

**GROWMARK, INC.**

**FS PARTNERS DIVISION**

**OPERATING BOARD CHARTER**

**ARTICLE I**

**SCOPE AND PURPOSE**

**Section 1. Scope and Purpose.** The primary purpose of the GROWMARK FS PARTNERS Division Operating Board (the “Operating Board”) is to provide local input and advice to GROWMARK, Inc. (“GROWMARK”) regarding the operations and performance of the FS PARTNERS Division of GROWMARK (the “Division”) and certain GROWMARK corporate governance items set forth below.

**ARTICLE II**

**OPERATING BOARD RESPONSIBILITIES**

**Section 2. Operating Board Responsibilities.** The Operating Board’s responsibilities include, but are not limited to, the following:

- i. Providing guidance, local perspective and input to local management about various issues related to the Division;
- ii. Reviewing financial and operating performance information of the Division;
- iii. Reviewing and approving management recommendations to GROWMARK for capital and operating budgets relating to the Division; and
- iv. Providing recommendations to GROWMARK for capital expenditure requests included in the capital operating budget relating to the Division.
- v. Annually conduct a performance review for the General Manager of the division, which performance review will be provided to GROWMARK for its use in its Performance Review of the General Manager.

**ARTICLE III**

**COMPOSITION: MEMBERSHIP**

**Section 3. Composition.** The Operating Board will be comprised of not fewer than five (5) and not more than eleven (11) members (the “Operating Board Members”). The GROWMARK, Inc. Board of Directors (the “GROWMARK Board”) will elect the initial Board Members. The initial board will be composed of two (2) members of the GROWMARK Board of Directors appointed by the GROWMARK Chairman of the Board and five (5) qualified local Operating Board members (“Local Directors”). Upon the end of the term of the initial Local Directors, as described in Section 3.3, the Local Directors will be elected by the GROWMARK members that hold Farmer Shares (as defined herein) and patronize the Division (the “FS PARTNERS Patrons”). “Farmer Shares,” as used in this Operating Board Charter, means

those certain 1/10,000 shares of GROWMARK Common Stock and those Class D shares issued to FS PARTNERS Patrons.

**Section 3.2      Membership.** Each Local Director must qualify as a full-line FS PARTNERS Patron by purchasing substantially all of his or her agricultural inputs from the Division with a minimum annual purchase level of Twenty-five Thousand Dollars (CN\$25,000).

**Section 3.3.      Term.** Operating Board Members will be elected for a three (3) year term, which will be staggered so that a portion of the Local Directors is up for election each year.

**Section 3.4.      Vacancies.** Any vacancy on the Operating Board arising between elections may be filled temporarily by an appointment approved by a majority of the remaining Operating Board Members. Any such vacant position temporarily filled under this Section will be up for election at the next meeting of the Operating Board at which the selection of Operating Board Directors is scheduled to occur. The Nominating Committee (as defined hereafter) shall recommend the candidates for election to fill any such vacant position.

## **ARTICLE IV**

### **ELECTIONS**

**Section 4.1      Elections.** The FS PARTNERS Patrons will elect the Local Directors from a slate of candidates recommended by the Nominating Committee at an annual FS PARTNERS Patrons meeting or an Operating Board meeting whereby the mail-in ballots and process have been pre-approved by the Operating Board, pursuant to Section 4.2 below. Candidates will be elected by a majority of votes cast by the FS PARTNERS Patrons, which candidates will be subject to approval and removal by the Board of Directors of GROWMARK. Annually, the Operating Board will elect a Chairperson and Vice Chairperson to conduct the meetings of the Operating Board and appoint a representative to attend GLG board meetings.

**Section 4.2      Nominating Committee.** A three (3) person nominating committee (the "Nominating Committee") will nominate candidates for the Operating Board. One member of the Nominating committee will be selected by GROWMARK's Executive Director, Ontario Operations but will not be a GROWMARK employee. The other two members of the Nominating Committee will be selected by the Operating Board. In making nominations, the Nominating Committee will strive for diversity by type of customer and geography.

## **ARTICLE V**

### **MEETINGS**

**Section 5.      Meetings.** The Operating Board Members shall hold meetings at least four (4) times per year to conduct the proper business of the Operating Board. A majority of the Operating Board may designate any place as the place for any meeting. If no such place is designated, the place of meeting will be the FS PARTNERS Division main office. Operating Board Members may participate in a meeting of the Operating Board by means of conference telephone or similar communications

equipment as long as all persons participating in the meeting can speak with and hear each other, and participation by a Operating Board Member pursuant to this Section 5 shall constitute presence in person at such meeting. In all matters requiring an action by the Operating Board, the affirmative vote of a majority of the Operating Board Members present at the meeting will be the act of the Operating Board. GROWMARK shall pay each Operating Board Member \$200.00 for each meeting attended by such Operating Board Member as required under this Operating Board Charter. GROWMARK shall reimburse each Operating Board Member for actual out-of-pocket expenses and mileage related to attending any meeting.

## **ARTICLE VI**

### **PROXY SOLICITATION**

**Section 6. Proxy Solicitation.** The Operating Board shall solicit proxies from the FS PARTNERS Patrons to be voted at the GROWMARK Annual Meeting and shall send a Shareholder Representative and/or Alternate Shareholder Representative to the annual GROWMARK Zone Caucus for the geographical zone in which the Division is located (the "Caucus") held in conjunction with the GROWMARK Annual Meeting. The Shareholder Representative selected by the Operating Board pursuant to this Section 6 shall have the power to vote in caucus all outstanding shares of GROWMARK Class D stock held by FS PARTNERS Patrons. The FS Partners Shareholder Representative shall also vote the proxies received by the Operating Board at the GROWMARK Annual Meeting.

## **ARTICLE VII**

### **AMENDMENTS**

**Section 7. Amendments.** This Operating Board Charter may be adopted, amended or repealed by the Board of Directors of GROWMARK.