International Lutheran Laymen’s League

Governance Policy Manual

Approved October 21, 2013
GOVERNANCE POLICY MANUAL
DEFINITIONS AND ABBREVIATIONS

Annual Financial Plan – An annual comprehensive document that describes the organization’s current financial status, the financial goals and timetable to achieve them, and strategies to meet those goals.

Board – Board of Directors.

Board of Directors – Duly elected governing body of the Int’l LLL consisting of the Chairman, Vice Chairman, and twelve (12) additional Board members elected at large by the membership of the Int’l LLL.

Board Self-Discipline – Statements setting forth the style and rules with respect to the Board’s own tasks and processes.

Board and Executive Director Partnership – Clarifying statements about delegation to and monitoring of ministry implementation.

Chairman – The Chairman of the Board.

Critical Benchmarks – The milestones the organization strives to achieve which evolves from qualitative or quantitative performance targets which impact the entire organization’s success.

Districts – Entities established within geographic boundaries and governed by an elected board which engage in programs and activities that support the purposes and objectives of the Int’l LLL and its programs and activities. These entities are covered under the Int’l LLL corporate umbrella, 501(c)(3) status and insurance protection.

Executive Director – The chief executive officer of Lutheran Hour Ministries, responsible for the day-to-day management, operation and oversight of the organization.

Executive Director Parameters – As defined in Sections 3.1 et seq.

Fiscal Year – June 1 through the following May 31 is the fiscal year for the Int’l LLL as opposed to a calendar year.

Governance – The act, process or power of guiding and directing the affairs of the organization.

Int’l LLL – International Lutheran Laymen’s League – The legal name for the corporation and auxiliary organization of the LCMS and LCC that does business as Lutheran Hour Ministries.

LCC – Lutheran Church—Canada – The Canadian Lutheran Church in altar and pulpit fellowship with The Lutheran Church-Missouri Synod (LCMS).

LCMS – The Lutheran Church—Missouri Synod – A confessional fellowship of Lutheran churches in the United States in fellowship with Lutheran church bodies worldwide.

LHM – Lutheran Hour Ministries – A Christian outreach ministry utilizing various media outlets and personal witness training to support churches worldwide and reach unchurched people throughout the world.
LHM Affiliated Groups – A local group of volunteer members who share a common interest in pursuing the Strategic Direction of the Int’l LLL, its programs and activities. Examples of such groups include what are named “Affiliated Ministry Communities” in the Bylaws (Appendix J), and that have historically been Districts of the Int’l LLL, Zones, local groups, and other specialized project committees. Such groups will function as local outreach and ministries promotion entities under the supervision of the Executive Director.

Lutheran Church – LCMS and LCC – The confessional fellowship in the United States and Canada who recognize the Int’l LLL as their auxiliary.

Major Committees – Board appointed committees – The six main committees addressing the vision, ministries, projects, programs and operations of the Int’l LLL are the Audit Committee, Budget and Finance Committee, Board Development Committee, Fund Development Committee, Compensation and Evaluation Committee and the Nominations Committee.

Ministry Partner – Any other agency or organization with whom the Int’l LLL occasionally works for the spread of the Gospel.

Mission – The purpose of the organization, which is driven by the vision.

Members – Those people who, in faith, have made a financial contribution to the Int’l LLL in the past 18 months in order to enhance and expand the spread of the Gospel through the Int’l LLL mission and ministry.

Membership – Collectively, the members.

Organization – The International Lutheran Laymen’s League.

Partner Churches – Churches in altar and pulpit fellowship with The Lutheran Church—Missouri Synod (LCMS) and the Lutheran Church—Canada (LCC).

Staff or Staff Member – Paid employees of Lutheran Hour Ministries, i.e. anyone who meets the IRS definition of an employee or a “Called” employee.

Strategy – The step by step implementation of the mission.

Strategic Direction – A course of action which leads to the achievement of the stated goals of the organizational strategy.

Vice Chairman – The Vice Chairman of the Board.

Vision – A mental picture of a desired future outcome.

Zones – Local geographic entities with an elected board which support the purposes and objectives of the Int’l LLL and its programs and activities and help to carry out those purposes at the local level. These entities are covered under the Int’l LLL corporate umbrella, 501(c)(3) status and insurance protection.
PREAMBLE
PRINCIPLES OF GOVERNANCE

The International Lutheran Laymen’s League (Int’l LLL) Board of Directors (Board) in keeping with the Articles of Incorporation, Bylaws and Core Values, dedicate themselves to fulfilling their responsibilities to the organization, its constituents and its ministries. The Board is to be composed of members who, in response to the Savior and empowered by the Holy Spirit, work well together because they enjoy mutual trust and respect. Such a Christian culture engages and energizes the Board. The Board leadership is to help create an environment based on respect and candor that fosters an open exchange of ideas.

These Principles of Governance direct the fundamental conduct of the Board. The Principles are specific not only to the Board as a whole but to individual members when indicated.

1. Constructive Partnership

The Board will govern in constructive partnership with the Executive Director, recognizing that the effectiveness of the Board and the Executive Director are interdependent and dependent on God’s grace. The Board delegates operations to the Executive Director, and the partnership is built on mutual trust, respect and shared candor.

2. Mission Focused

The Mission Statement of the Int’l LLL is *Bringing Christ to the Nations—and the Nations to the Church*. The Mission Statement and the dynamic and evolving Vision of the Board are the guiding principles for all organizational activities. The Board must be focused yet flexible and always be directed by the Vision, which drives the Mission.

3. Strategic Thinking

The Board will set the organizational course, provide direction and seek to perceive the future while understanding that strategic thinking is an ongoing God-directed process rather than a scheduled event. The Board, with the Executive Director and staff, frames and explores issues, sharpens direction, addresses difficult issues and generates solutions that are understood and supported. The Board will seek and expect continual input from individuals and groups throughout the organization.

Although individual Board members will address Strategic Direction, offer insights and present new perspectives, no individual Board member may act independent of the Board.

4. Environment of Inquiry

The Board will seek information, question assumptions, challenge conclusions and advocate for solutions based on analysis and the principles of Holy Scripture. Individual Board members will voice their conscientious concerns in an open forum before the Board reaches a decision. All Board decisions will be supported publicly by all members of the Board.

5. Independent Mindedness

Individual Board members, when making decisions, will put faithfulness to the Savior’s work and loyalty to the interests of the Int’l LLL above all else. Personal decisions will rely on thorough deliberations after known facets of information are uncovered to support independent, educated opinions.
6. An Ethos of Transparency

The Board will promote an ethos of transparency that ensures public access to clear, accurate and timely information regarding finances, operations and results. Regular annual financial statements and timely reports of accomplishments will be publicized. Whistle-blower policies will be in place. The Board will continually evaluate and distinguish between the need for transparency and the need for confidentiality.

7. Compliance with Integrity

A fundamental task of the Board is to ensure that the Int’l LLL, a Christian organization, operates both legally and ethically. Appropriate mechanisms for active, vigorous oversight are to be established. Individual Board members will have a comprehensive understanding of the organization and act with the highest standards of ethical conduct. All members of the Board will abide by the organization’s Code of Ethics, Confidentiality and Conflict of Interest policies.

8. Sustaining Resources

The Board must understand the fiscal health of the organization as it relates to its goal to deliver the mission. An Annual Financial Plan is to be approved that is linked to strategic planning and can be financed with existing or attainable resources. The Board and Executive Director are to work together to diversify and maximize revenue sources and monitor income development.

Each member of the Board will be actively involved in fund-raising and will work with volunteers to maximize the use of volunteer time, talent and treasure in service to the mission of the Int’l LLL.

9. Results-Oriented

The Board, Executive Director and staff will agree on critical-impact indicators that are developed from the Vision, Mission and the Strategic Priorities of the organization. The Board will use feedback, monitor performance and assess programmatic progress to measure the organization’s advancement toward its Mission and to evaluate the efficiency, effectiveness and impact of its programs.

10. Intentional Board Practices

The Board will structure itself, relying on bylaws, policies and tradition to fulfill essential governance duties and to support organizational priorities. The Board will engage in action-oriented and results-driven activities that connect to the Mission of the organization.

11. Continuous Learning

The Board will evaluate its own performance and assess the value the Board adds to the organization. Individual Board members are expected to join the Board with a passion for the Mission and bring with them important, helpful personal knowledge and expertise. However, it must be realized that Board work does not come naturally. Each Board member will participate in structured, educational activities and learn from experience drawn from outside the boardroom.

12. Revitalization

The Board will be in a continuous state of revitalization. Planned turnover, recruitment, term limits and inclusiveness are factors to be considered. Composition of the Board will have a direct impact on accomplishment of the Mission and in achieving the strategic direction of the organization.
STRATEGIC DIRECTION

1.1. CORE VALUES

As an auxiliary of both The Lutheran Church—Missouri Synod and Lutheran Church—Canada, we, the Board, Staff, Volunteers and the other Constituency of the International Lutheran Laymen’s League and its Lutheran Hour Ministries, will align ourselves and seek collaboration with these church bodies and their affiliated partner church bodies worldwide, to fulfill our mission of Bringing Christ to the Nations—and the Nations to the Church. We will also hold to the true and changeless Word of Scripture and to the faithful interpretation of that Scripture as expounded upon in the Lutheran Confessions and presented in the Book of Concord. Further, we will guide and limit our activities as an organization in accordance with the following longstanding Christian culture of traditional and aspirational beliefs and values.

We are guided by

Christian Love:
In that we practice and support Servanthood, Inclusiveness, Mutual Respect and Reconciliation.

Christian Leadership:
In that we practice and encourage Integrity, Honesty, Excellence, and Teamwork and are Lay Driven.

Christian Faith:
In that we are Mission-Focused, Bible-Based, Prayerful and Courageous.

Christian Stewardship:
In that we practice and promote Transparency, Accountability and Innovation.

(See Appendix A for a complete “Statement of Core Values.”)

1.2. MISSION

Bringing Christ to the Nations—and the Nations to the Church.

1.3. VISION

The International Lutheran Laymen’s League is a dynamic and evolving organization, highly regarded within the Lutheran Church-Missouri Synod, Lutheran Church-Canada and beyond as a media expert in proclaiming the Gospel to the unchurched through Lutheran Hour Ministries, and for excellence in equipping and engaging the laity for faithful service.

1.4. CRITICAL BENCHMARKS

1.4.1. Measurable benchmarks enabling the Int’l LLL to track the impact of its efforts in mission, vision and values are important. These benchmarks are based on three indicators:

1.4.1.1. Activity – What are we doing?

1.4.1.2. Indicators – What are the indications that our actions are touching people?

1.4.1.3. Outcomes – How many lives are being changed?
1.4.2. Such measurable benchmarks are determined by the Board with input from the Executive Director and staff to assess the effectiveness and success of the ministry. The Executive Director and staff implement operational strategies to reach Critical Benchmarks.

1.5. MEMBERS

1.5.1. The Int'l LLL shall have members who, in faith, support the spread of the Gospel through the Int'l LLL mission and ministry.

1.5.1.1. Any communicant member of any congregation which is either a member of the LCMS or a member of the LCC shall be eligible for membership in the Int'l LLL.

1.5.1.2. Members are those who have made a financial contribution to the Int'l LLL in the eighteen (18) months prior to the election.

1.5.1.3. Members are encouraged to

1.5.1.3.1. be energized, informed, equipped and enabled to participate actively in funding the mission;

1.5.1.3.2. enthusiastically recruit and involve new members;

1.5.1.3.3. seek ways in which they can participate and contribute to the activities of local LHM Affiliated Groups;

1.5.1.3.4. actively promote and utilize resources at the grassroots level;

1.5.1.3.5. cultivate ways in which they can partner with and serve congregations in their local geographic area.

1.6. RESPONSIBILITY OF THE BOARD TO MEMBERS

1.6.1. A key responsibility of the Board is to represent the members of the organization.

1.6.2. The Board shall develop and implement a process that allows the Board members to listen to the ideas, concerns and values of the members of the Int'l LLL. It shall use a variety of appropriate mechanisms and methodologies (such as mail, phone and Internet surveys, focus groups and Board dialogue) to seek out the desires of the members.

1.6.3. The Board shall keep the members informed of its progress toward the Strategic Direction of the Int'l LLL. It shall use a variety of methods for this reporting (e.g. annual reports, videos, web page, magazine, newspaper articles, survey reports, electronic communications, etc.). Such measures shall be developed and/or coordinated with the Executive Director so the message is consistent and uniform.

1.7. THOSE SERVED

The served are those who utilize and benefit from the ministries offered by the Int'l LLL to fulfill its mission of Bringing Christ to the Nations—and the Nations to the Church, and they fall into three categories:

1.7.1. The membership and groups which receive the highest quality ministries from the organization.

1.7.2. Those congregations or groups that make use of LHM materials to reach their communities with the Gospel.
1.7.3. Those people whose lives are touched by these ministries, both saved and unsaved.

1.8. **COST OF STRATEGIC DIRECTION TO THE MEMBERS**

1.8.1. Biblical stewardship shall be utilized to guarantee that ministries achieve the Strategic Direction at a fair, effective and efficient cost to the organization’s members.

1.8.2. Costs for such ministries shall not endanger the development and maintenance of capabilities in accomplishing the Strategic Direction. The Annual Financial Plan for the Int’l LLL shall include but not be limited to the following considerations:

1.8.2.1. Fiscal audit and other third party monitoring of organizational performance shall not exceed .25% of the current year budgeted revenue as contained in the Annual Financial Plan.

1.8.2.2. Int’l LLL attorney fees shall not exceed .2% of the current year budgeted revenue as contained in the Annual Financial Plan.

1.8.2.3. Interviews, surveys and focus groups shall not exceed .2% of the current year budgeted revenue as contained in the Annual Financial Plan.

1.8.2.4. Training for the Board, including attendance at conferences and workshops, shall not exceed .25% of the current year budgeted revenue as contained in the Annual Financial Plan.

1.8.2.5. Fees for other consulting services shall not exceed .25% of the current year budgeted revenue as contained in the Annual Financial Plan.

1.8.2.6. A line item shall appear in the Annual Financial Plan for the Governance Board. The amount shall not exceed 2.5% of the total budgeted revenue as contained in the Annual Financial Plan.

1.9. **STRATEGIC ALLIANCES**

Strategic Alliances are mutually beneficial relationships with other Christian organizations or individuals built upon a common vision or goal, which allows all parties to honor their core values, enhance the pursuit of their missions and maintain operational autonomy.

1.9.1. The organization shall pursue strategic alliances as appropriate.
BOARD SELF-DISCIPLINE

2.1. RESPONSIBILITIES OF THE BOARD

2.1.1. The overall responsibility of the Board is to provide a strong, powerful, ethical and spiritual pursuit of the organization’s mission. To that end, the Board shall seek to do the following:

2.1.1.1. Ensure that the Core Values, Mission, Vision, and Critical Benchmarks of the organization are the driving force for all activities and related ministries. (See Sections 1.1 through 1.4.)

2.1.1.2. Annually review and update the Core Values, Mission, Vision and Critical Benchmarks.

2.1.1.3. Effectively communicate the Core Values, Mission and Vision of Int’l LLL.

2.1.1.4. Ensure that policy and financial decisions are executed in accordance with the Articles of Incorporation and Bylaws of the organization (Appendix J).

2.1.1.5. Establish Governance Policies for the Board.

2.1.1.6. Provide oversight of all organizational activities by establishing and monitoring appropriateness of and adherence to Executive Director Parameters that guide the efforts of the Executive Director.

2.1.1.7. Ensure that the governance of the Int’l LLL functions in an effective and efficient manner.

2.1.1.8. Ensure, through its Nominations Committee, that every effort is made to nominate the best-qualified persons available for various Board positions by identifying, cultivating and qualifying people.

2.1.1.9. Actively fundraise and advocate for the organization and its ministries.

2.1.1.10. Appoint a member of the Board to serve as the “Director’s Trustee” for representation on the Lutheran Hour Ministries Foundation Board of Trustees.

2.1.1.11. Ensure that the organizational structure and identity are properly maintained for the Int’l LLL and its separate corporations. (See Appendix B, Organizational Structure, Sub-Corporations and Identity.)

2.1.1.12. Communicate regularly to the members the pertinent activities of the Board and remain open to communication from the members.

2.1.1.13. Exercise particular concern for the spiritual, physical and fiscal welfare of the Executive Director.

2.1.1.13.1. Exercise concern for all staff, supporting them with prayer, and upon the request of the Executive Director, appropriate counsel.

2.1.1.14. Ensure organizational cooperation with the LCMS and LCC and their partners, auxiliaries, Recognized Service Organizations and other affiliated organizations.
2.2. RESPONSIBILITIES OF THE BOARD’S MEMBERSHIP

2.2.1. Board members shall do the following:

2.2.1.1. Commit to working together in a covenant relationship defined by the Christian faith and these policies agreeing to accept discipline accordingly. (See Section 2.2.2.)

2.2.1.2. Regularly participate in the worship and educational life of their congregations.

2.2.1.3. Undertake personal spiritual disciplines for the development of their own faith lives.

2.2.1.4. Be prepared for the Board meetings.

2.2.1.5. Attend Board meetings regularly.

2.2.1.5.1. Should it be necessary to miss a meeting, members shall make contact with the Chairman for dialogue both before and after said meeting.

2.2.1.5.2. In the case of a Conflict of Interest (see Conflict of Interest Policy, Appendix C2), a Board member may recuse her/himself from the Board session or may be excused from the session by the Board with a 67% vote of the Board, not including the member in question. In either case, this is not counted as "missing" a meeting.

2.2.1.6. Actively participate in Board meetings, special briefings and policy development process.

2.2.1.7. Make informed decisions by insisting on complete and accurate information.

2.2.1.8. Support all decisions once they have been fully discussed and resolved by the Board.

2.2.1.9. Gain a working knowledge of the Governance Policy Manual.

2.2.1.10. Work to expand their leadership abilities and increase their understanding of the mission and ministry of the organization.

2.2.1.11. Invest personal energy and skills in the mission and ministries of the organization, seeking opportunities where individual skills and abilities can be applied other than the role of Board member.

2.2.1.12. Serve as members of the Lutheran Hour Ministries Foundation.

2.2.1.13. Relate to other members and individuals with integrity, honesty, straightforwardness, kindness and love.

2.2.1.14. Actively govern themselves and other members of the Board by identifying Board actions and conditions that run counter to this Governance Policy Manual.

