

GOVERNING PRINCIPLES
OF
MARION METHODIST CHURCH

These Governing Principles shall regulate the business and affairs of Marion Methodist Church, an Arkansas unincorporated nonprofit association (the “Church”), formerly known as Marion United Methodist Church.

ARTICLE 1
OFFICES AND REGISTERED AGENT

1.01 Principal Office. The principal office of the Church shall be located at 81 Military Road, Marion, Crittenden County, Arkansas.

1.02 Other Offices. The Church may have such other offices within and without the State of Arkansas at such places as the Board of Managers may from time to time determine.

1.04 Registered Agent. Pursuant to Ark. Code Ann. § 4-28-611, the Church shall file and maintain in the office of the Arkansas Secretary of State a statement appointing an agent authorized to receive service of process.

ARTICLE 2
PURPOSES AND INTERPRETATIVE GUIDE

2.01 Religious Purpose. The Church is organized as a local, independent, Methodist church, which shall conduct worship of our Lord and Savior Jesus Christ grounded in the historic Christian faith as contained in the Bible, affirmed in the historic creeds of the church, and illuminated through Wesleyan doctrine and tradition.

2.02 Tax Status. The Church is organized as a religious, public benefit nonprofit Church for one or more of the purposes as specified in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), including making distributions to other organizations which qualify as exempt organizations under Section 501(c)(3) of the Code.

ARTICLE 3
MEMBERS

3.01 Professing Members. The Church shall have professing members (the “Members”) who shall have ultimate authority and control over the operation of the Church and the doctrine of the Church.

3.02 Annual Meetings. The annual meeting of the Members shall take place on the second Sunday in November of each year immediately following the regular morning service of the Church (the “Annual Meeting”).

3.03 Special Meetings. Special meetings of the Members may be called by action of the Board of Managers or by a petition signed by at least fifty (50) Members at such dates and times as they deem necessary and appropriate (“Special Meetings”).

3.04 Matters Requiring Approval of the Members. All of the following must be approved by a vote of the Members (a “Member Vote”):

- a. doctrine to be followed by the Church and any changes thereto;
- b. affiliation with or withdrawal from any group of churches;
- c. approval of these Governing Principles;
- d. amendment of these Governing Principles;
- e. election of members of the Board of Managers;
- f. removal of members of the Board of Managers;
- g. the hiring of a new pastor;
- h. the termination of an existing pastor;
- i. the annual budget of the Church;
- j. expenditures in excess of the approved annual budget;
- k. mortgaging of any real property owned by the Church;
- l. borrowing funds in the name of the Church in excess of \$100,000 in the aggregate at any time;
- m. sale or other disposition of substantially all of the assets of the Church; and
- n. dissolution of the Church.

3.05 Member Votes. All Member Votes shall be in accordance with the following rules:

- a. Only those persons having professed membership in the Church and having completed a membership form shall be eligible to vote at the meeting called for the purpose of adopting these Governing Principles and electing the initial Managers as provided below or any subsequent annual or called meeting of the Members.

- b. The Secretary shall maintain a list of all Members eligible to vote on any matter coming before the Members (the “Voting Membership Roll”).
- c. If a Member transfers his or her membership to another Methodist church, joins another church or similar religious organization, dies, or requests that his or her membership be terminated, the Secretary shall remove him or her from the Voting Membership Roll.
- d. If a Member fails to vote at an Annual Meeting or any Special Meetings for a rolling period of thirty-six (36) months, the Secretary shall remove him or her from the Voting Membership Roll, and he or she shall be ineligible to vote at any subsequent Annual Meeting or Special Meetings, unless he or she shall first reaffirm his or her membership.
- e. All Annual Meetings and Special Meetings shall be held in-person at the Church; however, Members may vote either in-person or by electronic means via the ElectionRunner platform or any other electronic voting platform selected by the Board of Managers.
- f. A quorum for any Member Vote shall be five percent (5%) of the Voting Membership Roll.
- g. The vote of a majority of the Members voting after establishment of a quorum shall be the act of the Members.
- h. If a quorum is not present, the President present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

ARTICLE 4 BOARD OF MANAGERS

4.01 General Powers and Authority. The business and affairs of the Church shall be managed by the Board of Managers (the “Board”) who may exercise all powers of the Church and do all such lawful acts and things as are not by these Governing Principles reserved to the Members pursuant to Article 3.

