

# **Sawmill Community Land Trust**

## **Bylaws**

**February 1999**  
**Amended 3/08/2007**  
**Amended 5/13/2010**

## ARTICLE I: NAME AND PURPOSE

1. **Name.** The name of this organization shall be Sawmill Community Land Trust (formerly Sawmill Community Development Corporation), hereinafter referred to as the “Corporation.”
2. **Purpose.** The purposes and objectives of the Corporation shall be those described in the Articles of Incorporation.
3. **Qualification as a Community Housing Development Organization.** It is the intention of the Corporation to maintain its status as a Community Housing Development Organization (CHDO), as defined by the U. S. Congress under the National Affordable Housing Act of 1990 (Public Law 101-625), in order to receive HOME funding from its Participating Jurisdiction in support of affordable housing projects that it undertakes. As a community land trust, the Corporation is permitted to qualify as a CHDO under the terms of the Housing and Community Development Act of 1992. As a CHDO, the Corporation can act as developer, sponsor or owner of any HOME-assisted housing, and have effective management control of such affordable housing development projects, as required by the U.S. Department of Housing and Urban Development. The Corporation shall maintain at least one third (1/3) of its Director positions for low and moderate income residents or elected representatives of low-income neighborhoods, as these terms are defined by the U.S. Department of Housing and Urban Development. The Corporation shall provide a formal process, through its regular meetings of members and through special committees of its Board of Directors, for low-income program beneficiaries to advise the Corporation in all of its decisions regarding the design, siting, development and management of all HOME-assisted affordable housing projects. And the Corporation shall conform to the Standards for Financial Management Systems of the federal Office of Management and Budget.

## ARTICLE II: MEMBERSHIP

1. **Regular Membership.** The Regular Members of the Corporation, with full voting rights, shall be the General Members, Residential Owner Leaseholder Members, Residential Tenant Members, Commercial Owner Leaseholder Members, and Commercial Tenant Members.
  - a. *General Members.* General Members shall be all persons, eighteen years of age or older, who are not Leaseholders of the Corporation and who meet the following requirements:
    - (1) Residence within the geographical area served by the Corporation, which area is defined as Bernalillo County.
    - (2) Submission of a membership application including a signed statement of support for the purposes of the Corporation in a form to be determined by the Board of Directors.
    - (3) Prior to the first meeting at which the member shall have the right to vote, member(s) or prospective member(s) must attend an orientation meeting duly

scheduled by the Corporation held for the purpose of introducing prospective members to the purposes of the Corporation.

(4) Payment of dues as established by the membership for the current calendar year

b. *Leaseholder Members.* Leaseholder Members shall consist of the Residential Owner Leaseholder Members and Commercial Owner Leaseholder Members.

(1) Residential Owner Leaseholder Members shall be all persons who lease land for homeownership residential purposes.

(2) Commercial Owner Leaseholder Members shall be all persons who lease land from the Corporation for business purposes.

(3) In the event that a single land leasehold is used for both residential and nonresidential purposes (e.g. live/work), the holder of such lease shall be considered a Residential Owner Leaseholder Member only.

(4) In the event that a Residential Owner Leaseholder Member is also the holder of a commercial land leasehold, such leaseholder shall be considered a Residential Owner Leaseholder Member and a Commercial Owner Leaseholder Member (thus holding two memberships and entitled to two votes).

(5) In the event that a Residential Owner Leaseholder Member also rents property for commercial purposes from the Corporation or from an entity which leases land from the Corporation, such leaseholder shall be considered a Residential Owner Leaseholder Member and a Commercial Tenant Member (thus holding two memberships and entitled to two votes).

c. *Residential Tenant Members.* Residential Tenant Members shall be all persons who rent property for residential purposes from the Corporation or from an entity which leases land from the Corporation, and who attend an orientation meeting duly scheduled by the Corporation held for the purpose of introducing prospective members to the purposes of the Corporation, and pay membership dues.

(1) In the event that a single property is rented for both residential and nonresidential purposes (e.g. live/work), the holder of such a rental lease shall be considered a Residential Tenant Member only.

(2) In the event that a Residential Tenant Member is also the holder of a separate nonresidential land lease, such holder shall be considered a Residential Tenant Member and a Commercial Owner Leaseholder Member (thus holding two memberships and entitled to two votes).

