Board of Directors Policy Manual



St. Paul's Lutheran Church & School
1250 E. Heim Ave.
Orange, California

TABLE OF CONTENTS

	Page
Section 1: Fundamental Principles	
1.1 Our Mission	3
1.2 Our Core Values	3
1.3 Critical Targets	3
1.4 Stakeholders	3
Section 2: Board Self Governance	
2.1 Enunciating Governing Policies and Values	4
2.2 Accepting Responsibilities	4
2.3 Governing Process	5
2.4 Election of Directors	6
2.5 Election and Terms of Office	6
2.6 Board of Directors Self-Review	7
2.7 Duties & Powers of the President	7
2.8 Committees of the Board of Directors	8
2.9 Pastoral Call Policies	9
2.10 Endowment Fund Policies	9
Section 3: Senior Pastor Limitations	
3.1 Constraints	10
3.2 Financial Management	10
3.3 Personnel	10
3.4 Compensation	11
3.5 Crisis Management Plan	11
3.6 Gifts and Bequests	11
3.7 Elders	11
3.8 Principal's Advisory Council	12
Section 4: Board and Senior Pastor Relationships	
4.1 Manner of Delegating	14
4.2 Actions Requiring Board Approval	14
4.3 Senior Pastor Function	14
4.4 Senior Pastor Accountability	15
4.5 Exceeding Senior Pastor Limitations	15
4.6 Means of Monitoring	15
4.7 Senior Pastor Performance Review	17
4.8 Board Communications and Complaint Procedures	18
Section 5: Appendices	
5.1 Vic Heim Endowment Fund History & Procedures	19
5.2 Tuition Assistance Endowment Fund Policies and Procedures	19

Section 1: Fundamental Principles

1.1 Our Mission

As followers of Jesus Christ, the mission of St. Paul's Lutheran Church is to:

- GATHER in worship
- GROW as disciples
- GO and serve

1.2 Our Core Values

We have five core values**:** Word of God, Worship, Prayer, Relationships and Selfless Service

1.3 Critical Targets

1.3.1 **FACILITIES**: Our facilities are maintained, functional, and up-to-date.

1.3.2 **FINANCIAL HEALTH:** Sound budgetary practices, prudent asset management and steady revenue growth result in improved financial health and competitive staff compensation.

1.3.3. **DISCIPLESHIP**: Believers are increasingly displaying Christ-like beliefs, practices and virtues.

1.3.4. **WORSHIP**: Welcoming and inspiring worship leads to increasing attendance and highly-engaged worshippers.

1.3.5 **OUTREACH:** The people of St. Paul's are actively and joyfully sharing the hope and love of Christ in word and deed.

1.4 Stakeholders

The Board shall represent St. Paul's stakeholders:
Members
Staff and employees
School families
Community and unchurched

1.4.1 The Board shall listen to the ideas and concerns of the members and all stakeholders.

1.4.2 The Board shall use a variety of appropriate methods (such as surveys, forums, focus Groups, Board dialog, etc.) to seek input from members and all stakeholders.

1.4.3 An annual Voters meeting shall be conducted to hear a state-of-the church and school report, elect Directors to the Board and approve the annual budget.

Section 2: Board Self-Governance

2.1 ENUNCIATING GOVERNING POLICIES AND VALUES

The Board shall maintain written policies of four types:

2.1.1 Policies with respect to Fundamental Principles [Section 1]

2.1.2 Policies with respect to Board Self-Governance [Section 2]

2.1.3 Policies with respect to Senior Pastor Limitations [Section 3]

2.1.4 Policies with respect to Board and Senior Pastor Relationships [Section 4]

2.2 ACCEPTING RESPONSIBILITIES

Directors shall:

2.2.1 Display a high level of spiritual integrity and a personal commitment to Christ.

2.2.2 Attend all Board meetings.

2.2.3 Be prepared for the Board meetings.

2.2.4 Become familiar with this Policy Manual.

2.2.5 Participate in Board meetings, special briefings and policy decision-making.

2.2.6 Make no decision without complete and accurate information.

2.2.7 Support all decisions once they have been fully discussed and resolved by the Board, even if the Director did not personally support the decision.

2.2.8 Be an advocate for St. Paul's and participate in the advancement of the church by contributing wealth, wisdom, personal energy, individual skills and prayers.

2.2.9 Relate to other individuals with Christian integrity, honesty and straightforwardness.

2.2.10 Exercise their powers in the interests of the Church and not in the Director's own interests or in the interest of another person (including a family member) or organization.

2.2.11 Actively discipline themselves and other Directors of the Board by identifying Board actions and conditions that run counter to these policies or the By-Laws.

