

# CCE Formation Materials

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# **How the Articles Work Together and Article-by-Article Integration Map**

Prepared December 25, 2025

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## **Part 1. How the Articles Work Together**

### **How the Articles of Incorporation Work Together to Create a CCE**

This document is written for attorneys and economists who want a nuts-and-bolts explanation of how the Articles interlock as an operating system, not merely as a collection of provisions. Each concept below is tied to specific Article numbers so the reader can verify where authority is created, where constraints are imposed, and how the governance and financial architecture stays coherent over time.

Terminology note: The “Commons Corporation” is the nonprofit parent. A “CCE” is the Commons Corporation together with one or more wholly owned, market-facing Subsidiaries. See Articles 1 and 8.

### **System Architecture in One Sentence**

A CCE is built by pairing (i) a nonprofit apex entity with no members and no private residual claim (Articles 1, 4, 6, and 11) with (ii) wholly owned market Subsidiaries (Article 8) that generate net profits, remit them for internal allocation into four Funds (Articles 11 and 12), and operate under nested, monitored decision centers (Articles 10, 14, 15, 18, and 19), with worker protections and anti-capture guardrails that do not convert the system into a cooperative (Articles 20 and 21).

### **Module Map: What Each Cluster Does**

#### **Identity, nonprofit character, and “no private capture” core**

Articles 1–7 create the Commons Corporation as a nonprofit corporation with a commons identity, a defined internal mission (premium wages/benefits plus expansion), general corporate powers, no members, no shareholders, and perpetual duration. Articles 4 and 6 are the “constitutional core” that prevent drift into private-profit distribution. Article 11 adds the operational finance concept of Reasonable Net Returns and bars “maximize profits for distribution” thinking at the consolidated level.

Key Articles: 1 (identity), 4 (purposes), 5 (powers), 6 (no members/shareholders), 7 (duration), 11 (Reasonable Net Returns).

### **CCE structure and subsidiary control without day-to-day micromanagement**

Article 8 defines the CCE and what counts as a Subsidiary (wholly owned, market-facing, and affirmatively designated). Article 9 creates “Owner Directives”

as a reserved-owner tool: the parent can compel Subsidiary boards to act when necessary for legal, financial, or enterprise risk reasons, while prohibiting routine operational micromanagement. This is how the parent preserves group integrity while leaving market discipline at the Subsidiary level intact.

Key Articles: 8 (structure and Subsidiary designation), 9 (Owner Directives).

## **Financial plumbing: consolidated surplus, Reasonable Net Returns, and the Four Funds**

Article 11 frames the consolidated surplus problem: the parent is permitted to retain and redeploy surplus, but it targets Reasonable Net Returns and reallocates excess for internal permitted uses. Article 12 establishes exactly four Funds and a baseline allocation rule (Reserve, Education, Social Benefits, Reinvestment), and ties deviations to the variance process in Article 10. Articles 15–17 operationalize how budgets and allocations are proposed, tested, and recommended before Board approval.

Key Articles: 11 (Reasonable Net Returns; parent-funded programs), 12 (Four Funds and baseline allocations), 15 (Standing Budget and Allocation Committee), 16 (Permitted Uses Committee), 17 (Reinvestment and Acquisitions Committee).

## **Polycentric governance: multiple decision centers with monitoring and dispute pathways**

Article 10 supplies the polycentric “operating system”: governance centers with defined boundaries, demarcation of resources, graduated sanctions, and a formal variance process for deviating from baseline allocation rules. Article 14 creates the Ombudsman as an independent internal institution for monitoring, confidential intake, and systemic reporting. Articles 18–19 create the SPOL role and its interaction with the Subsidiary Director and other governance centers so the parent gets performance measurement without collapsing into operational command.

Key Articles: 10 (polycentric design), 14 (Ombudsman), 18 (SPOL), 19 (Subsidiary Director + SPOL relationship), 23 (director disputes over the Funds).

## **Worker protections that do not create a cooperative**

Article 20 provides the worker veto over alienation of personnel or property as a defined, procedural check on specific categories of actions. Article 21 separately provides termination and material adverse action standards and explicitly excludes individual personnel actions from worker-veto review, preventing the veto mechanism from becoming a general-purpose personnel management tool. Together, these Articles reduce precarity and managerial abuse while preserving operational efficiency and market competitiveness.

Key Articles: 20 (Worker Veto over Alienation), 21 (Employment Termination Standards).

## **Integrity and risk: conflicts, dispute resolution, and D&O protections**

Article 22 provides conflicts/related-party transaction procedures to prevent private capture through self-dealing. Article 23 provides dispute resolution among directors over allocation and Fund stewardship questions (consultation then mediation, with statutory rights preserved). Article 24 supplies indemnification and D&O insurance structure so directors and officers can exercise judgment without excessive personal-risk chilling effects, while remaining consistent with the commons purposes.

