

## **Nonprofit Governance and Management, Third Edition**

### **APPENDIX 22**

#### **SAMPLE GENERAL DELEGATION OF AUTHORITY AND DELEGATION FOR SPECIFIC TRANSACTION**

*Practical Advice Note:* Delegations of management authority to the Executive Officer and other organization leaders or managers often occurs through the organization's bylaws. The samples below provide both short-form and long-form examples of such delegation.

#### **Document 1**

#### **General Delegations**

#### **SAMPLE 1: SHORT-FORM MANAGEMENT DELEGATION IN BYLAWS**

##### **SECTION \_\_\_ – President**

The President shall be the Chief Executive Officer of the Corporation. The President shall be the direct executive representative of the Board of Directors in the management of the Corporation and shall have all the duties and authority such position customarily requires. The President shall hire and appoint, subject to approval of the Board, Vice Presidents and other senior officers of the Corporation. The President shall have authority to sign all contracts and other legal instruments on behalf of the Corporation, except as otherwise provided by the Board of Directors.

#### **SAMPLE 2: LONG-FORM MANAGEMENT DELEGATIONS IN BYLAWS**

##### **SECTION \_\_\_\_ - Chief Executive Officer (CEO)**

The Chief Executive Officer (CEO) of the Corporation shall be appointed from among qualified professional candidates to serve as the chief executive officer of the Corporation. Subject to these Bylaws and such orders as may be issued by the Board, the CEO shall have the responsibility for the administration of the day-to-day affairs of the Corporation. Specifically, the CEO shall:

- a. Advise and make recommendations to the Board relating to the operation of the Corporation and long-range planning.

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- b. Act to implement and further Corporation goals, policies, and procedures, and make recommendations to the Board regarding material goals, policies, and procedures.
- c. Prepare and submit to the Board an annual operating budget for the Corporation and a long-term capital plan.
- d. Serve as an ex officio, voting member on all committees established by the Corporation.
- a. Oversee the operations of the Corporation, including:
  - i. Represent the Corporation with governmental and other organizations;
  - ii. Support the activities of the Corporation and its employed staff in implementing the Corporation's mission.
- f. Sign any contracts or other instruments authorized to be executed by or on behalf of the Corporation.
- g. Perform such other duties as may be prescribed by the Board or the President and all duties incident to the office of senior executive officer.

The CEO shall be responsible for designating an appropriate officer to perform the duties of the CEO in the event of such officer's absence or disability and for performing such other duties as may be delegated by the Board or the President.

### **SECTION \_\_\_\_ - Vice President(s)**

Any Vice President(s) shall perform such duties as are established from time to time by the CEO and shall report to such senior executive officer. In all other matters, the Vice President(s) shall function in accordance with the specific authorities that have been delegated by the President and the senior executive officer.

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### **APPENDIX 22 (CONT'D)**

***Practical Advice Note:** Boards also delegate authority by adopting resolutions related to particular transactions or types of transactions. While such delegations are often quite specific as to the authority being delegated, it is also common practice to include a general authorization for designated officers to take other actions deemed necessary to carry out the intent of the resolution.*

#### **Document 2**

#### **Delegation Related to Specific Transaction**

[DATE]

#### RESOLUTION

#### TO APPROVE [TRANSACTION]

WHEREAS, the [Nonprofit Name] Board of Directors has considered the [describe relevant facts] and has determined that it is reasonable and appropriate, and in the best interests of [Nonprofit Name] and its stakeholders to evaluate a possible [Transaction], through execution of a nonbinding letter of intent and the commencement of full due diligence;

NOW, THEREFORE, BE IT RESOLVED that the [Nonprofit Name] Board of Directors hereby approves the execution of a nonbinding Letter of Intent in such form as the [Nonprofit Name] President deems reasonable and appropriate, and the associated commencement of full due diligence review, to evaluate the possible [Transaction]; and be it further

RESOLVED, that upon execution of a nonbinding Letter of Intent on behalf of [Nonprofit Name], the President and other executive officers of [Nonprofit Name] are hereby authorized and directed to take any and all such actions as are necessary and appropriate to conduct appropriate due diligence to assess the potential benefits and terms of a [Transaction]; and be it further

RESOLVED, that the [Nonprofit Name] President and other executive officers of [Nonprofit Name] are each hereby authorized and directed to take or cause to be taken any and all such other actions as they deem necessary or appropriate to effectuate the intent of the foregoing resolutions.