

**Conceptual Proposed Changes to By-Laws of the First Unitarian Church of Dallas
October 2021**

The Board of Trustees is proposing two By-Law amendments for congregational consideration.

[Proposed By-Law Amendment #1: Virtual Meetings](#)

[Proposed By-Law Amendment #2: Endowment and Memorial Gift Fund \(EMGF\) Sustained Support](#)

Note: The following are excerpts from the existing By-Laws that would be affected by the proposed amendments. Proposed modifications are in ~~red strikethrough~~ (deletion), **blue** (language added), or **purple** (alternative added language).

Proposed By-Law Amendment #1: Virtual Meetings

Rationale: The recent pandemic highlights the need for us to allow for virtual meetings of the congregation so that we can continue to do the work of the church even when gathering in person is not possible or advisable. The By-Laws are being updated to ensure that we operate in accordance with state nonprofit legal requirements. Additionally, the By-Laws are being updated to explicitly allow for the Board to meet and vote virtually as needed.

**ARTICLE VI.
CHURCH MEETINGS**

1. Church Year. The church fiscal year shall be a calendar year.
2. Annual Meeting. The Annual Meeting of the Congregation shall be held each fall on a date to be determined by the Board of Trustees, at which a budget for the ensuing year shall be presented by the Senior Minister for approval by the Congregation, and any other appropriate business transacted. The time, place, and agenda of the Annual Meeting shall be designated by the Board of Trustees, and written notice thereof shall be given to all voting members in a manner determined by the Board of Trustees at least ten (10) days in advance of the meeting.
3. Regular Meeting. A regular meeting of the Congregation shall also be held each spring on a date to be determined by the Board of Trustees, for the transaction of such business as shall be stated on the agenda. The time, place, and agenda of this meeting shall be designated by the Board of Trustees, and written notice thereof shall be given to all voting members in a manner determined by the Board of Trustees at least ten (10) days in advance of the meeting.
4. Special Meetings. Special meetings of the Congregation may be called by the Board of Trustees. In addition, a special meeting shall be called by the Board of Trustees to be held within twenty (20) days after receiving a petition to do so signed by ten percent (10%) of the membership entitled to vote. Written notice stating the purpose of a special meeting shall be provided to all voting members at least

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ten (10) days in advance of the meeting, in a manner determined by the Board of Trustees. No business other than that announced shall be transacted

5. Electronic Meetings. Any meeting of the congregation may be conducted in whole or in part remotely by means of a teleconference communication system or a video conference communication system, or any other similar electronic communication facility, that permits all members participating in such meeting to hear each other during the meeting. The Board of Directors shall adopt special rules of order for the conduct of such meetings to provide for proper notice, verifying membership, assignment of the floor and debate, voting, and any other procedures necessary for an orderly meeting. Participation in a meeting held by remote communication shall constitute presence in person at the meeting for all purposes, including quorum and voting.

~~5.6.~~ **6.6.** Voting Quorum. Ten percent (10%) of the membership entitled to vote shall be present at the beginning of the meeting to constitute a quorum throughout the meeting.

~~6.7.~~ **6.7.** Majority Vote. At any meeting of the Congregation, a majority of the votes cast shall be sufficient to approve business transactions, except as specified in Section 2 of Article IX (concerning election of Ministers) and Section 1 of Article XV (concerning amendment of the By-Laws)

**ARTICLE VII.
BOARD OF TRUSTEES**

1. Governing Body of the Church. The governing body of the Church shall consist of a Board of Trustees, elected by the Congregation as provided in Section 1(a) of Article V and the Senior Minister, ex officio and non-voting.

2. Board of Trustees Members. The Board of Trustees shall consist of: (a) three (3) elected officers, which shall be the President, the Vice President, and the Treasurer, each of whom shall be elected by ballot each year; and (b) nine (9) additional Trustees (each a "Trustee at Large"), who shall be divided into three (3) equal classes of three (3) Trustees at Large each, with one class of three (3) Trustees at Large being elected by ballot each year to serve three-year terms. Each of the foregoing members of the Board of Trustees shall take office at the beginning of the Church year following their election and shall serve until the end of their terms and until their successors are elected, or until their respective death, resignation, disqualification or removal from office as otherwise provided for in these By-Laws.

3. Immediate Past-President. The immediate Past-President shall serve as an advisory member of the Board of Trustees, ex officio and non-voting, for one (1) year after leaving office.

4. Clerk. Annually the Board of Trustees shall appoint a Clerk from among the current Trustees at Large, who shall serve a one-year term and until the next annual appointment of the office by the Board of Trustees. There shall be no limit on the number of terms an individual may serve as Clerk, so long as that individual is currently a Trustee at Large.

5. Board of Trustees Meetings. The Board of Trustees shall hold such meetings as it deems advisable. A quorum shall consist of eight (8) Trustees. Meetings shall be open to members of the Congregation except when the Board of Trustees may decide by majority vote to go into executive session. **If deemed necessary, any meeting of the Board of Trustees may be conducted in whole or in part remotely by**

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means of a teleconference communication system or a video conference communication system, or any other similar electronic communication facility, that permits all persons participating in such meeting to hear each other during the meeting. Participation in a meeting held by remote communication shall constitute presence in person at the meeting for all purposes, including quorum and voting.

