

International Lutheran Laymen's League

Governance Manual

Approved January 2026

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

Approved at 2012 Convention

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 V – 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

Approved in 2024 Elections

ARTICLE I – Membership

Section A-Role of Members. Members of the International Lutheran Laymen's League ("the Organization") actively use their God-given time, talent, and treasure to serve as partners in the Organization's global mission.

Section B-Qualification. Membership in the Organization shall be maintained by voluntary annual contributions. A minimum contribution may be set by the Board of Directors ("the Board") in Policy and may be reviewed on occasion.

Any member of the Organization who is also a communicant member of any congregation that is either a member of the LCMS or a member of LCC shall be eligible for voting membership in the Organization.

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 for a vote to those members who are at the time registered to vote in accordance with these Bylaws.

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

Section C— The Board shall select an individual who, under its supervision and direction, shall carry on the general affairs of the Organization. This individual shall hold the title of "President & CEO" (or such other title as is designated in Board Policy), and shall be a member of the staff of the Organization. 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 President & CEO shall make an annual report and periodic reports to the Board concerning the operations of the Organization. He or she shall comply with all orders from the Board. All employees shall report and be responsible to the President & CEO. He or she shall perform such other duties as may be determined from time to time by the Board.

Section D— **Affiliated groups**, such as LLL Districts, Zones, and other potential formations, may be established by the Board in order to meet the goals of the Organization. In such cases, all operational documents for these groups must be in harmony with the purposes and objectives of the Organization as set forth in the Articles of Incorporation and Bylaws of the Organization and are subject to approval by the Board or its legal designee. The programs and activities of these groups shall in all

respects be in harmony with the purposes and objectives of the Organization. Groups may be further defined and delineated in Policy and may be covered in the Organization's I.R.S. group exemption in the future at the Board's discretion.

ARTICLE III – Board Composition and Functions

Section A—Board of Directors. All corporate powers of the Organization shall be exercised by or under the authority of, and the affairs of the Organization managed under the direction of, its Board of Directors.

Section B—Board Composition. The Board is made up of not less than thirteen (13) nor more than fifteen (15) individuals. A Pastoral Advisor who is an ordained clergyman in good standing with the LCMS or LCC and a member of the Organization shall be appointed by the Board to serve as the spiritual leader of the Board and as a non-voting member. The President & CEO 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.

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 Board members present at a meeting shall be necessary for the taking of any action. 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 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. Policies are to advance the function of the Organization and its Lutheran Hour Ministries.

Section E— Committees. The Board shall form three standing committees: the Executive Committee; the Audit Committee; and the Nominations Committee. Other committees may be formed by the Board with specific authority and function defined in Board Policy. All committees report to the Board.

1. The Executive Committee shall exercise the authority of the Board as needed between official meetings. The Executive Committee shall consist of the Chairman, who will be the Chair of the Committee; the Vice-Chairman; the Secretary; and the Treasurer. The President & CEO will be a non-voting member. The Executive Committee may exercise other authorities or responsibilities as indicated in Board Policy.

2. The Audit Committee shall assist the Board in fulfilling its fiduciary oversight responsibilities, relative to the annual audit of the Organization. The Audit Committee may exercise authorities and responsibilities as indicated in Board

Policy.

3. The Nominations Committee shall prepare and present a slate of Board candidates to the Board for their final approval. The Nominations Committee will establish procedures for nomination by petition of members for candidates for election to the Board of Directors, such procedures to be approved by the Board. The Nominations Committee may exercise authorities and responsibilities as indicated in Board Policy.

Section F— Elections and Appointments

1. **Voting -** Eligible members of the Organization shall have authority to vote for the election of thirteen (13) Directors, and to vote on any proposal submitted to the membership. In order to be eligible to vote, a member must register to vote with the Organization corporate office during the year of the election pursuant to the procedures set forth in Board Policy, and must comply with the balloting and voting procedures set forth in Board Policy. Official ballots shall be sent to members who are registered to vote 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. **Appointed Directors -** The Board shall at all times have the authority to appoint up to two (2) individuals to serve on the Board, whose eligibility and service shall be consistent with the spirit and intent of these Bylaws.

3. **Procedures and Terms of Office**
   i. **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 Board Members shall be three years, and an individual may run for consecutive re-election twice.
   ii. **Additional Standards -** After one or more intervening years off the Board, a candidate may be eligible for election to the Board for additional terms as provided in Article III, Section F, 3. i. of these Bylaws. In the case of any person appointed by the Board to fill a vacancy, the partial term will not count towards the term limit. Each term of office shall commence with the first Board meeting following the election, such that the term of office for departing Board members shall conclude immediately prior to the commencement of such Board meeting. To the extent an amendment to these Bylaws changes the length of time for any term of office, the Board shall, in Policy, decide at what point in time such change becomes effective, whether during an existing term of office or once the existing term of office expires or becomes vacant.
   iii. **Vacancies** –Any vacancy occurring in the Board for any reason may be filled by the affirmative vote of a majority of the remaining Directors then in office; provided however, that should a vacancy result in there being less than thirteen (13) Directors, then the Board shall use its reasonable efforts in filling

such a vacancy as soon as practicable under the circumstances, and furthermore, such a temporary vacancy shall not affect the validity of any action taken by the Board, even though it be composed of less than thirteen (13) individuals. A Director elected to fill a vacancy shall be elected for the unexpired term of that Director's predecessor and until that Director's successor is elected and qualified or until that Director's earlier death, resignation, or removal.

Section G— Officers. The Board of Directors shall elect the officers of the Organization. Such election shall take place at a duly called and convened meeting of the Board of Directors. The officers of the Organization shall be a Chairman, a Vice Chairman, a Secretary, and a Treasurer, who are members of the Board of Directors, and whose duties and responsibilities shall be set forth in Board Policy. No person may simultaneously hold more than one office at a time. In case any office of the Organization becomes vacant for any reason, the majority of the Directors then in office may elect a member of the Board to fill such vacancy, and the officer so elected shall hold office and serve until the election of a successor. Each elected officer shall serve a term of one year or until the officer's successor shall be elected and qualified.

ARTICLE IV – Conventions and Conferences

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

Section B - Petition and Appeal. Members of the Organization may bring forth a formal petition to the Board at any time, requesting consideration of an important matter for the well-being of the organization. A petition must contain the verified signatures of at least 300 active members, indicating their complete addresses. The matter must be taken up by the Board for consideration and action.

Section C - Notice. Notice of the convention and major topics to be covered shall be published in the official publication of the Organization 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 D - 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 Organization. The Chairman of the Board may appoint a parliamentarian from the membership to serve for the convention.

