

LIVING FOREST COOPERATIVE**BYLAWS****AS ADOPTED BY THE BOARD OF DIRECTORS****JUNE 5, 2001**

I. Membership**A. Eligibility and Acceptance**

1. The initial membership shall consist of the incorporators of the Cooperative. To be eligible for subsequent consideration for membership, any natural or legal person, organization, association, trust, governmental unit, or other party must submit an application for membership and subscription for membership and other stock conforming to these bylaws and to Cooperative policy as established from time to time.
2. Each member of the Cooperative shall hold one share of Membership Stock and such additional shares of other classes of stock and such additional capital accounts as may be required by Cooperative policy as adopted annually by the Board of Directors.
3. Each member that is not an individual shall designate a person to act on the member's behalf in conducting the affairs of this Cooperative. In the event a member withdraws such designation from a person serving as an Officer or Director of the Cooperative, the office held by that person will be deemed vacant and the vacancy will be filled as provided in these Bylaws. In the event a member cannot agree on the identity of a designated representative, the right of that member to participate in the affairs of the Cooperative shall be suspended until a properly designated representative can be selected.
4. The Board of Directors shall receive all applications for membership together with appropriate stock subscriptions, and shall act on all applications, exercising its exclusive judgment in the interest of the Cooperative. No applicant shall be entitled to membership as a matter of right, and the decision of the Board of Directors shall not be subject to review.
5. Whenever any member shall have ceased to be eligible to hold said Membership Stock, or shall have intentionally or repeatedly violated any By-Law, or shall have violated the principles of sustainable forestry as defined by the Forest Stewardship Council and other standards as determined by the Board of Directors and announced at annual membership meetings, or shall have remained indebted to this Cooperative for more than one year after such indebtedness became payable, or otherwise shall have breached any contract between him and this association, or shall have willfully obstructed any purpose or proper activity of this Cooperative, then in any such event the Board of Directors may require such member to surrender all membership stock owned by him and shall refund to him the par value or the book value of such stock, whichever is lesser; and such refund may be made wither in cash or by issuing revolving capital credits at the principal amount thereof, as the Board of Directors may determine in each case; and such refund may be made to any such former member wither by delivering to him in person or by mailing to him at his address according to the records of this Cooperative either this Cooperative's check or written notice of its issuance of a revolving capital credit.

B. Stock Requirements of Membership

1. Each member shall hold one and only one share of Membership Stock carrying associated privileges for one vote.
2. Members may acquire additional stock and such additional equity interests in the Cooperative as may be created from time to time, but no member or stockholder shall have a preemptive right to acquire additional shares or equity interests.
3. The Board of Directors may determine stock requirements of membership.

4. A member may resign from membership by delivering a written notice of resignation together with the certificate of membership stock to the Secretary of the Cooperative. Upon receipt of such resignation, the Secretary shall inform the Board of Directors, which shall, in its discretion, either issue to the former member non-voting Capital Stock of equal par value or redeem the Membership Stock so surrendered.

C. Member Meetings and Delegates

1. The annual meeting of the Cooperative shall be held at the principal place of business of the Cooperative or at any other place conveniently located within the area served by it at such time as the Board of Directors shall determine, within 6 (six) months after the close of the fiscal year at the call of the President or Board.
2. Special member meetings may be called by the President, by the Board, or by a majority of the membership. Special meetings shall be held at the principal place of business of the Cooperative or at any other place conveniently located within the area served by it.
3. Notice of all meetings of the membership shall be given to all members, personally or by mail at their last known address, at least 7 (seven) days and not more than 30 (thirty) days prior to the date of the meeting.

D. Voting

1. The Board of Directors may provide for a mail ballot on specific questions including elections submitted for a vote of the membership. In addition, at any regular or special meeting legally called, a written and signed vote by an absent member may be submitted if such members have been previously notified in writing of the exact motion or resolution upon which the vote is taken. Members represented by ballot or signed vote shall be counted in computing a quorum but only on those questions as to which the ballot or signed vote is taken.

