

**BYLAWS
OF
EVANSTON DEVELOPMENT COOPERATIVE**

**Ratified by the General Assembly: June 27, 2019
As amended: September 24, 2020**

Article 1: Organization

1. The name of the organization is the Evanston Development Cooperative, herein referred to as EDC.
2. The registered address for the cooperative is 2100 Ridge Avenue, Suite 3601, Evanston, IL 60201.

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 who patron EDC by providing services for the construction of EDC-built housing units or realizing EDC's purpose in other capacities, such as but not limited to employees (full-time or part-time), consultants, or independent contractors.
2. Class A subscribers 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 individuals with a long-term commitment to Evanston, or business or nonprofit entities within the state of Illinois.
2. Class B subscribers must reside in, or be incorporated as a corporation in the state of Illinois.

3. 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.

4. 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.

2. Upon receiving an application for EDC membership, the Board of Directors (BoD) shall admit or deny applicants.

I. Applicants shall be admitted or denied based on the following criteria:

1. Completion of the EDC subscription documents.
2. Completion of the EDC accredited investor questionnaire.
3. Based on the address provided by the applicant in the subscription documents, confirmation that the applicant resides in the state of Illinois.
4. Evidence of professional or lived experiences that can better the Evanston community and EDC.
5. Evidence that the applicant will meet the relevant participation requirements for Class A or B shareholders.
6. Evidence that the applicant's decision to apply for membership aligns with the co-op's purpose, as defined in Article 2.

II. 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 3.6.
2. Any active member of EDC shall constitute a member of the "General Assembly" (GA).

III. The BoD may decide on membership applications at its next meeting.

3. Upon receiving full payment for subscribed shares, approved applicants shall be issued appropriate shares, an EDC officer shall provide new members with a copy of these herein bylaws, and they shall therein be considered active EDC members.

I. An EDC officer shall keep a 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.
2. Each such certificate shall be numbered and recorded in a register maintained by an EDC officer.
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 or Vice President.

4. 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.

5. 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 and their application is approved by the BoD.

6. Should any active shareholder fail to make the 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 on their becoming an active member.

7. 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 calendar year.

II. Class B shareholders must meet the following requirement:

1. Attend at least one GA meeting per year.

III. Additionally, Class B shareholders must help grow the cooperative by contributing their professional or lived experiences. Examples of Class B shareholders' participation includes, but is not limited to, the following:

1. Provide a professional skill, such as legal advising, financial modeling, design, website development, or marketing, pro bono or at a discounted rate.

2. Provide strategic advice to EDC's President or Vice President through in-person or digital communication.

3. Introduce EDC's President or Vice President to key stakeholders, clients, or other individuals in the community that could benefit EDC.

4. Host a “teach-in” meeting on EDC for the broader Evanston community.
 5. Purchase an EDC-constructed housing unit.
8. Should any concerns of malintentions counter to the interests 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 President or Vice President at least one week before a regular or special shareholders’ meeting.
 - II. The President or Vice President 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 former member’s stock at par value.
9. 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.
 - A. An EDC member can only sell shares directly to EDC at par value.
 - II. Resigned member repayment must occur no later than 6 months after a former member’s termination of ownership.
10. 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: General Assembly Meetings

1. Meetings shall be held at a place suitable to the General Assembly, as determined by the President, Vice President, or another designated EDC officer.

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 March and September.
4. The March meeting shall constitute the annual meeting.
 - I. At the annual meeting, the President 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.
 1. An EDC officer 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 $\frac{4}{5}$ 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. An EDC officer shall provide proper notification of the time, date, location, and agenda for standard meetings no less than two weeks 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.
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.
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 September meeting.
5. From September of 2020 to September of 2021, EDC shall elect a Temporary Board of Directors with 7 seats.
 - I. Any active member, regardless of class of share, can run for a Temporary BoD seat.
 - II. Any active member may vote for all 7 seats on the Temporary BoD.
6. Beginning in 2021, the following cycle for BoD elections shall begin:
 - I. In 2021, one Class A Shareholder and one at-large (Class A or B) Shareholder will each accept one-year terms. One Class A Shareholder and one at-large Shareholder will each accept two-year terms. Two Class A Shareholders and one at-large Shareholder will each accept three-year terms.
 - II. In 2022, one Class A Shareholder and one at-large Shareholder will each accept three-year terms.
 - III. In 2023, one Class A Shareholder and one at-large Shareholder will each accept three-year terms.
 - IV. In 2024, two Class A Shareholders and one at-large Shareholder will each accept three-year terms.
 - V. In 2025 and beyond, the cycle continues in perpetuity as follows with three-year terms:

