

**SHERMAN HILL NEIGHBORHOOD ASSOCIATION
BYLAWS**

Approved and enacted by unanimous vote at 05/30/2019 quarterly meeting

ARTICLE I - DEFINITIONS

1.1 Definitions.

(a). **Association.** The Sherman Hill Association, Inc. is a 501(c)3 nonprofit organization established in 1977.

(b). **Break in service.** A break in service from the Board of Directors will be defined as a minimum of 1 year.

(c). **Membership Meeting.** An annual, quarterly, or special meeting of the general membership of the Association for which notice has been delivered. A special meeting is a meeting other than an annual or quarterly meeting.

(d). **Quorum.** A quorum shall be 10 voting members present at a membership meeting.

(g). **Term of office.** A full term of office on the Board of Directors of the Association is a three-year term to which a current eligible member has been elected. The term for a regular election begins at the start of the fiscal year. A term for a special election begins upon completion of the election. No more than two consecutive terms may be served without a break in service from the Board.

(h). **Voting member.** A member of the Association who is at least 18 years of age; who pays the dues of the Association (and is current in payment before any official meeting where matters may be presented for a vote); is a property owner, resident, or owns a business that operates in the geographic boundaries of the Sherman Hill Neighborhood of Des Moines, Iowa as defined by the City approved Sherman Hill Neighborhood Plan. Each household is limited to two voting memberships per household. Each voting member must be present to vote.

ARTICLE II- BOARD OF DIRECTORS

2.1 Director's Management Authority. The Association is Director-managed. Except as otherwise provided herein, the management of the Association and the right to bind and exercise the other powers of the Association is vested exclusively in the board of Directors (the "**Board of Directors**" or "**Board**").

2.2 Appointment and Tenure of Directors.

(a) **Appointment, Number, and Term.** The number of Members on the Board of Directors shall be an odd number no fewer than seven and no more than eleven. At

least seven of the Directors shall be owner-occupants of property within the Sherman Hill neighborhood.

(b) ***Eligibility for Service on the Board of Directors.*** A Director may only be elected by a simple majority of the Voting Membership at any meeting of the Association. There will be no appointments to the Board. To be eligible to serve on the Board of Directors, a candidate must be a Voting Member.

(c) ***Resignation of a Director.*** A Person may resign as a Director by giving the Notice of such Person's decision to resign at least five (5) days before the resignation is to become effective.

(d) ***Removal of a Director.*** A Director may be removed from the Board of Directors by another Director at any time, for any reason, by delivering written Notice to such Director and the Association stating when the Director's removal is to be effective and after a vote of two thirds of Voting Member Majority approving the removal of such Director.

(e) ***Vacancies.*** A vacancy in the position of Director shall be filled by the Association membership at the next regularly scheduled membership meeting. Directors elected to fill a mid-term vacancy shall be elected for a newly designated three (3) year term.

2.3 *Expense Reimbursement and Compensation.* Except as otherwise provided in this Agreement or as provided in any other agreement between the Association and a Director, the Director will not receive any compensation from the Association for serving as a Director. However, the Directors shall be reimbursed by the Association for reasonable and documented expenses incurred in connection with the Association business.

2.4 *Duties and Obligations of the Board of Directors.*

(a) ***Compliance with Agreement and Applicable Law.*** The Board of Directors shall cause the Association to conduct its business and affairs (including the acquisition, maintenance, management and operation of Association Assets) in accordance with this Agreement and applicable Laws.

(b) ***Operation of Association as a Separate Enterprise.*** The Board of Directors shall cause the Association to conduct its business and affairs separately from those of the individual Directors and each of the Members and the Affiliates of the Directors and each Member. In furtherance of the foregoing, the Directors shall: (i) segregate and otherwise account for the Association Assets and not allow funds or other Association Assets to be commingled with the funds or other assets owned by, or registered in the name of, any Director or any Member or any Affiliate of any Director or any Member; (ii) maintain books, bank accounts, and financial records of the Association separate from those of each Director and Member; (iii) observe all Association procedures and formalities, including maintaining current records of the affairs of the Association and the minutes of the meetings and written consents of the Board of Directors and of the Members; (iv) cause the Association to pay its liabilities from Association Assets; (v) cause the Association to conduct its dealings with third parties in its own name and in all respects hold itself out as

a limited liability Association that is separate from and independent of the Directors and the Members.