E. Quorum

1. A quorum at a member meeting shall be the minimum number of members required by law.

II. Board of Directors

- A. The Board of Directors shall consist of not less than 5 (five) nor more than 11 (eleven) members of the Cooperative, elected annually at the membership meeting, serving staggered terms of 3 (three) years, without limitation as to successive terms. During the first three years following incorporation, the Secretary shall arrange and supervise the allocation of initial partial terms among Directors at the time of their election to achieve appropriately staggered terms among all Directors. After such initial partial terms, all terms shall then be full 3 (three) year terms.
- B. A Director who fails to attend three regular meetings consecutively may be removed by the action of the majority of the other Directors.
- C. Any vacancy among Directors elected by the members may be filled by appointment by the Board. A Director so appointed shall act as Director and shall serve until the next annual meeting, at which the members shall elect a Director to complete the pertinent term.
- D. The Board of Directors shall establish a schedule of regular meetings that shall be at least quarterly, as such times and places as it shall determine. Distribution of a schedule of time and place of regular meetings to all Directors shall constitute sufficient notice to conduct any legal business of the Board at meetings held as scheduled.
- E. Special meetings of the Board may be called by an officer or any two Directors upon actual notice to all Directors at least 24 hours in advance of the meeting.
- F. A quorum of Directors shall be a majority of Directors in office.

III. Officers

- A. At the first meeting following the annual meeting of members, the Board of Directors shall elect a President and Vice President from among the Directors, and may, in their discretion, combine the office of Secretary and Treasurer. All such officers shall hold office for a term of one year, or until their successors have been elected and qualified. Such officers may be removed by the Board and successors elected at any Board meeting.
- B. The officers shall perform such duties as are ordinarily assigned to such officers in the normal course of business. The President and Secretary shall have authority to sign all documents within the scope of the implied or express authorization of the Board of Directors, the Cooperative Law, and the Articles of Incorporation and Bylaws of this Cooperative. The Secretary and Treasurer shall perform the usual duties of those offices. The Vice President shall act as President in the absence of disability of the President. A Chief Executive Officer or a Chief Operating Officer may, at the discretion of the Board, be elected as an officer of the Cooperative, and may serve as a Director if otherwise qualified.

IV. Stock and Allocation

- A. In addition to stock held by members as required by Cooperative policy, any member and any other person or party legally qualified to do so may hold any number of shares of Capital Stock, within the limits of authorized capital. Stockholders shall have such voting rights as are established by Chapter 185, Wisconsin State Statutes.

B. Stock

1. Promptly following acceptance of a subscription for the purchase of stock and receipt of appropriate funds, the Secretary shall issue a certificate or certificates representing shares of the corporation which shall be in such forms as shall be determined by the Board of Directors, shall be consecutively numbered or otherwise identified, and shall be signed by the President or Vice-President and by the Secretary. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof of all purposes, and the address provided by that owner shall stand as the address for all purposes until the owner notifies the Secretary in writing of any change.
2. Stock shall be without preemptive right and may be retired or redeemed in whole or in part as to any class by the Cooperative at any time as determined by the Board of Directors, upon paying to its holders the par value thereof plus any accrued and unpaid dividends thereon upon surrender of the certificates evidencing such shares, and the Board may select which particular share it will so retire or redeem, either by action taken from time to time or by policy.
3. Issuance and transfers of stock shall only be made with the approval of the Board of Directors and shall only be made upon the books of the Cooperative by the stockholder in person or pursuant to a power-of-attorney duly executed and acknowledged and filed with the Secretary and upon surrender of the certificate for such shares; and no transfer shall be made unless and until any and all indebtedness owing to the Cooperative by the stockholder has been paid in full. The Cooperative shall have a first lien and right to set-off against the capital stock and any other capital accounts of the Cooperative for any debt due it by the holders thereof.
4. Membership Stock shall be converted to non-voting Capital Stock upon termination of that membership, unless recalled in the discretion of the Board.

C. Distribution of Net Proceeds

1. This association shall be operated on a cooperative basis, and each item of gain or income that is patronage sourced income shall be distributed on the basis of patronage. Annual savings from patronage with or for patrons shall include all such income or gain from the sale of any assets that were used, at least in part, for this association's patronage businesses. Each transaction between the association and each patron shall be subject to and shall include as part of its terms, whether the same has been expressly referred to in said transaction or not, the provisions of this Article IV of the By-Laws of this association. This association shall apportion to each patron within eight and one-half

(8 1/2) months after the close of the fiscal year such patron's proportionate share of the Annual Net Earnings of the association as more particularly provided herein.

