MINUTES

BOARD OF DIRECTORS

The Lutheran Church—Missouri Synod St. Louis, Missouri August 20–21, 2009

123. Call to Order, Opening Prayer, Roll Call, Approval of Agenda

Chairman Donald Muchow called the meeting to order, noting the excused absences of Robert Kuhn and Walter Brantz and the absence of President Gerald Kieschnick for the second day of the meeting. After words of welcome, he reviewed the "heavy agenda" for the meeting, passed along an invitation from the Human Resources Department to stop by to meet its new executive director, and noted that the scheduled insurance report by Denise Webb is being removed from the agenda due to illness. A motion "to accept the agenda as changed" was introduced and carried.

Chairman Muchow called on Jeffrey Schrank, serving as chaplain for the meeting, who provided the opening devotion based on Romans 12:3–8.

124. Wittenberg Council Report

David Mahsman, Samuel Nafzger, and Tom Kuchta provided a report from a recent meeting of the Wittenberg Council (printed report attached to the protocol copy of these minutes). Calling attention to the printed report, Samuel Nafzger spoke of a "very good meeting" and particularly good meetings before the meeting with leaders of the SELK (*Selbständige Evangelisch-Lutherische Kirche*), during which meetings the partner church leaders gave their blessing to move forward with the project. He reported a change in the membership of the council of the ILSW (International Lutheran Society of Wittenberg). He (Nafzger) will serve as the new chairman and David Mahsman will serve as the new Managing Director of the project beginning September 1. The next meeting of the supervisory board will coincide with the meetings of the Board of Directors and the Council of Presidents in Tampa, Florida, in November, when representatives of SELK and the project's new Managing Director will report progress toward the development of a business plan, hopefully to be put in place by February, 2010.

The new ILSW Council chairman spoke positively of what "must be a Synod project rather than individuals or districts," speaking highly of "an opportunity for a place in Wittenberg" that will "give light to the Gospel we share," an "incredible opportunity to make our confession in the Lutheran family and world and to do so with good relationships with other Lutherans." Discussion followed regarding the nature of the commitments that have been made on behalf of the Synod. It was noted that the intention that this project, while remaining a joint project with SELK, will not be "a hobby," but one in which St. Louis will assume more of a leadership role and take over all related financial matters including the development of a budget and sources of revenue, the SELK remaining an important partner. Regular reports will be provided, and no decisions will be made without the Board of Directors first being made aware.

It was agreed that a word of thanks should be communicated to the Board for Mission Services, expressing appreciation for allowing David Mahsman to serve in his important role in the project. A communication also to the three agencies that initiated the project will encourage their continuation of their commitments to the project, assuring them also that they will be kept informed.

Later in the meeting, Chairman Muchow proposed a change to the agenda for the second day of the meeting to again include the Wittenberg Project. A motion "to add the Wittenberg Project to the agenda for the second day of the meeting" was introduced and carried. When the project was again addressed and discussed later in the meeting, a motion "to receive and file the report received earlier in the meeting" was introduced and carried.

125. Officer Reports

(A) President of the Synod

President Gerald Kieschnick called attention to his printed report (attached to the protocol copy of these minutes), calling particular attention to several items on his calendar, including his attendance at many of the district conventions as well as the conventions of the International Lutheran Laymen's League, Lutheran Women's Missionary League, and the national Hispanic group. After making mention of the new Concordia Historical Institute museum, he spoke of the work of the Blue Ribbon Task Force on Synod Structure and Governance, which has been asked to produce its final report by October 15, 2009, in time for regional caucuses to discuss the report. He announced that the *Fan Into Flame* campaign recently exceeded the \$50 million mark, also noting the possibility that the Board for Mission Services will request from the 2010 convention the approval to continue the campaign for an additional period of time due to conditions created by current economic conditions and also to provide additional time for districts to complete their efforts.

The President spoke of a new document titled "This We believe—Faith and Practice in The Lutheran Church—Missouri Synod," which is being reviewed by a number of LCMS leaders prior to publication. It is intended to be a helpful tool for pastors and other church leaders when responding to questions about the Synod's positions on such issues as cloning, admission to the Lord's Supper, and gambling. He also spoke of the care he has taken when responding to requests from district boards of directors for exceptions to the requirements for delegate representation, giving his approval to 41 of the 51 requests made. He concluded his report with mention of the importance of the work of the Synod in the international scene, including its leadership role in the International Lutheran Council as well as its proper role over against the Evangelical Lutheran Church in America. He shared that his intention for his words of greeting to the ELCA Churchwide Gathering in Minneapolis will be to speak with humility and frankness, speaking the truth in love in light of decisions to be made at the gathering and the impact of those decisions not only on LCMS—ELCA relations but also upon worldwide Lutheranism and Christianity.

The President's mention of the LWML convention in his report prompted the board later in the meeting to adopt the following resolution giving recognition to the auxiliary for its service to the Synod throughout its 67 years:

Resolved, That the LCMS Board of Directors give thanks to Almighty God for the 67 years of faithful service that the Lutheran Women's Missionary League has provided to The Lutheran Church—Missouri Synod and for its 2009-2011 mission goal of \$1.825 million, the largest in the organization's history, to be used to fund a record 19 mission grants.

(B) First Vice-President

First Vice-President William Diekelman called attention to his "Activity Report" (attached to protocol copy of these minutes) and reported "making himself available" for *Ablaze!* and *Fan Into Flame* events.

He highlighted and commented on his attendance at the Evangelical Lutheran Church of Haiti convention, August 13–17, and provided a brief history of this partner church relationship, describing the convention as a positive experience but also "unlike anything ever experienced before."

