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**BYLAWS**

**OF**

**THE EPISCOPAL CHURCH IN HAWAII**

**A Nonprofit Corporation**  
**Organized Under the Laws of the**  
**Kingdom of Hawai'i**

As amended through  
July 21, 2018

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**BYLAWS  
OF  
THE EPISCOPAL CHURCH IN HAWAII**

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**BYLAWS**  
**OF**  
**THE EPISCOPAL CHURCH IN HAWAII**

**ARTICLE 1**

**GENERAL**

Section 1.1 Name. The Episcopal Church in Hawai'i is a nonprofit Hawai'i corporation. In these Bylaws, The Episcopal Church in Hawai'i is called the "Corporation".

Section 1.2 Location. The principal office of the Corporation is located at The Cathedral Church of St. Andrew, 229 Queen Emma Square, Honolulu, Hawai'i 96813.

Section 1.3 Purpose of Bylaws. These Bylaws are adopted pursuant to Article VIII, Section 3 of the Constitution, Section 13.6 of the Canons and Section 415B-41, Hawai'i Revised Statutes. These Bylaws are the bylaws of the Corporation and of the Diocesan Council. The Council (i) is and exercises the powers of the board of directors of the Corporation and (ii) exercises all the powers of the Convention of the Diocese of Hawai'i between meetings of such Convention.

Section 1.4 Constitution, Canons and Bylaws. These Bylaws govern primarily the actions of the Council, Commissions and Committees thereof and the officers and staff of the Corporation, acting in their secular capacities as constituent elements of the Corporation. In the event of any conflict between these Bylaws and the Constitution, Canons or Charter of Incorporation, such other instruments shall govern.

Section 1.5 Fiscal Year. The fiscal year of the Corporation shall commence on the first day of January in each year.

Section 1.6 Seal. The Corporation shall have a seal. The seal shall be of such form as the Bishop may determine from time to time.

**ARTICLE 2**

**INTERPRETATION**

Section 2.1 Definitions. In these Bylaws, unless the context otherwise requires, the term:

“Bishop” means the Bishop Diocesan of The Diocese of Hawai`i. The Bishop is the President of the Corporation.

“Bylaws” means these Bylaws as amended from time to time.

“Canons” means the Canons of The Diocese of Hawai`i as amended from time to time.

“Charter of Incorporation” or “Articles of Incorporation” means the charter of incorporation, originally issued on November 6, 1862, as amended from time to time.

“Church” means the Diocese and entities affiliated with the Diocese.

“Constitution” means the Constitution of The Diocese of Hawai`i as amended from time to time.

“Council” means the Diocesan Council, the body created by Article XIV of the Constitution and Canon 13 and existing pursuant to the Hawai`i Nonprofit Corporation Act. The Council is the board of directors of the Corporation.

“Council member” means a member of the Diocesan Council.

“Convention” means the Convention of the Diocese as created by Article III of the Constitution.

“Commission” means one of the entities into which the Diocesan Council is organized.

“Diocese” means The Diocese of Hawai`i of the Protestant Episcopal Church in the United States of America.

“Member,” means a member of the Corporation.

“Mission” means a mission in The Diocese of Hawai`i.

“Parish” means a parish in The Diocese of Hawai`i.

Section 2.2 Number. In these Bylaws, unless the context otherwise requires, the singular shall mean the plural and the plural shall mean the singular.

### **ARTICLE 3**

#### **MEMBERS OF THE CORPORATION**

Section 3.1 General. The members of the Corporation are those persons who from time to time constitute the membership of the Convention.

Section 3.2 Meetings. The annual meeting of the members shall take place contemporaneously with the annual meeting of the Convention. Special meetings shall take place as called pursuant to Article IV of the Constitution.

Section 3.3 Notice of Meetings. Notice of annual and special meetings of the members shall be given pursuant to Article IV of the Constitution.

Section 3.4 Quorum. The quorum for meetings of the members shall be as set forth in Article VI of the Constitution.

