

December 8, 2009 Edition
of

Good Shepherd Lutheran
Church and School

Cedar Park Texas

Governing Policies

As Established by the
Board of Directors

OVERVIEW OF THE PRINCIPLES AND POLICIES OF THE BOARD OF DIRECTORS

This document sets out the governing policies of Good Shepherd Lutheran Church and School, Cedar Park, Texas. It is a living document and will be amended by the Board of Directors as needed to reflect current needs and future directions, goals and visions. This policy manual is intended to be a well-used reference, providing a framework for current operations and a sign post pointing to the future. It is intended to be a relatively short, concise statement of governing policy under which many more detailed policies and statements of practices and principles. This manual, along with the constitution and bylaws ("Good Shepherd Lutheran Church Constitution and By-Laws") is the definitive statement of the principles for Good Shepherd Lutheran Church and School. All other statements of policies, principles, and practices must be aligned with these documents. If anyone, whether a member of Good Shepherd or not, feels that any person or group representing Good Shepherd or any ministry of Good Shepherd is acting in a manner which is prohibited by these policies or is inconsistent with the stated vision and goals given in these policies, that person is requested to contact the Senior Pastor or the President of the congregation.

Preparation of this policy manual followed the amendment of the constitution and bylaws approved by the Voters Assembly on June 2, 1996, which adopted the board of directors form of governance. To help implement that change, the Board of Directors used the board of directors governance model taught by John Carver. Mr. Carver's approach is becoming widely used for many nonprofit and public organizations (Carver, John, *Boards that Make a Difference: A New Design for Leadership in Nonprofit and Public Organizations*, Jossey-Bass Publishers, San Francisco, 1997).

The Carver model divides governance policy into four areas which, tailored to our organization, are as follows:

1. *Ends Policies*: The effect of the organization on the outside world. What needs are to be met, for whom (outside the organization), and at what cost or relative worth.
2. *Executive Limitations Policies*: Those principles of prudence and ethics that limit the choice of means (practices, activities, circumstances, methods) available to the Senior Pastor and the staff.
3. *Governance Policies*: The manner in which the board of directors represents the "ownership" and provides strategic leadership to the organization.
4. *Board-Senior Pastor Linkage Policies*: The manner in which power is passed to the Senior Pastor and in which the use of that power is assessed.

Executive limitations, governance, and board-senior pastor linkage policies are statements of how the board will operate and things the senior pastor and the staff will **not** do. While these are very important to the efficient, prudent, and proper running of the organization, once established they are usually not revised very often. Also, they are typically referred to most often to resolve conflicts or provide a framework for activities. Ends policies are different. They represent the current vision and goals of the organization, the approach being used to

achieve that vision and those goals, and the current status of the organization in achieving the vision and goals.

The ends policies for Good Shepherd Lutheran Church and School are organized into four areas: purpose, vision, ministries, and stewardship.

Purpose — Policies in this area are global and address the impact of the church as a whole on people that the church is, or could be, in contact with. These statements are largely expressions of principles.

Vision — Policies in this area represent where the church is headed over the short and the long haul. What will the church and its ministry activities be like in one year, five years, ten years, and beyond. What will it be like to be a member. All long and short term plans of the church should be consistent with the vision policies. All members of the church should be aware of the vision of the church and actively working to help the church move in that direction.

Ministries — This area of ends policies recognizes that to accomplish the purpose and vision, the church must organize its efforts around ministries. Policies in this area are combinations of principles regarding these ministries and specific policies regarding how we go about conducting these ministries and the associated specific ministry goals (i.e., “metrics”).

Stewardship — These policies recognize that we can set targets for, and also measure, our performance in:

1. Achieving our overall purpose with respect to our existing members;
2. Our members’ support of the overall purpose and of the ministries;
3. Maintaining our financial integrity as we strive to achieve our goals; and
4. Using good management practices so that we utilize our resources fully and efficiently.

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I - ENDS POLICIES

POLICY TYPE: ENDS
POLICY TITLE: PURPOSE

Adopted February 17, 1998
Amended May 9, 2005

The purpose of Good Shepherd Lutheran Church is to glorify God by bringing all people into a living personal committed relationship with Jesus Christ. Accordingly:

1. We recognize that our first priority is to minister to the people in the largest community we can reach.
2. We minister holistically, addressing spirit, mind, and body, to everyone in our community.
3. We recognize the inherent worth of all people and develop ministry opportunities for them to serve.
4. We expand the community in which we minister and constantly seek new methods and techniques to reach all people.

