

AMERICAN LUMBER STANDARD COMMITTEE, INCORPORATED®

BYLAWS

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Section 1 - Purpose. The purpose of these Bylaws shall be to govern the work of the American Lumber Standard Committee, Incorporated® (hereinafter "Committee" or "Corporation") in accordance with Voluntary Product Standard 20 (VPS 20), its Articles of Incorporation, the governing statutes of Maryland and the Internal Revenue Code.

Section 2 - Construction. These Bylaws shall be liberally construed, consistent with VPS 20, to the end that the Committee exercises its functions efficiently in the public interest.

Section 3 - Committee Composition. The membership of the Committee shall be the same as set forth in Section 9.3 of VPS 20.

Section 4 - Directors. The members and alternate members of the Committee shall be the directors and alternate directors of the Corporation.

Section 5 - Officers. The Committee annually shall elect a Chairman, Vice-Chairman, President, Secretary and Treasurer, each of whom shall serve until his or her successor is elected. The Chairman, Vice Chairman and Treasurer shall be elected from among the Members and Alternate Members of the Committee. Members of the Committee representing federal departments and federal agencies shall not be officers of the Committee and no more than one inspection agency employee shall serve as an officer at one time. All officers shall serve as ex-officio members of all subcommittees, task groups, and other bodies of the Committee. These memberships shall be nonvoting except in the case of the Executive Committee.

Section 6 – President's Duties. The President shall serve as chief executive officer of the Committee with responsibility for implementing policies established by the Board of Directors, for the employment and supervision of the personnel, for managing the operations of the Committee, for administering the Committee's budget, for signing all authorized contracts on behalf of the Committee, and for other duties normally incident to the office of President as the Board of Directors shall determine. The President of the Committee will also serve as the Secretary as provided in Section 9.4 of VPS 20.

Section 7 – Chairman's Duties. The Chairman shall preside at all meetings of the Committee and perform such other functions as specified in VPS 20 and in these Bylaws.

Section 8 – Vice Chairman's Duties. The Vice Chairman shall perform the duties of the Chairman in the absence or incapacitation of the Chairman.

Section 9 - Secretary's Duties. Subject to the policies prescribed by the Committee, the Secretary shall be responsible for all minutes and corporate records of the Association, and shall undertake other duties normally incident to the office of Secretary as the Board of Directors shall determine.

Section 10 - Treasurer's Duties. The Treasurer shall be the financial officer of the Committee.

With the assistance of the Secretary and concurrence of the Chairman, the Treasurer annually shall submit to the Committee for its approval an assessment schedule for financing the Committee and a budget.

The Treasurer shall be responsible for the receipt, custody and disbursement of all funds of the Committee and annually shall account to the Committee with an audit report prepared in accordance with generally accepted accounting principles and certified by a Certified Public Accountant.

Section 11 – Executive Committee. There shall be an Executive Committee of the Board, consisting of the Chairman, President, Vice Chairman, Treasurer, and not less than (5) nor more than (7) at-large members as the Board may determine from time to time. At-large members must be members or alternates of the American Lumber Standard Committee. At least two of the members shall represent entities other than inspection agencies. Representatives of a single inspection agency shall have only one vote on the Executive Committee. Terms of at-large members shall be two years, provided that the Board may create one-year terms so that approximately one-half of the at-large terms expire in any year. At-large members shall be appointed by the Chairman subject to the approval of the Board. The Executive Committee shall meet at the request of the Chairman or any three members of the Committee, and shall have and may exercise all of the powers and authority of the Board during the intervals between meetings of the Board, except the Executive Committee shall not have the authority to authorize distributions of substantially all of the assets of the Committee, to dissolve, to amend the Articles of Incorporation or Bylaws, or to approve budgets.

Section 12 - Subcommittees. The Chairman may appoint one or more subcommittees to assist the Committee in its functions under VPS 20.

