

UUA Board of Trustees Meeting, Tuesday, June 18 2013, Louisville

Start	End	Item	Contact
8:30 am	8:35 am	Opening Words	Sarah Stewart
8:35	8:38	Covenant	Catherine Cullen
8:38	8:45	Housekeeping Approve Agenda	Gini Courter Jackie Shanti
8:45	8:55	First Moderator's Items <i>Please update on consultation and RFP</i>	Jackie Shanti
8:55	9:00	Secretary's Items <i>Please incl updates, if any, related to elections</i>	Tom Loughrey
9:00	9:20	Presidential Update <i>Items the Board needs to know relative to GA</i>	Peter Morales
9:20	9:40	Treasurer's Report <i>Please include GA 2013 registration & budget</i>	Tim Brennan
9:40	10:10	Financial Advisor's Report	Dan Brody
10:10	10:15	Introduce Board, Observers	
10:15	10:35	Break	
10:35	10:45	Empowering Trustees to speak for the Board (Policy 3.4) ⁱ during professional days	Gini Courter
10:45	11:15	Initial Review – Position Statements on Business Items	Tom Loughrey
11:15	12:00	Role of Districts Report – presentation and discussion	Kathy Burek
<i>12:00 pm</i>	<i>1:00</i>	<i>Lunch</i>	
1:00	1:15	Executive Session for the purpose of making appointments	Nancy Bartlett, Sarah Stewart Kay Montgomery
1:15	2:25	Finalize Ends	Donna Harrison
2:25	2:45	Board GA Schedule Review and finalize	Joan Lund
2:45	2:50	Events with Youth and Young Adults	Linda Laskowski
<i>2:50</i>	<i>3:05</i>	<i>Break</i>	
3:35	3:50	Retirement Plan Revisions (Richard Nugent)	Jeanne Pupke
3:50	3:55	Process Observation	
3:55		Recess	

Stretch goal: end by 3:45 pm

Wednesday, June 19

- Meeting 1:15 – 3:00 PM (stretch goal is 2:30)

Start	End	Item	Contact
8:00 am	8:30	Breakfast	
8:30	8:35	Opening Words	Jake Morrill
8:35	8:40	Fifth Principle work – Friday plenary conversations	Joan Lund
8:40	8:50		
8:50	10:00	Monitoring Reports <ul style="list-style-type: none"> • Operational definitions for various elements on policy 2.13 • New youth policies in 2.13 • Various section 2 policies 	Donna Harrison
10:00		Recess	
12:00	1:15	<i>Lunch</i>	
1:15	1:20	Receive printed reports from Commission on Appraisal Commissioners Nana' Kratchovil and Lynne Garner	
1:20	2:00	Monitoring (continued, if needed) and polices including policies on Committees and Policy 2.7	Donna Harrison Nancy Bartlett Dan Brody
2:00	2:10	Final Review - Position Statements on Business Items (if needed)	
2:10	2:15	Renew Associate Member status for UUSC, UUWF	Kay Montgomery
2:15	2:30	Finance Items (if any)	Jeanne Pupke
2:30	2:40		
2:40	2:50	Process Observation	
2:50		Closing Words	Jackie Shanti

Stretch goal: End by 2:30 pm

ⁱ Here is what we said in policy:

3.4.2. Any Board member may be empowered and charged by the Board to be a Board representative in relationship with any group, and such empowerment, the charge and its responsibilities will be defined by the Board at the time of the assignment....

3.4.3. Board members may represent the Board or the Association at meetings and events where such representation is deemed desirable and where the CGO has agreed to the representation....

UUA Board of Trustees
Agenda
June 24, 2013

Agenda Item	Action Required	Contact
7:45 - 8:45 - Breakfast	Start the day right	
8:45 - 9:05 Board Photo	Smile Pretty	
9:05 - 9:20 Welcome		
Chalice Lighting		Sarah Stewart
Reading the Board Covenant		All
Approve the Agenda		
Introductions		
9:20 - 10:20 GA Review		
Review actions of GA2013	Assure follow up on Board action items	Susan Ritchie
Evaluation of GA 2013	Discussion	Donna Harrison
10:20 - 10:35 Break		
10:35 - 11:20 Looking Forward		
Early thoughts from the new moderator - how we will work together	Information, Discussion	Moderator
Overview of Board calendar	Information & Discussion	Donna Harrison
- Consultant project and proposed timeline		
- Plans for the September Board Retreat		
- Our Boardroom training information		
Communications Plan - Board Blog	Agree on next steps	
11:20 - 11:30 Process Observation		
Process Observations	Learning together	Clyde Grubbs

MINUTES
BOARD OF TRUSTEES
UNITARIAN UNIVERSALIST ASSOCIATION

April 20-21, 2013

Pursuant to notice duly given, a meeting of the Board of Trustees of the Unitarian Universalist Association was held on Saturday April 20, and Sunday, April 21, 2013 at 25 Beacon Street in Boston, MA.

MEMBERS

PRESENT: Allen, Averett, Bartlett, Brody, Carlson, Courter, Cullen, Friedman, Grubbs, Harrison, Jackoway, Kreicker, Laskowski, Lund, Loughrey, Manley, Morrill, Pupke, Raible-Clark, Ritchie, Shanti, Stewart, Tino, and Morales

MEMBERS

ABSENT: Phinney

ALSO

PRESENT: Brennan, Lawrence, Limpert, Montgomery, Rigdon, and observers

Gini Courter, Moderator, called the meeting to order at 8:30 am on Saturday, April 20, 2013. Tom Loughrey provided opening words. Trustees and visitors were introduced and the agenda was approved.

APPROVAL OF BOARD MINUTES

The meetings of the January 19-20, February 14, February 28 (executive session), March 14 (executive session) and March 28, 2013 meetings of the Board of Trustees were approved as written.

APPROVAL OF EXECUTIVE COMMITTEE MINUTES

The minutes of the January 22, 2013 Executive Committee meeting of the Board of Trustees were approved as written.

APPROVAL OF SCHOLARSHIPS

By unanimous consent, the following scholarships were approved:

MARION BARR STANFIELD ART SCHOLARS		Total \$19,000
Lora Green	First Unitarian of Albuquerque	\$2,000
Hannah Jeremiah	Universalist Church, W. Hartford, CT	2,000
Deanna Kizer	UU Church of Bangor, ME	2,000
Kelin Michael	UU Community Church, Portage, MI	2,000
Aubrie Nelson	UU Society, Hartford, CT	2,000
Abigail Tatarian	First Parish, Bridgewater, MA and Northampton	2,000
Dino Traite	First Parish in Waltham, MA	3,000
Ty Underwood	UU Fellowship of Hendersonville, NC	2,000
Hilary Weissbard	Unitarian Church, Rockford, IL	2,000

denominations generally and the UUA specifically, saying that this year's statistics showed a slight decline in membership and that UU membership had declined by 181 over the last ten years.

TREASURER'S REPORT

Tim Brennan, Treasurer, reported on the status of UUA Boston property and described the process for moving Boston staff to 24 Farnsworth Street. He said that staff was sharing responsibilities connected to the move, that Leggat McCall would serve as external project manager, architectural firms were being interviewed, and that current properties would likely go on the market on June 15. He reviewed year-end budget forecast and current investment performance.

FINANCIAL ADVISOR'S REPORT

Dan Brody, Financial Advisor, reviewed performance of the Annual Program Fund, the Friends program, unrestricted bequest income, and general investment income and reported on proposed revisions to the UUA Retirement Plan. Brody reviewed topics that had been considered and dealt with during his time as Financial Advisor and said that current areas of attention included financial reporting and the chart of accounts, compliance with state planned giving rules, the relationship with the Liberal Religious Charitable Society, and asset management.

REPORT OF THE RIGHT RELATIONS MONITORING COMMITTEE

Michael Tino, Chair of the Right Relations Monitoring Committee, reported on that committee's discussions, including a conversation with representatives of the group Leather and Grace

REPORT OF THE COMMUNICATIONS WORKING GROUP

M (Carlson), S, and

VOTED AND PASSED: To approve a letter to the New Orleans congregations in the wake of the trustees' time with those congregations in January of 2012, thanking them for their hospitality, acknowledging the pain and trauma resulting from the Katrina catastrophe and expressing regret over anything that Unitarian Universalists may have done to add to that pain.

Discussion was held concerning a fundraising effort to be held at the 2013 General Assembly with the proceeds going to support the efforts of the New Orleans congregations.

M (Carlson), S, and

VOTED AND PASSED: Whereas the three UU congregations of the New Orleans area were devastated by the storms and flooding of hurricanes Katrina and Rita of 2005 and;

Whereas the three congregations have of their own accord established and helped support the Center for Ethical Living and Social Justice Renewal;

Whereas there is still a finite but dire need that has yet to be met in restoring the congregations, their physical spaces and their ministry in the greater New Orleans area and;

Whereas the greater Unitarian Universalist faith movement has repeatedly and consistently committed to being with our siblings in New Orleans "for the long haul";

Be it resolved that the plenary offering at GA 2013 be collected for the Greater New Orleans Unitarian Universalists.

REPORT OF THE LINKAGE WORKING GROUP

Linda Laskowski, Convenor of the Linkage Working Group, reported on the work of that group, saying that they had primarily been collecting feedback on the creation of a new Ends statement.

REPORT OF THE GOVERNANCE WORKING GROUP

Policy 2.3.2 [The President] Shall not fail to permit, and provide emotional space for, the non-disruptive expression of dissent by any staff member.

M (Morrill), S, and

VOTED AND PASSED: To accept as written the monitoring report for Policy 2.3.2.

M (Morrill), S, and

VOTED AND PASSED: To rewrite Policy 2.3.2 to read:
[The President] Shall not retaliate against the constructive expression of dissent by any staff member.

A monitoring report on the revised policy may be submitted the next time that this report is scheduled to be monitored.

Policy 2.3.3 [The President] Shall not fail to consider geographic diversity in appointments to staff committees and task forces.

M (Morrill), S, and

VOTED AND PASSED: To rewrite Policy 2.3.3 to read:
[The President] shall not fail to ensure staff-appointed committees and task forces reflect the full diversity of the Association, especially in regard to historically marginalized communities, but also balancing amongst size of congregation, lay and ordained, geography, age (including youth and young adults), and gender, among others. The President shall not fail to consult with groups and organizations, including those traditionally underrepresented in Unitarian Universalist leadership, to help inform the appointment process.

Require that a new monitoring report by submitted by July 20 on the rewritten policy. That monitoring report should correct the following issues that were present in the report that was reviewed:

- Operational definition should include clear standards for defining success / compliance
- Data should be provided to the Board rather than saying the Board can go look. This policy is monitored by internal report rather than direct inspection
- Recall that the purpose is to create a system, not just create data

Policy 2.3.4 Safety [The President] Shall not allow staff to work under unsafe conditions.

M (Grubbs), S, and

VOTED AND PASSED: To accept the monitoring report for Policy 2.3.4 as written.

Policy 2.7.8 Expense Limitations. [The President] Shall not make payments for travel or other reimbursable expenses incurred by staff members or volunteers (including board, committee, or commission members), except as authorized by a travel and expense reimbursement policy.

M (Grubbs), S, and

VOTED AND PASSED: To accept the monitoring Move for Policy 2.7.8 as written.

M (Harrison), S, and

VOTED AND PASSED: Move to add a new policy:

3.1.10 Communications – only the board and other individuals specifically approved by the moderator shall be on the official board@uua.org email list. The board shall be informed immediately as to who is on that list.

Monitoring Report for policy 2.12. In order to provide wide dissemination of information about Unitarian Universalist Association (UUA) elections, and to make it possible for all qualified candidates to seek national office without undue financial and time burdens, the President shall not fail to establish appropriate policies, practices and communications systems to support the election process.

M (Harrison), S, and

VOTED AND PASSED: To reject the monitoring report for Policy 2.12 as the operational definition was incomplete in that it did not provide an interpretation or operational definition for the term “undue financial burden.” This should be interpreted and included in a report on to be resubmitted by May 20. The new report should also be consistent with the new policy 3.1.10.

Monitoring Report for policy 2.13 The President shall not permit the Board to be uninformed or unsupported in its work, nor perform tasks or take responsibility for areas that are the Board's responsibility.

M (Harrison), S, and

VOTED AND PASSED: Move to reject the proposed operational definition in the monitoring report for Policy 2.13 as it is centered only on Ends work and not on the full responsibilities of the Board. In addition, the proposed operational definition does not provide clear standards for assessing compliance.

A revised operational definition shall be submitted by May 20.

Policy 2.13.3. [The President] Shall not fail to apprise the Board of current staff practice regarding how UUA justice work efforts are chosen and how this practice has guided the Administration since the last report.

M (Harrison), S, and

VOTED AND PASSED: To rewrite Policy 2.13.3 to read:

Shall not fail to apprise the Board of current staff practice regarding how those UUA justice work efforts that consume significant association resources have been chosen and how this practice has guided the Administration since the last report. A proposed operational definition for the rewritten policy shall be submitted by May 20.

Policy 2.13.5. [The President shall not] Fail to provide a mechanism and staff support for official Board, officer or committee communications, including need to communicate within the Board or committee and with congregations and other Sources of Authority and Accountability

M (Averett), S, and

VOTED AND PASSED: To reject the proposed operational definition in the monitoring report for Policy 2.13.5 as it does not contain a clear standard for assessing compliance. A revised operational definition shall be submitted by May 20.

Policy 2.13.7. [The President shall not] Fail to report to the Board in a timely manner any actual or anticipated noncompliance with any policy of the Board.

M (Averett), S, and

VOTED AND PASSED: To reject the proposed operational definition in the monitoring report for Policy 2.13.7 as the operational definition is worded in such a way that the focus is on non-compliance by the Board, rather than with what the Board states, which is non-compliance with policies of the Board, which covers the violation of any policy in the manual, by anyone. In addition when the operational definition is resubmitted, the rationale provided should be a defense of the operational definition proposed. A revised operational definition should be submitted by May 20.

Policy 2.13.8. [The President] Shall not operate without ensuring that youth leadership is integrated within our Association at all levels.

M (Harrison), S, and

VOTED AND PASSED: To reject the proposed operational definition in the monitoring report for Policy 2.13.8 as non-responsive to the previous feedback which has been provided in previous reviews of the proposed operational definition.

M (Harrison), S, and

VOTED AND PASSED: To rewrite policy 2.13.8 to read:

[The President] Shall not operate without ensuring that youth are integrated into leadership at all levels of the association, including the establishment of clear targets for successful youth participation in leadership roles throughout the UUA.

M (Harrison), S, and

VOTED AND PASSED: This policy shall be monitored by internal report rather than by direct inspection. The operational definition should be submitted by May 20, 2013.

Policy 2.13.8.1. [The President] Shall not allow situations where youth serve in leadership positions in the UUA (including the Board, committee and task force appointments) and where youth safety and protection policies have not been followed.

M (Harrison), S, and

VOTED AND PASSED: To accept the proposed operational definition in the monitoring report for Policy 2.13.8.1.

M (Harrison), S, and

VOTED AND PASSED: To rewrite the Policy 2.13.8.1 for clarity: The President shall not allow situations where youth safety and protection policies have not been followed for youth who serve in leadership positions in the UUA (including the Board, committee and task force appointments).

M (Harrison), S, and

VOTED AND PASSED: This policy shall be monitored by internal report rather than direct inspection. The edited operational definition and the data needed to assess compliance shall be submitted by May 20.

Motion for administrative clean-up of policy numbering:

M (Harrison), S, and

VOTED AND PASSED: Move that the Governance Working Group be authorized to re-number all policies in the policy manual to a fully numeric hierarchy.

FINANCE COMMITTEE REPORT

M (Pupke), S, and

VOTED AND PASSED: To approve the Capital Planning Budget.

GENERAL ASSEMBLY PLANNING COMMITTEE REPORT

Jackie Shanti, Board liaison to the GA Planning Committee reported on plans for the 2013 General Assembly and noted that the UUA had been praised for its commitment to green meetings.

EXECUTIVE SESSION

The Board voted to go into Executive Session to discuss committee appointments proposed by the Appointments Committee as well as the UUA administration and the Distinguished Service Award and, when it returned to regular session, agreed that committee appointments and the name of the Distinguished Service Award recipient would be entered into the regular minutes of the meeting.

DISTINGUISHED SERVICE AWARD

M (Ritchie), S, and

VOTED AND PASSED: To give the 2013 Award for Distinguished Service to the Cause of Unitarian Universalism to the Rev. Mel Hoover.

COMMITTEE APPOINTMENTS

M (Bartlett), S, and

VOTED AND PASSED: To make the following two-year committee appointments, effective at the close of the 2013 General Assembly:

Audit Committee

New appointment:

James Wu

Reappoint:

James Key

Sean Rush

Open UUA

Reappoint:

Rev. Sam Trumbore

Dick Jacke

Cheri Cody

Jennifer Z. Carver

Election Campaign Practices Committee Reappoint:

Ken Sawyer, chair

Investment Committee

Reappoint:

Carol McMullen, chair
Robert Friedman

Reappoint for 1 year term:

Arnold Bradburd
Julie Skye

New Appointment:

Kimberly Gladman - 2 year term
also member of SRIC does the joint position

Committee on Socially Responsible Investing New Appointment:

Vonda Brunsting

Reappoint:

Dave Stewart, co-chair Marva Williams
Simon Billenness
Kimberly Gladman, co-chair

Journey Toward Wholeness Transformation Committee

Reappointment:

Ben Gabel
Rev. Jonipher Kwong
Rev. Walter LeFlore
Rev. Scott McNeill
Rev. Dr. Tracey Robinson-Harris
David Slavin
Carrie Stewart
Rev. Wendy von Zirpolo, Chair

General Assembly Planning Committee Appointment:

Ila Klion
Rev. Paul Langston-Daly

Retirement Plan Committee

Reappointment

Paige Roth
Rev. Marni Harmony
Rich Sider

New Appointment:

Glenn Farley

Unitarian Universalist Association Employee Benefits Trust

Reappoint:

Paul Bluestein
Kathy Burek

Commission on Social Witness New Appointment:

Caitlin Cotter

Presidential Search Committee

Liz Jones

Joanna Fontaine Crawford

M (Grubbs), S, and

VOTED AND PASSED: To make the following committee two-year appointment, effective at the close of the 2013 General Assembly:

Ministerial Fellowship Committee
Nick Allen

DISCUSSION OF THE PRESIDENT'S AWARD FOR DISTINGUISHED SERVICE

President Morales let the trustees know that he had chosen Charlie King as the recipient of the 2013 President's Award for Volunteer Service. Trustees expressed their gratitude that King would be honored for his lifetime of service.

DECISIONS REGARDING REGIONALIZATION

M (Allen), S, and

VOTED AND PASSED: To approve the following document authorizing the transfer of assets from the Prairie Star District to the newly formed MidAmerica Region:

Transfer of Assets from Prairie Star District to MidAmerica Region
April 20, 2013

WHEREAS, the Articles of Incorporation of the PSD specify that the assets of the District would be transferred to the Unitarian Universalist Association (UUA) upon dissolution of the District, and

WHEREAS, the Board of Trustees of the UUA (the Board) supports the decision of the Prairie Star District (PSD or the District) delegates to dissolve their corporation and create the MidAmerica Region, and

WHEREAS, based on a conversation with a representative from the office of the Minnesota Attorney General that as long as such assets continue to be used for the same purposes and maintain any restrictions for their use, that there would be no objection to the transfer of assets to the MidAmerica Region and a newly created Minnesota nonprofit corporation (Foundation), and

WHEREAS, UUA has no interest in receiving and becoming the owner of such assets,

BE IT RESOLVED, that the Board of the UUA has no objection to the transfer by the PSD Board District's assets and any other relevant claims, rights, goods, and resources to the MidAmerica Region (with the exception of any assets, relevant claims, rights, goods and resources relating to Camp UniStar), provided that the transferred assets shall be used for the same purposes and be subject to the same restrictions on their use as when held by the District, and provided further that the transfer shall occur only after the UUA receives a determination from the Internal Revenue Service of the United States that the MidAmerica Region is included in the UUA's charitable, tax exempt status under Section 501(c)(3) of the tax code.

BE IT FURTHER RESOLVED, THAT all assets, relevant claims, rights, goods and resources relating to Camp UniStar shall be transferred to the Camp UniStar Foundation at the earliest practical date after the Camp UniStar Foundation receives a determination from the Internal Revenue Service of the United States that the Camp UniStar Foundation is recognized as a charitable, tax exempt organization under Section 501(c)(3) of the tax code.

BE IT RESOLVED, that UUA disclaims and waives all rights, title and interest to such assets and will provide notification of disclaimer and waiver of rights to the District upon request.

M (Kreicker), S, and

VOTED AND PASSED: To place the following Bylaw amendments on the agenda of the 2013 General Assembly:

Section C-3.6. Termination of Membership.

A member congregation upon written notification to the Association may withdraw from the Association at any time. The Board of Trustees may terminate the membership of any congregation that, pursuant to the provisions of Section C-3.5, has been placed in an "inactive congregation" category maintained by the Association but shall do so only after consultation with:

- (a) the congregation in question, whenever possible; and
- (b) the President of the district or region in which the congregation is located or such other authorized official as the district or region designates in writing to the Association.

Section C-13.1. Districts and Regions.

