

## Portland Neighborhood Association Bylaws—Templates/Suggested Content

### INTRODUCTION

(09/10/2014)

These “bylaws templates” were prepared to help recognized neighborhood associations in Portland develop and update their bylaws.

All Portland neighborhood associations must comply with the ONI Standards. The ONI Standards (2005) require all recognized neighborhood associations to have bylaws. The ONI Standards also identify specific elements that every neighborhood association needs to include in its bylaws. This template incorporates all the bylaw elements required by the ONI Standards (2005). The ONI Standards (2005) are available on the ONI website: <http://bit.ly/1xIRZ6j>.

This document updates the previous bylaws template developed in 2006. It responds to new information and many questions that neighborhood associations have asked since 2006. This document was developed collaboratively by a committee of neighborhood coalition staff people from around the city and ONI staff.

This document includes two template versions of sample bylaws.

- **Full Version:** The “full” version includes: recommended bylaws language, optional language, and additional guidance and context. The “full” version is for neighborhood associations that are incorporated and have sufficient volunteer capacity to maintain and manage an active association.
- **Simple Version:** The “simple” version suggests more limited bylaws language that would be appropriate for an unincorporated association with minimal volunteer capacity.

### Background/Context

**Role of bylaws:** Neighborhood association bylaws are the internal rules by which neighborhood associations operate. But they can be more than that. Well-written bylaws can reflect the values and purposes of a neighborhood association, and, by promoting efficient administration, can help a neighborhood association accomplish its goals. Bylaws should focus on the governance of the association, i.e., how decisions are made and implemented. Bylaws should not attempt to address all the different kinds of activities and issues in which neighborhood associations engage.

**Relationship of bylaws to other documents:** In addition to bylaws, your association may have other formal governance documents.

- **Articles of Incorporation:** Neighborhood associations that are incorporated will have “Articles of Incorporation.” The articles are the most important governance document for a non-profit organization. State law sets out basic information that

must be included in the articles and requires that a board of directors govern the corporation. The articles supersede both bylaws and board policies.

- **Bylaws:** Bylaws can play a dual role—addressing governance of the neighborhood association by setting out basics of the board’s composition and duties, and also addressing management of other affairs of the neighborhood association.
- **Board Policies:** A third set of documents, known as “board policies,” can address details of the board’s operation, such as: codes of conduct, financial accountability practices, conflict of interest, newsletter and editorial policies, meeting times, document signing, etc. (Contact your neighborhood coalition or ONI for examples of these policies.)

**Picking the right organization for your group:** Most Portland neighborhood associations are incorporated non-profit organizations. Some also have acquired federal tax-exempt status under the IRS rules. Although, the ONI Standards establish broad rules for the operation of neighborhood associations and require certain bylaw provisions—the ONI Standards do not require neighborhood associations to adopt a particular structure or model of governance. Neighborhood associations, through their bylaws, may construct models of governance that fit their unique needs. A primary question is whether to incorporate or not. A decision to incorporate leads to other questions. One of the most important is how to define the roles of and relationship between the general membership and the board. Another is the type of non-profit and tax-exempt status the neighborhood association should seek. The governance model your neighborhood association chooses can depend on a number of factors, including: the size of the neighborhood and the number of people participating, the potential for legal liability of activities, and the ability to raise funds and apply for grants. An incorporated organization that does not have federal tax-exempt status, must have a “fiscal sponsor” organization to qualify for tax exemption for its fund raising. Neighborhood coalition offices often serve as fiscal sponsors for neighborhood associations and neighborhood association events and projects.

**Know your organization type:** Your organization type affects what you must include in your bylaws. Most Portland neighborhood associations are incorporated non-profit organizations with the Oregon Secretary of State’s Office. Incorporated non-profits must comply with ORS 65 the Oregon State Non-profit Corporation Law. Some also are registered as federal tax exempt 501(c)(3) organizations with the IRS and must comply with IRS requirements. A few neighborhood associations are unincorporated associations.

To find out if your neighborhood association is incorporated in Oregon, go to:  
<http://bit.ly/1uAkoJS>

- Many neighborhood association Articles of Incorporation and Bylaws are available on the ONI website: (articles) <http://bit.ly/1ufCpft>; (bylaws) <http://bit.ly/WKe7MV>
- The *Oregon Nonprofit Corporation Handbook* (5<sup>th</sup> Ed.) provides helpful guidance on developing and reviewing bylaws and many other aspects of creating and managing a non-profit organization.

- The full text of ORS 65 (2013 edition) is available at: <http://bit.ly/1px9wEt>

To find out if your neighborhood association has federal tax-exempt (e.g. 501(c)(3)) status, contact your neighborhood coalition office or go to: <http://1.usa.gov/X5qrOw>.

- IRS Rules for tax-exempt non-profits: <http://www.irs.gov/Charities-&-Non-Profits>

**The “Full Version” emphasizes the incorporated, board-governed model:** The “Full Version” reflects a recommendation that Portland neighborhood associations incorporate and adopt a board-governed model to help manage legal liability for the organization. The board-governed model also is recommended because of the reluctance of insurance companies to insure unincorporated entities and general-member-governed vs. board-governed organizations. Language in this template assumes that the neighborhood association is led and managed by a board of directors. Under this model, members of the organization generally have the formal power to elect directors, amend the bylaws, and vote on merging or dissolving the organization.

