

# Smoketown Community Land Trust - Bylaws

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# Smoketown CLT Bylaws

## ARTICLE I: NAME AND PURPOSE

1. **Name.** The name of this organization shall be Smoketown Community Land Trust (CLT) Inc, hereinafter referred to as the “Corporation.”
2. **Purpose.** The purpose of the Corporation shall be: To operate a Community Land Trust that will empower Smoketown residents and to preserve the rich heritage of the historical Smoketown Community. The Smoketown Community Land Trust will work with residents and give them space to make direct contributions to plan, design and build sustainable affordable housing ensuring the longevity of the community, creating pathway to homeownership and revitalizing community pride.
3. **Location.** The primary location that the Smoketown Community Land Trust will be doing its work is in the Smoketown Community of Louisville, KY. Smoketown is a neighborhood one mile southeast of downtown Louisville, Kentucky. Smoketown has been a historically black neighborhood since the Civil War. It is the only neighborhood in the city that has had such a continuous presence. The defined service area for the Corporation shall be to the east, South Brook Street, to the south East St. Catherine Street, to the west the CSX railroad tracks that are parallel to Logan Street and to the north East Broadway. The corporation will priorities all of its activities in this service area.

## ARTICLE II: MEMBERSHIP

1. **Members.** The initial members of the Corporation shall be the Board of Directors, as listed in Annex A, attached hereto.
2. **Membership Evaluation.** At the first Annual Meeting following the Corporation having ten households living on land owned by the Corporation, the Board of Directors shall evaluate the potential of the Corporation to develop a membership structure and shall, if deemed feasible, move to amend the bylaws to accommodate this change in organizational structure.

## ARTICLE III: BOARD OF DIRECTORS

1. **Number of Directors.** Except for the initial Board named in the Articles of Incorporation, the Board of Directors shall consist of fifteen (15) Directors.
2. **Composition of the Board.** The Board shall consist of fifteen (15) members, of which ten (10) shall be residents of the Smoketown neighborhood or are members of the Smoketown Originals (Smoketown Originals are current and former residents of the community, their ancestors were born and raised in the community); and five (5) shall be members of the public who bring special skills, perspectives or relationships that can benefit Smoketown Community Land Trust. In all cases, Directors shall be selected based on their ability to represent the demographics of the Smoketown Neighborhood, including age, income, gender, race, and lived experience, and based on their ability to provide essential skills to the Board.
3. **Nomination of Directors.** For all regular elections subsequent to the first Annual Meeting of the Membership, Directors shall be nominated as follows:
  - (1) *Lessee Representatives.*

(1) Lessee Members may nominate Lessee Representatives to the Board from among themselves. These nominations must either be submitted in writing to the Secretary of the Corporation at least ten days prior to the Annual Membership Meeting, or be made from the floor at the Annual Meeting.

(2) In the event that, at the time when the notice of the Annual Membership Meeting is to be sent out, the number of nominations is less than the number of Lessee Representative seats to be filled, the Board of Directors shall nominate enough candidates so that the total number of candidates is sufficient to fill the number of seats to be filled. To achieve this end, the Board may, at any time prior to the sending out of such notice, approve a list of candidates for Lessee Representative to be nominated in such event. In making such nominations, the Board shall select actual Lessees to the extent that they are available and willing to serve on the Board of Directors. Otherwise the Board shall select persons who can reasonably be expected to represent the normal interests and concerns of Lessees.

b. General Representatives.

(1) General Members may nominate General Representatives to the Board from among themselves. These nominations must either be submitted in writing to the Secretary of the Corporation at least ten days prior to the Annual Meeting or be made from the floor at the Annual Meeting.

(2) If, at the time the notice of the Annual Membership Meeting is to be sent out, the number of nominations for General representative is less than the number of General Representative seats to be filled, the Board of Directors shall nominate enough candidates so that the total number of candidates is sufficient to fill the number of seats to be filled. To achieve this end, the Board may, at any time prior to the sending out of such notice, approve a list of candidates for General Representatives to be nominated in such event.

c. Public Representatives. At least ten days prior to the Annual Meeting, the Board of Directors shall make nominations for Public Representatives to the Board.

d. Notice of Nominations. A list of all persons nominated in each of the three categories shall be included with the notice of the Annual Meeting.

