

Board of Ministry Director's Policy Manual
of
Trinity Evangelical Lutheran Church



Trinity Evangelical Lutheran Church
1008 N. Church Street
Huntley, Illinois 60142

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TABLE OF CONTENTS

STRATEGIC DIRECTION	5
1.1 CORE VALUES	5
1.2 MISSION STATEMENT	5
1.3 VISION	5
1.4 DESIRED OUTCOMES	5
1.5 RECIPIENTS	5
1.6 STEWARDS	5
1.7 THE SERVED	6
1.8 COST OF IMPLEMENTING THE STRATEGIC DIRECTION	6
1.9 STRATEGIC ALLIANCES	6
 BOARD OF MINISTRY DIRECTOR'S SELF-DISCIPLINE	6
2.1 BOARD RESPONSIBILITIES	6
2.2 BOARD MEMBER RESPONSIBILITIES	7
2.3 GOVERNANCE PROCESS	8
2.4 CALLING OF THE PASTOR	10
2.5 CALLING OF OTHER CHURCH WORKERS	10
2.6 ELECTION OF GOVERNING BOARD MEMBERS	11
2.7 ON GOING BOARD TRAINING AND SELF-REVIEW	13
2.8 OFFICERS OF THE BOARD	13
2.9 COMMITTEES OF THE BOARD	14
2.10 RESPONSIBILITIES OF THE BOARD	15
2.11 DIALOGUE WITH STEWARDS	15
2.12 BOARD CALENDAR, AGENDA 7 MEETING SCHEDULE	16
2.13 CONFLICT OF INTEREST	16
2.14 COST OF GOVERNANCE	16

Board of Ministry Director’s Policy Manual

PASTOR LIMITATIONS17

 3.1 PRIMARY LIMITATIONS17

 3.2 COMMUNICATION AND SIUPPORT TO THE BOARD17

 3.3 FINANCIAL17

 3.4 ASSET PROTECTION19

 3.5 MINISTRY PLANNING19

 3.6 MINISTRY PROGRAM19

 3.7 OPERATIONAL CRISIS MANAGEMENT PLAN19

 3.8 MINISTRY TEAMS20

 3.9 HUMAN RESOURCES20

 3.10 COMPENSATION21

 3.11 STRATEGIC ALLIANCES21

 3.12 GIFTS AND BEQUESTS21

BOARD/PASTOR PARTNERSHIP21

 4.1 ACTIONS REQUIRING BOARD APPROVAL21

 4.2 BOARD FUNCTION22

 4.3 PASTOR FUNCTION22

 4.4 PASTOR ACCOUNTABILITY22

 4.5 EXCEEDING PASTOR LIMITATIONS POLICIES23

 4.6 MEANS OF MONITORING23

APPENDIX A - INVESTMENT POLICY25

APPENDIX B - SPECIAL MEETINGS27

APPENDIX C - ANNUAL OPERATING PLAN, CRISIS MANAGEMENT PLAN,
OPERATIONAL POLICY MANUAL, MINISTRY PLAN.....28

1. Strategic Direction

The name of this Congregation shall be "Trinity Evangelical Lutheran Church of Huntley, Illinois, Inc." It may be more informally known as "Trinity".

1.1 Core Values

The Core Values of Trinity are motivated by God's

- Guidance, we are moved to serve
- Grace, we are moved to show mercy
- Love, we are moved to reach out to the community
- And to live and teach the Gospel of Jesus Christ

1.2 Mission Statement

- To invite all people to the grace-filled life of Jesus.

1.3 Vision

- That all people meet Jesus to receive his grace and mercy.

1.4 Desired Outcomes

Desired outcomes describe the purpose of our Church, what results we are here to achieve, who the recipients will be, and the cost of those results. These policies do not address methods, activities, or specific programs. The policies in this section must address results, recipients, and costs. Desired outcomes reflect the continuing work of the Board of Ministry Directors in determining what Trinity will accomplish in the future.

1.5 Recipients

We welcome anyone who desires to be a part of our church family, however, we believe the key area of ministry is approximately within 15 minutes driving distance of Trinity.

1.6 Stewards

The primary responsibility of the Board of Ministry Directors is to represent the Stewards of the congregation at Trinity. Stewards are those who are the Body of Christ in this place who invest dollars, time and emotion with some conscious risk, to enhance and expand the spread of the Gospel in mission and ministry. The Board recognizes that no individual or group is sole steward of Trinity. The primary responsibilities of the Board are listening and reporting to the Stewards.

1.6.1 Listening to the Stewards

- The Board shall listen to the ideas, concerns, and values of the Stewards. The Board will use a variety of appropriate methods (such as mail, e-mail, phone surveys, computer surveys, focus groups, town hall meetings and Board dialog) to seek out the concerns of the Stewards.

Board of Ministry Director's Policy Manual

1.6.2 Reporting to the Stewards

- The Board shall keep the Stewards informed of its progress toward the Strategic Focus.

The Board shall use a variety of methods for this reporting (e.g. annual reports, videos, power point presentations, web page, newsletters, townhall meetings, etc.)

1.7 The Served

The Served are those who utilize and benefit from the ministries offered by Trinity to fulfill its strategic direction and achieve results.

- 1.7.1** The Congregation shall provide the highest quality ministries with honesty, Biblical integrity and sensitivity to the Served.

1.8 Cost of Implementing the Strategic Direction

A line item for the costs of the Board of Ministry Directors shall appear in the annual budget. The amount shall not exceed 3% of the total budget. These costs shall include but not be limited to fiscal audit, legal fees, interviews, surveys, focus groups, training/education for the Board, and fees for consulting services. Costs of these services shall not endanger the capabilities of the congregation to accomplish the strategic direction.

