



BYLAWS

NATIONAL DAIRY HERD IMPROVEMENT ASSOCIATION, INC.

ARTICLE 1 – MEMBERSHIP

1.1 Membership. The membership of this Association shall consist of eligible service affiliates that have been admitted to membership in this Association (referred to in these Bylaws as "Members") and Associate Members.

1.2 Member Eligibility. This Association may admit as Members only producer-controlled cooperative associations and producer-controlled agricultural membership organizations that are qualified service affiliates. "Producer" means a person (natural or corporate) engaged in the production of agricultural products for the market. "Producer-controlled" means a cooperative or membership organization that has reserved substantially all of its voting control, including selection of its board of directors, to its producer-members. "Service affiliate" means an entity capable of providing farm management information services. Members must be an active patron of and participant in this Association and one or more of its programs. Any eligible service affiliate may become a member upon acceptance by the Board of Directors and agreement to comply with such uniform conditions of membership as prescribed by the Board.

1.3 Associate Members. Any individual or organization with interest in the purposes and programs of National DHIA may become an Associate Member upon acceptance by the Board of Directors and payment of dues or fees as prescribed by the Board for Associate Members.

1.4 Classification of Members. The Board of Directors may establish different classes of Members, based on the type of services provided to them or the business they transact with this Association. The Board may prescribe Membership Agreements and membership dues and service fees specific to the Members of each class; provided, that any such agreement, dues and fees shall be applied uniformly to each Member within a class; and, provided further that the conditions of any such agreement and the amount of such dues and fees shall be reasonably related to the services or business transactions upon which the classification is based.

1.5 Transfer of Membership. Membership in this Association may not be transferred unless the Board of Directors determines that the proposed transferee is either: (a) a successor producer-controlled service affiliate eligible for membership in this Association, with continuity in operations between transferor and transferee; or (b) a mere change in form of entity of the transferor.

1.6 Termination of Membership. If a Member becomes ineligible for membership, or the Board of Directors finds that a Member has (i) intentionally or repeatedly violated any Bylaw or condition of membership of this Association, (ii) breached any Membership Agreement with this Association, or (iii) impaired, jeopardized or engaged in a material conflict with any lawful purpose or activity of this Association; then, the Board may terminate its membership in accordance with these Bylaws and established policy. No action taken hereunder shall impair any obligations of either party under any other agreement with the Association which may be terminated only as provided therein. Upon termination of membership, any membership fee of the terminated Member shall not be refunded. If a terminated Member is reinstated as a Member, a second membership fee may be waived by the Board of Directors.

1.7 Liability for Termination of Membership. No Member, Director, officer, agent, or employee of this Association shall be liable for any loss or damages incurred by a terminated Member because of any decision to terminate its membership.

ARTICLE 2 – VOTING

2.1 Voting Control. The Members of this Association shall be vested with the sole authority to vote in the affairs of this Association by means of delegate voting. Each member shall be entitled to one vote in the affairs of this Association for each Delegate it is entitled to select. No capital ownership, contract or other relationship shall otherwise confer upon any person any right to vote in the affairs of this Association.

2.2 Delegate Voting. Each Delegate shall be entitled to one vote on each matter submitted to a vote of the Members, provided, that a Delegate or Delegates from a Member may cast one or two Delegates votes, as authorized to do so in writing by the Member.

2.3 Voting at Meetings. Delegate voting shall be conducted at annual or special Meetings of the Members or at Regional Caucuses as provided in these Bylaws. Delegates who cast an Absentee Vote as provided in these Bylaws shall be deemed

present and voting at an annual or special meeting or at a Regional Caucus but only for the purpose of the subject of the Absentee Vote.

2.4 Absentee Vote. A Delegate absent from any meeting or Regional Caucus may vote on any matter to be acted upon at such meeting, if an Absentee Vote has been authorized and provided by the Board of Directors. If an Absentee Vote is authorized and provided, it may be cast by U.S. mail, telephone facsimile or other electronic transmission, national courier service or by any other means reasonably assured to complete delivery of the Absentee Vote in correct, complete, and legible form.