The Association shall support areas of geographic responsibility known as districts or regions.

Section C-13.2. Establishment.

The establishment of districts or regions and the manner of determining which congregations are included in each district or region shall be in accordance with rules adopted by the General Assembly.

Section C-13.4 Autonomy.

Each district or region shall be autonomous and shall be controlled by its own member congregations to the extent consistent with the promotion of the welfare and interests of the Association as a whole and of its member congregations.

Rule G-13.2.1 Establishing Districts.

- (a) There ~~shall be~~ districts [~~shall be nineteen in number and~~] named Ballou Channing, [~~Central Midwest,~~] Clara Barton, Florida, [~~Heartland,~~] Joseph Priestley, Massachusetts Bay, Metropolitan New York, MidAmerica, Mountain Desert, Mid-South, Northern New England, Ohio Meadville, Pacific Central, Pacific Northwest, Pacific Southwest, [~~Prairie Star,~~] St. Lawrence, Southeast, and Southwestern.

- (b) Transition Provision. The amendments to Rule G-13.2.1 deleting the Central Midwest, Heartland, and Prairie Star districts, shall not become effective until those Districts dissolve. This transition provision shall automatically be deleted from the bylaws following the first regular General Assembly occurring after all of those districts have dissolved.

ACCEPTANCE NEW OF CONGREGATIONS

M (Bartlett), S, and

VOTED AND PASSED: To accept Unitarian Universalist Congregation of Cookeville, Cookeville, TN as a congregation of the Unitarian Universalist Association.

EXECUTIVE SESSION

The Board voted to go into executive session to discuss personnel matters and, when it returned to regular session, announced that they had discussed a process for working with the Administration on Ends monitoring reports.

DISCUSSION OF ENDS MONITORING REPORTS

Discussion was held concerning the remediation report on the Ends policy. After discussion, it was agreed that a motion put forward would be tabled until May 20.

M (Pupke), S, and

VOTED AND PASSED: To budget \$100,000 from reserves in the 2014 budget for work with a consultant on Ends monitoring reports, the consultant to be jointly chosen by the Board and the Administration.

CLOSING

Gini Courter provided closing words and the meeting was adjourned at 2:20 on Sunday, April 21, 2013.

Respectfully submitted,

/s/ Kathleen Montgomery
Recording Secretary

BOARD OF TRUSTEES SCHEDULE

*The board normally meets as follows in **January** and **April**:*

Thursday: Committee Day: Right Relationship Monitoring Committee; Committee on Committees; and Finance Committee meet. Whole board activities begin with Thursday dinner.

Friday: Working Group Day

Saturday: Board meeting

Sunday: Board meeting followed by Coordinating Council meeting

*In **June**, the Board meets before and after the General Assembly. The schedule allows Board member participation in UUMA Ministry Days. Working groups normally do not meet at the June meeting. In election years (odd years), newly elected trustees must attend Anti-Racism / Anti-Oppression training for leaders following General Assembly.*

*In **October**, the Board meeting is one day longer, with Committee Day on Wednesday. In October of odd-numbered years (2009, 2011...) the Board meeting is preceded by a retreat for new board members beginning on Tuesday or Wednesday.*

June 2013, Louisville, KY:

Tuesday, June 18 – Wednesday, June 19 – Board of Trustees meeting

Wednesday, June 19 – Sunday June 23 – General Assembly

Monday, June 24 – Board of Trustees meeting

(Board packet deadline: **May 20, 2013**)

October 2013, Boston, MA

Wednesday, October 16 - Committees

Thursday, October 17

Friday, October 18 – Working Groups

Saturday, January 19 – Sunday, January 21 - Board of Trustees meeting

(Board packet deadline: **September 17, 2013**)

January 2014, San Diego, CA

Thursday, January 23 - Committees

Friday, January 24 – Working Groups

Saturday, January 25 – Sunday, January 26 – Board of Trustees meeting

(Board packet deadline: **December 16, 2013**)

April 2014 Boston, Providence, RI:

Thursday, April 10 - Committees

Friday, April 11 – Working Groups

Saturday, April 12 – Sunday April 13 – Board of Trustees meeting

(Board packet deadline: **March 17, 2014**)

June 2014, Providence, RI:

Tuesday, June 24 – Wednesday, June 25 – Board of Trustees meeting

Wednesday, June 25 – Sunday June 29 – General Assembly

Monday, June 30 – Board of Trustees meeting

(Board packet deadline: **May 19, 2014**)

TO: Board of Trustees

FROM: Nancy Bartlett

Here is an explanation of the Committee on Committee's proposed policy changes. Please read closely. Much of this will be review, but there are some changes since we first sent this to you in April.

Sent previously: When I tried to do a classic version that showed mark-ups - edits, reordering, and deletions - the document was such a mess that I thought this attached approach was easier to understand. I first show what 3.8 looks like now and then provide our draft replacement. This is mostly housekeeping.

However, you will see we also included new policies in 3.8 around basic accountability for committees and the board, and in executive limitations around diversity in staff-appointed committees and staff support for committees' compliance with ARAOMC and Open UUA requirements. Note the proposed executive limitation concerning an open application process.

We further propose an addition to the Appointments Committee charge specifying that all recommended candidates must be members of congregations or youth active in congregations as confirmed by their boards.

Current: "A mess"

3.8 Board Committee Structure: UUA Governance Manual

The Board's work to define Board vs. operational committees is continuing, and is expected to continue for some time, as we gain both experience and education in and about governance. Directionally, in accordance with Policy Governance principles, the Board wants to move toward this statement:

"A Board committee serves only to support the Board in its work. A Board committee's existence and charge come directly from the Board, regardless whether Trustees sit on the committee."

The Board notes that six committees formed by Section 7.1 of our Bylaws do not fit this directional statement. Their charge does not come from the Board. Discernment and decision making about roles and accountability continues as described above. If Bylaw changes are needed, the Board will bring proposals forward.

As the Board finalizes decisions about Board committees, they will be listed in this Policy. At this time, the following committees are considered to be Board Committees. Since the Board has not spoken on others yet, they remain under discernment. Board Committees as of May 2009:

- Finance Committee

- Executive Committee
- Committee on Committees
- Audit Committee
- Open UUA [Unitarian Universalist Association] Committee
- Investment Committee of the Unitarian Universalist Common Endowment Fund, LLC (UUCEF LLC)
- Socially Responsible Investment Committee
- Council On Cross-Cultural Engagement

1. **Moderator Nominating Committee**

Not later than 26 months before the beginning of a General Assembly at which an election for Moderator will be held, the board shall appoint a Moderator Nominating Committee to assist the board in carrying out its responsibilities under Section 9.5 of the Bylaws and Section 3.6.1.A of these policies. The committee shall consist of five members, including not more than two trustees.

2. **Retirement Plan Committee**

[\[Charge to the RPC\]](#)

3. **Appointments Committee**

[\[Charge to the Appointments Committee\]](#)

4. **Investment Committee of the Unitarian Universalist Common Endowment Fund, LLC (UUCEF LLC)**

[\[Charge to the Investment Committee\]](#)

A. The Bylaws of the UUCEF LLC specify the qualifications of members of the UUCEF Investment Committee, and further describe the specific responsibilities of the committee.

B. The Board of Trustees appoints the members of the UUCEF Investment Committee and has other powers over the UUCEF LLC, as described in the Certificate of Organization, the Operating Agreement, and the Bylaws of the UUCEF LLC.

5. **Socially Responsible Investment Committee**

[\[Charge to the CSRI\]](#)

6. **Council on Cross-Cultural Engagement**

[\[Charge to the CCCE\]](#)

PROPOSED CHANGES:

3.8 Board Committee Structure: UUA Governance Manual

A. The board has the responsibility for appointing and monitoring certain committees and entities. Section 7.1 of our Bylaws mandates the following board-appointed committees:

1. Executive Committee
2. Ministerial Fellowship Committee
(The MFC has created sub-committees on candidacy that also require board appointments)
3. Finance Committee
4. Investment Committee of the Unitarian Universalist Common Endowment Fund, LLC (UUCEF LLC) [[Charge to the Investment Committee](#)]

The Bylaws of the UUCEF LLC specify the qualifications of members of the UUCEF Investment Committee, and further describe the specific responsibilities of the committee.

The Board of Trustees appoints the members of the UUCEF Investment Committee and has other powers over the UUCEF LLC, as described in the Certificate of Organization, the Operating Agreement, and the Bylaws of the UUCEF LLC.

5. Religious Education Credentialing Committee; and
6. Audit Committee [[Audit Committee Charter](#)]

Additional board-appointed committees were created in response to General Assembly actions:

7. Open UUA Committee (Rule G-2.1)
8. Journey Toward Wholeness Transformation Committee (1997 Business Resolution)
9. Election Campaign Practices Committee (Rule G-9.13.10)

The Board itself has created the following entities:

10. Appointments Committee
[\[Charge to the Appointments Committee\]](#)
11. Moderator Nominating Committee
Not later than 26 months before the beginning of a General Assembly at which an election for Moderator will be held, the board shall appoint a Moderator Nominating Committee to assist the board in carrying out its responsibilities under Section 9.5 of the Bylaws and Section 3.6.1.A of these policies. The committee shall consist of five members, including not more than two trustees.
12. Committee on Socially Responsible Investing
[\[Charge to the CSRI\]](#)
13. Retirement Plan Committee
[\[Charge to the RPC\]](#)
14. Employee Benefits Trust
[\[Charge to the Health Plan Trustees\]](#)

15. Council on Cross-Cultural Engagement
[\[Charge to the CCCE\]](#)

B. The board-appointed entities and committees identified in this policy should report to the board no less than once a year. Each report should address the committee's performance against the committee charge, and demonstrate compliance with policy 3.7.8, which requires standards, processes and plans related to antiracism, anti-oppression and multi-culturalism. As reflected in policy 2.13 (Support to the Board), the board will ensure that adequate staff support is provided to facilitate compliance with 3.7.8 and Open UUA guidelines. The board shall consider and take appropriate action on committee recommendations.

Proposed addition to Appointments Committee charge, which is inserted as a link in 3.8.10:

B.

5. The committee shall recommend for appointment only persons who are either members of congregations or youth active in their congregations as confirmed by their congregations' boards.

IN EXECUTIVE LIMITATIONS:

Proposed new: 2.13.12 Fail to provide adequate staff support for committees' compliance with Open UUA guidelines and policy 3.7.8 antiracism, anti-oppression multiculturalism requirements.

Proposed:

Replace current: 2.3.3 Fail to consider diversity in appointments to staff committees and task forces.
with

Proposed: Fail to ensure staff-appointed committees and task forces reflect the full diversity of the Association, especially in regard to historically marginalized communities, but also balancing amongst size of congregation, lay and ordained, geography, age (including youth and young adults), and gender, among others. The President shall not fail to consult with groups and organizations, including those traditionally underrepresented in Unitarian Universalist leadership, to help inform the appointment process.

- A. The President shall not fail to implement an open application process for all staff-appointed committees and board-appointed committees for which the staff recommends appointments.

A change since I sent this in April: We previously recommended moving instructions to the Audit Committee out of 2.7 and into 3.8. However, after comparing the Audit Committee charter (link is included in the policy revisions above) to the instructions in 2.7, Dan Brody, Tim Brennan, and Jim Key (chair of Audit Committee) all concur that everything now in 2.7.1 (with one exception, discussed below) is covered by the committee charter, and therefore can be deleted altogether from the governance policies instead of being moved to 3.8.

The exception is this part of 2.7.1:

- any secured debt over \$50,000 has been issued without prior Board approval,

Proposed changes to 2.7.1 (deleting instructions already covered by committee charter, and also the \$50,000 limitation, which will be included elsewhere)

2.7 Financial Condition and Activities

The President shall not cause or allow conditions that would jeopardize the Association's fiscal health.

Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

1. Fail to cooperate fully with the annual audit of the Association's financial statements, or to sign the financial statements and certify that they fairly represent the financial condition and operations of the Association. ~~Subject to the limitation that the audit does not provide absolute assurance because not all transactions are tested and because audit procedures are determined based on our risk assessments, the audit shall address whether:~~

-

- ~~○ the financial statements have been prepared in compliance with Generally Accepted Accounting Principles (GAAP),~~

-

- ~~○ financial procedures and staff responsibilities have been documented,~~

-

- ~~○ any secured debt over \$50,000 has been issued without prior Board approval,~~

-

- ~~○ Association resources, including staff time, have been used in such way as to be of primary benefit to a private purpose rather than to the Association and its mission,~~

-

- ~~○ Association funds, funds received by the Association in connection with charitable gift annuities and similar instruments, and funds held in trust by the Association for the benefit of member congregations and other entities have been received, held, and disbursed in accord with applicable law, trust documents, and prudent financial management practices,~~

-

- ~~○ Board restricted funds have been used for purposes other than those specified by the Board,~~

-

- ~~○ financial obligations have been met in a timely manner, and~~

-

- ~~○ financial operations have been carried out in a way that complies with the requirements for maintaining the Association's nonprofit, charitable tax status under federal and state laws.~~

Proposed new 2.7.9 (incorporating the exception noted)

2.7 Financial Condition and Activities

The President shall not cause or allow conditions that would jeopardize the Association's fiscal health.

Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

....

9. Enter into any secured debt over \$50,000 without prior Board approval.

Motion 1. To delete the current 3.8 and replace it with:

3.8 Board Committee Structure

A. The board has the responsibility for appointing and monitoring certain committees and entities. Section 7.1 of our Bylaws mandates the following board-appointed committees:

1. Executive Committee
2. Ministerial Fellowship Committee
(The MFC has created sub-committees on candidacy that also require board appointments)
3. Finance Committee
4. Investment Committee of the Unitarian Universalist Common Endowment Fund, LLC (UUCEF LLC) [[Charge to the Investment Committee](#)]

The Bylaws of the UUCEF LLC specify the qualifications of members of the UUCEF Investment Committee, and further describe the specific responsibilities of the committee.

The Board of Trustees appoints the members of the UUCEF Investment Committee and has other powers over the UUCEF LLC, as described in the Certificate of Organization, the Operating Agreement, and the Bylaws of the UUCEF LLC.

5. Religious Education Credentialing Committee; and
6. Audit Committee [[Audit Committee Charter](#)]

Additional board-appointed committees were created in response to General Assembly actions:

7. Open UUA Committee (Rule G-2.1)
8. Journey Toward Wholeness Transformation Committee (1997 Business Resolution)
9. Election Campaign Practices Committee (Rule G-9.13.10)

The Board itself has created the following entities:

10. Appointments Committee
[\[Charge to the Appointments Committee\]](#)
11. Moderator Nominating Committee
Not later than 26 months before the beginning of a General Assembly at which an election for Moderator will be held, the board shall appoint a Moderator Nominating Committee to assist the board in carrying out its responsibilities under Section 9.5 of the Bylaws and Section 3.6.1.A of these policies. The committee shall consist of five members, including not more than two trustees.
12. Committee on Socially Responsible Investing
[\[Charge to the CSRI\]](#)
13. Retirement Plan Committee
[\[Charge to the RPC\]](#)
14. Employee Benefits Trust
[\[Charge to the Health Plan Trustees\]](#)

15. Council on Cross-Cultural Engagement
[\[Charge to the CCCE\]](#)

B. The board-appointed entities and committees identified in this policy should report to the board no less than once a year. Each report should address the committee's performance against the committee charge, and demonstrate compliance with policy 3.7.8, which requires standards, processes and plans related to antiracism, anti-oppression and multi-culturalism. As reflected in policy 2.13 (Support to the Board), the board will ensure that adequate staff support is provided to facilitate compliance with 3.7.8 and Open UUA guidelines. The board shall consider and take appropriate action on committee recommendations.

Motion 2: To add to the Appointments Committee charge:

B. Considerations in Making Recommendations

....

5. The committee shall recommend for appointment only persons who are either members of congregations or youth active in their congregations as confirmed by their congregations' boards.

Motion 3: To adopt new policy 2.13.12:

Fail to provide adequate staff support for committees' compliance with Open UUA guidelines and policy 3.7.8 antiracism, anti-oppression multiculturalism requirements.

Motion 4: Replace current: 2.3.3 (Fail to consider diversity in appointments to staff committees and task forces) **with:** Fail to ensure staff-appointed committees and task forces reflect the full diversity of the Association, especially in regard to historically marginalized communities, but also balancing amongst size of congregation, lay and ordained, geography, age (including youth and young adults), and gender, among others. The President shall not fail to consult with groups and organizations, including those traditionally underrepresented in Unitarian Universalist leadership, to help inform the appointment process.

- A. The President shall not fail to implement an open application process for all staff-appointed committees and board-appointed committees for which the staff recommends appointments.

Motion 5: To delete the language in 2.7.1 as indicated:

2.7 Financial Condition and Activities

The President shall not cause or allow conditions that would jeopardize the Association's fiscal health. Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

1. Fail to cooperate fully with the annual audit of the Association's financial statements, or to sign the financial statements and certify that they fairly represent the financial condition and operations of the Association. ~~Subject to the limitation that the audit does not provide absolute assurance because not all transactions are tested and because audit procedures are determined based on our risk assessments, the audit shall address whether:~~

-

~~○ the financial statements have been prepared in compliance with Generally Accepted Accounting Principles (GAAP),~~

-

~~○ financial procedures and staff responsibilities have been documented,~~

-

~~○ any secured debt over \$50,000 has been issued without prior Board approval,~~

-

~~○ Association resources, including staff time, have been used in such way as to be of primary benefit to a private purpose rather than to the Association and its mission,~~

-

~~○ Association funds, funds received by the Association in connection with charitable gift annuities and similar instruments, and funds held in trust by the Association for the benefit of member congregations and other entities have been received, held, and disbursed in accord with applicable law, trust documents, and prudent financial management practices,~~

-

~~○ Board restricted funds have been used for purposes other than those specified by the Board,~~

-

~~○ financial obligations have been met in a timely manner, and~~

-

~~○ financial operations have been carried out in a way that complies with the requirements for maintaining the Association's nonprofit, charitable tax status under federal and state laws.~~

Motion 6: To adopt policy 2.7.9:

2.7 Financial Condition and Activities

The President shall not cause or allow conditions that would jeopardize the Association's fiscal health. Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

....

9. Enter into any secured debt over \$50,000 without prior Board approval.

MEMORANDUM

To: Kay Montgomery
Fr: Thomas O. Bean
Re: Appointment of Clerk and Assistant Treasurer of the UUA
Date: May 6, 2013

Kay, per your request, this memorandum addresses whether (A) Harlan Limpert may serve as the “Clerk” of the UUA even though he is not a resident of the Commonwealth of Massachusetts; and (B) the Board may appoint (i) Harlan to the non-salaried position of Clerk after removing you from the position of Recording Secretary, and (ii) Karen Wheeler to the non-salaried position of Assistant Treasurer. In short, the answer to both questions is “yes.” Attached to this memorandum are copies of proposed motions for the appointments that may be made at a June Board meeting.

A. Massachusetts General Laws c. 180, § 6A states, in pertinent part: “The clerk shall be a resident of the Commonwealth unless the corporation shall have a duly appointed resident agent.” In other words, if a charitable corporation such as the UUA has a “resident” agent, i.e., an agent in the state for, among other things, service of legal process, the clerk need not be a resident of the Commonwealth.

A document filed by the UUA with the Massachusetts Secretary of State in February, 2012 in connection with the UUA-UUUNO merger lists Tim Brennan, with an address in Sharon, MA., as the Association’s resident agent. As the UUA has a “resident agent,” the “Clerk” need not be a resident of the Commonwealth. Harlan may thus be the Clerk of the Association under Massachusetts law.

The UUA’s bylaws do not reference the position of “Clerk.” The duties typically performed by a Clerk are those specified in Bylaw section 8.16 as those of the “Recording Secretary.” That section requires the Recording Secretary to be a resident of Massachusetts and, if the person is not a resident, the position becomes vacant. Thus, the way to comply with Massachusetts law and the Bylaws is for the Board to remove you from the position of Recording Secretary and appoint Harlan as “Clerk.” The Board has such authority under section 8.17, which “authorizes the Board to appoint such other officers as it deems necessary and shall fix their powers and duties.”¹ Harlan is qualified for the position because he is a member of a congregation as required by Bylaw section 8.4.

¹ We should probably amend the UUA’s filing at the Secretary of State after July 1, 2013 in two respects: first, to name Harlan, rather than Kay, as the Clerk of the Association; and second, to list Tim’s address at the Association rather than his residential address. We may wish to defer the latter until after the Association relocates.

Attached are proposed motions for the Board to consider with respect to removing you as Recording Secretary and appointing Harlan as Clerk and prescribing his duties in that position. Once the Board removes you as Recording Secretary, that position will be vacant. Hence, the Board may assign to the Clerk the duties described in section 8.16 that were formerly performed by you as Recording Secretary. My understanding is that Harlan will assume the duties performed by the Recording Secretary effective for the post-GA Board Meeting in June, 2013. Accordingly, I have drafted the proposed motion with an effective date that would allow him to serve in that capacity with those duties for that meeting.

B. Bylaw section C-8.2 provides that “all appointed officers shall be appointed by the Board of Trustees . . .” Accordingly, the Board may appoint a Clerk and an Assistant Treasurer.