Key Articles: 22 (conflicts), 23 (director disputes), 24 (indemnification and D&O).

## **Evolution, limited civic actions, and exit**

Article 25 allows structural scaling by dividing and forming successor Commons Corporations when warranted by governance or operational scale. Article 26 permits charitable/general-welfare actions only as incidental and subordinate exercises of power, under strict limitations and approvals, so such actions do not become the organization's purpose or impair the worker/expansion mission. Article 27 supplies dissolution and distribution rules that prevent private capture on wind-up and preference distribution to successor commons recipients. Article 28 governs amendments and bylaws, reinforcing the Articles' supremacy.

Key Articles: 25 (successor corporations), 26 (charitable/general welfare actions—incidental only), 27 (dissolution and distribution), 28 (amendments and bylaws).

## **Practical Assembly Order for Drafting and Formation**

The following is an implementation sequence that tracks how counsel typically builds the entity and then operationalizes the system. It is written as a formation checklist, but the legal authority for each step resides in the referenced Articles and the bylaws/policies adopted under them.

1. Form the nonprofit Commons Corporation with its identity and constitutional constraints (Articles 1–7).
2. Adopt bylaws and initial governance policies consistent with the Articles (Article 3 and Article 28).

3. Adopt the Board composition, director categories, and election/appointment mechanics (Article 13), then appoint initial officers consistent with the bylaws (Article 3).
4. Adopt financial measurement policies for consolidated surplus and Reasonable Net Returns (Article 11) and set the accounting framework used across Subsidiaries.
5. Establish the Four Funds and baseline allocation rules, and adopt delegation/authorization thresholds for each Fund (Article 12, coordinated with Article 10).
6. Constitute the governance centers that do the budget and allocation work: Standing Budget and Allocation Committee (Article 15), Permitted Uses Committee (Article 16), and Reinvestment and Acquisitions Committee (Article 17).
7. Create independent monitoring capacity: appoint the Ombudsman (Article 14) and create the SPOL role with reporting scope and access limits (Article 18), coordinated with the Subsidiary Director interface (Article 19).
8. Form or acquire each market-facing Subsidiary and ensure it is wholly owned and affirmatively designated as a Subsidiary (Article 8). Then conform Subsidiary governing documents to permit the owner's reserved powers and reporting requirements (Article 9).
9. Operationalize polycentric governance: registers, boundaries, variance mechanics, and graduated sanctions, and ensure each governance center's scope is documented (Article 10, coordinated with Articles 12, 15, 18, and 20).
10. Adopt the worker veto mechanism for alienation decisions, including notice, mediation/records, and override procedures (Article 20), coordinated with Ombudsman processes (Article 14).
11. Adopt employment termination and material adverse action standards and implementing procedures (Article 21), including the explicit separation from worker-veto review (Articles 20–21).
12. Adopt conflicts and related-party procedures and set compensation decision protocols (Article 22).
13. Adopt director dispute-resolution procedures for Fund/allocation disputes and align them with Ombudsman availability (Article 23, coordinated with Article 14).
14. Finalize risk protections (indemnification and D&O insurance) (Article 24), then document amendment controls (Article 28).

15. For scaling or strategic restructuring, use division/successor-corporation powers (Article 25). For limited civic actions, apply the strict incidental-only process (Article 26). For wind-up, follow the anti-capture dissolution framework (Article 27).

## **Why the Interlocks Matter (Economic and Governance Logic)**

For economists: the design separates (i) market discipline at Subsidiaries (Article 11's "clean performance signals" concept) from (ii) surplus stewardship at the parent through Funds and committees (Articles 12, 15–17), while preserving a monitoring-and-sanctions system (Article 10) that is stronger than ordinary holding-company governance but does not convert workers into equity claimants (Article 6).

For attorneys: the core is constitutional (Articles 4 and 6), structural (Article 8), allocative (Articles 11–12), procedural (Articles 10 and 15–17), and protective (Articles 20–24). Missing any one cluster tends to shift the design either toward managerial capture (if monitoring/guardrails are absent) or toward cooperative-like control (if worker protections are not procedurally bounded).

## **Part 2. Article-by-Article Integration Map**

### **CCE Articles of Incorporation — Article-by-Article Integration Map**

This map explains how each Article functions in the system, what it depends on, what it outputs for other Articles to use, and what interlocks are required so the overall design remains stable in operation. References are by Article number so counsel can use this as a drafting and implementation companion.

#### **Article 1. Name and Commons Identity.**

##### **Function in the System**

Establishes the legal identity of the nonprofit parent and introduces the commons identity and the definition of the CCE as a parent-plus-subsidiaries structure.

##### **What This Article Depends On**

Nonprofit corporation law baseline and Board governance mechanics (Articles 3 and 28).