POLICY TYPE: ENDS
POLICY TITLE: VISION

Adopted April 11, 2005

The vision of Good Shepherd Lutheran Church is that we will be a real presence of Christ in the community.

POLICY TYPE: ENDS
POLICY TITLE: MINISTRIES

Adopted February 17, 1998
Amended August 8, 2005
Amended August 9, 2008

All of our activities will be directed towards impacting our four Strategic Targets: Small Groups, Mission/Outreach, Discipleship, and Youth & Children. These Strategic Targets and all activities support our purpose and vision and are evaluated regularly to see that they continue to support our purpose and vision. All ministries are under the direction of a paid staff member. The highest standards of excellence are applied to every ministry. Specific purposes are established for each ministry and all ministries are evaluated on an ongoing basis.

POLICY TYPE: ENDS
POLICY TITLE: STEWARDSHIP

Italics statement adopted February 17, 1998
Numbered statements adopted April 21, 1998
Amended August 8, 2005
Amended August 9, 2008

We will exercise good stewardship both as individuals and collectively as a church so that we can achieve our purpose and vision and support our strategic targets, which are an integral part of our achieving that purpose

and vision. We will also work to achieve our purpose and vision with respect to our membership in addition to our efforts to achieve this purpose in the community at large. Accordingly:

1. The greatest single measure of our spiritual health is the number of participants in our congregation who have a living, personal, committed relationship with Jesus Christ. We increase the number of "committed" participants in our church and the percentage of our overall membership who are committed members. We examine:
 - a) Participation in worship, Holy Communion, and Bible study.
 - b) Participation in small group ministry.
 - c) Participation in church activities.
 - d) Service in the ministries of the church.
 - e) Stewardship in committing his/her time, talents, and treasures in furthering the Lord's work.
2. As a congregation, we are good stewards of our money and adopt generally accepted accounting practices. Accordingly we:
 - a) Ensure that funds available for ministry and administration are used prudently.
 - b) Keep records and prepare reports for the purpose of evaluating the cost effectiveness of each ministry in terms of the strategic targets.
 - c) Ensure that the overall cost accounting includes separate income and expense statements for ministries that create revenue (e.g., the Early Childhood Development Center) so that a cost-effectiveness analysis of those ministries can be made.
3. We use good management practices so that we utilize our resources fully and efficiently. The Senior Pastor assumes responsibility for managing the affairs of the church and utilizes management practices and tools which are commonly accepted to be effective in getting results.

II - EXECUTIVE LIMITATIONS POLICIES

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: GLOBAL EXECUTIVE CONSTRAINT

Adopted January 24, 1998

The Senior Pastor shall not cause or allow any practice, activity, decision, or organizational circumstance that is either unlawful, imprudent, or in violation of commonly accepted business and professional ethics.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: TREATMENT OF MEMBERS

Adopted January 24, 1998

With respect to interactions with members or those applying to be members, the Senior Pastor shall not cause or allow conditions, procedures, or decisions that are unsafe, undignified, unnecessarily intrusive, or that fail to provide appropriate confidentiality or privacy.

Accordingly, the Senior Pastor shall not;

1. Use forms that elicit information for which there is no clear necessity.
2. Use methods of collecting, reviewing, transmitting, or storing personal information that fail to protect against improper access to the material.
3. Fail to establish a clear understanding of the expectations of membership.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: TREATMENT OF STAFF

Adopted January 24, 1998

With respect to the treatment of paid and volunteer staff the Senior Pastor may not cause or allow conditions that are unfair or undignified.

Accordingly, the Senior Pastor shall not:

1. Operate without a written personnel policy.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: FINANCIAL PLANNING AND BUDGETING

Adopted January 24, 1998

Financial planning for any fiscal year shall reflect the Board's Ends Policies, shall support the long range plan, and shall maintain the financial integrity of the church.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: FINANCIAL CONDITION AND ACTIVITIES

Adopted January 24, 1998

With respect to the actual, ongoing financial condition and activities, the Senior Pastor shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in Ends Policies.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: ASSUMPTION OF ADMINISTRATIVE PORTION OF SENIOR PASTOR DUTIES

Adopted January 24, 1998

The Senior Pastor will have a plan for the emergency assumption of his administrative duties.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: ASSET PROTECTION

Adopted January 24, 1998

The Senior Pastor shall not allow the assets to be unprotected, inadequately maintained, or unnecessarily risked.

