



HOLY CROSS  
LUTHERAN CHURCH

***Policy Manual***  
**Board of Trustees**

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## *Section 1: Our Biblical Core Values, Mission Statement and Desired Outcomes*

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### **1.1 OUR BIBLICAL CORE VALUES**

#### **1.1.1 LIVING ON GOD'S WORD & SACRAMENTS:**

We believe and proclaim the Bible as the truth of God and as the sole source and authority of our faith and life. We treasure Baptism and Holy Communion as means by which God extends His grace to us and through which He empowers us with His indwelling Spirit to live lives that glorify Him.

#### **1.1.2 MAKING DISCIPLES OF CHRIST:**

We passionately proclaim Jesus as Savior and Lord; pursue making disciples of Jesus in our homes, community, and across cultures; serve God in ways that benefit God's kingdom as a whole; and support a strong and vibrant school ministry that reaches out to the unsaved and helps make disciples of Christ.

#### **1.1.3 FOSTERING RELATIONSHIPS BASED ON:**

**LOVE & CARE:** We seek to love others as God loves us, being totally committed to the total well-being of other people. Our caring and loving attitude toward others is reflected in a welcoming attitude and approach toward people visiting or new to our partnership.

**RELATIONAL TRUST:** As forgiven sinners and Spirit-empowered saints, we put the best construction on another person's action, do not second guess another person's intent, and when necessary confront another person in a kind and loving manner, always speaking the truth in love. We believe that confession and forgiveness are keys to creating and maintaining healthy relationships based on trust.

**OUR PARTNERSHIP IN THE GOSPEL:** We celebrate being joined and held together in Christ Who is our Head, and accordingly we work together rather than separately on fulfilling God's mission for us. As partners in the Gospel, we learn to recognize, employ and celebrate each others' varied God-given abilities and spiritual gifts.

#### **1.1.4 GLORIFYING GOD IN WORSHIP:**

As we receive God's grace and learn His truth in worship, we glorify Him in passionate worship that expresses our love for Him.

#### **1.1.5 DEPLOYING GOD'S RESOURCES IN GOD-HONORING WAYS:**

Through the Spirit's power we recognize God as the source of our blessings; willingly give our tithes as our regular, first fruit, proportionate, grateful gifts to the Lord for the work of the Gospel and to care for those in need; and seek to minimize the use of debt both individually and as a church.

#### **1.1.6 CREATING & SUSTAINING PERSONAL WELLNESS:**

As temples of the Holy Spirit and knowing God desires health and wholeness for us His children, we are committed to lifelong learning and growth and improving the wellness of individuals in all aspects of their lives: spiritual, mental, emotional, relational and physical.

**1.1.7 CULTIVATING SPIRITUAL LEADERS:**

We affirm the priesthood of all believers, and we seek and celebrate the ministry involvement and spiritual leadership development of our partners as we fulfill God's mission in our homes, church and community.

**1.2 MISSION STATEMENT**

The mission of Holy Cross Lutheran Church is equipping and sending God's people to make a Christ-like difference in the world.

### 1.3 DESIRED OUTCOMES OF GOD'S MISSION AT HOLY CROSS LUTHERAN CHURCH

These desired outcomes of the board approved by the congregation define *who* receives *what benefits* from Holy Cross ministries and at *what cost* such benefits are provided.

#### 1.3.1 MISSIONAL COMMITMENT (Acts 1:8) – Missio Dei

HCLC partners are willing to do whatever it takes to reach people with the Gospel within the bounds of God's Word, believed and taught as summarized in the Lutheran Confessions, freely using with discernment human knowledge and wisdom that does not contradict Scripture (Lutheran missiology).

1.3.1.1 Through God's gracious invitation, our partners experience the joy of participating in His mission of seeking and saving those who do not yet know Jesus as their Savior and Lord.

1.3.1.2 Those touched by the lives of our partners will experience the eternally life-changing difference Jesus makes.

#### 1.3.2 SPIRITUAL FORMATION (2 Corinthians 3:18) – Imago Dei

HCLC partners participate in a life-long, transformational journey into the likeness of Jesus Christ through the power of the Word.

1.3.2.1 Our partners are able to articulate their own faith and to differentiate between belief systems.

1.3.2.2 Our partners' lives reveal more fully the mind and heart of Christ within them.

#### 1.3.3 BAPTISMAL VOCATION DISCOVERY - (Ephesians 2:10, Colossians 3:23) Vocatio Dei

HCLC partners grow into and use their God-given capacity and Spiritual giftedness to make their unique, Christ-like difference in the world.

1.3.3.1 Our partners *discover* their God-given abilities and Spirit-empowered gifts.

1.3.3.2 Our partners are *trained* in their Spiritual gifts.

1.3.3.3 Our partners are *invited* and creatively *connected* into God's mission and ministry at Holy Cross.

1.3.3.4 Our partners are *encouraged* and *authorized* to take entrepreneurial risks to make a Christ-like difference in the lives of others.

#### 1.3.4 MISSION & MINISTRY COST PARAMETERS

1.3.4.1 Operations: We finance mission and ministry operations within the means God provides through our partners, strategic alliances, Endowment funds and third-party (non-debt) funding. We do *not* finance mission and ministry operations with debt.

1.3.4.2 Capital projects, including mission & ministry projects, not included in operational financial plans:

1.3.4.2.1 We identify such future projects and develop financial plans for them.

1.3.4.2.2 We *maximize* the use of partner pledges, internal savings, third party (non-debt) funding, and Endowment funds and *minimize* borrowing to finance such projects.

1.3.4.2.3 We eliminate any project borrowing as soon as reasonably feasible.

#### **1.4 HOLY CROSS PARTNERS IN THE GOSPEL**

A primary responsibility of the Board of Trustees (Board) is to represent our Holy Cross Partners in the Gospel. Our Holy Cross Partners in the Gospel are those who are the Body of Christ at Holy Cross Lutheran Church and who invest spiritual, financial, time, and emotional resources in order to enhance and expand the spread of the Gospel through the congregation's mission and ministry. The Board recognizes that no individual or group is the owner of the congregation.

1.4.1 Listening to our Holy Cross Partners in the Gospel: The Board shall listen to the ideas, the concerns and values of our Holy Cross Partners in the Gospel. It shall use a variety of appropriate methodology (such as mail and phone surveys, focus groups and Board dialog) to seek out the desires of our Holy Cross Partners in the Gospel.

1.4.2 Reporting to our Holy Cross Partners in the Gospel: The Board shall keep our Holy Cross Partners in the Gospel informed of its progress toward achieving the mission and Desired Outcomes. It shall use a variety of methods for this reporting (examples may include annual reports, videos, web page, magazine, newspaper articles, survey reports, TV spots, etc.).

#### **1.5 SERVED**

The served are those who use and benefit from the primary ministries offered by the congregation to fulfill its mission. The congregation shall provide the highest quality ministries with honesty, integrity and sensitivity to its Served.

#### **1.6 STRATEGIC ALLIANCES**

Strategic alliances are mutually beneficial relationships with other organizations or individuals built upon a common vision or mission or common goals, which allow all parties to honor their core values, enhance the pursuit of their mission, and maintain operational autonomy. The congregation shall pursue strategic alliances as appropriate.

## *Section 2: Board Self-Governance*

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### **2.1 BOARD RESPONSIBILITIES:**

- 2.1.1 The primary responsibilities of the Board are to represent our Partners in the Gospel and to provide a strong, powerful, and ethical pursuit of the congregation's mission. To that end, the Board shall:
  - 2.1.1.1 Ensure that the Biblical Core Values, Mission Statement, and Desired Outcomes of the congregation are the driving force for all activities and related services.
  - 2.1.1.2 Periodically review and update the Desired Outcomes for approval by the congregation.
  - 2.1.1.3 Develop, communicate, monitor, and enforce the governing policies of the Board (See Section 2.3).
  - 2.1.1.4 Provide oversight of all organizational activities by establishing and monitoring appropriateness of and adherence to Board policies that guide the efforts of the Senior Pastor.
  - 2.1.1.5 Ensure that the operational and financial decisions are executed in accordance with the congregation's Constitution and Bylaws and the Board policies.
  - 2.1.1.6 Communicate regularly with our Partners in the Gospel regarding the pertinent activities of the Board and remain open to communication from our Partners in the Gospel and Served.
  - 2.1.1.7 Exercise particular concern for the spiritual and physical welfare of the Senior Pastor and other called workers, supporting them with prayer and appropriate counsel.

**2.2 ACCEPTING RESPONSIBILITIES:**

- 2.2.1 Board members have a responsibility to each other, to the employees and to our Partners in the Gospel and Served.
- 2.2.2 Board members shall:
  - 2.2.2.1 Regularly participate in the worship and educational life of our congregation.
  - 2.2.2.2 Undertake personal spiritual disciplines for the development of their own faith lives.
  - 2.2.2.3 Support the major ministry programs of the congregation.
  - 2.2.2.4 Be prepared for the Board meetings.
  - 2.2.2.5 Attend Board meetings regularly, not missing more than one meeting in any given quarter.
    - 2.2.2.5.1 Should it be necessary to miss a meeting, Board members shall make contact with the Board President for dialog both before and after said meeting.
    - 2.2.2.5.2 In the case of a conflict of interest (as delineated in the Conflict of Interest policy in Appendix E), a Board member may recuse her/himself from the Board session or may be excused from the session by the Board with a simple majority vote of the Board members present, not including the Member in question.
  - 2.2.2.6 Work to expand their leadership abilities and increase their understanding of the mission and ministry of the congregation.
  - 2.2.2.7 Gain a working knowledge of the Board's policy manual.
  - 2.2.2.8 Actively participate in Board meetings, special briefings and meetings and policy decision-making.
  - 2.2.2.9 Make informed decisions by insisting on complete and accurate information.
  - 2.2.2.10 Support all decisions once they have been fully discussed and resolved by the Board.
  - 2.2.2.11 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 member of the Board.
  - 2.2.2.12 Relate to other individuals with integrity, honesty and straightforwardness, speaking the truth in love.
  - 2.2.2.13 Actively discipline themselves and other members of the Board by identifying Board actions and conditions that run counter to Board policies.

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- 2.2.2.14 Keep Board documents and discussions confidential, unless given permission by the Board acting as a whole. However, the Board Policy Manual, Board approved minutes (excepting those of executive sessions) and audited or reviewed financial statements do not require permission as long as any Board discussion or information related to these documents remains confidential.
  - 2.2.2.15 Be familiar with and put into practice any specific policies developed to guide the behavior of members of the Board.
  - 2.2.2.16 Not hinder the Board process due to individual proclivities or disruptive behavior.
  - 2.2.2.17 Exercise their powers in the interests of the congregation and not in the Board member's own interests or in the interests of another person or organization.
- 2.2.3 A member of the Board who violates any policy shall be counseled by the President. Should violations continue, the member shall be counseled by the Executive Committee and then by the Board as a whole. Decisions concerning continued service to the Board by any member who continues to violate policy after such counseling shall normally be made by the Board and shall require a 2/3 majority vote of the Board. If the individual Board member under discipline so desires, the decision may be made by the congregation.
- 2.2.3.1 Should the President of the Board violate policy, it shall be the responsibility of the President-Elect to initiate such counsel.

**2.3 ENUNCIATING GOVERNING POLICIES AND VALUES**

2.3.1 Board policies are to be active and dynamic. They are meant to be changed and refined regularly, based on the intent of each section, the values of the Board, and the changing context within which the congregation functions.

2.3.2 Resolutions and one-time decisions

The Board will pass resolutions and one-time decisions for specific actions only when those actions will affect only the Board or are required by these policies, law, the Constitution and Bylaws, or Re-Statement of the Articles of Association of the Endowment Funds. The purpose of section 2.3.2 is to ensure the Board addresses issues with policies and not with one-time decisions and resolutions.

2.3.3 Senior Pastor actions

All board decisions governing actions of the Senior Pastor shall be done through policy. Any actions taken or contemplated by the Senior Pastor or any which may be or have been approved through the Senior Pastor, will only be considered in light of the appropriate governing policies. The Board will only review the policies for their soundness as a test of ethical and prudent behavior. The Board will not dictate what actions are appropriate except for whether or not actions comply with policies. The Board shall re-write policies when appropriate.

2.3.4 Policy review

2.3.4.1 Any Board member, the Senior Pastor or the Voters Assembly may ask for a review of specific policies by the Board. However, never does the responsibility for developing and maintaining effective and appropriate policies rest with anyone other than the Board.

