

**CANONS AND CHARTERS
OF THE
DIOCESE OF KENTUCKY
AND
BY-LAWS OF TRUSTEES AND COUNCIL
2013**

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The following is hereby certified to be the correct text of the Canons of the Diocese of Kentucky, as in effect at the adjournment of the One Hundred and Eighty-fifth Annual Convention, November 9, 2012, published in accordance with the instruction of the Convention, the Charter of the Protestant Episcopal Diocese of Kentucky, and the Articles of Incorporation of the Bishop Dudley Memorial as of record in the Office of the Secretary of State of the Commonwealth of Kentucky, and the By-Laws of Trustees and Council as of the date of this *Journal*.

W. Robinson Beard
Chancellor

CANON 1

RELATIONSHIP TO THE CHURCH IN AMERICA

The Church in the Diocese of Kentucky accedes to and recognizes itself as subject to the Constitution and Canons for the government of the Protestant Episcopal Church in the United States of America, as presently adopted and as hereafter amended by the General Conventions.

CANON 2

BOUNDARIES OF THE DIOCESE

The Diocese of Kentucky comprises the counties of Carroll, Henry, Shelby, Spencer, Nelson, Washington, Marion, Taylor, Adair, Russell and Clinton, and all the territory west thereof in the Commonwealth of Kentucky.

CANON 3

ORGANIZATION, MEMBERS AND DEFINITIONS

Sec. 1. The business affairs of this Diocese shall be conducted through a civic corporation organized and existing as a religious corporation under the provisions of Chapter 273 of the Kentucky Revised Statutes. The name of the corporation is "The Protestant Episcopal Diocese of Kentucky, Inc." All property of the Diocese shall be held by said corporation.

Sec. 2. The membership shall consist of all Baptized Lay persons enrolled in Congregations of this Diocese, all Clergy of the Church who are canonically resident in this Diocese, and all Bishops of the Church who are resident in this Diocese. Membership shall not be denied by reason of race, color, ethnic origin, gender, or sexual orientation.

Sec. 3. The term "Clergy" shall mean Presbyters and Deacons who are canonically resident in the Diocese of Kentucky.

Sec. 4. Use in these Canons of either the masculine or feminine pronoun shall be read to refer equally to both genders.

CANON 4

THE CONVENTION, ITS MEMBERS, MEETINGS, AND ORGANIZATION

Sec. 1. The Convention of the Diocese of Kentucky shall be composed of Clergy and Lay Deputies, and the Bishop of the Diocese shall be its President *ex officio*.

Sec. 2. All Clergy canonically resident in this Diocese shall be members of the Convention, with all the privileges of membership, including the right to vote, provided however, that any Clergy transferring to this Diocese after they have reached the age of 72 years shall have seat and voice in the Convention but shall not have the right to vote on any question.

Sec. 3. Except as provided in Section 7, a lay deputy to the Convention shall be an adult member communicant in good standing. Individuals 16 years of age and over are to be considered adult members. Adult member communicants in good standing shall be defined and determined in accordance with the National Canons and Diocesan Canon 21, Sec. 2. The Vestry of each Parish, and the Bishop's Committee of each Organized Mission, shall elect qualified Lay Deputies and Alternates to the Convention. The number of Lay Deputies and Alternates shall be determined by the number of adult member communicants in good standing in the Parish or Mission as of December 31 of the year preceding the date of the Convention meeting in annual or special session.

The number shall be determined as follows:

ADULT MEMBER COMMUNICANTS

<u>IN GOOD STANDING</u>	<u>DEPUTIES</u>	<u>ALTERNATES</u>
10-100	1	1
101-250	2	2
251-500	3	3
501-750	4	4
751 or more	5	5

No Parish or Mission shall have more than five (5) Lay Deputies and five (5) Alternates. Beginning with elections for the Convention of 1994, the Lay Deputies and Alternates shall serve during the calendar year for which they are elected and thereafter until successors are elected and qualified, provided that if one elected as Deputy or Alternate shall transfer from the electing Congregation prior to another election, the Chapter, Vestry, or Bishop’s Committee may designate a replacement. Each elected and seated Lay Deputy shall have the right to vote.

Sec. 4. Prior to the meeting of the Convention in annual or special session, the Ecclesiastical Authority shall certify and prepare, or cause to be prepared, a list of all Clergy who canonically reside in the Diocese. The list shall state their Order, the name of their charge, their residence, and whether they are entitled to vote. The list shall be delivered to the Secretary of the Diocese before the Convention is called to order. This list shall be printed in the *Journal*.

Sec. 5. All active Clergy canonically resident in this Diocese and having a vote shall attend the Convention unless excused in advance of the Convention by the Bishop or Presiding Officer. The failure to attend the Convention shall be subject to Canon 9, Sec. 1, except that Clergy retired from the active ministry as recognized by the National Church Pension Fund are urged to attend but are automatically excused if they wish.

Sec. 6. Thirty (30) days prior to the meeting of the Convention in annual or special session, the secretaries of the Cathedral Chapter, of Parish Vestries, and of the Bishop’s Committees of Missions and Ecclesial Communities of the Diocese shall file a certificate with the Secretary of the Diocese which sets forth the names of the persons elected as Lay Deputies, Alternates, and Youth Representatives, using the following form:

This is to certify that at a meeting of the Vestry (or Chapter or Bishop’s Committee) of _____ held on the _____ day of _____ the following adult member communicants in good standing of said Congregation: _____ were elected Lay Deputies, _____ were elected Alternates, and _____ was elected as Youth Representative to represent said Congregation in the Convention of the Diocese of Kentucky, called to meet on the _____ day of _____, _____, and shall serve during the calendar year for which they are elected and thereafter until successors are duly elected and qualified, provided that if one elected as Deputy or Alternate shall transfer from the electing Congregation prior to another election, the Chapter, Vestry, or Bishop’s Committee may designate a replacement.

(Signed) _____

The filing of a completed certificate in the foregoing form, the filing of the required Parish or Mission Parochial Report (see National and Diocesan Canon 28, Section 3), and

the Secretary's certificate to the Credentials Committee of the Convention that the Chapter, Parish, Mission or Community is in compliance with all requirements of Diocesan Canons 15, 19, 23, and 28 are conditions for seating Deputations.

Sec. 7. In addition to electing Lay members under Section 3, the Chapter, Vestry, or Bishop's Committee of each Congregation may, at its option, elect from its Congregation a communicant in good standing as a Youth Representative to the Convention. The Youth Representative shall be not less than fourteen (14) nor more than eighteen (18) years of age at the time of election, and shall be certified on the Section 6 certificate. Except as provided in the next sentence, each Youth Representative shall have a seat and voice but no vote. The Youth Representatives will elect by and from among their number five (5) Lay Deputies to the Convention who shall have the right to vote. The names of these Lay Deputies will be reported to the Secretary not later than the beginning of the first business session. These Lay Deputies must represent geographic areas as defined by the Department of Youth and Young Adults.

Sec. 8. At every Convention, meeting in annual or special session, there shall be a Celebration of the Holy Eucharist. At every Convention, the Bishop shall make a report of the affairs of the Diocese since the last meeting of the Convention, as required. This shall include those matters required by the National Canons and all matters tending to throw light upon the affairs of the Diocese. This report, together with the Bishop's opening address to the Convention, shall be printed in the *Journal* of the Convention. At any meeting in special session, the Bishop's report may supplement the last annual report to the convention. In the case of a vacancy in the Episcopate, the Standing Committee shall make appropriate arrangements for compliance with this Section 8.

Sec. 9. Prior to the first business session of the Convention, meeting in annual session, the Presiding Officer shall appoint a Committee on The Admission of New Parishes and The Credentials of Lay Deputies.

This Committee shall consist of one (1) member of the Clergy and two (2) Lay Deputies. The Committee shall consider and report to the Convention the names of all Lay Deputies and Alternates whose credentials are in proper form for seating in the convention. Any question concerning the qualifications of any Lay Deputy or Alternate shall be determined by a majority vote of the Convention. This Committee shall further report on all matters relating to new Parishes.

Further, prior to the first business session of the Convention, the Presiding Officer shall appoint appropriate Committees, which shall function in accordance with the adopted Rules of Order for the Convention, meeting in annual or special session.

Sec. 10. The Convention shall meet at least annually. Prior to the adjournment of the annual meeting of the Convention, a resolution shall be adopted providing for the date and location of the next annual meeting. For good cause, the date and place may be changed by the Ecclesiastical Authority, but not in such a way as to cause a Convention not to meet in the fourth quarter of the year.

The Bishop may, as a matter of discretion, call special meetings of the Convention. The Bishop shall call a special meeting at the request of the Standing Committee. In the event of a vacancy in the Episcopate, or of the absence of the Bishop from the Diocese for six (6) months, the Standing Committee may, as a matter of discretion, call a special meeting of the Convention, and shall do so on the application of five (5) Priests-In-Charge of Congregations or the Vestries of five (5) Congregations.

Advance reports submitted to and sent by the Secretary pursuant to Canon 9 shall

include information for periods since the adjournment of the last annual meeting of the Convention through the end of the previous September. Trustees and Council shall submit, for distribution along with the other advance reports, its proposed budget pursuant to Canon 16, summary financial information concerning the financial condition of the Diocese at the end of the previous Fiscal Year, and the results of Diocesan operations during the current Fiscal Year through at least the end of the previous August.

Sec. 11. The travel and related expenses of Clergy and Lay Deputies to the Convention shall be paid by the respective Congregations.

Sec. 12. No Clerical or Lay Deputy may vote by proxy.

Sec. 13. Members of the Trustees and Council may be heard by the Convention as provided in Diocesan Canon 17, Section 12.

CANON 5

ELECTION OF A BISHOP

Sec. 1. The Convention shall elect a Bishop who shall serve until age seventy-two (72) or until resignation, death, or disability. The Bishop shall be ordained and consecrated in accordance with the National Canons and shall have the duties and responsibilities stated in the National Canons.

Sec. 2. The Convention, following the approvals required by the National Canons, may elect a Bishop Coadjutor who shall serve until age seventy-two (72) or until resignation, death, or disability. Before any election of a Bishop Coadjutor, the Bishop of the Diocese shall read, or cause to be read, to the Convention written consent to such election and the duties to be assigned to the Bishop Coadjutor, when duly ordained and consecrated, and such consent shall form a part of the proceedings of the Convention. (See the National Canons.)

The Bishop Coadjutor shall be ordained and consecrated in accordance with the National Canons and assume such duties as might be assigned and consistent with the National Canons. The Bishop Coadjutor shall have the right of succession and shall, without formal action of ordination, consecration or other, become Bishop of the Diocese upon the effective date of resignation or the death or disability of the Bishop.

Sec. 3. The Convention may, at the instance of the Bishop, elect a Bishop Suffragan who may serve until age seventy-two (72) or until resignation, death, or disability. The Bishop, with the advice and consent of the Trustees and Council, shall state the need for a Bishop Suffragan and the duties to be assigned. The Bishop Suffragan shall perform those duties which the Bishop is unable to discharge fully. The Bishop Suffragan shall not have the right of succession.

Before the election of a Bishop Suffragan, the Bishop of the Diocese shall read, or cause to be read, to the Convention the consent of the Bishop of the Diocese to the election and the duties to be assigned. The Bishop Suffragan shall be ordained and consecrated in accordance with the National Canons and have the duties and responsibilities stated in the National Canons.

Sec. 4. If there be not a duly elected, ordained and consecrated Bishop Coadjutor, then upon the death or disability of the Bishop or upon receiving written notice of the intent of the Bishop of the Diocese to resign, the Standing Committee shall proceed in a timely manner to make arrangements for the election of a Bishop. In the event of the death or disability of the Bishop, the Standing Committee shall declare a date for the election of a Bishop which date shall be published within one (1) year after the death or disability. If the Bishop shall announce an intention to resign, the Bishop, with the advice and consent of the Standing

Committee, shall promptly set in progress the process for election of a successor.

Sec. 5. The Convention may elect the Bishop of the Diocese of Kentucky in annual or special session. If the annual meeting of the Convention coincides with the date for the election of a new Bishop declared by the Standing Committee, then the new Bishop shall be elected at the annual meeting of the Convention. If the annual meeting shall not so coincide, then the Bishop or the Standing Committee, as the case may be, shall give notice in all appropriate publications of the proposed date and location for the special session for the purpose of electing a Bishop. A proposed date may be extended, if necessary, upon not less than forty-five (45) days notice in all appropriate publications. The proposed location may be changed, if necessary, upon not less than fourteen (14) days notice in all appropriate publications.

Sec. 6. Prior to the Convention to elect a new Bishop, the Standing Committee shall determine the means and process for nominations. In so doing the Standing Committee may:

(a) Select and appoint a Search/Nominating Committee, a Transition Committee and such other Committees, consultants and chaplains for the process as it may deem appropriate.

(b) Work with the Bishop and Trustees and Council to provide financially for process, transition and consecration.

(c) Propose Rules of Order for the electing convention and oversee the election. The Convention may adopt such other rules as it may think fit to govern such matters as the length of nominating speeches, the length and number of seconding speeches, and other ancillary matters.

(d) Seek the necessary Episcopal and Standing Committee or General Convention consents required once the election has been made.

(e) Provide for the consecration or seating of the elected Bishop.

