

**RESTATED BYLAWS
OF
CEREALS & GRAINS ASSOCIATION**

**ARTICLE I
OBJECTIVES AND ACTIVITIES**

The purpose of the Cereals & Grains Association, a Minnesota nonprofit corporation, and hereafter referred to as “the Association,” is set out in the Association’s Articles of Incorporation, as amended, as filed with the Minnesota Secretary of State. Any amendment to the Articles of Incorporation automatically changes the Article’s purpose clause, which is reproduced here in accord with these Bylaws’ adoption at the same time of the Articles’ Restatement:

This Association is organized exclusively for charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as now enacted or hereafter amended, including, for such purposes, the making of distributions to organizations that also qualify as Section 501(c)(3) exempt organizations. All funds, whether income or principal, and whether acquired by gift or contribution or otherwise, shall be devoted to said purposes.

**ARTICLE II
MEMBERSHIP**

Section 1. Classes of Membership. The Association shall consist of Individual and Corporate Members. A membership period shall be 12 consecutive months.

- A. **Individual Members.** Any individual working in or interested in the field of cereals and related products is eligible for membership. Membership is activated upon receipt of the applicant's dues.
- B. **Corporate Members.** Any Association, institution, business, or partnership desirous of lending support to the activities of the Association may become a Corporate Member upon application and payment of the appropriate dues. Each Corporate Member must designate only one representative of the Association, institution, business or partnership to receive publications and notices from the Association and otherwise participate actively in Association activities. An Alternate Corporate Representative may be designated to receive notices from the Association.

Section 2. Voting rights. Only Individual members shall have voting rights (each member having 1 (one) vote).

Section 3. Altering classes of members. No changes to voting members’ rights shall be affected without the approval of the voting members.

Section 4. Membership dues. The Board of Directors shall determine the dues for each category or subcategory of voting members, establishing dues on an annual basis at the mid-year Board of Directors meeting. The membership year for the members of this Association shall be one year from the date that the Association records the dues as being paid.

Section 5. Resignation. Any member may resign their membership at any time by giving written notice to the Board of Directors or to the Association's (i.e., the Association's) Secretary. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein which shall not be more than 30 (thirty) days from the date of receipt. Any member who resigns membership shall not be entitled to a refund of any dues or other payments made to this Association.

ARTICLE III BOARD OF DIRECTORS

Section 1. Appointment or election. The Board of Directors shall consist of a total of ten members who shall at all times during their service be an Individual Member of the Association. The Board seats shall be comprised as follows:

- Four (4) seats shall be held by the following corporate Officers: the President, President-Elect, Treasurer, and Immediate Past President (Chair of the Board), (and thus filled so long as an Office is not then vacant).
- Six (6) seats (the "Elected Directors") shall be held by:
 - Three (3) individuals who have been elected by the voting membership.
 - Three (3) individuals who have been nominated by the President-Elect and elected by the Board of Directors.

Section 2. Terms. The terms of Elected Directors shall be three (3) years. Each seat elected by the membership shall be counterbalanced with one elected by the Board of Directors to effect staggering of the Elected Directors' terms.

The Treasurer of the Association is appointed by the Board of Directors for a three-year term of office and may be reappointed by the Board for one additional three-year term. At the option of the Board of Directors, an incoming Treasurer may serve for one year as Treasurer-Elect without voting powers on the Board of Directors. This is to provide orientation and continuity in the position of Treasurer.

Section 3. Removal. An Elected Director may at any time be removed with or without cause by the Board of Directors, not including the Director who is the subject of the action.

Section 4. Vacancies. Any vacancy of an Elected Director shall be filled by vote of the remaining members of the Board of Directors, even were their number to be less than a quorum, to elect an Individual Member to serve out the remainder of that seat's term.

Section 5. Directors' Remuneration. The Elected Directors shall serve without compensation.

ARTICLE IV MEETINGS OF THE MEMBERS

Section 1. Annual Meeting. An Annual Meeting of the voting membership shall be held at any location, as designated in the notice thereof, at a date and time determined by the Board of Directors. The Annual Meeting shall provide the members the opportunity to: receive the Board's report, conduct any requisite business of the Association needing attention of the voting members, and to honor, as appropriate, those making outstanding contributions to the Association or in furtherance of its mission.