4.02 Number; Qualification; Term. The Board shall consist of nine (9) Managers, each of whom shall be a Member of the Church. The initial Managers shall be elected by the Members at a meeting called for the purpose of adopting these Governing Principles and electing the initial Managers. At the first meeting of the Board following their election, each Manager shall draw from a hat containing three slips with the number 1, three slips with the number 2, and three slips with the number 3. Those Managers drawing a slip numbered 1 shall serve until December 31, 2024; those Managers drawing a slip numbered 2 shall serve until December 31,

2025; and those Managers drawing a slip numbered 3 shall serve until December 31, 2026. After the initial terms set forth above, each Manager shall be elected for a three-year term. The initial Managers shall be eligible for re-election at the expiration of their initial term, and all subsequently elected Managers shall be eligible for re-election at the expiration of their then current term.

4.03 Removal. The entire Board or any of the Managers may be removed either for or without cause at any meeting of the Members called expressly for that purpose.

4.04 Vacancies. Any vacancy occurring in the Board, whether by removal, death, resignation, or otherwise, shall be filled by a vote of the Members at a special meeting called for that purpose. A Manager elected to fill a vacancy shall hold office until the expiration of the term of the Manager whom he or she replaced.

4.05 Nomination and Election of Managers. Nominations for the initial Managers may be made by any Member of the Church by contacting the Church office via e-mail at office@marionmethodist.church, by telephone at (870)739-3434, or in person prior to midnight, Wednesday, November 8, 2023. The Member will be requested to reaffirm his or her membership in Marion Methodist Church before his or her nomination will be accepted. After the election of the initial Managers, a prospective Manager may be nominated by majority vote of the Board, without participation of the prospective Manager if he or she is currently serving as a Manager, or by a petition signed by at least five percent (5%) of the Members on the Voting Membership Roll. Except as otherwise provided herein, Managers shall be elected at the annual meeting of the Members.

4.06 Place of Meetings. Meetings of the Board of Managers, regular or special, shall be held at the Principal Office of the Church.

4.07 Annual Meetings. The annual meeting of the Board shall take place on the second Sunday in January of each year immediately following the regular morning service of the Church. At such meeting, the Board shall elect a Chairman, President, Vice President(s), Secretary, and Treasurer to serve until the subsequent Annual Meeting.

4.08 Regular Meetings. Regular meetings of the Board may be held without notice at such time and place as shall from time to time be determined by the Board.

4.09 Special Meetings. Special meetings of the Board may be called by the President and in his or her absence by the Vice President on two-days notice to each Manager, either personally or by mail. Special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of three (3) Managers. Except as otherwise expressly provided by the Arkansas Revised Uniform Unincorporated Nonprofit Association Act (the "Act"), Ark. Code Ann. § 4-28-601, *et seq.*, or these Governing Principles, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in a notice or waiver of notice.

4.10 Quorum; Majority Vote. At meetings of the Board of Managers a majority of the number of Managers in office immediately before the meeting shall constitute a quorum for the transaction of business. The act of a majority of the Managers in office at the time of the meeting shall be the act of the Board, except as otherwise specifically provided by statute or these Governing Principles. If a quorum is not present at a meeting of the Board, the Managers present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

4.11 Compensation. Managers shall not receive a salary for their services as Managers, but may be reimbursed for reasonable expenses with approval of the Board.

4.12 Procedure. The Board shall keep regular minutes of its proceedings. The minutes shall be placed in the minute book of the Church.

4.13 Action Without Meeting. Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the Managers. Such consent shall have the same force and effect as a majority vote at a meeting. The signed consent or a signed copy shall be placed in the minute book. The consent may be in more than one counterpart so long as each Manager signs one of the counterparts.

4.14 Ex-Officio Member. The pastor of the Church shall serve as an ex-officio member of the Board and shall attend all meetings of the Board, but shall not be entitled to vote on any matter coming before the Board. Upon request by the Chair of the Board, the pastor shall recuse himself or herself from any participation at any meeting of the Board or any portion thereof.

ARTICLE 5 OFFICERS

5.01 Number; Qualification; Election; Term.

- a. The Church shall have a President, a Vice President, a Secretary, and a Treasurer. The Church may have such other officers and agents as the Board may think necessary.
- b. Officers of the Church shall be Members of the Church. Officers need not be members of the Board.
- c. Unless otherwise specified by the Board at the time of election or appointment, or in an employment contract approved by the Board, each officer shall serve at the pleasure of the Board.

