

FIRST UNITARIAN UNIVERSALIST CHURCH OF SAN DIEGO
GOVERNANCE POLICIES
(As of 4 October 2014)

The mission of First Unitarian Universalist Church of San Diego is to create community, to nurture spiritual growth, and to act on our values to help heal the world.

I. OUTCOME STATEMENTS

We create community:

We welcome and support our members, friends, and visitors on their spiritual paths. We embrace diversity, see differences as opportunities for growth, and value all people for the ways they enrich our community. We support and encourage families of all configurations, and we nurture our children and youth. We understand our Unitarian Universalist identity, and we embody Unitarian Universalist principles. We are compassionate, and we care for and support one another in times of joy and sorrow.

We nurture spiritual growth:

We worship together in ways that comfort and challenge us, and we work and learn together to develop our hearts and minds. We give generously of our time, resources, and talents. We share in ministry and develop our leadership abilities in order to enrich our lives and the lives of others. We create an environment in which people feel safe to grow and change.

We act on our values to help heal the world:

We identify and challenge oppression and injustice for all beings. We model environmental sustainability. We partner with other faith communities and organizations in support of shared values. We proclaim the transformative power of our faith.

II. STAFF LIMITATIONS

(As of 4 October 2014)

The Lead Minister shall not cause or allow any practice, activity, decision, or Church circumstance that is unlawful, imprudent, or in violation of our Unitarian Universalist principles, the Church Constitution, or of commonly accepted business and professional ethics and practices. The Lead Minister shall not discriminate with regard to age, race, color, ethnicity, national origin, gender, gender identity, gender expression, sex, affectional or sexual orientation, marital status, pregnancy, medical condition, genetic information, physical or mental disability, socioeconomic status, military status, veteran status, spiritual practice, or religious belief.

A. TREATMENT OF CONGREGANTS:

With respect to interactions with congregants, the Lead Minister shall not cause or allow conditions, procedures, or decisions that are unsafe, unnecessarily intrusive, or that fail to provide appropriate confidentiality or privacy.

B. TREATMENT OF PAID AND VOLUNTEER STAFF:

With respect to the treatment of paid and volunteer staff, the Lead Minister shall not cause or allow conditions that are unfair, disorganized, or unclear.

C. COMPENSATION AND BENEFITS:

With respect to employment, compensation and benefits to employees, consultants, contract workers, and volunteers, the Lead Minister shall not cause or allow jeopardy to fiscal integrity or public image. Accordingly, the Lead Minister shall not:

1. Fail to maintain and abide by an up-to-date personnel manual.
2. Change his or her total cost of ministry or housing allowance without prior approval of the Church Board.
3. Promise or imply permanent or guaranteed employment.
4. Establish current compensation and benefits that:
 - a. Deviate materially from the nonprofit or geographic market for the skills employed.
 - b. Create obligations over a term longer than revenues can be safely projected, in no event longer than one year and in all events subject to loss of revenue.
5. Establish or change deferred or long-term compensation and benefits so as to:
 - a. Cause unfunded liabilities to occur or in any way commit the Church to benefits which incur unpredictable future costs.
 - b. Provide less than some basic level of benefits to all full time employees.
 - c. Allow any employee to lose benefits already accrued from any foregoing plan.

D. FINANCIAL PLANNING AND BUDGETING:

Financial planning for any fiscal year or the remaining part of any fiscal year shall not risk financial jeopardy nor deviate from the Church Constitution or from Outcome Statements set by the Church Board. Accordingly, the Lead Minister shall not allow budgeting that:

1. Contains too little detail to enable reasonably accurate projection of revenues and expenses, separation of capital and operational items, disclosure of cash flow and subsequent trails, and disclosure of planning assumptions.
2. Fails to present to the Church Board a balanced budget proposal for the next fiscal before the first Church Board meeting in May. The proposal shall not plan the expenditure in any fiscal year of more funds than are reasonably projected to be received in that period.
3. Fails to separately present a plan for capital expenditures and the means to pay them. For purposes of this paragraph, capital expenditures are
 - a. any building renovations, additions, and improvements, and equipment over \$10,000 each, and
 - b. repayment of debt incurred to finance the same.
4. Fails to plan adequately for maintenance and repair of Church facilities in accord prudent practices and any maintenance plan required by Church Board policy.
5. Deviates materially from the Church Board's Outcome Statements in its among competing fiscal needs.
6. Fails to identify in the proposed budget then known annual, capital, or special-cause fundraising activities on behalf of the Church. Furthermore, the Lead Minister shall not fail to have procedures that authorize and coordinate fundraising that is done on behalf of the Church or on Church property or by any Church group for any other purpose.
7. Fails to maintain a minimum balance in the general fund of \$50,000, and in combined balances of the general, committee, and designated funds of \$100,000, without prior Board approval.