(c) ***Time Devoted to Association Affairs.*** The Directors are not required to devote their full time to the affairs of the Association. The Directors, however, shall devote such amount of time as is necessary to manage and supervise the business and affairs of the Association in accordance with this Agreement.

(d) ***Delegation.***

(i) ***Generally.*** The Board of Directors may delegate to other Persons so much of its responsibilities hereunder that the Board of Directors determines to be necessary, appropriate, or convenient for the efficient administration and management of the Association's Business including officers having such powers and authority as identified by the Board of Directors. The Board of Directors, however, must retain the power to direct and control any Person to whom they delegate any of its responsibilities.

(ii) ***Officers.*** The Board of Directors may, from time to time as it deems advisable, select natural persons who are or will be agents of the Association and appoint them as officers of the Association ("***Officers***"), assign titles to any such person. If the Board of Directors appoints an officer, it shall also designate in writing the job duties and responsibilities of such officer. Any delegation pursuant to this Section may be revoked at any time by the Board of Directors. An Officer may be removed with or without cause by the Board of Directors. If the matter the Board of Directors is considering involves the appointment or removal of the President, the person then serving as the President shall recuse himself from the matter and shall not be entitled to vote as a Director on such matter.

(iii) Until the Board of Directors otherwise designates, the appointed President, Vice President, Treasurer and Secretary shall have the powers set forth below:

Powers and Duties of the President. Subject to the control of the Board, the President shall have general charge of and direct the operations of the Association and shall be the President of the Association and shall have authority to exercise the powers given to the Board under these By-Laws. The President shall keep the Board fully informed and shall freely consult with it concerning the business of the Association in his or her charge. The President shall have authority to sign, execute and acknowledge all contracts, checks, deeds, mortgages, bonds, leases or other obligations on behalf of the Association as the President may deem necessary or proper to be executed in the course of the Association's regular business as authorized by the Board. The President may sign in the name of the Association reports and all other documents or instruments that are necessary or proper to be executed in the course of the Association's business. The President shall perform all duties incident to the office of the President as herein defined, and all such other duties as from time to time may be assigned by the Board.

Powers and Duties of the Treasurer. The Treasurer shall (i) have custody of and be responsible for all moneys and securities of the Association, shall keep full and accurate records and accounts in books belonging to the Association, showing the transactions of the Association, its accounts, liabilities and financial condition and shall see that all expenditures are duly authorized and are evidenced by proper receipts and vouchers; (ii) deposit in the name of the Association in such depository or depositories as are approved by the Board, all moneys that may come into the Treasurer's hands for the Association's account; (iii) prepare annual financial statements that include a balance sheet as of the end of the fiscal year and an income statement for that year; and (iv) in general, perform such duties as may from time to time be assigned to the Treasurer by the President or by the Board.

Powers and Duties of the Secretary. The Secretary shall (i) keep minutes of all meetings of the Board; (ii) authenticate records of the Association and attend to giving and serving all notices of the Association as provided by this Agreement or as required by law; (iii) be custodian of the Association books and such other books, records and papers as the Board may direct; (iv) perform the responsibilities of the Board to maintain the records required in this Agreement; and (v) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or the Board.

2.5 Indemnification. The Association shall defend, release, hold harmless and indemnify (collectively, for purposes of this Section, "indemnify") each Director from any alleged Claim, Loss or Damages that in any way relates to, or arises out of, or is alleged to relate to or arise out of, any action or omission on the part of the Association or that Director acting on behalf of Association or the Members; provided, however, that the Association shall have no obligation to indemnify any Director for any Claim, Loss or Damages attributable to: (a) transactions or other actions for which the Director derived an improper personal benefit (which is not to include any benefit derived from any activity or investment that is otherwise authorized under this Agreement); (b) an intentional violation of criminal law.

