

August 4, 2020

To: HUU members

From: The Board of Trustees

Subject: Incorporation

The Board has been working on incorporating HUU for the last year with the help of the law firm of Simms Showers, LLP. They are a firm experienced in the process of church incorporation. This process, which included filing the attached Articles of Incorporation with the State Corporation Commission, culminated in receiving our Certificate of Incorporation (attached) at the end of March. However, to complete the process of incorporation and the change from a trusteeship, we need a congregational meeting to act on the following:

1. Final Meeting of the Unincorporated HUU:

- Authorization for 3 Trustees to transfer all property, debts, and obligations to corporation;
- Authorization for the law firm to file a Petition with the Circuit Court to recognize the 3 Trustees and authorize the conveyance of the real and personal properties to the corporation.

2. Organizational Meeting of Incorporated HUU:

- Acceptance of the members of the unincorporated HUU into the incorporated HUU;
- Vote to accept the Articles of Incorporation and Certificate;
- Vote to adopt the revised Bylaws (also attached);
- Election of the Treasurer;
- Election of the remaining Board of Directors of the Corporation;
- Authorization of the Board of Directors to accept the Gift Deed for the property from the unincorporated HUU and authorization for an officer to sign it on the incorporated HUU's behalf.

We had planned to wait until we could meet in person to call a special congregational meeting for this purpose but given the uncertainty of that schedule, we think we should go ahead with an online Zoom meeting to conduct this business. We will arrange an after service Sunday break-out room meeting on August 16 to give you a chance to ask your questions about this process and the attached documents in preparation for a special congregational meeting on September 13 right after the service.

In preparation for those meetings, the following is information we think will answer some of the questions you may have.

Why did the Board decide to incorporate? There is one main reason and a few other lesser issues. The main reason is to protect Board members from personal liability in the unlikely but always possible event of a lawsuit. In a Trusteeship, there is no legal entity to sue so the individual Trustees become the object of the suit. The corporation provides a liability shield for the individual Directors unless there is gross negligence on their part. Other benefits of incorporation include making it easier to buy and sell property and in some cases, opening up the possibility to seek grant funding from grant-making organizations. While we don't anticipate needing either of these benefits in the immediate future, they could become useful later on.

The Articles of Incorporation follow a standard template used for churches and we hope are largely self-explanatory. Note the initial Directors were last year's Trustees, which is why we need to vote to elect

the current Trustees as Directors. A corporation must have a registered agent and the law firm is recommending that they serve as that agent for the first year to make sure all issues with the process are resolved. After that, we will probably want to choose a local registered agent, which could be an HUU member or a local attorney.

The Bylaws, while largely mirroring our current bylaws, required some changes to cover required and recommended language for the incorporated entity. While we encourage you to read the full text of the attached Bylaws, following are what the Board considers to be the major changes/additions:

1. The Moderator will serve as President (Article 5, Section 5 and Article 7, Section 1) – A corporation must have a President, Treasurer and Secretary. We will continue to refer to the President as the Moderator, but for official purposes, they will be the President of the congregation, appointed by the Board on an annual basis.
2. Virtual meetings (Article 5, Section 7) – this is new and permits us to conduct business electronically as needed.
3. Size of the Board (Article 6, Section 2) – the law firm is recommending that we keep the required number of Directors to a minimum (3) to ensure that even if it would become difficult to recruit Board members, we can still operate legally within our Bylaws. We will strive to have at least 5 Directors.
4. Conflict of Interest policy (Article 6, Section 7) – we are required to include this section to ensure we have a policy to deal with potential Director conflicts of interest.
5. Development of a Policy and Procedures manual (Article 11, Section 1) – we already have the beginnings of this manual but its development and maintenance becomes a requirement within our governance structure.
6. Financial review or audit (Article 12, Section 2) – we will be required to conduct an external financial review or audit at least every 3 years.
7. Emergency powers (Article 13) – this is new and provides a means to do business in the event of an emergency that makes normal operations impossible. This may seem unlikely, although the disruption caused by the current pandemic is a reminder that anything is possible.

If you have questions or comments before the August 16 meeting or can't participate then, feel free to contact Rich at rsider@comcast.net.