(3) In the event that a Residential Tenant Member also rents property for commercial purposes from the Corporation or from an entity which leases land from the Corporation, such holder shall be considered a Residential Tenant Member and a Commercial Tenant Member (thus holding two memberships and entitled to two votes).

d. *Commercial Tenant Members.* Commercial Tenant Members shall be all persons who rent property for nonresidential purposes from the Corporation or from an entity which leases land from the Corporation, and attend an orientation meeting duly scheduled by the Corporation held for the purpose of introducing prospective members to the purposes of the Corporation, and pay membership dues.

- (1) In the event that a single property is rented for both commercial and residential purposes (e.g. live/work), the holder shall be considered a Residential Tenant Member only.
- (2) In the event that a Commercial Tenant Member is also the holder of a separate residential land leasehold, such holder shall be considered a Commercial Tenant Member and a Residential Owner Leaseholder Member (thus holding two memberships and entitled to two votes).
- (3) In the event that a Commercial Tenant Member also rents property for residential purposes from the Corporation or from an entity which leases land from the Corporation, such holder shall be considered a Commercial Tenant Member and a Residential Tenant Member (thus holding two memberships and entitled to two votes).

**2. Requirements for Continuing Regular Membership.** To maintain Regular Membership beyond a person's first year of Regular Membership a person must either be a Leaseholder Member or:

- a. Have attended at least one meeting of the membership or Board of Directors during the previous twenty-four months, or have shown good cause for non-attendance and continuing interest in the Corporation; and
- b. General Members, Residential Tenant Members, and Commercial Tenant Members must have paid membership dues established for the current calendar year.
- c. Residential Owner Leaseholder Members and Commercial Owner Leaseholder Members must be current in land lease fees to the Corporation.
- d. Residential Tenant Members and Commercial Tenant Members must be current in rental fees due to the Corporation or to any entity that leases land from the Corporation.

**3. Membership Dues.**

- a. Annual membership dues shall be assessed for each calendar year by an affirmative vote of a majority of the Regular Members present and voting at the Annual Meeting prior to that year. If no such action is taken to assess dues for a given year, the dues for that year shall be as established for the previous year.
- b. Annual dues may be paid either in cash or through a contribution of labor to the organization. The Board of Directors shall determine the system by which labor will be credited as dues, and shall have the power to designate the types of labor that may be credited.

**4. Rights of Regular Members.**

- a. Every Regular Member shall have the right to participate in meetings of the membership, to cast one vote on all matters properly put before the membership for consideration, to nominate and participate in the election of the Board of Directors as provided by these Bylaws, to serve on the Board of Directors or on committees if chosen, to receive notices and minutes of membership meetings and annual reports of the Corporation.
- b. The assent of the Regular Membership, in accordance with these Bylaws, shall be required before action may be taken on the assessment of membership dues, the sale of land, the establishment or alteration of the "resale formula," the amendment of

the Certificate of Incorporation or these Bylaws, and the dissolution of the Corporation.

#### **5. Supporting Membership.**

- a. Any person who has contributed a sum of money equal to at least the annual dues established for the current calendar year, but who does not wish to become a Regular Member or has not met all of the requirements of Regular Membership shall be designated a Supporting Member of the Corporation.
- b. Supporting Members shall have all of the rights of Regular Members *except* the right to nominate and participate in the election of the Board of Directors and the right to vote on matters put before the Regular Membership.

