a written notice of consent, and upon so doing, shall be entitled to one vote regardless of the number or shares or amount of the common capital stock of the Cooperative owned by such member;

(ii) VPGC expressly states the qualifications and requirements for membership in its Articles of Organization and Bylaws. Bona fide producers of poultry products (whether such producers are individuals, partnerships, limited liability companies, corporations or cooperatives) who are located in the territory served by the Cooperative may become members by complying with the following membership requirements: any producer eligible for membership, upon execution and delivery of a grower, egg production or similar contract as required by the Board of Directors; receipt of written notice of consent; satisfaction of such additional membership requirements as may be adopted by the Board of Directors from time to time; and the acquisition of one share of Class A Common Stock of the Cooperative shall be deemed a lawful member entitled to vote.

(iii) VPGC makes its Articles of Organization and Bylaws available to members upon request;

(iv) When VPGC is in need of more growout production capacity, it will check its list of growers who have contacted it to see if any meet its production needs. A member of growout management will visit the farm to determine if any upgrades are needed. The farm owner will meet with the complex manager to discuss the VPGC program. If both parties are willing to move forward, the complex manager will write a letter to the Board of Directors recommending the farm for membership in the Cooperative. The Board of Directors will vote on the

recommendation at its next meeting. If approved, the complex manager will let the farm owner know that VPGC has approved its membership. If required, the complex manager will write a formal letter to the farm owner letting them know that VPGC will offer it a contract. The contract is signed by the farm owner and VPGC President before flock placement;

(v) After the Board approves a grower for membership, the grower is issued a Subscription Agreement and a Common Stock, Class A, stock certificate. This stock certificate represents its membership share and its express acknowledgment of membership;

(vi) VPGC is not organized primarily for the purpose of influencing the nomination for election, or election, of any individual to Federal office. The primary purpose of the VPGC is to grow and process turkeys and other purposes permitted by the Virginia Agricultural Cooperative Association Act.

### **Proposal**

VPGC seeks to establish a separate segregated fund ("SSF"). Upon establishing the SSF, the Cooperative intends to solicit funds for the SSF from its executive and administrative personnel and their families and from its non-corporate members. VPGC pays its executive and administrative personnel via a payroll system. It pays out contract grower pay to its members via settlement payments. It intends to request that its executive and administrative personnel, and upon receipt of their written authorizations, deduct contributions from the payroll of its executive and administrative personnel. It intends to request that they and its non-corporate members participate in the SSF, and intends to deduct contributions from participating non-corporate members upon their authorizations from the first settlement of the year. VPGC also proposes to solicit the executive and administrative personnel of its corporate members.

### **Questions Presented**

*1. Does VPGC meet the standard for a membership organization under FEC regulations?*

As organized, VPGC believes it meets the standard for a membership organization under the Act and Commission regulations. Although VPGC is a cooperative with capital stock, an analyst for the Commission's Information Division explained that the "without capital stock" prepositional phrase attaches only to a "corporation" and not also to a "cooperative" under 11 CFR § 114.1(e)(1)(i)-(vi). This analysis is consistent with the analysis and conclusion used and reached by the Commission in FEC AO 1986-7, when the Commission concluded that an incorporated cooperative may establish a political committee and solicit its members and their families, and from executive or administrative personnel and their families. Nevertheless, VPGC requests that the Commission formally affirm or deny this conclusion.

*2. May VPGC collect contributions from its non-corporate members by the solicitation and payments methods discussed herein and serve as a collecting agent for the SSF?*

The Commission has approved the establishment of a political committee by a cooperative and the solicitation and payment of contributions of and by its members by deducting the contributions from payments owed to its members and immediately transmitted to its political committee. See eg., FEC AO 1986-7; FEC AO 2006-7. In FEC AO 2006-7, the Commission approved a solicitation and contribution proposal by a cooperative comparable to what is proposed by VPGC. The Commission concluded that the cooperative could solicit its executive and administrative personnel, and its non-corporate members, including members who were employees, for contributions to its SSF because they were affiliated with the SSF's connected organization. The Commission further concluded that the connected organization (the cooperative) could serve as a collecting agent for the SSF.

*3. May VPGC solicit and collect contributions from the executive and administrative personnel of its corporate members?*

In FEC AO 1986-7, the Commission also approved a proposed solicitation and contribution program by an incorporated cooperative. However, the cooperative in that request explicitly stated that it would not solicit its corporate shareholders. In FEC AO 2011-10, while the Commission approved a solicitation and contribution plan advanced by an LLC with corporate members, the LLC stated that its corporate members would not participate in the plan. While a trade association may solicit the executive and administrative personnel and their families of its corporate members under 11 CFR § 114.8, the regulations do not speak to the specific ability of a membership organization, cooperative, or corporation without capital stock to do so.

