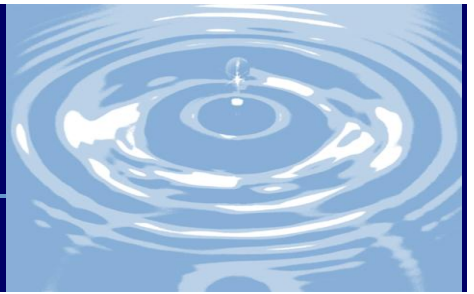


Living Faith Lutheran Church

Clive, Iowa



Governance Document

Version 1.2

Adopted January 15, 2010

1. Senior Pastor Limitations

Senior Pastor Limitation Policies communicate what behaviors, methods, and practices are acceptable and unacceptable for the Senior Pastor and his staff. Unless restricted by the Policies, all other reasonable actions are considered acceptable. These Policies are addressed to the Senior Pastor and he is held accountable that all staff actions are in compliance with these policies.

1.2. Primary

- 1.2.1. The Senior Pastor shall not act in a manner that is unethical, imprudent, illegal or inconsistent with the Constitution, By-Laws and Policies of the Congregation.

1.3. Financial

- 1.3.1. The Senior Pastor shall not operate under a fiscal year budget which:
 - 1.3.1.1. Jeopardizes the achievement of Living Faith Lutheran Church's Mission and Vision.
 - 1.3.1.2. Has not been approved by the Council and the Congregation.
 - 1.3.1.3. Is built on unsound assumptions about financial conditions. Financial conditions are defined as projected earnings/contributions, operating costs, other income/expense, and transfer(s) from investment income.
 - 1.3.1.4. Has not been reviewed and adjusted as appropriate when there has been a change to one or more of the assumptions of financial conditions during the course of the fiscal year. This includes non-designated contributions and/or budgeted expenses varying by 10% or more for two consecutive months.
- 1.3.2. The Senior Pastor shall not fail to receive Council approval for the fiscal year budget by 30 days prior to the start of the fiscal year.
- 1.3.3. The Senior Pastor shall not fail to meet the fiscal year budget as adjusted per section 1.3.1.4 due to changes in financial conditions.
- 1.3.4. The Senior Pastor shall not allow any major category (i.e. Admin, Elders, Finance, Worship, Spiritual Growth, Trustees, Little Friends, etc) of the budget to be overspent by more than 5% without prior approval of the Council.
- 1.3.5. The Senior Pastor shall not fail to report financial position and activities of Living Faith Lutheran Church to the Council when requested, but not less than quarterly.
- 1.3.6. The Senior Pastor shall not allow the borrowing of funds with a term greater than 60 days without the prior approval of the Council. The Council is further limited by the Living Faith Lutheran Church Constitution, and may not borrow funds in excess of 10% of the annual operating budget without the authorization of the Congregation.
- 1.3.7. The Senior Pastor shall not allow the receipt or use of any gift(s) which deviates from the written Gift Acceptance Policy (to be developed).
- 1.3.8. The Senior Pastor shall not allow the investment of any financial assets that deviates from the written Financial Control Policy (to be developed).
- 1.3.9. The Senior Pastor shall not allow the handling of cash within the congregation that does not comply with the written Financial Control Policy (to be developed).

1.4. Ministry and Worship

- 1.4.1. The Senior Pastor shall not allow any ministry to be carried out without regularly seeking advice and counsel from Living Faith Lutheran Church members and utilizing their God given gifts.

1.4.2. The Senior Pastor shall not fail to regularly seek advice and counsel from the Elders on the spiritual direction and welfare of the congregation.

1.4.3. The Senior Pastor shall not cause or allow worship which:

1.4.3.1. Fails to meet the Confessional Standard of Living Faith Lutheran Church.

1.4.3.2. Fails to be relevant in today's society.

1.4.3.3. Fails to involve the Elders in significant decisions such as but not limited to worship style, location, and time.