##### **What This Article Produces for the Rest of the System**

A defined CCE identity and a consistent naming/branding framework used throughout the documents.

The parent-plus-subsidiaries definition that later Articles rely on when assigning duties, allocating surplus, and defining governance centers.

##### **Required Interlocks and Coordination Points**

Coordinate terminology, definitions, and governance processes with the bylaws and the Articles referenced throughout the charter to maintain internal consistency.

##### **Cross-References to Include (Drafting Guidance)**

See Article 8 for Subsidiary designation and CCE structural mechanics.

See Article 6 for no-members/no-shareholders constraints.

##### **Implementation Notes (What Counsel Actually Must Do)**

Adopt implementing bylaws and policies consistent with this Article and ensure the Board retains records demonstrating compliance with the Article's standards.

#### **Article 2. Principal Office, Registered Office, and Registered Agent.**

##### **Function in the System**

Provides the statutory-required office and agent provisions and anchors the corporate presence for service of process and administrative stability.

### **What This Article Depends On**

General nonprofit governance baseline and statutory compliance framework (Articles 2–3 and 28).

### **What This Article Produces for the Rest of the System**

Statutory compliance and administrative scaffolding used to keep the corporate system legally operable.

### **Required Interlocks and Coordination Points**

Coordinate terminology, definitions, and governance processes with the bylaws and the Articles referenced throughout the charter to maintain internal consistency.

### **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

### **Implementation Notes (What Counsel Actually Must Do)**

Ensure statutory formation filings and bylaws adoption are completed at the organizational meeting and recorded in minutes.

Align bylaws, committee charters, and policies so they do not contradict the Articles' supremacy rule.

## **Article 3. Governance and Incorporators.**

### **Function in the System**

Sets baseline governance architecture under a nonprofit corporation statute: Board authority, officer framework, bylaws adoption mechanics, and incorporator clean-off.

### **What This Article Depends On**

General nonprofit governance baseline and statutory compliance framework (Articles 2–3 and 28).

### **What This Article Produces for the Rest of the System**

Statutory compliance and administrative scaffolding used to keep the corporate system legally operable.

### **Required Interlocks and Coordination Points**

Coordinate terminology, definitions, and governance processes with the bylaws and the Articles referenced throughout the charter to maintain internal consistency.

### **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

### **Implementation Notes (What Counsel Actually Must Do)**

Ensure statutory formation filings and bylaws adoption are completed at the organizational meeting and recorded in minutes.

Align bylaws, committee charters, and policies so they do not contradict the Articles' supremacy rule.

## **Article 4. Commons Purposes.**

### **Function in the System**

States the threefold internal mission: premium wages/benefits, acquisition/expansion of Subsidiaries, and stewardship of net profits to sustain those purposes.

### **What This Article Depends On**

Nonprofit corporation law baseline and Board governance mechanics (Articles 3 and 28).

### **What This Article Produces for the Rest of the System**

The internal mission that constrains use of powers, surplus, and amendment interpretation.

A legal basis for premium wage/benefit distributions as an internal purpose rather than private profit distribution.

### **Required Interlocks and Coordination Points**

Treat this Article as part of the anti-capture/financial constitution; coordinate amendments with Article 28 and ensure no bylaw/policy reintroduces equity-like rights.

### **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

## **Implementation Notes (What Counsel Actually Must Do)**

Adopt implementing bylaws and policies consistent with this Article and ensure the Board retains records demonstrating compliance with the Article's standards.

## **Article 5. Powers of the Commons Corporation.**

### **Function in the System**

Grants general nonprofit corporate powers, with explicit authority over Subsidiaries and the Four Funds, while subordinating all powers to charter limitations elsewhere.

### **What This Article Depends On**

General nonprofit governance baseline and statutory compliance framework (Articles 2–3 and 28).

### **What This Article Produces for the Rest of the System**

Express authority to own/control Subsidiaries and administer exactly four Funds.

A 'subordination clause' that prevents powers from being used to circumvent restrictions elsewhere.

### **Required Interlocks and Coordination Points**

Coordinate terminology, definitions, and governance processes with the bylaws and the Articles referenced throughout the charter to maintain internal consistency.

### **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

## **Implementation Notes (What Counsel Actually Must Do)**

Adopt implementing bylaws and policies consistent with this Article and ensure the Board retains records demonstrating compliance with the Article's standards.

## **Article 6. No Members or Shareholders.**

### **Function in the System**

Constitutional anti-capture provision: no members, no shareholders, no equity interests, and no private residual claim in the parent corporation.

### **What This Article Depends On**

Nonprofit corporation law baseline and Board governance mechanics (Articles 3 and 28).

## **What This Article Produces for the Rest of the System**

A bright-line bar against membership/shareholder concepts, used to invalidate contrary agreements or implied equity-like rights.

