

Article I. ORGANIZATION

Section 1.01 Organization

Sevananda Cooperative (the “**Cooperative**”) has been organized as a cooperative corporation under the laws of the State of Wisconsin.

Section 1.02 Ownership and Purpose.

The Cooperative shall be owned by its Member-Owners and shall operate on the cooperative model for their mutual benefit. The purposes of the Cooperative shall be as set forth in the Articles of Incorporation. In addition, the Cooperative shall have the following purposes:

- (a) To maintain a cooperatively owned grocery store which promotes wholistic health and wellness, including by providing natural health education to patrons, and by providing natural food to patrons; and
- (b) To educate current and prospective member-owners in the principles and practices of cooperative enterprises.

Section 1.03 Nondiscrimination

The Cooperative shall be open to all without regard to any characteristic that does not directly pertain to a person’s eligibility, including but not limited to: race, color, place of birth, religion, age, sex, gender identity, sexual orientation, disability, marital status, socioeconomic status, or political affiliation, or any other category protected by local, state, or federal law.

Article II. MEMBERSHIP

Section 2.01 Eligibility.

Membership in the Cooperative shall be open to any individual or legal entity who agrees with its purposes and is willing to accept the responsibilities of membership. The Cooperative shall have one class of members (“**Member-Owners**”, or individually “**Member-Owner**”).

Section 2.02 Admission.

Admission is open to any person or legal entity who:

- (a) submits a membership application;
- (b) is at least 18 years of age; and
- (c) purchases Class A Stock of the Cooperative, in an amount and over such period of time as determined by the Board of Directors.
- (d) A legal entity applying for membership must name a single individual as an “Authorized Representative” to vote on its behalf. The “Authorized Representative” for the legal entity may not concurrently maintain a second membership.

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Section 2.03 Membership Defined ***NEW SECTION***

The following definitions apply to the entirety of the Bylaws.

- (a) **Active Member-Owner:** a Member-Owner who (1) is current in equity investments due to the Cooperative; (2) has patronized the Cooperative in the twelve (12) months prior to any opportunity to vote or meeting of Member-Owners; and (3) keeps the Cooperative informed of any changes in the name or current address.
- (b) **Inactive Member-Owner:** a Member-Owner who (1) is not current in equity investments required for membership in the Cooperative; or (2) has not patronized the Cooperative in the twelve (12) months prior to any opportunity to vote or meeting of Member-Owners; or (3) has not kept the Cooperative informed of any changes in the name or current address.
- (c) **Vested Member-Owner:** A Member-Owner that has paid all equity investments required to obtain full membership. A vested Member-Owner is still responsible for remaining active in the Cooperative or they will become an inactive Member-Owner.

Unless otherwise specified, when referring to Member-Owners, these Bylaws refer to Active Member-Owners.

Section 2.04 Member-Owner Register.

The Cooperative shall maintain a membership register at its principal office or with a duly authorized agent of the Cooperative setting forth the name, address, and membership interest of each Member-Owner. The register shall be modified from time to time to reflect the admission of new Member-Owners and the resignation or termination of Member-Owners.

Section 2.05 Rights.

- (a) Member-Owners have the right to:
 - (i) elect the Board,
 - (ii) to attend meetings of the Board (other than executive sessions),
 - (iii) to receive notice of and attend membership meetings,
 - (iv) to petition as described in these bylaws,
 - (v) to approve amendments to these bylaws in accordance with Art. V, §5.01, and
 - (vi) to vote on such other matters as specified in the Cooperative's Articles of Incorporation, these bylaws, or by state law.
- (b) Each Member-Owner shall have one vote and no more on all matters submitted to a vote of Member-Owner.
- (c) Notwithstanding anything else contained within these Bylaws, the rights of Member-Owners shall apply only to Active Member-Owners.

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All rights and responsibilities of Member-Owners are subject to applicable state law, the Cooperative's Articles of Incorporation and these Bylaws (as they may be amended from time to time), and the policies and decisions of the Cooperative or the Board in effect from time to time, as adopted in accordance with these bylaws.

Section 2.06 Responsibilities.