2.5 Regions. For the purpose of election of Directors and for other purposes of governance of this Association as provided or permitted in these Bylaws, this Association's service area shall be divided into three (3) Regions consisting of groups of Members aggregated on the basis of agriculture community, geographical convenience, and nearly equal Delegate representation. Where these bases conflict, consideration of agricultural community and geographical convenience shall have preference over equal Delegate representation. The placement of Members in each Region shall be based on the location of each Member's principal office. The Regions in existence on the date this Bylaw is adopted and the Members assigned to those Regions shall be the Regions of this Association for voting purposes unless and until changed as provided in these Bylaws.

2.6 Regional Caucus. Upon the initiative of the Board of Directors or a majority of the Members in a Region, a Regional Caucus of the Delegates representing the Members in a Region may be convened for a Region-only vote on any of the following matters:

- (a) Nomination and election of Directors from the Region;
- (b) To vote on any matter that is also being submitted for a vote of the Members in other Regional Caucuses.
- (c) To consider and vote on any alternative plan for intra-Region distribution of Member voting control or membership fees and dues, provided, that the Board of Directors shall first have determined that such alternate plan is not inconsistent with the Association's general principals of fair distribution of membership responsibility and representation.
- (d) To consider and vote on any other matter of Regional interest that is approved by the Board of Directors for a Regional vote, so long as the matter, if adopted, would not conflict with the provisions of the Articles of Incorporation or these Bylaws.

2.7 Realignment of Regions. The Board of Directors shall regularly review the Regions, the Members assigned to each Region, and the number of Directors elected from each Region. When they find that Director representation has become unfairly disproportional, or that the Regional alignment no longer represents logical subdistricts of this Association's service area, they shall devise a plan to modify the Regions or Director representation of the Regions and present the plan to the members. The modifications proposed in the plan shall become effective if:

- (a) In the case of a plan to reassign one or more Members from one Region to another to achieve proportional representation, without otherwise changing the Regions or Director representation, the Members take no action at their next meeting to prevent the plan from becoming effective.
- (b) In the case of a proposal to change the number of Regions, or to make a substantial change in geographical alignment of Regions, or to change Director representation of Regions, the Members represented at the meeting shall have approved the plan as an amendment to these Bylaws.

2.8 Calculation of Dues. The method of calculation and assessment of annual Dues to be assessed to and paid by the Members of this Association shall be approved by the Members. Approval shall be by a Member vote upon a plan for calculation and assessment of Dues determined and presented to the Members at an annual or special meeting by the Board of Directors. For purposes of these Bylaws, "Dues" shall mean the aggregate amount of Membership Dues assessed to the Members for any fiscal year of the Association. The right of the Members to approve or disapprove of a plan for calculation and assessment of dues shall not be construed as a right to approve or disapprove of the amount of any Dues assessment, so long as it conforms to an approved method of calculation and assessment.

ARTICLE 3 – DELEGATES

3.1 Number and Allocation of Delegates. Each Member is entitled to select one Delegate and, in addition, one Delegate for each one percent (1%) of the average total animals enrolled in all of the Association's programs during the Association's previous fiscal year ("Total Animals Enrolled") that are enrolled by or through the Member in excess of one percent (1%) of the Total Animals Enrolled.

The Members of a Region may adopt an alternate plan for distribution of Delegates among them at a Regional Caucus, if:

- (a) the alternate plan has been approved by the Board of Directors as provided in Bylaw 2.6(c), and
- (b) the alternate plan is supported by two-thirds of the Delegates and two-thirds of the Members in the Region.

3.2 Delegates From Reorganized Members. If a Member merges with or otherwise joins with another Member, or if the membership of a county or other significant geographic portion of a Member's membership separates from that Member and either becomes a new Member or joins with another Member, the Delegate representation of each Member affected by such reorganization shall be recalculated for subsequent Delegate meetings as of the effective date of the reorganization.

3.3 Selection of Delegates. Each Member shall appoint or elect its Delegates. The Member shall determine the procedure for selection of its Delegates. Upon selection of its Delegates, each Member shall certify the name, address, and eligibility of its Delegates to this Association. Each Member may also select an alternate Delegate to serve in the place of a Delegate who is unable or unwilling to serve.

3.4 Role of Delegates. The Delegates representing the Member from which they are selected shall cast the vote(s) of that Member in all matters submitted to the Members for a vote.

