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1. Strategic Direction

1.1. CORE VALUES

Empowering Servant Leadership
Courageous Faith
Family Orientation
Biblical, Grace oriented teaching
Shared Outreach Mindset
Inspiring Worship
Passionate Spirituality
Prayer centered
Loving Relationships

1.1.1 We value the transformation of all lives through:

- Worship of the Triune God
- Community of Loving Relationships
- Individual, purposeful discipleship

1.2. MISSION STATEMENT

Sharing the Grace of our Savior through Outreach, Service and Love

1.3. VISION

One Way, One Another, One More

1.4. STRATEGIC TARGETS

Worship – Acts 2:28
Spiritual Growth – Colossians 1:10
Relationships – Acts 2:42
Stewardship – 2 Corinthians 8:3-4
Outreach – Acts 1:8

1.5. THE SERVED

The Served are those who utilize and benefit from the ministries offered by the congregation to fulfill its mission. These include the congregation, local community, and world at large.

1.5.1. The congregation shall provide the highest quality ministries with honesty, biblical integrity and sensitivity to the Served.

1.6. BOARD OF DIRECTORS RESPONSIBILITIES

The main responsibility of the Board of Directors is to represent the Congregation of Our Savior Lutheran Church. The Congregation is the Body of Christ at Our Savior Lutheran Church who in faith, consciously invest themselves and their resources in order to enhance and expand the spread of the Gospel through the congregation's mission and ministry to "The Served". The Board recognizes that no individual or group is the sole representative of the congregation.

1.6.1. Listening to the Congregation: The Board shall listen to the ideas, concerns and values of the Congregation. 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 Congregation.

- 1.6.2. Reporting to the Congregation: The Board shall keep the Congregation 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.).

** Bylaw 6 - A

1.7. RESPONSIBILITIES OF THE CONGREGATION (Time, Talent, Treasures)

- 1.7.1. Biblical stewardship shall be utilized to assure that the ministry, in order to achieve the Strategic Direction, shall be offered at an efficient and improving allocation of resources. Resource allocation for such ministries shall not endanger the development and maintenance of superior capability.

1.8. STRATEGIC ALLIANCES

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

- 1.8.1. Our Savior Lutheran Church may pursue strategic alliances as appropriate and in compliance with the confessions of the Lutheran Church Missouri Synod.

2. Board Self-Governance

2.1. BOARD RESPONSIBILITIES

- 2.1.1. The responsibility of the Board is to provide guidance which fosters the creation of a strong, powerful, and ethical pursuit of the congregation's mission. To that end, the Board shall:
- 2.1.1.1. Ensure that the Core Values, Mission, Vision and Strategic Direction of the congregation are the driving force for all activities and related ministries.
 - 2.1.1.2. Periodically review and update the Strategic Direction.
 - 2.1.1.3. Establish Governing Policies for the Board.
 - 2.1.1.4. Provide oversight of all congregational activities by establishing and monitoring appropriateness of and adherence to policies that guide the efforts of the Senior Pastor.
 - 2.1.1.5. Ensure that the policy and financial decisions are executed in accordance with the Constitution and By-laws of the congregation.
 - 2.1.1.6. Communicate regularly with the Congregation the pertinent activities of the Board and actively listen to communication from the Congregation.
 - 2.1.1.7. Exercise particular concern for the spiritual and physical welfare of the Senior Pastor.
 - 2.1.1.8. Exercise concern for all staff, supporting them with prayer, and appropriate counsel with the Senior Pastor.

****By Law 5 – 1**

- 2.1.2. The Board shall consistently advise the Senior Pastor of his performance, shall Conduct the Senior Pastor's annual performance appraisal and report when it has been completed recording the Board's reaction and approval.
- 2.1.2.1. The Board shall meet with the Senior Pastor prior to the beginning of each budget year to offer counsel and affirm the Senior Pastor's intended outcomes for the next year. These outcomes shall form the basis for the Senior Pastor's annual performance appraisal.
 - 2.1.2.2. In addition to other information they may seek in conducting the performance appraisal, the Board may, once or twice a year, interview all direct reports of the Senior Pastor concerning the performance of the Senior Pastor These interviews will focus on adherence to policy only. The Board shall guarantee anonymity when reporting this information to the Senior Pastor.
 - 2.1.2.3. The Board shall share the information gathered through these interviews (guaranteeing anonymity) with the Senior Pastor and allow him to respond as he feels the need.
 - 2.1.2.4. If the Senior Pastor's performance appraisal is less than acceptable, the Board shall counsel the Senior Pastor and assist him in establishing a plan to enhance his performance.
 - 2.1.2.5. The Board shall establish annually, Senior Pastor compensation and benefits before the annual budget is prepared.

2.2. MEMBERSHIP RESPONSIBILITIES

** By Law 5

2.2.1. Board Members shall:

- 2.2.1.1. Commit to working together in a covenant relationship defined by the Christian faith, Article 6 of the Constitution and these policies agreeing to accept discipline accordingly. (See Policy 2.2.2.)
- 2.2.1.2. Regularly participate in the worship and educational life of the congregation.
- 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 having more than one unexcused absence in any given quarter.
 - 2.2.1.5.1. In the case of a Conflict of Interest (See Conflict of Interest Policy, Appendix A), a Board Member may ask to be recused from the Board session or may be excused from the session by the Board with a simple majority vote of the Board, not including the Member in question.
 - 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 the congregation.
- 2.2.1.7. Gain a working knowledge of the Board's policy manual.
- 2.2.1.8. Actively participate in Board meetings, special briefings and policy decision-making.
- 2.2.1.9. Make informed decisions by insisting on complete and accurate information.
- 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 the congregation, seeking opportunities where individual skills and abilities can be applied other than the role of Board of Directors Member.
 - 2.2.1.11.1. Members of the Board of Directors shall not serve with decision making responsibilities outside of the Board of Directors.
- 2.2.1.12. Relate to other individuals with kindness, civility, integrity, honesty and straightforwardness in a Christ-like manner.
- 2.2.1.13. Actively discipline themselves and other Members of the Board by identifying Board actions and conditions that run counter to the Policy Based Governance manual.
- 2.2.1.14. Bring to the Board Chair's immediate attention any condition or action that they believe exceeds the Senior Pastor Limitation Policy. (See Section 3)
 - 2.2.1.14.1. The Board Chair shall promptly present to the Senior Pastor the concern and give report to the Board.
- 2.2.1.15. Keep Board documents and discussions confidential, unless given permission by the Board acting as a whole to disclose. However, Board approved minutes (excepting those of executive sessions) and Board approved financial statements do not require permission for disclosure as long as any Board discussion or information related to these documents remains confidential. (See Boundary Management Policy, Appendix B).