#### **6. Membership Meetings.**

- a. *Notice of Meetings.* Written notice of every membership meeting shall be given to all Regular and Supporting Members and shall include an agenda for the meeting. Except as otherwise provided in Article VIII of these Bylaws, notice shall be mailed at least seven days prior to a meeting.
- b. *Annual Meetings.* The Annual Meeting of the membership, for reports to the membership by the Board of Directors and Officers, the election of Directors, the assessment of dues, and the transaction of other business, shall be scheduled by the Board of Directors to take place in January, or, otherwise, at such time as the Board may schedule, as early as practical in each calendar year. The location, as well as the specific time, of the Annual Meeting shall be determined by the Board of Directors. Notice of the Annual Meeting shall include a list of those persons nominated for the Board of Directors as provided in Article III of these Bylaws.
- c. *Regular Meetings.* Regular Meetings may be scheduled by the Regular Membership at such times and places as they shall establish at the Annual Meeting.
- d. *Special Meetings.* Special Meetings may be called by the Board of Directors or by a written petition, addressed to the President of the Corporation, signed by at least one tenth (10%) of the Regular Membership. At a Special Meeting, only those matters stated on the agenda, as included in the notice of the meeting, may be acted upon by the Membership.
- e. *Open Meetings.* All membership meetings shall be open to any person.
- f. *Minutes.* Minutes of all membership meetings shall be recorded by the Secretary of the Corporation or by another person designated by the Board of Directors. Minutes for every meeting shall be approved by the Regular Membership at the next membership meeting.
- g. *Quorum.* A quorum shall consist of one quarter (25%) of the total Regular Membership, as determined by the Secretary of the Corporation.

### **ARTICLE III: BOARD OF DIRECTORS**

1. **Number of Directors.** Subsequent to the transitional period described in Article X of these bylaws, the Board of Directors shall consist of eleven (11) Directors.
2. **Composition of the Board.** Subsequent to the transitional period, there shall be five categories of Directors, as follows:

Three (3) directors shall be elected to serve as General Member Representatives, representing the interests of the General Members.

Three (3) directors shall be elected to serve as Residential Owner Leaseholder Member Representatives, representing the interests of the Residential Owner Leaseholder Members.

One (1) director shall be elected to serve as Commercial Owner Leaseholder Member Representative, representing the interests of the Commercial Owner Leaseholder Members.

One (1) director shall be elected to serve as Residential Tenant Member Representative, representing the interests of the Residential Tenant Members.

Three (3) directors shall be elected to serve as Public Representatives, representing the broader public interest;

**3. Nomination of Directors.** For all regular elections subsequent to the first Annual Meeting of the membership, Directors shall be nominated as follows:

*a. General Member Representatives.*

(1) General Members may nominate General Member 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 Annual Meeting, after the chair has called for nominations for General Member Representatives by General Members, there are an insufficient number of nominees for the General Member Representative position(s) to be filled, then the Board will appoint a Representative(s) from among the General Members at a later time.

*b. Residential Owner Leaseholder Member Representatives.*

(1) Residential Owner Leaseholder Members may nominate Residential Owner Leaseholder Member 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 of the membership or be made from the floor at the Annual Meeting.

(2) If, at the Annual Meeting, after the chair has called for nominations for Residential Owner Leaseholder Member Representatives by Residential Owner Leaseholder Members, there are an insufficient number of nominees for the Leaseholder Owner Leaseholder Representative position(s) to be filled, then the Board will appoint a Representative(s) from among the Residential Owner Leaseholder Members at a later time.

*c. Commercial Owner Leaseholder Member Representatives.*

(1) Commercial Owner Leaseholder Members may nominate Commercial Owner Leaseholder Member 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 of the membership or be made from the floor at the Annual Meeting.

(2) If, at the Annual Meeting, after the chair has called for nominations for Commercial Owner Leaseholder Member Representatives by Commercial

Owner Leaseholder Members, there are an insufficient number of nominees for the Commercial Owner Leaseholder Member Representative position to be filled, then the Board will appoint a Representative from among the Commercial Owner Leaseholder Members at a later time.

d. *Residential Tenant Members.*

- (1) Residential Tenant Members may nominate Residential Tenant Member 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 of the membership or be made from the floor at the Annual Meeting.
- (2) If, at the Annual Meeting, after the chair has called for nominations for Residential Tenant Member Representatives, there are an insufficient number of nominees for the Residential Tenant Member Representative position to be filled, then the Board will appoint a Representative from among the Residential Tenant Members at a later time.

e. *Public Representatives.* At least ten days prior to the Annual Meeting of the membership, the Board of Directors shall, by a majority vote at a duly called board meeting, a quorum being assembled, make nominations for Public Representatives to the Board.

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

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

- a. A separate vote shall be taken for each of the categories of Board Representatives: (1) General Member Representatives, (2) Residential Owner Leaseholder Member Representatives, (3) Commercial Owner Leaseholder Member Representative, (4) Residential Tenant Member Representative, and (5) 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. Each Regular Member may vote for one nominee for each vacant position in each of the categories of Board Representatives.
- c. Positions shall be filled by those candidates receiving the largest numbers of votes, though such numbers may constitute less than a majority of the total votes cast.

