PART 1. ORGANIZATIONAL MISSION AND VALUES

After consultation with the Senior Minister and, as provided in the Bylaws, after consultation with the congregation, the Board of Directors has established these Ends policies that articulate the Mission and the long-range goals of the church.

1.1 Mission and Long-Range Goals. The mission of First Unitarian Church of Portland, Oregon is to create a welcoming community of diverse individuals; to promote love, reason and freedom in religion; to foster lifelong spiritual growth; and to act for social justice. To realize this mission, First Unitarian Church:

- Is a welcoming and loving community that provides a safe haven where a diverse people of various ages and cultures may gather to build nurturing relationships.
- Is a congregation that nurtures the human spirit, in its rich diversity, and creates the Beloved Community in which each person is safe to grow and serve.
- Enhances the capacity of congregants, of all ages, to engage the world and transform it, grounded in UU values.
- Uses policy-based governance and decision-making processes that are transparent, clear and easily accessible, offering opportunities for the voices of congregants to be respectfully heard.
- Maintains the ongoing health of the church community by recruiting, developing, supporting, and providing a meaningful experience for a succession of new leaders.
- Is a sustainable church community in which congregants, Board, staff and ministers share stewardship of both our tangible and our human resources.
- The ministers and congregation develop and maintain relationships with other Unitarian Universalist congregations and institutions and the local interfaith community, providing leadership in the larger Unitarian Universalist movement.
- Witnesses as a voice of conscience in our community and beyond, collaborating with other justice-seeking institutions, encouraging congregants to join others in building a more equitable, sustainable, and peaceful future for all.

1.2 Values. The values that guide what we do are the principles of the Unitarian Universalist Association.

PART 2. GOVERNANCE RELATIONSHIP AND DELEGATION OF MANAGEMENT TO THE EXECUTIVE TEAM

2.1 *Covenantal Relationship*. The Board recognizes that the Board and Senior Minister govern the church in a covenantal relationship in which the parties work together to advance the mission of the church. The covenantal relationship means that the Board and Senior Minister see themselves in a collaborative relationship that operates on assumptions of respect and trust, with each party having an important role toward advancing the church's mission.

2.2 *Formation of the Executive Team.* As required by the Bylaws, the Board delegates the administration of the church to the Senior Minister who, after consultation with the Board, appoints an Executive Team to assist the Senior Minister in the church's administration. It is crit-

ical to the concept of delegation that the Board reasonably believes that the Executive Team is competent to handle the responsibilities that are delegated to it. The Board shall evaluate the Executive Team at such time it is constituted and when it changes personnel to ensure competency to manage the church. The Board, in consultation with the Senior Minister, will retain a consultant to coach the Board or to assist in the evaluation. If there are significant gaps in competency, the Board and Executive Team shall work together to address them within the limits of the financial resources of the church.

2.3 *Role of the Executive Team*. The Executive Team shall manage the church by implementing Board policies to advance the mission of the church within the limitations set by Part 3. Except as limited in these Governing Policies, the Board delegates all authority for management of the church and accountability of staff to the Executive Team.

No individual trustee, officer or committee chair has authority over the Executive Team without Board authorization. Information may be requested by any individual trustee, officer, or committee, but if such request, in the Executive Team's judgment, requires a material amount of staff time or funds, or is disruptive, the request may be refused with explanation.

2.4 *Emergency Actions.* In case of a time-critical emergency that requires action in violation of the Governing Policies and it is not possible or reasonable for the Executive Team to get the approval of the Board or Board Officers Committee, the Executive Team can act contrary to the Governing Policies. It shall inform the Board Moderator or another member of the Board Officers Committee, if the Moderator is not available, of its action as soon as possible.

2.5 *Evaluation of Executive Team Performance*. The Board shall oversee the management of the church to determine the progress being made toward the realization of the church's mission and to ensure that Board policies are being observed.

2.5.1 *Regular Oversight*. The Board shall maintain oversight by means of:

- monthly financial reports as described in Part 3;
- monthly reports from the Executive Team at Board meetings;
- an annual Executive Team report covering the elements of the church's mission and progress toward the church's five-year goals, followed by an in-depth discussion of the church's progress toward its mission and goals by the Board;
- an annual review or audit of the church's financial condition; and
- every third year, in collaboration with the Executive Team, the Board shall engage an outside consultant to review the management of the church or some aspect of it.

2.5.2 *Critical Threats*. The Board shall investigate any critical threats to the life of the church that come to the Board's attention and shall act appropriately to address them.

PART 3: MANAGEMENT LIMITATIONS

3.1 *Purpose*. The purpose of Part 3 of the Governing Policies is to describe the limitations on the scope of management authority delegated to the Executive Team as it works to accomplish the mission of the church.

3.2 *Management of Personnel*. The Executive Team shall retain the proper personnel to administer the church.

3.2.1 *Staff Retention and Compensation.* The Executive Team is expected to hire, train, compensate and terminate staff in a professional and respectful manner. The Executive Team shall compensate staff fairly in keeping with the elements of our mission and the principles of our church.

Any minister employed by First Unitarian Church shall be permitted to take the maximum amount legally allowable, up to the amount of 100% of the compensation of each minister, as a ministerial housing allowance as described in 26 USC §107 of the Internal Revenue Code (or any corresponding future sections). This policy shall continue to be in effect from year to year until it is revoked by the Board of Trustees.

3.2.2 *Personnel Policies*. The Executive Team shall develop and maintain written personnel policies that clarify personnel rules for staff, that provide for effective handling of grievances and that acquaint staff with their rights and obligations. Employees who are not covered by the union and who have a grievance may bring their concerns to the Board Officers Committee if all previous steps enumerated in the personnel policies fail to satisfy the grievance. The personnel polices shall be provided to the staff, and reviewed periodically as recommended by competent legal counsel. The Executive Team shall ensure that key employees file the Disclosure and Acknowledgment form for the Conflicts of Interest and Executive Compensation policy (see Appendix).

3.2.3 *Volunteers*. Volunteers are an important resource for this church. Volunteers provide important services and carry the message about our mission to the larger community. As appropriate, the Executive Team shall recruit, train, supervise, appreciate and terminate volunteers in a professional and caring manner.

3.2.4 *Staff and Volunteer Treatment*. The Executive Team shall ensure that all staff members and volunteers are treated with dignity and fairness and shall ensure a safe working environment for staff and volunteers.

3.2.5 *Resolution of Conflict between Congregants and Ministers or Congregants and Staff.* If a congregant has a conflict with a minister, the congregant should talk to that minister first. If this step is insufficient in resolving the conflict, the congregant should talk to a member of that minister's Ministerial Relations Committee as outlined in Article VIII section 3 of the Bylaws. The Executive Team shall respond in a timely manner to conflict between congregants and staff or congregants and ministers in a manner that intends to resolve conflict with equanimity and with the awareness that longstanding and unaddressed conflicts work against the church's

mission. The Executive Team will develop means of conflict resolution in such instances. If the process used does not resolve the conflict, the Executive Team will announce a decision intended to resolve the conflict. If the congregant or staff member is not satisfied with the Executive Team decision, they may use the Complaint and Inquiry Process Involving Congregants and the Church in Part 5. The decision of the Complaint and Inquiry Committee shall be considered as a final resolution of the conflict.