2025, 2028, 2031, 2034...	One Class A Shareholder and one at-large Shareholder
2026, 2029, 2032, 2035...	One Class A Shareholder and one at-large Shareholder

2027, 2030, 2033, 2036...	Two Class A Shareholders and one at-large Shareholder
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7. All shareholders shall be notified of BoD openings at least one month in advance of a standard September GA meeting.

8. Shareholders interested in a BoD opening shall nominate themselves to run for the BoD.

I. BoD nominees must notify the President or Vice President of their intention to run for the BoD at least two weeks prior to the standard September GA meeting.

II. There is no limit on the number of potential nominees for each BoD position.

9. 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.

10. An EDC officer shall administer BoD elections, create ballots, inform GA members on election procedures, and count single-winner or multiple-winner ballots.

I. Any EDC officer running as a BoD candidate may not administer the corresponding election(s).

11. All BoD members shall be elected via rank choice voting. Rank choice elections may be single-winner elections or multiple candidate elections, depending on the number of available BoD seats for a given election.

I. Active members may abstain from voting if they so choose.

II. Two subsequent, separate elections shall occur in a single GA meeting each year.

1. The first election shall be for the BoD seat(s) exclusively available to Class A Shareholders.

2. The second election shall be for the at-large seat(s) available to all shareholders.

III. Class A Shareholders that do not earn a BoD seat in the first election, which is available only to Class A Shareholders, may run for an at-large seat in the subsequent election.

IV. If the number of BoD candidates is equal to the number of available BoD seats, all BoD candidates can instead be elected to the BoD by one simple majority vote from the GA. This procedure is only allowable when there is no competition between BoD candidates and no surplus of BoD candidates for one or multiple seats in any given election.

12. 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 EDC Executive Team and the Board of Directors 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. As agreed upon by the BoD, a designated BoD member shall coordinate meeting locations, dates, times, and send an agenda with notice of quarterly meetings to the BoD at least 1 week in advance.

2. A simple majority shall constitute a 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 all GA members.

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 Articles 3.8 and 5.12.
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. For any transaction which exceeds \$50,000, the EDC Executive Team must seek a simple majority approval by the BoD during its next meeting. If the BoD approves a transaction over \$50,000, an EDC Executive Team officer 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 Board of Directors may create and appoint committees.
 - I. A BoD member must inform the BoD Chair of their proposal to create a committee at the next BoD meeting.
 1. The BoD Chair shall subsequently include the proposal to create a committee on the next BoD meeting agenda.
 2. A proposal to establish a committee must describe the proposed purpose, size, and structure of the committee, and this information must be included in the meeting agenda.
 - II. The BoD may vote to create a committee by simple majority vote.
 - III. Upon the creation of a committee, the BoD shall appoint a committee chair.
 - IV. The BoD may delegate the authority to appoint committee members to a committee chair, or the BoD may appoint committee members directly.
 - V. Upon the decision to create a committee, the BoD or a newly appointed committee chair shall notify all EDC members. This communication shall detail the size, structure, and purpose of the committee.
 - VI. Any active EDC member may chair a committee or serve as a committee member.
 1. When deliberating on a proposal to form a committee, the BoD may determine that certain EDC members may not chair the committee or serve on the committee, in order to prevent a conflict of interest and ensure the fair distribution of power within the cooperative.
10. An Executive Team officer shall update the BoD on EDC operations at all BoD meetings.