(a) **Advancement of Expenses.** In the event a Director would be entitled to indemnification under this Section 2.5 of this Agreement, upon the request of any Director, the Association shall advance such sums as the Board of Directors determines: (a) are reasonably appropriate to defend such Directors from a claim that would entitle them to indemnification under this Section 2.5; and (b) are likely to be repaid by the Director in the event it is ultimately determined that they are not entitled to indemnification under this Section 2.5.

(b) **Limited Recourse of Directors and Acquiring Insurance.** The Association shall satisfy its obligations under this Section 2.5 from Association Assets or insurance coverage, and no Member is to have any personal liability on account thereof; provided, however, that the Board of Directors may cause the Association to purchase and maintain insurance against any alleged Claim, Loss or Damages asserted or incurred that could give

rise to indemnification under this Section 2.5.

2.6 *Quorum and Manner of Acting.* A quorum for a meeting of the Directors shall consist of a majority of the Directors then in office; provided, however, at least a majority of Directors present must be owner-occupiers in order for a quorum to exist. If at any meeting of the Directors there be less than a quorum present, a majority of the Directors present may adjourn the meeting from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given.

At all meetings of the Directors, a quorum being present, the act of a majority of the total number of Directors then in office shall be the act of the Directors.

Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting and without notice if the action is taken by all of the Directors and if one or more consents in writing describing the action so taken shall be signed by each Director. Consent and action may be taken electronically. Any such written consent shall be effective when the last Director transmits the consent, unless the consent specifies a different effective date. Any such action consent shall be maintained in the records of the Association.

2.7 *Board of Directors Meetings; Place of Meetings.* Regular meetings of the Board of Directors, attended only by Directors, shall be held monthly at such place and at such times as the Board of Directors may determine from time to time. No notice shall be required for any such regular meeting of the Board of Directors. Quarterly Meetings attended by any Members shall be held once per quarter during any given fiscal year at such place and such times as the Board may determine from time to time. The Board will provide at least thirty (30) days advance notice of Quarterly Meetings. Special meetings of the Board of Directors shall be held whenever called by the direction of the President (if one has been appointed by the Board of Directors) or by any one or more of the Board of Directors at the time being in office. Notice of each special meeting shall be given to each Board of Directors at least two (2) days before the date on which the meeting is to be held. Each notice shall state the date, time and place of the meeting. Unless otherwise stated in the notice thereof, any and all business may be transacted at a special meeting. At any meeting at which every Director is present, even without any notice, any business may be transacted.

The Directors may hold their meetings at such place or places, within the City of Des Moines, as the Directors may from time to time determine. If no designation of the place for a meeting is made, the place of the meeting shall be the principal office of the Association in the City of Des Moines.

Directors may participate in and hold a meeting by means of conference telephone, live chat or through other equipment or methods by means of which all of the Directors participating in the meeting can simultaneously communicate with each other, and participation in such meeting shall constitute attendance and presence in person at such meeting, except where a Director participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

All business to be transacted at meetings of the Directors shall be transacted in such order as the Directors may from time to time determine. At all meetings of the Directors, the individuals designated by the vote of a majority of the total number of Directors then in office shall,

respectively, preside over and act as chairperson of the meeting and act as secretary for the meeting.

2.8 Execution of Documents. The Directors may authorize any officer or officers or Director or Directors to negotiate and enter into any agreement or contract and to negotiate, execute and deliver any instrument or document in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

2.9 Committees. The Directors may, but are not required to, from time to time establish one or more committees, including the Self-Supported Municipal Improvement District (SSMID) Sub-Committee, with each committee to consist of such Directors or Members appointed by the Directors. Any committee shall serve at the will of the Directors. Each committee shall have the powers and duties delegated to it by the Directors. The Directors may appoint one or more Directors as alternate members of any committee who may take the place of any absent member or members of the committee at any meetings of the committee, upon request by the chairperson of the committee.