- 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 (Appendix A)
 - 2.2.1.16.2. Boundary Management Policy (Appendix B)
- 2.2.1.17. Not hinder the Board process due to individual proclivities or disruptive behavior.
- 2.2.2. Board 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 Board of Directors Chair. Should violations continue, the Board Member shall be counseled by the Board as a whole. Decisions concerning a request for resignation of any Board Member who continues to violate policy after such counseling shall normally 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. A 2/3-majority vote of the Board with said member not voting or being counted in determining such majority may request a congregational assembly to remove the member from the Board if the individual Board Member under discipline refuses to resign. . In both cases the Board Chair will also vote, unless the Board Chair is the one under discipline.
 - 2.2.2.1. Should the Chair of the Board violate policy, it shall be the responsibility of the Vice-Chair to initiate such counsel. Should a vote be called, the Vice-chair shall vote as acting chair.

2.3. ENUNCIATING GOVERNING POLICIES AND VALUES

The Board shall maintain written policies of four types.

- 2.3.1. Policies with respect to Strategic Direction. Affirmative statements setting forth the purposes, effects and acceptable costs of operations.
- 2.3.2. Policies with respect to Board Self-Governance. Statements setting forth the style and rules with respect to the Board's own tasks and processes.
- 2.3.3. Policies with respect to Senior Pastor Limitations. Limiting statements that bind or restrict activity of the staff.
- 2.3.4. Policies with respect to Board and Senior Pastor Relationships. Clarifying statements about delegation to and monitoring of ministry implementation.

** By Law 5 H

2.4. GOVERNING PROCESS

- 2.4.1. Governing 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 Board of Directors and Senior Pastor roles,
 - Collective rather than individual decisions,
 - Future rather than past or present, and
 - Being proactive rather than reactive.
- 2.4.2. The Board, in conjunction with the Senior Pastor shall be responsible for excellence in governing. The Board will not merely react to staff initiatives but shall be the initiator of policies that direct, control and inspire the congregation.
- 2.4.3. 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.

- 2.4.4. 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 disciplined by this principle.
- 2.4.5. The Board of Directors shall act on behalf of the congregation in all matters delegated to it by the Constitution and By-laws or by action of the congregation. Without express authority of the Congregation to carry out a specified task the Board of Directors shall not:
- 2.4.5.1. Call or remove called workers.
 - 2.4.5.2. Undertake capital campaigns (any amount greater than 10% of the current year fiscal budget).
 - 2.4.5.3. Incur long-term debt.
 - 2.4.5.4. Buy, sell, mortgage or transfer real estate.
 - 2.4.5.5. Elect or remove Members of the Board of Directors.
 - 2.4.5.6. Excommunicate a member of the congregation.
 - 2.4.5.7. Execute a merger or dissolution of the congregation.
 - 2.4.5.8. Execute a merger or dissolution of the School Ministry.
 - 2.4.5.9. Amend the church's Constitution or the By-Laws.
 - 2.4.5.10. Affirm on behalf of the congregation the Annual Ministry Financial Budget.
- 2.4.6. 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, Appendix B)
- 2.4.6.1. All such instructions shall be guided by appropriate limitations.
- 2.4.7. Governance Policy Development: The Board's Governances Policies are to be active and dynamic. They are meant to be changed and refined regularly, based on the intent of each section, the values of the Board, and the changing context within which the congregation functions.
- 2.4.7.1. Resolutions: The Board will pass resolutions for specific actions when those actions are required by law, the Constitution and By-laws or will affect only the Board.
 - 2.4.7.2. Senior Pastor Actions:

All Board decisions governing 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 governing policies. The Board will only review the 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 governance policies when appropriate.
 - 2.4.7.3. Governance Policy Review: Any Board Member, the Senior Pastor or Congregational Assembly may ask for a review of specific policies. However, never does the responsibility for effective and appropriate governance policies rest with anyone other than the Board.
 - 2.4.7.4. Governance Policy Review Schedule: The Board shall establish an annual policy review calendar to coordinate the review of every policy at least once a year (See Policy 2.4.7.). They will make every effort to coordinate the calendar with the business cycles of the congregation, reviewing appropriate policies just prior to management actions for decisions.

- 2.4.8. Fiscal Responsibility: The Board's fiscal responsibility shall be discharged by:
- 2.4.8.1. Establishing policies limiting Senior Pastor financial authority, budget development and control of assets.
 - 2.4.8.2. Establishing a line of credit for short-term debt to be used by the Senior Pastor for operational needs. (See Policy 3.3.1.5.1)
 - 2.4.8.3. Monitoring the fiscal soundness of the congregation.
 - 2.4.8.4. Recommending to the Congregation an annual fiscal budget.
 - 2.4.8.5. Systematically monitoring compliance with these policies on a quarterly basis.
 - 2.4.8.5.1. The Board may appoint a financial review committee from within the Board who shall assist all Board members in enhancing their abilities to read and understand the financial statements submitted by the Senior Pastor and share their reactions with the Board.
 - 2.4.8.6. Appointing the financial auditor or financial reviewer.
 - 2.4.8.7. Receiving, reviewing and accepting the report of the financial auditor or reviewer.

** By Law 5 A 5

2.5. CALLING OF SENIOR PASTOR

- 2.5.1. In the case of a vacancy in the office of Senior Pastor, the Board of Directors shall appoint a Call Committee. The Committee shall consist of the Vice-Chair, two other members of the Board, two Elders and two members at large from the congregation. The Call Committee shall:
- 2.5.1.1 Establish a set of criteria for the position, with special attention to the leadership needs under Policy-Based Governance,
 - 2.5.1.2 Seek appropriate assistance from the President of the District,
 - 2.5.1.3 Call for nominations from the congregation,
 - 2.5.1.4 Establish an effective interview and evaluation process which includes telephone and, as needed, personal interviews,
 - 2.5.1.5 Provide a list of recommended, qualified candidates to the Board of Directors,
 - 2.5.1.6 Establish and facilitate the interview process for the list of candidates approved by the Board,
 - 2.5.1.7 Present to the Board of Directors a summary of the interviews of each candidate.
 - 2.5.1.8 Assist the Board of Directors in bringing its recommendations to the congregation in accordance with the By-law 3.D.
 - 2.5.1.9 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 by Board decision, the Board may appoint a vacancy Pastor. Any limitations on a vacancy Pastor not specified in this document shall be communicated to the chosen vacancy 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 vacancy Pastor have an impact on an individual's eligibility for consideration as the Called Senior Pastor, this must also be shared

