

**BYLAWS
OF
EVANSTON DEVELOPMENT COOPERATIVE**

March 1, 2019

Article 1: Organization

1. The name of the organization is the Evanston Development Cooperative, herein referred to as EDC.
2. Though the registered address for the cooperative shall be determined by the Board of Directors, it is currently 2100 Ridge Avenue, Suite 3601, Evanston, IL 60201 as of Feb. 2019.

Article 2: Purpose

1. The Purpose of EDC is to engage Evanston residents in the designing, development, or construction of sustainable, sensible housing in Evanston through a democratically-owned, community-based entity.

Article 3: Membership

1. To apply for admission, qualified applicants shall submit the EDC subscription document, in which they subscribe to no less than 1 share of EDC at their respective par values.
 - I. Class A shares shall have a par value of \$600.
 1. Class A subscribers must be Evanston residents that patron EDC by participating in the construction of EDC-built housing units.
 - A. All employees of EDC, including both officers and employees of the front office, shall be Class A shareholders.
 - B. Class A Shareholders must demonstrate proof of residency via driver's license, bank statement, federal or state income tax filing, proof of home ownership, or other allowable documents as listed by the Illinois Secretary of State Office in State of Illinois document DSD X 173.7.\
 2. Class A shall receive an annual patronage dividend at a rate set by the Board of Directors, which shall be divided based on hours worked.
 3. Should a civil union, domestic partnership, or married couple seek to join EDC as a Class A shareholder, they may join as one member if so desired.
 - II. Class B shares shall have a par value of \$1,000.
 1. Class B subscribers are residents of Evanston, individuals with a long-term commitment to Evanston, or business or nonprofit entities within the state of Illinois.
 2. Should a civil union, domestic partnership, or married couple seek to join EDC as a Class B shareholder, they may join as one member if so desired.

3. Class B shareholders shall receive an annual dividend at a rate set by the Board of Directors.
- III. Class A shareholders may subscribe to up to 9 Class B shares, while eligible Class B members may subscribe to up to 10 Class B shares.
- IV. Permitting the requirements of the Illinois Co-operative Act, The General Assembly may vote by $\frac{3}{4}$ majority to permanently alter the share purchase price for future EDC applicants.
3. Upon receiving an application for EDC membership, the Board of Directors (BoD) shall admit or deny applicants at their next meeting.
 - I. Applicants approved by the BoD become “active” EDC members.
 1. Any inactive EDC member is defined as one that:
 - A. Fails to meet requisite, scheduled share payments, as defined in Article 3.5.
 - B. Fails to attend 3 or more consecutive shareholder meetings.
 - II. Any active member of EDC shall constitute a member of the “General Assembly” (GA).
 - III. Until EDC formally elects its first BoD, its five incorporators shall collectively function as a temporary BoD. Applications shall be accepted based on a simple majority vote from the incorporators.
4. Upon receiving full payment for subscribed shares, approved applicants shall be issued appropriate shares, the EDC Secretary shall provide new members with a copy of these herein bylaws, and they shall therein be considered active EDC members.
 - I. The EDC Secretary shall keep record of all active members.
 - II. Each holder of fully paid shares shall subsequently receive a certificate evidencing ownership of those EDC shares.
 1. All such certificates shall be signed by the EDC President and Secretary.
 2. Each such certificate shall be numbered and recorded in a register maintained by the Secretary.
 3. Each such certificate shall state that said stock is not transferable outside of EDC, and additionally, that voting rights are only provided via ownership on a one-owner, one-vote basis.
 4. Should a certificate be damaged, stolen, or lost, EDC may issue a replacement certificate upon approval from the EDC President and Secretary.
5. Class A shareholders shall be required to pay for their shares within 6 months of subscription.
 - I. Class A shareholders may pay for shares via patronage, deducting up to \$600 from their paycheck towards their share.
6. Class B shareholders shall be required to pay for their shares up-front, upon subscription. They shall become an active member when shares are paid in-full.
7. Should any active shareholder fail to make requisite payments, they shall be placed on inactive status.
 - I. When placed on inactive status, an inactive subscriber’s membership rights are temporarily revoked.