1.9 Strategic Alliances

Strategic Alliances are mutually beneficial relationships with other organizations or individuals built on our strategic direction, which allows all parties to enhance the pursuit of their missions, and maintain operational autonomy. The congregation shall pursue such alliances as appropriate.

2. Board of Ministry Director's Self-Discipline

2.1 BOARD RESPONSIBILITIES

The responsibility of the Board of Ministry Director's is to provide a strong, powerful, spiritual and ethical pursuit of the congregation's Strategic Direction. The Board shall:

- 2.1.1** Guarantee that the Strategic Direction of the congregation is the driving force for all activities and related ministries. Ninety (90) percent of resources spent shall fit within the Strategic Direction.
- 2.1.2** Annually review and update the Strategic Direction.
- 2.1.3** Establish a written Board of Ministry Director's Policy Manual to include:
- Strategic Direction, stating the purposes, effects and acceptable costs of operations.
 - Governing Board Self Discipline, stating the style and rules with respect to the Board's own tasks and processes.
 - Pastor Limitations, statements that regulate activity of Pastor and his staff.

Board of Ministry Director's Policy Manual

- Governing Board and Pastor Partnership, clarifying statements about delegation to and monitoring of ministry implementation.
- 2.1.4 Guarantee the organizational structure of the congregation is well defined and effective. The Board shall ensure that there is a clear distinction between governance (Board) and operation (Pastor) of the congregation and its ministries.
- 2.1.5 Guarantee that the policy and financial decisions are executed in accordance with the Constitution and By-laws of Trinity and its Governing Board Policy Manual.
- 2.1.6 Communicate regularly to the Stewards the pertinent activities of the Board and remain open to communication from the Stewards.
- 2.1.7 Exercise concern for the spiritual, physical, and emotional welfare of the Pastor.
 - Exercise concern for all staff, supporting them with prayer, and upon request of the Pastor, appropriate counsel.
- 2.1.9 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.

2.2 Board Member Responsibilities

- 2.2.1 Board Members shall commit to working together in a relationship defined by the Christian Faith and agreeing to accept counsel accordingly.
- 2.2.2 Board Members shall regularly participate in the worship and faith life of the congregation.
- 2.2.3 Board Members shall undertake personal spiritual disciplines for the development of their own faith lives.
- 2.2.4 Board Members shall be prepared for the Board meeting.
- 2.2.5 Board Members shall attend Board meetings regularly, not missing more than two meetings per year.
 - In the case of a Conflict of Interest, a Board Member may recuse her/himself from the Board session. This is not counted as “missing” a meeting.
 - Should it be necessary to miss a meeting, Members shall contact the Board Chair requesting an excused absence and for dialog before and after the scheduled meeting.
- 2.2.6 Board Members shall work to expand their leadership and abilities and increase their understanding of the mission and ministry of the congregation.
- 2.2.7 Board Members shall actively participate in Board meetings, special briefings, and policy development process.
 - 2.2.7.1 They shall make informed decisions by insisting on complete and accurate Information.
 - 2.2.7.2 They shall show respect for others, their opinions and respect the right of others to disagree.

Board of Ministry Director's Policy Manual

- 2.2.8 Board Members shall support all decisions once they have been fully discussed and approved by the Board.
- 2.2.9 Board Members shall relate to other individuals with integrity, honesty, civility, kindness, and love.
- 2.2.10 Board self-discipline is intended to assist Board Members in maintaining good communication and a full commitment to working together. 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 Chair, Vice Chair and Secretary and, if violations continue, then the entire Board. 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 $\frac{3}{4}$ 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 the Congregational Assembly to remove the member from the Board. This request requires a $\frac{3}{4}$ majority vote of the Board with said member not voting or being counted in determining such majority. In both cases the Chair shall not vote.
- 2.2.10.1 Should the Chair of the Board violate policy, it is the responsibility of the Vice-Chair to initiate such counsel.

2.3 GOVERNANCE PROCESS

2.3.1 Governance Philosophy

The Board shall govern with an emphasis on:

- Spiritual vision rather than internal concerns,
- Encouragement of diversity of viewpoints,
- Strategic leadership more than operational detail,
- Clear distinction of Board and Pastor roles,
- Collective rather than individual decisions,
- Future rather than past or present, and
- Being proactive rather than reactive.

2.3.2 The Board, not the Staff, shall be responsible for excellence in governance.

The Board will not react to staff initiatives but shall be the initiator of governance policies that inspire the congregation and guide its mission and ministry.

2.3.3 The Board 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. However, the Board shall not act without the consent and approval of the Congregational Assembly in any of the following:

Board of Ministry Director's Policy Manual

- Call or remove called workers.
 - Elect or remove Members of the Board.
 - Undertake capital campaigns greater than 5% of the current year's budget.
 - Incur long-term debt.
 - Buy, sell, lease, mortgage or transfer real estate.
 - Excommunicate a member of the congregation.
 - Execute a merger or dissolution of the congregation.
 - Amend the congregation's Constitution or By-Laws.
 - Have the authority to approve the Annual Budget of the Congregation.
- 2.3.4 The Board shall exercise its governing authority as a unified whole. No individual Board Member shall exercise such authority except as instructed by the Board.
- 2.3.5 The Board's Governance 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 environment within which the congregation functions.
- 2.3.5.1 All Board decisions regarding actions of the Pastor shall be done through policy. Any actions taken or contemplated by the Pastor, or any which may be or have been approved through the Pastor, will only be considered in light of the appropriate governance policies. The Board shall rewrite policies when appropriate.
- 2.3.5.1 Any Board Member, Pastor, or Congregational Assembly 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.
- 2.3.6 Fiscal Responsibility
- The Board's fiscal responsibility shall be discharged by:
- 2.3.6.1 Establishing parameters regarding Pastor financial authority, Annual Budget development, and control of assets.
- 2.3.6.2 Monitoring the fiscal soundness of the congregation.
- 2.3.6.3 Presenting to the Congregational Assembly an Annual Budget for ratification as set forth in the By-Laws of the Congregation. The budget shall be approved or disapproved in its entirety.
- 2.3.6.4 Establishing compensation for the Senior Pastor and guidelines for compensation for other paid staff.
- 2.3.6.5 Systematically monitoring compliance with these policies on a quarterly basis.
- 2.3.6.6 Appointing a financial auditor, and receiving, reviewing, and accepting the report of the financial audit or review. The definitive version of these reports shall be given directly to the Board Chair. The Board Chair shall share a summation of the report with the Congregation within 30 days of receipt.

2.4 Calling of the Pastor

2.4.1 In the case of a Pastoral vacancy, the Board shall appoint a Call Committee.

The Committee shall consist of the Vice-Chair, two other non-officer members of the Board and two-seven members at large from the congregation. The Board shall Elect, by simple majority, the members of the Call Committee. The Vice-Chair of the Board shall be the chairman of the Call Committee. The Call Committee shall accomplish the following:

- Establish the criteria for the position with special attention to the leadership needs under the Governing Board Policy Manual.
- Seek assistance from the President of the District.
- Call for nominations from the congregation.
- Establish an interview and evaluation process which includes telephone interviewing, personal interviews, and any other appropriate means.
- Provide a list of recommended, qualified candidates to the Board.
- Establish and facilitate the interview process for the list of candidates approved by the Board.
- Present to the Board a summary of the interviews of each candidate.
- Assist the Board in bringing the recommendations of the Board to the congregation in accordance with the By-Law Article 4.
- Be open to Pastoral Leadership Institute (PLI) enrollees/graduates.

2.4.2 In the case of a vacancy in the office of Pastor, either by resignation or other reason, the Board may appoint an Interim Pastor. Any limitations on an Interim Pastor not specified in this document shall be communicated to the Interim 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 Pastor have an impact on the Individuals' eligibility for consideration as the fulltime Pastor, this must also be shared.

2.5 CALLING OF OTHER CHURCH WORKERS

2.5.1 In the case where the Pastor recommends, and the Board agrees there is a vacancy in the office of a called worker, and where the annual budget allows, the Board shall appoint a Call Committee. The Committee shall consist of the Vice-Chair, two other non-officer members of the Board, two-seven members at large from the congregation and the Pastor. The Vice-Chair shall be the Chairman of the Call Committee. The Call Committee shall establish the criteria for the position and the call process.

- Establish the criteria for the position with special attention to the leadership needs under the Governing Board Policy Manual.
- Seek assistance from the President of the District.
- Call for nominations from the congregation.
- Establish an interview and evaluation process which includes telephone interviewing, personal interviews, and any other appropriate means.
- Provide a list of recommended, qualified candidates to the Board.

- Establish and facilitate the interview process for the list of candidates approved by the Board.
- Present to the Board a summary of the interviews of each candidate.
- Assist the Board in bringing the recommendations of the Board to the congregation in accordance with the By-Law Article 4.
- Be open to Pastoral Leadership Institute (PLI) enrollees/graduates.

2.6 ELECTION OF GOVERNING BOARD MEMBERS

2.6.1 Board Membership

The number of Board members shall not exceed seven (7). Board members shall be elected on a rotation basis with approximately one third of the Board being elected each year. The Pastor shall serve as an ex officio member, without vote, on the Board.

2.6.2 Nominating Committee

- A Nominating Committee, consisting of the Vice-Chair and one other Board member appointed by the Board and two members-at-large appointed by the Congregational Assembly shall be chartered each year at a special meeting in October. The Pastor shall serve as an ex officio member, without vote, on this committee.
- The Nominating Committee shall be chaired by the Vice-Chair of the Board.
- The Nominating Committee shall solicit and receive the names of prospective candidates from the Board or any member of the Congregation.
- Anyone who chooses to nominate an individual must acquire that person's permission to be nominated and must submit that person's resume to the Nominating Committee.
- The Nominating Committee shall develop a recommended slate of qualified candidates to fill the upcoming vacancies. The Nominating Committee will present the final slate to the congregation no less than thirteen days (13) prior to the regular meeting scheduled in December.

2.6.3 Qualifications and other Considerations

- Meet the requirements of Board membership as stipulated in the Constitution and By-Laws.
- Regularly participate in the worship, which includes an active life of Word and Sacrament 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 Stewards of Trinity.
- Are willing and able to support the Core Values of Trinity.
- Are willing and able to accept the responsibilities of Board membership as delineated. in Policy Section 2.2.
- Have a growing Biblical stewardship life in time, ability, and dollars at Trinity.

2.6.3.1 In preparing the slate, the Nominating Committee shall also guarantee that:

- No spouse of the Ministry Staff members may serve on the Board at the same time.
- No member of the immediate family of staff may serve on the Board. Immediate family shall include parents, children, siblings, aunts/uncles, nieces/nephews, or in-laws of the same, and grandparents, at the same time.

2.6.3.2 The Nominating Committee shall take into consideration diversity issues in determining its recommended slate.

2.6.3.3 The Nominating Committee shall take into consideration the current composition of the Board in determining its recommended slate.