Section 2. Special meetings. Special meetings of the voting membership may be called at any time (a) by the Association's President, (b) by the Board of Directors, or (c) upon written request of ten percent, or fifty, of the voting members of this Association entitled to vote at the meeting (whichever number is less). The parties calling for a special meeting shall make written request to the President, who shall thereafter give notice of the meeting, setting forth the time, place and purpose thereof, to be held no later than ninety days after receipt of the request. If the President fails to give such notice within thirty days from the date on which the request is received by the President, the person or persons who requested the meeting may fix the time and place of the meeting and give notice thereof in the manner hereinafter provided. If a special meeting is demanded by the members, the meeting shall be held in the county where the registered office is located. The business transacted at a special meeting is limited to the purposes stated in the notice of the meeting.

Section 3. Action by the voting members without a meeting (i.e., action by written ballot). Any action that may be taken at a regular or special meeting of members may be taken by written ballot without a meeting so long the ballot is conducted in accord with the procedures set forth in Minnesota Statutes Section 317A.447, or its successor.

Section 4. Notice. Notice for all meetings shall be no less than 30 days. In all cases, notice is to be provided to each voting member who is entitled to vote on date set out in Section 5 to the last known address of the member OR may occur by telephone to a telephone number at which the member has consented to receive notice OR by electronic mail, when directed to an email address at which the member has consented to receive notice OR by any other form of electronic communication by which the member has consented to receive notice. Attendance by a member at a meeting or via ballot submission shall be deemed a waiver of notice by the member unless an objection is proffered by such individual to the transaction of business because the meeting is not lawfully called or convened.

Section 5. Members list for meeting or for written ballot. The President shall fix a date certain, as the date for determination of the members entitled to notice of the meeting (if the Board fails to set such a date, the date shall be the sixtieth day before the date of the meeting), such date being the "record date."

Section 6. Quorum for meeting or action without a meeting per written ballot. The presence (in person at a meeting or by timely submission of ballots for action to be effected

without a meeting) of 10% of the voting Members of the Association entitled to vote or fifty (50), whichever number is less, shall constitute a quorum. If a quorum is obtained but later lost at a meeting, the members still present may take no official action other than adjournment.

Section 7. Voting. With a quorum obtained, a majority of the total number of votes held by the membership present (in person or via submission of ballots for action to be effected without a meeting) and entitled to vote must be cast to transact any business unless a higher percentage is called for by these Bylaws or by the Association's Articles of Incorporation.

Section 8. Proxies not permitted. Members may not vote by proxy.

ARTICLE V MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular meetings. Regular meetings of the Board of Directors may be held at such time and place as shall from time to time be determined by resolution of the Board. Once the time and place of regular meetings have been so determined, no notice to Directors of such regular meetings need be given. A Regular meeting may be held at an alternative location, or at alternative times, if the notice of the meeting clearly provides so and so long as notice of any change in the place or time of holding any regular meeting, or of any adjournment of a regular meeting to reconvene at a different place, is given either personally, or by mail, telephone, or any mode of electronic communication consented to by the Director, not less than two days before the meeting, excluding the day of the meeting, to any Director who was not present at the time such action to change the regular meeting place or time was taken.

Section 2. Special Meetings. A meeting of the Board of Directors other than a Regular Meeting may be held at such time and place as are announced at a previous meeting of the Board of Directors. Meetings of the Board of Directors may also be called at any time (a) by the Chair or President, (b) by the Board of Directors, or (c) upon the written request of two or more members of the Board of Directors. Anyone entitled to call a meeting of the Board of Directors may make a written request to the Association's Chief Executive Officer/Vice-President to call the meeting. In the latter case, the Executive Officer shall give notice of the meeting, setting forth the time, place and purpose thereof, to be held between five and thirty days after receiving the request [notice shall be given personally, by mail (postage prepaid), telephone, or mode of electronic communication consented to by the Director (for example, e-mail or fax)]. If the Chief Executive Officer/Vice-President fails to call the requested meeting within seven days from the day on which the request was made, the person or persons who requested the meeting may fix the time and place of the meeting and give notice in the manner hereinafter provided.

Section 3. Notice. Notice of each meeting of the Board of Directors for which written notice is required shall be given personally, or by mail, telephone, or mode of electronic communication consented to by the Director, and except as otherwise noted herein, shall state the time, place and purpose thereof. Any Director may waive notice of a meeting of the Board before, at or after the meeting, orally, in writing or by attendance. Attendance by a Director at

a meeting is a waiver of notice of that meeting, unless the Director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting.