ARTICLE V – Miscellaneous

Section A - 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 B - Removal from Office. The members may remove one or more directors 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 Organization will be served thereby by the vote of two-thirds of the directors then in office.

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

Section D - 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 Organization against liabilities asserted against that individual and expense reasonably incurred by the individual in connection with any action, suit or proceeding to which that individual may be made a party by reason of having been a member of the Board or one of its committees or on its staff (whether or not that individual 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 that individual shall be finally adjudged in such action, suit or proceedings to be liable for gross negligence or misconduct in the performance of 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 Organization preceding the balloting. Amendments to these Bylaws shall be adopted by a two- thirds majority of all ballots received from members of the Organization.

ENDS POLICIES

Ends are policies about the purpose of an organization, why it exists, rather than what it does, or how it does things. Ends statements are about one or more of these three things (and ONLY these three): 1. who the beneficiaries are; 2. the benefit to the beneficiary as a result of the organization's work; and 3. the relative cost to produce those benefits.

1.0 Global Ends Policy

1.1 Our ministry exists so that every person has the opportunity to hear the Gospel in an understandable way at a cost which maximizes efficiency of impact.

1.2 Our ministry exists so that those seeking are connected to a healthy Christian community where they can grow in their faith at a cost justified by the results.

1.3 Our ministry exists so that every Christian is equipped to share the Gospel in word and deed at a cost which maximizes efficiency of impact.

1.4 Our ministry exists so that engaged Christians advance this common mission as a global community at a cost that allows us to maintain a competitive advantage.

GOVERNANCE PROCESS

Governance Process policies describe the standards of behavior for individual Board members and the Board as a group. These policies describe the way the Board operates. They clarify the governing style of the Board, Chairman's role, Board member conduct, Board member responsibilities, and the use of committees. If any Board process issue arises that is not specified by these policies, the Chairman should guide Board process. The Board represents and serves the members of the organization.

2.0 Global Governance Process Policy

The purpose of the Board is to see to it that Lutheran Hour Ministries (a) achieves appropriate results for appropriate persons for an appropriate cost (as specified in the Ends policies) and (b) avoids unacceptable actions and situations (as prohibited in Executive Limitations policies).

2.1 Board Governance Approach

The Board will govern lawfully, observing the principles of the Policy Governance model, with an emphasis on (a) outward vision rather than internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of Board and chief executive roles, (e) collective rather than individual decisions, (f) future rather than past or present, and (g) proactivity rather than reactivity.

2.1.1 The Board will govern using written policies. The Board will maintain four types of policies: Ends Policies, Executive Limitations, Board-CEO Relationship, and Governance Process. Any Board member or committee can request a review of any policy.

2.1.2 The Board will annually review the Articles of Incorporation and Bylaws and bring any proposed amendments to the membership through the annual elections process.

2.1.3 The Board will appoint a Board member to serve as the "Director's Trustee" for representation on the Lutheran Hour Ministries Foundation Board of Trustees.

2.1.4 The Board will exercise particular concern for the spiritual, physical, and fiscal welfare of the CEO.

2.1.5 All Board members will serve as voting members of the organizational subcorporations.

2.1.6 All Board members will serve as voting members of the Lutheran Hour Ministries Foundation.

2.1.7 The Board speaks with one voice. This means that after a Board vote, all Board members will support the decision publicly.

2.2 Board Member Installation

The Board emphasizes that service on the Board is a significant ministry, therefore all newly elected and appointed Board members and a newly hired CEO will be officially installed by the Pastoral Advisor or his designee at the earliest opportunity.

2.3 Responsibilities of Board Members

The overall responsibility of the Board is to provide a strong, powerful, ethical, and spiritual pursuit of the organization's mission.

2.3.1 All Board members should be financially invested in the organization and use personal networks to introduce potential new major donors to the organization.

2.3.2 All Board members will be well-prepared for and fully engaged in Board meetings.

2.3.3 All Board members are expected to attend all meetings. In the case that a Board member is unable to attend a meeting, the Board member should inform the Chairman in advance.

2.3.4 Board members will refer all requests to bring greetings or address organizations to the CEO, who will determine representation.

2.3.5 Board members will relate to one another with integrity, honesty, straightforwardness, kindness, and love.

2.3.6 Board members will keep all Board deliberations confidential unless given permission by the Board.

2.4 Role of Chairman

The Chairman ensures the integrity of the Board's process and effectiveness of its meetings.

2.4.1 The Chairman will consult with the CEO to ensure that all matters of information and business are included in the agenda for Board meetings, however the responsibility for the final agendas is fully the responsibility of the Chairman.

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

- content of meeting discussions 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; and
- deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.

2.4.3 The Chairman will initiate counsel with any Board member who violates policy or is disruptive.

2.4.4 The Chairman will make decisions about the meeting process and take appropriate actions to assure the effectiveness of the meeting.

2.4.5 The Chairman will serve as a voting member of all committees.

2.4.6 The Chairman will be a Trustee of the Lutheran Hour Ministries Foundation and a member of its Executive Committee.

2.5 Role of Vice Chairman

The Vice Chairman serves in the absence of the Chairman. The Vice Chairman will initiate counsel with the other officers of the Board should the Chairman violate policy.

2.6 Role of Secretary

The Secretary ensures the integrity of the Board's documents.

2.6.1 The Secretary will maintain the minutes of all meetings of the Board and see to it that copies of all such minutes are kept on file by the organization.

2.6.2 The Secretary will conduct all official correspondence of the Board.

2.6.3 The Secretary will execute documents as authorized by the Board on behalf of the organization.

2.7 Role of Treasurer

The Treasurer ensures the integrity of the financial reporting and ensures that all Board members understand the financial condition of the organization.

2.7.1 The Treasurer will serve as a signatory on the organization's check writing account.

2.7.2 The Treasurer will serve as the Chair of the Budget and Finance Committee.

2.8 Role of Pastoral Advisor

The Pastoral Advisor offers a pastoral perspective in Board deliberations. This position is filled by the Chairman bringing a name to the Board for appointment. The term of office of the Pastoral Advisor will be the same as that of Board members.

2.9 Code of Conduct

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

2.9.1 All Board members will annually sign the Code of Ethics and Conflict of Interest statement.

2.9.2 In the case of a conflict of interest, a Board member may recuse herself or himself from the Board session or may be excused from the session by the Board with a 2/3 vote of the Board, not including the member in question.

2.10 Board Committees

The Board has three standing committees, as defined in the Bylaws, and four ad-hoc committees. Additional ad-hoc committees can be appointed as needed. Committees will be assigned to reinforce the wholeness of the Board's job and so as never to interfere with delegation from the Board to the CEO. All committee chairs report to the Board as a whole. Committees must keep minutes and submit them to the Secretary for the official Board records. Annually, the Chairman will recommend the names of the Committee Chairs and the members of each committee to the Board for their approval. The CEO will be a non-voting member of all Board committees.