While the Bylaws do not reference the position of Clerk, they do, as noted, afford the Board the authority to appoint such officers as it deems necessary and to fix their powers and duties. The duties of the Clerk would presumably be those formerly performed by the Recording Secretary as described in the Bylaws.

The Bylaws reference the position of Assistant Treasurer and describes the duties of that position in Bylaw section 10.4. Because Karen Wheeler is qualified for the position as a member of a congregation, the Board has the authority under section 8.17 to appoint her as an Assistant Treasurer with the duties prescribed in the Bylaws. (The position of Assistant Treasurer is not referenced in Bylaw sections 8.8-8.16. Hence, the Board should act under section 8.17).

If you or the Board have any questions concerning the foregoing, please do not hesitate to contact me.

PROPOSED BOARD VOTES WITH RESPECT TO APPOINTMENT OF CERTAIN OFFICERS

MOVED: To elect Karen Wheeler to the non-salaried position of Assistant Treasurer of the Association effective July 1, 2013, to serve until her successor shall be duly chosen and qualified, with the duties set forth in the Association's Bylaws.

MOVED: To thank Kathleen Montgomery for her many years of service as Recording Secretary of the Association, and to remove her from that position, at her request, effective at the end of the day on June 23, 2013.

MOVED: To elect Harlan Limpert to the non-salaried position of Clerk of the Association effective June 24, 2013, to serve until his successor shall be duly chosen and qualified, with the following duties: the Clerk shall keep an accurate record of all meetings of the Association and the Board of Trustees, shall perform such other duties as may be assigned by the Board, and shall perform the duties of a Clerk under Massachusetts law.

DRAFT
April 11, 2013

UNITARIAN UNIVERSALIST ORGANIZATIONS RETIREMENT PLAN

(As Amended and Restated Effective January 1, 2014)

C E R T I F I C A T E

The Unitarian Universalist Association, acting through its duly authorized member of the Board of Trustees, hereby adopts this amendment and restatement of the Unitarian Universalist Organizations Retirement Plan in the form attached hereto.

Dated this 18th day of June, 2013.

UNITARIAN UNIVERSALIST
ASSOCIATION

on behalf of the Unitarian Universalist
Association Board of Trustees

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UNITARIAN UNIVERSALIST ORGANIZATIONS RETIREMENT PLAN

SECTION 1

INTRODUCTION

1.1 Background, Purpose of Plan, and Applicable Requirements

The UUA maintains the Plan to enable Employees of congregations, districts, the national association and other Unitarian Universalist organizations to accumulate funds for their retirement. The Plan is a non-electing church plan as described in Code Section 414(e) and ERISA Section 33(3) maintained by an association of churches exempt from tax under Code Section 501 to provide benefits in a manner consistent with Code Section 401(a). The Plan is a multiple employer Plan as described in Code Section 413(c). A Unitarian Universalist organization that completes a Participation Agreement with the consent of the UUA becomes an Employer under the Plan. The Plan was originally established effective as of July 1, 1964. The Plan was amended and restated in its entirety several times, most recently, effective as of January 1, 2000 for legal and regulatory compliance purposes. The Plan as reflected herein is an amendment, restatement and continuation of the Plan, effective January 1, 2014.

Defined terms used in this Section are defined in SECTION 2.

1.2 Effective Date and Plan Year

Except as otherwise required to comply with applicable law or as specifically provided herein, this amendment and restatement is effective January 1, 2014. The Plan is administered on the basis of a Plan Year.

1.3 Trustee and Trust

Amounts contributed under the Plan are held and invested, until distributed, by the Trustee. The Trustee acts in accordance with the terms of the Trust Agreement and Trust, which implement and form a part of the Plan. The provisions of and benefits under the Plan are subject to the terms and provisions of the Trust Agreement and Trust.

1.4 Plan Administration

The Committee shall be the “plan administrator” (as that term is defined in ERISA Section 3(16)(A)) of the Plan and shall be responsible for the administration of the Plan except where another entity has been assigned a specific responsibility in the Plan; provided, however, that the Committee may delegate all or any part of its powers, rights, and duties under the Plan to such person or persons as it may deem advisable. Any notice or document relating to the Plan which is to be filed with the plan administrator may be delivered, or mailed by registered or certified mail, postage pre-paid, to: Retirement Plan Committee, c/o the Unitarian Universalist Association, 25 Beacon Street, Boston, MA 02108.

SECTION 2

DEFINITIONS

The following words and phrases used in the Plan have the respective meanings stated below unless a different meaning is plainly required by the context:

2.1 Account(s)

“Account(s)” means all accounts and subaccounts maintained for a Participant, Alternate Payee or a Beneficiary under Subsection 7.2.

2.2 Alternate Payee

“Alternate Payee” means any spouse, former spouse, child or other dependent of a Participant who is recognized by a Qualified Domestic Relations Order as having a right to receive all or a portion of a Participant’s benefits payable under the Plan.

2.3 Annual Addition

Subject to Subsection 8.1, “Annual Addition” for any Limitation Year means the sum of the Elective Deferrals, Matching Contributions, and Retirement Contributions, as applicable, credited to a Participant’s Account for that Limitation Year.

2.4 Approved Form of Election

“Approved Form of Election” means a request or an election made through the voice response system, Internet, intranet or other electronic media, or on a written election form, approved by the Committee or its designee and filed with the Employer. Notwithstanding the foregoing, no request or election shall be deemed to have been made until all required documentation, information, signatures, consents, notarizations and attestations required for such request or election are provided to the Committee or its designee.

2.5 Beneficiary

“Beneficiary” means the person or persons designated by a Participant, Beneficiary or Alternate Payee to receive any benefits under the Plan which may be due upon the Participant’s, Beneficiary’s or Alternate Payee’s death.

2.6 Board of Trustees

“Board of Trustees” means the Board of Trustees of the UUA.

2.7 Business Day

“Business Day” means any day on which the New York Stock Exchange is open.

2.8 Catch-Up Contributions

“Catch-Up Contributions” mean the compensation deferrals under Code Section 414(v) an eligible Participant elects to make pursuant to Subsection 4.3.

2.9 Close of Business

“Close of Business” means the normal closing time of the New York Stock Exchange or such other time as is designated by the Committee.

2.10 Code

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

2.11 Code Section 415 Compensation

“Code Section 415 Compensation” for a Limitation Year means a Participant’s compensation within the meaning of Treasury Regulation Section 1.415(c)-2(d)(3), including any differential wage payments (as defined in Code Section 3401(h)(2)), that are actually paid or made available during such Limitation Year, subject to the following: (i) Code Section 415 Compensation shall exclude amounts paid after a Participant’s Severance from Employment, except for the following amounts paid within the later of 2-½ months after the Participant’s Severance from Employment or the end of the Limitation Year that includes the date of the Participant’s Severance from Employment; (ii) payments of unpaid wages, overtime, bonuses and commissions; and (iii) payments of unused accrued bona fide sick, vacation and paid time off leave that the Participant would have been able to use if employment had continued. Code Section 415 Compensation shall not include amounts in excess of the limitation under Code Section 401(a)(17) in effect for the Limitation Year.

2.12 Committee

“Committee” means the Retirement Plan Committee.

2.13 Compensation

“Compensation” means total remuneration paid by an Employer for the Employee’s services and reported on Form W-2 before deduction for elective contributions subject to Code Sections 401(k), 403(b), 125 (including “deemed 125 compensation” as defined in Revenue Ruling 2002-27), 132(f)(4) or 402(h)(1)(B). Compensation includes amounts received as a “housing allowance” which qualify for exclusion from gross income under Code Section 107. Compensation excludes: (i) any severance pay whether paid before or after termination of employment, and (ii) additional benefits not paid in cash. Compensation shall exclude amounts paid after a Participant’s Severance from Employment, except for payments of unpaid wages, overtime and accrued vacation leave that the Participant would have been able to use if employment had continued that are paid within the later of 2-½ months after the Participant’s Severance from Employment or the end of the Plan Year that includes the date of the Participant’s Severance from Employment. Each Employer may elect in its Participation Agreement to exclude from Compensation (i) amounts paid to reimburse ministers for amounts

owed under the Self-Employment Contributions Act, (ii) the value of any Employer-paid insurance premiums imputed as taxable income to the Employee, or (iii) amounts paid to reimburse the Employee for federal and state income taxes owed on Employer-provided benefits for a partner or same-sex spouse. Compensation paid to an Employee by more than one Employer shall be aggregated for purposes of determining a Participant's benefits under the Plan. Notwithstanding the foregoing, Compensation of an ordained Unitarian Universalist minister who is self-employed as defined in Code Section 401(c)(1) means net earnings from self-employment related to the Unitarian Universalist ordained ministry. Net earnings shall be determined without regard to items not included in gross income and the deductions allocable to such items. Each Participant's Compensation shall be limited to \$250,000 in each Plan Year (as adjusted to reflect the dollar amount applicable under Code Section 401(a)(17)).

2.14 Disability

"Disability" means any physical or mental disability of a nature that would entitle the Participant to benefits of the long-term disability income plan applicable to Employees of the Employer or to disability retirement benefits under the Social Security Act.

2.15 Elective Deferrals

"Elective Deferrals" mean the compensation deferrals pursuant to Code Section 401(k) a Participant elects to make pursuant to Subsection 4.1. Notwithstanding the foregoing, for purposes of implementing the required limitations of Code Sections 401(k), 402(g), and 415 contained in Subsections 8.3, 8.1 and 8.1, respectively, Elective Deferrals shall not include Catch-Up Contributions or deferrals made pursuant to Code Section 414(u) by reason of an eligible Employee's qualified military service.

2.16 Employee

"Employee" means any person who is: (i) employed by an Employer as a minister or staff member, (ii) ordained as a Unitarian Universalist minister and employed as a community minister by an employer who is not an affiliated employer within the meaning of Code Section 414(e)(3), or (iii) ordained as a Unitarian Universalist minister and self-employed as defined in Code Section 401(c)(1). An Employer's classification as to whether an individual constitutes an Employee shall be determinative for purposes of an individual's eligibility under the Plan. An individual who is classified as an independent contractor or Leased Employee (or other non-employee classification) shall not be considered an Employee and shall not be eligible to participate in the Plan, regardless of any subsequent reclassification of such individual as an employee of an Employer by an Employer, any government agency, court, or other third-party. Any such reclassification shall not have a retroactive effect for purposes of the Plan. An Employee shall be eligible to participate in the Plan pursuant to SECTION 3.

2.17 Employer

"Employer" means (i) the UUA, (ii) each employer that adopts this Plan by completing a Participation Agreement with the consent of the UUA, and (iii) each self-employed Unitarian Universalist ordained minister that adopts this Plan by completing a Participation Agreement with the consent of the UUA.

2.18 Employment or Reemployment Date

“Employment or Reemployment Date” means the first day an Employee performs an Hour of Service.

2.19 ERISA

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

2.20 Fiduciary

“Fiduciary” means the UUA, the Board of Trustees, each Employer, the board of directors or trustees of each Employer, the Committee, and the Trustee, but only with respect to those specific powers, duties, responsibilities and obligations as are specifically given them under this Plan or the Trust Agreement or delegated to them by the UUA.

2.21 Highly Compensated Employee

“Highly Compensated Employee” means a highly compensated employee as defined in Code Section 414(q) and the Treasury Regulations thereunder. Generally, a Highly Compensated Employee shall be any present or former employee of an Employer who received Code Section 415 Compensation from an Employer for the immediately preceding Plan Year in excess of \$115,000 (or such greater amount as may be determined by the Commissioner of Internal Revenue) and was in the top-paid 20% of employees for such year. A former employee shall be treated as a Highly Compensated Employee if such employee was a Highly Compensated Employee when such employee incurred a Severance from Employment or if such employee was a Highly Compensated Employee at any time after attaining age 55.

2.22 Hour of Service

“Hour of Service” means:

- (a) Each hour for which an Employee is paid or entitled to payment for the performance of duties for an Employer. These hours shall be credited to the Employee for the computation period or periods in which the duties are performed;
- (b) Each hour for which an Employee is paid or entitled to payment by an Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including Disability), layoff, jury duty, military duty or leave of absence. No more than 501 Hours of Service shall be credited under this Paragraph for any single continuous period (whether or not such period occurs in a single computation period). Hours under this Paragraph shall be calculated and credited pursuant to Department of Labor Regulation Section 2530.200b-2, which is incorporated by reference; and

- (c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by an Employer. The same Hours of Service shall not be credited under Paragraph (a) or Paragraph (b) and under this Paragraph (c). These hours shall be credited to the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made.

An Employee who is absent from work for Parental Leave shall receive credit for the Hours of Service which would otherwise have been credited to him or her but for his or her Parental Leave. In any case in which such Hours of Service cannot be determined, the Employee shall receive credit for eight Hours of Service for each day of Parental Leave.

2.23 Investment Fund(s)

“Investment Fund(s)” means the funds described in Subsection 6.1 held under the Trust Fund.

2.24 Leased Employee

“Leased Employee” means any individual who is not an employee of an Employer, but who has provided services to an Employer under the primary direction or control of the Employer on a substantially full-time basis for a period of at least one year, pursuant to an agreement between the Employer and a leasing organization. A Leased Employee shall be deemed an Employee for purposes of crediting Years of Eligibility Service, but shall not be eligible for benefits under the Plan unless he or she otherwise satisfies the criteria for eligibility under Subsection 3.1 as an Employee.

2.25 Limitation Year

“Limitation Year” means the Plan Year.

2.26 Matching Contributions

“Matching Contributions” mean any contributions made by an Employer as provided for in Subsection 5.2 that matches Elective Deferrals up to a specified percentage elected by each Employer in its Participation Agreement. Notwithstanding the foregoing, for purposes of implementing the required limitations of Code Sections 401(m) and 415 contained in Subsections 8.4 and 8.1, respectively, Matching Contributions shall not include contributions made pursuant to Code Section 414(u) by reason of an eligible Employee’s qualified military service.

2.27 Parental Leave

“Parental Leave” means an absence: (i) by reason of the pregnancy of the individual; (ii) by reason of a birth of a child of the individual; (iii) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual or for purposes of caring for such child for a period beginning immediately following such birth or placement.

2.28 Participant

“Participant” means an Employee or former Employee who has met the requirements of participation in the Plan for at least one type of contribution as provided in SECTION 3.

2.29 Participation Agreement

“Participation Agreement” means the agreement each Employer completes with the consent of the UUA to adopt the Plan for the benefit of such Employer’s eligible Employees.

2.30 Plan

“Plan” means this Unitarian Universalist Organizations Retirement Plan.

2.31 Plan Year

“Plan Year” means the calendar year.

2.32 Qualified Domestic Relations Order

“Qualified Domestic Relations Order” means any domestic relations order (as defined in Code Section 414(p)) that creates, recognizes or assigns to an Alternate Payee the right to receive all or a portion of a Participant’s benefits payable hereunder and that meets the requirements of Code Section 414(p), as determined by the Committee.

2.33 Retirement Contributions

“Retirement Contributions” mean any contributions made by an Employer as provided for in Subsection 5.1 up to a specified percentage elected by each Employer in its Participation Agreement.

2.34 Rollover Contributions

“Rollover Contributions” mean amounts attributable to part or all of a Rollover Contribution to this Plan pursuant to Subsection 4.6.

2.35 Severance from Employment

“Severance from Employment” means the earlier of the following dates:

- (a) The date on which a Participant terminates employment with all Employers, is discharged, retires or dies; or
- (b) The first anniversary of the first day of a period in which an Employee remains absent from service (with or without pay) with all Employers for any reason other than one listed in Paragraph (a) above.

For purposes of this Plan, an Employee who is absent from service for twelve consecutive months due to illness, injury, or Disability shall be deemed to have had a Severance from

Employment. A Participant who is performing qualified military service (as defined in Code Section 414(u)(5)) shall not incur a Severance from Employment until the time at which a Participant's reemployment rights as a member of the armed forces cease to be protected by law. An Employee shall not incur a Severance from Employment due to a Parental Leave until the second anniversary of the first date of such absence. A transfer from employment with one Employer to another Employer or a change in status from Employee to Leased Employee does not constitute a Severance from Employment for purposes of SECTION 9.

2.36 Testing Compensation

"Testing Compensation" means the compensation for all eligible Employees for a Plan Year under Treasury Regulation Section 1.414(s)-1(c)(4), including any differential wage payments (as defined in Code Section 3401(h)(2)).

2.37 Trust

"Trust" means the trust agreement between the UUA and the Trustee, as it may be amended from time to time, and the trust created thereby.

2.38 Trust Fund

"Trust Fund" means all property held or acquired by the Trustee in accordance with the Plan and the Trust.

2.39 Trustee

"Trustee" means the person appointed to act as Trustee under the Trust, including any successor Trustee.

2.40 UUA

"UUA" means the Unitarian Universalist Association, a Massachusetts charitable organization with its principal place of business in Boston, Massachusetts.

2.41 Year of Eligibility Service

"Year of Eligibility Service" means any consecutive 12-month period of employment during which an Employee completes 1,000 or more Hours of Service. The first consecutive 12-month period to be taken into account for this purpose will be the consecutive 12-month period commencing with the Employee's Employment or Reemployment Date. The second consecutive 12-month period to be taken into account for this purpose will be the Plan Year which includes the first anniversary of the Employee's Employment or Reemployment Date. All subsequent 12-month periods to be taken into account for this purpose will correspond with Plan Years. An Employee does not complete a Year of Eligibility Service before the end of the 12-consecutive month period regardless of when during such period the Employee completes the required number of Hours of Service. Notwithstanding the foregoing, an Employee who successfully completes a ministerial internship as determined by the Committee shall be deemed to have completed a Year of Eligibility Service.

SECTION 3

ELIGIBILITY AND PARTICIPATION

3.1 Participation Prior to Effective Date

Each Employee who was a Participant in the Plan immediately prior to January 1, 2014 shall continue to as a Participant on and after such date, subject to Subsection 3.4.

3.2 Eligibility for Participant Contributions

Each Employee who was not a Participant in the Plan immediately prior to January 1, 2014 as described in Subsection 3.1, shall become a Participant for purposes of making Elective Deferrals, Catch-Up and Rollover Contributions on the first day of the month on or after the latest of (i) his or her Employment or Reemployment Date, (ii) the date he or she attains age 18, or (iii) the effective date of the Participation Agreement entered into by his or her Employer.

3.3 Eligibility for Retirement Contributions and Matching Contributions

Each Employee who was not a Participant in the Plan immediately prior to January 1, 2014 as described in Subsection 3.1, shall become a Participant for purposes of receiving Retirement and Matching Contributions (if applicable) on the first day of the month on or after the latest of (i) the date he or she completes one Year of Eligibility Service, (ii) the date he or she attains age 18, or (iii) the effective date of the Participation Agreement entered into by his or her Employer, regardless of whether the Participant has elected to make Elective Deferrals

3.4 Period of Participation

An Employee who becomes a Participant shall continue as a Participant until the later to occur of the date of the Participant's Severance from Employment or the date on which all the Participant's Accounts have been distributed. For all purposes of the Plan: (i) a period of leave of absence shall not interrupt continuity of participation; (ii) a determination that a Participant has a Disability shall not interrupt continuity of participation; and (iii) the transfer of employment from an Employer to another Employer shall not interrupt continuity of participation. If a Participant incurs a Severance from Employment, he or she shall be ineligible to make or receive Plan contributions.

3.5 Reemployment

If a Participant incurs a Severance from Employment and is subsequently reemployed by an Employer, his or her Years of Eligibility Service shall be reinstated.

SECTION 4

PARTICIPANT CONTRIBUTIONS

4.1 Elective Deferrals

Each Participant may make Elective Deferrals by electing to defer an amount of Compensation before the imposition of Federal income taxes. Subject to the conditions and limitations of the Plan, each Participant may elect on an Approved Form of Election to make Elective Deferrals for each Plan Year in whole percentages of Compensation. For this purpose, Compensation shall only include Compensation paid during the period that the Participant's election to make Elective Deferrals is in effect. An Employee is not required to make Elective Deferrals in order to participate in the Plan.

4.2 Automatic Enrollment

Each Employer may elect in its Participation Agreement to automatically enroll its eligible Employees at a specified Elective Deferral rate. Each Participant who is an eligible Employee of an Employer that makes such an election and who does not make an affirmative Elective Deferral election (including an election to not make Elective Deferrals) within 30 days of first becoming eligible shall be deemed to have elected the Elective Deferral rate specified by the Employer in its Participation Agreement. Such automatic Elective Deferral rate for the Plan Year shall be in whole percentages of 1% up to 6% of Compensation. Prior to the date on which such deemed Elective Deferral rate becomes effective, each Participant described in the preceding sentence shall be provided with a notice explaining his or her right to not make Elective Deferrals (or to elect a different Elective Deferral rate) and, after receiving such notice, shall have a reasonable period before the deemed Elective Deferral rate becomes effective in which to elect to receive the Compensation in the form of cash in lieu of making Elective Deferrals.

4.3 Catch-Up Contributions

All Participants who are eligible to make Elective Deferrals and who have attained (or shall attain) age 50 before the close of the Plan Year may elect on an Approved Form of Election to make Catch-Up Contributions for each Plan Year in whole percentages of 1% to 100% of Compensation, subject to the limitations of Code Section 414(v). The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Code Section 401(k)(3), 410(b), or 416, as applicable, by reason of a Participant's Catch-Up Contributions.

