

2021



National Livestock Producers Association Director Manual

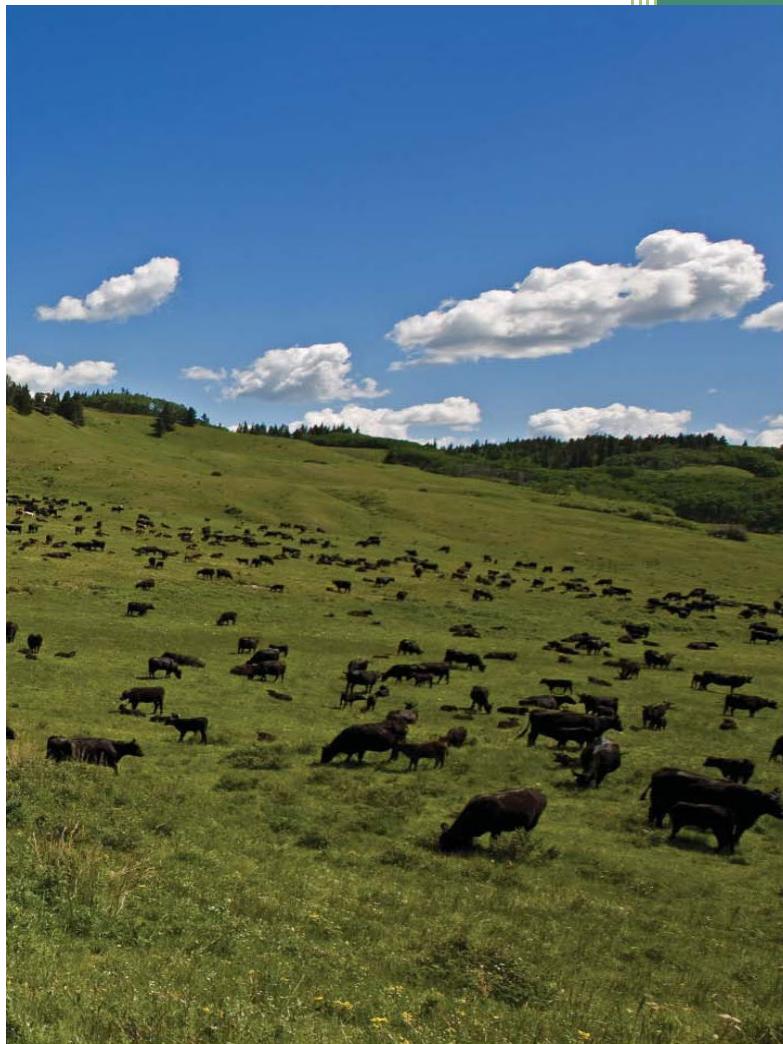


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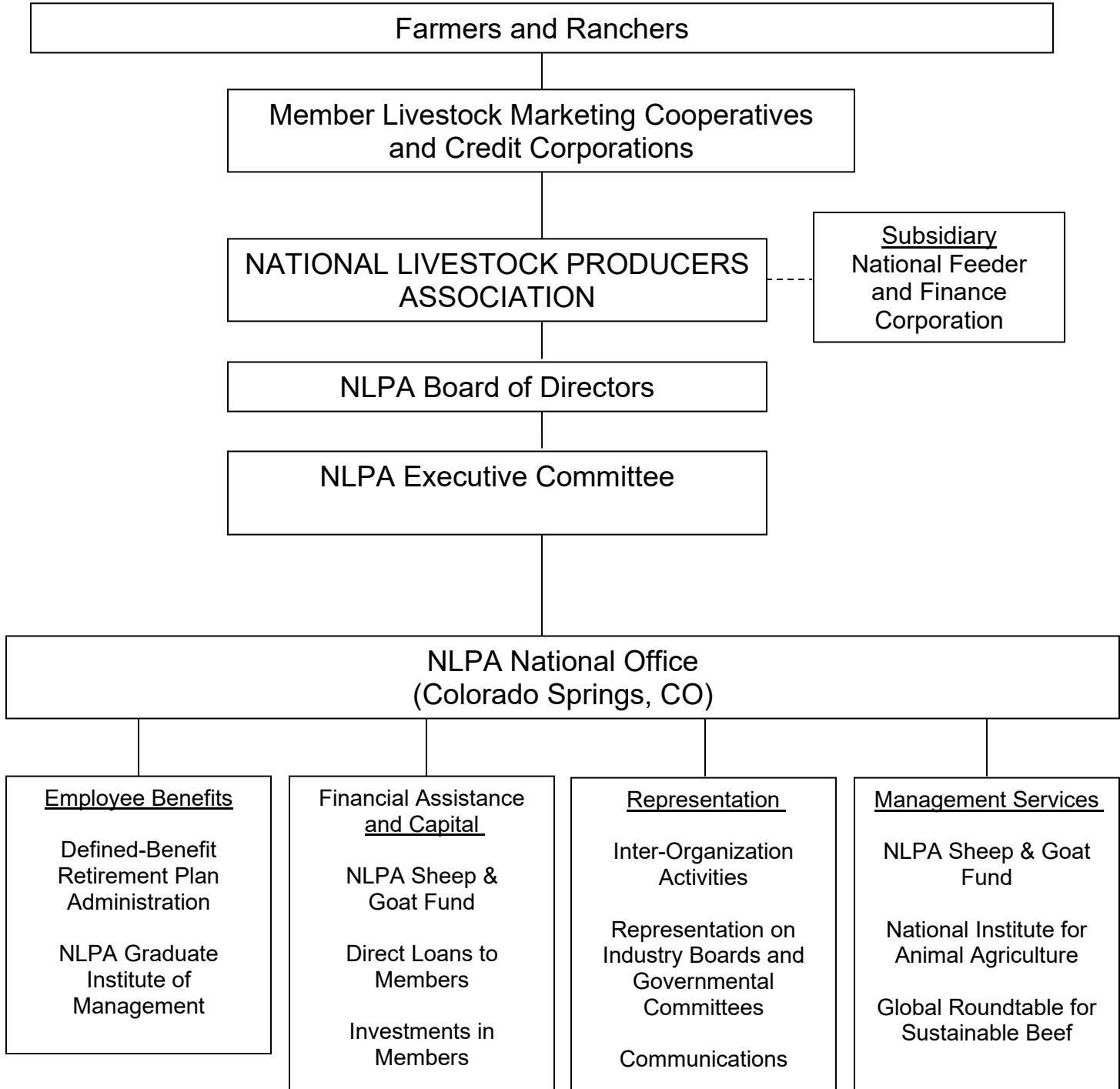
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NATIONAL LIVESTOCK PRODUCERS ASSOCIATION

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(Revised January 2021)

Structure of National Livestock Producers Association



HISTORY OF NATIONAL LIVESTOCK PRODUCERS ASSOCIATION

Due to chaotic conditions in livestock marketing following World War I, the original National Livestock Producers Association was organized on December 22, 1921 after extensive study and research by a committee of fifteen. This committee was made up of livestock producers representing major farm organizations and some of the 10 or 11 existing livestock cooperatives in operation at that time.

With the crash of 1929, Congress passed the Agriculture Marketing Act of 1929. This act established the Federal Farm Board to further assist in developing cooperative markets.

On May 7, 1930 National Livestock Producers Association reorganized under the Federal Farm Board Plan, which permitted the establishment of livestock credit corporations and a producer magazine. Renamed National Livestock Marketing Association, shortly thereafter, the original National Livestock Producers Association was dissolved.

On June 30, 1930 fourteen terminal marketing associations, one national order-buying company, and one statewide marketing association became members and started operations. The six regional credit corporations and the producer magazine were organized or reorganized by April 30, 1932.

Presently, National Livestock Producers Association has six regional livestock marketing cooperatives as members, six member credit corporations, and a subsidiary commodity brokerage with three branch offices.

BOARD OF DIRECTORS

The Board of Directors of the National Livestock Producers Association consists of two (2) representatives from each full dues-paying member. One of the representatives is to be on the Board of the member organization; and the other representative is to be the Chief Executive Officer, or other senior management person, of that member organization. The members of the Board are elected annually at the regular Annual Meeting of the Stockholders and hold office until the next Annual Meeting or until their successors are elected and qualified.

EXECUTIVE COMMITTEE

The National Livestock Producers Association Executive Committee of the Board of Directors consists of eight (7) members, which includes Chairman and Vice Chairman, as well as six (5) Directors who are elected to serve a three-year term. The Executive Committee has the responsibility of managing the business of National in the interim between meetings of the Board.

COMMITTEES

Each member of the Board of Directors is expected to serve on at least one of NLPA's advisory committees. The committees and their purposes are as follows:

Communication & Government Affairs Committee

The NLPA Communication & Government Affairs Committee monitors issues affecting livestock marketing and credit and recommends positions and policy to the NLPA Board and guides NLPA's communications efforts both within NLPA and the agricultural community.

Credit & Finance Committee

The purpose of the NLPA Credit and Finance Committee is to identify credit and finance challenges and opportunities that may be addressed and developed by the members of NLPA and to assist the board in determining and evaluating investment opportunities.

Long-Range Planning & Member Services Committee

The NLPA Long-Range Planning & Member Services Committee periodically reviews the vision and strategic plan of the association, ascertains shifts in the industry that may lead to needed changes in NLPA, and makes recommendations to the Board. The Committee also evaluates NLPA's services and programs, identifying areas of possible service enhancement and assists in the development of NLPA educational conference programs.

Retirement Plan Committee

National Livestock Producers Association Retirement Plan Committee is responsible for overseeing the National Livestock Employees Retirement Plan and reviewing the financial performance of funds and monies deposited to the Defined Benefit Plan.

STOCKHOLDERS OF NATIONAL LIVESTOCK PRODUCERS ASSOCIATION

COMMON STOCKHOLDER AGENCY

EQUITY COOPERATIVE LIVESTOCK SALES ASSN. 1,507 Shares
Baraboo, Wisconsin

MISSISSIPPI LIVESTOCK PRODUCERS ASSN. 526 Shares
Jackson, Mississippi

NATIONAL LIVESTOCK COMMISSION ASSN. 1,204 Shares
Oklahoma City, Oklahoma

PRODUCERS LIVESTOCK MARKETING ASSN. 2,413 Shares
North Salt Lake, Utah

PRODUCERS LIVESTOCK MARKETING ASSN. 1,611 Shares
Omaha, Nebraska

TOTAL COMMON SHARES ISSUED AND
OUTSTANDING 7,261 Shares

MEMBERSHIP CATEGORIES and DUES POLICIES

The members of NLPA differ in location, composition and size. Therefore, the NLPA Board of Directors has endeavored to maintain an equitable dues structure that will provide funding for the organization in a fair manner to the members. Therefore the following membership stratifications and classifications have been adopted:

	Annual Dues	Stock Required	Board Seats
<u>Full Members:</u>			
Marketing Organization Members:			
Gross Sales of \$200 million or more	\$10,000	Yes	Yes
Gross Sales of \$100 - \$200 million	\$6,750	Yes	Yes
Gross Sales of \$100 million or less	\$3,500	Yes	Yes
Credit Corporation Members:			
Average Annual Loan Volume <\$25 million	\$5,000	No	Yes
Average Annual Loan Volume >\$25 million	\$10,000	No	Yes
<u>Associate Members:</u> Marketing Organization Members:			
Gross Sales of \$200 million or more	\$5,000	No	No
Gross Sales of \$100 - \$200 million	\$3,375	No	No
Gross Sales of \$100 million or less	\$1,750	No	No
<u>Introductory Members:</u> Marketing Organization Members:			
Gross Sales of \$200 million or more	\$5,000	No	No
Gross Sales of \$100 - \$200 million	\$3,375	No	No
Gross Sales of \$100 million or less (1)	\$1,750	No	No

(Introductory Memberships are limited to two years after which an introductory member is required to choose either full or associate member status.)

PURPOSE OF NATIONAL LIVESTOCK PRODUCERS ASSOCIATION

National Livestock Producers Association provides a unique forum for the exchange of marketing and credit concerns and ideas for the member agencies. Through semiannual meetings, instructional conferences and teleconferences, National brings together Directors, Managers and agency personnel which leads to working relationships that are invaluable.

In addition, NLPA produces periodic publications directed to its members informing them on various issues within the industry and the efforts by National on their behalf. Furthermore, National provides instructional conferences designed to further educate agency personnel and provide a forum for interaction between the participants.

CONFERENCES

Board Meetings are held two times a year. The Directors' Conference agendas relate to topics of

interest to the directors concerning the livestock industry and livestock marketing. The policies and direction of National's efforts are determined at the meetings.

CEO's Conferences are held two times a year, to give the CEO's an opportunity to exchange ideas, participate in workshops, and discuss topics of importance to management's operations.

Professional Conferences and In-Service Training: NLPA sponsors professional improvement conferences on an as-needed basis for credit and data personnel, commodity personnel, and livestock marketing personnel. These two-day conferences provide agency personnel with the opportunity to keep abreast of current topics pertinent to their work, permit the exchange of ideas with other producer agency personnel and give an overview of operations on a national level.

REGULATIONS AND LEGISLATION

The National Office keeps informed on government regulations and legislation concerning livestock marketing and credit and, in turn, keeps members informed. National's board directs action concerning legislation and National's Office maintains communication with the Packers & Stockyards Administration and assists member agencies with problems with P&S. The members have found this service to be most helpful over the years. On occasion, NLPA's views are solicited by different regulatory offices and legislators on matters pertaining to livestock marketing and finance. The National Office relates the views of its members and the needs of the industry.

LEGAL SERVICES

The National Office maintains legal counsel for aid to member agencies. National's counsel is heavily experienced with co-op livestock operations, Federal Regulations and other allied subjects of a legal nature.

ALLIED INDUSTRY RELATIONSHIPS

The National Office maintains close communication with allied industry groups for the benefit of its members. The directors of National serve on the boards of several allied industry groups representing National and the directors' contributions are most meaningful to National's members.

NATIONAL FEEDER AND FINANCE CORPORATION

NLPA, through its subsidiary, National Feeder and Finance Corporation, and the affiliated credit corporations, provides livestock financing for members of marketing agencies. National assists with additional capitalization of the credit corporations as the need arises. The close involvement between market agencies and credit corporations in livestock financing has demonstrated definite benefits from the opportunity for National's agency members to be able to finance their livestock operations with the same livestock people who market their livestock. This service further strengthens each market agency's ability to provide full service to its members.

INVESTMENTS

	<u>Shares</u>	<u>Total Investment</u>
Tri-State Livestock Credit Corp. Common Stock, \$100 Par Value	1,377.734	\$137,734.00

NLPA SHEEP & GOAT FUND

The National Sheep Industry Improvement Center (NSIIC) was established as part of the 1996 Farm Bill to aid the nation's ailing sheep and goat industries. The Sheep Center was designed as an innovative new revolving fund to provide capital to the sheep and goat industries for marketing and infrastructure developments.

Beginning in February 1997, the NSIIC Board of Directors, which is the governing body appointed by the Secretary of Agriculture, had pursued a number of actions to get this unique program working. Chairman Miller said, "The use of a single intermediary, the National Livestock Producers Association, was a giant step toward realizing our goal of getting the Sheep Center monies working in the sheep and goat industries."

It was determined that a qualified intermediary must have:(1) an interest in the NSIIC goals, mandates and the relative small size of the grant;(2) expertise with livestock production, processing or marketing related lending;(3) nationwide capability in urban and rural areas; and (4) the ability to process and service loans from all segments of the sheep and goat industries, from production through the packer/processor/retail level.

Finding a qualified intermediary was a lengthy process beginning in February 1999. Of those that looked initially qualified, the National Livestock Producers Association (NLPA) was the only organization that met the requisite qualifications. NLPA, headquartered in Colorado Springs, Colo., has nationwide lending capabilities through their subsidiary organizations and can process and service loans from all segments of the sheep and goat industries, either directly or through contract services.

The grant agreement between NSIIC and NLPA specifies the parameters for the use of the funds and specifies the reporting and accounting requirements to the NSIIC Board. The grant agreement further required formation of an oversight "Sheep & Goat Committee" within the intermediary that administers the grant. It details how the oversight committee will be formed and requires that sheep and goat expertise be represented on the committee. NLPA has agreed to all of these terms.