By-Laws Designated Committees

2.10.1 Executive Committee: The purpose of the Executive Committee is to exercise the authority of the Board as needed between official meetings and fulfill all responsibilities listed in the Bylaws, Article III, Section E, paragraph 1. The Executive Committee will consist of the Chairman, who will be the Chair of the Committee; the Vice-Chairman; the Secretary; and the Treasurer.

2.10.2 Audit Committee: The purpose of the Audit Committee is to ensure the completeness and accuracy of the financial records in accordance with Generally Accepted Accounting Principles (GAAP) and fulfill all responsibilities listed in the Bylaws, Article III, Section E, paragraph 2. The committee evaluates and accepts the annual audited financial statements by external independent auditors on behalf of the Board, and reports the same to the Board. The Audit Committee coordinates with staff on organizational risk assessment and management to confirm compliance with 4.0 Global Executive Limitations Policy.

2.10.3 Nominations Committee: The purpose of the Nominations Committee is to deliver a recommended slate of candidates for open Board positions to the Board following the procedures outlined in the Bylaws, Article III, Section E, paragraph 3 and to conduct the process of appointment of officers by the Board. Incumbent Board members who are up for re-election or re-appointment will not be eligible to serve on the Nominations Committee.

2.10.3.1 As the Nominations Committee builds a recommended slate of candidates for any open Board position, the following requirements will be in place:

- The candidates, if elected, will remove themselves from any other elected voting office with the Int'l LL or LLL Canada, any subsidiaries or controlled entities thereof, and any districts, zones or other divisions thereof.
- Candidates are not personally coed by the Int'l LL or LLL-Canada, any subsidiaries or controlled entities thereof, or any districts, zones, or other division thereof, and are not immediate family members of employed staff thereof.
- Candidates are not ordained clergy.

2.10.3.2 The Nominations Committee will verify the process and results of the annual election, accept the election results on behalf of the Board, and report the election results to the Board and membership.

2.10.3.3 The Nominations Committee will conduct the election of officers at the first board meeting after the election of board members. The committee will also conduct an election to fill any vacancy in an officer position.

2.10.3.4 The Nominations Committee evaluates gaps in the board composition, including the professional experience and skills of members, and proposes a slate of candidates to reflect those needs. When appropriate, the Committee may also recommend to the board appointment of additional members to fill any gaps identified.

2.10.3.5 When the number of board members falls below thirteen (13), the Nominations Committee will use reasonable efforts to recommend candidate(s) to fill any vacancy as soon as practicable.

Ad-hoc Committees

2.10.4 Budget and Finance Committee: The purpose of the Budget and Finance Committee is to recommend policies to safeguard the organization's assets, receive and evaluate an annual budget and quarterly financial reports from the CEO, and deliver a recommended budget annually to the Board for final approval.

2.10.5 Board Development Committee: The purpose of the Board Development Committee is to review Board policies and Articles of Incorporation and Bylaws, make recommendations to improve Board processes, and provide ongoing training for the Board. The committee will conduct an annual Board self-review and recommend areas for improvement.

2.10.6 Compensation and Evaluation Committee: The purpose of the Compensation and Evaluation Committee is to conduct the annual performance appraisal of the CEO and recommend the annual compensation and benefits package of the CEO for Board approval. In alignment with policy governance, the performance of the organization is identical to the performance of the CEO.

2.11 Hiring of CEO

In the case of a vacancy in the office of CEO, the Board will appoint a Search Committee.

In the case of a vacancy in the office of the CEO, either by resignation or other reason by Board decision, the Board may appoint an Interim CEO.

2.12 Called Workers

The Board will ensure that all Synodically rostered workers eligible for a Call will be issued non-tenured Calls.

2.12.1 The ministerial housing allowance for all ordained or commissioned ministers of the Gospel called or employed by Lutheran Hour Ministries will be 50% of their

compensation, unless specifically otherwise established by the Board. This will be reviewed and approved at the fall Board meeting for the forthcoming calendar year.

2.13 Board Meetings

The Board will conduct no less than four 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.

2.13.1 Notice of such meetings will be given at least ten days, but not more than sixty days, prior to the meeting. The meeting notice will state the time and place thereof and will 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. In the event that the required notice cannot be accomplished for any reason, a Waiver of Notice, passed by a vote of at least two-thirds of the Board members, may provide for the meeting to proceed and for business to be transacted. The Waiver of Notice will be signed by the Board members and included in the official minutes of the meeting.

2.13.2 Special Meetings: Special meetings of the Board may be called by the Chairman as needed. Notice of such meetings will be given as indicated above.

2.13.3 Typical Board Agenda: The Board agenda will consist of the following:

- Welcome
- Devotion
- Chairman’s Comments
- Consent Agenda (including approval of the agenda, minutes, and routine actions)
- Board Business
- Committee Reports
- CEO Report
- Executive Sessions
- Board Calendar Items
- Other Board Actions
- Board Self-Evaluation
- Adjournment

2.13.4 Consent Agenda: The Board will use a consent agenda for items requiring Board approval for which no discussion or changes are needed. A request by a single member of the Board automatically moves the item off the consent agenda. Items listed on the consent agenda will be declared approved by the Chairman after Board members have been given an opportunity to move an item off the consent agenda.

2.13.5 Only members of the Board, presenters, Synodical liaisons, and invited guests will be seated at the Board table. Only those non-members of the Board recognized by the Chairman will have speaking privileges.

2.14 Board Calendar

The Board activity calendar will be the following:

June	
July	Installation of Board Members Annual Meeting Appointment of Board Officers (Chairman, Vice Chairman, Secretary, and Treasurer) Review Board's Guiding Documents Appointment of Nominations Committee Gift Acceptance Policy
August	
September	Review and Approve Audit Report Report on Compliance with Policy 4.6.2
October	Visioning and Planning for Upcoming Annual Budget Review Employee Housing Allowances Compensation and Evaluation Committee, CEO performance and background work
November	
December	
January	Review of Policies Approve Candidate Nominees
February	
March	Finalize Election Ballot Annual Meeting of the Members
April	Adopt Annual Budget Report and acceptance of the Strategic Plan Board Annual Self-Evaluation Presentation of CEO succession plan in Executive Session
May	CEO Evaluation Election by Members

2.15 Cost of Governance

Because poor governance costs more than learning to govern well, the Board will invest in governance training and education. This includes educational experiences, consultants, and training resources.

2.16 Annual Meeting of the Members

All members of the Organization will be invited to an annual meeting to hear updates and a financial report, pursuant to Missouri law. This will constitute the convention indicated in Article VI of the Bylaws.