2.2.12 Bring to the immediate attention of the President any condition or action that they believe exceeds the Senior Pastor Limitation policy.

2.2.13 Maintain confidentiality for all private Board documents and discussions.

2.2.14 Refrain from interfering with the day-to-day operation of the Church.

2.2.15 Maintain and adhere to the following Conflict of Interest Policy:

2.2.15.1. Directors must annually disclose their involvement with other organizations, vendors, or any other associations that might produce a conflict of interest.

2.2.15.2. When the Board is to decide upon an issue about which a Director has an unavoidable conflict of interest, that Director shall recuse her/himself without comment on the deliberation as well as the vote on the matter.

2.2.15.3. When a Director fails to recuse her/himself in a situation where other Directors perceive a conflict of interest, the Director may be excused from the Board's session with a 2/3 vote of the Board (not including the Director under consideration).

2.3 GOVERNING PROCESS

2.3.1 Scope of Activities

All activities of the Board, its officers, committees or members shall relate to the specific responsibilities of the Board as formally adopted at Board meetings or as directed by this Policy Manual or the By-Laws.

2.3.1.1 Regular Meetings

The Board shall meet at least once each quarter. Board committees will convene as needed to carry out their responsibilities.
The Board shall regularly publish its minutes or a summary of its minutes.

2.3.2 Group Action

The Board shall exercise its governing authority as a whole, meaning that no individual Board Director shall exercise governing authority except as instructed by this Policy Manual, the By-Laws, or the Board.

2.3.3 Policy Development

Board policies are intended to be active and dynamic and may be changed and refined as needed. Board policies and this manual may be changed through a simple majority vote of the Board.

2.3.3.1 Resolutions

The Board will pass resolutions for specific actions only when those actions are required by these policies or the Constitution and By-Laws. Resolutions will affect only the Board without interfering with the day-to-day operation of St. Paul's.

2.3.3.2 Senior Pastor Actions

All Board actions governing the Senior Pastor shall be accomplished through the establishment of 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.

2.3.3.3 Policy Review Schedule

The Board shall establish an annual policy review process.

2.3.4 Fiscal Responsibility

The Board's fiscal responsibility shall include the following:

2.3.4.1 Decisions to incur secured debt, contingent upon approval by the Voter's Assembly.

2.3.4.2 Establishing policies limiting the Senior Pastor's authority over budget development and control of assets.

2.3.4.3 Monitoring the fiscal soundness of St. Paul's Lutheran Church and School.

2.3.4.4 Ensuring the completion of an annual financial review.

2.3.4.5 Approving an annual budget (Including operational and capital expenditures as well as forecasted income).

2.3.4.6 Approving an annual compensation plan.

2.3.4.7 Establishing policies and practices for approving contracts.

2.3.4.8 Establishing investment policies and practices.

2.3.4.9 Establishing endowment policies and practices.

2.4 ELECTION OF DIRECTORS

The Board shall be composed of eleven (11) voting members. The voting members shall consist of six (6) elected members-at-large and five (5) additional voting members, who shall be the President, Vice President, Treasurer and Secretary of the Church, and the Senior Pastor. All members of the Board, exclusive of the Senior Pastor shall be elected at a Voters Assembly Meeting, except that vacancies may be filled by the Board on an interim basis. Each member of the Board must be or become a voting member of the Church at the time of election or appointment. All members of the Board of Directors shall provide an express commitment to be fit and qualified to serve as overseers of the Church under the terms of *1 Timothy 3.*

2.5 ELECTION AND TERMS OF OFFICE

Members of the Board shall be elected at the annual Voter's Meeting. The following election and term guidelines shall apply:

A. The members-at-large and officers of the Board shall have terms of two (2) years each and each may succeed oneself indefinitely, provided the member is willing and able to serve.
B. Three members-at-large shall be elected in even numbered years and three members-at-large shall be elected in odd numbered years.
C. The President shall be elected in odd numbered years.
D. The Vice President shall be elected in even numbered years.
E. The Treasurer shall be elected in even numbered years.
F. The Secretary shall be elected in odd numbered years.
G. Members of the Board shall serve until their successors shall have been duly elected and qualified. Each term of office shall commence on July 1 following the annual election of members.
H. No employee, or immediate family member of any full-time employee of the Church, or immediate family member of an existing member of the Board shall be permitted to serve as an Officer of the Church or a member-at-large on the Board.