A committee shall in no event, however, have the authority to: (i) approve or propose to the Members any act or matter that this Agreement requires be approved by the Members; (ii) fill vacancies in the Directors or on any of the committees established by the Directors; or (iii) amend these By-Laws.

The Directors shall appoint a Self-Supported Municipal Improvement District (SSMID) Committee to provide recommendations to the Board of Directors and City to allocate funds collected in the SSMID districts in Sherman Hill. The committee shall consist of at least three members, including at least one member of the Board of Directors. The committee shall meet no less frequently than semi-annually. The committee shall provide at least one week's notice of each meeting to the Board of Directors. The committee shall provide minutes of its meetings to the Directors within one week of each meeting.

ARTICLE III. CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

3.1 Contracts. The Board of Directors may authorize the officers of the Association to enter into any contract in an amount up to \$5,000.00, or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances.

3.2 Checks, Drafts, Etc. All checks, drafts, or orders for the payment of money, notes, or other evidence of indebtedness issued in the name of the Association in an amount up to \$5,000.00, shall be signed by such person and in such manner as shall be determined by resolution of the Board of Directors.

3.3 Deposits. All funds of the Association shall be deposited to the credit of the Association in such banks, savings and loan associations, trust companies or other depositories as the Board of Directors may elect.

3.4 Investment. Any funds of the Association which are not needed currently for the

activities of the Association may at the discretion of the Board of Directors be invested in such investments as are permitted by law.

3.5 Gifts. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or devise for the general purpose of the Association.

3.6 Expenditures. Planned expenditures should be well researched and outlined in detail to the Board of Directors during an annual budget planning meeting and included as part of a comprehensive Association budget. An annual budget should be presented to the general membership at the first quarterly meeting of each year. The annual budget should include an Emergency Fund that maintains an emergency reserve of at least \$15,000. Unbudgeted expenditures greater than \$5,000.00 (per project) need pre-approval of a majority of the Association.

ARTICLE IV. BOOKS AND RECORDS

4.1 The Association shall keep correct and complete books and records (whether in electronic form or hard-copy) of the following: (1) all accounts owned by the Association; (2) minutes of the proceedings of its members, Board of Directors, and committees; and (3) a list of the names, addresses, telephone numbers and email address for all members, organized by membership category. All books and records of the Association may be inspected by any member, or his agent or attorney for any proper purpose at any reasonable time. Upon request by a majority of the Board of Directors or the majority of the voting membership present at any membership meeting, a certified public accounting firm shall review such books and records.

ARTICLE V. FISCAL YEAR

5.1 The fiscal year of the Association shall begin on the 1st day of January and end the 31st day of December.

ARTICLE VI. DUES

6.1 Annual dues shall be required for all members of the Association, with membership categories and dues determined by the Board of Directors.

ARTICLE VII. VOTING RIGHTS OF MEMBERS

7.1 No Right of Control or Right to Bind Association. Except to the extent otherwise provided herein, or authorized hereunder, only the Board of Directors and its duly authorized and appointed Officers have the authority to bind or transact business on behalf of Association. No Member, in its capacity as a Member, may: (a) take part in, or interfere in any manner with, the management, conduct or control of the business or affairs of Association other than, in the case of a Member, granting or withholding that Member's Approval with respect to any action to be taken by the Members hereunder or (b) take any action to bind or otherwise act for or on behalf of Association. Any act of a Member in contravention of this Section will be null and void and without force or effect. Each Member shall indemnify the Association and hold it harmless from

any Losses incurred by the Association that are caused by that Member's unauthorized actions on behalf of the Association.

7.2 Voting Rights and Methods of Voting. Each Voting Member may vote in-person on any matter submitted to a vote of the Members in accordance with these By-Laws. Proxy voting is not allowed. Each Member may cast one (1) vote for each Voting Member. Each household and/or rental apartment is limited to two votes, providing such household or apartment is occupied by two Voting Members.