2.17 Annual Contribution

The annual contribution to the organization that is required of members by the Bylaws is demonstrated by a voluntary contribution given within the past eighteen months.

BOARD-CEO RELATIONSHIP

Board-CEO Relationship policies address how the Board and CEO relate to each other. In general, the Board speaks with one voice and all Board authority is delegated through the CEO. This means the CEO reports to the Board as a whole, not to individual Board members, officers of the organization, or Board committees. This also means the Board works only with the CEO and does not direct the work of staff.

3.0 Global Board-CEO Relationship Policy

The Board's sole official connection to the operational organization, its achievements, and conduct will be through a chief executive officer, titled President & CEO.

3.1 Unity of Control

Only officially passed motions of the Board are binding on the CEO.

3.1.1 Decisions or instructions of individual Board members, officers, or committees are not binding on the CEO except in rare instances when the Board has specifically authorized such exercises of authority.

3.1.2 In the case of Board members or committees requesting information or assistance without Board authorization, the CEO can refuse such requests that require, in the CEO's opinion, a material amount of staff time, funds, or are disruptive.

3.2 Accountability of the CEO

The CEO is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the CEO.

3.2.1 The Board will never give instructions to persons who report directly or indirectly to the CEO.

3.2.2 The Board will not evaluate, either formally or informally, any staff other than the CEO.

3.2.3 The Board will view CEO performance as identical to organizational performance so that organizational accomplishment of Board-stated Ends policies and avoidance of Board-proscribed means will be viewed as successful CEO performance.

3.3 Delegation to the CEO

The Board will instruct the CEO through written policies that prescribe the organizational Ends policies to be achieved and proscribe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.

3.3.1 The Board will develop policies instructing the CEO to achieve specific results, for specific recipients, at a specific cost. These policies will be developed systematically from the broadest, most general level to more defined levels and will

be called Ends policies. All issues that are not Ends issues are defined here as means issues.

3.3.2 The Board will develop policies that limit the latitude the CEO may exercise in choosing the organizational means. These limiting policies will describe those practices, activities, decisions, and circumstances that would be unacceptable to the Board even if they were to be effective. Policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies. The Board will never prescribe organizational means delegated to the CEO.

3.3.3 As long as the CEO uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and pursue all activities. Such decisions of the CEO will have full force and authority as if decided by the Board.

3.3.4 The Board may change its Ends and Executive Limitations policies, thereby shifting the boundary between Board and CEO domains. By doing so, the Board changes the latitude of choice given to the CEO. But as long as any particular delegation is in place, the Board will respect and support the CEO's choices.

3.4 Monitoring CEO Performance

Systematic and rigorous monitoring of CEO job performance will be solely against the only CEO expected job outputs: organizational accomplishments of Board policies on Ends and organizational operations within the boundaries established in Board policies on Executive Limitations.

3.4.1 Monitoring is simply to determine the degree to which broad policies are being met. Information that does not do this will not be considered to be monitoring information.

3.4.2 The Board will acquire monitoring information by internal report, in which the CEO discloses interpretations and compliance information to the Board, by external report, in which a disinterested third party is selected by the Board to assess compliance, or by direct Board inspection, in which designated members of the Board assess compliance with appropriate policy criteria.

3.4.3 In every case, the Board will judge the reasonableness of the CEO's interpretation and whether data demonstrate accomplishment of the interpretation.

3.4.4 The standard of compliance will be any reasonable CEO interpretation of the Board policy being monitored. The Board is the final arbiter of reasonableness, but will always judge with a reasonable person test rather than within interpretation favored by Board members or by the Board as a whole.

3.4.5 All policies that instruct the CEO will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule:

Policy	Method	Frequency
Ministry Results	Internal	Quarterly
Constituency Satisfaction	Internal	Annually
Financial Planning	Internal	Annually
Financial Condition	Internal	Monthly
Financial Audit	External	Annually
Treatment of Staff	Internal	Annually
Compensation and Benefits	Internal External	Annually Every three years
CEO Succession Plan	Internal	Annually

3.4.6 For the purposes of Board monitoring and organizational learning, Board members may join the CEO on one of his monitoring trips to an international ministry field each year. They will report back to the Board on their experience and findings. Expenses for the Board members are covered by the ministry. If appropriate, the spouses of the Board members may participate in the trip at their own expense. New Board members are encouraged to participate in a monitoring trip during their first term as they are able. The CEO will also provide an annual virtual monitoring trip for the purposes of Board education.

3.5 Exceeding Executive Limitations

The CEO will monitor, inform, correct, and develop preventative systems for exceeding limitations. In the event that an Executive Limitation is exceeded, the CEO will give notice to the Board in a timely fashion. The CEO will report action taken or a plan for correction. The Board will review any Executive Limitation policy that has been exceeded for its soundness as a test of ethical and prudent behavior.

EXECUTIVE LIMITATIONS

Executive Limitations policies address staff means—what the CEO and staff may and may not do. They define the out-of-bounds lines. These policies communicate what behaviors, methods, and practices are acceptable and not acceptable. Unless restricted by the policies, all other reasonable actions are considered acceptable. This approach empowers the staff from needing to delay action until the Board can approve each new initiative. It also allows the Board to responsibly minimize involvement in the details of day-to-day operations. These policies are addressed to the CEO rather than the entire staff. The CEO is held accountable that all staff actions fall within the boundaries established by these policies.

4.0 Global Executive Limitations Policy

The CEO will not cause or allow any organizational practice, activity, decision, or circumstance that is either unlawful, imprudent, or inconsistent with commonly accepted Christian, business, and professional ethics and practices.

4.1 Ministry Guidelines

The CEO will not fail to operate the organization without consideration of ministry best practices and the highest standards of missiological practice.

4.1.1 The CEO will not endanger the organization's public image or credibility, particularly in ways that would hinder the accomplishment of its mission.

4.2 Strategic Planning

The CEO will not fail to operate without a multi-year strategic plan reported to and accepted by the Board.

4.3 Treatment of Staff

The CEO will not fail to have and enforce adequate personnel policies providing information on treatment of staff as well as outlining appropriate behavior of staff.

4.3.1 Employee Policies: The CEO will not operate without a written employee handbook, which includes an effective grievance procedure. The handbook will be initially reviewed by a human resource professional or legal counsel, reviewed internally or externally annually, and made readily accessible to the staff.

4.3.2 Whistleblower Policy: The CEO will not fail to implement and communicate to all staff a Whistleblower Policy to report to appropriate higher authority within the organization any illegal or unethical conduct within the organization.

4.3.3 Performance Reviews: The CEO will not fail to ensure that all full-time employees receive a performance review at least annually.

