1. **Background.** In early 2020, the Board of Administration (the “Board”) of Fountain of Life Evangelical Lutheran Church (‘FOL”) realized that the current governance structure was significantly challenged by the current condition of FOL and that structure may not be meeting the needs of the members of FOL (the “Members”). In May of 2020, the Board appointed a group of Members to serve as a Special Committee of FOL (the “Governance Committee”) to investigate the conditions of governance of FOL and pursue substantive improvements. The following Members serve on the Governance Committee: Jonathon Aguilar, Denise Allyn, Paul Buelow, Robert Lehnhardt, and Donna Maynard. Stephen Popelka and Ben Bauer assisted as additional resources to the Governance Committee. The Governance Committee initially met with Pastor Rachuy to obtain his perspective on the effectiveness of the current governance structure. That structure uses a “Pastor CEO” model calling for the Pastor to manage and oversee all Administrative and Ministerial functions of FOL. The structure was initially implemented many years ago when FOL had multiple Pastors and a much larger active membership. The Governance Committee quickly concluded that governance structure could not be effective under FOL’s current circumstances and did not afford adequate flexibility to serve FOL well. That structure required the Pastor to undertake responsibilities well beyond the scope of his call to the congregation. The Board attempted to follow a policy manual mostly proposed when the Pastor CEO model was initially implemented under the auspices of “Policy-Based Governance” that has found to be unworkable under FOL’s current conditions requiring far too many changes to make it useable under current conditions. The Governance Committee found there was a significant lack of consistency in the efforts of the Board as its make-up changed, causing the same issues to be addressed over and over without consistent treatment.
2. **Governance Goals.** The Committee found the assignment of administrative responsibilities to the Pastor who is at the same time charged with the exercise and oversight of ministry activities of FOL was creating voids in the effectiveness of certain efforts within FOL. The substance of the voids was generally found in the area of administrative functions and the interaction between the Board and those charged with administrative functions. However, the Committee also found the conditions were stretching the Pastor’s resources in a manner inconsistent with the primary function of FOL being ministry. In a sense, the consumption of effort within FOL was on administrative functions rather than ministry functions which would benefit going forward by enhanced commitment of resources and consistent oversight in a collective or constructive manner. The goal of Policy-Based Governance continues to be a fundamental tenant of the governance of FOL. The challenge is to empower those responsible for administrative effort with consistent policies and procedures known to all and overseen by the Board regularly rather than Board decision making every time issues arise. It was found the governance system was impairing the desire of Members to participate in governance due to conflict, repetition of effort and diversion of vision for the future. Enhanced vision and policy focus by the Board is a goal of the proposal of the Governance Committee while at the same time empowering administration through consistent procedures developed in a spirit of cooperation and success for all at FOL.

3. **Proposed Framework.** A graphical representation of the proposed framework of this “Governance Proposal” is as follows (the “Chart”):
The Voter’s Assembly is placed at the top of the Chart consistent with the existing Constitution and By-Laws of FOL. The Voter’s Assembly continues to elect Members to the Board reporting and responsible to the Members. All other functions ultimately report to the Board, subject to Synod doctrinal protections. The fundamental change is the separation between the business and ministry functions of FOL. This change is designed to allow the Pastor to focus on ministry functions and leadership while administrative functions afford streamlined executive decision making.

4. **Specific Functions.** The Chart identifies various persons or positions within the structure. The first level of the structure establishes a “Ministry Function” on the one hand and a “Business Function” on the other hand. These functions are to be complementary and supportive of the duties of one another while at all times keeping focus on the primary purpose of FOL as a single institution to pursue God’s direction as expressed in scripture as “The Great Commission” through fellowship, cooperation and continuous effort. Those functions are further summarized as follows:

4.1 **Ministry Team.** The Ministry Function is undertaken by a Ministry Team including the Pastor, a Ministry Team Leader and other specific categories for the implementation of the Ministry Function. The Ministry Team Leader will be charged with
oversight and implementation of certain elements of the Ministry Function in cooperation with the Pastor, giving more flexibility for the person who fills this role. This position is intended to go beyond the function of former “Pastoral Elders” to not merely address doctrinal and relationship issues but to implement and oversee implementation of the Ministry Function as a complement and support to the Pastor. This position may be filled by an individual who may or may not be a member of the Board, depending on the individual and the diversity needs of the Board from time to time. Both the Pastor and the Ministry Team Leader will have access to the Board for support and policy definition but will work together as a team, dividing up responsibilities as appropriate. In FOL’s current circumstances the Ministry Team Leader will be a volunteer within the congregation, but could later be filled by a called position (i.e. DCE or Associate Pastor). The Ministry Team will also include other Members to consist of other leaders of specific Ministry Functions within FOL. All Ministry Functions of FOL will work with the Ministry Team as component and coordinated functions for support and direction. The Congregational Elders are anticipated to continue as an important function of the Ministry Team.

4.2 Business Function. The Business Function is designed to follow industry standards under specific “Policies and Procedures” established from time to time. Since the commencement of the effort of the Governance Committee, FOL also has appointed a Special Committee – Finance (the “Finance Committee”) to address specific matters of a financial nature. The Finance Committee already has developed and the Board has implemented specific Policies and Procedures which address various issues of separation of duties and accountability processes between the Board and those assigned with responsibility for the Business Function. The Governance Proposal includes an Executive Committee, a subset of the Board, to have direct access to the business office and will be available to streamline decision making. Additional Policies and Procedures will be developed by the business office and Executive Committee to be approved by the Board to address a variety of ongoing Business Functions in writing so expectations are clear to afford accountability on performance. Qualities for service on the Board are to be defined to be more than Members with business skill to afford diversity such as skills of an Elder, and perhaps most importantly the ability to develop vision for FOL in cooperation with both the Business Function and the Ministry Function so a clear attitude and approach of
teamwork, cooperation and accountability will be fostered and will grow. The Board will be need to work with both the Business Function and Ministry Function as a single organization to pursue the goals of “The Great Commission.” The Business Function will need to be overseen to insure it provides sound support to facilitate the Ministry Function through sound and efficient execution of the Business Function. The Members of the Board will need to possess the qualities to match the function of the Board in both the Administrative Function and Ministry Function. Unity and success for FOL will be pursued.

5. Positions and Persons. The Chart outlines a variety of positions or persons to fulfill the Ministry Function and the Administrative Function of FOL. A summary of the primary positions follows to provide a clear understanding of the various roles:

5.1 Pastor. The position is to be the called and ordained leader of FOL. The ultimate leader of Ministry Function and Ministry Team acting in coordination with others responsible for implementation of ministry plan. Will provide support resources to all activities of FOL both as to the Ministry Function and Administrative Function.

Duties and Responsibilities:

- Administer to congregation the Word of God in its full truth and purity as contained in the Sacred Scriptures of the Old and New Testaments and as set forth in the confessional writing of the Evangelical Lutheran Church as found in the Book of Concord.
- Preaching and teaching Christ crucified and resurrected.
- Administer the holy sacraments in accordance with their divine institution.
- Demonstrate the mind and spirit of Christ in service to the Members and equip them for Christ’s mission to seek and save the lost.
- Equip and enable Members to serve one another and those outside the fellowship of FOL reaching out to the community to spread the gospel and promote youth outreach and retention.
- Perform the functions of Pastor in an evangelical manner aiding, counseling, training and guiding Members of all ages and social conditions, visiting the sick and the dying, bring the lost to Christ, support the Members in their effort to extend evangelical ministry, stewardship and Christian education to others.
• Pursue innovative worship to meet the needs of the current and next generation while guarding and faithfully promoting the spiritual welfare of the Members with particular emphasis to see to the instruction of catechumens, both children and adults, in the Word preparing them for active communicant membership in and service to FOL.

• Facilitate the application of the divinely ordained discipline of worship, conflict resolution and reconciliation all with confidentiality promoting an atmosphere to enable reflection and healing according to the Word of God assisting and leading the Members in the practice of forgiveness.

