

Explanation of proposed changes to organizational documents of FUUCH

A brief history of our Formation Documents

First Unitarian Church of Houston was established as a formal church in the form of an unincorporated association in 1914. They had Trustees(sic), a Constitution and Bylaws.

On March 16, 1937, The First Unitarian Church of Houston, Texas filed a Certificate of Formation with the Secretary of State of Texas as a non-profit corporation. It listed a 50 year duration, no members and a Board of 9 Trustees (sic). Bylaws were adopted for the new corporation. The Constitution was not rescinded, even though it should have been replaced by the Articles of Incorporation and bylaws.

On January 28, 1985, Articles of Amendment were filed with the Secretary of State to change the duration to perpetual and include all language required for IRS 501 (c)(3) tax exemption. No other changes.

July 14, 1992, Articles of Amendment were filed with the Secretary of State to change the name of the corporation to First Unitarian Universalist Church of Houston Texas, Inc. and vest the management of the corporation in its members (only). (Note: No Directors or Trustees to be used).

Where we are now

The net effect of the history of the Original Articles of Incorporation and the two Amendments as filed is:

The original incorporation did not specify how the corporation was to be managed but did list 9 Trustees (sic). No mention of members anywhere.

The first amendments included all the language required for a 501(c)(3) tax exemption and made the corporation's duration perpetual.

The second amendments changed the name and limited the corporation so that only members could manage the corporation (thereby eliminating the Board of Directors). “The corporation is a church in which the management is vested in the members pursuant to Article....(statute).

Why we need to make changes

The Articles need to be amended in the form of a Restatement of Articles to:

1. Specify that we have members with voting rights with a Board of Directors (not Trustees – see below) managing the corporation.
2. Update the Registered Agent and Address. (The Registered Agent is the person who receives any service of process in a lawsuit, and the law requires a name of an individual and the location where the person can be found.)
3. Update the membership of the Board of Directors.
4. Change the name to First Unitarian Universalist Church of Houston.
5. Articulate the voting rights of members previously in the Constitution.

A Restatement of Articles will meld all of the live language of the current Articles and Constitution into one document, instead of several piecemeal documents which are taken as a whole.

The next step will be to redraft the bylaws to incorporate what was previously in the Constitution and make updated changes as needed to reflect how we operate today. These changes will be voted on by the members at the next congregational meeting in January.

Directors vs. Trustees

Why we have Directors and not Trustees:

1. Nonprofit law requires a Board of at least three Directors.
2. A corporation is not a trust. FUUCH is a corporation.

3. “A director of a corporation is not considered to have the duties of a trustee of a trust with respect to the corporation or with respect to property held or administered by the corporation, including property subject to restrictions imposed by the donor or transferor of the property.” Section 22.223 of Texas Business Organizations Code

4. A Board of Trustees is created to administer a Trust, which is a specified legal form of ownership of property. A Trust must have a named beneficiary, and ways for the ownership of property to pass to the beneficiary from the trust.