3.5 Qualification of Delegates. Each Delegate must be a member in good standing or an employee of the Member that he or she represents and shall meet all other reasonable qualifications established by the Member. Each Delegate must meet these qualifications throughout the appointed term. If a Delegate ceases to meet these qualifications, that Delegate shall be disqualified and the position shall be vacant. A Member may fill any vacant position of its Delegates by appointment of a successor Delegate for the unexpired term.

ARTICLE 4 – MEMBER MEETINGS

4.1 Annual Meeting. The annual meeting of the Members shall be held within nine (9) months following the close of each fiscal year, at a time and place fixed by the Board of Directors.

4.2 Special Meeting. A special meeting of the Members may be called at any time upon a vote of a majority of the Board of Directors or upon the written petition of at least twenty percent (20%) of the Members or Delegates. No final action shall be taken at any special meeting on any matter not specified in the notice of special meeting.

4.3 Meetings In Series. An annual or special meeting may be held in a series of Regional meetings or Caucuses in each Region for Members of that Region, if so determined by the Board of Directors.

4.4 Notice of Meeting. A written notice of each meeting of the Members, whether annual or special, and each Regional Caucus shall be sent to each Member and to each Delegate entitled to vote thereat at their last known address, not less than twenty (20) days prior to the date of the meeting. Notice may be sent by personal delivery, U.S. Mail, telephone facsimile or other electronic transmission that will reasonably assure delivery of a complete and legible copy of the notice.

4.5 Regional Caucus. No provision of this Bylaw Four shall limit the right of the Members of any Region to convene a Regional Caucus as provided or permitted elsewhere in these Bylaws.

4.6 Quorum of Members. A quorum necessary for the transaction of business at any meeting or Caucus of Members shall be at least fifty percent (50%) of the Members and Delegates holding at least fifty percent (50%) of the votes entitled to be cast at such meeting. The quorum shall be established by a registration of the Delegates present or by Absentee Vote at such meeting or Caucus.

ARTICLE 5 – DIRECTORS

5.1 Number of Directors. The government of this Association and the management of its affairs shall be vested in a Board of ten (10) Directors elected by the Members.

5.2 Election of Directors. Unless otherwise determined in a Regional Caucus convened pursuant to Bylaw 2.6, Director Elections shall be held in Regional Caucuses convened at the annual meeting of the Members. Directors shall be elected by a majority vote in the Regional Caucuses. Only Delegates of Members from a Region may elect Directors representing that Region. The At-Large Director shall be elected at-large by the Members at the annual meeting of the Members unless this Director position is assigned to a Region as provided in Bylaw 5.3.

5.3 Director Representation. Each Region shall be entitled to elect three (3) Directors with no more than one (1) dairy producer Director from any Member. The Directors from each Region must include at least two (2) member dairy producers and one (1) member Service Affiliate management staff person. In the event the Board of Directors finds that the Director representation of the Members among the Regions has become disproportional pursuant to Bylaw 2.7, the Board may assign an At-Large Director position to the most under-represented Region or Regions, and that position shall become a Regional Director of that Region or Regions, with the factor of disproportional representation reviewed on a regular basis. In this event, the newly-created Region Director position shall be filled by election as for other Region Directors at the first opportunity. Each region shall have only one member Service Affiliate management staff person elected to the board at any time, regardless of the At-Large Director assignment to a region.

5.4 Term and Qualification. Directors shall be elected for a 3-year term and until a successor is elected and qualified. No person may be elected to more than three (3) consecutive terms as a Director. To be eligible for election as a Director, a person must be a dairy producer member in good standing of a Member or a Service Affiliate management staff person responsible for the day-to-day operation of a Member. If a Director ceases to be a member in good standing or is no longer employed by a Member, that Director shall thereby be disqualified and the Director position shall be vacant.

5.5 Vacancy. The Board of Directors shall fill each vacancy occurring on the Board of Directors, other than by expiration of term or removal from office as provided in Bylaw 5.6, by appointment for the unexpired term. Any such appointment shall be an eligible person associated with a Member in the Region whose Director position is vacant.

5.6 Removal from Office. The Board of Directors may remove a Director from office if that Director fails to attend three (3) consecutive regular meetings of the Board without excuse acceptable to the Board. A Director may be removed from office by a vote of at least two-thirds (2/3) of the Delegates from the Region represented by the Director. In either case, the Delegates from the Region shall fill the vacancy for the remainder of the term, provided, however, that if the Director so removed was elected as provided in Bylaw 5.2(b), the successor Director shall be elected by the same Members who elected the removed Director.