5.02 Removal. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest of the Church will be served. Such removal shall be without prejudice to the contract rights, if any, of the person removed. Election or appointment of an officer or agent shall not create contract rights.

5.03 Vacancies. Any vacancy occurring in any office of the Church may be filled by the Board.

5.04 Authority. Officers and agents shall have such authority and perform such duties in the management of the Church as are provided in these Governing Principles or as may be determined by resolution of the Board not inconsistent with these Governing Principles.

5.05 Compensation. The compensation, if any, of officers and agents shall be fixed from time to time by the Board.

5.06 Chairman of the Board. The Chair of the Board shall be chosen from among the Managers; shall preside at all meetings of the Board; and shall perform such other duties as from time to time may be assigned to him or her by the Board.

5.07 President. The President shall be the chief executive officer of the Church; shall preside at all meetings of the Members and, if the Chair of the Board is absent, the Board; shall have general and active management of the business and affairs of the Church; and shall see that all orders and resolutions of the Board are carried into effect. The President shall perform such other duties and have such other authority and powers as the Board may from time to time prescribe.

5.08 Vice President. The Vice President(s), in the order of their seniority if there are more than one, unless otherwise determined by the Board, shall, in the absence or disability of the President, perform the duties and have the authority and exercise the duties and powers of the President. The Vice President(s) shall perform such other duties and have such other authority and powers as the Board may from time to time prescribe or as the President may from time to time delegate.

5.09 Secretary.

- a. The Secretary shall attend all meetings of the Board and all meetings of the Members and record all votes, actions, and the minutes of all proceedings in a book kept for that purpose.
- b. The Secretary shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board.
- c. The Secretary shall be under the supervision of the President and shall perform such other duties and have such other authority and powers as the Board may from time to time prescribe or as the President may from time to time delegate.

5.10 Treasurer.

- a. The Treasurer shall have the custody of the Church funds and securities, shall keep full and accurate accounts of receipts and disbursements of the Church, and shall

deposit all funds and other valuables in the name and to the credit of the Church in depositories designated by the Board.

- b. The Treasurer shall disburse the funds of the Church as ordered by the Board, and prepare financial statements as they direct.
- c. If required by the Board, the Treasurer shall give the Church a bond (in such form, in such sum, and with such surety or sureties as shall be satisfactory to the Board) for the faithful performance of the duties of his or her office and for the restoration to the Church, in the case of death, resignation, retirement, or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Church.
- d. The Treasurer shall perform such other duties and have such other authority and powers as the Board may from time to time prescribe or as the President may from time to time delegate.

Section 5.11 Vacancies. If the office of the President, Vice President(s), Secretary, or Treasurer becomes vacant, the Board of Managers shall elect a successor who shall hold office for the unexpired term, and until a successor is elected.

ARTICLE 6 RECORDS AND REPORTS

6.01 Church Records. The Church shall keep as permanent records minutes of all meetings of the Board and the Members and a record of all actions taken by the Board without a meeting.

6.02 Records at Principal Office. The Church shall keep at all times a copy of the following records at its principal office:

- a. These Governing Principles and all amendments thereto;
- b. A list of the names and business addresses of its current Managers and officers;
- c. The Voting Members Roll described in Section 3.05.
- d. The Church Records described in Section 6.01.

6.03 Annual Financial Statements. The Church shall prepare annual financial statements that include a balance sheet as of the end of the fiscal year and an income statement for that year, and such other information necessary to comply with the requirements of the Act.

ARTICLE 7
LIMITATION OF LIABILITY AND INDEMNIFICATION

7.01 Limitation of Liability. In every instance in which Arkansas law, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of liability of Managers or officers to the Church, the Managers and officers of the Church shall not be liable to the Church.