3.3 *Financial Parameters.* The Executive Team will ensure the financial viability of the church, will exercise proper care in the handling of funds, and will protect the assets of the church. The Executive Team will raise adequate funds to fund budgeted church programs and operations. In raising funds, the Executive Team will develop and communicate to the Board a plan to nurture the culture of generosity in the church. The Executive Team will obtain Board approval for all decisions resulting in naming rooms or other naming opportunities.

3.3.1 *Financial Planning and Budgeting.* Financial planning for any fiscal year or the remaining part of any fiscal year will comply with the church bylaws and the church mission, will be fiscally sound and will be derived from a multi-year financial outlook. The congregation has final authority to approve all annual budgets, as proposed by the Executive Team and adopted and recommended to the congregation by the Finance Committee and the Board. The Executive Team will provide for a contingency reserve of 2% of net revenues (Total Operating Income plus Net Investment Income) unless modified by the Board. Expenditures from the contingency will require approval of the Board, or in the case of an emergency, approval of the board officer's committee (BOC). The Executive Team will:

a. Ensure that the congregation has the means by which it can provide meaningful and timely input during the yearly budget development process.
b. Provide a plan to the Board for resolving within the next fiscal year any budget deficit in excess of $25,000.
c. Budget funds for such annual dues payments to the UUA as the church can reasonably make.
d. Provide for a major repairs and equipment (MR&E) reserve:
    1) Which will be used to fund one-time, emergency or unanticipated major maintenance expenditures that cannot be covered by the maintenance allocations in the yearly operating budget.
    2) With a current funding goal of $150,000, which will be increased as needed by allocating to it, as appropriate, the following:
        i. Any unused portion of the contingency reserve in the yearly operating budget as determined by the Board each year.
        ii. Gifts and bequests designated for facilities maintenance;
    3) The Board may vote to increase the MR&E funding goal.
    4) When the MR&E drops below $150,000, the Executive Team will include in the budget or present a plan to the Board for returning the MR&E to the $150,000 level in subsequent years.

3.3.2 *Financial Condition and Activities.* With respect to the church's ongoing financial condition and activities, the Executive Team will operate using sound fiscal procedures and make actual expenditures based on Board priorities established in the church mission statement.

a. To protect the church's financial condition the Executive Team will:
    1) Make available to the Finance Committee and the Board monthly written reports concerning actual budget revenues and expenditures and with comparisons. Such financial reports will be available for Finance Committee and Board review approximately three weeks after each month end. The extent and format of the reports will be determined by the Finance Committee in consultation with the Church Administrator.
    2) Expend or invest any funds restricted by the donor, the Board or the congregation in a manner consistent with the restriction.
    3) Purchase, encumber or dispose of real property only with advance authorization from the Board and the congregation when required in the Bylaws.
    4) Authorize a line of credit or indebtedness only with the approval of the Board.
    5) Indebt the church in an amount no greater than that, which can be repaid by definitely available and otherwise unencumbered revenues.

b. The following guidelines will govern the Executive Team:
    1) Annual Balanced Budget Date: Draft to Finance Committee one week prior to the February Committee Meeting; Final to Board March Board Meeting.
    2) Board expenditures will be included in the Budget.
    3) Safety Reserve: $ 100,000.
    4) Allocation of Excess Maintenance Reserve by the Board: To be determined when excess occurs.
    5) Debt Guideline: Temporary excess spending must be covered by otherwise unencumbered revenues or reserves. In no case will temporary excess spending exceed 5% of the total operating fund budget, not including designated reserves.
    6) Award Limit for any Single Contract: $ 10,000.
    7) Bids for Contracts anticipated to be $10,000 or greater: goal is to obtain 3 bids when feasible, unless there is a sole source justification.

3.3.3 *Asset Protection.* The Executive Team will ensure that the church's financial and physical assets are protected, adequately maintained and not unnecessarily put at risk. To protect the church's assets, the Executive Team will:

a. Protect the church's nonprofit and tax-exempt status.
b. Utilize reasonable financial controls sufficient to meet generally accepted accounting standards to receive, process and disburse funds. These standards will include complying with all reasonable standards recommended by the church's outside audit firm, requiring two signatures on all checks over $2,000, including one Board Officer's signature on checks over $6,000, and 2 Board Officers' signatures on all checks over $10,000.

c. Furnish monthly reports to the Board and the Finance Committee regarding the church's investments.
d. Require reconciliation of the operating accounts monthly.
e. The Executive Team will report to the Finance Committee and the Board on the state of the church's physical facilities and plans to address maintenance needs.
f. Adhere to the church's Investment Policies (see Appendix for the investment policy).

3.3.4 E*xecution of Contracts*. No one other than the Executive Team or its express designees will execute any contract on behalf of the Church. In entering into contracts on behalf of the church, the Executive Team will:

a. Not execute any contract or any check in an amount greater than the 'Contract Limit' amount prior to obtaining Finance Committee approval, unless the expense for which the contract or check executed is included in the operating budget or in a detailed funds budget or is a contract or expenditure previously approved by the Finance Committee. The Finance Committee will report any such approvals to the Board.
b. Make a single purchase or commitment greater than the "Contract Limit" amount (see the Executive Team Financial Guidelines in the Appendices) specified by the Board annually only after obtaining and considering at least three bids or offers, unless under the circumstances, in consultation with the Church Treasurer and/or Moderator, it would be unreasonable to obtain and consider multiple bids or offers.
c. Seek legal advice, when necessary, to interpret and assess contractual terms.
d. Arrange for legal review of any agreement under which the church plans to participate in a joint venture with another organization that is not exempt under §501(c)(3) to ensure that the agreement does not violate the church's §501(c)(3) status and report such agreement to the Board.

3.4 *Records*. The Executive Team shall ensure that the church is transparent in its operations and maintains records as required by good business practices and by law.

3.4.1 *Transparency*. The Executive Team shall promote transparency by posting the church's documents of general interest to members or the public on the church's website.

3.4.2 *Document Retention and Destruction*. In order to ensure that records are retained as appropriate and as required by law and that unlawful destruction of documents does not occur, the Executive Team shall adopt and follow a Document Retention and Destruction policy. At a minimum, the policy shall provide for the following:

a. No officer, trustee, employee, or volunteer of this church shall knowingly destroy a document with the intent to obstruct or influence the investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States or any state or its subdivisions.
b. Disciplinary action for any employee found to have knowingly violated this policy.
c. Archiving of documents important to the history of the church.