5. **Vacancies.**

- a. *Election to Fill Vacancies.* 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 serve out the remainder of the departing Director's term. Elections to fill vacancies shall be by a majority of the remaining Directors.
- b. *Qualifications of Replacements.* 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 in which the vacancy occurs.

## **6. Terms of Directors.**

- a. *Length of Term.* Except as otherwise provided in these Bylaws, each Director shall serve a term of three years.
- b. *Commencement of Term.* The term of office of a regularly elected Director shall commence at the adjournment of the Annual Meeting of the membership 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.
- c. *Number of Terms.* No person shall serve as a Director for more than three consecutive three-year terms.

## **7. Resignation.**

- a. Any Director may resign at any time by giving written notice to the President. Unless otherwise specified, such resignation shall be effective upon the receipt of notice by 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 good cause for absence and continuing interest in participation on the Board are recognized by the Board. 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 absence from meetings and continuing interest in participating on the Board. Unless the Board determines that such good cause exists, the position in question shall become vacant.

## **8. 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 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 Meeting of the membership and must be held no later than one month following the Annual Meeting of the membership.
- 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 or by any three Directors. 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. Special and emergency meetings may be conducted in person, or via telephone conference call or internet web conferencing.

**9. 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 (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 not be taken; however, if they are 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 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 a majority of the Board of Directors.
- d. *Decision-Making.* Decisions shall 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 approved by the Board at the next Board meeting. All 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.

- 10. 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.
- b. Adopt an annual 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 leaseholders, as possible, in accordance with the provisions of Articles V and VI of these Bylaws.
- k. Provide for the purchase of housing and other improvements on the Corporation's land from leaseholders who wish to sell or whose leases are terminated, at prices based on the "resale formula," in accordance with Article VI of these Bylaws.
- 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.

11. **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 take action 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 section 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.

12. **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 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.

13. **Conflict of Interest.** No member of the Board of Directors shall vote on any matter in which such Director or any parent, spouse, child, partner, employer or similar related business entity has a substantial interest in any property or business that would be substantially affected by such action.

#### **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 three fourths (3/4) 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. Perform such other duties as the Board of Directors may assign.

7. **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 maintained in such manner as the Board directs.
  - d. 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 fiscal year and at such other times as the Board may direct.
  - e. Assure that such reports and returns as may be required by various government agencies are prepared and filed in a timely manner.
  - f. Assure that an annual budget is prepared and presented to the Board for its approval prior to the beginning of each fiscal year.

## **ARTICLE V: 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 and moderate income people. In so doing, the Board shall be guided by the following principles:
  - a. The Board shall consider the needs of potential leaseholders 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 and moderate 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 and the consent of any parties to whom such land is leased.

3. **Sale of Land.** The sale of land does not conform to the philosophy and purposes of the Corporation. Accordingly, land shall not be sold except in extraordinary circumstances when the sale is considered a necessary means of achieving the purposes of the Corporation. In such extraordinary circumstances, land may be sold only with:
  - a. An affirmative vote by at least three fourths (3/4) 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;
  - b. The approval of three fourths (3/4) of the Regular Members present at a regular or special meeting, a quorum being assembled, provided that written notice of such meeting has described the proposed sale and the reasons for the proposal.

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

1. **Ownership of Housing and Other 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 and moderate income people, or by others whose use of the land provides benefits for low-income people or otherwise supports the purposes of the Corporation.
2. **Purchase by the Corporation of Homes Located on the Corporation's Land.** It is a purpose of the Corporation to preserve the affordability of housing for low and moderate income people in the future. Accordingly, when land is leased to persons owning housing on the land, the Board of Directors shall assure that, as a condition of the lease, the Corporation is granted the right to purchase the leaseholder-owned housing, for a price determined by the "resale formula," at such time as the leaseholders wish to sell or the lease is terminated.
3. **The Residential Resale Formula.** For the purpose of preserving the affordability of housing, the Corporation shall restrict the price that leaseholders may receive when they sell housing located on the land leased to them by the Corporation. A policy establishing such restrictions in the form of a "residential resale formula" shall be adopted by the Board of Directors, 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 or moderate 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 an affirmative vote by at least three fourths (3/4) 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.
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 an event, the resale formula may be altered only by a three fourths (3/4) vote of the entire Board of Directors and a three fourths (3/4) vote of the Regular Members present at a membership meeting, provided that written notice of such meetings has set forth the proposed change with an explanation thereof.