2.3.4.2 The Board shall establish an annual policy review calendar to coordinate the review of every policy at least once a year. The Board will make every effort to coordinate the calendar with the business cycles of the congregation, reviewing appropriate policies just prior to management actions for decisions.

2.3.4.3 The Governance Committee shall review any policy changes proposed in a Board meeting and shall make any recommendation(s) to the Board for its consideration at the next regularly scheduled Board meeting.

2.3.5 The Board shall maintain written policies of four types:

2.3.5.1 Policies with respect to the Biblical Core Values, Mission Statement and Desired Outcomes

Affirmative statements setting forth the purposes, effects and acceptable costs of operations

2.3.5.2 Policies with respect to Board Self-Governance

Statements setting forth the style and rules with respect to the Board's own tasks and processes

2.3.5.3 Policies with respect to Senior Pastor Boundaries

Limiting statements that bind and/or restrict activity of the Senior Pastor and staff

2.3.5.4 Policies with respect to Board and Senior Pastor Relationship.

Clarifying statements about delegation to and monitoring of mission and ministry implementation

**2.4 ELECTION OF BOARD MEMBERS**

2.4.1 Constitution & bylaws provisions describe the election process and terms of office.

2.4.2 Nominating Committee

2.4.2.1 Constitution & Bylaws provisions describe the nomination process.

2.4.3 Qualifications and Other Considerations

2.4.3.1 In preparing its recommended slate of candidates for Board membership, the Nominating Committee must seek candidates who:

- Meet the requirements of Board membership as stipulated in the Constitution and by-laws: Voting members noted for their Christian knowledge, zeal and experience in the spiritual work in the Kingdom
- Regularly participate in the worship and educational life of our congregation
- Undertake personal spiritual disciplines for the development of their own faith lives
- Are good communicators
- Are visionary
- Can effectively represent the concerns of our Partners in the Gospel
- Understand and support the basic concepts of Policy Based Governance
- Are willing and able to support the Core Values of the congregation
- Are willing and able to accept the responsibilities of Board Membership as delineated in Policy Section 2.2
- Are not on the payroll of the congregation currently or anytime within the immediate preceding three years

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

- A spouse of any member of the Senior Leadership Team will not serve on the Board.
- No more than one staff member's spouse will be on the Board. That person shall not be eligible to serve on the Executive Committee.
- If the spouse of a Board member becomes employed after such Board member has been elected and if such employment results in more than one staff member's spouse serving on the Board the situation shall be allowed until the next Board election.

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

## **2.5 BOARD 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.

2.5.1 The annual self review of the Board of Trustees shall focus on:

2.5.1.1 The Board's openness and communication among its members.

2.5.1.2 The Board's openness and communication with the Senior Pastor.

2.5.1.3 The Board's ability and skill in developing and monitoring policy.

2.5.1.4 The Board's adherence to policy.

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

**2.6 EXECUTIVE COMMITTEE OF THE BOARD**

- 2.6.1 The President, President-Elect, Secretary, and Treasurer of the Board shall constitute the Executive Committee of the Board. The Senior Pastor shall be a non-voting ex officio member of the Executive Committee.
- 2.6.2 The Executive Committee may act on behalf of the Board in all matters delegated to it by specific action or by policy of the Board. Actions of the Executive Committee shall be reported to the Board at the next meeting of the Board for ratification.
  - 2.6.2.1 Subject to the following limitations, the Executive Committee shall possess and exercise all powers of the Board during the intervals between meetings.

The Executive Committee shall not:

    - 2.6.2.1.1 Recommend to members any action requiring their approval.
    - 2.6.2.1.2 Establish or modify governing policies.
    - 2.6.2.1.3 Change the membership of any committee at any time or fill vacancies therein.
    - 2.6.2.1.4 Discharge any committee either with or without cause at any time.
    - 2.6.2.1.5 Discharge any Board fiscal responsibilities.
- 2.6.3 The responsibilities of the Executive Committee are as follows.
  - 2.6.3.1 The Executive Committee shall consistently advise the Senior Pastor of his performance, shall conduct the Senior Pastor's annual performance appraisal and report to the Board when it has been completed seeking the Board's response and approval.
    - 2.6.3.1.1 The Executive Committee shall meet with the Senior Pastor prior to the beginning of each financial plan year for counsel and affirmation of the Senior Pastor's intended outcomes for the coming year. These outcomes shall form the basis for the Senior Pastor's annual performance appraisal.
    - 2.6.3.1.2 The Senior Pastor shall conduct an annual anonymous feedback process including from every member of the Senior Leadership Team and share the raw data as well as an interpretation of the data with the Executive Committee prior to the performance appraisal process.
    - 2.6.3.1.3 In addition to other information it may seek in conducting the performance appraisal, the Executive Committee shall, once or twice a year, interview individuals serving on the Senior Leadership Team concerning the performance of the Senior Pastor. *These interviews will focus on adherence to policy only.* The Executive Committee shall guarantee anonymity when reporting this information to the Senior Pastor or to the Board.

- 2.6.3.1.4 The Executive Committee also shall seek input from the Board individually and/or corporately regarding the Senior Pastor's performance. *These interviews will focus on adherence to policy only.* The Executive Committee shall guarantee anonymity when reporting this information to the Senior Pastor or to the Board.
  - 2.6.3.1.4.1 The Senior Pastor shall annually provide a report to the Board on his conformance to Section 3 and section 4.8 policies. Such report will provide sufficient detail regarding each Section 3 policy and each section 4.8 policy that it enables the Board to review the Senior Pastor's adherence to policy.
  - 2.6.3.1.4.2 The Board also shall provide input into the extent to which the Senior Pastor has helped Holy Cross accomplish the congregation's mission and Desired Outcomes.
- 2.6.3.1.5 The Executive Committee shall share the information gathered through these interviews (guaranteeing anonymity) with the Senior Pastor and allow him to respond as he feels the need.
- 2.6.3.1.6 If the Senior Pastor's performance appraisal is less than acceptable, the Executive Committee shall counsel the Senior Pastor and assist him in establishing a plan to enhance his performance.
- 2.6.3.2 Establishing the Senior Pastor's compensation and benefits.
- 2.6.3.3 Evaluating a request by the Senior Pastor under section 3.8.1.1. Any vote to approve such a request must be passed by a majority of the Executive Committee.
- 2.6.3.4 Evaluating a request by the Senior Pastor under section 3.8.1.2. Any vote to approve such a request must be passed by a majority of the Executive Committee.
- 2.6.3.5 Planning the program and agenda for Board meetings.
- 2.6.3.6 Individually or collectively signing any legal, financial or synodical documents as may be required.

**2.7 COMMITTEES OF THE BOARD**

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

- 2.7.1 Committee responsibilities shall flow directly from the Board's description of its job, shall be set forth in a formal written charge with an appropriate period for existence and shall not impinge upon responsibilities delegated to the Senior Pastor.
- 2.7.2 Committees shall not manage any part of the congregation or do staff work, except when working on a topic that is fully within the province of the Board and has not been delegated in any way to the Senior Pastor.
- 2.7.3 Except when empowered by the Board, committees shall have no executive or decision-making authority. At all other times they will strive to develop policy or develop findings and conclusions and make recommendations to the Board as a whole as regards these policies, findings and conclusions.
- 2.7.4 Financial Review Committee (FRC)
  - 2.7.4.1 Membership

The number of committee members shall be at least three. The Treasurer and at least two other members of the Board shall be appointed to the committee by the Board. The Treasurer shall lead the committee.
  - 2.7.4.2 Qualifications

In selecting members of the Financial Review Committee, the Board must appoint members who are knowledgeable of financial management.
  - 2.7.4.3 Terms of service

A term of service shall be for one year. A member may be reappointed to this committee as long as he/she is a member of the Board.
  - 2.7.4.4 Responsibilities
    - 2.7.4.4.1 The committee shall monitor policies related to financial management (including the financial plan, asset protection, and compensation policies) and report to and advise the Board as necessary.
      - 2.7.4.4.1.1 The committee shall assist the Governance Committee, upon that committee's request or the Board's direction, with the development of any policies related to financial management.
    - 2.7.4.4.2 The committee shall review the financial plan submitted to it by the Senior Pastor and present it to the Board with any recommendations to ensure the proposed financial plan complies with financial plan policy criteria.
    - 2.7.4.4.3 The committee shall review the financial statements of all accounts of the congregation and report to the Board at the Board's request or as the committee deems necessary.
    - 2.7.4.4.4 The committee shall provide annual training to Board members in knowledge and skills related to understanding accounting and financial reports.

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2.7.5 Governance Committee (GC)

2.7.5.1 Membership

The number of committee members shall be at least three. The President-Elect and at least two other members of the Board shall be appointed to the committee by the Board.

2.7.5.2 Qualifications

In selecting members of the Governance Committee, the Board must appoint members from the Board. The committee may seek the input of non-Board members.

2.7.5.3 Terms of service

A term of service shall be for one year. A member may be reappointed to this committee as long as he/she is a member of the Board.

2.7.5.4 Responsibilities

2.7.5.4.1 The committee shall review the Board's Policy Manual and report to the Board at least annually on the Board's compliance with policy.

2.7.5.4.2 The committee shall prepare proposed policy changes as directed by the Board or as shall become needed.

2.7.5.4.3 The committee shall review the Constitution & Bylaws as needed and recommend to the Board any changes prior to having the Board call a Voters' Assembly meeting to discuss and vote on changes to the Constitution and Bylaws.

2.7.6 Permanent Endowment Committee (PEC)

2.7.6.1 See the following appendices for all pertinent documents governing the PEC:

2.7.6.1.1 Appendix A: Endowment Funds Re-Statement of Articles of Association

2.7.6.1.2 Appendix B: Planned Giving Gifts Policy

2.7.6.1.3 Appendix C: Endowment Funds Investment Goals & Strategy Policy

2.7.6.1.4 Appendix D: Endowment Funds Distribution Policy

**2.8 BOARD AGENDA STRUCTURE**

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

2.8.2 This Board agenda structure shall work in tandem with the policy review and Board calendar. Additional items may be added as needed.

2.8.2.1 The Board calendar is located in the Appendices.

2.8.2.2 The Board agenda shall consist of the following items:

Preliminaries

Call to order  
Faith exploration  
Board comments  
Agenda review and approval

Board education/information

Board business

Board monitoring

Committee reports  
Management reports

Board actions

Board policy review and revision

Board self-evaluation

Adjournment

Closing prayer

2.8.3 Only members of the Board, the Senior Pastor, invited personnel and presenters shall be seated at the Board table.

2.8.4 Only those non-members of the Board recognized by the Chairperson of the Board meeting shall have speaking privileges.

## *Section 3: Senior Pastor Boundaries*

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These are the boundaries within which the Senior Pastor must achieve the mission and Desired Outcomes. The Primary-Limitation is further defined by the sections that follow it. Each section is further limited by all other sections. Unless restricted in the Senior Pastor Boundaries Policies (section 3 of this policy manual), all actions are acceptable.

### **3.1 PRIMARY LIMITATIONS**

- 3.1.1 When representing the Congregation, the Senior Pastor and staff shall not act in a manner that is unethical, imprudent, illegal or violates the Constitution, By-Laws or Policies of the congregation.
- 3.1.2 The Senior Pastor shall not fail to hire and retain an administrator (by whatever title called) who, under the direction and through the delegation of the Senior Pastor, will address the administrative issues in these policies.

**3.2 COMMUNICATION AND SUPPORT TO THE BOARD**

- 3.2.1 The Senior Pastor shall not permit the Board to be uninformed or unsupported in its work.
- 3.2.2 The Senior Pastor shall not fail to provide the Board with any information the Board desires in order to make informed decisions.
- 3.2.3 The Senior Pastor shall not fail to inform the Board in a timely manner of:
  - 3.2.3.1 Issues as delineated in Policy 4.6.
  - 3.2.3.2 Anticipated adverse media coverage, including but not limited to:
    - 3.2.3.2.1 Allegations against any staff person serving in a ministry capacity.
    - 3.2.3.2.2 Any report of abuse or sexual, financial or professional misconduct alleged against any member of the staff that is about to become public.
  - 3.2.3.3 Hiring or promotion.
  - 3.2.3.4 Death or serious injury or illness of staff or their immediate family members.
  - 3.2.3.5 Demotion or termination of non-Called staff.
  - 3.2.3.6 Crises affecting the work, health or safety of staff.
  - 3.2.3.7 Potential and actual lawsuits against the congregation.
  - 3.2.3.8 Changes in the assumptions on which any Board policy has been established.
  - 3.2.3.9 Conditions that could have a negative impact on any major ministry program of the congregation (e.g. school).
  - 3.2.3.10 Synodical or District directions and recommendations.
- 3.2.4 When the Senior Pastor or his designee notifies or communicates with the President, or in his absence, the President-Elect, such notification is deemed to be notification of the Board.