Section 4. Participation by Electronic Means of Communications. A meeting of the Board of Directors may be held by conference telephone or may be undertaken with some Directors physically present and some participating by phone or other means of remote communication authorized by the Board through which the Directors so participating, and all Directors who may be physically present at the meeting, may participate with each other during the meeting. Participating in a meeting by such means constitutes presence in person at the meeting.

Section 5. Quorum and Voting. A simple majority of the Directors then serving shall constitute a quorum for the conduct of business. The Directors present at any meeting, although less than a quorum, may continue discussion (but not take an action), and they may adjourn the meeting. At all meetings of the Board of Directors, each Director shall be entitled to cast one vote on any question coming before the meeting unless recused due to conflict of interest. A majority vote of the Directors who are considered present at the meeting shall be sufficient to transact any business unless a greater number of votes is required by law or these Bylaws (including the Association's then-operative Conflict of Interest Policy).

Section 6. No Proxy Voting; Requirement that an Action Can Be Dissented from Only by Those Who Cast a Vote. In accord with relevant state law, no Director may appoint a proxy to cast a vote for the Director at any meeting of the Board of Directors. A Director who is present at a meeting of the Board of Directors when an action is taken is shall be considered to have assented to the action unless the Director votes against the action or is prohibited from voting on the action due to recusal effected in accord with the Association's Conflict of Interest Policy.

Section 7. Action Without Meeting. Any action permitted to be taken at a meeting of the Directors may be taken by written action signed or consented to by 90% of the the-serving Directors who are eligible to vote on the action. For such action to be effective, upon signature of the last required Director, immediate notice of the action and effective date shall be made to all Directors.

Section 8. Certain Conflict of Interest Transactions Forbidden.

8.1 The Association shall not permit an "excess benefit transaction" as defined in Section 4958 of the Internal Revenue Code of 1986, or successor, ("the Code") to be undertaken, or upon learning one has been suffered, not seek correction by notice to the IRS, at any time that it is classified as exempt under Code sections 501(c)(3), or for 60 months after such status has been terminated.

- 8.2** The Association shall not enter into any contract or transaction with:
- one or more of its Directors or officers;
 - an organization in or of which a Director or an officer is a Director, officer or legal representative or has a material financial interest (other than an

organization tax-exempt under Internal Revenue Code section 501(c)(3) or its successor); or

- a family member of a Director or an officer *unless* the provisions of Article IX are complied with.

8.3 If a contract or transaction would have been permitted under Section 8.2 but for the failure of the Association to comply with Article IX, such failure shall not invalidate that contract or transaction, although it may still be voidable under the Minnesota Nonprofit Corporation Act.

ARTICLE VI OFFICERS

Section 1. Officers. This Association shall have four Officers serving both in their role as one of the following enumerated Officers and at the same time a member of the Board of Directors per Article III: President, President-Elect, Immediate Past President (Chair of the Board), and Treasurer. In addition, the Association shall also employ a Chief Executive Officer who is hired by, and serves at the pleasure of, the Board of Directors. No individual may hold more than one office.

Section 2. Election and Vacancy. All Officers but the Chief Executive Officer and Immediate Past President (Chair) shall be elected by the membership to such posts at each Annual Meeting of the Association's members. Terms of all Officers but the Chief Executive Officer shall begin at the adjournment of the Annual Meeting of the Association's members. Any vacancy occurring in the President, President-Elect, and Treasurer elected office shall be filled by the Board of Directors who shall elect from nominations provided by the Nominating Committee a successor to serve the unexpired term of said office.

Section 3. Immediate Past President (Chair of the Board). The office of Chair of the Board shall be held by the Association's most recent Past President upon that individual's agreement to so serve. Should a Past President not be available to serve or be later unable to continue as Chair, the President shall take on the duties of such office. The Chair's responsibilities shall include, but are not limited to:

- organizing the Board's meeting agendas and presiding at all meetings of the Board of Directors
- assisting the President and the President-Elect, as requested by such Officers, in carrying out their duties.