## **ARTICLE VII: AMENDMENT OF CERTIFICATE OF INCORPORATION AND BYLAWS**

1. **During a two year period** beginning with the adoption of these bylaws on 7/16/98, the Certificate of Incorporation and these Bylaws may be amended or replaced through an affirmative vote by three fourths (3/4) 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.
2. **Thereafter**, any amendment or replacement of the Certificate of Incorporation or these Bylaws shall require *both* an affirmative vote by three fourths (3/4) of the entire Board of Directors at any regular or special Board meeting *and* an affirmative vote by three fourths (3/4) of the Regular Members present at any regular or special membership meeting, a quorum being assembled, provided that written notice of both such meetings has set forth the proposed amendment or replacement, together with appropriate explanations.

## **ARTICLE VIII: DISSOLUTION**

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

1. An affirmative vote by three fourths (3/4) 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 the plan of dissolution; and
2. An affirmative vote by three fourths (3/4) 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 IX: MISCELLANEOUS PROVISIONS**

1. **Fiscal Year.** The fiscal year of the Corporation shall begin on January 1, 1998, and shall end on December 31, 1998.
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 X: PROVISIONS FOR TRANSITION TO NEW MEMBERSHIP AND BOARD STRUCTURE**

These revised bylaws, as adopted by the Board of Directors, provide for the restructuring of the Corporation, with its membership redefined and with a board of directors to be composed and elected, in the future, as set forth in Article III. However, upon the adoption of these revised bylaws, the composition of the membership and Board of Directors shall not immediately change to conform to the provisions of Article III, but shall be modified gradually through the transitional period described in this Article X.

1. **Initial Members.** The initial members who shall be qualified to vote at the first annual meeting of the membership following the adoption of these revised bylaws, shall be:
  - a. *SAC members*, who shall consist of the duly elected members of the board of directors of the Sawmill Advisory Council. (The membership category of SAC members shall exist only during the transitional period.)
  - b. *General members*, who shall consist of those people who meet the requirements for general membership described in section II (1)(a) above, except that these members shall not be required to pay dues, as provided below.

2. **Initial Dues.** No member shall be required to pay dues in order to vote at the first annual meeting under these revised bylaws. The amount of membership dues shall first be established at the first annual meeting under these revised bylaws, and the payment of such dues shall thereafter be a requirement for voting membership as provided in section II(1)(b).
3. **First Annual Membership Meeting under Revised Bylaws.** The first annual meeting of the membership under these revised bylaws shall take place, at a time and place established by the Board of Directors, no later than 8 months following the adoption of the revised bylaws.
4. **Nomination of Directors During the Transitional Period.** During the transitional period, candidates for the board of directors, representing the various membership categories, shall be nominated as follows:
  - a. *SAC Representatives* may be nominated only by SAC members as defined in section X(1)(a).
  - b. Except as provided in section (f) below, *General Representatives* may be nominated only by General members as defined in section II(1)(a).
  - c. Except as provided in section (f) below, *Residential Leaseholder Representatives* may be nominated only by residential leaseholder members as defined in section II(1)(b).
  - d. Except as provided in section (f) below, *Commercial Leaseholder Representatives* may be nominated only by commercial leaseholder members as defined in section II(1)(c).
  - e. *Public Representatives* may be nominated only by a majority vote of the board of directors.
  - f. Except in the case of SAC members, if no nominations are forthcoming from any of the other three membership categories (General, Residential Leaseholder, or Commercial Leaseholder), either prior to an annual meeting or from the floor at such meeting when nominations from that category are first invited by the Chair, then nominations for that category may be accepted from any member of the Corporation. In all circumstances, SAC Representatives may be nominated only by SAC members.
5. **Election of Directors During the Transitional Period.**
  - a. *SAC Member Representatives* shall be elected by a majority vote of the SAC Members (members of the board of directors of the Sawmill Advisory Council).
  - b. *All other Directors* shall be elected by the membership as provided in section III(4)
6. **Numbers of Directors Representing Each Membership Category during the Transitional Period.** The numbers of directors representing each category during the first eight years following the adoption of these revised bylaws shall be as shown in the following table:

