

STRATEGIC DIRECTION

1.1. CORE VALUES

- Relationships – We strive to serve and love one another, believing that mutual interdependence, respect and the combining of our gifts are essential to the fulfillment of our mission. (Philippians 2:3).
- Prayer – Our very existence depends upon the will of God. Prayer demonstrates our dependence on and submission to God and His plan for our lives and ministry (Jeremiah 33:3).
- Faithfulness – Faithful in daily devotions and daily prayer; faithful in weekly corporate worship; faithful in pursuing spiritual maturity through Bible Study; faithful in sharing Jesus with our world; faithful in putting our faith into action; faithful in serving Jesus Christ and faithful in consistent, sacrificial giving (Psalm 119).
- Creativity – To create is to make something new from something old. Because the gospel is the best news that anyone could ever receive, we refuse to present it as dull or boring. We accurately translate and publish the Bible’s inherent vibrancy and color with presentations that are attractive, fresh, intriguing, relevant and compelling (Ephesians 3:8-9).
- Integrity – In all our dealings, we will follow the highest ethical standards to ensure our stewardship of the resources entrusted to us. We are responsible before God, one another and all people for our programs, relationships, personal lifestyles and expenditures of time and money (Psalm 41:12).
- Excellence – We must work to do God’s will, by His power, with all our heart doing everything in a way that brings glory and honor to Him (Proverbs 22:29).
- Obedience – Obedience to the Word and will of God is a prerequisite for the success of any God-honoring life and mission. As a result, we expect obedience to God and view it as a fundamental component to fulfilling the mission of making disciples of Jesus (John 14:15).
- Authority – We believe God’s Word to be our infallible authority. In order to accomplish our mission, we must adhere to the principles and practices revealed in God’s inspired Word (Psalm 119:14-16).

1.2. MISSION/PURPOSE

MISSION:

We are called to develop a dynamic, nurturing environment in which people of all ages are encouraged to learn about Jesus Christ, grow in their Christian faith, actively share their faith with others, and celebrate our redemption through Jesus Christ.

PURPOSE:

*We exist to **go and** make disciples who impact and influence our Culture with the amazing love and truth of Jesus Christ. Led by the Holy Spirit we have no other foundation than that which is laid, which is Jesus Christ (1 Corinthians 3:11) and are committed to not know anything except Jesus Christ and Him crucified (1 Corinthians 2:2).*

1.3. OUR “WHY” “Uniting People in Christ so that Others Experience His Grace”

1. We Celebrate God’s Grace
2. We Work Together
3. We Inspire and Empower the Next Generation
4. We Serve Others in Need
5. We Share the Gospel with Others

1.4. VISION (example draft)

Grace will become a learning community of faithful people of all ages and ethnicities where in journeying together through life they discover new ways of joining God’s mission in ever-changing contexts and ever-increasing numbers.

1.5. CRITICAL TARGETS/STRATEGIC GOALS

1.5.1. Indicators of Success - DRAFT-EXAMPLE

- 1.5.1.1 Grace will partner and connect with its immediate surrounding community such that we are physically in the neighborhood and our neighbors are present on our campus,
- 1.5.1.2 Grace will partner and connect with the larger community of Escondido such that we find joy in activities that improve our life together and others see Grace as a source of refreshment and partnership for the common good.
- 1.5.1.3 Worshippers of all ages will experience renewal, hope and peace in their daily lives such that they respond to the mission through involvement in ministry activities.
- 1.5.1.4 Latino and other ethnicities will experience welcome and inclusion in all of Grace's activities.
- 1.5.1.5 Families and students grow in seeing themselves as a part of Christ's love and plan for their eternal well-being

1.6. STEWARDS

The main responsibility of the Governance Board is to represent the Stewards of Grace Lutheran Church. Stewards are those who are the Body of Christ in this place and who, in faith, consciously invest themselves and their resources in order to enhance and expand the spread of the Gospel through Grace Lutheran Church's mission and ministry. The Board recognizes that no individual or group is the sole steward of Grace Lutheran Church.

- 1.6.1. Listening to the Stewards: The Board shall listen to the ideas, the concerns and values of the Stewards. It shall use a variety of appropriate methodologies (such as mail, phone and internet surveys, focus groups and Board dialog) to seek out the desires of the Stewards before setting/updating Strategic Direction. The Board will provide complete rationale for any decisions that are made after considering the input and all the options.
- 1.6.2. Reporting to the Stewards: The Board shall keep the Stewards informed of its progress toward the *Strategic Direction*. It shall use a variety of methods for this reporting (e.g. annual reports, videos, web page, magazine, newspaper articles, survey reports, TV spots, etc.).

1.7. THE SERVED

- 1.7.0. The Served are those who utilize and benefit from the breadth of ministries offered by Grace Lutheran Church to honor her core values and fulfill her mission.
- 1.7.1. Grace Lutheran Church shall provide the highest quality ministries with honesty, Biblical integrity and sensitivity to the Served.

1.8. COST OF STRATEGIC DIRECTION TO THE COMMUNITY

- 1.8.1. Biblical stewardship shall be utilized to guarantee that ministries to achieve the Strategic Direction shall be offered at a fair and effective cost to Grace Lutheran Church's communities. Cost for such ministries shall not endanger the development and maintenance of capabilities in accomplishing the Strategic Direction.
- 1.8.2. A line item shall appear in the annual financial plan for the Governance Board. The amount shall not exceed one-percent (1%) of the total financial plan. (e.g. audit, legal fees, Board education, . . .) If a legal issue arises that is not covered by this policy, the Governance Board must follow the law. (See 3.4.1.7.)

1.9. STRATEGIC ALLIANCES

Strategic Alliances are mutually beneficial relationships with other organizations or individuals built upon a common vision or goal, which allows all parties to honor their core values, enhance the pursuit of their missions, and maintain operational autonomy.

- 1.9.1. Grace Lutheran Church shall pursue strategic alliances as appropriate. (See 3.13.)

BOARD SELF-DISCIPLINE

2.1. BOARD RESPONSIBILITIES

- 2.1.1. The overall responsibility of the Board is to provide strong, powerful, ethical, and spiritual pursuit of Grace Lutheran Church's mission. To that end, the Board shall:
 - 2.1.1.1. Ensure the Strategic Direction (Core Values, Mission, Vision, Critical Targets, and Strategic Goals) of Grace Lutheran Church is the driving force for all activities and related ministries.
 - 2.1.1.2. Annually review and update the Strategic Direction.
 - 2.1.1.3. Establish Governance Policies for the Board.
 - 2.1.1.4. Provide oversight of all congregational activities by establishing and monitoring appropriateness of and adherence to parameters that guide the efforts of the Senior Pastor.
 - 2.1.1.5. Ensure the organizational structure of Grace Lutheran Church is well defined and effective.
 - 2.1.1.6. Ensure that the policy and financial decisions are executed in accordance with the Constitution and By-laws of Grace Lutheran Church.
 - 2.1.1.7. Communicate regularly and effectively to the Stewards the pertinent activities of the Board and remain open to communication from the Stewards.
 - 2.1.1.8. Exercise particular concern for the spiritual, emotional, and physical welfare of the Senior Pastor.
 - 2.1.1.8.1. Exercise concern for all staff, supporting them with prayer, and upon the request of the Senior Pastor, appropriate counsel.

2.2. BOARD MEMBER RESPONSIBILITIES

- 2.2.1. Board Members shall:
 - 2.2.1.1. Commit to working together in a covenant relationship defined by the Christian faith and these policies agreeing to accept discipline accordingly. (See 2.2.3.and 2.2.3.1.)
 - 2.2.1.2. Regularly participate in the worship and educational life of Grace Lutheran Church.
 - 2.2.1.3. Undertake personal spiritual disciplines for the development of their own faith lives.
 - 2.2.1.4. Be prepared for the Board meetings.

- 2.2.1.5. Attend Board meetings regularly, not missing more than one meeting in any given quarter.
 - 2.2.1.5.1. In the case of a Conflict of Interest (See Conflict of Interest Policy, Page 32), a Board Member may recuse her/himself from the Board session or may be excused from the session by the Board with a majority vote of the Board, not including the Member in question. In either case, this is not counted as "missing" a meeting.
 - 2.2.1.5.2. Should it be necessary to miss a meeting, Members shall make contact with the Board Chair for dialog both before and after said meeting.
- 2.2.1.6. Work to expand their leadership abilities and increase their understanding of the mission and ministry of Grace Lutheran Church.
- 2.2.1.7. Have a working knowledge of the Board's Governance Manual.
- 2.2.1.8. Actively participate in Board meetings, special briefings and policy development process.
- 2.2.1.9. Make informed decisions by attempting to gain consensus while insisting on complete and accurate information. (See Policy 4.1.1. and 4.7.3.)
- 2.2.1.10. Support all decisions once they have been fully discussed and resolved by the Board.
- 2.2.1.11. Invest personal energy and skills in the mission and ministries of Grace Lutheran Church, seeking opportunities where individual skills and abilities can be applied other than the role of Governance Board Member.
 - 2.2.1.11.1. Members of the Governance Board shall not serve on programmatic ministry boards, committees, or Advisory Councils unless otherwise stipulated in another governance policy.
- 2.2.1.12. Relate to other individuals with integrity, honesty, kindness and straightforwardness.
- 2.2.1.13. Actively discipline themselves and other Members of the Board by identifying Board actions and conditions that run counter to this Governance Manual, taking appropriate steps to re-align behavior.
- 2.2.1.14. Bring to the Board Chair's immediate attention any condition or action that they believe exceeds a Senior Pastor Parameter. (See 3.0)
 - 2.2.1.14.1. The Board Chair shall promptly present the concern to the Senior Pastor and give a report to the Board.
 - 2.2.1.14.2. All such communication shall be supported in writing.
- 2.2.1.15. Keep Board documents and discussions confidential, unless given permission by the Board acting as a whole. However, the Board

Governance Manual, Board approved minutes (excepting those of executive sessions) and Board approved audited financial statements do not require permission as long as any Board discussion or information related to these documents remains confidential. (See Boundary Management Policy, Page 33)

2.2.1.16. Be familiar with and put into practice any specific policies developed to guide the behavior of Members of the Board.

2.2.1.16.1. Conflict of Interest Policy (Page 32)

2.2.1.16.2. Boundary Management Policy (Page 33)

2.2.1.17. Not hinder the Board process due to individual proclivities or disruptive behavior. All will agree and be held accountable for following the group norms for the Board.

