

MEMORANDUM

TO: Policy Board Members and Alternates

DATE: November 20, 2006

FROM: Robert D. Miller, Director

RE: **Designation of the Central Area Neighborhood Development Organization (CANDO) as the NRP citizen participation organization for the Central neighborhood.**

On May 16, 2000 a group of community members organized to take control of the Board of Directors of the Central Neighborhood Improvement Association (CNIA). CNIA had served the Central neighborhood as the recognized citizen participation organization from the beginning of the City of Minneapolis' citizen participation program. The successful change in the Board began a series of events that culminated in my May 1, 2001 letter to CNIA restricting their access to NRP funds and setting a number of conditions that had to be met before CNIA could return as an NRP contracted neighborhood organization in good standing. During the period before and after this letter I routinely reported to the Policy Board the issues and concerns of NRP staff and the actions that were being taken to ensure that the NRP funds allocated to Central were safeguarded. Our relationship with CNIA effectively ended in 2004 when CNIA was unable to obtain forgiveness of their outstanding obligation to the James Ford Bell Foundation or raise the funds needed to reimburse the Foundation. The last known meeting of the CNIA Board occurred in December 2005.

The attached timeline and review of the events in Central is for your information. It provides a summary of the events that occurred after May 16, 2000 and the actions taken by NRP. During the period when the administrative funding of CNIA was restricted, NRP continued to meet the contractual obligations to third parties that were implementing strategies in the neighborhoods approved Neighborhood Action Plan.

NRP took its actions relating to CNIA because of the findings of the State Auditor during their review of the financial statements for the organization's 2000 fiscal year and the continued absence of resolution of the numerous findings in their audit report and management letter. Although the organization was offered help from NRP staff and other sources, CNIA chose to pursue its own approach to resolving the issues that resulted in the suspension of their funding. Resolving the James Ford Bell reimbursement was one of the major issues that had to be addressed.

The funds for Central were effectively “frozen” after May 1, 2001 and the appropriation approved for implementing the Phase I neighborhood action plan for Central has an uncontracted balance of \$443,198.

Since 2004 we have encouraged other organizations serving the Central neighborhood to consider restructuring to serve the needs of all of the residents of Central and to perform the functions of a geographically based resident participation organization. I am pleased to be able to report to you that we now have such an organization requesting designation as the recognized NRP contractor for the implementation of the Central Neighborhood Phase I Neighborhood Action Plan.

The **Central Area Neighborhood Development Organization (CANDO)** has written, in Attachment B, to formally request that they be designated as the resident participation organization for NRP activity in the Central Neighborhood.

CANDO is an outgrowth of the Central Weed and Seed program. They organized a resident participation organization in 2005 that has incorporated as a non-profit, received a 501(c) 3 designation from the IRS, developed a mission statement and bylaws through extensively advertised neighborhood meetings, and elected their board from neighborhood residents. CANDO was awarded a CDBG Citizen Participation contract for the Central neighborhood by the City of Minneapolis in 2006.

CANDO has already demonstrated its capacity and commitment to the neighborhood by sponsoring a neighborhood clean-up, conducting a community beautification awards ceremony, working to eliminate graffiti in Central, participating in the South Minneapolis Housing Fair in 2005 and 2006 and on the 38th and Chicago Task Force, organizing a teen activity fair in south Minneapolis, as well as numerous other community events.

It is time for NRP to move forward in Central with a new partner to help implement the residents’ vision in their neighborhood action plan. I am, therefore, recommending the following resolution to the Board for its approval:

RESOLVED, That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board (“Board”) has received and reviewed the request of the Central Area Neighborhood Development Organization (CANDO) to serve as NRP’s resident participation organization for the Central neighborhood;

RESOLVED FURTHER, That CANDO has committed to implementing the Central neighborhood action plan approved by the neighborhood and this Board in a manner consistent with the rules, policies and guidelines of NRP;

RESOLVED FURTHER, That NRP staff will monitor the activities of CANDO to ensure that it carries out its resident involvement and neighborhood action plan implementation activities in a responsible, fair, inclusive and fiscally sound manner;

RESOLVED FURTHER, That the Board recognizes CANDO as the resident participation organization and the contracting agent for NRP activities in the Central neighborhood of Minneapolis;

RESOLVED FURTHER, That the Board directs the NRP staff to initiate recovery, to the extent possible and cost effective, of previously provided funds or advances from the assets of CNIA and terminate any remaining NRP relationships with CNIA.

Attachment A

A Chronology of Events in the Relationship between NRP and CNIA

The following chronology shows events that affected the relationship between the Neighborhood Revitalization Program and the Central Neighborhood Improvement Association (CNIA) between May 2000 and December 2005.

2000

May 16:

CNIA holds its' annual meeting. A group of community members organize a slate of candidates who are successful in being elected to the CNIA Board.

The new majority elects a new set of officers. The leadership change leads directly to the termination and/or resignation of the entire staff.

June 14:

Robert Cooper, MCDA NRP/Citizen Participation Department Manager sends a letter to CNIA Board Members finding, based on legal counsel's determinations, that the May 18 Special Meeting of the CNIA Board of Directors that resulted in the firing of the Executive Director was invalid, and therefore, the actions taken at the meeting were also invalid.

June 15:

The James Ford Bell Foundation sends a letter to CNIA President Zachary Metoyer requesting the immediate return to the Foundation of \$36,398.78 in restricted grant monies designated for specific CNIA related projects in the Foundation's Central Neighborhood Initiative.

June 26:

Robert Miller, NRP Director, sends a letter to the CNIA Board of Directors informing the Board that no new contracts or expenditures of NRP funds allocated for implementation of the Central Neighborhood Action Plan would be authorized. Mr. Miller states, "At this time, I do not have the confidence in the CNIA Board required to allow me to feel that these public funds will be expended appropriately and in a manner consistent with the approved Neighborhood Action Plan for Central." The letter presents a series of specific actions to be taken that would lift the contracting restrictions.