Section 4. President-Elect. The President-Elect shall:

- A. preside at the Annual Meeting of the Association's members in the absence of the President and assist him/her in the duties of his/her office.
- B. assist the President and the Chair of the Board in carrying out the duties of their offices.
- C. after being elected but prior to start of term, per Article III, nominate one Individual member (not a student) who, with approval of the Board of Directors via their act to

elect such member, shall serve for a term of three years as a member of the Board of Directors.

- D. appoint all vacant committee and panel positions necessary to conduct activities of the Association in accordance with these Bylaws. The President-Elect may delegate such appointments rights at his/her discretion. Appointments to the committees, chair positions, and panels shall be made at least 30 days before assuming the Presidency of the Association.

Section 5. President. The President shall:

- A. preside at the Annual Meeting of the Association's members. He/she shall have the power to call meetings of the Board of Directors and of the Association.
- B. appoint all ad hoc committees and task groups and define the duties, membership, and lifetime of the committee or group. The President may delegate such appointments at his/her discretion.
- C. at his/her discretion on matters concerning the conduct of business of the Association, poll the Board of Directors by appropriate means if it is expedient to do so, in lieu of assembling the Board of Directors in special session.

Section 6. Treasurer. The Treasurer shall cause accurate financial records of the Association to be kept and shall be responsible to ensure that accurate financial records of the Association are maintained, and assets of the Association safeguarded. He or she shall present a report of the Association's financial transactions and status to the Board of Directors at least annually and make such other reports to the Board of Directors and the Association's members as those parties shall direct or require. The Treasurer shall perform such other duties as may be assigned to him or her from time to time by the Board of Directors.

Section 7. Chief Executive Officer (CEO). The Board of Directors shall hire this individual to oversee and have general active management of the business of the Association; see that orders and resolutions of the board are carried into effect; may execute on behalf of the Association all contracts, deeds, conveyances or other instruments in writing which may be required or authorized by the Board of Directors for the proper and necessary transaction of the business of this Association; maintain records of and, when necessary, certify proceedings of the board; and perform other duties as may be assigned to him or her from time to time by the Board of Directors.

ARTICLE VII COMMITTEES/SECTIONS/DIVISIONS

Section 1. Authority. The Board of Directors may act by and through such committees as may be specified in resolutions adopted by a majority of the members of the Board of Directors. Each such committee shall have such duties and responsibilities as are granted to it from time to time by the Board of Directors and shall at all times be subject to the control and direction of the Board of Directors who shall select the Committee's Chair. Committee members need not be Directors but shall be Individual members of the Association or other natural persons meeting qualifications set by the Board of Directors.

Section 2. Meetings and Voting. Meetings of each committee may be held at such time and place as are announced at a previous meeting of the committee. Meetings of any committee may also be called at any time by the Committee's Chair or by the Association's Chair. Notice shall be given under policy set by the Committee's Chair. Appearance at a meeting is deemed to be a waiver of notice unless the committee member objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, and the committee member does not participate in the meeting. At all meetings of a committee of this Association each member thereof shall be entitled to cast one vote on any question coming before such meeting. The presence of a majority of the members of a committee shall constitute a quorum, but the members of a committee present at any such meeting, although less than a quorum, may adjourn the meeting from time to time. A majority vote of the members of a committee present at any meeting thereof, if there be a quorum, shall be sufficient for the transaction of the business of such committee. Any action that could be taken at a committee meeting may be taken by written action signed by all then-serving members of the committee.

Section 3. Local Sections and Divisions—Authorization. Members in a particular geographical area may petition the Board of Directors for recognition as a Local Section of the Association. Also, groups of Members with specialized technical interests within the purviews of the Association may petition the Board of Directors for formal recognition as a Division of the Association. Upon approval by the Board, the President shall notify the petitioner of its recognition and shall arrange for the transmittal of a suitably inscribed certificate as authorized and described in the Bylaws of the Association. The Board may also establish or terminate Local Sections and Divisions at its discretion.

Section. 4. Qualifications for Recognition of Local Section or Division. All Local Sections or Divisions shall be subject to the following qualifications:

- a. Officers of a Local Section or of a Division shall be members of the Association.
- b. All members of a Division shall be members of the Association and at least 50% of the membership of a Local Section must be composed of members of the Association.

