

1. **Title:** Board of Trustees

2. **Purpose:**

**2.1 Background**

- Appendix A provides additional background information having discussion on the corporate governance of the *First Presbyterian Church, Inc., Conroe, Texas*.
- Where permitted by civil law, each congregation shall cause a corporation to be formed and maintained. .... The powers and duties of the trustees shall not infringe upon the powers and duties of the session or the board of deacons. (G-4.0101)
- “The *Book of Order* requires the particular churches (G-7.0401) and the higher governing bodies (G-8.0202) to cause a corporation to be formed whenever permitted by civil law. This provision is not understood to incorporate the ecclesiastical governing body but, instead, to create a corporation to perform the limited civil law functions necessary within the life of the church (e.g., holding title to real estate, entering into contracts).”<sup>1</sup>
- The *Certificate of Incorporation of the First Presbyterian Church, Inc., Conroe, Texas Charter No. 272473* was signed February 27, 1970 by the Secretary of State. The 1970 *Articles of Incorporations* (AOI) were amended in 1988. (Appendix B of this OPS)
- Note: All references in this OPS to the PC (USA) *Book of Order* are to the 2015 - 2017 *Book of Order* unless included within a quote or stated otherwise. References will only give the number as stated in the *Book of Order*. This OPS narrative uses the terms “Church” and “FPCC” as being the same identity as *the First Presbyterian Church, Inc., Conroe, Texas*.

**2.2 Objectives**

1. To provide a framework for conducting the Corporation’s (civil) business as specified in the Church’s Corporate Bylaws;
2. To describe the organization of the corporate Board of Trustees;
3. To designate the authority, powers and responsibilities of the Board of Trustees.

3. **Policy:**

**3.1 Corporation’s Board of Trustees**

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<sup>1</sup> PCUSA Legal Manual, Section 1, pg. 13

1. The Corporation's name as stated in its Articles of Incorporation (AOI), First Article is "First Presbyterian Church, Inc., Conroe, Texas."
2. The (corporate) directors of the Corporation (First Presbyterian Church, Inc., Conroe, Texas) shall be called/titled Trustees. The Trustees shall be organized as a governing body titled the Board of Trustees of the Corporation ("Board of Trustees") or ("Board").<sup>2</sup> The affairs of the corporation shall be managed by the Board of Trustees.<sup>3</sup>
3. The Board of Trustees shall consist of three members who are nominated by the Nominating Committee and elected as Trustees by the Corporation's members.<sup>4</sup>

### **3.2 Trustees - Number, Qualification and Term of Office**

1. All communing members on the active roll of the Church are members of the Corporation. And only those corporate members who are twenty-one 21 years or older and ordained as a ruling elder are eligible for election as Trustees.<sup>i</sup>
2. The term of office for a Trustee shall be three years.
3. Each Trustee shall hold office for the term for which (s)he is elected until her/his successor shall have been elected and qualified, or until her/his earlier resignation, removal from office, death, or incapacity to serve.
4. Vacancies shall be filled in the manner by which Session ruling elders are elected. The remaining Trustees shall have full authority to act during the period that a vacancy exists.

### **3.3 Officers of the Board of Trustees**

1. The Officers of the Board of Trustees shall be its President, Vice President and Secretary.
2. The Session shall annually elect the President, Vice President and Secretary of the Board of Trustees from among the Board's members.
3. The election of the officers shall take place at the first Session meeting following the installation of a newly elected trustee.

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<sup>2</sup> Trustees as used in this OPS is as defined in the Church's 1970 "Certificate of Incorporation" Seventh Article. "Certain officers of the corporation may be elected from the members of the corporation in a regularly constituted congregational meeting and the powers and duties of such officers shall not infringe upon the powers and duties of the Session or of the Board of deacons thereof. They may be given the title "Trustee" or some other title."

<sup>3</sup> By-Laws of The Congregation/Corporation of the First Presbyterian Church Conroe, Texas (4/6/2003), Article VI, section 2

<sup>4</sup> *Ibid.*, Article VI – CHURCH BOARDS, SECTION 5, CLASSES AND TERMS OF OFFICE, "If a unicameral form of organization is not in effect, the Session will set the number of trustees and deacons required for those offices."

