

**Glacial Lakes Corn Processors**301 20<sup>th</sup> Avenue SE • PO Box 1323

Watertown, SD 57201

**Application for Non-Transferable Membership**

By signing this application to become member of the Glacial Lakes Corn Processors (hereafter the "Cooperative"), the undersigned agrees: (1) to pay the Cooperative \$250 as a Membership Fee to become a member of the Cooperative; (2) that the Membership Fees collected by the Cooperative will be used to pay for organizational costs of the Cooperative, (3) will be immediately available to the Cooperative for working capital; (4) that the Membership Fee is non-transferable and cannot appreciate in value; and (5) to be bound by the terms and conditions set forth on the reverse side of this application.

The undersigned also agrees and understands that its membership in the Cooperative is subject to the Articles of Incorporation, Bylaws and policies of the Cooperative, and that one requirement of membership established there under is owning at least 2,500 shares of common stock following receipt of a Disclosure Statement under which an offer to sell such stock would be made. Failure to meet the membership requirements of the Cooperative may result in membership termination. Upon acceptance by an authorized agent for the Cooperative, this application shall become the binding Membership Agreement between the undersigned and the Cooperative.

**PLEASE PRINT – APPLICANT(S) INFORMATION**

Applicants Name: \_\_\_\_\_  
(Name of Individual(s), Partnership, or Corporation)

Authorized Representative: \_\_\_\_\_

Address: \_\_\_\_\_  
(Mailing address including City, State, Zip Code)

Telephone: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

County: \_\_\_\_\_ Email Address: \_\_\_\_\_

Social Security # or Federal Tax Identification #: \_\_\_\_\_

**TYPE OF APPLICANT(S) – Check One**

Individual       Partnership       Corporation       LLC       Other

Certification – Under the penalties of perjury, the undersigned certifies that:

- (1) The number shown on this form is the correct taxpayer identification number of the applicant (or a number is to be issued to me).
- (2) The applicant is a marketer of corn at Glacial Lakes Energy, LLC
- (3) The applicant has read, understands, and accepts the stated terms and conditions set forth on the reverse side of the Agreement.
- (4) The applicant has been provided with all of the information it believes necessary to a complete understanding of the Cooperative and membership in the Cooperative.
- (5) **New Shareholder(s) are 18 years of age or older.**

Signature of Applicant(s) \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_ Date \_\_\_\_\_

**IMPORTANT: Terms and conditions are set forth on the reverse side of this agreement**

Membership Accepted by \_\_\_\_\_ Date \_\_\_\_\_  
GLCP Representative \_\_\_\_\_

Glacial Lakes Corn Processors (the "Cooperative") was incorporated on September 15, 2000 pursuant to the provisions of the South Dakota cooperative law (Chapters 47-15 to 47-20, inclusive, of the South Dakota Statutes). The Cooperative is governed by a Board of Directors ("the Board"), the number and qualifications of which shall be as prescribed in the Bylaws of the Cooperative. The initial Board of Directors are set forth in the Articles of the Cooperative. The Cooperative is organized with capital stock consisting of 25,000,000 shares of common stock with a par value of \$.01 per share and 1,000,000 shares of preferred stock with a par value of \$1.00 per share. Non-cumulative dividends up to 8% of the par value may be paid on the preferred stock only. The common stock and preferred stock may only be transferred upon the consent of the Board of Directors. The annual net income of the Cooperative in excess of dividends on preferred stock and additions to reserves shall be distributed on the basis of patronage to those members who deliver agricultural products to the Cooperative, as more particularly provided in the Bylaws of the Cooperative. The common stock and any patronage equities may only be redeemed at the option of the Board of Directors in accordance with the Articles and Bylaws. A copy of the Cooperative's Articles and Bylaws are available for inspection at the Cooperative's office and upon request.

### **COMMON STOCK AND MEMBERSHIP**

Membership in the Cooperative is restricted to those persons who meet each of the membership requirements set forth in or established pursuant to the Articles and Bylaws of the Cooperative. Failure to meet those membership requirements on an ongoing basis may result in termination of membership. Each member has one vote in the affairs of the Cooperative, regardless of the number of shares of common stock the member may hold. **Membership in the cooperative is non-transferable. The Membership Fee may only be redeemed at the option of the Board of Directors in accordance with the Articles and Bylaws, which provide in part that the Membership Fee may never be redeemed by the Cooperative for an amount which exceeds the amount paid for the Membership Fee.**

As further provided in the Articles and Bylaws, membership requirements include: (1) payment of a membership fee to the Cooperative in an amount established by the Board of Directors; (2) owning at least 2,500 shares of common stock by the date established by the Board of Directors as the date on and after which holding such number of shares of common stock becomes a requirement of membership; (3) entering into a uniform marketing and delivery agreement with the Cooperative with respect to the shares of common stock; and (4) such other conditions of membership as the Board of Directors may establish. Nothing herein shall obligate a member to purchase any shares of common stock. The common stock may only be offered for sale and purchased pursuant to a Disclosure Statement, and nothing herein shall constitute an offer to sell or solicitation of an offer to buy the common stock. Failure to purchase such minimum number of shares of common stock however by such date established by the Board of Directors (and following receipt of the Disclosure Statement) may result in termination of membership and will preclude such person from doing business with the Cooperative on a patronage basis.

### **NOTICE OF ADOPTION OF CONSENT BYLAW**

The person who signs this application is hereby notified that the Cooperative has adopted the following "Consent Bylaw" provisions as part of Bylaw VIII and Bylaw X of its Bylaws:

**Section 8.01. Consent to Take Patronage Distributions Into Income.** Each person who hereafter applies for and is accepted to membership in this cooperative and each member of this cooperative as of the effective date of this bylaw who continues as a member after such date shall, by such act alone, consent that the amount of any distributions with respect to its patronage which are made in written notices of allocation (as defined in 26 U.S.C. 1388), and which are received by the member from this cooperative, will be taken into account by the member at their stated dollar amounts in the manner provided in 26 U.S.C. 1285(a) in the taxable year in which notices of allocation are received by the member.

**Section 10.02 Consent to Take Qualified Per Unit Retains Into Income.** Each person who hereafter applies for is accepted to membership in this cooperative and each member of this cooperative as of the effective date of the bylaw who continues as a member after such date shall, by such act alone, consent that the amount of any per-unit retain certificate authorized by this bylaw and designated by the Board of Directors to constitute a "qualified per-unit retain certificate," and which are received by the member from this cooperative, will be taken into account by the member at its stated dollar amount in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which the qualified per-unit retain certificate" within the meaning of 26 U.S.C. 1388.

### **STATEMENT OF SIGNIFICANCE OF CONSENT BYLAW**

The significance of these bylaw provisions is that by the sole act of becoming a member or continuing as a member in the Cooperative, you agree to take into account in your federal income tax return the stated dollar amount of any "qualified written notices of allocation" distributed to you from the cooperative and any per-unit retains issued to you by the Cooperative which are designated as "qualified per-unit retains", in the manner provided in Section 1385(a) of the United States Internal Revenue Code (the "Code). Essentially, this means that the stated dollar amount of such written notices of allocation and per-unit retains must be included in your taxable income in the year in which received. These terms are defined in Section 1388 of the Code. In addition to any amounts included in your taxable income pursuant to the foregoing, you will also be required to report as taxable income the cash portion of any patronage dividend paid to you by the Cooperative.