Article 7: Directors, Officers, and Worker-Owners

1. Officers that run EDC's administrative operations shall be members of EDC's Executive Team.
 - I. An Executive Team officer must be a Class A member of EDC.
 - II. Executive Team positions include the following:

1. The President shall manage General Assembly meetings and align the long-term vision of EDC with its day-to-day operations.
2. Vice Presidents shall execute strategy, operations, and project management initiatives to advance the cooperative's purpose.
 - A. The purpose, responsibilities, and title of a Vice President shall be determined by the Board of Directors.
2. The Board of Directors will oversee and elect the Executive Team.
 - I. The Executive Team shall be elected for annual terms each March.
3. Officers that lead EDC's Board of Directors shall be elected by the BoD as Board Officers after a September GA meeting.
 - I. Board Officers must be members of the Board of Directors.
 - II. Board Officer positions include the following:
 1. The Chair of the Board of the Directors shall be responsible for governing the Board of Directors, seeing to it that the Board complies with these bylaws, any EDC policies, and fulfills its duties to the membership.
 2. The Secretary of the Board of Directors shall do the following.
 - A. Introduce new membership applications to the BoD for review.
 - B. Organize and communicate BoD meeting dates and agendas.
 - C. Take meeting minutes at BoD meetings.
 - D. Ensure these bylaws are accurately updated.
 - E. Sign off as an attest on formal EDC documents on behalf of the Board.
 3. The Treasurer of the Board of Directors shall do the following.
 - A. Oversee the cooperative's financial affairs.
 - B. Coordinate with the Executive Team to provide financial reports at Board meetings and General Assembly meetings.
 - C. Ensure the completion of necessary filings with the IRS, the state of Illinois, and all other governing bodies with jurisdiction over EDC.
 - D. Coordinate with a CPA firm on EDC's end-of-year fiscal responsibilities, as written in Article 10.
4. Officers, as defined in Articles 7.1 and 7.3, may not hold more than one office.
 - I. The only exception is the Cooperative Manager, who may serve as the Cooperative Manager in addition to their Executive team officer position.
5. Executive Team officers may hold seats on the BoD.
 - I. At least one member of the Executive Team must not be a member of the Board of Directors.
 - II. When EDC has less than 7 worker-owners on payroll, any Executive Team officers on the BoD shall be voting members of the BoD.

III. When EDC has 7 or more worker-owners on payroll, any Executive Team officers on the BoD shall be non-voting members of the BoD.

6. The BoD shall vote via simple majority to create a new worker-owner position on EDC's payroll.

I. To add a worker-owner position to EDC's payroll, an Executive Team officer shall coordinate with the BoD to place this item on the agenda for the next BoD meeting.

II. When creating a new worker-owner position, the BoD shall determine the role, duties, compensation, and reporting responsibilities of the proposed new worker-owner.

1. If the BoD determines that a new worker-owner position constitutes an Executive Team officer position, the new worker-owner position shall report directly to the BoD.

2. If the BoD determines that the new worker-owner position is not an Executive Team officer position, the new worker-owner position shall report to the appropriate Executive Team officer.

III. Upon the creation of a non-Executive Team officer position, the BoD may delegate to an Executive Team officer the responsibility to carry out the hiring process for a worker-owner which fits the approved position.

IV. The BoD may elect a Class A member to fill a vacant Executive Team officer position.

7. Executive Team officers shall handle all non-payroll agreements with workers at their discretion.

I. Executive Team officers shall be responsible for monitoring and tracking all workers' progress towards becoming EDC Class A worker-owners.

8. To terminate a Class A employee-owner that reports to an Executive Team officer, the Executive Team must first pursue a membership review pursuant to Article 3.8.

1. If the General Assembly votes to terminate membership, then an Executive Team officer may fire the Class A employee-owner whose membership was revoked.