**3.4 Powers:**

1. **The powers and duties of the Trustees shall not infringe upon the powers and duties of the Session** and such powers and duties shall be exercised in conformity with the *Constitution of the Presbyterian Church (USA)*.<sup>5</sup>
2. The President shall: (1) execute any and all documents of whatsoever kind and nature necessary to carry out the purpose and functions of the Corporation; (2) be responsible for carrying out the directives and requirements of applicable law, the Corporation's Bylaws, and the Articles of Incorporation; (3) in general, perform all duties incident to the office of President; and (4) perform such other duties as may from time to time be assigned by the Session.
3. The Vice President shall: (1) assist the President in the exercise of his or her duties; (2) in the absence or inability of the President, execute the duties of the President; (3) in general, perform all duties incident to the office of Vice President; and (4) perform such other duties as may from time to time be assigned by the Session.
4. The Secretary shall: (1) record all votes by the Board of Trustees; (2) be the custodian of the corporate seal, if any, and affix it to all documents to be executed on behalf of the Corporation under its seal; (3) in general, perform all duties incident to the office of Secretary; and (4) perform such other duties as may from time to time be assigned by the Session.
5. The signatures of any two Trustees shall be sufficient to bind the church Corporation on any contract, deed, note, or other legal document or action within the limits set by the BOO G.4.0101.
6. The officers of the Corporation shall respectively have such powers and perform such duties to receive, hold, encumber, manage, and transfer property, real or personal, for the congregation (provided that in buying, selling, and mortgaging real property, the Trustees shall act only after the approval of the congregation, granted in a duly constituted meeting). And to accept and execute deeds of title to such property. (G-4.0101) All said duties are "subject to the authority of the session and under the provisions of the Constitution of the Presbyterian Church (U.S.A.)."
7. The Trustees shall have the power to hold and defend title to such property. (G-4.0101) This power is "subject to the authority of the session and under the provisions of the Constitution of the Presbyterian Church (U.S.A.)." (G-4.0101)

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<sup>5</sup> "The powers and duties of the Trustees shall not infringe upon the powers and duties of the Session nor, if there be one, the powers and duties of the Board of Deacons of the Particular Church and such powers and duties shall be exercised in conformity with the *Constitution of the Presbyterian Church (USA)*." (G-4.0101)

8. The Trustees shall have the power to manage any permanent special funds for the furtherance of the purposes of the congregation, all subject to the authority of the Session and under the provisions of the *Constitution of the Presbyterian Church (U.S.A.)*. (G-4.0101)
9. The Trustees shall have the power to ensure that the church has adequate insurance for protection of its real property assets of all kinds from any and all causes of possible loss according to the PC (USA) guidelines.
10. The Trustees shall have the power to ensure that the church has adequate liability insurance to protect its clergy and staff from any suits according to the PC (USA)'s guidelines.
11. The Trustees shall be responsible for filing any reports required by the State of Texas. (OPS 03.04)

### 3.5 Meetings:

1. An annual meeting of Corporation members shall be held in conjunction with the Congregation annual meeting.
2. A regular meeting of the Board of Trustees shall follow the first regular meeting of the Session following the Congregation annual meeting.
3. Regular meetings of the Board of Trustees may be held on any schedule adopted or changed from time to time by the Board of Trustees, but shall occur at least once per quarter (see 6 below).
4. Special meetings of the Trustees may be held at any time upon the call of the President, upon the written request of any two or more Trustees, or when directed by the Session, the Congregation or by the Presbytery.
5. The presence of two of the three Trustees shall constitute a quorum for the transaction of business. The affirmative vote of two of the Trustees when three are present when the vote is taken shall be the act of the Board of Trustees. An affirmative vote of both Trustees shall be an act of the Trustees when only two are present.
6. Regular meetings of the Board of Trustees shall be held quarterly. Regular meetings of the Board of Trustees may be held without notice of the date, time, place or purpose of the meeting. In the case of special meetings, reasonable notice of the date, time, place and the purpose shall be given in person or by mail, telephone or

by a form of electronic transmission consented to by the Trustees to whom the notice is given. Special meetings may be held at any time without notice if all Trustees are present or if those not present waive notice of the time, place, and purpose of the meeting either before or after such meeting.