3.5 *Communication with and Support to the Board*. The Executive Team shall ensure that the Board is informed and supported in its work. The Executive Team shall:

a. Submit evaluation data required by the Board in a timely, accurate, complete and understandable fashion, directly addressing provisions of the Governing Policies being evaluated.
b. Keep the Board informed of all matters related to carrying out Board policies and monitoring duties, including relevant trends, anticipated adverse media coverage, lawsuits threatened or filed against the church, public policy initiatives, public events of the church and material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.
c. Advise the Board if, in the Executive Team's opinion, the Board is not in compliance with its own policies on governance process and Board-Executive Team relationship, particularly in the case of Board behavior that is detrimental to the working relationship between the Board and the Executive Team.
d. Provide to the Board as many staff and external points of view and options as needed for fully informed Board actions.
e. Provide a process for official Board, officer or committee communications.
f. Deal with the Board as a whole except when responding to officers or committees duly charged by the Board.
g. Report in a timely manner an actual or anticipated significant non-compliance with any policy of the Board.
h. Supply for the consent agenda all items delegated to the Executive Team, yet required by law or contract to be Board-approved.
i. Recommend changes in Governing Policies, the need for which become known.

3.6 *Support of Church Leaders.* The Executive Team shall cultivate and nurture congregant leaders who serve and inspire the church community.

PART 4. BOARD STRUCTURE AND PROCESSES

The bylaws should be consulted for requirements about Board processes in governance. Provisions in the bylaws supersede any contrary provisions in these Governing Policies. The policies below supplement the provisions in the bylaws.

4.1 Governing Style. The Board will govern in the spirit set forth in our congregational covenant with an emphasis on vision, strategic leadership, oversight of the organization's affairs, clear distinction between Board and administrative roles, open communication and information sharing, encouragement of diversity in viewpoints, and collaborative decision making.

4.2 Board Job Description. The job of the Board is to work in collaboration with the Executive Team and congregation in leading the church to realize its mission. To perform its job, the Board shall:

- Honor the board Covenant of Leadership and Congregational Covenant in creating linkage between the congregation, ministers, and board. (See Appendix added 6.24.10).

- Discern the major church goals every five years, in collaboration with the Executive Team and congregation, and hold the Executive Team responsible for developing a strategic plan based on these goals.

- Determine the management limitations within which the Executive Team is expected to achieve the goals, and monitor the church's progress in achieving them.

- Evaluate the ministry of the church annually as required by the bylaws.

- Set and realize annual Board goals related to fulfilling the Board's role in advancing the church's mission.

- Ensure financial solvency and compliance with the law and good practices.

- Provide for a variety of means for exchanging information with the congregation.

- Support Board decisions after subjects have been fully explored, discussed and decided. Trustees' interactions with the public, press or other entities must recognize the inability of any Board member to speak for the Board as a whole, other than to convey decisions which have been made.

- The Moderator has the authority to speak to the press in the event that the Board needs to communicate more than its Board decisions.

- Act as required in compliance with the Governing Policies.

- Fulfill special responsibilities to encourage generosity by the congregation.

- Arrange for periodic reviews of the church's Articles, bylaws, policies, minutes and governance practices to ensure that the Board is properly governing the church.

- Provide trustees with trainings and resources adequate to perform their duties.

4.3 Standards of Performance for Duties of Trustees. The Board expects that its trustees will act responsibly and ethically in managing the church. To do this, trustees must act with due care and with loyalty to the church.

4.3.1 Duty of Due Care. Trustees should act with due care in carrying out their responsibilities and in making Board decisions. Trustees shall be attentive to the church by attending meetings and preparing themselves as necessary to make informed decisions. Trustees will maintain confidentiality appropriate to issues of a sensitive nature.

4.3.2 Duty of Loyalty. Trustees have a duty to be loyal to the church—that is, to place the church's interests above their own or those of their family or business in any transaction in which the two may come into conflict. A Trustee must disclose the existence of any conflict of interest to the Board. The Board must then follow the Conflicts of Interest and Executive Compensation Policy (see Appendix). Each year each Trustee shall sign a Disclosure and Acknowledgment form similar to the one in the Conflicts of Interest Policy (see Appendix) and file it with the Secretary of the church.

4.4. Moderator's Role. The Moderator's primary role is to manage the Board. The Moderator ensures that the Board follows its rules. The Moderator chairs the Board meetings, retreats, and Board Officers Committee and sits on all Board committees. The Moderator occasionally represents the Board to outside parties. The Moderator is expected to maintain close contact with and work collaboratively with the Executive Team but does not supervise or direct the Executive Team. The Moderator may delegate the authority described in this policy but remains accountable for its use.

4.5 First Vice Moderator's Role. The First Vice Moderator acts in the place of the Moderator whenever required due to absence or inability to perform the functions outlined above. The First Vice Moderator shall also perform, or cause to be performed, the following duties:

- communication with the Board of Stewards of the church Foundation regarding issues related to the annual membership meeting and election of the Board of Stewards of the Foundation; and

4.6 Second Vice Moderator's Role. The Second Vice Moderator leads the orientation of new Board members, assigns a buddy for their first year, and handles the exit interview process when a member leaves the Board. The Second Vice Moderator also works with the Moderator and other Board members to ensure periodic training and development for Board members.

4.7 Secretary's Role. The Secretary has overall responsibility for all Board record keeping. The Secretary shall perform, or cause to be performed, the following duties:

- official recording of the written consent actions and minutes of all proceedings of the Board of Trustees meetings actions, of all actions and proceedings of any committee that exercises Board authority, of Board retreats, and of membership meetings;
- provision for notice of all special meetings of the Board of Trustees;
- ensuring that the agenda and accompanying background materials, reports and previous minutes shall be sent to all trustees prior to each regular or special Board meeting;
- provision for notice to members of the annual meeting of the members and ensuring that voting is properly carried out at that meeting;
- provision for notice of any special meetings of the members and ensuring that voting is properly carried out at that meeting; and
- provision for voting by mail (written ballot) in lieu of the annual or special meeting of the members and ensuring that the vote is properly carried out;
- maintenance of the Governing Policies as provided in Part 6 below; and

- obtaining the Acknowledgements signed by Board members required by the Conflicts of Interest and Executive Compensation policy (see Appendix).

The Secretary may delegate performance of some or all of these duties but shall oversee the performance to ensure that it is satisfactory.

4.8 Treasurer's Role. The Treasurer has overall responsibility for Board oversight of the corporate finances. The Treasurer shall act as chair of the Finance Committee. The Treasurer will report to the Board regarding the church's financial situation in an appropriate and timely manner.

4.9 Board Meetings. The Board shall set a schedule for regular Board meetings. The Board Officers Committee shall set the Board agenda. The Secretary or the Secretary's designee shall ensure that the agenda and accompanying background materials, reports and previous minutes shall be sent to all trustees prior to the Board meeting. In addition to other business, the Board will regularly evaluate and discuss its own process and performance.

4.10 Committees. The Board uses committees to carry out much of its work. The bylaws or the Board may create standing or ad hoc committees. Committees do not speak for the Board and do not exercise authority over the Executive Team or staff.

4.10.1 Board Officers Committee. The Board Officers Committee is a standing committee of the Board. The BOC consists of the moderator, vice moderators, secretary and treasurer, with the senior minister and/or ministers designated by the senior minister serving ex-officio as non-voting members. When the Board is not in session, the BOC has all powers of the Board to manage the affairs of the church in connection with matters that must be decided before the next regular Board meeting. The BOC meets each month to plan the monthly Board agenda, which shall consist primarily of issues related to Board policies and oversight of the church, and to deal with other matters that come before it.