## **Required Interlocks and Coordination Points**

Treat this Article as part of the anti-capture/financial constitution; coordinate amendments with Article 28 and ensure no bylaw/policy reintroduces equity-like rights.

## **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

## **Implementation Notes (What Counsel Actually Must Do)**

Adopt implementing bylaws and policies consistent with this Article and ensure the Board retains records demonstrating compliance with the Article's standards.

## **Article 7. Duration.**

### **Function in the System**

Confirms perpetual duration and dissolution only under the Articles and applicable nonprofit law.

### **What This Article Depends On**

General nonprofit governance baseline and statutory compliance framework (Articles 2–3 and 28).

## **What This Article Produces for the Rest of the System**

Statutory compliance and administrative scaffolding used to keep the corporate system legally operable.

## **Required Interlocks and Coordination Points**

Coordinate terminology, definitions, and governance processes with the bylaws and the Articles referenced throughout the charter to maintain internal consistency.

## **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

## **Implementation Notes (What Counsel Actually Must Do)**

Adopt implementing bylaws and policies consistent with this Article and ensure the Board retains records demonstrating compliance with the Article's standards.

## **Article 8. Commons Capitalism Entity Structure and Subsidiaries.**

### **Function in the System**

Defines the CCE structure, establishes what qualifies as a Subsidiary (wholly owned, market-facing, and affirmatively designated), and sets the ownership boundary that drives the rest of the governance and allocation system.

### **What This Article Depends On**

Identity and nonprofit character of the parent (Articles 1, 4, and 6).

Parent powers sufficient to own/control Subsidiaries and administer Funds (Article 5).

### **What This Article Produces for the Rest of the System**

The Subsidiary designation boundary (wholly owned + market-facing + affirmative Board designation).

A system-wide definitional anchor for when Fund remittances and governance obligations attach.

### **Required Interlocks and Coordination Points**

Coordinate the Subsidiary definition here with the Subsidiary definition used in Articles 11, 12, and 10.

Ensure Subsidiary governing documents mirror owner rights and reporting pathways (Articles 9 and 18).

### **Cross-References to Include (Drafting Guidance)**

See Article 9 for Owner Directives and reserved owner powers.

See Article 12 for Fund remittance logic and baseline allocations.

See Article 10 for variance procedures and governance-center boundaries.

### **Implementation Notes (What Counsel Actually Must Do)**

Create a Board resolution template for affirmatively designating an entity as a Subsidiary and maintaining a register of Subsidiaries.

Build Subsidiary charter/bylaw templates that embed owner-directive and reporting requirements required by Articles 9 and 18.

## **Article 9. Owner Directives to Subsidiary Boards.**

### **Function in the System**

Creates the parent's reserved-owner tool ("Owner Directives") to compel Subsidiary board action when necessary for material risk/enterprise integrity, while limiting routine operational micromanagement.

### **What This Article Depends On**

Subsidiary definition and designation boundary (Article 8).

Board as sole issuer of reserved-owner directives (Articles 3 and 13).

### **What This Article Produces for the Rest of the System**

A disciplined mechanism for group integrity interventions without day-to-day operational takeover.

A drafting requirement to mirror owner-directive authority in Subsidiary governing documents.

### **Required Interlocks and Coordination Points**

Coordinate 'when necessary' standards with SPOL reporting triggers (Article 18) so Owner Directives are evidence-based rather than routine.

Ensure emergency directive thresholds and recordkeeping align with Ombudsman oversight expectations where relevant (Article 14).

### **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

### **Implementation Notes (What Counsel Actually Must Do)**

Adopt implementing bylaws and policies consistent with this Article and ensure the Board retains records demonstrating compliance with the Article's standards.

## **Article 10. Polycentric Governance.**

### **Function in the System**

Creates the polycentric governance operating system: defined governance centers, boundaries/demarcation, nested stewardship of consolidated surplus and the Four Funds, variance rules, and graduated sanctions/oversight mechanisms.

### **What This Article Depends On**

Four Funds and baseline allocation concept (Article 12).

Monitoring institutions and interfaces (Articles 14, 18, and 19).

Worker veto procedures for defined categories (Article 20).

## **What This Article Produces for the Rest of the System**

Variance procedure and graduated sanctions tools that operationalize accountability among governance centers.

A framing for how consolidated surplus is governed as a commons with nested decision-making.

## **Required Interlocks and Coordination Points**

Align baseline allocation rules with Article 12 percentages and the budget committee's recommendation flow (Article 15).

Align variance decisions with dispute resolution and Ombudsman reporting (Articles 23 and 14).

## **Cross-References to Include (Drafting Guidance)**

See Article 12 for Fund definitions and baseline allocations.