7. Meetings of the Board of Trustees shall be conducted in accordance with the most recent edition of Robert's Rules of Order except in those cases where the Constitution of the PC (USA) provides otherwise.
8. There shall be written minutes of all meetings. The minutes of each meeting shall be attested by the presiding officer and the secretary and shall be entered in the *Book of Minutes of the Board of Trustees* (Church Records). The *Book of Minutes* shall be kept in the Church Office at all times (not to be removed from the Church). Attested minutes shall be submitted (electronically) to the Church Administrator for the filing in the Book of Minutes and inclusion in the Session meetings' packets
9. Action by Consent. Any action required or permitted to be taken at a meeting of the Board of Trustees may be taken without a meeting if written consent, setting forth the action so taken, shall be signed by all the trustees, and be filed with the minutes of the proceeding of the Board of Trustees. Such consent shall have the same force and effect as a unanimous vote.

### 3.6 Annual Report and Record Keeping

1. The Board of Trustees shall make an annual report to the Session. Elements of the annual report shall include the following and shall be recorded in the Board of Trustees' minutes:
  - The legal description and the reasonable valuation of each parcel of real estate owned by the church.
  - The specific name of the titleholder in each deed of conveyance of real estate to the local church.
  - An inventory and the reasonable valuation of all personal property owned by the local church.
  - The amount of income received from any income-producing property and a detailed list of expenditures in connection therewith.
  - The amount received during the year for building, rebuilding, remodeling, and improving real estate, and an itemized statement of expenditures.

- Outstanding capital debts and how contracted.
  - A detailed statement of the insurance carried on each parcel of real estate, indicating whether restricted by co-insurance or other limiting conditions and whether adequate insurance is carried.
  - The name of the custodian of all legal papers of the local church, and where they are kept.
  - A detailed list of all trusts in which the local church is the beneficiary, specifying where and how the funds are invested, and in what manner the income is expended or applied.<sup>6</sup>
2. The church Board of Trustees shall have a system of record maintenance to establish the chain of ownership of all church-owned properties. Such system shall include a journal for recording all business transactions regarding the change of ownership and/or title to real property, a defined means for the securing (stowing and protecting) of legal documents, and a record of such giving the location of documents and names of responsible positions/officers. Such journal shall have entry for any recording/filing of documents with the County Clerk.

### 3.7 Gifts and Trust Property

1. When dealing with gifts and trust property, the Board of Trustees shall act subject to the direction of the Session. The Board of Trustees may make recommendations and interim decisions on the management of property. However, all significant decisions and permanent actions shall be approved by the Session.<sup>7</sup>
2. Routine receipts of gifts, sale of securities, and administration of the gifts is handled by the Board of Trustees. In the event there is some unusual question regarding a gift of securities, the Session shall be consulted. (Receipt of unrestricted gifts of securities in the normal course of events presents no problem. However, when the Board of Trustees is considering accepting securities or other property subject to restrictions as to use or sale of the property, approval of the Session shall be obtained to act in accordance with previously enacted Session policies regarding restricted gifts.<sup>8</sup>)

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<sup>6</sup> PCUSA Legal Manual, Section 3. Annual Report and Record Keeping

<sup>7</sup> *Ibid.*, Whenever the board of trustees is dealing with gifts and trust property, it is acting **subject to the direction of the session**. The board of trustees may make recommendations and interim decision on management of property. However, all significant decisions and permanent actions should be approved by the session.

<sup>8</sup> PCUSA Legal Manual, pg. 37: "Routine receipts of gifts, sale of securities, and administration of the gifts is handled by the board of trustees. In the event there is some unusual question regarding a gift of securities, the session should be consulted. **Receipt of unrestricted gifts of securities in the normal course of events presents no problem. However, when considering accepting securities or other property subject to restrictions as to use or sale of the property, it is wise to obtain approval of the session or to act in accordance with previously enacted session policies regarding restricted gifts.**"

3. Prior to agreeing to accept a gift, the Board of Trustees should ascertain the terms upon which the gift is being transferred and received. Such a determination would include the stated intent of the donor, any conditions about conveyance, and any conditions or restrictions on the use of said property. (PCUSA Legal Manual, pg. 115)

### 3.8 Checks, Notes, Drafts, etc.

The Session may, from time to time, prescribe the manner of making signature or endorsement of bills of exchange, notes, drafts, checks, acceptances, obligations, and other negotiable paper or other instruments for the payment of money and designate the officer or officers, agent or agents, who shall from time to time be authorized to make, sign, or endorse the same on behalf of the Corporation.