Section 3.5 Voting. Each member shall be entitled to one (1) vote in person; voting by proxy shall not be permitted. Voting by orders shall be permitted in accordance with Article VI of the Constitution.

## **ARTICLE 4**

### **THE COUNCIL**

Section 4.1 Council members. (a) There shall be a board of directors of the Corporation, commonly called the Diocesan Council (the "Council") which shall be composed, ex officio, of those members of the Diocesan Council as set forth in Sec. 13.1 of Canon 13. The terms of the Council members and manner of filling vacancies shall be as set forth in such Canon.

(b) Each Council member shall give to the Secretary the mailing address, telephone number, facsimile number (if any) and e-mail address (if any) and any changes thereof to which notices shall be sent to the Council member. If the Secretary receives no notice of address, the address of the principal office of the Corporation shall be the Council member's address for purposes of notice.

Section 4.2 Liability. No Council member shall be personally liable for the debts, liabilities or obligations of the Corporation.

Section 4.3 No Compensation. Council members shall serve without compensation, but shall be reimbursed for certain out-of-pocket expenses in accordance with policies set by the Council.

Section 4.4 Resignation. Any Council member may resign from the Council, an office of the Corporation, or a Commission or committee of the Council by giving written notice to the President or the Secretary. Any such resignation shall take effect at the date of receipt of such notice or at any later time therein specified. The acceptance of a resignation shall not be necessary to make the resignation effective.

Section 4.5 Conflicts of Interest. A Council member shall be considered to have a conflict of interest if (a) the Council member has existing or potential financial interests or interests in a Parish, Mission or other organization of the

Diocese which impair or might reasonably appear to impair independent unbiased judgment in the discharge of the Council member's responsibilities to the Corporation, or (b) the Council member is aware that a person in the Council member's family (which, for purposes of this Section 4.5, shall be a spouse or child) or any organization in which the Council member (or a person in the Council member's family) is a priest, deacon, communicant, officer, director, employee, partner, trustee, or controlling stockholder, has such existing or potential financial or other interests. Membership in a Parish, Mission, vestry of a Parish or bishop's committee of a Mission shall not constitute a conflict of interest unless the individual has a personal financial interest in the transaction. All Council members shall disclose to the Council and each Commission and committee on which the Council member serves any possible conflict of interest at the earliest practical time. No Council member shall vote on any matter under consideration by the Council, Commission or committee in which the Council member has a conflict of interest. The minutes of such meeting shall reflect that a disclosure was made and that the Council member having the conflict of interest abstained from voting. Any Council member who is uncertain whether a conflict of interest exists in any matter may request the Council to determine whether a conflict of interest exists and the Council shall resolve the question by a majority vote, such Council member abstaining. The decision of the Council shall be determinative for all purposes.

Section 4.6 Inspection of Corporate Records. The Articles of Incorporation, these Bylaws, the books and records of account and the minutes of proceedings of the members and the Council and each Commission or committee shall be open to inspection upon the demand of any Council member, at any reasonable time and shall be exhibited at any time when required by the demand by a vote of the Council. Such inspection may be made in person or by an agent or attorney, and shall include the right to make copies. Demand for inspection may be made upon the President or Secretary of the Corporation.

Section 4.7 Powers and Responsibilities of the Council. Subject to limitations imposed by law, the Charter of Incorporation of this Corporation, the Constitution and Canons, or these Bylaws, all corporate powers shall be exercised by or under the authority of the Council. The more specific powers and responsibilities of the Council are as set forth in Canon 13.

## **ARTICLE 5**

### **MEETINGS OF THE COUNCIL**

Section 5.1 Regular Meetings. Regular meetings of the Council shall be held monthly, except for months in which no meeting is called, at such time and place as the President or a majority of the Council may from time to time prescribe.

Section 5.2 Special Meetings. Special meetings of the Council for any purpose or purposes may be held on the call of the President or any five (5) Council



members. Business transacted at a special meeting shall be limited to the matters stated in the notice of the meeting.