2.6.4 Election

2.6.4.1 Election of Board members shall take place each year at the regular meeting of the Congregational Assembly in December.

2.6.4.2 When presenting the slate to the Congregation, the Nominating Committee shall include:

- The criteria used to qualify nominees.
- Information regarding each nominee which addresses the qualifying criteria.
- Guidelines for offering further nominees for consideration.
- Procedures for the election process.

2.6.4.3 The nominating Committee shall present a slate that includes at least one qualified candidate for each position to be filled. A final slate must be submitted by the Committee no less than 13 days prior to the elections.

2.6.4.4 The Congregation Assembly shall elect only Board members who have been deemed qualified by the Nominating Committee. No nominations shall be accepted from the floor.

2.6.5 Terms of Service

2.6.5.1 The term of service for a Board Member shall be three years.

2.6.5.2 Board Members may not serve more than two consecutive elected terms.

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

2.6.6 Vacancies

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

2.6.7 Leadership Development

2.6.7.1 The Board has a responsibility to develop the servant Stewards of the Congregation in order to ensure successful and sustained leadership in the years to come. The Board should invest significant energy in leadership development, so that the people who replace current members bring competency to the Board. It is an ongoing process and should not be postponed until the annual election process.

2.7 ON GOING BOARD TRAINING AND SELF-REVIEW

2.7.1 Board skills, methods, and support must be adequate to ensure quality Governance by the Board. To that end, the Board shall provide:

2.7.1.1 Training and orientation for all new and current Board Members and candidates for membership, as well as to maintain and increase existing member's skills and understandings.

2.7.2 The annual self-review of the Board shall include the following:

- The Board's openness and communication with the Pastor.
- The Board's communication with the congregation.
- The Board's ability and skill in developing and monitoring policy.
- The Board's corporate and individual adherence to Board responsibilities and Board Member responsibilities.
- The Board's openness and communication among its Stewards.
- The Board's adherence to its Governing Philosophy.
- The Board's adherence to all Governance Policies.

2.7.3 The Board shall create its own self-review process and shall include evaluation at each regular meeting.

2.8 OFFICERS OF THE BOARD

2.8.1 Officers of the Board shall be a Chair, Vice-Chair, and Secretary and these shall be the officers and official signatories of Trinity.

2.8.2 The Board shall elect its own officers at the first regular meeting of the new Board.

2.8.2.1 An individual cannot be eligible to serve as the Chair during their initial year of Board service and may not serve for more than two consecutive years.

2.8.2.2 CHAIR

The Chair shall:

- Lead the Pastoral Support Committee of the Board.
- Ensure the integrity of the Board's process.

- Work with the Vice-Chair and Pastor to establish the agenda for all meetings of the Board and Congregational Assembly.
- Initiate counsel with any Member of the Board who violates policy.
- Preside at all meetings of the Congregational Assembly.
- Designate a Board Member to serve as Parliamentarian for the Board meetings and Congregational Assemblies. Board Member will be thoroughly familiar with the Congregations Constitution and By-Laws and serve as the primary resource to the Board and Congregation Assembly for questions concerning the same.
- Preside at all meetings of the Board. The Chair will ensure that:
 - Meeting discussion content will be on those issues that according to Board policy, are the responsibility of the Board to decide or to monitor.
 - Information that is for neither monitoring performance nor Board decisions will be avoided.
 - Deliberation will be fair, open, and thorough, but also timely, orderly and to the point.

2.8.2.3 VICE – CHAIR

The Vice – Chair shall:

- Preside at all meetings of the Board and Congregational Assembly when the Chair is absent or when requested to do so by the Board Chair.
- Serve as Chair of the Nominating Committee.
- When a Call Committee is necessary, the Vice – Chair shall serve as Chair of that Committee.
- Initiate counsel with the Chair of the Board should the Chair violate policy.

2.8.2.4 SECRETARY

The Secretary shall:

- Maintain the minutes of all meetings of the Governing Board and Congregational Assembly and cause copies of all such approved minutes to be kept on file in the church office for Congregational review.
- Minutes shall not be taken verbatim but shall reflect all pertinent information to understand business conducted while still maintaining confidentiality.
- Conduct all official correspondence of the Governing Board and the Congregational Assembly.
- Minutes from a Congregational Town Hall Meeting are not required.

2.9 COMMITTEES OF THE BOARD

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

- 2.9.1 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.

Board of Ministry Director's Policy Manual

2.9.2 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 Pastor.

2.9.3 Pastoral Support Committee

- The Chair shall appoint two members from the Board and one member-at-large, appointed by simple majority vote of the Board, and shall help and assist the Pastor in both his professional and personal life.
- The PSC shall consistently advise the Pastor of his performance, shall conduct the Pastor's annual performance appraisal and report to the Board when it has been completed seeking the Board's reaction and approval.
- Meet with the Pastor prior to the beginning of each budget year to offer counsel and affirm the Pastor's intended Ministry plan for the next year, his intentions for personal/professional growth and his plan for supervision of the fulltime staff.
- The Ministry plan shall be the basis for the Pastor's annual performance appraisal as well as an evaluation of the Pastor's supervision of staff and his personal and professional development.
- If the Pastor's performance appraisal is less than acceptable, the PSC shall counsel the Pastor and assist him in establishing a plan to enhance his performance.

2.10 RESPONSIBILITIES TO THE STEWARDS OF THE CONGREGATION

The Board's responsibilities to the Stewards are to:

2.10.1 Conduct Congregational Assemblies.

2.10.2 Seek input annually on the appropriateness of the Strategic Focus Policies.

2.10.3 Report to the Stewards the degree of success in meeting the Strategic Focus of the Congregation.

2.10.4 Identify and establish relationships with groups, ministries and missions that have the potential to have a felt ownership in the congregation.