1.5. Planning

1.5.1. The Senior Pastor shall not fail to create an Operational Plan to achieve the Mission and Vision of Living Faith Lutheran Church. The Operational Plan shall not fail to contain:

1.5.1.1. Plans for ministries, staffing, finances, communications, and facilities.

1.5.1.2. Appropriate goals and action plans for the staff.

1.5.1.3. Plans to discontinue existing programs and services not aligned with the stated Mission and Vision of Living Faith Lutheran Church.

1.5.2. The Senior Pastor shall not fail to utilize the God given gifts of congregation members in the development of the Operational Plan.

1.5.3. The Senior Pastor shall not allow new programs or other services that do not contribute to the achievement of the Mission and Vision of Living Faith Lutheran Church.

1.5.4. The Senior Pastor shall not fail to present the Operational Plan for approval by Council prior to the start of the fiscal year.

1.6. Communication

1.6.1. The Senior Pastor shall not permit the Council to be uninformed or unsupported in its work.

1.6.2. The Senior Pastor shall not allow the Council to be unaware of:

1.6.2.1. Relevant trends.

1.6.2.2. Anticipated adverse media coverage.

1.6.2.3. Death or serious illness of staff.

1.6.2.4. Crises affecting the work, health or safety of staff (except in instances where confidentiality applies).

1.6.2.5. Lawsuits against the congregation.

1.6.2.6. Changes in facts or assumptions upon which any policy has been based.

1.7. Personnel

1.7.1. The Senior Pastor shall not allow an organizational structure that has a neutral or negative effect on the Mission and Vision of the congregation.

1.7.2. Staffing: the Senior Pastor shall not allow:

1.7.2.1. Positions to exist that do not have adequate resources allocated for a qualified person assigned the position to succeed.

1.7.2.2. Positions (or ministries) to be undefined or position descriptions that inaccurately reflect the responsibility and tasks assigned to the position.

1.7.2.3. The hiring, promotion, demotion, or termination of staff prior to notifying the Council.

1.7.2.4. The addition or removal of ministry position(s) prior to notifying the Council.

1.7.2.5. Salary increases to be based on anything other than merit, as justified by a performance evaluation.

1.7.3. Staff Evaluation: the Senior Pastor shall not fail to:

1.7.3.1. Ensure that all his direct reports receive an annual performance evaluation by the Senior Pastor that has been approved by the Council.

- 1.7.3.2. Ensure all staff members receive an annual performance evaluation from their direct supervisor approved by the supervisor's supervisor.
- 1.7.3.3. Ensure the staff is aware of the process being used to evaluate their performance.
- 1.7.4. The Senior Pastor shall not allow Living Faith Lutheran Church to operate without effective, established Personnel Policies. Personnel Policies shall not:
 - 1.7.4.1. Deviate from local, state or federal laws or regulations in the ethical treatment of employees.
 - 1.7.4.2. Impair the dignity, safety, and right to ethical job-related dissent of employees. Grievances by employees shall receive fair, internal hearing through procedural safeguards.

1.8. Facilities

- 1.8.1. The Senior Pastor shall not allow any structural or material change to the Church facilities or grounds without approval by the Council. Structural or Material changes are considered to be anything that adds to or changes the existing facilities or grounds. This does not include repair or maintenance of the existing facility (i.e. painting, tree trimming, etc.)

1.9. Policy

- 1.9.1. The Senior Pastor shall not allow the congregation to operate without the following written policy manuals:
 - 1.9.1.1. Gift Acceptance Policy Manual addressing:
 - 1.9.1.2. Financial Control Policy Manual
 - 1.9.1.3. Personnel Policy Manual
 - 1.9.1.4. Safety Policy Manual
 - 1.9.1.5. Facilities Use Policy Manual
- 1.9.2. The Council recognizes that Living Faith is in a period of transition and is working to establish new operating policies. Therefore, the Council gives the Senior Pastor special dispensation to operate without the written policies in section 1.9 for the remainder of the fiscal year (July 1, 2009 – June 30, 2010).