**Conclusion**

We thank the Commission for its attention to this request. Should you have any questions, I can be reached at (202) 828-2814.

Sincerely,



Elliot S. Berke

Enclosure

**Enclosure**

**Advisory Opinion Request on Behalf of  
Virginia Poultry Growers Cooperative, Inc.**

**Articles of Organization, As Amended**

**ARTICLES OF AMENDMENT  
OF THE RESTATED ARTICLES OF INCORPORATION OF  
VIRGINIA POULTRY GROWERS COOPERATIVE, INC.**

Pursuant to the provisions of Virginia Code Sections 13.1-318 and 13.1-639, Virginia Poultry Growers Cooperative, Inc., a Virginia agricultural cooperative corporation (the "Association") desires to amend its Articles of Incorporation to the extent and in the manner hereinafter set forth and states the following in connection therewith:

1. Name of Association. The name of the Association is Virginia Poultry Growers Cooperative, Inc.

2. Text of Amended Article. The Restated Articles of Incorporation of the Association shall be amended by the addition of a new Section 8 of Article III to the Restated Articles of Incorporation, and the revision of Article VII, which amendments shall be in the form set forth in the Exhibit attached hereto (the "Amendments").

3. Adoption by Board of Directors. The Amendments were duly adopted by the Board of Directors of the Association on August 19, 2004, there currently being no members or shareholders of the Association. Further, with respect to the addition of new Section 8, in accordance with the provisions of Virginia Code Section 13.1-639 and the provisions of the Association's Restated Articles of Incorporation, no shareholder action was required, the sole purpose of the addition being to fix the preferences, limitations and relative rights, within the limits set forth in Virginia Code Section 13.1-638, of classes of the Association's Preferred Stock prior to the issuance of any shares of such classes.

Date: August 19, 2004

**VIRGINIA POULTRY GROWERS  
COOPERATIVE, INC.**

By

  
Cecil E. Meyerhoeffer, Jr., Chairman

**VIRGINIA POULTRY GROWERS COOPERATIVE, INC.**  
**Amendment to Restated Articles of Incorporation**  
**To Create New Classes of Preferred Stock**  
**Designated as**  
**Class A Preferred Stock and**  
**Class B Preferred Stock**

The following shall be inserted as new Section 8 of Article III of the Association's Restated Articles of Incorporation:

**Section 8.** Of the authorized shares of Preferred Stock, 25,000 shares shall be designated as Class A Preferred Stock and 40,000 shares shall be designated as Class B Preferred Stock. The preferences, limitations, and relative rights of the shares of Class A Preferred Stock and Class B Preferred Stock shall be as follows:

(i) **Class A Preferred Dividends.** Holders of shares of Class A Preferred Stock, at the time outstanding, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds of the Association legally available for payment, cumulative cash dividends at the rate of 8.0% per annum on the par value of \$100 per share of such shares. Dividends on the Class A Preferred Stock shall be fully cumulative and shall accumulate (whether or not earned or declared), on a daily basis, without interest, from the previous dividend payment date, except that the first dividend shall accrue, without interest, from the date of initial issuance of the Class A Preferred Stock. Accumulated and unpaid dividends shall not bear interest. Dividends shall be payable in arrears and be computed on the basis of a 360 day year consisting of twelve 30 day months. No dividends shall be declared or paid on the shares of Common Stock or on any class or series of Preferred Stock other than the Class A Preferred Stock unless full cumulative dividends on the Series A Preferred Stock outstanding at the time of such declaration have been paid through the most recently completed fiscal quarter of the Association and the Association shall have set apart a sum sufficient for the payment of full dividends on the Series A Preferred Stock outstanding for the current fiscal quarter.

(ii) **Class B Preferred Dividends.** Holders of shares of Class B Preferred Stock, at the time outstanding, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds of the Association legally available for payment, cumulative cash dividends at the rate of 6.0% per annum on the par value of \$100 per share of such shares. Dividends on the Class B Preferred Stock shall be fully cumulative and shall accumulate (whether or not earned or declared), on a daily basis, without interest, from the previous dividend payment date, except that the first dividend shall accrue, without interest, from the date of initial issuance of the Class B Preferred Stock. Accumulated and unpaid dividends shall not bear interest. Dividends shall be payable in arrears and be computed on the basis of a 360 day year consisting of twelve 30 day months. No dividends shall be declared or paid on the shares of Common Stock or on any class or series of Preferred Stock (other than the Class A Preferred Stock or Class B Preferred Stock) unless full cumulative dividends on the Series B Preferred Stock

outstanding at the time if such declaration have been paid through the most recently completed fiscal quarter of the Association and the Association shall have set apart a sum sufficient for the payment of full dividends on the Series B Preferred Stock outstanding for the current fiscal quarter.