**4. Election of Directors.** Directors shall be elected by the Regular Members present and voting at the Annual Meeting, a quorum being assembled, in accordance with the following procedures.

a. A separate vote shall be taken for each of the three categories of Board representatives: (1) Lessee Representatives, (2) General Representatives, and (3) Public Representatives. If a person has been nominated in more than one category and is then elected in one category, his or her name shall be removed from the list of nominees in the remaining categories.

b. Only Lessee Members may vote to elect Lessee Representatives unless no Lessee members are present at the Annual Membership Meeting. If no Lessee members are present, then General Members may vote to elect Lessee Representatives. Each Member qualified to vote for Lessee Representatives may vote for as many nominees in this category as there are Lessee Representative seats to be filled.

- c. Only General Members may vote to elect General Representatives unless no General members are present at the Annual Membership Meeting. If no General Members are present, then Lessee Members may vote to elect General Representatives. Each Member qualified to vote for General Representatives may vote for as many nominees in this category as there are General Representative seats to be filled.
- d. All Regular Members (both Lessee and General Members) may vote to elect Public Representatives. Each Regular Member may vote for as many Public Representative nominees as there are Public Representative seats to be filled.
- e. In each of the three categories, positions shall be filled by those candidates receiving the largest numbers of votes in the category, though such numbers may constitute less than a majority of the total votes cast in the category.

## **5. Vacancies.**

- a. If any Director vacates his or her term or is removed from the Board, the remaining Directors (though they may constitute less than a quorum) may elect a person to fill the vacancy, or may, by unanimous agreement, decide to leave the position vacant until the next Annual Meeting of the Membership, provided the Board still includes at least three Representatives in each category. Elections to fill vacancies shall be by a majority of the remaining Directors.
- b. Any person elected to fill a vacancy on the Board of Directors must be one who can be reasonably expected to represent the interests of the constituents in the category (Lessee, General, or Public) in which the vacancy occurs.
- c. Replacement Directors elected by the Board shall serve out the remaining term of the person who has vacated the position.

## **6. Low-Income Representation.** In their actions regarding the nomination and election of directors and appointment of people to fill vacancies on the board of directors, the membership and the board of directors shall always ensure that at least one third of the Board is maintained for residents of low-income neighborhoods, other low-income community residents, or representatives of low-income neighborhood organizations. (Low Income shall be defined as 80% of the area median income and below as published yearly by HUD)

## **7. Terms of Directors.**

- a. *Terms of First Directors.* After the election of Directors at the first Annual Meeting, each Director shall be assigned, by mutual agreement or by lot, to a one-year, two-year or three-year term. In each of the three categories of Representatives, four Directors shall be assigned a one-year term, four shall be assigned a two-year term and four shall be assigned a three-year term.
- b. *Terms of Successor Directors.* Except as otherwise provided in these Bylaws, each Director shall serve a full term of two years.
- c. *Commencement of Terms.* The term of office of a regularly elected Director shall commence at the adjournment of the Annual Membership Meeting in which he or she is elected. The term of office of a Director elected by the Board to fill a vacancy shall begin at the time of his or her acceptance of the position.
- d. *Re-election.* No person shall serve as a Director for more than three consecutive elected terms. After a year's absence from the Board, however, a person who has

served three consecutive elected terms may return to the Board, if reelected, and may serve up to three consecutive elected terms.

**8. Resignation.**

- a.* Any Director may resign at any time by giving timely written notice (like two weeks) to the President.
- b.* A Director shall be considered to have given notice of resignation and his or her position shall be declared vacant by the Board of Directors if he or she fails to attend three consecutive meetings of the Board with the exception of emergency meetings, unless said Director has good cause for absence and it is in the Board's best interest for their continuing participation on the Board of CLT. When a Director has failed to attend three consecutive meetings, the President shall notify him or her in writing that, at the next regular Board meeting, his or her position will be declared vacant unless the Board determines that there has been good cause for the Director's absences and that the Director continues to be interested in participating on the Board of Directors. The notification by the President shall be mailed no later than seven days prior to the Board meeting at which the position may be declared vacant. At this meeting, the Director in question shall be given the opportunity to show good cause for past absences from meetings and continuing interest in participating on the Board. The resignation of a Director who has missed three consecutive meetings shall not become effective until the Board has declared the position vacant as provided herein.