2.2.2. Each newly constituted Board will review and affirm its covenant relationships and norms for the year.

2.2.3. Board self-discipline is intended to assist Board members in maintaining good communication and a full commitment to working in a covenant relationship. To that end, a Member of the Board who violates any policy shall be counseled by the Chair. Should violations continue, the Board Member shall be counseled by the Executive Committee and, if violations continue, then the Board as a whole. Decisions concerning a request for resignation of any Board Member who continues to violate policy after such counseling shall be made by the Board and shall require a 2/3 majority vote of the Board with said member not voting or being counted in determining such majority. If the individual Board Member under discipline refuses to resign, the Board may request Grace Lutheran Assembly of Stewards to remove the member from the Board. This request requires a 2/3-majority vote of the Board with said member not voting or being counted in determining such majority. In both cases, the Chair shall also vote.

2.2.3.1. Should the Chair of the Board violate policy, it shall be the responsibility of the Vice-Chair to initiate such counsel and process.

2.3. ENUNCIATING GOVERNANCE POLICIES

The Board shall maintain written policies of four types.

2.3.1. Strategic Direction: Affirmative statements setting forth the purposes, effects

2.3.2. Board Self-Discipline: Statements setting forth the style and rules with respect to the Board's own tasks and processes.

2.3.3. Senior Pastor Parameters: Limiting statements that bind or restrict activity of the staff.

2.3.4. Board and Senior Pastor Partnership: Clarifying statements about delegation to and monitoring of ministry implementation.

2.4. GOVERNANCE PROCESS

2.4.1. Governance Philosophy:
The Board shall govern with an emphasis on:

- spiritual vision rather than internal preoccupation,
- encouragement of diversity of viewpoints,
- strategic leadership more than operational detail,
- ends rather than means,
- clear distinction of Governance Board and Senior Pastor roles,
- collective rather than individual decisions,
- future rather than past or present, and
- being proactive more than reactive.

2.4.1.1. The Board, not the Staff, shall be responsible for excellence in governance. The Board will not merely react to staff initiatives but shall be the initiator of governance policies that inspire Grace Lutheran Church and guide its mission and ministry.

2.4.1.2. The Board will not use the expertise of individual members to substitute for the judgment of the Board, although the expertise of the individual members may be used to enhance the understanding of the Board as a body. (e.g. 2.4.5.1.)

2.4.2. Scope of Activities

All activities of the Board, its officers, committee(s) or Members shall relate to the specific responsibilities of the Board as formally adopted at Board meetings. Board Members are governed by this principle.

2.4.3. The Governance Board shall act on behalf of Grace Lutheran Church in all matters delegated to it by the Constitution and By-laws or by action of Grace Lutheran Church Assembly of Stewards. However, without express authority or vote of Grace Lutheran Church to carry out a specified action within a specified time, the Governance Board shall not: (See Policy 4.1.2.)

2.4.3.1. Call, reposition or remove called workers.

2.4.3.2. Elect or remove Members of the Governance Board.

2.4.3.3. Undertake capital campaigns (any amount greater than 10% of the current year Annual Ministry Financial Plan.

2.4.3.4. Incur long-term debt.

2.4.3.5. Buy, sell, mortgage or transfer real estate.

2.4.3.6. Excommunicate a member of Grace Lutheran Church.

2.4.3.7. Execute a merger or dissolution of Grace Lutheran Church.

2.4.3.8. Execute a merger or dissolution of the School Ministry.

2.4.3.9. Amend Grace Lutheran Church's Constitution or the By-Laws.

2.4.3.10. Ratify on behalf of Grace Lutheran Church the Annual Ministry Financial Plan.

- 2.4.4. Group Action: The Board shall exercise its governing authority as a whole. No individual Board Member shall exercise such authority except as instructed by the Board. (See Boundary Management Policy, Page 33.)
- 2.4.4.1. All such instructions shall be guided by appropriate written parameters.
- 2.4.5. Governance Policy Development: The Board's Governance Policies are to be active and dynamic. They are meant to be updated, and refined regularly, based on the intent of each section, and the changing vision / mission / strategic direction within which Grace Lutheran Church functions.
- 2.4.5.1. Resolutions: The Board will pass resolutions for specific actions only when those actions are required by law, the Constitution and By-laws, Governance Manual or will affect only the Board.
- 2.4.5.2. Senior Pastor Actions: All Board decisions regarding actions of the Senior Pastor shall be done through policy.
- Any actions taken or contemplated by the Senior Pastor, or any which may be or have been approved through the Senior Pastor, will only be considered in light of the appropriate governance policies. The Board will only review policies for their soundness as a test of ethical and prudent behavior, and will not dictate what are appropriate actions except for compliance with policies. The Board shall rewrite policies when appropriate.
- 2.4.5.3. Governance Policy Review: Any Board Member, the Senior Pastor or Assembly of Stewards may ask for a review of specific policies. However, never does the responsibility for effective and appropriate governance policy development rest with anyone other than the Board.
- 2.4.5.4. Governance Policy Review Schedule: The Board shall establish a policy review calendar to coordinate the review of every policy at least once every 2 years (See 2.14.2.1.). They will make every effort to coordinate the calendar with the business cycles of Grace Lutheran Church, reviewing appropriate governance policies just prior to management actions for decisions.
- 2.4.6. Fiscal Responsibility
- The Board's fiscal responsibility shall be discharged by:
- 2.4.6.1. Establishing parameters regarding Senior Pastor financial authority, Annual Ministry Financial Plan, development and control of assets. (See Policy 3.4.)
- 2.4.6.2. The Board shall consider the establishment a line of credit for short-term debt. (See Policy 3.4.8)
- 2.4.6.3. Monitoring the fiscal soundness of Grace Lutheran Church.
- 2.4.6.4. Presenting and recommending an Annual Ministry Financial Plan.
- 2.4.6.5. Systematically monitoring compliance with these policies on a quarterly basis.

- 2.4.6.5.1. The Board may appoint a financial review committee from within the Board who shall assist all members of the Board in enhancing their abilities to read and understand the quarterly financial statements submitted by the Senior Pastor. They may also share their reactions to financial reports with the Board but never shall their judgment substitute for the judgment of the entire Board. (See 2.4.1.2.)
- 2.4.6.6. Appointing an outside financial reviewer or compiler to conduct a financial review each year. A financial audit is to be undertaken every 4 years.
- 2.4.6.7. Receiving, reviewing and accepting the report of the financial audit, review, or compilation.

2.5. CALLING OF SENIOR PASTOR

- 2.5.1. In the case of a vacancy in the office of Senior Pastor, the Governance Board shall appoint a Call Committee. The Committee shall consist of the Vice-Chair, two other, non-officer members of the Board, a Called staff member, and two members-at-large from Grace Lutheran Church. The Call Committee shall not fail to:
 - Establish a set of criteria for the position, with special attention to the leadership needs under *Aligned Governance and Operations*.
 - Seek appropriate assistance from the President of the District.
 - Call for nominations from Grace Lutheran Church.
 - Establish an effective interview and evaluation process which includes telephone and, as needed, personal interviews.
 - Provide a list of recommended, qualified candidates to the Governance Board.
 - Establish and facilitate the interview process for the list of candidates approved by the Board.
 - Present to the Governance Board a summary of the interviews of each candidate.
 - Assist the Governance Board in bringing the recommendations of the Governance Board to Grace Lutheran Church in accordance with the By-law **X.X.**
 - Be open to colloquy and seminary placement and their established processes.
- 2.5.2. In the case of a vacancy in the office of the Senior Pastor, either by resignation or other reason by Board decision, the Board may recommend to Grace Lutheran Church an Intentional Interim Senior Pastor. Any limitations on an Interim Senior Pastor not specified in this document shall be communicated to the chosen Interim Senior Pastor in writing with a copy of this Manual along with the agreed upon compensation and any time constraints for the interim position before his tenure begins. Should service as the Interim Senior Pastor have an impact on an individual's eligibility for consideration as the full-time Senior Pastor, this must also be shared.

2.6. CALLING OF OTHER PROGRAMMATIC MINISTRY WORKERS

- 2.6.1. In the case where the Senior Pastor recommends and the Board agrees there is a vacancy in the office of another called worker, and where the Annual Ministry Financial Plan allows, the Governance Board shall appoint a Call Committee. The Committee shall consist of the Vice-President, two other, non-officer members of the Board, two members at large from Grace Lutheran Church and the Senior Pastor. The Call Committee shall not fail to:

- Establish a set of criteria for the position, with special attention to the leadership needs under *Aligned Governance and Operations*,
- Seek appropriate assistance from the President of the District,
- Call for nominations from Grace Lutheran Church,
- Establish an effective interview and evaluation process which includes telephone and, as needed, personal interviews,
- Provide a list of recommended, qualified candidates to the Governance Board,
- Establish and facilitate the interview process for the list of candidates approved by the Board,
- Ensure candidates approved by the Board engage in a personal interview with the Senior Pastor and/or other Senior Staff the Senior Pastor deems necessary,
- Present to the Governance Board a summary of the interviews of each candidate, and
- Assist the Governance Board in bringing the recommendations of the Governance Board to Grace Lutheran Church in accordance with the **By-law X.X**
- Be open to colloquy and seminary/university placement and their established processes.

2.7. ELECTION OF GOVERNANCE BOARD MEMBERS

2.7.1. Governance Board Membership: The number of voting Board Members shall not exceed 7. Voting members shall be elected on a rotation basis with approximately one third of the Board being elected each year. The Senior Pastor shall serve as an ex officio member, without vote, of the Board.

2.7.2. Nominating Committee

A Nominating Committee, consisting of the Vice-Chair and one other Board Member appointed by the Board and two members-at-large elected by Grace Lutheran Church Assembly of Stewards shall be chartered each year at the regular meeting in the Fall. The Senior Pastor shall serve as an ex officio member, without vote, of this committee.

2.7.2.1. The Nominating Committee shall not fail to ask the Senior Pastor if there are any concerns that need to be considered before it presents its final slate of nominees.

2.7.3. The Nominating Committee shall be chaired by the Vice-Chair of the Board.

2.7.4. The Nominating Committee shall solicit and receive the names of prospective candidates from the Board or any member of Grace Lutheran Church.

2.7.4.1 Assembly of Stewards

When calling for nominations, the Nominating Committee shall inform Grace Lutheran Church of the nominating process and provide to anyone wishing to nominate someone, the appropriate information which shall include "Board Responsibilities" (See 2.1) Board Member Responsibilities (See 2.2), Qualifications and Other Considerations" (See 2.7.7), the Nomination Form and a cover letter explaining the nominating process, the schedule and the election procedures.