See Article 15 for the budget/allocation recommendation workflow.

See Article 14 for Ombudsman monitoring and reporting.

See Article 20 for worker veto mechanisms referenced as governance centers.

## **Implementation Notes (What Counsel Actually Must Do)**

Adopt implementing bylaws and policies consistent with this Article and ensure the Board retains records demonstrating compliance with the Article's standards.

## **Article 11. Reasonable Net Returns and Parent-Funded Programs.**

### **Function in the System**

Defines consolidated surplus stewardship around Reasonable Net Returns and authorizes parent-funded market-support programs while preserving clean Subsidiary performance signals.

### **What This Article Depends On**

No private residual claim (Article 6) and commons purposes (Article 4).

## **What This Article Produces for the Rest of the System**

The Reasonable Net Returns concept, plus authorization for parent-funded market-support programs with clean performance accounting.

A measurement discipline that distinguishes Subsidiary operational performance from parent-level allocation decisions.

## **Required Interlocks and Coordination Points**

Treat this Article as part of the anti-capture/financial constitution; coordinate amendments with Article 28 and ensure no bylaw/policy reintroduces equity-like rights.

Coordinate Reasonable Net Returns policies with Reserve policy and baseline allocations (Articles 12 and 15).

Preserve ‘clean performance signals’ by accounting parent-funded programs separately from Subsidiary operating KPIs (Article 18).

### **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

### **Implementation Notes (What Counsel Actually Must Do)**

Adopt a written policy defining how consolidated surplus and Reasonable Net Returns are measured, reviewed, and documented each period.

Adopt an accounting policy that preserves pre-parent-support Subsidiary performance signals for incentives and evaluation.

## **Article 12. Establishment of Funds.**

### **Function in the System**

Establishes exactly four Funds and baseline allocation percentages, specifies remittance/accounting expectations, and ties deviations to the variance procedures in Article 10.

### **What This Article Depends On**

Definitions and Subsidiary boundary (Article 8) and variance governance (Article 10).

### **What This Article Produces for the Rest of the System**

Four Funds, baseline percentages, remittance logic, and spending authorization discipline.

Definitions (Net Profits; Subsidiary) that are reused in budgeting and variance decisions.

### **Required Interlocks and Coordination Points**

Treat this Article as part of the anti-capture/financial constitution; coordinate amendments with Article 28 and ensure no bylaw/policy reintroduces equity-like rights.

Ensure Fund administrators' roles align with Board composition and officer roles in Article 13 and the bylaws.

Ensure variance handling is routed through Article 10's requirements and committee workflows (Articles 15–16).

### **Cross-References to Include (Drafting Guidance)**

See Article 10 for variance rules and baseline allocation governance.

See Article 15 for budget/allocation recommendation procedures.

See Article 18 for SPOL reporting interfaces where Fund reporting is shared.

### **Implementation Notes (What Counsel Actually Must Do)**

Create separate accounting ledgers (or sub-accounts) for the four Funds and adopt authorization thresholds and delegation limits for disbursements.

Create a remittance policy for Subsidiaries, coordinated with operating reserve certifications and timing.

## **Article 13. Appointment and Election of Directors.**

### **Function in the System**

Constitutes the Board and the selection methods for each director category, including worker-elected and retiree-elected seats and the election mechanics for Independent Directors.

### **What This Article Depends On**

Bylaws and governance baseline (Articles 3 and 28).

### **What This Article Produces for the Rest of the System**

A Board composition that mixes managerial, worker, retiree, and independent voices without creating worker control of acquisitions or private capture.

### **Required Interlocks and Coordination Points**

Ensure officer/committee roles referenced in director categories (e.g., Benefits Director; Acquisition Director) align with Articles 12 and 17.

Ensure independent director nomination mechanics align with conflict-of-interest standards (Article 22).

### **Cross-References to Include (Drafting Guidance)**

See Article 22 for conflict-of-interest standards relevant to nominations and voting.

See Articles 12 and 17 for the Fund/committee roles tied to director categories.

## **Implementation Notes (What Counsel Actually Must Do)**

Draft election procedures and record-date rules in the bylaws for worker voting, retiree voting, advisory ballots, and cumulative voting for Independent Directors.

Create a nominating committee charter and disclosure questionnaire aligned with Article 22.

## **Article 14. Office of the Ombudsman.**

### **Function in the System**

Creates the Office of the Ombudsman as an independent monitoring, intake, and reporting institution supporting polycentric governance and worker veto processes.

### **What This Article Depends On**

Polycentric governance expectations and worker veto interface (Articles 10 and 20).

### **What This Article Produces for the Rest of the System**

Independent investigatory access and reporting channels; confidentiality and anti-retaliation protections.

A governance “sensing and feedback” institution for systemic failures.