4.10.2 Finance Committee. The Finance Committee is a standing committee of the Board and is chaired by the Treasurer. The Board delegates to the Finance Committee responsibility for:

- varying actual expenditures from budgeted amounts insofar as actual income varies from budgeted income as provided by the bylaws;
- monitoring compliance with Part 3 of these policies in the areas of Financial Planning and Budgeting, Financial Condition and Activities, and Asset Protection;
- reviewing the annual budget and making recommendations to the Board about recommending its adoption to the congregation;
- meeting with the congregation to explain and take comments about the annual budget prior to its submission to the congregation for a vote;
- presenting financial reports to the Board of Trustees, along with a statement of any Board alerts related to the church's financial statements or conditions;
- reviewing the compensation of key employees in accordance with the Conflicts of Interest and Executive Compensation Policy (see Appendix) and making recommendations to the Board about such compensation;

- contracting for an external financial audit or review each year. When contracting for an external audit or review, the Finance Committee shall stipulate that the auditor must report to the Finance Committee:

-All critical accounting policies and practices used by the church that have been discussed with management.

-All alternative treatments of financial information, ramifications of such use, and the treatment preferred by the auditor.

-Other material communication between the auditor and management, such as the management letter or schedule of unadjusted differences.

The contract shall also provide that the auditor shall provide copies of the audit report and management letter directly to the Executive Team, the church administrator and the Finance Committee; and that members of the Finance Committee be present at the audit exit conference.

4.10.3 Communications Committee. The Communications Committee is a standing committee of the Board. The Communications Committee acts to implement the communication responsibilities of the Board to the congregation as defined in these Governing Policies. The Board shall use a variety of forums to engage in two-way communication with church members on issues of importance to members.

4.10.4 Governance Committee. The Governance Committee is a standing committee of the Board. The Governance Committee shall:

- Conduct the annual review of ministry as called for in the church's bylaws;

- Evaluate the Executive Team performance as provided in Part 2 by:

- Review the Executive Team annual report for progress toward the realization of the church's mission and alert the Board of any significant issues raised by the Executive Team report;

- Ensure that the administration of the church is assessed every 3 years by a qualified professional.

- Review the governance structures and processes of the church by:

- Conducting an annual self-evaluation of the Board with a report to the Board each church year. The annual self-evaluation shall be of both process and outcome/results with reference to governing policies in this Part and in Part 2 on the Delegation to Management and to the Board's annual goals.

- Reviewing the bylaws and governing policies annually

4.10.5 Other Committees. The Board may establish other committees to help carry out its responsibilities.

4.10.6 Guidelines for Non-Board Congregants Serving on Board Committees.
A non-Board congregant serves under the following terms:

- The non-Board member serves at the will of the Board, with the term to expire at the latest at the end of May of the church year during which the member is appointed to the committee.
- Non-Board members requesting to be on Board committees shall talk to the committee chair. The chair will consult with the committee and bring a recommendation to the Board for its approval.
- In the event that the chair wants to remove a non-Board member prior to the expiration of their term, the chair shall notify the member, and bring the rationale and recommendation to the Board for approval.
- In order to comply with Oregon law, the non-Board member on any committee that exercises Board authority shall not be allowed to vote.

4.11. Board Internal Communications. Communications from Board leadership to Board members and among Board members will be clear and timely. Care will be taken to ensure that Board members are not excluded or disadvantaged by internal communications policies. With reference to email communications, Board members shall ensure that the email addresses used for Board business are confidential and not shared with another person.

4.12 Conflict Resolution Process Involving Board Members and Ministers. Conflicts between and among two or more Board members, or between Board member(s) and minister(s) shall be resolved in a timely manner by the Board members not involved in the conflict.

4.13 Filling vacancies of unexpired terms. The bylaws (Art. 4 §2 and Art. 5 §1) state that the Board fills a mid-term vacancy in the Board, and the Moderator fills a mid-term vacancy in the Nominating Committee. The Board desires to work collaboratively with the Nominating Committee in filling these vacancies. The Board/Moderator will consider names vetted for this purpose by the Nominating Committee during the tripartite process. The Board/Moderator may use these names as a pool of qualified candidates should a mid-term vacancy arise. The Board/Moderator will be responsible for all discussions with potential candidates (added 6.24.10).

PART 5. MEMBERS AND FRIENDS

5.1 Purpose. Members and friends are vital to the realization of the church's mission. The church relies on members and congregants to contribute time, talents, ideas and resources to support the church. We are a congregational church and voting members call or elect all parties to the church governance.

In order to support congregational involvement in the church mission, the Board shall engage in systematic two-way communication with congregants, establish a financial commitment from voting members that invites members to grow in generosity while supporting the church, provide

avenues for resolving conflicts involving congregants, and promote a church that is welcoming and safe for all congregants.

5.2 Communication. As described in Part 4, the Board shall use a variety of forums to engage in two-way communication with church members and congregants.

5.3 Minimum Pledge for Voting Members. The Bylaws require that each voting member make a contribution during the preceding 12 months and charge the Board to establish the minimum amount of the contribution. Members seeking to be voting members are making an important commitment to the church which includes the commitment to be financially responsible for the church. The decision about a financial pledge is a spiritual decision about generosity that each congregant is called to make for him or herself.

Accordingly, the Board has determined that, to be a voting member, a member must first make a pledge that is generous within their means to the annual operating fund of the church each year. Each member shall determine what pledge meets the minimum amount to be generous within their means and shall pledge at least that amount to the church. The church shall provide a suggested giving guide to all members that provides descriptive categories of giving based on the member's commitment to the church. Members who are ready to make the commitment to the church to be voting members but who are unable to make a financial pledge can obtain a waiver of the pledge from a minister. In accordance with the bylaws, the member must have made a payment on the pledge within the preceding 12 months before a vote is taken to be a voting member of the church.

5.4 Conflict Resolution Process Involving Congregants and Board Members. A Board member who receives a complaint from a congregant about a Board member or Board members will assist that congregant in pursuing their issue in a timely manner by bringing the concern to the entire Board for resolution.

5.5 Complaint and Inquiry Process Involving Congregants and the Church. A Board member who receives an inquiry or complaint from a congregant will refer the congregant to the Treatment of Members and Friends policy and the Resolution of Conflicts policy in Part 3 and to the church's grievance procedure as set forth in the First Unitarian Church Member's Handbook. If the congregant has already taken this path and feels the congregant has not been reasonably accorded their rights under the Board's policies, the congregant will be invited to forward the grievance in writing to the Moderator, who will notify the Board at the next regular Board meeting.

An ad hoc Board committee will take the matter under consideration and render a decision. This ad hoc committee will consist of the Moderator and four other Board members chosen by the Board.

5.6 Safe Church Policy. The Board is committed to creating and supporting a welcoming and safe community of diverse individuals. The Board welcomes all who support the principles and purposes of our church. In the spirit of love and reason the Board has developed a policy in accordance with Article II, Section 5 of the bylaws to help frame behavioral limits for members of

First Church that respect the worth, dignity, and safety of all members of the community. Reference to and use of the congregational covenant is highly recommended. (See Safe Church Policy in the Appendix)

PART 6. PURPOSE AND FUNCTION OF GOVERNING POLICIES

The Governing Policies contain all the current policies adopted by the Board since the initial approval of this version of the Governing Policies on March 25, 2010.

