

**BYLAWS OF**  
**DAIRY MANAGEMENT, INC.**

**ARTICLE I - NAME**

The name of the Corporation shall be Dairy Management, Inc.

**ARTICLE II - PRINCIPAL OFFICES**

Initially, the Corporation shall maintain two principal offices; one shall be in the Washington, D.C. metropolitan area, and one shall be in the Chicago, Illinois, metropolitan area. Additional offices may be established or designated at such other places as the Board of Directors may determine. Provided, however, that the principal offices shall be maintained in the designated metropolitan areas until January 1, 1995; following such date, the principal office or offices of the Corporation shall be at such place or places as the Board of Directors may designate.

**ARTICLE III - MEMBERSHIP**

The membership of the Corporation shall consist of the United Dairy Industry Association ("UDIA") and the National Dairy Promotion and Research Board ("NDPRB"), which shall be referred to herein as "Member" or "Members". The Corporation may also have one or more associate members, which shall be referred to herein as "Associate Member" or "Associate Members", as determined by the Corporation's Board of Directors.

**ARTICLE IV - PURPOSES**

The purposes for which the Corporation is formed are those set forth in its Articles of Incorporation, as from time to time amended. Namely, to promote greater coordination, efficiency and effectiveness and avoid waste and duplication in the programs and projects undertaken by the National Dairy Promotion and Research Board, a not-for-profit, nontaxable instrumentality of the federal government organized under the Dairy Production Stabilization Act of 1983, 7 U.S.C. ' ' 4501 et seq., and by the United Dairy Industry Association, an Illinois tax-exempt, not-for-profit corporation, to promote the U.S. dairy industry and improve business conditions

therein by, to the extent permitted by federal law and subject to the joint supervision and approval of the United Dairy Industry Association and the National Dairy Promotion and Research Board, serving as an entity through which they may jointly plan, develop and implement their various programs and activities, all subject to the approval of the United States Secretary of Agriculture; to provide funding, management, staff and other resources to plan, develop and implement programs for the dairy industry authorized under federal and state dairy checkoff programs; to assist in the evaluation of programs and market research conducted to promote and improve the business conditions of the U.S. dairy industry; to manage benefit programs for employees of the Corporation; to carry out such administrative, financial, management and other functions and to exercise such powers permitted corporations under the laws of the District of Columbia as are necessary and appropriate for the accomplishment of the purposes of the Corporation, provided, however, that the Corporation is intended to qualify for exemption from federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code of 1986 (the "Code"), as the same may be amended or modified or replaced in the future, and its operations shall in all events conform with the requirements of Section 501(c)(6) of the Code.

#### **ARTICLE V - BOARD OF DIRECTORS**

**Section 1. Number and Qualifications.** The Board of Directors ("Board") shall consist of up to one hundred (100) members. The Board shall be comprised of the duly elected members of the Board of Directors of the UDIA, the duly appointed members of the NDPRB and one (1) member each appointed to the Board by each Associate Member. Members of the Board shall be qualified to continue to serve on the Board even though their term of membership on the Board of Directors of a Member of the Corporation may have expired. However, in no event shall a person commence membership on the Board if such person is not serving as a member of the Board of a Member of the Corporation at the time he or she commences Board membership. A member of the Board who resigns from the Board of Directors of a Member of the Corporation shall no longer be eligible to serve as a member of the Board, and such vacancy shall be filled pursuant to Section 5 below. Any Member of the Board appointed by an Associate Member must be an active member of the Board of Directors of, or actively employed in a senior leadership position by, the Associate Member, to be eligible to serve as a member of the Board.

**Section 2. Selection of Directors and Term.** The members of the Board representing UDIA shall be selected by UDIA and the members of the Board representing the NDPRB shall be selected by NDPRB. The method of selection of Directors from the boards of

UDIA and NDPRB shall be determined by UDIA and NDPRB respectively. The terms of Directors shall be one year. Members of the Board shall serve until a successor is selected by the appropriate Member of the Corporation. The members of the Board appointed by Associate Members shall be selected by the respective Associate Member using a method as shall be determined by the Associate Member. Members of the Board appointed by Associate Members shall serve for the duration specified under the Associate Membership agreement between the Corporation and the Associate Member, as the Board shall determine.