Sec. 7. Not less than one hundred and twenty (120) days prior to the designated date for the electing convention, the Standing Committee, upon approval of the recommendations from the Search/Nominating Committee, shall announce publically the names of those nominated by the Search/Nominating Committee in all appropriate publications and in separate written format to all Clergy and Lay Deputies. Supplemental nominations may be made by petition received by the Standing Committee for fourteen (14) business days from the date of the announcement. In order to be considered, each petition must be signed by at least three (3) Clergy and (3) lay persons from at least three (3) different Congregations and must be accompanied by all information required by the Standing Committee. Upon receipt of one or more properly prepared petitions, the Standing Committee shall secure the required background check for those persons nominated by petition. Once the deadline has passed and the background checks have been approved, the Standing Committee shall announce the names of all approved nominees in all appropriate publications and send separate written information concerning the supplemental nominees in separate written format to all Clergy and Lay Deputies as soon as practicable and thereupon the nominations will be deemed closed.

Sec. 8. The Lay Deputies, Alternates, and Youth Deputies of the Parish Vestries, Bishop's Committees and Ecclesial Communities of the Diocese who were seated at the most recent annual meeting of the Convention shall be deemed appropriately credentialed for the meeting of the Convention in the special session unless not less than thirty (30) days prior to the meeting of the Convention in special session, the secretary of the Cathedral Chapter, of a Parish Vestry, or of a Bishop's Committee of a Mission or Ecclesial Community of the Diocese shall file a certificate with the Secretary of the Diocese which sets forth the names

of persons who have been elected as replacement Lay Deputies, Alternates, and Youth Representatives for the Congregation. Youth voters will be elected by and from among the registered Youth Representatives to the special Convention and their names will be reported to the Secretary not later than one-half hour before the call to order of the special session. Those youth elected to vote must be 14-18 years of age and represent geographic areas as defined by the Department of Youth and Young Adults.

Sec. 9. At the Convention convened to elect a Bishop, the Bishop of the Diocese of Kentucky, if living and if a previously submitted resignation be not then effective, shall preside. Otherwise, and absent the presence of a Bishop Coadjutor or Bishop Suffragan, the President of the Standing Committee shall preside. The Search/Nominating Committee shall have first priority to the Convention floor for the purpose of making a statement in support of each of the Committee's nominees and one person who signed the petition for a supplemental nominee shall follow for the purpose of making a statement in support of each supplemental nominee. Once the initial statements in support of all nominees have concluded, no new nominations shall be made.

Sec. 10. The vote for a Bishop shall be by secret ballot using such human or mechanical means as selected by the Standing Committee, so long as a tabulation of all votes cast on each ballot can be printed and delivered to the Secretary. The vote of the Clergy and of the Lay representation shall be taken separately, by Orders. Included in the Lay representatives' total votes will be five (5) youth votes.

Sec. 11. A Bishop shall be elected by a concurrence of the majority vote of the Clergy present and voting at the Convention and a majority vote of the Lay Deputies present and voting at the Convention. If a nominee fails to obtain the majority vote of both the Clergy and Lay Deputies, the balloting shall continue until one nominee receives a concurrent majority vote of the two Orders. The Convention may recess between ballots.

Sec. 12. The election of a Bishop Coadjutor or Suffragan shall also be by concurrent majority vote of the Clergy and Lay Deputies entitled to vote at the Convention, and may take place at either an annual or special session of the Convention.

CANON 6 QUORUM

Sec. 1. The Bishop and a majority of the Clergy entitled to vote and a majority of the Lay Deputies entitled to vote shall constitute a quorum at any Convention.

Sec. 2. If the Bishop be not present, then a majority of the Clergy entitled to vote and a majority of the Lay Deputies entitled to vote at the Convention, meeting in annual or special session, shall constitute a quorum. The quorum shall be determined, and the Convention adjourned until the next day. If the Bishop be not then in attendance, the Convention may proceed with business and, absent a Bishop Coadjutor or a Bishop Suffragan, the President of the Standing Committee shall preside.

Sec. 3. The Secretary of the Convention, meeting in annual or special session, shall determine the presence or absence of a quorum and shall declare its presence or absence.

CANON 7 THE PRESIDING OFFICER

Sec. 1. The Bishop of the Diocese of Kentucky shall be the Presiding Officer at the annual and any special meeting of the Convention (subject to provisions elsewhere in these Canons concerning death and disability). If the Bishop be not in attendance or shall

withdraw or step down as Presiding Officer, and absent a Bishop Coadjutor or Bishop Suffragan, then the President of the Standing Committee shall preside. If the President be not in attendance, the Convention, not voting by Orders, shall elect a Presiding Officer from the Presbyters then present.

Sec. 2. The Bishop of the Diocese of Kentucky, when presiding, and any other Presiding Officer at the Convention, may vote only in case of a tie vote on the floor.

Sec. 3. During consideration of any matter before the Convention, the Bishop of the Diocese of Kentucky may step down as Presiding Officer and enter into debate and be heard by the Convention. In this capacity, the Bishop may originate motions and vote in the Clerical Order.

CANON 8 VOTING

Sec. 1. The Clergy and elected Lay Deputies of the Convention shall meet and deliberate in one body.

Once a quorum shall have been determined in accordance with Canon 6, then, unless otherwise required or permitted in these Canons in respect of specific matters, a majority vote shall be necessary to approve all matters considered by the Convention, meeting in annual or special session.

Sec. 2. The Clergy and Lay Deputies shall vote as one body unless a separate vote by Orders is required by these Canons or is requested by either five (5) Clergy or five (5) Lay Deputies.

Upon such request, certified by the Secretary of the Convention, the Clerical and Lay Deputies shall vote separately by Orders. A vote by Orders shall be considered affirmative only when a majority of both Orders concur.

Sec. 3. Each Clergy Deputy (as defined in Canon 3, Section 3 and determined pursuant to Canon 4) and each Lay Deputy (as determined in Canon 4) shall have one (1) vote. In elections, each Deputy present having a vote shall cast the exact number of votes for the persons to be elected. No vote for less than the required number to be elected shall be counted. Cumulative voting and voting by proxy shall not be permitted.

Sec. 4. The Presiding Officer may, as appropriate, appoint tellers to collect and count all votes or ballots. The results of all votes or ballots shall be reported and recorded by the Secretary as a part of the printed record of the Convention.

Sec. 5. The Bishop of the Diocese of Kentucky may during, or within thirty (30) calendar days after the adjournment of, any annual or special meeting of Convention, submit in writing to the Secretary of the Convention disapproval of any action taken by the Convention except the election of Bishops, members of the Standing Committee, and members of the Trustees and Council. The Bishop shall state the reasons for disapproval.

If disapproval is made prior to the adjournment of the Convention, then the matter shall be again considered prior to adjournment and the Clergy and Lay Deputies shall vote separately by Orders. If the matter is approved by a majority of those in each Order entitled to vote, then the matter shall constitute the action of the Convention and shall be so recorded by the Secretary, and shall not again be subject to disapproval by the Bishop.

If disapproval is made subsequent to the adjournment of the Convention, but within thirty (30) days, then the matter shall be included on the agenda of the next annual or special meeting of the Convention, and the Clergy and Lay Deputies shall vote separately by Orders. If the matter is approved by a majority of the Clergy entitled to vote and a majority

of the Lay Deputies entitled to vote at the Convention, then the matter shall constitute the action of the Convention and shall be so recorded by the Secretary.

CANON 9

SECRETARY OF THE DIOCESE

Sec. 1. Immediately upon the assembling of the stated meeting of the Convention, a Secretary of the Diocese shall be elected for a term beginning with the adjournment of that convention and ending upon the adjournment of the next stated meeting of the Convention and with the election of a successor. It shall be the duty of the Secretary in office at the opening of the stated Convention to prepare the minutes of that Convention and submit them to the Bishop for approval. It shall be the Secretary's duty to keep and record the minutes of the meeting of the Convention, to attest its public acts, and to publish under the supervision of the Bishop or Presiding Officer the annual *Journal*. The Secretary shall send two (2) copies of the *Journal* to the Secretary of the House of Deputies and one (1) copy of the *Journal* to the Wardens and Treasurers of all Vestries and Bishop's Committees of each Congregation, to all resident clergy of the Diocese, to all lay Deputies to the Convention, to the Archivist of the Episcopal Church, and to the Secretaries of other dioceses and to officials with other organizations who shall express a desire to receive the same. The Secretary shall deliver a copy of the annual *Journal* and the records and papers of the Convention to the Registrar of the Diocese.

At every meeting of the Convention, the Secretary shall report to the Convention the names of members of the Clergy entitled to seats who have been absent (without satisfactory excuse) from two (2) successive meetings.

With the approval of the Presiding Officer, the Secretary may appoint an Assistant Secretary, who, when a vacancy shall occur during the recess of the Convention in the office of the Secretary, shall perform all duties until the next stated meeting. In case of vacancy in the offices of both Secretary and Assistant Secretary, Trustees and Council shall appoint a Secretary to act until the adjournment of the next stated meeting of the Convention and the election of a successor.

Sec. 2. The Secretary of the Diocese shall collect advance reports (from Officers of the Diocese, the Standing Committee, Departments, Commissions and Committees, and organizations and ministries related to the Diocese) and, under the direction of the Ecclesiastical Authority, shall arrange a program for the order of services and sessions during the meeting of the Convention. The Secretary shall mail copies of such advance reports and a copy of such program to every member of the Clergy and to the Lay Deputies at least twenty-one (21) days before the date set for the opening session of the Convention. The Convention may alter the program.

Sec. 3. The Secretary of the Diocese or the Bishop shall annually transmit to the Secretary of the General Convention a list of the clergy canonically resident in the Diocese, and at the close of the stated meeting of the Convention at which General Convention Deputies are elected, shall transmit to the Secretary of the General Convention a certificate of the election of the Clerical and Lay Deputies to the General Convention.

Sec. 4. The Secretary of the Diocese shall be, *ex officio*, the Secretary of the Corporation, the Trustees and Council of the Protestant Episcopal Diocese of Kentucky.

CANON 10

TREASURER OF THE DIOCESE

Sec. 1. The Treasurer of the Diocese shall be elected for a term of three (3) years and

shall be eligible for re-election. The Treasurer shall be entitled, *ex officio*, to a seat in the Convention, but without the right to vote. The Treasurer shall execute a bond in such amount as the Finance Committee shall request, but in no case less than the sum of \$100,000, the bond to be subject to the approval of the Finance Committee which shall be the custodian thereof. The necessary expenses thereof shall be paid by the Diocese.

Sec. 2. It shall be the Treasurer's duty to receive and disburse all monies collected under the authority of the Convention, the disbursement whereof is not otherwise regulated. The Treasurer shall render to the Finance Committee a report at quarterly meetings, and should the Treasurer at such time have insufficient funds to meet the obligations of the Diocese then due, and within the Treasurer's jurisdiction to pay, it shall be the Treasurer's duty to call upon the Finance Committee for such assistance as it is authorized to render under the Canons of the Diocese, in order to meet the obligations of the Diocese with promptness and regularity. The Treasurer shall render a full account for the year to the Convention.

Sec. 3. When a vacancy shall occur in the said office during the recess of the Convention, it shall be filled by a person chosen by the Trustees and Council to serve until the next regular meeting of the Convention.

CANON 11

REGISTRAR OF THE DIOCESE

Sec. 1. At a stated meeting of the Convention, a Registrar of the Diocese shall, upon the nomination of the Bishop, be elected for a term of three (3) years, or until the election of a successor. The Registrar shall receive and safely keep all *Journals*, records and papers of the Convention and of the Standing Committee, under such regulations as the Convention may provide, and shall perform such other duties as Registrar as are requested by the Bishop. The Diocese shall provide a suitable place for the keeping of such records.

Sec. 2. Such records shall be available for research purposes to persons approved by the Bishop or the Standing Committee and shall be made accessible by the Registrar or by some trustworthy person designated by the Registrar under such rules as the Registrar may establish.

Sec. 3. When a vacancy shall occur in said office during the recess of the Convention, the duties of the office shall be performed by the Secretary of the Diocese.

CANON 12

HISTORIOGRAPHER OF THE DIOCESE

Sec. 1. At a stated meeting of the Convention, an Historiographer of the Diocese shall, upon the nomination of the Bishop, be elected for the term of three (3) years, or until the election of a successor. The Historiographer may, with the approval of the Bishop, appoint an assistant.

Sec. 2. It shall be the duty of the Historiographer, when requested by either the Bishop or the Diocesan Convention, to obtain, prepare, and to furnish material or data upon any specific matter referred to the Historiographer, and to make a report to the next Diocesan Convention of such findings. A copy of said report shall be delivered to the Registrar for preservation with other records and papers for the Diocese.

Sec. 3. The Historiographer shall also note from time to time any facts which illustrate the history of the Diocese or that of any portion thereof, and shall report to the Convention each year such additions to the Archives of the Diocese.

Sec. 4. When a vacancy shall occur in the said office during the recess of the Conven-

tion, it shall be filled by a person designated by the Bishop to serve until the next regular meeting of the Convention.

CANON 13

CHANCELLOR OF THE DIOCESE

Sec. 1. A resident adult confirmed member in good standing of the Diocese, a lawyer, shall, upon the nomination of the Bishop, be elected by the Convention to be Chancellor of the Diocese for the term of three (3) years, or until the election of a successor, and shall be entitled, *ex officio*, to a seat in the Convention, but without the right to vote. It shall be the Chancellor's duty to give such professional counsel and services as may be asked for by the Bishop, or by the Standing Committee, or by special committees of the Convention. It is not the duty of the Chancellor to render advice to Parishes, Missions, or bodies of the Diocese other than those listed.