**9. Removal of Directors.** A Director of the Corporation may be removed for good cause by the regular members of the Corporation when such Director is judged to have acted in a manner detrimental to the Corporation. However, before such removal can occur, the following procedure must be followed.

- a.* Written charges specifying the conduct considered to be detrimental must be signed by at least three members of the Corporation and submitted to the President (or, if the President is the Director charged, to the Vice President). Any Regular Members of the Corporation may submit such charges.
- b.* The President (or Vice President) shall deliver or mail a copy of the charges to the Director charged.
- c.* A Special Committee consisting of three Regular Members of the Corporation shall be created to consider the charges. One member of the Committee shall be selected by the Board of Directors, but without the participation of the Director charged, within ten days following the delivery or mailing of the charges to the Director charged. In making its selection, the Board shall endeavor to select a person who will consider the charges without bias. No later than ten days following the Board's selection of the first member of the Committee, a second member may be selected by the Director charged. In the event that the Director charged fails to select a second member of the Committee within ten days, the Board may select a second member who, in the judgement of the Board, will consider the charges without bias. Within ten days following the selection of the second member of the Committee, the first and second members shall select a third member of the Committee. If the first and second members cannot agree upon a third member within this ten-day period, the Board shall select a third member.
- d.* The Special Committee shall hold a hearing, at which both the Director charged and the members who have filed charges may present evidence in the presence of the other. Following the hearing, the Committee shall prepare a written report of its findings and its recommendation for or against removal. The recommendation shall be based on a

majority vote if consensus cannot be reached. The report shall contain a statement of how each member of the Committee has voted. The report shall be completed and submitted to the President of the Corporation no later than one month following the selection of the third member of the Committee.

- e. If the Committee recommends removal of the Director, the recommendation shall be presented to the Regular Membership, which shall then have sole authority to decide the question of removal. A Membership meeting for this purpose shall be called by the President for a time no later than one month following the President's receipt of the Committee's recommendation for removal. Notice of this meeting shall include a complete copy of the Committee's report.

#### **10. Meetings of the Board of Directors.**

- a. *Notice of Meetings.* Except as provided below for emergency meetings, written notice of a Board meeting shall be mailed to all Directors at least seven days prior to the meeting or shall be delivered in person or emailed, with a delivery and read receipt, at least five days prior to the meeting. Notice of every meeting shall include an agenda for the meeting.
- b. *Waiver of Notice.* Any Director may waive any notice required by these Bylaws. Any Director who has not received notice of a Board meeting but has attended that meeting shall be considered to have waived notice of that meeting, unless he or she requests that his or her protest be recorded in the minutes of the meeting.
- c. *Annual Meeting.* The Annual Meeting of the Board of Directors may be held immediately following the Annual Membership Meeting and must be held no later than six weeks following the Annual Membership Meeting.
- d. *Regular Meetings.* The Board of Directors shall meet no less often than once every two months, at such times and places as the Board may establish.
- e. *Special Meetings and Emergency Meetings.* Special meetings may be called by the President, by any three Directors, or by 10% of the Regular Members of the Corporation. Notice must be given as provided above, unless any three Directors determine that the matter at hand constitutes an emergency. When so determined, an Emergency Meeting may be called on one-day notice. Notice of Emergency Meetings, including an announcement of the agenda, shall be given by telephone or in person to all Directors. At any Special or Emergency Meeting of the Board, only those matters included in the announced agenda may be acted upon unless all of the Directors are present at the meeting and unanimously agree to take action on other matters.