6.1 Purpose of the Governing Policies. The Board adopted the Governing Policies in order to collect all of its policies in one location. This allows current and future Trustees and other interested parties to know what the Board policies are.

6.2 Relationship to Other Governance Documents. The Articles of Incorporation and the bylaws have precedence over all Board policies. In the event of a conflict between the Articles or bylaws and a Board policy, the provision in the Articles or bylaws prevails over the Board policy.

6.3 Relationship of Board Policies to Older Board Policies. The most currently adopted Board policy has precedence over older Board policies with which it conflicts. The Secretary shall remove the older policy, or the sections of it changed by the newer policy, from the Governing Policies. The Secretary shall insert a note into the Governing Policies after the amended policy indicating that the Board amended the policy and the date it was amended.

6.4 Maintenance of Policies. The Secretary shall ensure that the church records and publishes all current Governance Policies correctly. Polices that are too lengthy or for other reasons do not fit well within the Governance Policies are contained in the Appendices. Such policies should be referenced in the body of the Governance Policies as well. The Secretary shall maintain a copy of former Governance Policies.

6.5 Effect of Policies. Board policies are intended to be guidelines, not legal standards or regulations, for the Board. Except to the extent that a policy complies with a law or governmental regulation, the Board is not legally bound to follow its policies. The Board's failure to follow a Board policy shall not give rise to an arbitration, suit, action, administrative hearing or any other legal proceeding against the Board nor shall such failure be evidence in an arbitration, suit, action, administrative hearing or any other legal proceeding against the Board. The policies are binding on the Executive Team and staff.

PART 7. AMENDMENT OF POLICIES

The Board may authorize a deviation from a policy or amend a policy in the same manner in which it is authorized to act on other regular corporate matters. If the Board's action deviates from or amends a provision in the Articles of Incorporation or bylaws, the Board must follow the procedure for amendment with reference to the document being amended.

APPENDICES

(Appendices are listed in alphabetical order. New Appendices should be placed alphabetically.)

APPENDIX

BOARD COVENANT OF LEADERSHIP

Our promises of spirit

We promise to

- pray and be mindful of Spirit, alone and together
- be thankful for and continue to strive to deepen our spiritual lives
- look within our hearts for help and listen to the answers that come to us.

Our promises to our church community

We promise to

- demonstrate our leadership and commitment to our church by our example
- support our church ministers and the staff so that their efforts can be most productive
- try to discover what is best for our church as a whole, not what may be best for us or for some small group of the church
- listen with an open mind and heart to the words and ideas of the members of our church community
- communicate openly, acknowledge and appreciate others, act with heart and integrity, and cultivate relationships within our church community

Our promises to the ministers and to each other on the board of trustees

We promise to

- respect and care for each other
- honor the fact that our ministers are called, not hired
- treat our time on the board as an opportunity to make an important gift to our church
- listen with an open, nonjudgmental mind to the words and ideas of the ministers and each other on the board
- discuss, debate, and disagree openly in board meetings, expressing ourselves as clearly, honestly, and courteously as possible so that we are certain that the board understands our point of view
- support the final decision of the board, whether it reflects our view or not.

We pledge to observe these promises, to do our best to trust that others are also observing them, and to be forgiving when we inevitably make mistakes. We accept the accountability implied in these promises."

APPENDIX

CONFLICTS OF INTEREST AND EXECUTIVE COMPENSATION POLICY

Purpose

The Board of Trustees shall monitor the transactions between the church and insiders to ensure that any transaction between the church and an insider that is a conflict of interest is fair to the church and does not grant excessive benefit to the insider. The purposes of this policy are to ensure that trustees and officers act loyally to the church and that trustees, officers and those who exercise substantial influence over the church do not use their influence to obtain benefits in excess of fair market value in transactions with the church. This policy seeks to ensure that the church observes state and federal taxation and funding laws concerning conflicts and excess benefits transactions.

SECTION 1: DEFINITION OF INSIDER

For purposes of this policy, "insider" has the same meaning as "disqualified person" under the Internal Revenue Code, 26 USC §4958. The current IRS definition is explained in §§1.1 through 1.4 below and will need to be updated if the IRS definition changes. In addition, the individuals and entities described in §§1.5 and 1.6 below are also considered insiders.

1. An insider is any person who is in a position of authority over the church or who exerts substantial influence over the church, including trustees, officers, the top management official, the top financial official, other key employees, the founders and major donors.

2. Family members of insiders are also insiders. Family members include the spouse or partner in a civil union recognized by state law; children, grandchildren, great-grandchildren, whole and half-blooded brothers and sisters, and spouses of any of these people; and any ancestors (parents, grandparents, etc.)

3. Corporations and limited liability companies in which an insider owns more than 35% of the voting power, partnerships in which the insider owns more than 35% of the profits and trusts or estates in which the insider owns more than 35% of the beneficial interest are insiders.

4. An insider who becomes an insider by virtue of §§1.1 through 1.3 above remains an insider for five years after their influence over the church ends.

5. An entity in which a trustee has a material interest or is a general partner, trustee, officer, top management official, top financial official or other key employee is an insider.

6. An insider is any other for-profit or nonprofit entity in which a trustee of this church is a trustee or officer and the entity and this church are parties to a transaction that is or should be considered by the Boards of both organizations.

SECTION 2: DEFINITION OF CONFLICTS OF INTEREST

For purposes of this policy, a conflict of interest arises when an insider described above may benefit financially from a decision they could make in their capacity as an insider, including indirect benefits to family members or businesses with which the insider is closely associated. A conflict of interest arises in any such transaction between the church and an insider, except for (1) transactions in the normal course of operations that are available to the general public under similar terms and circumstances, and (2) expense reimbursements to an insider made pursuant to an accountable plan under IRS Reg. 1.62-2(c)(2).

SECTION 3: PROCEDURE

In order to ensure that transactions with insiders are fair to the church and comply with state and federal laws:

1. All insiders must promptly and fully disclose all material facts of every actual or potential conflict of interest to the Board of Trustees at the time such conflict arises.

2. When the church engages in a transaction with an insider that constitutes a conflict of interest, the Board shall handle the transaction as follows:

(a) If a trustee is offered employment by the church as an employee and wants to accept the employment, the Board shall follow the procedure in this Section for insiders to ensure that the compensation is reasonable. If the Board determines that the compensation is reasonable, the trustee must resign from the Board of Trustees before accepting such employment.

(b) The Board shall exclude any insider that has a conflict of interest with respect to the transaction from all discussion and from voting on the transaction. The Board may ask questions of the insider prior to beginning its discussion.

(c) The Board shall gather appropriate data to ensure that the compensation for each insider is reasonable. In the case of employee compensation packages, the Board shall utilize reliable surveys of compensation for comparable positions or shall utilize data for at least three similarly situated employees in comparable positions. The Board shall not use the employee whose compensation is under consideration to collect comparability data.