2.2.1.15. Bring to the Chairman’s immediate attention any condition or action that they believe exceeds an Executive Director Parameter. (See Section 3.)
2.2.1.15.1. The Chairman shall promptly present the concern to the Executive Director, discuss the matter and report to the Board on his findings.

2.2.1.16. Keep Board documents and discussions confidential, unless given permission by the Board acting as a whole. However, the Governance Policy Manual, Board-approved minutes (excepting those of executive sessions) and Board-approved audited financial statements do not require permission as long as any Board discussion or Board information related to these documents remains confidential. (See Boundary Management Policy, Appendix D, and Distribution of Board Meeting Proceedings, Appendix E.)

2.2.1.17. Be familiar with and put into practice any specific policies developed to guide the behavior of members of the Board.

2.2.1.17.1. Sign a Code of Ethics and Conflict of Interest Policy (Appendix C).

2.2.1.17.2. Agree to the Boundary Management Policy (Appendix D).

2.2.1.18. Not hinder the Board process due to individual proclivities or disruptive behavior.

2.2.1.19. Refer all requests to bring greetings or address organizations to the Executive Director, who will determine representation.

2.2.2. Board self-discipline is intended to assist Board members in maintaining good communication and a full commitment to working in a covenant relationship. To that end, a member of the Board who violates any policy shall be counseled by the Chairman. Should violations continue, the Board member shall be counseled by the Board as a whole, which may ask the member to resign. If the member refuses to heed admonishment by the Board and refuses to resign, and the Board believes that in its judgment the best interest of the Int’l LLL will be served thereby, the Board may request the membership of the Int’l LLL to remove the member from the Board.

2.2.2.1. Members of the Board elected by the membership of the organization may only be removed by the membership of the organization, and not by the Board.

2.2.2.1.1. A vote by the membership to remove a sitting Board member requires a simple majority of those voting.

2.2.2.2. The Members of the Int’l LLL may remove any officer at any time whenever in its judgment the best interest of the Int’l LLL will be served thereby.

2.2.2.3. Should the Chairman violate policy, it shall be the responsibility of the other officers of the Board, in consultation with the Executive Director, to initiate such counsel and admonishment.

2.3. ENUNCIATING GOVERNANCE POLICIES

The Board shall maintain written policies of four types:

2.3.1. Strategic Direction

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

2.3.2. Board Self-Discipline
Statements setting forth the style and rules with respect to the Board’s own tasks and processes.

2.3.3. Executive Director Parameters

Limiting statements that bind or restrict activity of the Executive Director.

2.3.4. Board and Executive Director Partnership

Clarifying statements about delegation to and monitoring of ministry implementation.

2.4. GOVERNANCE PROCESS

2.4.1. Governance Philosophy

The Board shall govern with an emphasis on

• spiritual vision rather than internal preoccupation;
• encouragement of diversity of viewpoints;
• strategic leadership more than operational detail;
• ends rather than means;
• clear distinction of Governance Board and Executive Director roles;
• collective rather than individual decisions;
• future rather than past or present;
• being proactive rather than reactive.

2.4.2. The Board, not the Staff, shall be responsible for excellence in governance. The Board will not merely react to staff initiatives but shall be the initiator of governance policies that direct, control and inspire the organization.

2.4.3. The Board will not use the expertise of individual members to substitute for the judgment of the Board, although the expertise of the individual members may be used to enhance the understanding of the Board as a body.

2.4.4. Scope of Activities

All activities of the Board, its officers, committee(s) or members shall relate to the specific responsibilities of the Board as formally adopted at Board meetings. Board members are governed by this principle.

2.4.5. The Board shall act on behalf of the organization in all matters delegated to it by the Articles of Incorporation and Bylaws (Appendix J) or by action of the organization. However, the Board shall not

2.4.5.1. elect or remove the Chairman, Vice Chairman or members of the Board;

2.4.5.2. execute a merger or dissolution of the organization;

2.4.5.3. amend the organization’s Articles of Incorporation or Bylaws (Appendix J).

2.4.6. Group Action

The Board shall exercise its governing authority as a whole. No individual Board member shall exercise such authority except as instructed by the Board. (See Boundary Management Policy, Appendix D.)
2.4.6.1. All such instructions shall be guided by appropriate written parameters.

2.4.7. Governance Policy Development

The Board’s Governance Policies are to be active and dynamic. They are meant to be changed and refined regularly, based on the intent of each section, the values of the Board, and the changing context within which the organization functions.

2.4.7.1. Resolutions – The Board will pass resolutions for the following matters:

- any matter required to be covered by a resolution according to state statute, the organization’s charter, or Bylaws (Appendix J);
- if a certificate of the secretary or of some other officer of the organization is required, or is likely to be required at some future date, indicating the granting of authority by the Board or appropriate committee of the Board to perform a certain act (almost all banking activities, from checking accounts to safety deposit boxes, need a resolution and a certificate of the secretary);
- when the matter regulates the management of the organization and is meant to be permanent until changed;
- establishment of Board committees, the number of members, the names of the members, authority, and responsibilities, including quorum counts if different from the Bylaws (Appendix J);
- large financial expenditures or acquisitions;
- all real estate matters;
- if the matter pertains to an amendment to either the Articles of Incorporation or Bylaws of the organization (Appendix J);
- in response to the request of a third party that the action taken be evidence by a formal resolution (when delivered, this should be accompanied by a certificate of the secretary);
- any other substantial, significant, or material matter.

2.4.7.2. Executive Director Actions – All Board decisions regarding actions of the Executive Director shall be done through policy.

Any actions taken or contemplated by the Executive Director, or any which may be or have been approved through the Executive Director, will only be considered in light of the appropriate governance policies. The Board will only review policies for their soundness as a test of ethical and prudent behavior, and will not dictate what are appropriate actions except for compliance with policies. The Board shall rewrite policies when appropriate.

2.4.7.3. Governance Policy Review – Any Board member, the Executive Director or a vote of the membership may ask for a review of specific policies. However, never does the responsibility for effective and appropriate governance policy development rest with anyone other than the Board.

2.4.7.4. Governance Policy Review Schedule – The Board shall establish a policy review calendar to coordinate the review of every policy at least once every two years. (See Section 2.14.5.1.) They will make every effort to coordinate the calendar with the business cycles of the organization, reviewing appropriate governance policies just prior to management actions for decisions.

2.4.8. Fiscal Responsibility

The Board’s fiscal responsibility shall be discharged by doing the following:
2.4.8.1. Establishing parameters regarding Executive Director financial authority, Annual Financial Plan development and control of assets. (See Section 3.4.)

2.4.8.2. Establishing a line of credit. (See Section 3.4.8.)

2.4.8.3. Monitoring the fiscal soundness of the organization.

2.4.8.4. Systematically monitoring compliance with these policies on a quarterly basis.

2.4.8.5. Appointing the financial auditor.

2.4.8.6. Receiving, reviewing and accepting the report of the financial audit.

2.4.8.7. Additional specific financial policies are found in Appendix I.

2.5. HIRING OF EXECUTIVE DIRECTOR

2.5.1. In the case of a vacancy in the office of Executive Director, the Board shall appoint a Search Committee. The Committee shall consist of the Vice Chairman who will serve as Chairperson of the Search Committee, two other, non-officer members of the Board and two members at large from the organization. The Search Committee shall not fail to

- establish a set of criteria for the position, with special attention to the leadership needs under Aligned Governance and Operations;
- The Compensation and Evaluation Committee recommends to the Board for approval, a range of salary for the position of Executive Director
- call for nominations from the Int'l LLL, members of LCMS and LCC congregations;
- establish an effective interview and evaluation process which includes telephone and, as needed, personal interviews;
- provide a list of recommended, qualified candidates to the Board;
- establish and facilitate the interview process for the list of candidates approved by the Board;
- present to the Board a summary of the interviews of each candidate and a recommendation for the preferred candidate for the position of Executive Director.
- The Compensation and Evaluation Committee based on the resume of the selected candidate recommends a salary
- The Chairman shall negotiate a salary with the selected candidate on behalf of the Board within the established parameters for the salary

2.5.2. In the case of a vacancy in the office of the Executive Director, either by resignation or other reason by Board decision, the Board may appoint an Interim Executive Director. Any parameters on an Interim Executive Director not specified in this document shall be communicated to the chosen Interim Executive Director in writing along with a copy of this Governance Policy Manual, the agreed upon compensation established by the Board, and any time constraints for the interim position before her/his tenure begins. Should service as the Interim Executive Director have an impact on an individual’s eligibility for consideration as the full-time Executive Director, this must also be shared.

2.6. CALLING OF OTHER CALLED WORKERS

2.6.1. In the case where there is a vacancy in the office of The Lutheran Hour Speaker, and where the Annual Financial Plan allows, the Chairman shall appoint a Search Committee and one member of the committee to serve as Chairperson of the Search Committee. The Board shall ratify the Search Committee membership and the Chairperson of the
Search Committee. The Chairman, the Pastoral Advisor, and the Executive Director shall serve as non-voting ex-officio members of the Search Committee. The Search Committee shall not fail to

- establish a set of criteria for the position;
- call for nominations from the organization;
- establish and facilitate an effective interview and evaluation process for the candidates, which includes telephone and, as needed, personal interviews;
- ensure final candidates engage in a personal interview with the Executive Director;
- present to the Board a summary of the interviews of each candidate;
- bring a suggested candidate to the Board for approval.

2.6.2. The Board shall ensure that all Synodically rostered workers eligible for a Call, including The Lutheran Hour Speaker and those hired by the Executive Director and his staff, shall be issued non-tenured Calls.

2.7. ELECTION OF GOVERNANCE BOARD MEMBERS

2.7.1. Governance Board Membership

The number of voting Board Members shall be fourteen (14) including the Chairman, Vice Chairman and twelve (12) additional Board members. The Executive Director and Pastoral Advisor shall serve as ex-officio members of the Board, with voice but without vote.

2.7.2. Nominations Committee

This Nominations Committee shall consist of five members:

2.7.2.1. Sitting officers or Board members who are up for the next election shall not be appointed to serve on the Nominations Committee.

2.7.2.2. Appointment – The Chairman shall recommend the Nominations Committee members, but no committee members shall be deemed appointed until approved by the Board.

2.7.2.3. The Chairman of the Nominations Committee shall be selected by the Board and shall have full voice and vote on the committee.

2.7.2.4. Four other individuals shall serve on the committee: two Board members; and two individuals who are not serving as current Board members (these may be former Board members). These four members have full voice and vote on the committee.

2.7.2.5. The Nominations Committee shall be assisted by appropriate staff members appointed by the Executive Director as non-voting members.

2.7.2.6. Geographic distribution shall be considered by the Board in the selection of the members of the Nominations Committee.

2.7.2.7. The committee shall continue to serve for a 12-month period, or until the Board has appointed a new committee.

2.7.2.8. Meetings – The committee will meet as needed to consider nominees for the officer and Board positions. The meetings may be in person or by other conferencing means available to the committee.
2.7.2.9. Function – The Nominations Committee should continually seek to identify, recruit, cultivate and qualify men and women who may fulfill these positions:

Board members

Officers:
Chairman
Vice Chairman

Upon request, the committee may also be asked to submit suggestions for the Board’s Pastoral Advisor and other positions for which nominees are sought by the Board. The committee shall:

2.7.2.9.1. work to screen, select and submit the best slate of potential candidates to the Board for approval;

2.7.2.9.2. maintain a list of people as nominees that it shall cultivate and qualify for future service to the Int’l LLL;

2.7.2.9.3. provide the Chairman with a list of all qualified candidates not forwarded to the annual election process for reference for succeeding years.

2.7.2.10. Guidelines for nominee recruitment – The Nominations Committee shall follow these currently listed guidelines, and any others identified by the Board:

2.7.2.10.1. Nominees must meet the requirements for “members” stated in Section 1.5.1.

2.7.2.10.2. The Board seeks geographical diversity in all nominees throughout the United States and Canada.

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

2.7.2.10.4. Men and women are allowed to be Board members. In recognition of the organization’s founders and its rich heritage, together with the organization’s status as a “laymen’s” auxiliary, men shall serve as Chairman and Vice Chairman. At least one Board member shall be a resident of Canada and be a communicant member of a congregation of Lutheran Church—Canada. At least one Board member shall be a resident of the United States and be a communicant member of a congregation of The Lutheran Church—Missouri Synod.

2.7.3. Qualifications and Other Considerations

The Nominations Committee is required to follow all Board-approved policies and specified criteria in seeking the best-qualified persons for the various positions within the Int’l LLL.

2.7.3.1. In preparing its recommended slate of candidates for Board service, the Nominations Committee must seek candidates who:

- meet the definition of “members” in Section 1.5;
- regularly participate in the worship and educational life of their congregations;
- undertake personal spiritual disciplines for the development of their own faith lives;
• are good communicators;
• are visionary;
• can effectively represent the concerns of the Members of the organization;
• If elected are willing to remove themselves from any other elected, voting office in an LLL district or zone;
• understand and support the basic concepts of Aligned Governance and Operations;
• are willing and able to support the Strategic Direction of the organization;
• are willing and able to accept the Responsibilities of the Board and Responsibilities of the Board’s Membership as delineated in Sections 2.1. and 2.2.,
• are at least eighteen (18) years of age;
• are not personally, or are immediate family members of, employed staff of the organization;
  If a staff member of the Int’l LLL is interested in serving on the Board, he/she shall agree that, if elected, he/she will resign his/her employment with the Int’l LLL.
• are not rostered ordained clergy.

2.7.3.2. The criteria will also include the following documents which all nominees must read and fully support in the Governance Policy Manual, including Principles of Governance (Preamble); The Statement of Core Values (Appendix A); The Competencies of the Board (Appendix F).

2.7.4. Nominations Procedures

The Nominations Committee shall solicit and receive the names of prospective candidates from the Board, any member of the Int’l LLL or any member of the LCMS or LCC and their partner churches. For the initial election to be held in the spring of 2012, nominations will be received for both the Chairman and Vice Chairman and all twelve (12) additional Board members.

2.7.4.1. When calling for nominations, the Nominations Committee shall use the best available communications media to inform the membership of the Int’l LLL, LCMS, LCC and beyond, of responsibilities of the Board, the criteria for selection and nominating process. The Nominations Committee will also make available a Nomination Form (see Appendix G).

2.7.4.2. Anyone choosing to nominate an individual must submit a completed Nomination Form for that person to the Nominations Committee. All nominations submitted to the Nominations Committee should be identified as to the source of the nomination, whether it is from an individual or an LHM Affiliated Groups.

2.7.4.3. A statement of qualifications is required for all nominees for the Board or officer positions and may be provided by either the nominator or the nominee.

2.7.4.4. Nominations must be received by October 1 of each year. (Petition candidates for nominations to a slate and the timeline for submissions are defined in Section 2.7.4.10.)

2.7.4.5. Verification of Intent – Upon receipt of a nomination through the Int’l LLL headquarters, the Nominations Committee through the staff will verify the eligibility of the nominee and the nominee’s willingness to serve if elected. Nominees are to submit a recent photograph and express their agreement to fully
support the Board’s governance documents identified in Section 2.7.3.2. This information must be returned by the date requested for a nominee to be considered. The Nominations Committee will then use this information in an earnest effort to select the best-qualified nominees.

2.7.4.6. The Nominations Committee shall evaluate all information provided for each nominee, solicit additional information as necessary and develop a recommended slate of “qualified” candidates (see Section 2.7.3.) to fill the upcoming vacancies.

2.7.4.7. Receipt of the Slate from the Nominations Committee – At the first regular Board meeting that occurs after January 1st of each year, the Nominations Committee shall provide the Board with the recommended slate of nominees.

2.7.4.7.1. For Board positions, the slate of nominees is nominated for a multi-slate election. There shall be at least two more nominees than there are open positions.

2.7.4.7.2. For the Chairman and Vice Chairman positions, there shall be at least two nominees willing to serve a two-year term for each position.

2.7.4.7.2.1. The Secretary and Treasurer positions are elected from sitting Board members on a single-slate ballot. They will be elected by the Board at its first meeting of each fiscal year and will serve a one-year term, with no limits on re-nomination or re-election.

2.7.4.8. After evaluation of nominees and deliberations, the Board shall approve a slate of candidates for the open positions.

2.7.4.9 The Nominations Committee shall notify all candidates who will be on the ballot

2.7.4.10. Publication of the Slate – The slate of candidates shall be published in the March edition of the official Int’l LLL publication before the election to allow the opportunity for a petition candidate to be included on the ballot.

2.7.4.11. Petition Candidates – A petition candidate shall be added to the slate of candidates provided the petition is delivered to the Chairman of the Nominations Committee no later than April 5th and contains verified signatures of at least 300 members, including their addresses. The petition candidate must meet the same qualifications and provide the same verification of intent as described above.

2.7.4.12. The final ballot will be completed no later than April 15th prior to the date of the election and is governed by the election process.

2.7.5. Preparation for Elections

The Int’l LLL shall conduct an organization-wide election in 2012 to elect the Chairman and Vice Chairman and the twelve (12) additional Board members. During this time, all members of the Int’l LLL shall be notified of the election and those members described in Section 1.5.1.2. shall be entitled to vote for the appropriate officer and members of the Board. The name, address and identification number of the member shall be the means used to determine eligibility and verification of their ballot to the membership list of the Int’l LLL. Each vote cast will be counted as one vote.
2.7.5.1. The slate of candidates shall be published in the official Int’l LLL publication and on the organizational website not less than six days in advance of the election as notice to the membership of the election.

2.7.5.1.1. When presenting the slate of candidates to the Organization, the Nominations Committee shall include the following:
   • The list of criteria used to qualify nominees.
   • Information regarding each nominee which addresses the qualifying criteria.
   • Procedures for the election process.

2.7.5.1.2. The Board shall present a slate that includes at least one qualified candidate for each position to be filled.

2.7.5.1.3. The Membership shall elect only individuals who have been deemed qualified by the Nominations Committee.

2.7.5.2. Means of Voting – The votes for the election may be cast as follows:

2.7.5.2.1. A written ballot that is mailed to each voting Member and must be returned to the Int’l LLL headquarters by the balloting deadline.

2.7.5.2.2. Other means in compliance with Missouri State Law which are determined by the Board and publicized to the Membership.

2.7.5.3. Timing of Voting – The election shall be conducted each year, beginning on April 20th and concluding on May 30th.