2. Global Council Self Governance Policy

2.2. Primary

- 2.2.1. No Council Member shall act in a manner that is unethical, imprudent, illegal or inconsistent with the Constitution, By-Laws and Policies of the Congregation.
- 2.2.2. Enunciating Governing Policies and Values. The Governing Council shall maintain, and this Policy Manual shall consist of, written policies of the following four types:
 - 2.2.2.1. **Policies with respect to the Ends and Outcome.** These are affirmative statements setting forth the purposes and effects.
 - 2.2.2.2. **Policies with respect to Council Self-Governance.** These are statements setting forth the style and rules with respect to the Council's own tasks and policies.
 - 2.2.2.3. **Policies with respect to Council and Senior Pastor Relationship.** These are clarifying statements about delegation to, and monitoring of staff activity.
 - 2.2.2.4. **Policies with respect to Senior Pastor Limitations.** These are limiting statements that restrict activity of the staff.

2.3. Accepting Responsibilities

Council Members shall:

- 2.3.1. Regularly participate in the worship and educational life of the Congregation.
- 2.3.2. Practice personal spiritual disciplines for the development of his or her own faith life and endeavor to lead exemplary spiritual lives, e.g., personal Bible study, devotional/prayer life and Biblical stewardship.
- 2.3.3. Be prepared for the Council meetings.
- 2.3.4. Attend Council meetings regularly.

- 2.3.4.1. A Council Member shall not miss four meetings in 12 consecutive months without being excused.
- 2.3.5. Should it be necessary to miss a meeting, Members shall make contact with the Council President for dialog before said meeting.
- 2.3.6. Work to expand their leadership abilities and increase their understanding of the mission and ministry of the Congregation.
- 2.3.7. Become familiar with this Policy Manual, the Constitution, and By-Laws.
- 2.3.8. Participate in Council meetings fully.
- 2.3.9. Make informed decisions by insisting on complete and accurate information.
- 2.3.10. Support all decisions once they have been fully discussed and resolved by the Council. The Governing Council shall strive to make decisions by consensus deferring to a voting process only when the President believes consensus cannot be reached. The President can decide if the vote should be verbal or secret ballot. (When voting refer to quorum & decisions in the By-Laws.)
- 2.3.11. 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 Council Member.
- 2.3.12. While a Council Member may serve on a Ministry Action Team, they must not represent that constituency or the staff member sponsoring that Ministry Action Team within the Council meetings.
- 2.3.13. Relate to other individuals with integrity, honesty and straightforwardness.
- 2.3.14. Actively discipline themselves and other Members of the Council by identifying Council actions and conditions that run counter to these policies.
- 2.3.15. Bring to the Council President's immediate attention any condition or action that they believe exceeds a Senior Pastor Limitation Policy (see Section 4).
- 2.3.16. Keep Council documents and discussions confidential, unless given permission by the Council acting as a whole. However, the Council Policy Manual, approved minutes and approved financial statements do not require permission.
- 2.3.17. Not hinder the Council process.
- 2.3.18. Exercise their powers in the interests of the Congregation and not in the Council member's own interests or in the interests of another person (including a family member) or organization.

2.4. Council Member Admonishment

- 2.4.1. The President of the Governing Council shall admonish a Council Member who violates any policy.
- 2.4.2. Should the President of the Council violate policy, it shall be the responsibility of the Vice-President to initiate such admonishment.
- 2.4.3. Should violations continue, the Council as a whole shall admonish the Member.
- 2.4.4. Any Council Member who continues to violate policy will receive a third admonishment. If the Council wishes the Member to continue service on the Council, it shall require a 2/3 majority vote of the Council. The said Member shall not be counted in determining such majority.
- 2.4.5. All admonishments shall be written. If the Council as a whole admonishes, it shall also be verbal.