5.7 Meetings. The Board of Directors shall meet regularly at such time and place as the Board may determine. Special meetings of the Board may be called by the President, the CEO, or any three (3) Directors. All meetings shall be held on such notice as the Board may prescribe; provided, however, that any business may be transacted at any meeting without specification of such business in the notice of the meeting. A meeting of the Board may be held by any means, if all persons participating can hear and speak to each other.

5.8 Organization Meeting. An organization meeting of the Board of Directors shall be held immediately following each Annual meeting of the Members for the purpose of election of officers for the ensuing year and to transact such other business as may properly come before the meeting.

5.9 Quorum of Directors. A quorum of the Board of Directors shall consist of five (5) Directors. A majority vote of the Directors present shall decide all questions except where a greater vote is required by law.

5.10 Compensation. The Directors shall receive no compensation for their services as such, but they shall be reimbursed for their reasonable expenses incurred when engaged in the business of the Association, and shall be paid a reasonable amount for attendance at meetings or on other business of the Association.

5.11 Bonds. The Board of Directors shall require each officer, agent, and employee having control or custody of any of the Association's funds or property to give bond for faithful performance and the cost shall be borne by the Association.

5.12 Annual Review of Financial Statements. The Board of Directors shall have the records and financial statements of the Association examined by an independent certified public accountant at least once each fiscal year, and a report of the results of such examination shall be made at the next annual meeting of the Members.

5.13 Borrowings. The Board of Directors shall have the power to authorize the borrowing of money and encumbrance of the assets of the Association to secure repayment of amounts so borrowed.

ARTICLE 6 – OFFICERS

6.1 Election of Officers. At each organization meeting of the Board of Directors, the Board shall elect officers of this Association, which shall include a President, a Vice President, a Secretary, and a Treasurer. The Board may elect other officers as they deem necessary or desirable. The President and Vice President must be Directors of the Association. Officers shall serve at the pleasure of the Board and the Board may remove or replace any officer at any time.

6.2 The President shall be the chairman of the Association. The President :

- (a) Shall preside at all meetings of the Members and of the Directors.
- (b) Need not preside at Regional Caucuses, and shall not preside at a Regional Caucus if the Members of that Caucus select a moderator for the Caucus.
- (c) Shall perform such other duties as required by the Board.

6.3 The Vice President, in the absence or disability of the President, shall:

- (a) Perform the duties of the President.
- (b) Perform such other duties as required by the Board.

6.4 The Secretary:

- (a) Prepare and keep a record of each meeting of the Members and of the Board.
- (b) Need not prepare a record of a Regional Caucus, if the Members of that Caucus appoint a recording secretary for the Caucus, in which case the recording secretary shall forward minutes of the Regional Caucus to the Secretary for inclusion in the Association's minute book.
- (c) Shall give all notices as required by law.
- (d) Shall perform such other duties as required by the Board.

6.5 The Treasurer shall:

- (a) Supervise the safekeeping of all funds and property of the Association.
- (b) Supervise the records of all financial transactions of the Association.
- (c) Perform such other duties as required by the Board.

6.6 Chief Executive Officer. The Board of Directors shall employ a Chief Executive Officer ("CEO"). The CEO shall not be a Director. The CEO shall have charge of and manage the business of the Association and the employment, compensation, supervision, discipline and discharge of all employees of the Association. The CEO shall maintain the records and accounts of the Association in such manner that the true condition of the business may be ascertained therefrom; shall furnish the Board a correct report of the business and affairs of the Association when and as requested by the Board; and shall perform such other duties as required by the Board.