ARTICLE VIII AMENDMENTS

Section 1. Amendments to Articles Requiring Action of the Members. Articles I-IV, VI and VIII of these Bylaws may only be amended when proposed to the eligible voting members of the Association by the Board of Directors with at least 60-day notice prior to either the Meeting at which they will be considered to the deadline for submission of ballots if being acted on without a meeting (i.e., by ballot). A two-thirds vote of the members thus voting shall be required to enact an amendment. A quorum of at least 10% or 50 (fifty) members, whichever is less, of the members registered as attending the meeting or those who have submitted ballots shall be necessary to adopt the amendment.

Section 2. Amendments to Articles by the Board. The Board of Directors may amend any provision of these Bylaws other than those noted in Section 1, preceding, by adopting a resolution setting forth the amendment by a vote of the majority of all Directors then-

seated. Proper notice of the proposed amendment or repeal must precede the Board meeting at which the amendment will be considered and must include the substance of the proposed amendment. The voting members retain the right to repeal any amendment so adopted, and any such repeal shall only be undertaken following the voting requirements.

ARTICLE IX CONFLICT OF INTEREST/INDEMNIFICATION

Section 1. Director and Officer Conflicts of Interest. This Association shall not enter into any contract or transaction with the parties noted in these Bylaws' Article V, Section 8.1 unless:

- a. the material facts as to the contract or transaction and the interest(s) of the Director(s) or Officer(s) have been prior to any action thereupon fully disclosed or known to the Board of Directors; and
- b. the Board of Directors authorizes or ratifies the contract or transaction in good faith by the affirmative vote of a majority of all-then serving Directors (not counting any vote that the interested Director might otherwise have, and not counting the interested Director in determining the presence of a quorum.)

Section 2. Conflict of Interest Policy. The Board of Directors shall have in place at all times a policy specifying procedures to be followed by the Association to approve any transactions where a conflict exists. Following adoption of this Restatement, the policy shall take into account, at a minimum, the following definitions:

2.1 "Immediate family" encompasses the following individuals: spouses, spouse-equivalents, parents, children, children's spouses or spouse-equivalent, siblings, and spouses or spouse-equivalents of siblings. "Spouse-equivalent" reaches those designated as the intended life partner of an individual or otherwise identified as being related to that individual through intended long-term ties of love, affection, responsibility, and commitment common to those undertaken in marriages recognized by the State, regardless of whether such relationship is defined by or otherwise recognized by any governmental authority.

2.2 As set out in the Minnesota Nonprofit Corporation Act, a "material financial interest" encompasses, but is not limited to, an individual's relationship to an organization with respect to which rights of the individual exist, whether or not yet vested, for payment of dividends, profit-sharing, compensation, reimbursement of expenses, repayment of obligations or other liabilities, from the organization, but for purposes of the prior section "material financial interest" does not include fixing the compensation of the Director or fixing the compensation of another Director as a Director, officer, employee, or agent of the Association, even though the first Director is also receiving compensation from the Association.

Section 3. Conflict of interest policy. The Association's Conflict of Interest Policy shall be annually reviewed by the Board of Directors. At a minimum, the policy shall require that all individuals who are subject to the policy must initially certify that they have read the policy

and agree to abide by it, and along with same, shall provide on at least an annual basis to the President of the Association a list of all organizations and individuals who comprise their “immediate family” or with whom they have a “material financial interest” as such terms are defined in Section 2 of this Article, except that in the case of immediate family, a threshold of “materiality” for what comprises a “material financial interest” shall be set by the Board.

Section 4. Insurance. This Association may, to the full extent permitted by applicable law from time to time in effect, purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee, or member of a committee of this Association against any liability asserted against such person and incurred by such person in any such capacity.

Section 5. Indemnification. To the full extent permitted by any applicable law, and subject to the procedural limitations noted in Sections 7 – 10, following via Attachment A, this Association shall indemnify each person made or threatened to be made a party to any threatened, pending or completed civil, criminal, administrative, arbitration, or investigative proceeding, including a proceeding by this Association, by reason of the former or present capacity of the person as:

- A Director, officer, employee or member of a committee of this Association, or
 - A Director, officer, partner, trustee, employee or agent of another organization or employee benefit plan, who while a Director, officer or employee of this Association, is or was serving the other Association at the request of this Association or whose duties as a Director, officer or employee of this Association involve or involved such service to the other Association
- against judgments, penalties, fines (including, without limitation, excise taxes assessed against the person with respect to an employee benefit plan), settlements, and reasonable attorneys' fees and disbursements, incurred by the person in connection with the proceeding, in line with the standards enumerated in Section 6, herein, presented in Attachment A.