2.7.5.4. Election Committee – The Chairman of the Election Committee shall be the Secretary of the Board. The Chairman shall appoint four additional individuals who shall be members of the Board or management staff of the Int’l LLL. This committee shall have the responsibility of tallying votes submitted by the Membership. The Chairman of the Election Committee is to give the results in writing to the Chairman.

2.7.5.5. The Chairman shall notify all candidates prior to any public release of the results of the election.

2.7.6. Election and Term of Office for Chairman and Vice Chairman

2.7.6.1. With the exception of the initial election of officers held in 2012 when both the Chairman and Vice Chairman will be elected, the election of the Chairman and Vice Chairman shall be alternated in succeeding years. The Chairman shall be elected in even-numbered years and the Vice Chairman shall be elected in odd-numbered years. For the office of Chairman and Vice Chairman there must be a multi slate of at least two nominees for each position. The term of office for the Chairman and Vice Chairman shall be two years (except for the initial term of office for the Vice Chairman) or until their successors have been duly elected. An individual may not be elected to the same office for more than two consecutive terms, but may be re-elected after one intervening term.

2.7.6.1.1. Initial Term of Office defined – For the office of Vice Chairman, the initial term shall be one year. After this one-year term, the office of Vice Chairman shall be elected in odd-numbered years. The initial term of one year will not be counted as a term in determining the two consecutive terms for the same office.
2.7.6.2. Election and Term of Office for Secretary and Treasurer – The offices of Secretary and Treasurer shall be elected by the Board from among its elected members at the first Board meeting of each Int’l LLL fiscal year. The term of office for the Secretary and Treasurer is one year or until their successors have been elected and qualified. There is no limit on the re-nomination or re-election of the same person to these offices while they are Board members.

2.7.7. Election and Term of Office of Non-Officer Board of Directors

2.7.7.1. Term of Office – All twelve non-officer Board members shall be chosen by multi-slate ballot during the organization-wide annual election of the Int’l LLL in 2012. The term of office for these Board members shall be three years (except for the initial term of office for the Board to stagger the years of service) or until their successors have been duly elected. An individual may not be elected to the same office for more than two consecutive terms, but may be re-elected to such office after one intervening term. If a Board member is appointed to fill a vacancy, he/she may not stand for re-election if another term would extend their service to more than seven years.

2.7.7.2. Initial Term of Office defined – To create the stagger in terms of office for non-officer Board members, one-third (1/3) of Board members shall serve a one-year term, one-third (1/3) of Board members shall serve a two-year term and one third (1/3) of Board members shall serve a three-year term. These initial terms do not count toward the term limits specified above. The initial stagger shall be determined at the first Board meeting following the organization-wide election and will be done by drawing the numbers one, two or three in alphabetic order of Board members. There will be four number ones, four number twos and four number threes to determine the initial years of service.

2.7.7.3. Canadian Representation on the Board – As an auxiliary of Lutheran Church—Canada, it is imperative that at least one Board seat always be filled by a communicant member of any congregation in LCC. This shall mean that for the initial election there shall be at least two Canadian nominees for the Canadian Board member seat. When the Canadian Board member seat is up for re-election there shall be at least two Canadian nominees for the Canadian Board member seat. The ballot and election process shall establish the procedures for the election. Canadian candidates are eligible for any other available officer or Board position as well.

2.7.7.4. Approximately one third of the non-officer Board shall be elected each year to ensure continuity of service and experience on the Board.

2.7.7.4.1. With the exception of the initial election requirement spelled out in Sections 2.7.7.1. and 2.7.7.2., no more than four non-officer Board members shall be elected in any given year.

2.7.7.4.2. Should the number of Board members or their terms of service fall out of alignment with these policies, no other process shall be used for realignment except the election process as outlined in this Governance Policy Manual.

2.7.8. Resignations

2.7.8.1. Any individual serving on the Board may resign by giving notice in writing to the Chairman, or in case of the resignation of the Chairman, to the Secretary.
2.7.9. Vacancies

2.7.9.1. Vacancies that occur on the Board shall be filled in accordance with applicable provisions of the Bylaws (Appendix J). However, only individuals deemed “qualified” by the Nominations Committee may be appointed to fill a vacancy.

2.7.9.2. Appointment to fill a vacancy on the Board shall always be to complete an unexpired term and in no case shall such an appointment work in contradiction to the election of approximately one third of the Board each year.

2.7.9.3. Every effort shall be made to fill vacancies within three months of their occurrence. However, if there is less than one year of service left in the term the position may remain vacant until it is filled through the election process.

2.8. APPOINTMENT AND TERM OF THE PASTORAL ADVISOR OF THE BOARD

2.8.1. The Board shall appoint a Pastor of the LCMS or LCC who, having been approved by the Chairman, shall serve as the Pastoral Advisor to the Board. The term of office of the Pastoral Advisor shall be two years but he shall be eligible to succeed himself to serve one additional two-year term. The Pastoral Advisor shall endeavor to be present at all Board meetings but shall have no vote on the Board.

2.9. BOARD TRAINING AND SELF-REVIEW

2.9.1. Board skills, methods and support will be adequate to ensure quality governance by the Board.

2.9.1.1. Training and retraining will orient new Board members and candidates for membership, as well as to maintain and increase existing members’ skills and understandings.

2.9.1.2. Outside monitoring assistance will be arranged so the Board can exercise confident control over organizational performance (e.g. fiscal audit).

2.9.1.3. Outreach mechanisms will be used as needed to ensure the Board’s ability to listen to member’s viewpoints and values (see Section 1.6.2.).

2.9.2. The annual self-review of the Board shall focus on the following:

2.9.2.1. The Board’s openness and communication among its members.

2.9.2.2. The Board’s openness and communication with the Executive Director.

2.9.2.3. The Board’s ability and skill in developing and monitoring policy.

2.9.2.4. The Board's corporate and individual adherence to Responsibilities of the Board (see Section 2.1.) and Responsibilities of the Board’s Membership (see Section 2.2.).

2.9.2.5. The Board's adherence to its Governing Philosophy. (See Preamble of Principles of Governance and Section 2.4.1.)

2.9.2.6. The Board’s adherence to policy.
2.9.3. The Board shall develop and implement its own evaluation and self-review process that shall be carried out by the Board Development Committee. (See Section 2.11.3.3.9.)

2.10. OFFICERS OF THE BOARD

2.10.1. Officers of the Int’l LLL and the Board shall be a Chairman and Vice Chairman elected by the eligible members of the organization, as well as a Secretary and Treasurer elected by the sitting Board members.

2.10.2. The Board shall elect its own Secretary and Treasurer at the first meeting of the new Board following the beginning of the fiscal year.

2.10.2.1. The responsibilities of the officers shall be those normally associated with these positions. A specific listing of the responsibilities is as follows:

2.10.2.3. Chairman – The Chairman shall:

2.10.2.3.1. ensure the integrity of the Board’s process;

2.10.2.3.2. consult with the Executive Director to ensure that all matters of information and business are included in the agenda for meetings of the Board and Conventions, however the responsibility for the final agendas are fully the responsibility of the Chairman;

2.10.2.3.3. preside at all meetings of the Board. To this end, the Chairman will ensure that

- meeting discussion content will be on those issues that, according to Board policy, clearly belong to the Board to decide or to monitor;
- information that is for neither monitoring performance nor Board decisions will be avoided or minimized and always noted as such;
- deliberation will be fair, open and thorough, but also timely, orderly and kept to the point.

2.10.2.3.4. initiate counsel with any member of the Board who violates policy insuring that Section 2.2.2. is followed;

2.10.2.3.5. take appropriate actions, which may not be stipulated, but essential for the thorough management of the Board’s work so long as those actions are not in violation of other Board policies;

2.10.2.3.6. preside at all conventions of the Members;

2.10.2.3.7. determine, in consultation with the Executive Director, who should represent the organization to the public or press should the need arise;

2.10.2.3.8. serve as an ex-officio member of all committees, except the Nominations Committee, and shall have voice, floor privileges and a vote;

2.10.2.3.9. be a Trustee of the Lutheran Hour Ministries Foundation and a member of its Executive Committee;
2.10.3.10. work in consultation with the Executive Director, designating an official representative of the Int’l LLL to attend funerals of past officers, staff of Int’l LLL and other officials and leaders of the church.

2.10.2.4. Vice Chairman – The Vice Chairman shall:

2.10.2.4.1. preside at all meetings of the Board and conventions when the Chairman is absent or when requested to do so by the Chairman;

2.10.2.4.2. initiate counsel with the other officers of the Board should the Chairman violate policy, insuring that Section 2.2.2. is followed.

2.10.2.5. Secretary – The Secretary shall:

2.10.2.5.1. maintain the minutes of all meetings of the Governance Board and conventions and see to it that copies of all such minutes are kept on file in the Int’l LLL’s office;

2.10.2.5.2. conduct all official correspondence of the Board and the conventions;

2.10.2.5.3. be thoroughly familiar with the Int’l LLL’s Articles of Incorporation and Bylaws (Appendix J) and serve as the primary resource to the Board and convention for questions concerning the same;

2.10.2.5.4. execute documents as authorized by the Board on behalf of the Int’l LLL;

2.10.2.5.5 serve as Chairperson of the Election Committee.

2.10.2.6. Treasurer – The Treasurer shall:

2.10.2.6.1. regularly examine the financial reports of the Int’l LLL and confer with the Executive Director on such matters;

2.10.2.6.2. report on the financial affairs of the Int’l LLL to both the Board and to the Convention of Members;

2.10.2.6.3. serve as a signatory on the Int’l LLL’s check writing account;

2.11. COMMITTEES OF THE BOARD

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

2.11.1.1. All committees report directly to the Board.

2.11.1.2. All committees shall adhere to the requirements of Missouri State Law.

2.11.1.3. Committee responsibilities shall flow directly from the Board’s description of its job and shall be set forth in a formal written charge with an appropriate period for existence and shall not impinge upon responsibilities delegated to the Executive Director.

2.11.1.4. Committees shall not manage any part of the organization or do staff work, except when working on a topic that is fully within the province of the Board and has not been delegated in any way to the Executive Director.
2.11.5. The Board will use the expertise of individual Board members to enhance the ability of the entire Board but will never substitute such expertise as an alternative to the judgment of the whole Board.

2.11.6. Except when empowered by the Board, committees shall have no executive or deciding authority. At all other times they will strive only to develop and recommend policy.

2.11.2. The Board shall have six standing committees: the Audit Committee; Budget and Finance Committee; Board Development Committee; Fund Development Committee; Compensation and Evaluation Committee; and the Nominations Committee.

2.11.3. Each standing committee of the Board shall have at least two elected Board members. Other members of the committee may be any member of the Int'l LLL who agrees to serve, with special consideration given to those with leadership experience (such as a current or former District President).

2.11.4. With the exception of the Audit Committee, the Chairman shall annually recommend the names of the Committee Chairman and the members of each committee to the Board for their approval, subject to the provisions of Section 2.11.3. regarding committee structure.

2.11.4.1 The Audit Committee members and its chairman shall be appointed by the Board.

2.11.5. The committees and their duties, functions and responsibilities are to:

2.11.5.1. The Audit Committee shall assist the Board in fulfilling its oversight responsibilities. The Audit Committee shall consist of no less than three members who possess a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Audit Committee shall have accounting or related financial management expertise. The Audit Committee shall meet no less than two times per year. The Audit Committee shall:

2.11.5.1.1. recommend to the full Board the selection and approval of the independent auditor; review the arrangements for, and scope of, the audit;

2.11.5.1.2. ensure the completeness and accuracy of the financial records in accordance with Generally Accepted Accounting Principles (GAAP)

2.11.5.1.3. review the audited financial statements and consider the comments from the independent auditor including those with respect to weaknesses in internal accounting control and the consideration given to such comments, or corrective action, taken by management;

2.11.5.1.4. evaluate and accept the annual audited financial statements by external independent auditors, and report the same to the Board;

2.11.5.1.5. discuss matters that are of concern to the committee, the auditor, and/or staff relating to legal or ethical concerns, the Int'l LLL’s financial statements, or other results of the audit;

2.11.5.1.6. review internal accounting procedures and controls with the Int'l LLL’s financial and accounting staff.
2.11.5.1.7. monitoring management’s implementation of corrective action plans in response to internal control issues, comments and noted deficiencies

2.11.5.1.8. review any non-audit services provided by auditors as part of independence evaluation

2.11.5.1.9. consider the audit committee’s function, if any, pertaining to oversight of policies/procedures associated with corporate compliance and conflict of interest

2.11.5.1.10. review procedures for confidential, anonymous submission of employee concerns regarding questionable accounting or auditing matters.

2.11.5.2. The Budget and Finance Committee shall:

2.11.5.2.1. develop and recommend policies and accountability procedures to the Board to safeguard the Int’L LLL’s assets and oversee the proper use of resources;

2.11.5.2.2. ensure that the investment procedures and strategies of the Int’L LLL are being followed;

2.11.5.2.3. assess the adequacy of financial internal controls and risk management systems, including information technology security and control;

2.11.5.2.4. ensure that processes in place comply with federal and state laws and regulations, and conform to policies and procedures established by the Board;

2.11.5.2.5. ensure that the budget is consistent with the Board’s vision.

2.11.5.2.6. review recommendations for changes in the adopted budget

2.11.5.2.7. review financial reports prepared by management and give direction to ED when the budget shows significant deviations or when requested

2.11.5.3. The Board Development Committee shall:

2.11.5.3.1 be responsible for matters pertaining to the Board’s recruitment, orientation, training and evaluation of the organization as well as established policies and practices approved by the Board;

2.11.5.3.2. study the composition of the Board to determine current skills and experience, and identifying skills and experience needed on the Board;

2.11.5.3.3. annually review the procedures for Board recruitment and recommend changes as needed;

2.11.5.3.4. take the lead in succession planning matters including recruitment, preparation for leadership and recommended nominations for office;
2.11.5.3.5 identify the orientation and training needs of the Board and ensure that such training, education and team-building is provided;

2.11.5.3.6. review Board policies at least annually and recommend additions, changes and/or new policies necessary to facilitate effective governance of the organization;

2.11.5.3.7. conduct an ongoing review and evaluation of the Board’s activities and recommend methods of enhancing the quality and effectiveness of the Board;

2.11.5.3.8. establish and monitor policies for the Board's performance regarding such matters as Board participation, confidentiality, conflict of interest and related matters;

2.11.5.3.9. direct the annual Board performance review and self-assessment.

2.11.5.4. The Fund Development Committee shall:

2.11.5.4.1. provide guidance and support in raising funds, including, but not limited to annual, planned giving and capital campaigns to advance the ministries in support of the Int’l LLL's mission, vision and stated goals;

2.11.5.4.2. help the Board fulfill its legal and moral obligation to ensure the financial health and effectiveness of the organization;

2.11.5.4.3. champion fund development by members of the Board;

2.11.5.4.4. establish fund development benchmarks for action by the Board;

2.11.5.4.5. foster donor qualification, cultivation and solicitation;

2.11.5.4.6. review results and evaluate cost vs. benefits compared to plans.

2.11.5.5. The Compensation and Evaluation Committee shall:

2.11.5.5.1. advise the Executive Director of his/her performance, shall conduct the Executive Director’s annual performance appraisal, recommend the annual compensation level and shall report to the Board when it has been completed, seeking the Board's reaction and approval. The committee has at its disposal the support of the LHM Chief Human Resources Officer.

2.11.5.5.1.1. The Compensation and Evaluation Committee shall meet with the Executive Director prior to the beginning of each Annual Financial Planning year to offer counsel and affirm the Executive Director’s annual Aligned Individual Path. This will include her/his intended Operational Efforts for the next year, her/his intentions for personal/professional growth and her/his plan for the supervision of the full-time staff. The Aligned Individual Path shall form the basis for the Executive Director’s annual performance appraisal.
2.11.5.5.1.2. In addition to other information sought in conducting the annual performance appraisal, the Compensation and Evaluation Committee may interview all direct reports of the Executive Director, or request an upward evaluation from them, concerning the performance of the Executive Director. Such interviews and evaluations will focus on adherence to policy only. The Compensation and Evaluation Committee shall guarantee anonymity when reporting this information to the Executive Director or to the Board.

2.11.5.5.1.3. The Compensation and Evaluation Committee shall also seek input from the Board individually and/or corporately regarding the Executive Director’s performance. These interviews will focus on adherence to policy only. The Compensation and Evaluation Committee shall guarantee anonymity when reporting this information to the Executive Director or to the Board.

2.11.5.5.1.4. The Compensation and Evaluation Committee shall share the information gathered through these interviews (guaranteeing anonymity) with the Executive Director and allow him/her to respond as s/he feels the need.

2.11.5.5.2. If the Executive Director’s performance appraisal is less than acceptable, the Compensation and Evaluation Committee shall counsel the Executive Director and assist him/her in establishing a plan to enhance performance.

2.11.5.6. Nominations Committee – The complete duties and responsibilities of the Nominations Committee are outlined in Section 2.7.

2.12. RESPONSIBILITIES OF BOARD TO THE MEMBERS OF THE ORGANIZATION

The Board’s responsibilities to the Members are the following:

2.12.1. Conduct conventions and other gatherings to inform and enrich members.

2.12.2. Solicit input annually on the appropriateness of the Strategic Direction.

2.12.3. Propose changes to the Articles of Incorporation and Bylaws (Appendix J), if necessary.

2.12.4. Ensure the development and distribution of an annual report to Members highlighting the organization’s financial position, the degree of ministry success in fulfillment of the Strategic Direction and administration (officers, Boards, Executive Director, etc.).

2.13. DIALOGUE WITH MEMBERS

2.13.1. The Board will annually identify key ministry partners and dialogue with their representatives in at least one meeting per year.

2.13.2. The Members dialogue will center on these four central questions:

2.13.2.1. What is God calling this organization to be now, and in the future?

2.13.2.2. Who should be the “Targeted Served” of the ministries of the organization?
2.13.2.3. What are the measurable benchmarks for the Targeted Served?

2.13.2.4. What should be the cost for the Strategic Direction?

2.14. MEETINGS, BOARD CALENDAR, AGENDA AND MEETING STRUCTURE

2.14.1. The Board shall establish a basic structure for its meetings to assist the Board and Executive Director in processing information in a way that allows them to maintain an orientation based on Aligned Governance and Operations.

2.14.2. Meetings. The Board will conduct no less than four (4) meetings a year, including an annual meeting of the Board as required by Missouri law. The locations, dates and format will be determined by the Board. Notice of such meetings shall be given at least fifteen (15) days, but not more than sixty (60) days, prior to the meeting. The meeting notice shall state the time and place thereof and shall be mailed, postage prepaid, or sent electronically to Board members at their physical address or e-mail address last recorded in records of the organization.