(d) The Board shall document its decision by keeping written records that state the terms of the transaction and date approved, the trustees present and who voted on it, the comparability data and how the data were obtained, and any actions taken with respect to trustees who had a conflict of interest with respect to the transaction. The records must be prepared before the latter of the next Board meeting or 60 days after the final action is taken. Once prepared, the records must be reviewed and approved by the Board within a reasonable time.

3. When employee compensation packages are established each year, the Board shall identify those employees who are insiders. The Board shall monitor the compensation packages of insiders in accordance with the procedure in §3.2 above.

4. When the church provides an economic benefit to an insider for the insider's services as an employee or an independent contractor, the church shall contemporaneously document the transaction as required by the IRS (generally on an original Form W-2, Form 1990, or Form 1099 or with a written employment contract).

SECTION 4: COMPLIANCE WITH THIS POLICY

In order to ensure compliance with this policy:

1. On an annual basis, the Secretary of the church or the Secretary's designee shall develop and maintain a list of insiders who engage in or are reasonably likely to engage in transactions that constitute conflicts of interest with the church during the year.

2. The officers, trustees and key employees shall each year disclose interests that could give rise to a conflict of interest under this policy. Such disclosure shall be made on a Disclosure and Acknowledgment form similar to the one attached to this policy and shall be filed with the Secretary or the Secretary's designee.

3. The Secretary or the Secretary's designee shall monitor and enforce compliance with this policy by reviewing the list of insiders and the Disclosure and Acknowledgment forms each year and by bringing potential or actual conflicts to the attention of the Moderator of the Board. The Moderator shall disclose conflicts to the Board as they arise and ensure that the procedures in this policy are followed.

4. The Secretary or the Secretary's designee shall convey the list of insiders identified above to the Executive Team and shall instruct the Executive Team to notify the Board if the Executive Team or any employee plans to engage in a transaction with an insider that constitutes a conflict of interest, including payment or reimbursement for business or travel expenses of the insider and/or members of the insider's family not made pursuant to an accountable plan under IRS Reg. 1.62-2(c)(2). If so, the Board shall monitor the transaction to ensure that it complies with the procedure in Section 3 above.

SECTION 5: DELEGATION TO COMMITTEE

The Board may delegate its responsibilities under this policy to a committee of the Board. The committee shall comply with this policy and shall report its decision to the Board in a timely fashion.

CONFLICTS OF INTEREST DISCLOSURE AND ACKNOWLEDGMENT STATEMENT

[Each Trustee and Officer should sign and submit this form annually.]

Disclosure

Please report below any direct or indirect conflicts of interest you have or may have in connection with the church.

You have an ongoing obligation to notify the Board promptly of any direct or indirect conflict of interest as it arises.

List of Conflicts

Please list any direct or indirect conflicts here:

Acknowledgment

I have received and read and will comply with the Conflicts of Interest Policy of this church. I affirm that, other than the interests reported, I am aware of no direct or indirect conflicts of interest that I have or may have within the meaning of the Conflicts of Interest Policy.

Signature: _____ Date Adopted: _____

_____
Title

Please submit this form to the Secretary of the church and retain a copy for your records.

APPENDIX

CONGREGATIONAL COVENANT

I promise to cultivate in myself:

- Appreciation of our commonalities and differences,
- Joy and a sense of humor,
- Trust that others have good intentions,
- Generosity of spirit and substance,
- Willingness to forgive and seek forgiveness,
- Ownership of my actions and their consequences,
- Gratitude for those who helped build our church community, and
- Commitment to sustaining this church for those who will follow after.

In accordance with these values and intentions, I promise to:

- Give generously of my time, talents and resources,
- Be kind and compassionate,
- Listen to understand rather than to judge or prove a point,
- Support and nurture others,
- Express appreciation of others' efforts,
- Talk with rather than about others,
- Be mindful and considerate in my communications and interactions,
- Respond to anger with gentleness, and
- Forgive myself and others when we fail to keep these promises and begin again in love and faith.

This covenant is a touchstone that guides us in nurturing our selves and our church community and supporting its work in the world. Through it we will enrich our relationships with one another and serve others in accordance with our principles. Together we pledge to revisit and renew our promises to one another to foster our spiritual growth and sustain the vitality of our congregation and its larger mission in the world.

APPENDIX

EXECUTIVE TEAM FINANCIAL GUIDELINES

BALANCED BUDGET DATE Annually--Draft to Finance Committee one week prior to the February Committee Meeting; Final to Board March Board Meeting

COST OF GOVERNANCE $ 10,000

SAFETY RESERVE $ 100,000

ALLOCATION OF EXCESS MAINTENANCE RESERVE BY BOARD (to be determined when excess occurs)

DEBT GUIDELINE Temporary excess spending must be covered by certain, otherwise unencumbered revenues. In no case shall temporary excess spending exceed 5% of the total operating fund budget, not including designated reserves.

CONTRACT AWARD LIMIT $ 10,000

BID LIMIT $ 10,000

APPENDIX

FINANCIAL MONITORING POLICIES

POLICY	**METHOD**	**FREQUENCY**
Financial Planning and Budgeting, Part 3.3.1		
Balanced Operating, Funds and Properties Budgets	Internal	Annually--Draft to Finance Ctte one week prior to Feb Ctte mtg. Final to Board at the March Board mtg.
Report Certifying Adherence to All Financial Policies, Identifying Deviations and Corrective Action	Internal	Annually—Submitted prior to April Finance Ctte mtg.
Multi-Year Financial Outlook	Internal	Annually—Draft to Finance Ctte and Board by Feb. mtgs.
Financial Condition and Activities, Part 3.3.2		
State of the Budget (Balanced or Unbalanced), Reserves, Contingency, and Major Maintenance	Internal	Monthly to Finance Ctte. Monthly to Board.
Report Certifying Adherence to all Financial Policies, Identifying Deviations and Corrective Action Acceptance of restricted gifts	Internal Internal	Annually – submitted prior to April Finance Ctte mtg. Annually
Asset Protection, Part 3.3.3		
Report to Board Regarding Any Problems Identified in the Audit Management Letter or Any Other Areas of the Financial Audit	Internal	Thirty days from receipt of the Audit Report and/or Management Letter

Report Certifying Adherence to Financial Policies, Identifying Deviations and Corrective Action	Internal	Annually - Prior to April Finance Ctte mtg.

APPENDIX

FIRST UNITARIAN FOUNDATION GIFT ACCEPTANCE POLICY

I. **Bequests and Gifts.** All undesignated bequests shall be considered gifts to the Foundation. All undesignated gifts up to $1,500 will be considered gifts to the Church. When undesignated gifts over $1,500 are received by the Church, the donor will be contacted if possible and asked whether the donor wants the donation to go to the Church or the Foundation. If no contact is possible the donation will go to the Church. Gifts and bequests with a specific purpose designated (other than a designation to the Foundation), payments on pledges for current year church expenses, payments on capital campaign pledges, and all moneys received in worship service collection plates (except moneys designated to the Foundation) shall go to the Church.