4.4 Rules Applicable to Participant Contributions

An Employer may limit the maximum contribution percentage of Elective Deferrals and Catch-Up Contributions, provided such policy does not impermissibly discriminate against Employees who are not Highly Compensated Employees. Each Participant may elect to change, discontinue or resume Elective Deferrals or Catch-Up Contributions at any time by an Approved Form of Election. Any Approved Form of Election shall be effective on the first day of the first payroll period for which the Employer can process such election. The Committee may establish additional rules regarding the timing and frequency of a change in the amount of Elective

Deferrals or Catch-Up Contributions, provided such policy is applied uniformly to all similarly situated Participants.

4.5 Timing of Participant Contributions

Each Employer shall make a contribution to the Plan equal to the amount of Elective Deferrals and Catch-Up Contributions made by each Participant employed by that Employer. Such contributions shall be paid to the Trustee as soon as practicable following the reduction in Participants' Compensation, but in no event more than 15 business days after the end of the month in which the reduction in Compensation is made.

4.6 Rollover Contributions

In accordance with such rules as the Committee may establish from time to time, the Plan shall accept Rollover Contributions on behalf of an Employee who is eligible to make Elective Deferrals. A Rollover Contribution may be made from:

- (a) A tax-qualified plan described in Code Sections 401(a) or 403(a), excluding after-tax employee contributions and designated Roth contributions made under a qualified Roth contribution program;
- (b) An annuity contract described in Code Section 403(b), excluding after-tax employee contributions and designated Roth contributions made under a qualified Roth contribution program;
- (c) An eligible plan under Code Section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; and
- (d) An individual retirement account or annuity described in Code Sections 408(a) or (b) that is eligible to be rolled over to a plan qualified under Code Section 401(a) and that would otherwise be includible in gross income.

An eligible Employee may make a Rollover Contribution provided that such distribution is received by the Trustee within 60 days after the Employee's receipt of such payment, or such amount is directly transferred to the Trust Fund from such other above plan. The Plan shall separately account for Rollover Contributions. The Employee must furnish the Employer or its designee an Approved Form of Election, including a written statement that the contribution is a Rollover Contribution and such other statements and information as may be required by the Committee or its designee in order to establish that such Rollover Contribution otherwise meets the requirements of law. If the Committee learns that all or part of a Rollover Contribution did not meet the requirements of the Code and the Treasury Regulations and rulings thereunder, the Committee shall direct the Trustee to distribute to the Participant the ineligible portion of the Rollover Contribution (and earnings thereon) that was credited to the Participant's Account.

4.7 Qualified Military Service

Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with Code Section 414(u) and the Heroes Earnings Assistance Relief Tax Act of 2008. In the case of a Participant who dies while performing qualified military service (as defined in Code Section 414(u)), the survivor(s) of the Participant shall be entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan had the Participant resumed and then terminated employment on account of death.

SECTION 5

EMPLOYER CONTRIBUTIONS

5.1 Retirement Contributions

Each Employee who has attained age 18 and completed one Year of Eligibility Service shall be eligible for Retirement Contributions under the Plan. Each Employer shall make Retirement Contributions to the Plan each payroll period on behalf of its eligible Employees equal to a specified percentage of the Participant's Compensation earned during the applicable pay period, subject to the conditions and limitations of the Plan. All eligible Employees of an Employer shall receive Retirement Contributions in the same percentage elected by the Employer in its Participation Agreement. Each Employer may increase or decrease the amount of Retirement Contributions payable on behalf of its eligible Employees for any Plan Year by amendment of its Participation Agreement. Notwithstanding the foregoing, the minimum Retirement Contribution for all Participants shall be at least 5% of the Participant's Compensation.

5.2 Matching Contributions

In addition to Retirement Contributions described in Subsection 5.1, each Employer may elect in its Participation Agreement to make Matching Contributions to the Plan on behalf of its eligible Employees in an amount determined by the Employer. Each Employee who has attained age 18 and completed one Year of Eligibility Service shall be eligible for Matching Contributions under the Plan. Subject to the conditions and limitations of the Plan, each Employer that makes such an election shall make Matching Contributions each payroll period equal to a specified percentage of Compensation that the Participant contributes as Elective Deferrals during the applicable pay period. All eligible Employees of an Employer shall receive Matching Contributions in the percentage elected by the Employer in its Participation Agreement. Each Employer may increase, decrease or suspend the amount of Matching Contributions payable on behalf of its eligible Employees for any Plan Year by amendment of its Participation Agreement. No Matching Contributions shall be paid on Catch-Up Contributions, including Catch-Up Contributions that are recharacterized as Elective Deferrals because a Code or Plan limit was not met.

5.3 Payment, Limitations, Verification, and Form of Payment of Employer Contributions

- (a) Matching Contributions for a payroll period shall be paid to the Trustee and shall be credited to the Participant's Match Contribution Account in accordance with such rules as the Committee shall establish.
- (b) Retirement Contributions for a payroll period shall be paid to the Trustee and shall be credited to the Participant's Retirement Contribution Account in accordance with such rules as the Committee shall establish.
- (c) Payment to the Trustee of part or all of an Employer's share of the contributions described in this SECTION 5 shall be made in cash.

- (d) Matching and Retirement Contributions for any Plan Year shall be due on the last day of the fiscal year for which the contribution is made and, unless paid before, may be paid then or as soon as practicable thereafter, without interest.

SECTION 6

INVESTMENT

6.1 Investment Funds

The Plan shall be invested in one or more Investment Funds designated by the Committee in its discretion for the investment of Participants' Accounts. The Committee, in its discretion, may from time to time establish new Investment Funds or eliminate existing Investment Funds. Contributions to the Plan may be uninvested pending allocation to the Investment Funds. The investment manager of each Investment Fund, or the Trustee if there is no investment manager, may invest the Investment Fund in short term investments or hold the assets thereof in cash pending investment, distribution, reallocation or transfer.

6.2 Investment Fund Elections and Transfers

Each Participant may elect to invest his or her Accounts in whole multiples of 1% up to 100% in any one or more of the Investment Funds. The Participant's investment election shall apply to all contributions to his or her Accounts. If a Participant fails to make an investment election, his or her Accounts shall be invested in the default investment arrangement specified by the Committee in accordance with ERISA Section 404(c)(5) and related regulations until the Participant elects to change the investment of such Accounts in accordance with this Subsection.

In accordance with rules established from time to time by the Committee, a Participant may elect to change his or her investment election (in whole multiples of 1% up to 100%) with respect to future contributions or transfer (in whole multiples of 1% up to 100% or in any dollar amount) all or a part of his or her Accounts from one or more Investment Fund to one or more different Investment Funds. Furthermore, pursuant to rules established by the Plan or an Investment Fund, the Investment Fund may restrict a Participant from transferring into or out of the Investment Fund if the Plan or Investment Fund determines that the Participant's transfer activity would be detrimental to the Investment Fund.

6.3 Election Procedures

Any election to invest Accounts, change investment for new contributions, or make interfund transfers within the Plan (other than an automatic investment election) must be made through an Approved Form of Election. Any such election made before the Close of Business on a Business Day shall be effective and valued as of the day such election is made. Any such election made on a day other than a Business Day, or after the Close of Business on a Business Day, shall be effective and valued as of the next Business Day.

6.4 Valuation of Investment Funds

As of each Business Day, the Trustee shall report to the Committee the fair market value of the assets of each Investment Fund. The fair market value of an Investment Fund shall be the value of such Investment Fund as of the Close of Business on such Business Day.

6.5 Voting of Shares in Mutual Funds

Shares of mutual funds held in a Participant's Accounts shall be voted on his or her behalf by the Trustee. In making voting decisions on the mutual fund shares, the Trustee shall vote the shares in the best interests of Plan Participants.

SECTION 7

VESTING AND ACCOUNTS

7.1 Vesting

A Participant shall at all times be 100% vested in his or her Accounts.

7.2 Participants' Accounts

The Committee shall maintain or cause to be maintained the following separate Accounts for each Participant, as applicable:

- (a) **Catch-Up Contribution Account.** A "Catch-Up Contribution Account" shall be maintained for each Participant on whose behalf any Catch-Up Contributions are made to this Plan. Such contributions, and any earnings and losses on those contributions, shall be allocated to the Participant's Catch-Up Contribution Account.
- (b) **Elective Deferral Account.** An "Elective Deferral Account" shall be maintained for each Participant on whose behalf any Elective Deferrals are made to this Plan. Such contributions, and any earnings and losses on those contributions, shall be allocated to the Participant's Elective Deferral Account.
- (c) **Match Contribution Account.** A "Match Contribution Account" shall be maintained for each Participant on whose behalf any Matching Contributions are made to this Plan. Such contributions, and any earnings and losses on those contributions, shall be allocated to the Participant's Match Contribution Account.
- (d) **Qualified Nonelective Contribution Account.** A "Qualified Nonelective Contribution Account" shall be maintained for each Participant on whose behalf any qualified nonelective contributions are made to this Plan. Such contributions, and any earnings and losses on those contributions, shall be allocated to the Participant's Qualified Nonelective Contribution Account. Such Account shall be subject to the distribution requirements of Treasury Regulation Section 1.401(k)-1(d).
- (e) **Retirement Contribution Account.** A "Retirement Contribution Account" shall be maintained for each Participant on whose behalf any Retirement Contributions are made to this Plan. Such contributions, and any earnings and losses on those contributions, shall be allocated to the Participant's Retirement Contribution Account.
- (f) **Rollover Contribution Account.** A "Rollover Contribution Account" shall be maintained for each Participant on whose behalf any Rollover Contributions have been made to this Plan. Such contributions, and any earnings and losses on those contributions, shall be allocated to the Participant's Rollover Contribution Account.

The Committee may establish such rules and procedures relating to the maintenance, adjustment, and liquidation of Participants' Accounts, and the crediting of contributions and income, losses, expenses, appreciation, and depreciation attributable thereto, as are considered necessary or advisable. In addition to the Accounts described above, the Committee may maintain such other Accounts in the names of Participants or otherwise as the Committee considers necessary or desirable.

7.3 Adjustment of Accounts

Pursuant to rules established by the Committee and applied on a uniform basis, a Participant's or Beneficiary's Accounts shall be adjusted on each Business Day to reflect the fair market value of the various Investment Funds as of such date, including adjustments to reflect any distributions (including withdrawals), contributions, rollovers, loans, transfers between Investment Funds, income, losses, expenses, appreciation or depreciation with respect to such Accounts since the previous Business Day. Such Accounts shall continue to be so adjusted until all amounts in such Accounts are paid.

7.4 Statement of Account

At such times and in such manner as determined by the Committee, each Participant shall be furnished with a statement reflecting the condition of his or her Accounts in the Trust Fund.

7.5 Accounts for Alternate Payees

A separate Account shall be established for an Alternate Payee entitled to any portion of a Participant's Account under a Qualified Domestic Relations Order in accordance with procedures established by the Committee and applicable law. Such separate Account shall be valued and accounted for in the same manner as any other Account. Pursuant to the terms of the Qualified Domestic Relations Order, an Alternate Payee may receive a distribution of his or her benefits in the same manner as if such Alternate Payee were a Participant at any time after the Qualified Domestic Relations Order has been approved by the Committee, without regard to whether such distribution is made or commences prior to the Participant's earliest retirement age (as defined in Code Section 414(p)(4)(B)). If a separate Account has been established on behalf of an Alternate Payee but all of the amounts in the Account have not yet been distributed, the Alternate Payee may direct the investment of such Account in the same manner as if such Alternate Payee were a Participant. Subject to the Committee's rules, an Alternate Payee may designate one or more Beneficiaries to receive payment of the Alternate Payee's separate Account under the Plan in the same manner as if such Alternate Payee were a Participant, except that the Alternate Payee may designate an alternate Beneficiary other than his or her spouse without such spouse's consent.

7.6 Order and Timing of Withdrawals, Loans, and Distributions

Any amounts to be paid to a Participant, a Beneficiary, or an Alternate Payee shall be withdrawn from his or her Accounts on a pro rata basis or in such other order established by the Committee for withdrawals, loans, and distributions from the Plan. The withdrawal, loan, or distribution shall be valued or processed: (i) as of the day on which such request is received by the Committee or its designee, if such request is received before the Close of Business on a

Business Day, or (ii) as of the next Business Day, if such request is received by the Committee or its designee on a day other than a Business Day or after the Close of Business on a Business Day. In addition, each payment shall be charged against the Investment Funds in the applicable Account on a pro rata basis.

SECTION 8

CONTRIBUTION AND BENEFIT LIMITATIONS

8.1 Contribution Limitations

For each Limitation Year, the Annual Addition to a Participant's Account shall not exceed the lesser of \$51,000 (as adjusted for cost-of-living increases under Code Section 415(d)) or 100% of the Participant's Code Section 415 Compensation for the Limitation Year, subject to the following:

- (a) The compensation limit described above shall not apply to any contribution for medical benefits (within the meaning of Code Section 401(h) or Code Section 419A(f)(2)) after Severance from Employment that is otherwise treated as an Annual Addition.
- (b) The Committee shall take any actions it deems advisable to avoid an Annual Addition in excess of Code Section 415; provided, however, if a Participant's Annual Addition for a Limitation Year actually exceeds the limitations of this Subsection, the Committee shall correct such excess in accordance with applicable guidance issued by the Internal Revenue Service. Any such correction of excess Annual Additions shall be charged against the Investment Funds in the applicable Account on a pro rata basis.
- (c) Annual Additions shall be subject to Code Section 415 and applicable Treasury Regulations issued thereunder, the requirements of which are incorporated herein by reference to the extent not specifically provided above.

8.2 Dollar Limitations on Elective Deferrals

No Participant shall make Elective Deferrals under this Plan, or elective deferrals under any other qualified plan maintained by an Employer, during any calendar year in excess of \$17,500 (or such other amount as the Secretary of the Treasury shall specify from time to time pursuant to Code Section 402(g)), excluding Catch-Up Contributions. As of each December 31, the Committee or its designee shall determine the total Elective Deferrals made by each Participant during the calendar year. In the event that the Elective Deferrals for a Participant exceeds the above limitation, such Excess Deferrals (and any income allocable thereto determined in accordance with Subsection 8.5) shall be paid to the Participant by the following April 15. If a Participant's total Elective Deferrals under this Plan and any other plan of another employer for any calendar year exceed the maximum annual amount described above, the Participant may notify the Committee in writing (on or before March 1 of the next following calendar year) of the Participant's election to have all or a portion of the Participant's Elective Deferrals (and the income allocable thereto determined in accordance with Subsection 8.5) under this Plan distributed in accordance with this Subsection. In addition, any Matching Contributions attributable to amounts distributed under this Subsection (and any income allocable thereto determined in accordance with Subsection 8.5) shall be forfeited and shall be used to reduce future Matching Contributions of the Participant's Employer under the Plan or to pay expenses of the Plan.

8.3 Percentage Limitations on Elective Deferrals

In no event shall the Average Deferral Percentage (defined below) of the Participants who are Highly Compensated Employees for any Plan Year exceed the greater of:

- (a) The Average Deferral Percentage of all other Participants for such Plan Year multiplied by 1.25; or
- (b) The Average Deferral Percentage of all other Participants for such Plan Year multiplied by 2.0, provided that the Average Deferral Percentage of the Participants who are Highly Compensated Employees does not exceed that of all other eligible Participants by more than two percentage points.

In accordance with applicable Treasury Regulations, an eligible Employee's "Average Deferral Percentage" for a Plan Year means the ratio of A to B, where A equals the sum of the Elective Deferrals actually paid to the Trust on behalf of each such eligible Employee for a Plan Year, and B equals the eligible Employee's Testing Compensation for such Plan Year. From time to time during the Plan Year, the Committee may determine whether the limitation of this Subsection shall be satisfied and may limit the Elective Deferrals to be withheld on behalf of Highly Compensated Employees or may refund Elective Deferrals previously withheld. If, after the end of the Plan Year, the limitations of this Subsection are not satisfied, the Committee shall either refund Elective Deferrals previously withheld on behalf of Highly Compensated Employees or an Employer may make qualified nonelective employer contributions.

If Elective Deferrals made on behalf of Highly Compensated Employees are refunded to satisfy the limitations of this Subsection, the Committee shall determine the amount of Excess Elective Deferrals and shall refund such amounts on the basis of the Highly Compensated Employees' contribution amounts. "Excess Elective Deferrals" mean the amount by which Elective Deferrals for a Plan Year made on behalf of Highly Compensated Employees exceeds the above limitations. Excess Elective Deferrals previously withheld (and any income allocable thereto determined in accordance with Subsection 8.5) shall be distributed within 2½ months after the close of the Plan Year to which they relate. In addition, any Matching Contributions attributable to such Excess Elective Deferrals (and any income allocable thereto determined in accordance with Subsection 8.5) shall be forfeited and shall be used to reduce future Matching Contributions of the Participant's Employer or to pay Plan expenses.

In order to meet the above requirements and the requirements described in the following Subsection, any Employer may establish a special rate of qualified nonelective employer contributions applicable only to certain Participants who are not Highly Compensated Employees of such Employer. The timing and amount of such qualified nonelective employer contributions shall satisfy the requirements of Treasury Regulations.

8.4 Percentage Limitations on Matching Contributions

In no event shall the Average Contribution Percentage (defined below) of the Participants who are Highly Compensated Employees for any Plan Year exceed the greater of:

- (a) The Average Contribution Percentage of all other Participants for such Plan Year multiplied by 1.25; or
- (b) The Average Contribution Percentage of all other Participants for such Plan Year multiplied by 2.0, provided that the Average Contribution Percentage of the Participants who are Highly Compensated Employees does not exceed that of all other Participants by more than two percentage points.

In accordance with applicable Treasury Regulations, an eligible Employee's "Average Contribution Percentage" for a Plan Year means the ratio of A to B, where A equals the Matching Contributions made by or on behalf of each such eligible Employee for a Plan Year, and B equals the eligible Employee's Testing Compensation received by the Employee for such Plan Year. If, after the end of the Plan Year, the limitations of this Subsection are not satisfied, the Committee may refund Matching Contributions previously credited to Highly Compensated Employees. If Matching Contributions made on behalf of such Highly Compensated Employees are refunded to satisfy the limitation of this Subsection, the Committee shall determine the amount of "Excess Matching Contributions" and shall refund such amounts on the basis of such Highly Compensated Employees' contribution amounts. "Excess Matching Contributions" mean the amount by which Matching Contributions for a Plan Year made by or on behalf of Highly Compensated Employees exceed the above limitations. Excess Matching Contributions previously withheld (and any income allocable thereto determined in accordance with Subsection 8.5) shall be distributed within 2½ months after the close of the Plan Year to which they relate. In lieu of distributing Excess Matching Contributions, an Employer may make qualified nonelection employer contributions described in the preceding Subsection.

8.5 Calculating Income Allocable to Excess Deferrals and Contributions

The income allocable to a distribution to a Participant for a Plan Year (as required under Subsections 8.1, 8.2, 8.3, and 8.4) shall be determined under any method permitted under Treasury Regulations and selected by the Committee, provided such method does not discriminate in favor of Highly Compensated Employees, is used consistently for all Participants and for all corrective distributions for the Plan Year, and is based on the method for allocating income to Participants' Accounts. No income or loss shall be allocated to Excess Deferrals, Excess Elective Deferrals or Excess Matching Contributions for the period between the end of the Plan Year in which such Excess Deferrals, Excess Elective Deferrals and/or Excess Matching Contributions arose and the date of distribution of such amounts.

8.6 Corrective Contributions/Reallocations

The Committee may take the following actions to correct errors in the administration of the Plan:

- (a) If, with respect to any Plan Year, an administrative error results in a Participant's Account not being properly credited with Elective Deferrals, Rollover Contributions, Matching Contributions or Retirement Contributions, or earnings on any such amounts, the Committee may take corrective action, including, but not limited to, one or more of the following corrective actions, in order to place

such Participant's Account in the position that the Account would have been in had no error occurred: (i) direct additional contributions to be made to such Participant's Accounts; (ii) reallocate existing contributions among the Accounts of affected Participants; or (iii) such other actions as it considers desirable under the circumstances as are consistent with the principles of the Employee Plans Compliance Resolution System set forth in Revenue Procedure 2013-12 and/or subsequent guidance published in the Internal Revenue Bulletin.

- (b) If, with respect to any Plan Year, an administrative error results in an amount being credited to the Account of a Participant or any other individual who is not otherwise entitled to such amount, the Committee may take corrective action, including but not limited to: (i) direct the forfeiture of amounts erroneously credited (with such forfeitures to be used to reduce future Employer contributions or other contributions to the Plan); (ii) reallocate such erroneously credited amounts to other Participants' Accounts; or (iii) such other actions as it considers desirable under the circumstances as are consistent with the principles of the Employee Plans Compliance Resolution System set forth in Revenue Procedure 2013-12 and/or subsequent guidance published in the Internal Revenue Bulletin.

8.7 Top Heavy

The Plan satisfies the requirements of Treasury Regulation Section 1.416-1 Q&A T-36(a) with respect to each Employer. In the event such Treasury Regulation Section does not apply to an Employer, the Plan will comply with the requirements of Code Section 416 and the regulations thereunder.