2.5.1 Qualifications for Members of the Board of Directors

2.5.1.1 Demonstrated commitment to St. Paul's.

2.5.1.2 Ability to provide visionary leadership to focus on strategic issues affecting the operation of the church.

2.5.1.3 Ability to support consensus of group decisions.

2.5.1.4 Demonstrated understanding of the broad role of Directors as representing all St. Paul's stakeholders.

2.5.1.5 Diversity of skills, vocations, experiences, race, ethnicity and gender.

2.5.1.6 Is recommended by a member of the church

2.5.1.7 Has sufficient time to serve effectively and attend Board meetings regularly.

2.5.1.8 Possesses a broad perspective rather than a narrow or personal agenda.

2.5.2 Discipline Procedure for Directors of the Board

2.5.2.1 Complaints regarding Directors of the Board shall be directed to the President, who shall refer the matter to the Governance Committee for review. If the complaint concerns the President, then the complaint shall be directed either to the Senior Pastor or the Vice President. If the Director in question is a member of the Governance Committee, then such Director shall not participate in the investigation of the complaint to be conducted by the Governance Committee.

2.5.2.2 If a member of the Governance Committee is the subject of a complaint, at the discretion of the Board Chair (or Vice Chair if the Chair is the subject of the complaint), the issue may be referred either to the balance of the Governance Committee, excluding the subject member, or directly to the Board, rather than to the Governance Committee.

2.6 BOARD OF DIRECTORS SELF-REVIEW

In order to discipline itself and its efforts, the Board will conduct an annual self-review. The Board will discuss the following and identify areas for improvement. The review will focus on:

2.6.1 The Board's openness and communication among its members and to its stakeholders.

2.6.2 The Board's ability and effectiveness in developing and monitoring compliance with policy.

2.6.3 The Board's effectiveness in developing and furthering the vision of St. Paul's Lutheran Church.

2.6.4 The Board's effectiveness in performing their function without interfering with the day-to-day operation of the Church.

2.6.5 The Board's ongoing commitment to God's word and their own spiritual growth.

2.7 DUTIES & POWERS OF THE PRESIDENT

The duties and powers of the President, in addition to those set forth in the By-Laws are:

2.7.1. To cooperate with the Senior Pastor in setting the agenda for Board meetings.

2.7.2 To appoint Directors and others to committees and designate chairs of such committees, when appropriate and with the consent of the Board.

2.7.3. To report to the members at the Annual Voters' Meeting and as necessary at Special Meetings.

2.7.4. To conduct Board meetings such that all discussions and actions relate to policy and oversight matters in the purview of the Board. The President shall ensure that such discussions and actions do not relate to the day-to-day operations of the Church or school.

2.7.5. To act temporarily on behalf of the Board in the event of an emergency where immediate Board action is required. In such a circumstance, the President shall first determine if there is sufficient time to convene an emergency meeting of the Board or, if that is not possible, an emergency meeting of the Governance Committee. If the emergency is such that this is not possible, the President may take the minimum action necessary to resolve the situation, after which the President shall as soon as possible notify the Governance Committee of the emergency and the action taken in response. Steps shall be taken by the President and the Governance Committee to notify the full Board as soon as is practical, and when appropriate, to seek Board ratification or approval of the President's emergency actions. The President shall exercise these emergency powers sparingly and only when no alternatives are available and action must be taken immediately.

2.8 COMMITTEES OF THE BOARD OF DIRECTORS

2.8.1 Guiding Principles: The Board may use committees, but always consistent with the following principles:

2.8.1.1 Unless the Board decides otherwise, the President shall appoint the chair of all Board Committees as well as the members of the committees. Appointments to standing committees shall be for a period of up to one year and may be renewed.

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

2.8.1.3 Committees shall not manage any part of the organization, or do staff work, except when working on a topic that is fully within the province of the Board and has not been delegated in any way to the Senior Pastor.

2.8.1.4 Except when empowered by the Board, committees shall have no executive or decision-making authority.

2.8.1.5 The President may appoint anyone, without limitation, as advisory or voting members of a Committee. The term of all appointments shall be at the discretion of the President. Non-Director committee members shall adhere to the confidentiality provisions of Section 2.2.

2.8.2 Standing Committees of the Board

2.8.2.1 Financial Review Committee:
Responsibilities include conducting an annual review of the church's records using the guidelines of the LCMS Treasurer's Manual.

2.8.2.2 Governance Committee:
Responsibilities include management of the Constitution, Bylaws and Board policy manual and maintaining the accuracy and relevance of these documents.

2.8.2.3 Nominating Committee:
Responsibilities include overseeing the process of nominations for open Director positions.

2.8.2.4 Senior Pastor Performance Review Committee:
Responsibilities include overseeing the Board's annual performance review of the Senior Pastor.

2.8.2.5 Endowment Fund Committee:
Responsibilities include monitoring the financial management of the fund, making recommendations to the full board for annual expenditures and changes in the investment of the fund, promoting the fund to the congregation, and encouraging gifts to the fund.