(iii) Class A and Class B Preferred Liquidation Preference. In the event of any dissolution, liquidation, or winding up of the Association, whether voluntary or involuntary, (A) the holders of shares of Class A Preferred Stock shall have priority to the payment of any amount upon dissolution, liquidation, or winding up on Common Stock or any other class of Preferred Stock, and be entitled to receive a sum equal to the par value of each share of Class A Preferred Stock then outstanding together with a sum equal to the amount of all accrued and unpaid dividends (whether or not earned or declared) thereon before any distribution is made to holders of any other class of Preferred Stock, the holders of any class of Common Stock, or the members or patrons of the Association and (B) after the liquidation preference of the Class A Preferred Stock described in (A) above has been paid, the holders of shares of Class B Preferred Stock shall have priority to the payment of any other amount upon dissolution, liquidation, or winding up on Common Stock or any other class of Preferred Stock, and be entitled to receive a sum equal to the par value of each share of Class B Preferred Stock then outstanding together with a sum equal to the amount of all accrued and unpaid dividends (whether or not earned or declared) thereon before any distribution is made to holders of any other class of Preferred Stock, the holders of any class of Common Stock, or the members or patrons of the Association. A transaction involving either (x) a consolidation, merger, or reorganization of the Association with any other corporation or corporations or (y) a sale of all or substantially all of the assets of the Association, in any such event in which the shareholders of the Association immediately prior to such transaction do not own a majority of the outstanding shares of the surviving corporation, shall be deemed a liquidation of the Association within the meaning of this section.

(iv) Conversion Rights. Holders of shares of Class A Preferred Stock shall have no conversion rights to exchange Class A Preferred Stock for shares of any other class or series. Holders of shares of Class B Preferred Stock shall have no conversion rights to exchange Class B Preferred Stock for shares of any other class or series.

(v) Call Rights. The Association shall not have the right to cause any holder of shares of Class A Preferred Stock or Class B Preferred Stock to deliver such shares to the Association for redemption.

(vi) Class A Put Rights. Upon not less than 90 days written notice to the Association, each holder of Class A Preferred Stock may deliver to the Association for redemption all or part of his shares of Class A Preferred Stock, and the Association shall redeem his shares at a price equal to the par value of such shares plus any accrued and unpaid dividends thereon to the date fixed for redemption; provided, however, that no share of Class A Preferred Stock shall be subject to redemption at the option of the holder thereof until after the fifth anniversary of its issuance. Holders of Class B Preferred Stock shall



not have the option to require that the Association redeem any shares of Class B Preferred Stock.

(vii) Transfer Restrictions. The Board of Directors may, in its discretion, provide in the Bylaws of the Association restrictions on the transfer of any shares of Class A Preferred Stock and/or Class B Preferred Stock and no holder of any shares of Class A Preferred Stock or Class B Preferred Stock shall sell, assign, transfer, dispose of or encumber any share of Class A Preferred Stock or Class B Preferred Stock in violation of any provision in the Bylaws.

(viii) Voting Rights. Holders of shares of Class A Preferred Stock and holders of shares of Class B Preferred Stock shall have no voting rights except as provided by law.

The following shall be inserted as new Article VII of the Association's Restated Articles of Incorporation:

**ARTICLE VII**  
**BYLAWS**

The bylaws of the Association may be amended or repealed by either the Board of Directors without approval of the members, or by the members, in either case as further described in the bylaws and in accordance with law.

**COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION**

**AT RICHMOND, AUGUST 20, 2004**

The State Corporation Commission has found the accompanying articles submitted on behalf of  
**Virginia Poultry Growers Cooperative, Inc.**

to comply with the requirements of law, and confirms payment of all required fees. Therefore, it  
is **ORDERED** that this

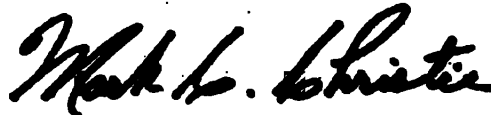
**CERTIFICATE OF AMENDMENT**

be issued and admitted to record with the articles of amendment in the Office of the Clerk of the  
Commission, effective August 20, 2004.

The corporation is granted the authority conferred on it by law in accordance with the articles,  
subject to the conditions and restrictions imposed by law.

**STATE CORPORATION COMMISSION**

By



**Commissioner**

**ARTICLES OF RESTATEMENT  
of the  
ARTICLES OF INCORPORATION  
of  
VIRGINIA POULTRY GROWERS COOPERATIVE**

1. **Name of Corporation.** The name of the corporation, which satisfies the requirements of Va. Code Section 13.1-630, is Virginia Poultry Growers Cooperative, Inc.
  