- 2.7.4.2 Anyone who chooses to nominate an individual must submit a completed nomination form for that person to the Nominating Committee.
- 2.7.5. The Nominating Committee shall develop a recommended slate of “qualified” candidates (see 2.7.7.1) to fill the upcoming vacancies (approximately one third of the Board). The Nominating Committee will present the final slate to Grace Lutheran Church at least two weeks prior to its regular meeting in the Fall.
- 2.7.6. The Nominating Committee shall also work to develop a list of potential candidates for future service on the Governance Board and provide the Board Chair with such list after the annual election process.
- 2.7.7. Qualifications and Other Considerations
- 2.7.7.1. In preparing its recommended slate of candidates for Board service, the Nominating Committee must seek candidates who:
- Meet the requirements of Board Membership as stipulated in the Constitution and By-laws.
 - Regularly participate in the worship and educational life of Grace Lutheran Church.
 - Undertake personal spiritual disciplines for the development of their own faith lives.
 - Are good listeners and communicators
 - Are visionary
 - Have demonstrated ability to lead others in ministry activities at Grace Lutheran Church.
 - Can effectively represent the concerns of the “Stewards” of Grace Lutheran Church.
 - Understand and support the basic concepts of *Aligned Governance and Operations*.
 - Are willing and able to support the Strategic Direction of Grace Lutheran Church
 - Are willing and able to accept the Board Responsibilities and Board Member Responsibilities as delineated in Policy Section 2.1 and 2.2..
 - Are not employed by Grace Lutheran Church currently or anytime within the immediately preceding three years.
- 2.7.7.2. In preparing the slate, the Nominating Committee shall also guarantee that:
- No spouse, parent, sibling or child of any full-time staff member is on the Board. That person shall not be eligible to serve on the Executive Committee.
 - No more than one individual from any given family with less than two degrees of separation (parents, children, siblings, aunts/uncles, nieces/nephews or in-laws of same, grandparents) shall serve on the Board at the same time.
- 2.7.7.3. The Nominating Committee shall take into consideration diversity issues (age, race, ethnicity, gender) in determining its recommended slate.
- 2.7.7.4. The Nominating Committee shall take into consideration the current composition of the Board in determining its recommended slate.
- 2.7.8. Election

- 2.7.8.1. Election of Board Members shall take place each year at the regular meeting of Grace Lutheran Church Assembly of Stewards in the Fall.
- 2.7.8.2. When presenting the slate to Grace Lutheran Church, the Nominating Committee shall include:
- The list of criteria used to qualify nominees.
 - Information regarding each nominee which addresses the qualifying criteria.
 - Guidelines for offering further nominees for consideration.
 - Any member of Grace Lutheran Church may submit further names for consideration by the Nominating Committee within five days of receiving the slate. The same procedure for nominating an individual during this time is the same as the original process. The submission of a name does not guarantee the individual will be placed in nomination
 - The announcement that there shall be no floor nominations.
 - Criteria and procedures for the election process.
- 2.7.8.3. While the desire is to have a slate that has two or more names for each position to be filled, the Nominating Committee shall not fail to present a slate that includes at least one qualified candidate for each position to be filled.
- 2.7.8.4. Grace Lutheran Church Assembly of Stewards shall elect only individuals who have been deemed qualified by the Nominating Committee.

2.7.9. Terms of Service

- 2.7.9.1. A term of service for a Board Member shall be three years.
- 2.7.9.2. Board Members may not serve more than two consecutive elected terms and if appointed to fill vacancy, may not stand for re-election if another term would extend their service to more than seven years.
- 2.7.9.3. Approximately one third of the Board shall be elected each year to assure continuity of service and experience on the Board.
- 2.7.9.3.1. In keeping with Policy 2.7.1 the number of Board Members shall not exceed 7. No more than three Board Members shall be elected in any given year.
- 2.7.9.3.2. Should the number of Board Members or their terms of service fall out of alignment with Policy 2.7.9.1. and Policy 2.7.9.2., no other process shall be used for realignment except the election and vacancies processes as outlined in the Governance Manual. See 2.7.1. and 2.7.10.)

2.7.10. Vacancies

- 2.7.10.1. Vacancies that occur on the Governance Board shall be filled in accordance with applicable provisions of the Bylaws. However, only individuals deemed "qualified" by the Nominating Committee may be appointed to fill a vacancy.

- 2.7.10.2. Appointment to fill a vacancy on the Board shall always be to complete an unexpired term and in no case shall such an appointment work in contradiction to the election of approximately one third of the Board each year.
- 2.7.10.3. Every effort shall be made to fill vacancies within three months of their occurrence. However, if there is less than one year of service left in the term the position may remain vacant until it is filled through the election process.

2.8. BOARD TRAINING AND SELF-REVIEW

- 2.8.1. Board skills, methods, and support will be adequate to assure quality governance by the Board.
 - 2.8.1.1. Training will orient new Board Members and candidates for Membership, as well as to maintain and increase existing Members' skills and knowledge.
 - 2.8.1.2. An annual retreat will be held to build teamwork and skill development among board members. (See 2.14.6.)
 - 2.8.1.3. Outside monitoring assistance will be arranged so that the Board can fiscal audit, review or compilation).
 - 2.8.1.4. Outreach mechanisms will be used as needed to ensure the Board's ability to listen to Stewards' viewpoints and values.
- 2.8.2. The annual self-review of the Governance Board shall focus on:
 - 2.8.2.1. The Board's openness and communication among its Members.
 - 2.8.2.2. The Board's openness and communication with the Senior Pastor.
 - 2.8.2.3. The Board's openness and communication with the Stewards.
 - 2.8.2.4. The Board's ability and skill in developing and monitoring policy.
 - 2.8.2.5. The Board's corporate and individual adherence to Board Responsibilities (See Policy 2.1) and Board Member Responsibilities (See Policy 2.2).
 - 2.8.2.6. The Board's adherence to its Governing Philosophy (See Policy 2.4.1)
 - 2.8.2.7. The Board's adherence to all Governance Policies.
- 2.8.3. The Board shall create its own self-review process, including meeting effectiveness and team performance..

2.9. OFFICERS OF THE BOARD

- 2.9.1. Officers of the Board shall be a Chair, Vice-Chair, and Secretary and these shall be the officers of Grace Lutheran Church.

2.9.2. The Board shall elect its own officers at the first meeting of the new Governance Board.

2.9.2.1. An individual shall be eligible to serve as the Chair only after serving one full year of an elected term immediately preceding election and may not serve for more than two consecutive years.

{It is recommended that some sort of general statement about responsibilities of officers be included in the by-laws. [e.g. "The responsibilities of the officers shall be those normally associated with these positions."] and the more specific listing of the responsibilities be included in the Governance Manual.}

2.9.2.2. CHAIR

The Chair shall:

2.9.2.2.1. Ensure the integrity of the Board's process.

2.9.2.2.2. Serve on the Executive Committee of the Board.

2.9.2.2.3. Work with the Executive Committee and Senior Pastor to establish the agenda for all meetings of the Governance Board and Assemblies of Stewards. Agendas shall be prepared and distributed 48 hours prior to a meeting.

2.9.2.2.4. Preside at all meetings of the Governance Board. To that end, the Chair will ensure that:

- Meeting discussion content will be on those issues that, according to Board policy, clearly belong to the Board to decide or to monitor.
- Information that is for neither monitoring performance nor Board decisions will be avoided or minimized and always noted as such.
- Deliberation will be fair, open and thorough, but also timely, orderly and kept to the point.
- Agreed upon team norms are understood and followed.
- Ensure that all decisions are recorded and agreed upon.

2.9.2.2.5. Initiate counsel with any Member of the Board who violates policy insuring that Policy 2.2.3 is followed.

2.9.2.2.6. Take appropriate actions, which may not be stipulated, but essential for the thorough management of the Board's work so long as those actions are not in violation of other Board policies.

2.9.2.2.7. Assume responsibility for overseeing the work of the Executive Committee.

2.9.2.2.8. Preside at all meetings of the Governance Board and Grace Lutheran Assemblies of Stewards.

2.9.2.2.9. Serve as one of the official signatories for Grace Lutheran Church.

2.9.2.2.10. Determine, in consultation with the Senior Pastor, who should represent Grace Lutheran Church to the public or press should the need arise. (See Boundary Management Policy.)

2.9.2.3. VICE-CHAIR
The Vice-Chair shall:

2.9.2.3.1. Serve on the Executive Committee of the Board.

2.9.2.3.2. Preside at all meetings of the Governance Board and Congregational Assemblies when the Chair is absent or when requested to do so by the Chair of the Board.

2.9.2.3.3. Serve as Chair of the Nominating Committee.

2.9.2.3.4. Initiate counsel with the Chair of the Board should the Chair violate policy ensuring that Policy 2.2.3 is followed.

2.9.2.3.5. Serve as one of the official signatories for the congregation.

2.9.2.4. SECRETARY
The Secretary shall:

2.9.2.4.1. Serve on the Executive Committee of the Board.

2.9.2.4.2. Maintain the minutes of all meetings of the Governance Board and Assembly of Stewards and cause copies of all such minutes to be kept securely on file. Approved minutes shall be made available to the Stewards.

2.9.2.4.3. Conduct all official correspondence of the Governance Board and Grace Lutheran Church Assemblies of Stewards.

2.9.2.4.4. Serve as one of the official signatories of Grace Lutheran Church.

2.9.2.4.5. Be thoroughly familiar with Grace Lutheran Church's Constitution and By-laws and serve as the primary resource to the Board and Assembly of Stewards for questions concerning the same.

2.10. COMMITTEES OF THE BOARD

The Board may from time to time use committees, but always consistent with the following principles.

2.10.1. Committee responsibilities shall flow directly from the Board's description of its job, shall be set forth in a formal written charge with an appropriate period for existence and shall not impinge upon responsibilities delegated to the Senior Pastor.

- 2.10.2. Committees shall not manage any part of Grace Lutheran Church, or do staff work, except when working on a topic that is fully within the province of the Board and has not been delegated in any way to the Senior Pastor.
- 2.10.3. The Board will use the expertise of individual Board members to enhance the ability of the entire Board but will never substitute such expertise as an alternative to the judgment of the whole Board. (See 2.4.1.2.)
- 2.10.4. Except when empowered by the Board, committees shall have no executive or deciding authority. At all other times they will strive to develop and recommend policy only.

2.11. EXECUTIVE COMMITTEE OF THE BOARD

2.11.1. The Chair, Vice-Chair, and Secretary of the Board shall constitute the Executive Committee of the Board. The Senior Pastor shall be an ex officio member, without vote, of the Executive Committee.

2.11.1.1. Members of the Executive Committee shall attend its meetings regularly, not missing any part of two consecutive meetings.

2.11.2. The Executive Committee may act on behalf of the Board in all matters delegated to it by specific action or by policy of the Board. Actions of the Executive Committee shall be reported to the Board at the next meeting of the Board for ratification.

2.11.2.1. Subject to the following parameters, the Executive Committee shall possess and exercise all powers of the Governance Board during the intervals between meetings.