(C) Vice-President-Finance—Treasurer

Vice-President—Finance—Treasurer Tom Kuchta called attention to various pages in his financial report (attached to the protocol copy of these minutes), providing explanation for the reported positive variance of \$3.2 million due in large part to the \$9.2 million sale of properties in Hong Kong. He stated that "while the \$3.2 million looks good," were the property sale and other positive factors taken out of consideration, he would be reporting a negative variance of approximately \$5 million.

He spoke specifically of World Mission's reported operating loss of \$2.9 million, \$700,000 of which is due to investment loss, the negative variance to be covered by release of board-designated funds. He asked that the minutes reflect that World Missions is "making every effort to improve their situation by using designated dollars to address the negative variance."

Regarding KFUO, he noted a loss of \$443,000, although the loss by the AM station is currently being covered by designated bequest income, likely to be depleted in another year. The FM share of the loss will need to be covered by unrestricted assets, this \$254,000 loss in large part due to reduced support from the St. Louis arts community. He noted in particular that fundraising efforts costing KFUO \$402,000 over the past year generated gifts of only \$448,000.

Looking ahead, he reported that while anticipated income from the Michigan District will be reduced by \$250,000, this has been offset to a large extent by \$180,000 received from Concordia Publishing House. District receipts in general are behind in comparison with a year ago, "creating a difficult time for a balanced budget." He also mentioned that the bank in Irvine has extended its letter of credit for Concordia Irvine for another year, but it has been necessary to issue a letter to Concordia Ann Arbor's auditors (following years of "going concern" letters) assuring that the LCMS will continue to maintain the Risk Endowment Fund and will continue to provide subsidy to Concordia University System (CUS) for the benefit of its schools. He reminded the board that CUS has a line of credit for \$30 million with the Lutheran Church Extension Fund, \$10 million of which is guaranteed by the Synod. This line of credit is used by the schools for cash flow needs, from which \$12 million currently has been borrowed by the schools, of which \$7.5 million has been borrowed by Concordia University Chicago—a temporary need deriving from its cohort program with the City of Chicago.

He also provided a brief report of the Synod's current financial position, noting some positive developments. At the end of July, although there was a negative variance of \$492,000, this compares favorably with last year when the variance was \$1.5 million. Similarly, a negative variance in the general undesignated category of \$159,000 compares favorably with last year's \$419,725. He also noted that KFUO experienced a loss of \$47,000 during the month of July.

As he ended his report, Treasurer Kuchta announced that he "will not stand for re-nomination for election in 2010." Later in the meeting, the Board discussed the procedure to be followed for the election of a new Vice-President–Finance—Treasurer by the 2010 convention of the Synod. Pertinent bylaws and policy were reviewed. The Secretary was asked to begin the process, review the position's job description, carry out the required consultation with the boards on which the Treasurer sits, and make a general announcement to the Synod regarding the need for nominations.

(D) Secretary

Secretary Raymond Hartwig called attention to his printed report (attached to the protocol copy of these minutes) and to the minutes of the board's May 14-15, 2009 meeting. Upon their introduction, the minutes were approved as printed.

He distributed copies of a memo to the board that he had prepared on behalf of the board's RSO Standing Committee (copy attached to the protocol copy of these minutes), calling attention to three policy issues that have surfaced as the committee has been conducting its business: (1) Under press of time in certain cases, obtaining IRS 501 [c] [3] before RSO status is granted causes hardship for called workers and Concordia Plans coverage; (2) Some RSO-granting boards, in order to maintain staffing necessary to properly handle RSO applications, are asking whether an application fee to help cover the cost of doing business could be requested; and (3) Does it fall within the board's understanding of the purpose for granting RSO status that more and more RSO applications are being submitted by newly-formed organizations within the Synod to serve causes of interest within the Synod?

After discussion, the board by consensus responded to each issue raised by the committee: (1) It recognized the need under certain circumstances to grant provisional approval to RSO applications when evidence has been provided that 501 [c] [3] status has been requested but has not yet been obtained; (2) It requested that the RSO Standing Committee develop an application fee proposal in writing for the board's consideration; and (3) It asked its Policy Review Committee to look into the development of policy that will provide parameters that the standing committee may use in determining when applications suit the intended purposes for recognized service organization status.

(E) Chief Administrative Officer

Chief Administrative Officer Ron Schultz called attention to his report (attached to the protocol copy of these minutes) and offered additional comment regarding the following:

- The board-authorized Strategic Audit has been completed and has provided an IT roadmap for corporate Synod and the Foundation to align Concordia Technology strategy to the needs of ministry by continuing to support the LCMS and LCMS Foundation technology needs, ending the provision of service to external customers, and moving from the name "Concordia Technologies" to serving as an LCMS IT Department. Detailed information regarding how that department will function was also provided via a slide presentation (attached to protocol copy of these minutes).
- The 15% general reduction of budget called for by the board will be difficult to accomplish due to the nature of the Synod's expenses, which include necessary legal and personnel expenses. Everything possible will be done to keep expenses down.
- Conversations with several agencies encouraging them not to fill vacancies in executive director
 positions in lieu of the work of the Blue Ribbon Task Force on Synod Structure and Governance
 were successful and all have agreed to work with interim arrangements until the 2010 convention
 of the Synod.
- Regarding the board's interest in centralization of services in the International Center, printing
 issues have been discussed with the accounting and purchasing departments. Coming meetings
 with CPH and primary printers will move the Synod toward regarding CPH as the primary
 printing vendor of the Synod. Meetings are also planned with the human resources department to
 review and address the interests and needs of personnel who currently hold positions in the
 printing and publishing areas of the International Center.