2.8.2.6 Other Committees:
The Board may from time-to-time establish other committees, but always consistent with the principles of section 2.7.1

2.9 PASTORAL CALL POLICIES (See also Bylaws, Article 8.2.0.)

2.9.1 Pastoral Call Committees shall have a minimum of 6 members, appointed by the Board. At least one of these six members shall be a member of the Board and he/she shall chair the call committee.

2.9.2 The Senior Pastor shall be a member of any call committee for an assistant/associate pastor.

2.9.3 Pastoral Call Committees shall provide an opportunity of at least 30 days in length for members of the church to submit names of pastors for consideration by the committee.

2.10 ENDOWMENT FUND POLICIES

2.10.1 The purpose of the funds shall be to receive gifts and bequests, and to use those gifts and bequests, as provided in the Bylaws, for the benefit of Legacy Programs (programs that will serve the organization in the future); Church Ministry Programs (current and future ministry programs); and School Ministry Programs. All Endowment funds shall be invested in one of the following funds:

- **Undesignated Endowment Fund** Purpose: To provide needed funds for:
  - **New Ministry Seed Money:** For the initiation of new ministries that are anticipated to be funded through the regular budget within three years.
  - **Congregational Education:** For speakers, resources and events that facilitate the congregation's growth in Christian discipleship.
  - **Purchase of new capital equipment**
  - **Building and Facility Expansion:** For the construction and expansion of existing facilities or the purchase of new facilities.
  - **Endowment Promotion:** For resources that promote and cultivate gifts to the church's Endowment Funds.
- **Vic Heim Scholarship Fund** Purpose: To provide annual grants to St. Paul's school graduates who will be attending Orange Lutheran High School. (See Appendix 5.1)
- **Tuition Assistance Fund** Purpose: To provide grants to St. Paul's school families for the payment of St. Paul's school tuition. (See Appendix 5.2)

New designated Endowment funds shall only be created by the Board. Separately named Endowment Funds shall not be created with gifts less than $50,000.

2.10.2 Contributions to existing Endowment funds shall not be designated more specifically than set forth in policy 2.10.1.

2.10.3 All Endowment funds shall be managed in a prudent and appropriate manner with the long-term goals of conservation of gift principal value, diverse portfolio of assets, growth of principal value to meet or exceed annual inflation, and production of a sustainable annual distribution amount.

2.10.4 Undesignated Endowment fund annual distributions shall normally be limited to 3-4% of available funds.

2.10.5 The Endowment Fund committee provide a quarterly report to the Board detailing investment performance, current asset allocation, and the Fund's total value, as well as any recommended changes to the committee's objectives, risk tolerance and time horizon.

Section 3: Senior Pastor Limitations

3.1 CONSTRAINTS - These are the constraints placed on the Senior Pastor's efforts to achieve the desired Board outcomes:

3.1.1 The Senior Pastor and staff shall not act in a manner that is unethical, imprudent, illegal, or contrary to the Holy Scriptures, the Lutheran Confessions, the congregation's Constitution and By-Laws, or the provisions of this Board Policy Manual.

3.1.2 The Senior Pastor shall not permit the Board to be uninformed of factors that have significant impact on the mission, values and principles of St. Paul's.

3.2 FINANCIAL MANAGEMENT

3.2.1 The Senior Pastor shall not develop a budget in which total expenditures exceed total income anticipated by the Board of Directors.

3.2.2 The Senior Pastor shall not allow total annual expenditures to exceed actual annual income without approval of the Board, nor shall he allow the Board to be unaware when total expenditures are projected to exceed total income.

3.2.3 The Senior Pastor, in reporting financial activities and position, shall not allow deviation from generally accepted accounting principles in the United States of America.

3.2.4 The Senior Pastor shall not allow the investment of any financial assets without approval of the Board.

3.2.5 The Senior Pastor shall not borrow funds for working capital without approval of the Board.

3.2.6 The Senior Pastor shall not borrow against designated funds without prior approval of the Board, nor shall he allow designated funds to be used for anything other than their specified purpose without approval of the voters.

3.2.7 The Senior Pastor shall not implement any decision that could adversely affect the church's ministry, property, or financial performance without first discussing the issue with Board.

3.2.8 The Senior Pastor shall not fail to address any deficiencies identified in the annual financial review.

3.2.9 The Senior Pastor shall ensure the attendance of the Senior Business Manager at the July Board meeting to provide a report on the end of the previous fiscal year, and at the May Board meeting when the annual budget is being considered.