July 10:

CNIA President Zachary Metoyer files a grievance related to the actions taken by the NRP Director.

August 2:

Joe Horan, NRP Neighborhood Specialist for Central neighborhood in a letter to Mr. Metoyer states, "I'm also aware that CNIA has recently advertised the availability of four staff positions. I have no idea what CNIA's status may be regarding other funding sources but it's important for you to understand the status of the NRP's funding support. If CNIA staffs up to a complement of 5 full-time positions at a payroll similar to the previous positions and if NRP is the only funding source, I project that you will have operating funds for 4-6 months."

August 8:

Policy Board Chair Mark Stenglein sends official notification to Mr. Metoyer stating, "I find no substantiation in your letter that warrants proceeding with a grievance."

The NRP office and CNIA move forward cautiously and responsibly.

November 10

Plan modification #10 is approved to move \$25,000 to support administrative activities.

NRP Expenditures in 2000:

Total: \$376,625.76

Contracts with CNIA: \$180,714.80

Contracts with other vendors: \$195,910.96

2001

March 21:

John Bostrom, Office of the State Auditor, sends a letter to John Ruffin, CNIA Executive Director, expressing concern over the delays in receiving records to perform the audit of CNIA for the year ended September 30, 2000. The letter lists 29 items of information that need to be received to complete the fieldwork by May 31, 2001.

April:

The NRP office receives two notarized statements, both signed by the CNIA President on behalf of the CNIA Board declaring that \$110,000 of the organization's resources are unaccounted for and that "there is a great possibility that all of these funds or part of them were embezzled".

May 1:

Mr. Miller sends official notification to the CNIA President Zachary Metoyer restricting present and future NRP contract activity through CNIA. Restrictions include, requiring prior authorization from NRP staff for CNIA to incur extraordinary expenses defined as engaging consultants, executing professional services agreements, retaining independent contractors, hiring new employees and providing funds for event related expenses. New contracts with CNIA or requests to increase contract amounts would be forwarded to the NRP Policy Board for action. He also informed Mr. Metoyer that the Office of the State Auditor would examine the financial and organization status of CNIA for the period covering October 1, 2000 to present.

June 12

Pursuant to a conversation with Mr. Metoyer, Mr. Miller offers the services of Joe Horan and Robert Thompson to provide a training workshop on Board Roles and Responsibilities. The training is never requested.

NRP Expenditures in 2001:

Total: \$987,742.40

Contracts with CNIA: \$73,903.92

Contracts with other vendors: \$913,838.48

2002-2004

September 9, 2002

Scott Post, Office of the State Auditor, prepares a list of 14 records that were not included in information provided to the OSA that would be necessary for an audit to commence for the fiscal year ended September 30, 2001.

September 26, 2002

Meeting between Bob Miller and members of CNIA Board regarding the State Auditor's work on CNIA's audit. Mr. Miller conveys that the OSA has concluded that it cannot complete the audit for this period (year ending September 30, 2001) due to the extensive absence of records and other documentation.

December 9, 2002

Pursuant to a request to release to CNIA administrative funds in contract 17079, Mr. Miller replies in a letter to Art Erickson, CNIA President that he cannot authorize the release. Mr. Miller states, "The inability to independently verify the financial position of CNIA leads me to the position that to continue providing public funds in support of CNIA would be irresponsible stewardship of the public trust."

2003 Intermittent Meetings

NRP and CPED staff meet with CNIA officers to outline steps needed to move forward, including the resolution of audit findings, the adoption of a conflict of interest policy, the adoption of internal controls/financial policies, the adoption of a budget showing sources and uses of funds, and evidence that it is a financially viable organization (i.e. resolution of the James Ford Bell Foundation liability).

April 5, 2004

Mr. Miller corresponds to Art Erickson regarding CNIA's request for a Plan Modification. In the letter Mr. Miller states,

"When we last met on January 5, 2004 we had a frank and comprehensive discussion of the status and standing of CNIA as the NRP contracting organization for Central and what it would take to restore our relationship. Significant progress has been made and CNIA can take great pride in the improvements that have occurred and the number of issues that have been resolved. At that meeting, however, I again raised to you the need to resolve the financial liability that exists between CNIA and the James Ford Bell Foundation. We cannot restore our relationship with CNIA until this outstanding issue is resolved. At that meeting you assured me that the issue had been addressed, James Ford Bell would forgive the grant made to Central and that a letter to this effect would be coming to NRP shortly. We have not yet received any such letter or any other documentation that indicates that this issue has been resolved."

April 19, 2004

The James Ford Bell Foundation informs Art Erickson, CNIA President, that after careful review the Trustees unanimously made the decision to continue their demand for repayment of the outstanding debt. The Foundation requests a plan for repayment of the funds misappropriated by CNIA.

April 30, 2004

Art Erickson, CNIA President sends a letter to James Ford Bell Foundation requesting a meeting to discuss the exact amount of the debt, options available to pay the debt, including a reduced settlement, and terms of payment.

November 30, 2004

The James Ford Bell Foundation informs Art Erickson, CNIA President that the Board of Trustees once again undertook an exhaustive review of possible forgiveness of the debt owed by CNIA and reaffirmed their standing decision. The debt owed by CNIA to the James Ford Bell Foundation will not be forgiven and the issue will not be reviewed again.

NRP Expenditures in 2002-2004:

Total: \$769,139.52

Contracts with CNIA: \$13,897.39

Contracts with other vendors: \$755,242.13

2005

December 2005

Last known Board meeting held by CNIA.

NRP Expenditures in 2005:

Total: \$174,582.27

Contracts with CNIA: \$0.00

Contracts with other vendors: \$174,582.27



November 10, 2006

Joe Horan
NRP
Crown Roller Mill
Minneapolis, MN 55401

RE: NRP Designation for CANDO

Dear Joe,

I am writing to formally request that the NRP Policy Board designate Central Area Neighborhood Development Organization (CANDO) as the citizen participation organization for NRP activity in the Central Neighborhood of Minneapolis.