Member-Owner shall:

- (a) Maintain Active Member-Owner status;
- (b) keep current in equity investments due to the Cooperative;
- (c) keep the Cooperative informed of any changes in name or current address;
- (d) abide by the Cooperative's Articles of Incorporation, these Bylaws and the policies and decisions of the Cooperative or the Board as such may be in effect from time to time in accordance with these Bylaws; and
- (e) patronize the Cooperative; in order to be eligible to vote on any matter before the membership, a member-owner must have patronized the Cooperative in the twelve (12) months prior to such vote.

A Member-Owner who upholds these responsibilities is considered an Active Member-Owner. References herein to the rights and entitlements of Member-Owners shall be understood to refer only to Active Member-Owners.

Section 2.07 Termination

Membership in the Cooperative may be terminated:

- (a) Voluntarily: by written notice from the Member-Owner; or
- (b) Involuntarily: by a vote of the Board consistent with Art. III §3.05 for cause after the member-owner is provided fair notice of the reasons for proposed termination and has an opportunity to respond either in person or in writing. Cause may include:
 - (i) intentional or repeated violation of any provision of the Cooperative's Articles of Incorporation, the Bylaws or the policies and decisions of the Cooperative or the Board adopted in accordance with these Bylaws,
 - (ii) actions that impede or will impede the Cooperative from accomplishing its purposes,
 - (iii) actions or threats that adversely affect the interests of the Cooperative or its Member-Owners,
 - (iv) willful obstruction of any lawful purpose or activity of the Cooperative, or
 - (v) breach of any contract with the Cooperative.

Involuntary termination may be appealed at a special meeting as defined in Art. IV, §4.02, upon written petition of the Member-Owner supported by 20% of the active member-owners and shall be subject to reversal only by a vote of the membership at said meeting.

- (c) Upon Death: membership is terminated upon the death of a member-owner.

Section 2.08 Disposition of Equity

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- (a) Equity may be returned upon termination of membership in the Cooperative, under terms determined by the Board, provided that the Board has determined that the equity is no longer needed by the Cooperative.
- (b) If a Member-Owner voluntarily or involuntarily terminates membership in the Cooperative, and fails to inform the Cooperative of their mailing address, then the equity and patronage dividend amount allocated to that Member-Owner may be retained by the Cooperative to the extent authorized by state law and at the discretion of the Board.

Section 2.09 Non-Transferability

Membership may not be transferred in any manner.

Article III. OFFICERS AND BOARD OF DIRECTORS

Section 3.01 Eligibility.

- (a) Any active member-owner who is not a current employee of the Cooperative shall be eligible to be elected as a director. Any director who subsequently becomes an employee of the Cooperative shall be required to immediately resign from the Board.
- (b) Applicants for director (each, an "Applicant") shall meet the qualifications set forth in this subsection 3.01 in order to be appointed or elected to the Board of Directors. ***NEW SECTION***
 - (i) An Applicant shall have been a Member-Owner for at least one full calendar year immediately prior to his or her nomination or application for a board of director position.
 - (ii) An Applicant shall be at least eighteen years of age.
 - (iii) An Applicant shall not have any overriding conflict of interest with the Cooperative.
 - (iv) An Applicant shall be committed to the best interests of the Cooperative and to following the Cooperative's Bylaws and policies.
 - (v) An Applicant shall commit to the time requirement necessary to complete the work of the Board.
 - (vi) An applicant shall meet any other reasonable eligibility requirements as may be set by the Board from time to time.

Section 3.02 Powers and Duties.

- (a) There shall be nine (9) directors to constitute a full Board.
- (b) Directors shall serve three-year terms.
- (c) Directors shall be elected in staggered terms, with three directors elected per year.
- (d) Except for matters for which member-owner voting is required, the Board shall have full power to govern the Cooperative, including, but not limited to:
 - (i) hiring the General Manager and evaluating the general manager's performance;
 - (ii) establishing compensation, if any, for the Board;
 - (iii) reviewing and approving material transactions including but not limited to the undertaking of any loans, asset purchases, or sales;
 - (iv) assuring that the mission of the Cooperative is articulated and carried out; and

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- (v) adopting policies of the Cooperative and making decisions for the Cooperative in accordance with these bylaws.

Section 3.03 Meetings.

The Board shall meet a minimum of eight times per year.