II. **Gift Acceptance Committee**. The Gift Acceptance Committee shall be composed of the Foundation Board of Stewards sitting as a committee of the whole. When deemed necessary the Committee shall consult legal counsel or other appropriate professionals.

III. General Provisions

A. Gift acceptance. Gifts may be solicited and accepted from individuals, corporations, foundations, and federal, state and local governments. Gifts may be accepted, however, only for programs consistent with the mission of the Foundation.

B. Legal and tax advice for donors. The information provided in this policy is presented for general information and discussion purposes only and should not be considered or used as legal advice. Donors and prospective donors should always confer with their own legal counsel or tax advisors for opinions about the tax or other legal consequences of their proposed donation.

C. Securing appraisals and legal fees for gifts to the Foundation. It shall be the responsibility of the donor to secure an appraisal (when required) independent legal counsel for all gifts made to the Foundation.

D. Valuation of Gifts for development purposes. The Foundation shall record a gift received by the Foundation at its valuation for gift purposes on the date of the gift.

E. Responsibility for IRS filings upon sale of gift item. The Foundation is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Foundation where the charitable deduction value of the item was $5,000 or greater. The Foundation must file this form within 125 days of the date of sale or disposition of the asset.

F. Acknowledgment of Gifts. All gifts made to the Foundation and compliance with the current IRS requirements in acknowledgment of such gifts shall be the responsibility of the Gift Acceptance Committee.

IV. **Types of Gifts**.

The following criteria govern the acceptance of each gift type.

A. Cash is acceptable in any form. Checks shall be made payable to the Foundation or the Church.

B. Tangible Personal Property gifts shall be examined in light of the following questions:

1. Does the property fulfill the mission of the Foundation?
2. Is the property marketable?
3. Are there any undue restrictions on the use, display, or sale of the property?
4. Are there any carrying costs for the property?

C. Publicly Traded Securities. As a general rule, all marketable securities shall be sold upon receipt unless otherwise decided by the Gift Acceptance Committee.

D. Closely Held Securities. Gifts must be reviewed prior to acceptance by the Gift Acceptance Committee to determine that:

1. There are no restrictions on the security that would prevent the Foundation from converting these assets to cash.
2. The security is marketable.
3. The security will not generate any undesirable tax consequences for the Foundation.

E. Real Estate. Gifts may include developed property, undeveloped Property, or gifts subject to a prior life interest. Prior to acceptance of real estate the Foundation shall require an environmental review at the expense of the donor. The Foundation shall take any action determined to be necessary as a result of this review.

Where appropriate, a title binder shall be obtained by the Foundation prior to the acceptance of the real estate gift. The cost shall generally be paid by the donor. Criteria to be considered by the Gift Acceptance Committee for acceptance of the property shall include:

1. Is the property useful for the purposes of the Foundation?
2. Is the property marketable?
3. Is the value of the property, net of any mortgages or other encumbrances, at least $20,000?
4. Are there any restrictions, reservations, easements, or other limitations associated with the property?
5. Are there carrying costs, which may include insurance, property taxes, mortgages, or notes etc., associated with the property?
6. Does the environmental audit reflect that the property is not damaged?

F. Remainder Interest In Property. The Foundation will accept a remainder interest in a personal residence, farm or vacation property subject to the provisions of "**E. Real Estate"** above. The donor or other occupants may continue to occupy the real prop-

erty for the duration of their life. At the death of the donor, the Foundation may use the property or reduce it to cash. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary until such time as the property passes irrevocably to the Foundation.

G. Oil, Gas and Mineral Interests. The Foundation may accept oil and gas property interests, where appropriate. Prior to acceptance of an oil or gas interest the gift shall be approved by the Gift Acceptance Committee, and if necessary, by the Foundation's legal counsel. Criteria for acceptance of the property shall include:

1. Gifts of surface rights should have a value of $20,000 or greater.
2. Gifts of oil, gas and mineral interests should generate at least $3,000 per year in royalties or other income (as determined by the average of three years prior to the gift.
3. The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
4. If the interest is a working interest, the organization should determine the impact on the Foundation so that it may develop a plan to minimize that impact if accepted.
5. The property should undergo an environmental review to ensure that the Foundation has no current or potential exposure to environmental liability.

H. Bargain Sales. The Foundation will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purpose of the Foundation. All bargain sales must be reviewed and recommended by the Gift Acceptance Committee. Factors used in determining the appropriateness of the transaction include:

1. The Foundation must obtain independent appraisal substantiating the value of the property.
2. If the Foundation assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
3. The Foundation must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months.
4. The Foundation must calculate the costs to safeguard, insure and expense the property (including property tax, if applicable) during the holding period.

I. Life Insurance. The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the Foundation will include the entire amount of the additional premium payments as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Foundation may:

1. Continue to pay the premiums.
2. Convert the policy to paid up insurance, or
3. Surrender the policy for its current cash value.

J. Charitable Gift Annuities. The Foundation may offer charitable gift annuities. The minimum gift for funding shall be $10,000. The minimum age for life income beneficiaries shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity.

Annuity payments may be made on a quarterly, semi-annual or annual schedule. The Chair of the Gift Acceptance Committee may approve exceptions to this payment schedule.

The Foundation will not accept real estate, tangible personal property, or any other illiquid asset in exchange for deferred gift annuities unless there is at least a 5 year period before the commencement of the annuity payment date, the value of the property is reasonably certain and the Chair of the Gift Acceptance Committee approves the arrangement.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to the Foundation's general investment funds.

K. Charitable Remainder Trusts. The Foundation may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Gift Acceptance committee of the Foundation. The recommended gift minimum shall be $100,000.

L. Charitable Lead Trusts. The Foundation may accept a designation as income beneficiary of a charitable lead trust. The Board of the Foundation will not accept an appointment as Trustee of a charitable lead trust. The recommended gift minimum shall be $100,000.

M. Retirement Plan Beneficiary. Donors and supporters of the Foundation shall be encouraged to name the Foundation as beneficiary of their retirement plans. Such designations shall not be recorded as gifts to the Foundation until such time as the gift is irrevocable. Where the gift is received, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

N. Bequests. Donors and supporters of the Foundation shall be encouraged to name the Foundation in their wills and trusts. Such bequests shall not be received on the books of the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

V. **Changes to Policies.** These policies and guidelines have been reviewed by the Church's Investment and Stewardship Committees, reviewed and approved by the Church's Board, reviewed by the Foundation's legal counsel and approved by the Board of the Foundation. The Board of the Foundation must approve any changes to or deviations from these policies.

Approved by Church Board on the 19th day of December, 2002.

Approved by Foundation Board on the 12th day of December, 2002.

APPENDIX

INVESTMENT POLICIES

Investment Guidelines

These investment guidelines apply to the investment portfolio of all church funds, except those managed by the Foundation.

The Executive Team will at all times embrace investment strategies that are in harmony with the Mission Statement and the Ends Policies of the First Unitarian Church.

The overall objective for management of the church investments shall be to:

1. Manage operating funds to provide for necessary liquidity and safety of principal;
2. Manage all other funds to provide for safety of principal and a growing income stream.