Central neighborhood residents (initially Central Weed and Seed members) began meeting early in 2005 to begin the establishment of a 501c3 neighborhood organization to continue the work of the Weed and Seed initiative in preparation for funding ending for said program. Numerous meetings were held over several months developing a mission statement, bylaws and submitting paperwork for the establishment of the Central Area Neighborhood Development Organization (CANDO) as a non-profit neighborhood group. CANDO formally announced its existence in May 2005. 501c3 status was obtained, an annual neighborhood meeting was advertised and held in October 2005 (as specified in the by-laws), and a board was elected by those residents attending the neighborhood meeting. In the spring of 2006, CANDO received Citizen Participation Status from the City of Minneapolis.

CANDO has continued with monthly board meetings, and recently held its second annual meeting in October 2006, where several new board members were elected. In addition to the board meetings, CANDO has sponsored a neighborhood clean-up, conducted a community beautification awards ceremony, done graffiti elimination in all of Central neighborhood, represented Central Neighborhood at the South Minneapolis Housing Fair in 2005 and 2006, participated in the 38th and Chicago Task Force, helped sponsor the "Speak" public art project on Chicago Ave, partnered with the Breaking Ice theater troupe at Pillsbury House to present a special theater performance, helped sponsor the South Side Pride Festival the past two years, organized a teen activity fair in south Minneapolis, as well as numerous other community events. The variety of the activities accomplished by CANDO indicate the breadth of our mission and the level of our commitment to being an inclusive and committed community improvement and citizen empowerment organization for the residents of the Central neighborhood.

CANDO is fully capable of completing implementation of the Central Neighborhood Phase I NRP Neighborhood Action Plan and we want to work with the staff of NRP and the appropriate government and private organizations to do so. We are committed to improving the Central neighborhood and implementing the plan that its residents originally approved in July 1995.

Hopefully this letter provides the highlights you requested regarding CANDO. Please feel free to contact me if you have any questions.

Sincerely,





Philip Miller, Secretary
CANDO

Central Area Neighborhood Development Organization Bylaws a.k.a. CANDO

ARTICLE I. CORPORATION NAME:

The name of this non-profit corporation shall be Central Area Neighborhood Development Organization. The corporation may also be referred to as CANDO.

ARTICLE II. MISSION, VISION, AND PURPOSE STATEMENTS:

MISSION:

CANDO promotes neighborhood livability and stability, fosters economic development, and strengthens communication through inclusive and representative community involvement.

VISION:

Central neighborhood is a safe, clean, vibrant community, where all residents are active participants, united in strengthening the quality of life and economic stability of the neighborhood.

PURPOSE: CANDO is a community driven organization that engages residents, property owners, business owners, and others invested in the Central neighborhood through regular activities, meetings, and events to:

- 1) Provide an organized voice for residents of the Central neighborhood.
- 2) Advocate on behalf of residents, property and business owners, of the Central Neighborhood.
- 3) Build strong community relationships that cross economic, cultural, and generational lines in order to protect our rich diversity and ensure open communication between neighbors.
- 4) Provide for, and facilitate, opportunities for citizen participation venues at which all voices can be heard.
- 5) Improve, and/or support efforts to improve, housing stock, education, recreation, child care, transportation facilities, the environment, public safety, community beautification, and other neighborhood services that impact the Central neighborhood.
- 6) Encourage a healthy economic environment for the residents of Central, especially the economically disadvantaged, which is realized by;
 - a.) Quality businesses which serve, and are accessible to, all residents.
 - b.) High quality, living wage jobs accessible to all residents, which also promote advancement and reasonable job security through training or other opportunities.
 - c.) Revitalized, restored, and/or stabilized primary business corridors.
- 7) Create and maintain a living, vibrant, and self renewing community for this and future generations.

ARTICLE III. AREA AND BOUNDARIES:

The area for which CANDO shall provide service is that portion of Minneapolis, Minnesota bounded by:

East Lake Street to the north
East 38th Street to the south

I-35W South to the west
Chicago Avenue South to the east
The area includes the near side of all boundary streets, and is hereafter referred to as "the neighborhood."

ARTICLE IV. MEMBERSHIP:

The membership of the Central Area Neighborhood Development Organization is comprised of individuals who meet one or more of the requirements outlined in Section 1 below, who have requested such membership via registration as outlined in Section 2 below.

Section 1. Requirements for membership in CANDO.

- a.) Members must be at least 16 years of age and;
- b.) Must live in the neighborhood and be able to present acceptable proof of such residency at the Annual, Special, Committee, or Task Force meeting at which they wish to vote. Acceptable proof includes a Minnesota driver's license or State identification card with name, address and photo, or a current utility or water bill with name and address. Acceptable proof for students between the ages of 16 and 21 includes a student I.D. with name, address, and photo, and/or vouching by another qualified member who does have a photo I.D. with address, available at the time of vouching. No member shall vouch for more than two individuals, or;
- c.) Must own residential property in the neighborhood and be able to present acceptable proof of such ownership at the Annual, Special, Committee, or Task Force meeting at which they wish to vote. Acceptable proof includes a State I.D. with name, address, and photo; and/or (1) a current utility or water bill with name and address present; and/or (2) a deed or mortgage note with the member's name and business or residential address; and/or (3) a business license showing the owners name and business address; and/or (4) a property tax statement. Other forms of identification may be accepted as deemed appropriate, or;
- d. Must own or represent a licensed business in the neighborhood and be able to present acceptable proof of such ownership/proprietorship at the Annual, Special, Committee, or Task Force meeting at which they wish to vote. Acceptable proof includes a State I.D. with name, address, and photo; and/or (1) a current utility or water bill with name and address present; and/or (2) a deed or mortgage note with the member's name and business or residential address; and/or (3) a business license showing the owners name and business address; and/or (4) a property tax statement. Each business may have one member. Other forms of identification may be accepted as deemed appropriate, or;
- e. Must represent an institution, school, or non-profit organization, located in the Central neighborhood, each of which may have one member, capable of showing proper I.D.