2.11 DIALOGUE WITH STEWARDS

The primary responsibility of the Board is to represent the Stewards of the congregation. This is done through the development of the Strategic Focus for the congregation. It is the Board's Responsibility to actively identify segments of people that have felt ownership of the Congregation and ask for input on the Strategic Focus. To fulfill this obligation:

2.11.1 The Board will identify the congregation's key Stewards segments.

2.11.2 The Board will include Dialogue Session with Stewards segment representatives at each of its meetings.

2.11.3 The dialogue will center around the three central questions:

- Who are the Targeted Served of the congregation?
- What are the goals for these Targeted Served?
- What should be the cost for these goals?

2.12 BOARD CALENDAR, AGENDA AND MEETING SCHEDULE

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

2.12.2 The Board agenda shall work in tandem with the calendar. Additional items may be added as needed.

2.12.2.1 The Board shall plan to meet approximately 10 times per year, with meeting dates published two weeks in advance. The Chair shall call all special meetings. See rules for special meetings in Appendix B. Agendas for regular meetings should include the following:

- Introduction
- Faith Exploration
- Member question/comment period
- Board Comments
- Minutes Approval
- Agenda Approval
- Board Education
- Board Business
- Monitoring
- Committee Reports
- Management Reports
- Policy Review and Revision
- Other Board Actions
- Self-Evaluation
- Adjournment

2.12.3 Only members of the Board, the Pastor and presenters shall be seated at the Board table.

2.12.4 Only those non-members of the Board recognized by the Chair shall have speaking privileges.

2.12.5 Board meetings shall include time for Board Education to increase the Board's competence for carrying out its responsibilities.

2.13 CONFLICT OF INTEREST

To develop an unbiased view and reach objective decisions, Board members have an obligation to identify all conflicts of interest and have the Board resolve unacceptable conflicts of interest.

2.14 COST OF GOVERNANCE

Budget

2.14.1 At the Board meeting prior to the Senior Pastor completing the annual budget, the Board shall provide to the Pastor an annual budget request for the Board's activities.

3. Pastor Limitations

These are constraints placed on the Pastor's efforts to achieve the Outcome Policies. The Primary-Limitation is further defined by the sections that follow. Each section is further limited by all other sections. Unless restricted in the Pastor Limitation Policies, all actions are acceptable.

3.1 PRIMARY-LIMITATION

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

3.2 COMMUNICATION AND SUPPORT TO THE BOARD

3.2.1 The Pastor shall not permit the Board to be unsupported in its work.

3.2.2 The Pastor shall not fail to provide written reports for all monitoring data at least one week prior to the scheduled Board meetings.

3.2.3 The Pastor will not allow the Board to be uninformed of:

- Relevant trends
- Anticipated adverse media coverage.
- Hiring and promotion of staff.
- Death or serious illness of staff.
- Demotion, suspension, or firing of staff (within 24 hours of such action).
- Crises affecting the work, health, or safety of staff.
- Lawsuits against the congregation.
- Changes in the assumptions on which any Board policy has been established.
- Synodical or District directions and recommendations.
- Conditions that have a negative impact on major ministry programs of the congregation (e.g., school, worship).

3.2.4 The Pastor shall not fail to provide the Board with additional information and ideas the Board desires to make informed governance decisions.

3.3 FINANCIAL

3.3.1 The Pastor shall not cause or allow a financial plan (Budget) which:

- Alters the annual budget approved by the Board.
- Is built on anything other than an Annual Operating Plan and Ministry Plan that moves the congregation forward regarding its Strategic Direction.
- 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.
- Plans the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period.

Board of Ministry Director's Policy Manual

- Allows an unsound financial condition that jeopardizes the achievement of the Strategic Direction.
 - Allows cash and contingency funds to drop below a safety reserve of less than 5% of the current assets at any time. (Current assets are those assets that can be easily converted to cash or used in place of cash within one year).
- 3.3.2 The Pastor shall not allow the use of any planned giving receipts that deviates from the written Planned Giving Guidelines.
- 3.3.3 The 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.
- 3.3.4 The Pastor shall not borrow funds for working capital in any amount without prior Board approval.
- 3.3.5 The Pastor will not allow the handling of cash with the congregation that does not comply with written guidelines detailing such activity.
- 3.3.6 The Pastor may allow for disbursement of checks with one (1) signature.
- 3.3.7 The Pastor shall not allow any expenditure exceeding \$5,000 in whole or in part without prior approval of the Board.
- 3.3.8 The Pastor shall not allow expenditures that exceed by more than 10% the amount budgeted for any Budget line item without the pre-approval by the Board, unless the expenses are beyond the control of the Pastor (e.g., utility bills, etc.)
- 3.3.9 The Pastor shall not allow the investment of any financial assets that deviates from the written Investment Policy. (See Appendix A.)
- 3.3.10 The Pastor shall not carry out his responsibilities for financial oversight without a Financial Advisory Team that shall provide insight to the fiscal stability of the congregation.
- 3.3.10.1 The Financial Advisory Team shall
- Consist of three to four members, one of whom shall be appointed by the Board Chair and who shall be a member of the Board and the remaining members shall be selected by the Pastor who may or may not be members of the Board but who have expertise and experience in finance.
 - Meet no less than quarterly or at the call of the Pastor and shall be chaired by the Pastor.
 - Be an advisory team to the Pastor and shall not be a decision-making body nor shall they have any authority over the Pastor.
 - Be thoroughly familiar with the policies governing the Pastor's responsibilities regarding financial matters and be proactive in raising up related concerns that may not be raised by the Pastor.
 - Share their reactions to financial reports through the Pastor but never shall their judgement substitute for the judgement of the entire Board.