Before concluding his oral report, Chief Administrative Officer Schultz also briefly noted his participation in the Thrivent Fellows Leadership Development Program for LCMS leaders, the plans that are underway to move the board toward conducting its February 2010 board meeting via video conferencing, and the board's anticipated involvement in the 2010 convention and the activities leading up to the convention.

126. Human Resources and Legal Counsel Reports

A motion was introduced and carried "to move into executive session to receive the human resources and legal reports."

126X. Executive Session I

127. Board of Directors Chairman Report

Chairman Donald Muchow provided a brief report covering several matters he wished to bring before the board. After reporting on several speaking engagements with Synod agencies since the last meeting, he received input from members of the board regarding these several matters:

- When deaths occur in the case of former board members, he will express the board's condolences with a card. In the case of a current board member or immediate family member, he will write a letter to the family on the board's behalf.
- It appears that the members of the board are willing to give an electronic meeting a try for the board's February 2010 meeting.
- Board members attending the LCEF Fall Leadership Conference will have their attendance funded by the board for the conferences that immediately follow national conventions of the Synod. Board members may attend other years but at their own expense.

He also reported that the Board of Directors has received BBB certification and proposed a method for developing the board's convention report, which will begin with a draft he will provide with the assistance of the Chief Administrative Officer, to be reviewed by the board's Executive Committee, then presented to the full board at the November meeting preceding a convention, and finally edited for board approval and submission to the convention during the board's February meeting before national conventions.

During the course of the meeting, the chairman also called on the Chief Administrative Officer to introduce the following new International Center staff to the board: Myron Koehn (Concordia Technologies), Valentina Rhoden-Kimbrough (Human Resources Executive), Pam Weeke (Executive Assistant to the Secretary), and Aileen Sandoval (Director of Special Projects). Bruce Wurdeman was also introduced as the new Executive Director of Lutheran Hour Ministries.

128. <u>Unrestricted Funds Fundraising Plan</u>

Ron Schultz called attention to a report by Tom Ries, President of the LCMS Foundation, "Proposal for Unrestricted Gift Raising for LCMS, Inc." (attached to protocol copy of these minutes). A slide presentation was used to introduce the subject, which he described as "truly a paradigm shift."

It was noted that all gifts, unrestricted and restricted, already are gifts to the Synod as a whole, since the Synod is a community of faith comprised of all of its component parts and agencies. What is now being

discussed is specific fundraising for corporate Synod, suggested to be a synodwide appeal in connection with the next national convention, repeated thereafter each Pentecost, thought to be a fitting time since even as Pentecost marked the beginning of the church, an annual appeal would benefit the Synod as a whole, with "One People Sharing God's Grace" serving as its theme.

Needed will be a mission statement and a vision statement, as well as a "promise statement" that will be key to the proposal. A promise statement is a compelling statement that engages, is absolutely true, and provides the relationship context that will invite support. A critical element to the entire effort and key to its success will be board ownership, participation, and leadership. A President's Advisory Council would provide direction. The goal of the annual appeal would be to create a new tradition that will provide additional support for the Synod, one that does not compete with existing efforts, that provides opportunity for membership to experience the value of the Synod in their lives, and that nurtures "strong relational value" among the members of the Synod.

Terry Whittle and Terry Gerdts of the LCMS Foundation staff spoke of next steps in the development of this fundraising effort:

- Development of the "promise" to the members in the pews, a statement that communicates the Synod's mission and vision in a compelling "case for support"
- Preparation by the board to assume ownership, provide leadership, and participate in the effort
- Confirmation of the recommendation to develop a President's Advisory Council
- Development and communication of a strategy with congregations and districts to engage their support for a sustainable synodwide initiative

With the "promise" in place by early 2010, the appeal can be ready for donors and congregations by May and advocated with district presidents, who will also be made aware of the appeal's potential for district fundraising as well. The Synod's periodicals and Internet resources will also be made use of, and the Foundation will handle the receiving and receipting functions of the appeal. Extensive discussion of the presentation followed.

129. Board Committee Reports

(A) Audit Committee

Audit Committee Chairman Curtis Pohl read from a printed copy of the minutes of the committee's August 19, 2009 meeting (attached to the protocol copy of these minutes) as he reported regarding the following:

- The Internal Audit review of selected financial transactions and operations of LCMS World Relief and Human Care did not identify any inappropriate use of donor restricted gifts. The report suggests some improvements to processes and procedures to strengthen transparency and controls over the accounting for and reporting of donor contributions.
- The audit of purchasing card operations is complete and a report has been provided by Internal Audit. The audit found "significantly fewer exceptions" to policies and procedures than was the case with prior such audits. In the future, at the request of the purchasing department, annual audits will be performed.
- As of June 2009, six of eight staff members of the Internal Audit Department are CPAs, with the entire staff participating in continuing education as required.

• Of the 11 districts using the services of the Internal Audit Department, only one audit remains to be completed, anticipated to be finished by the end of August.

(B) Policy Review Committee

Chief Administrative Officer Ron Schultz reported the receipt of a letter from the Commission on Constitutional Matters recommending changes to the Board of Directors Policy Manual. The committee intends to prepare a recommendation for changes to the board's manual in time for the board November meeting.

The committee also has determined that it is indeed legal under Missouri not-for-profit corporation law for a board of directors to delegate specific actions to a committee. It was agreed that this should be addressed in the board's policy manual. The following resolution was introduced by the committee and adopted by the board:

Resolved, That the Board of Directors Policy Manual include the following;

2.9.2 Responsibilities of the committees of the board shall be limited to those specifically established by the board. Normally, committees of the board shall not take independent action but shall report or make recommendations to the entire board. However, a committee may take independent action on behalf of the board in situations where the board as a whole has specifically delegated such authority to the committee (Missouri Revised Statute 355.406).