**Section 3. Duties and Powers of Board of Directors.** The Board of Directors shall have general charge and management of the affairs, funds and property of the Corporation. The Board shall have full power, and it shall be the Board's duty, to carry out the purposes of the Corporation according to its Articles of Incorporation and these Bylaws, and to carry out all other duties and exercise the powers set forth in these Bylaws. Specific duties of the Board shall include, without limitation:

- a. Implementation of a joint planning process;
- b. Development, and upon approval by the Members, implementation of an Annual Business Plan and an Annual Budget for the Corporation;
- c. Management of all funds and assets of the Corporation;
- d. Development, approval and implementation of common personnel policies, and compensation and benefit programs for employees of the Corporation;
- e. Overall management of the employees of the Corporation, which authority may be delegated to appropriate officers and managers of the Corporation.

**Section 4. Duties and Powers of Directors Appointed by Associate Members.** Notwithstanding the foregoing Section 3 or any other provision of these Bylaws, the Directors appointed by Associate Members shall have those duties and powers as determined by the Board.

**Section 5. Vacancies.** In the event of a vacancy on the Board, the Member or Associate Member responsible for the original selection of the Director shall promptly select a new Director to fill such vacancy.

**Section 6. Removal of directors.** Each Member or Associate Member shall have the power to remove a Director for any reason or for no reason, in such manner as is determined by such Member or

Associate Member. In the event a Director is removed, the Member or Associate Member so removing the Director shall select a new Director within sixty (60) days to fill the vacancy created by such removal.

**Section 7. Expenses.** Directors shall serve without compensation, but may be reimbursed for expenses necessarily incurred by them in the performance of their duties.

## **ARTICLE VI - MEETINGS OF BOARD OF DIRECTORS**

**Section 1. Regular Meetings.** Regular meetings of the Board shall be held at least 4 times each fiscal year, at such time and place and upon such notice as the Chair or the Board of Directors may determine.

**Section 2. Special Meetings.** Special meetings of the Board may be held whenever called by the Chair or at the request of 20 Directors at such time and place, upon such notice and for such purpose as shall be stated in the notice thereof.

**Section 3. Quorum.** Except as set forth in Section 4 hereof, at any meeting of the Board of Directors a majority of the Board of Directors then in office shall constitute a quorum. Any action of the Board shall require the concurring votes of at least a majority of those present at a meeting at which a quorum exists. If a quorum is not present at any meeting of the Board, a majority of the Directors present may adjourn the meeting from time to time without further notice until such time as a quorum is present.

**Section 4. Special Quorum Requirements.** Three-quarters of the Directors then in office shall be required for a quorum for any meeting at which the Annual Business Plan or Annual Budget will be reviewed for recommendation of approval by the members. This provision shall not apply to amendments or modifications to the annual business plan or annual budget.

**Section 5. Voting.** All votes at assembled meetings of the Board shall be in person. At the request of any member of the Board, the Chair shall conduct an Equalized Vote of the Board of Directors. "Equalized Vote" or "Equalized" means a vote in which the total votes cast by UDIA and NDPRB directors is equalized so that the votes cast by all UDIA designated directors present, if taken together, and the votes cast by all NDPRB directors present, if taken together, would each constitute fifty percent of all votes cast by the directors of those organizations. On the determination of the Chair that a matter is of an emergency nature such that an assembled meeting of the Board is impractical, the Board may take action upon the concurring votes of a majority of its members by

mail, telephone, or other similar method. Action taken by this emergency procedure is valid only if all members are notified and provided the opportunity to vote and any such vote is promptly confirmed in writing by the Secretary. Any action so taken shall have the same force and effect as though such action had been taken at a properly convened meeting of the Board.

## **ARTICLE VII - OFFICERS**

**Section 1. Elected Officers.** The elected officers of the Board shall consist of a Chair, a Vice Chair, a Recording Secretary, and a Treasurer.

**Section 2. Election and Term of Office.** The elected officers shall be elected at the annual meeting of the Board, and each elected officer shall be a member of the Board of Directors for the year then commencing, to serve for a one-year term and until their successors shall have been elected. A Director shall not be limited in the number of terms for which he or she may serve as an officer, provided that he or she remains a member of the Board during his or her term as an officer. Each Member of the Corporation shall have two Directors serve as elected Officers of the Corporation.

**Section 3. Duties of the Chair.** The Chair shall preside over all meetings of the Board and shall call all meetings thereof. The Chair shall also serve as an ex-officio member of all committees of the Board. The Chair shall have general supervision of the affairs of the Board, and perform all acts and duties usually incident to and required of an executive and presiding officer, as well as such other duties as may be conferred by the Board. To the extent that a statute or other legal requirement provides for action by a president of a corporation, the Chair shall have all authority necessary to take such action.