4.3.4 Conflict of Interest: The CEO will not fail to establish a written Conflict of Interest Policy for the staff.

4.4 Compensation and Benefits

With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the CEO will not cause or allow jeopardy to financial

integrity or to the public image of the organization. The CEO will not fail to review policies related to wages, salaries, employee benefits, and working conditions.

4.4.1 CEO Compensation: The CEO will not change his or her own compensation and benefits from the amount and types as determined by the Board.

4.4.2 Honorariums: The CEO will not fail to have detailed policies regarding the acceptance of honorariums and personal gifts by staff.

4.5 Financial Planning/Budgeting

The CEO will not fail to develop an annual budget for consideration and approval by the Board. The CEO will not cause or allow financial planning for any fiscal year or remaining part of any fiscal year to deviate materially from the Board's Ends Policies (replacing priorities) or risk financial jeopardy to the organization.

4.5.1 The CEO will not allow expenditure variance that exceeds 2.5% of the actual operating expense net of gifts in-kind.

4.5.2 The CEO will not fail to provide monthly financial reports to the Board.

4.6 Reimbursements

The CEO will not fail to abide by organizational guidelines for business expense reimbursement.

4.6.1 The Board wants to affirm Christian family oriented attitudes, values, and lifestyles through the inclusion of the CEO's spouse in business travel and events. These expenses, deemed by the CEO as fulfilling a bona fide business purpose, shall be reimbursed. Annually, spousal international trips are limited to one and domestic trips are limited to two, unless otherwise approved by the Board. These expenses are not considered taxable income.

4.6.2 The CEO will not fail to ask the CFO to provide a written report to the Chair of the Audit Committee annually regarding CEO travel and reimbursement compliance with policy.

4.7 Financial Condition

The CEO will not cause or allow the development of financial jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.

4.7.1 The CEO will not allow the organization to carry short-term debt for longer than twelve consecutive months without Board approval.

4.7.2 The CEO will not allow any short-term financial cash management that puts the assets of the organization at unnecessary risk. The CEO will not fail to use the Lutheran Hour Ministries Foundation for all long-term investments.

4.7.3 In reporting financial activities and position, the CEO will not allow deviation from generally accepted accounting principles (GAAP).

4.7.4 The CEO will not fail to maintain adequate liquidity to maintain operations. The CEO will not fail to build and maintain an operating reserve equal to 25% of the

previous twelve months actual ministries operating expense net of gifts in-kind. This equates to three average months of reserve.

4.7.5 The CEO will not fail to report financial and donor KPI (key performance indicator) data quarterly and industry benchmark comparison data annually.

4.7.6 The CEO will not fail to advise the board, at least annually, regarding the achievement of the cost component of each Ends Policy.

4.8 Asset Protection

The CEO will not cause or allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.

4.8.1 The CEO will not fail to maintain property, casualty, and theft insurance to at least 80% replacement value of organizational property and will 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.

4.8.2 The CEO will not subject the offices, grounds, and equipment to improper wear and tear or insufficient maintenance.

4.8.3 The CEO will not fail to protect intellectual property, information, and files from loss or significant damage.

4.8.4 The CEO will not fail to operate without a crisis management plan.

4.8.5 The CEO will not allow more than two of the organization's top executives to travel on the same aircraft, or for long-distance travel via other means.

4.9 CEO Succession

To protect the organization, the CEO will not fail to plan for effective emergency and long term succession planning.

4.9.1 The CEO will not fail to identify to the Board on an annual basis and to prepare one or more internal executives to take over as a temporary or interim CEO should such an unforeseen situation arise.

4.9.2 The CEO will not fail to create a development plan for one or more internal executives as part of the organization's long term CEO succession planning process. Said development plan(s) including the identified executive(s) will be shared with and reported on to the Board on an annual basis.

4.10 Communication and Support to the Board

The CEO will not cause or allow the Board to be uninformed or unsupported in its work.

4.10.1 The CEO will not fail to provide Board-specified reports at least two weeks prior to the scheduled Board meetings.

4.10.2 The CEO will not allow the Board to be unaware of relevant trends or threats that impact organizational ends, anticipated adverse media coverage, and potential lawsuits against the organization.

4.11 Gifts and Bequests

The CEO will not fail to operate without a gift acceptance policy. The CEO will not allow the organization to accept gifts and bequests that are overly restrictive or counterproductive to organizational Ends policies.

APPENDICES

Appendix A – Definitions
Appendix B – Organizational Subcorporations
Appendix C – Code of Ethics & Conflict of Interest Policy
Appendix D – Executive Committee
Appendix E – Board Development Committee
Appendix F – Audit Committee
Appendix G – Budget and Finance Committee
Appendix H – Compensation and Evaluation Committee
Appendix I – Nominations Committee
Appendix J – Election Committee
Appendix K – Board Expense Reimbursement Guidelines

Appendix A – Definitions

This appendix clarifies the usage of terms specific to this governance manual. This appendix is the responsibility of the Board Development Committee, which should send all updated versions to the Secretary.

Annual Budget – 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.

Appoint – Refers to action of the Board or its officers as stipulated in this manual.

Board – Board of Directors of the Int'l LLL.

Chair – The Chair of a Board Committee.

Chairman – The Chairman of the Board.

CEO – The chief executive officer of Lutheran Hour Ministries, responsible for the day-to-day management, operation, and oversight of the organization. This position currently carries the title "President & CEO," but is abbreviated in this manual as "CEO."

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.

Elect/Election – Refers to action by the Members of Int'l LLL.

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

Vice Chairman – The Vice Chairman of the Board.

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.

Appendix B – Organizational Subcorporations

This appendix outlines the separate corporations that are owned and operated by the Int'l LLL. This appendix is the responsibility of the Board.

The Int'l LLL wholly owns and operates the following separate corporations for business and operational purposes.

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.

The Hopeful Neighborhood Project, LLC
Incorporated so that the Hopeful Neighborhood Project program can function in environments where the "Lutheran" or even "Christian" name may be a barrier, although those programs are consistent with Lutheran doctrine.

Appendix C – Code of Ethics and Conflict of Interest Policy

This appendix contains the Code of Ethics and Conflict of Interest statements with which Board members agree to comply. This appendix is the responsibility of the Board. Updated July 23, 2010.

Code of Ethics

Approved by Board 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.)*

Conflict of Interest

Approved by Board October 21, 2016

The term "conflict of interest" describes any circumstance that would cast doubt on a director's, 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 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 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.

Every board member shall disclose to the Chairman of the Board of Directors and all officers and staff shall disclose to the President and CEO any potential conflicts of interest. The Chairman or President and CEO shall disclose personal potential conflicts of interest to the Board of Directors.

Such disclosures shall include board membership on, a substantial interest in, or employment of the individual or a relative by any organization doing business with the Int'l LLL.