#### **11. Procedures for Meetings of the Board of Directors.**

- a. *Open Meetings.* All meetings of the Board of Directors shall be open to any person except when the Board has voted, during an open meeting, to go into executive session.
- b. *Executive Session.* A motion to go into executive session shall state the nature of the business of the executive session, and no other matter may be considered in the executive session. No binding action may be taken in executive session except actions regarding the securing of real estate purchase options or contracts in accordance with paragraph b(2) below. Attendance in executive session shall be limited to the Directors and any persons whose presence is requested by the Board of Directors. Minutes of an executive session need to be taken; they shall be recorded as a part of the minutes of the meeting in which the Board has voted to go into executive session. The Board shall not hold an executive session except to consider one or more of the following matters.

1. Contracts, labor relations agreements with employees, arbitration, grievances, or litigation involving the Corporation when premature public knowledge would place the Corporation or person involved at a substantial disadvantage.
  2. Real estate purchase offers and the negotiating or securing of real estate purchase options or contracts.
  3. The appointment or evaluation of an employee, and any disciplinary or dismissal action against an employee (however, nothing in this section shall be construed to impair the right of the employee to a public hearing if action is taken to discipline or dismiss).
  4. The consideration of applications from persons seeking to lease land and/or housing, purchase housing or other improvements, or arrange financing from the Corporation.
  5. Relationships between the Corporation and any party who might be harmed by public discussion of matters relating to the relationship.
- c. *Quorum.* At any meeting of the Board, a quorum shall consist of at least seven members of the Board of Directors, provided that at least one representative from each of the three categories of representatives is present.
- d. *Decision-Making.* The Board shall attempt to reach unanimous agreement on all decisions. In the event that unanimous agreement cannot be achieved, a decision may be made by a majority of the Directors present and voting, except as otherwise provided in these Bylaws.
- e. *Minutes.* Minutes of all Board meetings shall be recorded by the Secretary or by such other person as the Board may designate and shall be corrected as necessary and approved by the Board at the next Board meeting. All duly approved minutes of Board meetings shall be kept on permanent record by the Corporation and shall be open for inspection by any Member of the Corporation.

**12. Duties of the Board of Directors.** The Board of Directors shall carry out the purposes of the Corporation, implement the decisions of the Regular Membership, and be responsible for the general management of the affairs of the Corporation in accordance with these Bylaws. Specifically, the Board shall:

- a. Approve a written Annual Report to The Membership and make this report available to all members. This report shall include a summary of the Corporation's activities during the previous year, the Corporation's most recent financial reports, and a list of all real estate held by the Corporation.
- b. Adopt an annual operating budget prior to the beginning of each fiscal year, and approve any expenditures not included in the budget.
- c. Select all officers of the Corporation.
- d. Supervise the activities of all officers, agents, and committees of the Corporation in the performance of their assigned duties and investigate any possible conflicts of interest within the Corporation.
- e. Adopt and implement personnel policies providing for the hiring, supervision, and evaluation of employees.
- f. Provide for the deposit of funds in accordance with Article IX of these Bylaws.
- g. Determine by whom and in what manner deeds, leases, contracts, checks, drafts, endorsements, notes and other instruments shall be signed on behalf of the Corporation.



- h. Acquire such parcels of land, with or without buildings and other improvements, through donation, purchase, or otherwise, as the Board shall determine that it is useful and prudent to acquire in furtherance of the purposes of the Corporation.
- i. Convey the right to use land, through leases or other limited conveyances, in accordance with the provisions of Articles V and VI of these Bylaws.
- j. Convey ownership of housing and other improvements on the Corporation's land to qualified lessees, as possible, in accordance with the provisions of Articles V and VI of these Bylaws.
- k. Exercise, as appropriate, the Corporation's option to repurchase (or arrange for the resale of) housing and other improvements on the Corporation's land, or condominium units on which the corporation holds a purchase option.
- l. Develop the resources necessary for the operation of the Corporation and for the acquisition and development of land and housing.
- m. Assure the sound management of the Corporation's finances.