- II. A subscriber may return to active status by making requisite payments within 3 months of placement on inactive status.
- III. If an inactive member fails to make payments within this 3-month period, their shares shall be forfeited at par value by EDC and they shall be suspended from EDC.
 - 1. A suspended individual may only re-attain membership through up-front payment for shares and a majority approval from the Board of Directors.
- 8. To retain active membership in EDC, Class A & B shareholders must meet separate sets of annual participation requirements.
 - I. Class A shareholders must meet two requirements:
 - 1. Attend at least one GA meeting per year.
 - 2. Patron EDC with at least 20 hours worked every two years.
 - II. Class B shareholders must meet the following requirement:
 - 1. Attend at least one GA meeting per year.
 - III. Additionally, Class B shareholders must meet at least one of the following requirements:
 - 1. Volunteer at least 10 hours of professional expertise, such as legal, accounting, finance, engineering, marketing, or design skills once in every two year period.
 - 2. Host a “teach-in” meeting on EDC for the broader Evanston community once in a four-year period.
 - 3. Purchase an EDC-constructed housing unit.
 - A. If a Class B shareholder purchases an EDC unit, they are exempt from Class B shareholder requirements in perpetuity, aside from attendance at GA meetings.
- 9. Should any concerns of malintentions counter to the interest of the cooperative arise, a member’s active status shall be reviewed by the GA.
 - I. Any cooperative member may file a written complaint, seconded by one active member, to review an active EDC member.
 - 1. Written complaints must be provided to the Secretary at least one week before a regular or special shareholders’ meeting.
 - II. The Secretary shall include the written complaint in their meeting notification to all shareholders.
 - III. The President will oversee a membership review.
 - 1. In the instance in which the President is under review, the Vice President shall oversee said review.
 - IV. To begin membership review, the author of the written complaint shall explain their filing of a written complaint for no longer than 5 minutes.
 - V. Second, the member under review shall then explain their opinion for no longer than 5 minutes.
 - VI. Third, any shareholder, aside from the author of the written complaint and member under review, may ask questions to either the author or reviewed member for no longer than 30 minutes.

VII. All active shareholders then vote on the question of whether to terminate membership. If at least 70% of shareholders vote to terminate membership, the accused shall be permanently removed from EDC.

VIII. If membership is terminated, EDC immediately redeems the accused's stock at par value.

10. Ownership and membership may be terminated voluntarily by any active member, at any time.

I. Should an active member terminate their ownership, thereby leaving the cooperative, EDC shall redeem the member's stock at par value.

II. Resigned member repayment must occur no later than 6 months after a former member's termination of ownership.

11. Should an active shareholder seek to transfer or re-sell their shares to another person:

I. If the person receiving said transfer is already an EDC shareholder, they may receive the original shareholder's stock, permitting that their reception of additional shares does not exceed 10 total shares and 1 Class A share.

II. If the person receiving said transfer is not already an EDC shareholder, and they are eligible for EDC membership, they must apply through the same subscription process explained in Article 3.

1. If approved for membership, shares shall be transferred from the original shareholder to the new member.

2. If the original shareholder has any funds in their Member Account, as defined in Article 9.7, EDC shall pay out to said funds to the original shareholder.

3. The new member shall have a Member Account balance of \$0 upon joining EDC.

12. Should an active member become ineligible according to the requirements for EDC membership, they shall terminate their membership and EDC shall redeem the former member's stock at par value.

Article 4: Meetings

1. Meetings shall be held at a place suitable to the General Assembly, as determined by the President, Vice President, and Secretary.

2. Each active EDC shareholder, regardless of the number of shares held or amount invested by that shareholder, will possess one vote at all GA meetings.

3. Standard meetings shall be biannually, or twice per year.

I. Standard meetings shall be near the end of June and December.

4. The December meeting shall constitute the annual meeting, after the termination of EDC's fiscal year.

I. At the annual meeting, the Treasurer shall provide an update to all shareholders on the financial status of EDC.

5. A special meeting may be called directly by the President or via petition signed by at least 20% of the active EDC GA.

I. When a special meeting is called, either the President or a signing petitioner must provide a written justification for the meeting to the Secretary.

1. The Secretary shall provide notice of the date, time, place, and purpose of a special meeting no less than 1 week in advance.
2. Unless authorized by a ⅔ vote from the GA at a special meeting, no business shall be transacted at the meeting except as stated in the prior written justification.
6. The Secretary shall provide proper notification of the time, date, location, and agenda for standard meetings no less than 1 month in advance.
7. The presence, either in-person or by-proxy, of at least 51% of active EDC members shall constitute a quorum to transact business at all meetings.
 - I. Should the number of members at a meeting drop below quorum, no business may thereafter be transacted at that meeting.
8. Shareholders may send proxy votes to GA meetings, so long as their note includes a short, written justification of their decision and proof of their possession of EDC notice of the meeting, as provided by the Secretary.
9. The Order of Business at all Standard Meetings shall be as follows:
 - I. Reading of Minutes of Preceding Meeting
 - II. Officer Reports
 - III. Election of Relevant Officers and/or Directors
 - IV. Voting on any Matters of Business Operations or Administration
 - V. Unfinished Business
10. Special meetings need not follow the Order of Business above.