**Questions and/or Suggestions:** If you have questions or suggestions or how the template can be improved contact your neighborhood coalition office (<http://bit.ly/1sva3x8>) or Paul Leistner at ONI ([paul.leistner@portlandoregon.gov](mailto:paul.leistner@portlandoregon.gov); 503-823-5284).

### Basic Governance and Management Tasks

Each neighborhood association should make clear in its bylaws who will be responsible for ensuring that the following tasks are done:

- Meetings:
  - Schedule Board and Membership meetings
  - Prepare agendas for Board and Membership meetings
  - Prepare and send out meeting notices
  - Preside at Board and Membership meetings
  - Prepare meeting minutes
- Communications:
  - Act as the formal spokesperson for the Board and the Association
  - Serve as the public contact for the Association
  - Accept and respond to communications to the Association (e.g. land use notices)
  - Prepare and send out formal communications from the Association
- Finances
  - Maintain full and accurate accounts of all financial records of the Association
  - Receive and deposit funds for the Association
  - Receive invoices requesting payment and issue payments
  - Present financial reports to the Board and Membership as directed
  - Develop and adopt an annual budget

- Documents and Records
  - Authenticate the documents and records of the association
  - Maintain current and accurate board and membership lists
  - Maintain the non-financial files and records of the Association
  - Send approved meeting minutes to the neighborhood district coalition office
  - Complete and submit formal reports as required by the State of Oregon and IRS.
- Committees
  - Create committees
  - Appoint committee members
- Elections/Appointments
  - Manage the nomination process
  - Prepare election ballots
  - Manage elections
  - Appoint individuals to fill Board or Officer vacancies
- Conflict Resolution
  - Review and respond to formal grievances
- Represent the Association at meetings of the neighborhood district coalition

## Glossary

**Annual Election:** Election that occurs each year at which general members elect Directors to serve on the Board. The Annual Election usually occurs during the Annual Meeting. The Annual Election also may include direct election of the Board Officers by the Members in neighborhood associations that use this approach to electing their officers.

**Annual Meeting:** This is a meeting of the neighborhood association general membership that occurs once each year. At the meeting, the Board reports to the Members on the state of the neighborhood association and may include other items on the meeting agenda. Neighborhood associations commonly hold their Annual Election during the Annual Meeting.

**Board Member “Duties”:** Board members have a duty to act in the best interests of the organization and to ensure that the organization is well managed. The Oregon Attorney General has identified three primary “duties” of non-profit corporation board members:

- Exercise care and use common sense and informed judgment and act as a steward of the organization. (Also known as “Duty of Care.”)
- Make decisions that are in the best interests of the organization and do not use information obtained as a board member for personal gain. (Also known as “Duty of Loyalty.”)
- Be faithful to the organization’s mission and follow the organization’s articles of incorporation and bylaws, do not undermine the public trust in the organization, and ensure that donated funds are used to fulfill the organization’s mission. (Also known as “Duty of Obedience.”)

(These board duties are described in more detail in the Oregon Attorney General's publication: "A Guide to Non-profit Board Service in Oregon" (<http://bit.ly/1rLjtUN>))

**"Directors" vs. "Board Members":** The governing board of a neighborhood association is called the "board of directors." This bylaws template refers to board members as "directors."

**Executive Committee:** An executive committee usually is made up of an association's officers and may include other board members. An executive committee's primary duty usually is to respond to time-sensitive issues between regular board meetings.

**"In Writing":** When a communication is required to be "in writing" (such as a formal grievance), the communication can be sent either as a hard copy or via email.

**"Indemnification" vs. "Limiting Liability":** "Indemnification" means that the organization says it will pay expenses/settlements if anyone sues a board member because of their service to the organization. "Limiting liability" means that the organization (board and members) agrees to limit what the organization could sue the board member for (this does not limit what a third party could sue the board member for). Indemnification language generally should go into bylaws. Limiting liability language should go into articles of incorporation.

**"Majority" vs. "Plurality" vs. "Super Majority":** In the context of voting, a "majority" is more than half of the votes. A "plurality" is the largest number of votes received by an individual candidate among a group of candidates—a plurality may be less than a majority. A "super majority" is anything more than a majority, e.g. "a two-thirds majority."

Do not use the term "50% plus 1", when you mean a "majority." This can lead to fractions (e.g. if you have 13 directors at a board meeting, a majority would be 7 members. Fifty percent of 13 is 6.5—"50% plus 1" would be 7.5. If you use the term "majority" your board can vote with 7 people present. If you use "50% plus 1," you will need 8 people to achieve a quorum.

**"Member":** Refers to a general member of a neighborhood association. This is someone who is eligible for membership and actively has chosen to be a member of the organization.

**Recognized Neighborhood Association:** "An autonomous organization formed by people for the purpose of considering and acting on issues affecting the livability and quality of their Neighborhood, formally recognized by the Office of Neighborhood Involvement, and subject to Chapter 3.96." (City of Portland, City Code, **3.96.020.**)