



A Memorandum of Understanding Between the Districts of the Central East Region and The Unitarian Universalist Association

Executive Summary

For over a decade the congregations in our four Unitarian Universalist districts that now constitute the Central East Region have crossed boundaries to share resources, ideas and enthusiasm about their faith. The leaders of the Joseph Priestley, Metro New York, Ohio-Meadville and St. Lawrence Districts decided it is time to boldly reimagine how to be more effective at sharing Unitarian Universalism. This Memorandum of Understanding spells out how these four districts and the Unitarian Universalist Association (UUA) can more effectively serve and grow our faith.

The largest change in this proposal is to transfer the locus of governance from the districts to the UUA. This frees up our members now engaged in governance activities to devote their time and energies to ministries within the region. The district governance responsibilities will be dissolved and the UUA Board of Trustees, as governing body of the UUA, will engage in linkage with congregations and, in accord with its fiduciary duties and the UUA Governance Manual, monitor the financial planning and activities of the UUA.

All parties agree that linkage with our congregations needs to remain robust. To that end, we will initially focus on three primary mechanisms for congregational connections to the UUA (linkage): 1) the UUA's Board of Trustees obligation to create linkage with our congregations, 2) the proposed Wisdom Seekers regional program, and 3) the newly formed Congregational Life Advisory Council.

The staff in our four districts have recently transferred to UUA employment and their responsibilities are no longer confined to a district. A "primary contact" model is in place – each congregation has a staff member as their first contact when assistance is needed. A strong emphasis on congregational clusters is underway to be more efficient with staff time and to encourage congregation-to-congregation support.

The funds generated from a single ask of congregations, which we expect to replace separate requests from the UUA Annual Program Fund and each district, will support the UUA's national and regional programs. This change will occur on a schedule negotiated between the district board leadership and UUA's Stewardship and Development leadership. Local leaders will assist our UUA's Stewardship and Development staff in this fundraising effort to demonstrate to our congregations the value and commitment of local leaders working with our national and regional staff.

This is a rare opportunity we have to re-design our structures and systems that support Unitarian Universalism. The leaders of the Central East Region are very proud to have partnered with our UUA leaders to reimagine how our congregations and communities are in covenant with each other.

A Memorandum of Understanding

Between the Districts of the Central East Region and
The Unitarian Universalist Association

Introduction and Intention

The districts of the Central East Region have collaborated for mutual benefit for a long time. Starting in the 1980's the Metro New York and Joseph Priestley districts jointly offered UNILEAD, a long-running week-long summer leadership school that trained many of our current leaders. Beginning in 1981 the St. Lawrence and Ohio-Meadville districts led retreats in Canada (when their congregations were part of the UUA) and the two districts jointly offered EAGLES, the Eastern Great Lakes Leadership School, which evolved into UULTI and now the UU Leadership Institute. The New Regional Group (NRG) existed for a while before the Central East Regional Group of the current four districts was formed to seriously begin to share staff and resources. The ultimate goal was to improve the services offered to our congregations and thereby grow Unitarian Universalism. That remains the fundamental goal today.

In this last decade of discernment, the leadership of the four districts agreed to put everything on the table. We are at a remarkable time when we can dramatically change and improve our structures. Rather than thinking the system is too large or rooted to allow significant change, we are embracing this opportunity to enhance Unitarian Universalism for generations to come.

Our intention is to have the Joseph Priestley, Metro New York, Ohio-Meadville and St. Lawrence districts vote at their respective District Assemblies in the spring of 2016 to allow their boards to dissolve district governance and have the locus of governance shift from each of these districts to the UUA, leaving governance to our congregations and the UUA. As of July 1, 2015, the staff of each of these districts and CERG have transitioned to UUA employment. New convocations called Wisdom Seekers, the newly formed Congregational Life Advisory Council, and initiatives taken by the UUA Board of Trustees will accomplish linkage between our congregations and the UUA. District/regional funding will be accomplished with a single ask system to support national and regional efforts. Successful district programs will continue within the region and perhaps be more broadly shared.