III -- GOVERNANCE PROCESS POLICIES

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: GLOBAL GOVERNANCE COMMITMENT

Adopted January 24, 1998

The purpose of the board is to ensure that Good Shepherd Lutheran Church (1) achieves appropriate results for appropriate cost and (2) avoids unacceptable actions and situations.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: BOARD DECISION MAKING AND SUPPORT OF BOARD POLICIES AND DECISIONS

Adopted January 24, 1998

The board of directors make policies and decisions in an orderly manner with broad inputs from board members and broad support of the results by board members.

Accordingly,

1. When potential policies or decisions are discussed, each board member will participate actively and openly, sharing his or her views with the other board members.
2. Six board members must be present for there to be a quorum.
3. Each board member and the board as a whole will strive to make policies and decisions that, while every board member may not prefer them over other options, every board member can support them once the board has acted.
4. Decisions will be made by a majority vote of the board members present.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: BOARD MEMBER'S CODE OF CONDUCT

Adopted January 24, 1998
Amended and Adopted September 13, 2004

The board will act consistent with its principles.

Accordingly,

1. Members must represent unconflicted loyalty to the interests of the congregation. This accountability supersedes any conflicting loyalty such as that to advocacy of interest groups and membership on other boards or staffs. It also supersedes the personal interests of any board member as a member of the church.
2. Members must avoid conflict of interest with respect to their fiduciary responsibility.
 - a) There must be no self-dealing or any conduct of private business or personal services between any board member and the organization except as procedurally controlled to assure openness, competitive opportunity, and equal access to inside information.
 - b) When the board is to decide upon a specific issue in which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote but also from the deliberation.
 - c) Paid staff members may not serve on the board.
3. Board members may not attempt to exercise individual authority over the organization.

- Members will respect the confidentiality appropriate to issues of a sensitive nature.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: GOVERNING STYLE

Adopted January 24, 1998
Amended August 9, 2008

The board will govern with an emphasis on (1) outward vision rather than internal preoccupation, (2) encouragement of diversity in viewpoints, (3) strategic leadership more than administrative detail, (4) clear distinction of board and Senior Pastor roles, (5) collective rather than individual decisions, (6) future rather than past or present, and (7) proactivity rather than reactivity.

Accordingly:

- The board will cultivate a sense of group responsibility. The board is responsible for excellence in governing. The board will be the initiator of policy, not a reactor to staff initiatives. The board will use the expertise of individual members to enhance the ability of the board as a body rather than to substitute individual judgments for the board's values. The board will allow no officer, individual, or committee of the board to hinder or be an excuse for not fulfilling board commitments.
- The board will direct, control, and inspire the organization through the careful establishment of broad written policies reflecting the board's values and perspectives about ends to be achieved and means to be avoided.
- The board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation, policymaking principles, respect of roles, and ensuring continuance of governance capability. Continual board development will include orientation of new board members in the board's governance process and periodic board discussion or process improvement.
- The board will monitor and discuss the board's process and performance with respect to board policies annually.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: BOARD JOB DESCRIPTION

Adopted January 24, 1998

The job of the board is to represent Good Shepherd in determining and ensuring appropriate organizational performance.

Accordingly:

- The board is the link between the congregation and the staff.
- The board will produce written governing policies that, at the broadest appropriate level, address each category of organizational decision.
 - Ends: The organizational products, effects, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).
 - Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - Governance Process: Specification of how the board conceives, carries out, and monitors its own task.
 - Board-Senior Pastor Linkage: How power is delegated and its proper use monitored; the Senior Pastor's role, authority, and accountability.
- The board will assure Senior Pastor performance (against policies in 2a and 2b).

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: AGENDA PLANNING

Adopted January 24, 1998

To perform consistent with board policies, the board will follow an annual agenda that (1) completes re-exploration of Ends policies and (2) continually improves board performance through board education and enriched input and deliberation.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: CHAIRPERSON'S ROLE

Adopted January 24, 1998

The chairperson assures the integrity of the board's process and represents the board to outside parties.