**3.3 OPERATIONAL PLANNING & PROGRAMMING**

- 3.3.1 The Senior Pastor shall not allow the creation and/or implementation of any mission and ministry operational plans and procedures that do not contribute to the achievement of the congregation's Desired Outcomes and/or the Board's Policies.
- 3.3.2 The Senior Pastor shall not allow programs and other services that do not contribute to the achievement of the congregation's Desired Outcomes and/or the Board's Policies.
- 3.3.3 The Senior Pastor shall not allow the staff to begin a new fiscal year without previewing and updating its mission and ministry plan.

### 3.4 FINANCIAL PLANNING

- 3.4.1 The Senior Pastor shall not cause or allow the preparation or continuation of a financial plan which:
- 3.4.1.1 Fails to be available for review by the Board of Trustees' Financial Review Committee by October 15 and finalized for approval by the Board at its November meeting.
  - 3.4.1.2 Is based on anything other than an operational plan which moves the congregation forward with regard to its Desired Outcomes.
  - 3.4.1.3 Is based on unsound assumptions about financial conditions. Financial conditions are defined as projected earnings/contributions, operating costs, other income/expense, and transfers from investment income.
  - 3.4.1.4 Continues without adjustment when envelope and plate giving drops 7 ½ % below the YTD financial plan envelope and plate giving. This policy applies beginning with the end of the 1<sup>st</sup> quarter of every fiscal year.
- 3.4.2 The Senior Pastor shall not fail to develop the financial plan without conforming to the following specific criteria:
- 3.4.2.1 Resources/revenue criteria:
    - 3.4.2.1.1 Envelope/plate giving: These estimates shall not be derived from assumptions not based on current membership, historical trending, and feasible projections consistent with current economic conditions. At no time shall these estimates exceed 110% of the prior three-year average increase, unless approved by the Board upon a recommendation from the Financial Review Committee (FRC). (i.e. If the average increase for the prior three years is 5%, the projected increase for the next year is 5% x 110% = r 5.5%). Ignore current year-end estimate.
 
$$fy\% = ( ((cy1-cy2)/cy2) + ((cy2-cy3)/cy3) + ((cy3-cy4)/cy4) ) / 3 \times 110\%$$
      - fy Next year (ie Financial plan year being developed)
      - cy1 Current year minus one year (ie last year)
      - cy2 Current year minus two years
      - cy3 Current year minus three years
      - cy4 Current year minus four years
    - 3.4.2.1.2 Tuition/preschool/extended care revenue: These estimates shall not fail to be based upon current student population and actual tuition and fees. At no time shall this assumption change unless approved by the Board upon a recommendation from the FRC.
    - 3.4.2.1.3 Matching funds revenue: These estimates shall not fail to be based on current membership, historical trending and feasible projections with current economic conditions factored into the calculations. At no time shall these estimates exceed 110% of the prior three-year average increase, unless approved by the Board upon a recommendation from the FRC. The same methodology that is used for developing envelope giving estimates shall be used for developing matching funds estimates.

- 3.4.2.1.4 Tuition assistance revenue: These estimates shall not fail to be based upon factual information and documented evidence of receipts to be received during the year for which the financial plan is being developed unless approved by the Board upon a recommendation from the FRC.
- 3.4.2.1.5 Grant revenue: These estimates shall not fail to be based upon factual information and documented evidence of receipts to be received during the year for which the financial plan is being developed unless approved by the Board upon a recommendation from the FRC.
- 3.4.2.1.6 Other sources of revenue: -These estimates shall not fail to be based upon factual information and documented evidence of receipts to be received during the year for which the financial plan is being developed unless approved by the Board upon a recommendation from the FRC.
- 3.4.2.2 Criteria for expenses to achieve the mission, Desired Outcomes and operational plan:
  - 3.4.2.2.1 Total financial plan operating costs shall not be allowed to exceed projected revenue.
  - 3.4.2.2.2 If at the time the financial plan is being developed, the actual current year operating expenses require line of credit or debt financing and the projections by the current year-end indicates the use of the line of credit or debt financing, then the financial plan being prepared for next year shall not fail to incorporate the elimination of the estimated current year-end line of credit.
  - 3.4.2.2.3 Compensation shall conform to section 3.8.
  - 3.4.2.2.4 Employee benefits shall not be allowed to be inconsistent within working group classifications.
  - 3.4.2.2.5 Other than salaries, benefits, and utilities, an individual expense line item allocation shall not fail to be based on current membership, historical trending and feasible projections with current economic conditions factored into the calculations. At no time shall such an individual expense line item exceed the greater of \$5,000 or 105% of the prior three-year average, unless approved by the Board upon a recommendation from the FRC.
  - 3.4.2.2.6 The financial plan shall not fail to include adequate line items for the Board to use for its own prerogatives, including for board training, education and ministry.

- 3.4.3 The Senior Pastor shall not borrow funds for operations exceeding \$200,000 of the Board-established line of credit.
- 3.4.3.1 The Senior Pastor shall not fail to notify the Treasurer if such short term borrowing will be insufficient to meet operational needs. Any such notification must occur as soon as the potential shortfall is identified or perceived to be possible, but no later than one month prior to the actual need arising. The Treasurer will then notify the Board. As soon as is practicable, the Board shall decide whether to approve additional borrowing. The Board also may call for a Voters' Assembly meeting as soon as practicable to discuss the church's financial condition.
- 3.4.3.2 After the Board's decision per 3.4.3.1, the Senior Pastor shall not fail to notify the congregation in a timely and expeditious manner and at least in writing of the following: a) the estimated time frame during which borrowing for operations is expected to exceed \$200,000 of the Board-established line of credit, b) by how much such borrowing is anticipated to exceed \$200,000 of the Board-established line of credit, and c) what actions or events are anticipated to occur or which will be taken by the Senior Pastor to reduce the amount borrowed to below \$200,000 of the Board-established line of credit.
- 3.4.4 The Senior Pastor shall not fail to establish and implement a plan to eliminate any fiscal year-end line of credit balance within 12 months of that date.
- 3.4.5 The Senior Pastor shall not allow the solicitation of any planned giving receipts that deviates from the written Planned Giving Gifts Policy in Appendix B.
- 3.4.6 The Senior Pastor, in reporting financial activities and position, shall not allow deviation from generally accepted accounting principles.
- 3.4.7 The Senior Pastor shall not fail to ensure bi-annually that the financial statements and records fairly and accurately represent the financial condition of the congregation after having such financial statements and records reviewed by a Certified Public Accountant.
- 3.4.8 The Senior Pastor or his designee shall not fail to seek the advice as necessary of the Treasurer and FRC on matters involved in this policy section. The Treasurer shall keep the Board informed of relevant information.

**3.5 ASSET PROTECTION**

- 3.5.1 The Senior Pastor shall not fail to insure property against physical loss or damage to at least 80% replacement cost value.
- 3.5.2 The Senior Pastor shall not fail to insure against liability losses, including but not necessarily limited to general liability, employee benefits liability, sexual molestation/abuse liability, professional liability, educators' legal liability, directors' & officers' liability, and automobile liability (by whatever names known), arising out of the acts, errors or omissions of any Board member, Called and non-called ministry or staff person, or volunteer acting within the scope of his/her duties for Holy Cross in an amount greater than the average for comparable congregations in the area.
- 3.5.3 The Senior Pastor shall not unnecessarily expose the congregation, its Board or staff to claims of liability.
- 3.5.4 The Senior Pastor shall not allow the facilities, grounds and equipment to be subjected to improper wear and tear or not to be maintained in proper working order.
- 3.5.5 The Senior Pastor shall not fail to protect intellectual property, information, and files from loss or damage.
- 3.5.6 The Senior Pastor shall not purchase any office property over \$1,000 without obtaining comparative prices and quality assessment.
- 3.5.7 The Senior Pastor shall not fail to establish and implement proper internal controls to protect all physical and monetary resources of the congregation. These controls should not fail to meet the synodical standards as contained in the Synod Treasurer's Manual.
- 3.5.8 The Senior Pastor shall not allow the handling of cash within the congregation (including those of auxiliary groups or departments) that does not comply with written guidelines detailing such activity.
- 3.5.9 The Senior Pastor shall not allow investment or holding of non-endowment operating funds in insecure instruments, including uninsured checking accounts or any bonds at any time, or in non-interest bearing accounts except where necessary to facilitate ease in operational transactions.
- 3.5.10 The Senior Pastor shall not endanger the congregation's public image or credibility, particularly in ways that would hinder its accomplishment of its mission.
- 3.5.11 The Senior Pastor or his designee shall not fail to seek the advice as necessary of the Treasurer and FRC on matters involved in this policy section. The Treasurer shall keep the Board informed of relevant information.

**3.6 OPERATIONAL STRUCTURE**

- 3.6.1 The Senior Pastor shall not allow an organization structure that does not have a positive effect on achieving the Desired Outcomes of the congregation.
- 3.6.1.1 The Senior Pastor shall not operate without a written plan for interim succession.
- 3.6.1.2 The Senior Pastor shall not fail to review annually the interim succession plan.
- 3.6.2 The Senior Pastor shall not allow Senior Leadership Team members and the Facilities Manager to conduct ministry without the benefit of Advisory Councils made up of lay congregation members other than members of the Board of Trustees.
- 3.6.2.1 Advisory Councils do not have policy-making or decision-making authority.
- 3.6.2.2 Advisory Councils serve solely as sources of advice *unless otherwise prescribed by the Constitution & Bylaws and noted below in 3.6.2.4.1, 3.6.2.5.1 and 3.6.2.5.2.*
- 3.6.2.3 The Board of Buildings & Maintenance shall serve as the Advisory Council for the Facilities Manager.
- 3.6.2.3.1 Board chairperson and members are selected per the Bylaws.
- 3.6.2.3.2 Per Bylaws 6.2.4, the Executive Director (by whatever title known) and congregation President shall serve as advisors to the Board of Buildings & Maintenance. As an advisor, the Executive Director (by whatever title known) shall keep the Board of Buildings & Maintenance abreast of mission and ministry issues that impact the facilities as regards the achievement of the Desired Outcomes.
- 3.6.2.3.3 Any voting by the Board of Buildings & Maintenance shall not bind the Facilities Manager, but shall provide the Facilities Manager with an indication of the level of support for a given issue.
- 3.6.2.4 The Board of Parish School Education shall serve as the Advisory Council for the Principal (by whatever title known).
- 3.6.2.4.1 The Board of Parish School Education also shall perform the duties assigned to it per the Constitution & Bylaws including serving as the Call Committee for the Principal and teachers, serving as the calling body for teachers (though granting of tenure is reserved for the Voters' Assembly) and investigating allegations of incapacity or incompetence on the part of the Principal or a called teacher.
- 3.6.2.4.2 Board chairperson and members are selected per the Bylaws.
- 3.6.2.4.3 Per Bylaws 6.2.4 and 6.2.5, the Principal and congregation President shall serve as advisors to the Board of Parish School Education per the Bylaws. As an advisor, the Principal (by whatever title known) shall regularly keep the Board of Parish School Education abreast of mission and ministry issues that impact the achievement of the Desired Outcomes within the context of the school ministry and shall seek advice regarding such issues.
- 3.6.2.4.4 Other than with respect to any duty explicitly mandated by the Constitution & Bylaws, any voting by the Board of Parish School Education shall not bind the Principal (by whatever title known), but shall provide the Principal (by whatever title known) with an indication of the level of support for a given issue.