This vision and these significant changes led us to develop this Memorandum of Understanding so these districts and the UUA are on record with our intentions and plans to step into the next generation as the UUA. The plans in this document are not intended to be set in stone, but used as our best effort to move forward. Future generations will no doubt want to make changes, but we feel strongly this is our best approach at transitioning into a more responsive, efficient and effective structure, today.

Legal Status

The region will not have a legal identity or not-for-profit status separate from that of the UUA and the four districts will cease to exist as legal entities. When and if a tax identification number is required for a legal transaction, the number will be that of the UUA. The UUA will file for tax-exempt status in all states included in the region, for the purpose of sales tax exemption, where appropriate.

Acquisition costs, primarily legal fees and bookkeeping reviews, will be paid by the district funds prior to dissolution. Legal costs and insurance claims related to events prior to the regionalization will be addressed using the regional funds transferred to the UUA and held in restricted funds for the purpose of funding Central East Region programs and initiatives.

Governance

Governance responsibilities for the region will be handled by the Board of Trustees of the UUA and the General Assembly of the UUA. As detailed below, the Board of Trustees of the UUA will take responsibility for linkage with the congregations of the Central East Region. The UUA Administration and staff will continue to work with the UUA board to facilitate remote participation in General Assembly for all legal delegates from congregations. GA 2015 has voted to enable congregations within a region to bring issues and items before the General Assembly. As the locus of governance shifts, we expect local regional leaders to have more time and energy to devote to the ministry of their choosing.

As the Central East Region is following the model provided by the Southern Region, we foresee that the decision to be made by the individual districts at their District Assemblies is to adopt a statement of an intention to make an orderly transition to having the locus of governance move from the individual districts to the Board of Trustees of the UUA; thus comparable to the statement adopted by the Southern Region: delegates voted to give the district boards the authority to dissolve district governance on their own timelines. As the districts of the Central East Region have varied governance responsibilities, the timelines for regionalization may also vary. The individual districts also retain the right to maintain specific governance capabilities until those governance activities are being reliably executed by the UUA Board of Trustees or its designees. Nevertheless, all parties expect and will work to ensure that the major aspects of regionalization will be completed sometime between June 2016 and October of 2016. All parties will work together to create a more detailed project management plan and tentative timeline by January 15, 2016.

Accountability and Linkage

In keeping with and honoring our congregational polity, the UUA will be accountable to the member congregations of the Central East Region through several ways:

- Congregational participation and voting at the UUA General Assembly;
- Governance linkage activity by the UUA Board of Trustees in cooperation with the regional effort to gather active, interested members and friends into a group of Wisdom Seekers who actively encourage bi-directional dialog with the UUA Board;
- A Memorandum Review and Compliance Committee for the Central East Region;
- The Central East Region's Congregational Life Advisory Council to the Director of Congregational Life;

- The staff supervisory and evaluation system of the UUA; and
- Relationships with congregations, emerging UU organizations and regional staff designed to grow our faith.

It is recognized by all parties that these initial accountability strategies will evolve over time.

Associational Governance Linkage: The UUA Board is responsible for conducting deliberate and regular linkage outreach to congregations and congregational leaders in the region. The UUA Moderator will inform the Central East Region congregations how this governance linkage is to be conducted in the normal course of board meetings and communications. The UUA Board will engage various stakeholder groups — such as congregational boards, cluster leadership, and the region’s Wisdom Seekers through its various linkage methods and consistent with the Board’s Sources of Authority and Accountability. Wisdom Seekers will be organized within the Central East Region by seeking out those congregants interested in cluster, regional, and associational matters.