STANDARDS OF CONDUCT APPLICABLE TO THE INDIVIDUAL COOPERATIVE DIRECTORS

I. DUTY OF LOYALTY

A. Conflict of Interest

When the Cooperative director is personally interested in a contract or transaction to which the cooperative is a party, the director should disclose the existence of such interest. He should describe the nature (for example, financial, family relationship, professional or business situation) to the other directors prior to the time action is taken by the board with respect to the matter. The director should abstain from acting on any matter in which he is personally interested.

B. Duty of Fairness

If a transaction by a director with his cooperative involves a possible conflict of interest, fairness of the transaction to the cooperative should be the primary concern for both the director and those disinterested directors who are acting on the request for favorable action.

C. Corporate Opportunity

When opportunity to acquire another business, to acquire real property, to sell new products, or seize any other business advantage comes to the attention of the cooperative director as a result of his relation to the cooperative, the director must first present it to the cooperative for its action. Only after informed evaluation and determination that the cooperative is not interested in the opportunity should the director pursue the matter for his own account or for the benefit of others.

D. Confidentiality

The director should hold in confidence all matters involving his cooperative until such time as there has been general public disclosure or unless he confidently knows that the information is a matter of public record or a matter of common knowledge. The importance of confidentiality cannot be overemphasized; mainly because of the potential for jeopardy to the cooperative in terms of competitive disadvantage.

II. DUTY OF CARE

A. General Statement

Model Business Corporation Act sets forth the following as a legal standard for directors:

A Director shall perform his duties as a director, including his duties as a member of any committee of the board upon which he may serve in good faith, in a manner he reasonable believes to be in the best interests of the cooperative, and with such care as an ordinary

prudent person in a like position would use under similar circumstances.

B. Duty of Attention

The corporate director has a responsibility to participate in the direction of a cooperative's activities, which includes the following:

- a. Attending meetings
- b. Reviewing adequate information
- c. Reviewing documentation
- d. Monitoring activities of the cooperative

In performing the above a director is entitled to rely on information, opinions, reports or statements, including financial statements prepared or presented by (a) officers or employees of the cooperative whom the director reasonably believes to be reliable and competent; (b) legal counsel; (c) public accountants; (d) committee of the Board on which he does not serve.

C. Delegation

The Board of Directors is not expected to operate the business. The responsibility of the board is limited to overseeing the operation by the manager and such other persons as the board shall designate. While this principle does not relieve the board from its monitoring duties, directors will not generally be held personally responsible for actions or omissions of officers, employees or agents of the corporation as long as they have been prudently selected and the directors have relied reasonably on such officers, employees and agents.

D. Decision Making - The Business Judgment Rule

A cooperative director makes many decisions and frequently makes important decisions that may eventually prove to be erroneous. A large measure of protection for the director exercising his good faith judgment is found in the Business Judgment Rule. While not part of the statutory framework, this legal context is well established in Minnesota case law. When viewing decisions of directors acting in the exercise of free and independent judgment, Minnesota Courts have been extremely reluctant to find that they acted negligently. Recognizing that these decisions may seem unrealistically simple when viewed at a later date and expressing reluctance to substitute their judgment for that of the directors, courts have generally refrained from questioning the wisdom of board decisions. However, for the Business Judgment Rule to apply, the directors must have acted in good faith, within the powers of the cooperative in a lawful and legitimate furtherance of its purposes, and must have exercised their honest business judgment after due consideration of what they reasonably believed to be relevant factors.

III. ORIENTATION OF THE NEW COOPERATIVE DIRECTOR

When an individual is first elected to the board of directors, a number of informational procedures should be followed. Use of one or more of these procedures may be particularly helpful to an individual who is not otherwise involved with the cooperative. At the risk of stating the obvious, the individual should accept the directorship only if he has confidence in

the competence and integrity of his fellow directors, and the manager of the cooperative.

A. Interlocks

No individual who is already serving as a director on one or more organizations should serve on a cooperative that directly or even indirectly has conflicting interests with these other organizations.

B. Corporate Records

The director should review the basic corporate documents of the cooperative, such as the articles and the cooperative's bylaws, and consider recent major board or committee actions by reviewing the minutes of the board of directors and board committees.

C. Corporate Disclosure Documents

The new director should review the cooperative's principal documents to a degree sufficient to give him familiarity with the cooperative's business financial position and results of operations for the past five years and the current and interim periods.

D. Board Structure

The new director should become familiar with the board's conceptual approach to corporate management, including the existence and function of board committees.

E. Current Directors

A new director should be provided with biographical data concerning all directors and of the top management and people of the cooperative.

F. Outlook

A new director may find it helpful to have an in-depth discussion with the manager concerning the cooperative's current problems, current prospects, critical issues that are expected to be confronted and long-range objectives.

IV. RESPONSIBILITIES OF THE INDIVIDUAL COOPERATIVE DIRECTOR

A. Fundamental Responsibilities

The fundamental responsibility of the cooperative director is to represent the interests of the members as a group in directing the business and affairs of the cooperative within the law.

B. Duty to Manager

The business of the cooperative shall be managed under the direction of the board of directors. Among the managerial responsibilities are the following:

1. Establish basic corporate objectives

2. Select competent management
3. Monitor performance of management

In addition to these, the board has the responsibility for:

- a. Adopting or changing articles and bylaws
(subject to shareholder approval)
- b. Approving plan of merger, consolidation
(subject to stockholder approval)
- c. Recommending dissolution
- d. Declaring dividends
- e. Elective corporate officers
- f. Attending special meetings of the members

C. Board of Director Attribute

In exercising his duties, it is important that the director avoid taking an adversary attitude in relationship with the manager. However, it has been appropriately suggested that healthy skepticism and a bias toward seeking outside advice are useful attitudes for the outside director in those special cases where conflicts of interest involving management are present.

D. Duty to Object

If a director has reservation concerning a proposed course of action, he has a duty to express them to his fellow directors. If he disagrees with any action taken by the board, he should vote against the proposal and request that this dissent and reasons therefore be recorded in the minutes of the meeting. However, genuine disagreement concerning a particular proposal normally should not cause him to consider resigning.

E. Areas of Special Concern

A number of areas that warrant the individual corporate director's attention are set forth below:

1. Information flow
2. Informed judgments
3. Outside information
4. Orientation opportunities
5. Organization
6. Meeting schedules
7. Agenda
8. Executive development
9. Management authority
10. Benefit programs
11. Asset protection

F. Rights

In addition to his responsibilities, the cooperative director has certain rights appropriate to the performance of his job.

1. Management access
2. Books and records
3. Notice of meetings

4. Minutes
5. Outside advice

V. LIABILITIES AND INDEMNIFICATION

A. Introduction

Although it is true that directors may incur liabilities in connection with their position, it is believed that the likelihood of such liability will be minimized if they adhere to the standards of conduct suggested above. Obviously, if the director engages in activity that amounts to fraud he will be subject to liability under both state and federal law. However, if he acts in good faith, if he meets his duty of attention, neither state nor federal law is likely to impose liability upon him. In such circumstances, if liability is imposed, the director whose conduct measures up to the prescribed standards normally will be entitled to indemnification by his cooperative.

If a director violates his duty of loyalty to the cooperative or to the shareholders, it is likely that personal liability would be imposed upon him under state law. Thus, a director who engages in a conflict of interest transaction, seizes corporate opportunity to engage in the transaction imposing unfairness upon other members, or otherwise acts to further his own interests at the expense of the cooperative or its members, should not be surprised to find himself faced with lawsuits and imposition of damages. In contrast, if the director meets his duty of attention to the cooperative, he will probably not be subject to liability.

B. Federal Law

C. Indemnification (Bylaws)

NLPA INVESTMENT POLICY

(As revised and adopted by the NLPA Board of Directors February 23, 2015)

The purpose of NLPA's investment policy is to set guidelines for the investment of association funds so as to aid in operational needs; to provide adequate resources to maintain essential equipment; and to provide sufficient reserves to protect the organization against unforeseen economic emergencies with respect to the association.

The primary objective of this policy is the preservation of capital to ensure that sufficient funds are available to meet association needs. A secondary objective is to maximize return through prudent management of funds to maintain and build reserves.

The NLPA Credit and Finance Advisory Committee shall meet at least once yearly to review investment selection and overall adherence to the investment policy, and to develop recommended allocations to the identified reserve funds.

The Association may retain one or more investment counselors to manage investment funds as approved by the Board. Such counselors shall be subject to periodic performance review by the Finance Committee and shall report annually to the Board on the investment portfolio.

Authorized Investments - All investments shall be made in high quality funds with prudent levels of diversifications. The following investments are authorized:

A. External Investments

1. Checking, savings and money market accounts with federally insured banks and savings and loan associations.
2. Money market funds with major brokerage firms that are backed by substantial private insurance.
3. Federally insured bank and savings and loan association certificates of deposit.
4. U.S. Treasury obligations
5. U.S. Agency and government guaranteed paper
6. U.S. Government securities
7. Securities of agencies of the U.S. Government
8. Securities of a wholly owned corporation of the U.S. Government
9. High quality corporate bond issues (equal to or better than "AAA" rating)
10. Foreign Sovereign debt limited to not more than an 18-month period and that only investments in Canada and Australia be considered.

11. Pre-refunded national municipal bonds limited to not more than 24 month maturity.
Bonds to be rated A- or above.¹
12. For funds held in the NLPA Sheep & Goat Fund, investments in S&P 500 Index Funds may be made up to a total aggregate amount of \$500,000.²

B. Loans to NLPA Members

NLPA may make loans to its members in the following manner:

1. Investments may be in the form of debt instruments with a maximum term of one (1) year in order to maintain the degree of liquidity desired by the NLPA Board.
2. Interest on the unpaid balance shall be computed at the rate of Prime Lending Rate (as published in the Western Edition of the Wall Street Journal) minus 2% per annum, or 4%, whichever is greater, adjusted and payable quarterly. The NLPA Board of Directors shall have discretion to deviate from this policy as necessary.
3. Members with whom NLPA has no current loan may get preference given acceptable creditworthiness. Further, use of the funds with programmatic intentions may get priority.
4. NLPA loans to a member shall not, when taken in aggregate, exceed 30% of working capital of NLPA, as determined from time to time, and in accordance with Generally Accepted Accounting Principles. (GAAP).
5. The following process shall be used to consider loan requests:
 - a. The interested member shall provide a written request for funds to the NLPA office or current chairman of the NLPA Credit and Financing Advisory Committee and include a description of the intended use of funds.
 - b. The member shall provide its most recent audited financial statement, including notes, and any other pertinent financial information so that a proper evaluation of the creditworthiness may be completed.
 - c. The application will be evaluated by the NLPA Credit and Finance Advisory Committee and a recommendation concerning funding the request be developed by this group and forwarded to the NLPA Executive Committee.
 - d. The Executive Committee may accept the Committee's recommendation, or further evaluate the application, and then make a recommendation to the NLPA Board of Directors concerning funding the request.
6. A borrowing member with a funded loan shall provide NLPA with audited financial reports within 120 days of the end of the member's fiscal year and inform NLPA

¹ Amended August 17, 2013

² Amended February 23, 2015

immediately on any changes in financial conditions which may affect the ability of the member to repay the funds borrowed from NLPA.

C. Equity Investments in NLPA Members

NLPA may make investments in its members in the following manner:

1. Investments may be in the form of equity which shall be preferred stock that may be redeemed in order to maintain the degree of liquidity desired by the NLPA Board.
2. NLPA investments in a member shall not, when taken in aggregate, exceed 30% of working capital of NLPA , as determined from time to time, and in accordance with Generally Accepted Accounting Principles. (GAAP).
3. The following process shall be used to consider investment requests:
 - a. The interested member shall provide a written request for investment to the NLPA office or current chairman of the NLPA Credit and Financing Advisory Committee.
 - b. The member shall provide its most recent audited financial statement, including notes, and any other pertinent financial information so that a proper evaluation of the investment opportunity may be completed.
 - c. The request will be evaluated by the NLPA Credit and Finance Advisory Committee and a recommendation concerning the investments request be developed by this group and forwarded to the NLPA Executive Committee.
 - d. The Executive Committee may accept the Committee's recommendation, or further evaluate the investment opportunity, and then make a recommendation to the NLPA Board of Directors concerning funding the request.
4. A member in which NLPA makes an investment shall provide NLPA with audited financial reports within 120 days of the end of the member's fiscal year and inform NLPA immediately on any changes in financial conditions which may affect the ability of the member to redeem the preferred stock to NLPA.

D. Sheep & Goat Fund Loans to NLPA Members³

The NLPA Sheep & Goat Fund may make loans to NLPA members in the following manner:

1. Investments may be in the form of Demand Notes with a maximum term of one (1) year in order to maintain the degree of liquidity desired by the NLPA Sheep & Goat Fund. Member Demand Notes may not exceed 50% of available Sheep & Goat Fund cash balance. The Note is to be unsecured and subordinated to member's other credit relationships and should not be considered as part of member's borrowing base with member's primary lender.

³ Amended August 2, 2014

2. Interest on the unpaid balance shall be computed at a rate mutually agreed upon which is greater than current U.S. Treasuries and Certificates of Deposit yields.
3. Members with whom NLPA has no current loan may get preference given acceptable creditworthiness. Further, use of the funds with programmatic intentions may get priority.
4. NLPA Sheep & Goat Fund loans to any one NLPA member shall not, when taken in aggregate, exceed 30% of working capital of NLPA Sheep & Goat Fund, as determined from time to time, and in accordance with Generally Accepted Accounting Principles (GAAP).
5. Loan to NLPA member may not exceed 10% of NLPA member's net capital.
6. The following process shall be used to consider loan requests:
 - a. The interested NLPA member shall provide a written request for funds to the NLPA Sheep & Goat Fund Committee.
 - b. The NLPA member shall provide its most recent audited financial statement, including notes, and any other pertinent financial information so that a proper evaluation of the creditworthiness may be completed.
 - c. The application will be evaluated and the loan considered by the NLPA Sheep & Goat Fund Committee.
7. A borrowing member with a funded loan shall provide NLPA with audited financial reports within 120 days of the end of the member's fiscal year and inform NLPA immediately on any changes in financial conditions which may affect the ability of the member to repay the funds borrowed from NLPA.

DIRECTORS MEETING EXPENSE POLICY

SEMI-ANNUAL DIRECTOR'S MEETINGS

It is the policy of National Livestock Producers Association to pay per diem to each director (one (1) per Member) for his attending those meetings for which he is scheduled as a director or other official business that he may be requested to undertake on behalf of the Association. Per Diem will be paid at the rate of \$75 per day, and the number of days to be covered is decided by the Board of Directors at each meeting. All other expenses will be paid by the member agency that the Director represents.

EXECUTIVE COMMITTEE MEETINGS

National Livestock Producers Association will pay the expenses of each member of the Executive Committee on an individual basis for attending Executive Committee meetings. The following points have been authorized in various actions by the Board of Directors and will govern the submission of expense accounts.

1. Per Diem at the rate of \$75 per day will be paid to cover the days in attendance at the meetings for which the director is scheduled, the number of days to be decided by the Executive Committee at each meeting.
2. In those instances where automobile is to be used as a means of transportation, including making transportation connections, the car expense will be reimbursed at the current IRS rate per mile but not to exceed air fare at coach rates between any given points when air travel connections are available.
3. Hotel room expense will be submitted on a single occupancy basis, plus local tax. (Many times, the meeting hotel offers the same rate for single or double.)
4. Receipts for air or rail transportation, meals and hotel expenses must be submitted with the expense statement.
5. An explanation shall be made on the expense statement to clarify any unusual expense item or amount.

Note: Reservations should be made as early as possible to arrange for more favorable airfares and Saturday stayovers may decrease fares substantially and Senior Coupons may be available for those Directors 62 and over.

(This manual is not intended to be all-inclusive as to the operation of the National Livestock Producers Association or the duties and responsibilities of the Directors. Rather, it is designed as a supplement for the Board in addition to the Articles of Incorporation and the Bylaws.)