**13. Powers of the Board of Directors.** In addition to the power to carry out the duties enumerated above, the Board of Directors shall have the power to:

- a. Appoint and discharge advisors and consultants.
- b. Create such committees as are necessary or desirable to further the purposes of the Corporation. (Any member of the Corporation may be appointed to any committee. No committee may act on behalf of the Corporation except as authorized by the Board of Directors.)
- c. Call special meetings of the membership.
- d. Approve the borrowing and lending of money as necessary to further the purposes of the Corporation and in accordance with paragraph IX(4) of these Bylaws.
- e. Exercise all other powers necessary to conduct the affairs and further the purposes of the Corporation in accordance with the Certificate of Incorporation and these Bylaws.

**14. Limitation on the Powers of the Board of Directors.** Action taken by the Board of Directors on any motion for the assessment of membership dues, the removal of Directors, the sale of land, the establishment or alteration of the "resale formula," the amendment of the Certificate of Incorporation or these Bylaws, or dissolution of the Corporation shall not become effective unless and until such action is approved by the Regular Membership in accordance with these Bylaws.

#### **ARTICLE IV: OFFICERS**

- 1. Designation.** The officers of the Corporation shall be: President, Vice President, Secretary, and Treasurer.
- 2. Election.** The officers of the Corporation shall be elected by a majority vote of the Board of Directors, from among themselves, at the Annual Meeting of the Board. Any vacancies occurring in any of these offices shall be filled by the Board for the unexpired term.
- 3. Tenure.** The officers shall hold office until the next Annual Meeting of the Board after their election, unless, before such time, they resign or are removed from their offices, or unless they resign or are removed from the Board of Directors. Any officer who ceases to be a member of the Board of Directors shall thereby cease to be an officer.
- 4. Removal from Office.** The officers shall serve at the pleasure of the Board of Directors and may be removed from office at any time by an affirmative vote of two thirds of the entire Board of Directors

**5. Duties of the President.** The President shall:

- a. Preside at all meetings of the Board of Directors and the Membership when able to do so.
- b. Consult with the other officers and the committees of the Corporation regarding the fulfillment of their duties.
- c. Assure that an agenda is prepared for every meeting of the Membership and the Board of Directors.
- d. Give notice to any Director who has been absent from three consecutive regular meetings, as required by these Bylaws.
- e. Call special meetings of the Membership or Board of Directors when petitioned to do so in accordance with these Bylaws.
- f. Carry out the duties assigned to the President regarding the removal of a Director.
- g. Perform such other duties as the Board of Directors may assign.

**6. Duties of the Vice President.** The Vice President shall:

- a. Perform all duties of the President in the event that the President is absent or unable to perform these duties.
- b. Perform those duties assigned to the President regarding the resignation or removal of a Director when the President is disqualified from performing these duties.
- c. Assure that up-to-date copies of these Bylaws (incorporating any duly approved amendments) are maintained by the Corporation; answer all questions from the Board regarding these Bylaws; and assure that all actions of the Membership and Board of Directors comply with these Bylaws.
- d. Assure that any and all committees established by the board of directors are constituted as the board has directed and meet as necessary and appropriate.
- e. Perform such other duties as the Board of Directors may assign.

**5. Duties of the Secretary.** The Secretary shall:

- a. Assure that a list of all Members and their mailing addresses is maintained by the Corporation.
- b. Assure that proper notice of all meetings of the Membership and the Board of Directors is given.
- c. Assure that motions and votes in meetings of the Membership and Board are accurately represented to those present and are accurately recorded in the minutes.
- d. Assure that minutes of all meetings of the Membership and the Board of Directors are recorded and kept on permanent record.
- e. Perform such other duties as the Board of Directors may assign.