2. The Annual Net Earnings of the Cooperative shall be determined in accordance with generally accepted accounting principles.
3. There shall be set aside in a capital reserve an amount equal to between zero (0%) and thirty percent (30%) of the Annual Net Earnings of the Cooperative. Prior to the first day of the next fiscal year, the board of Directors shall determine the exact percentage for that next fiscal year, except that if the Board does not make a timely decision, the amount set aside in the capital reserve shall be five percent (5%). The reserve shall be composed of the following:
 - a. Annual Net Earnings derived from business done from sources other than patronage.
 - b. Annual Net Earnings from patronage attributable to patrons who do not consent to include patronage dividends from the Cooperative in gross income in the manner provided by the Internal Revenue Code.
 - c. Annual Net Earnings from patronage which result, as to any one patron, in a cash distribution of less than Five Dollars (\$5.00).
 - d. Annual Net Earnings from patronage attributable to patrons who are unidentified.
 - e. Such of the Annual Net Earnings from patronage as is necessary after (a) through (d) above so that the total amount set aside equals up to thirty percent (30%) of the Annual Net Earnings of the Cooperative.

In the event the sum of items (a) through (d) above exceeds the lesser of thirty percent (30%) or the amount determined by the Board of Directors, the total amount thereof shall nevertheless be set aside in the reserve. In any event, however, this Cooperative shall be operated as provided for in Section 1 of this Article IV.

4. The Annual Net Earnings of the Cooperative, after the deduction provided for in Section 3 above, shall be distributed annually to the patrons of the association who consent to include patronage dividends from the Cooperative in gross income in the manner provided by the Internal Revenue Code, on the basis of such patrons' respective patronage in accordance with these By-laws, and the patrons shall be notified thereof.
5. In making such distribution, due regard may be given to the source from which such proceeds accrue and separate allocations and distributions may be made for the various operations as separate division of the Cooperative. Patronage dividends shall be paid in cash or in certificates of indebtedness, revolving fund certificates, letters of advice, credits, or other property or by any combination thereof; provided, however, that payment shall be made, as nearly as practicable, in a manner which will qualify such patronage dividends for exclusion from the gross income of the Cooperative as provide by the Internal Revenue Code.
6. In the event of a loss in one or more departments or divisions of operation of this Cooperative, but not of such magnitude as to cause an overall loss for the fiscal year of the Cooperative, such loss or losses may be prorated against each of the remaining profitable departments or divisions on the basis of their respective percentage of the total net margin during such fiscal year.

If the Cooperative as a whole shall incur a net loss in any fiscal year, the Board of Directors, in its sole discretion, may (a) charge the net loss against any earned surplus or paid-in surplus which is unallocated or against any unallocated reserve other than valuation reserves, or (b) may recover the amount of such loss from prior or subsequent years' net margins or savings (allocated or to be allocated to patron's equity accounts); provided the Board shall not have the authority to make a cash assessment against members. This section shall not be construed or administered so as to deprive this Cooperative of the right to carry back or carry forward net operating losses to past or future years in accordance with the applicable provisions of the Internal Revenue Code or state taxing statutes.

Whether or not an overall loss occurs, if this Cooperative shall have a write-down in investments it holds in another cooperative (hereinafter called a “federated cooperative”) the Board shall have the discretion to apply the write-down to patrons’ stock or equities. The Board shall also have the authority to divide the write-down between unallocated or allocated reserves and patrons’ stock or equities. Any such allocations to allocated reserves or to patrons’ stock or equities shall be made on a pro rata basis; provided, that no write-down shall be made as to amounts placed in the allocated reserves or patrons’ stock or equities issued or earned in years in which the Cooperative has not transacted business with the federated cooperative.

7. When the Board of Directors, in its sole discretion, determines that the Cooperative has sufficient working capital, any and all capital stock, certificates of indebtedness, revolving fund certificates, letters of advice, credits or other evidence of patronage equity, may be called for payment at the lesser of the stated value (par value in the case of stock) or book value thereof. Such stock or patronage equities may be paid or redeemed in whole or in part at such time, in such manner and in such order as shall be determined by the Board of Directors. The Board of Directors, in its sole discretion, may distinguish natural members from unnatural members (corporations, partnerships, LLC’s, etc.) and, in doing so, favor natural members with respect to estate retirements and revolvments at specified ages.
8. Each member of this Cooperative as of the effective date of this bylaw who continues as a member after such date, and each person who shall after such date become a member shall, by such act alone, consent that the amount of any distribution with respect to patronage occurring in any fiscal year of the association and which are made in written notices of allocation (as defined in 26 USA 1388), and which are received by said member from the Cooperative, will be taken into account at their stated dollar amounts in the manner provided in 26 USA 1384 (a), less any amount which may be excluded 26 USA 1385 (b) in the taxable year in which such written notices of allocation are received by said member.
9. The Cooperative is authorized to issue an unlimited amount of patronage surplus as patronage refunds in the form of nonqualified written notices of allocation (as defined in 26 USA 1388 (d)). Nonqualified written notices of allocation (patronage surplus) will generally be retired only upon the distribution of assets on liquidation or dissolution of the Cooperative and shall be treated as unallocated surplus for all purposes other than distribution of assets on liquidation or dissolution. However, at the end of any fiscal year, the Board may, in its discretion, pay out these nonqualified written notices on an equitable basis so long as the Board is first satisfied the Cooperative has sufficient financial resources for such payment and that the Cooperative has, for that year, sufficiently retired qualified written notices of allocation. If and when nonqualified written notices are paid, they will be owned by the persons or organizations to which it was issued and by the transferees of such organizations or persons.