**CERTIFICATE OF INCORPORATION
OF
NATIONAL LIVESTOCK PRODUCERS ASSOCIATION**

**(Originally Incorporated on May 7, 1930 as
National Livestock Producers Association)**

- I. The corporate name is - **NATIONAL LIVESTOCK PRODUCERS ASSOCIATION**.
- II. The location of the registered office in Delaware of the corporation is 311 South State Street, in the city of Dover, County of Kent; and Arley B. Magee, Inc., 311 South State Street, Dover, Delaware, is designated as the registered agent therein, in charge thereof, and upon whom process against the corporation may be served.
- III. The nature of the corporation's business and the objects and purposes to be transacted are all or any of the following:

To market, handle and sell for its stockholders and others, and the products of upon a commission or other basis; to handle, market and sell to its members and others, supplies, equipment and other property necessary or useful in connection with the production, handling and marketing of livestock; to engage in any activity involving or related to the handling, and/or killing of livestock, and the marketing, processing, packing and curing of meats and the by-products thereof; to provide facilities, finances and services for standardizing, improving and maintaining the organization, management and business methods of its stockholders and their stockholders and members; to engage in any activity tending to promote or aid in any way the more efficient production of and the handling and marketing of the livestock and products of its stockholders, or tending to promote the general welfare of its stockholders; to provide methods and means for the marketing of the of its stockholders and the of others, and for the financing of its operations and the operations of its stockholders; to buy, own, hold, sell, pledge, endorse, guarantee, discount, dispose of and deal in the stocks, bonds, notes and securities of corporations and associations engaged in any activity related to or connected with the marketing, selling, purchasing, financing, or handling of or engage in any activity related or similar to the purposes for which the corporation is organized. The corporation shall have power to hold, purchase, mortgage, lease and convey real and personal property within and without the State of Delaware, and may have one or more offices without said State. Nothing herein contained shall limit or restrict the powers and rights conferred upon the corporation by the laws of the State of Delaware.

The corporation is organized and shall be operated upon a cooperative basis for the mutual benefit of its stockholders and their stockholders and members as producers of and agricultural products. The corporation shall not deal in the products of persons

not owners of stock in the corporation to an amount greater in value than such as are handled by the corporation for its stockholders, and the aggregate value of services rendered to its stockholders and the aggregate value of the products marketed, sold and handled by the corporation to and for its stockholders in every calendar year from January 1 to December 31, inclusive, shall exceed the aggregate value of all services rendered to and products marketed, handled and sold for persons, firms and corporations not owners and holders of its capital stock.

The corporation shall have no power to engage in the business of banking.

Any of the foregoing businesses may be carried on in any part of the world by the corporation alone or in association with others.

- IV. The total authorized capital stock of the corporation shall be one hundred thousand (100,000) shares of common stock of the par value of Ten Dollars (\$10.00) per share and one hundred thousand (100,000) shares of preferred stock of the par value of Ten Dollars (\$10.00) per share, amounting in aggregate to Two Million Dollars (\$2,000,000). The minimum amount of capital with which the corporation will commence business is One Thousand Dollars (\$1,000).

Each share of issued and outstanding common stock shall be entitled to one (1) vote on all matters coming before meetings of shareholders. Shares of preferred stock shall not be entitled to vote on any matters.

The preferred stock shall be entitled to and limited to dividends based upon the par value thereof at the rate of eight percent (8%) per annum from the date of issue. Such dividends are not to be cumulative and are to be paid only when and as declared by the Board of Directors. In the case of dissolution of the corporation, the preferred stock shall be entitled and limited to receive par value.

No dividends of any kind shall ever be paid upon the common stock, but the net earnings of the corporation after setting aside such reserves and amounts for working capital as the Board of Directors may, from time to time, determine, shall be refunded to the stockholders and patrons of the corporation on a patronage basis, all in accordance with the Bylaws of the corporation.

Amounts set aside for reserves or working capital from business done in any year shall be allocated on the books of the corporation on a patronage basis for that year, or in lieu thereof, the books and records of the corporation shall afford a means for doing so at any time so that in the event of dissolution or earlier if deemed advisable, in the sole discretion of the Board of Directors, such reserves or working capital or any part of them may be returned to stockholders in accordance with their contributions thereto.

No persons shall be entitled to hold or own any part of the capital stock of this corporation except Livestock marketing agencies which in the calendar year from January 1 to December 31 inclusive, immediately preceding that in which stock is issued to or acquired by them, actually marketed for producers of Livestock not less than 2,000 single deck carloads (or the equivalent) of Livestock and/or which are otherwise found eligible and acceptable by the Board of Directors hereof. Any such agency which is exempt from taxation under Section 521 of the Internal Revenue Code shall be eligible to hold common stock. Any such agency which is not exempt under Section 521 of the Internal Revenue Code shall not be entitled to hold common stock, but shall be entitled to hold nonvoting, nonparticipating preferred stock.

In the event any stockholder of this corporation ceases to be eligible to own stock in this corporation or in case any stockholder shall violate or fail to comply with any contract entered into with this corporation, then such stockholder shall have no right to vote in any meeting of the corporation or to participate in any way in the affairs of business of the corporation.

At all elections of directors of the corporation each common stockholder shall be entitled to as many votes as shall equal the number of its shares of common stock multiplied by the number of directors to be elected, and it may cast all such votes for a single director or may distribute them among the number to be voted for or any two or more of them, as it may see fit.

- V. The corporation is to have perpetual existence.
- VI. The private property of the stockholders shall not be subject to the payment of corporate debts.
- VII. The Board of Directors of the corporation by the affirmative vote of three-fourths or more of the entire Board of Directors is authorized to make and alter the Bylaws.

Both stockholders and directors shall have power, if the Bylaws so provide, to hold their meetings, have offices and keep the books of the corporation outside the State of Delaware, except as otherwise provided by statute.

- VIII. A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, as the same exists or hereafter may be amended, or (iv) for any transaction from which the director derived an improper personal benefit.

If the Delaware General Corporation Law hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of directors shall be eliminated or limited to the full extent authorized by the General Corporation Law of the State of Delaware, as so amended.

Any repeal or modification of this ARTICLE VIII shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

IN WITNESS WHEREOF this Amended and Restated Certificate of Incorporation, which restates, integrates and further amends the provisions of the corporation's Certificate of Incorporation filed on May 7, 1930 in the office of the Secretary of State of Delaware, having been duly adopted by the Board of Directors and the stockholders of the corporation in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of Delaware, has been executed this ____ day of July 19___.

NATIONAL LIVESTOCK PRODUCERS ASSOCIATION

CODE OF BYLAWS

(As Amended)

NATIONAL LIVESTOCK PRODUCERS ASSOCIATION

ARTICLE I

Name and Location

Section 1.0 Name. The name of this corporation shall be **NATIONAL LIVESTOCK PRODUCERS ASSOCIATION**.

Section 2.0 Delaware Office. The principal office in the State of Delaware is to be located at 311 South State Street, in the City of Dover, County of Kent. Arley B. Magee, Inc., is designated as the statutory agent therein, in charge thereof, and upon whom process against the Corporation may be served.

Section 3.0 Other Offices. Other offices for the transaction of business shall be located at such places as the Board Directors may from time to time determine.

ARTICLE II

Capital Stock

Section 1.0 Authorized Capital. The total authorized capital stock of the corporation shall be one hundred thousand (100,000) shares of common stock of the par value of Ten Dollars (\$10.00) per share and one hundred thousand (100,000) shares of preferred stock of the par value of Ten Dollars (\$10.00) per share, amounting in aggregate to Two Million Dollars (\$2,000,000).

Section 2.0 Terms of Purchase of Stock. All stock subscribed for by each eligible cooperative marketing agency may be paid for in cash, or twenty-five per cent (25%) in cash at the time of subscription and the balance in three (3) annual installments of twenty-five per cent (25%) each with interest at six per cent (6%) per annum until the full amount shall have been paid. No certificates of stock shall be issued and delivered until the full purchase price thereof shall have been paid.

Section 3.0 Voting. Each share of issued and outstanding common stock shall be entitled to one (1) vote on all matters coming before meetings of shareholders. Shares of preferred stock shall not be entitled to vote on any matters.

Section 4.0 Rights of Preferred Stock. The preferred stock shall be entitled to and limited to dividends based upon the par value thereof at the rate of eight per cent (8%) per annum from the date of issue. Such dividends are not to be cumulative and are to be paid only when and as declared by the Board of Directors.

Section 5.0 Rights of Common Stock. No dividends of any kind shall ever be paid upon the common stock, but the net earnings of the corporation after setting aside such reserves and amounts for working capital as the Board of Directors may from time to time determine, shall be refunded to the patrons of the corporation on a patronage basis, all in accordance with the Bylaws of the corporation.

Section 6.0 Annual Allocation of Reserve Account. Amounts set aside for reserves or working capital from business done in any year shall be allocated on the books of the corporation on a patronage basis for that year or, in lieu thereof, the books and record of the corporation shall afford the means for doing so at any time so that in the event of dissolution or earlier, if deemed advisable, in the sole discretion of the Board of Directors such reserves or working capital or any part of them may be returned to patrons in accordance with their contribution thereto.

Section 7.0 Qualifications of Stockholders. No person shall be entitled to hold or own any part of the capital stock of this corporation except cooperative marketing agencies meeting the conditions of the Act of Congress approved February 18, 1922, entitled,

"Act to Authorize Association of Producers of Agricultural Products", and which agencies in the calendar year from January 1 to December 31, inclusive, immediately preceding that in which stock is issued to or acquired by them, actually marketed for producers of not less than 2,000 single deck carloads (or the equivalent) of and/or which are otherwise found eligible and acceptable by the Board of Directors hereof. Any such agency which is exempt from taxation under Section 521 of the Internal Revenue Code shall be eligible to hold common stock. Any such agency which is not exempt under Section 521 of the Internal Revenue Code, either prior to or subsequent to becoming a member, shall not be entitled to hold common stock, but shall be entitled to hold nonvoting, non-participating preferred stock. If a member holding common stock loses its Section 521 statute, as determined by a final judgment of the Internal Revenue Service, at such time any common stock owned by such member must be surrendered in exchange for an equal number of nonvoting, non-participating preferred stock.

Section 8.0 Execution of Stock Certificates. All certificates of stock shall be signed by the chairman and secretary and shall be sealed with the corporate seal of this corporation.

Section 9.0 Treasury Stock. Treasury stock shall be held by the corporation subject to

the disposal by the Board of Directors and neither votes nor participates in the dividends.

Section 10.0 Liens on Stock. The corporation shall have the first lien upon all shares of its capital stock and upon all dividends; declared upon the same for any indebtedness of the respective holders thereof to the corporation.

Section 11.0 Transfers of Stock. Transfers of stock shall be made only on the books of the corporation, and the old certificate, properly endorsed shall be surrendered and cancelled before a new certificate is issued. The stock books of this corporation shall be closed against transfers for a period of twenty (20) days before the day of payment of a dividend and before each annual meeting of stockholders.

Section 12.0 Obligation of Amount of Stocks. Cooperative marketing agencies eligible to own stock in the corporation and desiring to acquire stock therein shall first execute an agreement with the corporation in the form prescribed by the corporation. To be admitted to the corporation new stockholders shall be required to purchase the number of shares at a price and under terms that shall be established by the Board of Directors.

Section 13.0 Restrictions on Sale of Capital Stock. No stockholder shall transfer or dispose of its stock without first offering the same for sale to the corporation. Upon receiving written notice from a stockholder of its intention to transfer, sell, or otherwise dispose of its stock, the corporation shall have thirty (30) days thereafter within which to purchase and pay for the same. If within said period the corporation shall offer to the holder of such stock an amount equal to the par value thereof, such stock shall thereupon become the property of the corporation. Should the corporation fail to offer such amount to the stockholder within said period, the stockholder serving such notice shall thereupon be free to dispose of the stock without restriction, except that no stock shall be transferred or sold to any person or corporation other than a cooperative marketing agency eligible to hold or own stock in the corporation as herein elsewhere provided, and no common stock shall be transferred or sold to any person or corporation other than a cooperative which is exempt from Federal taxation under Section 521 of the Internal Revenue Code.

Section 14.0 Bylaws Obligation of Stockholder. Should any stockholder at any time knowingly and intentionally violate the provisions of these Bylaws, or any provision or condition of the contract between the corporation and the stockholder, or any rule or regulation promulgated by the Board of Directors of the corporation, or should any stockholder fail to pay the dues hereinafter specified at the time specified, upon the affirmative vote of two-thirds (2/3) of the entire Board of Directors, its stock certificate or certificates may be cancelled and upon payment to it by the corporation of the par value of such certificate or certificates, they shall be surrendered to the corporation.

Section 15.0 Rights of Withdrawing Members. A member who withdraws from the corporation shall be entitled to be paid upon surrender of its stock certificates an amount equal to the par value of its shares of stock and the amount in its patronage account. Payment for par

value shall be within five (5) business days of surrender of the stock certificates. The amount in the patronage account shall be frozen, and shall be paid upon dissolution of the Corporation or earlier, if deemed advisable, in the full discretion of the Board of Directors. A withdrawing member shall be entitled to no further payment.

Section 16.0 Rights of Dissolution. Upon dissolution of the corporation the assets remaining after payment of creditors shall be distributed to the stockholders first in payment of the par value of all outstanding stock on the date of liquidation and then in payment of the amounts in the patronage accounts. Any distributions above and beyond those amounts shall be paid out on a patronage basis as far as is practicable to all current patrons.

Section 17.0 Right of Offset. Notwithstanding anything in these bylaws to the contrary, if the Corporation has made a loan or advance to a stockholder, then the Board of Directors of the Corporation may at their sole discretion reduce any payments otherwise due to the stockholders as an offset to the loan or advance.

ARTICLE III Associate Members

Section 1.0 Associate Members. All members and stockholders of associations owning stock in the corporation shall be deemed to be associate members. Associate members shall have the right to attend annual and special meetings of the stockholders of the corporation and to take part in the discussion of matters under consideration at such meetings. They shall have no voting right or other rights or powers and notices of meeting shall not be given to them.

ARTICLE IV Stockholders Meetings

Section 1.0 Annual Meeting. The Annual meeting of the Stockholders of the corporation shall be held at such hour and place as shall be determined by the Board of Directors, on the fourth (4th) Tuesday of March each year, unless a different day shall be designated by the Board of Directors, and if said day falls on a Legal Holiday the meeting shall be held on the next succeeding business day. If for any reason it becomes impossible or impractical for a meeting to be held at the time and place designated in the notice of such meeting, then the Executive Committee shall have the right to postpone such meeting to a later date, or to designate a different time or place for the holding of such meeting. Any such change shall be effective upon the giving of notice of such change to the shareholders and Directors.

Section 2.0 Special Meetings. Special meetings of the stockholders shall be held at the same place as the annual meeting or at such other place as may be designated by the Board of Directors, and may be called at any time by the Chairman of the Board or in his absence by the Vice Chairman, on vote of a majority of the Board of Directors. It shall be the

duty of the Chairman of the Board to call such meetings, whenever requested in writing by stockholders holding ten percent (10%) or more of the stock of the corporation. In such case notice of the meeting shall be issued within ten (10) days and the meeting held within thirty (30) days of the receipt by the Chairman of such request.

Section 3.0 Notice of Meetings. Notice of the time and place of all annual and special meetings shall be mailed by the secretary to each stockholder at its last known Post Office Address not less than fifteen (15) nor more than thirty (30) days before the date thereof. In case of special meetings the notice shall state the time, place and purpose of the meeting.

Section 4.0 Chairman of Meetings. The Chairman of the Board, or in his absence the Vice Chairman, shall preside at all such meetings.

Section 5.0 Stock Transfers and Lists. At every meeting each common stockholder shall be entitled to cast one vote for each share of common stock owned by it. Common stockholders may vote in person or by proxy duly authorized in writing, provided the instrument creating such proxy shall be delivered to and filed with the secretary before the same shall be recognized. No stock shall be voted at any election, which has been transferred on books of the corporation within twenty (20) days next preceding such election. It shall be the duty of the secretary to prepare, at least ten (10) days before election, a complete list of stockholders entitled to vote, arranged in alphabetical order. Said list shall be open at the place where the election is to be held for the said ten (10) days to the examination of any stockholder and shall be produced and kept at the time and place of election during the whole time thereof, subject to the inspection of any stockholder who may be present.

Section 6.0 Cumulative Voting. At all elections of Directors of the corporation each common stockholder shall be entitled to as many votes as shall equal the number of its share of common stock multiplied by the number of Directors to be elected, and it may cast all such votes for a single Director or may distribute them among the number to be voted for any two or more of them, as it may see fit.