Every board member, officer, and all staff of the Int'l LLL who receive honoraria or payments for any sales or services rendered to Int'l LLL shall disclose such information.

All such disclosures by directors or officers shall be reported to the Board of Directors to determine by a vote of its remaining impartial members whether an inappropriate interest exists, and such vote shall be recorded in its official minutes. In the case of staff, all such disclosures shall be reported to the President and CEO of the Int'l LLL to determine whether an inappropriate interest exists.

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 – Executive Committee

This appendix outlines the processes by which the Executive Committee fulfills the responsibilities that are assigned to it. The committee is responsible for this appendix and should send all updated versions to the Secretary.

Per Bylaws, the Executive Committee:

- Is composed of four voting members (the Board Chair, Vice Chair, Secretary, and Treasurer) and one non-voting member (the CEO).
- Has the authority to act on behalf of the Board between Board meetings.

In addition to those responsibilities outlined above, the Executive Committee:

- Reviews the agenda for any upcoming Board meetings with the Board Chair and CEO.
- Provides consultation and feedback to the Board Chair and CEO on issues of importance that arise between meetings or that will be addressed at upcoming meetings.

Appendix E – Board Development Committee

This appendix outlines the processes by which the Board Development Committee fulfills the responsibilities that are assigned to it. The committee is responsible for this appendix and should send all updated versions to the Secretary.

Committee Responsibilities

The committee is responsible for the evaluation of the Board of Directors.

On an annual basis, the committee will do the following:

- Identify the orientation and training needs of the Board and ensure that such training, education, and team-building are provided.
- Review Board policies to recommend additions, changes, and/or new policies necessary to facilitate effective governance of the organization.
- Conduct an ongoing review and evaluation of the Board's activities and recommend methods of enhancing the quality and effectiveness of the Board.
- Direct the Board's performance review and self-assessment.

Board Training and Self-Review

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

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

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

The Board will develop and implement its own evaluation and self-review process that will be carried out by the Board Development Committee. The annual self-review of the Board will focus on the following:

- The Board's openness and communication among fellow Board members.
- The Board's openness and communication with the CEO.
- The Board's ability and skill in developing and monitoring policy.
- The Board's corporate and individual adherence to the Responsibilities of Board Members (4.3).
- The Board's adherence to its Board Governance Approach (4.1).
- The Board's adherence to policy.

Competencies of the Board

The Board requires overall competency in the areas of expertise that follow. Board members are accountable to the membership of the organization 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 Ends policies for the organization. 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 CEO, so that the organization meets its goals and commitments. Strategic thinking must be an essential part of regular Board work.

Teamwork
Board 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
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 Budget that is linked to strategic planning. Board members must be willing to make personal contributions and extend themselves, when necessary, for special campaigns. Board 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
In order to fulfill the organization's Ends policies, the Board and CEO must communicate openly, clearly, and honestly with one another. Information presented by both sides must be accurate, relevant, and timely. This includes, but is not limited to, finances, operations, and results.

Leadership

The Board is the governing body of the organization and will establish policies to govern the organization effectively. Board members should be competent at developing and monitoring policies.

Vision
Foresight, imagination, and vision 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 F – Audit Committee

This appendix outlines the processes by which the Audit Committee fulfills the responsibilities that are assigned to it. The committee is responsible for this appendix and should send all updated versions to the Secretary.

Committee Responsibilities

The committee recommends to the full Board the selection and approval of the independent auditor; reviews the arrangements for, and scope of, the audit; and ensures the completeness and accuracy of the financial records in accordance with Generally Accepted Accounting Principles (GAAP).

The committee reviews the audited financial statements and considers 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 evaluates and accepts the annual audited financial statements by external independent auditors, and reports the same to the Board.

The committee discusses matters that are of concern to the committee, the auditor, and/or staff relating to legal or ethical concerns, the organization's financial statements, or other results of the audit.

The committee reviews any non-audit services provided by auditors as part of independent evaluation.

The committee considers the audit committee's function, if any, pertaining to oversight of policies/procedures associated with corporate compliance and conflict of interest.

In reviewing the independent annual audit, the committee ensures that:

- internal accounting procedures and controls are appropriate;
- the CEO's implementation of corrective action plans in response to internal control issues, comments, and noted deficiencies is acceptable;
- procedures for confidential, anonymous submission of employee concerns regarding questionable accounting or auditing matters are in place;
- financial internal controls and risk management systems, including information technology security, and control are adequate; and
- processes in place comply with federal and state laws and regulations, and conform to organizational policies and procedures.

Appendix G – Budget and Finance Committee

This appendix outlines the processes by which the Budget and Finance Committee fulfills the responsibilities that are assigned to it. The committee is responsible for this appendix and should send all updated versions to the Secretary.

Committee Responsibilities

The committee develops and recommends policies and accountability procedures to the Board to safeguard the organization's assets.

The committee reviews quarterly financial reports from the CEO and advises the Board regarding the financial condition of the ministry.

The committee ensures that the annual budget is consistent with the Ends policies.

Appendix H – Compensation and Evaluation Committee

This appendix outlines the processes by which the Compensation and Evaluation Committee fulfills the responsibilities that are assigned to it. The committee is responsible for this appendix and should send all updated versions to the Secretary.

CEO Performance Review Form

Every board should provide performance feedback to their CEO. This is usually done through an annual review. Because the CEO is responsible for the organization as a whole, the personal performance of the CEO should be considered identical to the performance of the organization. In other words, if the organization is successfully achieving its goals then the CEO is also considered to be successful. If the organization is under-performing, so is the CEO.

In what areas or ways has the CEO excelled this year?

What unforeseen challenges has the CEO experienced this year?

What were the strategic goals or strategic initiatives for the organization this year and how well did the CEO do in accomplishing each?
5 = Exceeded goal
4 = Fully achieved goal
3 = Partially achieved goal
2 = Made a good effort
1 = Little or no effort

Strategic goal for the organization	Description of result	Rating

How well did the CEO do in making progress on the organizational ends as stated in our Ends policies?

Did the CEO exceed any of the Executive Limitations policies? If so, was the problem corrected or was the policy adjusted?

What is the CEO's plan for professional development experiences during the next 12 months?

Chief Executive Compensation Policy

Section 1. Process for Board Approval of Compensation

The President & CEO (the "CEO") of Lutheran Hour Ministries (the "Organization") is the principal representative of the Organization, and the person responsible for the efficient operation of the Organization. Therefore, it is the desire of the Nonprofit to provide a fair yet reasonable and not excessive compensation for the CEO. The annual process for determining compensation is as follows:

a) Annual evaluation
b) Use comparability data
c) Document the process

These elements are more fully discussed below.