7.3 Voting Requirement – Member Approval Matters.

(a) **Voting Member Majority.** Notwithstanding anything in this Agreement to the contrary, the Board of Directors shall not take any of the following actions without first obtaining the Approval of the Voting Member Majority of the Members present at such meeting:

(i) **Incur Non-Budgeted Expenses in Excess of \$5,000.00.**

(ii) **Dissolve the Association.** Dissolve the Association;

(iii) **Litigation Claims.** Institute or prosecute any claim, litigation or other proceeding involving the Association with respect to matters in which the amount of expenses to the Association, including attorneys' fees, are reasonably expected to exceed \$10,000.00;

7.4 Meetings.

(a) **Call for Meeting.** The Members shall meet on an annual basis on a date and at a place and time set by the Board, which date shall be not more than fifteen (15) months after the date of the previous annual meeting of the Members.

(b) **Notice of Meetings.** The Board of Directors or Member(s) (as the case may be) calling a meeting of the Members hereunder (including an annual meeting of the Members) shall give Notice thereof to all of the Members. A meeting Notice must state the time, date and purpose or purposes of the proposed meeting and is to be given to the Members no later than thirty (30) days before the meeting. The Person calling for a meeting of the Members as provided herein must sign the Notice for the meeting.

(c) **Waiver of Notice.** Any Notice required to be given to any Member under this Section or the Act may be waived in writing by that Member (whether before, during, or after the meeting). A Member's attendance at a meeting also will constitute a waiver of any required Notice of the meeting, unless that Member at the beginning of the meeting objects to holding the meeting or transacting particular business at the meeting. Any action taken at a meeting at which proper Notice was not given to all of the Members or which all of the Members did not waive the Notice requirement in accordance with this Section will be null and void and of no effect whatsoever.

(d) **Place of Meetings; Quorum; Organization; Costs.** All meetings of the

Members are to be held at the principal office of Association unless the Board of Directors (with respect to meetings called by the Board of Directors) or a Voting Member Majority (with respect to meetings called by one or more Members) designates another reasonable place for the meeting. The President of the Association, if one has been designated, or if not, then the person designated by the Board of Directors shall preside over the meeting. The reasonable costs of holding meetings of the Members are to be paid by Association.

7.5 Voting. At all meetings of the Members and written consents executed in lieu thereof in accordance with this Agreement, a Member may vote in person. Action at a meeting of the Members may be taken by a voice vote or by a show of hands unless, as to any matter, a majority of the voting members present demand, either before or immediately after the vote is taken on the matter, that the vote be taken by ballot.

ARTICLE VIII. SHERMAN HILL NEIGHBORHOOD BOUNDARIES

8.1 The Sherman Hill Neighborhood of Des Moines, Iowa shall constitute the area whose boundaries are formed by I-235 on the North, Ingersoll Avenue on the South; 15th Street on the East; and Martin Luther King, Jr. Parkway on the West.

ARTICLE IX. AMENDMENTS TO BYLAWS

9.1 In accordance with Article VI, Section 2, these bylaws may be amended by a two-thirds affirmative vote of the members of the Association present at a quarterly or annual meeting. Notice of any proposed amendments shall be provided with the notice of the meeting.

ARTICLE X. ELECTION PROCEDURES

10.1 Re-election of a board member. A person currently serving on the board who is running for re-election will, if re-elected, be considered to have been elected for a three-year term.

10.2 Procedures for filling differing lengths of terms. The newly elected board members shall have an opportunity to decide among themselves who shall fill what term. If no consensus can be reached, the length of term shall be decided by drawing pieces of paper with the lengths written on them out of a hat.

ARTICLE XI. RULES OF ORDER

11.1 In meetings, the Association and the Board of Directors may follow Roberts Rules of Order Newly Revised where applicable and where they are not inconsistent with these bylaws and any special rule of order the Association or Board of Directors may adopt.