3.2.10 The Senior Pastor shall ensure that all non-cash donations are sold as soon as possible.

3.2.11 The Senior Pastor shall maintain a General Fund reserve reasonably equal to three months of operating expenses.

3.2.12. The Senior Pastor shall not utilize General Fund reserves without the prior approval of the Board of Directors.

3.2.13. The Senior Pastor shall not complete the disposition of any undesignated estate gift received over $50,000 without the prior approval of the Board of Directors.

3.3 PERSONNEL

3.3.1 The Senior Pastor shall not allow the church to operate without effective personnel policies, job descriptions and annual performance reviews.

3.3.2 The Senior Pastor shall not assume authority that is clearly delegated elsewhere by the Constitution or By-Laws.

3.3.3 The Senior Pastor shall not fail to lead the staff and hold them accountable for their responsibilities. For both paid staff and volunteers, he is responsible for recruiting, assigning responsibilities, and terminations. He may ask staff members to assist him in reporting to the Board.

3.3.4 The Senior Pastor shall not impair the ~~r~~right to job-related dissent of employees.

3.3.5 The Senior Pastor shall not allow or adopt personnel policies that violate our Statement of Faith or state or federal employment laws.

3.3.6 The Senior Pastor's treatment of staff shall not be unprofessional or self-serving.

3.3.7 The Senior Pastor shall report to the Board any staff promotions, resignations, firings, retirements or leaves of absence.

3.4 COMPENSATION

3.4.1 The Senior Pastor shall not change his own compensation, without the prior approval of the Board.

3.5 CRISIS MANAGEMENT PLAN

3.5.1 The Senior Pastor shall not allow St. Paul's to operate without a detailed written Crisis Management Plan including specific plans required by the State of California, the Department of Homeland Security, or any other governmental agency.

3.6 GIFTS AND BEQUESTS

3.6.1 The Senior Pastor shall not accept any gift or service of substantial value that would place him in a position of obligation to a staff member, member or donor.

3.6.2 The Senior Pastor shall not accept any gift that runs counter to St. Paul's values or policies.

3.7 ELDERS

3.7.1 The Senior Pastor shall establish a ministry team of Elders to assist him in the pastoral care and doctrinal supervision of the congregation. The Elders shall also support the Senior Pastor in prayer and care for the spiritual, emotional and physical health and welfare of the Senior Pastor and his family.

3.7.1.1 The Elders must consist of at least five individuals, selected by the Senior Pastor with the consent of the current Elders and approved by the Board.

3.7.1.2 The Elders must be members of St. Paul's Lutheran Church and have a reputation of spiritual maturity.

3.7.2 The nominations for the Elders shall be presented to the Board by the Senior Pastor for approval in May of each year.

3.7.3 After approval by the Board, Elders shall serve a one-year term. Members of the Elders may serve an unlimited number of consecutive terms, as long as they are appointed each year by the Senior Pastor and approved by the Board.

3.7.4 The Senior Pastor shall meet face to face with the Elders no less than six times every year.

3.7.4.1 At least one week prior to each meeting of the Elders, the Senior Pastor shall submit his ministry plans to the Elders for review.

3.7.4.2 All meetings of the Elders shall be chaired by the Senior Pastor or his designee.

3.8 PRINCIPAL'S ADVISORY COUNCIL

3.8.1 The Senior Pastor shall not permit the Principal to conduct his/her ministry without the benefit of regular and ongoing interactions with and advice from an "Advisory Council."

3.8.1.1 The Principal's Advisory Council shall consist of seven individuals, selected by the Principal and approved by the Senior Pastor.

3.8.1.2 A majority of the members of the Principal's Advisory council must be members of St. Paul's Lutheran Church.

3.8.1.3 A majority of the members of the Principal's Advisory council must have a child currently enrolled in one of St. Paul's schools.

3.8.2 The nominations for the Principal's Advisory council shall be presented to the Board by the Senior Pastor for approval in May of each year.

3.8.3 After approval by the Board, Advisory Council members shall serve a one-year term. Members of the Principal's Advisory council may serve an unlimited number of consecutive terms, as long as they are selected each year by the Principal and approved by Senior Pastor and the Board of Directors.

3.8.4 The Senior Pastor shall require the Principal to meet face-to-face with his/her Advisory Council no less than six times every school year.

3.8.4.1 The Principal shall keep his/her Advisory Council regularly informed about the Schools:

- Business
- Finance, Budget
- Enrollment, Advancement & Marketing efforts
- Special events and activities
- Fundraising efforts and their results
- Technology Planning
- Professional Development
- Instruction
- Curriculum Development & Evaluation
- Academic Standards & Accreditation (NLSA, WASC)

3.8.4.2 The Principal shall meet with his/her Advisory Council prior to making any decisions in the following areas:

- Changing tuition and fees for the upcoming school year
- Creating new paid faculty and support staff positions
- Interview and Hiring new faculty , if time permits
- Changing Academic Standards or Curriculum
- Significant changes in Philosophy of Ministry
- Significant changes in the School Budget
- Significant changes in plans and procedures for school Safety/Security

3.8.4.3 The Principal shall submit a summary of his ministry plans to his/her advisory council at least one week prior to each meeting of the Advisory Council.