** By Law 5 F

2.6. CALLING OF OTHER CALLED WORKERS

- 2.6.1. In the case of a vacancy in the office of another called worker, the Board of Directors shall appoint a Call Committee. The Committee shall consist of the Vice-Chair, two other members of the Board, two members at large from the congregation and the Senior Pastor. The Call Committee shall ensure the following actions are completed:

- 2.6.1.1 Establish a set of criteria for the position, with special attention to the leadership needs under Policy-Based Governance,
- 2.6.1.2 Seek appropriate assistance from the District,
- 2.6.1.3 Call for nominations from the congregation,
- 2.6.1.4 Establish an effective interview and evaluation process which includes telephone and, as needed, personal interviews,
- 2.6.1.5 Provide a list of recommended, qualified candidates to the Board of Directors,
- 2.6.1.6 Establish and facilitate the interview process for the list of candidates approved by the Board,
- 2.6.1.7 Ensure candidates approved by the Board engage in a personal interview with the Senior Pastor and other staff members, as deemed appropriate by the Senior Pastor.
- 2.6.1.8 Present to the Board of Directors a summary of the interviews of each candidate, and
- 2.6.1.9 Assist the Board of Directors in bringing its recommendations to the congregation in accordance with the By-law 3.D.
- 2.6.1.10 Be open to colloquy and seminary/university placement and their established processes.

** By Law 5 F

2.7. ELECTION OF BOARD OF DIRECTORS MEMBERS

- 2.7.1. Board of Directors Membership: The number of Board Members shall not exceed seven. Members shall be elected on a rotation basis with approximately one third of the Board being elected each year. The Senior Pastor and Financial Secretary shall serve as ex-officio members, without vote, of the Board.

** By Law 4 C

- 2.7.2. Nominating Committee:

** By Law 7 B

- 2.7.2.1. A Nominating Committee, will consist of the Vice-Chair and one other Board Member appointed by the Board and two members-at-large. The Senior Pastor shall serve as an ex officio member, without vote, of this committee.
- 2.7.2.2. The Nominating Committee shall be chaired by the Vice-Chair of the Board.
- 2.7.2.3. The Nominating Committee shall solicit, and receive, the names of prospective candidates from the Board or any member of the Congregation.
 - 2.7.2.3.1. When calling for nominations, the Nominating Committee shall inform the congregation of the nominating process and provide to anyone wishing to nominate someone, the appropriate information which shall include “Qualifications and Other Considerations” (See 2.7.3.), “Board Responsibilities” (See 2.1.), Accepting Membership Responsibilities (See 2.2.), the Nomination Form (See Appendix F) and a cover letter explaining the nominating process, the schedule and the election procedures.
 - 2.7.2.3.2. Anyone who chooses to nominate an individual must submit a completed nomination form for that person to the Nominating Committee. An individual may nominate themselves.
- 2.7.2.4. The Nominating Committee shall develop a recommended slate of “qualified” candidates (see 2.7.4.) to fill the upcoming vacancies (approximately one third of the Board). The Nominating Committee will present the final slate to the congregation at least two weeks prior to its regular meeting in the fall of each year.

- 2.7.3. Qualifications and Other Considerations:

- 2.7.3.1. 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.

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- Regularly participate in the worship and educational life of the congregation.
- Undertake personal spiritual disciplines for the development of their own faith lives.
- Are good communicators.
- Are visionary.
- Can effectively represent the concerns of the Congregation.
- Understand and support the basic concepts of Policy Based Governance.
- Are willing and able to support the Strategic Direction of the congregation.
- Are willing and able to accept the Board Responsibilities and Membership Responsibilities as delineated in Policy Section 2.1. and 2.2.
- Are not on the payroll of the congregation currently or anytime within the immediate preceding three years.
- A member of any LCMS church for a minimum of two years.

** By Law 7 A

- 2.7.3.2. In preparing the slate, the Nominating Committee shall also guarantee that:
- No immediate family members of Staff members working over 20 hours a week is on the Board.
 - 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.
- 2.7.3.3. The Nominating Committee shall take into consideration diversity issues in determining its recommended slate.
- 2.7.3.4. The Nominating Committee shall take into consideration the current composition of the Board in determining its recommended slate.

2.7.4. Election:

- 2.7.4.1. Election of Board Members shall take place each year at the regular meeting of the Congregational Assembly in The Fall.

** By Law 2 A

- 2.7.4.1.1. When presenting the slate to the Congregation, 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. (See Appendix F)
 - Procedures for the election process.
 - Any member of the congregation may submit further names for consideration by the Nominating Committee within five days of the presentation of 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.

- 2.7.4.1.2. The Nominating committee shall present a slate that includes at least one qualified candidate for each position to be filled.

- 2.7.4.2. The Congregational Assembly shall elect only individuals who have been deemed qualified by the Nominating Committee.

2.7.5. Terms of Service

- 2.7.5.1. A term of service for a Board Member shall be three years.
- 2.7.5.2. Board Members may not serve more than two consecutive elected terms and if appointed to fill a vacancy, may not stand for re-election if another term would extend their service to more than seven years.

2.7.5.3. Approximately one third of the Board shall be elected each year to assure continuity of service and experience on the Board.

2.7.5.3.1 In keeping with Policy 2.7.1. (the number of Board Members shall not exceed seven), no more than three Board Members shall be elected in any given year.

2.7.5.3.2. Should the number of Board Members or their terms of service fall out of alignment with Policy 2.7.1. and 2.7.5.3., no other process shall be used for realignment except the election process as outlined in these policies.

2.7.6. Vacancies:

2.7.6.1. Vacancies that occur on the Board of Directors 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.

2.7.6.2. 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.

** By Law 7 F

2.7.6.3. 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 and retraining will orient new Board Members and candidates for Membership, as well as to maintain and increase existing Members’ skills and understandings.

2.8.1.2. Outside monitoring assistance will be arranged so that the Board can exercise confident control over congregational performance (e.g. fiscal audit).

2.8.1.3. Outreach mechanisms will be used as needed to ensure the Board’s ability to listen to the Congregation viewpoints and values.

2.8.2. The annual self-review of the Board of Directors 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 ability and skill in developing and monitoring policy.

2.8.2.4. The Board’s adherence to policy.

2.8.3. The Board shall create its own self-review process.

2.9. OFFICERS OF THE BOARD

2.9.1. Officers of the Board shall be a Chairman, Vice-Chair, and Secretary and these shall be the officers of the congregation.

** By Law 4 B

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

** By Law 7 D

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.