Investment objectives in order of importance are:

1. Safety—preservation of capital
2. Liquidity—timed availability of funds
3. Rate of return—yield

Investments in the stocks and bonds of individual companies and government organizations will be avoided whenever possible:

1. Securities received from congregants will be sold as soon as possible.
2. Investments will be in mutual funds that satisfy the criteria specified in these policies.

Investment Choices

A socially and environmentally conscious framework will be utilized when evaluating investment choices.

Unauthorized Investments

Prohibited investments include, but are not limited to:

- Commodities and Futures Contracts
- Private Placements
- Options, Including Puts and Calls
- Limited Partnerships
- Derivatives

APPENDIX

SAFE CHURCH POLICY

Behavior that is dangerous, disruptive or disrespectful fails to respect the worth, dignity and safety of the members of our church community and results in a community that does not feel welcoming. The Board defines these terms as follows,
DANGEROUS – an individual threatens, through words or actions, the safety of a person, persons, church property or property of a church member or friend
DISRUPTIVE – actions of an individual which significantly interfere with a worship service, meeting, church event or similar church gathering
DISRESPECTFUL – behavior that fails in a significant way to recognize the inherent worth and dignity of each individual, for example, is harmful or abusive to others or to the community, including but not limited to racist, sexist, or homophobic comments or actions or the malicious spreading of untruths.

The content of one's beliefs and the exercise of the right of responsible dissent shall not be considered dangerous, disruptive or disrespectful.

If an individual exhibits behavior(s) as defined above, the following four factors will be considered in order to determine an appropriate response:
SEVERITY – How serious is this issue or situation?
CAUSES – Why is this situation occurring? Is it a conflict between an individual and others in the church? What other factors need to be considered (mental health, drugs/alcohol)?
HISTORY – What has been the frequency and severity of this behavior in the past? Has this situation been addressed previously, and if so, how was it handled?
PROBABILITY OF CHANGE – How likely is it that the problem behavior will diminish or cease if the individual is offered feedback and the opportunity to demonstrate changed behavior?

The Board shall endeavor to treat any individual who is found to have engaged dangerous, disruptive or disrespectful behavior with love and respect as it determines how to respond to that person's behavior. All efforts to maintain confidentiality will be observed. The following process provides guidelines to deal with dangerous, disruptive or disrespectful behavior. The appropriate level of intervention will be determined by the severity of the situation. Reasonable efforts will be made to resolve any perceived conflict or differences using available church resources.
STEP 1: Dangerous, disruptive or disrespectful behavior will not be tolerated. When it is observed, the minister, program director, committee chair, or other church leader will initiate necessary action.
If the behavior is threatening or dangerous, the individual will be asked to stop immediately or leave the area. The police may be called if the individual does not comply with the request. If the minister, program director, committee chair or church leader believes that the behavior is so dangerous that further action is required, the minister, program director, committee chair, or church leader shall move to Step 2.
If the behavior is disruptive or disrespectful but not dangerous, the minister, program director, chair or church leader may ask the individual to immediately stop the behavior and/or will speak with the individual privately following the incident or complaint. The individual will be given

feedback about the disruptive or disrespectful behavior and its effect on the meeting, event, gathering, or church community. The individual will be informed that the behavior is unacceptable and must stop; they will be offered appropriate support to make these changes.
STEP 2: If the above interventions are not effective in stopping the dangerous, disruptive or disrespectful behavior, the program director, committee chair, or church leader will seek counsel from the senior or associate minister. The individual will be offered feedback and assistance as needed to help with understanding the issue and changing the offensive behavior.
STEP 3: If the interventions under Steps 1 and 2 above do not resolve the problem, the minister, program director, chair, or church leader will report the situation to the Moderator of the Board. The Moderator will consider available options for dealing with the situation and may appoint an Ombuds group, comprised of three or four objective and unbiased congregants, able to maintain confidentiality, devoted to the well-being of the church, and who would advocate for reason and kindness. These individuals would have particular skills or knowledge useful in the assessment of the current situation. They would interview the individual, gather data in a non-judgmental way and offer support as needed (for example, referring the individual to the lay ministers or appropriate counselors or other professionals as indicated). Called by the Moderator only when needed for a specific incident or situation, they would be provided a brief training in their role including such areas as confidentiality, data gathering process, and available resources. They would be instructed by the Moderator with clear delineation of their charge. Their task would be completed after their deliberations and presentation of information to the Board Officers Committee offering suggestions for resolution. The Moderator will set forth a timeframe for the Ombuds findings when they are appointed.
STEP 4: Based on the Ombuds findings, the Board Officers Committee may refer the issue to the Board of Trustees for consideration. The Board may deny the individual access to Board or committee meetings, events, congregational gatherings, and/or the church property for a period of time. The Board may exclude the individual from membership in the church in accordance with church bylaws or may take other appropriate action to remedy the problem. The Board shall clearly communicate their concern for the individual as a person of worth and dignity and offer ongoing community support consistent with the individual's preference.
STEP 5: If the individual requests reinstatement as a church member at a later date, a meeting with the ministers and Board Officers Committee shall be necessary to determine that changes in behavior have occurred. If satisfactory changes have occurred, the BOC and ministers will offer support for the individual's efforts to rejoin the church and shall outline conditions for reinstatement of the individual.

APPENDIX

WHISTLEBLOWER POLICY

This church seeks to conduct all of its activities in a responsible, legal and ethical manner. All officers, trustees, employees and volunteers of this church must practice integrity and honesty in fulfilling their responsibilities and must comply with all applicable laws and regulations. The purpose of this Whistleblower Policy is to provide a mechanism to report irresponsible, illegal or unethical behavior.

Whistleblower Complaints

If an officer, trustee, employee or volunteer should discover information leading them to believe that a serious wrongdoing or illegal or unethical behavior has occurred in this church, that person is encouraged to report this information to the Moderator of the Board. If the Moderator of the Board is not available or is implicated in the wrongdoing, that person is encouraged to report the information to another Board officer.

The Moderator, Board officer, or designee shall conduct an investigation. Reports of violations will be kept confidential to the extent possible, consistent with the needs of an investigation. Appropriate corrective action will be taken, if warranted by the investigation.

No Retaliation

1. The church's policy is to protect from retaliation any person who in good faith:
(a) provided to law enforcement or other official any information that the person believes to be evidence relating to the commission or possible commission of any federal, state or local offense;
(b) initiated or aided in criminal or civil proceedings;
(c) testified at a governmental adjudicatory hearing;
(d) reported a health or safety violation; or
(e) reported information about wrongdoing, illegal or unethical behavior pursuant to this Policy.
No officer, trustee, employee, or volunteer of this church shall take any action detrimental to any person described above, including interference with the lawful employment or livelihood of any such person, except as permitted in 2. below.
2. In the event that an officer, trustee, employee, or volunteer intends, for any reason, to take any action harmful to any person who has acted as described in 1. above, the officer, trustee, employee, or volunteer must obtain the approval for such action from the Board of Trustees prior to taking action. Such approvals must be obtained even if the officer, trustee, employee, or volunteer believes that the person who provided information to the law enforcement officer provided untruthful information.