Article 5: Board of Directors

1. EDC shall have a Board of Directors (BoD) of 7 members, all of whom shall be active EDC members.
 - I. No member with an overriding conflict of interest (CoI) shall be eligible for the EDC BoD.
 1. To identify conflicts of interest, potential BoD members shall provide the General Assembly with a list of all potential CoI's before a BoD election.
 - II. No BoD member shall be a relative, partner, or spouse of the General Manager.
2. Four BoD seats shall be reserved for Class A shareholders.
 - I. In BoD elections, only Class A shareholders may vote in the elections for said four Class A BoD seats.
3. Three BoD seats shall be open to the entire GA.
 - I. Both Class A and Class B shareholders may vote in the elections for said three BoD seats.
4. Directors shall be elected for three-year, staggering terms.
 - I. Absent the termination of any BoD member, directors shall be elected at the standard December meeting.
5. Nominations and elections for BoD members shall take place in two subsequent shareholder meetings.
6. Any active EDC member may nominate any EDC member, including oneself, for placement on the BoD.

- I. Each nomination must be seconded by a different EDC member from the nominating EDC member.
 - II. The nominee may accept or reject the seconded nomination. Should they accept the nomination, they will be a nominee for the BoD.
 - III. There is no limit on the number of potential nominees for each BoD position.
7. At shareholder meetings where elections shall take place, each nominee shall give a speech of no longer than 5 minutes. Each nominee shall field questions from all active EDC members for no longer than 5 minutes.
 - I. Nominees must begin the questioning period by disclosing any actual, potential, or perceived conflicts of interest.
 - II. The Secretary shall time both the speech and questioning periods.
8. Voting for BoD members shall take place by secret ballot. The nominee(s) receiving the greatest number of votes shall be elected.
 - I. Active members may abstain from voting if they so choose.
 - II. Should a tie occur, a run-off election shall occur between all tied nominees.
 1. Abstentions are not allowed in run-off elections.
 - III. If there are 2 or more open seats, each seat shall be elected separately in sequential elections.
9. Among BoD members, a Chair of the BoD shall be elected for two-year terms during December GA meetings.
 - I. BoD Chair elections will occur immediately after BoD elections in the December GA meeting.
 - II. Nomination for BoD chair shall occur through the same process outlined in Article 5.6, though only BoD members are eligible to run for Chair.
 - III. Elections and Voting will occur in the same process outlined in Articles 5.7 and 5.8, respectively.
10. A BoD member's board term shall be terminated prior to its conclusion for any of the following reasons.
 - I. A BoD member voluntarily terminates their term, notifying the Secretary of their resignation.
 - II. A BoD member relinquishes all ownership in EDC or becomes suspended from EDC, as defined in Article 3.5.I.3
 1. If a BoD member is placed on temporary inactive status, as defined in Article 3.5.I, that BoD member is temporarily suspended from the BoD.
 - A. Upon retaining active status, the Board suspension is dissolved and reinstatement to the BoD is immediate.
 - III. Shareholders shall have the right to remove any board member from the BoD for just cause at any regular or special shareholders' meeting.
 1. BoD members shall be reviewed through the same process as defined for shareholder membership, as defined in Article 3.7, aside from the following differing condition:
 - A. A 60% vote from the General Assembly favoring a term suspension shall constitute a BoD member's removal from the Board.

- B. At the same General Assembly meeting, based on the proceedings from Article 3.7, if a BoD member is removed, a subsequent, separate vote to terminate EDC membership may take place.
- 2. Failure to attend no more than 2 BoD meetings over a two year period shall constitute just cause, automatically warranting a BoD term review by the GA.

Article 6: Board of Directors Meetings

1. The Board of Directors shall meet quarterly, near the end of March, June, September, and December.
 - I. The Secretary shall coordinate all meeting locations, times, and dates.
 - II. The Secretary, or a BoD member, shall send an agenda with notice of quarterly BoD meetings no sooner than 2 weeks in advance of each meeting.
2. A simple majority shall constitute quorum at any BoD meeting.
3. A special BoD meeting may be called by the Chair of the BoD, or upon the request of at least three members of the BoD.
 - I. Should a special meeting be called, the BoD shall send out relevant notification of the meeting to all active EDC members no later than one week in advance.
4. BoD meetings are open to the public.
5. At the first calendar year board meeting, BoD members shall list & share all potential CoI's to the BoD and EDC Officers.
 - I. If, at any point, a BoD member engages in an unethical CoI, their term shall be reviewed, as defined in Article 3.7.
6. Should a BoD member have a CoI in an ongoing matter, they shall be asked to excuse themselves from any relevant discussion or vote.
7. To expedite a decision related to business transactions that exceed \$50,000, the President may send a written proposal to the BoD. If the BoD approves the President's actions with a simple majority, the President shall notify the General Assembly within 2 days of the decision.
8. When a new BoD member is elected, the BoD shall conduct a short meeting after a General Assembly meeting.
9. The President and General Manager shall update the BoD on EDC operations at all BoD meetings.