- (a) Meetings of the Board are open to member-owners and shall be held at a regular, established time and an agenda will be made publicly available at least two days prior to the meeting, except in the case of an executive session. Executive session meetings are closed meetings of the Board.
- (b) If an executive session follows a regular meeting of the Board, any person, other than directors, will be asked to leave at the time of the executive session, unless deemed necessary by the Board. Any binding decision made during an executive session must be made public, with the exception of decisions the disclosure of which would adversely impact the Cooperative's position in the marketplace; and/or decisions that may, by law or contract, be considered confidential.

Section 3.04 Quorum for Meetings of the Board *new section*

- (a) A majority of the full Board, as defined in §3.02, must be present to constitute a quorum. Only Directors who are present are eligible to vote on matters before the Board, unless a Director who is unable to attend has cast his or her vote, in writing, in advance.
- (b) The Board may permit any or all directors to participate in a regular or special meeting or in a committee meeting, including an executive committee meeting, of the Board by, or to conduct the meeting through the use of, any means of communication by which all participating directors may simultaneously hear each other during the meeting and/or all communication during the meeting is immediately transmitted to each participating director, and each participating director is able to immediately send messages to all other participating directors.
- (c) If a meeting will be conducted through the use of any such means, all participating directors shall be informed that a meeting is taking place at which official business may be transacted and a director participating in a meeting by such means is deemed to be present in person at the meeting. If requested by a director, minutes of the meeting shall be prepared and distributed to each director.

Section 3.05 Consensus

- (a) The Board shall arrive at decisions using consensus decision making.
- (b) Where a vote fails to reach consensus and after discussion by the Board in an effort to achieve consensus, the vote may be resubmitted at a future meeting of the full Board. At a meeting to vote on non-consensus items, the Board may vote either in person, by email to the full Board, or by video or audio conference. Where there has been no consensus on the initial vote, a subsequent vote may only pass with three quarters (3/4) of the full Board.

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- (c) Voting that is conducted through verified email communications shall reach consensus to pass. A vote that fails to reach consensus through email communications shall follow the procedure set forth in subsection (b) of this section.

Section 3.06 Vacancies

- (a) The resignation of a director shall take effect at the time the notice is received by the Board or at such time as is specified in the notice of resignation. The acceptance of the resignation shall not be necessary to make it effective.
- (b) Upon resignation or incapacitation of any director, the Board shall, at a Board meeting, elect a Member-Owner to fill the vacant position. An appointment under this subsection shall be by majority vote, regardless of whether there is a fully seated Board. The appointed Member-Owner shall serve in the vacancy until the next regular election, at which time the Member-Owner shall vote for a director to serve for the remainder of the term.

Section 3.07 Removal

A director or officer may be removed from office by a vote of the Member-Owners or the Board in the following circumstances set forth in subsection (a) and (b):

- (a) When a Director's conduct is against the best interest of the Cooperative and such conduct is so continuing and pervasive that such Director is unable to effectively fulfill their responsibilities, a Director or officer may be removed by a majority decision of the remaining Directors for:
 - (i) conduct contrary to the Cooperative,
 - (ii) failure to follow Board policies, or
 - (iii) a conflict of interest.
- (b) The Member-Owners may remove a director from office by a majority vote of the Member-Owners. A director may be removed by decision of two-thirds (2/3) of the remaining Directors for conduct contrary to the Cooperative or failure to follow Board policies.
- (c) Any vacancy existing in the board, including any vacancy created by an increase in the number of directors, may be filled by appointment, with a majority vote of the remaining directors, until the next regular election wherein the Member-Owners may elect the appointed for the remainder of the term.

Section 3.08 Officers

The offices of President, Vice President, Secretary and Treasurer shall be elected by the Board. The Board will designate officers according to the requirements of state law and as necessary for the effective conduct of Board business. Pursuant to state law the secretary and the treasurer need not be on the Board or a Member-Owner. If the President is absent, disqualified from acting, unable to act or refuses to act, the Vice President shall have the powers of, and shall perform the duties of, the President.

Section 3.09 Committees

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The Board may establish such committees from time to time as it deems advisable, having such authority as provided by the Board. Committees are subject to the direction and control of the Board.