All reasonable efforts will be made to ensure the provision of a meeting environment and location that is inclusive of all members and/or participants, including those with physical impairments, language differences, or other special considerations.

Section 2. Registering to become a member.

Eligible persons who wish to become a member of CANDO may do so by attending the CANDO Annual Meeting, or a CANDO board meeting, or a CANDO committee/task force meeting, or any other CANDO sponsored meeting or event, and affirming that attendance and their intent to become a member by signing in with his or her name, address, and phone number at that time. Eligible persons may also request membership by phone, mail, electronic mail, or in person, by contacting the Secretary or staff, if any, of CANDO. Proof of membership eligibility, as described in Article IV, Section 1, will be required for any member who wishes to vote on any issue or election.

Membership can be requested throughout the year. Names and other identifying information, as offered

at the time of membership request, shall appear on the typed membership roster prepared for the Annual Meeting, unless the request has been made 30 days, or less, prior to the scheduled Annual Meeting.

Section 3. Membership resignation or termination.

Any member may resign their membership at any time by giving written notice to the Board of Directors, the Secretary, or CANDO staff, if any. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Membership shall automatically terminate if the member no longer meets the membership requirements in Article IV, Section 1. Membership also shall automatically terminate two years after the last meeting attended by the member, unless the member requests of the board to be excused from this provision due to illness or hardship.

Section 4. Interest in property.

The members of CANDO shall not, as such, have any right, title or interest in the real or personal property of this corporation.

ARTICLE V. VOTING:

Section 1. Eligibility.

Unless otherwise specified in these by-laws, any qualified member, as defined in Article IV of this document, may vote at any Annual, Committee, Task Force, or Special meeting of CANDO, for the term of their membership.

Upon meeting the qualifications laid out in these by-laws, each eligible member may cast one vote on any active motion at the Annual, Committee, Task Force, or Special meeting in which they are in attendance. Additionally, eligible members shall have one vote for each board seat being filled during elections at the Annual Meeting.

A list of the voting membership of this corporation shall be kept by the Secretary of the corporation pursuant to Article VI, Section 4 of these by-laws.

Section 2. Quorum.

The presence of ten (10) percent of the voting membership, as determined by the members list established in Article VI, Section 4, shall constitute a quorum at any Annual or Special meeting. The members present and entitled to vote at any meeting, although less than a quorum, may discuss business and adjourn the meeting if there is consensus. However, no votes on any issue may be taken. A majority of the total number of votes held by the members present and entitled to vote at any meeting at which a quorum is present must be cast to transact any business, unless otherwise provided by these bylaws. When any meeting of the members is adjourned to another time and/or place, notice of the adjourned meeting need not be given other than by announcement at the meeting at which adjournment is taken.

ARTICLE VI. MEETINGS OF THE GENERAL MEMBERSHIP:

Section 1. Annual meeting.

The annual meeting of the membership shall be held on the third Thursday in October of each year, or at such time as the board may determine, providing that the meeting shall not be earlier than the first Monday in October nor later than the second Thursday of November.

All registered members of CANDO shall be notified in writing, by U.S. mail as funds permit, of the date, time, and location of the Annual Meeting, at which board elections, among other business will take place.

The neighborhood will also be notified of the Annual Meeting via flyers, leaflets, and/or newsletters delivered door to door or by U.S. mail as funds permit.

Items may be voted on at the Annual Meeting, or at any other meeting of CANDO, only if they are on the agenda. Members may submit agenda items for consideration to the President or Secretary, in person or by mail at the primary offices of CANDO, at least ten (10) days before the Executive Committee meeting, which will convene just prior to the meeting at which the member wishes an item to be placed on the agenda.

Section 2. Special meetings.

Special meetings of the membership of CANDO may be called at any time (a) by the President, (b) by the Board of Directors, or (c) upon written request of either fifty members, or ten percent of the voting membership, (whichever is less), of CANDO. Anyone entitled to call a Special Meeting of the members may do so by making a written request to the President. The President shall present the request at the next regularly scheduled Board meeting, and the Board of Directors, within 30 days of review of the request, shall set the date of such meeting. The meeting shall be held no later than 90 days after receipt of such demand by the Board of Directors, and shall be advertised in a manner similar to the Annual Meeting.

The Special Meeting shall be held in the county where the registered office is located. The business transacted at a Special Meeting is limited to the purposes stated in the meeting notice.

Section 3. Notice.

At a minimum, notification of Annual or Special meetings shall be made to members and the general neighborhood via flyers and/or leaflets delivered by hand and/or posted in public places at least thirty (30) days, but not more than ninety (90) days before the meeting. Meeting notification posted in community newspapers is subject to the same time criteria.

Further, as space and funds permit; (1) Notification of the Annual Meeting and elections will be posted in the Summer Edition of the CANDO newsletter, and will include a nomination form for board elections that includes a request for contact information and a biography among other things; (2) This written notice of the Annual Meeting of the membership, stating at least the date, time, and place of the meeting, shall be delivered not more than ninety (90) days before the meeting; (3) The Fall Edition of the CANDO newsletter shall include a roster of nominees and their personal information, as transcribed from their nomination form.

Candidate information shall also be included in packets to be distributed to the membership at the Annual Meeting. Nominations for a seat on the Board of Directors will be accepted not less than 30 days, nor more than 90 days, prior to the Annual Meeting date from candidates who wish to have their nomination announced prior to the Annual meeting .

Special Meetings shall be advertised in a similar manner as funding permits.