### **Required Interlocks and Coordination Points**

Coordinate Ombudsman intake and mediation roles with Worker Veto procedures (Article 20) and director dispute mediation (Article 23).

Ensure confidentiality/protection mechanisms are reflected in bylaws and HR policies.

### **Cross-References to Include (Drafting Guidance)**

See Article 20 for worker veto mediation and records roles.

See Article 10 for polycentric governance monitoring scope.

See Article 23 for director-dispute mediation optionality.

## **Implementation Notes (What Counsel Actually Must Do)**

Draft Ombudsman intake, confidentiality, anti-retaliation, and executive-session protocols in bylaws/policies.

Create a standing reporting cadence to the Board and define the Ombudsman’s limited roles in mediation to preserve independence.

## **Article 15. Standing Budget and Allocation Committee.**

### **Function in the System**

Creates the Standing Budget and Allocation Committee as the primary budgeting and allocation recommendation engine for the Four Funds and consolidated stewardship.

### **What This Article Depends On**

Fund purposes and baseline allocations (Article 12).

Variance and oversight framework (Article 10).

### **What This Article Produces for the Rest of the System**

A budgeting and allocation recommendation pipeline for the Board, including baseline allocation reinforcement and deviation rationale.

### **Required Interlocks and Coordination Points**

Coordinate terminology, definitions, and governance processes with the bylaws and the Articles referenced throughout the charter to maintain internal consistency.

### **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

### **Implementation Notes (What Counsel Actually Must Do)**

Adopt a committee charter specifying budget calendar, reporting requirements from Subsidiaries, and the format of allocation recommendations and variance rationales.

## **Article 16. Permitted Uses Committee and Surplus Stewardship.**

### **Function in the System**

Creates a committee focused on the ‘permitted uses’ of surplus, including policy discipline for wage-support, pricing/rebate/trial programs, and stewardship safeguards.

### **What This Article Depends On**

Surplus stewardship framing (Article 11) and fund architecture (Article 12).

### **What This Article Produces for the Rest of the System**

A governance center focused on permitted uses and surplus stewardship discipline beyond baseline Fund allocations.

## **Required Interlocks and Coordination Points**

Coordinate terminology, definitions, and governance processes with the bylaws and the Articles referenced throughout the charter to maintain internal consistency.

## **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

## **Implementation Notes (What Counsel Actually Must Do)**

Adopt implementing bylaws and policies consistent with this Article and ensure the Board retains records demonstrating compliance with the Article's standards.

## **Article 17. Reinvestment and Acquisitions Committee.**

### **Function in the System**

Creates a reinvestment/acquisitions governance center responsible for disciplined expansion and acquisition processes funded through the Reinvestment Fund.

### **What This Article Depends On**

Reinvestment Fund existence and scope (Article 12).

### **What This Article Produces for the Rest of the System**

An acquisitions/reinvestment governance pipeline tied to Reinvestment Fund purposes and disciplined evaluation.

## **Required Interlocks and Coordination Points**

Coordinate terminology, definitions, and governance processes with the bylaws and the Articles referenced throughout the charter to maintain internal consistency.

## **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

## **Implementation Notes (What Counsel Actually Must Do)**

Adopt implementing bylaws and policies consistent with this Article and ensure the Board retains records demonstrating compliance with the Article's standards.

## **Article 18. Subsidiary Performance Officer and Liaison.**

### **Function in the System**

Creates the SPOL role to measure, monitor, and report Subsidiary performance and compliance, providing a non-operational accountability channel to the parent Board.

### **What This Article Depends On**

Subsidiary reporting and owner rights (Articles 8 and 9).

### **What This Article Produces for the Rest of the System**

A performance monitoring role that feeds Board oversight without collapsing into managerial command structures.

### **Required Interlocks and Coordination Points**

Coordinate SPOL access limits with Subsidiary board autonomy (Article 9) and worker protections (Articles 20–21).

Ensure SPOL reports feed into variance/sanctions processes without becoming operational directives (Article 10).

### **Cross-References to Include (Drafting Guidance)**

See Article 19 for coordination with the Subsidiary Director.

See Article 10 for variance/sanction pathways that may rely on SPOL reports.

See Article 12 for Fund reporting boundaries (if SPOL receives reports).

### **Implementation Notes (What Counsel Actually Must Do)**

Define SPOL reporting templates, KPI definitions, and access boundaries; align with Subsidiary board calendars and audit cycles.

Ensure SPOL access is limited to monitoring/reporting and does not become a substitute for Subsidiary management.

## **Article 19. Relationship of Subsidiary-Elected Director and SPOL.**

### **Function in the System**

Defines the interface between the Subsidiary-elected director role and the SPOL function so market performance monitoring and governance reporting remain coordinated and non-duplicative.

### **What This Article Depends On**

Subsidiary Director role (Article 13) and SPOL role (Article 18).