** By Law 7 H

2.9.2.2. Chairman: The Chairman shall:

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

2.9.2.2.2. Work with the Executive Committee and Senior Pastor to establish the agenda for all meetings of the Board of Directors and Congregational Assemblies.

2.9.2.2.3. Preside at all meetings of the Board of Directors.

- 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.

2.9.2.2.4. Initiate counsel with any Member of the Board who violates policy ensuring that policy 2.2.1. is followed.

2.9.2.2.5. 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.

2.9.2.2.6. Determine, in consultation with the Senior Pastor, who should represent the congregation to the public or press should the need arise.

2.9.2.2.7. Preside at all Board and Congregational Assembly meetings.

2.9.2.3. Vice-Chairman: The Vice-Chairman shall:

2.9.2.3.1. Preside at all meeting of the Board of Directors and Congregational Assembly Meetings when the Chairman is absent or when requested to do so by the Chairman of the Board.

2.9.2.3.2. Serve as Chairman of the Nominating Committee.

2.9.2.3.3. Initiate counsel with the Chairman of the Board should the Chairman violate policy insuring that policy 2.2.1. is followed.

2.9.2.4. Secretary: The Secretary shall:

2.9.2.4.1. Maintain the minutes of all meetings of the Board of Directors and Congregational Assembly Meetings and cause copies of all such minutes to be kept on file in the church office.

2.9.2.4.2. Conduct all official correspondence of the Board of Directors and the Congregational Assembly.

2.9.2.4.3. Be thoroughly familiar with the congregation's Constitution and By-laws and serve as the primary resource to the Board and Congregational Assembly Meetings 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:

** By Law 6 B

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 the congregation, 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.

** By Law 5 A 4

2.10.3. The Board will use the expertise of individual Board members to enhance the ability of the entire Board and will never substitute such expertise as an alternative to the judgment of the whole Board.

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 SESSION OF THE BOARD

2.11.1. The Board may meet in executive session at any time where minutes are not taken and the discussion is considered confidential.

2.12. RESPONSIBILITIES TO THE CONGREGATION

2.13. COMMUNICATION WITH THE CONGREGATION

To increase participation in listening and communicating with the entire Congregation, and keeping in compliance with the by-laws:

- Spring and Fall meetings will allow for open discussion, actions, and motions
- These proposed actions or motions will be presented to the entire Congregation for a ballot vote
- A majority of the voters present at the Spring or Fall meeting must vote to present the motion or action to the entire Congregation for a ballot vote
- The ballot vote will be taken no less than 2 weeks and no more than 4 weeks later
- A quorum (71) of ballot votes will still be needed to pass or fail the motions

2.14. BOARD CALENDAR, AGENDA AND MEETING STRUCTURE

2.14.1. The Board shall establish a basic structure for its meetings to assist the Board and Senior Pastor in processing information in a way that allows him to maintain a policy based orientation.

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 reflect the business of the Board in the following monthly outline.

The Board calendar

- January: Conduct Officer Elections
 Review and Update Strategic Direction
 Conduct orientation of new Board members
 Review and discuss Board of Directors adherence to Conflict of Interest and Boundary management policies
 Conduct Board training and self review
- February: Establish, review and revise Governing Policies
 Maintain and update written board policies regarding:
 a. Strategic Direction
 b. Board Self Governance
 c. Senior Pastor Limitations
 d. Board and Senior Pastor relationships

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- March: Establish and review Board members involvement in OSL's worship and education
Senior Pastor Support:
- a. Monitor the policies that guide the efforts of the Senior Pastor and his adherence there to
 - b. Exercise concern for his spiritual and physical welfare
 - c. Conduct Senior Pastor review
- April:
- May: Conduct the Congregational voter's meeting
Establish and review Board activities, communications with the Congregation
- June: Establish and review Board members involvement in OSL's worship and education
- July: Ensure that Financial Policy Review and decisions are execute in accordance with the by-laws.
Appoint a nominating committee
- August:
- September: Establish and review Board Members in involvement in OSL's worship and education
Senior Pastor Support:
- a. Monitor the policies that guide the efforts of the Senior Pastor and his adherence there to
 - b. Exercise concern for his spiritual and physical welfare
 - c. Conduct Senior Pastor review
- October:
- November: Conduct the Congregational voter's meeting
Establish and review Board activities, communications with the Congregation
- December: Establish and review Board Members in involvement in OSL's worship and education

2.14.2.2. The Board agenda may consist of the following sections:

- Preliminaries
 - +Introduction
 - +Faith Exploration
 - +Minutes Approval
 - +Agenda Approval
- Board Education (as scheduled)
- Board Business
 - +Monitoring
 - Committee Reports
 - Management Reports
 - Financial performance Reports
 - +Calendar Items (See 2.14.2)
 - Policy Review and Revision (as scheduled)
 - +Other Board Actions
- Board Dialogs (as scheduled)
- Board Self Evaluation (as scheduled)
- 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 Chairman shall have speaking privileges.

- 2.14.5. Board meetings shall include time for Board education to increase the Board's competence for carrying out its responsibilities (see Policy 2.8.).

3. Senior Pastor Requirements and Limitations

3.1. PRIMARY-LIMITATION –

When representing the Congregation, the Senior Pastor and staff shall act in a manner that is ethical, prudent, legal and consistent with the Constitution, By-Laws and Governance Polices of Our Savior Lutheran Church.

3.2. COMMUNICATION AND SUPPORT TO THE BOARD

3.2.1. The Senior Pastor shall keep the Board informed or supported in its work.

3.2.2. The Senior Pastor shall keep the Board aware of (within 24 hours):

3.2.2.1. Anticipated adverse media coverage:

3.2.2.1.1. Any report of abuse or sexual misconduct alleged against any

- 3.2.2.2. Demotion or firing of staff.
 - 3.2.2.3. Death or serious illness of staff.
 - 3.2.2.4. Crises affecting the work, health or safety of staff.
 - 3.2.2.5. Potential lawsuits against the congregation.
 - 3.2.2.6. Violations or alleged violations of any federal or state laws or regulations.
- 3.2.3. The Senior Pastor shall keep the Board aware of (before the next Board meeting or sooner as required):
- 3.2.3.1. Relevant trends that impact the ministry of the congregation.
 - 3.2.3.2. Non-compliance, by Board or Staff, with any governance policy.
 - 3.2.3.3. Anticipated adverse media coverage:
 - 3.2.3.3.1. Allegations against anyone in a ministry capacity.
 - 3.2.3.4. Hiring, promotion of staff.
 - 3.2.3.5. Situations that affect the financial budget by \$5,000.00 or greater.
 - 3.2.3.6. Changes in the assumptions on which any Board policy has been established.
 - 3.2.3.7. Judicatory, Synod or District directions and recommendations.
 - 3.2.3.8. Conditions that could have a negative impact on a major ministry program or reputation of the congregation.
- 3.2.4. The Senior Pastor shall provide written reports for all monitoring data at least one week prior to the scheduled Board meetings.
- 3.2.5. The Senior Pastor shall not fail to provide the Board with information and ideas the Board desires in order to make informed decisions.