Section 7.0 Quorum. A quorum for the transaction of business at any regular or special meeting shall consist of at least fifty per cent (50%) of the total number of common stockholders in the corporation representing not less than fifty per cent (50%) of the outstanding shares of common stock.

ARTICLE V **Board of Directors**

Section 1.0 Number and Nomination of Directors. Each stockholder of this corporation shall be entitled to nominate one of its officers or directors and one of its managers or chief executive officers for election to the Board of Directors of this Corporation. In addition, there shall be elected to the Board of Directors (2) persons from a nomination made by each

regional credit corporation affiliated with National Feeder and Finance Corporation. Such nominees shall in each case be a Director and manager or chief executive officer of the regional credit corporation making such nomination. The right of any regional credit corporation to nominate and have elected two (2) persons to the Board of Directors shall be contingent upon the payment of such regional credit corporation to Corporation (National) of such administrative fee as the Board of Directors of the Corporation (National) may have authorized and ordered paid by all regional credit corporations to Corporation (National). If any such authorized fee has not been paid, by January 1st immediately preceding the Annual meeting, the nominee of the non-paying regional credit corporation shall not be elected to the Board of Directors.

Section 2.0 Election. The members of the Board of Directors shall be elected annually at the regular Annual meeting of the Stockholders and shall hold office until the next annual regular Annual meeting of the stockholders and until their successors are elected and qualified.

Section 2.1 Substitute Directors. Substitute directors may represent a member provided notification of such substitution be made to the Secretary of the association no later than ten (10) days prior to the directors meeting in which the substitute will participate. Further, a resolution must be adopted by that member's board of directors approving the notification of substitution. It is recommended a substitute for a directorate director be a director of the member and a substitute for a management director be a member of management of the member.

Section 3.0 Regular Meetings. The Annual Meeting of the Board of Directors shall be held immediately after the Annual Meeting of the stockholders and at the same place. In addition to the Annual Meeting of the Board of Directors, the Board shall hold at least one (1) other meeting, each to be held at the time and place to be designated by the Board of Directors.

Section 4.0 Special Meetings. In addition, special meetings of the Board of Directors may be held in the place of business of the corporation in the city of Denver, Colorado or such other place as the Executive Committee shall designate, when called by the Chairman of the Board, or in his absence by the Vice Chairman or when called by majority of the members of the Board. Notice of all meetings (save the Annual Meeting) shall be given to each Director by mailing the same at least ten (10) days, or by telegraphing or delivering the same at least five (5) days before such meeting to the last known address of the Director, but such notice may be waived by any Director. At any meeting at which every Director shall be present, even though without notice, any business may be transacted.

Section 5.0 Quorum. A majority of the Directors shall constitute a quorum for the transaction of business, but a majority of those present if less than a quorum at any meeting shall have power to adjourn the meeting to a future time.

Section 6.0 Vacancies. Vacancies occurring in the Board or in any office of the

corporation between the Annual Meetings of the Board may be filled by the remaining members of the Board of Directors at any meeting. In the event that a vacancy in the Board of Directors is caused by the death or resignation of a member of the Board, who when elected to the Board was an officer or member of the Board of Directors of a stockholder of this corporation, the person appointed by the Board of Directors to succeed him in accordance with the provisions of this paragraph shall be chosen from the officers and Board of Directors of such stockholder corporation or association.

Section 7.0 Place of Records. The books and records of the corporation may be kept within the State of Delaware, as directed by the Board of Directors.

Section 8.0 Executive Committee. During the interim between meetings of the Board, the business of the corporation shall be managed by the Executive Committee, which shall be composed of the Chairman and Vice Chairman, and one elected member from each member of the association as nominated by that member and approved by the board of directors of NLPA. There may not be two members of the Executive Committee from any one member organization and for Executive Committee purposes, a marketing agency and its affiliated credit corporation count as one member. The Executive Committee is to be elected annually and there shall be no limit on the number of terms served by any member.

Section 9.0 Annual Audit. Previous to each annual stockholder's meeting, the Board of Directors shall have the books and accounts of the association carefully audited and the report of such audit, together with a statement of the business done during the previous year, the general financial condition of the corporation and the condition of its tangible property shall be submitted to the stockholders at the Annual Meeting.

Section 10.0 Bonds. The Board of Directors shall require the President and other officers, agents and employees having the custody of any of its funds or property, to give to the corporation a Bond conditioned for the faithful discharge of the duties of such person and in such amount and with such company as surety as the Board of Directors shall require. The cost of such Bonds shall be borne by the corporation.

Section 11.0 Rules and Regulations. The Board of Directors may from time to time prescribe and promulgate such rules and regulations for the conduct of the business and for transacting of business with the corporation by its stockholders and patrons as it deems advisable, and every stockholder shall at all times comply with such rules and regulations.

Section 12.0 Per Diem Expenses. One director from each member shall be paid for attendance at meetings and time spent upon corporate business the sum of seventy-five (\$75.00) per day.

ARTICLE VI

Officers

Section 1.0 Officers. The officers of the corporation shall be a Chairman of the Board, one or more Vice Chairman as determined by Resolution of the Board of Directors, a President, a Secretary, and Assistant Secretary, and a Treasurer. They shall be elected by the Board of Directors for the term of one year, and each shall hold office until his successor is duly elected and qualified. The offices of Secretary and Treasurer may be held by one person, in which event such person shall be termed "Secretary-Treasurer". Any officer may be removed at any time with or without cause by a majority vote of all the members of the Board of Directors. The term of the chairman of the Board shall be limited to five (5) years and shall not serve after age 70.

Section 2.0 Duties of Chairman of the Board. The chairman of the Board shall preside at all meetings of the Board of Directors and of the stockholders; shall have general supervision over the affairs of the corporation and over the other officers; shall have authority to sign all contracts, deeds, documents requiring the corporate seal and shall perform and shall perform such other duties as are incident to his office, or as may be from time to time prescribed by the Board of Directors.

Section 3.0 Duties of Vice Chairman. Any vice Chairman shall have such powers and perform such duties as may be authorized by the Board of Directors.

Section 4.0 Duties of President and Chief Executive Officer. The President is to be the chief executive officer of the association and responsible for the performance of executive duties under the jurisdiction of the Board of Directors and the Chairman of the Board for the association.

Section 5.0 Duties of Secretary. The Secretary shall keep a record of the proceedings of all meetings of the stockholders and Board of Directors, and shall attest the same by his signature. He shall be responsible for the safekeeping of all papers and documents of the corporation which properly belong to his office, and of the corporate seal, and all the same shall be kept at the Denver, Colorado office of the corporation, unless otherwise authorized by the Board of Directors. He shall attest certificates of stock and all instruments requiring the corporate seal, and shall affix the seal thereto, and shall issue notices of meetings as required by the Bylaws. The Assistant Secretary shall have such duties and authority as may be delegated by the Secretary.

Section 6.0 Duties of Treasurer. The Treasurer shall safely keep an account for all money, funds and other property, which may come into his hands, and shall have the books and accounts of the corporation audited from time to time. He shall keep all monies of the corporation in such bank(s) as the Board of Directors shall prescribe. All checks, promissory notes, bills of exchange and other instruments calling for the payment of money which shall be

issued by the corporation shall be signed by such officers and employees as the Board may from time to time designate.

Section 7.0 Delegation of Duties. In case of the absence or inability of the Secretary or Treasurer to act, the duties of such officers shall be devolved upon and performed by such persons as the Board of Directors may prescribe.

Section 8.0 General Manager. The Board of Directors may employ a general manager and such other officers as may be deemed advisable, who shall have such power and authority and perform such duties as may be determined by the Board of Directors.

ARTICLE VII

Indemnification of Directors, Officers and Employees

Section 1.0 Eligibility. Each person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he, or a person of whom he is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the laws of Delaware against all costs, charges, expenses, liabilities and losses (including attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith. Such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his heirs, executors and administrators. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, upon receipt by the Corporation of an undertaking, by or on behalf of the director or officer, to repay all amounts so advanced if it shall ultimately be determined that the director or officer is not entitled to be indemnified under this Section or otherwise. The Corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

Section 2.0 Claims. If a claim under Section 1.0 of this Article is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall also be entitled to be paid the expense of prosecuting such claim. It shall be a defense to any action (other than an action brought to enforce a claim or expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking has been tendered to the Corporation) that the claimant has failed to meet a standard of conduct which makes it permissible under

Delaware law for the Corporation to indemnify the claimant for the amount claimed. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is permissible in the circumstances because he has met such standards of conduct, nor an actual determination by Corporation (including its Board of Directors, independent legal counsel, or its stockholders), that the claimant has not met such standard of conduct, nor the termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall be a defense to the action or create a presumption that the claimant has failed to meet the required standard of conduct.

Section 3.0 Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of incorporation, By-Law, agreement, vote of stockholders or disinterested directors or otherwise.

Section 4.0 Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify the person against such expense, liability or loss under Delaware law.

Section 5.0 Witness Expense. To the extent that any director, officer, employee or agent of the Corporation is by reason of his position, or a position with another entity at the request of the Corporation, a witness in any proceeding, he shall be indemnified against all costs and expenses actually and reasonably incurred by him or on his behalf in connection therewith.

Section 6.0 Indemnity Contracts. The Corporation may enter into indemnity agreements with the persons who are members of its Board of Directors from time to time, and with any officers, employees and agents as the Board may designate. The indemnity agreements shall provide in substance that the Corporation shall indemnify such persons to the fullest extent permitted by the laws of Delaware.

Section 7.0 Effect of Amendment. Any amendment, repeal or modification of any provision of these Articles by the stockholders and directors of the Corporation shall not adversely affect any right or protection of a director or officer of the Corporation existing at the time of such amendment, repeal or modification.

ARTICLE VIII

Dues

Section 1.0 Membership Dues. Each member/stockholder shall pay to the corporation such dues based upon the gross sales of livestock and be uniformly determined by the Board of Directors. Dues shall be paid to the Corporation within fifteen (15) days after the end of each calendar month on a monthly basis.

ARTICLE IX **Membership Agreements**

Section 1.0 Membership Agreements. The Board of Directors shall cause to be prepared a form of membership agreements between the corporation and its stockholders, and no corporation or association shall become a stockholder in the corporation unless and until it shall have executed and delivered to the corporation such membership agreement.

ARTICLE X **Dividends and Finance**

Section 1.0 Distribution of Earnings. The net earnings of the corporation shall be distributed at the expiration of each fiscal year or oftener if the Board of Directors shall so order, as follows:

- (a) There shall first be set aside out of the net earnings such sum as the Board of Directors shall determine, for the purpose of accumulating and maintaining a reasonable reserve for depreciation or possible losses; a reasonable reserve to provide for the erection of buildings and facilities or for the purchase and installation of machinery and equipment, or to retire indebtedness, or as may in the discretion of the Board of Directors be deemed necessary for working capital; and such other reserves as may be required by law or deemed necessary or desirable by Board of Directors. The Board of Directors shall fix from time to time the reasonable aggregate amount of such reserves and shall provide how monies in the same shall be invested.
- (b) The remaining net earnings of the corporation shall be distributed to the members and patrons of the corporation equally in proportion to the volume of business done with the corporation by each member or patron, respectively, during the period in question, provided that no such distribution shall be made until reserves of the corporation shall equal the total of the authorized capital.

Section 2.0 Depositories. The funds of the corporation shall be deposited in such bank or banks as the Directors shall designate and shall be withdrawn only upon the clerk or order of officers or employees designated by the Board of Directors.

ARTICLE XI Certificates of Stock

Section 1.0 Certificates of Stock. The Certificates of Stock of this corporation shall be substantially in the following form:

No. _____ **NATIONAL LIVESTOCK PRODUCERS ASSOCIATION** _____ Shares
Incorporated under the Laws of the State of Delaware.
Capital Stock \$2,000,000 Certificates of Common (Preferred) stock Share \$10.00 each.

THIS CERTIFIES THAT _____ is owner and holder of _____
Shares of the Common (Preferred) Capital Stock of **NATIONAL LIVESTOCK PRO-**
DUCERS ASSOCIATION, of the par value of Ten Dollars (\$10.00) each, fully paid and
non-assessable, transferable only on the books of this Corporation in person or by
Attorney, upon surrender of this Certificate properly endorsed.

The transfer of this stock, and the persons who may own it, and the conditions of ownership, are fixed and limited by the Certificate of Incorporation and Bylaws of the Corporation, to which reference is made for more definite information. The Corporation has a lien upon this stock for any indebtedness of the stockholder to it.

IN WITNESS WHEREOF, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed this _____ day of _____ 19 ___, A.D.

(Chairman of the Board)

(Secretary)

(CORPORATE SEAL)

The certificate of common stock shall contain on the face the following provisions:

"No dividends of any kind will be paid upon the shares of stock represented by this certificate".

The certificate of common and preferred stock shall contain on the face the following provision:

"Whenever the holder hereof, upon thirty (30) days notice by the corporation shall be called upon to surrender and cancel this Certificate and receive in lieu thereof a new certificate or certificates, pursuant to the provisions of Article II Section 11, of the Bylaws of the corporation, holder shall surrender and cancel same and accept such new certificate or certificates for the purpose of effecting the obligations set forth in said sections of the Bylaws."

ARTICLE XII

Seal

Section 1.0 Seal. The seal of the corporation shall be in a circular die, in the center of which shall appear the words "Corporate Seal", and around the edge of which shall appear the words "National Livestock Producers, Denver, Colorado." An imprint of such seal is affixed to this sheet.

ARTICLE XIII

Amendments

Section 1.0 Bylaw Amendments. The Board of Directors of the Corporation by the affirmative vote of three-fourths (3/4) or more of the entire Board of Directors are authorized to alter these Bylaws.

CERTIFICATE OF INCORPORATION OF NATIONAL FEEDER & FINANCE CORPORATION

We, the undersigned, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of an Act of the Legislation of the State of Delaware, entitled "An Act Providing a General Corporation Law", (approved March 10, 1899) and the acts amendatory thereof, and supplemental thereto, do hereby certify as follows:

I. The corporate name is - **NATIONAL FEEDER & FINANCE CORPORATION**

II. The location of the principal office in Delaware of the corporation is #7 West Tenth Street, in the City of Wilmington, County of New Castle; and The Corporation Trust company, #7 West Tenth Street, Wilmington, Delaware, is designated is the statutory agent therein, in charge thereof, and upon whom process against the corporation may be served.

III. The nature of the business and the objects and purposes proposed to be transacted, promoted and carried on are to do any or all of the following things as fully and to the same extent as natural persons might or could do: To buy, sell, and deal in stocker and feeder both on the terminal markets and elsewhere; to make, execute, endorse, guarantee or otherwise secure notes, mortgages, deeds of trust, or other obligations of itself or any corporation or cooperative association engaged in the industry or any related activity; to form, organize and acquire the common stock of credit or finance corporations concerned with the making of loans or the extension of credit on or for the production, feeding, raising, holding, or fattening of ; borrow money for any of the purposes of this Corporation without limitation, and to evidence and secure the same in any manner deemed advisable; to hold, purchase, mortgage, lease, and convey such real or personal property of any character as may be deemed advisable for the conduct and operation of this Corporation; to do any or all of the things herein set forth to the same extent as natural persons might or could do in any part of the world as principal, agent, contractor, trustee, or otherwise, alone or with others; and in addition to all the powers herein enumerated this Corporation may perform any and all other functions deemed to further the business herein authorized. The foregoing shall be construed as both objects and powers, and the enumeration herein shall not be held to limit or restrict in any manner the general powers conferred on this Corporation by the laws of the State of Delaware, all of which are hereby expressly claimed.

IV. The total authorized capital stock of the Corporation shall be 10,060 shares of common stock without par value, consisting of Classes A through D, and 16,567 shares of preferred stock of the par value of one hundred (\$100) per share consisting of Classes A through O. Stock of this Corporation may be acquired and held only by a Delaware Corporation known as the National Livestock Producers Association and its shareholders. The designation of each class, the number of shares authorized, and the par value of the shares of each class shall be as follows:

<u>Class</u>	<u>Number of Shares Authorized</u>	<u>Par Value per Share</u>
Common Class A	1870	without par
Common Class B	3500	without par
Common Class C	1820	without par
Common Class D	2870	without par
Preferred Class A	3950	\$100
Preferred Class B	2867	\$100
Preferred Class C	4420	\$100
Preferred Class D	2090	\$100
Preferred Class E	2000	\$100
Preferred Class F	1000	\$100
Preferred Class G	240	\$100

Each share of issued outstanding common stock shall be entitled to one (1) vote on all matters coming before meetings of shareholders. Shares of preferred stock shall not be entitled to vote on any matters.