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- 3.6.2.5 The Board of Elders shall serve as the Advisory Council for the Senior Pastor.
  - 3.6.2.5.1 The Board of Elders also shall perform the duties assigned to it per the Constitution & Bylaws including dealing with matters of membership and spiritual discipline and authority, serving as a Call Committee for a Pastor or Minister, and investigating allegations of incapacity or incompetence on the part of a Pastor or Minister.
  - 3.6.2.5.2 The Board of Elders shall share the Board of Trustees' responsibility, as noted in section 2.1.1.7, to exercise particular concern for the spiritual and physical welfare of the Senior Pastor and other called workers, supporting them with prayer and appropriate counsel.
  - 3.6.2.5.3 Board chairman and members are selected per the Bylaws.
  - 3.6.2.5.4 Per Bylaws 6.2.4, the Senior Pastor and congregation President shall serve as advisors to the Board of Elders. As an advisor, the Senior Pastor shall regularly keep the Board of Elders abreast of mission and ministry issues and opportunities that impact the spiritual life of the congregation and shall seek advice regarding such issues.
  - 3.6.2.5.5 Other than with respect to any duty explicitly mandated by the Constitution & Bylaws, any voting by the Board of Elders shall not bind the Senior Pastor, but shall provide the Senior Pastor with an indication of the level of support for a given issue.
- 3.6.2.6 Advisory Councils for Senior Leadership Team members, other than the Senior Pastor and Principal (by whatever title known), shall consist of five individuals. Two shall be selected by the Senior Leadership Team member, two shall be appointed by the Board and one shall be appointed by the Senior Pastor.
- 3.6.2.7 Senior Leadership Team members may require Advisory Councils for their direct reports. These councils shall consist of at least three members, of which the majority will be selected by the respective Senior Leadership Team member.
- 3.6.2.8 The Senior Pastor shall not fail to require members of the Senior Leadership Team and the Facilities Manager meet at least quarterly with their Advisory Councils.
- 3.6.3 The Senior Pastor shall not allow Senior Leadership Team members, the Facilities Manager and School Faculty members to conduct mission and ministry without the benefit of Mission & Ministry Teams.
  - 3.6.3.1 Mission & Ministry Teams assist staff members with the implementation of mission & ministry to accomplish operational plans that seek to achieve the Desired Outcomes.
  - 3.6.3.2 Mission & Ministry Teams do not have policy-making or decision-making authority.
  - 3.6.3.3 Mission & Ministry Teams do not serve in the capacity of Advisory Councils.
- 3.6.4 The Senior Pastor shall not allow full time staff to conduct ministries without a commitment to the "priesthood of all believers" and thus the training and equipping of lay partners in the Gospel in their respective areas of mission and ministry.

**3.7 PERSONNEL**

- 3.7.1 The Senior Pastor shall not allow the congregation to operate without effective, established Personnel Policies which shall be included in the Personnel Manual.
- 3.7.1.1 Personnel Policies shall not:
- 3.7.1.1.1 Deviate from local, state or federal law or regulations in the ethical treatment of employees.
  - 3.7.1.1.2 Conflict with the effective day-to-day operation of the congregation.
  - 3.7.1.1.3 Fail to establish an effective, written Conflict of Interest Policy for the staff.
  - 3.7.1.1.4 Impair the dignity, safety, and right to ethical job-related dissent of employees. Grievances by employees shall receive fair, internal hearing through procedural safeguards. Such hearings and procedural safeguards shall be guided by the principles of Matthew 18:15-20 and shall provide for the effective escalation of notification, especially in instances where the Senior Pastor is a party to the dispute.
  - 3.7.1.1.5 Fail to provide for effective evaluation procedures.
  - 3.7.1.1.6 Fail to provide against wrongful employment conditions, such as discrimination, harassment and grossly preferential treatment for personal reasons.
- 3.7.1.2 The Senior Pastor must retain in each staff member's personnel file a signed acknowledgement of the Personnel Manual.
- 3.7.2 The Senior Pastor shall not allow positions (or ministries) to be undefined or position descriptions that inaccurately reflect the responsibility and tasks assigned to the position.
- 3.7.3 The Senior Pastor shall not allow positions to exist where adequate resources are not available for a qualified person assigned the position to succeed.
- 3.7.4 The Senior Pastor shall not allow the Senior Pastor's position description to assume authority that is clearly delegated to some other entity or person.
- 3.7.5 The Senior Pastor shall not fail to ensure staff evaluations are conducted at least annually and the results shared with the evaluated staff member.
- 3.7.6 The Senior Pastor shall not fail to inform the staff of the process being used to make decisions except to maintain the personal privacy of those being served or as required by law or these Policies.
- 3.7.7 The Senior Pastor shall not fail to provide the Board an opportunity to dialogue with each member of the Senior Leadership Team at least once a year.

**3.8 COMPENSATION**

- 3.8.1 The Senior Pastor shall not allow compensation that does not fall within the ranges as identified in the Personnel Manual.
  - 3.8.1.1 The Senior Pastor shall not allow individual salaries for called or non-called pastors, ministers, principals or school administrators, teachers, directors of Christian education or deaconesses by whatever names called to exceed the salary guidelines established for any such related positions by the LCMS, unless approved by the Board's Executive Committee.
  - 3.8.1.2 The Senior Pastor shall not allow compensation that deviates materially from the geographic or professional market skills for the staff members whose positions are not subject to LCMS salary guidelines per 3.8.1.1, unless approved by the Board's Executive Committee.
  - 3.8.1.3 The Senior Pastor shall not establish compensation and benefits that are inconsistent among staff members who are not subject to LCMS salary guidelines per 3.8.1.1.
- 3.8.2 The Senior Pastor shall not allow salary increases to exceed available resources.
- 3.8.3 The Senior Pastor shall not change his own compensation and benefits. (See section 2.6.3)

**3.9 STRATEGIC ALLIANCES**

- 3.9.1 The Senior Pastor shall not fail to explore and, as appropriate, establish strategic alliances which assist the congregation to achieve its Desired Outcomes.

**3.10 LONG-RANGE OUTLOOK**

- 3.10.1 The Senior Pastor shall not fail to conduct and present to the Board a bi-annual long range outlook study.
- 3.10.2 The Senior Pastor shall not develop a long range outlook study that fails to consider the Desired Outcomes.
- 3.10.3 The Senior Pastor shall not develop a long range outlook study that fails to consider and identify the changes and trends in the spiritual, economic, sociological, and demographic conditions that affect the congregation.

**3.11 CRISIS MANAGEMENT PLAN**

- 3.11.1 The Senior Pastor shall not allow the congregation to operate without a detailed written operational Crisis Management Plan.
- 3.11.2 The Senior Pastor shall not fail to review annually the Crisis Management Plan.

**3.12 GIFTS AND BEQUESTS**

- 3.12.1 The Senior Pastor shall not fail to develop and implement a plan to solicit gifts and bequests according to the Planned Giving Gifts Policy in Appendix B.

## *Section 4: Board & Senior Pastor Authority, Roles & Relationship*

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### **4.1 SUMMARY OF BOARD AUTHORITY & ROLE**

- 4.1.1 This Board Policy Manual is the means by which the Board will exercise its powers per the church's Bylaws Article 3.1 and fulfill its duties per the church's Bylaws Article 4.1.

**4.2 SPECIFIC ACTIONS REQUIRING BOARD APPROVAL**

Other than developing, communicating, monitoring and enforcing policies, these are specific decisions or actions that are left to specific Board approval due to 1) their unique nature or 2) a requirement of the Board per its policies or 3) the Constitution and Bylaws.

- 4.2.1 Actions required per this Board Policy Manual including the Appendices;
- 4.2.2 Per Bylaws Article 7.2.3, the Board *may* appoint interim Pastors, Ministers, Principals and Teachers.
  - 4.2.2.1 Board policy is that the Board may appoint only an interim Senior Pastor until a Pastor accepts a Divine Call from the congregation to serve as Senior Pastor;
  - 4.2.2.2 Board Policy Manual section 4.4.3 addresses the remaining issues;
- 4.2.3 Approval of Board President-appointments of chairpersons of all boards and committees per Bylaws Article 5.1.1.D;
  - 4.2.3.1 Per Bylaws Article 6.2.2, the chairpersons of the Board of Elders, Board for Parish School Education and Board of Buildings & Maintenance shall be appointed by the Board President for the duration of the President's term;
- 4.2.4 Approval of Board President-appointments of Congregation representatives to outside agencies per Bylaws Article 5.1.1.D;
- 4.2.5 Approval of appointments to the Board of Elders, Board of Parish School Education and Board of Buildings & Maintenance made by the chairpersons of those boards per Bylaws Article 6.2.6;
- 4.2.6 Determination of duties of the Board of Elders, Board of Parish School Education and Board of Buildings and Maintenance per Bylaws Article 6.2.7;
  - 4.2.6.1 Board Policy Manual section 3.6.2 delineates these duties;
- 4.2.7 Approval of annual non-budget expenses up to 5% of the annual financial plan per Bylaws Article 3.2.1.
- 4.2.8 Establishment of a special Voters Assembly meeting regarding removing a Divinely Called servant from office per Bylaws Article 7.3.2;
- 4.2.9 Selection of the person(s) or firm to complete the financial audit, review or compilation (whether internal or external);
- 4.2.10 Receipt and review of financial audits, reviews or compilations;
- 4.2.11 Appointment of the church's legal counsel.

**4.3 ACTIONS RESERVED FOR CONGREGATION OR SPECIFIC BOARDS**

While the Board has wide ranging responsibility and authority per Bylaws Articles 3.1 and 4.1 to give direction to the ministry of the congregation, it *shall not*:

- 4.3.1 Serve as a call committee for a Pastor, Minister, Principal or Teacher per Bylaws Article 7.1;
  - 4.3.1 Board of Elders serves as the call committee for a Pastor or Minister;
  - 4.3.2 Board of Parish School Education serves as the call committee for a Principal or Teacher;
- 4.3.2 Call a Pastor, Minister, Principal or Teacher per Constitution Article 7.2.C and Bylaws Articles 3.2.1 and 7.2.1;
  - 4.3.2.1 Congregation calls a Pastor, Minister or Principal;
  - 4.3.2.2 Board for Parish School Education calls a Teacher;
- 4.3.3 Grant tenure to Called Teachers per Constitution Article 7.2.C;
  - 4.3.3.1 Voters Assembly reserves this right;
- 4.3.4 Investigate allegations of incapacity or incompetence against a Pastor, Minister, Principal or Called Teacher per Constitution Article 6.2 and per Bylaws Article 7.3;
  - 4.3.4.1 Board of Elders investigates allegations of incapacity or incompetence of a Pastor or Minister and such Board reports findings to the Board of Trustees;
  - 4.3.4.2 Board of Parish School Education investigates allegations of incapacity or incompetence of a Principal or Called Teacher and such Board reports findings to the Board of Trustees;
  - 4.3.4.3 A summary of the results of any investigation shall be reported to the Voters' Assembly per Constitution Article 6.2.5;
- 4.3.5 Request resignations of or remove any Pastor, Minister, Principal or Called Teacher (Called Teacher with tenure per Constitution Article 6.2.1) for persistent adherence to false doctrine, scandalous life, willful neglect or inability to perform the duties of office per Constitution Article 6.2 and Bylaws Article 7.3;
  - 4.3.5.1 Voters Assembly reserves this right subject to two-thirds majority vote;
- 4.3.6 Terminate any person's congregational membership per Constitution Article 5.4;
- 4.3.7 Sell or acquire real estate per Bylaws Article 3.2.1;
  - 4.3.7.1 Board policy is to not dispose of real property in *any* way unless directed to do so by the congregation or as required by the Endowment Funds Re-Statement of the Articles of Association and related policies;
- 4.3.8 Operate without an annual financial plan approved by the Voters' Assembly per Bylaws Article 3.2.1;
- 4.3.9 Incur annual non-budget expenses exceeding 5% of the annual financial plan per Bylaws Article 3.2.1;

- 4.3.10 Elect members to the Board per Bylaws Article 2.1.1;
  - 4.3.10.1 Except to fill a vacancy on the Board per Bylaws Article 2.4;
- 4.3.11 Dissolve the congregation per Bylaws 3.2.1;
- 4.3.12 Amend the church's Constitution or Bylaws per Constitution Article 12 and Bylaws Article 9;
- 4.3.13 While not prohibited by the Constitution or By-laws from taking the following actions, the Board has nonetheless reserved the following actions for the congregation:
  - 4.3.13.1 Incur indebtedness, whether secured or unsecured, with a term of more than one year;
  - 4.3.13.2 Enter into capital campaigns for new construction or renovations;
  - 4.3.13.3 Enter into contracts with fundraising consultants;
  - 4.3.13.4 Execute a merger or dissolution of the church's school ministry;