Section 4. Members list for meeting.

Membership can be requested throughout the year, however, the Board of Directors shall fix a date not more than ninety (90) days, nor less than thirty (30) days, before the date of the Annual Meeting of the members as the date for determination of the printed list of members. Whensoever the Board fails to set such a date, the date shall be the thirtieth (30th) day before the date of the meeting.

Each year the Secretary shall prepare an alphabetical list of names, with contact information, as offered by the individual party requesting new, or updating current, membership. The list shall serve as the printed membership roster for the Annual Meeting. Beginning two business days after the fixed date, the list shall be available at the principal office of this corporation for inspection and copying on written demand by any member (or the agent or attorney of any member), at the member's expense, for the sole purpose of communication with other members concerning the meeting. The list shall be made available through the date of the meeting and at the meeting.

The members list shall be used to determine the quorum necessary for Annual or Special Meetings.

ARTICLE VII. BOARD OF DIRECTORS:

Section 1. Board composition - Elected Board of Directors.

From October 2004 until the Annual Meeting in October of 2005, the Board of Directors shall consist of persons appointed by the Incorporators of CANDO, as named in the Articles of Incorporation certified by the Secretary of the State of Minnesota on October 5, 2004.

Beginning with the first official elections of CANDO in October of 2005, the Board of Directors shall consist of no less than thirteen (13), and no more than fifteen (15) elected Directors. In October 2005, the first full year of business for CANDO, the membership shall elect 15 Directors, eight (8) of whom will serve a one (1) year

term, and seven (7) of whom will serve a two (2) year term, the terms being assigned to each elected Director by lottery at the close of elections at the Annual Meeting. Consideration will first be given to any Director who makes a specific request for a one year term. Beginning with the 2006 elections, and from that point forward, eight (8) Directors will be elected to two year terms in even numbered years, and seven (7) Directors will be elected to two year terms in odd numbered years.

The thirteen (13) to fifteen (15) elected members of the board will be comprised of the following classifications: a maximum of two (2) Directors shall be representatives of institutions, schools, or non-profits located in the Central neighborhood; a maximum of two (2) Directors shall be owners or representatives of a business, including operating as a landlord, of property located in the Central neighborhood; and the remaining seats shall be filled by Central neighborhood residents, of which at least one must be a renter. All elected Directors shall have voting privileges on the CANDO Board upon attendance at the first regular meeting scheduled to take place after the Annual Meeting and elections.

Board Directors may cast one vote on any active motion at a Board, Annual, Special, Committee, or Task Force meeting in which they are in attendance. Additionally, elected Directors are eligible to serve on any administrative or policy committee or task force of the Board.

Section 2. Eligibility.

Any member may become a candidate, and subsequently be elected to Director status, provided they have not been the beneficiary of an award, grant, or loan channeled through CANDO within six (6) months prior to elections at the Annual Meeting. This does not include members who have benefitted as a result of being included in an area or group which receives benefits provided to all members of that area or group, e.g. block club grants, street lighting, or district-oriented programs.

Section 3. Terms.

Elected Directors may not serve more than three (3) consecutive terms, or four (4) terms total in a 15 year period.

A Director shall hold office for the term for which he or she was appointed or elected and until the end of the meeting at which her or his successor has been appointed or elected and until such successor has qualified, or until the director's death, prior resignation or removal.

Section 4. Removal and vacancies.

Any Director may at any time be removed with or without cause by a two-thirds (2/3) vote of the Board of Directors for reasons including, but not limited to:

- Three consecutive and un-excused absences from regularly scheduled Board meetings.
- Disqualification from holding the position, (e.g., moves out of the neighborhood or failure to

comply with the requirements of the position.)

- Violations of conflict of interest policies, duties of care, or fiduciary responsibility.

Any Director may resign at any time during his or her term by submitting a request in writing to the President or Secretary of the Board. Acceptance of the resignation is immediate upon receipt of the request, or upon the date the resigning board member so names in his or her request.

Any vacancy occurring because of the death, resignation or removal of a director shall be filled by the general membership at the next Annual Meeting, as long as said Annual Meeting is scheduled to take place within one hundred twenty (120) days of the vacancy.

The Board of Directors may appoint an interim Director until the next Annual Meeting of the membership, if the Annual Meeting is scheduled to take place more than one hundred twenty (120) days after the vacancy has occurred.

Such appointed members shall have all rights and responsibilities of the elected Director.

Section 5. Duties.

Directors shall attend and participate in all Board Meetings, Annual Meetings and Special Meetings, unless otherwise excused; shall act as advisors on matters brought to the membership meetings; shall preside over, and/or serve on, at least one sub-committee or task force committee; and shall organize or co-organize at least one CANDO activity or event per year.

When possible and practical, officers and committee chairs should be chosen from the elected or appointed Directors of the Board, though no Director should hold more than one officer position, unless otherwise required as a condition of these by-laws. All Directors, but particularly officers, shall endeavor to protect the integrity of CANDO and its procedures and policies, and should refrain from community organizing regarding internal policy making or other issues not authorized by the full board, within committees which they manage.

Directors and other members of CANDO sub-committees and/or task forces shall serve as a conduit to facilitate communication between the Board and their constituents.

Section 6. Powers.

The Board of Directors shall have the following powers:

- # To develop, monitor, and maintain financial matters.
- # To develop, monitor, maintain, and honor policies, procedures, rules, and roles.
- # To develop, monitor, and facilitate fulfillment of an Annual Work Plan
- # To develop, implement, and participate in citizen participation and training activities.
- # To employ such staff as may be necessary to carry out the purpose of this corporation.
- # To create and serve on committees or task force groups that forward the mission and purpose of CANDO.
- # To conduct the business of the corporation with honesty, integrity, respect, and in

good faith of the public trust.

To support, initiate, and/or provide any other activity deemed necessary and reasonable by the membership, or as provided by law.