Section 2. Evaluation

The Organization's Compensation & Evaluation Committee (the "Committee") shall annually evaluate the CEO on his/her performance, and ask for his/her input on matters of performance and compensation.

Section 3. Board Approval

The Committee will obtain research and information to make a recommendation to the full Board of Directors (the "Board") for the compensation (salary and benefits) of the CEO based on a review of comparability data. For example, the Compensation & Evaluation Committee will secure data that documents compensation levels and benefits for similarly qualified individuals in comparable positions at similar organizations. This data may include the following:

1. Salary and benefit compensation studies by independent sources (ie. Charity Navigator);
2. Written job offers for positions at similar organizations;
3. Documented telephone calls about similar positions at both nonprofit and for profit organizations; and
4. Information obtained from the IRS Form 990 filings of similar organizations.

Section 4. Concurrent Documentation

To approve the compensation for the CEO, the Board (through the Committee) must document how it reached its decisions, including the data on which it relied, in minutes of the Committee meeting during which the recommended compensation was approved. Documentation will include:

a) A description of the compensation and benefits and the date it was approved;
b) The members of the Committee who were present during the discussion about compensation and benefits, and the results of the vote;
c) A description of the comparability data relied upon and how the data was obtained; and
d) Any actions taken (such as abstaining from discussion and vote) with respect to consideration of the compensation by anyone who is otherwise a member of the Committee but who had a conflict of interest with respect to the decision on the compensation and benefits.

Appendix I –Nominations Committee

This appendix outlines the processes by which the Nominations Committee fulfills the responsibilities that are assigned to it. The committee is responsible for this appendix and should send all updated versions to the Secretary.

Committee Responsibilities

Sitting Board members who are up for the next election will not be appointed to serve on the Nominations Committee.

The committee will be assisted by appropriate staff members appointed by the CEO as non-voting members.

The committee should continually seek to identify, recruit, cultivate, and qualify men and women who may serve as Board members.

The committee will work to screen, select, and submit the best slate of potential candidates to the Board for approval.

The committee will maintain a list of people as nominees that it will cultivate and qualify for future service to the organization.

The committee is required to follow all Board-approved policies and specified criteria in seeking the best-qualified persons for the various positions within the organization.

Nominee Guidelines

In reviewing nominees, the committee will follow these current guidelines, and any others identified by the Board:

- The Board seeks diversity in skills, experiences, geography, ethnicity and gender of all nominees.
- The committee will take into consideration the current composition of the Board in determining its recommended slate.
- Candidates must:
    - meet the definition of “members” outlined in the Bylaws.
    - be at least eighteen years of age;
    - not be personally employed by the organization and may not be immediate family members of employed staff of the organization.
    - not be ordained clergy.
    - be good communicators.
    - be visionary.
    - effectively represent the concerns of the Membership.
    - be willing to remove themselves from any other elected, voting office in an LLL district or zone.
    - understand and support the basic concepts of policy governance;
    - be willing and able to support the strategic direction of the organization;
    - be willing and able to accept the Board Governance Approach and Responsibilities of Board members as delineated in Policies 4.1 and 4.3.

- In addition, candidates should:
    - regularly participate in the worship and educational life of their congregations.
    - undertake personal spiritual disciplines for the development of their own faith lives.

Nominations Procedure

The committee will solicit and receive the names of prospective candidates from the Board, any member of the organization, or any member of the LCMS or LCC and their partner churches. When calling for nominations, the committee will use the best available communications media to inform the membership of the organization, LCMS, LCC, and beyond, of responsibilities of the Board, the criteria for selection and nominating process. The committee will also make available a Nomination Form.

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

Nominations must be received by November 1 of each year. Upon receipt of a nomination through the organization's headquarters, the 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 guiding documents. This information must be returned by the date requested for a nominee to be considered. The committee will then use this information in an earnest effort to select the best-qualified nominees.

The committee will evaluate all information provided for each nominee, solicit additional information as necessary and develop a recommended slate of "qualified" candidates to fill the upcoming vacancies. There will be at least two more nominees than there are open positions.

At the first regular Board meeting that occurs after January 1st of each year, the committee will provide the Board with the recommended slate of nominees for approval by the full Board.

The committee will notify all candidates who will be on the ballot.

The slate of candidates will 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.
A petition candidate will be added to the slate of candidates provided the petition is delivered to the Chair of the 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.

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.

Election Timeline

September – The call for nominations is sent out through various LHM communications channels (The Lutheran Layman newspaper, Ministry Update e-newsletter, e-mail to LLL District Presidents & Ambassadors, etc.) as well as communications of partner organizations. Additional candidate information will be gathered by LHM staff for consideration by the Nominations Committee prior to its October and November committee meetings.

October – Paperwork is sent to current Board members who have expiring terms asking if they are interested in running again for the Board. Paperwork is e-mailed to other nominees as their names are submitted.

Mid-October - Nominations Committee will hold a conference call via phone to begin reviewing information and assessing skills, competencies and qualifications of candidates.

November 1 – Deadline for candidates to be nominated for the Board (LHM staff will verify eligibility and willingness to serve).

November – Nominations Committee will meet as necessary to conduct a final review of candidates and determine the slate to be presented to the entire Board in January.

January – All nominees are contacted by LHM staff to confirm that their circumstances have not changed and they are still willing to be considered for the ballot.

January Board Meeting – Nominations Committee submits the proposed slate of nominees to the Board for approval.

January – All nominees are notified by the Nominations Committee Chair as to whether their name will appear on the ballot.

March 2018 – List of candidates will be published in LHM's official publication, The Lutheran Layman newspaper.

April - May – Election takes place via online and mail-in balloting. (See Appendix K – Election Committee)

June 1 – Three-year term begins for newly-elected Board members.

Nominations Form

Name of Person being Nominated (Nominee) | *Phone*

Mailing Address | *E-mail Address*

I believe this person demonstrates the qualities suggested in "Responsibilities of Board Members" (Policy 4.3.1), "Competencies of the Board" (Appendix E), and "Nominee Guidelines" (Appendix J) 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 Address*

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

Please submit by November 1.

LHM Nominations for Officers of the Board

The Chair of the Nominations Committee will take responsibility for the process of nominations for board officers.

Nominations for all officer positions will be requested in advance of the first board meeting after the annual elections to the board (typically held in May of each year). The Nomination Chair will request that board members submit nominations, in writing, for the following positions:

Chairman
Vice Chairman
Secretary
Treasurer
Foundation Board Representative

Prior to the start of the first board meeting after the annual elections to the board (typically held in August), the Nominations Committee Chair will submit the list of nominees for Chairman to the Vice Chairman. The Vice Chairman will preside over the voting for Chairman, unless he is included in the list of nominees for Chairman, in which case the duty will fall to the Secretary.