**4.4 MANNER OF DELEGATING**

- 4.4.1 Except for assignments of its own work to committees, consultants or officers *the Board shall delegate authority only to the Senior Pastor. Any other subordinate employee or entity operating with the authority of the congregation shall receive specific responsibilities and authority from the Senior Pastor or a person assigned such authority by the Senior Pastor.*
- 4.4.1.1 The Board shall relate to all staff officially only through the Senior Pastor.
- 4.4.1.2 Bylaws Article 2.1.1 states the School Principal and the Senior Pastor shall serve as advisors to the Board of Trustees.
- 4.4.1.2.1 Bylaws Article 2.1.1 shall not be construed in any way to conflict with 4.4.1 above.
- 4.4.1.2.2 The Senior Pastor will attend every Board meeting unless otherwise communicated.
- 4.4.1.2.3 The School Principal (by whatever title called) will attend Board meetings only at the specific request of the Board or Senior Pastor.
- 4.4.1.3 Board members' interactions with the Senior Pastor or other staff must recognize the lack of authority vested in individual board members except when explicitly authorized by the Board.
- 4.4.1.3.1 The Board shall allow the President and/or his Board member designee(s) to communicate with the Senior Pastor and/or his Senior Leadership Team designee(s) for purposes of discussing issues related to and planning related to the Board's planning calendar, a Board meeting, a Voters Assembly, or any issue(s) related to Holy Cross personnel requiring confidentiality to protect the spiritual interests of those individuals concerned and/or the legal interests of Holy Cross. Regarding such personnel issues and in accordance with this policy manual, the Board President and/or his designee(s) shall not make decisions on behalf of the Board.
- 4.4.1.4 Board members shall be prudent in their contact with staff and shall keep the Senior Pastor informed about significant contacts they have with any staff member.
- 4.4.2 The Board shall address only broad levels of issues in policies of purpose or governance policies leaving lesser levels (e.g. operational policies) to the discretion of the Senior Pastor. The Senior Pastor may develop operational guidelines, rules or procedures and may make decisions in anyway the Senior Pastor deems appropriate as long as he observes the Board policies and the Constitution and Bylaws.
- 4.4.3 The authority of the Senior Pastor shall begin where the explicit pronouncements of the Board end. Except as required by the Board governing policies, law, or the Constitution and Bylaws, the decisions of the Senior Pastor do not need approval from the Board.

**4.5 SENIOR PASTOR AUTHORITY & ROLE:**

The Senior Pastor shall:

- 4.5.1 Be empowered to take all actions and make all administrative decisions that are deemed necessary to achieve the congregation's Desired Outcomes except actions (a) which are not in accordance with the congregation's Desired Outcomes, or (b) that are unethical, imprudent, illegal, or (c) that violate the Board policies and/or the Constitution and the Bylaws.
- 4.5.2 Develop operational guidelines, rules or procedures the Senior Pastor deems appropriate except guidelines, rules, or procedures (a) which are not in accordance with the congregation's Desired Outcomes, or (b) that are unethical, imprudent, illegal, or (c) that violate the Board policies and/or the Constitution and the Bylaws.

#### **4.6 SENIOR PASTOR ACCOUNTABILITY**

The Senior Pastor shall be accountable to the Board for:

- 4.6.1 Achievement of the congregation's Desired Outcomes through personal involvement and spiritual leadership and care as well as staff and congregational member action.
- 4.6.2 Compliance of personal and staff actions to limits established in the Senior Pastor Boundaries Policy.
- 4.6.3 Compliance with the Board & Senior Pastor Authority, Roles & Relationship Policy.
- 4.6.4 Provision of adequate counsel to the Board through personal and staff action, including counsel regarding social, legal, theological, spiritual, synodical and other changes relevant to the Board's decision areas.
- 4.6.5 Defining and refining the Senior Pastor's position description within the personnel constraints.
- 4.6.6 Relating to the Board with integrity, honesty and straightforwardness.

**4.7 EXCEEDING SENIOR PASTOR BOUNDARIES**

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

- 4.7.1 The Senior Pastor shall give an immediate notice to the Board President once a Senior Pastor boundary has been recognized to have been exceeded.
  - 4.7.1.1 If the Senior Pastor boundary has been exceeded for an excessive period of time and has gone unnoticed, the Senior Pastor will develop a better monitoring system.
- 4.7.2 If the exceeded Senior Pastor boundary is immediately correctable, the Senior Pastor shall take the necessary action within policies and report the results to the Board.
  - 4.7.2.1 If the exceeded Senior Pastor boundary is not immediately correctable, the Senior Pastor shall establish and implement corrective actions, reporting them and gaining approval of a deadline for complete correction from the Board.
    - 4.7.2.1.1 The Senior Pastor shall continue to report in a timely fashion on the actions taken and their results until the exceeded Senior Pastor boundary is corrected.
    - 4.7.2.1.2 The Senior Pastor shall give immediate notice when it is recognized that a deadline will be missed, and submit a new plan for action if the delay is excessive.
  - 4.7.2.2 The Senior Pastor may use internal or external resources to correct the exceeded Senior Pastor boundary without violating the Senior Pastor Boundaries Policies.
  - 4.7.2.3 The Board shall review any Senior Pastor Boundary Policy that has been exceeded for its soundness as a test of ethical and prudent behavior.
- 4.7.3 The Board shall not allow one-time exceptions to policies. If an action is acceptable under certain conditions, then those conditions shall be stated in the policy.
- 4.7.4 The Senior Pastor shall develop or improve processes to avoid recurrence of any exceeded Senior Pastor boundaries.
- 4.7.5 After repeated recurrences of exceeding Senior Pastor boundaries, the Executive Committee will conduct: (1) a performance evaluation of the Senior Pastor and (2) a discussion with the full Board about the Senior Pastor's performance.
- 4.7.6 Allegations of incompetence by the Senior Pastor shall be investigated and reported per the process noted in Constitution Article 6.2 and Bylaws Article 7.3.2.

#### **4.8 MEANS OF MONITORING**

The Board shall employ the following avenues of monitoring to confirm compliance with the Board's policies in all four policy areas. The Board calendar provides the months when each of the following items are due to be reported.

4.8.1 Bi-annually in the first year of the Board President's term the Senior Pastor shall:

- 4.8.1.1 provide to the Board the long-range outlook study. This study may include the major spiritual, economic, sociological, synodical, legal and political conditions and trends in the congregation's community that affect the congregation's Desired Outcomes, operational plans, and/or financial plans.
- 4.8.1.2 provide the Board with a copy of the Crisis Management Plan.
- 4.8.1.3 provide the Board with a copy of the Interim Succession Plan.

4.8.2 Annually, the Senior Pastor shall:

- 4.8.2.1 provide to the Board mid-year an operational plan report explaining what has been accomplished in the current year's operational plan, the operational plan priorities for the remainder of the calendar year, and what parts, if any, of the current year's operational plan may not be accomplished in the current year.
- 4.8.2.2 provide to the Board by the fourth quarter an operational plan to achieve the mission and Desired Outcomes for the following year.
- 4.8.2.3 provide to the Board and congregation a written report on the progress achieved towards the mission and Desired Outcomes of the congregation, including progress achieved in success indicators, operational plans, and the financial plan.
- 4.8.2.4 provide to the Board a report concerning the Senior Pastor's compliance with Section 3 and Section 4.8 policies.
  - 4.8.2.4.1 Such report will provide sufficient detail regarding each Section 3 policy and each Section 4.8 policy that it enables the Board to review the Senior Pastor's adherence to policy.
- 4.8.2.5 provide to the Board a report regarding any major insights gained through the evaluation process.
- 4.8.2.6 provide to the Board the organization charts delineating all employee reporting lines.

4.8.3 Semi-annually, the Senior Pastor shall provide to the Board:

- 4.8.3.1 his personal ministry plan including a report on the progress made on the prior reported personal ministry plan and a rationale for changes made to the prior reported personal ministry plan,
- 4.8.3.2 an organizational chart delineating the Mission & Ministry Teams assisting the Senior Leadership Team and employees as well as a roster of participants on these MMT's,

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- 4.8.3.3 a report on the school ministry including the school’s impact on the Desired Outcomes.
  - 4.8.3.3.1 The Fall report shall include, along with explanations of major drivers of trends, a) a long-term trend report on enrollment (pre-school, K-8, total), b) a long-term trend report on teaching staff levels, c) a long-term trend report on pupil/teacher ratios, and d) a summary of the current school year enrollment’s financial impact compared to that estimated in the current year’s financial plan.
- 4.8.3.4 a report of any money received and disbursed from discretionary funds, although confidentiality of donors and recipients shall be respected.
- 4.8.3.5 a report on the plans and achievements of the Planned Giving Gifts MMT.
- 4.8.4 At least quarterly, the Senior Pastor shall provide to the Board:
  - 4.8.4.1 a report concerning the performance of all non-Endowment investments of the congregation,
  - 4.8.4.2 a report on the Desired Outcomes and any success indicators with an explanation of the major impact of activities and operational plans on those Desired Outcomes and success indicators,
  - 4.8.4.3 a report providing a) an organization chart delineating the Advisory Councils and their memberships supporting the Senior Leadership Team and the facilities manager, b) the meeting frequency of each Advisory Council, and c) a description of the use of Advisory Councils by the facilities manager and each member of the Senior Leadership Team,
  - 4.8.4.4 a verbal report explaining the written financial reports and trends organized and presented around the financial plan and Desired Outcomes and various funds (ex. General, endowment, capital expenditure/building, NAC, PTL, athletics, SCRIP, etc.).
- 4.8.5 Monthly, the Senior Pastor shall provide to the Board written financial reports and trends organized and presented around the financial plan and Desired Outcomes and various funds (ex. general, endowment, capital expenditure/building, NAC, PTL, athletics, SCRIP, etc.).
  - 4.8.5.1 Such reports shall be reviewed by and approved by the Treasurer prior to being provided to the Board.
- 4.8.6 The Senior Pastor shall provide to the Board Personnel Manual and any revisions as they occur.
- 4.8.7 The Senior Pastor shall provide to the Board new operational/organizational structures as they are developed with an explanation of the responsibilities assigned and an explanation of how such operational/organizational structure helps achieve the congregation’s Desired Outcomes and/or Board Policies.
- 4.8.8 The Senior Pastor shall provide to the Board summaries of each new program and service as they are developed with an explanation regarding how such program(s) and service(s) help achieve the congregation’s Desired Outcomes and/or comply with Board Policies.

## *Appendix A: Endowment Funds Re-Statement of Articles of Association*

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WHEREAS, the congregation of Holy Cross Evangelical Lutheran Church of Fort Wayne, Indiana, Inc. desires to manage the Endowment Funds in a God-pleasing manner to further the expansion of God's kingdom of grace, and

WHEREAS, the congregation desires to provide for the efficient and effective management of the Endowment Funds according to certain prescribed terms and conditions,

NOW, THEREFORE, upon motion duly made and seconded at a legally held Voters' Assembly, the congregation adopts the following Re-Statement of Articles of Association to replace the Articles of Association for the Endowment Fund of Holy Cross Evangelical Lutheran Church of Fort Wayne, Indiana, Inc. dated September 26, 1974.

1.1 Permanent Endowment Committee (PEC)

1.1.1 The Permanent Endowment Committee serves as a committee of the Board of Trustees. Throughout this resolution, the term committee refers to the Permanent Endowment Committee and the term Board of Trustees refers to the governing board of the church by whatever name called.

1.1.2 Membership

1.1.2.1 The committee shall consist of five voting members.

1.1.2.2 The five voting members shall consist of the following:

1.1.2.2.1 The President-Elect of Holy Cross Lutheran Church

1.1.2.2.2 The Treasurer of Holy Cross Lutheran Church

1.1.2.2.3 The Chairperson of the Planned Giving Mission & Ministry Team

1.1.2.2.4 One non-Executive Committee member of the Board of Trustees appointed by the President of the congregation for the duration of the President's term.

1.1.2.2.5 One voting member of the congregation appointed by the President of the congregation for the duration of the President's term. This voting member shall not otherwise serve on the Board of Trustees or the Planned Giving Mission & Ministry Team.

1.1.2.3 The chairperson of the committee may request other members of the congregation to serve as advisory members to the committee.

1.1.2.5 The Senior Pastor (or his designee) and the President of the congregation shall serve as ex-officio members with no voting privileges.

1.1.3 Qualifications

Committee voting members shall meet the qualifications for a member of the Board of Trustees.

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1.1.4 Vacancies

In the event of a vacancy on the committee, the President of the congregation shall appoint a replacement member as soon as practicable, subject to approval of the Board of Trustees.