**8. Duties of the Treasurer.** The Treasurer shall oversee the finances of the Corporation. Specifically, the Treasurer shall:

- a. Assure that the financial records of the Corporation are maintained in accordance with sound accounting practices.
- b. Assure that funds of the Corporation are deposited in the name of the Corporation in accordance with these Bylaws.
- c. Assure that all deeds, title papers, leases, and other documents establishing the Corporation's interest in property and rights in particular matters are systematically and securely maintained.
- d. Assure that all money owed to the Corporation is duly collected and that all gifts of

- money or property to the Corporation are duly received.
- e. Assure the proper disbursement of such funds as the Board of Directors may order or authorize to be disbursed.
  - f. Assure that accurate financial reports (including balance sheets and revenue and expense statements) are prepared and presented to the Board at the close of each quarter of each fiscal year.
  - g. Assure that such reports and returns as may be required by various government agencies are prepared and filed in a timely manner.
  - h. Assure that an annual operating budget is prepared and presented to the Board for its approval prior to the beginning of each fiscal year.

#### **ARTICLE V: Conflict of Interest Policy**

- 1. Duty to Corporation.** Every Board and committee member shall make decisions and carry out his or her oversight responsibilities in the best interests of the Corporation.
- 2. Interested Person.** An Interested Person is anyone who has a financial interest, either directly or through family or business relationships, in a compensation arrangement with the Corporation or in an entity with which the Corporation is considering entering into a transaction.
- 3. Appearance of a Conflict of Interest.** The appearance of a conflict of interest occurs when a reasonable person might have the impression, after full disclosure of the facts, that a member's judgment might be significantly influenced by outside interests, even though the member is not an Interested Person.
- 4. Disclosure.** Any member of the Board of Directors or a committee with powers delegated to it by the Board of Directors who believes he or she is an Interested Person or might appear to have a conflict of interest with regard to any matter coming before the Board or such committee must disclose the existence of the interest or apparent conflict to the Board or committee.
- 5. Voluntary Recusal.** If such a member believes his or her interest in a matter constitutes either a conflict of interest or the appearance of a conflict of interest, he or she shall recuse herself or himself from any discussion related to the matter and from voting on the matter.
- 6. Recusal by Board or Committee.** If the member does not voluntarily recuse herself or himself, any Board member or committee member may request that the Board or committee determine whether such member should be recused. Such member shall not be present during the discussion and vote on the recusal and may not be counted in determining the existence of a quorum at the time of such vote. In making the decision as to recusal, the Board or committee shall keep in mind that it is the Corporation's policy to avoid the appearance of a conflict of interest. If a majority of the Board or committee votes for recusal, a quorum being present, the member shall be immediately recused. The results of the vote shall be recorded in the minutes of the meeting.
- 7. Recused Members.** A recused Board member or committee member shall not be present during the discussion of the matter in regard to which he or she has been recused and shall not participate in the vote on such matter.
- 8. Agreement to Comply.** Upon joining the Board of Directors or of a committee with powers delegated by the Board of Directors, each new member shall be given a copy of this conflict-of-interest policy and shall sign a document stating that he or she has

read and understood the policy and agrees to comply with it.

## **ARTICLE VI: STEWARDSHIP OF LAND**

- 1. Principles of Land Use.** The Board of Directors shall oversee the use of land owned by the Corporation and shall convey the right to use such land so as to facilitate access to land and affordable housing by low-income people. In so doing, the Board shall be guided by the following principles:
  - a. The Board shall consider the needs of potential lessees and shall attempt to effect a just distribution of land use rights.
  - b. The Board shall convey land use rights on terms that will preserve affordable access to land and housing for future low-income residents of the community.
  - c. The Board shall convey land use rights in a manner that will promote the long-term well-being of the community and the long-term health of the environment.
- 2. Encumbrance of Land.** The decision to mortgage or otherwise encumber land owned by the Corporation shall require the approval of the Board of Directors. Any such encumbrance shall be subordinated to any ground leases relating to such land.
- 3. Sale of Land.** The sale of land does not conform with the philosophy and purposes of the Corporation. Accordingly, land shall not be sold except in extraordinary circumstances, and then only in accordance with the following guidelines.
  - a. A parcel of land may be sold pursuant to a resolution adopted by an affirmative vote by at least two thirds of the entire Board of Directors at a regular or special Board meeting, provided that (i) the Corporation has owned the parcel for no more than sixty (60) days at the time the vote is taken, (ii) the parcel is not leased to any party, and (iii) the resolution states that the location or character of the parcel is determined to be such that the charitable purposes of the Corporation are best served by selling the land and applying the proceeds to the support of other activities serving those purposes.
  - b. In all other circumstances a parcel of land may be sold only with:
    - (1) An affirmative vote by at least two thirds of the entire Board of Directors at a regular or special Board meeting, provided that written notice of such meeting has described the proposed sale and the reasons for the proposal; and
    - (2) The approval of two thirds of the Regular Members present at a regular or special Membership Meeting, a quorum being assembled, provided that written notice of such meeting has described the proposed sale and the reasons for the proposal.
  - c. If any of the Corporation's land is to be sold to any person or entity other than a not-for-profit corporation or public agency sharing the purposes of the CLT, any ground lessees on that land shall have the opportunity to exercise a right of first refusal to purchase the land that they have been leasing from the CLT