6. Vacancies. The Board of Trustees shall endeavor to fill any vacancy that may occur in any elected position as soon as reasonably practical after said vacancy occurs. Any person or persons so appointed shall be a voting member of the Church and shall hold office until the end of the current Church year, or until the end of the unexpired term, and until their successors are elected; provided, however, that any such person or persons appointed to serve in the vacated position shall only hold that appointed office until the vacancy has been filled through the nomination and election of a successor pursuant to Section 2(d) of Article XI below.

7. Resignation of Trustee at Large for Other Office. Any Trustee at Large who agrees to be nominated to serve as President, Vice President or Treasurer during any remaining year or years of that Trustee at Large's three-year term shall be deemed to have resigned as a Trustee at Large upon the end of the Church year that the nomination is accepted, regardless of whether or not the Trustee at Large is elected to new office, and the resulting vacancy shall be filled through the nomination and election of a successor pursuant to Section 2(d) of Article XI below.

8. Resignation by Absences. Any member of the Board of Trustees who shall be absent from three (3) consecutive regular meetings of the Board of Trustees, or any five (5) regular meetings of the Board of Trustees in a Church year, shall, unless the Board of Trustees votes otherwise, and after written notification, be considered as having resigned from the Board of Trustees.

9. Removal. Any Trustee may be removed from office by a two-thirds (2/3rds) vote by ballot at any meeting of the Congregation, providing the proposal is on the published agenda of the meeting.

10. Trustee Eligibility for Re-Election. Trustees at Large shall not be eligible for re-election as a Trustee at Large for a period of one (1) year after expiration of their three-year terms of office. A Trustee serving as an officer shall be eligible for re-election or election to a different officer position upon expiration of her or his one-year term without limitation. Any Trustee at Large elected or appointed for a term of two (2) years or less to replace a vacancy in a class of Trustees at Large shall be eligible for re-election upon expiration of that term for one (1) additional three-year term as if he or she had not been elected or appointed to fill the vacancy.

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Proposed By-Law Amendment #2: Endowment and Memorial Gift Fund (EMGF) Sustained Support

Rationale: The Board has explored ways to partner with the CEO to ensure consistent, meaningful, and reliable support to the annual operating budget of the Church. Article XII, Section 2(c) of the By-Laws of the First Unitarian Church of Dallas (the “By-Laws”) provides the EMGF to be used to provide stability for the ongoing operations of the Church by providing a portion of the annual operating budget, in addition to other items. The balance of the Unrestricted Fund of the Endowment Fund has grown from approximately \$1,640,000 at December 31, 2016 to \$7,649,000 at August 31, 2021. The Board is nearing completion of revisions to the Executive Limitations, of which one limitation requires the CEO to forward certain undesignated gifts to the Endowment Fund. In consideration of the increase size of the Fund and the policy of moving unrestricted gifts to the Fund the intent of the By-Law amendment is to focus the purpose of the EMGF on church support.

**ARTICLE XII
ENDOWMENT FUND**

1. Endowment Fund Established and Defined. The Board of Trustees shall establish or maintain an Endowment and Memorial Gift Fund (“**EMGF**” or the “**Fund**”) to collect and administer gifts, bequests and conveyances for memorial or other purposes when the intent of the donor is to make a lasting financial contribution to the Church. All monies and real and personal property given to the Church with the expressed purpose of increasing its endowment shall be considered part of the Fund and forwarded to the EMGF Committee promptly upon receipt for consolidation, management, and investment.

2. Endowment Fund Purposes.

The Fund will be used for:

- a. supporting special Church projects not anticipated in or provided for by the operating budget,
- b. supporting the communities in which we live and operate and the general cause of Unitarian Universalism,
- c. providing stability for the ongoing operations of the Church by providing a **small part portion** of the annual operating budget; ~~however, under no circumstances will the portion of the annual operating expenses funded by the EMGF be more than 10% of the annual operating expenses,~~ and
- d. providing a financial reserve for the Church in times of emergency.

~~No more than fifty percent (50%) of the allowable expenditures from the Unrestricted Fund (see “Section 7, Annual Expenditures Allowable From Unrestricted Fund,” below) in any given year may be spent in any one of the four categories above. There will be no such restriction on disbursements from restricted funds.~~

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- 3. Management of the Fund.** The Board will establish appropriate Approved Policies for promotion of the Fund, acceptance of gifts, management of the Fund, and disbursements from the Fund, and will provide for the performance of these functions through the EMGF Committee, delegation to the Senior Minister, or both.
- 4. EMGF Committee.**