(C) Personnel Committee

Personnel Committee Chairperson Gloria Edwards reported on behalf of her committee that Concordia Plan Services increases will not impact the 2009/2010 budget, and that a more collaborative open enrollment process is being planned by Concordia Plan Services and the Synod Human Resources Department.

She also reported that the results of the early retirement offer provided to International Center employees were discussed by her committee. And she noted that the executive summary report of the human resources management study did identify a number of shortcomings that will be addressed, beginning with certain liability issues.

She then presented a proposed action to the board, recalling the unexpected resignation of the Human Resources Director in 2008 and noting the willing service of Chief Administrative Officer Ron Schultz and Executive Director of General Services David Fiedler in accepting extra responsibilities during the interim until a new director could be hired. She reported that by all reports all necessary responsibilities were handled well in the interim, and that the services of a consultant were obtained to evaluate the human resources services provided in the International Center. With a new human resources executive now in place, the Personnel Committee proposed the following action, adopted by the board without further discussion:

WHEREAS, Both Mr. Ron Schultz and Mr. David Fiedler have shown their high level of commitment and dedication to the LCMS and the work of this church body in a time of continuing economic stress; and

WHEREAS, Both men have taken on extra responsibilities along with their usual work load and have been exemplary in completing the tasks before them; and

WHEREAS, The staff of the Human Resources Department also provided significant "extra effort" service and was instrumental in the continuing support of the human resource functions and services at the International Center in the interim between executive directors; therefore be it

Resolved, That the LCMS Board of Directors extend its appreciation and commendation to both Ron and David and to the Human Resources Department staff.

(D) <u>Issues Etc. Reconciliation Committee</u>

As the board prepared to receive the report of the Issues Etc. Reconciliation Committee from committee Chairman Raymond Hartwig, a motion was introduced and adopted "to move into executive session to receive the report."

129X (D). Executive Session II

After exiting executive session and further discussion, the board noted for the minutes that it had received the report of the committee appointed to meet with Rev. Todd Wilken and Mr. Jeff Schwarz pursuant to the resolution of the board in February 2009. The committee reported that the meetings and communications were productive, but that the parties were not able to agree on a joint statement. The consensus of the Board was that no further action is required by the board on this matter.

A motion was introduced and carried "to move into executive session" for a final discussion of the matter.

129XX (D). Executive Session III

(E) Task Force for Synod Harmony

Betty Duda reported on behalf of the Task Force on Synod Harmony. She described the "private conversations" that will be held with 28 (of 33) invited guests September 1–4 in St. Louis. Discussion followed.

She reported that the members of the task force are Rev. Wally Arp, Mr. Kermit Brashear, Dr. Thomas Cedel, Dr. Betty Duda, Rev. Elroy Gonzalez, Rev. Kenneth Hennings, Rev. Dr. Joel Lehenbauer, Rev. Dr. Dean Nadasdy, Mrs. Linda Reiser, Mr. Roy Schmidt, Rev. Dr. Paul Sieveking, and Rev. Dr. Glen Thomas.

130. Lutheran Malaria Initiative (LMI)

Present for the presentation and discussion of the Lutheran Malaria Initiative (LMI) proposal were LCMS World Relief and Human Care Ministries Executive Matthew Harrison, Lutheran World Relief President and Chief Executive Officer John Nunes, LCMS World Missions Associate Executive David Birner,

LCMS World Relief and Human Care Associate Executive Director John Fale, and LCMS World Missions staff member (International Mission Team) Kama Bernabo.

President Kieschnick read from the article "LWR's Continuing Work Against Malaria" from the Lutheran World Relief newsletter magazine *To Others Through Others* and spoke of the project as having "great promise for helping people who are suffering greatly." He expressed his "only concern" with the project as one of timing, given the Synod's convention-mandated *Fan Into Flame* campaign. He introduced First Vice-President William Diekelman as the Synod's chief spokesman for LMI, who noted the desired outcome of LMI and encouraged movement forward in a measured manner given the Synod's circumstances. He then introduced John Nunes to speak on behalf of the initiative.

Nunes, noting that 989 of 1,000 ELCA delegates at its churchwide gathering had voted in favor of participation in the initiative, spoke of the seriousness and defeatability of malaria and provided background for LMI. He spoke of the "unprecedented monumental partnership" that has come together to defeat malaria, including the United Nations, Lutheran World Relief, and numerous Lutheran church bodies and other organizations. He spoke of the "global impact" eight million U.S. Lutherans could make, some Lutherans possibly seeing this as an opportunity to become more active in their local churches.

Discussion followed regarding the unique opportunities this initiative will provide, the significant contribution that the church can bring to it, the important dollars that this initiative can add to the entire picture to connect all the other dollars and efforts for those in need, the expectation that this question should go to the 2010 convention, and the possibility of early pilot participation by those districts that have finished their *Fan Into Flame* campaigns.

There was general agreement to proceed as discussed. It was also agreed that a formal resolution of support should be considered later in the meeting, including a provision for LCMS representation on the committee providing governance to LMI.

Later in the meeting, Vice-President William Diekelman introduced a resolution that was discussed at length. He explained the resolution's purpose, to make clear that the President of the Synod is the spokesman for the Synod's involvement in the initiative, a signal that will be important to the other participants in the initiative. After further discussion, the resolution was adopted as follows:

Resolved, That the LCMS Board of Directors heartily endorse the Lutheran Malaria Initiative as a priority of the Synod and encourage support by LCMS leadership and the program boards of the Synod under the direction of the President of the Synod.

131. Blue Ribbon Task Force on Synod Structure and Governance

As the board prepared to discuss the response of the Blue Ribbon Task Force on Synod Structure and Governance to input provided by the board during its May 2009 meeting, a motion "to move into executive session" was introduced and carried.