**Section 4. Duties of the Vice Chair.** The Vice Chair shall preside over meetings and otherwise act in the place of the Chair in the event of his or her absence, disability, disqualification, refusal to act, or at his or her direction. In the event of a vacancy in the office of Chair, the Vice Chair shall perform the duties of said office in an acting capacity.

**Section 5. Duties of the Recording Secretary.** The Recording Secretary shall prepare, or cause to be prepared, the minutes of all meetings of the Board and its committees, and all other permanent records of the Board, and to provide and maintain an accurate and permanent record of same; make all reports required for state and federal government entities, including the Secretary of Agriculture and District corporation authorities; maintain custody of the corporate seal and attest to all papers, documents

and other instruments on behalf of the Board. The Recording Secretary shall perform such other duties as may be assigned by the Chair or the Board of Directors; the Recording Secretary may delegate his or her duties to an authorized employee of the Corporation as necessary.

**Section 6. Duties of the Treasurer.** The Treasurer shall have custody and general supervision over all of the funds of the Corporation, including funds belonging to or under contract with the Members; deposit such funds in such banks, trust companies or other depositories authorized by the Board; cause an audit to be conducted at least annually by a qualified Certified Public Accountant of the Corporation's financial statements; assist in the preparation of the Annual Budget of the Corporation; submit to Board members, Members, and the Secretary of Agriculture within 30 days of the end of each quarter of the fiscal year a financial report; serve as custodian of all insurance policies including any fidelity bonds covering all officers and employees and agents of the Corporation as designated by the Board. The Treasurer shall perform such other duties as may be assigned by the Chair or the Board of Directors; the Treasurer may delegate his or her duties to an authorized employee of the Corporation as necessary.

**Section 7. Appointed Officers**

a. *Co-Executive Officers.* The Board shall employ and fix the compensation and other terms and conditions of employment of an Executive Officer or two Co-Executive Officers as it shall determine. The Executive Officer(s) shall report directly to and be under the immediate supervision of the Board. The Executive Officer(s) shall be responsible for carrying out the policies and directive of the Board of Directors as the Board may from time to time determine.

b. *Assistant Recording Secretaries/Assistant Treasurers.* The Board may appoint Assistant Recording Secretaries and Assistant Treasurers, and other officers, as the Board may deem necessary or appropriate. The Assistant Recording Secretaries and Assistant Treasurers shall perform such duties prescribed from time to time by the Recording Secretary and Treasurer, respectively, or by the Chair. Such officers need not be members of the Board.

**ARTICLE VIII - COMMITTEES**

**Section 1. Standing Committees.** The Board of Directors shall have the authority to establish such standing committees as it may determine necessary or appropriate and to define the objectives and purposes of such committees and the qualifications and manner of appointment of the members of such standing committees. Only members of the Board may serve as members of

standing committees. Any such committee established by the Board shall be composed of equal numbers of members of the Board of Directors appointed by each of the Members.

**Section 2. Special and Advisory Committees.** The Chairman shall have the authority to establish such special or advisory committees as it may from time to time determine necessary or appropriate. The Chairman shall define the objectives and purposes of special or advisory committees, which may be appointed for limited time periods. Advisory and special Committees may consist of any number of Directors and employees of the Corporation as may be desirable, and the members shall be appointed by the Chair.

#### **ARTICLE IX - ANNUAL BUSINESS PLAN/ANNUAL BUDGET**

**Section 1. Development of Annual Business Plan and Annual Budget.** Each fiscal year, the Board shall facilitate the development of an Annual Business Plan for the next fiscal year, and an Annual Budget necessary to fund the implementation of the Annual Business Plan. The Annual Business Plan shall consist of plans and projects to be undertaken to carry out the purposes of the Corporation. The Annual Business Plan and Annual Budget shall be presented for review to the Board of Directors not later than 60 days before the beginning of the fiscal year in which the Annual Business Plan and the Annual Budget are to take effect.