3.3. FINANCIAL

- 3.3.1. The Senior Pastor shall submit to the Board two months prior to the Spring Congregational meeting, a proposed financial budget which:
 - 3.3.1.1. Develops a fiscal year budget after the beginning of the fiscal year.
 - 3.3.1.2. Is based on an operational plan that moves the congregation forward with regard to its Strategic Direction.
 - 3.3.1.3. Is based on sound assumptions about financial conditions. Financial conditions are defined as projected earnings and contributions, operating costs, other income/expense, and transfers from investment income.
 - 3.3.1.4. Does not plan the expenditure in any fiscal year of more funds than are responsibly projected to be received in that period.
 - 3.3.1.5. Does not allow an unsound financial condition that jeopardizes the achievement of the Board's Strategic Direction.

- 3.3.1.5.1. Does not allow cash to drop below a safety reserve of less than 5% of the annual budget at any time. Safety reserves include the amount of the Congregation's established line of credit.
- 3.3.1.6. Does not endanger the fiscal soundness of future years or ignore the building of congregational capability sufficient to achieve the Strategic Direction in future years.
- 3.3.1.7. Includes line item(s) for the Board of Directors to use for its own prerogatives.
- 3.3.2. The Senior Pastor shall not allow expenditures that exceed the year to date amount budgeted for each ministry without pre-approval by the Board.
- 3.3.3. The Senior Pastor shall settle payroll and debts in a timely manner.
- 3.3.4. The Senior Pastor shall not allow the use of any planned giving receipts that deviate from the written Planned Giving Gifts Guidelines. (See Appendix C)
- 3.3.5. The Senior Pastor, in reporting financial activities and position, shall not allow deviation from accounting principles established by the Board.
- 3.3.6. The Senior Pastor shall not allow the investment of any financial assets that deviates from the written Investment Policy. (See Appendix D).
- 3.3.7. The Senior Pastor shall not borrow funds for working capital in an amount greater than approved by the Congregation.
- 3.3.8. The Senior Pastor shall not allow the congregation to carry short-term debt for longer than eleven consecutive months.
- 3.3.9. The Senior Pastor shall not allow any given ministry area total to exceed the amount of the line item amount budgeted without first receiving approval of their supervisor.
- 3.3.10. The Senior Pastor shall not allow the handling of cash or checks within the congregation, that does not comply with written guidelines detailing such activity. (See Appendix E-Cash Handling Guidelines.)
- 3.3.11. A line item shall appear in the annual financial report for the Board of Directors. The amount shall not exceed 2% of the total financial budget, not including the budget of Concordia Christian Academy.
- 3.3.12. Fixed expenses shall not exceed 90% of the total financial budget.
 - 3.3.12.1. Personnel costs for the Church, including benefits, shall not exceed 55% of the total financial budget.

3.4. ASSET PROTECTION

- 3.4.1. 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 the Congregation itself in an amount greater than the average for comparable congregation(s).
- 3.4.2. The Senior Pastor shall not allow non-bonded or non-authorized personnel access to funds in excess of \$200.00 without written authorization.
- 3.4.3. The Senior Pastor shall not subject the plant, grounds and equipment to improper wear and tear or insufficient maintenance.
- 3.4.4. The Senior Pastor shall not expose the Congregation, its Board or staff to claims of liability.

- 3.4.5. The Senior Pastor shall not fail to protect intellectual property, information, and files from loss or significant damage.
- 3.4.6. The Senior Pastor shall not make or allow any purchase over \$1000.00 without at least obtaining comparative prices and quality assessment.
- 3.4.7. The Senior Pastor shall not receive, possess or distribute funds under controls that are insufficient to meet the Board-appointed auditor's standards.
- 3.4.8. The Senior Pastor shall not invest or hold operating capital in non-secure 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.
- 3.4.9. The Senior Pastor shall not endanger the Congregation's public image or credibility, particularly in ways that would hinder the accomplishment of its mission.

3.5. OPERATIONAL STRUCTURE

- 3.5.1. The Senior Pastor shall ensure a structure that has a positive effect on the Strategic Direction of the congregation.
- 3.5.2. The Senior Pastor shall operate with a written plan for interim replacement or succession of all senior staff.

3.6. CRISIS MANAGEMENT PLAN

- 3.6.1. The Senior Pastor will ensure the Congregation has a functional, detailed Crisis Management Plan or Disaster Plan.

3.7. PERSONNEL

- 3.7.1. The Senior Pastor will ensure the Congregation operates with effective, established Operational Policies which, with regard to personnel, clarify personnel rules, provide for effective handling of grievances, provide for evaluation procedures, and protect against wrongful conditions, such as nepotism and grossly preferential treatment for personal reasons.

** By law 5 A 2

- 3.7.1.1. Personnel Policies within the Operational Policies shall not:
 - 3.7.1.1.1. Deviate from local, state or federal law or regulations in the ethical treatment of employees.
 - 3.7.1.1.2. Be in conflict with the effective day-to-day operation of the congregation.
 - 3.7.1.1.3. Fail to establish an effective, written Conflict of Interest Policy for the staff.
 - 3.7.1.1.4. Impair the dignity, safety, and right to ethical job-related dissent of employees. Grievances by employees shall receive fair, internal hearing though procedural safeguards. In addition, no retaliatory action may be taken by the Senior Pastor against any employee who makes a job related grievance.
- 3.7.2. The Senior Pastor shall not promise or imply permanent or guaranteed employment

- 3.7.3. The Senior Pastor shall ensure positions or ministries are defined and position descriptions that accurately reflect the responsibility and tasks assigned to the position.
- 3.7.4. The Senior Pastor shall not allow positions to exist where there are inadequate resources available for a qualified person assigned the position to succeed.
- 3.7.5. 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.
- 3.7.6. The Senior Pastor shall conduct annual written staff performance appraisals and share the results with the appropriate staff member. The raw data as well as an interpretation of the data shall be shared with the Board, when requested and as deemed appropriate prior to the performance appraisal process.
- 3.7.7. The Senior Pastor shall 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 these Policies.
- 3.7.8. The Senior Pastor shall ensure the staff is acquainted with their rights under the Operational Policies.
- 3.7.9. The Senior Pastor shall inform the Board when a divine call has been received by himself or other senior staff before the next Board meeting.