3.8.5 The Advisory Council's role is to provide support, advice and counsel to the Principal as it relates to the planning and administration of the educational program of the Schools - Early Childhood Development Center (ECDC), Christian Day School and School Age Care (SAC). It shall not serve in an oversight capacity or serve as a forum for hearing complaints from school constituents.

Section 4: Board and Senior Pastor Relationship

4.1 MANNER OF DELEGATING

The function of the Board is to develop, monitor and enforce policy, not to implement it.

4.1.1 Except for assignments of its own work to committees, consultants or officers, the Board shall delegate authority only to the Senior Pastor. Any other employee or entity operating with the authority of St. Paul's shall receive that authority from the Senior Pastor or a person assigned such authority by the Senior Pastor.

4.1.1.1 The Board shall relate to all St. Paul's staff officially only through the Senior Pastor.

4.1.2 The Board shall address only governance policies, leaving operational policies to the discretion of the Senior Pastor. The Senior Pastor may develop operational guidelines, rules, or procedures and may make decisions in any way the Senior Pastor deems appropriate as long as the By-Laws and the governing policies adopted by the Board are observed.

4.2 ACTIONS REQUIRING BOARD APPROVAL

Certain decisions require specific Board approval because of their unique nature, a requirement of the By-Laws, or a specific requirement of the Board. The following actions require approval of the Board:

4.2.1 Declaration of and filling a vacancy on the Board and recommendation to the voters for the termination of a Director, in accordance with the By-Laws and this Policy Manual.

4.2.2 Selection of financial reviewers and/or auditors.

4.2.3 Receipt and approval of financial reviews and audits.

4.2.4 Appointment of legal counsel to represent the Board in litigation in which the Board is a named party.

4.2.5 A lease of real property longer than five years or a recommendation to the voters to sell or purchase Real Properties

4.2.6 Seeking voters' approval for taking on secured debt

4.2.7 Approval of budgets for church and school.

4.2.8 Approval of contracts as required by Section 3.2.7 of this Policy Manual.

4.2.9 Adding, amending or deleting sections of this Policy Manual.

4.3 SENIOR PASTOR FUNCTION

The Senior Pastor shall:

4.3.1 Develop operational guidelines and make decisions the Senior Pastor deems appropriate as long as governing policies set forth in the By-Laws or adopted by the Board are observed.

4.3.2 Shall report to the Board regularly on the Senior Pastor's actions and plans, and their effectiveness or lack of effectiveness.

4.4 SENIOR PASTOR ACCOUNTABILITY

The Senior Pastor shall be accountable to the Board for:

4.4.1 Achievement of critical targets adopted by the board.

4.4.2 Compliance with limits established in Section 3 of this Policy Manual (Senior Pastor Limitations).

4.5 EXCEEDING SENIOR PASTOR LIMITATIONS

4.5.1 The Senior Pastor shall immediately inform the President if any Senior Pastor Limitation set forth in Section 3 of this Policy Manual is exceeded. Such written report shall clearly identify the exceeded limitation and provide an estimated time in which the limitation will no longer be exceeded.

4.6 MEANS OF MONITORING

In order to fulfill its oversight obligations, the Board shall employ various means of monitoring the effectiveness of the Senior Pastor and staff in compliance with the Board's policies. To this end, the Senior Pastor shall:

4.6.1 Report regularly to the Board, at least two times a year, on the progress achieved toward the Board's critical targets.

4.6.1.1 Facilities Metric:

- Report to Board on facility needs, progress and goals (short and long term)

4.6.1.2 Financial Health Metrics:

- Congregational Giving
  - Total number of giving units
  - Median giving unit
  - # of non-giving units

- Annual comparison of staff compensation to Tier 5 Pacific Southwest District Compensation Guidelines.

- Current school enrollment with historical comparison

4.6.1.3 Discipleship Metrics:

- Bi-annual Membership survey and Spiritual Health Index score (an average on a five-point scale of all the responses to the eight major survey questions)

  QUESTIONS ABOUT EVANGELISM

  - "During the last six months, how many non-Christians did you engage in spiritual conversations? (Include conversations about spiritual issues, times when you shared about your faith, or times when you asked questions and tried to learn about the other person's spiritual journey)"

  - "During the last six months, how many times have you invited a non-member friend, neighbor, coworker or relative to come to worship or an event at St. Paul's?"