V. Administration and Rules

- A.** The Board may create from the Directors, membership of the Cooperative, and others, such temporary and standing committees as it may from time to time in its discretion decide. The powers of such committees shall be specifically stated by resolution of the Board, and in no case shall any such committee exceed the powers conferred by said resolution. The Board may appoint an executive committee consisting of three Directors which shall have the powers conferred upon executive committees by Section 185.33 of the Wisconsin Statutes, 1985, as that statute may be amended from time to time.
- B.** Compensation, if any, for Directors, shall be determined by the Board in its sole discretion.
- C.** All Directors and employees handling funds of the Cooperative may be covered by fidelity bond for the faithful performance of their duties, in such amounts as may be required by the Board.
- D.** Books of account of the Cooperative shall be reviewed and reported on at least once a year by accountants selected by the Board, and an annual report including such accounting information or appropriate summaries thereof shall be available to the membership.
- E.** Except as otherwise specifically provided by the Articles of Incorporation, these bylaws, or by resolution or rule duly adopted, meetings of the Cooperative and of any body of the Cooperative shall be governed by the most current edition of Robert’s Rule of Order as published by HarperCollins or its successor.

- F. The fiscal year of the Cooperative shall end on March 31st.
- G. The Cooperative shall have no seal.
- H. Notwithstanding any other provision of these By-Laws, any patron or former patron who fails to claim any cash retirement of equity credits or other payment from the cooperative three years after the funds are first made available to the owners and no later than five years later, the Board of Directors may declare the funds forfeited provided:

1. The cooperative gives notice that states that the funds shall be forfeited if not claimed by a specific date. The date specified must be a business day at least sixty (60) days after the date of mailing the notice.
2. The notice is mailed to the last know address of each owner and must be published as a Class I notice under Chapter 985 on or before the date of mailing in a newspaper published and circulated in the service area of the cooperative.

Failure to claim any such payment within the meaning of this section shall include the failure of such patron or former patron to cash any check mailed to him by the cooperative at the last address furnished by him to the cooperative; failure to leave with the cooperative an accurate, current mailing address to which mail can be delivered to such patron or former patron; or failure to correspond with the cooperative concerning such payment after notice of the availability thereof has been mailed to such patron or former patron at the last address furnished to the cooperative.

The Board of Directors will have up to one year after the forfeiture to dedicate the funds to an educational or charitable purpose. Educational purposes are limited to providing scholarships or loans to students. It does not include political purposes.

If subsequent to a forfeiture, the owner of the funds makes a claim, the funds must be refunded to him. The Board of Directors may establish a reserve to pay claims made to the Board after forfeiture.

- I. This cooperative shall indemnify each director, officer, or manager or employee of this cooperative, and any person who is serving at the request of this cooperative as a director, officer, manager, or employee of another corporation, partnership, joint venture, trust, or other enterprise, against expenses actually and reasonably incurred, including attorneys' fees, judgments, fines, and amounts paid in settlement, to the extent to which directors, officers, managers or employees of a cooperative association may be indemnified under the laws of the State of Wisconsin.
- J. This cooperative shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, Advisory Board member, officer, manager, employee or agent of this cooperation, or is or was serving at the request of this cooperative as a director, officer, manager, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted and incurred in any capacity.

VI. Enactment, Amendment, and Repeal of Bylaws and Articles

- A. These Bylaws may be amended at any meeting of the Board the notice of which included the subject matter of the amendment. Amendment, which shall be effective immediately, shall require the approving vote of a majority of the board. Notice shall be given to the membership at the annual meeting of amendments to the Bylaws.
- B. These Bylaws may also be amended at any annual meeting or special member meeting notice of which included the subject matter of the amendment by a majority of the membership.