2.14.2.1. In the event that the notice required in Section 2.14.2. cannot be accomplished for any reason, by vote of at least two-thirds of the Board members, a Waiver of Notice may provide for the meeting to proceed and for business to be transacted. The Waiver of Notice shall be signed by the Board members and included in the official minutes of the meeting.

2.14.3. Special Meetings. Special meetings of the Board may be called by the Chairman as needed. Notice of such meetings shall be given as indicated above.

2.14.4. A majority of the Board in office shall constitute a quorum, and in every case an affirmative vote of a majority of these members present at a meeting shall be necessary for any action.

2.14.5. This Board agenda shall work in concert with the activity calendar. Additional items may be added as needed.

2.14.5.1. The Board activity calendar shall be the following:

January: Review of Policies
        Approve Candidate Nominees

February:

March: Finalize Election Ballot

April: Adopt Annual Financial Plan
       Compensation and Evaluation Committee, Executive Director performance and background work

May: Executive Director Evaluation
     Elections by Members

June:

July: Installation of Board Members
      Annual Meeting
      Election of Board officers (Secretary and Treasurer)
Review Board’s guiding documents
Appointment of Nominations Committee

August:

September: Review and approve audit report

October: Visioning and Planning for Upcoming Annual Financial Plan
Review Employee Housing Allowances

November: Board annual self-evaluation

December:

2.14.5.2. The Board agenda shall consist of the following sections:

- Preliminaries
  - Introduction
  - Faith Exploration
  - Board Comments and Sharing
  - Minutes Approval
  - Agenda Approval
- Board Dialogues (as scheduled)
- Board Business
  - Monitoring
    - Committee Reports
    - Management Reports
  - Calendar Items (See Section 2.14.5.1.)
    - Policy Review and Revision (as scheduled)
  - Other Board Actions
- Board Education (as scheduled)
- Board Self-Evaluation
- Adjournment

2.14.6. Only members of the Board, presenters, Synodical liaisons and invited guests shall be seated at the Board table.

2.14.7. Only those non-members of the Board recognized by the Chairman shall have speaking privileges.

2.14.8. Members of the Int'l LLL may bring forth formal petitions to the Board at any time, requesting consideration of an important matter for the wellbeing of the organization. A petition must contain the verified signatures of at least 300 active members, indicating their complete addresses. The matter may be taken up by the Board for consideration and action, or forwarded to the membership for ballot consideration as outlined in Section 2.15.5.

2.14.9. One half of the Board meetings shall include time for Board orientation, education and/or training to increase the Board’s competence for carrying out its responsibilities. (See Section 2.11.5.3.5.)

2.15. CONVENTIONS

2.15.1 Int'l conventions of the League shall be held at a time and place approved by the Board of Directors; currently every two years on the even numbered years.
2.15.2. The program and all other major arrangements for the convention shall be subject to approval by the Board.

2.15.3. Notice of the convention shall be published in the official publication of the Int’l LLL at least ninety (90) days prior to the opening of the convention.

2.15.4. Matters presented to the Board by petition in accordance with the requirements of the Bylaws (Appendix J), and which the Board chooses not to act upon, may be automatically advanced to the next convention upon appeal to the Chairman. Members assembled in convention must vote by simple majority to present the petition to the entire membership for a final vote. If presentation of the petition passes, then a ballot shall be drafted and sent to all members. Ballots must be returned within 40 days of being sent. A 2/3rds majority of returned ballots shall be necessary for passage.

2.16. **REIMBURSEMENT OF INT’L LLL VOLUNTEER EXPENSES**

2.16.1. All requests for reimbursement must be submitted within 90 days of return or incurrence of the expense, whichever is later. The Board will pass resolutions in advance for volunteer expenses to be reimbursed.

2.16.2. A per diem will be established for conventions and other leader’s conferences. Reimbursable expenses can include meals and lodging. Alcoholic purchases shall not be reimbursed.

2.16.3. The Int’l LLL reimbursable mileage rate will be the published United States’ IRS mileage rate. The current rate will be published by the Int’l LLL’s Finance Department.

2.16.4. All travel advances must be reconciled within 30 days of return or incurrence of the expenses, whichever is later. Exceptions will only be made for illness or out of the country trips.

2.16.5. Travel and accident insurance provided by the Int’l LLL for each person who serves as an officer, on the Board, on a committee or sub-committee shall be continued in force during their term of office.

2.16.6. The Chairman and Executive Director are allowed to take their spouses along on one international trip per year and to have the spouses assist and participate in the Int’l LLL scheduled activities during said trip. The cost of these trips is to be at the Int’l LLL’s expense to promote the Christian family oriented attitudes, values and lifestyles of the Int’l LLL. The Int’l LLL Convention will be excluded as an approved trip for the spouses. Any travel for spouses is to be considered taxable income unless it has been deemed by the Board as a bona fide business purpose. If a spouse travels for business purposes, he/she is required to provide a written summary of his/her business activities for reimbursement.

2.16.7. The Chairman shall, in consultation with the Executive Director, designate Int’l LLL officers and spouses for international travel. Such travel shall be coordinated through the International Ministries Department.

2.16.8. Any travel for spouses of volunteers is to be considered taxable income unless it has been deemed by the Executive Director as a bona fide business purpose.

2.17. **WORSHIP SERVICES AND HOLY COMMUNION**
2.17.1. If the Lord’s Supper is offered at the Board meetings, it shall be sponsored by a member congregation of The Lutheran Church—Missouri Synod, Lutheran Church—Canada or a partner church.

2.17.2. In the spirit of unity and fellowship, communion worship shall be held as part of the Int’l LLL Convention. The Convention Coordinator will work with the Convention Committee to identify a host congregation for the communion worship service.

2.18. INSTALLATION PROTOCOL

2.18.1. The officers and Board members elected during the organization-wide election of the Int’l LLL shall be installed at the first Board meeting of the Int’l LLL fiscal year. Those elected assume their responsibilities immediately. An officer or Board member appointed by the Board to fill a vacancy shall be installed by the Board and shall assume the duties of his/her office immediately. The terms of all officers and Board members shall coincide with the fiscal year of the Int’l LLL.

2.18.2. The installation service for a new Int’l Pastoral Advisor may be held preferably at the first Board meeting following his appointment and in no case later than 60 days from the start of service.

2.18.3. The installation service for a new Executive Director may be held at the first Board meeting following his/her appointment and in no case later than 60 days from the start of service. Regardless of when the installation is conducted, video coverage of the installation shall be made available online.

2.19. RETIREMENT GIFTS

2.19.1. The Vice Chairman in office at the time of the retirement(s) shall be responsible for all aspects of these proceedings.

2.19.2. Retirement gifts shall be provided for the Chairman, the Pastoral Advisor and the Executive Director.

2.19.3. Retirement gifts are presented at the international convention. The presentation will be conducted towards the close of the international convention proceedings.

2.19.4. "Serious" and "fun" gifts along with a bound book of written (preferably hand-written) messages solicited from the Board and other Int’l LLL leaders will also be presented.
EXECUTIVE DIRECTOR PARAMETERS

3.1. PRIMARY PARAMETER

When representing the Organization, the Executive Director and staff shall not act in a manner that is unethical, imprudent, illegal or inconsistent with Christian principles of behavior, the Articles of Incorporation, Bylaws (Appendix J) and Governance Policies of the organization.

3.2. STAFF AWARENESS

3.2.1. The Executive Director shall not fail to use the Executive Director Parameters in the delegation of responsibilities to appropriate staff.

3.2.2. The Executive Director shall not fail to use the Executive Director Parameters as a guide in the management and oversight of all operational activity.

3.2.2.1. The Executive Director shall not fail to have staff familiarize themselves with the Executive Director Parameters and work with the Executive Director and other staff to ensure that all operations fall within the Parameters.

3.3. COMMUNICATION AND SUPPORT TO THE BOARD

3.3.1. The Executive Director shall not permit the Board to be uninformed or unsupported in its work.

3.3.2. The Executive Director shall not fail to provide ID badges for all Board members.

3.3.3. The Executive Director shall not fail to provide written reports for all monitoring data at least one week prior to the scheduled Board meetings. (See Section 4.7.)

3.3.4. The Executive Director shall not allow the Board to be unaware of the following:

3.3.4.1. Relevant trends that impact the ministry of the organization.

3.3.4.2. Non-compliance, by Board or staff, with any governance policy.

3.3.4.3. Anticipated adverse media coverage. (Board members should be notified within 24 hours of Executive Director's awareness of concern.) Adverse media coverage includes, but shall not be limited to, any report of abuse of sexual misconduct alleged against any member of the staff or alleged violations of any state or federal law.

3.3.4.4. Demotion or firing of senior staff (within 24 hours of such action).

3.3.4.5. Hiring, promotion of senior staff.

3.3.4.6. Death or serious illness (with staff member's permission) of staff member or family members of staff.

3.3.4.7. Crises affecting the work, health or safety of staff.

3.3.4.8. Potential lawsuits against the organization.
3.3.4.9. Situations that affect the total spending plan.

3.3.4.10. Changes in the assumptions on which any Board policy has been established.
(See Section 2.11.3.3.6.)

3.3.4.11. Synodical directions and recommendations.

3.3.4.12. Conditions that could have a negative impact on a major ministry program or reputation of the organization.

3.3.5. The Executive Director shall not fail to provide the Board with information and ideas the Board desires in order to make informed decisions.

3.4. **FINANCIAL**

3.4.1. The Executive Director shall not cause or allow an Annual Financial Plan which

3.4.1.1. develops an Annual Financial Plan later than the spring Board meeting;

3.4.1.2. is built on anything other than an Operational Path that moves the organization forward with regard to its Strategic Direction;

3.4.1.3. is built on unsound assumptions about financial conditions. Financial conditions are defined as projected earnings/contributions, operating costs, other income/expense and transfers from investment income;

3.4.1.4. plans the expenditure in any fiscal year of more funds than are reasonably projected to be received in that period unless specifically authorized in advance by the Board;

3.4.1.5. allows an unsound financial condition that jeopardizes the achievement of the Strategic Direction;

3.4.1.5.1. No Annual Financial Plan should allow cash and contingency funds to drop below a safety reserve of 15% of the annual budget at any time. Any outstanding balances as a line of credit shall be subtracted from the amount of cash and from contingency funds.

3.4.1.6. endangers the fiscal soundness of future years or ignores the building of organizational capability sufficient to achieve the Strategic Direction in future years;

3.4.1.7. fails to include line items for the Governance Board to use for its own work and developing its own effectiveness.

3.4.2. The Executive Director shall not fail to inform the Governance Board within thirty (30) days when a variance occurs in the material assumptions underlying the Annual Financial Plan by an average of 10% over three months.

3.4.3. The Executive Director shall not allow expenditures that exceed by more than 5% of the amount budgeted for any ministry area without pre-approval by the Board, unless the expenses are beyond the control of the Executive Director (e.g. utility bills, etc.).

3.4.4. The Executive Director shall not fail to settle payroll and debts in a timely manner.
3.4.5. The Executive Director shall not allow the use of any planned-giving receipts that deviates from the written Operational Policies.

3.4.6. The Executive Director, in reporting financial activities and position, shall not allow deviation from generally accepted accounting principles (GAAP) as established by law.

3.4.7. The Executive Director shall not allow the investment of any operating financial assets that deviates from the written Investment Policy.

3.4.8. The Executive Director shall not borrow funds for working capital in an amount greater than the existing line(s) of credit.

3.4.8.1. The Executive Director shall not allow the organization to carry short-term debt for longer than twelve (12) consecutive months without Board approval.

3.4.9. The Executive Director shall not allow staff to expend any amount over a budgeted line item without first receiving approval from their supervisors.

3.4.10. The Executive Director shall not allow the handling of cash or checks within the organization that does not comply with written guidelines detailing such activity.

3.5. ASSET PROTECTION

3.5.1. The Executive Director shall not fail to maintain property, casualty and theft insurance to at least 80% replacement value of Int’l LLL property and shall not fail to maintain adequate insurance covering potential liability to Board members, staff and the organization and its entities in amounts comparable to similar organizations.

3.5.2. The Executive Director shall implement reasonable measures in order to not allow non-bonded or non-authorized personnel access to material amounts of funds.

3.5.3. The Executive Director shall not subject the plant, grounds and equipment to improper wear and tear or insufficient maintenance.

3.5.4. The Executive Director shall not unnecessarily expose the organization, its Board or staff to claims of liability.

3.5.5. The Executive Director shall not fail to protect intellectual property, information and files from loss or significant damage.

3.5.6. The Executive Director shall not allow any purchase greater than $5,000, and not itemized in the Annual Financial Plan without obtaining comparative prices and quality assessment.

3.5.7. The Executive Director shall not receive, possess or distribute funds under controls that are insufficient to meet the Board-appointed auditor’s standards.

3.5.8. The Executive Director shall not allow the investment or holding of operating capital in insecure instruments, including uninsured checking accounts or any bonds at any time, or in non-interest bearing accounts except where necessary to facilitate ease in operational transactions.

3.5.9. The Executive Director shall not endanger the organization’s public image or credibility, particularly in ways that would hinder the accomplishment of its mission.
3.5.10. The Executive Director shall not fail to ensure that districts, zones and LHM Affiliated Groups’ activities are in harmony with and in pursuance of the Strategic Direction of the Int’l LLL and its programs and activities.

3.5.11. The Executive Director shall not fail to ensure that districts, zones and LHM Affiliated Groups’ activities are supportive of the organization’s programs with their efforts, time and/or funds.

3.5.12. The Executive Director shall not fail to ensure that all operational ministries, including districts, zones and LHM Affiliated Groups, do nothing that would jeopardize the organization’s tax-exempt status nor subject the organization to imprudent legal or financial liability, and shall not fail to ensure that districts, zones and LHM Affiliated Groups maintain adequate liability insurance and as appropriate, name the LHM as an additional named insured on such policies.

3.5.13. The Executive Director shall not fail to provide a rebate program to assist districts and zones, and an incentive-based grant program available to assist LHM Affiliated Groups to carry out local activities that support the mission of the organization and, additionally, the Executive Director shall not fail to establish accountability standards and processes for the use of such grants.

3.6. OPERATIONAL STRUCTURE

3.6.1. The Executive Director shall not allow a structure that has a neutral or negative effect on the Strategic Direction of the organization.

3.6.1.1. The Executive Director shall not operate without a written plan for short-term succession.

3.6.1.1.1. The Executive Director shall not fail to inform all individuals of their responsibilities within the plan for short-term succession.

3.7. LONG-RANGE OUTLOOK

3.7.1. The Executive Director shall not fail to conduct and present to the Board an annual long-range outlook study.

3.7.1.1. The Executive Director shall not develop a long-range outlook study that fails to address the Strategic Direction.

3.7.1.2. The Executive Director shall not develop a long-range outlook study that fails to consider and identify the changes in the climate and conditions that affect the organization.

3.8. OPERATIONAL PLAN

3.8.1. The Executive Director shall not allow the development of an Operational Plan that fails to align with the Strategic Direction.

3.8.1.1. The Executive Director shall not allow any staff to create an Operational Plan that has a neutral or negative impact on the growth and development of the ministries of the organization.

3.8.1.2. The Executive Director shall not allow the staff to develop an Annual Financial Plan without previewing and updating its Operational Plan.
3.9. MINISTRY PROGRAM

3.9.1. The Executive Director shall not allow programs and other services that do not contribute to the achievement of the organization’s Strategic Direction.

3.9.2. The Executive Director shall not fail to have the senior staff engaged with the Board for conversation and edification at least once a year.

3.10. OPERATIONAL CRISIS MANAGEMENT PLAN

3.10.1. The Executive Director shall not allow the organization to operate without a detailed written Operational Crisis Management Plan.

3.11. PERSONNEL

3.11.1. The Executive Director shall not allow the organization to operate without effective, established Operational Policies which, with regard to personnel, clarify personnel policy, provide for effective handling of grievances, provide for evaluation procedures and comply with applicable law.

3.11.1.1. Personnel Policies within the Operational Policies shall not

3.11.1.1.1. deviate from local, state or federal law or regulations;

3.11.1.1.2. be in conflict with the effective day-to-day operation of the organization;

3.11.1.1.3. fail to establish an effective, written Conflict of Interest Policy for the staff;

3.11.1.1.4. fail to establish an expectation that the staff strive to lead a lifestyle that reflects well upon the organization.

3.11.2. The Executive Director shall not promise or imply permanent or guaranteed employment.

3.11.3. The Executive Director shall not allow positions to be undefined or position descriptions that inaccurately reflect the responsibility and tasks assigned to the position.

3.11.4. The Executive Director shall not allow positions to exist where there are inadequate resources available for a qualified person assigned the position to succeed.

3.11.5. The Executive Director shall not allow the Executive Director’s position description to assume authority that is clearly delegated to some other entity or person.

3.11.6. The Executive Director shall not fail to conduct annual written staff performance appraisals and share the results with the appropriate staff member.

3.11.7. The Executive Director 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 this Governance Policy Manual.

3.11.8. The Executive Director shall not fail to acquaint staff with their rights under the Operational Policies.

3.11.9. The Executive Director shall not fail to maintain a positive working atmosphere conducive to building high staff morale and resulting in high staff performance.
3.12. **COMPENSATION**

3.12.1. The Executive Director shall not allow compensation that is not fair and competitive, subject to the geographic or professional market skills for the “called” or employed workers.

3.12.2. The Executive Director shall not unilaterally change his own compensation and benefits.

3.13. **STRATEGIC ALLIANCES**

3.13.1. The Executive Director shall not fail to explore and, as appropriate, establish strategic alliances. (See Section 1.9.)

3.14. **ORGANIZATIONAL IDENTITY**

3.14.1. The Executive Director shall not fail to report plans for development, timing and utilization of any new logo or slogan, which identifies and promotes LHM, at a regular meeting of the Board. Any logo to be used in marketing and promotion of LHM shall include a prominent cross and the words “Lutheran Hour Ministries”. The final design, timing and implementation of such logo or slogan are at the discretion of the Executive Director. (See Appendix B, Section 3.)

3.15. **GIFTS AND BEQUESTS**

3.15.1. The Executive Director shall not allow the organization to operate without a plan to promote and receive gifts and bequests for the organization.