Sec. 2. When a vacancy shall occur in the said office during the recess of the Convention, it shall be filled by a person designated by the Bishop to serve until the next stated meeting of the Convention, at which time a successor shall be elected for the full term.

Sec. 3. Upon nomination of the Bishop after consultation with the Chancellor, a Vice Chancellor who is a resident adult confirmed member in good standing, and a lawyer, may be elected in the same way, and subject to the same provisions for filling a vacancy, as set forth in Sections 1 and 2 herein. The Vice Chancellor shall carry out such duties as the Chancellor may assign.

CANON 14

STANDING COMMITTEE OF THE DIOCESE

Sec. 1. The Standing Committee of the Diocese shall consist of three (3) Presbyters canonically and actually resident in the Diocese, one (1) Deacon canonically and actually resident in the Diocese and three (3) resident Lay adult confirmed members in good standing of the Diocese, all to be elected by the Convention. All such members shall be voting members. In case of a vacancy in the Episcopacy and the Standing Committee is performing as the Ecclesiastical Authority of the Diocese, the Deacon shall stand recused, having voice but not vote, during the continuation of the vacancy.

Sec. 2. The term of office of members of the Standing Committee shall be three (3) years, or until the election of their successors. No member of the Standing Committee who has served any part of the term for which such member was elected by the Convention shall be eligible for re-election to the Standing Committee until an interval of one (1) year has elapsed. Except as set forth in Section 1, the Standing Committee shall have full power to fill vacancies in its membership until the next regular meeting of the Convention when the unexpired term shall be filled by election.

Sec. 3. The Bishop may summon the Standing Committee, which is the Advisory Council to the Bishop, whenever the Bishop shall desire to have its advice; and it may advise the Bishop in its discretion, if so disposed. It has only the powers and it shall perform the duties set forth by the Constitution and Canons of the General Convention and by the Canons of the Diocese of Kentucky. It may make all proper regulations for the promotion of its business not in conflict with the Constitution and Canons of the Church.

Sec. 4. The Committee shall elect at its first meeting one (1) Presbyter from among its members as President and another as Vice President, and one (1) of the voting members as Secretary. Its records, papers, and proceedings shall always be open to the inspection

and examination of the Bishop and the Convention. It shall report its proceedings to every stated meeting of the Convention. Four (4) of the six (6) voting members shall be a quorum.

Sec. 5. The Secretary shall keep and record the minutes of the Committee's meeting, attest its public acts, and perform such other duties as may be required, and shall deliver all records and papers, other than the record book in current use, to the Registrar of the Diocese.

Sec. 6. The Standing Committee shall have authority to fill, for the unexpired term, all vacancies that may occur during the recess of the Convention in any Committee, not within the exclusive jurisdiction of the Bishop, appointed to sit during the recess of the Convention and also in such offices, likewise not within the exclusive jurisdiction of the Bishop, as are held by election, provision for the filling of such vacancies is not prescribed elsewhere in these Canons.

Sec. 7. A reasonable allowance for the expenses of the Standing Committee shall be included in the Diocesan Budget.

CANON 15

BUSINESS METHODS IN CHURCH AFFAIRS

Sec. 1. The Fiscal Year of the Diocese shall begin the first day of January and end the following thirty-first day of December, and all reports made to the stated meeting of the Convention shall embrace the preceding Fiscal Year.

Sec. 2. All accounts having to do with the receipt and expenditure or investment of money of all Church organizations shall be audited at the close of each year by a certified public accountant, an independent licensed public accountant, or such audit committee as shall be authorized by the Finance Committee. Two copies of the audit report shall be sent to the Diocesan office, one to the attention of the Bishop and the other to the attention of the Diocesan Treasurer, by September 1 of the year following the end of the year audited. A copy of the audit report, or a summary thereof prepared by the auditor, shall be made available by the Church or Mission office to each family in the Congregation, upon request.

Sec. 3. Treasurers and custodians, other than banking institutions, shall be adequately bonded.

Sec. 4A. All funds of every Parish, Mission, Congregation, agency or other Ecclesial community of the Diocese, including clergy discretionary funds, shall be deposited in banks or trust companies which are insured by the Federal Deposit Insurance Corporation, *except* for such petty cash amounts as are approved in advance by the Vestry, Bishop's Committee or other governing body. All checks drawn on such accounts shall require two (2) signatures, *except* checks written on clergy discretionary accounts and checks for less than \$300.00.

Sec. 4B. It shall also be the duty of the custodians of all Trust and Permanent Funds for Church purposes to deposit same with some Trust Company or Federal or State Bank organized under the laws of the United States, or of a State, or with a corporation of the Diocese, such as an incorporated Council, under either a deed of trust or an agency agreement providing for at least two (2) signatures on any order of withdrawal of such fund or security. But this requirement shall not apply to funds and securities refused by the Depository named as being too small for acceptance. Such small funds and securities shall be under the care of the persons or corporations properly responsible for them.

Sec. 5. Records shall be made and kept by the Treasurer of all Trust and Permanent Funds showing at least the following:

A. Source and Date;

B. Terms governing the use of principal and income;

- C. To whom and how often reports of condition are to be made;
- D. How the funds are invested.

Sec. 6. No indebtedness shall be incurred by a Parish, Mission, or Congregation without the approval of (a) both the Bishop and the Standing Committee, or (b) the Bishop and the Finance Committee, except:

(a) Indebtedness for permanent improvements, replacements, or additions to real estate or equipment, where the amount of such indebtedness, plus indebtedness of every kind already existing, shall not exceed 150% of the average annual receipts of such Parish, Mission, or Congregation during the past three (3) years.

(b) Indebtedness for current expenses where the amount of such indebtedness, plus all indebtedness theretofore incurred for current expenses and still existing, shall not exceed 20% of the total current receipts of such Parish, Mission, or Congregation during the preceding fiscal year; and the payment of such indebtedness shall be provided for in the budget for the next ensuing fiscal year with reasonable expectation of its payment out of the receipts of the next two (2) years.

In computing receipts under paragraphs (a) and (b) hereof, amounts from or for endowments or from or by bequests, except income therefrom not specifically designated, and receipts for expenditures other than parochial shall not be included.

In any circumstances under which approval is required, it shall be granted only when the payment of all indebtedness shall be provided for in a plan of amortization or other method of payment submitted to and approved by the same authority.

This section shall not apply to the refinancing of existing loans.

Sec. 7. All buildings and their contents shall be kept insured for at least their replacement value.

CANON 16

DIOCESAN BUDGET

Sec. 1. The Diocese shall operate with a unified budget to cover the expenses of the Episcopate and the Diocesan Office, and to promote existing and new ventures in mission and ministry in the Diocese, the nation and the world. Trustees and Council (the "Council") shall prepare and present a proposed budget for the following Fiscal Year, in which proposed expenditures shall not exceed anticipated available income. Council shall publish the proposed budget not less than seventy-five (75) days prior to the opening session of the Convention to all the Congregations of the Diocese along with an appended list of the amount each Congregation is expected to contribute to support the budget consistent with the pledge guideline adopted herein.

Sec. 2. In order to provide for the fair and proportionate support for the mission and ministry of the Church, each Congregation of the Diocese is expected to pledge an amount equal to not less than 15% nor more than 20% of its canonical income to support the Diocesan budget, absent only good cause. For purposes of this canon, "canonical income" shall equal the "Total Operating Revenues" less "assistance from diocese for operating budget" as reported by the Congregation as of the previous December 31st on the Parochial Report Form prescribed by the National Church and submitted to the Bishop (or the ecclesiastical authority of the Diocese) and the National Church. In the event the National Church amends its Parochial Report Form and instructions, "canonical income" shall equal the equivalent entry on the then current Parochial Report Form.

Sec. 3. Each Congregation shall, as soon as practical, and in no case later than forty-five (45) days prior to the opening session of the Convention, notify Council in writing of the amount it pledges to contribute to the next Diocesan budget. Each Congregation's pledge shall be reported to Council on a form to be provided by Council to each Congregation at the time Council publishes the proposed budget in accordance with Section 1 above, in substance as follows:

DIOCESE OF KENTUCKY

Commitment to the Diocese for the Diocesan Budget

[Name of Congregation and City]

For the support of the mission and ministry of the Church in this Diocese, nation, and world, we pledge a proportional part of our income as shown below. We are aware that the adopted expectation for all Congregations of the Diocese is 15% to 20% of canonical income as reported in the most recently available Parochial Report Form for the year ended December 31, 20__.

Our pledge to the 20__ Diocesan budget is \$_____, which represents: _____% of Total Operating Revenues as shown on the last Parochial Report Form of \$_____ [less assistance received from the Diocese for the year described]; and _____% of \$_____, the canonical income we anticipate to receive during the coming year.

In accordance with Diocesan Canon 16, we will remit to Trustees and Council of the Diocese of Kentucky, the sum of \$_____ [one-twelfth of the pledge] on or before the 10th day of each month.

Signed this _____ day of _____, 20_____, on behalf of the above named Congregation.

Rector/ Vicar/Priest in Charge

Senior Warden/Bishop's Warden

Treasurer or Finance Chair

If the Congregation's completed submission does not show that it is pledging at least 15% of its canonical income to support the proposed budget, the Congregation's submission shall be accompanied by an attachment, which is addressed to Council and signed by the same persons who signed the submission, that describes the cause for the Congregation's reduced pledge. Council may request additional information from the Congregation concerning its financial circumstances and shall publish the Congregation's explanation in the advance reports to the Convention along with the proposed budget. A pledge of less than 15% of canonical income shall not alone be grounds for failing to recognize a Congregation or refusing to seat its Lay Deputies at any convention convened in accordance with Canon 4.

Sec. 4. Not less than thirty (30) days prior to the opening session of the Convention Council shall make such revisions in its proposed budget as may be necessitated or permitted based upon Congregational pledges. If the proposed budget uses other resources to balance the proposed budget, Council shall include in its description of the proposed budget a statement of the sources and amounts of such resources and Council's justification for the use of such funds for operating expenses in the current budget. ("Other resources", as used in this canon, shall mean funds identified in the most recent financial statements of the Episcopal Church Foundation of the Diocese as principal of, as opposed to income from, 'unrestricted

funds’, ‘designated funds’, ‘funds functioning as endowments’ or ‘temporarily restricted funds’, or either income from or principal of ‘restricted funds’ for which the restrictions have expired.) Council shall cause a copy of the revised budget to be sent to all clergy and Lay Deputies as part of the advance reports to the Annual Convention of the Diocese.

Sec. 5. Council’s proposed budget shall be submitted to the Convention and, if approved by Convention, it shall take effect beginning on the following January 1st. The Convention may amend the budget proposed by Council, but all amendments to the proposed budget during an Annual Convention must be submitted in writing. Any amendment that would increase total budgeted expenditures must include a corresponding amendment to increase anticipated income in like amount, and any amendment that would decrease total budgeted income must include a corresponding reduction in total expenditures in like amount, specifying each expenditure to be reduced. No amendment submitted during the Convention may be voted on by Convention until at least sixty (60) minutes after it has been submitted in writing to the Convention and no such amendment submitted less than sixty (60) minutes prior to adjournment may be accepted.

CANON 17
TRUSTEES AND COUNCIL OF
PROTESTANT EPISCOPAL DIOCESE OF KENTUCKY

Sec. 1. The Trustees and Council, herein referred to as “the Council”, shall, subject to the authority of the Convention, manage the temporal affairs of the Diocese.

It shall consist of the following members:

1. The Bishop Diocesan, the Bishop Coadjutor, if there be one, and the Bishop Suffragan, if there be one;
2. The Secretary of the Diocese;
3. The Treasurer of the Diocese;
4. The Chancellor of the Diocese;
5. Sixteen (16) Trustees: Of the Trustees, six (6) shall be Lay Persons, adult member communicants in good standing, elected by the Convention of the Diocese; six (6) shall be Presbyters elected by the Convention of the Diocese; one (1) shall be a Lay Person not less than fourteen (14) nor more than eighteen (18) years of age nominated by the Bishop and confirmed by the Council; and three (3) shall be other Lay Persons nominated by the Bishop and confirmed by the Council. Of the twelve (12) elected Trustees, two (2) Presbyters and two (2) Lay Persons shall be elected each year to three (3) year terms to fill the places of those whose terms expire. The four (4) nominated Trustees shall serve for such terms, staggered or concurrent, as the Bishop may determine in a particular case, provided, however, that no such term shall be for a period in excess of three (3) years.
6. One (1) Deacon nominated by the Bishop and confirmed by the Convention of the Diocese, who shall have a seat on the Council with all privileges. The nominated and confirmed Deacon shall hold office for three (3) years.

Sec. 2. The Bishop shall be President of the Council, and it may elect such other officers and appoint such other agents as may be deemed proper, and shall have power to fill, until the next Diocesan Convention, any vacancies that occur among the Trustees during the recess of the Convention; provided, however, that the Secretary, Treasurer, and Chancellor shall be elected and appointed to their respective offices in accordance with the appropri-

ate provisions of the Canons of the Diocese of Kentucky. A majority of all members shall constitute a quorum.

The Convention shall annually elect successors to the members whose terms have expired, but in the event of a failure to elect for any cause, the Trustees in office shall hold over until their successors are elected.

A Trustee may be elected for two (2) successive terms after which at least one (1) year shall elapse before a Trustee may be re-elected. Partial terms shall not be considered in determining whether a Trustee has served two (2) successive terms.

Sec. 3. The Council shall make and preserve a full record of all its acts and shall have the right to adopt By-Laws, Rules and Regulations for its government and the government of its various officers, agents, departments, commissions, and committees.