1.1.5 Officers of the Permanent Endowment Committee

1.1.5.1 Officers of the Permanent Endowment Committee shall be a chairperson and a secretary.

1.1.5.2 The President of the congregation shall appoint the chairperson and the secretary.

1.1.5.3 The chairperson shall facilitate all committee meetings.

1.1.5.4 The secretary shall maintain complete and accurate minutes of meetings and within two weeks of a committee meeting supply a copy thereof to each member of the committee, the President of the congregation and the Senior Pastor.

1.1.6 Quorum

1.1.6.1 A quorum shall consist of three voting members.

1.1.6.2 When only three voting members are present, a unanimous vote shall be required to carry any motion or resolution.

1.1.7 Responsibilities

1.1.7.1 Meet at least semi-annually.

1.1.7.2 Review all gifts made to the Endowment Funds and accept such gifts if appropriate according to any policy developed by the committee and approved by the Board of Trustees to guide the acceptance of gifts to the Endowment Funds.

1.1.7.3 Make recommendations to the Board of Trustees on gift acceptance issues when appropriate or necessary.

1.1.7.4 Manage investments according to

1.1.7.4.1 the provisions contained in this Re-Statement of the Articles of Association, and

1.1.7.4.2a policy developed by the committee and approved by the Board of Trustees concerning the investment goals and strategy for the Endowment Funds.

1.1.7.5 Ensure distributions of funds

1.1.7.5.1 are made according to a policy developed by the committee and approved by the Board of Trustees and

1.1.7.5.2 are consistent with any applicable instructions associated with the establishment of any funds.

1.1.7.6 Provide a comprehensive Endowment Funds investment report semi-annually to the Senior Pastor.

1.1.7.7 Provide a comprehensive Endowment Funds investment report semi-annually to the Board of Trustees.

1.1.7.8 Provide a comprehensive Endowment Funds investment report annually to the congregation.

1.2 Investment Management

1.2.1 Endowment Funds management

1.2.1.1 The committee shall maintain Endowment Funds separate, distinct and independent from the funds and property otherwise belonging to the church. However, the committee shall in no event be required to make physical segregation of the assets of the Endowment Funds in order to conform to the directions of any individual donors, but may establish separate accounts in its accounting records.

1.2.2 Funds managed by the Permanent Endowment Committee

The following funds managed by the Permanent Endowment Committee shall not be considered the exclusive funds the committee manages since from time to time additional funds may be established such as will be managed by this committee.

1.2.2.1 Church Fund

1.2.2.1.1 The congregation has established the “Endowment Fund of Holy Cross Evangelical Lutheran Church of Fort Wayne, Indiana, Inc.”, hereinafter referred to as the “Church Fund”.

1.2.2.1.1 Purposes

1.2.2.1.1.1 To provide for major capital improvements or major capital repairs, or

1.2.2.1.1.2 To provide funds for special or unique or one-time programs and purposes which are educational, spiritual, and/or instructional; provided, however, that monies of the Church Fund shall never be used to pay normally recurring or occurring operating expenses of the Congregation.

1.2.2.2 School Fund

1.2.2.2.1 The “Holy Cross Lutheran School Endowment Fund” is hereinafter referred to as the “School Fund”.

1.2.2.2.2 Purpose

To advance the mission and ministry of the church through the school.

1.2.2.3 Scholarship Fund

1.2.2.3.1 The “Holy Cross Lutheran School Scholarship Fund” is hereinafter referred to as the “Scholarship Fund”.

1.2.2.3.2 Purpose

To assist member families with paying Holy Cross school tuition when financial emergencies or financial need cause such member families to be unable to pay their tuition.

1.2.2.4 Lupke Fund

1.2.2.4.1 The Lupke Family established the “Lupke Chapel Fund” hereinafter referred to as the “Lupke Fund”.

1.2.2.4.2 Purposes

1.2.2.4.2.1 The interest from the fund is to be used for the refurbishing and maintenance of the Lupke Chapel.

1.2.2.4.2.2 The excess income over that needed for the maintenance of the chapel may be added to and used as part of the church’s general budget.

1.2.2.4.2.3 The principal of the fund (\$10,000) shall be maintained in perpetuity primarily for the maintenance of Lupke Chapel, unless and until that purpose is no longer feasible, at which time, subject to the approval of the Court having probate jurisdiction, deviation from these strict terms may be ordered for some other use by Holy Cross Lutheran Church. In the event the church is no longer in existence, then through the application of the doctrine of cypres, the funds shall be distributed to some other organization carrying out a similar function in northeastern Fort Wayne.

1.2.2.5 Aulick Fund

1.2.2.5.1 The Rosen Family established the “C. E. Aulick Student Assistance Fund”, hereinafter referred to as the “Aulick Fund”.

1.2.2.5.2 Purpose

To support students attending any college or seminary of the Lutheran Church – Missouri Synod; provided, however, that no funds shall be used to support students during their vicarage.

1.2.2.6 Congregation Unrestricted Gift Fund

1.2.2.6.1 Purpose

The Board of Trustees may designate other gifts received by the congregation to be managed by the Permanent Endowment Committee.

1.3 Limitations on Use of Endowment Funds

The Endowment Funds shall not be used to engage in the carrying on of propaganda or otherwise attempting to influence legislation; participate in or intervene in any political campaign on behalf of any candidate for public office (including the publishing or distribution of literature); or contribute any part of the income or principal of any of the Endowment Funds to an organization engaging in such activity.

1.4 Maintenance of Tax Exemption

The Permanent Endowment Committee shall at all times manage the Endowment Funds in a manner consistent with the requirements of the Internal Revenue Code, as it is presently or as it may hereafter be amended, to protect the tax exempt status of the operations of the Congregation and to insure that

gifts to the Endowment Funds will qualify as charitable contributions to the Congregation, namely, Holy Cross Evangelical Lutheran Church of Fort Wayne, Indiana, Inc.

1.5 Liability of Permanent Endowment Committee

No member of the Permanent Endowment Committee shall be held accountable for any loss or diminution of the Endowment Funds or any damage to Endowment Funds' properties, unless such loss or damage is caused by such member's willful neglect or bad faith.

1.6 Professional Assistance

The Endowment Committee may, with the approval of the Board of Trustees, employ, at the expense of the Endowment Funds' income, such professional assistance on investments, legal, and other matters as it deems to be in the best interest of the Endowment Funds.

1.7 Permanent Endowment Committee Conflict of Interest Policy

No member of the Permanent Endowment Committee shall engage in any self-dealings or transactions with the Endowment Funds in which the member of the Permanent Endowment Committee has direct or indirect financial interest. Members of the Permanent Endowment Committee shall at all time refrain from any conduct in which any personal interest would conflict with the interest of the Endowment Funds.

1.8 Amending the Resolution

Be it further resolved that any amendment to this resolution, which will change, alter or amend the contents herein, shall be adopted by a two-thirds votes of the members present at a regular meeting of the Voters' Assembly or at a special meeting of the Voters' Assembly called specifically for the purpose of amending this resolution.

1.9 Disposition or Transfer of the Funds

Be it further resolved that in the event Holy Cross Lutheran Church ceases to exist either through merger or dissolution, the disposition or transfer of the funds shall be at the recommendation of the Board of Trustees and approval of the Voters' Assembly in conformity with Non-Profit Corporation Statutes and Holy Cross Lutheran Church constitution and by-laws. However, funds managed by the committee which are the result of a restricted gift and subject to any special condition or limitation shall be transferred subject to the condition or limitation upon which it is held by the fund.

Adoption of Resolution:

This resolution, recommended by the Board of Trustees and accepted by the Voters Assembly at a legally called congregational meeting, is hereby adopted.

***Holy Cross Evangelical Lutheran Church of Fort Wayne, Indiana, Inc.***

3425 Crescent Avenue  
Fort Wayne, IN 46805

By \_\_\_\_\_  
\_\_\_\_\_

Paul J. Zilz (President)

Steven D. Webb (Secretary)

Dated this 26<sup>th</sup> day of September, 2010  
*Signed copy on file in church office*

Section 1: 11/20/11. Section 2: 11/15/11. Section 3: 11/15/11. Section 4: 11/15/11. Appendix A: 9/26/10. Appendix B: 3/15/11. Appendix C: 9/20/11. Appendix D: 9/20/11. Appendix E: 9/20/11.

## *Appendix B: Planned Giving Gifts Policy*

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Holy Cross Lutheran Church, a not for profit organization organized under the laws of the State of Indiana, encourages the solicitation and acceptance of gifts to the Holy Cross Lutheran Church Endowment Funds (hereinafter referred to as the "Endowment") for purposes that will help Holy Cross Lutheran Church to further and fulfill its mission. The Re-Statement of Articles of Association for the Endowment Funds of Holy Cross Evangelical Lutheran Church of Fort Wayne, Indiana, Inc. governs the Endowment Funds. The following policy governs the solicitation and acceptance of gifts made to the Endowment and any estate and special one-time gifts made to the church.

The mission of Holy Cross Lutheran Church is equipping and sending God's people to make a Christ-like difference in the world.

### **1. PURPOSE OF THIS POLICY**

The Planned Giving Mission & Ministry Team (MMT) of Holy Cross Lutheran Church solicits current and deferred gifts from individuals, corporations, and foundations to secure the future growth and missions of Holy Cross Lutheran Church. This MMT reports to the Senior Pastor.

One responsibility of the Permanent Endowment Committee (PEC) is to accept gifts made to the Endowment Funds.

This policy is intended to

- provide guidance to the Planned Giving MMT when soliciting gifts for the Endowment, and
  - provide guidance to prospective donors and their advisors when making gifts to the Endowment, and
  - govern the acceptance of gifts by the Permanent Endowment Committee (PEC). The provisions of these policies shall apply
- 1) to all gifts received by the PEC for the Endowment Funds, and
  - 2) to all estate gifts, memorial gifts, and special gifts made to the church and not designated by the donor for the Endowment Funds.

### **2. ESTATE, MEMORIAL AND SPECIAL GIFTS NOT DESIGNATED BY DONOR FOR THE ENDOWMENT FUNDS**

The following policy delineates the process of accepting estate gifts, memorial gifts, or special gifts made to the church without the donor having designated the use of such gifts.

The PEC shall accept such gifts subject to the provisions of this Planned Giving Gifts Policy.

The PEC shall manage these funds and account for them in the Congregation Unrestricted Gift Fund.

### **3. USE OF LEGAL COUNSEL**

Holy Cross Lutheran Church shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- 1) Closely held stock transfers that are subject to restrictions or buy-sell agreements.
- 2) Documents naming Holy Cross Lutheran Church as Trustee.
- 3) Gifts involving contracts, such as bargain sales or other documents requiring Holy Cross Lutheran Church to assume an obligation.
- 4) Transactions with potential conflict of interest that may invoke IRS sanctions.

- 5) Gifts of real estate.
- 6) Other instances in which use of counsel is deemed appropriate by the PEC.

Holy Cross Lutheran Church will advise prospective donors to consult their attorney in all matters related to deferred gift agreements such as wills, trust, annuities, or other contractual agreements.

#### **4. CONFLICT OF INTEREST**

Holy Cross Lutheran Church will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The PEC will comply with the Board of Trustees Conflict of Interest policy.

#### **5. RESTRICTIONS ON GIFTS**

The PEC may accept unrestricted gifts to the Endowment and gifts for specific programs and purposes, provided that such gifts are not inconsistent with this policy and are not inconsistent with the church's stated mission, purposes, and priorities. The PEC will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter (or trust document if Holy Cross Lutheran Church is established under trust), gifts that are too difficult to administer or cost over \$1,000 to establish, or gifts that are for purposes outside the mission of the church. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the PEC according to any applicable policies.

#### **6. TYPES OF GIFTS**

The following gifts are acceptable:

- Cash
- Tangible Personal Property
- Securities
- Real Estate
- Remainder Interests in Property
- Oil, Gas, and Mineral Interests
- Bargain Sales
- Life Insurance
- Charitable Gift Annuities
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Retirement Plan Beneficiary Designations
- Bequests
- Life Insurance Beneficiary Designations

The following criteria govern the acceptance of each gift form:

- 6.1. **Cash.** Cash is acceptable in any form. Checks shall be made payable to Holy Cross Lutheran Church with the memo line designating into which Endowment Fund the money is to be deposited. The check shall be delivered to the Executive Director, by whatever name called, in the church administrative offices.
- 6.2. **Tangible Personal Property.** All other gifts of tangible personal property shall be examined in light of the following criteria:
  - Does the property fulfill the mission of the Endowment?
  - Is the property marketable?
  - Are there any undue restrictions on the use, display, or sale of the property?
  - Are there any carrying costs for the property?