3.15.2. The Executive Director shall not permit the organization to accept gifts and bequests that run counter to the Organization’s core values and policies or that have a neutral or negative effect on the Strategic Direction or that jeopardize the organization’s 501(c)(3) not-for-profit status.

3.15.3. The Executive Director shall not allow the organization to accept gifts and bequests that are overly restrictive and counterproductive.

3.15.4. The Executive Director shall not allow any staff member to accept a monetary gift or honorarium in exchange for carrying out any part of the staff member’s job description.
BOARD/EXECUTIVE DIRECTOR PARTNERSHIP

4.1. ACTIONS REQUIRING BOARD APPROVAL

4.1.1. Board Decisions

These are areas left to specific Board approval because of their unique nature, or requirement of the Board (see Section 2.1.1.):

4.1.1.1. Election of Officers of Secretary and Treasurer.

4.1.1.2. Selection of the auditor and oversight of the audit process.

4.1.1.3. Receipt and review of financial audits.

4.1.1.4. Appointment of legal counsel.

4.1.1.5. Affirmation of the Annual Financial Plan, including setting the Executive Director compensation.

4.1.1.6. Change in the membership of any committee of the Board at any time and filling of vacancies.

4.1.1.7. The discharge of any committee of the Board.

4.1.1.8. Undertake major capital campaigns.

4.1.1.9. Incur long-term or secured debt.

4.1.1.10. Buy, sell, mortgage or transfer real estate with the exception of gifted real estate.

4.1.1.11. Affirm on behalf of the Int’l LLL the Strategic Direction.

4.1.1.12. Settling lawsuits under terms exceeding those amounts for which the organization is insured (after any deductible) or initiate lawsuits seeking damages.

4.1.1.13. Revising the official seal of the Int’l LLL. (See Appendix B, Section 3)

4.2. MANNER OF DELEGATING

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

4.2.2. Except for assignments of its own work to committees, consultants or officers, the Board shall delegate authority only to the Executive Director. Any other subordinate staff member/position or entity operating with the authority of the Int’l LLL shall receive that authority from the Executive Director or a person assigned such authority by the Executive Director.

4.2.2.1. The Board shall relate to all staff officially only through the Executive Director.
4.2.2.2. Members of the Board shall be prudent in their contact with staff and shall keep the Executive Director informed about significant contacts they have with any staff member.

4.2.3. The Board shall address only broad levels of issues in policies of purpose or governance policies leaving lesser levels (i.e. operational policies) to the discretion of the Executive Director. The Executive Director, using any reasonable interpretation of the Board’s stated Strategic Direction and Executive Director Parameters, may develop operational guidelines, rules or procedures and may make decisions in any way the Executive Director deems appropriate as long as governance policies adopted by the Board are observed.

4.2.4. The authority of the Executive Director shall begin where the explicit pronouncements of the Board ends. Except as required by governance policies or law, decisions of the Executive Director do not need approval by the Board.

4.3. EXECUTIVE DIRECTOR FUNCTION

The Executive Director shall:

4.3.1. be empowered to take all actions and make all administrative decisions that are deemed necessary to attain the Int’l LLL results except actions which (a) are not in accordance with Scripture, (b) are not in accordance with the Int’l LLL’s Strategic Direction, (c) violate the law, applicable regulations, orders of courts or commonly accepted business and professional ethics or (d) violate the Articles of Incorporation and Bylaws (Appendix J) or specific Executive Director Parameters stated by the Board;

4.3.2. develop operational guidelines, rules or procedures and make decisions the Executive Director deems appropriate as long as governance policies adopted by the Board are observed.

4.4. PROPHETIC TEACHING

4.4.1. The Executive Director is also responsible for helping the Int’l LLL, both corporately and individually, maintain ministries and lifestyles that are aligned with the Word and will of God. Should a decision by the Convention, the Board, an individual Board member or another Member of the Int’l LLL violate Scripture or the confessions, it is the responsibility of the Executive Director to confer with the Chairman to determine an appropriate course of action.

4.5. EXECUTIVE DIRECTOR ACCOUNTABILITY

4.5.1. The Executive Director shall be accountable to the Board for the following:

4.5.1.1. Achievement of the Int’l LLL’s Strategic Direction through personal and staff action.

4.5.1.2. Compliance of personal and staff actions to limits established in the Executive Director Parameters.

4.5.1.3. Provision of adequate counsel to the Board through personal and staff action, including counsel on social, legal, theological, Synodical and other changes relevant to the Board’s decision areas.

4.5.1.4. Defining and refining the Executive Director’s position description within the personnel constraints.
4.5.1.5. Relating with integrity, honesty and straightforwardness to the Board.

4.5.2. The Board will consider the Executive Director’s performance the same as the Int'l LLL’s performance. Accomplishment of the Strategic Direction, while staying within the Executive Director Parameters and complying with other policies, shall be seen as successful performance by the Executive Director.

4.6. **EXCEEDING EXECUTIVE DIRECTOR PARAMETERS**

4.6.1. The Executive Director shall give an immediate notice to the Chairman once an Executive Director Parameter has been recognized to have been violated.

4.6.1.1. If the Executive Director Parameter has been violated for an excessive period of time and has gone unnoticed, the Executive Director, in consultation with the Board, will develop a better monitoring system.

4.6.2. If the violated Executive Director Parameter is immediately correctable, the Executive Director shall take the necessary action within policies and report the results to the Board.

4.6.2.1. If the violated Executive Director Parameter is not immediately correctable, the Executive Director shall establish and implement corrective actions, reporting them and gaining approval of a deadline for complete correction from the Board.

4.6.2.1.1. The Executive Director shall continue to report in a timely fashion on the actions taken and their results until the violated Executive Director Parameter is corrected.

4.6.2.1.2. The Executive Director 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.

4.6.2.2. The Executive Director may use internal or external resources to correct the violated Parameter without violating the Executive Director Parameters.

4.6.2.3. The Board shall review any Executive Director Parameter that has been violated for its soundness as a test of ethical and prudent behavior.

4.6.3. The Board shall not allow ad hoc exceptions to policies. If an action is acceptable under certain conditions, then those conditions shall be stated in the policy.

4.6.4. The Executive Director shall develop or improve processes to avoid recurrence of any violated Executive Director Parameters.

4.6.5. If violation of the same Executive Director Parameter occurs more than once, the Chairman will ask the Compensation and Evaluation Committee to conduct (1) a performance evaluation of the Executive Director and (2) a discussion with the full Board about the Executive Director’s performance, and (3) a review of the Parameter in question to determine if it is reasonable and necessary, and whether it should be modified.

4.6.5.1. Upon repetitive violations of Executive Director Parameters and/or failure of the Executive Director to improve performance as directed by the Compensation and Evaluation Committee, the Committee shall report to the Board such deficiencies. If, after appropriate deliberation, the Board feels that the continued service of the
Executive Director no longer serves the best interest of the Int’l LLL, the Board may take action to release the Executive Director.

4.6.6. Should another staff member believe that an Executive Director Parameter has been violated, s/he shall report his/her observation to the Executive Director seeking to determine if, in fact, a Parameter has been violated.

4.6.6.1. If after the appropriate conversation has taken place and the staff member still believes the Parameter has been violated and the Executive Director is of a different opinion or if the Executive Director fails to report such alleged violation to the Chairman, the staff member is encouraged to inform the Chairman of her/his observation in writing (paper or electronic) and shall copy the Executive Director.

4.6.6.2. The Executive Director shall make Section 4.6.6. known to all staff members.

4.6.6.3. No retaliatory action may be taken by the Executive Director against any staff member who makes an allegation of exceeding Parameters.

4.6.6.4. The Chairman shall take measures to ensure that any and all involved Int’l LLL staff are able to continue employment free of any adverse action or consequences as a result of exercising this right in any situation where the staff has made a good-faith determination that a Parameter may have been violated.

4.6.7. Should a member of the Board have a concern with the Executive Director or other staff member, he/she will first share such concern with the Chairman and Executive Director.

4.7. MEANS OF MONITORING

4.7.1. For the most part, the Board will utilize management reports submitted by the Executive Director to monitor adherence to and progress toward governance policies.

4.7.2. Management Reports are periodic statements and overviews which provide information and counsel to the Board on programs, trends and developments that may affect the Board’s work and which report on the Executive Director’s compliance with the Board’s governance policies.

4.7.2.1. The Executive Director shall report at least quarterly on the activities, plans and Strategic Direction of the Int’l LLL.

4.7.3. Direct Monitoring are the actions used to confirm compliance with the Board’s policies in all four policy areas.

The Executive Director shall not fail to provide the Board with the following:

4.7.3.1. A yearly report on the progress achieved towards the Strategic Direction of the Int’l LLL.

4.7.3.2. Each long-term outlook study after it is developed.

4.7.3.3. An annual demographic report of the Int’l LLL, including Members, inactive Members, developing trends in age, gender and other pertinent areas.

4.7.3.4. Monthly financial statements organized and presented around the financial conditions policy. (See Section 3.4.1.3.)
4.7.3.5. Annual reports concerning the performance of all investments of the Int’l LLL.

4.7.3.6. Current Annual Financial Plans as they are developed or proposed modifications.

4.7.3.7. The current criteria established for sound financial conditions. (See Section 3.4.1.5.)

4.7.3.8. An annual review of the current operational policies and/or revisions as they occur.

4.7.3.9. New operational structures as they are developed with an explanation of the responsibilities assigned.

4.7.3.10. An annual review of the plan for operational crisis management, and a copy of such plan.

4.7.3.11. An annual review of the plan for short-term succession, and a copy of such plan.

4.7.3.12. Summaries of each new program and service as they are developed.

4.7.3.13. Annual reports regarding his/her supervision of the staff.

4.7.3.14. An annual report of the number of active LHM Affiliated Groups and their activities and programs.

4.7.4 On rare occasions, as determined necessary by a 2/3 majority vote of the entire voting Board and where not otherwise stipulated, the Board may conduct its own active investigation into any violation of a parameter to determine adherence and progress.

4.7.5. In reviewing all reports, the standard for compliance with all policies shall be the Executive Director’s reasonable interpretation of governance policies. While the Board shall make the final determination regarding such “reasonable interpretation,” they shall base such determination on a neutral interpretation rather than any bias of the Board or individuals.
APPENDICES

APPENDIX A - COMPLETE STATEMENT OF CORE VALUES FOR THE INTERNATIONAL LUTHERAN LAYMEN'S LEAGUE AND ITS LUTHERAN HOUR MINISTRIES

APPENDIX B - ORGANIZATIONAL STRUCTURE AND IDENTITY

APPENDIX C - CODE OF ETHICS & CONFLICT OF INTEREST POLICY

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APPENDIX E - DISTRIBUTION OF BOARD PROCEEDINGS

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APPENDIX J - ARTICLES OF INCORPORATION AND BYLAWS
APPENDIX A

COMPLETE STATEMENT OF CORE VALUES
FOR THE INTERNATIONAL LUTHERAN LAYMEN’S LEAGUE
AND ITS LUTHERAN HOUR MINISTRIES

As an auxiliary of both The Lutheran Church—Missouri Synod and Lutheran Church—Canada, we, the Board, Staff, Volunteers and the other Constituency of the International Lutheran Laymen’s League and its Lutheran Hour Ministries, will align ourselves and seek collaboration with these church bodies and their affiliated partner church bodies worldwide, to fulfill our mission of Bringing Christ to the Nations—and the Nations to the Church. We will also hold to the true and changeless Word of Scripture and to the faithful interpretation of that Scripture as expounded upon in the Lutheran Confessions and presented in the Book of Concord. Further, we will guide and limit our activities as an organization in accordance with the following longstanding Christian culture of traditional and aspirational beliefs and values.

We are guided by

Christian Love:
In that we practice and support Servanthood, Inclusiveness, Mutual Respect and Reconciliation.

Christian Leadership:
In that we practice and encourage Integrity, Honesty, Excellence, and Teamwork and are Lay Driven.

Christian Faith:
In that we are Mission-Focused, Bible-Based, Prayerful and Courageous.

Christian Stewardship:
In that we practice and promote Transparency, Accountability and Innovation.

CHRISTIAN LOVE

Servanthood:
We believe it is our honor and privilege to reflect God’s love for us by serving the Family of Christ, by reaching out to the lost and by engaging both of them through prayer, proclamation and programs.

4 rose from supper. He laid aside His outer garments, and taking a towel, tied it around His waist. 5 Then He poured water into a basin and began to wash the disciples’ feet and to wipe them with the towel that was wrapped around Him. … (Jesus said) “If I then, your Lord and Teacher, have washed your feet, you also ought to wash one another’s feet. 15 For I have given you an example, that you also should do just as I have done to you.” John 13:4-5 and 14-15 ESV

13 For you were called to freedom, brothers. Only do not use your freedom as an opportunity for the flesh, but through love serve one another. Galatians 5:13 ESV

Inclusiveness:
We believe that all people are equally loved and cherished by God. Because of this, we will treat each member of the Priesthood of Believers as our dear brother or sister in Christ and we will proclaim the Gospel message of Jesus Christ to the entire world as the Holy Spirit opens paths for proclamation.
Jesus said, “Go therefore and make disciples of all nations, baptizing them in the Name of the Father and of the Son and of the Holy Spirit, teaching them to observe all that I have commanded you. And behold, I am with you always, to the end of the age.” Matthew 28:19-20 ESV

Let each of us please his neighbor for his good, to build him up. For Christ did not please Himself, but as it is written, “The reproaches of those who reproached You fell on Me.” For whatever was written in former days was written for our instruction, that through endurance and through the encouragement of the Scriptures we might have hope. May the God of endurance and encouragement grant you to live in such harmony with one another, in accord with Christ Jesus, that together you may with one voice glorify the God and Father of our Lord Jesus Christ. Romans 15:2-6 ESV

Mutual Respect:
We hold that we are to treat each other with respect and kindness in all matters. This is not to say we will not disagree at times but, when we disagree, we will do so with the respect, tolerance and love that God expects of His children.

Honor everyone. Love the brotherhood. Fear God. Honor the emperor. 1 Peter 2:17 ESV

My brothers, show no partiality as you hold the faith in our Lord Jesus Christ, the Lord of glory. For if a man wearing a gold ring and fine clothing comes into your assembly, and a poor man in shabby clothing also comes in, and if you pay attention to the one who wears the fine clothing and say, “You sit here in a good place,” while you say to the poor man, “You stand over there,” or, “Sit down at my feet,” have you not then made distinctions among yourselves and become judges with evil thoughts? James 2:1-4 ESV

Reconciliation:
We believe in the need to practice reconciliation with our brothers and sisters in Christ. Because of our sinful nature, disagreements and opposing views will arise even as we strive for the Unity of Spirit spoken of by St. Paul in Romans 15:5. When these differences arise, we will reach out with respect and with Christian love to try to understand the differences and to make peace with our brother or sister as guided by appropriate Scripture.

So if you are offering your gift at the altar and there remember that your brother has something against you, leave your gift there before the altar and go. First be reconciled to your brother, and then come and offer your gift. Come to terms quickly with your accuser while you are going with him to court, lest your accuser hand you over to the judge, and the judge to the guard, and you be put in prison. Truly, I say to you, you will never get out until you have paid the last penny.” Matthew 5:23-26 ESV

that is, in Christ God was reconciling the world to Himself, not counting their trespasses against them, and entrusting to us the message of reconciliation. 2 Corinthians 5:19 ESV

May the God of endurance and encouragement grant you to live in such harmony with one another, in accord with Christ Jesus. Romans 15:5 ESV

CHRISTIAN LEADERSHIP

Integrity:
We believe that we are to be honest and fair in our interactions with our entire constituency. With the help of God, we will do what we say we will do; we will not attempt to deceive in any way; and we will take responsibility for our actions.

And as you wish that others would do to you, do so to them.” Luke 6:31

One who is faithful in a very little is also faithful in much, and one who is dishonest in a very little is also dishonest in much.” Luke 16:10
Far be it from me to say that you are right; till I die I will not put away my integrity from me.  

*Job 27:5*

May integrity and uprightness preserve me, for I wait for You.  

*Psalm 25:21*

With upright heart he (David) shepherded them and guided them with his skillful hand.  

*Psalm 78:72*

7 Show yourself in all respects to be a model of good works, and in your teaching show integrity, dignity, and sound speech that cannot be condemned, so that an opponent may be put to shame, having nothing evil to say about us.  

*Titus 2:7-8*

**Honesty:**

We believe that we are to be fair and truthful in all our words and actions. We will not speak or act with any intentional deceit. If we find we have spoken or acted improperly, we will, with Christian love, take whatever actions are necessary to correct the error. We take seriously the bond of faith established with our constituency and will strive to protect and preserve that bond, as well as the reputation of each constituent.

Whoever speaks the truth gives honest evidence, but a false witness utters deceit.  

*Proverbs 12:17 ESV*

(Jesus said) “You know the commandments: ‘Do not murder, Do not commit adultery, Do not steal, Do not bear false witness, Do not defraud, Honor your father and mother.’”  

*Mark 10:19 ESV*

Rather, speaking the truth in love, we are to grow up in every way into Him who is the head, into Christ.  

*Ephesians 4:15*

**Excellence:**

In response to His love for us, we will give God and His children our very best by striving for excellence in all we attempt and all we do. By the grace of God we have each been given talents that we can share. Further, we willingly and joyfully use those talents to further the Kingdom of God here on earth, trusting that the Lord will perfect our imperfections.

But He (Jesus) said to me, "My grace is sufficient for you, for My power is made perfect in weakness.” Therefore I will boast all the more gladly of my weaknesses, so that the power of Christ may rest upon me.  

*2 Corinthians 12:9 ESV*

Finally, brothers, whatever is true, whatever is honorable, whatever is just, whatever is pure, whatever is lovely, whatever is commendable, if there is any excellence, if there is anything worthy of praise, think about these things.  

*Philippians 4:8 ESV*

**Teamwork:**

We recognize the value of working together and will act to maintain a culture in which we develop, empower and support teams to accomplish those goals that cannot be achieved by individuals. Further, we actively seek to develop Christian leadership and servanthood through teambuilding activities.

12 Put on then, as God’s chosen ones, holy and beloved, compassionate hearts, kindness, humility, meekness, and patience, 13 bearing with one another and, if one has a complaint against another, forgiving each other; as the Lord has forgiven you, so you also must forgive. 14 And above all these put on love, which binds everything together in perfect harmony.  

*Colossians 3:12-14 (ESV)*

And He (Jesus) called the twelve and began to send them out two by two, and gave them authority over the unclean spirits.  