Sec. 4. The Council shall meet at least four (4) times a year, at a time and place named by the Council. Special meetings may be held at the call of the Bishop, or of any four (4) members.

Sec. 5. Except as otherwise provided in the Constitution and Canons of the National Church and in these Canons, the Council shall have the responsibility of carrying out the program of the Church as adopted by the Diocesan Convention, and in general, may exercise the full power and authority of the Diocese between the sessions of the Diocesan Convention except in relation to amendments to the Canons, the adoption of the Budget, the Admission of New Parishes, or such other matters as may be reserved by Canon to the Diocesan Convention or the Bishop or the Standing Committee, or when any such action would be inconsistent with any action or directives of the Diocesan Convention. The Council shall establish a Finance Committee and it may establish and abolish such other Departments and Committees as it deems appropriate. The Chairs of all such Departments and Committees shall be appointed by the Bishop. The Council shall prescribe the duties of Departments and Committees in By-Laws adopted pursuant to Sec. 3 of this Canon provided such By-Laws are not inconsistent with other provisions of these Canons or the Constitution and Canons of the General Convention.

Sec. 6. The Council shall have charge of all receipts and disbursements provided for under its budget.

Sec. 7. (a) Except as provided in subsection (b) hereof, the Council shall have power in its discretion, at any time after the Convention adjourns, and from time to time thereafter, to reduce or increase the amount of the budget adopted by the Convention, if new needs arise; provided, however, that such budget, after adoption by the Convention, shall not be increased by Council unless and until additional income sufficient to meet such increase, shall be definitely assured, or in hand. The Council shall also have power from time to time, unless otherwise directed by the Convention, to modify and to rearrange specific items in the budget adopted by the Convention, provided such changes therein do not increase the total amount of such budget as adopted by the Convention.

(b) The Council may, by resolution duly entered on its minutes, authorize the Treasurer of the Diocese to borrow such sums as may be necessary from time to time to meet the obligations of the Diocese with promptness and regularity, the amount to be borrowed to be stated in the resolution authorizing it.

Sec. 8. (a) The Chair of the Finance Committee shall be a Lay Person, who shall have a seat in the Convention with all privileges, save the right to vote.

(b) The Finance Committee shall constitute the Diocesan financial body required by the Canons of the General Convention.

(c) The Finance Committee may, by resolution duly entered on its minutes, authorize the Treasurer of the Diocese to borrow such sums as may be necessary from time to time to meet the obligations of the Diocese with promptness and regularity, the amount to be borrowed to be stated in the resolution authorizing it, any such obligation to be signed by the Treasurer in official capacity and countersigned by the Chair of the Finance Committee.

Sec. 9. If the Convention so desires, the Council shall submit the original report of any one or more of the Departments, Commissions, or Committees.

Sec. 10. The Bishop shall appoint a Real Estate Committee, whose members need not be members of the Council, which shall advise the Bishop and Council on matters dealing with real property, and shall annually inspect on a triennial rotation all real property belonging to the Diocese, reporting to Council on the condition of that property and making recommendations concerning its care and disposition. A summary of the Committee's reports noting any action taken by the Council with regard to the real property belonging to the Diocese shall be submitted annually to the Convention.

Sec. 11. The Bishop shall appoint an Investment Committee of three (3) persons. At least one (1) of the persons shall be a member of the Clergy. At least one (1) member of the Committee shall be a member of the Council. The Committee may be given power by the Council, either acting as a Committee or through designated agents, and subject to the restrictions set forth below, to invest and reinvest the securities and intangible property of the Diocese without prior approval of the Council; provided, however, that no real estate shall be bought, sold, encumbered, or leased for a term exceeding one (1) year and there shall be no major sale or encumbrance of other assets, except for the purpose of reinvestment, without the approval of two-thirds (2/3) of the members of the Council either at a duly called meeting or in writing after notice to all members.

Sec. 12. Any member of the Council not a Deputy to Convention may, during his or her term of office, request a voice in Convention and, upon due recognition by the Presiding Officer, may be granted the floor upon matters properly brought before the Convention, provided, however, such privilege shall not include the right to vote in such Convention.

CANON 18

DIOCESAN MISSIONS & ECCLESIAL COMMUNITIES

Sec. 1. The Bishop may recognize a Congregation as a Mission or Ecclesial Community of the Diocese, with the advice and consent of the Trustees and Council.

Sec. 2. A Mission Congregation becomes an Organized Mission or Ecclesial Community with right to representation in Convention when:

(a) It includes 10 or more adult confirmed lay members of the Diocese of Kentucky;

(b) The members, by a majority vote, declare their adherence to the doctrine, discipline, and worship of the Episcopal Church and their agreement to abide by the Constitution and Canons of the Protestant Episcopal Church in the United States of America and of the Diocese of Kentucky;

(c) There is sufficient financial commitment to sustain the life of the Congregation, including the services of a Priest, and to share appropriately in the life of the Diocese;

(d) The Standing Committee consents to the recognition of the Congregation.

Sec. 3. Upon recognition as an Organized Mission or Ecclesial Community, the Bishop, in consultation with its members, shall name the Congregation; appoint a Warden and Bishop's Committee, which shall perform the duties of a Vestry; report the formation of the Congregation to the Secretary, who shall enroll it in the lists of Congregations entitled

to one (1) vote in Convention; and designate a Vicar or Priest-in-Charge to oversee the spiritual life of the Congregation.

Sec. 4. An Organized Mission or Ecclesial Community of the Diocese will continue to have its Warden and Bishop's Committee appointed annually by the Bishop and to be served by a Vicar or Priest-in-Charge until it is accepted in status as a Parish. It shall be expected to sustain its own life, make provisions for regular worship, and to participate in the life of the Diocese.

Sec. 5. Notwithstanding the aforesaid provisions of the Canon, any Parish may, with the consent of the Bishop and the Trustees and Council, establish a Mission church, to be referred to as a "Parochial Mission", which shall be subject to the same rules for its governance as Missions established directly by the Bishop; provided however, that the Trustees and Council will not be obligated to provide any funds for its maintenance, that the property thereof shall belong to the Parish which established the Mission, that the Minister-in-Charge shall be appointed by the Rector of the establishing Parish subject to confirmation by the Bishop, and that the Warden and Church Committee shall be appointed by the Vestry of the establishing Parish, subject to confirmation by the Bishop.

Sec. 6. The Bishop, by and with the advice and consent of the Trustees and Council, may appoint two (2) general missionaries, who shall do such work as the Bishop may determine and render a monthly report of their labors to the Trustees and Council in writing.

Sec. 7. A Mission may purchase property, real and personal, title of which shall be transferred to and held in the name of the Diocese. Such property may be occupied and used by the Mission so long as the Mission remains a part of, and subject to, this Church and its Constitution and Canons and of this Diocese and subject to its Canons.

CANON 19

ADMISSION OF PARISHES INTO UNION WITH THE CONVENTION

Sec. 1. A Congregation desiring to be received into union with the Convention of the Church in this Diocese as a Parish shall submit to the Convention its Articles of Incorporation as filed with the Secretary of State of Kentucky, together with the evidence that it acknowledges the authority of the Constitution and Canons of the General Convention of the Protestant Episcopal Church in the United States of America, and of the Canons of this Diocese, and that it adheres to the doctrine, discipline, and worship of said Church. A certificate from the Ecclesiastical Authority shall be presented, stating the notice of the organization of such Congregation was received at least one (1) month before the stated meeting of the Convention, and that such organization is approved.

Sec. 2. No Congregation shall be received into union with the Convention of the Church in this Diocese as a Parish, except it have at least thirty (30) adult confirmed members in good standing, over sixteen (16) years old, and shall furnish such evidence of its financial condition as shall satisfy the Convention that it will be entirely self-supporting. It is the duty of the Vestry of every Parish, and of the Bishop's Committee of every Mission, to raise and pay promptly the money stipulated for the support of their Ministers, at such intervals of payment as may previously have been agreed upon between the Rector, or if there be no Rector, the member of the Clergy in charge of the Congregation and the Vestry or Bishop's Committee.

Sec. 3. Whenever any Congregation of the Church in this Diocese shall not have at least three (3) adult confirmed members in good standing, and shall fail to have public service in the Congregation by a person authorized to conduct the public services of the Church, at

least once every three (3) months of the year preceding the stated meeting of the Convention, such Parish shall be removed from the list of Congregations of the Diocese.

Sec. 4. Upon admission of a Parish into union with the Convention and its incorporation under the laws of the Commonwealth of Kentucky, all property, real or personal, otherwise being held in its behalf by the Diocese, will be transferred to the corporation, upon the understanding and condition that all such property is held in trust for the Church and will revert to the Diocese should the Congregation ever cease to exist as a Parish of this Diocese.

CANON 19A

AIDED PARISH

Sec. 1. The Convention may establish an Aided Parish, which shall be an intermediate position between that of an Organized Mission established under Canon 18 and a Parish established under Canon 19.

Sec. 2. (a) The Convention may in its discretion grant an Organized Mission the status of Aided Parish upon application by the Organized Mission, received by the Bishop at least one (1) month prior to the stated meeting of the Convention and with the certified approval of the Bishop.

(b) Such status, if granted, shall continue for five (5) consecutive years, including the year in which such status is granted, if such Aided Parish can meet from its own resources not less than 75% of its budget for each of those five (5) years. The balance of its budget shall continue to be met by the Diocese.

(c) If during any of those five (5) years, such Aided Parish cannot meet at least 75% of its budget, it shall become an Organized Mission at the end of the year in which the budget requirement was not met.

(d) If such Aided Parish meets the budget requirement for each of five (5) consecutive years, it may apply to be received into union with the Convention as a Parish, provided it meets all the requirements of Canon 19. If such an Aided Parish either does not meet the requirements of Canon 19 or chooses for whatever reason not to apply for admission as a Parish, the Aided Parish shall become an Organized Mission subject to the provisions of Canon 18 and Canon 19.

(e) No Aided Parish established under this Sec. 2 shall hold title to property, and such title shall be conveyed to that Congregation only after Parish status has been established under Canon 19.

(f) An Aided Parish established under this Sec. 2 shall continue to be subject to those provisions of Canon 18, pertaining to an Organized Mission, not inconsistent with this Section.

Sec. 3. (a) Notwithstanding the provisions of Canon 19, the Convention may grant the status of Aided Parish, upon application of a Parish received by the Bishop at least nine (9) months prior to the stated meeting of the Convention and with the certified approval of the Bishop.

(b) Such status, if granted, shall continue so long as the Parish is unable to pay 100% of its current expenses, but can pay at least 75% of its expenses at least the next five (5) years, including the year in which such status was granted. A request should be made to the Diocese to pay any part, or all, of the balance.

(c) If during any one (1) of these five (5) consecutive years, such Aided Parish cannot pay at least 75% of its expenses as determined by the Convention, it shall become an Organized Mission under Canon 18.

(d) If at the end of the five (5) consecutive years such Aided Parish is unable to meet

100% of its current expenses, such Aided Parish shall become an Organized Mission under Canon 18.

(e) An Aided Parish recognized under this Sec. 3 shall continue to hold all other privileges of Parish status not specifically inconsistent with this Section.

CANON 20

MERGER OR CONSOLIDATION OF CONGREGATIONS

The Bishop, with the advice and consent of the Standing Committee, may, upon terms satisfactory to the respective Congregations and Rectors, if there be such, merge two (2) or more Congregations into one (1) surviving Congregation or consolidate two (2) or more Congregations into one (1) new Congregation. The title to property of the separate Congregations shall be transferred or vested as provided in the plan of merger, or the plan of consolidation, approved by the separate Congregations and the Standing Committee.

CANON 21

PARISH MEETINGS AND VOTERS AT THE SAME

Sec. 1. Each Parish shall hold an Annual Meeting. The meeting shall include a report by the Rector, by the Treasurer of all money handled, by the Vestry concerning financial condition and on behalf of appropriate parochial organizations of work done and contemplated. Each Parish shall elect members of a Vestry at the time of the Annual Meeting.

Sec. 2. The following persons, and they alone, shall be competent voters at Parish meetings, and at the election of Vestries: Communicants in good standing, of the age of sixteen (16) years or over, and who have in some way contributed to the support of the Parish. In cases of disputed elections, an appeal shall lie to the Standing Committee, whose judgment shall be final.

Sec. 3. In case of a vacancy in the Rectorship, the Senior Warden shall arrange for the Annual Parish Meeting and present the report generally made by the Rector.

CANON 22

ELECTION OF A VESTRY

Sec. 1. At the Annual Congregational Meeting each year, the legal voters of every Parish shall elect, by ballot, out of the number of communicants in good standing of the Parish, of the age of sixteen (16) years and over, a Vestry, of not less than three (3) in number nor more than twenty-one (21). Nothing herein shall prohibit a Parish from specifying that one (1) or more of the Vestry elected during any year to be a person of the age of sixteen (16) to eighteen (18) years who shall serve a one-year term with the right to vote.

In electing a Vestry, the legal voters shall choose by ballot one-third (1/3) of the whole number of the Vestry to serve for one (1) year and until the election of their successors; one-third (1/3) of the whole number to serve two (2) years and until the election of their successors; and one-third (1/3) of the whole number to serve for three (3) years and until the election of their successors, and thereafter the term of office of members of the Vestry shall be for three (3) years and until the election of their successors. No member of a Vestry shall be eligible for re-election until an interval of one (1) year has elapsed; provided, however, that a member of the Vestry elected to fill an unexpired term shall be eligible for re-election to the next succeeding full term.