7.02 Indemnification. Except to the extent expressly limited by Arkansas law, the Church shall indemnify any individual who is, was, or is threatened to be made a party to a civil, criminal, administrative, investigative, or other proceeding (including a proceeding by or in the right of the Church) because such individual is or was a Manager, officer, employee, or agent of the Church or of any legal entity controlled by the Church, or is a fiduciary of any employee benefit plan established at the direction of the Church, against all liabilities and reasonable expenses incurred by such person on account of the proceeding if such person (a) acted in good faith, (b) such person believed (i) in the case of conduct in the person's official capacity, that the conduct was in the Church's best interests or (ii) in the case of a Manager's conduct with respect to an employee benefit plan, that the Manager's conduct was in the interest of the participants in and beneficiaries of the plan, or (iii) in all other cases, such conduct was not opposed to the Church's best interests, and (c) in the case of any criminal proceeding, such person had no reasonable cause to believe that the person's conduct was unlawful. Before any indemnification is paid, a determination shall be made that indemnification is permissible in the circumstances because the person seeking indemnification has met the standard of conduct set forth above. Such determination shall be made in the manner provided by Arkansas law for determining that indemnification of a Manager is permissible. Unless the Board has determined that indemnification is not permissible, the Church may make advances and reimbursement for expenses incurred by any of the persons named above upon receipt of an undertaking from him or her to repay the same if it is ultimately determined that such person is not entitled to indemnification. Such undertaking shall be an unlimited general obligation of such person and may, at the option of the Church, be conditioned upon the Church's determination that such person has the financial ability to make repayment or has provided adequate security for the repayment. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that a person named above acted in such a manner as to make such person ineligible for indemnification. The Church is authorized to contract in advance to indemnify any of the persons named above to the extent it is required to indemnify them pursuant to the provisions of this Article 7.

7.03 Concerning Indemnification. The rights of each person entitled to indemnification under this Article 7 shall inure to the benefit of such person's heirs, executors, and administrators. Indemnification pursuant to this Article 7 shall not be exclusive of any other right of indemnification to which any person may be entitled, including indemnification pursuant to a valid contract, indemnification by legal entities other than the Church, and indemnification under policies of insurance purchased and maintained by the Church or others. However, no person shall be entitled to indemnification by the Church to the extent such person is indemnified by a third party including an insurer.

7.04 Insurance. The Church may purchase and maintain insurance to indemnify itself or any other person or any obligation which it or any other person incurs as a result of indemnification pursuant to this Article 7.

ARTICLE 8 MISCELLANEOUS PROVISIONS

8.01 Fiscal Year. The fiscal year of the Church shall be fixed by resolution of the Board.

8.02 No Seal. The Church shall have no seal.

8.03 Notice. Whenever notice is required to be given to Managers or officers, unless otherwise provided by law or these Governing Principles, such notice may be given or delivered in writing and shall be validly given when (i) hand-delivered; (ii) one business day following deposit with a courier or express service guaranteeing overnight delivery; (iii) sent by facsimile, provided the sender of such facsimile has evidence that the facsimile was received by the addressee's machine, in which case notice shall be deemed delivered on the date of receipt by the addressee's machine; (iv) the date on the return receipt, if sent by registered or certified U.S. mail, return receipt requested, postage prepaid, and the receipt is signed by or on behalf of the addressee; or (v) upon the date written acknowledgment is provided by the recipient if notice is given by electronic transmission (e.g. email).

8.04 Waiver of Notice. Whenever any notice is required to be given under the provisions of any statute or these Governing Principles, a waiver thereof in writing signed by the person entitled to such notice, whether before or after the date stated thereon, and delivered to the Secretary of the Church and included in the minutes or corporate records, shall be deemed equivalent thereto.

8.05 Negotiable Instruments. All checks, drafts, notes, or other obligations of the Church shall be signed by such of the officers of the Church, or by such other person(s), as may be authorized by the Board of Managers.

8.06 Deposits. The monies of the Church may be deposited in the name of the Church in such bank(s) or financial institution(s) as the Board of Managers shall designate from time to time and shall be drawn out by wire transfer, ACH, or check signed by the officer(s) or person(s) designated by resolution adopted by the Board of Managers.

8.07 General. Any matters not specifically covered by these Governing Principles shall be governed by the applicable provisions of the laws of the State of Arkansas in force at the time. In the event of a conflict between these Governing Principles and the laws of the State of Arkansas, the provisions of the laws of the State of Arkansas shall govern, provided that if the then duly elected officials of the Church reasonably believe that any such laws are in conflict with God's Word as set forth in the Holy Scriptures, they shall have the right to seek authorization from the Members to challenge such laws in a manner sanctioned by the laws and Constitution of the State of Arkansas and of the United States of America.

CERTIFICATION OF ADOPTION

The foregoing Governing Principles of the Church, having been approved by the Members in accordance with Article 3 hereof, have been duly adopted this _____ day of _____, 2023 by action of the Board of Managers of the Church pursuant to the laws of this State.

IN TESTIMONY THEREOF, witness the hands of the undersigned as the duly elected Managers of the Church on such date.