Section 3.10 Compensation

- (a) Compensation of the Board shall be determined by resolution of the Board. A report shall be made at the annual membership meeting regarding the amount of compensation paid to Directors in the current year and the amount proposed to be paid for the upcoming year. The value of such compensation shall be commensurate with comparable cooperatives.
- (b) Officers and directors shall also be entitled to reimbursement for actual expenses incurred in attending Board meetings or other business of the Cooperative. Such expense claims shall be approved by a majority of the Board.

Section 3.11 Indemnification

The Cooperative shall indemnify and reimburse each present, past and future Director and officer for any claim or liability (including expenses and attorneys' fees actually and reasonably incurred in connection therewith) to which such person may become subject to by reason of being a Director or officer.

Article IV. MEMBER-OWNER MEETINGS, DECISIONS, AND VOTING

Section 4.01 Annual Meeting

The annual membership meeting shall be held each year at a time and place to be determined by the Board, which shall establish the agenda for the meeting. The purpose of such meetings shall be to hear reports on operations and finances, review issues that vitally affect the Cooperative, and to transact such other business as may properly come before the meeting.

Section 4.02 Special Meeting

Special meetings of the membership may be called by the Board, either by decision of the Board or in response to a written petition of 20% of the active Member-Owners. Notice of special meetings shall be issued to Member-Owners in compliance with §4.03. In the case of a petition, notice of the special meeting will be issued after a presentation of the petition to the Board.

Section 4.03 Notice of Meeting

Notice of the date, time, place and purpose of each meeting of the membership shall be posted in a conspicuous place at the Cooperative and communicated to Member-Owners not more than 30 days and no less than 14 days prior to the date of the meeting.

Section 4.04 Decisions of Members

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All votes by Member-Owners, [including but not limited to the election or removal of directors] shall be made through mail, in person, or by electronic voting in which all Member-Owners have the opportunity to participate.

Section 4.05 Quorum for Meetings of Members

A quorum of 50 Member-Owners shall be required to be present in-person for any meeting at which a vote of Member-Owners is to take place. No proxy votes, votes by mail, or electronic voting are permitted.

Section 4.06 Votes for Election of Directors

A minimum of 50 Member-Owners' votes shall be required to elect any person to the Board. No proxy votes are permitted. For the purpose of electing directors to the Board only, voting by mail and electronic voting is permitted if conducted in accordance with Section 4.8 of these Bylaws.

Section 4.07 Electronic Voting

Electronic voting is permitted for the election of directors, provided that:

- (a) the Cooperative ensures that the administrating vendor can authenticate the identity of the Cooperative Member-Owner who is casting a vote, and
- (b) a vote cast by electronic means has the same effect as a vote cast in person.

Section 4.08 Mail-in Voting

Mail-in voting is permitted for the election of directors, provided that:

- (a) Mail-in ballots must be picked up in person, to verify the identity of the Member-Owners.
- (b) Ballots are mailed directly by the Member-Owner to a designated professional 3rd party organization that can verify the authenticity of the ballot received.

Article V. AMENDMENTS TO THE ARTICLES AND BY-LAWS

Section 5.01 Amendment

These Bylaws may be adopted, amended or repealed by a two-thirds (2/3) majority vote of the Member-Owners.

These bylaws can also be amended by the Board, but any amendment adopted by the Board shall be reported to the next annual meeting of Member-Owners and is subject to amendment or repeal by a majority vote of the Member-Owners.

Section 5.02 Notice of Amendment

Proposed amendments must be published to the Member-Owners and posted in the Cooperative at least 30 days in advance of a Member-Owner meeting or for the minimum 30-day duration of an in-store ballot/mail-in and/or electronic vote. Such notice must include the exact language of the proposed change and a brief justification for the proposed change.

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Section 5.03 Currentness

The Board is charged with the duty to review the applicable state laws or confer with legal counsel for any questions on currentness of a subsection within the bylaws.

Article VI. FINANCES

Section 6.01 Financial Presentation

The budget for the coming fiscal year will be constructed by management and presented to the Board for review.

The Board shall monitor and plan for the Cooperative's financial operation, present this information at the Board and General Membership Meetings and make recommendations regarding any action to be taken.

Section 6.02 Fiscal Year

The fiscal year of the cooperative shall be from January 1 to December 31.