Indemnification provided by this section shall continue as to a person who has ceased to be a Director, officer, employee or committee member, shall inure to the benefit of the heirs, executors and administrators of such person and shall apply regardless of whether the claim against such person arises out of matters occurring before the adoption of this section. Any indemnification realized other than under this section shall apply as a credit against any indemnification provided by this section.

Sections 6-10 of this Articles are set out in Attachment A, which is incorporated by reference.

-End-

Attachment A

RESTATED BYLAWS OF CEREALS & GRAINS ASSOCIATION

ARTICLE IX (continued)

Section 6. Standards. Indemnification is mandatory, if, with respect to the acts or omissions of the person complained of in the proceeding, the person:

6.1.1 the person has not been indemnified by another organization or employee benefit plan for the same liability described in the preceding paragraph with respect to the same acts or omissions;

6.1.2 the person acted in good faith;

6.1.3 the person received no improper personal benefit and section 317A.255 of *Minnesota Statutes*, as now enacted or hereinafter amended, regarding conflicts of interest, has been satisfied;

6.1.4 in the case of a criminal proceeding, the person did not have reasonable cause to believe the conduct was unlawful; and

6.1.5 in the case of acts or omissions occurring by a Director, officer, employee, or member of a committee of this Association acting in such official capacity, the person reasonably believed that the conduct was in the best interests of this Association, or in the case of acts or omissions occurring by a Director, officer, employee, or member of a committee of this Association who is or was serving another organization at the request of this Association, or whose duties as a Director, officer, employee, or member of a committee of this Association involve or involved such service to another organization, reasonably believed that the conduct was not opposed to the best interests of this Association.

Section 7. Indemnification: Eligibility, advances, and ancillary recovery. Any indemnification realized other than under this Article shall apply as a credit against the indemnification provided herein.

Section 8. Determination of eligibility for indemnification advances. Determination of eligibility for advances shall be made in accord with section 317A.521, subd. 6 of *Minnesota Statutes*, as now enacted or hereinafter amended, except that the Association shall not

advance costs (whether directly or via insurer's obligations to cover) in favor of indemnification in the case of an action brought by the Association against a person. In accord with the statute, when the foregoing exception does not apply, determinations as to whether a person is entitled to payment or reimbursement of expenses in advance of the final disposition of the relevant proceeding shall be made:

8.1 by the board by a majority of a quorum; Directors who are at the time parties to the proceeding are not counted for determining a majority or the presence of a quorum;

8.2 if a quorum under 8.1 cannot be obtained, by a majority of a committee of the board, consisting solely of two or more Directors not at the time parties to the proceeding, duly designated to act in the matter by a majority of the full board including Directors who are parties;

8.3 if a determination is not made under 8.1 or 8.2, by special legal counsel, selected either by a majority of the board or a committee by vote constituted under 8.1 or 8.2, respectively, or, if the requisite quorum of the full board cannot be obtained and the committee cannot be established, by a majority of the full board including Directors who are parties;

8.4 if a determination is not made under 8.1-8.3 preceding, and the Association has voting members, by the members with voting rights, other than members who are parties to the proceeding; or

8.5 if an adverse determination is made under 8.1-8.4 preceding, or 9 following, or if no determination is made within 60 days after the termination of a proceeding or after a request for an advance of expenses, by a court in this state, which may be the court in which the proceeding involving the person's liability took place, upon application of the person and notice the court requires.

Section 9. Indemnification of persons outside of the Association's management. With respect to a person who is not, and was not at the time of the acts or omissions complained of in the proceedings, a Director, officer, or person having, directly or indirectly, the power to direct or cause the direction of the management or policies of the Association, the determination whether indemnification of this person is required because the criteria in Section 6 of this Article has been satisfied and whether this person is entitled to payment overall, or to reimbursement of expenses in advance of the final disposition of a proceeding under section 317A.521, subd. 3 of *Minnesota Statutes*, may be made by an annually appointed committee of the board, having at least one member who is a Director (said committee shall report at least annually to the board concerning its actions).

Section 10. Limit on advances, requiring sourcing same from insurance. Advances of expenses incurred which are payable under this Article shall not be made prior to a final disposition of a proceeding unless same are paid from insurance policies held by the Association.