Without district or regional governance bodies, our primary concern is how we connect our congregations with each other and with our UUA. We propose meetings of Wisdom Seekers. The fundamental goal is to bring a wide range of leaders in our region, association and the public together to discern ways to improve the difficult issues of our day. The issues for this discernment process will be informed by the General Assembly and UUA Board of Trustees’ agendas, the body of Wisdom Seekers themselves, and the programming plans of Congregational Life. The Wisdom Seekers participants will be charged with studying these agenda items in advance of the meetings. UUA trustees will be invited to observe and participate in the Wisdom Seekers meetings. Regional Congregational Life staff will encourage congregational and stakeholder participation in these Wisdom Seeker initiatives and are welcome to provide their own insights as participants. To take advantage of our existing leadership organizations, we recommend including members of our CERG chapters of UUMA, LREDA and district leadership groups, such as the Greater Washington Association of Congregations (offspring of the All Souls church) and the Long Island Area Council to participate in Wisdom Seekers. Part of the process of transition is the formation of a working group to further define and plan implementation of Wisdom Seekers, including clarifying issues such as who is responsible for organizing and advertising Wisdom Seeker events, when in the year they will take place, budgeting needs and cluster-based engagement strategies.

Memorandum Review and Compliance Committee: To ensure compliance with this agreement, the Director of Congregational Life, or his or her designee, will work with a Memorandum Review and Compliance Committee beginning after the first district ceases to exist and continuing for two years after the final district dissolves. This will be a committee of four, with each district board appointing one member for the two-year term before dissolution. If needed, a representative succession plan will be developed by this committee. The committee will focus on two areas of oversight: finances and staffing levels. For financial compliance, the Director of Congregational Life, UUA finance staff and UUA Stewardship & Development staff will meet annually with the committee to review budgeting, fund accounting and financial giving. If noncompliance is discovered, the Memorandum Review and Compliance Committee and the Director of Congregational Life will work together to make the necessary corrections. If the committee and the Director of Congregational Life are not able to address concerns, the committee will engage the supervisory structure and ultimately the UUA Board in its policy governance role, if needed.

The Congregational Life Advisory Council: The Director of Congregational Life, Regional Lead and four district boards created an advisory council of regional leaders. Representation includes leaders from congregational boards, regional professional groups, cluster leaders and underrepresented constituency populations, such as very large/very small congregations, people of color, young adults and youth. This group will assemble twice yearly to assist the Director of Congregational Life and Regional Lead with stakeholder outreach for the purpose of giving input to the Central East Region staff about program priorities, staffing levels and goal setting. The Congregational Life Advisory Council will also assist the Director of Congregational Life and Regional Lead in their assessment of programming impact. The Congregational Life Advisory Council will develop a representative succession plan.

Staffing

Compensation and Employment Status: The Districts of the Central East Region have aligned staffing with a unified UUA staff model. All regional staff -- full time Congregational Life Consultants, Administrative Staff, and other Field Staff -- will remain employees of the UUA.

All employees, as well as adjunct and contract staff, will be accountable to and supervised by the Regional Lead who is directly supervised by the Director of Congregational Life. The Regional Lead will have authority over staff configuration, hiring, firing, and assessment, within the bounds of the UUA supervisory structure. Adjustments to staff compensation in the future will take place in keeping with the routine and existing UUA budgetary practices.

All parties understand that the Regional Lead, Director of Congregational Life and UUA's Leadership Council intend to maintain the existing Central East Region staffing levels. All parties also understand that maintaining current staffing levels depends on Central East Region support contributions remaining at current levels and increasing to cover annually-increasing costs -- such as healthcare. Additionally, all parties understand that staffing configurations will need to be creatively altered in the future to support evolving strategic priorities and take advantage of economies of scale, such as merging administrative functions across regions and UUA departments.

Staffing Structure: All parties understand that the Central East Region congregations desire continued deep relationship between staff and congregations and increased interdependence among congregations. To this end, staff has created a "Primary Contact" staffing structure and made cluster development a priority. The Director of Congregational Life and Regional Lead commit to continuing these Primary Contact and clustering strategies, until such time that the Congregational Life Advisory Council and regional staff identify better strategies to ensure deep relationship, interconnection and impactful service delivery.

The regional staff will have the authority to convene program committees to assist in or manage regional programming, and hold those committees accountable for the services they provide. This is to support vital current and future programs (e.g. Commissioned Lay Leaders and Chalice Lighters) which have depended on district boards for linkage and support. These activities would be accountable to the program committees convened by the staff -- one or more committees as needed to oversee "treasured" programs and others identified as needed by staff. Congregations, in collaboration with one another may identify programs for consideration, working with staff and Congregational Life Advisory Council.

