

## Bylaws Updates 2024

General intent: Bring bylaws into accord with practice and resolve ambiguities. These are all fairly minor changes. None of these are mandatory by themselves, but it is time to clean up some of these things. The text has also been edited to remove any remaining gendered language ('his', 'he or she').

### Summary of Changes

Affected clauses of the bylaws are referenced in square brackets.

#### Use title CEO rather than Program Officer [many places throughout]

- The title of the executive body itself was changed from POC (Program and Operations Council) to OMC (Operations Management Council) in 2021.

#### Remove Endowment Committee, empower Board [V.2k]

- Eliminate the Endowment Committee; empower the Board to manage the endowment
- A separate motion will revise the Endowment policy, which is a separate document that the congregation must approve

#### Update Endowment Policy to replace Endowment Committee with Board

- Eliminate the 2 endowment subfunds, which have not been used
- Require vote of the congregation for spending on operations
- Specify that UUA Common Endowment Fund complies with socially-responsible standards
- The UUA Common Endowment Fund (UUCEF) is run by the UUA and manages our endowment investments

#### Allow Board to dispose of property up to 5% of annual budget without congregational approval [V.2b]

- Up from previous 2% (roughly \$8,000)
- Roughly \$20,000 in current budget

#### Board manages long-term resources and can make investments [V.2q, IX.1f]

- They probably implicitly have this authority, but make it explicit
- Includes capital campaigns, major building construction
- Board manages and allocates reserved funds and budget surpluses

#### Treasurer/finance officer to file UUA certification annually [II.8, VI.5f]

- Add responsibility to file required documents to UUA, State, etc.
- State law requires the Treasurer to file certain documents

### Add Treasurer to list of officers that can sign for the church [IX.7]

- Finance Officer is already on list
- The Treasurer is already one of the 4 check endorsers with the bank

### Allow co-officers to be elected/appointed [IV.5]

- We currently have joint Personnel Officers, as well as some joint committee heads

### Congregational meetings may require advance action at town halls for amendments on certain complex issues [III.6a]

- Follows UUA General Assembly practice to address complex issues in small groups in advance to work out detailed wording
- Budget, bylaws, other complex matters

### Clarify under Open Meeting section that Board, OMC, or committees can declare executive sessions if needed to discuss sensitive business [III.9, delete V.9 as redundant]

- UUA LeaderLab outlines reasons for executive sessions
- Board, OMC, and committees may have occasion for executive sessions on sensitive matters
- Section V.9 dealt only with the Board and would be redundant with the new clause
- Robert's Rules describes procedures for executive sessions

### Extend term limits to allow Directors to become President [IV.4]

- We needed a special one-time bylaws amendment for Robert Strong
- Remove 8-year limit on total Board service
- The President is still limited to 3 terms as President
- Directors are still limited to 3 terms as Director

### Replace requirement of an annual audit with a periodic audit or financial review in line with UUA guidelines [V.2i]

- UUA guidelines permit a financial review, rather than a formal audit, which can be expensive
- They suggest the audit or review should be at least every 3 years
- By referencing the UUA guidelines, future changes to guidelines are automatically incorporated

### Clarify that the Minister hires and fires staff in conjunction with the OMC [XII.2]

- The previous wording just said the OMC would hire

## Rationale for Bylaws Changes

### Use title CEO rather than Program Officer

In 2021, we changed the name of the Program and Operations Committee (POC) to Operations Management Council (OMC). The title Program Officer no longer makes sense. The OMC is the executive body of the church dealing with day-to-day operations. The title Chief Executive Officer (CEO) is a precise and understandable description of the head officer of the OMC. The title CEO is understood by banks, government agencies, and other charitable organizations without extra explanation. It simplifies interacting with them.

When the POC was renamed, a few people objected that CEO felt “corporate”, and the renaming of the head officer was deferred. But it is an accurate title, and we should not let large corporations hijack this title, any more than we allow fundamentalists to monopolize the word “faith”.

Many nonprofits have CEOs. The head of the UUSC was introduced as “President and CEO”, so the UUA does not find this title offensive. Some nonprofits that use the title CEO include the Nature Conservancy, PACT, Second Harvest of Silicon Valley, and KQED.