ARTICLE 7 – INDEMNIFICATION

7.1 Indemnification. Each person (and the heirs and legal representatives of such person) who is or was a Director or officer or employee of this Association (an "Indemnatee"), shall be indemnified by this Association against liability and related expense incurred in connection with any claim, suit, or other proceeding (a "Claim"), whether civil, criminal, administrative, or investigative and including any related appeal in which the Indemnatee is involved by reason of the Indemnatee's position with this Association, whether the Indemnatee occupies the position when liability or expense is incurred or not, but only if the Indemnatee has met the standard of conduct set forth in Bylaw 7.2; Indemnification shall be reduced by the amount of any other indemnification or reimbursement of the Indemnatee in respect of the liability and expense for which indemnification is claimed. As used in these Bylaws, the terms "liability" and "expense" shall include, without limitation, attorney, witness and expert fees and disbursements and judgments, fines, or penalties against, and amounts paid in settlement on behalf of an Indemnatee. The disposition of any claim by judgment, order, settlement (whether with or without court approval), or conviction or upon a plea of guilty or of nolo contendere, or its equivalent, shall not create a presumption that an Indemnatee did not meet the standard of conduct set forth in these Bylaws.

7.2 Standard of Conduct for Indemnification. In order to receive indemnification with respect to a claim, an Indemnitee shall have:

- (a) acted in good faith; and
- (b) reasonably believed:
 - (1) in the case of the Indemnitee's conduct in an official capacity with the Association, that such conduct was in the best interest of the Association;
 - (2) in all other cases, that such Indemnitee's conduct was not opposed to the Association's best interest; and
- (c) in the case of any criminal proceeding, had no reasonable cause to believe the conduct was unlawful.

7.3 Determination of Entitlement to Indemnification. An Indemnitee who has been successful, on the merits, with respect to any Claim shall be entitled to indemnification. Any other indemnification under Bylaw 7.1 shall be made only if the Board of Directors, acting by a quorum consisting of Directors who are not parties to (or who have been wholly successful with respect to) such Claim shall find that the Indemnitee has met the standard of conduct set forth in Bylaw 7.2, or independent legal counsel gives the Association a written opinion that the Indemnitee has met such standard.

7.4 Advancement of Expenses. The Association may advance funds to pay expenses incurred with respect to any Claim prior to final disposition if the recipient agrees to repay such amount in the event it is ultimately determined that the Indemnitee is not entitled to indemnification.

7.5 Rights Not Exclusive. Indemnification provided under Bylaw 7.1 shall be in addition to any rights to which the Indemnitee may otherwise be entitled by contract or as a matter of law and shall be available whether or not the Claim is based on matters which antedate the adoption of these Bylaws.

7.6 Insurance. The Association is authorized to purchase insurance to insure this Association against costs of indemnification.

ARTICLE 8 – LIABILITY AND PROPERTY INTEREST

8.1 Liability of Members, Officers, and Employees. No member, Director, officer or employee of the Association shall be personally liable to creditors or claimants of the Association for any indebtedness or liability of the Association. All such claimants and creditors shall look only to assets of the Association for payment.

8.2 Assessments. Unless approved by the Members, no assessment shall be levied on Members and no Member shall be liable for the payment of any assessments other than for the payment of dues, fees (including any penalties for late payment thereof), interest as permitted in these Bylaws.

8.3 Property Interest upon Termination of Membership. Upon termination of the membership of a Member, any interest the Member has in assets and privileges of the Association shall cease and revert to the Association and such cessation of membership shall operate as a release and assignment to the Association of all right, title, and interest of such Member in and to the assets and privileges of the Association; provided, however, that any cessation of membership shall not affect any indebtedness of the Association to such member or any rights or obligation between the Member and this Association under any other contracts or arrangements.

ARTICLE 9 – AMENDMENTS

9.1 Amendment by the Delegates. These Bylaws may be amended at any annual or special meeting at which a quorum is present in person or by Absentee Vote, by a simple majority of the Votes represented at the meeting, provided, that the notice of such meeting must include the text of the proposed amendment. If the notice of such meeting does not include the text of the proposed amendment, an amendment may nevertheless be adopted at such meeting if: (a) the complete text of the proposed amendment is presented to the Delegates in writing at the beginning of the meeting; and (b) it is adopted by an affirmative vote of at least two-thirds (2/3) of the Votes represented at the meeting.

9.2 Amendment by the Board of Directors. These Bylaws may be amended by the Board of Directors if at least 2/3 of the Directors in office vote for the amendment and, provided further, that notification of the proposed amendment containing the text and intent thereof be sent to each Member at least twenty (20) days prior to the Board meeting at which action to amend is to be considered. Amendments enacted by the Board of Directors will stand unless rescinded by a majority of the votes represented at the next meeting of the Members.