Section 5.3 Notice of Meetings. (a) The Secretary shall give notice of each regular meeting of the Council. Notice shall be in writing and be given personally, or by mail, telecopy or e-mail to the Council member's address, registered pursuant to Section 4.1(b) of these Bylaws, not less than seven (7) days before the meeting. Notice may also be given as otherwise prescribed in advance by the Council. The failure of any Council member to receive notice shall not invalidate the proceedings of any meeting at which a quorum of Council members is present. Except as otherwise provided by law, the Charter of Incorporation, the Constitution or Canons, or these Bylaws, a notice or waiver of notice need not state the purposes of the meeting.

(b) Notice of each special meeting, setting forth the time, date, and place of the meeting and the specific nature of the business to be transacted thereat, shall be given by the Secretary in person or by telephone, mail or telecopier not less than three (3) days in advance of the meeting to each Council member at the address required to be filed with the Secretary by Section 4.1(c) of these Bylaws.

Section 5.4 Waiver of Notice. The transaction of business at any meeting of the Council, however called and noticed and wherever held, shall be as valid as though held at a meeting after regular call and notice, if a quorum is present and if, either before or after the meeting, each Council member signs a written waiver of notice. All such waivers shall be filed with the corporate records as part of the minutes of the meeting.

Section 5.5 Quorum. A quorum of the Council is a majority of the total number of Council members, provided that at least two (2) members of the clergy are present. If there is no quorum because of permanent vacancies in the membership of the Council, the remaining Council member or Council members may not act except to elect Council members to fill the permanent vacancies. In the absence of a quorum, the presiding officer or a majority of the Council members present may adjourn the meeting from time to time without further notice until a quorum is present. An act of the majority of Council members present at a duly called meeting at which a quorum is present shall be the act of the Council except when a greater number may be required by law, the Constitution and Canons, the Charter of Incorporation or by these Bylaws.

Section 5.6 No Action Without Meeting. No action required or permitted to be taken by the Council, a Commission or a committee may be taken by without a meeting.

Section 5.7 Executive Sessions. At the determination of the President, or upon the vote of a majority of Council members present when a quorum is present, the Council shall go into executive session and shall exclude therefrom all persons

who are not members of the Council except those persons invited by the Council to attend the executive session.

Section 5.8 Attendance at Meetings by Telephone. A Council member may attend meetings of the Council by telephone, provided that the President has given prior approval for participation by telephone or other electronic means. However, in no event may a Council member participate by telephone for the months of July and November. A Council member may attend a meeting of a Commission or committee by telephone or other electronic means so long as each member of the Commission or committee present, in person or otherwise, can hear all other members present, thus allowing all to fully participate in the proceedings.

Section 5.9 Presumption of Assent. A Council member who is present at a meeting of the Council, a Commission or committee at which action on any matter is taken shall be presumed to have assented to the action. To dissent, the Council member's dissent or the Council member's withholding of the Council member's vote shall be entered in the minutes of the meeting. Alternatively, the Council member shall file a written dissent to the action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward the dissent by registered or certified mail to the Secretary within two (2) days after the date of the action. The right to dissent shall not apply to a Council member who voted in favor of the action.

(Amended: Sec. 5.8, July 21, 2012; Sec. 5.8, October 17, 2015)

## **ARTICLE 6**

### **COMMISSIONS**

Section 6.1 Organization. The Council is organized into three (3) Commissions. They are:

- a) Commission on Ministry
- b) Commission on Finance and Administration
- c) Commission on Investments

Section 6.2 Members of Commissions. The membership of the Commission on Ministry shall be as determined by the President, with the advice and consent of the Convention. The Commission on Finance and Administration shall include members with expertise in the areas of finance, property management and development, and contracts. The Commission on Investments shall include members with expertise in endowments and investments. The Council members may be members of a Commission. The Treasurer and the Assistant Treasurer(s) shall be members, ex officio, of the Commission on Finance and Administration and the Commission on Investments. Bishop(s) of the Diocese shall be members, ex officio, of all Commissions.