• Promote and guide mission activity for the local and global community and the endeavors of the Synod and its Districts emphasizing training of workers and guiding them in evangelism enlisting the support of the congregation in mission effort.

• Train and provide resources for FOL in Christian education including training of parents to teach the Christian faith to their children of all ages.

• Assist and lead FOL in encouraging, adopting and implementing administrative policies, procedures and financial controls to aid in carrying out the mission of a Christian congregation through wise delegation, teamwork and communication to ensure the protections are supported and followed.

• Serve as an example of faith in action both in church and family life living in Christian unity through teamwork both within the congregation, fellow workers, sister congregations in the Synod and by the grace of God to do everything possible for the education of the Members and the up-building of the church of Christ.

• Equip the Members for spiritual warfare by encouragement, leadership, teaching, loving and care for all.

• Serve to motivate and encourage all within FOL to participate in the efforts of the church in the best manner suited for each participant.

Qualifications:
• Ordained minister of Lutheran Church – Missouri Synod.
• Leadership and motivational skills.

Line of Communication:
• Reports to the Board, subject to provisions of Divine Call from FOL.
• Subject to doctrinal teachings of the Lutheran Church-Missouri Synod.

5.2 **Ministry Team Leader.** The Position of Ministry Team Leader will serve FOL by assisting the Pastor in developing, coordinating and administering an effective ministry program of FOL by providing leadership to and supervision of staff and volunteers. Can be a paid or volunteer position.

**Duties and Responsibilities:**

- Assist Pastor in developing and maintaining a comprehensive volunteer database
- Assist Pastor with creative ideas for ministry
- Recruit, train and motivate ministry staff and volunteers
- Assist Pastor in training, support and coaching of ministry leaders.
- Assist Pastor in establishing ministry goals and objectives.
- Work with appropriate committees, officers and leaders to carry out the ministry of the church.
- Attend regular staff meetings as needed.
- Attend Board meetings as needed
- Cooperate with Pastor and perform other duties as assigned.

**Qualifications:**

- Member of the congregation.
- Passion for ministry.
- Organization and leadership skills.

**Line of Communication:**

- Reports to the Pastor.

5.3 **Congregational Elders.** Congregational Elders shall serve FOL to assist in outreach to Members of FOL and member well-being. They shall be appointed by the Pastor and Ministry Team leader in accordance with the plan for the Ministry Function from time to time.

**Duties and Responsibilities:**
• Ensure proper administration of the Word and Sacrament.
• Give attention to the spiritual development of ministry and to the spiritual life of the individual Members.
• Facilitate conflict reconciliation.
• Assist with visitation of shut-ins and sick.
• Encourage those negligent in worship attendance, reception of Holy Communion, and in sharing of gifts of time, talent, and treasure.
• Make every effort to effect a reconciliation in cases of strife or dissension.

Qualifications:
• Recognizes self as a redeemed child of God; a true believer in the Lord Jesus Christ.
• Regular in attendance at worship and Holy Communion.
• Involved in regular Bible study.
• Cares about people.
• Demonstrates emotional balance.
• Approaches people positively.
• Loyal to the congregation.
• Often in prayer.
• Personal life and language that his above reproach.
• Teachable and willing to grow.
• Time and action reveals maturity.
• Committed steward of time, treasure and talents.
• Good listener, able to keep sensitive information confidential.

5.4 **Board Member.** Members of FOL shall be selected to serve on the Board in accordance with the By-Laws to represent the interests of FOL and its Members with respect to oversight, accountability and vision for the Business Function and the Ministry Function of FOL.