2.5. Governing Process

- 2.5.1. **Scope of Activities.** All activities of the Council, its officers, or committee(s) shall relate to the specific responsibilities of the Council as formally adopted at Council Meetings.
- 2.5.2. **Group Action.** The Council shall exercise its governing authority as a whole. No individual Council Member shall exercise such authority except as instructed by the Council.
- 2.5.3. **Policy Development.** The Council Policies are to be active and dynamic. They are meant to be changed and refined regularly.
 - 2.5.3.1. Resolutions. The Council will pass resolutions for specific actions only when those actions are required by these policies, law or the by-laws or will affect only the Council.
 - 2.5.3.2. Senior Pastor Actions. All Council 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 in effect at the time of the decision or action taken.
 - 2.5.3.3. Policy Review. Any Council Member, the Senior Pastor, the Council of Elders, or the

Congregation, by the written request of 10 or more members, may ask for a review of a specific Policy. However, never does the responsibility for effective and appropriate policies rest with anyone other than the Council.

2.5.3.3.1. The Council will review the policies for their soundness as a test of ethical and prudent behavior and adherence to the Congregation's Strategic Plan. The Council will not dictate what are appropriate actions except for compliance with Policies.

2.5.3.3.2. The Council shall rewrite policies when appropriate.

2.5.3.4. Policy Review Schedule. The Council shall establish an annual policy review calendar to coordinate the review of every policy at least once a year. Every effort will be made to coordinate the calendar with the ministry planning cycles of the congregation, reviewing appropriate policies just prior to staff actions for decisions.

2.5.4. **Supervision of the Senior Pastor.**

2.5.4.1. The Council shall consistently advise the Senior Pastor on performance.

2.5.4.2. The Council shall conduct Senior Pastor annual performance appraisal in March after the State of the Church report the Senior Pastor delivers to the Council.

2.5.4.2.1. In addition to other information they may seek in conducting the performance appraisal, the Council may, once or twice a year, interview all key management personnel concerning the performance of the Senior Pastor. The Council shall guarantee anonymity when reporting this information to the Senior Pastor.

2.5.4.2.2. The Council shall share the information gathered through these interviews (guaranteeing anonymity) with the Senior Pastor and allow him to respond as he feels the need.

2.5.5. **Fiscal Responsibility.** – The Council's fiscal responsibility shall be discharged by:

2.5.5.1. Establishing policies limiting Senior Pastor financial authority, budget development and control of assets.

2.5.5.1.1. Annually, by the end of the March council meeting, establish the Senior Pastor salary and housing compensation based on performance review and salary guidelines.

2.5.5.1.2. Annually, by the end of the March council meeting, set the budget amount for the upcoming fiscal year.

2.5.5.2. Monitoring the fiscal soundness of the congregation.

2.5.5.2.1. Appointing the Financial Reviewer as per the Financial Control Policy (Appendix D).

2.5.5.2.2. Receiving and reviewing reports from the Financial Reviewer.

2.5.5.2.3. Receiving and reviewing financial reports from the Senior Pastor.

2.6. **Qualifications of Living Faith Governing Council**

2.6.1. In preparing its recommended slate of candidates for Council membership, the Nominating Committee must seek candidates who:

2.6.1.1. Meet the requirements of Council membership as stipulated in the Constitution and By-laws.

2.6.1.2. Are good communicators.

2.6.1.3. Are visionary.

2.6.1.4. Can effectively represent the concerns of the Congregation.

2.6.1.5. Have sufficient understanding of the ministry of Living Faith.

2.6.1.6. Understand and support the basic concepts of Policy Based Governance.

2.6.1.7. Are willing and able to support the Values, Mission and Vision of the congregation.

2.6.1.8. Are willing and able to accept the responsibilities of Council membership as delineated in Policy Sections 2.2 and 2.3.

2.6.1.9. Are not spouses, children, parents, in-laws and siblings of Senior Pastor.

2.6.1.10. Are not spouses, children, parents, in-laws and siblings of current Governing Council Members.

2.7. **Council Self-Review**

The Council shall create its own self-review process of the following items:

- 2.7.1. The Council's openness and communication among its members.
- 2.7.2. The Council's openness and communication with the Senior Pastor.
- 2.7.3. The Council's openness and communication with the congregation.
- 2.7.4. The Council's ability and skill in developing and monitoring policy.
- 2.7.5. The Council's adherence to policy, constitution, and bylaws.