The preferred stock shall be entitled to and limited to dividends based upon the par value thereof at the rate of eight percent (8%) per annum from the date of issue. Such dividends are to be noncumulative and are to be paid only when and as declared by the Board of Directors. In case of dissolution of the Corporation, the preferred stock shall be entitled and limited to receive par value.

V. The stockholders and directors shall have power to hold their meetings, to have an office or offices, and to keep the books of this Corporation subject to the provisions of the law of Delaware outside the State and at such places as may be deemed advisable.

VI. This corporation is to have perpetual existence. The private property of stockholders shall not be subject to the payment of corporate debts to any extent whatever.

VII. The Board of Directors of the Corporation by the Affirmative vote of three-fourths or more Directors are authorized to make and alter the Bylaws.

VIII. The name and place of resident of each of the incorporators are as follows:

NAME	RESIDENCE
Joseph R. Fulkerson	Jerseyville, Illinois
Elmer A. Beamer	Blissfield, Michigan

Ortho O. Wolf

Ottawa, Kansas

We, THE UNDERSIGNED, being all the incorporators, for the purpose of forming a corporation in pursuance of an Act of the Legislation of the State of Delaware, entitled "AN ACT PROVIDING A GENERAL CORPORATION LAW", (Approved March 10, 1899) and the acts amendatory thereof and supplemental there-to, do make and file this Certificate of Incorporation hereby declaring and certifying that the facts herein stated are true, and accordingly hereunto have set our respective hands and seals, this 7th day of May, 1930.

In the presence of:

Donald Kirkpatrick	Joseph R. Fulkerson
Bertha Wainwright	Elmer A. Beamer
Oroth O. Wolf	

COUNTY OF COOK)

) SS.

STATE OF ILLINOIS)

BE IT REMEMBERED, That on this 7th day of May, 1930, personally appeared before me, a Notary Public in and for the County of Cook, State of Illinois, Joseph IL Fulkerson, Elmer A. Beamer, and Ortho O. Wolf, all the parties to the foregoing certificate of incorporation, known to me personally to be such, and severally acknowledged the said certificate to be the act and deed of the signers respectively, and that the facts therein stated are truly set forth.

GIVEN under my hand and seal of office the day and year aforesaid.

J.H. Kelker
J.H. Kelker
Notary Public

My commission expires on the 13th day of December, 1930.

CODE OF BYLAWS
NATIONAL FEEDER AND FINANCE CORPORATION

ARTICLE I
Powers

Section 1.0. The powers of this Corporation shall be those stated in its Certificate of Incorporation.

ARTICLE II
Capital Stock

Section 1.0. The Capital Stock shall be divided into Common and Preferred Stock.

(a) The Common Stock shall consist of four classes to be designated as follows:

<u>Class</u>	<u>Number of Shares Authorized</u>	<u>Par Value per share</u>
A	1870	without par
B	3500	without par
C	1820	without par
D	2870	without par

(b) Preferred Stock shall consist of six classes to be designated as follows:

<u>Class</u>	<u>Number of Shares Authorized</u>	<u>Par Value per share</u>
A	3950	\$100
B	2867	\$100
C	4420	\$100
D	2090	\$100
E	2000	\$100
F	1000	\$100
G	240	\$100

Section 2.0 The Common and Preferred Capital Stock of this Corporation shall correspond to the Corporation's ownership of the stock of the following six credit corporations:

<u>CAPITAL STOCK</u>	<u>CREDIT CORPORATION</u>
Common A and Preferred A	Tri-State Livestock Credit Corporation Common Stock
Common B and Preferred B	National Finance Credit Corp. of Texas Common Stock
Common C and Preferred C	Producers Livestock Credit Corporation Common Stock
Common D and Preferred D	National Livestock Credit Corporation Common Stock
Preferred E	Michigan Livestock Credit Corporation Preferred Stock
Preferred F	Equity Livestock Credit Corporation Preferred Stock
Preferred G	Producers Livestock Credit Corporation Preferred Stock

Accordingly, the Board of Directors of this Corporation shall:

1. Vote the common stock this Corporation holds in Tri-State Livestock Credit Corporation pursuant to the directions of the majority of the holders of this Corporation's Class A Common Stock.
2. Vote the common stock this Corporation holds in National Finance Credit Corporation of Texas pursuant to the directions of the majority of the holders of this Corporation's Class B Common Stock.
3. Vote the common stock this Corporation holds in Producers Livestock Credit Corporation pursuant to the directions of the majority of the holders of this Corporation's Class C Common Stock.
4. Vote the common stock this Corporation holds in National Livestock Credit Corporation pursuant to the directions of the majority of the holders of this Corporation's Class D Common stock.

Section 3.0 If the Corporation disposes of the common stock it holds in Tri-State Livestock Credit Corporation; National Finance Credit Corporation of Texas; Producers Livestock Credit Corporation; or National Livestock Credit Corporation for any valuable consideration, the consideration received by the Corporation for such stock shall be used by the Corporation to:

1. Redeem, for par value, the Preferred Stock of this Corporation corresponding to the stock of the credit corporation, as set forth in Sec. 2. of Article II of these Bylaws, that has been disposed of for valuable consideration; and

2. Any remaining consideration shall be used to redeem, on a pro rata basis, the Common Stock of this Corporation corresponding to the stock of the credit corporation, as set forth in Sec. 2 of Article II of these Bylaws, that has been disposed of for valuable consideration.

Any negotiations for the disposition of the common stock held by this Corporation in Tri-State Credit Corporation; National Finance Credit Corporation of Texas; Producers Credit Corporation; or National Credit Corporation shall be done at the direction of each holder of this Corporation's class of Common Stock corresponding to the stock of the credit corporation, as set forth in Sec. 2 of Article II of these Bylaws, that is being negotiated to be disposed of. Such negotiations may be conducted by each common stock holder separately with no requirement that all common stockholders agree to the same terms. Notwithstanding the above, due to National Livestock Producers Association's need to protect its original investment, such stock of a credit corporation shall not be disposed of for less than the face value of such stock. Any transfer for money consideration of National Feeder and Finance Corporation's common stock (or any common stock of the affiliated credit corporations which may have been distributed to the affiliated marketing agencies) shall be subject to a right of first refusal in favor of the related credit corporation. Such right of first refusal must be exercised within 90 days of receipt of written notice.

ARTICLE III Meeting of Stockholders

Section 1.0 The annual meeting of the stockholders of this Corporation shall be held at its principal office in Chicago, Illinois, at 2:00 o'clock p.m. on the fourth Wednesday of March of each year, or at such other time and place as designated by the Board of Directors.

Section 2.0 Any corporation holding stock in this Corporation may vote the same through any person or persons authorized in writing by the Board of Directors thereof to do so.

Section 3.0 Special meetings of this Corporation may be called by the Chairman, or by a majority of the Directors, for the transaction of any business thereof.

ARTICLE IV Board of Directors

Section 1.0 The Board of Directors of this Corporation shall be the same as the members of the Board of Directors of National Livestock Producers Association who shall be elected at the Annual Meeting of the Stockholders of National Livestock Producers Association and who shall hold office for one year or until the election and qualifications of their successors. The right of any regional credit corporation to nominate and have elected two (2) persons to the

Board of Directors shall be contingent upon the payment by such Regional Credit Corporation to National Producers Association of such Administrative Fee as the board of directors of the National Livestock Producers Association may have authorized and ordered paid by all regional credit corporations, by January 1, immediately preceding the annual meeting. If any such authorized fee has not been paid, the nominee of the non-paying regional credit corporation shall not be elected to the Board of Directors.

Section 2.0 The Directors shall meet at such times and places within or without the State of Delaware as they may agree upon. Special meetings may be called by the Chairman by giving three days notice thereof to each director. A majority of the directors shall constitute a quorum for the transaction of any business of the Corporation.

ARTICLE V **Compensation of Directors and Officers**

Section 1.0 Directors as such shall not receive any stated salary for their services and by resolution of the Board may be allowed not to exceed \$75 per day and expenses for attending each regular or special meeting of the Board or for performing other special services under instructions of the Board of Directors; provided that nothing herein contained shall be construed to prevent any director from serving the Corporation in any other capacity and receiving compensation therefor. No director shall be paid per diem and expenses from the National Livestock Producers Association or a subsidiary thereof for the same period. Salaries of officers shall be fixed by the Board of Directors.

ARTICLE VI **Officers**

Section 1.0 The officers of this corporation shall be a Chairman, Vice Chairman, a President, a Secretary and a Treasurer. They shall be elected by the Board of Directors for the term of one year and until their successors have been duly elected and qualified. The offices of secretary and treasurer may be combined, in which event such officer shall be known as "secretary/treasurer." Any officer may be removed at any time with or without cause by a majority vote of all of the members of the Board of Directors.

Section 2.0 The Chairman, if present, shall preside at all meetings of the directors and stockholders, and shall have general control of the affairs of the Corporation, subject to the directions and instructions of the Board of Directors. In the absence of the chairman, or at his request, the Vice Chairman is authorized to perform the duties and functions of the Chairman.

Section 3.0 The President shall be the Chief Executive Officer of the corporation and responsible for the performance of executive duties under the jurisdiction of the board of

directors and of the Chairman. He shall sign contracts and other instruments in the name of the corporation.

Section 4.0 The Secretary/Treasurer shall have general charge of the books, records, and money of the Corporation, subject to the directions and instructions of the Board of Directors.

Section 5.0 Checks, contracts, or other instruments of this Corporation may be signed by such person or persons as shall be authorized by the Board of Directors.

Section 6.0 The Board of Directors may authorize the appointment or employment of such persons and agents as may be deemed advisable.

Section 7.0 In case of the absence or disability of any officer of this Corporation the Board of Directors may designate another person to act in his stead.

ARTICLE VII **Seal**

Section 1.0 The seal of this corporation shall be a circular die, in the center of which shall appear the words, "Corporate Seal Delaware" and around the edge of which shall appear the words, "National Feeder and Finance Corporation". An imprint of such seal is affixed to this sheet.

ARTICLE VIII **Amendment of Bylaws**

Section 1.0 These Bylaws may be changed or amended by the affirmative vote of three-fourths or more of the Board of Directors of this Corporation.

GRANT AGREEMENT

between

UNITED STATES DEPARTMENT OF AGRICULTURE
NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER
and
NATIONAL LIVESTOCK PRODUCERS ASSOCIATION

- 1) This Grant Agreement dated as of November 18, 1999 is between the United States of America, acting through the U.S. Department of Agriculture (USDA), National Sheep Industry Improvement Center (NSIIC), and the National Livestock Producers Association (Intermediary), a 501(c)(5) corporation, incorporated in the State of Delaware. In consideration of the mutual covenants and agreements contained herein and attached, the parties agree as follows:
- 2) **DEFINITIONS:**
 - A) **Committee-** Sheep and Goat Fund Committee.
 - B) **Grant Agreement-** This document and any subsequent amendments.
 - C) **NSIIC Strategic Plan-** The annual NSIIC Strategic Plan as subsequently amended.
 - D) **Sheep and Goat Fund-** The Sheep and Goat Fund held by the Intermediary. The Sheep and Goat Fund shall be composed of NSIIC grant funds and related payments and repayments of principal, interest, royalties, penalties and other recoveries by or to the Intermediary. The Sheep and Goat Fund shall be self-sustaining.
 - E) **Sheep and Goat Fund Committee-** The Intermediary Committee that will have all authority to administer the Sheep and Goat Fund and related activities.
 - F) **Ultimate Recipient-** An entity that receives a loan from the Sheep and Goat Fund.
- 3) **GRANT TERMS:**
 - A) NSIIC grants the sum of up to \$14,000,000.00 (fourteen million dollars), to be disbursed as hereinafter provided.
 - B) This Grant Agreement and the NSIIC Strategic Plan as subsequently amended shall govern the grant made to the Intermediary.
 - C) Intermediary agrees to use the grant and its proceeds solely for activities in accordance with the terms and conditions of this Grant Agreement, to follow the goals and methods outlined in 7 U.S.C 2008j and the NSIIC Strategic Plan.

4) SHEEP AND GOAT FUND:

The funds received by the Intermediary will be used to establish the Sheep and Goat Fund. As money is loaned to Ultimate Recipients and returned in the form of payment of principal and payment of interest, those funds will be placed in the Sheep and Goat Fund to be used again for eligible purposes. The Sheep and Goat Fund shall only be used for the purposes outlined in this Grant Agreement.

5) SHEEP AND GOAT FUND COMMITTEE:

- A) The Intermediary shall establish a Sheep and Goat Fund Committee. The Sheep and Goat Fund Committee shall consist of seven voting members.
- B) The Sheep and Goat Fund Committee members shall be nominated by the Intermediary and must be approved by the NSIIC Board of Directors.
- C) The Sheep and Goat Fund Committee shall have at least three members with expertise in the U.S. sheep or goat industries. Of these three members, at least one must be an active producer of sheep or goats in the United States; one must have expertise in marketing sheep, goats or their products; and one must have financial expertise with sheep, goats or their products. The additional members shall have financial and or management experience with agricultural production, processing or marketing.
- D) No more than one member who is currently serving on the NSIIC Board of Directors may serve on the Sheep and Goat Fund Committee.
- E) The Sheep and Goat Fund Committee members' terms shall be staggered to establish continuity on the Sheep and Goat Fund Committee.
- F) The Sheep and Goat Fund Committee shall select from its members a chairman and any other officers they deem necessary.
- G) The Sheep and Goat Fund Committee shall develop a policy and procedures manual and any other structure needed to carry out the provisions and intent of this Grant Agreement. The NSIIC Board of Directors must approve this policies and procedures manual and any subsequent changes in writing.

6) INTERMEDIARY DISBURSEMENT PROCEDURE:

- A) Disbursement from NSIIC to the Intermediary of the full amount of the grant, in accordance with applicable law, shall take place after this Grant Agreement is executed.
- B) It is the responsibility of the Intermediary to make and service loans or contract for servicing of loans to Ultimate Recipients in such a manner that will fully protect the interests of the Intermediary, the Sheep and Goat Fund, and the terms of this agreement. The Intermediary may use other financial institutions to process or service loans, including, but not limited, to a financial institution used by the Ultimate Recipient.
- C) Intermediary shall maintain a separate ledger and segregated bookkeeping for the Sheep and Goat Fund. NSIIC and USDA authorized personnel or their representatives shall have full access to all records of the Sheep and Goat Fund during reasonable business hours.

- D) Intermediary may hire experts to provide recommendations, as they deem appropriate and necessary, to review proposals from Ultimate Recipients.

7) ULTIMATE RECIPIENT DISBURSEMENT PROCEDURE:

- A) Applications from the Ultimate Recipients shall be directed to the Sheep and Goat Fund Committee.
- B) The Sheep and Goat Fund Committee shall establish policies, procedures, selection criteria and forms for the distribution of funds to the Ultimate Recipients.
- C) Loans from the Intermediary to the Ultimate Recipient using the Sheep and Goat Fund shall be consistent with this Grant Agreement, the Strategic Plan, and 7 U.S.C 2008j(a).

8) TYPES OF LOANS:

The Sheep and Goat Fund shall be used by the Intermediary to make direct loans, indirect loans or loan guarantees.

9) FUNDING PRIORITIES:

Funding priority will be given to those projects that the Intermediary believes will meet the needs of the sheep or goat industries while assuring the continued viability of the Sheep and Goat Fund.

10) ADMINISTRATIVE FEES:

Administrative costs incurred by the Intermediary for administration of the Sheep and Goat Fund shall be paid from the Sheep and Goat Fund.

- A) The Intermediary may charge reasonable application, loan origination or servicing fees to cover direct administrative charges.
- B) Funds from the payments and repayment of principal, interest, penalties and other recoveries by the Intermediary from the Sheep and Goat Fund may be used for any additional administrative costs.
- C) No more than three percent of the funds originally granted may be used for administrative costs.