The PEC shall make the final determination on the acceptance of tangible property gifts.

- 6.3. **Securities.** The PEC may accept both publicly traded securities and closely held securities.
  - 6.3.1. **Publicly Traded Securities.** Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the PEC. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the PEC. The donor should either transfer the stock to a Holy Cross Lutheran Church stock account or mail the stock power assignment separately from the certificate which authorizes the transfer of stock to Holy Cross Lutheran Church.
  - 6.3.2. **Closely Held Securities.** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted subject to the approval of the PEC. However, gifts must be reviewed prior to acceptance to determine:
    - no restrictions on the security exist that would prevent the PEC from ultimately converting those assets to cash;
    - the security is marketable; and
    - the security will not generate any undesirable tax consequences for the Endowment. If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The PEC shall make the final determination on the acceptance of closely held securities when necessary, and will do so after consulting with legal counsel. Every effort will be made to sell non-marketable securities as quickly as possible.

- 6.4. **Real Estate.** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, the PEC shall require an initial environmental review of the property to ensure that the property has no environmental damage, if the church's legal counsel recommends such action. In the event that the initial inspection reveals a potential problem, the PEC shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor. When appropriate, a title binder shall be obtained by the PEC prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor. Prior to acceptance of the real property, the gift shall be approved by the PEC after it seeks legal counsel. Criteria for acceptance of the property shall include:
- Is the property useful for the purposes of the Endowment?
  - Is the property marketable?
  - Are there any restrictions, reservations, easements, or other limitations associated with the property?
  - Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
  - Does the environmental audit reflect that the property is not damaged?
- 6.5. **Remainder Interests in Property.** The PEC may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. Prior to the death of the donor, such donor will receive any income the property produces. Expenses for maintenance, insurance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary. At the death of the donor, the PEC may use the property or reduce it to cash.
- 6.6. **Oil, Gas, and Mineral Interests.** The PEC may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the gift acceptance committee, after it seeks legal counsel. Criteria for acceptance of the property shall include:
- Gifts of surface rights should have a value of \$20,000 or greater.
  - Gifts of oil, gas, and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
  - The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate
  - A working interest is rarely accepted. A working interest may only be accepted where when there is a plan to minimize potential liability and tax consequences.
  - The property should undergo an environmental review to ensure that the Endowment has no current or potential exposure to environmental liability.
- 6.7. **Bargain Sales.** The PEC may enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of Holy Cross Lutheran Church. All bargain sales must be reviewed and recommended by the PEC and approved by the Board of Trustees. Factors used in determining the appropriateness of the transaction include:
- An independent appraisal substantiating the value of the property.
  - If the Endowment assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
  - The PEC must determine that the church will use the property, or that there is a market for sale of the property, allowing sale within 12 months of receipt.
  - The PEC must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

- 6.8. **Life Insurance.** The Endowment must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the Endowment will include the entire amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the PEC may:
- continue to pay the premiums;
  - convert the policy to paid up insurance; or
  - surrender the policy for its current cash value.
- 6.9. **Charitable Gift Annuities.** The Planned Giving Mission & Ministry Team may offer charitable gift annuities if approved by the PEC. The minimum gift for funding is \$5,000. The PEC may vote to make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. The PEC may vote to approve exceptions to this payment schedule. The PEC will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. The PEC may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities if at least a 5-year period exists before the commencement of the annuity payment date, the value of the property is reasonably certain, and only if the Board of Trustees approves the arrangement. Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to the appropriate Endowment Fund as designated by the donor.
- 6.10. **Charitable Remainder Trusts.** The PEC may accept designation as remainder beneficiary of a charitable remainder trust. The PEC will not accept appointment as trustee of a charitable remainder trust.
- 6.11. **Charitable Lead Trusts.** The PEC may accept a designation as income beneficiary of a charitable lead trust. The PEC will not accept an appointment as trustee of a charitable lead trust.
- 6.12. **Retirement Plan Beneficiary Designations.** Donors and supporters of Holy Cross Lutheran Church Endowment will be encouraged to name the Endowment as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the Endowment until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
- 6.13. **Bequests.** Donors and supporters of the Endowment will be encouraged to make bequests to the Endowment under their wills and trusts. Such bequests will not be recorded as gifts to the Endowment until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable. The wording of such bequests should be as follows, if possible, "I give, devise, and bequeath to the Holy Cross Lutheran Church for \_\_\_\_\_ (Name of Fund) the sum of \$\_\_\_\_\_ for the benefit of Holy Cross Lutheran Church of Fort Wayne, Indiana."
- 6.14. **Life Insurance Beneficiary Designations.** Donors and supporters of the Endowment will be encouraged to name the Endowment as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Endowment until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

## **MISCELLANEOUS PROVISIONS**

**Securing appraisals and legal fees for gifts to the Endowment.** It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Endowment.

**Valuation of gifts for development purposes.** The PEC will record a gift received by the PEC at its valuation for gift purposes on the date of gift.

### **Responsibility for IRS Filings upon sale of gift items.**

The Executive Director, by whatever name called, upon notice given by the chairperson of the PEC, is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the PEC when the charitable deduction value of the item is more than \$5,000. The PEC must file this form within 125 days of the date of sale or disposition of the asset.

Acknowledgement of all gifts made to the Endowment and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Planned Giving Mission & Ministry Team.

Appropriate legal and tax counsel shall be sought regarding any questions regarding IRS Form 8282, IRS Publication 561 Determining the Value of Donated Property and IRS Publication 526 Charitable Contributions.

### **Changes to Gift Acceptance Policies**

These policies and guidelines have been reviewed and accepted by the Board of Trustees. Any changes to, or deviations from, these policies must be approved by the Permanent Endowment Committee and the Board of Trustees.

## Appendix C: Endowment Funds Investment Goals & Strategy

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Holy Cross Lutheran Church, a not for profit organization organized under the laws of the State of Indiana, encourages the solicitation and acceptance of gifts to the Holy Cross Lutheran Church Endowment Funds (hereinafter referred to as the “Endowment”) for purposes that will help Holy Cross Lutheran Church to further and fulfill its mission. The Re-Statement of Articles of Association for the Endowment Funds of Holy Cross Evangelical Lutheran Church of Fort Wayne, Indiana, Inc. governs the Endowment Funds. The following policy governs the investment of funds managed by the Permanent Endowment Committee (PEC).

### 1. Endowment Fund Investment Goals

The Re-Statement of Articles of Association describes the establishment and purposes of the funds managed by the PEC.

Implicit in these purposes is the requirement that the purchasing power of the funds be maintained over time. The accomplishment of these purposes depends, in part, on earning the highest possible rate of return without taking undue risks.

### 2. Asset Allocation Guidelines:

In consideration of the above investment objective the PEC has established the following asset allocation guidelines:

	<i>Minimum</i>	<i>Maximum</i>	<i>Target</i>
Equity	50%	70%	60%
Fixed Income	30%	50%	40%
Alternative Investments	0%	15%	0%
Cash Equivalents	0%	10%	0%

The investment manager for the Endowment may alter the asset allocation mix at its discretion, at all times adhering to the stated limits noted in this policy.

### 3. Investment Policy—General Guidelines:

The Endowment’s consolidated equity portfolio shall be limited to investments in individual common stocks, mutual funds, and exchange-traded funds listed on the New York Stock Exchange, the American Stock Exchange, or NASDAQ. Similarly, fixed income investments may include individual securities, or fixed income mutual funds or exchange-traded funds. Alternative investments may use structured notes, limited partnership investment vehicles, mutual funds, and exchange-traded funds (See Section VI for additional information on alternative investments).

Individual securities, and, as closely as practicable, mutual funds and exchange-traded funds will be subject to the following investment policy restrictions:

### 4. Investment Restrictions--Equity Segment:

- a) Individual core stock investments will be limited to public companies with market capitalizations of no less than \$1 billion at the time of purchase. Large cap to mid cap mutual funds and exchange-traded funds should generally adhere to this target.
- b) All individual securities must be marketable and shall be payable in U.S. dollars.
- c) No more than 7% of the equity portfolio, measured at market, may be invested in the stock of any one corporation.

- d) Measured at market value, not more than 25% of the Endowment's core equity portfolio may be invested in any one sector as defined by the Standard & Poor's 500. However, should the S & P contain a sector that exceeds 25%; the Endowment's core stock portfolio will not exceed 120% of that sector's actual weighting.
- e) Direct investments will not include options, futures, or derivatives employed in a speculative fashion. Neither arbitrage nor leverage will be incorporated in the management of the total portfolio, but may be utilized in individual alternative strategies. The use of any such instruments or strategies will require prior approval of the PEC.
- f) Equity mutual funds and exchange-traded funds may be used to add exposure to equity sub-classes such as small cap, mid cap, and international equities. Aggregate exposure of the Endowment to equity sub-classes shall not exceed 45% of the equity portfolio.

**5. Investment Restrictions--Fixed Income Segment:**

- a) Investments of one year or less may be in federally insured CD's, repurchase agreements, savings accounts, money market funds or U.S. Government and agency securities.
- b) Direct investments may be in securities of the U.S. Government or its agencies, or in U.S. corporations, or foreign corporations doing business in the U.S. through a domestic affiliate.
- c) All individual securities must be marketable and must be payable in U.S. dollars.
- d) All individual securities, at the time of purchase, shall be rated "A-" or better by Standard and Poor's or "A3" or better by Moody's.
- e) The fixed income portfolio will have an average maturity not exceeding ten years.
- f) Investments should reflect the tax-exempt status of the Endowment.
- g) Fixed income mutual funds and exchange-traded funds should generally adhere to the investment restrictions outlined.

**6. Investment Restrictions – Alternative Investment Segment**

Alternative investments including, but not limited to, structured notes, commodities/natural resources, real estate investment trusts, private equity, absolute return strategies, hedge funds, high yield debt, and international fixed income may be used to diversify the portfolio's risk profile. To maintain diversification, individual strategies will typically use a fund or structured note approach. The aggregate of such investments shall not exceed 15% of the portfolio's assets.

**7. Investment Performance Review:**

Investment performance will be evaluated relative to a broad market benchmark consistent with the overall strategic asset allocation objective. This broad market benchmark will be comprised of a 60% weighting of the Standard & Poor's 500 Index, and a 40% weighting of the Barclays Intermediate Government/Credit Index. In addition to current period performance, annualized time-weighted returns will be reviewed for the most recent one-year, three-year, and five-year time periods.

**8. Review Process**

The PEC shall meet with the trustee/investment manager at least annually, preferably in February and August, and such other times as the PEC deems necessary, to review the progress and status of the Endowment's portfolio as well as to review adherence to this policy.

## *Appendix D: Endowment Funds Distribution Policy*

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Holy Cross Lutheran Church, a not for profit organization organized under the laws of the State of Indiana, encourages the solicitation and acceptance of gifts to the Holy Cross Lutheran Church Endowment Funds (hereinafter referred to as the “Endowment”) for purposes that will help Holy Cross Lutheran Church to further and fulfill its mission. The Re-Statement of Articles of Association for the Endowment Funds of Holy Cross Evangelical Lutheran Church of Fort Wayne, Indiana, Inc. governs the Endowment Funds. The following policy governs the distribution of funds from the funds managed by the Permanent Endowment Committee (PEC).

### **1. The Church Fund**

The Re-Statement of Articles of Association describes the establishment and purposes of this fund.

Historical background: Please see the footnote at the end of this policy for the rationale for the use of a spending policy and the use of a trailing quarterly fair market value.

The annual distribution from the Church Fund shall be the average of 5% of the trailing quarterly fair market value of the funds commencing annually on December 31st for the prior three years. However, it shall not be more than 5.75% of the prior year December 31<sup>st</sup> value.

The PEC shall report this available annual distribution amount to the Board of Trustees no later than the Board of Trustees’ February meeting.

Any allowable distribution not used in a given year may not be carried forward.

The following process shall govern distributions from this fund:

- The Senior Pastor (or his designee) shall recommend to the Board of Trustees the use of such distributions.
- The Board of Trustees must approve the use and distribution to accomplish the purposes of the Church Fund.
- Any distribution exceeding \$20,000 must be approved by the congregation at a Voters Assembly.

**2. The School Fund**

The Re-Statement of Articles of Association describes the establishment and purposes of this fund.