*Mark 6:7 ESV*

After this the Lord appointed seventy-two others and sent them on ahead of Him, two by two, into every town and place where He Himself was about to go.  

*Luke 10:1 ESV*
Lay Driven:
We who are baptized are included in the priesthood of believers and expected and encouraged to
develop our God-given gifts for the benefit of the church. As laity of the church, we strive to become
informed, enabled and equipped to participate responsibly in the life and mission of the church.

But you are a chosen race, a royal priesthood, a holy nation, a people for his own possession, that you
may proclaim the excellencies of him who called you out of darkness into his marvelous light. 16 Once you
were not a people, but now you are God’s people; once you had not received mercy, but now you have
received mercy. 1 Peter 2:9-10

18 All this is from God, who through Christ reconciled us to himself and gave us the ministry of
reconciliation, 19 that is, in Christ God was reconciling the world to himself, not counting their trespasses
against them, and entrusting to us the message of reconciliation. 20 Therefore, we are ambassadors for
Christ, God making his appeal through us. We implore you on behalf of Christ, be reconciled to God.” 2
Corinthians 5:18-20

CHRISTIAN FAITH

Mission-Focused:
In response to God’s love for us, we believe it is our privilege to proclaim God’s message of salvation
through Jesus Christ to all the peoples in all the world. By the grace of God, we shall continue to Bring
Christ to the Nations—and the Nations to the Church.

(Jesus said) “But you will receive power when the Holy Spirit has come upon you, and you will be My
witnesses in Jerusalem and in all Judea and Samaria, and to the end of the earth.” Acts 1:8 ESV

Bible-Based:
We believe the Bible to be the inspired and inerrant Word of God, written by man, but inspired by the Holy
Spirit. It is one of the means by which God has chosen to teach, inform and admonish this sinful world.
For this reason, Holy Scripture is the source of truth and the basis for all planning, programming and
publications of Lutheran Hour Ministry’s outreach efforts.

Your Word is a lamp to my feet and a light to my path. Psalm 119:105 ESV

14 I hope to come to you soon, but I am writing these things to you so that, 15 if I delay, you may know how
one ought to behave in the household of God, which is the church of the living God, a pillar and buttress
of the truth. 1 Timothy 3:14-15

Prayerful:
We believe that through prayer the Holy Spirit can bring us into an intimate relationship with God and His
Son Jesus. God wants us to come to Him with all our requests and has promised to answer our prayers
for the sake of His Son Jesus.

And He (Jesus) told them a parable to the effect that they ought always to pray and not lose heart. Luke
18:1 ESV

Do not be anxious about anything, but in everything by prayer and supplication with thanksgiving let your
requests be made known to God. Philippians 4:6 ESV

Courageous:
Courage has been defined as the quality that lets one move forward in the face of adversity. We believe
that with the example of courage demonstrated in the life and death of Jesus Christ and with the never-
falling power of the Holy Spirit, Christ showed us the true meaning of courage.

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Now when they saw the boldness of Peter and John, and perceived that they were uneducated, common men, they were astonished. And they recognized that they had been with Jesus.  Acts 4:13 ESV

CHRISTIAN STEWARDSHIP

Transparency:
We believe trust is a critically important attribute for any individual or organization trying to develop relationships. We also believe that to build trust among our constituency we must clearly present our values, goals and decision-making processes. In that regard, we will operate in an open and public manner, with clearly stated Vision and Mission Statements, Core Values and Critical Benchmarks.

And they did not ask an accounting from the men into whose hand they delivered the money to pay out to the workmen, for they dealt honestly.  2 Kings 12:15 ESV

(Account said) “If then you have not been faithful in the unrighteous wealth, who will entrust to you the true riches?”  Luke 16:11 ESV

Accountability:
We believe that an open and trustworthy organization should be accountable to its stakeholders. We will review and evaluate programs and strategies, holding ourselves accountable for performance and measurable benchmarks.

If anyone sins in that he hears a public adjuration to testify, and though he is a witness, whether he has seen or come to know the matter, yet does not speak, he shall bear his iniquity.  Leviticus 5:1 ESV

Thus says the Lord GOD, “Behold, I am against the shepherds, and I will require My sheep at their hand and put a stop to their feeding the sheep. No longer shall the shepherds feed themselves. I will rescue My sheep from their mouths, that they may not be food for them.”  Ezekiel 34:10 ESV

Innovation:
From early in the history of the International Lutheran Laymen’s League, the message has been constant: The Proclamation of the saving Gospel Message to All People. Over the years, this has been accomplished in many ways and in many languages. We believe that by taking advantage of current and future technologies we will have the best opportunity to reach the greatest number of people who do not know Christ or His Gospel message.

As each has received a gift, use it to serve one another, as good stewards of God's varied grace.  1 Peter 4:10 ESV
APPENDIX B

ORGANIZATIONAL STRUCTURE, SUB-CORPORATIONS AND IDENTITY

1. ORGANIZATIONAL ISSUES

Abbreviation of “International Lutheran Laymen’s League” is: “Int’l LLL” (Articles of Incorporation, Article I). The operational name for the organization and its projects, also referred to as the “Doing Business As” name, is “Lutheran Hour Ministries.”

2. AUXILIARY STATUS

The description, "International Lutheran Laymen's League," an auxiliary of The Lutheran Church—Missouri Synod and of Lutheran Church—Canada” is to be used, where appropriate, in publications and communications from the Int’l LLL. A similar description shall be used with reference to LHM where the materials are identified as originating from LHM.

3. OFFICIAL SEAL AND LOGO

Official Seal
This is the official seal of the Int’l LLL.

Official Logo and Identity Statement
The Lutheran Hour Ministries logo depicts four people of differing nationalities reaching out to the four corners of the world with the Gospel. The cross of Jesus Christ, at the center of the logo, reflects a slight curvature as around a sphere, indicating the worldwide coverage of the ministries. Districts shall include this logo in their official stationery and publications. International ministry centers and foreign language programs shall feature the logo with their ministry center or program name. The logo shall not be stretched out of proportion or the colors changed.
4. ORGANIZATIONAL SUB-CORPORATIONS

The Int’l LLL wholly owns and operates the following separate corporations for business and operational purposes. Each corporation’s governing board membership consists of Int’l LLL’s Board officers and the Executive Director. The corporation’s officers consist of senior level staff.

**BCTN Holdings, Inc.**
Company organized to own and operate the home office building.

**The Lutheran Hour, Inc.**
Incorporated for the purpose of receiving and distributing gifts to the Int’l LLL.

**Lutheran Television, Inc.**
Incorporated for the purpose of producing television programs, which promote Christian values consistent with Lutheran doctrine.

**LHM Holdings, Inc.**
Incorporated to hold all real estate donations to the Int’l LLL.

**Lutheran Hour Global, Inc.**
Existing corporation waiting to be utilized for future ministry needs.

**Envoy Entertainment, Inc.**
The only for-profit subsidiary, this company was organized to produce television productions, which are more sectarian and preferably can generate a business profit.

**Envoy Productions, Inc.**
Incorporated to produce Christian film and television programs, which the Christian world may not as readily accept if the “Lutheran” name were attached to it, although those programs are consistent with Lutheran doctrine.
1. CODE OF ETHICS

Approved by BOG May 26, 1999; revised July 23, 2010

The International Lutheran Laymen’s League (Int’l LLL) Board of Directors adopts this Code of Ethics on behalf of the Members and donors of the Int’l LLL to guide the conduct of the Int’l LLL’s Board of Directors, employees and volunteer leaders.

In our various capacities as volunteers, staff or elected leaders, we work together to serve our Lord in Bringing Christ to the Nations—and the Nations to the Church.

These roles demand a high standard of integrity, trust and stewardship. The Board of Directors, staff and volunteer leaders will strive to be aware of the consequences of their actions.

Our service must reflect compliance with the law and the highest standards of professional knowledge, conduct, care and respect for each individual served.

There will be times when the choice of conduct is not clear. When faced by an unclear choice, ask yourself this question: “If my actions were to be published, would Int’l LLL supporters agree that the best interests of all were served?” If the choice is still not clear, ask for guidance from your supervisor, other Int’l LLL officers or pastoral advisors and take it to the Lord in prayer.

Responsibilities shall be conducted in a manner consistent with Scriptures and the Lutheran Confessions. (For those employees not familiar with the Lutheran Confessions, Scripture should be used to interpret the expected conduct.)

2. CONFLICT OF INTEREST POLICY

Approved by BOG May 26, 1999

The term “conflict of interest” describes any circumstance that would cast doubt on an officer’s, volunteer leader’s or staff member’s ability to act with total objectivity with regard to International Lutheran Laymen’s League (Int’l LLL) interests.

The Int’l LLL is fully committed to conducting its responsibilities in a manner reflecting the highest degree of integrity and honesty. The success of the Int’l LLL in conducting its affairs is the sum effort of each individual Board and committee member, officer and staff person in executing his or her responsibilities with good judgment and in an ethical manner.

Activities shall not be entered into which may be knowingly detrimental to the interests of the Int’l LLL and its subsidiaries.

Information acquired in the course of carrying out Int’l LLL duties shall not knowingly be used in any way that would be detrimental to the welfare of the Int’l LLL and its subsidiaries.

No staff member or officer of the Int’l LLL or its subsidiaries shall vote on any transaction in which the individual shall receive a direct or indirect financial gain.

A staff member is not to use their position for personal gain beyond the compensation and benefits paid by the Int’l LLL.
Gifts, gift certificates, cash payments, extravagant entertainment, free services or loans from anyone doing business with the Int'l LLL may constitute a conflict of interest. Exceptions are advertiser's novelty gifts of nominal value (less than $25), occasional meals and infrequent entertainment which are customary and proper and do not place the recipient under obligation.

Activity deemed inappropriate under this policy will be discussed with the party involved. Such activity shall cease or the position will be vacated.

Responsibilities shall be conducted in a manner reflecting the highest degree of integrity and honesty consistent with the Int'l LLL Governance Policy Manual, the Int'l LLL's Personnel Policy and Procedures Manual and civil laws.

By signature I agree I have read and understand the Code of Ethics and the Conflict of Interest.

Printed Name __________________________________________________________

Signature _____________________________________ Date: _________________
APPENDIX D

BOUNDARY MANAGEMENT POLICY

The Board commits itself and its members to Christian, ethical, businesslike and lawful conduct. This includes proper use of authority and appropriate decorum when acting as Board members.

1. Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board governance policies.

1.1. Board members’ interactions with the Executive Director or other staff must recognize the lack of authority vested in individuals except when explicitly Board-authorized.

   1.1.1. Any concern presented to a Board member should be presented to the Chairman prior to the next Board meeting for inclusion on the agenda.

1.2. Board members’ interactions with public, press or other entities must recognize the same limitation and inability of any Board member to speak for the Board.

1.3. Board members will give no consequence or voice to individual judgments of the Executive Director or staff performance.

1.4. Board members will respect the confidentiality appropriate to issues of a sensitive nature.

   1.4.1. Should the sensitivity of an issue not be clear to a Board member, s/he shall consult with the Chairman before sharing information with another person.
APPENDIX E

DISTRIBUTION OF BOARD PROCEEDINGS

Minutes of the Board of Directors
Minutes of the Board meetings are to be distributed only to the following persons:
- Members of the Board.
- Executive Director and LHM Division Directors.
- The members of all major standing committees.
- The Int'l LLL’s Attorney.
- The Int'l LLL’s Pastoral Advisor.
- The liaison representatives of the LCMS and LCC.
- District Presidents.
- Independent External Auditor.

Minutes of the Executive Sessions
If minutes of the session are kept, the minutes of the Executive Sessions of the Board are to be distributed only to the members of the Board, the Pastoral Advisor, the liaison representatives of the LCMS and LCC and the Executive Director, except, when by decision of the Board, they are to be withheld from any of the above, except the Board.

Minutes of Major Committees
Meeting minutes of the Audit, Budget and Finance, Board Development, Fund Development and Nominations Committees are to be distributed only to the following persons:
- Members of the major standing committees.
- The Board.
- Executive Director.
- The Pastoral Advisor.
- The liaison representatives of the LCMS and LCC.
- Independent External Auditor.

Meeting minutes of the Compensation and Evaluation Committees are to be distributed only to the following persons:
- The Board.
- Executive Director.
- The Pastoral Advisor.
- Independent External Auditor.

Financial Reports
Monthly Financial Reports are to be distributed only to the following persons:
- The Board.
- Members of major standing committees.
- Executive Director and LHM Division Directors.
- The Pastoral Advisor.
- The liaison representatives of the LCMS and LCC.
- Independent External Auditor.

International Convention Proceedings
The proceedings of the Int’l LLL’s international conventions are to be distributed to the following persons:
- The Board.
- ThePastoral Advisor.
- The Int’l LLL attorney.
- The liaison representatives of the LCMS and LCC.
- Any other Member of the Int’l LLL who requests a copy.
• Participants at the Int’l LLL conventions.
• Independent External Auditor.

Revision of Articles of Incorporation, Bylaws and Governance Policy Manual

Revisions of Articles of Incorporation, Bylaws and Governance Policy Manual may be made during the year, and shall be distributed annually to the following persons:

• The Board.
• Members of the major standing committees.
• District Presidents.
• Executive Director and LHM Division Directors.
• Independent External Auditor.
• Int’l LLL’s Attorney.
APPENDIX F

COMPETENCIES OF THE BOARD

Approved by BOG April 25, 2008; Passed Doctrinal Review January 2009

The International Lutheran Laymen's League Board of Directors (Board) requires overall competency in the areas of expertise that follow. Board members are accountable to members of the Int’l LLL and upon election must receive orientation training as they assume their responsibilities. From time to time members with diverse backgrounds, specialized abilities and skills should be elected to the Board. This will result in a Board with the overall strength needed to provide strategic direction and policies to govern the organization and its programs.

Strategy
The Board must set the strategic vision and direction. It needs to establish the tactical course to enable the organization to fulfill its mission. The Board must work as a strategic partner with the Executive Director, so that the organization meets its goals and commitments. Strategic thinking must be an essential part of regular Board work.

Teamwork
Members must work in a collaborative manner. Working together, the combined efforts of the group should result in an achievement greater than the sum of individual efforts.

Integrity
Always adhering to the organization’s core values, the Board must strive for exemplary conduct in all of its activities. It must act in accord with the organization’s Code of Ethics and Conflict of Interest Policy. Christ-Centered thoughts should govern all subsequent decisions and actions.

Finance
Receiving and reviewing timely reports of the organization’s financial activities, the Board must be able to exercise appropriate oversight of financial resources. The Board must clearly and fully understand financial statements and audits which use generally accepted accounting principles (GAAP).

Funding
In order to deliver on its mission, the Board must direct an Annual Financial Plan that is linked to strategic planning. Board members must be willing to make personal contributions and extend themselves, when necessary, for special campaigns. Members are to use their personal and business relationships to expand awareness of the organization and cultivate financial support. Board members must advocate on behalf of the organization and its mission to prospective financial supporters.

Communication
Effective communications are necessary so that donors, stakeholders and other members of the public have accurate and relevant information about the importance and effectiveness of Int’l LLL programs. This includes, but is not limited to, finances, operations and results. Focusing on a high standard of transparency, Board communications need to be directed both internally and externally.

Leadership
The Board is to direct the conduct and course of the organization. It acts to provide general supervision and leadership of the organization between conventions.

Vision
Moving forward, foresight, imagination and vision will allow the Board to see the organization’s current state of affairs and more adequately assess its possibilities. So equipped, the Board can then stay ahead of the curve and provide the leadership necessary to achieve its vision.
Passion
The Board must have a strong passion for the ministry, acting with commitment and devotion to the mission. The Board needs to make its beliefs apparent. The Board must demonstrate emotional and intellectual involvement.

Analysis
The Board must pursue decisions based on accurate and complete information and clearly identify the information or data necessary in its decision-making process. Complex variables must be analyzed for decision-making and problem solving. The Board must act with discernment, as it may apply to legal and regulatory matters, being able to grasp and comprehend that which is obscure.

Innovation
A changing world demands the Board look at the organization and its strategic direction in new and innovative ways. The Board must be capable of generating fresh ideas and remaining open to new ways of organizing the Int'l LLL to carry out its timeless mission of Bringing Christ to the Nations—and the Nations to the Church.
APPENDIX G
INTERNATIONAL LUTHERAN LAYMEN’S LEAGUE
BOARD OF DIRECTORS
NOMINATION FORM

Name of Person being Nominated (Nominee) ____________________________ Phone ____________________________

Mailing Address ____________________________ E-mail Address ____________________________

I believe this person demonstrates the qualities suggested in “Board Responsibilities” (Section 2.1.), “Membership Responsibilities” (Section 2.2.), and “Qualifications and Other Considerations” (Section 2.7.3.) and should, therefore, be considered as a candidate for nomination to the Int’l LLL Board of Directors.

I believe this person is well qualified to give leadership to our organization as a Member of the International Lutheran Laymen’s League Board of Directors because . . .

From my perspective, this person possesses the following Board competencies (check all that apply): [Underline or highlight any competencies that you feel are the nominee’s specific strengths]

_____ Strategy _____ Funding _____ Passion 
_____ Teamwork _____ Communications _____ Analysis 
_____ Integrity _____ Leadership _____ Innovation 
_____ Finance _____ Vision 

Printed Name of Nominator ____________________________ Phone ____________________________

Signature of Nominator ____________________________ E-mail ____________________________

PLEASE SEND COMPLETED FORM TO: Nominations@lhm.org
OR MAIL FORM TO: INTERNATIONAL LUTHERAN LAYMEN’S LEAGUE
ATTENTION: NOMINATIONS
660 MASON RIDGE CENTER DRIVE
ST. LOUIS, MO 63141-8557

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APPENDIX H
WHISTLEBLOWER POLICY

General: Lutheran Hour Ministries (LHM) Governance Policy Manual and LHM’s Employee Handbook require directors, officers, volunteers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of LHM, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Responsibilities: It is the responsibility of all directors, officers, volunteers and employees to comply with LHM’s policies and to report violations or suspected violations in accordance with this Whistleblower Policy. It is the responsibility of all directors, officers, volunteers and employees to fully cooperate with an investigation.