11) REPORTING REQUIREMENTS:

- A) Intermediary shall provide NSIIC with all reports required by law and in particular by 7 C.F.R. parts 3015 and 3019, and as NSIIC shall reasonably require. Records pertaining to loans must be retained for the life of the loan and three additional years thereafter.
- B) Annual Audits must cover all of the Sheep and Goat Fund activities and shall be due 90 days after September 30 of the respective year.

- C) Quarterly reports will be provided to NSIIC that include information on the Sheep and Goat Fund activities, income and expenses, financial condition, and a summary of names and nature of the Ultimate Recipients the Intermediary has financed. These reports shall be due 30 days after March 31, June 30, September 30, and December 31 of the respective year.
- D) An annual administrative budget for the Sheep and Goat Fund for the upcoming fiscal year shall be provided to NSIIC before September 1 of the respective year, and must be approved by the NSIIC Board of Directors.
- E) The name and date of default of Ultimate Recipients in default along with actions and remedies will be reported monthly to the NSIIC.

12) OTHER PARTIES:

This Grant Agreement is not for the benefit of third parties. NSIIC shall not be under any obligation to any such parties, whether directly or indirectly interested in this Grant Agreement, to pay any charges or expenses incidental to compliance by Intermediary with any of the duties or obligations imposed hereby.

13) SUCCESSORS AND ASSIGNS:

- A) This Grant Agreement shall be binding upon the Intermediary and its successors and assigns, and upon NSIIC and its successors and assigns, and shall survive the disbursement of proceeds.
- B) In the event of dissolution of the Intermediary, all property or funds shall be distributed to a qualified successor Intermediary selected by NSIIC. If a suitable successor entity cannot be found, all property or funds should be distributed to NSIIC or its successors or assigns.

14) EVENT OF DEFAULT AND REMEDIES:

- A) **GRANT CANCELLATION.** Intermediary shall strive to use the proceeds of this Grant promptly in accordance with this Grant Agreement, unless otherwise provided by law. If any part of the Grant has not been used within 3 years from the date of this Grant Agreement, NSIIC may cancel the obligation of any funds not yet delivered to the Intermediary and demand the return of any delivered funds that have not been used by the Intermediary in accordance with this Grant Agreement.
- B) **EVENTS OF DEFAULT OF INTERMEDIARY.** By delineation and not limitation, any of the following occurrences shall be an "event of default". Written notice of default shall be provided within 90 days of such occurrence of an event of default:
 - i) Any representation or warranty made by the Intermediary in connection with this Grant Agreement shall prove to have been false or misleading in any material respect on or as of the date made or deemed made.
 - ii) Failure, inability or unwillingness of Intermediary to carry out or comply with the terms or conditions of this Grant Agreement, or any applicable laws.
 - iii) The Intermediary becomes insolvent, or ceases being able, or admits in writing to its inability to pay its debts as they mature, suspends its business operations, become a debtor

in a bankruptcy proceeding or makes a general assignment for the benefit of, or enters into any composition or arrangement with creditors, proceeds with the appointment of a receiver, trustee or liquidator, or like action and is not dismissed within 90 days.

- iv) A judgement or other like order for payment is rendered against the Intermediary or any material adverse change occurs in the Intermediary's financial condition.
- v) Submission or making of any report, statement, warranty, or representation by Intermediary or agent on its behalf to NSIIC in connection with the grant hereunder which is false, incomplete or incorrect in any material respect.

C) REMEDIES:

- i) Upon the occurrence and during the continuation of any event of default, NSIIC shall have no obligation to continue funding the Intermediary as contemplated in this Grant Agreement. Accordingly, Intermediary shall suspend the lending operations contemplated by this Grant Agreement until the declaration of default is cured and NSIIC notifies in writing such acknowledgment of cure.
- ii) The Intermediary shall have 60 days from the notice of default to propose remedies and cures to NSIIC to remove the event of default.
- iii) NSIIC reserves the right to waive any and all events of default. Exercise of this waiver shall not preclude NSIIC from declaring a similar future event as an event of default.

5) NOTICES:

All notices hereunder and for whatever purpose, including declaration of default, shall be in writing and shall be deemed to be duly given upon delivery if personally delivered or sent by telecommunication (facsimile or e-mail) or 3 days after mailing if sent by express, certified or registered mail, to the parties at the following addresses (or such other address for a party as shall be specified by like notice):

If to NSIIC, as follows:

NSIIC
P.O. Box 281028
Lakewood, CO 80228-8028

If to Intermediary, as follows:

National Livestock Producers Association
660 Southpointe Ct. Suite 314
Colorado Springs, CO 80906

16) EXIT STRATEGY:

- A) In the event of default by the Intermediary, the portfolio of the Sheep and Goat Fund shall revert to another NSIIC selected and approved intermediary, or in the event no qualified intermediary can be found, to the NSIIC or its successor organization.
- B) If the Sheep and Goat Fund Committee in consultation with the NSIIC or its successors determines that the portfolio is too small to handle the overhead expenses of this Grant Agreement, the Sheep and Goat Fund may be terminated and all assets transferred to another NSIIC selected and approved intermediary, or in the event no qualified intermediary can be found, to the NSIIC or its successor organization.

17) CHANGES AND AMENDMENTS:

- A) This Grant Agreement may be amended with the mutual written consent of the NSIIC and the Intermediary.
- B) Intermediary shall not change its articles of incorporation, or charter, or by-laws in such a way that affects this Grant Agreement without the written consent of NSIIC.
- C) NSIIC shall not change its by-laws or strategic plan in such a way that affects this Grant Agreement without the opportunity for the Intermediary to provide written review and comment.

18) CONFLICT OF INTEREST:

- A) Members of the Sheep and Goat Fund Committee must make a full disclosure of an interest they have in any application from an Ultimate Recipient prior to any participation in the matter.
 - B) The Sheep and Goat Fund Committee shall determine, by majority vote, whether the interest is too remote or too inconsequential to affect the integrity of any participation by the member. The Sheep and Goat Fund Committee member with the potential conflict may not participate in this vote. If the Sheep and Goat Fund Committee determines that the interest is too remote or too inconsequential, the member may participate in the matter relating to the interest. Otherwise the Sheep and Goat Fund Committee member may not participate in any subsequent decision with respect to the matter.
- 19) Interpretation of this Grant Agreement shall be governed and enforced in accordance with 7 C.F.R. parts 3015 and 3019. This Grant Agreement incorporates by reference the provisions of 7 C.F.R. 301 and 3019.

This Grant Agreement incorporates by reference "The Class II Environmental Assessment for a grant between United States Department of Agriculture National Sheep Industry Improvement Center and National Livestock Producers Association."

- 20) IN WITNESS WHEREOF, NSIIC and Intermediary have executed this Grant Agreement as of the date first above-mentioned.

INTERMEDIARY



Sam Philips, Chairman
National Livestock Producers Association

Date: 11/18/99

NSIIC



Pierce Miller, Chairman
National Sheep Industry Improvement Center

Date: Nov 18, 1999

MEMORANDUM OF UNDERSTANDING

Between

NATIONAL LIVESTOCK PRODUCERS ASSOCIATION (NLPA)

and the

AMERICAN SHEEP AND GOAT CENTER (ASGC)

Regarding

**THE TRANSFER OF INDUSTRY FUNDS BETWEEN NLPA AND ASGC TO
FACILITATE PROGRAMS THAT WILL BENEFIT THE SHEEP AND GOAT
INDUSTRIES IN THE UNITED STATES**

WHEREAS, it is the purpose of the NLPA Sheep and Goat Fund to encourage innovation and efficiency in the sheep and goat industries by providing loans to eligible and qualified entities, and as money is loaned to Ultimate Recipients and returned in the form of payments of principal and payments of interest, those funds are placed in the Sheep and Goat Fund to be used again for the same purposes; and,

WHEREAS, the National Sheep Industry Improvement Center (NSIIC) granted the sum of \$14 million to the NLPA to create the Sheep and Goat Fund and NLPA is restricted to those purposes outlined in the Grant Agreement entered into on November 18, 1999 between the NLPA and the NSIIC, and,

WHEREAS, the American Sheep and Goat Center (ASGC) is the successor organization to the National Sheep Industry Improvement Center and it is the mission of the ASGC to assist the U.S. Sheep and Goat Industries by strengthening and enhancing the production and marketing of sheep, goats, and their products in the United States; and,

WHEREAS, it is in the best interests of the U.S. sheep and goat industries that both the NLPA and the ASGC utilize funding made available through the former NSIIC in a manner that provides the maximum benefit to those industries; and,

WHEREAS, the ASGC is in the process of developing programs to assist the sheep and goat industries; the NLPA Sheep and Goat Fund has achieved growth in its assets and it is in the best interests of both the ASGC and NLPA to develop a mechanism to transfer funds between the two entities from time to time depending on the needs of the industry, and,

WHEREAS, it is important that a positive and productive relationship be maintained between the ASGC and NLPA;

NOW, THEREFORE, the parties agree as follows:

- A. NLPA will transfer the net growth in assets of the Sheep and Goat Fund as of September 30, 2006 (as audited) in the amount of \$829,570.00 to the ASGC on April 30, 2007 or as soon thereafter as possible based on the maturation of Treasury Notes in which the cash is invested.
- B. NLPA will make a transfer of \$1,000,000 of the original \$14,000,000 to the ASGC on April 30, 2007 or as soon thereafter as possible based on the maturation of Treasury Notes in which the cash is invested.
- C. The annual administration fee paid to NLPA for administration of the Sheep and Goat Fund will be \$135,000 or 1.5% of the outstanding loan participation balance (calculated monthly), whichever is greater, for the fiscal years 2008 through 2012 to be reviewed during 2012.
- D. As the assets of the Fund increase above the original \$14 million, NLPA and ASGC will assess the needs of both the Sheep and Goat Fund and the ASGC and develop a policy to shift funds between the two entities as long as there are sufficient funds available to do so.

In the case of the Sheep and Goat Fund, available funds will be calculated as any funds in excess of the total amount of loan commitments outstanding plus the general and specific reserves for losses, plus 30%. In no event shall the Sheep and Goat Fund be considered to have available funds if the total net assets are below \$14 million.

In the case of the ASGC, if the NLPA Sheep and Goat Fund reaches its capacity to loan, funds will be provided by ASGC if available to increase its lending ability.

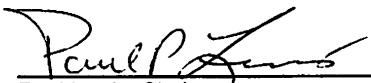
- E. Prior to any transfer of cash, a review of all pertinent documents and policies of the Sheep and Goat Fund Committee, NLPA, and the ASGC will be made so that the authority to transfer funds between the two organizations is provided for. Furthermore, both the NLPA and the ASGC will provide to the other, annually, a copy of that organization's audited financial statements and auditor's notes.
- F. There will be at least one joint meeting per year between the ASGC and the NLPA Sheep and Goat Fund Committee during which there will be ample opportunity provided for the members of both entities to interact and maintain a full understanding of the programs being administered by the entities.
- G. Finally, as there are particular provisions in the Grant Agreement between NLPA and ASGC, as the successor to the NSIIC, it is agreed that portions of the following requirements are no longer applicable nor required and are amended as follows:
 - a. Section 3) C): Intermediary (NLPA) agrees to use the grant and its proceeds solely for the activities in accordance with the terms and conditions of this Grant Agreement, to follow the goals and methods outlined in the 7 U.S.C. 2008j and the ~~NSIIC Strategic Plan~~ ASGC Business Plan.

- b. Section 11) A): Intermediary shall provide NSIIC [ASGC] with all reports required by law and in particular by 7 C.F.R parts 3015 and 3019, and as NSIIC [ASGC] shall reasonably require. Records pertaining to loans must be retained for the life of the loan and three additional years thereafter.
- c. Section19) Interpretation of this Grant Agreement shall be governed and enforced in accordance with 7 C.F.R. parts 3015 and 3019. This Grant Agreement incorporates by reference the provisions of 7 C.F.R. 3015 and 3019.

✓ ~~This Grant Agreement incorporated by reference "The Class II Environmental Assessment for a grant between the United States Department of Agriculture National Sheep Improvement Center and National Livestock Producers Association."~~

Approvals:

For the American Sheep and Goat Center:



Paul Lewis, Chairman Date: 4/10/2007

For the National Livestock Producers Association:



Jack Hansen, Chairman Date: 4/19/07

For the NLPA Sheep and Goat Fund Committee:



Richard Drake, Chairman Date: 4/10/07

INDEPENDENT CONTRACTOR AGREEMENT

AGREEMENT made this 27th day of August, 2019, by and between the National Livestock Producers Association, a 501(c)5 non-profit corporation (hereinafter "NLPA"), and Stuart Strategic Management Services, a limited liability corporation with its principal place of business at 13570 Meadowgrass Drive, Suite 201, Colorado Springs, Colorado (hereinafter "SSMS").

WHEREAS, NLPA is a national association which desires to engage an association management firm to manage its operations; and

WHEREAS, SSMS has submitted a written proposal to NLPA setting forth the services it proposes to provide to NLPA ("the Proposal"), which Proposal is attached hereto and made a part hereof as composite Exhibit A; and

WHEREAS, in reliance upon the representations made in the Exhibit A, NLPA desires to obtain association management services from SSMS.

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, NLPA hereby engages SSMS to provide NLPA with association management services on the terms and conditions hereinafter set forth:

1. MANAGEMENT SERVICES

NLPA hereby engages SSMS as an independent contractor to provide customary association management services to NLPA. SSMS shall perform duties commonly performed by the executive director and staff of a trade association. In particular, SSMS shall provide to NLPA the management and other services described in Exhibits A and B hereto. In the event of an inconsistency between the provisions of (1) Exhibit A, and (2) Exhibit B or Exhibit C, the provisions of Exhibit B or Exhibit C shall prevail. SSMS shall maintain an exclusive telephone number for NLPA which shall be the same as is currently in operation which SSMS shall answer daily from 8:00 a.m. (Mountain Time) through 5:00 p.m. (Mountain Time), provided that these hours shall be subject to review and further agreement based upon information regarding before and after-hours incoming calls. There shall be an agreed upon monthly charge to NLPA for telephone lines and/or telephone service directly dedicated to NLPA.

SSMS acknowledges that NLPA's Board of Directors has ultimate control over the management of NLPA's affairs. Throughout the term of this Agreement a staff member employed by SSMS and approved by NLPA shall serve as Chief Executive Officer of NLPA. SSMS shall at its discretion assign other employees to serve NLPA in other capacities.

SSMS shall provide offices and equipment, which will remain under SSMS's exclusive control, needed to manage the affairs of NLPA. SSMS's business location, which may change from time to time, shall be NLPA's corporate offices and headquarters address at 13570 Meadowgrass Drive, Suite 201, Colorado Springs, CO 80921. NLPA agrees to sublease that office space to SSMS at a mutually agreed-upon rate and subject to

approval by Producers Properties, LLC, owner of the office space. NLPA further agrees to lease to SSMS current furnishings and office equipment as identified in Exhibit D attached hereto for \$1.00 per year. SSMS agrees to maintain such furnishings and equipment at its expense during the period of this Agreement.

Prior to the commencement of NLPA's fiscal year, NLPA shall adopt an operating budget for such fiscal year. Such budget, in form and level of detail as shall be mutually agreed upon between SSMS and NLPA, shall be duly adopted by NLPA's Board of Directors. SSMS shall monitor the budget as part of its monthly financial reporting obligation to NLPA's Board of Directors. In addition, NLPA will provide SSMS a detailed strategic plan which will enumerate the specific goals and functions the association plans to achieve during that fiscal year.

SSMS is hereby authorized to handle funds on behalf of NLPA. NLPA shall establish one or more accounts in depository institutions mutually agreed upon by NLPA and SSMS. SSMS shall deposit all monies received by SSMS for NLPA's account into such accounts. The following persons shall be sole signatories on all accounts of NLPA maintained by SSMS: NLPA's Chairman, NLPA's Treasurer, NLPA's Executive Officer at SSMS, and NLPA's chief financial officer at SSMS.

SSMS shall have authority to negotiate and enter into agreements for the purchase of goods and services reasonably necessary to and in the ordinary course of NLPA's business, provided that such agreements are consistent with NLPA's approved budget. SSMS shall not purchase any goods or services for the account of NLPA from any entity related to SSMS without first disclosing to NLPA the fact and nature of such relationship.

2. COMPENSATION OF SSMS

a. Monthly Management Services Fee.