To make the final determination and cast the deciding vote on any matter that is the business of CANDO.

Section 7. Receipt of benefits.

No Director may apply for or receive benefits, directly or indirectly, from any program managed, overseen, or controlled by CANDO for the duration of their Board term and for a period of twelve (12) months following the end of their term, as determined by sign in rosters, and/or membership rosters. This does not include members who have benefited as a result of being included in an area or group which receives benefits provided to all members of that area or group, e.g. block club grants, street lighting, or district-oriented programs.

ARTICLE VIII. OFFICERS.

Section 1. Designation of Officers.

The Executive Officers of CANDO shall be a President, Vice-President, Secretary, Treasurer, and one At-Large officer. Officers shall be elected by and from the Board of Directors at the first regularly scheduled meeting after the Annual Meeting. Officers shall be elected to one year terms, and except in the first year of official business, 2005, the President shall have served at least one year on the CANDO Board of Directors before they shall be eligible for this position.

Section 2. Duties of Officers.

a.) The President will preside over all meetings of CANDO, unless he or she finds it necessary or advisable to appoint a temporary designee to preside over a specific meeting. At his or her discretion, the President may appoint committee or task force chairpersons for a period of one year, or to fill a vacant position; will be an ex-officio member of all committees; will act as Chair of Executive Committee meetings; and will perform all other duties typically pertinent to that office, or deemed otherwise necessary by the membership or Board.

b.) The Vice-President will perform the duties of the office of President in the absence of that official, will act as Chair to the Personnel Committee; will assist the President in any other duties as requested; and will perform all other duties typically pertinent to that office, or deemed otherwise necessary by the membership or Board.

c.) The Secretary will be responsible to record meeting minutes and maintain a current record of all such meetings of CANDO; will keep all records necessary to maintain an up to date membership roster; will maintain voter lists, and voter sign in sheets; will maintain current copies of the by-laws of CANDO as well as a record of Board Officers, actions, and resolutions, and will make such records available to the membership, upon request, at the offices of CANDO; will maintain a history of CANDO; and will perform other duties as required by law. All records and documentation pertaining to or belonging to CANDO will be shared with staff of CANDO to ensure a duplicate set of records is on file, and to provide access to such records in the event the Secretary is unavailable.

In the event that the role of Secretary is vacant, the Treasurer shall assume the duties of the Secretary and shall be known as the Secretary-Treasurer until such time as a new Secretary is chosen.

d.) The Treasurer will be responsible for supervising the receipt, deposit, and disbursement of all monies of CANDO in accordance with generally accepted accounting standards, all applicable law, and with fiscal policies established by the Board of Directors; will be responsible to ensure that an accurate

and current statement of the financial condition of CANDO is available to the Board and the general membership as needed; will carry out the duties of the signatory agent of CANDO; will oversee and/or monitor the filing of necessary records with the Secretary of State, the Internal Revenue Service and other government offices; all to the extent possible and necessary whether in consideration of a contractual relationship with a fiscal agent, bookkeeping service, other paid financial assistance, or in the event CANDO supports its own staff to provide financial services.

In addition, the Treasurer will be responsible for making a full financial report at the Annual Meeting, will act as Chair to the Finance Committee; and will perform other duties required by law.

In the event that the role of Treasurer is vacant, the Secretary shall assume the duties of the Secretary and shall be known as the Secretary-Treasurer until such time as a new Treasurer is chosen.

e.) The At-Large Executive Officer will assist with the duties of the other Officers of CANDO as necessary and possible; will act as Chair to one policy committee; will oversee the organization of the Annual Meeting; and will spearhead efforts to recruit new membership.

ARTICLE IX. MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular meetings.

Regular meetings of the Board of Directors will be held the third Thursday of each month, at a set time and place to be defined by the Board. No notice of such regular meetings need be given as long as the day, time, and place which have been regularly established are not changed. Notice of any change in the day, place, or time of any regular meeting, or of any adjournment of a regular meeting, shall be given personally, by U.S. mail, electronic mail, or by telephone (including facsimile communication), not less than two days before the meeting, excluding the day of the meeting, to all Directors who were absent at the time such action to schedule the meeting was taken.

Section 2. Special meetings.

Special meetings of the Board of Directors for any purpose or purposes shall be called by the President or at the written request of any Director. Such request shall state the purpose(s) of the proposed meeting. The President of CANDO shall give notice of all special meetings to each Director, stating the time and place thereof, and the purposes for which such meeting is being convened. Notification may be made personally or through CANDO staff, if any, by U.S. mail, electronic mail, or by telephone (including facsimile communication) not less than five (5), nor more than sixty (60) days before the meeting, excluding the day of the meeting, to the Director's last known address. The business transacted at all special meetings of Directors shall be confined to the subject(s) stated in the notice and to matters germane there to, unless all Directors of the corporation are present at such meeting and consent to the transaction of other business.

Section 3. Notice.

Directors will be issued notification of meetings via U. S. mail postmarked at least seven (7) days prior to the meeting. Such notice, along with any documentation or enclosures pertinent to the meeting and available at time of mailing, shall be issued to the last known address of the Director.

Section 4. Quorum.

Board business shall be conducted with a quorum of at least 40% of the currently filled positions. If a quorum is present when a duly called or held meeting is convened, the Directors present may continue to transact business until adjournment, even though the withdrawal of Directors originally present leaves less than the proportion or number otherwise required for a quorum.

Section 5. Written action (action without meeting).

Any action permitted to be taken at a meeting of the Directors may be taken by written action signed by all of the Directors entitled to vote on the action. Upon signature of the last required Director, immediate notice of the action and effective date shall be made to all Directors.

ARTICLE X. COMMITTEES.

Section 1. Authority.