3.4 ASSET PROTECTION

- 3.4.1 The 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 congregations.
- 3.4.2 The Pastor shall not subject the buildings, grounds, and equipment to improper wear and tear or insufficient maintenance.
- 3.4.3 The Pastor shall not unnecessarily expose the congregation, its Board, or staff to claims of liability.
- 3.4.4 The Pastor shall not fail to protect intellectual property, information, and files from loss or severe damage.
- 3.4.5 The Pastor shall not receive, possess or distribute funds under controls that are insufficient to meet the Board appointed auditor's standards.
- 3.4.6 The Pastor shall not invest or hold 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 operation transactions.
- 3.4.7 The Pastor shall not endanger the congregation's public image or credibility, particularly in ways that would hinder its accomplishment of its mission.

3.5 MINISTRY PLANNING

- 3.5.1 The Pastor shall not allow programs and other services that do not contribute to the achievement of the Strategic Direction established by the Board.
- 3.5.2 The Pastor shall not fail to develop and present to the Board an Annual Operating Plan (See Appendix C) that aligns with the Strategic Direction.
 - The Pastor shall not develop an annual budget without first establishing an Annual Operating Plan. (The Annual Operating Plan & Budget sets forth the focus of efforts and organizational commitments for the current fiscal year.)
- 3.5.3 The Pastor shall not fail to develop and present to the Board a 12 to 18 month Ministry Plan (See Appendix C) that aligns with the Strategic Direction and is updated Semi-annually.

3.6 MINISTRY PROGRAM

- 3.6.1 The Pastor shall not allow programs and other services that do not contribute to the achievement of the congregation's Strategic Direction (i.e., have a neutral or negative effect on the accomplishment of the Strategic Direction).

3.7 CRISIS MANAGEMENT PLAN (See Appendix C)

- 3.7.1 The Pastor shall not allow the congregation to operate without a detailed written Crisis Management Plan, and shall not fail to inform all individuals of their responsibilities within that plan. The Crisis Management Plan shall include but not limited to the following:

Board of Ministry Director's Policy Manual

- Short-Term succession of the Pastor.
- Lockdown of the facilities.
- Natural Disasters.
- Medical Emergencies.
- Thefts/vandalism.
- Crisis Notification.

3.8 MINISTRY TEAMS

- 3.8.1` The Pastor shall not fail to encourage the Staff (paid or unpaid) to operate their ministries with the benefit of Ministry Teams which support them in carrying out some specific ministry activity. The team will consist of individuals appointed by the Staff member or who may volunteer.

3.9 HUMAN RESOURCES

- 3.9.1 The Pastor shall not fail to recruit and work with a Human Resources Advisory Team. It will consist of three to four members, one of whom shall be appointed by the Board Chair and who shall be a member of the Board and the remaining members shall be selected by the Pastor who may or may not be members of the Board but who have expertise and experience in Human Resources.

The Human Resources Advisory Team shall assist the Pastor in establishing clear personnel policies which shall:

- Be part of an Operational Policy Manual (See Appendix C)
 - Be in full compliance with local, state, or federal law in the ethical treatment of employees.
 - Include an effective, written Conflict of Interest Policy for the staff.
 - Not impair the dignity, safety, and right to ethical job-related dissent of employees. Grievances by employees shall receive fair, internal hearing through procedural safeguards.
- 3.9.2 The Pastor shall not fail to establish policies regarding hiring, promoting, demoting, and terminating staff members.
- The Pastor must receive approval from the Board and ultimately from the Congregational Assembly for these actions regarding the Called Staff members.
- 3.9.3 The Pastor shall not fail to establish position descriptions that accurately reflect the responsibilities and tasks assigned to the position.
- 3.9.4 The Pastor shall not fail to ensure annual written staff performance appraisals and the sharing of the results with the appropriate staff member and the Board.
- 3.9.5 The Pastor shall not fail to establish an approach for the supervision of the staff, which may include the following:
- The number of hours of supervision per staff member.

3.9.6 The Pastor shall not fail to acquaint staff with their rights under the Operational Policy Manual.

3.10 COMPENSATION

3.10.1 The Pastor shall not allow compensation that does not fall within the ranges as identified in the Operational Policy Manual.

- The Pastor shall not establish compensation and benefits that are inconsistent among staff members, ensuring that compensation and benefits are reflective of each staff member's responsibilities and performance.
- The Pastor shall not, without justification, allow compensation that deviates materially from the geographic or professional market skills for the called or employed workers.

3.10.2 The Pastor shall not allow salary increases to be based on anything other than merit, as justified in the performance review and by available resources.

3.11 STRATEGIC ALLIANCES

3.11.1 The Pastor shall not fail to explore and, as appropriate, establish strategic alliances out of Trinity.

3.12 GIFTS AND BEQUESTS

3.12.1 The Pastor shall not allow the congregation to operate without a plan to promote and receive gifts and bequests for the congregation.

3.12.2 The Pastor shall not permit the congregation to accept gifts and bequests that run counter to the congregation's core values and policies and that have a neutral or negative effect on the Strategic Direction or that violate the Congregation's 501-c3 not-for-profit status.