	SAC Reps	General Reps	Leaseholder Reps		Public Reps
			Resident	Commercial	
Year 1	6	3	0	0	0
Year 2	6	3	0	0	0
Year 3	4	3	2	0	0
Year 4	4	3	2	0	0
Year 5	3	3	3	0	0
Year 6	2	3	3	1	1
Year 7	1	3	3	1	2
Year 8	0	3	3	1	3

7. **Terms of Directors during the Transitional Period.** To achieve the changes in board composition shown in the table above, the terms of Directors during the transitional period shall be as follows.

a. *SAC Representatives.*

1. At the first annual meeting after adoption of these revised bylaws, six (6) SAC representatives shall be elected by the SAC members, each for a term of two (2) years.
2. Upon the completion of these two-year terms, at the third annual meeting after adoption of these revised bylaws, four (4) SAC representatives shall be elected by the SAC members, each for a term of two (2) years.
3. Upon the completion of these two-year terms, at the fifth annual meeting after adoption of these revised bylaws, three (3) SAC representatives shall be elected by the SAC members. By mutual agreement or by lot, these three newly elected directors shall then be assigned terms of one year, two years, and three years respectively. (As these terms are completed, after one, two, and three years respectively, the vacated board seats shall be filled by “Public Representatives” as provided below.)

b. *General Representatives.* At the first annual meeting after adoption of these revised bylaws, three (3) General Representatives shall be elected. By mutual agreement or by lot, these three newly elected directors shall then be assigned terms of one year, two years, and three years respectively. Thereafter, as these terms are completed, the vacated seats shall be filled by persons elected to serve terms of three years.

c. *Residential Leaseholder Representatives.*

- (1) At the third annual meeting after adoption of these revised bylaws, two (2) Residential Leaseholder Representatives shall be elected. By mutual agreement or by lot, one of

these newly elected directors shall be assigned a term of one year, and the other shall be assigned a term of three years.

- (2) At the fourth annual meeting after adoption of these revised bylaws and upon the expiration of the one-year term, the seat of the director whose term has expired shall be filled by a person elected to serve a term of three years.
- (3) At the fifth annual meeting after adoption of these revised bylaws, a third residential leaseholder seat shall be created and shall be filled by a person elected to serve a term of three years.
- (4) At annual meetings thereafter, the seat of each Residential Leaseholder Representative whose term has expired shall be filled by a person elected to serve a term of three years.
- (5) In the event that there are not yet any Residential Leaseholder Members at the time of an annual meeting at which a Residential Leaseholder Representative is to be elected, the SAC Members shall elect a person or persons to fill the seat or seats in question. The directors thus elected shall serve terms as provided above for Residential Leaseholder Representatives, and upon the expiration of such terms shall be succeeded by duly elected Residential Leaseholder Representatives, provided that there are Residential Leaseholder Members by such times.

d. *Commercial Leaseholder Representatives.* At the sixth annual meeting after adoption of these revised bylaws, provided that there is at least one commercial leaseholder member by such time, one Commercial Leaseholder Representatives shall be elected for a term of three years. Thereafter, upon the expiration of each three-year Commercial Leaseholder Representatives term, the seat shall be filled by a person elected to serve another three-year term. In the event that there are no commercial leaseholder members by the time of the sixth annual meeting, this seat shall remain vacant until such time as there is at least one commercial leaseholder member and shall be filled at the first annual meeting thereupon.

e. *Public Representatives.* At the sixth annual meeting after adoption of these revised bylaws, one Public Representative shall be elected for a term of three years (filling a seat previously filled by a SAC Representative). At the seventh annual meeting after adoption of these revised bylaws, a second Public Representative shall be elected for a term of three years (filling a seat previously filled by another SAC Representative). At the eighth annual meeting after adoption of these revised bylaws, a third Public Representative shall be elected for a term of three years (filling the seat previously filled by the last remaining SAC Representative). Thereafter, as each Public Representative term expires the seat shall be filled by a person elected to serve a term of three years.