3.8. COMPENSATION

- 3.8.1. The Senior Pastor shall not establish compensation and benefits that are inconsistent among staff members or otherwise create internal inequities.
- 3.8.2. 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 or otherwise create external inequities.
- 3.8.3. The Senior Pastor shall not allow salary increases to be based on anything other than merit, as justified in the performance review and by available resources.
- 3.8.4. The Senior Pastor shall not change his own compensation and benefits.
- 3.8.5. The Senior Pastor compensation and benefits shall be established annually by the Board before the annual budget is prepared.

3.9. LONG RANGE OUTLOOK

- 3.9.1. The Senior Pastor shall conduct and present to the Board an annual long-range outlook study.
- 3.9.2. The Senior Pastor shall develop a long-range outlook study that considers the Strategic Direction.
- 3.9.3. The Senior Pastor shall develop a long-range outlook study that considers and identifies the changes in the climate and conditions that affect the congregation.

3.10. PLANNING

- 3.10.1. The Senior Pastor shall develop an Operational Plan that aligns with the Strategic Direction.
- 3.10.2. The Senior Pastor shall ensure the staff develops an annual financial budget without previewing and updating its Operational Focus.

3.11. MINISTRY PROGRAM

- 3.11.1. The Senior Pastor shall ensure programs and other services contribute to the achievement of the Board's Strategic Direction.

- 3.11.2. The Senior Pastor shall ensure Senior Staff or their direct reports conduct their ministries with the benefit of “Advisory Councils” made up of lay members of the congregation. (Senior Staff are defined as those staff who report directly to the Senior Pastor).

** By Law 6 C

- 3.11.2.1. Senior Staff “Advisory Councils” shall consist of five individuals, three of whom shall be selected by the Senior Staff member and two of whom shall be appointed by the Senior Pastor.
- 3.11.2.2. “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.
- 3.11.3. The Senior Pastor shall ensure the staff review their “Aligned Individual Focus” with their Advisory Councils every six months.

Under the leadership of the staff person, Advisory Councils may:

- 3.11.3.1 Assist in the assessment of ministry needs of the community and the congregation.
- 3.11.3.2 Help explore the “possibilities” for the ministry area.
- 3.11.3.3 Provide counsel regarding the direction of the ministry area.
- 3.11.3.4 Contribute to the evaluation of the effectiveness of the ministry efforts.
- 3.11.4. The Senior Pastor shall not allow senior staff to conduct their ministries without a commitment to the “priesthood of all believers” and thus the training and utilization of lay members of the congregation in their respective ministry areas.
- 3.11.5. The Senior Pastor shall establish a School Advisory Council which will offer advice and counsel in the development of school governance polices and assist the Principal, when requested to do so, as a grievance panel for clients who have not received satisfaction and process tuition assistance.

This Council shall be made up of two individuals appointed by the Principal and three individuals [congregational members] appointed by the Senior Pastor. The Senior Pastor, in consultation with the Principal, shall appoint one congregational member as Chairperson. The Principal and the Chairperson shall meet with the Senior Pastor at least bi-monthly to review the work of the School Advisory Council.

** By Law 6 C

The School Advisory Council shall assist the Principal in listening to the ideas, concerns and values of those served by the school ministry. A variety of appropriate methodologies (such as mail and phone surveys, Council dialogue and town hall forums) shall be used for this purpose.

3.12. ELDERS – SPIRITUAL LEADERSHIP

- 3.12.1. The Elders will have spiritual oversight of the ministry.
- 3.12.2. The Board of Elders shall consist of five members, nominated and vetted by the pastoral staff and elected in the Fall Congregational assembly.
- 3.12.3. The elected Board of Elders will select one member to act as Chair.

3.13. GIFTS AND BEQUESTS

** By Law 5 8

- 3.13.1. The Senior Pastor shall ensure the Congregation operates with a plan to promote and receive gifts and bequests for the congregation.

- 3.13.2. The Senior Pastor shall ensure the Congregation does not accept gifts and bequests that run counter to the congregation's values and policies and that have a neutral or negative effect on the Strategic Direction or that violate the congregation's 501 (c) (3) not-for-profit status.
- 3.13.3. The Senior Pastor shall not allow the congregation to accept gifts and bequests that are too restrictive. When he deems it necessary the Senior Pastor shall seek advice and counsel from the Board as to the restrictiveness of the gift.
- 3.13.4. The Operational Policy Manual shall include specific policies for:
 - a. Endowments
 - b. Memorials
 - c. Designated Funds
 - d. Benevolence

4. Board/Senior Pastor Relationships

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 or financial reviewer and oversight of the audit or review process.
 - 4.1.1.3. Receipt and review of financial audits or reviews.
 - 4.1.1.4. Appointment of legal counsel.
 - 4.1.1.5. Affirmation of the annual fiscal budget.
 - 4.1.1.6. Change in the membership of any committee of the Board at any time and fill vacancies.
 - 4.1.1.7. The discharge of any committee of the Board.
 - 4.1.1.8. Appointment of financial secretary.

** By Law 5 A 1 & 5 A 5

- 4.1.2. While the Board has wide ranging responsibility and authority to give direction to the ministry of the congregation, however, it shall not violate policy 2.4.5.

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 or entity operating with the authority of the congregation shall receive that authority from the Senior Pastor or a person assigned such authority by the Senior Pastor.

** By Law 5 A 4

- 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 and shall keep the Senior Pastor informed about significant contacts they have with any staff member.
- 4.2.3. The Board shall address only broad levels of issues in policies of purpose or governance policies leaving lesser levels (i.e. 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 Limitations, may develop operational guidelines, rules or procedures and may make decisions in anyway the Senior Pastor deems appropriate as long as governing 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 governing 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 the congregation'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 Limitations stated by the Board in policies.

** By Law 5 A 2

- 4.3.2. Develop operational guidelines, rules or procedures and make decisions the Senior Pastor deems appropriate as long as governing policies adopted by the Board are observed.