The Executive Committee shall not:

2.11.2.1.1. Recommend to congregational members any action requiring their approval. Such recommendations shall come only from the Board.

2.11.2.1.2. Establish or modify governance policies.

2.11.2.1.3. Change the membership of any committee at any time or fill vacancies therein.

2.11.2.1.4. Discharge any committee either with or without cause at any time.

2.11.2.1.5. Sell stock.

2.11.2.1.6. Discharge any Board fiscal responsibilities as detailed in Policy 2.4.6.

2.11.3. The responsibilities of the Executive Committee on an ongoing basis are as follows.

2.11.3.1. The Executive Committee shall, at the request of the Chair, assist with planning the program and agenda for Board meetings and Assemblies of Stewards.

2.11.3.2. The Executive Committee shall consistently advise the Senior Pastor of his performance, shall conduct the Senior Pastor's annual

performance appraisal and report to the Board when it has been completed seeking the Board's reaction and approval.

- 2.11.3.2.1. The Executive Committee shall meet with the Senior Pastor prior to the beginning of each budget year to offer counsel and affirm the Senior Pastor's annual Aligned Individual Path. This will include his intended Operational Goals for the next year, his intentions for personal/professional growth and his plan for the supervision of the full-time staff. The Aligned Individual Path shall form the basis for the Senior Pastor's annual performance appraisal.
- 2.11.3.2.2. The Executive Committee shall conduct 360-degree feedback process of the Senior Pastor as part of the annual feedback process and share the raw data as well as an interpretation of the data with the Executive Committee prior to the performance appraisal process. In addition to other information they may seek in conducting the performance appraisal, the Executive Committee may interview direct reports of the Senior Pastor concerning his performance. These interviews will focus on adherence to policy only. The Executive Committee shall guarantee anonymity when reporting this information to the Senior Pastor or to the Board.
- 2.11.3.2.3. The Executive Committee shall also seek input from the Governance Board individually and/or corporately regarding the Senior Pastor's performance. These interviews will focus on adherence to policy only. The Executive Committee shall guarantee anonymity when reporting this information to the Senior Pastor.
- 2.11.3.2.4. The Executive Committee shall share the information gathered through these interviews (guaranteeing anonymity) with the Senior Pastor and allow him to respond as he feels the need.
- 2.11.3.3. If the Senior Pastor's performance appraisal is less than acceptable, the Executive Committee shall counsel the Senior Pastor and assist him in establishing a plan to enhance his performance.
- 2.11.3.4. If the Senior Pastor is guilty of gross negligence or malfeasance in office, the Board shall counsel the Senior Pastor regarding appropriate methods of handling the Senior Pastor's continued service and the appropriate actions including a report to Grace Lutheran Church.

2.12. BOARD RESPONSIBILITIES TO THE STEWARDS OF GRACE LUTHERAN CHURCH

The Board's responsibilities to the Stewards are:

- 2.12.1. Conduct Assemblies of Stewards as directed by the Constitution and Bylaws.
- 2.12.2. Solicit input annually on the appropriateness of the Strategic Direction.

- 2.12.3. Inform the Stewards of the progress towards meeting the Strategic Direction of Grace Lutheran Church.
- 2.12.4. Identify and establish an outreach relationship with individuals/groups who may perceive themselves to be stewards of the ministry of Grace Lutheran Church.

2.13. BOARD DIALOGUE WITH STEWARDS

- 2.13.1. The Board will annually identify key “Stewards” segments of Grace Lutheran Church for the purpose of setting up Steward Dialog Sessions (See 2.13.2.).
- 2.13.2. The Board will include a Stewards Dialogue Session with Stewards segment representatives quarterly to help prepare the Board to plan the Strategic Direction of Grace.
- 2.13.3. The Stewards dialogue will center around the four central questions.
 - 2.13.3.1. What is God calling this congregation to be now, and into the future?
 - 2.13.3.2. Who should be the Targeted Served of the ministries of Grace Lutheran Church?
 - 2.13.3.3. What are the outcomes for these Targeted Served?
 - 2.13.3.4. What should be the resource impact for the Strategic Direction?

2.14. BOARD CALENDAR, AGENDA AND MEETING STRUCTURE

- 2.14.1. The Board shall establish a basic structure for its once monthly meetings to assist the Board and Senior Pastor in processing information in a way that allows them to maintain an orientation based on *Aligned Governance and Operations*.
- 2.14.2. This Board agenda shall work in tandem with the calendar. Additional items may be added as needed.
 - 2.14.2.1. **The Board calendar shall be:**
 - January:
 - February:
 - March:
 - April:
 - May:
 - June:
 - July:
 - August:
 - September:
 - October:
 - November:
 - December:
 - 2.14.2.2. The Board agenda shall consist of the following sections.
 - Preliminaries
 - +Introduction
 - +Faith Exploration
 - +Board Comments and Sharing
 - +Minutes Approval

- +Agenda Approval
- Board Dialogs with Stewards (as scheduled)
- Board Business
 - +Monitoring
 - Committee Reports
 - Management Reports
 - +Calendar Items (See 2.14.2.1.)
 - Policy Review and Revision (as scheduled)
 - +Other Board Actions
- Board Education (as scheduled)
- Board Self Evaluation
- Adjournment

- 2.14.3. Only Members of the Board, the Senior Pastor and presenters shall be seated at the Board table.
- 2.14.4. Only those non-members of the Board recognized by the Chair shall have speaking privileges.
- 2.14.5. One half of the Board meetings shall include time for Board Education to increase the Board's capacity and competence for carrying out its responsibilities (see Policy 2.8.1.1.)
- 2.14.6. An annual Board retreat will be planned to build relationships and improve board effectiveness. (See 2.8.1.2.)

SENIOR PASTOR PARAMETERS

3.1. PRIMARY-PARAMETER

When representing Grace Lutheran Church, the Senior Pastor and staff shall not act in a manner that is unethical, imprudent, illegal, immoral, heretical, or inconsistent with the Bible, Constitution, By-Laws and Governance Policies of Grace Lutheran Church.

3.2. STAFF AWARENESS

- 3.2.1. The Senior Pastor shall not fail to use the Senior Pastor Parameters in the delegation of responsibilities to appropriate staff.
- 3.2.2. The Senior Pastor shall not fail to use the Senior Pastor Parameters as a guide in the management and oversight of all operational activity.
 - 3.2.2.1. The Senior Pastor shall not fail to have staff familiarize themselves with the Senior Pastor Parameters and work with the Senior Pastor and other staff to ensure that all operations fall within the Parameters.

3.3. COMMUNICATION AND SUPPORT TO THE BOARD

- 3.3.1. The Senior Pastor shall not permit the Board to be uninformed or unsupported in its work.
- 3.3.2. The Senior Pastor shall not fail to provide written reports for all monitoring data at least one week prior to the scheduled Board meetings (See 4.7.3.).
- 3.3.3. The Senior Pastor shall not allow the Board to be unaware of:
 - 3.3.3.1. Relevant trends that impact the ministry of Grace Lutheran Church.
 - 3.3.3.2. Non-compliance, by Board or Staff, with any governance policy.
 - 3.3.3.3. Anticipated adverse media coverage (Board Members should be notified within 24 hours of Senior Pastor's awareness of concern.). Adverse media coverage includes but shall not be limited to any report of abuse or sexual misconduct alleged against any member of the staff or alleged violations of any state or federal law.
 - 3.3.3.4. Demotion or termination of staff (within 24 hours of such action).
 - 3.3.3.5. Hiring, promotion of staff and any reassignment.
 - 3.3.3.6. Death or serious illness of staff.
 - 3.3.3.7. Crises affecting the work, health or safety of staff.
 - 3.3.3.8. Potential lawsuits against Grace Lutheran Church.

- 3.3.3.9. Situations that affect the financial plan by 5% or greater.
 - 3.3.3.10. Changes in the assumptions on which any Board policy has been established.
 - 3.3.3.11. District and Synodical directions and recommendations.
 - 3.3.3.12. Conditions that could have a negative impact on a major ministry program or reputation of Grace Lutheran Church.
- 3.3.4. The Senior Pastor shall not fail to provide the Board with additional information and ideas the Board needs in order to make informed governance decisions.

3.4. FINANCIAL

- 3.4.1. The Senior Pastor shall not cause or allow an Annual Ministry Financial Plan which:
- 3.4.1.1. Develops a fiscal year financial plan after the beginning of the fiscal year.
 - 3.4.1.2. Is built on anything other than an Operational Path that moves Grace Lutheran Church forward with regard to its Strategic Direction.
 - 3.4.1.3. Is built on unsound assumptions about financial conditions. Financial conditions are defined as projected earnings/contributions, operating costs, other income/expense, and transfers from investment income.
 - 3.4.1.4. Plans the expenditure in any fiscal year of more funds than are reasonably projected to be received in that period.
 - 3.4.1.5. Allows an unsound financial condition that jeopardizes the achievement of the Strategic Direction.
 - 3.4.1.5.1. Allows cash and contingency funds to drop below a safety reserve of 2% of the Annual Ministry Financial Plan at any time. (Shall not include line of credit.)
 - 3.4.1.6. Endangers the fiscal soundness of future years or ignores the building of congregational capability sufficient to achieve the Strategic Direction in future years.
 - 3.4.1.7. Fails to include line items for the Governance Board to use for its own work and developing its own effectiveness. (See 1.8.2.)
- 3.4.2. The Senior Pastor shall not fail to inform the Governance Board within thirty days when the assumptions on which the Annual Ministry Financial Plan deviate by an average of 10% over three months on a prorated basis. Nor will he fail to recommend corrective actions.
- 3.4.3. The Senior Pastor shall not allow expenditures that exceed by more than 5% the amount budgeted for any ministry area without pre-approval by the Board, unless the expenses are beyond the control of the Senior Pastor (e.g. utility bills, etc.)
- 3.4.4. The Senior Pastor shall not fail to meet payroll requirements and debts in a manner required by law or terms of debt.