### Remove Endowment Committee, empower Board, change endowment policy

The full endowment policy statement used to be embedded in the bylaws. In 2013, it was separated out of the bylaws into a separate document. The congregation must vote on any updates to the endowment policy by the same 2/3 vote as bylaws amendments.

The original concept was to have a separate Endowment Committee to make decisions about the endowment. However, the committee has been inactive since chairman Bob Howd’s death over 4 years ago, and the members of the committee are now unknown.

Having a separate Endowment Committee requires one more special committee that we need to fill with volunteers; the members have little to do, since in general the money accumulates until it reaches \$1 million, which will be a long time off; or we have a special need, such as the capital campaign.

There is often concern in UU churches about centralization of power, but we usually have more trouble finding enough volunteers for committees than people trying to hog power. We need to trust the Board to make decisions on the endowment, since managing the long-term resources of the church is one of the main responsibilities of the Board. This amendment gives the Board the authority to manage the endowment.

The existing Endowment Policy requires division of the endowment money into 2 separate subfunds, one of which allows spending on operational needs (by permission of the congregation) and the other which is restricted to growing the endowment or capital construction. In practice, there has been no call to use the endowment for short-term needs. We can track any restrictions placed on bequests, although we discourage this because it makes the fund more complicated to manage. So we really have no need for 2 separate subfunds, because use of the endowment for operations is strongly discouraged, and requires a three-quarter vote of the congregation.

The endowment fund is isolated into a separate account with the UU Common Endowment Fund (UUCEF). This fund avoids investment in socially questionable companies. The amendment states that investment in the UUCEF is deemed to satisfy socially responsible investment guidelines. The UUCEF develops investment guidelines based on discussion with different UUA committees, and their decisions are subject to oversight by UUA General Assembly.

### Allow Board to dispose of property up to 5% of annual budget without congregational approval

Disposal of property means selling, giving away, or discarding old equipment of various kinds, such as old office equipment, furniture, appliances, decorative objects, etc. Presumably the intent is to prevent the Board from disposing of dearly loved property without adequate consultation.

This is highly unlikely to happen. The main reason we dispose of things is because they are broken or are not being used. We need to trust the Board not to make rash decisions against the will of the congregation.

The current 2% limit, which would be about \$8000, seems a rather small amount to require a congregational vote.

The new 5% limit would be about \$20,000, which should cover any reasonable disposal of unneeded stuff, but still require a congregation vote on a really substantial sale.

### Grant Board authority to make investments and manage long-term resources

The Board probably implicitly has this authority, and that's how we have been conducting business for many years.

This amendment clarifies that the Board has responsibility for long-term resources, and the OMC has responsibility for day-to-day operations, primarily for timeframes of a year or so.

Some of the things that the Board manages: reserved funds, allocating budget surpluses, building construction, capital campaigns, funding for special transitions such as minister changes, sabbaticals, etc.

The OMC has responsibility for operational issues such as normal maintenance and repairs, rental policies, space usage decisions, worship services, and special events.

Issues with the building depend on the time frame: short-term issues are the OMC, long-term issues are the Board.

Clearly spelling out this separation prevents future misunderstandings.

### Treasurer/finance officer responsibilities

Make explicit the responsibility to file required documents with the UUA, State, local government, etc. In some cases, the Treasurer is named as responsible person in state regulations, so this responsibility of office should be stated in the bylaws.

Clarify that the Treasurer or Finance Officer are primarily responsible for filing the annual UUA certification, in particular, the financial figures and the membership count. Since most members

retain membership by pledging, the financial persons are best able to get an accurate count. For the last several years, the Treasurer has consulted with Membership & Connections to identify members who might have been overlooked or incorrectly recorded.

The Treasurer has been a check signer for many years together with the President, CEO, and Finance Officer. In the bylaws, the Treasurer is not listed as a contract signer; they should be added to join the President, CEO, and Finance Officer. Most banks, agencies, and vendors expect that treasurers are contract signers. This may have been an oversight in the original list in the bylaws.