Section 6.03 Distribution

Distribution of profits from the Cooperative shall be made in accordance with all applicable state and federal laws and be decided upon by the Board. The Board shall have the power to have an audit made at any time it may see fit by a competent and disinterested auditor or accountant.

Article VII. CAPITAL STOCK

Section 7.01 Generally *Language TBD in Separate Vote*

~~For a membership investment, the cooperative shall issue Class A stock having a par value of one hundred and twenty dollars (\$120.00) per share. A Full Share will consist of six (6) shares of Class A stock. Members may own additional Class A shares beyond the required membership investment, but shall gain no additional rights, as defined in Art. II, §2.05 thereby. Class A stock shall be entitled to no dividend or other monetary return on investment.~~

~~Members owning a membership investment of Class A stock may optionally purchase Class B stock, which shall have a par value of one hundred dollars (\$100.00) per share. A member may own multiple shares of Class B stock, but the total number may be restricted by the Board of Directors. Dividends may be paid on Class B stock at the discretion of the Board of Directors, but, if declared, shall not exceed eight percent per annum and shall not be cumulative.~~

Section 7.02 Ownership

Capital stock of the Cooperative may be issued only to and may be held only by people who are eligible for and admitted to membership status.

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Section 7.03 Payment

The method of payment for capital stock shall be determined by the Board, and may include a reasonable processing fee. Stock shall be issued only upon receipt of its par value in cash or property, the value of which shall be determined by the Board.

Section 7.04 Non-Assessment

Capital stock shall be non-assessable, shall not be transferable or assignable to any person other than the Cooperative, and may not be pledged or hypothecated. The Cooperative shall have a first lien on capital stock for amounts otherwise due and payable to the cooperative by the Member. Only the Cooperative may offset such amounts against accumulated payments for stock.

Certificates ***SECTION REMOVED***

Section 7.05 Redemption

Capital stock shall be redeemed:

- (a) upon request of a Member; provided that Class A stock shall only be redeemed following voluntary termination of membership in accordance with these Bylaws or under other compelling circumstances as approved by the Board;
- (b) upon filing of a bankruptcy petition by or against a Member, to the extent of amounts due and payable to the Cooperative; or,
- (c) upon recall by the Board. Capital stock shall be redeemed at par value, in such amounts and at such times as is determined by the Board and may be reduced by a reasonable processing fee.
- (d) No redemption shall be made when, in the opinion of the Board, such payment would impair the solvency of the Cooperative.

Article VIII. PATRONAGE DIVIDENDS

Section 8.01 Distribution of Member-Owner Income

The Cooperative may allocate and distribute patronage refunds of its net Member-Owner income to its Member-Owners in the manner set forth in this article. In determining amounts distributable to Member-Owners:

- (a) The operating income of the Cooperative derived from the excess or deficit of revenues over costs and operating expenses shall first be determined in accordance with generally accepted accounting principles.
- (b) Such operating income shall then be reduced by amounts not attributable to business done with Member-Owners and by other adjustments as required under federal tax laws pertaining to cooperatives.

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- (c) The resulting member income may be further reduced by amounts to be used as an educational fund in teaching or promoting cooperative organization or principles provided that such amounts, with the above reductions, shall not exceed five (5) percent of operating income.
- (d) Member-Owner income may also be reduced for the establishment or replenishment of reasonable reserves for unforeseen purposes.

Section 8.02 Net Member-Owner Income

Net Member-Owner income, as so determined, shall be allocated to Member-Owners in proportion which their patronage as Member-Owners bears to the total of all member patronage during the fiscal year. Patronage shall refer to goods and services purchased through the Cooperative and shall be measured in dollars. Any allocations of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board, be omitted from the patronage dividend allocation.

Section 8.03 Patronage Refunds

Patronage refunds shall be evidenced by written notices of allocation delivered to recipient Member-Owners within eight (8) months and fifteen (15) days following the close of the fiscal year of the Cooperative.