SECTION 9

PAYMENTS

9.1 Forms of Payment

Subject to Subsections 9.2 and 9.5, after each Participant's Severance from Employment, the value of the Participant's Accounts shall be paid to or for the benefit of the Participant or his or her spouse or Beneficiary in one or more of the following forms of payment:

- (a) **Lump Sum.** A Participant may elect a lump sum distribution of his or her Accounts.
- (b) **Installments.** A Participant may elect to receive monthly, quarterly, semi-annual or annual installments in cash during a period not to exceed (i) the life expectancy of the Participant or the joint life expectancy of the Participant and his or her Beneficiary determined at the date payments begin, or (ii) the lesser of 10 years or the period elected in Subparagraph 9.1(b)(i).
- (c) **Partial Withdrawal and Installments.** A Participant may elect to receive a portion of his or her Accounts in a lump sum distribution and to receive the remaining balance of his or her Accounts in monthly, quarterly, semi-annual or annual installments paid in accordance with Subparagraph 9.1(b).
- (d) **Partial Withdrawals During Installment Period.** A Participant who elected to receive installments under Subparagraphs 9.1(b) or 9.1(c) may elect to convert all or a portion of the remaining balance in his or her Accounts from periodic installments to a single or partial lump sum distribution.

9.2 Consent to Benefit Payments

Notwithstanding any other provision of this SECTION 9 to the contrary, the following rules shall apply to a Participant, Beneficiary or Alternate Payee if the vested value of his or her Accounts does not exceed \$5,000 (excluding the balance in his or her Rollover Contribution Account) and he or she does not make a distribution election within the time frame established by the Committee:

- (a) **Account Balance of \$1,000 or Less.** If the Participant incurs a Severance from Employment and if the vested value of his or her Accounts (including the value of his or her Rollover Contribution Account) does not exceed \$1,000, he or she shall receive payment of such vested value in a single cash payment in accordance with rules and procedures established by the Committee; provided, that if the vested value of a Participant's Accounts is zero, then such vested value shall be deemed paid to the Participant immediately.
- (b) **Account Balance Over \$1,000.** If the Participant incurs a Severance from Employment and if the vested value of his or her Accounts (excluding the value of his or her Rollover Contribution Account) is greater than \$1,000 but less than

or equal to \$5,000, such vested value shall be paid in a direct rollover to an individual retirement plan designated by the Committee in accordance with rules and procedures established by the Committee, unless the Participant otherwise elects to have the value of his or her Accounts paid in a single payment in cash or rolled over to an eligible retirement plan in accordance with Subsection 9.3.

9.3 Direct Rollover of Eligible Rollover Distribution

If payment of a Participant's benefits constitutes an Eligible Rollover Distribution, then the Participant or other Eligible Distributee may elect to have such distribution paid directly to an Eligible Retirement Plan.

- (a) Eligible Distributee means (i) an Employee or former Employee, (ii) an Employee's or former Employee's surviving spouse, (iii) the Employee's or former Employee's spouse or former spouse who is the Alternate Payee under a Qualified Domestic Relations Order, and (iv) an individual who is a non-spouse designated Beneficiary (as defined by Code Section 401(a)(9)(E)) of the Employee or former Employee.
- (b) Eligible Retirement Plan means (i) an individual retirement account described in Code Section 408(a), (ii) an individual retirement annuity described in Code Section 408(b) (other than an endowment contract), (iii) an annuity plan described in Code Section 403(a), (iv) a qualified trust described in Code Section 401(a), (v) an annuity contract described in Code Section 403(b), (vi) an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state, or (vii) a Roth IRA as described in Code Section 408A. The definition of an Eligible Retirement Plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a Qualified Domestic Relations Order. In the case of a non-spouse designated Beneficiary, an Eligible Retirement Plan includes only an individual retirement account or annuity described in Code Section 408(a) or (b) or 408A, solely to the extent permitted under Code Section 402(c)(11) and the Treasury Regulations and other guidance issued thereunder.
- (c) Eligible Rollover Distribution means any distribution of all or any portion of the balance to the credit of the Eligible Distributee, except that an Eligible Rollover Distribution does not include: (i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Eligible Distributee or the joint lives (or joint life expectancies) of the Eligible Distributee and the Eligible Distributee's designated Beneficiary, or for a specified period of ten years or more, (ii) any distribution to the extent such distribution is required under Code Section 401(a)(9), (iii) any distribution made on account of financial hardship, and (iv) any distribution of less than \$200. A portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of after-tax contributions which are not includible in gross income. However, such portion

may be transferred to an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b) (other than an endowment contract), an annuity plan or contract described in Code Section 403(a) or 403(b), a qualified plan described in Code Section 401(a), or a Roth IRA (solely to the extent allowed under the Code), only if such individual retirement account, individual retirement annuity, annuity plan or contract, qualified trust, or Roth IRA agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible. A rollover distribution to a Roth IRA must satisfy the requirements of Code Sections 402(c) and 408A.

9.4 Designation of Beneficiary

At any time before payment of a Participant's Accounts or, if installment payments have begun, then at any time before payment of the last installment, a Participant may designate a Beneficiary or Beneficiaries (who may be executors or trustees and who shall be the same person or persons for each of the Participant's Accounts) on an Approved Form of Election. The Participant may change or revoke any such designation on an Approved Form of Election at any time before payment of his or her Accounts or, if installment payments have begun, then at any time before payment of the last installment.

A Participant's spouse shall in all cases be deemed to be his or her Beneficiary unless (i) the Participant has filed an Approved Form of Election designating a non-spouse Beneficiary, (ii) the spouse of the Participant has consented in writing to such designation, (iii) the consent acknowledges the effect of the designation and is witnessed by a notary public, and (iv) such election designates a Beneficiary that may not be changed without further spousal consent, unless the spouse executed a general written consent expressly permitting changes of the Beneficiary without any requirement of further consent of the spouse. Notwithstanding the foregoing, the spousal consent requirements shall not apply if the Participant establishes to the satisfaction of the Committee that such written consent may not be obtained because there is no spouse, the spouse cannot be located, or other circumstances (as described in Treasury Regulations under Code Sections 401(a)(11) and 417) preclude the necessity of the spouse's consent. If the spouse of a Participant is legally incompetent to give consent, such consent may be given by the spouse's legal guardian, which shall include the Participant if he or she is the spouse's legal guardian. If the Participant is legally separated or has been abandoned, as provided by a court order, spousal consent shall not be required, except where required provided by a Qualified Domestic Relations Order.

Upon a Participant's death, a Beneficiary may designate a secondary Beneficiary or Beneficiaries to receive payment of the Participant's Accounts upon the primary Beneficiary's death. Such designation must be made on an Approved Form of Election prior to entire payment of the Participant's Accounts.

If a deceased Participant failed to designate a Beneficiary as provided above, or if the Beneficiary dies before the Participant or before complete payment of the Participant's Accounts, the Participant's Accounts shall be distributed in the following order.

- (a) To the Participant's surviving spouse (determined as of the date of the Participant's death).
- (b) If Paragraph (a) does not apply because the Participant does not have a spouse on the date of his or her death, to the Participant's same-sex partner in a legally valid civil union or state-registered domestic partnership or who is currently enrolled as the Participant's domestic partner under one of the Employer's other employee benefit plans.
- (c) If Paragraph (a) does not apply because the Participant does not have a spouse on the date of his or her death and Paragraph (b) does not apply because the Participant does not have a same-sex partner on the date of his or her death, to the legal representative or representatives of the estate of the last to die of the Participant and the Participant's designated Beneficiary (the "Surviving Payee") or, if an estate is not opened on behalf of the Participant or Beneficiary, to the duly authorized individual properly designated by any applicable small estate affidavit or similar documentation issued pursuant to applicable state law.
- (d) If an estate is not opened on behalf of the Surviving Payee and a small estate affidavit or similar documentation is not issued pursuant to applicable state law, to the personal representative of the Surviving Payee.
- (e) If there is no personal representative of the Surviving Payee, to or for the benefit of one or more of the Surviving Payee's relatives by blood, adoption or marriage in such proportions as the Committee (or its delegate) determines.

9.5 Minimum Distribution Requirements

Notwithstanding any provision of the Plan to the contrary, the Plan shall apply the minimum distribution requirements of Code Section 401(a)(9) in accordance with final and temporary Treasury Regulations under Code Section 401(a)(9) that were issued by the Internal Revenue Service on April 17, 2002 and June 15, 2004 (as corrected on November 22, 2004), including Treasury Regulation Sections 1.401(a)(9)-2 through 1.401(a)(9)-9 and the incidental death benefit requirements of Code Section 401(a)(9)(G). Any provisions of the Plan that are inconsistent with Code Section 401(a)(9) and the Treasury Regulations thereunder shall be deemed inoperative.

The Participant's entire interest shall be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date, which is generally the later of the April 1 following the Participant's attainment of age 70½ or the date the Participant has a Severance from Employment. However, if the Participant is a 5% owner, Plan distributions must commence no later than the April 1 following the Participant's attainment of age 70½. Benefits must be paid over a period not extending beyond the life expectancy of the Participant or the joint life expectancies of the Participant and his or her Beneficiary. If the Participant dies after installment distributions have begun, payments shall continue under the elected payment form. If the Participant dies before distributions begin, the Participant's entire interest shall be distributed, or begin to be distributed, no later than the following:

- (a) If the Participant's surviving spouse is the Participant's sole Beneficiary, distributions to the surviving spouse shall begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.
- (b) If the Participant's surviving spouse is not the Participant's sole Beneficiary, distributions to the Beneficiary shall begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.
- (c) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest shall be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

If the Participant's spouse is the sole Beneficiary and dies after the Participant but before distributions have begun, then Paragraphs (b) and (c) above shall apply as if the spouse were the Participant.

9.6 Missing Persons

The Employers and the Committee shall not be required to search for or locate a Participant, spouse, Alternate Payee or Beneficiary. Each Participant, spouse, Alternate Payee, and Beneficiary must file with the Committee from time to time in writing his or her post office address and each change of post office address. Any communication, statement, or notice addressed to a Participant, spouse, Alternate Payee, or Beneficiary at the last post office address filed with the Committee, or if no address is filed with the Committee, then in the case of a Participant, at the Participant's last post office address as shown on the Employers' records, shall be considered a notification for purposes of the Plan and shall be binding on the Participant, spouse, Alternate Payee and Beneficiary for all purposes of the Plan. If the Committee notifies a Participant, spouse, Alternate Payee, or Beneficiary, and if such person fails to claim Plan benefits or make such person's whereabouts known to the Committee within two years after the notification, the benefits of the Participant, spouse, or Beneficiary may be disposed of, to the extent permitted by applicable law, by one or more of the following methods: (a) by retaining such benefits in the Plan; (b) by paying such benefits to a court of competent jurisdiction for judicial determination of the right thereto; (c) by forfeiting such benefits in accordance with procedures established by the Committee. If a Participant, spouse, Alternate Payee or Beneficiary is subsequently located, such benefits shall be restored to the Participant, spouse, Alternate Payee or Beneficiary under the Plan; or (d) by any equitable manner permitted by law under rules adopted by the Committee.

9.7 Recovery of Benefits

In the event a Participant, spouse, Alternate Payee, or Beneficiary receives a benefit payment from the Plan that is in excess of the benefit payment that should have been made to such Participant, spouse, Alternate Payee, or Beneficiary or in the event a person other than a Participant, spouse, Alternate Payee, or Beneficiary receives an erroneous payment from the

Plan, the Committee shall have the right, on behalf of the Plan, to recover the amount of the excess or erroneous payment from the recipient. To the extent permitted under applicable law, the Committee may, at its option, deduct the amount of such excess or erroneous payment from any future benefits payable on behalf of a Participant, regardless of whether such amount would otherwise be paid to a Participant, spouse, or Alternate Payee, Beneficiary who did not receive the overpayment.

9.8 Facility of Payment

When a person entitled to benefits under the Plan is under legal disability, or, in the Committee's opinion, is in any way incapacitated so as to be unable to manage his or her financial affairs, the Committee may direct the Trustee to pay the benefits to such person's legal representative, or to a relative or friend of such person for such person's benefit, or the Committee may direct the application of such benefits for the benefit of such person. Any payment made in accordance with the preceding sentence shall be a full and complete discharge of any liability for such payment under the Plan.

SECTION 10

IN-SERVICE WITHDRAWALS

10.1 Withdrawals Upon Attainment of Age 59½

Before a Severance from Employment, but after attainment of age 59½, a Participant may withdraw of all or any portion of the balance in his or her Accounts. An application for an in-service withdrawal must be made through an Approved Form of Election. Any withdrawal payment shall be made as soon as practicable.

10.2 Withdrawals on Account of Disability

A Participant who is incurs a Disability prior to Severance from Employment may withdraw of all or any portion of the balance in his or her Accounts. An application for an in-service withdrawal must be made through an Approved Form of Election. Any withdrawal payment shall be made as soon as practicable.

10.3 Distributions To Individuals Performing Military Service

A Participant who is performing qualified military service described in Code Section 414(u)(5) for more than 30 days shall be treated as having incurred a Severance from Employment for purposes of receiving a distribution from his or her Elective Deferral Account. If such Participant elects to receive a distribution from his or her Elective Deferral Account, the Participant cannot make Elective Deferrals or Catch-Up Contributions for six months following election and payment of such distribution.

10.4 Application for In-Service Withdrawals

An application for any in-service withdrawal under this SECTION 10 must be made through an Approved Form of Election. The minimum amount of any in-service withdrawal is \$1,000. Any withdrawal payment shall be made as soon as practicable.

SECTION 11

LOANS

11.1 Terms and Conditions of Loans

Pursuant to procedures the Committee shall establish for loan applications and processing, the Committee may approve loans to Participants, including Participants who have had a Severance from Employment, subject to the following terms and conditions.

- (a) Any application for a loan must be made through an Approved Form of Election.
- (b) A loan shall be evidenced by a promissory note in a form approved by the Committee and shall provide for repayment over a fixed period and interest at the prevailing rate, which payment period and interest rate shall be determined by the Committee in a uniform manner. The payment period shall not extend beyond five years after the date the loan is made, unless the proceeds of the loan are used to purchase the Participant's principal place of residence, in which case such loan must be repaid within ten years after the date the loan is made.
- (c) The Committee shall determine the number of loans that a Participant may have outstanding at any one time, provided such limit shall be applied in a uniform manner.
- (d) The Participant shall pledge a portion of his or her Accounts as security for such loan, and shall pay from such Accounts all reasonable fees related to the processing of any loan.

11.2 Amount of Loans

The principal amount of any loan made to a Participant, together with the unpaid balance of any other outstanding loans under the Plan and all other qualified employer plans (as defined in Code Section 72(p)(4)) sponsored by the Employer, on the date the loan is made, shall not exceed the lesser of (a) or (b) below:

- (a) \$50,000, reduced by the excess (if any) of: (i) the highest outstanding balance of loans under the Plan and all other qualified employer plans during the twelve-month period ending the day before such loan was made, minus (ii) the outstanding balance of such outstanding loans on the date on which such loan was made; or
- (b) One-half of the total balance of the Participant's Accounts.

The minimum loan amount to a Participant shall not be less than \$1,000.

11.3 Repayment of Loans

Repayment of each loan shall be made by withdrawals from the Participant's bank accounts with the Participant's consent. Each loan shall require substantially level amortization with payments not less frequently than quarterly. Prepayment of all or a portion of the loan is permitted at any time without penalty by certified check or money order made payable to the Trustee. Pursuant to rules established by the Committee, if a Participant is on an unpaid leave of absence or incurs a Severance from Employment, then the Participant may continue to repay his or her loans on at least a monthly basis in accordance with the Plan's loan procedures. However, if a Participant is on an unpaid leave of absence due to qualified military service, his or her loan repayments may be suspended in accordance with Code Section 414(u)(4), and for the duration of his or her qualified military service, the interest rate on his or her outstanding loan shall be capped at the lesser of the original loan rate or 6%.

Loan repayments shall be credited to the Participant's Accounts from which the loan was made as of the date such payment is received by the Trustee on a pro rata basis. Loan repayments shall be credited to the Investment Funds in accordance with the Participant's investment election under Subsection 6.2 in effect at the time of loan repayment, and, in the absence of such investment election, to the default investment arrangement specified by the Committee in accordance with ERISA Section 404(c)(5) and related regulations.

11.4 Unpaid Loans

A loan which is not repaid when due shall be deemed to be in default and shall be treated as a "deemed distribution" if not repaid within the cure period specified in uniform rules and guidelines established by the Committee. Upon distribution of a Participant's Accounts before a loan is repaid in full, the unpaid loan balance, together with loan interest, shall become due and payable, and the Trustee shall first satisfy the indebtedness from the Participant's Account before making any payments to Participant. If a loan defaults, foreclosure on the promissory note and attachment of security on such loan shall not occur until a distributable event occurs under the Plan.

SECTION 12

CLAIMS PROCEDURES

12.1 Initial Benefit Claims

In the event of a dispute between the Trustee or Committee and a Participant or Beneficiary over the amount of benefits payable under the Plan, the Participant or Beneficiary may file a claim for benefits by notifying the Committee of such claim. Such notification must be in writing and shall set forth the basis of such claim.

The Committee shall decide whether to grant a claim within 90 days of the date on which the claim is received, unless special circumstances require a longer period for review of the claim, and the claimant is notified in writing of the extension of time within the first 90-day period; provided, however, that no extension shall be longer than an additional 90 days beyond the original response deadline.

12.2 Initial Claim Processing and Appeal

If a claimant has not submitted sufficient information to the Committee to process a benefit claim, the claimant shall be notified of the incomplete claim and given time to submit additional information. This shall extend the time in which the Committee has to respond to the claim from the date the notice of insufficient information is sent to the claimant until the date the claimant responds to the request. If the claimant does not submit the requested missing information to the Committee within a reasonable time period, the claim shall be denied.

Whenever a claim for benefits is denied, written notice, prepared in a manner calculated to be understood by the claimant, shall be provided to the claimant, setting forth the specific reasons for the denial, referring to the specific Plan provisions on which the denial is based, explaining the procedures for review of the decision made by the Committee, and explaining the claimant's right to bring a civil action under ERISA Section 502(a) following a denial on appeal. If the denial is based upon submission of information insufficient to support a decision, the Committee shall specify the information which is necessary to perfect the claim and its reasons for requiring such additional information. Benefits shall be paid only if the Committee determines in its discretion that a claimant is entitled them.

Any request for review must be in writing and shall be addressed to the Committee. The request for review shall set forth all of the grounds upon which it is based, all facts in support thereof, and any other matters which the claimant deems pertinent. The Committee may require the claimant to submit such additional facts, documents, or other material as the Committee may deem necessary or appropriate in making its review.

12.3 Appeal Procedures

Any individual whose claim for benefits is denied in whole or in part (or such person's authorized representative) may appeal the denial by submitting to the Committee a written request for review of the application within 60 days after receiving written notice of the denial from the Committee. The Committee shall give the claimant (or the claimant's representative)

an opportunity to review pertinent documents and to submit written comments and other information (even if such information was not submitted in connection with the initial claim) in preparing such request for review.

The Committee shall act upon each request for review within 60 days after receipt thereof unless special circumstances require an extension of time of up to an additional 60 days for processing the request for review. If such an extension of time for review is required, written notice of the extension shall be furnished to the claimant prior to the end of the initial 60-day period; provided, however that such review shall be made no later than 120 days after the Committee's receipt of the claimant's written request for review.

12.4 Appeals Processing

Within the applicable time periods described above, the Committee shall give written notice of its appeal decision to the claimant. In the event the Committee confirms the denial of the application for benefits in whole or in part, such notice shall set forth, in a manner calculated to be understood by the claimant, the specific reasons for such denial, specific references to the Plan provisions on which the decision was based, a statement that the claimant is entitled to receive, upon request and free of charge, access to and copies of all documents, records, and other information relevant to the benefit claim, and a statement regarding the claimant's right to bring a civil action under ERISA Section 502(a) following a denial on appeal. In the event that the Committee determines that the claim for benefits should not have been denied in whole or in part, the Committee shall take appropriate remedial action.

The Committee shall establish rules and procedures, consistent with the Plan and with ERISA, as it may deem necessary or appropriate in carrying out its responsibilities under this Section. The Committee may require a claimant who wishes to submit additional information in connection with a claim or appeal to do so at the claimant's own expense.

No action at law or in equity shall be brought to recover benefits under the Plan until the claim and review process in this SECTION 12 has been exercised and until the Plan benefits requested in such review have been denied in whole or in part. If any judicial proceeding is undertaken to appeal the denial of a claim or bring any other action under ERISA other than a breach of fiduciary duty claim, the evidence presented shall be strictly limited to the evidence timely presented to the Committee. In addition, any such judicial proceeding must be filed within 90 days after the Committee's final decision. All decisions and communications to Participants, spouses, Beneficiaries, or other persons regarding a claim for benefits under the Plan shall be held strictly confidential by the Participant, spouse, Beneficiary (or other claimant), and the Committee, the Employers, and their agents.

12.5 Committee's Decision Final

Benefits under the Plan shall be paid only if the Committee, or its delegate, decides in its sole discretion that a Participant or Beneficiary (or other claimant) is entitled to them. Subject to applicable law, any interpretation of the provisions of the Plan and any decisions on any matter within the discretion of the Committee made by the Committee, or its delegate, in good faith shall be binding on all persons. A misstatement or other mistake of fact shall be corrected when

it becomes known and the Committee shall make such adjustment on account thereof as it considers equitable and practicable.