- 3.4.5. The Senior Pastor shall not allow the use of any planned giving receipts that deviates from the written Planned Giving Gifts Guidelines.
- 3.4.6. The Senior Pastor, in reporting financial activities and position, shall not allow deviation from generally accepted accounting principles as established by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants.
- 3.4.7. The Senior Pastor shall not allow the investment of any financial assets that deviates from the written Investment Policy.
- 3.4.8. The Senior Pastor shall not borrow funds for working capital in an amount greater than \$10,000. If such action is taken it shall be reported at the next Board meeting. (See 2.4.6.2.)
 - 3.4.8.1. The Senior Pastor shall not allow Grace Lutheran Church to carry short-term debt for longer than ten consecutive months.
- 3.4.9. The Senior Pastor shall not allow staff to expend any amount in excess of a 2% over a budgeted line item without first receiving approval of their supervisors.
- 3.4.10. The Senior Pastor shall not allow the handling of cash or checks within Grace Lutheran Church that does not comply with written guidelines detailing such activity.
- 3.4.11. The Senior Pastor shall not carry out his responsibilities for Financial oversight without a Financial Advisory Council that shall provide insight to the fiscal stability of Grace Lutheran Church.
 - 3.4.11.1. The Financial Advisory Council shall:
 - 3.4.11.1.1. Consist of three to four members, two of whom shall be appointed by the Board Chair and who shall be members of the Board and one or two who shall be selected by the Senior Pastor and who may or may not be members of the Board but who have expertise and experience in finance.
 - 3.4.11.1.2. Meet no less than bi-monthly or at the call of the Senior Pastor and shall be chaired by the Senior Pastor.
 - 3.4.11.1.3. Be an Advisory Council to the Senior Pastor and shall not be a decision-making body nor shall they have any authority over the Senior Pastor.
 - 3.4.11.1.4. Be thoroughly familiar with the policies governing the Senior Pastor's responsibilities regarding financial matters and be proactive in raising up related concerns that may not be surfaced by the Senior Pastor.
 - 3.4.11.1.5. Share their reactions to financial reports but never shall their judgment substitute for the judgment of the entire Board.
 - 3.4.11.1.6. Review the practices and procedures used by those who have the responsibility of conducting financial transactions and keeping and reporting the record thereof to the Senior Pastor no less than once a year.

- 3.4.11.1.7. They shall advise the Senior Pastor in effective ways to ensure these practices and procedures are being followed.

3.5. ASSET PROTECTION

- 3.5.1. The Senior Pastor shall not fail to insure against theft and casualty losses to at least 80% replacement value and against liability losses to Board Members, staff, and Grace Lutheran Church itself in an amount greater than the average for comparable congregations.
- 3.5.2. The Senior Pastor shall not allow non-bonded or non-authorized personnel access to material amounts of funds.
- 3.5.3. The Senior Pastor shall not subject the plant, grounds and equipment to improper wear and tear or insufficient maintenance.
- 3.5.4. The Senior Pastor shall not unnecessarily expose Grace Lutheran Church, its Board or staff to claims of liability.
- 3.5.5. The Senior Pastor shall not fail to protect intellectual property, information, and files from loss or significant damage.
- 3.5.6. The Senior Pastor shall not allow any purchase over \$1,000 without obtaining comparative prices and quality assessment.
- 3.5.7. The Senior Pastor shall not receive, possess or distribute funds under controls that are insufficient to meet the Board-appointed auditor's/reviewer's/compiler's standards.
- 3.5.8. The Senior Pastor shall not allow the investment or holding of operating capital in insecure instruments, including uninsured checking accounts or any bonds at any time, or in non-interest bearing accounts except where necessary to facilitate ease in operational transactions.
- 3.5.9. The Senior Pastor shall not endanger Grace Lutheran Church's public image or credibility, particularly in ways that would hinder the accomplishment of its mission.

3.6. OPERATIONAL STRUCTURE

- 3.6.1. The Senior Pastor shall not allow a structure that has a negative effect on the Strategic Direction of Grace Lutheran Church.
 - 3.6.1.1. The Senior Pastor shall not operate without a written plan for short-term succession.
 - 3.6.1.1.1. The Senior Pastor shall not fail to inform all individuals of their responsibilities within the plan for short-term succession.

3.7. LONG RANGE OUTLOOK

- 3.7.1. The Senior Pastor shall not fail to conduct and present to the Board an annual long-range outlook study.

3.7.1.1. The Senior Pastor shall not develop a long-range outlook study that fails to address or support the Strategic Direction.

3.7.1.2. The Senior Pastor shall not develop a long-range outlook study that fails to consider and identify the changes in the demographics, climate and conditions that affect Grace Lutheran Church.

3.8. OPERATIONAL PATH

3.8.1. The Senior Pastor shall not allow the development of an Operational Path that fails to align with the Strategic Direction.

3.8.1.1. The Senior Pastor shall not allow any Staff to create an Operational Path that has a negative impact on the growth and development of the ministries of Grace Lutheran Church.

3.8.1.2. The Senior Pastor shall not allow the staff to develop an Annual Ministry Financial Plan without reviewing and updating its Operational Path.

3.9. MINISTRY PROGRAM

3.9.1. The Senior Pastor shall not allow programs and other services that do not align with or contribute to the achievement of Grace Lutheran Church's Strategic Direction.

3.9.2. The Senior Pastor shall not allow Senior Staff or their direct reports who lead programmatic ministries to conduct those ministries without the benefit of "Advisory Councils" made up of lay members (stewards) of Grace Lutheran Church.

3.9.2.1. Senior Staff "Advisory Councils" shall consist of five individuals, three

3.9.2.1.1. In the case of the Principal's Advisory Council, one of those individuals will be a non-member parent of the school.

3.9.2.2. "Advisory Councils" for the direct reports of Senior Staff shall consist of five individuals, three of whom shall be appointed by the staff person and two of whom shall be appointed by the Senior Staff.

3.9.2.3. Advisory Council appointments are for a two-year term of service

3.9.3. The Senior Pastor shall not fail to have the staff review their "Aligned Individual Path" with their Advisory Councils every six months.

3.9.4. Under the leadership of the staff person, Advisory Councils shall:

- Assist in the assessment of ministry needs of the community and Grace Lutheran Church.
- Help explore the "possibilities" for the ministry area.
- Provide counsel regarding the direction of the ministry area.
- Contribute to the evaluation of the effectiveness of the ministry efforts.

3.9.5. The Senior Pastor shall not allow full time staff to conduct their ministries without a commitment to the "priesthood of all believers" and thus the training and utilization of lay members of Grace Lutheran Church in their respective ministry areas.

3.9.6. The Senior Pastor shall not fail to have the Senior Staff engaged with the Board for conversation and edification.

- 3.9.6.1. The Senior Pastor shall not fail to have the Principal formally meet with the Board once a quarter.
- 3.9.6.2 . The Senior Pastor shall not fail to have the Senior Staff meet with the Board at least once a year.

3.10. OPERATIONAL CRISIS MANAGEMENT PLAN

- 3.10.1. The Senior Pastor shall not allow Grace Lutheran Church to operate without a detailed written Operational Crisis Management Plan.

3.11. HUMAN RESOURCES

- 3.11.1. The Senior Pastor shall not fail to recruit and work with an Advisory Council for Human Resources.
- 3.11.2. The Senior Pastor shall not allow Grace Lutheran Church to operate without effective, established Operational Policies which, with regard to personnel, clarify personnel rules, provide for effective handling of grievances, provide for formal and informal evaluation procedures, and protect against wrongful conditions, such as nepotism and grossly preferential treatment for personal reasons.
 - 3.11.2.1. Personnel Policies within the Operational Policies shall not:
 - 3.11.2.1.1. Deviate from local, state or federal law or regulations in the ethical treatment of employees.
 - 3.11.2.1.2. Be in conflict with the effective day-to-day operation of Grace Lutheran Church.
 - 3.11.2.1.3. Fail to establish an effective, written Conflict of Interest Policy for the staff.
 - 3.11.2.1.4. Impair the dignity, safety, and right to ethical job-related dissent of employees. Grievances by employees shall receive fair, internal hearing through procedural safeguards.
- 3.11.3. The Senior Pastor shall not promise or imply permanent or guaranteed employment.
- 3.11.4. The Senior Pastor shall not fail to make employees aware of their role as a member of the priesthood of all believers.
- 3.11.5. The Senior Pastor shall not allow staff positions to be undefined or position descriptions that inaccurately reflect the responsibility and tasks assigned to the position.
- 3.11.6. The Senior Pastor shall not allow staff positions to exist where there are inadequate resources available for a qualified person assigned the position to succeed.
- 3.11.7. The Senior Pastor shall not allow operational costs of the school to exceed 2.5% of the current year budget. To clarify: this does not include staff salaries.
 - 3.11.7.1. This percentage is to be determined annually by the Board.
- 3.11.8. The Senior Pastor shall not allow operational costs of non-school staff services to exceed 2.5% of the current year budget.

3.11.8.1. This percentage is to be determined annually by the Board.

3.11.9. The Senior Pastor shall not allow the Senior Pastor's position description to assume authority that is clearly delegated to some other entity or person.

3.11.10. The Senior Pastor shall not fail to ensure annual written staff performance appraisals and the sharing of the results with the staff members.

3.11.10.1. The Senior Pastor shall not fail to have a performance management

BOB'S suggestions for the awareness of values and norms.

3.11.11. The Senior Pastor shall not fail to inform the staff of the process being used to make decisions except to maintain the personal privacy of those being served or as required by law or this Governance Manual.

3.11.12. The Senior Pastor shall not fail to acquaint staff with their rights under the Operational Policies.

3.12. COMPENSATION

3.12.1. The Senior Pastor shall not allow compensation that does not fall within the ranges as identified in the Operations Policy Manual.

3.12.1.1. The Senior Pastor shall not establish compensation and benefits that

3.12.1.2. The Senior Pastor shall not, without justification, allow compensation that deviates materially from the geographic or professional market skills for the called or employed workers.

3.12.2. The Senior Pastor shall not allow individual salary increases to be based on anything other than merit, as justified in the performance review and by available resources. (Increases of base pay levels may be offered from time to time.)

3.12.3. The Senior Pastor shall not change his own compensation and benefits.

3.13. STRATEGIC ALLIANCES

3.13.1. The Senior Pastor shall not fail to explore and, as appropriate, establish strategic alliances. (See Policy 1.9.)

3.14. GIFTS AND BEQUESTS

3.14.1. The Senior Pastor shall not allow Grace Lutheran Church to operate without a plan to promote and receive gifts and bequests for Grace Lutheran Church.

3.14.2. The Senior Pastor shall not permit Grace Lutheran Church to accept gifts and bequests that run counter to Grace Lutheran Church's core values and policies and that have a neutral or negative effect on the Strategic Direction or that violate Grace Lutheran Church's 501(C)(3) not-for-profit status.