E. FINANCIAL CONDITION AND ACTIVITIES:

With respect to the ongoing financial condition and activities, the Lead Minister shall not cause or allow the development of fiscal jeopardy or a material deviation of expenditures from Church approved priorities established in current Outcome Statements. Accordingly, the Lead Minister shall not:

1. Indebt the Church, nor enter into a contract that could indebt the Church, in an greater than 5% of the then current year's budget in any single transaction, nor greater than 7% of the then current year's budget in the aggregate without prior notification of the Church Board and approval under its policies.
2. Conduct inter-fund shifting in amounts that deviate materially from the Church Outcome Statements.
3. Fail to settle payroll and other debts in a timely manner.
4. Allow tax payments or other government-ordered payments or filings to be overdue inaccurately filed.
5. Buy, sell, or mortgage any interest in real estate.
6. Fail to aggressively pursue unpaid non-pledge receivables after a reasonable amount time.
7. Authorize a line of credit without the prior approval of the Church Board.
8. Expend any endowment, donor restricted, or designated funds for other than purposes determined at time of receipt or designation or in amounts that exceed limitations set by Church Constitution Section IX.8 (Endowment Fund).
9. Fail to inform the Church Board before any decision is made to use unexpected undesignated income over the amount of \$7,500 for any purpose.
10. Receive, process, or disburse funds (e.g. collections, bookstore revenues, etc.) controls sufficient to meet generally accepted standards. These standards shall include, at a minimum, the following:
 - a. Two signatures on all checks of \$1,000 or more. Signature authority on accounts shall be held by the Church Director of Operations and the current Board Officers (President, Vice-President, Secretary, and Treasurer).
 - b. Limited access to operating and investment accounts.
 - c. Quarterly reports to the Church Board regarding the Church's investments.
 - d. Reconciliation of operating accounts monthly.
 - e. Controls over the receipt, processing, and dispersal of funds that are sufficient meet the Church Board-appointed auditor's standards.
11. Fail to inform the Church Board in writing concerning actual revenues and expenditures and appropriate comparisons and projections, quarterly or at another frequency specified in the Monitoring Schedule (set forth at Section III.D.4 of the Governance Policies).
12. Fail to provide written financial reports on a monthly basis to the Treasurer and Church Board Finance Committee. These reports will include the following: Balance Sheet, General Fund Activity (including Transfers and Budget vs Actual), Committee Operations, Fund Details for Affiliated Organizations, Designated, Donor Restricted, and Endowments, Over-budget, and Pledge. Such reports shall include commentary for material deviations." A material deviation is a variance in a budgeted line item that exceeds 10%.
13. Fail to take such action as may be possible to ensure that spending and other financial obligations are consistent in amount and character with the Budget approved by the congregation, and to inform the Church Board of any over-budget items and material deviations within one month of occurrence.
14. Fail to inform the Church Board if receipts or revenues are, or are likely to be, at least \$10,000 less than budgeted,

for any budgeted line item.

F. ASSET PROTECTION:

The Lead Minister shall not allow the assets to be unprotected, inadequately maintained, or unnecessarily risked. Accordingly, the Lead Minister may not:

1. Fail to establish and implement appropriate plans and procedures for risk management, safety, and security.
2. Fail to report annually to the Church Board the status of risk management, safety, security.
3. Fail to carry adequate insurance for liability, theft, fire, casualty loss, bonding, and corporate and personal liability of Church Board, staff, and volunteers.
4. Unnecessarily expose the Church, its Board, or its staff to claims of liability.
5. Unnecessarily risk the Church's non-profit status.
6. Fail to protect intellectual property, information, and files from loss or significant damage.
7. Invest or hold operating capital in instruments other than insured bank accounts or bonds issued by the US Treasury or other US government entities such as FNMA, FHLB and FHLMC, nor may the Lead Minister hold funds in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.
8. Endanger the Church's public image or credibility, particularly in ways that would hinder accomplishment of its Outcome Statements or mission.