2. **Text of Restated Articles.** Attached is the text of the restated articles of incorporation, which are adopted in connection with the conversion of the corporation from a nonstock corporation to a stock corporation, in accordance with the provisions of Va. Code Section 13.1-941.01 and 13.1-942. The restated articles of incorporation set forth the number of shares which the corporation will be authorized to issue, the number of authorized shares of each class of the corporation's stock and a distinguishing designation for each class, and such other information as is required under Va. Code Section 13.1-942B to be set forth herein.
  
3. **Certificate of Corporation.** The corporation hereby certifies that:
  - A. The name of the corporation immediately prior to the restatement was Virginia Poultry Growers Cooperative.
  
  - B. The restatement contains amendments to the articles of incorporation of the corporation which would require member approval if there were members of the corporation.
  
  - C. The corporation has no members.
  
  - D. The restatement was approved and adopted by the directors of the corporation by unanimous written consent without a meeting as of July 9, 2004.

Date: July 12, 2004

**VIRGINIA POULTRY GROWERS  
COOPERATIVE**

By: 

Name: Cecil E. Meyerhoeffer, Jr.

Title: Chairman of the Board

**RESTATED ARTICLES OF INCORPORATION  
OF  
VIRGINIA POULTRY GROWERS COOPERATIVE, INC.**

Pursuant to Va. Code §§ 13.1-885, 13.1-889, 13.1-941.01 and 13.1-942, and consistent with the provisions of Va. Code §§ 13.1-301, et seq., Virginia Poultry Growers Cooperative, Inc. (the "Association") adopts these Restated Articles of Incorporation.

**ARTICLE I  
NAME**

The name of the Association is Virginia Poultry Growers Cooperative, Inc.

**ARTICLE II  
PURPOSES**

The purpose of the Association is to grow and process turkeys and to engage in any other lawful activity as permitted by the Virginia Agricultural Cooperative Association Act (Va. Code Section 13.1-312 et seq.).

The Association shall not market the products of, or purchase supplies and equipment for, individuals or entities that are not holders of the Association's Common Stock in an amount greater in value than products marketed for, or supplies and equipment purchased for, individuals or entities that are holders of the Association's Common Stock. The value of purchases made for persons who are neither Common Stock holders nor producers of agricultural products shall not exceed fifteen percent (15%) of the value of all purchases. Business done for the United States or any of its agencies shall be disregarded in determining the limitations of this paragraph.

**ARTICLE III  
CAPITAL STOCK**

Section 1. The authorized capital stock of this Association shall be 1,000 shares of Class A Common Stock, of the par value of \$100 per share, and 75,000 shares of Class B Common Stock, of the par value of \$100 each and 100,000 shares of Preferred Stock, of the par value \$100 each. Such capital stock may be issued from time to time by the Board of Directors of this Association as they deem necessary. Class A Common Stock and Class B Common Stock shall have identical rights, except as provided in Section 4 of this Article III below with respect to voting rights.

Section 2. Subject to the provisions of law and any restrictions contained in the Bylaws of the Association, dividends may be paid on the Common Stock, at such times and in such amounts as may be declared by the Board of Directors out of funds legally available therefore; provided that the Association shall not pay dividends on Common Stock in excess of 8% per annum of the par value of such shares.

**Section 3.** The Common Stock shall be issued to, held by, or transferred to, only such producers of poultry and poultry products (whether such producers are individuals, partnerships, limited liability companies, corporations or cooperatives) who are located in the territory served by the Association and are eligible for membership in the Association according to the requirements for membership prescribed in the Bylaws of the Association.

**Section 4.** Voting rights in this Association shall be vested in its Class A Common stockholder-members; provided, however, each member shall be entitled to one and only one vote regardless of the number of shares or amount of stock owned by such member. The holders of shares of Class B Common Stock shall have no voting rights, except as specifically required by law. A quorum at any meeting of the members shall consist of holders of one-third of the shares eligible to vote, represented in person. Except as otherwise required by applicable law, these Articles or the Bylaws of the Association, the Class A Common stockholder members shall have only the following voting rights:

- (a) Any corporate action, except the election of directors, a merger, sale or other disposition of all or substantially all of the Association's assets other than in the usual and regular course of business or dissolution, which, under applicable law, requires approval of the members, shall be approved at a meeting at which a quorum of the members is present if the votes cast in favor of the action exceed the votes cast against the action;
- (b) Directors shall be elected by a plurality of the votes cast by the members entitled to vote in the election at a meeting at which a quorum is present; and
- (c) A merger, sale or other disposition of all or substantially all of the Association's assets otherwise than in the usual and regular course of business, or dissolution shall be approved by a majority of the votes present and entitled to vote by the members entitled to vote on the transaction at a meeting at which a quorum of the members is present.