### 3.9 Miscellaneous

1. The fiscal year of the Corporation shall begin on January 1 and end on December 31.
2. The Corporation may, but is not required to, have a corporate seal. In the event the Board of Trustees elects to have a seal, it shall recommend the content of the seal to the Session for its approval.
3. The Board of Trustees shall oversee the Church's insurance needs, assuring that the Church has property and liability coverage to protect its facilities, programs, staff, and elected and appointed officers. (*G-3.0112 Insurance*)
4. The Board of Trustees shall be responsible for submitting budget requests for its functions during the annual budget call.

## 4. Definitions:

**“Members of the Corporation”**: All the communing members on the active roll of the Church are members of the corporation. <sup>9</sup>

**“Trustees”**: “Trustees” as used in this OPS is as defined in the Church's “Certificate of Incorporation” Seventh Article. “Certain officers of the corporation may be elected from the members of the corporation in a regularly constituted congregational meeting and the powers and duties of such officers shall not infringe upon the powers and duties of the Session or of the Board of deacons thereof. They may be given the title ‘Trustee’ or some other title.”

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<sup>9</sup> The 1988 FPCC Articles of Incorporation

**"Board of directors"** means the group of persons vested with the management of the affairs of the corporation, regardless of the name used to designate the group.<sup>ii</sup> [The Board of directors for FPCC Inc. is its Board of Trustees.]

**"Bylaws"** means the rules adopted to regulate or manage the corporation, regardless of the name used to designate the rules.

**"Corporation"** or "domestic corporation" means a domestic nonprofit corporation subject to this OPS.

**"Nonprofit corporation"** means a corporation no part of the income of which is distributable to a member, director, or officer of the corporation.

## 5. References:

- *Bylaws of the First Presbyterian Church, Conroe, Texas*, Revised 4/6/2003. (MOO; Appendix 2)
- Office of the Secretary of State, Certificate of Incorporation of the First Presbyterian Church, Inc., Conroe, Texas Charter NO. 272473; signed February 27, 1970 by the Secretary of State (Appendix B)
- *PC (USA) Book of Order, G-4.0101 Incorporation and Power*
- *PC (USA) Book of Order, G-4.0102 Members of the Corporation*
- *Legal Resource Manual for Presbyterian Church (U.S.A.) Middle Governing Bodies and Churches Third edition (2010)*

## 6. Applicability:

The corporate business of the First Presbyterian Church, Inc., Conroe, Texas shall be managed and conducted according to the provisions of this OPS. The provisions of this OPS do not apply to the ecclesiastical business of the Church.

## 7. Procedures:

7.1 Each triennium, the President of the Board of Trustees shall consult with the other trustees, the Senior Pastor and other parties at his/her discretion for identifying needed changes for revising this OPS.



7.2 Where the Board of Trustees is the sponsoring organization, the President shall follow the procedures as outlined in OPS 05.02 for revising this OPS.

**8. Review Schedule:**

The Board of Trustees is responsible for reviewing this OPS on the triennium of the effective date and making any needed revisions for the Session's approval.

**9 Approval:**

The Session approved this OPS on the above effective date.

**APPENDIX A – Discussion on the FPCC Corporate Governance**

The State of Texas Corporate statutes for nonprofit corporations uses the term “corporate directors.” The *Book of Order* (BOO) uses the term “trustees” instead of the term “directors.” The BOO allows for two models of corporate organization. The “preferred” model of organization is where the local church’s active elders are the corporate trustees (corporate directors) and hence the Corporate Board of Trustees is the local church’s session. The BOO permits the local church to have an alternative organization model such as a board of trustees whose members are not necessarily active session members but serve as corporate directors (trustees).

A Task Force chaired by Bob Thompson produced a report endorsed by the Session at its February 9, 1988 meeting. The said report contained the drafts of new *Articles of Incorporation* and new *By-Laws*. The report gave reasons for adopting the unicameral form of government. Church records show that at the annual congregation meeting of February 1988, resolutions were passed approving new amended *Articles of Incorporation* and new *By-laws*.