G. CONTRACTS AND GRANTS:

No one other than the Lead Minister, Church Director of Operations, or Church Board President (or Vice President, in the President's absence), shall execute any contract on behalf of the Church. The Lead Minister may not enter into any grant or contract arrangement that fails to emphasize the achievement of Outcome Statements or to comply with the limitations expressed in the Church Board's policies. Accordingly, the Lead Minister may not:

1. Fail to obtain Church Board approval prior to executing any contract in an amount greater than \$50,000. This "Contract Limit" amount will be reviewed by the Church Board annually.
2. Make a single purchase or commitment of greater than \$25,000, other than for professional services, without obtaining and considering at least three bids or offers, unless under the circumstances she or he believes it would be manifestly unreasonable to obtain and consider multiple bids or offers.
3. Fail to seek legal advice, when necessary, to interpret and assess contractual terms.
4. Hire ministers or interns in a manner inconsistent with the Church Constitution or Annual Budget.
5. Accept any grant, gratuity, or gift with restrictions that are contrary to the Church's Mission, Outcome Statements, or Unitarian Universalist principles.

H. COMMUNICATION AND SUPPORT TO THE CHURCH BOARD:

The Lead Minister shall not cause or allow the Church Board to be uninformed or unsupported in its work. Accordingly, the Lead Minister may not:

1. Neglect to submit monitoring information required by the Board in a timely, accurate, and understandable fashion, directly addressing provisions of board policies being monitored.
2. Let the Board be unaware of relevant trends, anticipated adverse media coverage, or material external or internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.
3. Fail to advise the Board if, in the Lead Minister's opinion, the Board is not in compliance with its own policies on Governance Process and Church Board-Management Linkage, particularly in the case of Board behavior that is detrimental to the working relationship between the Board and the Lead Minister.
4. Fail to marshal for the Board as many staff and external points of view, issues, and options as needed for informed Board choices.
5. Fail to provide a mechanism for official Board, officer or committee communications.
6. Fail to report in a timely manner an actual or anticipated non-compliance with any policy of the Board.

I. EMERGENCY LEAD MINISTER SUCCESSION:

Because of the risk of the sudden loss of the Lead Minister's services, the Lead Minister must have, at all times, no fewer than two other key leaders sufficiently capable to take over with reasonable proficiency as an interim successor. Please see "Succession Policy dated 05-17-2016" attached as a part of this report.

III. CHURCH BOARD-MANAGEMENT LINKAGE

The Church Board's official connection to church operations, achievements, and conduct is solely through the Lead Minister.

A. UNITY OF VOICE:

Only decisions of the Church Board as a body, stated in officially passed motions, are binding on the Lead Minister.

B. ACCOUNTABILITY OF THE LEAD MINISTER:

All authority and accountability of paid and volunteer staff are considered by the Church Board to be the authority and accountability of the Lead Minister.

C. DELEGATION TO THE LEAD MINISTER:

The Church Board will provide direction to the Lead Minister through written policies that articulate Outcomes to be achieved and describe organizational situations and actions to be avoided. The Lead Minister may use any reasonable interpretation of these policies. The Lead Minister may also delegate implementation and subsidiary policy development to staff.

D. MONITORING THE LEAD MINISTER PERFORMANCE:

Regular and systematic monitoring of the Lead Minister's job performance will be solely measured by accomplishment of Outcomes within Staff Limitations policies.

1. Monitoring is done to determine the degree to which Church Board policies are being met. Data that do not do this will not be considered to be monitoring data.

2. The Church Board will acquire monitoring data by one or more of the following three methods:

a. By internal report, in which the Lead Minister discloses compliance information to the Church Board
b. By external report, in which an external, disinterested third party selected by the Church Board assesses compliance with Policies

c. By direct Church Board inspection, in which a designated Church Board member or members, the Church Board as a whole, or a Church Board committee assess compliance with the appropriate policy criteria by inspecting public or Church property or records or by interviewing paid and/or volunteer staff or Church members.

3. In every case, the standard for compliance shall be any reasonable interpretation by the Lead Minister of the Policy being monitored.

4. All policies that provide direction to the Lead Minister will be monitored for compliance at a frequency and by a method chosen by the Church Board. The Church Board can monitor compliance with any policy at any time by any method, but will ordinarily be done on the following routine schedule

E. MONITORING CHURCH BOARD PERFORMANCE:

The Church Board systematically will monitor its own performance, relative to its Governance Process and Church Board-Management Linkage policies, by including a portion of these policies for review semi-annually.

IV. GOVERNANCE PROCESS

On behalf of the congregation the Church Board will assure that the Church furthers its desired Outcomes, with appropriate use of its resources, and avoids unacceptable actions and situations.