**Section 5.** Shareholders shall have no preemptive rights to acquire any unissued shares of the Association.

**Section 6.** The Association shall not issue any fractional shares.

**Section 7.** The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this Article III, at any time and from time to time to divide the shares of Preferred Stock into classes and into series within any class or classes of preferred stock; to determine for any such class or series its designation, relative rights, preferences and limitations; to determine the number of shares in any such class or series; to increase the number of shares of any such class or series previously determined by it and to decrease such previously determined number of shares to a number not less than that of the shares of such class or series then outstanding; to change the designation or number of shares, or the relative rights, preferences and limitations of the shares, of any

theretofor established class or series, no shares of which have been issued; and to cause to be executed and filed without further approval of the shareholders such amendment or amendments to the Association's Articles of Incorporation as may be required in order to accomplish any of the foregoing. In particular, but without limiting the generality of the foregoing, the Board of Directors is authorized to determine with respect to the share of any class or series of preferred stock:

- (a) whether the holders thereof shall be entitled to cumulative, non-cumulative or partially cumulative dividends or to no dividends and, with respect to shares entitled to dividends, the dividend rate or rates (which may be fixed or variable and may be made dependent upon facts ascertainable outside the articles of incorporation) and any other terms and conditions relating to such dividends;
- (b) whether the holders thereof shall be entitled to receive dividends payable on a parity with or subordinate or in preference to the dividends payable on any other class or series of shares of the Association;
- (c) whether, and if so upon what terms and conditions, the holders thereof shall be entitled to preferential rights upon the liquidation of, or upon any distribution of the assets of, the Association;
- (d) whether, and if so upon what terms and conditions, such shares shall be convertible into other securities;
- (e) whether, and if so upon what terms and conditions, such shares shall be redeemable; and
- (f) the terms and amount of any sinking fund provided for the purchase or redemption of such shares.
- (g) Notwithstanding the foregoing provisions of this Section 7, (i) the Association shall not pay dividends on Preferred Stock in excess of 8% per annum of the par value of such shares, (ii) except as otherwise required by law, holders of preferred stock shall not be entitled to vote on any matter submitted to a meeting of the Association's shareholders, (iii) no dividends shall be declared or paid on the shares of any Common Stock, unless a dividend for the same period shall be declared and paid at the same time upon the shares of the Preferred Stock outstanding at the time of such declaration and the Association shall have paid such dividends or shall have set apart a sum sufficient for the payment thereof.

#### **ARTICLE IV DIRECTORS**

**Section 1. Number of Directors and Term of Office.** All corporate powers of the Association shall be exercised by or under the authority of, and the business and affairs of the Association managed under the direction of, the board of directors. The Board of Directors shall exercise all of the powers of the Association except such as are by law,

these Articles or the Bylaws of the Association conferred upon or reserved to the members. Until the first annual meeting of the members, the Board of Directors shall consist of not less than five (5) nor more than nine (9) members of whom at least one shall be a Public Director ("Public Director"), as required under Va: Code Section 13.1-324(a), who shall be appointed as provided therein and not elected by the members. Until the first annual meeting of the members, the number of directors may be increased or decreased from time to time by the Board of Directors. From and after the first annual meeting of the members, the Board of Directors shall consist of nine (9) members, of whom three shall be Public Directors. From and after the first annual meeting of the members, the Board of Directors shall be divided into three (3) classes, each class to be as nearly equal in number as possible. The term of office of the first class of non-Public Directors (who shall be those receiving the fifth and sixth highest number of votes cast for Directors at the first annual meeting) shall expire at the next succeeding annual meeting, the term of the second class of non-Public Directors (who shall be those receiving the third and fourth highest number of votes cast for Directors at the first annual meeting) shall expire at the second succeeding annual meeting and the term of the third class of non-Public Directors (who shall be those receiving the highest and second highest number of votes cast for Directors at the first annual meeting) shall expire at the third succeeding annual meeting; and at each annual meeting after such classification, a number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting.

**Section 2. Initial Directors.** The number of initial directors is five (5). Set forth below are the names and addresses of the individuals who are to serve as the initial directors of the Association, until their successors are chosen:

Cecil E. Meyerhoeffer, Jr.  
1386 River Bluff Road  
Mt. Crawford, VA 22841

Forrest Miller  
4641 Martin Miller Road  
Bridgewater, VA 22812

Rick Reeves  
581 Mossy Creek Road  
Mt. Solon, VA 22843

Steve Bazzle  
9498 North Valley Pike  
Harrisonburg, VA 22801

Steve Long  
P. O. Box 715  
New Market, VA 22844

#### ARTICLE V TERM

The duration of the Association is perpetual.