Finances & Stewardship

Existing Assets and Liabilities: All assets currently owned by the districts will be transferred to The UUA. Financial assets (savings and investments) will be held in restricted funds for the purpose of funding the Central East Region and other locally designated programs and initiatives. These assets include money market accounts, certificates of deposit, UUA Common Endowment Fund holdings, and the like. The Districts will make their best effort to satisfy all outstanding financial obligations before regionalization. To the extent that liabilities are transferred to the UUA, they will be paid out of these assets transferred to the UUA by the districts.

These restricted funds will be safeguarded and/or appropriately invested by the UUA in a manner that balances opportunities for growth as well as reasonable availability for use. All parties agree that this fund can be used to offset expense overruns, legal fees, and other costs incurred by the UUA on behalf of the region.

All depreciable equipment currently owned by the districts will be transferred to the UUA at net book value. Leases will be allowed to expire or will be renewed as UUA leases.

Annual Program Fund Support: The funds generated from a single ask of congregations, which we expect to replace separate requests from the UUA Annual Program Fund and each district, will support the national association and region. This change will occur on a schedule negotiated between the district board leadership and UUA's Stewardship and Development. Local leaders will assist our UUA's Stewardship and Development staff in this fundraising effort to demonstrate to our congregations the value and commitment of local leaders working with our national and regional staff.

Initial Regional Budget Allotment: The UUA affirms its intention to maintain a budget that supports the Central East Region's existing staffing levels and robust programming. To achieve this, the UUA intends to use the Central East Region's 2014-15 and 2015-16 income from district contributions and our UUA (APF & Congregational Life allotments) as the baseline for determining its Congregational Life Central East Region program budget.

All parties understand that this funding will be used as a general guideline, with adjustments being made in light of such factors as increased operating costs (such as health care increases), increases/decreases in congregational giving, evolving strategic priorities and new staffing models.

Central East Region Program Earnings/Income: Receipts received during a fiscal year for a program or project occurring in a future fiscal year (e.g. Summer Institute and scholarship funds) will be accrued in the current fiscal year and expensed when the activity takes place in accordance with Generally Accepted Accounting Principals (GAAP). Specifically, registration and sponsorship income will be booked as Deferred Income, donations for such activities will be booked as Temporarily Restricted Assets, and expenditures for those activities will be booked as Prepaid Expenses. Designated multi-year initiatives may also retain funds as appropriate. Except in those cases described above, income generated from regional programming will not carry over into the next fiscal year but will become part of the overall UUA budget. At the discretion of the Leadership Council, the Central East Region or Congregational Life budget may be increased based on significant and sustained programmatic income by the Central East Region's congregations.

Governance Budget Repurposing: The Central East Region Districts currently budget funds for district board governance needs. This includes money for governance activities such as board travel and meetings, nominating committee work and stakeholder outreach. As these monies move into the UUA's Congregational Life cost center and assuming overall financial contributions remain consistent with previous years giving, the UUA intends to use them for Central East Regional staffing and programming, with the bulk of the money being targeted to support staff, Wisdom Seeker development and Congregational Life Advisory Council work.

Special Fundraising: Donor cultivation and coordination (including major gifts as well as relief effort fundraising) is the responsibility of our UUA's Stewardship and Development Office. If approached about fundraising for special UUA/Central East Region projects or when relief fundraising is needed, the Central East Region staff will coordinate with UUA's office of Stewardship and Development. Chalice Lighter fundraising and fundraising for scholarships to attend regional events will become the responsibility of the Central East Region's Congregational Life staff, with accounting being handled through Congregational Life bookkeeping processes. Central East Region staff will plan jointly with Stewardship and Development before making major changes to Chalice Lighters or eliminating it.