131X. Executive Session IV

132. <u>KFUO-FM</u>

When the Issues, Etc. Committee Report had been discussed earlier in the meeting, Chairman Muchow noted that the board remained in executive session to receive the report of the KFUO Committee. A motion was introduced and carried "to move into executive session to discuss the report further."

132X. Executive Session V

A member of the KFUO Committee offered the following resolution for consideration. The resolution was adopted by ballot vote (Yes: 10; No: 1) to read as follows:

Resolved, That special counsel in conjunction with the Chief Financial Officer of the Synod proceed with the multiple negotiations reported to the board in executive session; and be it further

Resolved, That the KFUO Committee of the Board of Directors be hereby instructed to continue to investigate the uninterrupted broadcast of the 99.1 classical format in the St. Louis market; and be if finally

Resolved, That the KFUO Committee of the board be hereby authorized by the board and empowered to determine in its absolute and sole discretion if and when the corporation shall enter into an Asset Purchase Agreement for the sale of KFUO FM and upon what terms and conditions approximating those reported to the board, and to cause same to be done without further action by the board.

Kermit Brashear asked that minutes reflect his abstention. A request by Raymond Hartwig for the privilege of recording his negative vote was discussed, seconded, and carried.

Later in the meeting, copies of a letter from the Commission on Constitutional Matters to the chairmen of the Board of Directors and the Board for Communication Services notifying the boards of a request for an opinion regarding the authority of the Board of Directors in the KFUO-FM matter and providing opportunity "to submit in writing any information that you believe pertinent and helpful to the commission in providing its response" was distributed to the members of the Board (original letter attached to the protocol copy of these minutes). The matter was turned over to the KFUO Committee for a response to the commission prior to its October 29–30, 2009 meeting.

133. Partner Visit: Board for University Education

Dr. Kurt Krueger, Executive Director of the Board for University Education and President of Concordia University System (CUS), was welcomed for a "partner visit" with the Board of Directors. He began his presentation (printed version of the slides is attached to the protocol copy of these minutes) by responding to the question, "What makes a Lutheran University Lutheran?" He noted that a truly Lutheran university has a Lutheran mission statement, is operated by Lutheran regents and administrators, has a Lutheran faculty that relates faith and learning, has a critical mass of Lutheran students, offers required and elective theology courses, and provides corporate worship opportunities, Bible study and devotional opportunities, and evangelism activities.

He also stated the major goals of his board and the entire Concordia University System are to assist schools in achieving and maintaining Lutheran identity, academic quality, and financial strength. He

noted that significant factors for maintaining Lutheran identity are the preparation of full time church workers for the LCMS and the continuing recruitment of Lutheran faculty. The CUS goal remains the retention of 90% Lutheran faculty, although currently CUS falls 12% short of that goal.

In recent years, the percentage of LCMS confirmands attending CUS schools has increased from 3.76% in the year 2000 to 4.46 % in 2008, while the number of church vocation students and especially preseminary students has decreased quite dramatically. In the year 2000, 3,048 church vocation students were enrolled in CUS schools, including 422 pre-seminary students. By 2008 those numbers had fallen to 2.023 church vocation students and 281 pre-seminary students. Efforts continue to recruit more such students by sending the CUS "Viewbook" to all LCMS pastors and youth workers, by annual mailings to 130,000 LCMS young people, and through the use of Concordia Sunday promotional materials, "Prepare for a Church Work Vocation" materials, the national *What A Way* recruitment effort, and CUS campus efforts that include youth retreats, targeted recruitment, and church worker scholarships. For the 2007/2008 school year, a total of \$18.5 million was granted to church worker students attending CUS schools.

Another major effort underway throughout the Synod and promoted by CUS is the CUEnet Colloquy Initiative to provide training in Lutheran doctrine and practice for non-rostered teachers in LCMS schools. At present, 6,000 teachers in LCMS schools are not Lutheran, another 6,000 are Lutheran but not trained by our Synod's schools, and only 6,000 are rostered by the Synod after having received the Synod's training. To date, 491 teachers have been added to the roster of the Synod through the CUEnet colloquy program, with another 680 teachers currently in the program. Another 34 teachers have enrolled in the CUEnet Seminar Program for non-LCMS teachers.

Regarding the *For the Sake of the Church* campaign's goal to double the number of LCMS students to 8,614 in 2010, it appears unlikely that the goal will be met, since there are 4,586 LCMS students enrolled this fall, 2009. The campaign's goal to raise \$400 million for CUS endowments is approaching the halfway point, with \$191 million donated in cash and pledges as of January, 2009. The total amount of endowments for all Synod colleges and universities now stands at \$191,500,000.

The CUS board is continuing its efforts to maintain the academic quality of the Synod's schools by approving all new academic programs and doctoral degrees (except Ed.D.), conducting "campus review" visits, facilitating collaborations between schools (e.g. nursing program development, international study, pre-deaconess programs), and consulting with schools on accreditation issues.

To meet the challenge of maintaining fiscal strength, the CUS board monitors quarterly financial reports, reviews annual audits, computes and reviews financial ratios, approves line of credit requests, coordinates campus payment of national LCMS insurance premiums, coordinates the use of high end software, and approves campus master plans, loans, and capital projects.

Touching briefly on several current items of particular interest to the Board of Directors, he noted that Concordia Irvine's financial challenges seem to be well in hand and its search for a new president anticipates an election as soon as May or June of 2010. He was pleased to report that efforts to assist Concordia Selma are bearing fruit, including a good accreditation report, greater than anticipated enrollment projections, and the anticipated selection of a new president as soon as late 2009. Discussions also continue regarding the future of Concordia Ann Arbor and its possible consolidation with Concordia University Wisconsin, in which case moving forward will depend upon the approval of Ann Arbor's Board of Regents, Mequon's Board of Regents, the Board for University Education, and the Board of Directors of the Synod.