**ARTICLE VII: OWNERSHIP OF HOUSING AND OTHER IMPROVEMENTS  
LOCATED ON THE CORPORATION'S LAND, AND LIMITATIONS ON RESALE**

- 1. Ownership of Housing and Improvements on the Corporation's Land.** In accordance with the purposes of the Corporation, the Board of Directors shall take appropriate measures to promote and facilitate the ownership of housing and other improvements on the Corporation's land by low-income people. These measures may include, but are not limited to, provisions for the sale of housing to such people; provisions for financing the acquisition of housing by such people, including direct loans by the Corporation; and provision for grants or other subsidies that will lower the cost of housing for such people.
- 2. Preservation of Affordability.** It is a purpose of the Corporation to preserve the affordability of housing and other improvements for low-income people in the future. Accordingly, when land is leased for such purpose, the Board of Directors shall assure that, as a condition of the lease, housing on the land may be resold only to the Corporation or to another low-income person and only for a price limited by a "resale formula" as described in Section 3 below. However, notwithstanding the foregoing, the Board of Directors may choose, for reasons consistent with the charitable purposes of the Corporation, to lease certain parcels of land for uses that do not require continued affordability for low-income people, and in such cases the resale restrictions described above shall not be required as a condition of the lease.
- 3. The Resale Formula.** Whenever its purpose is to preserve affordability, the Corporation shall restrict the price that ground lessees may receive when they sell housing and other improvements located on the land that is leased to them by the Corporation. The same policy shall be applied in the case of condominium units stewarded by the Corporation, regardless of whether the land is owned by the Corporation. A policy establishing such restrictions in the form of a "resale formula" shall be adopted by the Board of Directors and the Regular Members of the Corporation, in accordance with the following principles:
  - a. To the extent possible, the formula shall allow the seller to receive a price based on the value that the seller has actually invested in the property being sold.
  - b. To the extent possible, the formula shall limit the price of the property to an amount that will be affordable for other low-income people at the time of the transfer of ownership.
- 4. Procedures for Adoption of the Resale Formula.** The adoption of the resale formula shall require:
  - a. An affirmative vote by at least two thirds of the entire Board of Directors at any regular or special Board meeting, provided that written notice of such meeting has set forth the proposed formula with an explanation thereof; and
  - b. An affirmative vote by at least two thirds of the Regular Members present at any regular or special Membership meeting, a quorum being assembled, provided that written notice of such meeting has set forth the proposed formula with an explanation thereof.

- 5. Procedures for Altering the Resale Formula.** The consistent long-term application of a resale formula is essential to the purposes of the Corporation. Accordingly, the resale formula shall not be altered unless the Board of Directors and Regular Members of the Corporation determine that the current formula presents an obstacle to the achievement of the purposes of the Corporation. In such event, the resale formula may be altered only by a two-thirds vote of the entire Board of Directors and a two thirds vote of the Regular Members present at a Membership meeting, as described above for the adoption of the formula.