A. GOVERNING STYLE:

The Church Board will govern lawfully and ethically, with emphasis on

1. Outward vision rather than internal preoccupation;
2. Encouragement of diversity in viewpoints;
3. Spiritual and strategic leadership more than administrative detail;
4. Clear distinction between the role of the Church Board and the role of the Lead Minister;
5. Collective rather than individual decisions;
6. The future, rather than the past or present;
7. Being proactive rather than reactive, while being consistent with our Unitarian Universalist principles.

B. CHURCH BOARD JOB DESCRIPTION:

The job of the Church Board is to represent the congregation in:

1. Long-term visioning while in conversation with the congregation;
2. Writing governing policies that address Outcome Statements, Staff Limitations, Governance Process and Church Board-Management Linkage;
3. Monitoring the Lead Minister; and
4. Serving as legal representative of the Church under California state law.

C. AGENDA PLANNING:

To accomplish its tasks with a governance style consistent with Church Board policies, the Church Board will follow an

Annual Agenda that is designed to set forth major goals for the up-coming fiscal year:

1. The Agenda will be devised each year by the last day in September, so administrative planning and budgeting can be based on the Agenda.
2. The Church Board will consult with the Lead Minister and Staff and, as necessary, others when devising the Agenda.
3. Means of improving Church Board performance through Church Board education and re-exploration of Outcome Statements will be arranged during the first quarter, to be considered during the balance of the year.
4. The Church Board will review Church Board policies in light of operational issues considered at the Church Board's regular meetings.
5. A Church Board member may recommend or request an item for Church Board discussion by submitting the item to the Church Board Steering Committee no later than 7 days before the Church Board meeting.
6. Lead minister monitoring will be included on the agenda if monitoring reports show policy violations, if policy criteria are to be debated, or if the Church Board, for any reason, chooses to debate amending its monitoring schedule.
7. The Church Board will decide the Lead Minister's remuneration for the following fiscal year by no later than the end of the month of April, following recommendation from the Compensation Committee of the Church Board. The Compensation Committee is established in Policy IV.G.3.

D. ROLE OF THE PRESIDENT:

The President is a specially empowered member of the Church Board who:

1. Ensures the integrity of the Church Board's process,
2. Occasionally represents the Church Board to congregants and outside parties,
3. Presides at meetings of the Church Board and of the Church membership, and
4. Fulfills other such duties and responsibilities as may be assigned by the Church Board or the Church. Accordingly,
 - a. The job of the President is to ensure that the Church Board behaves consistently with its own rules.
 - (i) Meeting discussion content will only be those issues that, according to Policy, clearly belong to the Church Board to decide, not to the Lead Minister or Staff.
 - (ii) Deliberation will be timely, fair, orderly, and thorough, but also efficient and to the point.
 - b. The authority of the President consists of making decisions on behalf of the Church Board that fall within or are consistent with Policies on Governance Process and on Church Board-Management Linkage.
 - (i) The President is empowered to chair Church Board meetings with all the commonly accepted power of that position (e.g. ruling, recognizing)
 - (ii) The President's authority does not extend to making decisions within Outcome Statement and Staff Limitations policy areas, each of which is within the purview of the Lead Minister and Staff.
 - (iii) The President's authority does not extend to supervising or otherwise directing the Lead Minister or Staff.

E. CHURCH BOARD MEMBERS' CODE OF CONDUCT:

The Church Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Church Board members. Accordingly,

1. Church Board members must represent unconflicted loyalty to the interests of the Congregation. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership in those groups within those groups.
2. Church Board members must avoid any conflict of interest with respect to their fiduciary responsibility.
3. There must be no self-dealing or any conduct of private business or personal services between any member and the Church except as procedurally controlled to assure openness, competitive opportunity, and equal access to "inside" information.
4. Church Board members may not attempt to exercise individual authority over the Church.
5. Members' interaction with the Lead Minister or with staff must recognize the lack of authority vested in individuals except when explicitly authorized by the Church Board.
6. Members' interactions with the public, the press, or other entities must recognize the same limitation and the inability of any Church Board member to speak for the Church Board except to repeat explicitly stated Church Board decisions.
7. Members will respect the confidentiality appropriate to issues of a sensitive nature.
8. Members will be properly prepared for Church Board deliberation.
9. Members will support the legitimacy and authority of the final determination of the Church Board on any matter, irrespective of the member's personal position on the issue.