SECTION 13

MANAGEMENT OF TRUSTS

13.1 Trustee and Trust Agreement

All Plan assets shall be held in the Trust. The Trust shall be held by a Trustee under a Trust Agreement approved by the UUA. The assets of the Trust shall be held, invested and disposed of in accordance with the terms of the Trust Agreement. The Trustee shall provide a bond for the faithful performance of its duties under the Trust to the extent required by ERISA.

13.2 Receipt of Contributions

The Trustee is accountable to the Employers for the funds contributed to it by the Employers, but does not have any duty to collect any contributions from the Employers or to see that funds deposited with it are deposited according to the provisions of the Plan.

13.3 Duties of the Trustee Regarding Plan Payments

At the direction of the Committee, the Trustee shall, from time to time, in accordance with the terms of the Plan, make payments out of the Trust Fund. The Trustee shall not be responsible in any way for the application of such payments.

13.4 Trustee's Compensation and Expenses and Taxes

The Trustee shall be paid such reasonable compensation as shall from time to time be agreed upon in writing by the UUA and the Trustee. In addition, the Trustee shall be reimbursed for any reasonable expenses, including reasonable counsel fees incurred by it as Trustee. Such compensation and expenses shall be paid from the Trust Fund unless paid or advanced by the UUA. All taxes of any kind and all kinds whatsoever that may be levied or assessed under existing or future laws upon, or in respect of, the Trust Fund or the income thereof, shall be paid from the Trust Fund.

13.5 Records and Statements

The records of the Trustee pertaining to the Plan must be open to the inspection of the UUA and the Committee at all reasonable times and may be audited from time to time by any person or persons as the UUA or the Committee may specify in writing. The Trustee must furnish the UUA or the Committee with information relating to the Trust Fund that the UUA or the Committee considers necessary.

13.6 Resignation, Removal and Succession of Trustee

The UUA may remove the Trustee by delivering written notice of removal to the Trustee at least 30 days prior to the effective date of its removal. The Trustee may resign at any time by delivering written notice of its removal at least 30 days prior to the effective date of its removal. Upon the resignation or removal of the Trustee, a successor shall be appointed by the UUA. Any such successor, upon accepting such appointment in writing and delivering same to the UUA,

shall become vested with all rights, powers and duties of its predecessor as if it were originally named as the Trustee. Until such a successor is appointed, the remaining Trustee shall have full authority to act under the terms of the Plan. A successor Trustee shall not be liable for any act or failure of any predecessor Trustee, except as required by ERISA. The UUA may designate one or more successors prior to the resignation or removal of a Trustee. In the event a successor is so designated by the UUA and accepts such designations, the successor shall become vested with all rights, powers and duties of its predecessor as if it were originally named as Trustee immediately upon the resignation or removal of the predecessor Trustee.

13.7 Limitation of Liability

The Trustee shall not be liable for any losses resulting from the investment directions (or failure to make any such investment directions) of Participants pursuant to Subsection 6.2.

13.8 Restrictions as to Reversion of Trust Fund to the Employers

Except as otherwise provided in this Subsection, all assets of the Trust Fund shall be retained for the exclusive benefit of Participants, Alternate Payees, and Beneficiaries. All the Employers shall have no right, title, or interest in the assets of the Trust Fund. No part of the assets of the Trust Fund at any time shall revert to, or be repaid to, the Employers, directly or indirectly, unless a contribution or a portion of a contribution is made by an Employer as a result of a mistake of fact. In such case, the contribution or portion of a contribution shall not be considered to have been contributed to the Trust by the Employer and, after having been reduced by any losses of the Trust allocable thereto, shall be returned to the Employer within one year of the date the amount is paid to the Trust. In no event may the return of a contribution cause any Participant's Accounts to be less than the amount had the contribution not been made under the Plan.

SECTION 14

AMENDMENT AND TERMINATION

14.1 Amendment

While the UUA expects and intends to continue the Plan, the UUA, by action of its Board of Trustees, reserves the right to amend the Plan and, by action of the Committee, reserves the right to amend the Plan to make changes required by legislative or regulatory requirements and the Participation Agreement, each in whole or in part, from time to time, except as follows:

- (a) The duties and liabilities of the Employers under the Plan cannot be increased substantially without each Employer's consent. The UUA shall provide each Employer with advance written notice of any amendment to the Plan or the Participation Agreement that changes the duties or liabilities of the Employer. Each Employer shall have 60 days to terminate its participation in the Plan following such notice of amendment to the Plan or the Participation Agreement.
- (b) The duties and liabilities of the Committee under the Plan cannot be increased substantially without its consent.
- (c) No amendment shall reduce the value of a Participant's accrued benefit (as adjusted for income, losses, expenses, appreciation, and depreciation) to less than the amount he or she would be entitled to receive if the Participant had resigned from employment with all of the Employers on the effective date of the amendment.
- (d) Except as provided in Subsection 13.2 or required by the Code or other applicable law, under no condition shall any amendment result in the return or repayment to any Employer of any part of the Trust Fund or the income therefrom, or result in the distribution of the Trust Fund for the benefit of anyone other than Participants and any other persons entitled to benefits under the Plan.

14.2 Plan Termination

The Plan shall terminate as to all Employers on any date specified by the UUA by action of its Board of Trustees with 30 days' advance written notice of the termination given to the Committee, the Trustee, and the other Employers. The Plan shall terminate as to an individual Employer on the first to occur of the following: (a) the date that Employer is no longer a member or affiliated with the UUA, (b) the date the Plan is terminated by that Employer, (c) the date that Employer is judicially declared bankrupt or insolvent, or (d) the date that Employer completely discontinues contributions under the Plan. Notwithstanding the foregoing, the UUA, by action of the Committee, reserves the right to terminate the Plan with respect to any Employer that fails to comply with the terms of the Plan and the Employer's Participation Agreement.

14.3 Nonforfeitability and Distribution on Termination

Upon complete termination or partial termination of the Plan, or the complete discontinuance of all Plan contributions, the rights of all affected Participants to benefits accrued to the date of such termination, after all adjustments, shall be nonforfeitable. Upon such occurrence, the Committee may direct the Trustee to distribute to each Participant employed by that Employer his or her benefits under the Plan in a lump sum. However, distributions under this Subsection shall be made only to the extent such distributions are permissible under Code Section 401(k) and applicable Treasury Regulations. All appropriate accounting provisions of the Plan shall continue to apply until all Participants' Accounts have been distributed under the Plan.

14.4 Plan Merger or Consolidation

In the case of any merger or consolidation with, or transfer of assets or liabilities to, any other retirement plan qualified under Code Section 401(a), each Participant's benefit shall be equal to or greater than the benefit he or she would have been entitled to receive if the Plan had terminated immediately before the merger, consolidation, or transfer.

SECTION 15

MISCELLANEOUS

15.1 Non-Alienation of Benefits

The interests of persons entitled to benefits under the Plan are not subject to their debts or other obligations and, except as may be required by the tax withholding provisions of the Code or any state's income tax act or pursuant to a Qualified Domestic Relations Order. Plan benefits may not be voluntarily or involuntarily sold, transferred, alienated, assigned, or encumbered.

15.2 Absence of Guaranty

Neither the Committee, the Trustee, nor any Employer in any way guarantees the Trust Fund from loss or depreciation. Except as required by applicable law, the Committee and the Employers do not guarantee any payment to any person. The liability of a Trustee or the Committee to make any payment under the Plan shall be limited to the assets held by the Trustee which are available for that purpose.

15.3 Employment Rights

The Plan does not constitute a contract of employment, and participation in the Plan shall not give any Employee the right to be retained in the employ of any Employer, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan.

15.4 Litigation by Participants or Other Persons

If a legal action begun against a Fiduciary or any person or persons to whom the Fiduciary has delegated all or part of its duties hereunder, by or on behalf of any person results adversely to that person, or if a legal action arises because of conflicting claims to a Participant's or other person's benefits, the cost to the Fiduciary or any person or persons to whom the a Fiduciary has delegated all or part of its duties hereunder of defending the action shall be charged to the Accounts of individuals or Participants involved in the action to the extent permitted by law.

15.5 Evidence

Evidence required of anyone under the Plan may be by certificate, affidavit, document, or other information that the person acting on it considers pertinent and reliable, and signed, made, or presented by the proper party or parties.

15.6 Waiver of Notice

Any notice required under the Plan may be waived by the person entitled to such notice.

15.7 Controlling Law

Except to the extent superseded by laws of the United States, the laws of Massachusetts shall be controlling in all matters relating to the Plan.

15.8 Statutory References

Any reference in the Plan to a section of the Code or ERISA, or to a section of any other Federal law, shall include any comparable section or sections of any future legislation that amends, supplements, or supersedes that section.

15.9 Severability

In case any provision of the Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of the Plan, and the Plan shall be construed and enforced as if such illegal and invalid provision had never been set forth in the Plan.

15.10 Action By Employers

Any action required or permitted to be taken by an Employer under the Plan shall be by resolution of its board of directors or trustees, by resolution of a duly authorized committee of its board of directors or trustees, or by a person or persons authorized by resolution of its board of directors or trustees or such committee.

15.11 Examination of Documents

Copies of the Plan and Trust, and any amendments thereto, are on file at the office of the UUA where they may be examined by any Participant or other person entitled to benefits under the Plan during normal business hours.

15.12 Manner of Delivery

Each notice or statement provided to a Participant shall be delivered in any manner established by the Committee and in accordance with applicable law, including, but not limited to, electronic delivery.

15.13 Effect on Other Benefits

Except as otherwise specifically provided under the terms of any other employee benefit plan of an Employer, a Participant's participation in this Plan shall not affect the benefits provided under such other employee benefit plan.

15.14 Headings

The headings of Sections, Subsections, and Paragraphs are included solely for reference and convenience and are not intended to modify or otherwise affect the text of the Plan.

15.15 No Third-Party Beneficiaries

The Plan constitutes the entire agreement of the parties and supersedes all prior agreements and undertakings, both written and oral, between the parties, or any of them, with respect to the subject matter hereof and are not intended to confer upon any other person any rights or remedies hereunder.

**UNITARIAN UNIVERSALIST ASSOCIATION
OFFICE OF CHURCH STAFF FINANCES**

Rev. Richard A. Nugent, Director
25 Beacon Street, Boston, MA 02108
Email: RNugent@uua.org
Phone: (617) 948-6456

UUA Retirement Plan Revision

June 12, 2013

To: UUA Board of Trustees
Fr: Paige Roth, Chair, UUA Retirement Plan Committee
Richard Nugent, Director, Office of Church Staff Finances
Re: Retirement Plan Revision

Summary: After more than a year of deliberation, the UUA Retirement Plan Committee (hereafter "the Committee") unanimously recommends Board approval of a comprehensive revision of the UU Organizations Retirement Plan (hereafter "the Plan"). This restatement will replace the language of the current Plan which was originally adopted in 1999. The overall goals for this major initiative have been to:

- Update Plan provisions to reflect "best practices" in the changing defined contribution environment;
- Offer congregations and other participating employers greater flexibility in the retirement benefits offered their employees;
- Encourage Plan participants to contribute more toward their eventual retirement; and
- Ensure Plan compliance with changes in federal law and regulations;

After preliminary approval of the Plan revision in April, the Committee sent a summary of the changes to every congregation, other participating employers, and the UUA-related professional groups in early May. The memorandum, executive summary, proposed Plan, current Plan, and other information was posted on the website of the Office of Church Staff Finances. An email explaining the changes was distributed using: UU-Money, UU-Leaders, the One and One (MFD weekly newsletter sent to religious professionals and other church staff), and UUMA-Chat. In addition, each of the professional organizations was asked to post the summary and link to the OCSF website on their email lists. Four congregations and three ministers submitted comments by the deadline. After reviewing the submitted comments, the Committee re-affirmed its previous adoption of the draft Plan document.

Plan Overview: The UU Organizations Retirement Plan presently has 3,079 participants (active employees, terminated employees, retirees, and survivors) with over 750 participating employers and congregations. These individuals had \$232.3 million invested as of March 31, 2013. Since November 2010, the record-keeper for our Plan has been TIAA-CREF. The UUA Plan is a qualified multi-employer 401(a) defined contribution plan with a 401(k) component. This means that it was established to receive employer contributions, but participating employees can also make their own salary reduction contributions. The UUA Plan falls within the federal definition of a "church plan." Since the UUA Plan was begun in July 1964, it predates the Employment Retirement Security Act of 1974 (ERISA). As a grand-parented plan, the UUA elected not to become an ERISA Plan, although we voluntarily strive to follow "best-practices" under ERISA.

Executive Summary: The major provisions of the retirement Plan revision are:

1. **Control over the Plan:** The UUA Board retains ultimate control over the Plan, appoints the Retirement Plan Committee, and appoints the record-keeper (currently TIAA-CREF). The UUA Board delegates to the Retirement Plan Committee the authority to make changes to the Plan's menu of investment options and to make technical amendments to comply with legal or regulatory changes.

2. **UUA Retirement Plan Committee Authority:** In keeping with best practices, the Retirement Plan Committee, rather than the UUA Treasurer, is named the “administrator” of the Plan. The Committee is given the authority to choose investment options, adopt an investment policy statement, and approve the participation of UUA congregations and other UUA-related employers in the Plan.
3. **New Employees and Employee (Tax-Deferred) Contributions:** The revised Plan allows new employees, including part-time employees working less than 1,000 hours annually, to enroll in the Plan and begin making tax-deferred employee contributions upon employment. Currently, new employees must complete an initial year of service during which they worked at least 1,000 hours AND the participating employer must make an employer contribution of 10 percent or more before any employee can make tax-deferred contributions. The requirement that employers must contribute 10 percent before employees can make contributions is eliminated. Existing part-time employees, who are not yet Plan participants because they never fulfilled the 1,000 hour annual requirement, may now enroll and make pre-tax voluntary salary deferrals.
4. **Auto-Enrollment:** Adopting congregations and other UUA-related employers will have the option to auto-enroll new employees upon employment, and withhold a specified percentage (ranging from 1-6 percent) of compensation as a pre-tax employee contribution. Employees can opt out of the pre-tax contributions or change the percentage of compensation contributed at any time.
5. **Participant Eligibility for Employer Contributions:** A participant who has fulfilled the initial year of service with 1,000 hours requirement will remain eligible for employer contributions even if the number of hours worked falls below 1,000 hours in subsequent years. The current plan requires a minimum of 1,000 hours each year in order for an employee to remain eligible for employer contributions.
6. **Minimum Employer Contribution:** The Plan will require a minimum employer contribution of 5 percent for all eligible employees. Presently, the Plan contains no minimum contribution. UUA Fair Compensation Guidelines will continue to be a minimum 10 percent employer contribution. The 10 percent UUA Fair Compensation requirement may be met with any combination of employer contributions (base employer contribution and matching contribution) totaling at least 10 percent. For instance, if the base employer contribution is 7 percent and the employer match is 3 percent then the participating congregation would meet the Fair Compensation Guideline for retirement plan contributions.
7. **Optional Employer Match:** The revised Plan will allow employers to offer a discretionary matching employer contribution in addition to the required minimum contribution.
8. **Multiple Employers:** Under the provisions of the revised Plan, the initial 1,000 hour eligibility requirement for receiving employer contributions can be met by counting the hours worked by an employee at more than one participating employer.
9. **Definition of Compensation:** Under the provisions of the revised Plan, the housing allowance for highly compensated ministers (those with salaries exceeding \$115,000 in 2012) will be included in the compensation base for retirement contributions. Participating employers have the option to exclude the following 3 types of payments from the base compensation for determining the employer retirement contribution:
 - o the payment-in-lieu of FICA to ministers
 - o the gross-up amount for same-gender couples; and/or
 - o the value of any taxable employer-paid insurance premiums.
10. **Loans:** Plan participants who are no longer actively employed will be permitted to take out a loan against their retirement funds.
11. **Same-Sex Spouses:** The Plan does not discriminate against same-sex spouses.

Detailed Proposed Changes: The major provisions of the revised Plan document are:

1. Governance Issues:

- a. **The UUA Board** (Section 14/p. 38):
 - i. Retains ultimate authority over the Plan. Only the Board can terminate or amend the Plan except for technical amendments required to comply with legislative or regulatory requirements (Section 14.1).
 - ii. The Board appoints members of the seven-member UUA Retirement Plan Committee which includes both the Financial Advisor and the UUA Treasurer.
 - iii. A revised “charge” to the Committee is included in this memorandum.
- b. **The UUA Retirement Plan Committee:**
 - i. Becomes the named “administrator” of the Plan on behalf of the plan’s sponsor (the UUA). The UUA Treasurer is currently the named “administrator.” This change reflects best practices not to name an individual as administrator. (Section 1.4/p.1)
 - ii. Approves the Participation Agreement required of all participating employers;
 - iii. Terminates a participating employer for failure to comply with the terms of the plan and/or participation agreement (Section 14.2/p. 38).
 - iv. Approves an Investment Policy Statement to guide selection of investment options for inclusion on the plan’s portfolio platform.
 - v. Selects investment options for inclusion on the plan’s platform rather than the current practice of recommending funds to the UUA Board.
 - vi. Provides overall oversight of the day-to-day administration of the Plan by UUA Staff and the plan’s record-keeper, TIAA-CREF;
 - vii. Authorizes administrative expense fees charged Plan participants.
 - viii. In addition to the Board charge to the Committee, the Committee will prepare a Governance Manual and an Operations Manual which will include an Investment Policy Statement and a Loan Policy Statement.

2. Eligibility and Contributions:

- a. **Employee Deferred Contributions** (Section 4.1): Our current plan requires new employees to complete a year of service AND requires participating employers to make a minimum 10 percent employer contribution before the employee is permitted to make any employee contributions. In keeping with best practices, all employees (age 18 or over) may now enroll in the Plan from day one of their employment with a participating employer. In doing so, these individuals can begin saving for retirement immediately by making pre-tax employee (deferred salary) contributions.
- b. **Auto-Enrollment** (Section 4.2): To encourage employees to make deferred contributions, participating employers may elect to voluntarily enroll all eligible employees upon employment at a specified default deferral rate. The employer may select a deferral rate ranging from 1 to 6 percent (the recommended default rate will be 3 percent). This means that employees will begin saving for their retirement from day one. Employees may change the deferral rate or opt out of deferred contributions at any time.
- c. **Eligibility for Employer Contributions** (Section 2.41/p. 8 and Section 3.2/p. 9): As is currently the practice, new employees would begin receiving employer contributions after completion of one year of service and 1,000 hours worked within that year. New employees who previously worked for another participating employer (e.g. the UUA or another congregation) would receive employer contributions from day one. Once a Plan participant

fulfills the year of service requirement, s/he remains eligible for employer contributions even if they work less than 1,000 hours in subsequent years.

- d. **Minimum Employer Contribution** (Section 5.1): Presently, our Plan has no required minimum contribution although "UUA Fair Compensation" guidelines require a minimum employer contribution of 10 percent for designation as a Fair Compensation Congregation and congregations must make a 10 percent employer contribution before employees can make their own voluntary contributions (see 2(a) above). Our new Plan requires a minimum employer contribution of 5 percent for all eligible employees. Fair Compensation Guidelines will continue to recommend a 10 percent employer contribution. The employer contribution must be specified on the Participation Agreement and changes reported to the UUA.
- e. **Optional Employer Match** (Section 5.2/p. 13): The new plan gives participating employers the option of offering an employer matching contribution in addition to the required minimum contribution (5 percent). The participating employer will specify on the Participation Agreement whether they wish to offer an employee match and how much the employer will match. For instance, if an employee is making a voluntary deferred contribution of 5 percent, then the employer would match that amount for a total contribution to the employee's retirement account of 15 percent (consisting of the employee's contribution of 5 percent, the employer's match of 5 percent, and the minimum employer contribution of 5 percent).
- f. **Fair Compensation Guidelines**: The UUA's Fair Compensation Guidelines were originally adopted by the UUA Board and then subsequently by the Compensation, Benefits, and Pension Committee. There are many components to these guidelines including a 10% employer retirement contribution. A Task Force to review the Fair Compensation Guidelines will be appointed this fall by the Administration. Meanwhile a congregation can be designated as a Fair Compensation Congregation by contributing at least 10 percent to the retirement accounts of their employees with or without the requirement of an employee match.
- g. **Definition of Compensation** (Section 2.13/p. 3): The default definition of compensation for purposes of calculating retirement contributions will be the employee's total remuneration before deductions for elective contributions plus the housing allowance for ministers. On the Participation Agreement, participating employers will be able to exclude certain payments from the compensation-base:
 - i. the payment in lieu of FICA to ministers;
 - ii. the gross-up amount for same-gender couples; or
 - iii. the value of any employer-paid insurance premiums

The housing allowance for highly compensated ministers (those with salaries exceeding \$115,000) will now be included in the compensation base. This is not allowed by our current Plan.