## **What This Article Produces for the Rest of the System**

Defined coordination channels so Subsidiary-elected oversight and SPOL reporting reinforce rather than conflict.

## **Required Interlocks and Coordination Points**

Coordinate terminology, definitions, and governance processes with the bylaws and the Articles referenced throughout the charter to maintain internal consistency.

## **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

## **Implementation Notes (What Counsel Actually Must Do)**

Adopt implementing bylaws and policies consistent with this Article and ensure the Board retains records demonstrating compliance with the Article's standards.

## **Article 20. Worker Veto over Alienation.**

### **Function in the System**

Creates the worker veto mechanism over alienation of personnel or property, including notice, mediation, records, and override structures.

### **What This Article Depends On**

Ombudsman mediation/records support (Article 14).

## **What This Article Produces for the Rest of the System**

A procedural veto right bounded to alienation categories, with mediation, notice, override, and records requirements.

## **Required Interlocks and Coordination Points**

Coordinate 'Alienation' definitions and exclusions with termination standards (Article 21) to preserve the intended boundary.

Coordinate override procedures with Board voting rules and recordkeeping standards (Articles 13 and 14).

## **Cross-References to Include (Drafting Guidance)**

See Article 14 for Ombudsman mediation, intake, and recordkeeping support.

See Article 21 for termination standards and exclusions from worker veto.

## **Implementation Notes (What Counsel Actually Must Do)**

Create standard forms: Proposed Alienation Action notice, worker committee notice, mediation record, and Board override findings.

Train governance participants on the boundary between worker veto and individual personnel actions (Article 21).

## **Article 21. Employment Termination Standards.**

### **Function in the System**

Creates termination and material adverse action standards (Just Cause / Business Necessity) and explicitly separates individual personnel actions from worker-veto mechanisms.

### **What This Article Depends On**

Ombudsman or independent board committee review pathway (Article 14, plus bylaws/policies).

### **What This Article Produces for the Rest of the System**

A non-at-will termination standard plus controls against pretext/favoritism, with a defined review/appeal channel that is not a worker veto.

### **Required Interlocks and Coordination Points**

Align appeal/review decision-maker with Ombudsman or designated independent committee (Article 14) and ensure this channel is distinct from worker veto (Article 20).

### **Cross-References to Include (Drafting Guidance)**

See Article 14 for independent review channels referenced in appeals.

See Article 20 for the explicit exclusion of individual personnel actions from worker veto.

### **Implementation Notes (What Counsel Actually Must Do)**

Adopt HR policies that implement Just Cause / Business Necessity processes, documentation standards, and review procedures.

Create an internal reviewer role (Ombudsman or independent committee) and define timelines and evidence standards.

## **Article 22. Conflicts of Interest and Related-Party Transactions.**

### **Function in the System**

Creates conflicts-of-interest and related-party transaction procedures to prevent private capture through self-dealing while permitting fair, well-documented transactions.

## **What This Article Depends On**

General nonprofit governance baseline and statutory compliance framework (Articles 2–3 and 28).

## **What This Article Produces for the Rest of the System**

A conflicts/related-party protocol that protects the commons from capture through transactions or compensation decisions.

## **Required Interlocks and Coordination Points**

Coordinate terminology, definitions, and governance processes with the bylaws and the Articles referenced throughout the charter to maintain internal consistency.

## **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

## **Implementation Notes (What Counsel Actually Must Do)**

Adopt annual disclosure forms and create a minute template for related-party transaction approvals with required findings.

## **Article 23. Dispute Resolution Among Directors.**

### **Function in the System**

Creates an internal dispute resolution pathway among directors for Fund/allocation and commons-purpose disputes (consultation then mediation), preserving statutory remedies.

## **What This Article Depends On**

Ombudsman availability for mediation is optional and subject to Article 14 constraints.

## **What This Article Produces for the Rest of the System**

A predictable internal process for director-level allocation disputes that preserves statutory remedies and reduces governance deadlock risk.

## **Required Interlocks and Coordination Points**

Coordinate terminology, definitions, and governance processes with the bylaws and the Articles referenced throughout the charter to maintain internal consistency.

## **Cross-References to Include (Drafting Guidance)**

See Article 14 for Ombudsman mediation constraints and independence.

See Article 15 and Article 10 for the allocation/variance decisions that typically generate disputes.

### **Implementation Notes (What Counsel Actually Must Do)**

Adopt implementing bylaws and policies consistent with this Article and ensure the Board retains records demonstrating compliance with the Article's standards.

## **Article 24. Indemnification and Directors and Officers Insurance.**

### **Function in the System**

Provides indemnification and D&O insurance framework to support informed risk-taking and independent judgment by directors/officers consistent with nonprofit constraints.