Section 13 – Offices. The principal office of the Committee shall be in the Washington, D.C. metropolitan area or as the Committee may establish from time to time.

The principal office shall be the repository of all books and records of the Committee.

The Committee may establish one or more field offices.

Section 14 - Meetings. The Committee annually shall meet in such place determined by the Committee, for the purpose of electing officers, reviewing finances, approving a budget for the ensuing year and to take up other matters included on the agenda.

The Committee may meet from time to time at other times and places as the Chairman may designate.

A majority of the members of the Committee representing agencies which formulate, publish and maintain grading rules and maintain inspection facilities, together with a majority of the other members, shall constitute a quorum for the transaction of business.

Alternate members of the Committee may attend all Committee meetings and in the absence of the principal, the alternate member may exercise all the rights of the membership, including the right to vote on questions coming before the Committee in meetings or by informal action.

The Secretary shall give notice, in writing, of all meetings of the Committee by mailing same, including the time and place of the meeting and the proposed agenda, to each member and alternate member of the Committee, at his or her last known address, thirty days before the date of the meeting. Items may be added to the agenda up to seven days before a meeting date. With the

concurrence of three-fourths of the members, meetings of the Committee may be held on shorter notice. The Secretary shall promptly prepare minutes of all meetings of the Committee and shall mail a copy to each member of the Committee.

Section 15 - Telephone Meetings. A meeting may be held by means of a conference telephone or similar communication equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means constitutes presence in person at the meeting.

Section 16 - Informal Action. Action may be taken by informal action without a meeting if a unanimous written consent which sets forth the action is signed by each member of the Committee and filed with the minutes of the Committee.

Section 17- Continuity of Finances. In the event that it is impractical for the Committee to meet on the scheduled date in any year, the current assessment schedule and budget of the Committee shall continue in effect until the next meeting of the Committee.

Section 18 – Affiliated Bodies. VPS 20 provides for two affiliated but autonomous bodies: the Board of Review and the National Grading Rule Committee. Those bodies shall function in accordance with the applicable provisions of VPS 20 and their Bylaws. ALSC shall perform all functions specified in VPS 20 with respect to the affiliated bodies and provide administrative support and necessary funding for all of their activities.

Section 19 - Functions of the Committee. The functions of the Committee shall be as set forth in Section 9.1.2 - 9.1.5 of VPS 20. In addition, the Committee shall perform other functions required by VPS 20, including election of the Board of Review and establishing and tending to its finances; approval of the Board's selection of an executive officer and delegating duties to him or her; approval of the Board's bylaws; approval of the Board's Enforcement Regulations; the appointment of the representative of consumer organizations to the NGRC; and approval of the bylaws of the NGRC and subcommittees; and any other activities authorized by the Board pertaining to the wood products industry of the United States and any other country, not inconsistent with applicable tax and corporate statutes and consent decrees.

Section 20 - Indemnification of Members, Alternate Members, Directors, Alternate Directors, Officers, Employees and Agents.

Subject to the limitations and standards set forth in this Section, the Committee shall indemnify in whole or in part any present or former member, alternate member, director, alternate director, officer, employee or agent of the Committee, the Board of Review, the National Grading Rule Committee and the Standing Committee, who is made a party to any proceeding by reason of service in his or her capacity as a member, alternate member, director, alternate director, officer, employee or agent unless it is proved that (1) the act or omission of the person was material to the cause of action adjudicated in the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, or (2) the person actually received an improper personal benefit in money, property, or services, or (3) in the case of any criminal proceeding, the person had reasonable cause to believe that the act or omission was unlawful.

Indemnification may be against judgments, penalties, fines, settlements, and reasonable expenses actually incurred by the person in connection with the proceeding. However, if the proceeding was

one by or in the right of the Committee, indemnification may not be made in respect of any proceeding in which the person shall have been adjudged to be liable to the Committee.