1. Accordingly, the chairperson will ensure that the board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
2. The chairperson may delegate this authority, but remains accountable for its use.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: BOARD COMMITTEE PRINCIPLES

Adopted January 24, 1998

Amended and Adopted September 13, 2004

Board committees, when used, will be assigned to reinforce the wholeness of the board's job and never to interfere with delegation from board to the Senior Pastor.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: POLICY ADHERENCE

Adopted December 8, 2009

The board of directors shall adhere to its governance policies.

Accordingly,

1. The Chairperson of the Board of Directors must be notified if any member identifies an issue where governance policies are not being followed. The Vice Chairperson of the Board of Directors must be notified if the policy issue involves the Chairperson.
2. Policy adherence discussions may be addressed by the full Board during a scheduled meeting or by two Board members addressing the offending member directly in a biblical manner.

IV- BOARD-SENIOR PASTOR LINKAGE POLICIES

POLICY TYPE: BOARD-SENIOR PASTOR LINKAGE
POLICY TITLE: PARTICIPATION BY THE SENIOR PASTOR ON THE BOARD OF DIRECTORS

Adopted January 24, 1998

The Senior Pastor will participate on the Board of Directors as a non-voting member of the board. The Senior Pastor or his designated member of the staff will attend all board business meetings and will provide the board with the spiritual leadership to help the board in its efforts to fulfill the vision of the church. The Senior Pastor will have the responsibility to ensure and enforce that the board and its directives comply with the spiritual integrity of the church and its doctrine.

POLICY TYPE: BOARD-SENIOR PASTOR LINEAGE
POLICY TITLE: GLOBAL BOARD-SENIOR PASTOR LINKAGE

Adopted January 24, 1998

The board's sole official connection to the operational organization is through the Senior Pastor.

POLICY TYPE: BOARD-SENIOR PASTOR LINKAGE
POLICY TITLE: COMMUNICATION AND SUPPORT TO THE BOARD

Adopted January 24, 1998
Amended January 10, 2005

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

Accordingly, the Senior Pastor shall:

1. Submit monitoring data required by the board in a timely, accurate, and understandable fashion, directly addressing provisions of board policies being monitored.
2. Make the board aware of relevant trends and significant external and internal events, particularly changes in the assumptions upon which any board policy has previously been established.
3. Advise the board if, in the Senior Pastor's opinion, the board is not in compliance with its own principles or its own policies on Governance Process and Board-Senior Pastor Linkage. Particularly in the case of board behavior that is detrimental to the work relationship between the board and the Senior Pastor.
4. Deal with the board as a whole except when responding to officers or committees duly charged by the board.
5. Report in a timely manner any actual or anticipated noncompliance with any policy of the board.

POLICY TYPE: BOARD-SENIOR PASTOR LINKAGE
POLICY TITLE: UNITY OF CONTROL

Adopted January 24, 1998

Only decisions of the board acting as a body are binding on the Senior Pastor.

POLICY TYPE: BOARD-SENIOR PASTOR LINKAGE

POLICY TITLE: ACCOUNTABILITY OF THE SENIOR PASTOR

Adopted January 24, 1998

All authority and accountability of staff is considered the authority and accountability of the Senior Pastor.

POLICY TYPE: BOARD-SENIOR PASTOR LINKAGE
POLICY TITLE: DELEGATION TO THE SENIOR PASTOR

Adopted January 24, 1998

The board will instruct the Senior Pastor through written policies that prescribe organizational Ends to be achieved and describe organizational situations and actions to be avoided allowing the Senior Pastor to use any reasonable interpretation of these policies.

Accordingly,

1. The board will develop policies instructing the Senior Pastor to achieve certain results. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called Ends policies.
2. The board will develop policies that limit the latitude the Senior Pastor may exercise in choosing the organizational means. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies.
3. As long as the Senior Pastor uses any reasonable interpretation of the boards Ends and Executive Limitations policies, the Senior Pastor is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities.
4. The board may change its Ends and Executive Limitations policies, thereby shifting the boundaries between board and Senior Pastor domains. By so doing, the board changes the latitude of choice given to the Senior Pastor. But as long as any particular delegation is in place, the board will respect and support the Senior Pastor's choices.

POLICY TYPE: BOARD-SENIOR PASTOR LINKAGE
POLICY TITLE: MONITORING SENIOR PASTOR PERFORMANCE

Adopted January 24, 1998

Amended January 10, 2005

The performance of the Senior Pastor will be evaluated by the board according to the Ends and Executive Limitations Policies.