4.4. SENIOR PASTOR ACCOUNTABILITY

The Senior Pastor shall be accountable to the Board for:

- 4.4.1. Achievement of the congregation's Strategic Direction through personal and staff action.
- 4.4.2. Compliance of personal and staff actions to limits established in the Senior Pastor Limitations Policies.
- 4.4.3. 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.
- 4.4.4. Defining and refining the Senior Pastor's position description within the personnel constraints.
- 4.4.5. Relating with integrity, honesty, and straightforwardness, in a Christ-like manner, to the Board.
- 4.4.6. Accomplishment of Strategic Direction while staying within Senior Pastor limitations, and complying with other policies shall be seen as successful performance by the Senior Pastor.
- 4.4.7. The Senior Pastor shall be accountable to the Elders for:

- 4.4.7.1. The responsibilities assigned to him in the call documents
- 4.4.7.2. Conformance with the confessions and statutes of the Lutheran Church Missouri Synod

4.5. EXCEEDING SENIOR PASTOR LIMITATION POLICIES

- 4.5.1. The Senior Pastor shall give an immediate notice to the Chair of the Board once a Senior Pastor Limitation has been recognized to have been exceeded.
 - 4.5.1.1. If the Senior Pastor Limitation 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.
- 4.5.2. If the exceeded Senior Pastor Limitation is immediately correctable, the Senior Pastor shall take the necessary action within policies and report the results to the Board.
 - 4.5.2.1. If the exceeded Senior Pastor Limitation 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.
 - 4.5.2.1.1. The Senior Pastor shall continue to report in a timely fashion on the actions taken and their results until the exceeded Senior Pastor Limitation is corrected.
 - 4.5.2.1.2. The Senior Pastor shall give immediate notice when it is recognized that a deadline will be missed, and submit a new plan for action if the delay is excessive.
 - 4.5.2.2. The Senior Pastor may use internal or external resources to correct the exceeded Senior Pastor Limitation without violating the Senior Pastor Limitations Policies.
 - 4.5.2.3. The Board shall review any Senior Pastor Limitation Policy that has been exceeded for its soundness as a test of ethical and prudent behavior.
- 4.5.3. The Senior Pastor shall develop or improve processes to avoid recurrence of any exceeding of Senior Pastor Limitations.
- 4.5.4. After repeated recurrences of exceeding Senior Pastor Limitations, 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.
- 4.5.5. Should other staff members or Congregation members believe that a Senior Pastor Limitation has been violated, they shall report their observation to the Senior Pastor seeking to determine if in fact a limitation has been violated.
 - 4.5.5.1. If after the appropriate conversation has taken place and the staff, or Congregation member still believes the limitation has been violated and the Senior Pastor is of a different opinion or if the Senior Pastor fails to report such allegation to the Board Chair, the staff member is required (and Congregation members are encouraged) to inform the Board Chair of their observation in writing (paper or electronic) and shall copy the Senior Pastor.
 - 4.5.5.2. The Senior Pastor shall make Policy 4.5.5.1 known to all staff members.
 - 4.5.5.3. 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 limitation may have been violated. In addition, no retaliatory action may be taken by the Senior Pastor against any employee who makes an allegation of exceeding limitation policies.
 - 4.5.5.4. Flagrant use of this right of appeal in bad faith or 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 limitation under the interpretation of the facts most favorable to the employee may result in employment action against the employee, up to and including termination, as approved and implemented by the Board. In addition, no retaliatory action may be taken by the Senior Pastor against any employee who makes an allegation of exceeding limitation policies.

4.6. MEANS OF MONITORING

- 4.6.1. 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.
- 4.6.2. 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 Board policies.
- 4.6.3. Direct Monitoring: These are the actions used to confirm compliance with the Board's policies in all four policy areas.

The Senior Pastor shall:

- 4.6.3.1. Report at least quarterly to the Board on the progress achieved towards the Strategic Direction of the congregation.
- 4.6.3.2. Provide to the Board before each meeting financial statements organized and presented around the financial conditions policy. (See Policy 3.3.)
- 4.6.3.3. Provide to the Board quarterly reports concerning the performance of all investments and debt of the congregation.
- 4.6.3.4. Provide to the Board current financial budgets as they are developed or proposed modifications.
- 4.6.3.5. Provide to the Board the current criteria established for sound financial conditions. (See Policy 3.3.1.5.)
- 4.6.3.6. Provide to the Board the current operational policies and revisions as they occur.
- 4.6.3.7. Provide to the Board new operational structures as they are developed with an explanation of the responsibilities assigned.
- 4.6.3.8. Provide to the Board each long-term outlook study after it is developed.
- 4.6.3.9. Annually review the plan for operational crisis and disaster management plan, and provide the Board with a copy of such plan.
- 4.6.3.10. Annually review the plan for interim replacement and succession of all senior staff, and provide the Board with a copy of such plan.
- 4.6.3.11. Provide to the Board summaries of each new program and service as they are developed.
- 4.6.3.12. Provide quarterly reports to the Board regarding staff performance appraisals and any staff disciplinary actions.
- 4.6.3.13. Present to the Board of Directors in March and September (before his semi-annual appraisal) his personal ministry plan.
- 4.6.3.14. Provide semi-annual reports concerning the roster of "Advisory Councils" being used by each Staff member in fulfillment of Policy 3.11.2.

- 4.6.3.15. Provide semi-annual reports listing the names of all individuals engaged in programmatic ministries, and the training they have received, in fulfillment of Policy 3.11.4.
 - 4.6.3.16. Provide annually a demographic report of the congregation including baptized members, confirmed members, inactive members, and developing trends in age, gender and other pertinent areas.
- 4.6.4. 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.

Appendix A-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 Our Savior 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 the congregation'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 the congregation 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 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 the congregation for themselves, family members or close associates. Should a Board Member desire such employment, they 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 at least annually or as appropriate disclose their involvement with other organizations, with vendors, or any other associations that might produce a conflict of interest or perceived conflict of interest.
3. When a Board member fails to ask to be recused in a situation where other Board Members perceive a conflict of interest, the Member may be excused from the Board's session with a simple majority vote of the Board (not including the Board Member under consideration). (See Policy 2.2.1.5.1.)

Appendix B–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 the congregation except as explicitly set forth in Board 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. 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.
 - 1.3. Board Members will give no consequence or voice to individual judgments of the Senior Pastor or staff performance.
 - 1.4. Board Members will respect the confidentiality appropriate to issues of a sensitive nature.
 - 1.4.1. Should the sensitivity of an issue not be clear to a Board Member, they shall consult with the Board Chair before sharing information with another person.

Appendix C-Planned Giving/Capital Campaign Policy

1. Ethics & Donor Advice

When dealing with commitments of major assets, donors should be encouraged to consider critical issues, such as their families 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 they have 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 Congregation 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 (with donor approval) 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.

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. 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.

Appendix D–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 US 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 US 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 the congregation.

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 Board of Directors 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 Board of Directors.