3.14.2. The Senior Pastor shall not allow Grace Lutheran Church to accept gifts and bequests that are too restrictive.

BOARD/SENIOR PASTOR PARTNERSHIP

4.1. ACTIONS REQUIRING BOARD APPROVAL

- 4.1.1. Board Decisions
These are the areas that are left to specific Board approval because of their unique nature, or requirement of the Board
 - 4.1.1.1. Election of Officers of the Board.
 - 4.1.1.2. Selection of the auditor, compiler or reviewer and oversight of the audit or review process.
 - 4.1.1.3. Receipt and review of financial audits, compilations or reviews.
 - 4.1.1.4. Appointment of legal counsel.
 - 4.1.1.5. Sale of Stocks
 - 4.1.1.6. Affirmation of the Annual Ministry Financial Plan.
 - 4.1.1.7. Change in the membership of any committee of the Board at any time and filling of vacancies.
 - 4.1.1.8. The discharge of any committee of the Board.
- 4.1.2. While the Board has wide ranging responsibility and authority to give direction to the ministry of Grace Lutheran Church, it shall not (See 2.2.1.14) and/or (2.4.3):
 - 4.1.2.1. Call, reposition or remove called workers.
 - 4.1.2.2. Elect or remove Members of the Governance Board.
 - 4.1.2.3. Undertake capital campaigns (any amount greater than 10% of the current year fiscal plan.
 - 4.1.2.4. Incur long-term debt.
 - 4.1.2.5. Buy, sell, mortgage or transfer real estate.
 - 4.1.2.6. Excommunicate a member of Grace Lutheran Church.
 - 4.1.2.7. Execute a merger or dissolution of Grace Lutheran Church.
 - 4.1.2.8. Execute a merger or dissolution of the School Ministry.
 - 4.1.2.9. Amend Grace Lutheran Church's Constitution or the By-Laws.
 - 4.1.2.10. Ratify on behalf of Grace Lutheran Church the Annual Ministry Financial Plan.

4.2. MANNER OF DELEGATING

- 4.2.1. The function of the Board is to develop, monitor and enforce governance policy, not to implement it.
- 4.2.2. Except for assignments of its own work to committees, consultants or officers the Board shall delegate authority only to the Senior Pastor. Any other subordinate employee/position or entity operating with the authority of Grace Lutheran Church shall receive that authority from the Senior Pastor or a person assigned such authority by the Senior Pastor.
 - 4.2.2.1. The Board shall relate to all programmatic staff officially only through the Senior Pastor.
 - 4.2.2.2. Members of the Board shall be prudent in their contact with staff in regard to ministry implementation and shall keep the Senior Pastor informed about significant contacts they have with any staff member.
 - 4.2.2.3. Should a member of the Board have a personal concern with the Senior Pastor or other staff member, s/he will first share such concern with the Senior Pastor or staff member for conversation. In doing so, the Board member must act as a member of Grace Lutheran Church and not as a member of the Board.
- 4.2.3. The Board shall address only broad levels of issues in policies of purpose or governance policies leaving operational policies to the discretion of the Senior Pastor. The Senior Pastor, using any reasonable interpretation of the Board's stated Strategic Direction and Senior Pastor Parameters, may develop operational guidelines, rules or procedures and may make decisions in anyway the Senior Pastor deems appropriate as long as governance policies adopted by the Board are observed.
- 4.2.4. The authority of the Senior Pastor shall begin where the explicit pronouncements of the Board end. Except as required by governance policies or law, decisions of the Senior Pastor do not need approval by the Board.

4.3. SENIOR PASTOR FUNCTION

The Senior Pastor shall:

- 4.3.1. Be empowered to take all actions and make all administrative decisions that are deemed necessary to attain congregation results except (a) actions which are not in accordance with Grace Lutheran Church's Strategic Direction, (b) violation of law, applicable regulations, orders of courts or commonly accepted business and professional ethics, and (c) violation of Constitution and Bylaws or specific further Senior Pastor Parameters stated by the Board.
- 4.3.2. Develop operational guidelines, rules or procedures and make decisions the Senior Pastor deems appropriate as long as governance policies adopted by the Board are observed.

4.4. PROPHETIC TEACHING

- 4.4.1. The Senior Pastor is also responsible for helping Grace Lutheran Church, both corporately and individually, maintain ministries and lifestyles that are aligned with

the Word and will of God. Should a decision by Grace Lutheran Church Assembly of Stewards, the Governance Board, an individual Board member or another member of Grace Lutheran Church violate Scripture or the confessions, it is the responsibility of the Senior Pastor to call the erring party's attention to the error and lovingly shepherd them back to a course of ministry or life that is aligned with the Word and will of God.

4.5. SENIOR PASTOR ACCOUNTABILITY

- 4.5.1. The Senior Pastor shall be accountable to the Board for:
 - 4.5.1.1. Achievement of Grace Lutheran Church's Strategic Direction through personal and staff action.
 - 4.5.1.2. Compliance of personal and staff actions to limits established in the Senior Pastor Parameters.
 - 4.5.1.3. Provision of adequate counsel to the Board through personal and staff action, including counsel on social, legal, theological, synodical, and other changes relevant to the Board's decision areas.
 - 4.5.1.4. Defining and refining the Senior Pastor's position description within the personnel constraints.
 - 4.5.1.5. Relating with integrity, honesty, and straightforwardness to the Board.
- 4.5.2. The Board will consider Senior Pastor Performance based on the accomplishment of Strategic Direction while staying within Senior Pastor Parameters and complying with other policies.

4.6. EXCEEDING SENIOR PASTOR PARAMETERS

- 4.6.1. The Senior Pastor shall give an immediate notice to the Chair of the Board once a Senior Pastor Parameter has been recognized to have been exceeded.
 - 4.6.1.1. If the Senior Pastor Parameter has been exceeded for an excessive period of time and has gone unnoticed, the Senior Pastor, in consultation with the Board, will develop a better monitoring system.
 - 4.6.1.2. If the exceeded Senior Pastor Parameter is immediately correctable, the Senior Pastor shall take the necessary action within policies and report the results to the Board.
 - 4.6.1.3. If the exceeded Senior Pastor Parameter is not immediately correctable, the Senior Pastor shall establish and implement corrective actions, reporting them and gaining approval of a deadline for complete correction from the Board.
 - 4.6.1.3.1. The Senior Pastor shall continue to report in a timely fashion on the actions taken and their results until the exceeded Senior Pastor Parameter is corrected.
 - 4.6.1.3.2. The Senior Pastor shall give immediate notice when it is recognized that a deadline will be missed, state the cause for the failure to meet the deadline, and submit a new plan for action.

- 4.6.1.4. The Senior Pastor may use internal or external resources to correct the exceeded Parameter without violating the Senior Pastor Parameters.
- 4.6.1.5. The Board shall review any Senior Pastor Parameter that has been exceeded for its soundness as a test of prudent behavior.
- 4.6.2. The Board shall not allow one-time exceptions to policies. If an action is acceptable under certain conditions, then those conditions shall be stated in the policy.
- 4.6.3. The Senior Pastor shall develop or improve processes to avoid recurrence of any exceeding of Senior Pastor Parameters.
- 4.6.4. After repeated recurrences of exceeding Senior Pastor Parameters, the Chair will conduct: (1) a performance evaluation of the Senior Pastor and (2) a discussion with the full Board about the Senior Pastor's performance.
- 4.6.5. Should another staff member believe that a Senior Pastor Parameter has been exceeded, they shall report their observation to the Senior Pastor seeking to determine, if in fact, a Parameter has been exceeded.
 - 4.6.5.1. If after the appropriate conversation has taken place and the staff member still believes the Parameter has been exceeded and the Senior Pastor is of a different opinion or if the Senior Pastor fails to report such alleged action to the Board Chair, the staff member is encouraged to inform the Board Chair of their observation in writing (paper or electronic) and shall copy the Senior Pastor.
 - 4.6.5.2. The Senior Pastor shall make Policy 4.6.5. known to all staff members.
 - 4.6.5.3. No retaliatory action may be taken by the Senior Pastor against any employee who makes an allegation of exceeding Parameters.
 - 4.6.5.4. The Chair shall take measures to assure that any and all involved organizational employees are able to continue employment free of any adverse action or consequences as a result of exercising this right in any situation where the employee has made a good faith determination that a Parameter may have been exceeded.
 - 4.6.5.5. Anyone bringing forth knowingly false information in bad faith and with any intent to defame or harm the Senior Pastor in any reported matter where the ultimate finding of the Board is that the Senior Pastor did not exceed any Parameter under the interpretation of the facts most favorable to the employee, shall result in a personnel action against the employee as approved and implemented by the Board.

4.7. MEANS OF MONITORING

4.7.1. Management Reports

These are periodic statements and overviews which provide information and counsel to the Board on programs, trends, and developments that may affect the Board's work and which report on the Senior Pastor's compliance with the Board's governance policies.

- 4.7.1.1. The Senior Pastor shall report yearly on the economic, sociological, theological, synodical, legal and political conditions and trends in Grace

Lutheran Church's communities.

- 4.7.1.2. The Senior Pastor shall report at least quarterly on the activities, plans, and Strategic Direction of Grace Lutheran Church.

4.7.2. Direct Inspection

For the most part, the Board will utilize reports submitted by the Senior Pastor to monitor adherence to and progress toward governance policies. However, on rare occasions, as determined necessary by a 2/3 majority vote of the entire Board and where not otherwise stipulated, the Board may use Direct Inspection to determine adherence and progress.

4.7.3. Direct Monitoring

These are the actions used to confirm compliance with the Board's policies in all four policy areas.

The Senior Pastor shall not fail to provide the Board with:

- 4.7.3.1. A yearly report on the progress achieved towards the Strategic Direction of Grace Lutheran Church.
- 4.7.3.2. Each long-term outlook study after it is developed.
- 4.7.3.3. An annual demographic report of Grace Lutheran Church including baptized members, confirmed members, inactive members, developing trends in age, gender, and other pertinent areas.
- 4.7.3.4. Quarterly financial statements organized and presented around the financial conditions policy. (See Policy 3.4.1.3.)
- 4.7.3.5. Quarterly reports concerning the performance of all investments of Grace Lutheran Church.
- 4.7.3.6. Any changes to the current Annual Ministry Financial Plan as they are developed or proposed modifications.
- 4.7.3.7. The current criteria established for sound financial conditions. (See Policy 3.4.1.3.)
- 4.7.3.8. An annual review of the current operational policies and/or revisions as they occur.
- 4.7.3.9. New operational structures as they are developed with an explanation of the responsibilities assigned.
- 4.7.3.10. An annual review of the plan for operational crisis management, and a copy of such plan.
- 4.7.3.11. An annual review of the plan for short-term succession, and a copy of such plan.
- 4.7.3.12. Summaries of each new program and service as they are developed.
- 4.7.3.13. Quarterly reports regarding his leadership and supervision of the staff.

- 4.7.3.14. Annual Ministry Aligned Individual Path on a semi-annual basis.
 - 4.7.3.15. Semi-annual reports concerning the roster of “Advisory Councils” being used by each Staff member in fulfillment of Policy 3.9.2.
 - 4.7.3.16. An annual report listing the names of all individuals engaged in programmatic ministries, and the training they have received, in fulfillment of Policy 3.9.5.
- 4.7.4. In reviewing all reports, the standard for compliance with all policies shall be the Senior Pastor’s reasonable interpretation of governance policies. While the Board shall make the final determination regarding such “reasonable interpretation,” they shall base such determination on a neutral interpretation rather than any bias of the Board or individuals.