Church records show that the *By-Laws* were again amended and adopted on April 6, 2003. These *By-Laws* appear to have complied with having the “preferred” model or unicameral form of organization. The Church appears (due to electing trustees) to have later decided to adopt an “alternative model” although no later *By-Laws* were identified. The date for doing this is thought to have been about 2010. A Board of Trustees (assumed) consisting of three trustees was to be the “alternative model” for corporate governance. The justification (based on discussion) is assumed to have been for delegating authorities to a fewer in number trustees for performing corporate functions. Benefits included having only three persons instead of all the Session members for representing and conducting the Church’s corporate business with outside parties. The November 18, 2012 Session minutes show Fred Kate being nominated and approved for trustee to serve out the term of Ken LeSuer who resigned as trustee. The May 19, 2013 Session minutes show the Session’s decision “to have the congregation elect one trustee each year to serve a 3-year term.” At the same meeting, Danny Ball who was nominated by the Nominating Committee was elected for a three-year term (Class of 2016). At the May 15, 2015 Congregation Meeting, Chris Kattner (3-year term) and Gigi Woodruff (2-year term) were elected to serve as trustees.

Officers and Staff Responsibilities

Policy Number: 02.10

Effective Date: Jan. 17, 2016

(Draft)  
Revised 1/8/88

Amended

Articles of Incorporation

- Article I        The name of the corporation is First Presbyterian Church of Conroe, Inc.
- Article II       The corporation is a non-profit corporation and has no capital stock.
- Article III      The duration of the corporation is perpetual.
- Article IV       The purpose for which the corporation is organized is to receive, hold, encumber, manage and transfer both real and personal property in such manner as may be directed by the members of the corporation.
- Article V        The members of the corporation shall be the active confirmed members of First Presbyterian Church of Conroe.
- Article VI       The management of the affairs of the corporation is vested in its members, pursuant to Article 2.14C of Texas Non-Profit Corporation Act, acting at any stated or called meeting. Trustees of the corporation shall be elected from the active confirmed members of the corporation in a regularly constituted congregational meeting and may be given any or all of the following responsibilities: holding title to church property for the benefit of the corporation and the Presbyterian Church (U.S.A.); acquiring and conveying title to the property; buying, selling and mortgaging the property of the church; and managing any permanent special funds entrusted to them for church purposes. In buying, selling and mortgaging real property, the trustees shall act only under the authority of the corporation granted in a duly constituted meeting of the corporation.
- Article VII      The provisions of this Charter and the By-Laws of this corporation are in accord with and must continue to be in accord with the Constitution of the Presbyterian Church (U.S.A.) except for that exception granted in Chapter VIII, paragraph 7, Book of Order.
- Article VIII     The address of the office of the corporation is 1126 North San Jacinto Street, Conroe, Texas, 77301.
- Article IX       The names and addresses of the present Trustees are:

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Article X These Articles of Incorporation amend and replace in their entirety those articles attached to Certificate of Incorporation of First Presbyterian Church, Inc., Conroe, Texas, Charter No. 272473, dated February 27, 1970. No basic change in corporate purpose, powers or manner of holding corporate assets presently held by First Presbyterian Church, Inc., Conroe, Texas, is intended.

Article XI These Amended Articles of Incorporation were approved and adopted by a unanimous vote of members at a called meeting of the members on \_\_\_\_\_, 1988.

Dated \_\_\_\_\_, 1988 \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

State of Texas )  
                  )  
County of Montgomery }

Before me, \_\_\_\_\_, a notary public, on this day personally appeared \_\_\_\_\_, and \_\_\_\_\_, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this \_\_\_ day of \_\_\_\_\_, A.D. \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

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## Officers and Staff Responsibilities

Policy Number: 02.10

Effective Date: Jan. 17, 2016

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<sup>i</sup> The Corporation's Articles of Incorporation (Eleventh Article) attests to each person listed for being member incorporators as being more than 21 years of age. Thus, it is assumed that a trustee is to be 21 years of age.

<sup>ii</sup> State of Texas Business Organizations Code, Title 2. Corporations, Chapter 22. Nonprofit Corporations Subchapter A. General Provisions, Sec. 22.001.