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

Appendix E-Cash Handling Policy

1. No individual will be required or allowed to handle the Church's income alone at any time. The roster of authorized money counters will be published for the Board of Directors.
2. Except for petty cash funds, no cash will be stored in the Church 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 the congregation is confidential. Records of contributions should only be made available to individuals who have a specific need for the information in order to carry out their responsibilities to the Congregation. Summary statements of Steward activity may be provided to the Board of Directors when required.
4. No single person shall have sole check signing authority over any Church account in an amount over \$1,000.
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. A summary report, outlining the amounts to be credited to the various accounts, is to be prepared and initialed by at least two persons.
8. A deposit slip is prepared and the deposit is taken directly to the bank. All monies shall be deposited the next business day following Sunday services.
9. A copy of the summary report are given to the Financial Controller and a copy filed in the church office.
10. Persons involved in handling income should not be involved in any way in the handling of expenditures.
11. Funds collected from other activities (fundraisers, special events, etc.) should be directed to those responsible for recording and making bank deposits of these funds.
12. 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.
13. Checks are to be signed by persons authorized under the bank account agreement. Dual signatures are recommended with the exception of utilities, phone, mortgage, church insurance, Mission India, Texas District and benefit payments. The Senior Pastor should not be an authorized signer.
14. Blank checks are never to be signed in advance, under any circumstance.
15. A copy of the check or the check numbers are written on invoice/support documents to prevent duplicate payments.
16. At least three persons should be involved in the authorization, preparation and signing of checks. The Financial Controller should not have signature authority for checks.
17. 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 by the Financial Controller, indicating that on a specific date such transfer took place (and for what purpose) and signed by a person authorized to sign checks. This form is to be retained in the files of these accounts.
18. Bank statement reconciliations must be prepared by the Financial Controller. The reconciliation should be initialed by the Financial Secretary during the quarterly review.

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19. Any computer software program for financial accounting and check writing should provide a bank reconciliation program for deposits and withdrawals (cancelled checks).
20. All persons who handle money in the Church and all its auxiliaries must be covered under a church theft money and securities insurance.
21. All marketable securities, notes, and currency must be kept in a safe, secure place on Church grounds or in a financial institution.
22. Benevolence payments can only be made to the end result organization. Benevolence checks should never be made directly to an individual.

Appendix F-1- Nomination Form

Our Savior Lutheran – McKinney, Texas
Policy Based Governance Manual
McKinney, TX. 75070
20XX Nominations for Board of Directors

Candidate Name: _____

Person Making the Nomination: _____

Phone Number _____ E-mail Address _____

** I have spoken with the person and they are will to be considered for nomination YES NO

** I have shared the 'Board Responsibilities' (PBG 2.1) and 'Membership Responsibilities' (PBG 2.2) with this person and they understand. YES NO

** I have shared the 'Qualifications and Other Considerations' list with this person and they understand. YES NO

** I believe this person demonstrates the qualities suggested in these documents and be considered a candidate for the Board of Directors YES NO

** I believe this person is well qualified to give leadership to our congregation as a member of the Board because:

Signature

Date

Please complete this form and return it to the BOD mail box before mm/dd/yy or e-mail the nomination information to BOD@oslmckinney.org

Appendix F-2-Nomination Form

Our Savior Lutheran Church
McKinney, TX-75070

Nominations for Board of Directors Candidate Qualifications Validation Checklist

Candidate Name: _____

1. Candidate has been nominated by Board member or Congregation Member? **Y N**
2. Completed Nomination Form has been submitted? **Y N**
3. Meets the requirements of board membership as stipulated in the OSL Constitution and By-laws? **Y N**
4. Regularly participates in the worship and educational life of the congregation? **Y N**
5. Undertakes *meaningful and relevant* personal spiritual disciplines for the development of their own faith lives? **Y N**
6. Is a good *written and verbal* communicator? **Y N**
7. Is a visionary person? **Y N**
8. Can effectively represent the concerns the “Stewards” of the Congregation? **Y N**
9. Understands and supports the basic concepts of Policy Based governance? **Y N**
10. Is willing and able to support the strategic direction of the congregation, *even when not in agreement*? **Y N**
11. *Has read, understands and is ready*, willing and able to accept The Board Responsibilities and Membership Responsibilities as delineated in Policy (PBG) Section 2.1 and 2.2? **Y N**
12. Is not currently on the payroll of *Our Savior Lutheran Church or Concordia Christian Academy* or anytime within the immediate preceding three years? **Y N**
13. Is not a spouse of a staff member working more than 20 hours per week? **Y N**
14. Meets the following requirement?: Not 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. **Y N**
15. Will support all decisions once they have been fully discussed and resolved by the board? **Y N**
16. Board diversity has been taken into consideration? **Y N**
17. Current composition of The Board has been taken into account? **Y N**
18. A member of any LCMS church for a minimum of two years? **Y N**

Reviewed by Nominating Committee on: _____ (Date)

Signed by: _____ (Name)

Appendix G-Financial Secretary Job Description

Volunteer Position: Financial Secretary

Position Information:

Position Reports To: The Board of Directors of Our Savior Lutheran Church.

Hours of Work: Part-Time Estimated to be about 6 Hours per Month.

Salary / Pay: Unpaid Volunteer Position.

Exempt / Non-exempt Status: Volunteer Position

Relocation Eligible: Not Applicable

Benefit Eligible: Not Applicable

Position Responsibilities / Requirements:

Primary Responsibilities:

- 1) The Financial Secretary is an unpaid volunteer position that reports to the Board of Directors of Our Savior Lutheran Church. The Financial Secretary is appointed by the Board of Directors. The term of office shall be one year. The Financial Secretary may be appointed to additional consecutive terms, or portion thereof, if re-appointed by the Board of Directors.
- 2) The responsibilities of the Financial Secretary are to:
 - a. Review financial statements quarterly.
 - b. Review the general ledger on a quarterly basis.
 - c. Review the check register and supporting documentation on a quarterly basis.
 - d. Review all bank and other financial institution reconciliation statements on a quarterly basis.
 - e. Review and verify a monthly financial summary to the congregation.
 - f. Review all financial information and reports required by the Federal Government, Internal Revenue Service, State of Texas and Lutheran Church Extension Fund (LCEF).
 - g. Serve as an active member of the Our Savior Lutheran Church Financial Advisory Team.
 - h. Report to the Board of Directors and attend Board meetings as requested by the Chairman of the Board.

Qualifications:

- 1) Must be a member in good standing of Our Savior Lutheran Church.
- 2) May not be a current member of the Board of Directors.
- 3) Preferred to have at least five years of experience in accounting or financial management.
- 4) Preferred to have basic computer skills. A general knowledge of Peachtree or other accounting software is desirable.