**Duties and Responsibilities:**
• Direction - As representatives of the Members, establish, guide, and assess the overall direction of FOL.
• Strategic Planning - Articulate FOL’s core mission and develop a strategy and plan to achieve it.
• Manage Performance – Monitor and hold the Pastor/Ministry Team and Business Manager accountable for their responsibilities.
• Financial Oversight – Oversee and ensure responsible stewardship of resources, maintaining financial accountability and solvency.
• Managing Compensation – Charter and oversee a compensation committee.
• Legal Compliance – Cause FOL to adhere to laws and good practices that govern nonprofit organizations.
• Conflict‐of‐Interest - Ensure there are no conflicts-of-interest and put policies and systems in place to ensure full disclosure of any potential conflicts between outside organizations and church employees or the Board.
• Maintain Supporting Documents and Board Records – Ensure all Board records are kept including:
  o Board minutes.
  o Mission, vision, values statement.
  o By-Laws.
  o Articles of Incorporation.
  o Any Policies and Procedures.
• Board Training – Responsibility to help new Board participants by providing the appropriate orientation and training for their role.
• Ministry Support - Give attention and support to the spiritual development of ministry and to the spiritual life of the individual Members through coordination with the Pastor and Ministry Team.

Qualifications:
• Voting member of FOL.
• Exhibit leadership qualities that motivate the Board, Pastor, Ministry Team, staff and Members to execute the Great Commission.
• One who recognizes himself as a redeemed child of God; a true believer in the Lord Jesus Christ.
• One who is regular in attendance at Worship and Holy Communion, and demonstrates good financial stewardship.

Line of Communication:
• Reports to the Chair of the Board.
• May concurrently hold a position as an officer of FOL.

5.4 Executive Committee. The Board shall designate officers of FOL to function as an Executive Committee with respect to the Administrative Function of FOL in order to afford the Board to enhance focus on policy and vision.

Duties and Responsibilities:
• Authorized to act for the Board on Administrative Functions in accordance with Board policies.
• Work in conjunction with the Business Manager as representatives of the Board.
• Able to make quick decisions in accordance with Board policies and procedures.
• Provide support to the business office as needed.

5.5 Financial Review Committee. Pursuant to the By-Laws the Board will establish a Financial Review Committee (the “FRC”) to review and assist the Treasurer in preparation of financial reports to be periodically presented to the Members of FOL.

Duties and Responsibilities:
• At least annually the FRC shall review of the annual financial statements (income statement, balance sheet and statement of cash flows) of FOL to insure proper financial reporting is maintained by FOL and communicated to the Members of FOL.
• At least every other year, the FRC shall cause the financial statements of FOL to be audited by an independent Certified Public Accountant.
• FRC shall be comprised of at least three (3) Members with no more than one (1) current member of the Board serving on the FRC.
• FRC shall report its findings and conclusions to the Board and to the Members of FOL at least annually.

• FRC shall be available to the Board to assist on an as needed basis in addressing specific financial analyses, policies and procedures, and support FOL staff on financial issues which may arise from time to time.

• FRC shall make recommendations to the Board on new participants on the FRC although the Board of Administration shall make final decisions on new participants.

• FRC shall appoint one if its participants annually to serve as Chair who will be responsible for coordinating the activities of the FRC. The make-up and Chair designation of the FRC shall be announced to the Members of FOL annually.

5.6 **Treasurer.** The Treasurer shall serve as the chief financial officer of FOL.

**Duties and Responsibilities:**

• Disburses funds of FOL in accordance with its resolutions, approved budgets, restricted purposes and as directed by the Board.

• File accurate and complete tax reports (federal, state and city) by the appropriate due dates.

• Invest funds as directed by the Board under policies established by the Board.

• Monitor cash flow and the operational budget and make prudent decisions in disbursing funds in periods of low receipts.

• Give complete financial reports at each regular Board meeting.

• Provide other financial information as requested by the Board.

• Keep informed of current tax laws and financial reporting information.

• Maintain a Treasurer’s manual, updated with information provided by the Synod and District.

• Maintain records for various designated funds and trusts, administer such monies as set forth by the Board and Voter’s Assembly and the desires of the donors all in accordance with policies and procedures approved by the Board.

**Qualifications:**

• Voting member of the congregation.

• Ability to read, interpret and explain complex financial documents.
• Experience with accounting and bookkeeping practices is helpful.
• Passion for ministry.
• Elder like qualities.