Article 7: Officers

1. Officers, whose purpose is to govern EDC's administrative operations, shall be elected for one-year terms at the annual summer meeting, with the exception of the President and Vice President, who shall be appointed by the BoD for three (President) and two (VP) year terms, subject to satisfactory approval, annually. Positions include the following:
 - I. The President shall manage General Assembly meetings, report to the BoD, and align the long-term vision of EDC with its day-to-day operations. The President may appoint committees from the EDC General Assembly to serve purposes relevant to that of EDC.
 - II. The Vice President shall assist the President in the performance of their duties.
 - A. The Vice President shall assume the President's responsibility in the instance of the President's disability or absence.

III. The Treasurer shall oversee the keeping of all financial records, creation of all financial reports, and the filing of all requisite reports and returns to government entities, shareholders, and other relevant actors. The Treasurer shall present an annual report on the financial state of EDC at all standard GA meetings.

IV. The Secretary shall record and keep proper minutes at all BoD and shareholder meetings, distribute notice of future meetings, and legitimize EDC documents.

2. The General Manager (GM) shall be responsible for the day-to-day operations at job sites, crew management, and timeliness and quality of work. The President and GM shall collaborate to obtain and schedule necessary permits and inspections for construction. Additionally, the President and GM shall set salaries and rates for all on-site construction work.

I. Instead of being elected for one-year terms, the GM shall be appointed on an ad-hoc basis for set terms by the BoD after a new GM's election.

1. The BoD may seek the President's input on potential term lengths for a GM.

3. Nominations, elections, and voting for officers will occur in the same exact process as defined in Articles 5.6 to 5.8.

4. Aside from the General Manager, officers may hold seats on the BoD.

5. The BoD may add an officer position with a simple majority. Positions shall be added when the number of EDC members and volume of work and available capital warrant such additions.

I. To propose a new position, a BoD member must author a written description of the proposed position, providing a brief justification of its need in EDC.

II. Said description must be seconded by another BoD member no sooner than 1 month before a BoD meeting.

III. Upon a BoD member's seconding, said description shall be included in the BoD agenda with proper notice, as defined in Article 6.1.II.

6. Officer Compensation

I. Salaries for all officers shall be determined by the BoD.

II. The BoD shall set salaries for full-time EDC officers every two years.

III. Expectations and benefits for EDC officers and employees are explained in the EDC Employee Handbook.

7. Officer Termination

I. In the instance in which any officer, aside from the GM, is found to act counter to the interests of EDC or fail to uphold their professional responsibilities, the BoD possesses the power to remove them from their term.

1. To terminate an officer, the BoD shall first vote by simple majority to issue a written warning to the officer under review. The Chair of the BoD shall author the warning.

2. After being issued said warning, the officer in review shall have 30 days to write a "Performance Improvement Plan." Here, the officer under a review shall author a report on how they intend to alter and improve their work, based on the BoD's written warning.

3. After 30 days since the issuance of the written warning, the BoD shall review the Performance Improvement Plan and meet with the officer under review. The

BoD shall then vote to terminate the officer, requiring over a 70% vote to terminate.

II. Pending a majority approval from the Board of Directors, the President can dismiss the GM.

Article 8: Bylaw Amendments

1. The provisions of these Bylaws are severable, and if any provision shall be held invalid or unenforceable, that invalidity or unenforceability shall attach only to that provision and shall not in any manner affect or render invalid or unenforceable any other provision of these Bylaws, and these Bylaws shall be carried out as if the invalid or unenforceable provision were not contained herein.

2. Bylaws may be amended or replaced at any shareholder meeting, provided that the suggested bylaw edits, amendments, or repeals are distributed to all shareholders along with notice of the forthcoming meeting.

I. Any shareholder may propose and write a bylaw amendment, and it will go forward to the General Assembly upon the creation of a petition, with the suggested bylaw revisions, signed by at least 20% of active EDC shareholders.

1. Said petition shall be given to the Secretary.

II. To be adopted, a proposed bylaw amendment requires approval by a 3/4 majority in a vote of the GA.

Article 9: Allocations And Distributions

1. In consultation with the BoD, President, and Treasurer, EDC's end-of-year profit or loss shall be determined by a CPA.