Section 6.3 Chairs of Commissions. Each Commission shall have a chair, who

shall be appointed for a one-year term by the President with the advice and consent of the Council. Such appointments and consent, if given, shall take place at the Council meeting immediately after the annual meeting of the Convention.

Section 6.4 Commission on Ministry. Commission on Ministry shall have responsibility for leader formation including education for ordination, lay leader training, licensed ministries, clergy retreats, continuing education, ministry discernment, and support of local congregational formation/education.

Section 6.5 Commission on Finance and Administration. Commission on Finance and Administration shall have responsibility for the corporate and financial needs of The Episcopal Church in Hawai'i including financial oversight, insurance, property, contracts, leases and licenses, and budget formation.

Section 6.6 Commission on Investments. Commission on Investments shall have responsibility for review and oversight of the investment endowment portfolio of The Episcopal Church in Hawai'i.

(Amended: Art. 6 in its entirety, July 21, 2018)

## **ARTICLE 7**

### **COMMITTEES**

Section 7.1 Executive Committee. (a) The Council may, by the affirmative vote of the majority of the total number of Council members, establish an executive committee composed of the officers of the Corporation.

(b) The executive committee may act between meetings of the Council and shall at all times be subject to the control and direction of the Council. Subject to such control and direction, the executive committee shall have and may exercise all the authority and powers of the Council in the direction of the property, business and affairs of the Corporation. The executive committee shall have no power to:

- (1) amend or repeal these Bylaws;
- (2) elect, appoint, or remove any member of any Commission or committee or any Member or officer of the Corporation;
- (3) amend the Charter of Incorporation, restate the Charter of Incorporation, adopt a plan of merger, or adopt a plan of consolidation with another corporation;
- (4) authorize the sale, lease, exchange, or mortgage of any real property of the Corporation;
- (5) authorize an unbudgeted expenditure in excess of \$5,000 between meetings of the Council;
- (6) authorize borrowing in excess of \$100,000;
- (7) authorize the voluntary dissolution of the Corporation or revoke proceedings therefor;
- (8) adopt a plan for the distribution of the assets of the Corporation;  
or
- (9) amend or repeal any resolution of the Council which by its terms provides that it shall not be amended or repealed by the executive committee.

(c) The majority of the members of the executive committee shall constitute a quorum of the executive committee, but the affirmative vote of the majority of the whole committee shall be necessary for an act of the committee.

(d) The executive committee may adopt further rules governing the conduct of its business.

(e) The minutes of the meetings of the executive committee shall be distributed promptly after each meeting to all Council members. At every meeting of the Council, the proceedings and actions taken by the executive committee since the last meeting of the Council shall be reported.

(f) The executive committee shall meet as necessary between the regularly scheduled meetings of the Council as called by the President. Special

meetings may be called by the President or two (2) or more members of the executive committee.

Section 7.2 Special Committees. There may be such special committees of the Council as the Council may establish from time to time to discharge particular duties. Members and the chair of special committees shall be nominated by the President and elected by majority of the total membership of the Council. Each special committee may determine its quorum, procedures and other matters relating to its meetings.

## **ARTICLE 8**

### **OFFICERS**

Section 8.1 Officers, Election and Term. The officers of the Corporation shall be a President, who shall be, ex officio, the Bishop; a Vice President, who shall be, ex officio, the Bishop Coadjutor, if there be one, or, if not, the Bishop Suffragan, if there be such, and if none such, then a Council member elected by the Council; a Treasurer appointed by the President with the advice and consent of the Council, an Assistant Treasurer elected by the Council from among its members, additional Assistant Treasurers as needed from time to time, appointed by the President upon the recommendation of the Treasurer or of the Council with the advice and consent of the Council, and a Secretary and an Assistant Secretary elected by the Council from among its members. The elections shall be held at the first meeting of the Council subsequent to the annual meeting of the members. Any person may hold more than one (1) office except that the Corporation shall always have at least two (2) persons as officers. The Council may remove any officer who is not a bishop at any time without cause. Subject to the foregoing, each officer who is not a bishop shall be elected for a term of one (1) year and until such officer's successor is elected.