**Line of Communication:**
• Reports to the Chair of the Board.
• Works with the Financial Secretary and Business Manager.

5.7 **Business Manager (Executive Administrator).** The Business Manager shall serve as the primary manager of the Business Function of FOL.

**Duties and Responsibilities:**
• Maintains payroll.
• Maintain business plan of the church.
• Serve as purchasing agent.
• Provides general direction and supervision to non-ministry staff.
• Oversees all contract aspects of lessees.
• Provide accurate and effective documentation and record management.
• Projects facility needs and plans accordingly.
• Manage campus room assignments and scheduling for events.
• Evaluate insurance needs of the church.
• Maintain property and equipment inventory.
• Provide supervision of offering and donation processing.
• Review wage/salary structures, personnel practices and benefits.
• Maintain employee records.
• Prepare annual budget with department inputs.
• Insurance and regulatory compliance.

**Line of Communication:**
• Reports to the Executive Committee and Board.

5.8 **Financial Secretary.** The Financial Secretary shall oversee the activities of the church’s money counters.
Duties and Responsibilities:

- Oversee the counting of all service offerings and deposits to the bank account.
- Reports to the Business Manager via the weekly offering form the total breakdown of the contributions for the week.
- Oversee the posting of all contributions to individual Member’s contribution record and resolve any disputes in posting errors.
- Report to the Treasurer and congregation monthly and year to day total contributions received for various purposes.
- Notify the Pastor of any special contributions that might require a special acknowledgment to the donor.
- Make sure donors receive proper substantiations for all gifts.

Qualifications:

- Member of FOL.
- Experience in handling receipts and maintenance of orderly records.
- Passion for ministry.
- Elder like qualities.

Line of Communication:

- Reports to the Treasurer.
- Works with the Business Manager.

6. **By-Laws.** In order to implement this Governance Proposal, the By-Laws of FOL will require revision and approval of the Voter’s Assembly of FOL. Before submitting revised By-Laws to a vote of the Voter’s Assembly, the approval of the District is required. That effort is in process. The By-Laws will also established enhanced minimum expectations for the benefit of Members in the areas of financial and operational reports and plans. Transparency and clear communication of the vision of FOL is the primary goal of these additional revisions.

7. **Leader Input.** The effort of the Governance Committee commenced at the request of the Board after it considered the circumstances FOL faced and challenges in the future. The Governance Committee met early in the process with Pastor Rachuy to obtain his thoughts on potential improvement for FOL. Most of the Governance Committee’s effort was completed through confidential meetings and interaction among the Governance Committee. As the
Governance Proposal developed the Governance Committee met twice with the Board with the participation of the Pastor and again privately with the Pastor. The Board has provided the Governance Committee its approval of the Governance Proposal with direction to pursue communication effort with the Members of FOL by formal Resolutions dated October 20, 2020. The Governance Committee also sought comment from Pastor Rachuy who on November 8, 2020 provided the following:

“I commend the Governance Special Committee for their hard work. You have sought to design a governance structure which fits our congregation, is responsive, effective and efficient. The Lord is providing Fountain of Life opportunities for renewed ministry which will be enabled by strong, organized and Christ-centered leadership. I pray your hard work will be rewarded with many blessings for FOL and the Kingdom of God.

Pastor Greg Rachuy”

The Governance Committee periodically consulted with Dr. Mike Gibson, the President of the Pacific Southwest District of the Lutheran Church-Missouri Synod who has indicated the Governance Proposal is not inconsistent with Synod doctrine and he does not object to its implementation as follows:

“I pray the “reset” will be a long-term benefit blessing to the congregation and its mission”...

“...I am able to say that I do not see anything that you have designed here that would set you in opposition to the constitution and bylaws of the Synod.”

8. Conclusion. The Governance Committee looks forward to hearing from you regarding the Governance Proposal and proceeding to improve FOL.

Respectfully submitted in his service,

Robert Lehnhardt
Paul Buelow
Donna Maynard
Denise Allyn
Jonathon Aguilar

November 17, 2020