Check Request and Reimbursements: The UUA will make funds available for regional programs through its standard check request and expense reimbursement procedures. Working with regional administrative staff, The UUA will be responsible for the timely payment of any and all bills appropriately submitted. All parties understand that shifting responsibility for regional reimbursements to the UUA may require shifting some staffing capacity from the region to the UUA. Location and identification of staffing will be decided by our UUA.

Event Registration & Meeting Planning

Event registration and meeting planning will remain responsibilities of the regional staff team for the near future. However, all parties affirm the exploration of ways to better align regional and UUA event planning systems and software. Events will be self-funded, or funding will be negotiated as part of planning.

Technology, Communications & Databases

The Central East Region Staff Team currently uses a combination of UUA systems and local or regional applications and databases. Migration of local and regional applications and databases to UUA systems will be done when economics and resource availability permit, and where there are gains in utility, alignment, integration, accessibility and user-friendliness.

The UUA subsidizes technology used by UUA-employed staff in the region. The UUA also has a policy of furnishing and replacing, when necessary, appropriate technology for each full and part-time UUA-employed staff. All parties understand that the additional costs of providing technology to regional staff will be paid from regional resources.

Acquisition & Legal Costs

Acquisition costs, primarily legal fees and bookkeeping reviews, will be paid by the district funds prior to dissolution. Legal costs and insurance claims related to events prior to the regionalization will be addressed using the regional funds transferred to the UUA and held in restricted funds for the purpose of funding Central East Region programs and initiatives.

Due Diligence Process

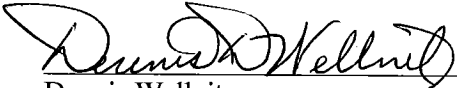
So that the UUA may conduct a thorough due diligence, the Central East Region agrees from the time of this Memorandum of Understanding not to enter into new contracts, employment agreements, consultancies, significant purchases (purchases of more than \$2,500), sales or dissolution of assets, staffing changes, the hire or termination of employees, etc. without prior consultation with the Director of Congregational Life. Regional staff may negotiate events in advance for which housing/food may run more than \$2500 (e.g. Assemblies).


Time Extensions

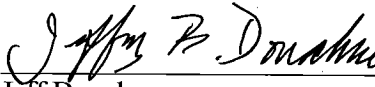
We expect the major aspects of regionalization to be completed sometime between June 2016 and October of 2016. All parties will work together to create a more detailed project management plan and timeline by January 15, 2016. It may be necessary for any number of reasons—including information surfaced during the due diligence process or for legal reasons—for either the Districts of the Central East Region or the UUA to postpone or otherwise adjust this timeline and the date of dissolution of the Central East Districts or the transference of employees, assets, properties, income, and financial responsibilities to the UUA. If this becomes necessary, the district boards and the UUA agree to notify each other in writing. It is expected that some functions may take longer to sort out (e.g. previously district board appointed representatives to St. Lawrence Foundation).

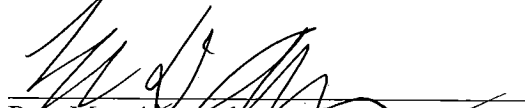
Covenanting Parties


All parties listed below have reviewed and affirmed this Memorandum of Understanding. All parties understand that full implementation of these agreements requires affirmative votes of the four district delegates of the Central East Region at their spring 2016 District Assemblies, after which time the parties listed below will gather to review this Memorandum of Understanding again to plan implementation.



Dennis Wellnitz
Joseph Priestley District President



Mia Morse
Metro New York District President

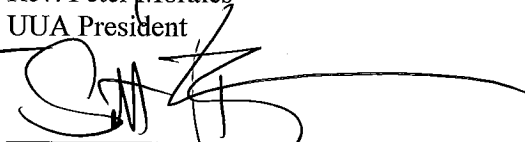

Jeff Donahue
St. Lawrence District President


Rev. Matt Alsbaugh
Ohio-Meadville District President


Jim Key
UUA Moderator


Rev. Peter Morales
UUA President


Rev. Narlan Limpert
UUA Chief Operating Officer


Rev. Scott Tayler
Director of Congregational Life