#### **ARTICLE VIII: AMENDMENT OF ARTICLES OF INCORPORATION AND BYLAWS**

The Certificate of Incorporation may be amended and these Bylaws may be amended or may be repealed and new Bylaws adopted only by:

1. An affirmative vote by two thirds of the entire Board of Directors at any regular or special Board meeting, provided that written notice of such meeting has set forth the proposed amendment or replacement, with appropriate explanations thereof; and
2. An affirmative vote by two thirds of the Regular Members present at any regular or special Membership meeting, a quorum being assembled, provided that written notice of such meeting has set forth the proposed amendment or replacement, with appropriate explanations thereof.

#### **ARTICLE IX: DISSOLUTION**

A decision to dissolve the Corporation and to distribute the Corporation's assets in a particular manner in accordance with the Articles of Incorporation shall require:

1. An affirmative vote by two thirds of the entire Board of Directors at any regular or special Board meeting, provided that written notice of such meeting has included a full description of a proposed plan of dissolution; and
2. An affirmative vote by two thirds of the Regular Members present at a regular or special Membership meeting, a quorum being assembled, provided that written notice of such meeting, including a full description of the proposed plan of dissolution, has been given to all Members of the Corporation no later than three weeks prior to the meeting.

#### **ARTICLE X: MISCELLANEOUS PROVISIONS**

- 1. Fiscal Year.** The fiscal year of the Corporation shall begin on January 1 of each year, and shall end on December 31 of each year.
- 2. Deposit of Funds.** All funds of the Corporation not otherwise employed shall be deposited in such banks, trust companies, or other reliable depositories as the Board of Directors from time to time may determine.
- 3. Checks, etc.** All checks, drafts, endorsements, notes and evidences of indebtedness of the Corporation shall be signed by such officers or agents of the Corporation and in such manner as the Board of Directors from time to time may determine. Endorsements for deposits to the credit of the Corporation shall be made in such manner as the Board of Directors from time to time may determine.

4. **Loans.** No loans or advances shall be contracted on behalf of the Corporation, and no note or other evidence of indebtedness shall be issued in its name, except as authorized by the Board of Directors. Any such authorization shall relate to specific transactions.
5. **Contracts.** Any officer or agent of the Corporation specifically authorized by the Board of Directors may, on behalf of the Corporation, enter into those contracts or execute and deliver those instruments that are specifically authorized by the Board of Directors. Without the express and specific authorization of the Board of Directors, no officer or other agent of the Corporation may enter into any contract or execute and deliver any instrument in the name of the Corporation.
6. **Indemnification.** Any person (and the heirs, executors and administrators of such person) made or threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was a Director or Officer of the Corporation shall be indemnified by the Corporation against any and all liability and the reasonable expenses, including attorneys' fees and disbursements, incurred by him or her (or his or her heirs, executors, or administrators) in connection with the defense or settlement of such action, suit, or proceeding, or in connection with any appearance therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Director or Officer is liable for negligence or misconduct in the performance of his or her duties.

#### **ARTICLE XI: INITIAL BOARD, ADOPTION OF BYLAWS, FIRST ANNUAL MEETING**

1. **Initial Board of Directors.** The Initial Board of Directors shall be as stated in the Certificate of Incorporation. The Initial Board, after approving these Bylaws, shall call the first Annual Meeting, and shall remain in their positions as otherwise described in these Bylaws.
2. **Adoption of Bylaws.** Adoption of these Bylaws as the Bylaws of the Corporation shall require:
3. **Nomination of Directors to Be Elected at First Annual Meeting.** In consultation with the Initial Members, the Initial Board of Directors shall nominate a slate of twelve candidates, and shall designate four of these candidates as candidates for "Lessee Representatives," four as candidates for "General Representatives," and four as candidates for "Public Representatives." Additional nominations for any of the three categories of representatives may be made by any Initial Member from the floor at the First Annual Meeting.
4. **First Annual Meeting.** The location and specific time of the First Annual Meeting of the Membership shall be determined by the Initial Board of Directors. Notice of the First Annual meeting shall be mailed to all Initial Members at least seven days prior to the Meeting and shall include a list of those persons nominated for the Board of Directors in accordance with Paragraph 4 above. Except as otherwise provided in this Article, the election of Directors and other business of the First Annual Meeting shall be conducted in accordance with Articles II and III of these Bylaws.