3.12.3 The Pastor shall not allow the congregation to accept gifts and bequests that are too restrictive.

4. Board/Pastor Partnership

4.1 ACTIONS REQUIRING BOARD APPROVAL

- Election of Officers of the Board.
- Selection of the auditor or reviewer and oversight of the audit review process.
- Receipt and review of financial audits or reviews.
- Appointment of legal counsel.
- Sale of Assets, excluding real estate.
- Affirmation of the Annual Budget.
- Change in the membership of any committee of the Board at any time and filling vacancies.
- The discharge of any committee of the Board.

4.2 BOARD FUNCTION

- 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 not delegate responsibility for operation decisions to anyone other than the Pastor. Any other subordinate employee/position or entity operating with the authority of the congregation shall receive that authority from the Pastor or a person assigned such authority by the Pastor.
- 4.2.2.1 The Board shall relate to all other staff members officially only through the Pastor.
- 4.2.2.2 Members of the Board shall be prudent in their contact with staff and shall keep the Pastor informed about any contact regarding significant operational issues.
- 4.2.2.3 The Board shall address only policies of governance leaving operational policies to the discretion of the Pastor. The Pastor, using any reasonable interpretation of the Board's Strategic Direction and Pastor Parameters, may develop operation guidelines, rules or procedures and may make decisions in any way the Pastor deems appropriate as long as governance policies adopted by the Board are observed.
- 4.2.2.4 The authority of the Pastor shall begin where the explicit pronouncements of the Board ends. Except as required by governance policies or by law, decisions of the Pastor do not need approval by the Board.

4.3 PASTOR FUNCTION

The Pastor shall:

- 4.3.1 Be empowered to take all necessary operational actions that are deemed necessary to attain results except:
- Actions which are not in accordance with the Trinity Strategic Direction.
 - Violation of law, applicable regulations, orders of courts or commonly accepted business and professional ethics.
 - Violation of Trinity's Constitution and By-Laws or the Board Policy Manual.
- 4.3.2 Not fail to develop an Operational Policy Manual (See Appendix C) that is reviewed annually by the Board and is consistent with governance policies adopted by the Board and which does not fail to include but not limited to the following:
- A detailed description of the role and function of the Advisory Teams.
 - Detailed Monetary Management Policies including investment policies, cash handling guidelines, and appropriate planned giving guidelines.
 - Detailed human resources and personnel policies.
 - Appropriate compensation guidelines for all personnel.

4.4 PASTOR ACCOUNTABILITY

- 4.4.1 The Pastor shall be accountable to the Board for:

Board of Ministry Director's Policy Manual

- Achievement of the Congregation's Strategic Direction established by the Board.
- Compliance of personal and staff actions with all Pastor parameters.
- Provision of adequate counsel to the Board regarding cultural, legal, theological, and Synodical matters.
- Relating with integrity, honesty, and straightforwardness to the Board.

4.4.2 The Board will evaluate the Pastor's performance based on the accomplishment of his Ministry Plan and an Annual Operating Plan that adheres to the Strategic Direction of Trinity while staying with the Pastor Parameters.

4.5 EXCEEDING PASTOR LIMITATION POLICIES

From time to time, Pastor Limitation Policies may be exceeded. When this happens, the Board will take appropriate action. The Pastor is to take initiative and responsibility to monitor, Inform and correct, as well as develop preventative systems for, exceeding limitations.

- 4.5.1 The Pastor shall give an immediate notice to the Chair of the Board once a Pastor limitation has been recognized to have been exceeded.
- 4.5.2 If the Pastor Limitation has been exceeded for an excessive period of time and has gone unnoticed, the Pastor will develop a better monitoring system.
- 4.5.3 If the exceeded Pastor Limitation is immediately correctable, the Pastor shall take the necessary action within policies and report the results to the Board.
 - If the exceeded Pastor Limitation is not immediately correctable, the Pastor shall establish and implement corrective actions, reporting them and gaining approval of a deadline for complete correction from the Board.
 - The Pastor shall continue to report in a timely fashion on the actions taken and their results until the exceeded Pastor Limitation is corrected.
 - The 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.
- 4.5.4 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.
- 4.5.5 The Pastor shall develop or improve processes to avoid recurrence of any exceeding of Pastor Limitations.
- 4.5.6 After repeated recurrences of exceeding Pastor Limitations, the Chair will conduct:
 - (1) a performance evaluation of the Pastor and (2) a discussion with the full Board about the Pastor's performance.

4.6 MEANS OF MONITORING

The Board shall employ these avenues of monitoring:

- 4.6.1 The Pastor shall provide the Board with periodic statements and overviews which provide information and counsel on programs, trends, and developments that may affect the Board's work and which report on the Pastor's compliance with the Board's governance policies.

Board of Ministry Director's Policy Manual

- The Pastor shall report yearly on the economic, sociological, theological, synodical, legal, and political conditions and trends in the congregation's communities.
- The Pastor shall report at least quarterly on the activities, plans and Strategic Direction of the congregation.

4.6.2 The Board will utilize reports submitted by the Pastor to monitor adherence to Governance policies, which shall not fail to include:

- Annual Budget.
- Monthly financial review.
- Annual Operating Plan.
- An annual report of the congregation including baptized members, confirmed members, inactive members, developing trends in age, gender, community demographics and other pertinent areas.
- An annual review of the current Operational Policy Manual and/or revisions as they occur.

APPENDIX A

Investment Policy

The Board of Ministry Directors commits itself to the proper stewardship of Trinity Lutheran's financial assets.

Investment Policy Considerations

- The Investment Policy shall serve to guide the temporary investment of financial assets for Trinity Lutheran Church. It shall entail consideration of the safety and soundness of principal, and liquidity. The rate of return is considered to be a secondary objective.