F. CHURCH BOARD COMMITTEE PRINCIPLES:

The Church Board may establish committees to help carry out its responsibilities. To preserve the Church Board functioning as a whole, committees of the Church Board will be used sparingly. Accordingly,

1. Church Board committees may not speak for or act for the Church Board except when formally given such authority for specific and time-limited purposes. Such authority will be carefully stated in order not to conflict with authority delegated to the Lead Minister and Staff.
2. Church Board committees are to help the Church Board do its job, not to help the Lead Minister or Staff do their jobs. Committees will assist the Church Board chiefly by preparing policy alternatives and implications for Church Board

deliberation. Church Board committees are not to be created by the Church Board to advise the Lead Minister or Staff.
3. This policy applies only to committees that are formed by Church Board action, whether or not the committees include non-Church Board members. It does not apply to committees formed under the authority of the Lead Minister or Staff.

G. CHURCH BOARD COMMITTEE STRUCTURE:

A Board committee is created by the Church Board and exists to help the Board in its oversight function. It consists primarily of Board Members with other members as appropriate. The majority of the members of a Board Committee shall be members of the Board. The non-Board members of a Board Committee serve at the pleasure of the Board, and shall be appointed on a year-to-year basis.

1. Governance Committee: The Governance Committee recommends to the Church Board policies concerning the empowered organization governance of the church. The Committee also informs the congregation about empowered organization governance and reports to the Board periodically to ensure its successful implementation. The Governance Committee serves as the Church Board's liaison to the congregationally elected Nominating Committees and the Ministry Teams.

2. Diversity Committee. The Diversity Committee recommends to the Board policies that further our goal of embracing diversity, as stated in our Outcome Statements. The Diversity Committee serves as the Church Board's liaison to the Journey Toward Wholeness Committee and other volunteers, committees and organizations engaged in the furthering the Church's Outcome Statements on diversity and social justice.

3. Compensation Committee: The Compensation Committee reviews and recommends to the Board, on or before the last regular meeting of the Board in April of each year, the total compensation, including benefits, of the Lead Minister. The Committee reviews

- a. monitoring reports received in the preceding twelve months,
- b. UUA fair compensation guidelines, and
- c. other relevant performance and compensation information.

The Compensation Committee also reviews any assessment of the work of the Lead Minister that has been coordinated by the Ministry Committee using peer review as a tool, as further described in the Lead Minister's Letter of Call and Continuing Letter of Agreement. The membership of the Compensation Committee may not include a church religious professional or other staff member.

4. Finance Committee: The Finance Committee recommends to the Board policies concerning the finances of the church. Each month the Committee

- a. monitors and compares the church's (including the preschool's and other church affiliated organization's) financial performance to expectations based on the budget and the church's prior year's financial performance and
- b. analyzes and recommends changes to church policies that should be taken in response to the church's financial performance.

The Church Treasurer serves as one of the members of the Committee.

5. Audit Committee: The Audit Committee

- a. negotiates and engages the church auditor,
- b. oversees the audit of the church's financial statements and evaluates any recommendations made by the auditor,
- c. confers with the auditor upon accounting policies and internal controls and such other matters as are necessary to satisfy the committee's members that the financial affairs of the church are in order,
- d. reports and makes recommendations upon the same to the Church Board, and
- e. draws upon such volunteer and paid expertise as the Committee determines necessary and appropriate to inform itself and discharge its duties.

The membership of the Audit Committee may include persons on the Church Board's Finance Committee, but will not include the Church Treasurer, President, or a church religious professional or other staff member.

6. Complaint Review Committee (as enacted by the Church Board on 13 Feb 2010).

H. CONGREGATIONALLY ELECTED COMMITTEES:

1. Nominating Committee: The Nominating Committee presents a slate of candidates for Church officers, trustees, and members of the Ombuds Committee. The number of candidates presented by the Nominating Committee is at least equal to the number of vacancies plus any additional candidates nominated by petition and the slate must be published and mailed to members at least ten days prior to the Annual Membership Meeting.

I. GOVERNANCE INVESTMENT:

Because poor governance costs more than learning to govern well, the Church Board will invest in its governance capacity. Accordingly,

1. Church Board skills, methods and supports will be sufficient to ensure governing with diligence.
2. Training and retraining will be used liberally to orient new members and candidates for leadership, as well as to maintain and increase existing member skills and understandings.
3. Outside monitoring assistance will be arranged so that the Church Board can exercise confident control over organizational performance. This includes, but is not limited to, financial audits.
4. Outreach mechanisms will be used as needed to ensure the Church Board's ability to listen to congregational

viewpoints and values.

J. COMPLAINT AND INQUIRY PROCESS:

Any complaints or concerns the Church Board or its members receive will be addressed solely in relationship to Church Board policies. The process for complaints about the Board itself, or about its members, is detailed in the Complaint Policy enacted by the Board on 13 Feb 2010.