The presider will:

1. Announce nominees submitted in advance,
2. Ask for nominations from the floor (which could likely include the unsuccessful candidates for higher level position(s), if not already nominated in advance),
3. Request that all candidates accept the nomination and be willing to serve (Candidates dealing nomination will be removed from consideration for that position.),
4. Conduct the vote by secret ballot (unless only one candidate is nominated, in which case a voice vote of acclamation may be entertained). Votes will be counted by staff.
5. Announce results of the vote (The position will be awarded to the candidate receiving a majority of the votes.),
6. If there are three or more nominees and no one achieves a majority, conduct a re-vote considering only the top two vote-getters. (Re-voting will be conducted until one candidate achieves a majority, at which time that candidate is appointed to the position.)

After a Chairman has been appointed, he will preside over the remaining votes, following the process 1 through 6 outlined above for each of the remaining positions.

Appendix J – Election Committee

This appendix outlines the processes by which the Election Committee fulfills the responsibilities that are assigned to it. The committee is responsible for this appendix and should send all updated versions to the Secretary.

Committee Responsibilities

The Secretary will serve as the Chair of the Election Committee. The Chairman will appoint two additional Board members who are not up for re-election and the CEO will appoint two staff members to serve on the committee. This committee will have the responsibility to go through the materials and reports submitted to LHM by the company selected to handle the voting. The committee will, on behalf of the Board, verify the results of the vote and move for acceptance of the results. The Chair of the committee will give the results in writing to the Chairman.

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

Election Process

The Int'l LLL will conduct an annual organization-wide election to elect Board members. All members of the organization will be notified of the election and eligible members as described in the bylaws will be entitled to vote for the members of the Board. The name, address and identification number of the member will be the means used to determine eligibility and verification of their ballot to the membership list of the organization. Each vote cast will be counted as one vote.
The slate of candidates will 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.
When presenting the slate of candidates to the Organization, the Nominations Committee will include the following:

- The list of criteria used to qualify candidates.
- Information regarding each candidate which addresses the qualifying criteria.
- Procedures for the election process.

The Membership will elect only individuals who have been deemed qualified by the Nominations Committee.
The votes for the election may be cast as follows:

- A paper or online ballot delivered to each registered voting Member based on his or her preferred voting method and then returned by the Member before the balloting deadline to the company selected by LHM to handle the voting.
- Other means in compliance with Missouri State Law which are determined by the Board and publicized to the Membership.

The election will be conducted each year, beginning on April 15th and concluding on May 15th.

Appendix K – Board Expense Reimbursement Guidelines

This appendix contains the guidelines which apply to the reimbursement of Board-related expenses. This appendix is the responsibility of the Board. Approved July 16, 2015.

1. Introduction

The guidelines stated in this document are applicable to all who travel for the Board. Reimbursement will be made for all scheduled Int'l LLL Board meetings. Any additional travel must be authorized in writing by the CEO prior to expenditures.

1.1 Approval Authority
The CEO will review submitted expenses for compliance with these guidelines and approve them on that basis. Approval indicates that the expenses are deemed to be within the reimbursement guidelines and the published U.S. IRS Mileage Rate.

The individual traveling is ultimately responsible for determining what is a necessary Int'l LLL business expense and what is in keeping with good stewardship practices. Board members are asked to make expense decisions that reflect good stewardship without putting unreasonable strain on their own time and/or health.

The following are not normally reimbursable:
- Optional Travel Insurance/Trip Protection
- Airline Travel Lounge Memberships
- Limousine Service

1.2 Expense Reimbursement Process
All expenses are to be submitted to LHM on the form provided by the office of the CEO. Receipts are required for each separate expense of $25 or more. Copies of receipts are acceptable, as long as they are legible and clearly unaltered. Expense forms and receipts may be submitted digitally or in hard copy.

Expenses must be submitted within 90 days following the conclusion of the trip.

1.3 Exceptions to Guidelines
Requests for exceptions to or interpretations of these guidelines should be submitted in writing to the office of the CEO prior to incurring the expense. In the event that the individual and the CEO should not reach an agreement about the approval of an exception, the situation will be directed to the Chairman for resolution.

1.4 Any expenses paid by LHM for the spouses of Board members is to be considered taxable income unless it has been deemed by the CEO as a bona fide business purpose.

2. Domestic Travel Guidelines (includes travel in the U.S. and Canada)

2.1 Air Travel

2.1.1. Ticket Purchases: Tickets should be the least expensive, reasonable coach accommodations available. When possible, tickets should be purchased at least three weeks in advance in order to avoid rate increases.

2.1.2. Points and Frequent Flyer Miles: Travelers are permitted to keep all frequent flyer bonuses earned while traveling on Int'l LLL business.

2.2. Automobile Travel

2.2.1. Personal Cars: Generally, automobile travel is not encouraged for destinations greater than 200 miles. Exceptions to this would include:

- Multiple reimbursable people will be traveling together.
- Driving will take time equal to or less than flying would.
- Extensive local business travel is required in the destination, and the cost of using one's personal car is less than the cost of airfare and car rental.

If none of the above exceptions qualify and the individual still chooses to drive, he or she will be reimbursed for mileage at the current IRS mileage rate. The maximum mileage reimbursement will be limited to the average airfare between the two destinations based upon prevailing advance purchase airfare rates. Lodging and meals will be reimbursed to the extent that they would be required if the individual traveled by air.

2.2.2. Personal Liability Coverage: Travelers using their personal cars on Board business are required to carry personal liability and property damage insurance coverage.

In the event that a car rental is preapproved by the CEO, LHM's NOHA coverage will be the primary insurance for the rental.

2.2.3. Ground Transportation in Destination: Travelers are expected to use the arranged ground transportation provided by LHM.

2.3. Lodging

Board members are expected to stay at the LHM designated hotel. Other accommodations will not be reimbursed.

2.4. Meals

If a reimbursed meal includes multiple diners, all diners' names should be indicated on the submitted receipt and/or expense form.

2.5. Alcohol

It is the general policy for LHM staff that under normal circumstances, alcohol is not reimbursed. It is understood that there are permissible exceptions to this policy, especially when hosting guests.

3. International Board Monitoring Trip Guidelines

For international Board monitoring trips, LHM staff will directly purchase all normally incurred expenses (including but not limited to airfare, lodging, meals, and visa fees) on

behalf of the Board members. Reimbursable expenses that LHM is not able to purchase on behalf of the traveler should be minimal but could include required immunizations and domestic travel expenses as outlined in Guideline 2.

Since LHM will pay directly for the majority of expenses related to international Board monitoring trips, additional major expenses should be preapproved by the & CEO.