**Section 2. Characterization of Costs.** All costs included in the Annual Budget shall be characterized as either "Core Costs" or "Program Costs."

a. **Core Costs.** Core costs shall consist of the basic cost of salaries and benefits for employees of the Corporation and general and administrative costs, and planning costs, for the operation of the Corporation. Core costs shall not include the direct compliance costs of the NDPRB, including costs charged by the United States Department of Agriculture for oversight of NDPRB.

b. **Program Costs.** Program Costs shall consist of costs attributable to expenditures, not including Core Costs, of implementing the plans and projects contained in the Annual Business Plan.

**Section 3. Allocation of Costs.** Costs contained in the Annual Business Plan and the Annual Budget shall be shared equally by the parties, except as otherwise provided therein.

**Section 4. Approval of Plans.** The Annual Business Plan and the Annual Budget shall be submitted to the Board of Directors

at a meeting of the Board not later than 60 days before the beginning of the fiscal year in which the Plan and Budget are to be effective. Upon review by the Board, the Annual Business Plan and Annual Budget shall be submitted to each of the Members for their individual approval. The Annual Business Plan and Annual Budget shall not become effective until approved by the Members and by the United States Secretary of Agriculture.

**Section 5. Contributions of Members.** Upon approval of the Annual Business Plan and the Annual Budget, the Members shall be responsible for providing funding, in accordance with the approved Annual Budget, for operations of the Corporation. The Annual Budget shall contain a payment schedule setting out the amounts and dates of each contribution required of each Member for the duration of the Annual Budget. Associate Members may be responsible for providing funding, in accordance with the Associate Membership agreement between the Corporation and the Associate Member, as the Board shall determine.

**Section 6. Amendments to Annual Business Plan and Annual Budget.** The Board may amend the Annual Business Plan and Annual Budget at any time, subject to the approval of the Members and the United States Secretary of Agriculture.

#### **ARTICLE X - AMENDMENTS**

The Board may amend these Bylaws at any meeting at which there exists a quorum, upon a two-thirds vote of the Directors. Provided, however, at least fifteen (15) days notice shall be given to all Directors and the Secretary of Agriculture, and the intent of such amendments to be considered shall be made a part of the meeting notice.

#### **ARTICLE XI - DISSOLUTION**

In the event of the dissolution of the Corporation its net assets remaining after provision for the payment of all debts, obligations, and liabilities of the Corporation shall be dedicated and transferred only in such manner as will be consistent with the provisions of the Internal Revenue Code then governing the Corporation as a tax-exempt corporation.

#### **ARTICLE XII - MISCELLANEOUS PROVISIONS**

**Section 1. Corporate Seal.** There shall be an official seal of the Corporation in such form and design as the Board may approve. The seal shall be maintained in the custody of the Recording Secretary.



**Section 2. Fiscal Year.** The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year, provided that the Board may establish a different period for the initial fiscal year of the Corporation.

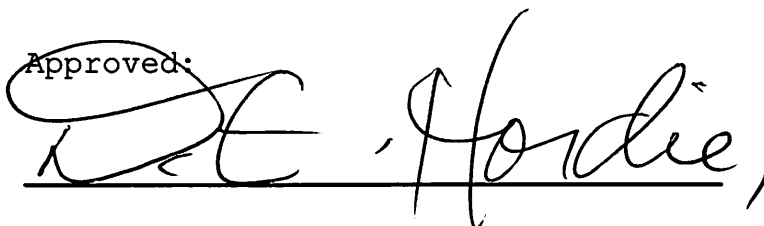
**Section 3. Parliamentary Procedure.** The Board and any Standing, Special or Advisory Committee when in session, shall be governed in its deliberations in the transaction of its business by these Bylaws. Any matter of procedure not so covered shall be governed by the most recent edition of Robert's Rules of Order.

**Section 4. Contracts.** The Board may authorize any officer or officers, agent or agents of the Board, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any legal instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

**Section 5. Confidential Information.** Any Member, Associate Member, Director, officer, employee, or agent shall maintain any confidential information of the Corporation disclosed to them in such capacity as a Member, Associate Member, Director, officer, employee, or agent. Confidential information shall be the sole property of the Corporation and in no event shall it be disclosed or used by any Member, Associate Member, Director, officer, employee, or agent without prior written consent of the Board of Directors, except as provided by law.

**Section 6. Indemnification.** The Board shall indemnify any Director, officer, employee or agent of the Board and protect them from any loss for any action or omission taken in good faith on behalf of the Corporation, and shall purchase insurance for the purpose of such indemnification.

Approved:

 R. E. Fordie,

**AMENDED AS OF MAY 2014**

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 See