Reporting Violations: The Code of Ethics addresses LHM’s open-door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee’s supervisor is in the best position to address an area of concern. However, if you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor’s response, you are encouraged to speak with the Director of Human Resources. Supervisors and managers are required to report suspected violations of the Code of Ethics to Lutheran Hour Ministries’ attorney if they involve the Executive Director or Chairman. If a suspected violation involves the Director of Human Resources, it should be reported to the Executive Director. If a suspected violation involves any other employee, it should be reported to the Director of Human Resources. These parties have specific and exclusive responsibility to direct the investigation of all reported violations.

Acting in Good Faith: Anyone filing a complaint concerning a violation or suspected violation of the Code of Ethics must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code of Ethics. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense and may result in disciplinary action, up to and including termination.

Confidentiality: Violations or suspected violations may be submitted on a confidential basis or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations: The Int’l LLL’s Attorney, the Director of Human Resources or the Executive Director, depending on the focus of the violation, will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

No Retaliation: No director, officer, volunteer or employee who, in good faith, reports a violation of the Code or participates in an official investigation shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within LHM prior to seeking resolution outside LHM.
APPENDIX I
FINANCIAL POLICIES

1. EXECUTION OF CONTRACTS, DOCUMENTS, OR AGREEMENTS

The Board, in order to establish responsibility and orderly procedure for the execution of contracts and other legal documents on behalf of the Int’l LLL, authorizes the Executive Director, Chief Operating Officer, and Chief Financial Officer to sign all legal documents, such as, but not limited to the following:
Consents, releases and receipts in connection with bequests, property and sales contracts, quit claim deeds, deeds of trust, all life income agreements, gift annuity agreements, trust fund agreements, and other similar agreements, provided, however, that if any such agreement requires the Int’l LLL to do anything other than accept the donation of property and agree to pay the donor the net income there from or a certain actuarial determinable annual sum, approval by the Board shall be required. In the absence of the Executive Director, he may assign this responsibility to the director so designated in the absence of the Executive Director.

2. AUTHORIZED SIGNATURES FOR INT’L LLL BANK ACCOUNTS AND SAFE DEPOSIT BOXES

Facsimile signature: Treasurer

Commerce Bank of St. Louis and Fifth Third Bank: Regular Account Checks
 Authorized signatures: Treasurer, Executive Director, Director of Ministry Services, and Chief Financial Officer, and either the Director of United States Ministries, or Director of International Ministries
• Facsimile signature (check signer) on all checks up to $1,000.
• Facsimile signature (check signer) and one authorized written signature on checks from $1,000 up to $25,000.
• Any two authorized written signatures on all checks of $25,000 or more, except that one written signature must be that of the Chief Financial Officer.

3. ADDITIONAL APPROPRIATIONS TO APPROVED BUDGET

Requests for additional appropriations to the approved Annual Financial Plan may be accomplished on the recommendation of the Executive Director and approval by the Board at a regular meeting, or a special meeting or a special meeting called for that purpose. All such requests must indicate source of revenue to cover additional appropriations to the approved Annual Financial Plan. This policy applies to material amounts only.

4. HANDLING OF SECURITIES

All securities (including stocks, bonds, notes, or debentures) registered in the name of, or held for the benefit of, the Int’l LLL and requiring endorsement for any sale, assignment or other transfer, shall be endorsed either by any three members of the following:
• Treasurer, Executive Director, Director of Ministry Services, and the Chief Financial Officer and any transfer agent or other person to whom such securities are presented, endorsed as above provided, shall be entitled to rely on such signatures as evidencing of the decision of the Int’l LLL to sell, assign, or otherwise transfer such securities.

5. TRANSFER OF FUNDS

Int’l LLL funds may be transferred within the bank between the Int’l LLL various accounts or securities upon request of the Chief Operating Officer or Chief Financial Officer, or, as an alternate, the Executive Director, after consultation with the Treasurer.
6. WIRE TRANSFER OF FUNDS

The Chief Operating Officer, the Chief Financial Officer, and the Executive Director have been authorized to name individuals on staff who can execute wire transfers with Commerce Bank and Fifth Third Bank in St. Louis.

7. FINANCIAL RESERVES

The Int’l LLL is to endeavor to maintain an LHM Operating Reserve equal to 25 percent (25%) of the Ministries Operating Expense Budget.

To achieve this a two percent (2%) budgeted surplus (equal to or exceeding two percent (2%) total budgeted expenses) be mandated and continued until the LHM Operating Reserve equals 25 percent (25%) of the Ministries Operating Expense Budget.

8. BORROWING PROCEDURE

The financial officers of the Int’l LLL are empowered to establish a revolving line of credit for its operation with the approved limit authorized by the Board.

The Chief Financial Officer, the Chief Operating Officer, or the Chief Financial Officer’s appointee, they, and they only, hereby are authorized to borrow money from time to time in anticipation of the receipts of a financial year starting with the fiscal year of the Int’l LLL, and to issue a note or notes, therefore, payable within one year, and to review any note or notes that may be given less than one year.

9. FINANCIAL ACCOUNTING STANDARDS

The books and records of the Int’l LLL shall be maintained on a GAAP basis in accordance with all appropriate accounting guidelines.

All unconditional promises to give must be in writing in order to be considered as income when the promise is received. Any conditional promises to give shall not be recognized until the condition has been removed.

The categories of programs currently to be included in the financial statements of the Int’l LLL are to be designated as domestic broadcasting—radio domestic broadcasting – TV, other domestic ministries, and foreign ministries.

The purchase of Int’l LLL’s properties within foreign countries are not capitalized.

10. FINANCIAL AUDITING STANDARDS

A copy of the Int’l LLL’s current audited financial statements will be provided upon receipt of any form of documented request.

An Audit Committee will be appointed annually by the Board and shall have the power to recommend to the Board the selection of the independent auditor including the arrangements for, and scope of the audit. In addition, the Committee shall review the audited statements and consider the comments from the independent auditor including those with respect to weaknesses in internal accounting control and the consideration given to such comments, or corrective action, taken by management. The Committee shall discuss matters of concern of the auditor and management relating to legal or ethical concerns, the Int’l LLL’s financial statements, or other results of audit. Finally, the Committee shall review internal accounting procedures and controls over the Int’l LLL’s financial and accounting staff for appropriateness and propriety.
11. BEQUESTS

Bequest General – Procedure For Handling
The Executive Director, the Chief Operating Officer, or the Chief Financial Officer shall have the authority to sign receipts in estate distributions.

The Executive Director is authorized to accept real property and improvements located thereon received by donation, devise, or bequest.

12. INTERNATIONAL OFFICE POLICIES

Fiscal Policies of International Offices of the Int'l LLL
The Int'l LLL shall have control of all finances of the International offices of the Int'l LLL to the extent permitted by local laws.

The business office of the Int'l LLL is to be kept informed as to which party or parties have access to funds, and who is authorized to approve expenditures, sign checks, etc. All parties who have access to funds should be bonded in an amount deemed to be sufficient to protect the Int'l LLL.

Annual Financial Plan to be submitted in the U.S. dollar equivalent to local currency in a format provided by the Int'l LLL. Annual Financial Plan figures submitted should be the estimated cost of continuing the current operations. The management staff shall determine the spending priorities for recommendation to the Board.

All funds received by the international office must be as "income," including grants and gifts from other organizations.

Monthly operating statements to be submitted on forms provided, to the business office of the Int'l LLL. These are to be mailed by the fifth business day of the following month.

A complete accounting record is to be maintained and trial balance sheets shall be furnished with each monthly operating statement.

"Outside" audit to be made annually, including trial balance and balance sheets, and mailed to the business office of the Int'l LLL within 60 days after the close of the fiscal year. The audit should be submitted in English with local currency translated into U.S. dollars.

Complete listing of furniture and fixtures by description, date of purchase, and cost, to be furnished to the business office annually, at the time of the budget request.

Overseas offices to be funded monthly at 1/12th of its net expenses budget and upon receipt of monthly operating statement.

Finance office of the Int'l LLL has authority to disallow any items not conforming to approve Annual Financial Plan if, in its opinion, proper justification has not been presented, or if it will exceed the total budget established by the Board.

Any commitments involving finances in any way, now, or which project into the future, must be made a matter of record with the Finance office.

All statements, audits, and financial information is to be furnished directly to the Senior Manager of International Financial and Ministry Services of the International Division which will then share necessary information with headquarters staff person in charge of that work area.
13. INVESTMENT POLICIES OF THE INT’L LLL

General Investment Objectives
The investments shall be made and managed within the scope of an investment policy established by the Budget and Finance Committee with the approval of the Board.

The investment objectives of the Int’l LLL are designed to produce the desired long-term real growth over inflation and sufficient income for annual spending from the Int’l LLL’s Bequest Reserve funds. The Int’l LLL’s assets shall be invested with care, skill, prudence, and diligence (under the circumstances prevailing from time to time) that a prudent person, acting at those times in a like capacity and familiar with such matters, would use in the investment of a fund of like character, with like aims and with due consideration given to the tax exempt status of the Int’l LLL.

All investment policies and investment management guidelines will be reviewed by the Budget and Finance Committee annually, or whenever circumstances change to the extent that the policies are ineffective or inappropriate. Any changes must be approved by the Board.

Sufficient liquidity shall be maintained to fund the annual targeted support level. Liquidity is defined as fixed income and cash instruments.

The spending policy shall be in accordance with the approved Annual Financial Plan of the Int’l LLL.

Asset Mix Guidelines
Following are the asset mix guidelines for the total Bequest Reserve funds to achieve the desired long-term growth and annual income. All percentages shall be based on market value.

<table>
<thead>
<tr>
<th>Assets</th>
<th>Range</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income (Fixed Income Securities)</td>
<td>45-55%</td>
<td>50%</td>
</tr>
<tr>
<td>Equities (Common Stock, Convertible Securities)</td>
<td>45-55%</td>
<td>50%</td>
</tr>
<tr>
<td>Cash Equivalents (Treasuries, CDs, Commercial Paper, etc.)</td>
<td>0-10%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Small cap equity investments shall not exceed 20% of the total Int’l LLL’s funds as determined on a market value basis.

International investments shall not exceed 20% of the total Int’l LLL’s funds as determined on a market value basis.

Specific Goals-Assets
Assets shall be invested consistent with the long-term and income goals of the Int’l LLL.

Assets shall be broadly diversified in order to minimize the risk of large losses in individual investments.

Each manager shall view their respective share of the Int’l LLL’s assets as the entirety of the assets and shall not, unless otherwise instructed by the manager.

Fixed Income Investments-Assets
Fixed income managers shall preserve capital and provide a high level of income on a consistent basis. Fixed income managers are expected to earn an average annual return from income and capital appreciation, which exceeds the Lehman Aggregate Bond Index by a minimum of 50 basis points over a 3-5 year market cycle.

Fixed income assets selected shall have a readily ascertainable market value and must be readily marketable.
Purchases of fixed income securities will consist of U.S. treasury or Federal Agency obligations and/or other bonds rated not less than “A” by Moody’s and/or “A-” by Standard & Poor’s. Overall, the portfolios should have a minimum average credit rating of A or better as defined by Moody’s, and/or Standard & Poor’s.

Bond maturities may not exceed 20 years. Overall, the portfolios should have an effective average duration of less than 7 years. Short-term fixed income issues should have a minimum rating of ‘A-1’, ‘p-1’ as defined by Moody’s and Standard & Poor’s respectively.

No individual fixed income security shall exceed 5% at cost of that particular fixed income manager’s overall portfolio.

No industry or group of related industries shall be more than 25% at cost or 40% at market value of that particular investment manager’s overall portfolio. Securities which are backed by the full faith and taxing power of the U.S. Government are excluded from this requirement.

Fixed income managers shall manage their portion of the Int’l LLL’s assets with full investment discretion to alter holdings as economic and market conditions dictate within these guidelines.

**Equities Investments**

Large cap equity managers are expected to achieve an absolute and risk adjusted return, which exceeds the S&P by a minimum of 1% over a market cycle of 3-5 years.

Small cap equity managers are expected to outperform the Russell 2000 Index by 1% over a market cycle 3-5 years.

International equity managers are expected to outperform the EAFE Index by 1% over a market cycle of 3-5 years.

Equity Investment Managers may invest in equity securities listed on the principal exchanges or traded over-the-counter as well as issues convertible into common stock.

No individual equity security shall represent more than 5% at cost of that particular equity manager’s overall portfolio.

No industry or group of related industries may represent more than 25% at cost or 50% at market value of that particular investment manager’s overall portfolio.

Equity managers shall manage their portion of the Int’l LLL’s assets with full investment discretion to alter holdings as economic and market conditions dictate within these guidelines.

**Exclusions**

The following investment exclusions apply unless the Board clearly provides an exception.

- Managers are not authorized to:
  - Purchase unregistered or restricted stock.
  - Deal in securities the manager has a personal interest in.
- Managers are prohibited from making any direct investment in:
  - tobacco and liquor companies.
  - companies involved in gambling of any kind.
  - companies whose activities include direct participation in abortion.
  - companies which foster racial discrimination.
- Managers shall not deal in naked options.
• Managers shall not deal in commodities, commodity futures, oil, gas, or other mineral exploration or development programs.
• Managers shall not deal in pooled real estate funds, direct purchase of real estate or purchase of mortgages.
• Managers shall not mortgage, pledge, hypothecate, or in any manner transfer, as security for indebtedness, any securities owned or held by the Int’l LLL.
• Managers shall not purchase conditional sales contracts or leasebacks.
• Managers shall not utilize Puts, straddles, etc.
• Managers are prohibited from any margin buying, short selling, or similar transaction.
• Managers shall not invest in futures or options, other than those used for the hedging of risk. (Index or Enhanced funds are excluded from this prohibition provided such fund(s) utilize futures contracts solely as a cost efficient means of establishing its investment position in the designated market. However, at no time should the underlying future contract(s) value exceed the amount invested in the fund.)
• Managers shall not invest in derivative securities.

Responsibilities of Investment Manager(s)
The investment manager(s), in recognition of their role as fiduciaries of the Bequest Reserve Fund shall be responsible for investing assets in accordance with these guidelines.

The investment manager(s) shall provide a written statement acknowledging their acceptance of the performance standards in these guidelines and a written statement describing, in brief form, what specific investment program will be undertaken to achieve the objectives and goals herein stated.

Monthly Reporting Requirements
Portfolio composition showing the investment position in each major class of security; stocks; convertibles; bonds and cash equivalents.

The classification of the investment position of all bonds by issuer type.

The classification of the investment position of all stocks according to the manager’s theme or sector definitions.

Written notice and supporting commentary regarding material changes in portfolio composition.

Positions, by individual security, showing both cost and market value. For commingled assets, show the unit position and unit values.

All principal cash transactions, including sources and nature, in sufficient, descriptive detail.

All income cash transactions, including sources and nature of all interest, dividends and capital gains in sufficient, descriptive detail.

Forecasted cash flows for the next year.

Quarterly Reporting Requirements
A review and evaluation of the aforementioned investment program.

A commentary on investment results in light of the appropriate standards of performance as stated herein.

A synopsis of the key investment decisions made by the manager(s), their underlying rationale, and how they may impact future results.

A discussion of the manager’s market expectations, what specific investment decisions these expectations may trigger, and how these decisions may impact future results.
Recommendations as to changes in the objectives, goals or standards, based upon material and sustained changes in the capital market.

Average maturity, average duration and industry sector for all fixed income securities.

Attend meetings with the Budget and Finance Committee and staff as they may require.

Investment Advisor Responsibilities

Monitoring and evaluation of investments on a quarterly basis.

Monitoring and compliance with guidelines.

Recommend when to rebalance assets among stock and bond managers.

Monitoring of adequacy of cash availability.

Assistance in the identification and selection of new investment managers.

Provide a quarterly report on the monitoring of investments and evaluation of investment manager performance.

Provide a quarterly report on the performance of mutual funds and their compliance with these guidelines.

Attend meetings with the Budget and Finance Committee and staff as they may require.
APPENDIX J

ARTICLES OF INCORPORATION AND BYLAWS

Articles Approved at 2012 Convention
Bylaws Approved in 2012 Elections

AMENDED AND RESTATED
ARTICLES OF INCORPORATION

ARTICLE I – Name

The name of this corporation shall be: INTERNATIONAL LUTHERAN LAYMEN’S LEAGUE (“the League”).

ARTICLE II – Duration

The period of duration of the Corporation is perpetual.

ARTICLE III – Registered Office and Agent

The address of its registered office in the State of Missouri is 660 Mason Ridge Center Drive, Town and Country, Missouri 63141 and the name of its registered agent is the current executive director, whose name is Bruce Wurdeman.

ARTICLE IV – Purpose

This is a Public Benefit Corporation as defined in Section 355.881 of the Revised Statutes of Missouri. The Corporation is organized exclusively for charitable, educational, religious, or scientific purposes within the meaning of Section 501 (c) (3) of the Internal Revenue Code.

God has entrusted His Church with His mission to the world. This mission is one of witness to men of God’s saving love in Jesus Christ and of service to God and His creation. Having accepted this calling by the power of the Holy Spirit, we members of the Corporation, as an organized expression of God’s mission to the world, declare and state the objectives and functions of our organization in “Bringing Christ to the Nations—and the Nations to the Church.”

A. Objectives

1. An informed and enabled laity which exercises God’s reconciling ministry of witness in the world (Matthew 28:18-20, 2 Corinthians 5:18-20);

2. An informed and enabled laity which responds creatively and responsibly to the changing opportunities for a life of service to God and man (1 Peter 2);

3. An equipped laity which participates responsibly in the organizational life of the Church;

4. Members in whose lives these objectives are realized and demonstrated;

5. Affiliated groups and administrative units whose existence, function and relationship to the League are determined by these objectives.

B. Functions
1. To stimulate and strengthen the worship life of members and affiliated groups through Bible-based instruction, materials and worship experiences;

2. To stimulate Christian growth through continuing study and involvement by (a) convening and conducting purposeful assemblies, both regular and special; (b) providing program resources for affiliated groups; (c) supplying materials directly to members.

3. To serve The Lutheran Church—Missouri Synod ("the LCMS") and Lutheran Church-Canada ("LCC") in word and deed by (a) coordinating activities with those of the LCMS and LCC; (b) encouraging members, affiliated groups, and administrative units to cooperate with the LCMS and LCC and their congregations; (c) developing and maintaining a free flow of communication and other constructive relationships between the League and the appropriate officials of the LCMS and LCC.

4. To establish and maintain, in consultation with the LCMS and LCC, relationships with other Christians and work together when it will edify Christ’s body and advance His mission.

5. To increase the sensitivity of its members to current issues and concerns as they pertain to God’s will and the mission of the Church.