Notwithstanding the above provision for electing members of the Vestry for three-year terms, any Parish may by majority vote at its Annual Congregational Meeting or by appropriate provisions in the Articles of Incorporation or By-Laws of the Parish provide for

the election of the entire Vestry for a one-year term.

In the absence of a procedure specified in the Articles of Incorporation of the Parish, the Vestry shall elect three (3) communicants of the Parish as judges of the election, and shall fix the time and place thereof. Two (2) of such three (3) judges shall be a quorum to conduct the election, and when called upon to monitor the election shall keep a record of the number of people present, count the ballots, or cause the same to be done, and declare the result. No vote shall be by proxy and cumulative voting is not allowed.

Sec. 2. (a) When vacancies among their number occur, the Vestry may elect successors for the remainder of the unexpired term of such retiring members. At their first meeting they shall elect out of their number: a Senior Warden, a Junior Warden, and a Secretary, and they shall also elect a Treasurer for the Parish, provided, however, that in the case of Christ Church Cathedral, the Bishop, in consultation with the Dean, shall annually appoint from the Lay Members of the Chapter, a Senior Warden.

In case so many of the Vestry shall offer their resignations that, were all such resignations accepted, the number remaining in the Vestry would be reduced below the legal and canonical limit, then the Vestry shall act upon each resignation separately and proceed to fill the vacancy so caused before considering any other resignation, so that at no time shall the Parish be deprived of a legal and canonical Vestry.

(b) If any person elected to the Vestry shall fail to attend its meetings or to serve on any Committee, the Vestry shall have the right to declare such person's election void and proceed to elect a successor to serve the unexpired term.

Sec. 3. Notwithstanding the provisions and limitations of this Canon, Sec. 1, in the event of the merger or consolidation of two (2) or more Parishes in the Diocese, the Vestry of the merged Parish may, for a period of three (3) years immediately following the merger, consist of such a number of the Vestry not to exceed the combined number on the Vestries of the Parishes before the merger, and such mergers of the Vestry shall be equally divided between the merged Parishes.

CANON 23

DUTIES OF VESTRIES

Sec. 1. The duty of the Vestry of each parish shall be to provide for and regulate its temporal affairs in accordance with Canon 15 and cooperate with the Rector for the promotion of the spiritual welfare of the Cure. It is the duty of the Vestry of every Parish, and of the Bishop's Committee of every Mission, to raise and pay promptly the money stipulated for the support of their Ministers, at such intervals of payment as may previously have been agreed upon between the Rector, or if there be no Rector, the member of the Clergy in charge of the congregation and the Vestry or Bishop's Committee.

Sec. 2. In the event of the Rector's death, resignation or removal, the Vestry shall notify the Bishop without delay, make provision for services of public worship, and call a Rector. No election of a Rector shall be held until: 1) the Wardens submit the name of the Priest whom the Vestry proposes to elect to the Bishop, if there be one; 2) the Wardens have provided sufficient time, not exceeding thirty (30) days, to the Bishop to communicate with the Vestry thereon; and 3) the Bishop's communication, if made within that period, has been considered by the Parish or Vestry at a meeting called and held for that purpose. Written notice of the election, signed by the Wardens, shall be sent to the Ecclesiastical Authority of the Diocese. If the Ecclesiastical Authority is satisfied that the person so chosen is a duly qualified priest and that the priest has accepted the office, the notice shall be sent to the

Secretary of the Convention, who shall record it.

Sec. 3. The Rector shall be *ex officio* a member of the Vestry, with a vote, and its Presiding Officer. The Rector may originate motions and enter into the debate; but when doing so shall call upon one (1) of the Wardens or a member of the Vestry to take the Chair. In the absence of the Rector, the Senior Warden shall preside; in the absence of both the Rector and Senior Warden, the Junior Warden shall preside; in the absence of Rector and Wardens, the Vestry may elect its Presiding Officer *pro tempore*. The Rector, or the Presiding Officer, if voting as a member of the Vestry, shall have no casting vote in case of a tie. The Vestry may fix the time for its regular meetings. Special meetings may be called by the Rector, or the Wardens, or any three (3) of the Vestry members, upon reasonable notice to the Rector, Wardens, and Vestry members.

Sec. 4. The duty of the Secretary is to take minutes of the proceedings of the Vestry, and to record them in a Parish book kept for that purpose alone; to preserve the records, to attest the public acts of the Vestry, to perform such other duties as may be legally assigned, and to deliver to any successor all books and papers in the Secretary's possession belonging to the Parish.

Sec. 5. The duty of the Treasurer is to receive all Parish funds, to keep accurate account of all monies, to disburse Parish funds as ordered by the Vestry, and to make regular reports thereof to the Rector and Vestry, to perform such other duties which may legally be assigned, and to deliver to any successor all monies, accounts, and vouchers in the Treasurer's possession belonging to the Parish. The Treasurer shall be adequately bonded (Canon 15, Section 3).

Sec. 6. No Vestry of any Parish shall encumber or alienate any real property held by the Parish or any part thereof without the prior written consent of the Bishop and the Standing Committee of the Diocese, however, this section does not apply to leases or rental agreements so long as any potential lease or agreement does not grant to the lessee or tenant an option or right to purchase any part of the property and does not place a lien upon the fee interest of the property. No Vestry of any Parish may amend the Articles of Incorporation of the Parish's corporation, or attempt to present amended Articles of Incorporation to the Kentucky Secretary of State, unless the text of the proposed amendment or amendments has received the prior written approval of the Bishop and either the Chancellor or the Vice Chancellor of the Diocese.

CANON 24

DISSOLUTION OF THE PASTORAL CONNECTION

Sec. 1. The Pastoral connection between the Rector and the Parish may be dissolved at any time by the joint consent of the Rector and of the Vestry.

Sec. 2. If for any urgent reason a Rector, or the Parish committed to such Rector's charge, or its Vestry shall desire a separation and dissolution of the Pastoral relation, and the parties be not agreed respecting such separation and dissolution, notice in writing may be given by either party to the Ecclesiastical Authority of the Diocese. The Bishop, in case the difference be not settled by the Bishop's Godly judgment, shall ask the advice and consent of the Standing Committee of the Diocese, and proceeding with their aid and counsel, shall be the ultimate arbiter and judge. If the Diocese be vacant, the Ecclesiastical Authority shall select a Bishop of an adjacent Diocese to act as the Bishop, and with like force and effect. The judgment shall be either that the Pastoral relation between the parties shall cease and determine at a time and upon terms therein specified, or that the said relation shall not be terminated; and such judgment shall be binding upon both parties. In the event of the failure

or the refusal of either party to comply with the terms of such judgment, the Bishop may inflict such penalties as may be provided by the Canons of the Diocese; and in default of any provisions of such penalties therein, the Bishop may (a) in the case of a Rector, suspend such Rector from the exercise of priestly office until such Rector shall comply with said judgment; (b) in the case of a Vestry, the Bishop shall recommend to Diocesan Convention that the union of the Parish with the Convention shall cease until it shall have complied with the Bishop's judgment.

Sec. 3. In no case shall the Pastoral connection be dissolved without the consent of the Rector until all money owing to the Rector by the Parish shall have been paid or settled upon terms approved by the Ecclesiastical Authority.

Sec. 4. If the Rector of a Parish shall wish to terminate the employment of an Assistant or Associate Priest or Curate by the Parish, such Rector shall, in writing and prior to putting into effect such determination, communicate the wish to the Ecclesiastical Authority, together with the reason motivating such determination. The Ecclesiastical Authority shall promptly confer with such Rector, and they shall discuss said determination and reasons. The Ecclesiastical Authority may also consult with the Assistant or Associate Priest or Curate. The Rector shall hear the Godly admonition of the Ecclesiastical Authority and reflect upon it before proceeding further in the matter.

In no case shall the employment of the Assistant or Associate Priest or Curate be dissolved until all money owing to such person by the Parish shall have been paid or settled upon terms approved by the Ecclesiastical Authority.

CANON 25

TEMPORARY SUPPLY OF VACANT PARISHES

Sec. 1. If there be a vacancy in a Congregation, the Wardens, or other proper officers of the Parish, shall immediately notify the Bishop and shall make provision for Divine Services. If the Wardens or other proper officers shall fail for more than thirty (30) days to make provision for Divine Services, the Bishop, or in the event of a vacancy in the Episcopate, the President of the Standing Committee, may take order to supply the Parish temporarily. The Parish shall pay the expenses of the supply.

Sec. 2. It is the duty of the Clergy, their expenses being borne, and having the consent of their Vestry, if in charge of a Parish, to comply with the requisition of the Bishop, or in the event of a vacancy in the Episcopate, of the President of the Standing Committee, in order to supply a vacant Parish.

Sec. 3. The services of an Interim Priest may be employed by a Parish during the time that a successor Rector is being chosen. The Vestry and the Interim Priest shall have a written contract specifying the length in terms of service and setting out the expectations of both Vestry and Priest during the period of service.

Sec. 4. Upon the resignation or death of a Rector, or the dissolution of a Pastoral relationship, the Vestry shall consult with the Bishop on the selection of a successor. A Search Committee may be appointed by the Vestry which may work in consultation with the Diocesan Deployment Officer or other consultant. The Vestry shall administer the affairs of the Parish during the vacancy, in consultation with the Bishop, in preparation for the call of a new Rector.

CANON 26
THE CATHEDRAL

Sec. 1. The Church in the Diocese of Kentucky hereby acknowledges Christ Church Cathedral, Louisville, as the Cathedral Church of this Diocese, with the same ecclesiastical jurisdiction, rights, privileges, and obligations as any Parish organization in union with the Convention.

Sec. 2. The Chapter of the Cathedral shall be incorporated under the laws of the Commonwealth of Kentucky.

CANON 27
DUTIES OF THE LAITY

Sec. 1. It is the duty of every member of this Diocese to live in harmony with the responsibilities of that member's Baptism and to be faithful in working, praying, and giving for the spread of the Kingdom of God. It is the duty of every member to live in the daily exercise of worship. It is the duty of the Clergy to instruct their people publicly from time to time regarding this subject.

Sec. 2. It shall be the duty of every communicant of a Parish to attend the services and to support financially and otherwise, according to such communicant's ability, the work of the Congregation, Diocese, and work outside the Church as will contribute to the spread of the Kingdom of God. Every communicant removing from one Congregation to another, or habitually attending, or intending to attend, for the period of one (1) year or more the services of a Congregation other than that where such person may be enrolled as a communicant, shall obtain a Letter of Transfer to the latter Congregation, and shall not be considered or treated as a communicant of the latter Congregation until said Letter of Transfer shall have been accepted and acknowledged to the former Congregation and the communicant shall have been regularly enrolled therein.

CANON 28
DUTIES OF THE CLERGY

Sec. 1. The Rector, or if there be a vacancy in the Parish, the member of the Clergy in charge of a Congregation has control of, and is responsible for, the public worship in the Church, the music, and the furniture and appointments of the Chancel. Nothing, however, connected with the furnishing or arrangements of the Chancel, or alteration thereof, shall be done contrary to the admonition or judgment of the Bishop.

Sec. 2. The Rector, or if there be a vacancy in the Parish, the member of the Clergy in charge of a Congregation shall promptly make, in the official Parish register, an accurate and complete record of all baptisms, confirmations, marriages, and burials within the cure, and a list of all communicants, families, and persons therein. Such records shall be submitted to the Bishop, for inspection, at every formal visitation to the Parish or Mission, and at any other time when the Bishop may demand it.

Sec. 3. The Rector, or if there be a vacancy in the Parish, the member of the Clergy in charge of a Congregation shall, not later than February 1st of each year, deliver to the Secretary of the Diocese two (2) copies of a report of the condition of the Congregation in the form provided by the General Convention, and shall file a copy thereof in the Parish or Mission record. The Secretary of the Diocese shall forward one (1) copy to the National Church.

Sec. 4. The duties of the Clergy include also those prescribed from time to time in the National Canons.

CANON 29
ECCLESIASTICAL DISCIPLINE

Sec. 1. The ecclesiastical discipline of Members of the Clergy shall be governed by Title IV of the Canons for the Government of The Protestant Episcopal Church in the United States of America (the “Church”), as presently adopted and as hereafter amended by the General Convention. Terms and phrases used in this Canon shall have the meanings provided in the Constitution and Canons of the Church.

Sec. 2. (a) There is hereby established a court to be known as the Disciplinary Board consisting of seven (7) members, four (4) of whom shall at all times be Members of the Clergy canonically resident in a diocese of the Church in the Commonwealth of Kentucky, and three (3) of whom shall at all times be qualified adult communicants in good standing of a diocese of the Church in the Commonwealth. Members of the Standing Committee shall not be disqualified for election to the Board.

(b) At each annual meeting of the Convention a sufficient number of qualified Clergy and adult communicants in good standing of the Diocese of Kentucky shall be elected as needed to complete the composition of the Board for the coming year. Each member shall be elected for a three (3) year term and thereafter until his or her successor has been elected. The terms of the members shall commence on the first (1st) day following election. Members may be reelected for up to three (3) successive terms but no member shall be eligible for reelection for at least one (1) year after the end of his or her third (3rd) consecutive term. Partial terms shall not be considered in determining whether a member has served three (3) successive terms.

(c) In the event that a vacancy occurs between sessions of the Convention, the President of the Board shall notify the Bishop of the vacancy and request appointment of a replacement member of the same order as the member to be replaced. The Bishop shall appoint as a replacement Board member a person who meets the same eligibility requirements as are stated in Section 2(a) of this Canon to complete the unexpired term.

