

Bylaws Amendments



Current Status of the Foundation's Amended Bylaws -

Adopted by Members in October of 2018, by a 2/3 vote of the membership.

Original Effective Date was July 1, 2019

Effective Date deferred by vote of the membership to July 1, 2022, to allow further time for study.

Changes have since been extensively reviewed and discussed since its adoption four years ago, including by new staff, the members at members meeting, and in several Conference-wide conference calls.

Change has already been approved by members and no additional vote is required for new bylaws to be effective.

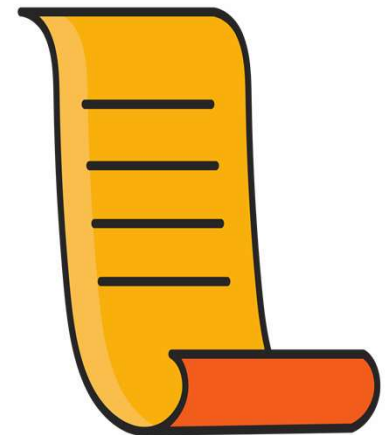


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Reasons for the Foundation's Amendments –

1. To protect and preserve resources by better separating asset management functions from spending functions.
2. To ensure that the Foundation will be able to benefit from arrangements that require independent governance (such as conditions imposed by prospective donors), making it more attractive to donor and compliant with laws relating to management of trusts and endowments.
3. To create structure under which HCUCC has less control over HCF, allowing HCF to have more independence to focus on long-term issues more appropriately managed by HCF rather than on daily operational issues of the HCUCC.



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Reasons for the Foundation's Amendments -

4. To update and conform terminology to that used in the current version of the Hawaii Nonprofit Corporation Act.
5. To simplify governance and reduce administrative bureaucracy



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Substance of the Foundation's Amendments –

Directors:

Board will have 11 voting directors plus 1 non-voting director:

- 5 directors nominated and elected by HCUCC.
 - Council Chair plus 4 others elected by HCUCC (*HCUCC will decide how that's done*).
- 6 directors nominated and elected by the existing HCF Board (*including those directors appointed by HCUCC*).
 - Allows more flexibility to appoint Directors to meet background and expertise needs.
- The Conference Minister will serve on the Board with voice but no vote.
 - Resolves conflict of interest issue *but* permits CM a continued voice and influence in in HCF board discussion and debate



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Substance of the Foundation's Amendments –

Why change how directors are appointed?

- Allows HCF Board as a whole to appoint a *bare majority* of voting directors, sufficient to create enough structural independence to allow the HCF to benefit from arrangements that require independent governance (such as conditions imposed by trust law and prospective donors).



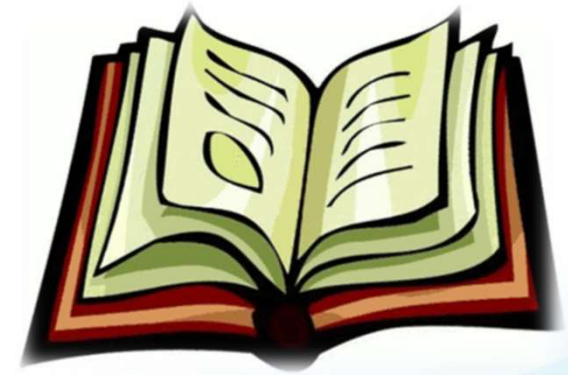
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Substance of the Foundation's Amendments –

Members.

Change from a member corporation to a non-member corporation.



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Substance of the Foundation's Amendments –

Why change to a non-member corporation?

1. The vast majority of non-profit corporations today are non-member corporations.
2. Improves administrative convenience, limits duplication of efforts, and helps cost savings.



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Substance of the Foundation's Amendments –

Why change to a non-member corporation?

3. The vast majority decisions are already made at the Trustee/Board of Director level, so substantively there is *very little change to decision-making structure*.
4. The fiduciary duties of the HCF Board of to HCUCC remain *unchanged*.
5. HCUCC will *still* have significant influence over HCF – through appointment of directors, the Conference Minister, the mission purpose, the ecclesiastical covenant as a HCUCC financial ministry.

Fiduciary duty



Source: Boardeffect.com

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Substance of the Foundation's Amendments –

Purpose:

(A) To receive and administer funds, securities and other property *for the purpose of advancing the mission of the HCUC* and its successors, including its churches and ministers, through management of custodial accounts or otherwise, and

(B) *to advance the cause of Christian religion* in such other manner as may be deemed suitable.

Though more concisely stated, this is essentially the same as HCF's original bylaws.



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Substance of the Foundation's Amendments –

Other less substantive changes dealing with how HCF conducts its business, including,

- More up to date language (*e.g.* Director v. Trustee)
- More structure in bylaws on committee formation;
- Provisions to make it easier to call meetings and deliver notices of meetings;
- Specific direction on actions without meeting, telephonic meetings, electronic signatures, recording dissents at meetings, conflicts of interests.



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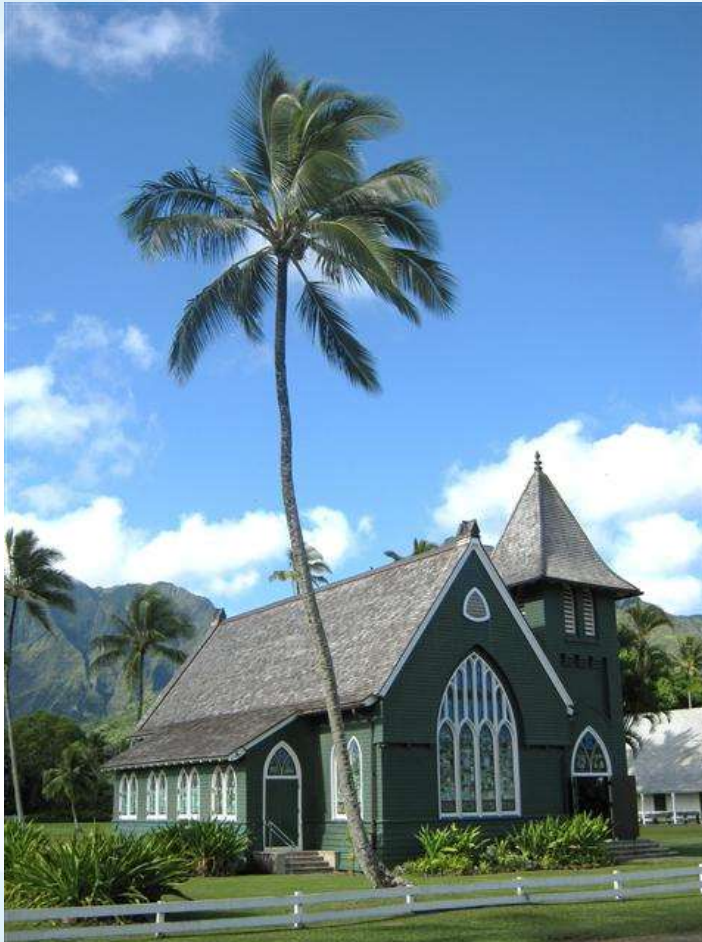
Next Step –

HCUCC needs to review its own Bylaws provisions to:

- (a) address appointment of its Foundation directors; and
- (b) address quoted material from the Foundation bylaws.



Questions



Mahalo!

Andy Bunn
abunn@hcucc.org
808-791-5638