 - a. Election of EMGF Committee.** There shall be an EMGF Committee as a standing committee of the Board of Trustees. Members of the EMGF Committee shall be three (3) in number, all of whom shall be at least twenty-one (21) years of age, and all of whom shall be voting members of the Church; and none of whom shall be members of the Board of Trustees of the Church or members of the staff of the Church. One EMGF Committee member shall be nominated by the Nominating Committee and elected by the Congregation each year to serve for a term of three (3) years. The Treasurer of the Church shall serve on the EMGF Committee, ex officio, with no voting privileges.
 - b. Authority.** The EMGF Committee shall have the authority and responsibility to pursue the purposes of the Fund as called for in this Article and in accordance with the Approved Policies. This authority includes the power to manage and protect the assets of the Fund; retain, sell, and convey Fund assets as appropriate; vote proxies; settle claims; establish accounts, and to exercise from time to time all rights, powers, discretion and authorities given such fund trustees under the terms of the Texas Trust Act as the same now exists and as said Act may hereafter be amended.
 - c. Removal of an EMGF Committee Member.** Any EMGF Committee member shall be removed from office by a two-thirds (2/3rds) vote by ballot at any Congregational meeting, providing the proposal is on the published agenda of the meeting.
 - d. Vacancies.** Any vacancy on the EMGF Committee shall be filled for the unexpired term by the Board of Trustees.
- 5. Reporting to the Church.** The Board will make status information regarding the EMGF available to any Church member requesting such at any time, and will report formally on the EMGF to the Church at its Annual Meeting.
- 6. Requirements for Unrestricted Fund and Authority of the Board to Make Loans to the Church from that Fund.** The EMGF will include (but is not limited to) a general, unrestricted fund (the "**Unrestricted Fund**"). The Board of Trustees is hereby delegated the authority to make loans to the Church at any time, with the restriction that, at the time of the loan's funding, the total outstanding amount of such loans may not exceed 25% of the market value of this Unrestricted Fund as at the end of the most recently completed calendar quarter.

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7. **Annual Expenditures Allowable From Unrestricted Fund.** The dollar amount of the Unrestricted Fund available for spending ~~in a given fiscal year shall: be established by the EMGF Committee in consultation with the Board of Trustees and with the Senior Minister; however, in no event shall such amount exceed six percent (6%) of the average of the calendar year end market value of the Unrestricted Fund assets calculated over the three calendar years ending just prior to the beginning of the current fiscal year.~~
- a. be calculated annually for the ensuing (following) fiscal year,
 - b. calculated exclusive (irrespective) of administrative expenditures and investment management fees (See limitation in Section 8 below),
 - c. be equal to:
 - i. the average rate of return of the Unrestricted Fund for the thirteen quarters ended immediately preceding the vote to approve the annual budget (September 30), multiplied by
 - ii. the average ending balance of the Unrestricted Fund for the three previous annual periods ended immediately preceding the vote to approve the annual budget (September 30)
 - d. however, in no event shall the amount of annual expenditures allowable from the unrestricted fund:
 - i. Be less than \$250,000, or
 - ii. Exceed the lesser of:
 - 1. 20% of total budgeted expenses from unrestricted accounts for the following calendar year, or
 - 2. 7% of the average ending balance of the Unrestricted Fund for the three previous annual periods ended immediately preceding the vote to approve the annual budget (September 30)

For purposes of this limitation, illiquid assets shall be valued at zero. The fiscal year spending limit set forth above shall apply to all disbursements from the Unrestricted Fund in the aggregate, ~~including excluding~~ administrative expenditures and investment management fees, ~~as described in Section 8 below,~~ attributable to the Unrestricted Fund.

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- 8. Administrative Expenditures and Investment Management Fees.** The dollar amount of the Fund available for spending on administrative expenses in a given fiscal year shall be not more than one percent (1%) of the average of the quarter-end market value of the Fund assets calculated over the 12 calendar quarters ending just prior to the beginning of the given fiscal year. For purposes of this calculation, illiquid assets shall be valued at zero. Administrative expenses are those expenses necessary to properly carry out the functions of the Fund and the EMGF Committee including, but not limited to, bookkeeping, publicity, solicitations, and public recognition of donors to the Fund. Investment management fees shall not be considered to be administrative expenses as described above, and shall be limited to reasonable and prudent charges for such services. **However, in no circumstance shall the sum of administrative expenses and investment management fees exceed 2% of the average of the quarter-end market value of the Fund assets calculated over the 12 calendar quarters ending just prior to the beginning of the given fiscal year.**

 - 9. Fund Termination.** The Fund may be terminated by a three-fourths (3/4ths) majority vote of those Church members eligible to vote and present at a regular or special meeting of the Congregation, provided that at least thirty (30) days notice has been given to the Congregation that such a vote is to be taken. In the event of such termination, all restricted funds shall be used for the purpose for which they were donated, if possible. After such distribution, all remaining assets of the Fund shall be turned over to the Board of Trustees and expended according to the directives of the Congregation in conformity with Church purposes, in its By-Laws and Approved Policies.

 - 10. Church Dissolution.** Upon dissolution of the Church as a corporation or the winding up of its affairs, the assets of the Fund shall be distributed in accordance with the provisions of this Article, Section 9, Fund Termination.
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