He concluded his report by responding to questions submitted earlier by Board of Directors members regarding long-range planning and the Risk Endowment Fund, also supplying the following combined Fall 2009 headcount information for CUS schools:

Fall	Total	Undergra	ad Grad
• 2000	14,701	12,657	2,044
• 2001	15,302	13,072	2,230
• 2002	16,079	13,516	2,563
• 2003	16,433	13,400	6,661
• 2004	17,586	13,646	3,940
• 2005	18,569	13,658	4,911
• 2006	20,091	13,430	6,661
• 2007	21,839	12,840	9,035
• 2008	23,318	13,138	10,180

134. Partner Visit: Commission on Worship

Chairman Muchow welcomed David Johnson, Executive Director of the Commission on Worship, and invited him to share with the board regarding the work of his commission.

He began his presentation with a report regarding *Lutheran Service Book*. He reported that 200,000 copies have been sold, with a "penetration rate" of 80 percent of the Synod's congregations. He also reviewed the companion books that have been produced to accompany the hymnal as well as other publications.

He noted his commission's stated purpose, "to serve the members of the Synod by providing guidance and materials to assist them in developing and deepening an understanding and love for the Lutheran heritage in Christian worship and for the various media of expression associated with such worship." Of late, conventions of the Synod have provided encouragement to the commission to build consensus in worship (1998 Res. 2-10), continue to foster discussion on worship (2001 Res. 2-05A), affirm responsible use of freedom in worship (2004 Res. 2-04), and foster greater understanding of worship through theological conferences (2007 Res. 2-01). With worship forms and content a topic of major discussion in the Synod today, as demonstrated by the convention actions, he added the expectations placed upon the commission by the Synod's *Handbook*, which speaks of "exclusive use of doctrinally pure agenda, hymnbooks, and catechisms in church and school" (Constitution, Art. VI, 4) and the commission's responsibility to "recommend worship materials to the church and advise and warn against the use of worship materials that are unworthy of use in the corporate worship of the church" (Bylaw 3.9.7.2 [c]).

Commenting on the worship life of the congregations of the Synod, he suggested that to the usual "One Mission, One Message, One People" might also be added "Many Songs," pledging the commission's ongoing effort to preserve sacramental concord, theological focus, and relationship health and vitality in the Synod in the years ahead.

Financially, the commission has been generously supported by the Schwan Foundation for the development of the *Lutheran Service Book* and related materials. This has included the funding of the assistant director position until 2011. In addition, some revenue is obtained through educational modules for organists and song leaders and service modules for use in congregation and circuit consultations, mediations, and discussions.

The commission retains the responsibility for serving as gatekeeper for *Lutheran Service Book* copyright management, and is heavily involved in broader copyright issues for video, audio, and print materials. It

also recognizes its responsibility for helping the Synod work through the constant tension between the more "traditional" and the more "contemporary or contextual" communities. In doing so, the commission is constantly developing relationships with theologians, pastors, musicians, laity, liturgists, song leaders, song writers, lyricists, technicians, guitarists, percussionists, directors, artists, cantors, and worship leaders.

In going about this important task, the commission has developed various tools and has made many presentations to conferences and forums. It has also been working with such organizations as Transforming Church Network, Pastoral Leadership Institute, Consultation on Common Texts, the Association of Lutheran Church Musicians, and, of course, Concordia Publishing House. It has also pursued internal networking and has worked together with the Board for Mission Services, the Commission on Theology and Church Relations, the Board for Communication Services, the Commission on Ministerial Growth and Support, the Board for University Education, and the Board for Seminary Education.

The challenges the commission recognizes as it goes about its work include establishing common ground for worship style discussions, encouraging people to listen to one another, breaking down relational barriers that have existed for decades, and balancing intellect and emotion. It believes that this can best be done by recognizing that worship practices cannot be legislated, by stressing unity in Law and Gospel preaching and the administration of the sacraments, by stressing that the Divine Service of Christ is not limited to a page number, and by acknowledging that the current tension has existed for nearly 25 years.

In response to the question from the board, "What do we need to hear?" the commission will continue to advocate the following:

- The millennial generation is not always aware of a common repertoire of hymnody, liturgy, and song
- All major denominations nationally and globally are trying to resolve this same issue
- Worship is the one event that is essential in congregational and community life
- Worship administration at its best is an intricate orchestration of gifts, intellects, and emotions, and is not easily executed without understanding, significant investment, and a balance of community and ecclesiastical awareness
- Worship ultimately is scriptural and confessional, pastoral and sacramental, personal and contextual, missional and vocational, practical and theological

135. Board for Pastoral Education

Chairman Don Muchow recalled the action of the Board of Directors during its May 2009 meeting which requested that the Board for Pastoral Education "make a comprehensive study of the facilities, personnel, and efficiencies of present seminary education and provide a final report to the Board of Directors at the earliest possible date." He welcomed Board for Pastoral Education Executive Director Glen Thomas to the meeting to report on his board's response.

He spoke of his July 1, 2009 meeting with Chief Administrative Officer Ron Schultz and Vice-President–Finance—Treasurer Tom Kuchta to gain additional insight and information regarding the Board of Directors Request, information which he shared with the Board for Pastoral Education. His board concluded that the scope of the request suggested a completion date beyond the 2010 LCMS convention and the formation of a standing committee in order to complete the study even if the Board for Pastoral Education were to be eliminated by the 2010 convention.