Section 8.2 Vacancies. The Council may fill a vacancy in any of the offices of the Corporation, which is not filled by a bishop, for the unexpired term. A vacancy in an office filled by a bishop shall be filled in accordance with the Constitution and Canons, the relevant provisions of which as amended from time to time are incorporated into these Bylaws as if set forth verbatim here.

Section 8.3 President. The President shall be the chief executive officer of the Corporation and, subject to the Constitution, Canons and these Bylaws, shall have all powers normally exercised by the president of a nonprofit corporation. The President shall see that all orders and resolutions of the Convention, Council, Commissions and executive committee are carried into effect. The President shall also have general supervision and direction of the officers of the Corporation and shall see that their duties are properly performed. The President shall preside at meetings of the Convention and Council.

Section 8.4 Vice President. In the absence or disability of the President, the Vice President shall perform all the corporate duties of the President to the extent permitted by the Constitution and Canons. In addition, the Vice President shall have such other powers and duties as may be prescribed from time to time by the President or the Council.

Section 8.5 Secretary and Assistant Secretaries. The Secretary shall keep or cause to be kept the minutes of all meetings of the Council. The Secretary shall keep or cause to be kept a register showing the names and addresses of the Council members and officers. The Secretary shall give notice or cause notice to be given in conformity with the Bylaws of all meetings of the Council. The Secretary shall also perform all other duties assigned by the President or the Council. The Assistant Secretary or assistant secretaries, if elected, shall, in the order designated by the President or the Council, perform all the duties and exercise all the powers of the Secretary during the absence or disability of the Secretary or whenever the office is vacant, and shall perform all the duties assigned by the President or the Council.

Section 8.6 Treasurer and Assistant Treasurers. The Treasurer shall be the chief financial officer of the Corporation and exercise general supervision over the receipt, custody and disbursement of funds. The Treasurer shall regularly review the accounting and bookkeeping of the Corporation, shall regularly report to the Convention, Council and Commission on Finance and Administration regarding the financial condition and results of operations of the Corporation, and shall perform all other duties assigned by the President or the Council. The Assistant Treasurer or Assistant Treasurers shall, in the order designated by the President or the Council, perform all the duties and exercise all the powers of the Treasurer during the absence or disability of the Treasurer or whenever the office is vacant and shall perform all the duties assigned by the President or the Council.

## **ARTICLE 9**

### **CONDUCT OF BUSINESS**

Section 9.1 Execution of Contracts. The Council may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument in the name of and on behalf of the Corporation. The authority may be general or confined to specific instances.

Section 9.2 Checks and Orders. Funds of the Corporation shall be disbursed only on checks or other withdrawal orders of the Corporation signed by at least two (2) officers or other persons as may be specifically authorized by the Council. The President, Treasurer and any other persons who are empowered to receive funds or sign checks or other orders for the payment of money shall give this Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Commission on Finance and Administration. The Corporation shall pay the cost of such bond or bonds.

Section 9.3 [this section has been removed].

Section 9.4 Title and Use of Land. The Corporation is the custodian of the real property and investment funds of the Diocese, certain Parishes, the Missions, and diocesan schools and institutions and shall have charge of all monies and properties collected, bestowed, devised, or provided for the support of the Episcopate and the other work of the Church. Beneficial ownership of the real property and investment funds of certain Parishes, the Missions and diocesan schools and institutions shall be in these entities.

Section 9.5 Land Not Used. When any conveyance of land to the Corporation shall be made for a particular purpose, the land shall be held for that purpose; and the proceeds thereof shall not be diverted therefrom, either permanently or temporarily, until the purpose has been altogether accomplished, or the use or need for the purpose no longer exists, which fact shall be ascertained and declared by the Council at a regular meeting, and shall be reported to the following annual meeting of the Convention.