### Allow co-officers to be elected/appointed

It has often been difficult to find good candidates for church offices, because potential candidates are sometimes worried about the workload, responsibility, and their ability to do the job. Allowing two persons to share a single office provides redundancy when one of them is out of town or overwhelmed with personal work, allows them to split up the responsibilities, and allows internal consultation on tricky decisions. It provides reassurance to potential office holders that may encourage them to accept the nomination.

We currently have co-Personnel Officers, an office that has often been difficult to fill. The experience of some church leaders in other volunteer organizations has shown that sharing an office greatly increases the willingness of people to serve in offices. We also have several committees with two or more joint heads, including Membership & Connections and Social Justice.

### Congregational meetings may require advance action at town halls for amendments

There is a tension between the desire of some people to explore proposed actions in detail, and the desire of the majority of people in a general meeting to avoid dragging out the meeting with very detailed issues. Also, amendments proposed during a meeting have often been poorly written without their implications being well considered.

The UUA General Assembly has addressed this tension by requiring that complex issues be discussed by small groups in study sessions before they are brought before the plenary session. People interested in the details of an issue are encouraged to attend the study session, ask detailed questions, and propose changes. Any proposed amendments are discussed by the attendees of the study session; implications are discovered that the proposers overlooked, and the amendments are usually molded into better shape by discussion within the group. Ideas which attract little interest are usually dropped, sparing the general meeting from having to consider ideas that have little support.

We have been following this procedure for several years with the budget meetings. A town hall meeting, held the prior Sunday, allows a detailed exploration of the budget by those who want such detail. Any potential amendments can be explored in detail, without bringing an entire congregational meeting to a halt. This approach has been successful, and the congregational meetings have run much more smoothly since we imported this procedure from the General Assembly.

This amendment clarifies that this procedure can be used for congregational meetings.

### Clarify under Open Meeting section that Board, OMC, or committees can declare executive sessions if needed to discuss sensitive business.

The current open meeting provision in the bylaws states that all meetings are open to the public. There is a separate clause that allows the Board to conduct executive sessions, but there is no such provision for the OMC or committees.

The UUA LeaderLab materials for congregations describe a list of reasons that bodies may need to conduct executive sessions. We want as much transparency as possible in our governance, but sometimes privacy is required. We need to trust our leaders to use executive sessions only when needed.

### Extend term limits for Directors that become President

Sometimes the Nominating Committee may wish to nominate as President a member who has served one or two terms as a Director (at-large member of the Board). This can create a problem if the President runs up against the 8-year limit on total Board membership and is unable to complete a second term. This became an actual problem in the last year of Robert Strong's presidency; we had to pass a special amendment to allow him to complete the final year of his term.

This amendment removes the 8-year total limit on Board membership, but maintains the individual 6-year limits on each office and on serving as a Director.

In practice, this would only come up in the case of a Director who served two or three terms and then served two or three terms as President. We need to trust the Nominating Committee to avoid abuse, but preserve the opportunity to nominate someone as President who has been a Director.

### Replace requirement to have an annual audit with an audit or financial review according to UUA guidelines.

The annual financial audit was a victim of the pandemic, illness by audit committee members, and special occurrences such as the Capital Campaign and the minister transition which drained potential committee members.

However, it is important to have periodic financial reviews, but maybe not every year. Guidelines in the UUA LeaderLab suggest that a financial review should be conducted at least every 3 years, but need not be annual. They say that the review need not be a formal professional audit, which can be expensive, and a less formal financial review can be satisfactory. They describe the way such a financial review should be conducted.

State law requires a formal audit by a trained CPA only if the revenue of a nonprofit exceeds \$2 million per year. Our annual budget is about \$400,000, so we are nowhere near that amount, even in the largest years of capital campaign donations, so we are not subject to that law.

This amendment references the UUA guidelines, so that we automatically incorporate any UUA guideline revisions, without needing to further amend the bylaws.

### Clarify that the Minister hires and fires staff in conjunction with the OMC

The current bylaws specify that the OMC is responsible for hiring, dismissing, and managing staff. The OMC could delegate the responsibility to the minister or others, such as the minister.

This amendment makes it clear that the minister is primarily responsible for hiring, firing, and managing staff. This clarifies the relation of the minister and the staff, lets the staff know who they report to, and avoids uncertainties about who is in charge.