His board then adopted a resolution to establish such a Seminary Comprehensive Study Committee to review the facilities, personnel, and efficiencies of LCMS seminary education and provide a final report to be submitted to the Board of Directors. The resolution, which passed unanimously, also provided that the members of the committee would be appointed by the chairman of the Board for Pastoral Education after receiving recommendations for committee membership from the members of the board, the final list to be approved by the board via e-mail.

Invitation letters were sent to potential members of the Seminary Comprehensive Study Committee on August 5. Members of the committee confirmed to date:

- Mr. John Behrendt, Chairman, Board for Pastoral Education
- Dr. Glen Thomas, Executive Director, Board for Pastoral Education
- Mr. Richard Cohrs, Member, Board for Pastoral Education
- Rev. Kenton Wendorf, Member, Board for Pastoral Education
- Mr. James Ralls, Chairman, Board of Regents, Concordia Seminary
- Rev. Wayne Graumann, Chairman, Board of Regents, Concordia Theological Seminary
- Rev. Thomas Ries, President, LCMS Foundation

Discussion followed regarding the composition of the meeting, the desired end result of the study, the need to look forward, the expectations of the Board of Directors, and the committee's use of outside consultant assistance.

Discussion continued later in the meeting regarding the proposed composition of the study committee, with the following resolution introduced and adopted:

Resolved, That the Board of Directors receive the seminary comprehensive study report, express its concern regarding the composition of the Seminary Comprehensive Study Committee, and urge reconsideration relative to the experience, background, and disinterest of the members in relation to the specific objectives of reduction of cost, achievement of savings, and comprehensive study of facilities, personnel, and efficiencies involved at present.

136. Other Action Items

(A) Proceeds from St. John, Tampa

On or about January 15, 2009, the LCMS President's Office was contacted by Reverend Robert Davis of St. John Lutheran Church in Tampa, Florida, who indicated that the congregation was disbanding and wished to disburse a large sum of monies to the Synod. Pastor Davis asked that the President Office provide a proposal for how the money could best be stewarded. The following action was proposed by the President's Office to expedite the transfer of what is expected to be approximately \$600,000. The proposed resolution was explained by Vice-President–Finance—Treasurer Tom Kuchta, introduced, seconded, and adopted by the board, as follows.

Be it therefore *Resolved*,

FIRST: That the Corporation, through Thomas Kuchta, its Vice-President-Finance— Treasurer, is hereby authorized and directed to establish and maintain one or more accounts (including margin accounts if designated) with Morgan Keegan & Company, Inc. ("Morgan Keegan"), and that the following individual(s):

Name: THOMAS KUCHTA Title: VP/CFO

is/are hereby authorized and empowered for and on behalf of the Corporation for the purpose of purchasing, investing in, or otherwise acquiring, selling (including short-sales), possessing, transferring, exchanging, or otherwise disposing of, or turning to account of, or realizing upon, and generally dealing in and with any and all forms of securities including, but not limited to, shares, stocks, bonds, debentures, notes, scrip, participation certificates, rights to subscribe, options, warrants, certificates of deposit, mortgages, choses in action, evidences of indebtedness, commercial paper, certificates of indebtedness and certificates of interest of any and every kind and nature whatsoever, secured or unsecured, whether represented by trust, participating and/or other certifications or otherwise; and any and all commodities and/or contracts for the future deliver thereof, whether represented by trust, participating and/or other certificates or otherwise.

The fullest authority at all times with respect to any such commitment or with respect to any transaction deemed by any of the said officers and/or agents to be proper in connection therewith is hereby conferred, including authority (without limiting the generality of the foregoing) to give instructions (whether oral, written, electronic, or otherwise) to Morgan Keegan with respect to said transactions; to borrow money and securities and to borrow such money and securities from or through Morgan Keegan, and to secure repayment thereof with the property of the Corporation; to bind and obligate the Corporation to and for the carrying out of any contract, arrangement, or transaction, which shall be entered into by any such officer and/or agent drawn upon the funds of the Corporation with or through Morgan Keegan; to pay in cash or by checks and/or drafts drawn upon the funds of the Corporation such sums as may be necessary in connection with any of the said accounts; to deliver securities and contracts to, and deposit funds with Morgan Keegan; to order the transfer or delivery of securities to any other person whatsoever, and/or to order the transfer of record of any securities to any name selected by any of the said officers or agents; to affix the corporate seal to any documents or agreements, or with respect to any securities, to sign for the Corporation all releases, powers of attorney and/or other documents in connection with any such account, and to agree to any terms or conditions to control any such account; to direct Morgan Keegan to surrender any securities to the proper agent or party for the purpose of effecting any exchange or conversion, or for the purpose of deposit with any protective or similar committee, or otherwise; to accept delivery of any securities; to appoint any other person or persons to do any and all things which any of the said officers and/or agents is hereby empowered to do, and generally to do and take all action necessary in connection with the account, or considered desirable by such officer and/or agent with respect thereto.

SECOND: That Morgan Keegan may deal with any and all of the persons directly or indirectly by the foregoing resolution empowered, as though they were dealing with the Corporation directly.

THIRD: That the Secretary of the Corporation be and hereby is authorized, empowered, and directed to certify, under the seal of the corporation, or otherwise:

- a) a true copy of these resolutions;
- b) specimen signatures of each and every person by these resolutions empowered;
- c) a certificate (which, if required by Morgan Keegan, shall be supported by an opinion of the general counsel of the Corporation, or other counsel satisfactory to Morgan Keegan) that the

Corporation is duly organized and existing, that its charter empowers it to transact the business by these resolutions defined, and that no limitation has been imposed upon such powers by the Bylaws or otherwise.