**ARTICLE VI**  
**INDEMNIFICATION AND LIMITATION OF LIABILITY**

**Section 1. Indemnification of Directors and Officers.** Except as provided in Section 2 of this Article, the Association shall indemnify every individual made a party to a proceeding because he is or was a director or officer against liability incurred in the proceeding if: (i) he conducted himself in good faith; and (ii) he believed, in the case of conduct in his official capacity with the Association, that his conduct was in its best interests and, in all other cases, that his conduct was at least not opposed to its best interests (or in the case of conduct with respect to an employee benefit plan, that his conduct was for a purpose he believed to be in the interests of the participants of and beneficiaries of the plan); and (iii) he had no reasonable cause to believe, in the case of any criminal proceeding, that his conduct was unlawful.

**Section 2. Indemnification Not Permitted.** The Association shall not indemnify any individual against his willful misconduct or a knowing violation of the criminal law or against any liability incurred by him in any proceeding charging improper personal benefit to him, whether or not by or in the right of the Association or involving action in his official capacity, in which he was adjudged liable by a court of competent jurisdiction on the basis that personal benefit was improperly received by him.

**Section 3. Effect of Judgment or Conviction.** The termination of a proceeding by judgment, order, settlement or conviction is not, of itself, determinative that an individual did not meet the standard of conduct set forth in Section 1 of this Article or that the conduct of such individual constituted willful misconduct or a knowing violation of the criminal law.

**Section 4. Determination and Authorization.** Unless ordered by a court of competent jurisdiction, any indemnification under Section 1 of this Article shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the individual is permissible in the circumstances because: (i) he met the standard of conduct set forth in Section 1 of this Article and, with respect to a proceeding by or in the right of the Association in which such individual was adjudged liable to the Association, he is fairly and reasonably entitled to indemnification in view of all of the relevant circumstances even though he was adjudged liable; and (ii) the conduct of such individual did not constitute willful misconduct or a knowing violation of the criminal law.

Such determination shall be made: (i) by the board of directors by a majority vote of a quorum consisting of directors not at the time parties to the proceeding; or (ii) if such a quorum cannot be obtained, by a majority vote of a committee duly designated by the board of directors (in which designation directors who are parties may participate), consisting solely of two or more directors not at the time parties to the proceeding; or (iii) by special legal counsel selected by the board of directors or its committee in the manner heretofore provided or, if such a quorum of the board of directors cannot be obtained and such a committee cannot be designated, selected by a majority vote of the board of directors (in which selection directors who are parties may participate); or (iv) by the



shareholders, but shares owned by or voted under the control of individuals who are at the time parties to the proceeding may not be voted on the determination. Authorization of indemnification, evaluation as to reasonableness of expenses and determination and authorization of advancements for expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those selecting such counsel.

**Section 5. Advance for Expenses.** The Association may pay for or reimburse the reasonable expenses incurred by any individual who is a party to a proceeding in advance of final disposition of the proceeding if: (i) he furnished the Association a written statement of his good faith belief that he has met the standard of conduct described in Section 1 of this Article and a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that indemnification of such individual in the specific case is not permissible; and (ii) a determination is made that the facts then known to those making the determination would not preclude indemnification under this Article. An undertaking furnished to the Association in accordance with the provisions of this Section shall be an unlimited general obligation of the individual furnishing the same but need not be secured and may be accepted by the Association without reference to financial ability to make repayment.

**Section 6. Indemnification of Employees and Agents.** The Association may, but shall not be required to, indemnify and advance expenses to employees and agents of the Association to the same extent as provided in this Article with respect to directors and officers.

**Section 7. Elimination of Liability of Directors and Officers.** Except as provided in Section 8 of this Article, in any proceeding brought by or in the right of the Association or brought by or on behalf of shareholders of the Association, a director or officer of the Association shall not be liable in any monetary amount for damages arising out of or resulting from a single transaction, occurrence or course of conduct.

**Section 8. Liability of Directors and Officers Not Eliminated.** The liability of a director or officer shall not be eliminated in accordance with the provisions of Section 7 of this Article if the director or officer engaged in willful misconduct or a knowing violation of the criminal law or of any federal or state securities law, including without limitation, any claim of unlawful insider trading or manipulation of the market for any security.

**Section 9. Definitions.** In this Article:

"Director" and "officer" mean an individual who is or was a director or officer of the Association, as the case may be, or who, while a director or officer of the Association is or was serving at the Association's request as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. A director or officer shall be considered to be serving an employee benefit plan at the Association's request if his duties to the Association also impose duties on, or otherwise involve services by, him to the plan or to participants in or beneficiaries of the plan.