In exchange for receiving from SSMS the services set forth in Paragraph 1 hereof and Exhibits A and B hereto, NLPA shall pay to SSMS a monthly management services fee; such fee shall be payable via electronic funds transfer from NLPA's bank account to SSMS's bank account on the first day of each month.

During the first twelve (12) months of the term of this Agreement, beginning on September 1, 2019, the monthly management services fee shall be thirteen thousand seven hundred and fifty (\$13,750) per month.

b.

If at any time during the term of this Agreement NLPA determines that the scope or level of SSMS's services described in Paragraph 1 or in Exhibit B should be modified, or in the event that either party determines that the scope or level of SSMS's services described in Paragraph 1 or in Exhibit B has been modified, SSMS and NLPA shall negotiate in good faith an appropriate increase or decrease in the monthly management services fee payable to SSMS hereunder, or SSMS and NLPA shall negotiate in good faith a separate fee as consideration for any additional or increased level of services.

3. REIMBURSEMENT OF EXPENSES

NLPA shall reimburse SSMS monthly for any expenses incurred by SSMS on behalf of NLPA and for ancillary services provided by SSMS to NLPA, at SSMS's customary rates, as budgeted or authorized by NLPA and as set forth in Exhibit C, Paragraph B, hereof. SSMS shall itemize its billing and shall submit reasonable documentation for expenditures. Purchases and expenditures incurred by SSMS on behalf of NLPA shall be billed to NLPA at SSMS's cost with no markup. SSMS's invoices for expenses and disbursements are payable by NLPA within fifteen (15) days. Furthermore, SSMS shall receive no rebates, commissions or credits for purchases, expenditures or arrangements made with an outside vendor for NLPA by SSMS and billed by the vendor directly to NLPA or a party designated by NLPA without NLPA's express acknowledgment and consent.

4. TERM OF AGREEMENT

This Agreement shall commence on September 1, 2019 and shall continue until terminated by either party.

5. TERMINATION

a. Without Cause by Either Party

Either party may terminate this Agreement without cause by giving the other party sixty (60) days written notice thereof, provided that such notice may not be given earlier than February 1, 2020.

b. For Cause by SSMS

In the event that NLPA does not fulfill either its payment obligations under Paragraphs 2 or 3 hereof, and/or any agreed upon deadlines and commitments in connection with providing materials or services to SSMS, SSMS shall give NLPA written notice of same and thirty (30) days to cure same. If NLPA does not cure within thirty (30) days, SSMS may terminate this Agreement effective fifteen (15) or more days after the date of the written notice given hereunder.

SSMS shall have the right to terminate the Agreement immediately upon the dissolution or filing for voluntary or involuntary bankruptcy (or its equivalent) by NLPA. In such event, this Agreement shall be terminated upon receipt of notice of termination from SSMS communicated to NLPA by any acceptable business form.

c. For Cause by NLPA

In the event of a material breach by SSMS of its obligations hereunder, NLPA shall give SSMS written notice of the specific nature of the breach and thirty (30) days within which to cure said breach to NLPA's satisfaction. If SSMS does not satisfactorily cure said breach within such period, NLPA may terminate this Agreement effective fifteen (15) or more days after the date of the written notice given hereunder.

NLPA shall have the right to terminate the Agreement immediately upon the dissolution or filing for voluntary or involuntary bankruptcy (or its equivalent) by SSMS, or upon the taking of dishonest or fraudulent actions by SSMS. In such event, this Agreement shall be terminated upon receipt of notice of termination from NLPA communicated to SSMS by any acceptable business form.

d. Effect of Notice of Termination

All monthly management service fees shall be prorated to and including the day of termination. All expenses incurred pursuant to Paragraph 3 shall be payable in full. Any other obligation due and owing by either party to the other at the time of termination shall remain in full force and effect and shall survive termination of this Agreement until such obligation is satisfied, unless otherwise agreed in writing by both parties.

Up to 5:00 p.m. (Mountain Time) on the day of termination, SSMS shall be obligated to maintain a full level of service to NLPA and to cooperate fully with NLPA and any NLPA staff or management company in the effectuation of a transition plan provided by NLPA.

If NLPA gives or receives notice of breach or termination hereunder, NLPA shall immediately have the right, but not the obligation, to engage or appoint a person or entity to monitor SSMS's management activities during any cure or notice period. The appointment of such a monitor, who shall be permitted to enter SSMS's offices during normal business hours, shall not relieve SSMS of its responsibility to manage NLPA's affairs prudently and consistently with good business practices.

Upon termination of this Agreement, an audit of NLPA's finances shall be performed by an independent accounting firm mutually acceptable to the parties. The cost of such audit shall be paid by NLPA.

e. Rights and Obligations upon Termination

Within fifteen (15) business days of the effective date of termination of this Agreement, SSMS shall deliver to the Chairman of NLPA, or to such person or location as directed by the Chairman of NLPA, all NLPA records, documents, materials and other tangibles in its keeping in respect to its management of NLPA in whatever form maintained and stored.

SSMS shall not keep or allow use of any copies or duplications of such records, documents or materials except samples of non-confidential materials which SSMS may retain for its own purposes.

With respect to information contained in computers or on computer media, SSMS shall provide NLPA with all data on computer media, at the discretion of NLPA, either (a) in readable, generic form, or (b) in a form readable by the software programs used by SSMS. SSMS also shall provide NLPA with database information in printed report form. In addition, SSMS shall provide NLPA with the identity and supplier of all software programs used by SSMS for NLPA matters. SSMS shall also provide NLPA with assistance as requested by NLPA, including descriptions of data formats, required for NLPA to obtain the same software used by SSMS or to transfer NLPA data contained in

SSMS's computer system to other software without manual re-entry of information; NLPA shall reimburse SSMS for any costs incurred by SSMS in providing such assistance. SSMS shall maintain NLPA computer data in its computers for a period of twelve (12) months following the effective date of termination of this Agreement, at which time SSMS shall delete all NLPA data from its computers.

6. OWNERSHIP OF EQUIPMENT, MATERIALS AND INFORMATION

All property, equipment, and other appurtenances owned by NLPA will be inventoried and preserved as such. Upon evaluation and agreement of NLPA, liquidation of unneeded property, equipment and other appurtenances will be conducted by SSMS in a prudent manner. Other property, equipment and appurtenances that are to be retained by NLPA will be utilized by SSMS for NLPA purposes or appropriately stored.

All materials and information produced by or for SSMS, or entrusted to SSMS, for the benefit of NLPA pursuant to this Agreement are and shall be the sole property of NLPA. Such materials include without limitation NLPA's membership and prospect lists, conference registration lists, other mailing lists, publications, copyrights, trademarks, files, financial records and similar property or information now existing or acquired during the term of this Agreement. Should the Agreement be terminated, all such materials and information shall be delivered by SSMS to NLPA or to such person or entity as may be designated by NLPA in writing.

NLPA and SSMS agree that all procedures, systems, forms and computer programs used by SSMS in providing services to NLPA hereunder (with the exception of such procedures, systems or computer programs which were purchased by NLPA or purchased by SSMS and charged to NLPA, which items shall be considered the sole property of NLPA) are the property of SSMS and may be further used by SSMS at any time for any purposes it requires.

7. INDEPENDENT CONTRACTOR RELATIONSHIP

SSMS acknowledges that it is engaged as an independent contractor hereunder and that neither it nor any of its employees shall be considered an employee of NLPA for any purpose under any statute, rule or regulation. SSMS agrees to indemnify and hold NLPA harmless from and to defend NLPA against any claim based upon an assertion that any SSMS employee is an employee of NLPA, including, without limitation, any claim for withholding tax, unemployment tax, social security payments, worker's compensation or other similar taxes or payments. NLPA will not directly compensate any SSMS employee.

8. COPYRIGHT

NLPA shall hold the copyright to all materials produced by or for SSMS for the benefit of NLPA pursuant to this Agreement. Such materials shall (a) in those instances deemed appropriate by NLPA and SSMS, bear a copyright notice naming NLPA as the holder of the copyright, and (b) if directed by NLPA in writing, be deposited with the federal copyright office at NLPA's expense. Materials produced hereunder by or for SSMS and its employees, including leased employees, or independent contractors on behalf of

NLPA shall be considered "work for hire" under federal copyright laws, or, if such is precluded by law, the rights to such materials shall be assigned permanently to NLPA. SSMS represents and warrants that, prior to their development of any materials for NLPA, each of SSMS's independent contractors and employees, including leased employees, have agreed to the foregoing.

9. CONFIDENTIALITY AGREEMENT

SSMS agrees to preserve and protect the confidentiality of the proprietary and confidential information relating to NLPA's finances, administration and membership, including, but not limited to, membership and other mailing lists, financial statements and budgets, Board of Directors meeting minutes, and other similar data. Both during and after the term of this Agreement, SSMS agrees not to disclose or disseminate such information to any third party (unless contemplated by this Agreement), and not to use such information for its own benefit, for the benefit of any of its officers, directors or employees, including leased employees, or for the benefit of any third party, without the prior written consent of NLPA.

All such proprietary and confidential information used or generated during SSMS's engagement by NLPA is the property of NLPA.

The foregoing obligations shall not apply to (a) information which, at the time of disclosure, was in the public domain; (b) information which SSMS or its affiliates can establish by reasonable proof was in its possession at the time of its disclosure by NLPA or was subsequently and independently developed by employees of SSMS or its affiliates who had no knowledge of the information; or (c) information required to be disclosed under compulsion of law.

SSMS represents and warrants that each of its employees, including leased employees, and independent contractors to whom proprietary information is to be disclosed has agreed not to disclose or use NLPA's proprietary information other than as is permitted hereunder.

10. INDEMNIFICATION

NLPA shall indemnify SSMS and hold it harmless from any losses, damages, claims, costs and expenses of any nature incurred as a result of SSMS's actions taken on behalf of NLPA or resulting from SSMS's relationship with NLPA, provided that NLPA shall not be obligated hereunder with respect to (a) any action of SSMS not in the ordinary course of NLPA's business and taken without NLPA's knowledge and consent, or (b) any negligent act or omission of SSMS.

SSMS shall indemnify NLPA and hold it harmless from any losses, damages, claims, costs and expenses of any nature incurred as a result of (a) any action of SSMS not in the ordinary course of NLPA's business and taken without NLPA's knowledge and consent, or (b) any negligent act or omission of SSMS.

SSMS shall maintain a fidelity bond in the amount of five hundred thousand five thousand dollars (\$505,000) on and for employees, including leased employees,

handling NLPA funds; [NLPA shall pay a pro rata share of the cost of such bond, which amount shall not exceed \$675.00 per year absent further agreement between the parties]. SSMS shall maintain, at its expense, adequate and appropriate general liability insurance coverage during the term of this Agreement. NLPA shall maintain adequate and appropriate general liability and association professional liability (directors and officers liability) insurance coverage during the term of this Agreement.

11. ANNUAL PERFORMANCE EVALUATION

NLPA's Executive Committee shall conduct an evaluation of SSMS's performance hereunder each year during the term of this Agreement. Such performance evaluation shall be conducted other than during the NLPA's annual budgeting process.

12. ARBITRATION

In the event of a dispute between the parties in connection with this Agreement, the parties agree that the matter shall be submitted to final and binding arbitration before a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Any such arbitration shall be held in Colorado Springs, Colorado or its environs or at such other location as the parties may agree. [The parties shall have full discovery rights against each other, including the right to compel the attendance of necessary witnesses, as provided by the federal rules of civil procedure.] The prevailing party shall be entitled to reasonable attorney's fees, costs and disbursements in addition to other relief to which it may be entitled, provided that, if the prevailing party fails to recover the entire amount claimed, recovery of costs and fees shall be limited to the amount which bears the same relationship to the total costs and fees incurred by the prevailing party as the amount recovered bears to the amount claimed.

13. NOTICES

Any notices given under this Agreement shall be in writing and delivered by facsimile and certified mail addressed to the parties as follows:

NLPA:

Mr. Doug Hauser, Chairman
National Livestock Producers Association

Telephone:

SSMS:

Mr. R. Scott Stuart, President
Stuart Strategic Management
Services, LLC
8310 Bar X Terrace
Black Forest, CO 80908
Telephone: 719-330-8923

Notice shall be deemed given when first received by the other party or its agent.

14. ASSIGNMENT

Neither party shall assign its rights hereunder to any person or entity without the prior written consent of the other party. The rights and obligations set forth in this Agreement

are binding upon and shall inure to the benefit of the successors and permitted assigns of the parties.

15. GOVERNING LAW

This Agreement shall be governed by the law of the State of Colorado, without regard to its choice of law rules.

16. ENTIRE AGREEMENT

This Agreement and its Exhibits represent the entire agreement and understanding of the parties with respect to the subject matter hereof and supersede any prior or contemporaneous discussions, representations or agreements, oral or written, of the parties regarding this subject matter. This Agreement shall not be modified except by further writing signed by both parties.

17. SEVERABILITY

If any provision contained herein is determined by a court of competent jurisdiction or an arbitration tribunal to be invalid or unenforceable, said determination shall not affect the validity and enforceability of the remaining provisions hereof. The parties represent that they are not aware that any provision of the Agreement is invalid or unenforceable.

18. WAIVER

No waiver by either party, whether express or implied, of any right or obligation set forth in this Agreement, or any breach or default, shall constitute a continuing waiver of that or any other right, obligation, breach or default.

19. FORCE MAJEURE

Neither party shall be in default hereunder by reason of its delay in performing or failure to perform any of its obligations hereunder if such delay or failure is caused by strikes, acts of God or the public enemy, riots, or interference by civil or military authorities, provided, however, that nonperformance hereunder shall be excused and shall not constitute a default for a maximum of sixty (60) days per qualifying event.

20. PARAGRAPH HEADINGS

The paragraph headings and numbers are for convenience only and shall not be deemed to affect in any way the language of the provisions to which they refer.

IN WITNESS WHEREOF, the undersigned, hereby certifying that they are authorized to do so, have executed this Agreement on behalf of the parties on the dates indicated below.

National Livestock Producers Association

By: _____ Date: _____
Doug Hauser, Chairman

Stuart Strategic Management Services, LLC

By: _____ Date: _____
R. Scott Stuart, President

EXHIBIT A

a. THE PROPOSAL

b. Background

It is with a great deal of respect that I present this proposal for the provision of full management services to the National Livestock Producers Association (NLPA). NLPA has enjoyed nearly a century of representing cooperative livestock marketing and credit and has earned a high level of respect among industry participants for being a strong representative voice for the livestock producers served by NLPA members.

The purpose of this proposal is to provide the leadership of NLPA the ability to ensure consistent management of their organization so that the organization's goals and objectives are met or exceeded on a regular basis. It is also presented to provide leadership the opportunity to minimize costs and develop more consistent budgeting and financial performance while remaining focused on NLPA's core mission.

Background

For over 30 years, I had the privilege of being a member of the staff of NLPA; 25 of those years as your President and CEO. During that time, I enjoyed being a part of a dynamic organization that adapted to difficult situations and has leadership that is engaged and open to creative and innovative ideas to ensure NLPA's future. One of those ideas was to share the expertise of the NLPA staff with similar organizations on a contract basis.

As you know, I was recruited for and accepted the CEO position with the Cattlemen's Beef Board in late 2017. It was a difficult decision to leave NLPA as I was very happy in my position, but the offer provided a new and different challenge. I very much enjoyed my time with the CBB and was able to make some positive changes; however, that time was shorter than expected. Therefore, in reviewing my experience, interests and passions, it became crystal clear that I enjoy, and have a significant amount of knowledge and connections in the livestock industry and in related associations and want to continue my service in that area.

Therefore, this proposal is being presented for your consideration. The proposal puts forth the concept of NLPA entering into a management contract with Stuart Strategic Management Specialists, LLC to secure the needed staffing and management service it requires and significantly simplify and streamline NLPA's operations so that it may more fully focus on its members and those issues of greatest importance to livestock producers.

Overview of Stuart Strategic Management Specialists, LLC

Stuart Strategic Management Specialists, LLC (SSMS) is comprised of myself, as the Managing Member, and my wife, Katie (Ambrose) Stuart. The purpose of SSMS is to specialize in providing expert management services to associations in the livestock industry. These services will range from full management and staffing, to serving specific business or event management needs. By ensuring the professional staff has a solid understanding of the animal agriculture industry and possesses specialized association management skills, SSMS will be able to fully serve organizations seeking those needed services to effectively serve their members and constituents.