- (a) Written notices shall state the dollar amount of the allocation and the portion which constitutes a patronage dividend, within the meaning of federal tax laws.
- (b) Such written notices for each fiscal year may, as determined by the Board, be made qualified or non-qualified, within the meaning of federal tax laws.
- (c) If qualified, the notice shall be accompanied by payment in an amount determined by the Board, but such payment shall be not less than twenty (20) percent of the patronage dividend. The remainder shall be retained in the names of the recipient Member-Owners and used for purposes of the corporation.
- (d) For Member-Owners whose capital stock investment is less than the current requirements for membership, portions of their disbursed patronage dividend may be applied towards their capital stock investment, in amounts determined by the Board. Amounts so credited shall be understood to have the same status as though they had been paid by Member-Owners in cash who had then furnished corresponding amounts of capital to the Cooperative.
- (e) By obtaining or retaining membership in the cooperative, each Member-Owner shall thereby consent to take into account, as required by Section 1385 of the Internal Revenue Code, the stated dollar amount of any qualified written notice of allocation in the taxable year in which such notice is received.

Section 8.04 Capital Accounts

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Patronage refunds not currently distributed shall be credited or charged to revolving capital accounts in the names of the recipient Member-Owners. Amounts so credited shall be understood to have the same status as though they had been paid by Member-Owners in cash who had then furnished corresponding amounts of capital to the cooperative. Retained patronage refunds shall accrue no dividend or interest and shall only be transferable or assignable to the cooperative.

Section 8.05 Non-assessment of Patronage

The Cooperative shall have a first lien on retained patronage refunds for amounts otherwise due and payable by the Member. Only the Cooperative may offset such amounts against retained patronage refunds to the extent they may exceed accumulated payments for stock.

Section 8.06 Redemption of Retained Patronage

Retained patronage refunds may be redeemed:

- (a) upon request of a Member, following voluntary termination of membership in accordance with these Bylaws or under other compelling circumstances approved by the Board;
- (b) upon filing of a bankruptcy petition by or against a Member, to the extent of amounts due and payable to the Cooperative which exceed amounts contributed by the member with respect to stock;
- (c) when they are no longer needed for capital purposes of the Cooperative, as determined by the Board. Retained patronage refunds will be redeemed in such amounts and at such times as is determined by the Board. No redemption shall be made when, in the opinion of the Board, such payment would impair the solvency of the cooperative.

Section 8.07 Net Losses

In the event the Cooperative shall incur a net loss in any fiscal year, such loss may be:

- (a) charged against retained earnings or other unallocated Member-Owner equity;
- (b) carried forward to offset net Member-Owner income of subsequent fiscal years; or,
- (c) charged against Member's invested capital.

Section 8.08 Allocation of Loss

Any net loss charged to Member-Owners shall be allocated in the same manner as for net Member-Owner income, except that such allocation as to each member shall not exceed the Member's invested capital. Such loss shall be charged:

- (a) first against retained patronage refunds of prior fiscal years;
- (b) then against patronage refund allocations of subsequent fiscal years; and
- (c) then against amounts contributed by the Member-Owner with respect to stock, but only upon termination of membership. Allocated net losses shall not otherwise be assessed to or collected from Member-Owners.

Article IX. UNCLAIMED FUNDS

Section 9.01 Procedure for Forfeiture of Funds

Any unclaimed amounts of investment capital entitled to redemption, including common stock and patronage refunds, may be forfeited to the cooperative, if all of the following conditions are met:

- (a) No earlier than three (3) years and no later than five (5) years after the funds are first made available to their Member-Owners, the Board declares the funds forfeited to the cooperative unless claimed by the date specified in paragraph (b).
- (b) After the declaration under paragraph (a), the cooperative gives notice that states that the funds shall be forfeited if not claimed by a specified date.
- (c) The date specified in the notice under paragraph (b) is a business day at least sixty (60) days after the date of mailing of the notice.
- (d) The notice under paragraph (b) is mailed to the last-known address of each member and is published as a class 1 notice under Chapter 985 of the Wisconsin Statutes on or before the date of mailing in a newspaper published in the municipality containing the service area of the cooperative.

Section 9.02 Use of Funds

Any funds remaining unclaimed after the date specified in paragraph (b) must be dedicated to educational purposes, limited to providing scholarships or loans to students, or to charitable purposes, as the Board determines, within one year after the date the funds are declared forfeited under paragraph (a).

Section 9.03 Reclamation

Subsequent to a forfeiture, the Member-Owner who owned the forfeited funds may submit a claim to the Board. If the Board determines that the person owned the funds at the time of the forfeiture, it shall refund the funds to the person.