Sec. 3. (a) If during a proceeding under Title IV and this Canon any member of a Conference Panel or Hearing Panel shall become aware of a personal conflict of interest or undue bias, that member shall immediately notify the President of the Board and request the appointment of a replacement member of the Panel. Respondent, Respondent’s Counsel and the Church Attorney shall have the right to challenge any member of a Panel for conflict of interest or undue bias by motion to the Panel for disqualification of the challenged member. The members of the Panel not the subject of the challenge shall promptly consider the motion and determine whether the challenged Panel member shall be disqualified from participating in that proceeding. In the event that the non-challenged Panel members split equally concerning the challenge, the President of the Disciplinary Board shall cast the deciding vote.

(b) In the event a member of a Conference Panel or a Hearing Panel who was identified to hear a pending case withdraws as the result of a personal conflict of interest or as a result of a challenge, no vacancy will be created on the Board but the President of the Board shall request the Bishop who, following consultation with the Standing Committee, shall appoint a replacement member to the Panel for the pending case. The replacement may be another member of the Disciplinary Board of this Diocese or a member of the Disciplinary Board of the Diocese of Lexington and such appointee may serve on the Panel until the conclusion of the Panel’s involvement with the pending case.

Sec. 4. (a) Within thirty (30) days following the annual Convention, the Bishop shall appoint either a member of the Clergy or an adult communicant in good standing in this Diocese

to serve for the following year as Intake Officer and shall convey the name of such person to the Secretary and the Chancellor. The Bishop shall announce the name of the Intake Officer in appropriate Diocesan publications and the Bishop and the Intake Officer shall jointly and severally publicize the methods and means of reporting or forwarding information concerning potential Offenses to the Intake Officer. Following the appointment of the initial Intake Officer, he or she shall create a Diocesan Intake Journal in which the Intake Officer, and each succeeding Intake Officer, shall record the date and all initially received specifications concerning every allegation of an Offense forwarded to the Intake Officer, including the name(s) of Member(s) of the Clergy involved, the name(s) of all Injured Persons, the name of the Complainant(s) and witnesses, if any. Following the final resolution of every allegation of an Offense, the Intake Officer shall record the date and nature of the resolution in the Intake Journal. The information recorded in the Intake Journal shall be kept confidential except for purposes of administration of proceedings under Title IV or as otherwise provided in Title IV.

(b) Within two (2) months following each Annual Convention, the Chancellor shall convene an organization meeting of the Board and the Intake Officer. At the meeting the members of the Board shall elect from among themselves by majority vote, one (1) person to serve as President of the Board for a one-year term and the Chancellor shall familiarize the members of the Board with the provisions of Title IV and this Canon. Following the organization meeting, the President of the Board and the Intake Officer shall compile a proposed roster of persons who would be qualified to serve, if and when needed, as Advisors, Investigators and Conciliators for pending cases and the Intake Officer shall provide the names of such persons to the Bishop.

Sec. 5. The Bishop shall appoint, in consultation with the President of the Board, one or more persons, each of whom has advised the Bishop that he or she will agree to serve, upon request, as an Investigator. Investigators may, but need not be, members of the Church.

Sec. 6. The Bishop shall annually appoint an attorney or attorneys who are Members of the Church and are licensed to practice law in the Commonwealth of Kentucky to serve as Church Attorney(s) for the following calendar year. The person(s) so selected need not reside within this Diocese. In the course of his or her duties a Church Attorney may consult with the President of the Board. The Bishop, following consultation with the Standing Committee, may remove a Church Attorney from office at any time.

Sec. 7. The Bishop may appoint a qualified person as an Advisor for every Complainant. The Bishop shall make a qualified Advisor available for every Respondent before the imposition of any restriction on ministry or placement on Administrative Leave, or before the Respondent is called upon to respond to a Complaint. Persons serving as Advisors shall hold no other appointed or elected position provided for under this Title, and shall not include the Chancellor or Vice Chancellor of this Diocese or any person likely to be called as a witness in the proceeding relating to the Complaint.

Sec. 8. The Board shall appoint a Board Clerk to assist the Board with records management and administrative support. The Clerk may be a member of the Board.

Sec. 9. (a) This Diocese shall, subject to approval by Trustees and Council, reimburse the reasonable costs and expenses of: the Board; the Intake Officer; and, the Board Clerk. This Diocese shall, subject to approval by Trustees and Council, pay the reasonable fees and reimburse the reasonable costs and expenses incurred during the investigation or prosecution of a pending case by: the Investigator; Advisors appointed or made available by the Bishop; the Church Attorney; the Conference Panel; the Hearing Panel; and, the coordinator of a pastoral response.

(b) In the event that either a final Order dismissing a Complaint or an Accord approved by the Bishop contains a finding that the Complaint was frivolous or not brought in good faith by the Complainant, the reasonable defense fees and costs incurred by the Respondent may be paid or reimbursed by this Diocese, subject to approval by Trustees and Council.

Sec. 10. Records of active proceedings before a Hearing Panel, including the period of any pending appeal, shall be certified by the President of the Panel and shall be preserved and maintained in the custody of the Board Clerk, or the Diocesan offices.

Sec. 11. The Bishop shall make provision for the permanent storage of records of all proceedings under this Canon and Title IV in, or under the control of, the Diocesan office and in the Archives of the Church, as prescribed in Title IV.

Sec. 12. Any meeting required under Title IV and this disciplinary Canon, other than during proceedings before a Hearing Panel at which evidence may be taken or examined by the Hearing Panel, may be conducted either in person or through telephonic or other electronic communications equipment by means of which all persons participating in the meeting can hear each other at the same time.

Sec. 13. When appointing members of a Hearing Panel the President of the Board shall endeavor to ensure a level of legal expertise among or for its members.

Sec. 14. This Canon has been entered into following an agreement between the Bishop of this Diocese and the Bishop of the Diocese of Lexington. The Bishop of this Diocese and the President of the Board appointed pursuant to this Canon may develop and share resources for the implementation of, and proceedings under, Title IV with their counterparts in the Diocese of Lexington.

Transition Provisions. The terms of the persons who were elected as members of the Ecclesiastical Court at the 181st and the 182nd Annual Conventions of the Diocese, and any persons then serving for unexpired terms, shall serve beginning on July 1, 2011 as initial members of the Disciplinary Board under this Canon for the terms to which elected, or appointed, and until their successors have been elected by subsequent Annual Conventions, and one (1) new Member of the Clergy shall be elected at the 183rd Annual Convention of the Diocese for a three year term on the initial Disciplinary Board. [Two members who were elected to the Ecclesiastical Court at the 180th Annual Convention, one Clergy selected by lot and one Lay, shall serve if needed for an ecclesiastical trial under the predecessor Title IV and Canon 29 until at least June 30, 2011. Matters which are pending on June 30, 2011 under the predecessor Title IV and Canon 29 shall proceed to conclusion, if necessary, in accordance with Title IV and Canon 29 and members of the Ecclesiastical Court in this Diocese on such date shall not lose jurisdiction concerning such proceedings by reason of the adoption of this Canon.] At the 184th Annual Convention, three persons shall be elected, two for three year terms and one for a two year term. At the 185th Annual Convention three persons shall be elected for terms of three years each. At the 186th and 187th Annual Conventions, two persons shall be elected for terms of three years each. At subsequent Annual Conventions either three or two persons shall be elected for three years terms as needed to maintain a Disciplinary Board consisting of four Clergy and three Lay members.

CANON 30

COMMISSION ON MINISTRY

At each stated meeting of the Convention, there shall be elected a Commission on Ministry, not to exceed fifteen (15) Clergy and Lay persons, the members of which shall

be nominated by the Bishop and confirmed by vote of the Convention. Each person so elected shall serve for one (1) year and until a successor shall be elected and qualified. The Commission on Ministry shall operate in accordance with the procedures established by the National Canons.

CANON 31

THE BISHOP DUDLEY MEMORIAL FUND, INC.

The Bishop Dudley Memorial Fund, Inc. (formerly the Board of Trustees of the Bishop Dudley Memorial) is a nonstock, nonprofit corporation organized and existing as a religious corporation under Chapter 273 of the Kentucky Revised Statutes. It is governed by nine (9) Trustees who are Lay persons elected by the Convention. Three (3) Trustees shall be elected each year for a term of (3) years to succeed the three (3) members whose terms expire, but in the event of the failure to elect by the Convention for any cause, they shall hold over until their successors are elected and qualified. No member who has served for any part of the term elected shall be eligible for re-election until an interval of one (1) year has elapsed. The incumbant Trustees shall have the power to fill vacancies in their number during the recess of the Convention.

The Corporation shall have charge of the Endowment Fund for the support of the Episcopate in this Diocese, and of all the additions thereto and accretions thereof, and of all real estate belonging to the said Endowment Fund, including an Episcopal residence, which residence it shall keep in repair and properly insured, and pay all taxes against the same, if any are legally assessed.

This corporation shall be governed in the discharge of its duties by the Canons of the Diocese and the resolutions of the Convention not inconsistent with its Articles of Incorporation, and it shall make a report, in writing, to every stated meeting of the Convention. Copies of its Articles of Incorporation shall be deposited with the Diocesan Registrar. Changes in the Articles of Incorporation shall be submitted for the approval of Convention before becoming effective.

CANON 32

THE CHURCH PENSION FUND

Sec. 1. In conformity with the legislation adopted by the General Convention of 1913, pursuant to which The Church Pension Fund was duly incorporated, and in conformity with the Canon of the General Convention "Of The Church Pension Fund", as heretofore amended and as it may hereafter be amended, the Diocese of Kentucky hereby accepts and acknowledges The Church Pension Fund, a corporation created by Chapter 97 of the Laws of 1914 of the State of New York as subsequently amended, as the authorized and approved pension system for the Clergy of the Protestant Episcopal Church in the United States of America and for their dependents and declares its intention of supporting said Fund in accordance with its Rules.

Sec. 2. The Bishop of this Diocese shall appoint annually a Committee of the Church Pension Fund to consist of two (2) Presbyters and two (2) Lay Persons for a term of one (1) year and until their successors shall have been appointed or qualified, and the Bishop may from time to time fill by appointment any vacancies in said Committee caused by resignation, death, or inability to act.

Sec. 3. The duties of said Committee shall be as follows:

(a) To be informed of, and to inform the Clergy and Laity of this Diocese of the pen-

sion system created by the General Convention and committed by it to the Council of The Church Pension Fund, in order that the ordained Clergy of the Church may be assured of pension protection for themselves in the event of old age or total and permanent disability and for their spouses and minor orphan children in the event of death.

(b) To receive reports from The Church Pension Fund, from time to time, on the status of the pension assessments payable to said Fund, under its Rules and as required by Canon Law, by this Diocese and by the Parishes, Missions, and other ecclesiastical organizations within this Diocese.

(c) To make an annual report to the Convention of this Diocese of such matters relating to The Church Pension Fund as may be of interest to the said Convention and to make quarterly reports to the Council.

(d) To cooperate with The Church Pension Fund in doing all things necessary or advisable in the premises to the end that the Clergy of this Diocese may be assured of the fullest protection by said Fund under its established Rules.

Sec. 4. It shall be the duty of this Diocese and of the Parishes, Missions, and other ecclesiastical organizations therein, each through its Treasurer or other proper official, to inform The Church Pension Fund of salaries and other proper compensation paid to members of the Clergy by said Diocese, Parishes, Missions, and other ecclesiastical organizations for services rendered, currently or in the past, prior to their becoming beneficiaries of said Fund, and changes in such salary and other compensation as they occur; and to pay promptly to The Church Pension Fund the pension assessments required thereon under the Canon of the General Convention and in accordance with the Rules of said Fund.

Sec. 5. It shall be the duty of every member of the Clergy canonically resident in or serving in this Diocese to inform The Church Pension Fund promptly of such facts as dates of birth, of ordination or reception, of marriage, births of children, deaths, and changes in cures or salaries, as may be necessary for its proper administration and to cooperate with said Fund in such other ways as may be necessary in order that said Fund may discharge its obligations in accordance with the intention of the General Convention in respect thereto.

Sec. 6. (a) It shall be the duty of the Treasurer of the Diocese to pay to the Fund the premiums payable on behalf of the Bishop of the Diocese, and also of the Bishop Coadjutor, and the Bishop Suffragan, if there be such.

(b) It shall also be the duty of the Treasurer of the Diocese to pay to the Fund the premiums payable on account of all stipends received by members of the Clergy from the Council.

Sec. 7. It shall be the duty of every member of the Clergy as aforesaid receiving a stipend or stipends, to furnish a statement of such stipend or stipends to the Committee on The Church Pension Fund whenever said Committee shall in writing ask for such statement.

Sec. 8. (a) If any Parish shall become six (6) months in arrears in payment of assessment of its Rector or other Clergy to the Fund, as attested by formal statement from the office of the Fund, such Parish shall be deprived of Lay representation in the Convention of the Diocese until such arrears in excess of six (6) months have been paid.

(b) If any Parish or Mission receiving regular grants from the Diocese shall permit the assessment of its Rector or Priest-in-Change to become three (3) months in arrears, as shown by formal statement from the office of The Church Pension Fund, the Treasurer of the Diocese is directed to pay said arrears in assessment and pay currently further assessments as they become due, deducting said payments from sums granted said Parish or Mission.