The Board of Directors may act by and through such committees as may be specified in resolutions adopted by a majority of the members of the Board of Directors. Each such committee shall have such duties and responsibilities as are granted to it from time to time by the Board of Directors, and shall at all times be subject to the control and direction of the Board of Directors. Committee members need not be Directors, but must be members of CANDO unless special provisions are made by a two-thirds (2/3) vote of the Board. All actions taken by a committee shall be forwarded to the Board of Directors, which shall have the right to alter, accept or reject these actions. The Board may from time to time delegate a committee the authority to act on behalf of the organization.

Section 2. Standing Committees.

The Executive Committee shall have all powers and authority of the Board of Directors in the management of the business affairs of CANDO during the interval between the meetings of the Board of Directors. Additionally, the duties of the Executive Committee shall be to call meetings in accordance with these by-laws, plan meeting agendas, and coordinate activities and reports of the committees and task forces.

The members of the Executive Committee shall consist of all officers and committee chairs. The Executive Committee shall meet at least ten (10) days prior to each regularly scheduled Board Meeting. The Executive Committee will ensure that an agenda and any accompanying documents will be issued to all Directors at their last known address, at least seven (7) days prior to regularly scheduled meeting.

The Personnel Committee shall be established by a vote of the Board. The structure of the Personnel Committee shall consist of at least three Directors, and its purpose shall be to prepare and maintain personnel policies, job specifications, rate of pay, hiring policies and to perform hiring activities, evaluation and termination procedures. This committee will be a sub-committee of the Executive Committee to be chaired by the Vice President.

The Finance Committee shall be established by a vote of the Board. The structure of the Finance Committee shall consist of at least three Directors, and its purpose shall be to oversee, or to assist in preparation and revision of the annual operating budget; monitoring of monthly or other periodic financial reports; establishing and monitoring of internal accounting and bookkeeping procedures; and other tasks relevant to organizational financial administration. This committee will be a subcommittee of the Executive committee and will be chaired by the Treasurer.

Section 3. Standing Committee Voting and Quorum.

At least half of the voting membership of any Standing Committee shall be present to take action on any issue, and any Director may vote.

Section 4. Policy Committees.

The Building, Land Use, and Housing Committee (BLUH) shall oversee and make recommendations to the Board concerning any housing issue in Central, including zoning, demolition, lot development, variances, special condition use permits, and so forth. It will hold regularly scheduled and publicized meetings.

The Economic Development Committee shall oversee and make recommendations to the Board concerning any business or economic development issue in Central, including zoning, demolition, lot development, variances, special condition use permits, and so forth. It will hold regularly scheduled and publicized meetings.

The Community Involvement Committee shall oversee and make recommendations to the Board concerning issues related to community engagement and relationship building, and issues related to the positive development and enrichment of youth in the Central neighborhood. It will hold regularly scheduled and publicized meetings.

Section 5. Policy Committee Voting.

Any member is eligible to vote at any policy committee or task force meeting. Sign in rosters will be maintained at any committee or task force meeting of the organization. Rosters shall be forwarded with the minutes of the meeting to the Secretary of the organization within 10 business days of the meeting.

Decisions made by a vote of the committee or task force shall be forwarded to the full Board of Directors for review and final approval.

Section 6. Policy Committee Quorum.

Attendance of at least three voting members shall constitute a quorum.

ARTICLE XI. CONFLICT OF INTEREST/INDEMNIFICATION.

Section 1. Director conflicts of interest.

The Central Area Neighborhood Development Organization, CANDO, shall not enter into any contract or transaction with (a) one or more of its Directors, Officers, or a member of the immediate family of its Director or Officer, (b) a Director, Officer or a member of the immediate family of a Director or Officer, who holds a relationship with a organization with which CANDO does, or is preparing to do, business, or (c) an organization in, or of which, the corporation's Director or Officer, or member of the immediate family of its Director or Officer, is a legal representative, employee, or otherwise has a material interest in the organization; unless the material facts as to the contract or transaction and as to the interest of the Director(s) or Officer(s) are fully disclosed or known to the Board of Directors, and the Board of Directors authorizes, approves, or ratifies the contract or transaction in good faith by the affirmative vote of two-thirds (2/3) of the Directors (not counting any vote that the interested Director or Officer might otherwise have, and not counting the interested Director or Officer in determining the presence of a quorum.) In light of the preceding sentence's mandate, the Board of Directors shall adopt a policy specifying procedures to be followed by the corporation to approve any transactions where a conflict exists.

Directors and/or Officers shall abstain from the discussion and vote on the issue for which they have a conflict.

Any violation of the Conflict of Interest Policy may result in suspension of contract(s), and/or removal of the offending Director(s).

Section 2. Member conflicts of interest.

The Central Area Neighborhood Development Organization, CANDO, shall not enter into any contract or transaction with (a) one or more of its members or a member of the immediate family of a member, (b) a member, or a member of the immediate family of a member, who holds a relationship with an organization with which CANDO does, or is preparing to do, business; or (c) an organization in, or of

which, the corporation's member, or member of the immediate family of its member, is a legal representative, employee, or otherwise has a material interest; unless the material facts as to the contract or transaction and as to the interest of the member(s) are fully disclosed or known to the Board of Directors, and the Board of Directors authorizes, approves, or ratifies the contract or transaction in good faith by the affirmative vote of two-thirds (2/3) of the Directors. In light of the preceding sentence's mandate, the Board of Directors shall adopt a policy specifying procedures to be followed by the corporation to approve any transactions where a conflict exists.

Members shall abstain from the discussion and vote on the issue for which they have a conflict.

Any violation of the Conflict of Interest Policy may result in suspension of contract(s).

Section 3. Conflicts of interest: definitions.