CONFLICT OF INTEREST POLICY

The Board commits itself and its Members to Christian, ethical, businesslike and lawful conduct. This includes proper use of authority and appropriate decorum when acting as Board Members.

1. Board Members must represent non-conflicted loyalty to the interests of Grace Lutheran Church. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. It also supersedes the personal interest of any Board Member acting as a client or family member of a client of Grace Lutheran Church's services.
2. Members must avoid conflict of interest with respect to their fiduciary responsibility.
 - 2.1 There must be no self-dealing or any conduct of private business or personal services between any Board Member and Grace Lutheran Church except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information.
 - 2.2 When the Board is to decide upon an issue about which a Member has an unavoidable conflict of interest, that Member shall recuse her/himself without comment on the deliberation as well as the vote on the matter.
 - 2.3 Board Members must not use their positions to obtain employment in Grace Lutheran Church for themselves, family members or close associates. Should a Board Member desire such employment, s/he must first resign from the Board.
 - 2.3.1 Should such resignation take place, said Board member shall not be eligible for service on the Board for three years.
 - 2.4 Board Members will annually disclose their involvement with other organizations, with vendors, or any other associations that might produce a real or perceived conflict of interest.
3. When a Board member fails to recuse her/himself in a situation where other Board Members perceive a conflict of interest, the Member may be excused from the Board's session with a 51% vote of the Board (not including the Board Member under consideration). The Chair shall also vote. (See Policy 2.2.1.5.1.)

BOUNDARY MANAGEMENT POLICY

The Board commits itself and its Members to Christian, ethical, businesslike and lawful conduct. This includes proper use of authority and appropriate decorum when acting as Board Members.

1. Board Members may not attempt to exercise individual authority over Grace Lutheran Church except as explicitly set forth in Board governance policies.
 - 1.1. Board Members' interactions with the Senior Pastor or other staff must recognize the lack of authority vested in individuals except when explicitly Board-authorized.
 - 1.2. Any concern presented to a Board member should be presented to the Board Chair prior to the next Board meeting for inclusion on the agenda.
 - 1.3. Board Members' interactions with public, press or other entities must recognize the same limitation and inability of any Board Member to speak for the Board.
 - 1.4. Board Members will give no consequence or voice to individual judgments of the Senior Pastor or staff performance.
 - 1.5. Board Members will respect the confidentiality appropriate to issues of a sensitive nature. Should the sensitivity of an issue not be clear to a Board Member, s/he shall consult with the Board Chair before sharing information with another person.

Governance Board NOMINATION FORM

Name of Person being Nominated

Phone

E-mail Address

Initials of

Nominator

Nominee

In the case of a self-nomination, please initial under nominator.

- | | | |
|-------|-------|---|
| _____ | _____ | I have spoken with this person and s/he is willing to be considered for nomination |
| _____ | _____ | I have shared the "Board Responsibilities" (Policy 2.1.) and "Membership Responsibilities" (Policy 2.2.) lists with this person and s/he is willing to adhere to these policies should s/he be elected. |
| _____ | _____ | I have shared the "Qualifications and Other Considerations" list with this person and s/he understands the process being used. |
| _____ | | I believe this person demonstrates the qualities suggested in these three documents and should be considered as a candidate for the Governance Board. |

I believe this person is well qualified to give leadership to our congregation as a Member of the Governance Board because. . .

Name of Nominator (Please Print)

Phone

PLANNED GIVING GUIDELINES

1. Ethics & Donor Advice

When dealing with commitments of major assets, donors should be encouraged to consider critical issues, such as their family's or personal health needs, before giving assets to the Church:

- 1.1. Donors should also be encouraged to consult their own attorneys or accountants before giving major assets to the Church.
- 1.2. Any representative of the Church who engages in communications with donors or potential donors regarding deferred gifts to the Church shall directly advise them in writing to consult with their attorneys and/or accountants concerning the legal and financial consequences of any such gift(s).
- 1.3. To avoid conflicts of interest, the Church will not be responsible for the cost of services rendered by attorneys, accountants or other consultants who personally advise donors or potential donors in making deferred gifts to the Church.
- 1.4. The Church will not pay, directly or indirectly, for any right(s) to receive a deferred gift of any kind.
- 1.5. Unless a donor's intent to make a deferred gift to the Church is clearly stated and documented in such form as to leave no question regarding the donor's intent, the Church shall obtain a written statement from the donor that he/she has received independent counsel's advice. The statement should be signed and dated by at least one witness.

2. Disclosures

The Church will practice complete financial disclosure and stand accountable to its donors and the Stewards in raising and spending the Lord's money.

- 2.1 This includes publishing an annual financial report, providing financial statements upon request, and honoring any reasonable request to inspect the Church's financial records and expense reports, not to include individual donors' accounts.
- 2.2. All representations of fact, description of financial condition, or narrative about events must be current, complete, and accurate.
- 2.3. There may be no material omissions or exaggerations of fact or use of misleading material that creates or implies a false impression or misunderstanding about the Church, its vision and mission, its finances, or any of its affairs.

3. Donor Recognition

The Church may recognize donors in a way that celebrates stewardship as part of discipleship. Any donor recognition should acknowledge the demonstrated obedience of the individual(s) as a steward of the gifts God has provided. The Church shall at no time encourage recognition strategies that glorify the donor rather than God.

4. Donor Confidentiality

The Church will maintain its own donor base unless, by specific approval of the Board, a third party is authorized to do this on the Church's behalf.

4.1. The Church will not rent, sell or exchange its donor list with any organization, nor do we purchase donor lists.

4.2. The Church considers all donor records confidential and, therefore, as a general policy will not publicize donor names, unless the donor authorizes it and when there is a specific agreement between the Church and the donor on exactly how the name will be publicized.

4.3. The Senior Pastor may access individual giving and/or pledge accounts.

5. Gifts of Property

When gifts of property (i.e. real property or tangible personal property) are received by the Church, the acknowledgment or receipt should describe the property accurately without a statement of the gift's market value in accordance with IRS regulations.

5.1. A precise description of the property should be provided to the Senior Pastor for the preparation of a formal acknowledgement letter.

5.2. If the donation consists of property intended to become part of the Church's fixed assets, then a specific description of the property and an approximate valuation should be provided by the donor to the Senior Pastor so that the item may be included in the Church's fixed assets inventory.

6. Gifts of Stocks or Bonds

Any contribution of stocks or bonds will be accepted in accordance with the Church's Gifts of Property Policy.

6.1. Contributed stock or bonds should be sold as soon as practicable after receipt, unless the donor specifically requests that the Church defer such sale. The Senior Pastor shall be responsible for the efficient disposition of such gifts.

7. Gift Designation

When the Church is a beneficiary of a will and the gift has been designated to a certain fund or fundraising effort, the gift will be designated for that purpose. If the gift has not been designated for a certain fund or fundraising effort, then the Senior Pastor will make recommendations to and receive approval from the Board regarding its disposition.

INVESTMENT POLICY

1. Purpose

The Investment Policy shall serve to guide the temporary investment (i.e., less than one year) of financial assets for the Church. The stewardship of financial assets shall entail consideration of the safety and soundness of principal, and liquidity (ability to convert to cash without loss of principal) as the primary objective. The rate of return is considered to be a secondary objective.

2. Oversight Responsibility

The Senior Pastor shall have responsibility for the oversight of this policy. The Senior Pastor shall perform all due diligence necessary to ascertain investment suitability. The Senior Pastor shall also be responsible for executing the investment transactions, and reporting such transactions.

2.1. Acceptable Investments

The following investment mediums shall be acceptable:

- Federally insured financial institutions
- Registered mutual funds
- U.S. government securities
- Lutheran Church Extension Fund
- Investment Grade Commercial paper

2.2. Investment Suitability Criteria

The following suitability criteria shall be applied to the above noted investment mediums:

2.2.1. Federally insured financial institutions

- No amount greater than \$100,000 shall be invested in any single U.S. domestic financial institution unless such institution has a bond rating from S&P or Moody's (or other similar rating agency) of A or better
- Investments in time deposits shall not have a maturity that exceeds 366 days
- Investment in a repurchase agreement account is acceptable when backed by a pledge of U.S. government securities

2.2.2. Registered Mutual Funds

- Investment in mutual funds shall be limited to money market funds that invest solely in U.S. government securities
- The money market funds must have an objective to maintain a stable per-unit value.

2.2.3. U.S. Government Securities

- Treasury notes or bills issued by the U.S. Government or Agencies thereof.
- The maturity of such instruments shall not exceed a maturity in excess of 366 days.

2.2.4. Lutheran Church Extension Fund

The following LCEF investment products may be utilized:

- Steward account
- Fixed Rate Notes with a term not to exceed 1 year
- Growth Certificate with a term not to exceed 1 year

2.2.5. Commercial Paper: It must have an A1P1 rating with a term not to exceed 32 days, and the paper must be issued by a U.S. Domestic company.

2.3. Prohibited Investments

The following investment mediums are not acceptable:

- 2.3.1. Common or Preferred Stocks
- 2.3.2. Corporate notes & bonds/convertible securities
- 2.3.3. Loans or asset backed securities
- 2.3.4. Tax exempt or local government entity securities
- 2.3.5. Commodity contracts
- 2.3.6. Futures or derivative securities
- 2.3.7. Any other investment that does not meet prudent safety/soundness liquidity objectives.
- 2.3.8. Any securities or contracts that benefit corporations or organizations involved in activities that are counter to the core values, mission, vision, or doctrinal beliefs of Grace Lutheran Church.

If any of the above noted Prohibited Investments are gifted to the Church, such investments shall be liquidated as soon as reasonably possible (unless the gift has specific instructions for disposition).

2.4. Policy Exceptions

Any exception to this policy requires the prior approval from the Board.

2.5. Conflict of Interest

Any investment activity with a company or institution that employs a member of the Governance Board or an immediate family member of a staff member is prohibited unless the noted conflict of interest is approved by a majority of disinterested members of the Governance Board.