Historical background: The policy governing the School Fund was originally adopted by the Board of Trustees on March 30, 2004. This appendix revised the original policy by changing the authority limits for distribution and by reducing the formula percentages to be consistent with those of the Church Fund. Please see the footnote at the end of this policy for the rationale for the use of a spending policy and the use of a trailing quarterly fair market value.

The annual distribution from this fund shall be the average of 5% of the trailing quarterly fair market value of the funds commencing annually on December 31st for the prior three years. However, it shall not be more than 5.75% of the prior year December 31<sup>st</sup> value.

The PEC shall report this available annual distribution amount to the Board of Trustees no later than the Board of Trustees' February meeting.

Any allowable distribution not used in a given year may not be carried forward.

The following process shall govern distributions from this fund:

- The Principal, by whatever name called, shall recommend to the Senior Pastor the use of such distributions.
- The Senior Pastor may authorize the use of such funds equal to or less than \$5,000 to accomplish the purposes of the School Fund, subject to reporting that use to the PEC.
- If the amount of distribution requested is more than \$5,000, the Senior Pastor shall recommend to the Board of Trustees the use of such distributions.
- The Board of Trustees must approve the use and distribution to accomplish the purposes of the fund.
- Any distribution exceeding \$20,000 must be approved by the congregation at a Voters Assembly.

**3. The Scholarship Fund**

The Re-Statement of Articles of Association describes the establishment and purposes of this fund.

The annual distribution from this fund covering from July of the current year through June of the next year shall not exceed 50% of the balance of the fair market value of the fund as of June 30<sup>th</sup> of the current year.

The PEC shall report this available annual distribution amount to the Senior Pastor no later than August 1<sup>st</sup> and to the Board of Trustees no later than the Board of Trustees' August meeting.

Any allowable distribution not used in a given school year may not be carried forward.

The following process shall govern distributions from this fund:

- The Principal, by whatever name called, shall distribute the funds to accomplish the purposes of the fund, subject to approval of the Senior Pastor.
- Distributions shall not exceed 80% of the current tuition costs to any one qualifying student during any one school year.

#### **4. The Lupke Fund**

The Re-Statement of Articles of Association describes the establishment and purposes of this fund.

As the Re-Statement of the Articles of Association mandate, the PEC shall maintain the principal balance in this fund (\$10,000) in perpetuity.

The following process shall govern distributions from this fund:

- The Senior Pastor (or his designee) may request from the Board of Trustees that distributions be made from this fund.
- The Board of Trustees may approve distributions from this fund to accomplish the purposes of the fund.

#### **5. The Aulick Fund**

The Re-Statement of Articles of Association describes the establishment and purposes of this fund.

The annual distribution from this fund covering from July of the current year through June of the next year shall not exceed 50% of the balance of the fair market value of the fund as of June 30<sup>th</sup> of the current year.

The PEC shall report this available annual distribution amount to the Senior Pastor no later than August 1<sup>st</sup> and to the Board of Trustees no later than the Board of Trustees' August meeting.

The following process shall govern distributions from this fund:

- The Senior Pastor shall establish the Aulick Fund Mission & Ministry Team (MMT) to evaluate student candidates and recommend to the Senior Pastor a list of students qualifying for this distribution and the annual amounts to be distributed to each student.
- The Senior Pastor may designate another Holy Cross pastor to serve as chairperson of this MMT.
- The MMT shall use a variety of means to notify potential qualifying students of this fund.
- Distributions generally should not exceed \$1,000 to any one qualifying student during any one calendar year.
- The Senior Pastor authorizes the disbursements to students from this fund.
- Distributions shall be made by September 30<sup>th</sup> of each year.

#### **6. Congregation Unrestricted Gift Fund**

The Re-Statement of Articles of Association describes the establishment and purposes of this fund.

The PEC shall report the fair market value to the Board of Trustees at least semi-annually.

The following process shall govern distributions from this fund:

- The Senior Pastor (or his designee) may recommend to the Board of Trustees the use of such distributions.
- The Board of Trustees must approve the use and distribution from this fund.
- Any distribution exceeding \$20,000 must be approved by the congregation at a Voters Assembly.

*Footnotes for the Church Fund and the School Fund regarding the historical background regarding the spending policies:*

The formula for calculating how much could be spent from the Church Fund annually was originally adopted by the PEC on October 18, 2000.

In September 2000, the Permanent Endowment Committee spent considerable time designing an appropriate spending policy for the Holy Cross Endowment Funds. The PEC sought guidance from several professional foundations.

The Concordia Education Foundation spending policy was deemed to be an ideal model for the Holy Cross Endowment Fund.

Similarly, Foellinger Foundation was using a trailing 5-year average of the foundation value when determining the spending percentage. That foundation was not spending more than 5% of this 5-year average, and it will revert to a lower spending level if they are being more conservative.

Additionally, literature in the Philanthropy Digest, the spending policy of the Lutheran Foundation, and the recommendation of then National City Bank suggested that foundations consider developing a “Total Rate of Return Spending” policy. This rationale for such a policy is the following:

- Asset allocation strategy can be rendered unsuccessful by inappropriate spending policy.
- Reliance on “income only” spending can lead to inflation erosion of assets, if income needs are emphasized at expense of asset growth.
- A “total rate of return” policy fosters balance between current spending needs and long term capital growth. It allows for spending from all sources of earnings – income and capital gains, and it also fosters consistent annual spending as a percentage of funds.

The spending policy was modified slightly at the May 26, 2010 PEC meeting.

The annual distribution from this fund shall be the average of 5% of the trailing quarterly fair market value of the funds commencing annually on December 31st for the prior three years. However, it shall not be more than 5.75% of the prior year December 31<sup>st</sup> value. The PEC revised the formula to use the trailing quarterly values versus strictly looking at the year end balances to take into account a highly volatile market. This approach was recommended by PNC based upon its observation that not-for-profit organizations were applying this approach of using trailing quarterly values.

## Appendix E: Conflict of Interest Policy and Disclosure

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### 1.0 Purpose of Conflict of Interest Policy and Disclosure

The purpose of this policy is to protect the interest of Holy Cross Lutheran Church and its tax-exempt status when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an interested person as defined below. The policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to not-for-profit and charitable organizations.

### 2.0 Definitions

- 2.1 Interested person: Interested person is defined as any member of the Board of Trustees, any congregation officer, and any member of a committee with Board of Trustees-delegated powers.
- 2.2 Financial interest: A person has a financial interest if the person has, directly or indirectly, through business, investment or family:
  - 2.2.1 an *ownership* or *investment* interest in any entity with which Holy Cross has a transaction or arrangement (such investment interest does not include mutual funds or other similar investment vehicles generally available to the investing public); or
  - 2.2.2 a *compensation* arrangement with Holy Cross or with any entity or individual with which Holy Cross has a transaction or arrangement; or
  - 2.2.3 a *potential* ownership or investment interest in, or compensation arrangement with, any entity or individual with which Holy Cross is negotiating a transaction or arrangement.

### 3.0 Conflict of Interest Policy

- 3.1 The Board of Trustees (hereafter Board) commits itself and all interested persons to ethical, business-like and lawful conduct. This includes proper use of authority and appropriate decorum when such persons are acting in their official capacities for Holy Cross Lutheran Church.
- 3.2 Interested persons must represent non-conflicted loyalty to the interest of the congregation.
  - 3.2.1 This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs.
  - 3.2.2 This accountability supersedes the personal interest of any interested persons acting as a client or family member of a client of the congregation's services.
- 3.3 Interested persons with any financial interest must avoid a conflict of interest with respect to their fiduciary responsibilities:
  - 3.3.1 No self-dealing or any conduct of private business or personal services must exist between any interested person and the congregation *except* as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information.
  - 3.3.2 Interested persons must not use their positions to obtain employment in the congregation for themselves, family members or close associates.
    - 3.3.2.1 An interested person desiring such employment must first resign the position they hold as an interested person.
- 3.4 When the Board is to decide upon an issue about which an interested person has an unavoidable conflict of interest, that interested person shall recuse her/himself without comment on the deliberation as well as on the vote on the matter.

## 4.0 Procedures

- 4.1 Duty to Disclose: Any interested person must annually sign a statement which affirms that such person:
  - 4.1.1 has received a copy of the Conflict of Interest policy, and
  - 4.1.2 has read and understands the policy, and
  - 4.1.3 has agreed to comply with the policy, and
  - 4.1.4 has provided details on any potential conflict of interest pertaining to him/herself.
  
- 4.2 Determining whether a conflict of interest exists based on the annual disclosure form:
  - 4.2.1 The President will appoint a committee of at least three disinterested persons to review any potential conflict of interest.
  
  - 4.2.2 After exercising due diligence, such committee will report to the Board regarding whether it believes a conflict of interest in fact exists.
    - 4.2.2.1 Such report will be dated and signed by the investigating committee members, list the printed names of the investigating committee members, reference the conflict of interest policy section involved (3.1, 3.2.1, 3.2.2, 3.3.1, 3.3.2), describe the process followed to investigate the alleged conflict of interest, and provide the conclusion reached by the majority of the investigating committee.
  
  - 4.2.3 The Board shall vote to accept or reject the committee's conclusions.
  
  - 4.2.4 If such vote concludes a conflict of interest exists, then such interested person shall conform to section 3.4 above.
  
- 4.3 Determining whether a conflict of interest exists due to a non-disclosed financial interest or other material interest:
  - 4.3.1 As part of exercising its due diligence, the investigating committee will inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.
  
  - 4.3.2 The same procedures as outlined in 4.2.1 through 4.2.3 above shall be followed.
  
  - 4.3.3 If the Board votes that the interested person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action, up to removal of the interested person from his/her position as an interested person.

## *Conflict of Interest Disclosure Statement*

All interested persons of Holy Cross Lutheran Church shall complete the following form on an annual basis. These forms should be retained with the organization’s other important corporate documents.

*Please initial the following statement if it applies to you:*

\_\_\_\_\_ I have been provided a copy of the Conflict of Interest policy and have read and am familiar with this policy. I understand that a conflict of interest may arise of a financial or non-financial nature whenever I or any of my relatives has a personal interest that is or may be in conflict with the interests of Holy Cross, such that I may be improperly influenced by personal interest when making a decision for Holy Cross.

*Please initial whichever statement applies to you:*

\_\_\_\_\_ I am not aware of any direct or indirect financial interest as defined in the Conflict of Interest Policy (Section 2.2) or other material interest that is required to be disclosed under the Conflict of Interest Policy (See Section 3.0 for those issues required to be disclosed).

\_\_\_\_\_ I have described below or in an attached letter every direct or indirect financial interest as defined in the Conflict of Interest policy (Section 2.2) or other material interest that is required to be disclosed under the Conflict of Interest policy (See Section 3.0 for those issues required to be disclosed):

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During the time I am serving Holy Cross as an interested person as defined in the Conflict of Interest policy, I agree to report promptly any situation that might involve me or any of my relatives in any potential conflict of interest with Holy Cross.

I am completing and signing this disclosure statement based on the definitions included within Holy Cross’ Conflict of Interest policy.

Printed Name: \_\_\_\_\_ Position: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## *Policy Manual Revision History*

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### **1. SECTION 1**

- Approved 3/17/09
- Revised 11/18/10
- Revised by Voters Assembly 11/20/11

### **2. SECTION 2**

- Approved 3/17/09
- Revised 9/15/09
- Revised 9/21/10
- Revised 11/15/11

### **3. SECTION 3**

- Approved 5/19/09
- Revised 7/20/10
- Revised 10/19/10
- Revised 9/20/11
- Revised 11/15/11

### **4. SECTION 4**

- Approved 7/21/09
- Revised 6/15/10
- Revised 9/21/10
- Revised 11/15/11

### **5. APPENDIX A**

- Approved by Voters Assembly 9/26/10

### **6. APPENDIX B**

- Approved 6/15/10
- Revised 3/15/11

### **7. APPENDIX C**

- Approved 6/15/10
- Revised 9/20/11

### **8. APPENDIX D**

- Approved 6/15/10
- Revised 3/15/11
- Revised 9/20/11

### **9. APPENDIX E**

- Approved 9/20/11

Section 1: 11/20/11. Section 2: 11/15/11. Section 3: 11/15/11. Section 4: 11/15/11. Appendix A: 9/26/10. Appendix B: 3/15/11. Appendix C: 9/20/11. Appendix D: 9/20/11. Appendix E: 9/20/11.