For purposes of the prior sections, "immediate family" encompasses the following individuals: spouses, domestic-partners-in-fact, parents, in-laws, children, children's spouses or children's domestic-partners-in-fact, siblings, or spouses or domestic-partners-in-fact of siblings. "Domestic-partner-in-fact" is used with respect to those designated as the intended life partner of an individual or otherwise identified as being related to that individual through intended long term ties of love, affection, responsibility, and commitment common to those undertaken in marriages recognized by the State, regardless of whether such relationship is defined by or otherwise recognized by any governmental authority. Per Minnesota law, "material financial interest" encompasses, but is not limited to, an individual's relationship to an organization with respect to which rights of the individual exist, whether or not yet vested, for payment of dividends, profit-sharing, compensation, reimbursement of expenses, repayment of obligations or other liabilities, from the organization, but for purposes of the prior section "material financial interest" does not include fixing the compensation of the Director or fixing the compensation of another Director as a Director, Officer, employee, or agent of the corporation, even though the first Director is also receiving compensation from the corporation.

Section 4. Conflict of interest policy.

The need for a conflict of interest policy that staff members, officers, Directors, and organization members shall adhere to is established by Sections 1 and 2 of this Article. Such policy shall be established and annually reviewed by the Board of Directors. At a minimum, such policy shall require the certification by all individuals who are subject to it that they have read the policy and agree to abide by it.

Section 5. Insurance.

This corporation may, to the full extent permitted by applicable law from time to time in effect, purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee, or member of a committee of this corporation against any liability asserted against such person and incurred by such person in any such capacity.

ARTICLE XII. MISCELLANEOUS

Section 1. Fiscal year.

The fiscal year of CANDO shall be from January 1st to December 31st of each year.

Section 2. Meetings solely by means of "remote" communications and/or participation by "remote" communication.

Any meeting among Directors or a committee of the Board of Directors may be conducted solely by one or more means of remote communication (defined in the next sentence), if all so participate by such

means, the same notice is given of the meeting as is required for those not undertaken by remote communications, and a quorum is present; for other meetings, any director or committee member may participate by conference telephone, or if the Board so authorizes, by other means of remote communication. Remote communications are those made via electronic communication, conference telephone, video conference, the Internet, or other means by which persons not physically present in the same location may communicate with each other on a substantially simultaneous basis. Participation in a meeting by that means constitutes presence at the meeting. Such meetings must be approved by all voting members of the Board.

Section 3. Amendment of by-laws.

These by-laws may only be amended by a two-thirds (2/3) vote of the entire Board, at a regularly scheduled meeting which has been announced at least seven (7) days prior to the meeting. Any amendments or changes shall be brought before the entire membership at the next regularly scheduled Annual Meeting for ratification of said changes by the general membership. Changes will become effective upon ratification by a majority of members in attendance at the Annual Meeting.

3. 1: Amendment by Membership: These By-laws may be amended by the members of the organization as follows:

A. The Board of Directors may propose an amendment to the By-laws by resolution, setting forth the proposed amendment and directing that it be submitted for adoption at the next regularly scheduled meeting of the members; or

B. Any ten (10) members may set forth a proposed amendment by petition, which shall be filed with the Secretary of the corporation, and included for discussion on the agenda at a Special Meeting of the members, within 90 days of the filing, or at the next Annual Meeting, whichever is more timely.

Special meetings of the membership of CANDO may be called at any time (a) by the President, (b) by the Board of Directors, or (c) upon written request of either fifty members, or ten percent of the voting membership, (whichever is less), of CANDO. Anyone entitled to call a Special Meeting of the members may do so by making a written request to the President. The President shall present the request at the next regularly scheduled Board meeting, and the Board of Directors, within 30 days of review of the request, shall set the date of such meeting. The meeting shall be held no later than 90 days after receipt of such demand by the Board of Directors, and shall be advertised in a manner similar to the Annual Meeting.

The Special Meeting shall be held in the county where the registered office is located. The business transacted at a Special Meeting is limited to the purposes stated in the meeting notice.

Notice of the meeting of the members stating the purpose including the proposed amendment shall be given

to each member entitled to vote on the proposed amendment, and to each Officer and Director regardless of his/her voting rights. If notice required by this clause has been given and quorum present, the proposed amendment may be adopted at any meeting the members by a two-thirds (2/3) vote of those present and voting.

3. 2: Amendment by the Board of Directors: These By-laws may be amended by the Board of Directors of the corporation as follows:

A. The members of the corporation, by majority vote of the members voting at a meeting duly called for the purpose, may authorize the Board of Directors, subject to clause (c), to exercise from time to time the power to amend these By-laws, as is in accordance with State law, and in the manner prescribed in clause (b).

B. When members have authorized the Board of Directors under clause (a) to amend these By-laws, the Board of Directors, by a two-thirds (2/3) vote of the Directors who are present and entitled to vote on the proposed amendment, may amend these By-laws at any meeting of the Board. Notice of the meeting and of the proposed amendment shall be given five (5) days in advance of such meeting.

C. The members, by a majority vote of the members present and voting at a meeting duly called for the purpose, may prospectively revoke the authority of the Board to exercise the power of the members to amend these By-laws.

ARTICLE XIII. FISCAL MANAGEMENT.

The Board shall annually review and monitor a fiscal management policy.

All deeds, mortgages, bonds, contracts, or other instruments pertaining to the business or CANDO, and all checks, drafts, or other orders of the payment of money and all notes, bonds or other orders of the payment of indebtedness issued in the name of CANDO shall be signed by such officers, agents, or employees of CANDO and in such manner as may from time to time be determined by resolution of the Board of Directors.

ARTICLE XIV. PROTECTION OF DIVERSITY.

Section 1. Policies and/or programs prohibited.

No program or policy shall be enacted which favors or disfavors any group based upon race, creed, color, religious or philosophical views, gender, sexual orientation, age or disability.

Section 2. Programs encouraged.

Programs which promote and celebrate particular groups, cultures, and lifestyles shall be encouraged so long as such programs do not violate section 1 of this Article.

Programs which celebrate and/or explore diversity, and promote understanding between individuals or groups, cultures and lifestyles shall be encouraged.