3. **Loans** (Section 11/p. 31): The updated Plan will allow Plan participants who are no longer actively employed to take out a loan against their retirement funds. Such loans can be beneficial to the Plan participant since the interest payment on the loan is paid back to themselves rather than to a financial institution. Criteria governing the circumstances under which loans are allowed will be determined by the Retirement Plan Committee and will be set forth in the Loan Policy Statement.
4. **Dispute Resolution Procedure** (Section 12/p.33): A new dispute resolution process has been included in the revised Plan document.
5. **Spousal Language**: Our Plan rewrite seeks to extend the same rights and privileges to same-gender spouses and partners as much as legally possible. While the federal Defense of Marriage Act (DOMA) precludes equal treatment of married couples regardless of sexual orientation, the Plan rewrite makes no distinction – a spouse is a spouse. The U.S. Supreme Court is expected to rule on

the constitutionality of DOMA in June. The revised Plan removes the requirement of spousal approval for loans and distributions while keeping it for designation of a beneficiary other than the spouse (Section 9.4/p. 26).

- 6. **Employer Participation Agreement:** Each participating employer will need to adopt a new participation agreement before January 1, 2014. This document will clearly summarize all employer responsibilities and options (e.g., auto-enrollment, employer match, etc.). In doing so, the participating employer agrees to comply with all the provisions of the revised plan. The Office of Church Staff Finances, as guided by the Retirement Plan Committee, will also require participating employers to file updated Participation Agreements periodically.
- 7. **Plan Administration/Oversight:** UUA oversight and management of the Plan has evolved greatly over the last five years. To provide better advice to the Retirement Plan Committee, the UUA Treasurer, (our current Plan Administrator), and UUA staff who handle day-to-day operations, we have retained outside legal counsel (McDermott, Will, and Emery) and an independent investment advisor (Fiduciary Investment Advisors). Overall Plan administration and coordination with TIAA-CREF is managed by Joyce Stewart, UUA Retirement Plan Director. Joyce Stewart also serves congregational staff. Rob Molla and Ibrahim Essa, UUA HR staff, serve UUA national staff. Richard Nugent, Church Staff Finances Director, is the principle staff liaison to the Retirement Plan Committee.
- 8. **New Plan Implementation:** Following Board review and approval of the new Plan document, the OCSF will coordinate a major informational campaign to fully explain the changes to both lay and professional leaders prior to the January 1, 2014 effective date. All participating employers will need to adopt the new Plan and complete a new Participation Agreement in order to remain in the Plan.

www.uua.org/uuagovernance/committees/index.shtml) » **Retirement Plan**
(www.uua.org/uuagovernance/committees/rpc/index.shtml) » Charge

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Revised Charge to the Retirement Plan Committee

A. Responsibilities

- i. To serve as fiduciaries for the Unitarian Universalist (UU) Organizations Retirement Plan, and
- ii. To serve as the committee referenced in [Section 1.4](#), of the document governing the UU Organizations Retirement Plan, including making recommendations to the Board regarding:
 - a. the UU Organizations Retirement Plan Document
 - b. ~~the UU Organizations Retirement Plan Document~~
 - c. ~~the UU Organizations Retirement Plan Document~~
 - d. the company serving as record keeper, and
 - e. other issues related to the UU Organizations Retirement plan.

Deleted: Article 7

Deleted: the Retirement Plan Investment Policy

Deleted: the investment line-up offered by the retirement plan

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B. Appointment and Terms

The committee shall have seven members, as follows:

- i. Three individuals with expertise in retirement plan management, mutual funds, investment management, or related fields
- ii. One individual who is a religious professional serving a UUA member congregation
- iii. One individual who is a retirement plan participant who is either a retiree or the partner/spouse of a retiree
- iv. The **UUA** Treasurer
- v. The **UUA** Financial Advisor

Except for the Treasurer and the Financial Advisor, who shall serve on the committee as long as they hold office, committee members shall serve for not more than four consecutive terms of two years each.

C. **Meetings**

The committee is expected to meet three to four times annually. Meetings may occur by phone.

**DRAFT RESOLUTIONS OF THE BOARD OF TRUSTEES
OF
THE UNITARIAN UNIVERSALIST ASSOCIATION**

WHEREAS, the Unitarian Universalist Association (the "UUA") maintains the Unitarian Universalist Organizations Retirement Plan (As Amended and Restated Effective as of January 1, 2000) (the "Plan") for the exclusive benefit of eligible employees of its participating congregations, eligible ordained community ministers and eligible ordained self-employed ministers; and

WHEREAS, as the sponsor of the Plan, the UUA has certain powers, rights and duties with respect to the Plan, including, without limitation, the authority to amend, modify or terminate the Plan and to appoint one or more persons to administer the Plan; and

WHEREAS, the UUA now deems it desirable to amend and restate the Plan to reflect various changes to the Plan;

NOW, THEREFORE, IT IS RESOLVED that the Board of Trustees of the UUA, on behalf of the UUA, hereby approves the amendment and restatement of the Plan, in the form attached hereto, to be effective January 1, 2014, and authorizes Timothy Brennan to sign the amendment and restatement of the Plan on behalf of the UUA.

IT IS FURTHER RESOLVED that, effective upon the adoption of these resolutions, the UUA Retirement Plan Committee shall be the plan administrator and named fiduciary of the Plan, and shall have the authority to exercise, in accordance with applicable law and the terms of the Plan document, certain powers, rights, and duties of the plan administrator and named fiduciary of the Plan, including but not limited to the following:

- The power and duty to resolve any question, ambiguity, inconsistency or omission involving the general administration or interpretation of the Plan; and
- The power to approve, on behalf of the UUA, the adoption of the Plan by any Unitarian Universalist congregation, unaffiliated employer of an ordained Unitarian Universalist community minister and ordained Unitarian Universalist self-employed minister, and to later disapprove and revoke such adoption; and
- The power to amend the Plan to make changes required by legislative or regulatory requirements; and
- The power to amend the participation agreement to reflect the terms of the Plan and the rights and duties of each participating employer that adopts the Plan for the benefit of its eligible employees; and
- The power to monitor the number and type of investment options provided under the Plan, evaluate individual investment option performance, and add, replace or delete investment options under the Plan.

IT IS FURTHER RESOLVED that the Committee is hereby authorized to take any and all actions as it deems necessary or desirable to carry out the intent and the purposes of the foregoing resolutions.

* * *

I, Tom Loughrey, Secretary of the UUA, certify that the foregoing is a correct copy of resolutions duly adopted by the Board of Trustees of the UUA and that the resolutions have not been changed or repealed.

Dated this 18th day of June, 2013.

Secretary as Aforesaid

ANNUAL REPORT TO GENERAL ASSEMBLY UUA Board of Trustees for 2012 - 2013

A year ago we reported to you that this would be the last year the Board would consist of district elected trustees and trustees elected at large. This is all part of the transition approved by delegates the year before to have a smaller Board of Trustees made up entirely of trustees elected at large. Trustees will be elected for three year terms and may run a second time for a three year term. In this transition year four trustees from the current board were appointed for continuity to two year terms. Three persons were nominated for three year terms and four nominated for one year terms. Much of our work this year has been in preparation for a smaller board. A significant part of this has been to eliminate the Board's Committee on Committees and replaced it with a new Appointments Committee which is comprised of non-Board members to take up that work. In addition, the Board has critically reviewed Board member liaison positions with many committees to make sure we are only having Board member liaisons where required. In many cases we had duplication of roles with the Financial Advisor and a Board member as liaisons. The Board of course will continue to approve all appointments as it has in the past.

As part of our work this year we have addressed several issues around governance with the administration. An important part of this has been to review the Ends of the Association around which policies are constructed to achieve those Ends. More information on these efforts will be presented and discussed in small group sessions at GA. The **Governance Working Group** of the Board had several priorities this year. First, we organized and shepherded the process for the Board's review of the Ends Policies of the Association. The Ends Policies are the Board's best efforts to articulate the goals of our work together as an Association. The Board anticipates the adoption of revised Ends Policies at the pre-GA meeting in June, 2013. Secondly, we worked to streamline the Board's work under Policy Governance. We reviewed the policy manual and recommended the elimination or consolidation of a variety of policies. We expect this to make it easier for both the staff and the Board to assure compliance with Board policies going forward. In addition, we instituted a number of procedural changes in the way that the Board does its work under Policy Governance that should enable a new smaller board to operate effectively. And lastly, we worked together with the Committee on Committees to clarify Board policies relating to the various committees of the Board and of the Association.

The Linkage Working Group provides tools and support for the Board to have meaningful dialogue with those to whom we are accountable:

- our member congregations
- current and future generations of Unitarian Universalists
- the heritage, traditions, and ideals of Unitarian Universalism
- the vision of Beloved Community, and
- the Spirit of Life, love, and the holy.

This year we added feedback from the above last 4 of what the Board calls our "Sources of Authority and Accountability" to what we have done in previous years with our member congregations. This took various forms, including focus groups, interviews, anthologies, and surveys. Our District Board partners interviewed over 50 of our most vibrant member congregations. In all, we received feedback on the draft outcomes of the Association from nearly 1000 Unitarian Universalists, about 60% of which directly represent the above groups. Most agreed the draft accurately reflected their values, though few could resist making suggestions for change – some minor, some quite substantial. As of the writing of this report, the board is incorporating this feedback into a new draft, with the final adopted at pre-GA Board meeting. The final report of this feedback "Hearing Voices," can be found on the UUA site.

This is also the fourth year we have participated in a World Café with Youth Caucus, and have added an "Open House" series of discussion with the Young Adult Caucus.

The **Communications Working Group** continues to manage the Board Blog and the Board Facebook page. In addition, the Communications Working Group has taken a significant part of the responsibility for preparing a letter to congregations following each face-to-face Board meeting. We have done this for the last two meetings and it has already shown to have a broad reach to congregations and stimulating conversation in various blogs and other outlets.

As mentioned, the **Committee on Committees** (CoC) makes its last report: The CoC has happily rendered itself obsolete. The newly-created Appointments Committee, which has a trustee liaison but no trustee members, now recommends to the board candidates for most board-appointed committees. The exceptions are staff-recommended appointments to credentialing committees. Board policies have been updated to clarify and articulate accountabilities for open recruitment, diversity in committee appointments, transparency, anti-racism anti-oppression multi-cultural competencies, staff support, and board action on committee recommendations. The Committee on Committees held its final meeting in April 2013.

The **Right Relations Monitoring Committee** reports they had long and interesting conversations with representatives from Leather and Grace and their allies about the inclusion of people in the kink community in our congregations and on our Association staff. Leather and Grace came with a detailed information packet for us, including recommendations for the UUA Staff. First, we addressed institutional concerns within UUA headquarters, particularly with respect to the Administration's operational definitions of our policies with respect to non-discrimination (particularly Policy 2.1.1). We discussed the need to explicitly name consensual sexual expression as a category covered by our non-discrimination policy as a subset of "affectional or sexual orientation." We also discussed the need to clarify what is appropriate workplace conversation—particularly the boundary between appropriately identifying oneself as a member of the kink/BDSM community and inappropriately discussing personal sexual behavior. There was also a larger conversation about culture shift in Unitarian Universalist congregations and in our Association as a whole. We identified ministers and religious educators as key players in culture change, and both Young Adult Our Whole Lives and the Welcoming Congregation program (currently undergoing major revisions), in particular, as potentially useful existing tools in helping this conversation progress.

The **Finance Committee** does much of its work around the budget. The committee closely monitors budget variances at each meeting and receives reports from administration on steps taken to deal with variances in the budget. Of particular concern has been the need to eliminate ten positions on the staff this year due to not receiving anticipated revenues from congregations. As part of the multi-year budgeting the administration is predicting a 3% decrease in revenues, primarily from congregations dealing with financial realities of their own. The administration submitted a balanced budget reflecting the shortfall and this budget was approved for recommendation to the full Board. The Treasurer's report along with the report of the Financial Advisor will have more information. Final passage of the budget will occur at the Board meeting in Louisville preceding the opening of GA.

The relocation of UUA Headquarters. An important and historically significant step was taken this year to transition the headquarters from Beacon Hill to Farnsworth Street in Boston. This came about as the result of a long and detailed study on all our options. It became very clear that the cost of rehabilitating all of our property on Beacon Hill could exceed the cost of a new location and still not provide the space and technology we need to be effective in fully meeting our Ends. In addition, we realized that there was no readily apparent source of funding that would be sufficient for a full modernization effort of these properties. We also recognized that a decision to do nothing would be both a poor fiduciary choice and a poor operational choice. A significant issue was whether we should even be in Boston. The administration convinced the Board that a decision to relocate away from Boston would have a very negative impact on staff retention

The Board will be presenting a number of Bylaw changes to delegates in Louisville this year. These include:

- Bylaw Section C-3.6, 13.1, 13.2, 13.4 and Rule G-13.2.1 all related to incorporating Regions into bylaws.
- Article IX – Sec 9.10 and Rules G-9.13.4 and G-9.13.5 dealing with proposed language to incorporate electronic voting.
- Articles V, VI, VII, VIII, and IX, and related rules concerning Elections, Appointments, and Committees
- Article II - C-2.3 regarding inclusion language in our Purposes and Principles
- Articles VII and X – Sections 7,7,7.8, C-10.6 and C-10.7 regarding provisions concerning investments.

All the proposed changes will be submitted to delegates in a mini-assembly prior to presentation in plenary. Proposals to change the amendments may be made during the mini-assemblies.

Other Business

Near the completion of the April Board meeting it became clear that the Board and administration had reached an impasse on our collective ability to provide the kind of metrics based on strategic plans that the Board feels is necessary to carry out one of our primary duties: monitoring policies to achieve the Ends of the Association. It was mutually agreed we should solicit expert help in providing assistance to do this work. At this writing a joint statement of the Board and administration is being prepared to explain the need and the anticipated benefit such assistance will provide. This statement will be available on the UUA website.

The GA Schedule and Agenda

There will be a number of times to meet in various workshops and other sessions with us in Louisville at GA. Check the [GA schedule](#) for the times and venues.

You can follow the work of the Board in a variety of ways including our [Board Blog](#), [Facebook](#), the [UUWorld](#) and the [UUA website](#)

Summary

The board does its work with many lenses that call us to examine what we do and how we do it, mindful of our commitment to [anti-racism, anti-oppression and multi-culturalism](#). We invite you to be part of that transformative work. If you have any questions or concerns, please contact the [trustee from your district or one of the at-large trustees](#). See you at GA!

For the Board,
Tom Loughrey
Secretary

The joint task force of the District President's Association (DPA) and the Unitarian Universalist Association (UUA) Board's Linkage Working Group (LWG) reviewed the recommendations from the four board task forces on the ends and the recommendations of Sue Radwan. This report includes the ends the joint task force would propose in response, along with its rationale (as endnotes). After the revisions and before the endnotes, we list the questions we recommend the board consider as a whole in June.

Proposed Revision:

Numbers indicate endnotes with rationale for the proposed revision

1.0 Global Endⁱ

The Unitarian Universalist Association (UUA) isⁱⁱ a healthy Unitarian Universalist communityⁱⁱⁱ, alive with transforming power, moving our communities and the world toward more love, justice and peace^{iv} in a sustainable manner.^v

1.1 Congregations and communities are covenanted, accountable and mission-driven.^{vi}

1.2 Congregations have and use UUA resources necessary to deepen^{vii} the spiritual and religious exploration by people in their communities and to enhance the ministry of their members and the operation of their congregations.^{viii}

1.3 Congregations are better able to achieve their missions and to spread awareness of Unitarian Universalist^{ix} ideals and principles through their participation in networks of Unitarian Universalist communities.^x

1.4 Our faith community^{xi} is intentionally inclusive, multigenerational and multicultural.

1.5 Our faith community engages in partnerships to counter systems of power, privilege and oppression.^{xii}

1.6 The UUA achieves^{xiii} a net increase in people served by our congregations and communities.

1.7 The UUA achieves a net increase in mutually covenanted^{xiv} congregations.

1.8 The UUA achieves a net increase in inspired^{xv} ordained and lay^{xvi} religious leaders, equipped to effectively start and sustain new communities.

1.9 Unitarian Universalist institutions are healthy, vital, collaborative partners invested in the future of Unitarian Universalism, its principles and theologies.

Questions the joint task force recommends the board consider:

1. Whether the board wants to clarify that "sustainability" refers to the Association rather than to global sustainability. In considering feedback from the Sources, a few of whom were concerned about a lack of attention to the environment in the ends, the joint task force recommends that the board consider adding "institutional" so that the meaning is clear.
2. Who sets priorities: the board or the President? The joint task force recommends the board consider this question and add language that either explicitly gives that authority to the President, or language that sets explicit priorities.
3. What should be done about the term "covenanted communities?"

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ⁱ Changed "Global Ends" to "Global End" since there is only one global end and the rest are subends.

ⁱⁱ Added "The Unitarian Universalist Association (UUA) is" to complete the sentence and to introduce the abbreviation of UUA.

ⁱⁱⁱ The 1.0 board working group proposed "a healthy community of Unitarian Universalists." The joint task force felt that "a healthy Unitarian Universalist community" keeps the broader understanding of all the groups to which the UUA is accountable that the 1.0 group wanted to include, but doesn't evoke an association of individuals the way their phrasing did--maintains a stronger sense of necessary connectivity.

^{iv} The joint task force agreed with this recommended wording from the 1.0 board working group.

^v The 1.0 board working group proposed "in a manner which assures sustainability." The joint task force is proposing "in a sustainable manner" to make it clearer that the end is not to sustain the organization. The joint task force discussed at length whether "sustainability" referred to Associational or global sustainability. Some feedback from the Sources were concerned about a lack of attention to the environment in the ends, the joint task force recommends that the board clarify that the intent here is Associational, and perhaps that should be clear by referring to "institutional" sustainability. Further, in considering this phrase the question arose of who sets priorities: the board or the President? The joint task force recommends the board consider this question and add language that either explicitly gives that authority to the President, or language that sets explicit priorities.

^{vi} The joint task force agreed with the 1.0 board group's recommendation to include this sub-end. The joint task force recommends "Congregations and communities" instead of "Communities and congregations." Sue Radwan recommended adding "healthy" in the wording here. The joint task force recommends not doing so but does not feel strongly. Perhaps adding it would limit the definition of "healthy congregations" to only the characteristics "covenanted, accountable, and mission-driven."

^{vii} To avoid using "enhance" twice, and to better reflect the desired outcome, the joint task force recommends using "deepen" here instead of "enhance."

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viii The joint task force recommends adding this phrase. In its second review of the linkage feedback, the theme emerged that our Sources were as concerned about the “administry” of their congregations as the ministry, and the joint task force recommends adding this phrase to respond to this feedback.

ix The joint task force recommends spelling out “Unitarian Universalist” and “Unitarian Universalism” throughout the ends.

x Sue Radwan recommended deleting the clause "are better able to achieve their missions and to spread awareness of UU ideals and principles through their participation," considering it a bit editorial. She would say here only "Congregations participate in covenanted networks of UU congregations and communities." The joint task force disagrees and recommends keeping the clause in the subend.

xi The joint task force recommends changing “congregations” to “our faith community.” In discussing the interpretation of "Congregations are. . ." this group pondered the feedback from the Sources about how to be multigenerational if you're a congregation in a retirement home, how to be multicultural if you're a congregation located in an area with predominantly white people, how to counter systems of oppression in partnership if you're a tiny church. This group concluded that the end might be better phrased "Our faith community is intentionally inclusive, multigenerational and multicultural. . ." In this way, the end is aspirational for the collective, leaves more room for Congregations and Beyond, and avoids the appearance of directing individual congregations. This group also considered "The Association. . ." and decided that felt too much like "those other people in Boston."

xii The joint task force recommends listing this as a separate subend, despite adding to the total number of ends, for three reasons. First, the task force found significant concern from Sources about joining these two aspects of the end (in its original form of "in powerful mission to....") together. Second, the end as originally written seemed to say that you can't be engaged in partnerships unless you're first inclusive, multigenerational and multicultural. Third, "Engaged in partnerships" and "inclusive, multigenerational and multicultural" appear to be two distinct outcomes.

xiii The joint task force affirms the recommendation of the “net increase” board group to keep these three ends, and not to prioritize them. The joint task force recommends adding the phrase “The UUA achieves. . .” to make it clearer who achieves the increase, that it’s not a dictate from the UUA to individual congregations to grow.

xiv In this one instance, there was consensus in the joint task force that removing “mutually covenanted” from this end so significantly changed its meaning from its intended meaning that the joint task force would recommend keeping in this phrase.

xv The joint task force agrees with the Board group that recommended putting "inspired" into the main clause of this sentence.

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^{xvi} The joint task force recommends adding “ordained and lay” to make it clear this end means both. This meant slight wording changes after that phrase as well.

Report from the Joint Task Force on District-UUA Board Communication

May 28, 2013

Kirk Bogue, President, Mid-South District
Marcia Bowman, President, Mountain Desert District
Linda Laskowski, UUA Trustee, Pacific Central District
Michael Tino, UUA Trustee, Metro New York District

Summary

As the structure of the UUA Board changes, gaps in governance emerge that were formerly the responsibility of district-elected trustees. We examined the UUA governance through a framework for healthy organizations provided to us by Kirk Bogue (Appendix A) and identified several key areas that we recommend the new Board work with the District Presidents Association (DPA) to rectify. Specifically, they are:

1. Direct input from congregations to the UUA Board (linkage);
2. Having a mechanism for congregations to ask questions about UUA governance;
3. Providing reports to congregations that give an overall view of UUA governance;
4. Ensuring a healthy, aligned organization.