It should be made clear that Katie Ambrose is completely committed to her current position with NLPA and the acceptance or non-acceptance of this proposal by NLPA will in no way diminish her commitment.

Rationale

Effective management of any association is crucial to the success and reputation of that organization. Although managing an association is much like the operation of any business, there are important differences that, if not fully understood and addressed, may have significant consequences for the organization. By utilizing a professional staff that is experienced in association management, an organization may minimize unfavorable outcomes that might otherwise occur due to inexperience.

Further, costs to associations maintaining their own staff are becoming more significant and, in some cases, prohibitive. In this proposal, staff salaries, insurance, retirement funding, office rent, and other expenses are equitably spread across several associations rather than each association being required to have its own people, equipment, and location. Ongoing advances in technology and communications methods have brought significant efficiencies to association management and SSMS proposes to maximize those efficiencies.

Overarching Goals

In considering a change in operations such as this, it is important that the most fundamental and important goals are identified and agreed to.

Goals:

1. Create minimal disruption in the ongoing operations of NLPA, including the transition of current staff members from being employed by NLPA to being employees of Stuart Strategic Management Specialists, LLC.
2. Establishment of an enduring relationship that ensures NLPA has high quality staffing and management and is best positioned to achieve its mission.
3. Provide a structure through which NLPA is most able to utilize its resources effectively and efficiently.

4. Ensure NLPA leadership has full confidence in its management staff members and that all areas of the association are fully served.
5. Create a future for NLPA focused on those areas which bring the greatest value to the members and to their producer patrons and not on serving other industry organizations which may or may not have the same objectives.

Current NLPA Management Agreements

NLPA currently provides management and administrative services to two independent industry organizations, the National Institute for Animal Agriculture (NIAA) and the Global Roundtable for Sustainable Beef (GRSB). This proposal contemplates NLPA would no longer maintain those agreements and they would be renegotiated between the respective organizations and SSMS to ensure continuity in their operations.

Proposal

SSMS is proposing the development of an agreement between itself and NLPA under which SSMS will provide full management of NLPA through providing needed staff resources, expertise, and specified services on a contract basis. This, in no way, will alter the organizational structure or visibility of NLPA, but rather only provide an alternative solution to ensuring the organization has high quality staff resources on an ongoing basis.

It is proposed there will be no immediate change in staffing unless there is an obvious duplication of duties. As a result, the leadership and members of NLPA will realize very little change in who is serving them. However, given my experience and institutional knowledge as your previous CEO, I would transition to be your senior staff leader and point of contact between NLPA and SSMS.

It is imperative NLPA continue operations in an uninterrupted manner during this transition. Therefore, it is proposed at the outset the following functions should receive the most focus:

1. Administration and Finance
 - a. To include administration and financial management of the NLPA Sheep & Goat Fund, National Feeder & Finance Corporation, National Livestock Employees Retirement Plan Trust, and Producers Properties, LLC.
2. Strategic Business Planning and Board Support
3. Ongoing Internal and External Communications
4. Member Programs and Services

To most effectively address these key areas, SSMS proposes the following plan of work:

Priority 1 - Administration and Finance

In order to begin the organization management process, a functioning administrative and finance component must be in place in order to serve the following functions:

1. Development of management staff relationships with key NLPA board members to ensure communication channels are open and effective from the beginning.
2. SSMS will provide electronic financial accounting and management services for NLPA and its named affiliates and subsidiaries as follows:
 - a. Manage accounts payable and issue checks.
 - b. Issue billings and manage accounts receivable.
 - c. Enter cash receipts, process credit card payments, and make bank deposits.
 - d. Reconcile bank statements monthly.
 - e. Post entries and maintain general ledger.
 - f. Prepare monthly financial statements, investment reports, accounts receivable aging reports and check register reports in accordance with a schedule to be agreed upon with NLPA's Treasurer.
 - g. Prepare and process dues renewal statements and reminders monthly.
 - h. Prepare year-end statements for current year tax returns.
 - i. Maintain liaison with legal counsel and with auditor.
 - j. Ensure timely tax and other filings due in current year.
 - k. Provide a sound fiscal cash management plan.
 - l. Prepare, in concert with the NLPA Treasurer, complete organization budgets and track budget performance in an ongoing fashion.
 - m. Solicit bids from independent financial auditors and recommend auditor to NLPA Treasurer.
3. SSMS will provide the essential administration services as follows:
 - a. General Office: SSMS will provide facilities for the receipt of mail and the answering of telephone calls as well as storage of records and office supplies specific to NLPA activities.
 - b. Phone: SSMS will provide telephone coverage during regular business hours five days a week from 8:00 a.m. to 5:00 p.m. Mountain Time. SSMS will have the capability of dedicating a specific telephone line to NLPA for incoming and outgoing domestic and international calls and

designating up to 5 specific voice mailboxes. Billing for the separate line will be charged to NLPA.

- c. Fax: SSMS will provide a fax line for NLPA for receiving and sending facsimile messages. Usage charges will be at the rates charged by the telephone carrier.
- d. Email: SSMS will maintain one general e-mail address for NLPA business, plus individual addresses for each person responsible to NLPA.
- e. Copying: SSMS will provide access for NLPA to a copy machine for routine copying. Charges for copying will be \$.03 per page. A segregated account for SSMS will be programmed into the copying equipment to ensure accurate billing.
- f. Postage: SSMS will provide access to a postage machine for NLPA mailing and a segregated account will be programmed into the meter to ensure proper charges are recorded. NLPA will only pay for postage used.
- g. Legal Support: SSMS will provide access to outsourced legal advice and legal services as requested and necessary (fees paid by NLPA).

Priority 2 - Strategic Business Planning and Board Support

To serve this function, SSMS will require a complete understanding of NLPA's future goals and objectives. As a result, SSMS will provide staff assistance in the following areas:

1. Staff support in developing strategic planning sessions.
2. Facilitation of strategic planning sessions via teleconference, online, and in-person.
3. Compilation of notes from planning sessions and coordination of the drafting of the NLPA Strategic Business Plan.
4. Assistance in monitoring progress toward goals and objectives of NLPA.

SSMS staff members have significant experience in planning, promoting, facilitating, and providing follow up for meetings and conferences.

Board Meetings

SSMS will provide NLPA with an array of options for meeting locations and venues for its two board meetings per year and negotiate favorable rates at outstanding meeting facilities. SSMS will provide all pre-meeting communications to board members regarding travel arrangements, lodging, and meeting room requirements and food and beverage needs. (Direct expenses of

the meetings, as well as SSMS staff travel and lodging, will be the responsibility of NLPA.)

SSMS staff will participate in all meetings (teleconference and onsite) and arrange for a record to be made of all meetings based on the specific requirements of NLPA. SSMS will prepare the NLPA meeting minutes in a format of NLPA's choosing which are provided to the members of the board for review.

Priority 3 - Communications

Utilizing current staff resources as well as contracted communications specialists, SSMS will provide the following communications services:

- a. Maintain and enhance the Weekly Electronic News Brief to ensure it is a vital tool for the members in being informed of NLPA activities as well as industry issues and initiatives.
- b. Provide website hosting and maintenance on NLPA designated server.
- c. Develop a social media strategy and campaign within NLPA guidelines to most effectively communicate about NLPA activities, information pieces, and conferences.
- d. To the extent directed by the board, serve as a representative and advocate on behalf of NLPA to other organizations or other entities regarding identified issues.

Priority 4 – Member Programs and Services

Membership servicing is of paramount importance. To that end, SSMS will provide the following services:

NLPA Member Programs

- a. Provide robust management and promotion of NLPA member services including the NLPA Sheep & Goat Fund, Graduate Institute of Management, cooperative insurance programs and other initiatives as directed.
- b. Work with NLPA leadership to fully assess member needs and identify programs and services to best serve those needs.

Staffing Provided

SSMS will provide staffing in the following services:

1. Senior staff leadership (i.e. CEO, Managing Director, Executive Director) responsible for ongoing and robust interaction with elected association leadership to ensure organizational goals are achieved.

2. Complete financial management including budget development, accounting, financial reporting, audit preparation, and required government reporting.
3. Administrative staffing to include membership maintenance, internal communications, external communications, conference and event development and management, and other association-related administrative support.
4. Association advocacy and interaction with other organizations.
5. Robust support for elected association leaders.

Financial Projections and Compensation

The financial projections in this proposal are based on the following assumptions:

- Current association agreements NLPA has in place with the Sheep & Goat Fund and the National Livestock Employees Association Trust will remain in effect and the fees unchanged.
- Selected staff members will remain in place and at current salary levels.
- Staff insurance coverages and retirement benefits are projected to be comparable to current coverages.
- Office costs are projected at current market rates.

It is proposed that for year one, the compensation rate for the services provided to NLPA by SSMS be \$15,833.33 per month⁴. It is further proposed SSMS would be housed in the current office space utilized by NLPA and SSMS would assume all payments due to Producers Properties, LLC at the current rates and conditions. In addition, it is proposed that SSMS utilize the current office equipment and appurtenances owned by NLPA to conduct operations in order to minimize disruptions.

The management agreement between SSMS and NLPA will be reviewed annually and adjusted as needed and agreed upon by both parties. A provision will be in place so that either party may terminate the agreement, without cause, with 60 days written notice.

Summary:

In summary, this arrangement would reduce NLPA's cost structure as it would move the employment of the staff from NLPA to the management firm; it would allow NLPA to more fully focus on its own mission and goals, and it would provide NLPA with a management team that will be accountable, flexible, and professional. It will bring stability to NLPA as management issues should be

⁴ As a result of negotiation at the August 2, 2019 Board Meeting, this amount was changed to \$13,750 per month for year one.

minimized and NLPA members will have a deeper understanding and appreciation for NLPA.

EXHIBIT B

ASSOCIATION MANAGEMENT SERVICES

A. ADMINISTRATIVE

1. Facilities
 - c. Provide fully equipped headquarters office
 - d. Provide files and storage for association documents, materials and records
 - e. Provide for secure data storage on server owned by NLPA and backed up on a secure offsite cloud system fully accessible to NLPA Chairman and Vice Chairman.
2. Planning
 - a. Make arrangements for strategic planning sessions (professional fees for any strategic planning sessions are not included in the management services fee)
 - b. Develop an annual planning calendar for the following year
 - c. Develop program strategies and tactics
 - d. Develop a preliminary annual budget for the following year
3. Board of Directors and Committees
 - a. Provide professional association management advice to officers, directors and committee members, including annual leadership training
 - b. Prepare meeting notices and agendas for all meetings
 - c. Prepare reports and meeting materials for all meetings
 - d. Make all meeting site or telephone conference arrangements
 - e. Provide required staff at board and committee meetings
 - f. Ensure minutes at meetings are taken
 - g. Make reports and provide input at meetings
 - h. Write, edit and distribute meeting minutes
 - i. Manage the election process for officers and directors
4. Financial and Corporate
 - n. Manage accounts payable and issue checks
 - o. Issue billings and manage accounts receivable

- p. Enter cash receipts and make bank deposits
- q. Reconcile bank statements monthly
- r. Post entries and maintain general ledger
- s. Prepare monthly financial statements, investment reports, accounts receivable aging reports and check register reports in accordance with a schedule to be agreed upon with NLPA's Treasurer
- t. Prepare and process dues renewal statements and reminders monthly
- u. Prepare year-end statements for current year tax returns
- v. Maintain liaison with legal counsel and with auditor
- w. Ensure timely tax and other filings due in current year
- x. Provide a sound fiscal cash management plan

5. General Operations

- a. Provide telephone reception and adequate telephone lines
- b. Supervise mailing and shipping operations
- c. Provide filing and clerical services
- d. Provide normal office supplies
- e. Manage inventory of materials, stationery and supplies
- f. Handle all association correspondence

B. MEMBERSHIP

1. Membership Development

- a. Propose and implement approved membership promotions
- b. Develop concept and provide staff for association exhibits at appropriate trade shows
- c. Respond to inquiries regarding membership
- d. Process new member applications and enter in database
- e. Distribute new member materials and appropriate letters

2. Membership Retention and Record Keeping

- a. Provide timely response to member inquiries

- b. Provide delinquent dues follow-up
- c. Maintain up-to-date prospect and membership databases
- d. Prepare membership reports as required

C. PROGRAMS

1. Meetings and Conferences

- a. Negotiate and contract with facilities and service vendors for current and future years as requested by the Board of Directors
- b. Conduct site inspections as required for prudent management
- c. Develop and implement promotions
- d. Manage hotel, exhibit hall, decorator, speaker, and other service vendor relations
- e. Develop registration materials and program directory
- f. Handle exhibit space sales, assignments, processing of agreements and collection
- g. Handle registration processing and badge production
- h. Provide meeting planning, coordination and appropriate on-site management staff

2. Education Program

- a. Provide seminar planning and coordination
- b. Provide program management and processing
- c. Arrange for speaker training as required

3. Website

- a. Provide information on membership and association programs, as well as other information necessary to maintain website for the benefit of members, to service provider on a timely basis
- b. Receive and respond to e-mail on a timely basis
- c. Receive and process orders on a timely basis

4. New Program Development

- a. Develop plans and budgets for programs approved by Board of Directors

- b. Assist in development and implementation of surveys and industry research programs as required

D. PUBLISHING AND COMMUNICATIONS

1. Electronic News Briefs

- a. Provide research, writing, editing, proofreading and publishing
- b. Arrange for and supervise photography, film, printing and distribution

2. Trade Show Promotion and Printed Materials

- a. Obtain all program information and data for content, and provide writing, editing, proofreading, and desktop publishing for exhibitor and buyer promotion, exhibitor contract materials, exhibitor marketing materials, on-site program books, tickets, badges, registration materials and other necessary printed materials
- b. Arrange for and supervise outside design, typesetting, photography, film, printing and distribution services
- c. Provide advertising sales, coordination, billing and collection

3. Promotion and Printed Materials for Other Programs

- a. Obtain all program information for content and provide writing, editing, proofreading and desktop publishing
- b. Arrange for and supervise outside design, reproduction, editorial, typesetting, printing and distribution services

E. PUBLIC / GOVERNMENT RELATIONS

- a. Provide ongoing relations with appropriate government entities to ensure communications opportunities are known to NLPA and acted upon appropriately
- b. Develop appropriate public relations activities, in accordance with NLPA Board goals and objectives

F. OTHER

- a. (To be mutually agreed upon in writing.)

EXHIBIT C

EXPENSES

A. EXPENSES INCLUDED IN THE MANAGEMENT FEE, EXCEPT AS OTHERWISE AGREED

1. Office rent, COA fees, and property taxes.
2. Office furnishings, fixtures and leasehold improvements will be provided by NLPA as part of the management fee.
3. Office equipment and maintenance contracts.
4. Telephone and voice-mail equipment and non-dedicated line charges.
5. Computer hardware and software, unless directed to purchase by NLPA, in which case such hardware and software shall be considered the property of NLPA.
6. Computer maintenance and support contracts.
7. Employee salaries, payroll taxes, insurance and benefits.
8. Employee training, professional dues and subscriptions except those directly attributable to NLPA.

B. EXPENSES NOT INCLUDED IN MANAGEMENT FEE, EXCEPT AS OTHERWISE AGREED

1. Office supplies and materials specifically for NLPA.
2. Postage for NLPA.
3. Courier and shipping charges for NLPA.
4. Telephone lines authorized by the association.
5. Charges for telephone conference calls.
6. Facsimile charges at SSMS's customary rates provided that broadcast facsimiles will be subcontracted to the lowest cost provider.
7. Mailing, fulfillment and distribution services.
8. In-house photocopying at SSMS's customary rates.
9. In-house, desktop publishing at SSMS's customary rates.
10. Outside design, typesetting, pre-press work and printing.
11. NLPA stationery, forms, checks and printed materials.

12. Out-of-the-office storage of files and materials as necessary and as authorized by the association.
13. Staff travel expenses incurred on behalf of the association.
14. Insurance: directors/officers/association liability.
15. Fees for outside auditor and tax return preparer.
16. Outside attorney fees for services performed for the association.
17. Fees for consultants employed by the association.
18. Meeting expenses, including on-site temporary personnel.
19. Other services and materials authorized by the association.

National Livestock Producers Association

2021 Board of Directors

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