QUESTIONS ABOUT PERSONAL SPIRITUAL PRACTICES

- "How often are you currently reading and/or meditating on the Bible on your own? (In other words, not including time in worship services, Bible classes, or small groups)"
- "How often do you currently pray on your own? (In other words, not including time in worship services, Bible classes, or small groups?)"

QUESTIONS ABOUT FELLOWSHIP AND CARE

- "If you were in the middle of a personal crisis, how many St. Paul's people do you know well enough--other than the pastors and staff--who you think you could call for help?"
- "In the last six months, how often have you spent time with other St. Paul's members outside of church sponsored activities (for example, meeting up for coffee, having dinner together, having someone over to your house, going to a movie together, etc.)"

QUESTIONS ABOUT INVOLVEMENT AT ST PAULS

- "Think back over the last four weekends. How many times did you attend worship at St. Paul's over the last four weekends?"
- "In the last six months, how often have you participated in church-sponsored activities other than worship? (i.e. Classes, Bible studies, small groups, retreats, serving events, fellowship events, etc.)"

4.6.1.4 Worship Metrics:

- Worship Attendance
- Baptized Membership
- Bi-Annual Membership Survey

  QUESTIONS ABOUT WORSHIP

  - "How often do you find St. Paul's worship services to be welcoming to new people?" (Always, Frequently, Sometimes, Rarely, Never)
  - "How often do you find St. Paul's worship services to be inspiring?" (Always, Frequently, Sometimes, Rarely, Never)

4.6.1.5 Outreach Metrics

- Bi-annual member survey (Evangelism questions. See policy 4.6.1.3.)
- Outreach and mission activities of the church and # and percentage of active member participation in them.

4.6.2 The Senior Pastor**,** with the cooperation of the Treasurer and the Senior Business Manager**,** shall present accurate written financial statements to the Board at all regular meetings of the Board, and shall ensure that both positive and negative aspects of the current financial status of St. Paul's are clearly explained.

4.6.3 The Senior Pastor shall, upon request of the Board, report in writing on the Senior Pastor's compliance or lack of compliance with any of his obligations under any section of this Policy Manual.

4.6.4 The Senior Pastor shall ensure the attendance of the Principal at the May Board meeting when the annual budget is being considered and at the November Board meeting, where the Principal shall provide a report on the state of the schools. The state of the schools report shall include updates on the following:

- Standardized Test Scores
- Accreditation Status
- Plans for Tuition increases
- Religious makeup of student body
- Enrollment status with historical comparison
- A summary of where last year's 8th grade students went for high school
- The percentage of our preschool students who transitioned to Kindergarten at St. Paul's.
- Curriculum (high level overview of any changes we are making or considering).
- Foreign students update (Full-year and part-year with historical comparison)
- Facilities—Overview of major updates or improvements being considered in the near future
- Staffing changes and significant staff events (completion of colloquy, recognitions, anniversaries, service to the church outside St. Paul's)

4.7 SENIOR PASTOR PERFORMANCE REVIEW

4.7.1 The Board shall consistently advise the Senior Pastor of his performance, and, at least annually, conduct a formal performance review.

4.7.1.1 Upon the request of the Board, the Senior Pastor shall submit an annual self-review along with his current job description for the Board to consider while conducting his performance review.

4.7.2 In conducting the Senior Pastor's annual performance review, the Board shall consider the congregation's progress toward achieving the Board's critical targets. Advancement of the Fundamental Principles (Board policy manual, section 1) while staying within Senior Pastor Limitations and complying with other policies shall be seen as successful performance by the Senior Pastor.

4.7.2.1 In addition to other information they may seek in conducting the performance review, the Board may interview all staff who directly report to the Senior Pastor concerning the performance of the Senior Pastor. These interviews will focus on adherence to policy. The Board shall guarantee individual anonymity when reporting this information to the Senior Pastor.

4.7.2.2 In conjunction with the annual review, the Board shall discuss the Senior Pastor's performance, without the Senior Pastor being present. This discussion shall focus on adherence to policy. The Board shall guarantee individual anonymity when reporting the results of this discussion to the Senior Pastor.

4.7.3 When the performance review has been completed, the Board shall present the review face-to-face with the Senior Pastor and provide him with a written copy of the results.

4.7.3.1 The Board shall allow the Senior Pastor an opportunity to respond to his review.

4.7.3.2 If the Senior Pastor's performance review is less than acceptable, the Board shall counsel the Senior Pastor and assist him in establishing a plan to improve his performance.

4.8 BOARD COMMUNICATIONS AND COMPLAINT PROCEDURES

4.8.1 All communications from the Board related to the operation of the Church and/or School shall be directed to the Senior Pastor and not to other administrators or staff except as approved by the Senior Pastor or as otherwise set forth in Section 4.7.