CANON 33
DEPUTIES TO THE GENERAL CONVENTION
AND THE PROVINCIAL SYNOD

Sec. 1. At the stated meeting of the Convention in the calendar year preceding the year in which the General Convention is to meet, four (4) members of the Clergy, canonically resident in the Diocese, and four (4) resident adult confirmed members in good standing, of the Diocese, shall be elected as Deputies of the Church in this Diocese to the General Convention for a term of three (3) years and until the election of their successors. At the same meeting, and in the same manner, two (2) members of the Clergy and two (2) Lay persons, having the qualifications for Deputies, shall be elected as Alternates.

Sec. 2. As soon as any one of the Deputies-elect shall find that such Deputy-elect will be unable to attend the General Convention, such Deputy shall signify this inability to the Ecclesiastical Authority. The Ecclesiastical Authority shall supply the vacancies so arising from the respective list of Alternate Clerical and Lay Deputies, in the Order in which such Alternate Deputies were elected.

Sec. 3. The Bishop, or in the Bishop's absence the Standing Committee, shall appoint such Deputies to the Provincial Synod as may be appropriate to the Synod Agenda in any year.

CANON 34
TRUSTEES OF THE UNIVERSITY OF THE SOUTH

The Trustees shall consist of one (1) member of the Clergy and two (2) Lay persons. At each Annual Convention one (1) Trustee shall be elected of the same Order as the retiring member for a term of three (3) years and until a successor is elected and qualified.

CANON 35
COMMITTEE ON CHURCH ARCHITECTURE AND ALLIED ARTS

Sec. 1. The Committee on Church Architecture and Allied Arts shall consist of the Bishop, who shall be a member, *ex officio*, no fewer than three (3) members of the Clergy, and two (2) Lay persons versed in ecclesiastical designs. The Committee shall be appointed by the Bishop at each Annual Convention.

Sec. 2. It shall be the duty of every Mission or Parish receiving aid from the Diocese to lay before this Committee plans of any new church, chapel, or related buildings, and of any proposed changes in any existent church, chapel, or related buildings; and no such work or erection or change shall be undertaken until the said plans have received the approval of the Committee.

Sec. 3. It shall further be the duty of the Committee, at the request of the Bishop, to advise the Council in the examination and approval of sites for the erection of proposed churches, chapels, and related buildings.

Sec. 4. The Committee shall also consider plans for the furnishing and embellishment of all such churches, chapels, and related buildings; and no work of erection, change, or ecclesiastical furnishings, including memorials, shall be undertaken until the plans have received the approval of the Committee.

Sec. 5. It shall be the duty of the Committee, when requested by any Parish, to extend assistance in the way of counsel and to advise with regard to the plans for any new church, chapel, or related buildings, or any change in the construction or ecclesiastical furnishings thereof, including memorials. The counsel and advice of the Committee shall be given in writing to the Parish requesting the same within one (1) calendar month after the receipt of the plans by said Committee.

CANON 36

CHURCH-RELATED INSTITUTIONS

Sec. 1 The mission and ministry of the Church in this Diocese can often be delivered through, or in cooperation with, other institutions. The Diocese, one or more of its parishes or committed Episcopalians have been instrumental in the founding and support of many institutions which have served not only the mission of the Church but also benefited their communities. Entities which are or have been affiliated with the Diocese include the Norton Hospital of Norton Healthcare, the Episcopal Church Home, the Home of the Innocents, the Woodcock Foundation, Saint Francis School, Saint Francis High School, Saint George's Community Center, Inc., Episcopal Housing Corporation of Kentucky, Inc., and the Aaron McNeil Center

Sec. 2. Every board, foundation or other entity existing prior to the amendment of this Canon which desires to benefit from the group income taxation exemption of the National Church and the Episcopal Church in this Diocese (other than its parishes, missions and ecclesial communities, all Commissions and Committees of the Convention, and all Departments and Committees of Trustees and Council) shall satisfy the following organizational requirements and be subject to the control of and be accountable to the Diocese:

(a). *Non-profit, charitable standards.* The entity shall be organized as a Kentucky charitable, non-profit corporation under Chapter 273 of the Kentucky Revised Statutes; adopt governing documents which qualify the organization as a "tax exempt organization" as defined in the United States Internal Revenue Code; obtain from the Internal Revenue Service its own employer identification number; and submit a request to the Bishop of this Diocese and to the Treasurer of the National Church to be recognized as a "local entity" of the Diocese for the purposes of the group exemption from income taxation provided for the National Church and its affiliated organizations; and

(b). *Control and Accountability standards.* The entity must: submit its articles of incorporation and bylaws, and all amendments to both, to the Chancellor or Vice Chancellor of the Diocese and obtain an opinion from either that the articles of incorporation and bylaws are not inconsistent with the Constitution and Canons of the National Church and the Charter and Canons of the Diocese; name either the Bishop or a rector or his or her appointee to serve as an *ex officio* member of its board of directors or trustees; submit a written report annually to the Treasurer of the Diocese and to the Chair of the Department of Mission and Evangelism concerning its programs and operations, and its compliance with the business and employment policies of the Diocese (including without limitation, non-discrimination in employment and programs, sexual misconduct and abuse prevention training, institutional financial controls, maintenance of liability insurance, submission of audits of its financial records, etc.); and, submit annually a report of its work to the Convention for inclusion in the *Journal*.

CANON 37

COMMITTEE ON CANONS

Sec. 1. At every stated meeting of the Convention, the Presiding Officer shall appoint a Committee on Canons consisting of five (5) Presbyters and five (5) resident Lay adult confirmed members in good standing of the Diocese who shall serve for one (1) year or until their successors are appointed.

Sec. 2. The Committee shall receive all proposed amendments of the Canons and after due consideration of same shall make a report to the Convention upon them. They shall also

present to the Convention such amendments as they may deem proper, originating within the Committee.

CANON 38

AMENDMENT OF THE CANONS

Sec. 1. Every proposed amendment of the Canons shall be presented in writing at a stated meeting of the Convention in the form in which it is designed to stand. It shall be referred to the Committee on Canons, who shall consider same, and make a report to the Convention with its recommendation. All proposed amendments affecting either the addition to or the alteration of the Diocesan Canons shall be sent, if possible, to the Chancellor at least three (3) months before the session of the Convention at which such amendment is intended to be presented, the Chancellor to present them to the Committee on Canons.

Sec. 2. The vote of the Clergy and Lay representation upon the report of the Committee shall be taken separately. If a majority of the votes cast by each Order shall be in its favor, it shall stand adopted, subject to the approval of the Bishop.

CANON 39

EPISCOPAL CHURCH FOUNDATION OF THE DIOCESE OF KENTUCKY

Sec. 1. There is hereby established the Episcopal Church Foundation of the Diocese of Kentucky which shall be governed and administered by the Trustees and Council of the Protestant Episcopal Diocese of Kentucky and in that capacity the Council shall have the custody and control and be charged with the investment of all funds entrusted to the said Council by the Convention, of all trust and capital funds heretofore in the custody of the Treasurer of the Diocese or of any other officer thereof (except reserve and funds for current use temporarily held in cash or short-term securities and except assets held in the Marmion Revolving Loan Fund, which shall remain in the custody of the Treasurer or the Treasurer's agent) and all other trust, permanent, or endowment funds received by the Diocese by gift, bequest, or devise, unless the will or instrument of donation specified otherwise.

Sec. 2. Purpose: It is not intended that the Foundation be used only to underwrite the routine work of the Church but that it shall serve to increase, promote, reinvigorate, and make more effective the Episcopal Church and its institutions throughout the Diocese of Kentucky.

Sec. 3. The aforesaid Council shall hold and administer all funds that may be turned over to it by the Convention, and all donations, bequests, devises, and legacies to the Diocese in accordance with the direction of the Convention, the donor, the grantor, or the testator. In all cases in which the donor, grantor, or testator has not indicated any special object to which the same shall be applied, then the same shall be applied in accordance with the directions of the Council. The Finance Committee may make recommendations to the Council for application of such property and the income therefrom.

Sec. 4. The Council may maintain such separate accounts within the Foundation as may in its opinion be necessary to properly separate the funds held for various purposes. However, there shall be separate accounts designated as:

(a) Endowment Fund, from which income only is to be expended. Gifts and bequests to the Endowment Fund shall be designated in its records, and in the annual report of the Foundation in accordance with the instructions of the donor or testator, or in such manner as the Council may direct if there are no such instructions; and the annual report shall show each gift or bequest by name together with the original amount thereof.

(b) Advance Fund, which shall be a general fund in which shall be placed funds awaiting expenditure for capital projects and funds received for expenditure and not as endowment.

(c) Marmion Revolving Loan Fund.

(d) Commingled Fund, in which shall be maintained funds received for particular Diocesan purposes or for the use of Diocesan Missions, and funds held for the use of any Organized Parish when a Parish requests that they be so held; and

(e) Such other accounts as the Council may establish. Unless otherwise designated in the will or instrument of gift, any gift, bequest, or devise to the Foundation shall be placed in one of the Funds as directed by the Council.

Sec. 5. The Council of the Diocese shall have an annual audit made at the close of each year by a Certified Public Accountant of all the funds held by the Foundation; and the Bishop, as Presiding Officer of the Council, or such other person as the Bishop may designate, shall make a report of the receipts and expenditures from the Foundation at the Annual Convention.

Sec. 6. The Council shall take such steps as it deems necessary to publicize the Foundation and its purposes.

CANON 40

LAY READERS

Sec. 1. The term "Lay Reader" is defined to mean a person who, after selection, training and licensing as in this Canon provided, regularly leads public worship under the direction of a member of the Clergy in charge of the Congregation. Training and licensing of Lay Readers within the Diocese of Kentucky shall be in such a manner as may be prescribed, from time to time, and in writing, directed to the Clergy, by the Bishop.

CHARTER OF THE PROTESTANT EPISCOPAL DIOCESE OF KENTUCKY, INC

ARTICLE I NAME

Section 1. The name of this corporation is “The Protestant Episcopal Diocese of Kentucky, Inc.”. It shall be known as and transact business under this name. It is referred to hereinafter as the “corporation”.

Section 2. The corporation is the successor to “The Bishop of Kentucky”, a corporation sole incorporated under Act of the General Assembly approved on March 6, 1888. The corporation has had continuous existence since that date under its previous names of “The Bishop of Kentucky”, “Trustees of the Episcopal Diocese of Kentucky”, “Trustees of the Protestant Episcopal Diocese of Kentucky”, and “Trustees and Council of the Protestant Episcopal Diocese of Kentucky” The name of this corporation was amended in 2011 to its present name.

ARTICLE II DURATION

The corporation shall have perpetual duration.

ARTICLE III PRINCIPAL OFFICE AND REGISTERED OFFICE

The mailing address of the corporation’s principal office is 425 South Second Street, Suite 200, Louisville, Kentucky 40202.

The registered office of the corporation is located at 425 South Second Street, Suite 200, Louisville, Kentucky 40202, and the name of the registered agent of the corporation at that address is The Right Reverend Terry Allen White.

ARTICLE IV PURPOSES AND POWERS

Section 1. This corporation is a constituent part of the Protestant Episcopal Church in the United States of America and as such the corporation adheres to the doctrine, discipline and worship of the Protestant Episcopal Church in the United States of America and is a component of the one holy Catholic and Apostolic Church of Christ. This corporation acknowledges the authority of the Protestant Episcopal Church of the United States of America over all of its property, real, personal and mixed. The corporation shall conduct its affairs in conformity with and obedience to the doctrine, discipline and worship provided by the Constitution and Canons of the Protestant Episcopal Church in the United States of America as such Constitution and such Canons may be amended from time to time. The corporation

and the Council (hereinafter defined) shall have the powers and authority provided by the Canons of the Diocese of Kentucky (including without limitation the Canons relating to business methods in church affairs) as adopted by the Convention of the Diocese, as such Canons may be amended from time to time.

Section 2. The corporation is organized and shall at all times be operated not for profit but exclusively for the benefit of and to carry out the purposes of the Episcopal Diocese of Kentucky, all within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). No part of the corporation’s income or property shall inure to the private benefit of any donor, director or individual having a personal or private interest in the activities of the corporation. The corporation shall not directly or indirectly participate in or intervene in any political campaign on behalf of any candidate for public office. No substantial part of the corporation’s activities shall be carrying on propaganda or otherwise attempting to influence legislation (except as permitted by Section 501(h) of the Code). The corporation shall be authorized to pay reasonable compensation for services rendered, to make reimbursement for reasonable and appropriate expenses, and make distributions in furtherance of its exempt purposes described herein.

Section 3. Subject to the foregoing, this corporation shall have as supplemental powers the powers of a non-stock, non-profit religious corporation under the provisions of Chapter 273 of the Kentucky Revised Statutes. Without limitation, it shall have the power to sue and be sued and to contract and be contracted with. It shall have the power to hold all property heretofore conveyed, bequeathed or devised to Thomas Underwood Dudley as Bishop or to this corporation under its former names and to receive, hold and acquire by purchase, gift, bequest or otherwise, any property, real, personal, or mixed, in trust for the use and benefit of any parish or mission of said Church, or for any charitable or educational purpose or institution organized or to be organized by said Church, or under its supervision and direction. The corporation shall have the power to sell and convey, and to mortgage or pledge any of said property and to use or reinvest the proceeds, or any part thereof, arising therefrom for any purpose aforesaid. It may have and use a corporate seal and renew, alter and change the same at pleasure.

Section 4. Any provision of this Charter or the corporation’s by laws to the contrary notwithstanding, the corporation shall not have any purpose or object, nor have or exercise any power, or engage in any activity which in any way contravenes or is in conflict with the provisions of Sections 1 and 2 of this Article IV.