Oversight Committee

- The Board shall serve as the oversight committee for the Investment Policy. The Business Manager shall be responsible for the implementation of the policy, and shall perform any necessary due diligence to ascertain investment suitability. The Business Manager shall also be responsible for executing the investment transactions and reporting such transactions.

Investment Management

- The Pastor shall be the only staff member authorized to open/close/renew bank accounts for the purpose of investing funds of Trinity Lutheran Church.

Acceptable Investments

- The following invest mediums shall be considered as acceptable:
 - (a) -Federally insured financial institutions
 - (b) -Registered Mutual Funds
 - (c) -US Government Securities
 - (d) -Lutheran Church Extension Fund

Investment Suitability Criteria

- Federally insured financial institutions
 1. No amount greater than the maximum FDIC coverage amount shall be invested in any single US Domestic financial institution.
 2. Investments in time deposits shall not have a maturity that exceeds 366 days.
- Registered Mutual Funds
 1. Investment in mutual funds shall be limited to Money Market Funds that invest solely in US Government Securities (backed by the full faith and credit of the US Government).
- US Government Securities
 1. Treasury notes of bills issued by the US Government or Agencies thereof and Corporate notes/backed by the full faith and credit of the US Government.
 2. The maturity of such instruments shall not exceed a maturity in excess of 366 days.

Board of Ministry Director's Policy Manual

- Lutheran Church Extension Fund
 1. The following LCEF investment products may be utilized
 2. Steward account
 3. Fixed rate notes with a term not to exceed 1 year
 4. Growth Certificate with a term not to exceed 1 year
- Huntley area Banks
 1. Federally insured certificates of deposits with a term not to exceed 1 year or savings accounts.

Prohibited Investments

- Common or preferred stocks
- Corporate notes/bonds/convertible securities
- Loans or asset backed securities
- Tax exempt or local government entity securities
- Commodity Contracts
- Futures or derivative securities
- Any other investment that does not meet prudent safety/soundness/liquidity objectives

Policy Exceptions

- Any exception to this policy requires the prior approval from the Board of Ministry Directors.

Conflict of Interest

- Any investment activity with a company or institution that employs a member of the Board is prohibited unless the noted conflict of interest is approved by the Board.

Reporting Requirements

- When requested by the Board, the Business Manager shall provide the following information relative to any existing or proposed investment:
 1. Name of the investment medium
 2. Type of investment
 3. Description of the due diligence performed
 4. Historical rate of return

APPENDIX B

Special Meetings

A special meeting is a separate meeting of the Board of Ministry Directors held at a different day or time from any regular meeting and convened only to consider one or more business items specified in the call of the meeting. The purpose for a special meeting is to deal with matters that may arise between regular meetings that require immediate attention by the board before the next regular meeting, or to dedicate an entire meeting to one or more particular concerns. A special meeting request initiated by the Pastor and/or a Board Member requires the Chair to schedule the date, time and agenda. The publication of a special meeting date shall appear as far in advance as possible, but no less than 24 hours in advance.

The Board can transact business only in a regular or properly called special meeting in which every board member has received notification via e-mail, text or phone call and at which a quorum is present. Four members of the Board of Ministry Directors shall constitute a quorum for conducting business. Decisions of the Board will be made by a simple majority, except in the case of removal of a Board Member which shall require a three-fourths (3/4) majority vote of the Board. The presiding chair shall not vote except in case of tie votes.

APPENDIX C

Annual Operating Plan, Crisis Management Plan, Operational Policy Manual, Ministry Plan

An Annual Operating Plan is a practical document which outlines the activities and targets Trinity will undertake during the next 12 to 18 months. The Annual Operating Plan should, clearly and in detail, define how you allocate human, physical and financial resources to reach short-term objectives that support Trinity's larger Ministry goal. Examples of operational aspects of Trinity may include:

- Maintaining the Operational Policy Manual and Crisis Management Plan
- Changing staff or staffing duties
- Maintenance or infrastructure projects

A Crisis Management Plan outlines how Trinity will react if a crisis occurs. The plan should identify who will act and what their roles will be. The goal of a Crisis Management Plan is to minimize damage and restore operations as quickly as possible. The Pastor shall not allow the congregation to operate without a detailed written Plan and shall not fail to inform all individuals of their responsibilities with that plan. The Crisis Management plan may include but is not limited to the following:

- Short-Term succession of the Pastor
- Lockdown of the facilities
- Natural disasters
- Medical emergencies
- Thefts/vandalism
- Crisis notification

An Operational Policy Manual is a collection of documents that define Trinity's rules, policies, and procedures, and assists Pastor and staff to efficiently operate the Church. The Operational Policy Manual creates comprehensive employment policies that are customized to Trinity's needs. The Operational Policy Manual is reviewed annually by the Board and is consistent with governance policies adopted by the Board and which may include but is not limited to the following:

- A detailed description of the role and function of the Advisory Teams
- Detailed Monetary Management policies including investment policies, cash handling guidelines and appropriate planned giving guidelines
- Detailed human resources and personnel policies
- Appropriate compensation guidelines for all personnel

Ministry Plan: The Pastor shall not fail to develop and present to the Board a 12–18-month Ministry plan that aligns with the Strategic Direction and is updated semi-annually. A Ministry Plan is the process of the day-to-day work to execute your mission. The plan is also about identifying future

Board of Ministry Director's Policy Manual

Ministry needs and how to prepare for them. The Ministry Plan may include, but is not limited to the following:

- Church services
- Youth programs
- Outreach and in reach programs
- Evangelism
- Growing Church attendance
- Bible Study and small group programs
- Development of Advisory Teams