We discussed each of these gaps, and came up with desired outcomes and some recommendations in the sections that follow. We believe that the Board, Administration and Districts/Regions will need to work together in significant ways to address the gaps that eliminating district-elected trustees creates.

Direct Input from Congregations to the UUA Board

One of the main governance gaps we identified is the role that district-elected trustees served as conductors of linkage between congregations and the Board. Many district-elected trustees spent significant time engaging in the process of collecting input from congregations on key governance questions facing the Board.

We recommend that this linkage be embedded in the growing partnership between the UUA Board and the DPA. One example of how this could work in a new system is the way in which the Board and DPA collaborated to provide linkage on the draft Ends policies that the Board was writing. District boards conducted interviews with congregational leaders about the draft policies, and then submitted their linkage input to the UUA Board. This resulted in high-quality linkage work that helped us significantly improve our Ends policies.

As the roles of district and regional leadership change to meet the changing ways our Association relies on our middle judicatory structures, one key governance role that middle judicatories can play in UUA governance is this linkage function. If the relationship between the

Board and district/regional leadership is a healthy partnership, the quality of linkage will likely be much higher than was produced by the district-elected trustees, who had different levels of connection with the congregations in their districts.

Mechanism for Congregational Questions and Concerns

The second gap we identified is the lack of identified trustees to whom questions and concerns from congregations can be addressed in the new system. Currently, leaders in many congregations feel comfortable knowing that their questions and concerns about UUA governance can be sent directly to their district-elected trustee, who will forward them on to the appropriate people.

We recommend that a communication system be put in place for congregations to ask appropriate questions and voice concerns about governance. We recommend that the Board and the Administration work together on such a system because questions and concerns about governance are not easily separated by many congregations from questions and concerns about programs and service delivery, and one set needs to go to the Board while the other to the Administration. There should be one, integrated communications system for both kinds of concerns.

Such a system needs to take into account the highly relational culture present in some districts, in which the district-elected trustee has a direct relationship with congregational leaders, though it need not replicate it.

Reporting to Congregations the Overall View of UUA Governance

All but one of the district-elected trustees surveyed in January of 2013 gave reports to their districts—at board meetings, district assemblies, UU Ministers Association (UUMA) chapter meetings and other venues—that gave our congregations an overall view of the governance of our Association and our work towards its Ends. These direct reports, along with the built-in opportunities for conversation and engagement, will disappear once all trustees are elected at-large and not every district is home to a trustee.

There is clearly a need for such communication flowing between the Board and our member congregations. Many district-elected trustees find that even our best efforts at electronic communication do not substitute for the in-person conversation that happens at district and regional events.

Given the recent success of the regionalization vote in the MidAmerica Region, as well as successful regional assemblies and efforts in the other regions of the Association, it seems that that regionalization is moving forward across the Association. Therefore, we recommend that the UUA Board have at least one trustee present at each regional meeting.

We further recommend that a system should be put in place so that district and regional leaders can feel comfortable discussing UUA Board-level governance issues. This is particularly true for middle judicatories that have adopted the UUA's Ends. Members of the DPA, then, would convene these conversations at district assemblies, especially in districts that do not take part in regional gatherings. Further, DPA members and regional leaders could convene governance conversations at board meetings in the various middle judicatories.

Finally, we recommend that the Board engage in a partnership with the UUMA, the Liberal Religious Educators Association (LREDA) and the UU Musicians Network (UUMN) to ensure that good communication exists with our organizations for religious professionals. We believe that some system of in-person conversations between the Board and our organizations for religious professionals (perhaps at the chapter level) would be beneficial to our governance. We hope that the professional organizations will engage as partners in this communication, perhaps by disseminating information to their members and chapters from national liaisons to the UUA Board and DPA.

Ensuring a Healthy, Aligned Organization

We believe that of paramount importance is the alignment of our Association—that is, that congregations, districts/regions, and the UUA Board and Administration are all working in the same direction.

We recommend that the Administration, Board and DPA work together to develop a practice of checking the health of the Association. Many existing “health check” tools are available that use the five-point framework (found in Appendix A), and an annual check-up involving congregations, middle judicatories, our Administration and Board can help us determine whether alignment of the various parts of our Association exists (and where changes need to be made).

We would like the Board to think about alignment as possibly being a part of our operational definition and monitoring of Policy 3.2 (Governance/Board Job Description). To do so would help the Board assess the quality of our governance and linkage work.

Appendix A: Organizational Health Framework

Columns A-D are examples of how this framework could work in a system made up of the four organizational levels shown here.

Framework	A. Congregations & Their Leaders	B. UUA Trustees	C. Staff	D. Middle Judiciary* (under review in most districts/regions)
Results – what outcomes are supposed to be	<ul style="list-style-type: none"> · The “curriculum” · The organized faithful · Impact to people, causes and communities 	<ul style="list-style-type: none"> · ENDS Statements · Fiduciary success 	<ul style="list-style-type: none"> · Strategic structure and operational tactics · Strategic and operational planning · Desired goals and metrics 	<ul style="list-style-type: none"> · Connectedness Advisement and Support that facilitates effectiveness of “the UUA system” · Ways for leaders to serve beyond congregational walls
Accountability – delineation of roles/responsibilities and consequences for performance	<ul style="list-style-type: none"> · Fulfillment of UUA Membership requirements · Implementation and oversight of organizational structure to be and do “the curriculum” 	<ul style="list-style-type: none"> · Monitoring requirements <ul style="list-style-type: none"> ○ Performance ○ Financials · Trustee Reports 	<ul style="list-style-type: none"> · Organizational clarity (exec leadership to field staff) · Staff Reports to stakeholders (A, B, C, D) · Performance Management · Leadership Development 	<ul style="list-style-type: none"> · Structure for oversight it is empowered to perform · Structure for interface with and service to other stakeholders it serves · Self-reported metrics regarding services and impacts
Commitment – allocation of resources (time, talent, finances)	<ul style="list-style-type: none"> · Do the “system” inside of congregational walls 	<ul style="list-style-type: none"> · Approval of budgets · Approval of initiatives and 	<ul style="list-style-type: none"> · Install the “delivery” system · Manage the 	<ul style="list-style-type: none"> · Help Trustees: research, listen · Help Staff: advise staff, get

<p>towards shared objectives and goals</p>	<ul style="list-style-type: none"> · Build and live “covenants” with other UU communities/entities · Support and develop leaders · Good stewardship 	<p>major decisions</p> <ul style="list-style-type: none"> · Commissioning of research to study new things · Engage with and listen to Sources of Authority 	<p>system</p> <ul style="list-style-type: none"> · Manage staff and others who are enlisted to serve the system · Identify and cultivate leadership contributors · Engage with and listen to other stakeholders re: needs, process/tools and performance · Help design and support role of middle judicatory 	<p>feedback from congregations, with self-imposed accountability, with organizational development, identify and cultivate leaders, train congregations and leaders</p> <ul style="list-style-type: none"> · Help Congregations: identify leaders and find ways for them to serve, if asked, help them have their voice heard by other stakeholders, represent them on advisory or oversight boards set up by other stakeholders · Help all stakeholders assess health of the relationship among and between them
<p>Productive Conflict – collaboratively generating ideas that best serve interests of the common cause, avoiding need to be right</p>	<ul style="list-style-type: none"> · Engage with stakeholders under covenant with covenantal behavior 	<ul style="list-style-type: none"> · Engage with stakeholders under covenant with covenantal behavior 	<ul style="list-style-type: none"> · Engage with stakeholders under covenant with covenantal behavior 	<ul style="list-style-type: none"> · Engage with stakeholders under covenant with covenantal behavior
<p>Trust – confidence to act</p>	<ul style="list-style-type: none"> · Be who you say you will be and 	<ul style="list-style-type: none"> · Be who you say you will be and 	<ul style="list-style-type: none"> · Be who you say you will be and 	<ul style="list-style-type: none"> · Be who you say you will be and

authentically with vulnerability	do what you say you will do	do what you say you will do	do what you say you will do	do what you say you will do
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** Some thoughts regarding the possible roles of a middle judicatory in UUA policy governance, understanding that different districts and regions are presently coming to different conclusions with respect to the issues raised:*

- Trustees are listening to congregations (a source of authority) to articulate the vision/mission of the UUA and translating that into expectations for staff to implement and achieve.
- Staff is creating the strategic organization structure (e.g. senior leaders in Boston as well as field staff dispersed geographically) and the service delivery system to implement their objectives and report back about their performance.
- Congregations are recipients of those services and are able to interact with both trustees and staff to weigh in about each's performance and engage with each about future desires.
- If the above model regarding trustees, staff and congregations worked perfectly, a middle judicatory would not be needed for oversight purposes (though it could still serve other roles).
- As it will be challenging to have the above work perfectly, a middle judicatory could be designed and implemented to help with actual or potential gaps the system holds. The middle judicatory role designated in the table above was derived from the assumption that each stakeholder type would be willing and able to identify and articulate areas a middle judicatory could assist with and it reflects speculation about what those specific needs might be. The middle judicatory column can be modified once actual needs for that entity are known.
- The model outlined in the table above assumes trust among all stakeholders exists. If trust were assumed to not be present, then additional responsibilities by the middle judicatory might be needed (e.g. congregations don't trust staff, thus their district or regional board might be charged with making sure staff performs well; that's a different way to implement a middle judicatory role than had staff said "we want help in being held accountable to congregations").



MEMORANDUM

TO: UUA Board of Trustees and Finance Committee

FROM: Tim Brennan

RE: UUA Budget for fiscal year 2014

CC: Peter Morales, Kay Montgomery, Harlan Limpert, Terry Sweetser

DATE: June 14, 2013

Attached are the proposed fiscal year 2014 and 2015 budgets for consideration by the board. There are only two differences from the budgets previously submitted on April 2 as follows:

Endowment Income

Endowment income has been increased by \$100,000 to reflect funds drawn from unrestricted reserves to pay for a consultant to assist the board and staff in measuring and reporting on performance against the Ends.

Board & Volunteer Leadership

Increased by \$100,000 to reflect the expense allowance for the consulting services described above.

	C	D	E	F	G	H
2	Unitarian Universalist Association	FY12	FY13	FY14	FY15	FY14
3	Budget Overview	Results	Forecast	Budget	Budget	Inc/(Dec)
4	Current Operations		3rd Qtr			E to F
5						
6	\$ in Thousands					
7	Income:					
8	Income for General Support					
9	Annual Program Fund	6,757	6,750	6,900	7,000	2.2%
10	Friends of the UUA	1,183	1,073	1,200	1,250	11.8%
11	Unrestricted Gifts	0	20	250	250	1150.0%
12	Bequest Income	1,050	607	450	450	-25.9%
13	Administrative Fees	1,290	1,280	1,339	1,370	4.6%
14	Endowment Income	2,085	2,228	2,357	2,336	5.8%
15	Other Current Fund Income	2,541	2,695	2,804	2,649	4.1%
16	Total Income for General Support	14,905	14,653	15,300	15,305	4.4%
17						
18	Income for Designated Purposes					
19	Campaign Income	2,437	2,878	2,494	2,836	-13.3%
20	UUCSR Veatch Grants	2,212	2,234	2,237	2,240	0.1%
21	Grants and Scholarships	914	912	924	924	1.3%
22	Ministerial Aid Funds	435	493	467	467	-5.3%
23	Holdeen and International Trusts	1,523	1,431	1,414	1,414	-1.1%
24	Income for Other Purposes	2,538	2,025	1,128	1,225	-44.3%
25	Total Inc for Designated Purposes	10,060	9,973	8,665	9,107	-13.1%
26	Total Income	24,965	24,627	23,965	24,412	-2.7%
27						
28	Expenses:					
29	Board & Volunteer Leadership	497	535	595	495	11.2%
30						
31	Programs:					
32	Multicultural Growth and Witness	1,391	1,446	1,262	1,273	-12.7%
33	International	1,606	1,490	1,405	1,413	-5.7%
34	Congregational Life	3,830	4,003	3,936	4,021	-1.7%
35	Ministries and Faith Development	5,807	5,951	4,832	4,757	-18.8%
36	UU Funding Program	1,200	1,224	1,237	1,241	1.0%
37	Crisis Relief & Misc. Programs	678	377	364	362	-3.3%
38	Communications	2,652	2,801	2,800	2,826	0.0%
39						
40	Total Programs	17,164	17,292	15,836	15,893	-8.4%
41						
42	Administration	1,607	1,613	1,523	1,547	-5.6%
43	Contingency/Salary Increase	60	54	464	588	N/A
44						
45	Infrastructure					
46	Stewardship and Development	1,946	2,122	2,217	2,523	4.5%
47	Information Technology Services	1,331	1,489	1,597	1,615	7.2%
48	Internal Services	1,656	1,802	1,733	1,752	-3.8%
49	Total Infrastructure	4,933	5,412	5,547	5,890	2.5%
50						
51	Total Expenses	24,261	24,905	23,965	24,412	-3.8%
52						
53	Current Section Excess/(Deficit)	705	(279)	0	0	
54						

	D	E	F	G	H	I
1	Unitarian Universalist Association	FY12	FY13	FY14	FY15	FY14
2	Budget Summary	Results	Forecast	Budget	Budget	Inc/(Dec)
3	Current Operations Expenses					F to G
4	<i>\$ in Thousands</i>					
5	Income:					
6	Income for UUA General Support					
7	Annual Program Fund	6,757	6,750	6,900	7,000	2.2%
8	Friends of the UUA	1,183	1,073	1,200	1,250	11.8%
9	Unrestricted Gifts	0	20	250	250	1150.0%
10	Bequest Income	1,050	607	450	450	-25.9%
11	Administrative Fees	1,290	1,280	1,339	1,370	4.6%
12	Endowment Income	2,085	2,228	2,357	2,336	5.8%
13	Other Current Income	2,541	2,695	2,804	2,649	4.1%
14		14,905	14,653	15,300	15,305	4.4%
15	Income for Designated Purposes					
16	Campaign Income	2,437	2,878	2,494	2,836	-13.3%
17	Veatch Grants	2,212	2,234	2,237	2,240	0.1%
18	Grants and Scholarships	914	912	924	924	1.3%
19	Ministerial Aid Funds	435	493	467	467	-5.3%
20	Holdeen & International Trusts	1,523	1,431	1,414	1,414	-1.1%
21	Income for Other Purposes	2,538	2,025	1,128	1,225	-44.3%
22		10,060	9,973	8,665	9,107	-13.1%
23	Total Income	24,965	24,627	23,965	24,412	-2.7%
24						
25	Board & Volunteer Leadership					
26	Board of Trustees	228	200	251	151	25.2%
27	Board Committees	63	88	98	98	11.4%
28	Board Task Forces	21	5	9	9	67.8%
29	Moderator	18	31	31	31	0.0%
30	Nominating Committee	23	24	24	24	0.0%
31	Commission on Appraisal	16	25	20	20	-20.0%
32	Ministerial Fellowship Committee	102	128	138	138	7.8%
33	Commission on Social Witness	26	34	25	25	-26.7%
34	Total Board & Volunteer Leadership	497	535	595	495	11.2%
35						
36	Programs:					
37	Multicultural Growth and Witness	1,391	1,446	1,262	1,273	-12.7%
38						
39	International Office	219	245	230	232	-6.2%
40	Holdeen International Partners	133	211	140	140	-33.8%
41	Holdeen India Program	863	697	715	717	2.6%
42	UU-UNO	391	337	320	324	-4.8%
43	Total International	1,606	1,490	1,405	1,413	-5.7%
44						
45	Congregational Life					
46	Congregational Life	3,145	3,279	3,177	3,249	-3.1%
47	Office of Congregational Stewardship Services	480	434	448	452	3.4%
48	Congregational Growth	205	290	311	321	6.9%
49	Total Congregational Life	3,830	4,003	3,936	4,021	-1.7%
50						
51	Ministries and Faith Development					
52	Resource Development Director	216	268	122	42	-54.3%
53	Resource Development Office	552	716	636	610	-11.2%
54	Youth and Young Adult Ministries	468	448	528	535	17.8%
55	Director of Ministries and Faith Development	729	576	543	548	-5.6%
56	Director of RE Credentialing	88	96	95	96	-1.4%
57	Director of Ministerial Credentialing	242	203	209	213	3.0%
58	Director of Transitions	344	314	308	311	-1.9%
59	Office of Church Staff Finances	1,364	1,422	506	512	-64.4%
60	Office of UUA Health Plan	163	193	186	190	-3.7%
61	Director of Professional Development	197	193	193	195	-0.1%
62	Scholarships and Ministerial Ed Grants	514	447	587	587	31.4%
63	Continuing Education	636	655	638	638	-2.6%

	D	E	F	G	H	I
1	Unitarian Universalist Association	FY12	FY13	FY14	FY15	FY14
2	Budget Summary	Results	Forecast	Budget	Budget	Inc/(Dec)
3	Current Operations Expenses					F to G
64	Aid Funds	241	333	238	238	-28.5%
65	Panel on Theological Education	53	86	41	41	-52.4%
66	Total Ministries and Faith Development	5,807	5,951	4,832	4,757	-18.8%
67						
68	UU Funding Program	1,200	1,224	1,237	1,241	1.0%
69	Crisis Relief & Misc. Programs	678	377	364	362	-3.3%
70						
71	Communications					
72	IPW Office	506	507	526	531	3.7%
73	Periodicals Office	885	951	963	973	1.3%
74	Publications Administration	559	582	537	545	-7.7%
75	UUA Bookstore	702	761	774	777	1.7%
76	Total Communications	2,652	2,801	2,800	2,826	0.0%
77						
78	Total Programs	17,164	17,292	15,836	15,893	-8.4%
79						
80	Administration					
81	Office of the President	602	599	542	549	-9.5%
82	Office of the Executive Vice President	511	509	440	444	-13.5%
83	Contingency Expense	60	54	365	380	580.2%
84	Salary Increase			99	208	N/A
85	Human Resources	494	506	540	553	6.8%
86	Total Administration	1,667	1,667	1,987	2,135	19.2%
87						
88	Infrastructure:					
89	Stewardship and Development					
90	Vice President, Development	162	183	151	151	-17.3%
91	APF Campaign	186	217	309	298	42.1%
92	APF Continental Committee	20	0	0	0	N/A
93	Friends Campaign	331	335	360	360	7.6%
94	Charitable Gift and Estate Planning	147	146	161	163	10.3%
95	Comprehensive Campaign	1,099	1,241	1,236	1,550	-0.4%
96	Total Stewardship and Development	1,946	2,122	2,217	2,523	4.5%
97						
98	Information Technology Services					
99	Information Technology Services	1,009	1,151	1,597	1,615	38.7%
100	ITS Web Team	322	338	0	0	-100.0%
101	Total Information Technology Services	1,331	1,489	1,597	1,615	7.2%
102						
103	Internal Services:					
104	Finance					
105	Treasurer and Vice President of Finance	493	634	619	623	-2.2%
106	Financial Services	623	666	638	649	-4.2%
107	Total Finance	1,117	1,300	1,257	1,272	-3.3%
108						
109	Facilities					
110	Facilities - General	68	45	48	48	6.6%
111	25 Beacon Street	55	18	0	0	-100.0%
112	41 Mt Vernon Street	(12)	(10)	(0)	(0)	-100.0%
113	Eliot & Pickett House	429	448	427	431	-4.6%
114	Total Operations Services	540	502	476	480	-5.2%
115						
116	Total Internal Services	1,656	1,802	1,733	1,752	-3.8%
117						
118	Total Infrastructure	6,600	7,079	7,534	8,024	6.4%
119	Total Expenses	24,261	24,905	23,965	24,412	-3.8%
120						
121	Current Section Excess/(Deficit)	705	(279)	0	0	
122						

Unitarian Universalist Association Board of Trustees
Additional Changes Suggested by Sue Radwan
Near Final Draft Ends Statements
June, 2013

1.0 Global End

A healthy Unitarian Universalist community that is alive with transforming power, moving our communities and the world towards more love, justice, and peace in a manner which assures institutional sustainability.

- 1.1 Congregations and communities are covenanted, accountable, healthy, and mission driven.
- 1.2 Congregations are better able to achieve their missions and to spread awareness of Unitarian Universalist ideals and principles through their participation in covenanted networks of Unitarian Universalist congregations and communities.
- 1.3 **Our faith community** is intentionally inclusive, multigenerational and multicultural.
- 1.4 **Our faith community** engages in partnerships to counter systems of power, privilege and oppression.
- 1.5 Congregations have and use Unitarian Universalist Association resources to deepen the spiritual and religious exploration by people in their communities, to enhance the ministry of their members and to improve the operation of the congregations.
- 1.6 There is an increase in the number of people served by Unitarian Universalist congregations and communities.
- 1.7 There is an increase in the number of **mutually covenanted** Unitarian Universalist congregations and communities.
- 1.8 There is an increase in the number of inspired ordained and lay religious leaders equipped to effectively start and sustain new Unitarian Universalist communities.
- 1.9 Unitarian Universalist institutions are healthy, vital, collaborative partners invested in the future of Unitarian Universalism, its principles and theologies.

Comment [D1]: Are we comfortable with the term "our faith community?"

Comment [D2]: Are we comfortable with the term "our faith community?"

Comment [D3]: Do we want to include the words "mutually covenanted"?

Comment [D4]: From Linda & Donna: Do we include "and communities?" We did not discuss this on the calls, so this is a new question to the Board.