ARTICLE V **MANAGEMENT**

Section 1. The business of the corporation, and the temporal affairs of the Episcopal Diocese of Kentucky, shall be managed by a board which is known as Trustees and Council (hereinafter referred to as the “Council”). The Council shall be, subject to the authority of the Convention, the Canons of the Diocese and this Charter, the governing and policy making board of the Diocese of Kentucky. It shall carry out the policies of the Protestant Episcopal Diocese of Kentucky as established by the Convention of the Diocese. The Council shall make and preserve a full record of all its acts and shall have the right to adopt by laws,

rules and regulations for its government and the government of its various officers, agents, departments, commissions and committees.

Section 2. The Council shall be composed of the Bishop Diocesan, the Bishop Coadjutor if there is one, the Bishop Suffragan if there is one, the Secretary of the Diocese, the Treasurer of the Diocese, the Chancellor of the Diocese, and not less than 12 nor more than 17 additional Trustees. All of the Trustees, including the foregoing, shall be elected in the manner set forth in the Canons of the Diocese of Kentucky as adopted by the Convention of the Diocese, as such Canons may be amended from time to time.

Section 3. The Bishop shall be President of the Council. The Council may elect such other officers and appoint such other agents as it may deem proper, and it shall have power to fill any vacancies that occur among the Trustees during the recess of the Convention of the Diocese of Kentucky; provided however, that the Secretary, Treasurer and Chancellor shall be elected in accordance with appropriate provisions of the Canons of the Diocese of Kentucky. A majority of all members of the Council shall constitute a quorum.

Section 4. The Convention shall annually elect successors to the elected members whose terms have expired, but in the event of a failure to elect for any cause, the Trustees in office shall hold over until their successors have been elected and have qualified.

ARTICLE VI

EPISCOPAL CHURCH FOUNDATION OF THE DIOCESE OF KENTUCKY

Section 1. All trust and capital funds heretofore in the custody of the Treasurer of the Diocese, or of any other officer thereof, all other trust, permanent or endowment funds heretofore received by the Diocese of Kentucky (other than the corpus administered by the Board of Trustees of the Bishop Dudley Memorial) by gift, bequest or devise (unless the will or instrument of donation specified otherwise), all further funds that may be designated by the Convention for other than current use, and all donations, bequests, devises and legacies to the Diocese of Kentucky for other than current use shall constitute the corpus of The Episcopal Church Foundation of the Diocese of Kentucky. The assets of the Foundation shall be accounted for separately from the annual budget of the Diocese and from any other current funds which are temporarily held in cash or short-term securities in the custody of the Treasurer or the Treasurer's agent.

Section 2. The Foundation shall be managed in accordance with the Canons of the Diocese.

Section 3. Notwithstanding any other provisions of this Charter, the Foundation shall be administered in all respects so as to comply with the applicable provisions of the Internal Revenue Code and the laws of the United States and the State of Kentucky respecting the capital and trust funds of religious bodies. In this connection, the income from such funds shall be distributed in each taxable year in such manner as not to subject the Foundation to tax under Section 4942 of the Internal Revenue code. Said Foundation is specifically prohibited from engaging in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code, is prohibited from retaining any excess business holdings as defined in Section 4943(c), is prohibited from making any investments in such manner as to subject

the fund to tax under Section 4944 and is prohibited from making any taxable expenditures as defined in Section 4945(d).

ARTICLE VII
INDEMNIFICATION

The Council may provide for the indemnification of any Trustees or officers, and any former Trustees and officers, of the corporation to the extent provided by state law and the by laws; provided, however, such indemnification shall not be offered to any person with respect to an action which a majority of the impartial members of the Council determines was in conflict with the provisions of Kentucky law setting forth Standards of Conduct for directors or officers of charitable corporations or Articles IV or V of this Charter, and such indemnification shall not limit liability for: (a) any transaction in which a Trustee's or officer's personal financial interest is in conflict with the financial interest of the corporation; (b) for acts or omissions not in good faith or which involve intentional misconduct, or are known to the Trustee or officer to be a violation of law; or (c) or for any transaction from which the Trustee or officer derives an improper personal benefit.

ARTICLE VIII
AMENDMENTS

This Charter currently sets forth corresponding provisions of prior Charters as amended and supersedes the original Charter of the corporation and all prior amendments thereto. Future amendments to this Charter shall be adopted at an annual meeting of the Convention of the Diocese of Kentucky.

**ARTICLES OF INCORPORATION
OF THE BISHOP DUDLEY MEMORIAL FUND, INC.**

Article I
NAME

The name of this corporation, existing under the “Kentucky Nonprofit Corporation Acts” (KRS 273.161 to KRS 273.390, as they may be amended from time to time, the “Act”), shall be “The Bishop Dudley Memorial Fund, Inc.” (the “Corporation”).

ARTICLE II
BOARD OF TRUSTEES

Section 1. The affairs of the Corporation shall be managed by a Board of Trustees composed of nine (9) Lay persons (“Trustees”) elected by the Convention of the Protestant Episcopal Diocese of Kentucky (the “Diocese”), a constituent entity of the Protestant Episcopal Church in the United States of America (the “PECUSA”). Except as limited by these Articles of Incorporation or Bylaws of the Corporation, the Board of Trustees shall have the powers of a board of directors under the Act, including the power to fill vacancies in the Board of Trustees during the recess of the Convention and to elect a President, a Vice President, a Secretary, a Treasurer, and such other officers as it may deem proper.

Section 2. In accordance with historic practice of the Corporation, the terms of three members of the Board of Trustees shall expire with the election of three successors at each regular annual Convention of the Diocese, to serve a term expiring at the third such regular annual Convention after their election. In the event of a failure to elect for any cause, those Trustees in office shall hold over until their successors are duly elected and qualified.

ARTICLE III
PARTICULAR PURPOSES AND POWERS

Section 1. The Board of Trustees so constituted shall have charge of all money, funds and property of every kind and description, now held or which may hereafter be contributed for the support of the Episcopate of the Diocese, including when entrusted to its care the Episcopal residence or residences. The Board of Trustees shall have power to receive, acquire and hold in trust any and all property, real, personal, or mixed, which comes into its possession, whether by purchase, gift, bequest, or otherwise, solely for the support of the Episcopate of the Diocese, may sell and convey any of said property, receive and collect any rents and profits there from, and apply or re-invest the proceeds, or any part thereof, for said purpose.

Section 2. In furtherance of its purposes, the Corporation may engage in any and all lawful activities or pursuits for which a corporation may be incorporated under the Act and to exercise any and all powers that such corporations may now or hereafter exercise, whether or not specifically set forth herein, but subject to Sections 3 and 4 of this

Article III and any limitations contained in these Articles of Incorporation or Bylaws of the Corporation.

Section 3. The Corporation is a supporting organization of and for the PECUSA and the Diocese and as such the Corporation adheres to the doctrine, discipline and worship of the PECUSA and is a component of the one holy Catholic and Apostolic Church of Christ. The Corporation acknowledges the authority of the PECUSA over all of the Corporation's property, real, personal and mixed. The Corporation shall conduct its affairs in conformity with and obedience to the doctrine, discipline and worship provided by the Constitution and Canons of the PECUSA and the Canons of the Diocese (including without limitation the Canons of the Diocese relating to the Corporation and business methods in church affairs), as such Constitution of the PECUSA and such Canons of the PECUSA and the Diocese may be amended from time to time.

Section 4. The Corporation is organized and shall at all times be operated, not for profit, but exclusively for the benefit of and to carry out the purposes of the Diocese, all within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), so long as the Diocese qualifies as an organization described in Section 501(c)(3) or Section 509(a)(2) of the Code, in such manner that (i) no part of the Corporation's income or property shall inure to the private benefit of any donor, director or individual having a personal or private interest in the activities of the Corporation; (ii) the Corporation shall not directly or indirectly participate in or intervene in any political campaign on behalf of any candidate for public office; (iii) no substantial part of the Corporation's activities shall be carrying on propaganda or otherwise attempting to influence legislation (except as permitted by Section 501(h) of the Code); and (iv) the Corporation shall be authorized to pay reasonable compensation for services rendered, to make reimbursement for reasonable and appropriate expenses, and make distributions in furtherance of its exempt purposes described herein. Any provision of these Articles of Incorporation or the By-Laws of the Corporation to the contrary notwithstanding, the Corporation shall not have any purpose or object, nor have or exercise any power, or engage in any activity which in any way contravenes or is in conflict with the provisions of Sections 1, 3 and 4 of this Article III.

ARTICLE IV. **DURATION**

The Corporation was originally incorporated on September 15, 1905 under the name "Board of Trustees of the Bishop Dudley Memorial" and has had continuous existence since that date. The duration of the Corporation is perpetual.

ARTICLE V. **INVESTMENTS AND DISTRIBUTIONS**

Section 1. The Board of Trustees and any investment advisor which may be employed by the Board of Trustees in its discretion shall invest and keep invested all monies held by the Board of Trustees in such investments as are permitted by the laws of the Commonwealth of Kentucky. The Board of Trustees shall be the person responsible for managing and investing all institutional funds held by the Corporation for the purposes

of the Kentucky Uniform Prudent Management of Institutional Funds Act or any similar successor act.

Section 2. From the gross income derived from the funds in its hands, the Board of Trustees may in its discretion set aside, annually or at such other times as it may deem advisable, a portion of the income so received, which shall be added to and become a part of the principal. The Board of Trustees in its discretion may distribute each year to the Treasurer of the Diocese, for the benefit and support of the Episcopate of the Diocese, an amount equal to not more than the lesser of [i] five (5) percent of the trailing twelve (12) quarter moving market average value of the funds in its hands calculated as of June 30 of the prior year, or [ii] five (5) percent of the trailing four (4) quarter moving market average value of the funds in its hands calculated as of same date (in each case net of investment management expenses for the trailing four (4) quarters ended as of the same date).

ARTICLE VI. **DISSOLUTION**

The corporation may be dissolved by unanimous vote of the Board of Trustees and the concurring vote of the Convention in accordance with Canon 8, as it may be amended or superseded from time to time, and otherwise in accordance with the Act. In the event of a dissolution and liquidation, the assets of the Corporation in the process of dissolution shall be applied and distributed as follows:

(A) All liabilities and obligations of the Corporation shall be paid and discharged, or adequate provisions shall be made therefor.

(B) All other assets which are not held upon a condition requiring return, transfer or conveyance by reason of dissolution, shall be transferred or conveyed to the corporation now known as Trustees and Council of the Protestant Episcopal Diocese of Kentucky, a Kentucky non-profit religious corporation, if that organization at the time of transfer or conveyance, however then named, is described in Section 170(b)(1)(A) (other than in clauses (vii) and (viii)) and in Section 501(c)(3) of the Code, or in corresponding provisions of any subsequent federal tax laws. If that organization is not then (a) in existence, or (b) so described, then all remaining assets of the Corporation shall be transferred or conveyed [1] to a successor or similar existing organization in and of the Diocese organized and operated exclusively for the benefit of and to carry out the purposes of the PECUSA and the Diocese described in Section 170(b)(1)(A) (other than in clauses (vii) and (viii)) and in Section 501(c)(3) of the Code, or in corresponding provisions of any subsequent federal tax laws or [2] if there is no such organization then (a) in existence, or (b) so described, then to the Executive Council of the PECUSA.

ARTICLE VII. **BY-LAWS**

The Board of Trustees may adopt By-Laws for the Corporation and duly from time to time alter, amend, or repeal such By-Laws so long as the provisions thereof are not inconsistent with these Articles of Incorporation.

ARTICLE VIII.
REGISTERED OFFICE/AGENT

The registered office of the Corporation is presently 425 South Second Street, Suite 200, Louisville, Kentucky 40202 and the name of its registered agent at such address is Becky Meyer. The address of the registered office and the name of the agent may be changed from time to time in accordance with law without amendment to these Articles of Incorporation.

ARTICLE IX.
PRINCIPAL OFFICE

The mailing address of the Corporation's principal office is presently 425 South Second Street, Suite 200, Louisville, Kentucky 40202, to the attention of the President of the Corporation. The address of the principal office may be changed from time to time in accordance with law without amendment to these Articles of Incorporation.

ARTICLE X.
LIABILITY AND INDEMNIFICATION

Section 3. No Trustee shall be personally liable to the Corporation for monetary damages for breach of his or her duties as a Trustee after the date of filing these Amended and Restated Articles of Incorporation except for liability:

(A) For any transaction in which the Trustee's personal financial interest is in conflict with the financial interests of the Corporation;

(B) For acts or omissions not in good faith or which involve intentional misconduct or are known to the Trustee to be a violation of law;

(C) For any transaction from which the Trustee derived an improper personal benefit.

If the Act is amended after approval of this Article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a Trustee shall be deemed to be eliminated or limited by this provision to the fullest extent then permitted by the Act, as so amended. Any repeal or modification of this Article shall not adversely affect any right or protection of a Trustee existing at the time of such repeal or modification.

Section 4. The Board of Trustees may provide for the indemnification of any Trustee or officer, and any former Trustee or officer, of the Corporation or other person to the extent provided by state law and the By-Laws of the Corporation, except in relation to any matters as to which he or she shall be adjudged to be liable for negligence or misconduct in the performance of duty to the Corporation and subject to the general fiduciary standards of conduct applicable to all (i) directors set forth in KRS 273.215 and (ii) officers set forth in KRS 273.229.

ARTICLE XI.
MEMBERS

The Corporation shall have no members, nor shall it issue shares of capital stock.

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