2.6. Reporting Requirements

The Senior Pastor, in preparation of the periodic balance sheet of any Church fund accounting shall delineate a description of the nature of the investment and the associated end of period balance. When requested by the Board, the Senior Pastor shall provide the following information relative to any existing or proposed investment:

- Name of the investment medium
- Type of investment
- Description of the due diligence performed
- Historical rate of return

CASH HANDLING GUIDELINES

1. No individual will be required or allowed to handle material amounts of the Church's income alone at any time.
2. Except for petty cash funds, no cash will be stored in the Church or School on a regular basis.
3. All income transactions (receipts and disbursements) will be properly recorded and verifiable. It is understood that the recording of income/gifts from individuals of Grace Lutheran Church is a confidential matter and such records are only available to the Senior Pastor. Summary statements of Steward activity may be provided to the Governance Board when required.
4. No individual shall have sole spending authority over any account in an amount over \$1,000. This includes use of credit cards.
5. Immediately following a Church service, two persons will carry the contents of the offering plates to a room for counting or placed in an adequate container for counting. Church funds/offerings are never to be taken off site for counting.
6. The envelopes are to be opened by the money counters as a group or by designated staff. Members will be encouraged to mark the envelopes as to the intent and purpose if for other than undesignated offerings.
7. Balances between envelope totals and cash/check totals are to be reconciled.
8. A summary report, outlining the amounts to be credited to the various accounts, is to be prepared and initialed by at least two persons.
9. A deposit slip is prepared and at least two persons bring the deposit directly to the bank. All monies shall be deposited promptly.
10. A copy of the deposit slip and the summary report are given to the Senior Pastor and the Financial Controller.
11. Persons involved in handling income should not be involved in any way in the handling of expenditures except for the Financial Controller or designee.
12. Funds collected from other activities (fundraisers, special events, etc.) should be directed to those responsible for recording and making bank deposits of these funds. A copy of the deposit slip and summary report is given to the Senior Pastor and the Financial Controller.
13. Members should be encouraged to make their offering online, or by check, and not cash. Members should be encouraged to write their envelope number on their checks.
14. Bills and obligations should be approved for payment. This approval should be indicated in writing by the person responsible. A purchase/approval form may be used to approve payment and identify the account to be charged. In all cases expenditures should be supported by original invoices and/or receipts, not photocopies.
15. Checks are to be signed by persons authorized under the bank account agreement. Dual signatures are required. The Senior Pastor should not be an authorized signer.
16. Blank checks are never to be signed in advance, under any circumstance.

17. Check numbers are written on invoice/support documents to prevent duplicate payments.
18. At least three persons should be involved in the authorization, preparation and delivery of checks.
19. Savings and/or Investment Accounts - if the funds are to be transferred to/from these accounts via telephone, a verification notice (written form) must be created indicating that on a specific date such transfer took place (and for what purpose) and signed by a member of the Board's Financial Review Committee. This form is to be retained in the files of these accounts.
20. Bank statement reconciliations must be prepared by persons other than anyone having check signing authority. This procedure should be reviewed and initialed by another person.
21. Any computer software program for financial accounting and check writing should provide a bank reconciliation program for deposits and withdrawals (cancelled checks).
22. All persons who handle money in the Church and all its auxiliaries must be covered under an employee dishonesty blanket bond.
23. All marketable securities, notes, and valuable personal property must be kept in a safe, secure place on Church grounds or in a financial institution.

ADVISORY COUNCILS

3.15. THE ESTABLISHMENT OF ADVISORY COUNCILS

The following Senior Pastor Parameters are part of the Governance Board's Manual. They establish the need for the development and use of "Advisory Councils" and the desired commitment on the part of "called" workers to the "priesthood of all believers."

3.15.1. The Senior Pastor shall not allow Senior Staff or their direct reports to conduct their ministries without the benefit of "Advisory Councils" made up of lay members (stewards) of Grace Lutheran Church.

3.15.1.1. Senior Staff "Advisory Councils" shall consist of five individuals three of whom shall be selected by the Senior Staff member and two shall be appointed by the Senior Pastor.

3.15.1.2. "Advisory Councils" for the direct reports of Senior Staff shall consist of five individuals, three of whom shall be appointed by the staff person and two of who shall be appointed by the Senior Staff.

3.15.1.3. Advisory Council appointments are for a two-year term of service with appointments being staggered (two appointed one year and three the next).

3.15.2. The Senior Pastor shall not fail to have the staff review their "Aligned Individual Path" with their Advisory Councils every six months.

3.15.3. Under the leadership of the staff person, Advisory Councils shall:

- Assist in the assessment of ministry needs of the community and Grace Lutheran Church.
- Help explore the "possibilities" for the ministry area.
- Provide counsel regarding the direction of the ministry area.
- Contribute to the evaluation of the effectiveness of the ministry efforts.

[3.15.2.1. *In the case of the Principal's School Advisory Council, the Council may, at the Principal's request, assist in establishing further School governance policies, none of which may be in violation of the governance policies of Grace Lutheran Church. They may also serve as a grievance panel for clients who have not received satisfaction and may also process tuition assistance.*]

3.15.4. The Senior Pastor shall not allow full time staff to conduct their ministries without a commitment to the "priesthood of all believers" and thus the training and utilization of lay members of Grace Lutheran Church in their respective ministry areas.

3.16. STAFF MINDSET

The ministry of Christ has been entrusted to the church. And the church is represented by the body of Christ in that place, Grace Lutheran Church. It is true that some have been "called" by

God into special ministries but those ministries draw their responsibility and authority from the local congregation. In other words, the ministry belongs to the Body of Christ in a particular place, Grace Lutheran Church, the stewards of Christ's ministry on earth. Those who are "called" to serve Grace Lutheran Church (pastors, teachers, youth ministers, music ministers, deaconesses, . . .) do so to "equip the saints for the work of the church" (Ephesians 4:12), to help members of Grace Lutheran Church be better stewards of the ministry that has been entrusted to them. Therefore, no called servant of Grace Lutheran Church should undertake their ministries without regular advice and counsel from the "stewards" nor should they conduct their ministries without giving full attention to the "priesthood of all believers" (1 Peter 2:5) and the consequent training and equipping necessary to help these saints, these stewards be more effective in their own service to the Kingdom.

3.17. PURPOSE OF ADVISORY COUNCILS

The purpose of Advisory Councils is to allow the "stewards" of a congregation to provide wisdom and guidance to the person who is responsible for the development and implementation of a particular area of ministry within Grace Lutheran Church. They are not decision-making bodies like the Boards or Committees that comprise the operational structures of so many congregations. They are exactly what they are named: Advisory. Staff people, whether paid or volunteer, who have been tasked with leading a particular area of ministry gather around them a group of congregational members who will serve as a "sounding board," to assist in the assessment of ministry needs, to give consideration to new and innovative approaches to ministry (often brought to them by the one responsible for the particular ministry they serve but may very likely come from the conversations as well), to counsel the staff members regarding their own personal approach to ministry and to offer insight regarding the evaluation of the effectiveness of current ministries.

3.17.1. Under the leadership of the staff person, Advisory Councils shall:

- Assist in the assessment of ministry needs of the community and Grace Lutheran Church.
- Help explore the "possibilities" for the ministry area.
- Provide counsel regarding the direction of the ministry area.
- Contribute to the evaluation of the effectiveness of the ministry efforts.

3.18. WHO SHOULD BE RECRUITED TO SERVE

Those who are recruited for service on Advisory Councils must be people who are "stewards" at heart. While they will be asked to consider how the ministry can best address the needs of those whom Grace Lutheran Church has identified as "the served," they must still be thinking like "Stewards:" How can the world best be served in the name of Christ within this area of ministry? Members of the Advisory Councils must be people who have a sincere desire to see the ministry they are serving and the staff person leading that ministry are productive. They must be people who are creative, open to innovation, open to the leadership of the staff person, and able to think in terms of outcomes rather than activities. They must not be people who think they know more about how to carry out the ministry than the staff person nor should they be people who desire a position of power in Grace Lutheran Church.

3.19. RECRUITMENT AND ORIENTATION

When recruiting and orienting the Advisory Councils, the Staff person and their supervisor should share these thoughts with those being recruited.

- People who serve on this Advisory Council are people who must think like "Stewards." They must be people who are interested in exploring, "How can this part of the ministry of our congregation, best serve the world in the name of Christ?" This Advisory Council is not here simply to ask how the members of this congregation want to be served by this part of the ministry, although that will certainly be part of the conversations as well.
- Advisory Councils are not decision-making groups. The responsibility for this ministry rests with the Staff person and the Senior Pastor and thus the decisions will have to be

made by them. Members of the Advisory Council will be asked to give their best thinking to the topics of discussion in order to inform and influence the thinking of those making the final decisions.

- Be sure to review how the Advisory Council will use its time. What will the agendas look like? What topics will be covered?

3.20. HOW TO WORK WITH AN ADVISORY COUNCIL

Your Advisory Council is gathered to offer their best thinking in order to inform and influence you as you work to make the ministry for which you are responsible healthy, vibrant and productive--all aligned with the Strategic Direction of Grace Lutheran Church. Here are a few thoughts about things you should do with your AC.

- Create a Team Charter and establish Norms and a clear Purpose for the Advisory Council. Make sure all conversations are important. Avoid trivial matters. The members of your Council will be wondering if they are really going to make a difference with the time they give to you or if this is "just another meeting." Plan the agendas ahead of time and make them worthwhile.
- Do not take votes at your meetings. These are not decision-making groups. The members are present to give you their best thinking so do not get into the habit of behaving like decisions are being made.
- Do not let the meeting go on and on. Keep your agendas to one and one half to two hours in length.
- Spend time in faith exploration and prayer at each meeting. Do not give into the quick fix of a "devotional thought" and a brief prayer by one person. Lead members of your Council into conversation with each other about their faith and allow everyone to engage in prayer for the concerns of others and for the ministry for which you have gathered.
- Gather input from a variety of places for your conversations. If you are leading youth ministry, invite the superintendent of schools or a family court judge to talk to your Council about the needs of young people and their families today. Be sure you give these outside resources a clear picture of the time they will have and how their time should/will be used. If you have specific questions you want them to address, let them know. If they will need to allow time for questions, let them know that as well. During their time with you, don't argue with them or challenge their thinking. Ask all of the clarifying questions you need. When they are done (no more than 30-45 minutes of their time), say "thank you," have someone pray for them and their work with young people and when they are gone, ask, "What are the implications of that for our ministry here?" You could have similar conversations with the chief of police, a coach with a great reputation for working with youth, a youth minister from another Christian congregation who has a positive youth ministry program. And the same could be done with the other areas of ministry as well. If you are in social ministry, invite someone who serves the social needs of the community to address your Council. If you are responsible for under-shepherding, invite the Circuit Counselor or an elder from another congregation with a new or different approach. The possibilities are endless.
- Once every six months, report to your Advisory Council your Aligned Individual Path for the next six months. How do you intend to spend your time? What will the priorities be? What topics do you plan to bring to them for their consideration?
- Make sure you are actively seeking the advice of the members of your Advisory Council. And just as important, let them know how their advice is impacting your decision making for the ministry for which you are responsible.
- Consider using the Internet with and for your Advisory Council. Use it to send information for their consideration. Use it to do surveys of their thinking and the thinking of other members of the Grace Lutheran Church as well.