### **What This Article Depends On**

Nonprofit statutory constraints and conflicts policy (Articles 22 and 28).

### **What This Article Produces for the Rest of the System**

Risk-management infrastructure for director/officer service (indemnification and D&O insurance).

### **Required Interlocks and Coordination Points**

Coordinate terminology, definitions, and governance processes with the bylaws and the Articles referenced throughout the charter to maintain internal consistency.

### **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

### **Implementation Notes (What Counsel Actually Must Do)**

Adopt indemnification agreements and obtain D&O coverage consistent with nonprofit law and Article constraints; document approval by disinterested directors where required.

## **Article 25. Authority to Divide and Form Successor Commons Corporations.**

### **Function in the System**

Provides structural scaling authority to divide and form successor commons corporations to maintain governability as the enterprise grows.

### **What This Article Depends On**

Dissolution/distribution constraints for any successor structure (Article 27).

### **What This Article Produces for the Rest of the System**

A scaling tool to preserve governability by dividing and forming successor commons corporations.

### **Required Interlocks and Coordination Points**

Coordinate terminology, definitions, and governance processes with the bylaws and the Articles referenced throughout the charter to maintain internal consistency.

### **Cross-References to Include (Drafting Guidance)**

Cross-reference Article 28 for amendment/bylaw hierarchy as needed.

Cross-reference Article 6 when any provision could be misread as creating a private residual claim.

### **Implementation Notes (What Counsel Actually Must Do)**

Create criteria and a Board process for when to divide and form successor commons corporations (scale, complexity, governance manageability).

## **Article 26. Charitable and General Welfare Actions.**

### **Function in the System**

Authorizes limited charitable/general-welfare actions only as incidental and subordinate exercises of power, under strict mission-preservation and approval safeguards.

### **What This Article Depends On**

Mission preservation (Article 4) and anti-capture constraints (Article 6).

### **What This Article Produces for the Rest of the System**

A tightly constrained pathway for incidental charitable/general welfare actions that cannot displace the core mission.

### **Required Interlocks and Coordination Points**

Coordinate Covered Action approvals with Fund purposes and reserve protections (Articles 12 and 15).

Ensure Covered Actions cannot impair premium wage/benefit architecture (Article 4) or create private residual claims (Article 6).

### **Cross-References to Include (Drafting Guidance)**

See Articles 4 and 6 for mission and anti-capture constraints.

See Article 12 and Article 15 for Fund and reserve impacts of any Covered Action.

See Article 20 if worker veto is implicated by a proposed transfer of material property.

### **Implementation Notes (What Counsel Actually Must Do)**

Create a Covered Action approval workflow with supermajority thresholds, written findings, and Fund-impact analysis.

## **Article 27. Dissolution and Distribution of Assets.**

### **Function in the System**

Creates dissolution and asset-distribution rules that prevent private capture on wind-up and prefer distribution to successor commons recipients.

### **What This Article Depends On**

Anti-capture constraints (Article 6) and successor-corporation option (Article 25).

### **What This Article Produces for the Rest of the System**

An anti-capture exit framework ensuring remaining assets are distributed to commons-aligned recipients rather than private hands.

### **Required Interlocks and Coordination Points**

Treat this Article as part of the anti-capture/financial constitution; coordinate amendments with Article 28 and ensure no bylaw/policy reintroduces equity-like rights.

Coordinate dissolution distributions with successor corporation authority (Article 25) and ensure distributions remain commons-aligned.

### **Cross-References to Include (Drafting Guidance)**

See Article 25 for successor-corporation options.

See Article 6 for no-private-distribution constraints that must govern wind-up.

### **Implementation Notes (What Counsel Actually Must Do)**

Create a dissolution checklist and recipient qualification criteria to ensure distributions remain commons-aligned and do not create private capture.

## **Article 28. Amendments and Bylaws.**

### **Function in the System**

Governs bylaws and amendment mechanics, preserving internal hierarchy (Articles control; bylaws/policies must conform).

### **What This Article Depends On**

All other Articles as the controlling constitutional document.

### **What This Article Produces for the Rest of the System**

An internal hierarchy rule (Articles > bylaws/policies) and amendment governance baseline.

### **Required Interlocks and Coordination Points**

Adopt amendment vote thresholds consistent with any supermajority requirements embedded elsewhere and preserve Articles' supremacy over bylaws.

### **Cross-References to Include (Drafting Guidance)**

See any Article with a supermajority or special approval requirement before amending related provisions.

Cross-reference Article 6 and Article 27 when drafting amendment limitations that could affect anti-capture constraints.

### **Implementation Notes (What Counsel Actually Must Do)**

Ensure statutory formation filings and bylaws adoption are completed at the organizational meeting and recorded in minutes.

Align bylaws, committee charters, and policies so they do not contradict the Articles' supremacy rule.