2. "Patronage" is defined as participation or contribution to an EDC project.

I. "Patronage Dividends" shall have the definition contained in the Internal Revenue Code Section 1388(a) (dividends paid to members based on Patronage).

3. "Distribution" is defined as the distribution of annual dividends.

4. As per contract or agreement, patronizing Class A shareholders shall be paid for their labor by EDC. This shall constitute an expense for EDC.

5. At the end of a fiscal year, EDC's "Collective Total" will be its end-of-year profit or loss.

6. If the Collective Total is net positive, after accounting for corporate income taxes, EDC shall distribute its Collective Total in the following manner:

I. As determined by the BoD, a portion of the Collective Total shall be distributed to the EDC "Collective Account," managed by the Treasurer.

A. The "Collective Account" shall constitute reserves that stay retained in EDC.

II. The remaining portion shall constitute patronage dividends for Class A and annual dividends for Class B, and the BoD shall divide dividends appropriately and fairly at a distinct rate each year.

i. Patronage dividends to Class A shall be distributed in proportion to individual shareholders' hours worked in a fiscal year.

ii. Annual dividends to Class B shall be distributed in proportion to shareholders' amount invested.

iii. The BoD shall set dividend rates that align with EDC's eligibility for Subchapter T of the Internal Revenue Code.

7. Upon receiving dividends, shareholders' dividends shall be allotted into their "Member Account."
 - I. A "Member Account" is defined as a shareholder's total amount of dividends from their membership in EDC.
 - II. A Member Account shall never go below \$0.
 - III. Shareholders' paid capital for membership does not contribute to the value in their Member Account. Dividends only contribute to their Member Account.
8. When dividends are allotted into a shareholder's Member Account, they can engage in one of two options:
 - I. They can choose to receive their dividend, in full or any proportional payout, from EDC.
 - II. They can choose to keep their dividend, in full or any proportion, in their Member Account.
 - III. If shareholders have enough capital in their Member Account to purchase a Class B share, they may do so.
 - A. Shareholders may only carry out this purchase if they have less than the maximum 10 allowable shares of EDC.
9. Distribution rates may be altered by a 75% vote from the General Assembly.
10. If EDC's end-of-year balance is net negative, the following process occurs:
 - I. The BoD shall propose a solution.
 - II. The proposed solution requires a simple majority from the GA to pass.
 - III. In the instance in which the proposed solution does not pass, the BoD will have a week to propose a different solution. This process shall occur until a proposed solution is approved.
11. 100% of losses occurring and/or carried over from EDC's first two fiscal years shall be allocated to the collective account.
12. Any proprietary interest in the corporation held by a member that would otherwise escheat to the State of Illinois as unclaimed personal property shall become EDC property if:
 - I. EDC gives at least a 2-month notice of the proposed transfer to the affected member by mail and by publication in a newspaper of frequent circulation to EDC shareholders.
 - II. No property or funds shall become the property of EDC if written notice objecting to said transfer is received by EDC from the affected member, prior the date of the proposed transfer.
13. Upon liquidation, dissolution, or sale of the assets of EDC, any remaining assets after payment of all debts shall be distributed by the former Board of Directors.
 - I. The BoD must take each former active member's patronage or participation in EDC into significant consideration when distributing remaining assets.

Article 10: Accounting & Financial Management

1. The fiscal year of EDC shall be set by the BoD.
 - I. The commencement date of the fiscal year may be changed through a simple majority vote by the Board of Directors.
2. EDC books and accounts shall be managed by the Treasurer with proper diligence.
3. At the conclusion of each fiscal year, EDC books and accounts shall be audited by a certified CPA, whose report will be presented by the Treasurer to all shareholders during the annual December meeting.

4. At the annual meeting, the Treasurer shall provide all shareholders with appropriate financial statements.
5. All financial records are subject to review by any EDC shareholder upon request.
6. Pending authorization from the Board of Directors, any EDC notes, checks, and contracts may be executed by the President, Vice President, Treasurer, or General Manager.

Article 11: Performance Standard for New Construction

1. In order for EDC to fulfill its purpose of constructing high-performing housing and developing resilient neighborhoods, it is imperative that EDC will only propose and accept contracts to construct new residential dwelling units for units with design specifications that meet or exceed the following standards, in addition to meeting building codes of local jurisdiction:

I. Airtightness: equal or less than 1.0 ACH50 as determined by a blowerdoor test using [Test method A of EN 13829](#).

(<http://www.greenbuild.ie/PassiveHouseBlowerDoorTesting.pdf>)