2.8. Committees of the Council

The Council may from time to time use committees, but always be consistent with the following principles:

- 2.8.1. Committee responsibilities shall flow directly from the Council'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.
- 2.8.2. Except as empowered by the Council, committees shall have no executive or decision-making authority.

2.9. Responsibilities to the Members of the Congregation

The Council's responsibilities are to:

- 2.9.1. Perform the duties as delegated by the Congregation consistent with the constitution, bylaws, and policies.
- 2.9.2. Be attentive to the needs and desires of the Members.
- 2.9.3. Conduct annual Voters' Assembly.
- 2.9.4. Inform the Members of the degree of success in meeting the Strategic Plan.
- 2.9.5. Present the annual budget to the Congregation for ratification.
- 2.9.6. Maintain open and transparent communication with the Congregation.
- 2.9.7. Present the Strategic Plan to the Congregation for ratification.

2.10. Strategic Planning

The Council shall:

- 2.10.1. Be the strategic leaders of Living Faith Lutheran Church.
- 2.10.2. Develop a Strategic Plan which includes the following areas:
 - 2.10.2.1. Core Values
 - 2.10.2.2. Vision
 - 2.10.2.3. Mission Statement
 - 2.10.2.4. Congregational Goals
- 2.10.3. Establish a process whereby the Strategic Plan is reviewed on a yearly basis.
- 2.10.4. Focus on outcomes rather than activities.

2.11. Council Meeting Structure

- 2.11.1. The Senior Pastor may send a designee to the meeting. The designee must be a called staff member.
- 2.11.2. Council meetings shall be open to the congregation, unless an executive session is called.
- 2.11.3. All Council decisions must be based on complete and accurate information which is provided at Council meetings.
- 2.11.4. Unapproved minutes will be made available to Council members prior to the next meeting.
- 2.11.5. Council meetings shall be carried out in an orderly and respectful manner.

2.12. Governing Council Oversight

- 2.12.1. The congregation, by the written request of 10 or more members, may ask the Elders to review a decision of the council.
- 2.12.2. The Elders may review a decision of the council, if the Elders have a concern about the council acting in a manner that is unethical, imprudent, illegal or inconsistent with the Constitution, By-Laws and Policies of the Congregation.

- 2.12.2.1. The Council of Elders may send a letter detailing the concerns and requiring that action be initiated by the Council within 30 days.
- 2.12.2.2. If the Council of Elders and the Council cannot come to a resolution, the council of Elders has the authority to temporarily suspend the council, and a congregational meeting must be called within three weeks.

3. Council – Staff Relations

Council-Staff Delegation policies address how the Council and Senior Pastor relate to each other. In general, the Council speaks with one voice and all Council authority is delegated through the Senior Pastor. This means the Senior Pastor reports to the Council as a whole, not to individual Council Members, officers of the Congregation, or Council committees. This also means the Council works only with the Senior Pastor and does not direct the work of staff or volunteers.

3.2. Manner of Delegating

- 3.2.1. Except for assignments of its own work to committees, consultants, or officers, the Council shall delegate authority only to the Senior Pastor.
- 3.2.2. The authority of the Senior Pastor shall begin where the explicit pronouncements of the Council end. Except as required by governing policies or law, decisions of the Senior Pastor do not need approval by the Council.

3.3. Senior Pastor Administrative Function

The Senior Pastor shall:

- 3.3.1. Be empowered to take all actions and make all administrative decisions that are deemed necessary to attain the Vision and are in accordance with the Congregation's Strategic Plan.
- 3.3.2. Develop operational guidelines, rules, or procedures and make decisions the Senior Pastor deems appropriate as long as governing policies adopted by the Council are observed.