"Individual" includes, unless the context requires otherwise, the estate, heirs, executors, personal representatives and administrators of an individual.

"Association" means the Association and any domestic or foreign predecessor entity of the Association in a merger or other transaction in which the predecessor's existence ceased upon the consummation of the transaction.

"Expenses" includes but is not limited to counsel fees.

"Liability" means the obligation to pay a judgment, settlement, penalty, fine, including any excise tax assessed with respect to an employee benefit plan, or reasonable expenses incurred with respect to a proceeding.

"Official capacity" means: (i) when used with respect to a director, the office of director in the Association; (ii) when used with respect to an officer, the office in the Association held by him; or (iii) when used with respect to an employee or agent, the employment or agency relationship undertaken by him on behalf of the Association. "Official capacity" does not include service for any foreign or domestic corporation or other partnership, joint venture, trust, employee benefit plan or other enterprise.

"Party" includes an individual who was, is or is threatened to be made a named defendant or respondent in a proceeding.

"Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal.

**Section 10. Provisions Not Exclusive.** As authorized by the Virginia Stock Corporation Act, the provisions of this Article are in addition to and not in limitation of the specific powers of a corporation to indemnify directors and officers set forth therein. If any provision of this Article shall be adjudicated invalid or unenforceable by a court of competent jurisdiction, such adjudication shall not be deemed to invalidate or otherwise affect any other provision hereof or any power of indemnity which the Association may have under the Virginia Stock Corporation Act or other laws of the Commonwealth of Virginia.

#### **ARTICLE VI BY LAWS**

The bylaws of the Association may be amended or repealed by either (i) the board of directors without approval of the members, or (ii) the members, even though the same may be amended or repealed by the board of directors.

#### **ARTICLE VII ASSOCIATION RIGHTS WITH RESPECT TO INDEBTEDNESS OF PATRONS**

The Association shall have a first lien upon and security interest in all capital stock, equity credits, allocated patronage, per unit retains and other interests reflected on the Association's books for all indebtedness of the respective holders or owners thereof to the

Association. The Association shall also have the right, exercisable as the option of the Board of Directors, to set off such indebtedness against the amount of such capital stock, equity credits, allocated patronage, per unit retains or other interests reflected on its books; provided, however, that nothing herein shall give the owners or holders of the capital stock, equity credits, allocated patronage, per unit retains or other interests any right to make such set off or have such set off made.

1278042

**COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION**

July 13, 2004

The State Corporation Commission has found the accompanying articles submitted on behalf of  
Virginia Poultry Growers Cooperative, Inc. (formerly VIRGINIA POULTRY GROWERS  
COOPERATIVE )

to comply with the requirements of law, and confirms payment of all related fees.

Therefore, it is ORDERED that this

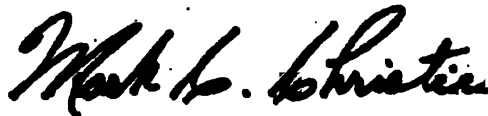
**CERTIFICATE OF AMENDMENT**

-- -- ~~be issued and admitted to record with the articles of amendment in the Office of the Clerk of the  
Commission, effective July 13, 2004.~~

The corporation is granted the authority conferred on it by law in accordance with the articles,  
subject to the conditions and restrictions imposed by law.

STATE CORPORATION COMMISSION

By



Commissioner

04-07-13-3001  
AMENACPT  
CIS0375

**ARTICLES OF INCORPORATION  
OF  
VIRGINIA POULTRY GROWERS COOPERATIVE**

Pursuant to the provisions of Article 2, Chapter 3, Title 13.1, of the Code of Virginia, 1950, as amended, the undersigned Incorporators hereby adopt these Articles of Incorporation to form a Virginia agricultural cooperative association described herein.

1. The name of the association is VIRGINIA POULTRY GROWERS  
COOPERATIVE.

2. The initial registered office of the corporation shall be located in the City of Harrisonburg, Virginia, and the address of such registered office shall be 111 East Market Street, Post Office Box 1287, Harrisonburg, Virginia 22803. The name of the initial registered agent, whose business office is identical with such registered office, shall be John W. Florp, who is a member of the Virginia State Bar and a resident of the Commonwealth of Virginia.

3. The purpose of the association is to grow and process turkeys and any other purpose permitted by the Virginia Agricultural Cooperative Association Act.

4. The association shall not issue capital stock.

5. This association shall admit applicants to membership in the association upon such uniform conditions as may be prescribed in its bylaws. This association shall be operated on a cooperative basis for the mutual benefit of its members as producers. Membership in the association shall be restricted to producers and associations of producers who shall patronize the association.