The termination of any proceeding by judgment, order, or settlement does not create a presumption that the person did not meet the requisite standard of conduct set forth in this section. The termination of any proceeding by conviction, or a plea of nolo contendere or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the person did not meet the standard of conduct set forth in this section.

Indemnification under this section may not be made by the Committee unless authorized for a specific proceeding after a determination has been made that indemnification of the person is permissible in the circumstances because the person has met the standard of conduct set forth in this section. Such determination shall be made (i) by the Committee by a majority vote of a quorum consisting of members not, at the time, parties to the proceeding, or, if such a quorum cannot be obtained, then by a majority vote of a subcommittee of the Committee consisting solely of two or more members not, at the time, parties to such proceeding and who were duly designated to act in the matter by a majority vote of the full Committee in which the designated members who are parties may participate; or (ii) by special legal counsel selected by the Committee or a subcommittee of the Committee by vote as set forth in provision (i) of this paragraph, or, if the requisite quorum of the full Committee cannot be obtained therefore and the subcommittee cannot be established, by a majority vote of the Committee in which members who are parties may participate. Authorization of indemnification and determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible. However, if the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination as to reasonableness of expenses shall be made in the manner specified in provision (ii) above for selection of such counsel.

Reasonable expenses incurred by a person who is a party to a proceeding may be paid or reimbursed by the Committee in advance of the final disposition of the proceeding upon receipt by the Committee of (1) a written affirmation by the person of the person's good faith belief that the standard of conduct necessary for indemnification by the Committee as authorized in this section has been met, and (2) a written undertaking by or on behalf of the person to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

The indemnification and advancement of expenses provided or authorized by this section may not be deemed exclusive of any other rights, by indemnification or otherwise, to which a member, alternate member, director, alternate director, officer, employee or agent may be otherwise entitled, both as to action in an official capacity and as to action in another capacity while holding such office.

The Committee may purchase and maintain insurance on behalf of any person who is or was a member, alternate member, director, alternate director, officer, employee or agent of the Committee, Board of Review, National Grading Rule Committee or Standing Committee, against any liability asserted against and incurred by such person in any such capacity or arising out of such person's position, whether or not the Committee would have the power to indemnify against liability under the provisions of this section.

Section 21 - Limitation of Liability of Members, Alternate Members, Directors, Alternate Directors and Officers.

A member, alternate member, director, alternate director, or officer of the Committee, the Board of Review, or the National Grading Rule Committee shall have no liability to the Committee or its members or alternate members by reason of being or having been a member, alternate member, director, alternate director, or officer except (i) to the extent that it is proved that the person actually received an improper benefit or profit in money, property, or services or (ii) to the extent that a judgment or other final adjudication adverse to the person is entered in a proceeding based on a finding that the person's action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding.

Section 22 - Amendments. Any member of the Committee may propose amendments to the Bylaws by timely written request to the Secretary in advance of notice of any meeting, and the Secretary annually shall review the Bylaws and propose any amendments he deems appropriate.

Amendments to the Bylaws may be adopted at any time by the Committee by a majority vote at any meeting of the Committee, provided that notice of the proposed amendment, including its text and brief statement of the reasons therefore is included in the notice of the meeting.

Section 23 - Interpretations. The American Lumber Standard, VPS 20, is published by the United States Department of Commerce and is administered by the Committee. The procedure for obtaining an interpretation of the American Lumber Standard shall be as follows:

- a) Interpretations of the American Lumber Standard may be obtained upon request to the President of the Committee. The party requesting interpretation shall be furnished such interpretation expeditiously in the form rendered.
- b) If the requestor finds the interpretation unacceptable, the requestor may submit a written request for an interpretation to be provided by the Committee. The interpretation shall be subjected to a ballot within 30 days and when approved by a majority vote of the Committee shall be distributed with copies of the Standard.

Section 24 - Effective Date. These Bylaws and any amendments shall become effective upon adoption unless an effective date is expressly determined by the Committee.