4.8.2 The Senior Pastor may refer matters to the Board of Directors, thus authorizing direct contact with Church or School Administrator(s), faculty, and/or staff.

4.8.2.1 Where Board communications with administrators, faculty and/or staff is permitted, then full Board participation is not required. The President of the Board may appoint Board representatives to speak for the Board, but never less than two voting members from the Board.

4.8.3 Complaints (Senior Pastor/School):

Board members should accept that they are likely to be sought out as the appropriate individuals for handling complaints and/or concerns concerning the Senior Pastor, Church Staff or the School and its staff. Overall**,** a Board and its members must always be open and attentive to the people it represents while maintaining a true sense of impartiality. When receiving a complaint related to those areas of operation pertaining to either the Senior Pastor or the School these guidelines shall be followed:

4.8.3.1 Individual Board members should not attempt to resolve complaints. If the complaint is staff or operation related, Board members shall encourage the individual to share their concerns with the appropriate staff person. If it is unclear who should receive a specific complaint, all church related complaints shall be referred to the Senior Pastor; all school related complaints shall be referred to the Principal.

4.8.3.2 If the complaint is related to the Senior Pastor it should be directed to the President of the Congregation who chairs the Board. If the complaint is related to the Principal of the School it should be directed to the Senior Pastor. All complaints are to be considered confidential.

4.8.4 Media Communications

4.8.4.1 The Senior Pastor or his designated representative is the voice of St. Paul's and as such speaks for the church with regard to the news media.

4.8.4.2 If for any reason it is determined that the Board needs to make a statement to the media, such statement should be issued by or at the direction of the President and, when possible, in cooperation with the Senior Pastor.

Appendices:

5.1 VIC HEIM ENDOWMENT FUND HISTORY & PROCEDURES

5.1.1 Inception:

The Vic Heim Endowment Fund began in December 2005 with an initial gift amount of $10,000 with the intention of starting an Endowment Fund for St. Paul's Lutheran School. Another contribution was made in November 2006 for $10,000. As of March 2019, the Victor A. Heim Survivor's Trust has endowed an additional gift of $20,000.

5.1.2 Purpose:

The purpose of the fund was to a provide a scholarship to a worthy graduating 8th grade student at St. Paul's Lutheran School who would be attending Orange Lutheran High School in the fall that demonstrated excellent leadership skills.

5.1.3 Criteria:

The criteria set forth to be considered for the scholarship is determined annually by Administrative staff at the school. The decision is based on the School Learner Outcomes and the committee consists of the Principal, Assistant Principals, 8th grade teachers and Servant Leadership Advisor.

5.1.4 Distribution:

Once a student is identified, the fund allows for an amount of $1,000 scholarship to be given to the student.

5.1.5. Fund Criteria:

The fund is to be prudently invested and controlled by St. Paul's Lutheran Church and School such that the annual $1,000 scholarship could be made in perpetuity. It has been and is currently invested in a Thrivent Diversified Mutual Fund. This fund was selected by Jim and Vic Heim in January of 2007. The fund rate of return goal is a minimum of 2% per year to ensure longevity of the fund.

5.2. TUITION ASSISTANCE ENDOWMENT FUND POLICIES AND PROCEDURES

5.2.1 Purpose:

The purpose of the Tuition Assistance Endowment Fund is to provide grants to St. Paul’s school families to assist with the payment of St. Paul’s school tuition.

5.2.2. Recipients

5.2.2.1. Individual grants shall be given based on the financial need of the applicant.

5.2.2.2. Both church members and non-members may receive grants from the fund.

5.2.2.3. Grants may be given to both ECDC and K-8 students.

5.2.3. Grants

5.2.3.1. The total amount of all grants shall be determined annually based on the previous year’s performance of the fund.

5.2.3.2. The total of all grants shall not exceed 5% of the total balance of the Tuition Assistance Endowment Fund. The intention is to create grants from the appreciation of the fund and to allow growth of principal.

5.2.3.3. Approved grants shall be credited directly to the recipients’ tuition account. Tuition assistance grants may not be issued directly to the recipient.

5.2.4. Annual Distribution Process

5.2.4.1. The Principal shall, at least annually, notify all St. Paul's school families of the availability of Tuition Assistance Fund grants and the process for applying for them.

5.2.4.2. The Endowment Fund committee shall annually recommend to the Board of Directors the total amount of the annual distribution of funds.

5.2.4.3. The total amount of the annual distribution of funds shall be approved by the Board in March.

5.2.4.4. Individual grant recipients & amounts shall be determined by the Principal, Senior Business Manager, and a member of the Board of Directors.