Section 9.6 Leases and Licenses. Leases and Licenses. Real property may be leased to others and others may be authorized to use facilities (authorized uses of facilities are called “licenses” in this Section 9.6). Leases and licenses shall be reviewed by a chancellor and executed and delivered by officers of the Corporation upon authority as established in written policies adopted by the Commission on Finance and Administration.

Section 9.7 Sale of Land. Real property of which the title is held by the Diocese may be sold only with the consent of each of:

- (1) the vestry of the parish, the bishop’s committee of a mission, or the board of directors of any other organization, which is the beneficial owner of the real property,
- (2) the Council,
- (3) the Standing Committee, and
- (4) the Bishop.

Section 9.8 Loans. (a) The Corporation may become a debtor upon secured and unsecured loans.

(b) Loans secured by a mortgage upon real property or a pledge of or lien upon other property must be approved in the same manner as a sale of real property.

(c) Unsecured loans may be made as established in written policies adopted by the Commission on Finance and Administration:

Section 9.9 Construction and Repairs. (a) No contract for a project involving the improvement of or on real property including architectural services as a part of a construction or repair project, construction, repairs, or any other goods or services for which any person may file a lien against real property under Hawaii law (a "Project") may be entered into without complying with this Section. (Information about mechanic's or materialman's liens on property can be found in Hawaii Revised Statutes beginning with Section 507-41, which can be accessed online.)

(b) All contracts for a Project must be reviewed and approved by a chancellor prior to execution.

(c) In addition to approval by the Parish, Mission, or other entity upon the property of which the Project will be located, contracts for a Project may [be made upon the following authority:] require approval by the Bishop, the Commission on Finance and Administration, and/or the Council as established in written policies adopted by the Commission on Finance and Administration.

(d) The Bishop, Commission on Finance and Administration or Council may impose such supervision and controls, as they believe necessary as a condition of their approval of a Project contract.



Section 9.10 Additions to the Budget. Additions to the budget approved by the Convention may be made upon the following authority:

- (a) an addition not exceeding \$1,000 may be approved by the Bishop,
- (b) an addition exceeding \$1,000 and not exceeding \$5,000 may be approved in the discretion of both the Commission which administers the portion of the budget in which the change is made and the Commission on Finance and Administration,
- (c) Additions exceeding \$5,000 may be made in the discretion of the Council.

Section 9.11 Investments. All trust and permanent funds belonging to this Corporation shall be deposited and thereafter left with one or more trust companies or banks organized under the laws of the United States of America or the State of Hawai'i and authorized to receive the same. A full and detailed statement of all such trust or permanent funds shall be presented annually to the Convention upon a form to be prescribed by the Council. The Council shall from time to time make rules and regulations with respect to the deposit of such trust funds and the management thereof as shall be proper, and shall report such rules and regulations, so adopted by it, annually to the Convention.

Section 9.12 Insurance. All real property belonging to the Diocese shall be adequately insured against loss, the amount thereof to be determined in the first instance by the proper officers of the Diocese owning such property, but subject thereafter to the direction of the Council, and to that end, the Council is hereby vested with general authority to compel the adequate insurance of such real property by the Diocese or organization of the Diocese.

Section 9.13 Audits. All accounts of the Corporation shall be audited annually by a certified independent public accountant designated by the Council.

Section 9.14 Bequests and Other Gifts. The Council shall adopt a comprehensive policy with regard to the receipt of bequests and other gifts. Such policy shall be reviewed annually and revised as appropriate.

## **ARTICLE 10**

### **INDEMNIFICATION**

Section 10.1 No Liability. No Council member of the Council or officer of the Corporation who serves without remuneration or expectation of remuneration shall be liable for damage, injury, or loss caused by or resulting from the person's performance of, or failure to perform, duties of any position to which the person was

appointed, unless the person was grossly negligent in the performance of, or failure to perform, such duties.

Section 10.2 Indemnification Generally. The Corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that the person is or was a Council member, director, trustee, officer, employee or other agent of the Corporation or of any division of the Corporation, or is or was serving at the request of the Corporation as a director, trustee or officer of another corporation, partnership, joint venture, trust or other enterprise or nonprofit activity, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere, and, with respect to any criminal action or proceedings, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal action or proceeding, create a presumption that the person had reasonable cause to believe that the person's conduct was unlawful.