9. Executive Team Officer Compensation

I. The BoD shall set salaries for EDC Executive Team officers annually.

II. Expectations and benefits for EDC Executive Team officers shall be determined by the BoD.

10. Executive Team Officer Review and Termination

I. In the instance in which any Executive Team officer 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 office or terminate the officer.

1. To remove an Executive Team officer or terminate the officer, the BoD shall first vote by simple majority to issue a written warning to the officer under review.
2. After being issued said warning, the officer in review shall have 10 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 10 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 may then vote to remove an Executive Team officer or terminate the officer, both of which require over a 70% vote.
 - A. If an Executive Team officer is removed from office, then their job title shall default to “Manager of [Insert Duties]” and they shall report to the appropriate EDC Executive Team officer.
 - B. If an Executive Team officer is terminated, then the General Assembly shall subsequently proceed to review their membership, pursuant to Article 3.8

II. The BoD may go into executive session to review or vote on the status of an Executive Team officer.

1. The BoD may meet privately during executive session, and it may ask an Executive Team officer under review, along with any active GA members, to excuse themselves from the BoD meeting prior to the start of executive session.
 - A. If an Executive Team officer under employment review is a BoD member, that BoD member under review shall excuse themselves from the meeting prior to the start of executive session. The BoD member under review shall additionally forego their vote during executive session.
 - B. If an Executive Team officer under review is a BoD member, the remaining BoD members present for executive session may vote on the Executive Team officer’s status, assuming that the remaining BoD members have quorum.

2. The BoD may enter executive session after one BoD member motions to enter executive session and a second BoD member endorses the motion.
 - A. When making a motion, a BoD member shall specify the item(s) for executive session on a BoD meeting agenda.

11. Pending a membership review process, both Executive Team officers and non-Executive Team employee-owners may be placed on “administrative leave.”

I. When on administrative leave, a Class A member is removed from their day-to-day duties and shall cease all communication with other worker-owners, until their membership review process is finalized pursuant to Article 3.8.

II. The Board of Directors may only place Executive Team officers on administrative leave, and they may do this via simple majority vote.

III. An Executive Team officer may place a Class A employee-owner who reports to that Executive Team officer on administrative leave.

12. In addition to their role as an Executive Team officer, one member of the Executive Team that does not sit on the Board of Directors shall be the Cooperative Manager.

I. The Board of Directors shall elect the Cooperative Manager for one-year terms, beginning in September.

II. The Board of Directors may determine the Cooperative Manager's duties. They may include, but are not limited to, the following:

1. Issue share certificates and membership documents to all active members upon their joining EDC.
2. Keep the ledger of active EDC members accurate and up to date.
3. Record meeting minutes at all EDC General Assembly meetings.
4. Take attendance at all GA meetings.
5. Ensure that all GA meetings are in accordance with the bylaws.
6. Keep all GA files and reports accessible, accurate, and up to date.

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.

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 other relevant officers, 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 by a Class A shareholder.

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 President or an officer designated to carry out this duty by the President or Vice President.

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. In line with IRS guidelines for patronage dividends, the BoD shall pay out at least 20% of a patronage dividend as an up-front cash portion for Class A Shareholders.

8. After requisite up-front payments, 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.

9. 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.

10. Distribution rates may be altered by a 75% vote from the General Assembly.

11. 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.

12. 100% of losses occurring and/or carried over from EDC's first two fiscal years shall be allocated to the collective account.

13. 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 to the date of the proposed transfer.

14. 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 end of EDC's fiscal year shall be in December.

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 a designated EDC officer 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 President to all shareholders during the annual March meeting.

I. If the BoD determines that a full CPA audit is not necessary, it may vote by simple majority to waive EDC's audit or vote to carry out a financial review of EDC performed by an independent accounting firm.

4. At the annual meeting, the President shall provide all shareholders with appropriate financial statements.
5. All financial records are subject to review by any EDC shareholder upon request.
6. Any EDC notes, checks, and contracts may be executed by the President or Vice President.
7. Executive Team officers must attain a simple majority approval from the BoD for any non-construction expense which costs \$10,000 or more.

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>)