3.4. Senior Pastor Accountability

The Senior Pastor shall be accountable to the Council for:

- 3.4.1. Achievement of the congregation's Strategic Plan.
- 3.4.2. Compliance of personal and staff actions.
- 3.4.3. Provision of counsel to the Council on social, legal, theological, synodical and other changes relevant to the Council's decisions.
- 3.4.4. Relating with integrity, honesty, and straightforwardness to the Council.

3.5. Exceeding Senior Pastor Limitations

- 3.5.1. The Senior Pastor shall give an immediate notice to the President of the Council once a Senior Pastor Limitation has been recognized to have been exceeded.
- 3.5.2. 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 Council at the next scheduled Council mtg.
 - 3.5.2.1. 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 Council.
 - 3.5.2.1.1. 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.
 - 3.5.2.1.2. The Senior Pastor shall give immediate notice to the President of the Council when it is recognized that a deadline will be missed, and submit a new plan for action.
 - 3.5.2.2. The Senior Pastor may use internal or external resources to correct the exceeded Senior Pastor Limitation so long as those resources do not violate the Senior Pastor Limitations Policies.
 - 3.5.2.3. The Council shall review the soundness of any Senior Pastor Limitation that has been exceeded.

- 3.5.3. The Council shall not allow one-time exceptions to policies. If an action is acceptable under certain conditions, then those conditions must be stated in the policy and the policy amended.
- 3.5.4. The Senior Pastor shall develop or improve processes to avoid recurrence of any exceeded Senior Pastor Limitations.
- 3.5.5. After repeated recurrences of exceeding Senior Pastor Limitations, the Council President will conduct:
 - 3.5.5.1. A performance evaluation of the Senior Pastor related to the exceeded Limitation.
 - 3.5.5.2. A discussion with the full Council about the Senior Pastor's performance.

3.6. Means of Monitoring

- 3.6.1. **Management Reports** - The Senior Pastor shall provide periodic statements and overviews which provide information and counsel to the Council on programs, trends, and developments that may affect the Council's work and which report on the Senior Pastor's compliance with Council policies. The Senior Pastor shall:
 - 3.6.1.1. Report monthly to the Council on the progress achieved towards the Strategic Plan of the congregation, addressing ministries, staffing, finances, communication, and facilities. This report will include the work of any Ministry Action Team (MAT) and will include specific details of the MAT as follows:
 - Members
 - Current initiatives
 - Specific results
 - 3.6.1.2. Provide to the Council monthly reports on the annual budget including:
 - 3.6.1.2.1. Income Statement, Cash flow, and Balance sheet.
 - 3.6.1.3. Provide to the Council personnel policy revisions as they occur.
 - 3.6.1.4. Provide to the Council new operational structures as they are developed with an explanation of the responsibilities assigned.
 - 3.6.1.5. Provide to the Council operating policy revisions as they occur.
 - 3.6.1.6. Provide to the Council summaries of each new program and service as they are developed.
 - 3.6.1.7. Provide the Council the following reports at the following times
 - 3.6.1.7.1. March: Yearly attendance figures as compared to past years and projecting toward the future
 - 3.6.1.7.2. May: Celebration Report that shall consist of:
 - 3.6.1.7.2.1. Qualitative Data: Recap of previous year. Evaluate progress toward major initiatives spelled out in previous year's Celebration Report.
 - 3.6.1.7.2.2. Quantitative Data: What were the indicators of success
 - 3.6.1.7.2.3. Upcoming Year Priorities: One or more major initiatives that will be addressed along with what the Senior Pastor will be looking for as indicators of success of these initiatives. The initiatives must be tied to the Strategic Plan and the Ends.
 - 3.6.1.7.3. December: State of the Church Report that shall consist of:
 - 3.6.1.7.3.1. Qualitative Data: Progress at mid-year. Evaluate progress toward major initiatives

3.7. Council/Staff Communication

- 3.7.1. Individual Council members shall relate to staff as any other member of the congregation but Council decisions and policy must be communicated through the Senior Pastor.
- 3.7.2. Individual Council members shall make it a priority to inform the staff that they are speaking as an individual because the Council speaks as one voice through the Senior Pastor.