The voting rights of the members of the association shall be equal and no member shall have more than one vote upon each matter submitted to a vote at a meeting of the members.

The property rights and interests of each member in the association shall be unequal; and shall be determined and fixed in the proportion that the patronage of each member shall bear to the total patronage of all the members with the association. But, in determining property rights and interests, all amounts allocated to each patron or evidenced by certificates of any kind shall be excluded, and, upon dissolution, the equity interests of members and patrons shall be determined as provided in the bylaws. New members admitted to membership shall be entitled to share in the property of the association in accordance with the foregoing general rule.

6. ~~The maximum number of directors shall be 15.~~

7. The five initial directors are:

Cecil E. Meyerhoeffer, Jr.  
1386 River Bluff Road  
Mt. Crawford, VA 22841

Forrest Miller  
4641 Martin Miller Road  
Bridgewater, VA 22812


Rick Reeves  
581 Mossy Creek Road  
Mt. Solon, VA 22843

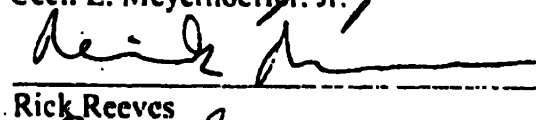
Steve Bazzie  
9498 North Valley Pike  
Harrisonburg, VA 22801

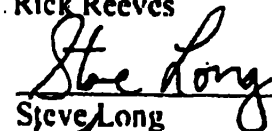
Steve Long  
P. O. Box 715  
New Market, VA 22844

8. ~~Future directors will be elected by the members in accordance with the By-Laws~~  
The duration of the association is perpetual.

WITNESS the following signatures and seals.

  
Cecil E. Meyerhoeffer, Jr. (SEAL)

  
Rick Reeves (SEAL)

  
Steve Long (SEAL)

  
Forrest Miller (SEAL)

Steve Bazzle (SEAL)  
Steve Bazzle

STATE OF VIRGINIA  
CITY/COUNTY OF Harrisonburg, to-wit:

The foregoing instrument was signed before me this 24<sup>th</sup> day of May  
2004, by Cecil E. Meyerhoeffer, Jr.

My commission expires: 6-30-07

K. Olga Das-Jaworski  
Notary Public

STATE OF VIRGINIA  
CITY/COUNTY OF Harrisonburg, to-wit:

The foregoing instrument was signed before me this 24<sup>th</sup> day of May  
2004, by Rick Reeves.

My commission expires: 6-30-07

K. Olga Das-Jaworski  
Notary Public

STATE OF VIRGINIA  
CITY/COUNTY OF Harrisonburg, to-wit:

The foregoing instrument was signed before me this 24<sup>th</sup> day of May  
2004, by Steve Long.

My commission expires: 6-30-07

K. Olga Das-Jaworski  
Notary Public

STATE OF VIRGINIA  
CITY/COUNTY OF Harrisonburg, to-wit:

The foregoing instrument was signed before me this 24<sup>th</sup> day of May  
2004, by Forrest Miller.

My commission expires: 10/31/06

Kenn S. Lambert  
Notary Public

STATE OF VIRGINIA  
CITY/COUNTY OF Harrisonburg, to-wit:

The foregoing instrument was signed before me this 24<sup>th</sup> day of May  
2004, by Steve Bazzle.

My commission expires: 6-30-07

K. Lynn Lee J. J. J. J. J.  
Notary Public



**COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION**

May 26, 2004

The State Corporation Commission has found the accompanying articles submitted on behalf of

**VIRGINIA POULTRY GROWERS COOPERATIVE**

to comply with the requirements of law, and confirms payment of all required fees.

Therefore, it is ORDERED that this

**CERTIFICATE OF INCORPORATION**

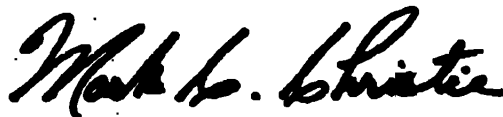
be issued and admitted to record with the articles of incorporation in the Office of the Clerk of the Commission, effective May 26, 2004.

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The corporation is granted the authority conferred on it by law in accordance with the articles, subject to the conditions and restrictions imposed by law.

STATE CORPORATION COMMISSION

By



Commissioner

# Commonwealth of Virginia



## State Corporation Commission

*I Certify the Following from the Records of the Commission:*

The foregoing is a true copy of all documents constituting the charter of Virginia Poultry Growers Cooperative, Inc. on file in the Clerk's Office of the Commission.

Nothing more is hereby certified.



*Signed and Sealed at Richmond on this Date:  
November 23, 2004*

*Joel H. Peck*  
Joel H. Peck, Clerk of the Commission