FOURTH: That Morgan Keegan may rely upon an certification given in accordance with these resolutions as continuing fully effective unless and until Morgan Keegan shall receive due written notice of a change in or the rescission of the authority so evidenced, and the dispatch or receipt of any other form of notice shall not constitute a waiver of this provision, nor shall the fact that any person hereby empowered ceases to be an officer of the Corporation or becomes an officer under some other title, in any way affects the powers hereby conferred. The failure to supply any specimen signature shall not invalidate any transaction if the transaction is in accordance with authority actually granted.

FIFTH: That in the event of any change in the office or powers of persons hereby empowered, the Secretary shall certify such changes to Morgan Keegan in writing in the manner herein above provided, which notification, when received, shall be adequate both to terminate the powers of the persons theretofore authorized, and to empower the persons thereby substituted.

SIXTH: That the foregoing resolutions and the certificates actually furnished to Morgan Keegan by the Secretary of the Corporation pursuant thereto, be and hereby are made irrevocable until written notice of the revocation thereof shall have been received by Morgan Keegan.

(B) Concordia University Chicago Bond Issue

Vice-President—Finance—Treasurer Tom Kuchta explained the Concordia University Chicago bond issue proposal (not to exceed \$31.6 million), noting: [1] Credit market conditions necessitate the refinancing the \$24.5 million 2001 bond debt; [2] The new letter of credit provider (Federal Home Bank) requires that the bond issue include new projects as well as refinancing, this requirement satisfied by the installation of sprinkler systems in dormitories (\$5.5 million) and several major facility repairs (approximately \$1 million); and [3] The current term loan at Park National Bank will be reduced by \$2 million and the current term loan at Lutheran Church Extension Fund will be refinanced with an increase of \$2 million to satisfy the bank's interest in reducing loan exposures.

After noting that Concordia University Chicago continues to pay down its long-term debt and internal borrowings, that it continues to experience significant growth in student revenues, and that the Board of Directors had already previously approved a significant piece of this request (approximately \$24.5 million), the following resolution was introduced and adopted:

Resolved, That the Board of Directors of The Lutheran Church—Missouri Synod approve the request from Concordia University Chicago to enter into agreements to issue bonds in an amount not to exceed \$31,600,000, these bonds to refinance the 2001 series bonds (\$24.5 million), fund major facility repairs and renovation (\$6.5 million), and pay miscellaneous related costs; and be it further

Resolved, That the board approve any necessary subordination of title to the property.

(C) Concordia University Portland Bond Issue

Vice-President-Finance—Treasurer Tom Kuchta called attention to the fact that, here again, the Board of Directors has already approved virtually all of the capital projects plus two pieces of the financing, and

that this resolution deals specifically with the financing of the proposed athletic facility, also noting that when all is in place, the debt structure will be far less than the stated \$36 million.

The proposal to issue bonds therefore has three parts: (1) the library project previously approved by the Board of Directors in February of 2008 along with a \$10 million debt component (initiation of a construction line of credit), this construction loan now to be included in the tax-exempt bond issue; (2) the dormitory project, also approved in February of 2008 along with a \$8.2 million debt component (initiation of a construction line of credit), this loan also now to be included in the tax-exempt bond issue; and (3) an athletic facility, already approved as part of the Master Plan approved by the Board in February of 2008, the cost of this construction (\$7 million) also to be included in the bond issue.

It was noted that the new library was built on the old athletic fields, that off-campus rented facilities must now be used until new fields are constructed, and that the proposed construction will include a playing field with stands, lighting, and a locker room building (but not a field house). It was also noted that existing Variable Rate Demand bonds totaling \$8.2 million are not included in this refinancing plan. The following resolution was introduced and adopted without discussion:

Resolved, That the LCMS Board of Directors approve the request from Concordia Portland to enter into agreements to issue bonds in an amount not to exceed \$36,000,000, these bonds to refinance the recent library construction project, to refinance the recent dormitory construction project, and to finance the construction of an athletic facility.

(D) Concordia Theological Seminary Property Conversion Project

Chief Administrative Officer Ron Schultz recalled the board's expressed concerns with this project in a resolution adopted at its May, 2009 meeting. A letter has since been received from the seminary's legal counsel addressing those concerns. A response was also received from Dr. Glen Thomas, Executive Director of the Board for Pastoral Education (BPE).

In the latter letter, the BPE reported that it did vote in support of this project during its May 8, 2009 meeting with the knowledge that, while the contract for the project was signed by the seminary in August, groundbreaking had already taken place in April. The seminary has apologized for not submitting the project for approval in a timely manner, explaining that the seminary's relatively small outlay for the project (\$150,000) led it to believe that it was a relatively minor project that did not require the approval of the BPE and the Board of Directors.

In the letter the BPE also expressed its belief that the overall expenditure for this project plus the fact that it does include modest new construction on the campus (a structure to bridge two existing structures) warrants its approval and that of the Board of Directors. In the meanwhile, the BPE has requested from the Board for University Education a copy of its new policy for submitting potential construction projects for approval, intending to adopt a similar policy of its own.

The following resolution was introduced and adopted without further discussion:

Resolved, That The Lutheran Church—Missouri Synod Board of Directors herewith approve the conversion of the former early childhood center on the campus of Concordia Theological Seminary, Fort Wayne, to a multi-media center per contract agreement.

137. Continuation of "Ends" Discussion

Chairman Muchow announced that Dr. Lynn Walker was unable to be present for the discussion due to illness, also announcing that the meeting would be shortened accordingly.

138. Adjournment

With all necessary business having been attended to, Chairman Muchow reviewed arrangements and plans for the board's next meeting in Tampa (November 18-19, 2009). A motion "to adjourn the meeting" was then introduced and carried, and the meeting was closed with prayer.

Raymond L. Hartwig, Secretary