6. To encourage its members, as individual Christian citizens led by the power of the Holy Spirit, to become involved in the social, economic and political problems of our time.

7. To serve creatively and responsibly in pioneering and initiating new ways of expressing the church’s mission.

8. To provide programs and projects which enable individuals and groups to participate in organized expressions of God’s mission to the world.

C. In order to carry out these purposes, objectives and functions, the League shall have power to hold, purchase, lease, sell, exchange, pledge, and mortgage and receive by gift, devise or bequest, all kinds of property, real and personal, and to do all things necessary to carry out the purposes, objectives and functions of this corporation.

D. This organization is not organized for profit, and no dividends or pecuniary benefits shall inure to its members. No members shall be legally liable for any debts or obligations of the Int’l LLL.

ARTICLE IV – Eligibility for Membership

The Corporation shall have members. The League is an auxiliary organization of the LCMS and LCC. Any communicant member of any congregation which is either a member of the LCMS or a member of LCC shall be eligible for voting membership in the League.

ARTICLE VI –Conventions

The League shall meet in convention as frequently as determined by the convention in assembly, but at least biennially.

ARTICLE VII – Board of Directors

Authority and responsibility for the general supervision and to conduct the affairs of the League shall be vested in a Board of Directors ("the Board") which shall consist of such number of persons as shall from time to time be prescribed by the Bylaws of the League.
ARTICLE VIII – Distribution of Assets on Dissolution

In the event the Corporation should ever be dissolved, all assets of the Corporation remaining after all liabilities and obligations of the Corporation shall have been paid, satisfied and discharged, or adequate provisions made therefore, shall be transferred, conveyed and distributed to the LCMS provided, however, that if at such time, the LCMS shall no longer be in existence or shall not qualify for Federal income tax exemption under Section 501 (c)(3) of the Internal Revenue Code of 1986 as the same may be in effect at such time, then in such event the assets of the Corporation upon dissolution shall be transferred, conveyed and distributed to such other non-profit organization or organizations as may be selected by the Board, provided that

(a) such organization or organizations
   (1) shall be organized and operated for purposes similar to those for which the LCMS is organized or
   (2) shall be affiliated, associated, or connected with the LCMS, and
   (3) shall be exempt under the provisions of Section 501 (c) (3) of the Internal Revenue Code of 1986 as the same may be in effect at such time.

(b) in no event shall the assets of the Corporation upon its dissolution be distributed for purposes and uses other than those set forth in said Section 501 (c) (3) of the Internal Revenue Code of 1986 as the same may be in effect at such time.

Any such assets not so disposed of shall be distributed by the local court of the county in which the principal office of the Corporation is located, exclusively for such purposes or to such organization or organizations (as said court shall determine) which are organized and operated exclusively for such aforesaid purposes.

ARTICLE IX - Bylaws

The affairs of the Corporation shall be governed by such Bylaws as the members may from time to time adopt, provided that nothing in said Bylaws shall be inconsistent with these Articles, the Constitution of the United States or the laws of the State of Missouri or the tenets of the LCMS.

ARTICLE X - Amendments

The Articles of Incorporation of the Corporation may be amended by a two-thirds majority of members voting during an election by the members, provided that notice of any proposed amendment shall have been published in at least two issues of the League’s official publication prior to the election.

ARTICLE XI – Prohibited Corporate Activities

This Corporation is not organized for profit, and no member shall be legally liable for any debts or obligations of the Corporation. No part of the net earnings of the Corporation shall inure to the benefit of or be distributable to any of its directors, officers, members or other private individuals; provided, however, the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. The Corporation shall not carry on any other activities not permitted to be carried on:

1. By a corporation exempt from Federal Income Tax under Section 501 (c) (3) of the Code and the regulations promulgated thereunder; and

2. By a corporation, contributions to which are deductible under Section 170 (c)(2) of the Code.
AMENDED AND RESTATED
BYLAWS

ARTICLE I – Membership

Section A—Organization Defined. What we are is the International Lutheran Laymen’s League (“the League”); what we do are Lutheran Hour Ministries.

Section B—Qualification. Any communicant member of any congregation that is a member of The Lutheran Church – Missouri Synod (“the LCMS”) or Lutheran Church—Canada (“LCC”) may become a member of the League.

Section C—Contribution. Membership shall be maintained by voluntary annual contributions from members in the proportion in which God has prospered them. A minimum contribution amount may be set by the Board of Directors (“the Board”) as Policy and may be reviewed on occasion.

Section D—Role of Members. The League shall do all in its power to activate and motivate an increasing number of members to serve their Lord. Members are encouraged to have a clear understanding of the expectations of the League in the use of their time, treasure, and talent. Grassroots activities may be conducted to meet local ministry needs and to engage new workers and supporters for the ministries. The League encourages great diversity in its membership (geographically and in age, gender, and ethnicity). Members will have the power to vote, as specified in these Bylaws.

ARTICLE II – Structure

Section A—Elections to the Board, changes to the Articles of Incorporation and Bylaws, and major matters which the Board deems necessary for approval by the membership or which are required to be submitted to the Members by Missouri law, shall be submitted to all members for a ballot vote.

Section B—The League is served by the International Board of Directors which oversees and guides the overall direction of the League and its Lutheran Hour Ministries. Board members must be members of the organization.

Section C—The Board shall select an Executive Director who, under its supervision and direction, shall carry on the general affairs of the League. The Executive Director shall be a member of the staff of the League. It shall be his or her duty to approve the expenditure of the monies appropriated by the Board in accordance with the budget approved by the Board. The Executive Director shall make an annual report and periodic reports to the Board concerning the operations of the League. He or she shall comply with all orders from the Board. All employees shall report and be responsible to the Executive Director. He or she shall perform such other duties as may be determined from time to time by the Board.

Section D—Districts shall be integral parts of the League even though they may be separately incorporated. The articles of incorporation, (if incorporated) constitution and by laws (and any amendments thereof), of each district shall be in harmony with the purposes and objectives of the League and shall become effective only after approval as spelled out in policies of the Board of Directors.

The District’s may be divided into geographic zones or divisions as determined by the district’s governing board. Each zone’s or division’s articles of incorporation, constitution and by-laws and amendments, as well as geographic divisions, programs and activities are subject to the review and approval of the Executive Director.

The programs and activities of all districts and zones shall in all respects a) be in harmony with the purposes and objectives of the League, b) support efforts, interests, time or funds from the Int’l LLL’s programs and activities, and c) not jeopardize the Int’l LLL’s tax exempt status nor subject the Int’l LLL to
possible legal or financial liability. All other matters of form and function of Districts and zones shall be spelled out in the policies of the Board of Directors.

All districts and zones are intended to be included in the League’s I.R.S. group exemption letter as of the date of adoption of these Bylaws and shall continue to be included until the Board decides otherwise.

**Section E—Congregational Ambassadors** are the local connections between congregations and the Lutheran Hour Ministries main office. Duties may be outlined in Policy and detailed by job descriptions and guidelines established by staff.

**Section F—LHM Affiliated Groups** provide grassroots activity and, at the discretion of the Board, may include (but not be limited to) groups, congregations, Recognized Service Organizations, and other entities. LHM Affiliated Groups may be further defined and delineated in Policy and may be covered in the League’s I.R.S. group exemption in the future at the Board’s discretion.

**Section G—Further formations** based on geographic areas, culture, and current needs may be established by the Board and be included in Policy. In such cases, all operational documents for these areas must be in harmony with the purposes and objectives of the League as set forth in the Articles of Incorporation and Bylaws of the League and are subject to approval by the Board or its legal designee. The programs and activities of the LHM Affiliated Groups and such further formations shall in all respects be in harmony with the purposes and objectives of the League and any program or activity which is not part of the programs or activities of the League shall only be undertaken after approval by the Executive Director.

**ARTICLE III—BOARD COMPOSITION AND FUNCTIONS**

**Section A—Board of Directors.** The business and affairs of the League shall be conducted under the direction of its Board. The policies, far-reaching vision, strategy, and organizational functions of the League shall be discussed, developed, approved, and facilitated by the Board. In policies and functions, the Board shall advance the mission of *Bringing Christ to the Nations—and the Nations to the Church*, strive to remain current and relevant, encourage effective communication of the organizational message, expand public awareness of the League, increase the number of members, volunteers, and leaders, effectively use human and financial resources, and strive for improvements in response to emerging opportunities.

**Section B—Board Composition.** The Board is made up of fourteen (14) elected individuals: a Chairman, Vice Chairman, and twelve (12) other Board Members. A Secretary and a Treasurer shall be chosen from the 12 other Board Members. A Pastoral Advisor who is an ordained clergyman in good standing with the LCMS or LCC and a member of the League shall be appointed by the Board to serve as the spiritual leader of the Board and as a non-voting member. The Executive Director is an ex-officio member with voice but no vote on the Board. At least one elected member of the Board will be a resident of Canada and a member of an LCC congregation. Liaisons from the LCMS and LCC, as approved by the Board, may attend and speak at meetings of the Board, but carry no vote.

**Section C—Meetings.** The Board will meet as often as specified by Policy, but no less than four times a year, including an annual meeting of the Board as required by Missouri law. Locations, dates, and agendas may be determined by Policy. Major actions of the Board shall be reported to the membership through a timely official communication. A majority of those individuals in office at the time shall be necessary to constitute a quorum and in every case an affirmative vote of a majority of these members present at a meeting shall be necessary for the taking of any action.

**Section D—Policies.** The Board establishes Policy to augment but never conflict with the Articles of Incorporation and Bylaws. A Policy may be established at any Board meeting and is to be clearly stated as an addition to official Policy. Official Policy is to be adopted by at least two-thirds affirmative vote of the full Board. Policies are to advance the function of the League and its Lutheran Hour Ministries.
Section E—Committees. The Board shall form six standing committees: the Audit Committee; the Budget and Finance Committee; the Board Development Committee; the Fund Development Committee; the Compensation and Evaluation Committee (dealing with the Executive Director and potential employee matters); and the Nominations Committee. At least two members of each committee will be elected Board Members, and other members of the League may be appointed from outside the Board by a majority of the Directors. Other committees of short duration may be formed by the Board with specific functions. All committees report to the Board. All committees shall adhere to the requirements of Sections 355.376 to 355.401 of the Revised Statutes of Missouri, which govern meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the Board, which apply to committees of the Board and committee members as well, pursuant to Section 355.406 of the Revised Statutes of Missouri. The Board may designate one or more standing or special Committees to direct the business of the Corporation. Each such Committee may exercise the authority granted to it by the Board’s enabling resolution.

1. The Audit Committee shall assist the Board in fulfilling its oversight responsibilities. The Audit Committee shall consist of no less than three members who possess a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Audit Committee shall have accounting or related financial management expertise. The Audit Committee shall meet no less than two times per year and have those authorities spelled out in policy.

2. The Nominations Committee shall consist of five members: the chairman shall be selected by the Board; two Board Members shall be selected whose term of office extends to include the appointment period, who are nominated by the Chairman of the Board and approved by the Board; and two additional members of the League appointed from outside the current Board (these may be former Board members) who are nominated by the Chairman of the Board, with Board approval. The committee serves for a 12-month period from the time of appointment. The committee will follow Board Policy and specific criteria for selecting nominees to run for positions.

2. The Nominations Committee will establish procedures for nomination by petition of members for candidates for all elected positions, such procedures to be approved by the Board. The Board also has final approval on the slate of candidates presented by the Nominations Committee.

Section F—Elections

1. Voting - Members of the League shall have authority to vote for the election of Directors, and officers other than the Secretary and Treasurer, and to vote on any proposal submitted for consideration at convention. Official ballots shall be sent to members and returned according to the procedures required by Section 355.266 of the Revised Statutes of Missouri. Each member entitled to vote shall be entitled one (1) vote on all matters properly submitted to the membership. Except as otherwise provided by law, by the Articles of Incorporation or by these Bylaws, all action shall be decided by a majority vote of the members casting votes on a particular matter.

2. Procedures and Terms of Office
   i. Chairman and Vice Chairman - A multi-slate ballot of at least two male members will be prepared by the Nominations Committee under the guidance of the Board for qualified men for the positions of Chairman and Vice Chairman. These individuals will be elected for a two-year term of office and may be re-elected to a second consecutive term.
   ii. Board Members - A multi-slate ballot will be prepared by the Nominations Committee under the guidance of the Board for capable men and women to serve as Board Members. The term of office for the 12 positions of the Board shall be three years, and an individual may run for consecutive re-election only once. Terms are on a staggered basis, so that each year four people (one-third of the Board Members) are elected or re-elected.
   iii. Initial Term of Office - There will be twelve members of the Board elected during the initial national election, with one of the twelve members being a Canadian resident. To create the stagger in the terms of office for the Board, one-third (1/3) of the Board members (other than
the Chairman and Vice Chairman) shall serve a one-year term, one-third (1/3) of the Board members shall serve a two-year term and one-third (1/3) of the Board members shall serve a three-year term. These initial terms do not count toward the term limits specified above. The initial stagger shall be determined at the first Board meeting following the national election and will be done by drawing the numbers one, two or three in alphabetic order of the Board members. There will be four number ones, four number twos and four number threes to determine the initial years of service of a Board member. Because the League is an auxiliary of LCC, it is imperative that at least one Board seat always be filled by a nominee who is a Canadian resident and a communicant member of a congregation located in Canada. This shall mean that for the initial election there shall be at least two Canadian nominees for the Canadian Board member seat. When the Canadian Board member’s seat is up for re-election, there shall be at least two Canadian nominees for the Canadian Board member seat.

iv. Secretary and Treasurer - Candidates shall be selected from sitting members on the Board. The Nominations Committee shall present the candidates and shall prepare a ballot containing the names of the recommended candidates. The term of office shall be one year and there is no limit on number of re-elections.

v. Additional Standards - After one or more intervening years off the Board, a candidate may be reconsidered for the same position. In the case of any person appointed by the Board to fill a vacancy, the partial term will not count towards the two-term limit. Each term of office is to coincide with the League’s fiscal year.

vi. Vacancies - Vacancies in any of the offices occasioned by death, resignation, disqualification, incapacity, or any reason other than normal expiration of term of office, shall be filled by election by the Board. A person elected to fill a vacancy shall serve for the unexpired portion of the term of office to which he has been elected and qualified. The length of time served by any officer elected to fill a vacancy shall be disregarded in determining the number of terms to which an individual may be elected to such office of the League. In the event a vacancy shall occur in the office of Chairman, the Vice Chairman shall succeed to the office of Chairman and serve out the unexpired term.

ARTICLE IV – Conventions and Conferences

Section A - Time. International Conventions of the League shall be held at a time and place approved by the Board, who shall provide final approval of major convention plans.

Section B - Regional Outreach Conferences. Regional Conferences shall be held in each year that an International Convention is not scheduled to be held. Locations are determined by the Board. Regional Outreach Conferences will share ministry updates, inform, excite, engage, and motivate individuals, districts, zones, congregations, and participants in LHM Affiliated Groups to positive action and faithful support of the ministries.

Section C - Petition and Appeal. Members of the League may bring forth a formal petition to the Board at any time, requesting consideration of an important matter for the wellbeing of the organization. A petition must contain the verified signatures of at least 300 active members, indicating their complete addresses. The matter may be taken up by the Board for consideration and action. If the Board chooses not to consider the petition, then the petitioners may present an appeal to the Chairman of the Board for automatic consideration at the next convention. Members assembled in convention must vote by simple majority to present the petition to the entire membership for a final vote. If presentation of the petition passes, then a ballot shall be drafted and sent to all members. Ballots must be returned within 40 days of being sent. A 2/3rds majority of returned ballots shall be necessary for passage.

Section D - Notice. Notice of the convention and major topics to be covered shall be published in the official publication of the League at least ninety (90) days prior to the opening of the convention, provided that any additional notice required by Missouri law shall also be provided.
Section E - Robert’s Rules of Order. All other matters of convention procedure shall be governed by Robert’s Rules of Order to the extent that they do not conflict with the Articles of Incorporation and Bylaws of the League. The Chairman of the Board may appoint a parliamentarian from the membership to serve for the convention.

Section F - Quorum. A quorum with respect to any matter shall constitute a majority of the members present in person at a convention or of those casting a ballot on such matter.

ARTICLE V - Miscellaneous

Section A - General Offices. The League shall maintain general offices or headquarters in St. Louis, Missouri, for the purpose of conducting its business.

Section B - Official Publication. The official publication of the League shall be The Lutheran Layman. All members of the League shall be entitled to receive the official publication.

Section C - Official Emblem. The emblem of the League shall be as follows: there shall be a field on which appears the initials “LLL.” The center “L” shall be larger and colored red with a gold border. The other two “L”s shall be smaller and colored red. The field of white shall be enclosed by a circle of blue bordered on the inside and outside by circles of gold. There shall appear in the blue circle the words “International Lutheran Laymen’s League” in gold lettering.

Section D - Resignation. Any individuals serving on the Board may resign by giving notice in writing to the Chairman, or in case of the resignation of the Chairman, to the Secretary.

Section E - Removal from Office. The members may remove any officer at any time whenever in its judgment the best interests of the League will be served thereby. The members may remove one or more directors or officers elected by them by mail-in ballot in accordance with Article III, Section F of these Bylaws and Section 355.266 of the Revised Statutes of Missouri. A director elected by the Board may be removed whenever in its judgment the best interests of the League will be served thereby by the vote of two-thirds of the directors then in office, however, a director elected by the Board to fill the vacancy of a director elected by the members, may be removed without cause by the members, but not the Board.

Section F - Proxy Vote Prohibited. Proxy votes shall not be recognized at any assemblies of the League, including conventions, conferences, and meetings of the Board and committees.

Section G - Indemnification. Each member on the Board and each member of a committee appointed by the Board, and every member of management staff shall be indemnified by the League against liabilities asserted against him and expense reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his having been a member of the Board or one of its committees or on its staff (whether or not he is a member of the Board or one of its committees, or the staff at the time any such liability is asserted or expense incurred), except in relation to matters as to which he shall be finally adjudged in such action, suit or proceedings to be liable for gross negligence or misconduct in the performance of his duties. The foregoing right of indemnification shall include any action, suit, or proceeding which may be settled or compromised prior to final judgment.

ARTICLE VI – Amendments

Proposed amendments to these Bylaws shall be published in an issue of the official publication of the League preceding the balloting. Amendments to these Bylaws shall be adopted by a two-thirds majority of all ballots received from members of the League.