Section 10.3 Suits by or in the Right of the Corporation. The Corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that the person is or was a Council member, director, trustee, officer, employee or other agent of the Corporation or of any division of the Corporation, or is or was serving at the request of the Corporation as a director, trustee or officer of another corporation, partnership, joint venture, trust or other enterprise or nonprofit activity, against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of the action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation. No indemnification shall be made in respect of any claim, issue or matter as to which the person shall have been adjudged to be liable for negligence or misconduct in the performance of the person's duty to the Corporation unless and only to the extent that the court in which the action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the

person is fairly and reasonably entitled to indemnity for expenses which the court shall deem proper.

Section 10.4 Effect of Success in Defense. To the extent that a person who is or was a Council member, director, trustee, officer, employee or other agent of the Corporation or of any division of the Corporation, or a person serving at the request of the Corporation as a director, trustee or officer of another corporation, partnership, joint venture, trust or other enterprise or nonprofit activity, has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 10.2 and 10.3, or in defense of any claim, issue or matter therein, the person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection therewith.

Section 10.5 Authorization for Indemnification. Any indemnification under Sections 10.2 and 10.3 (unless ordered by a court) shall be made by the Corporation only if authorized in the specific case upon a determination that indemnification of the person is proper in the circumstances because the person has met the applicable standard of conduct set forth in Section 10.2 or 10.3. The determination may be made:

- (a) by the Council by a majority vote of a quorum consisting of Council members who were not parties to the action, suit or proceeding;
- (b) if a quorum is not obtainable, or, even if obtainable a quorum of disinterested Council members so directs, by independent legal counsel in a written opinion to the Corporation;
- (c) if a quorum of disinterested Council members so directs, by a vote of a majority of the Convention who vote; or
- (d) by the court in which the proceeding is or was pending upon application made by the Corporation or the agent, attorney, or other person rendering services in connection with the defense, whether or not the application by the agent, attorney or other person is opposed by the Corporation.

Section 10.6 Advances. Expenses incurred in defending any action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of the action, suit or proceeding upon receipt of an undertaking by or on behalf of the person to repay the amount unless it shall ultimately be determined that the person is entitled to be indemnified by the Corporation as authorized in this article.

Section 10.7 Indemnification not Exclusive. The indemnification and advances of expenses provided by this article shall not be deemed exclusive of any other rights to which those indemnified may be entitled and shall continue as to a person who has ceased to be a Council member, director, trustee, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of the person.

Section 10.8 Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a Council member, director, trustee, officer, employee or other agent of the Corporation or of any division of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or nonprofit activity, against any liability asserted against the person and incurred by the person in any such capacity or arising out of the person's status as such, whether or not the Corporation would have the power to indemnify the person against such liability under the provisions of this article. Insurance may be procured from any insurance company designated by the board of trustees, including any insurance company in which the Corporation shall have any equity or other interest, through stock ownership or otherwise.

Section 10.9 Fiduciaries of Employee Benefit Plans. Indemnification, advances for expenses or the purchase of insurance for the benefit of any fiduciary of any employee benefit plan or trust for the benefit of employees of the Corporation or another corporation in which the Corporation owns shares shall be made upon the authorization of the Council.

## **ARTICLE 11**

### **AMENDMENT OF BYLAWS**

Section 11.1 General. New bylaws may be adopted or these Bylaws may be amended or repealed by the vote of a majority of the Council members with the concurrence of the Bishop. If the Bishop shall not concur, then a two-thirds (2/3) majority of the entire membership of the Council shall be required for adoption, amendment or repeal of these Bylaws.

Section 11.2 Transition. In the case of new bylaws or amendment of bylaws that require the development of written policies by a Commission for full implementation, the requirements as set forth in the prior Bylaws shall remain in effect until such written policies are adopted.