MINUTES

BOARD OF DIRECTORS Gaylord Opryland Convention Center, Nashville November 17–19, 2010

[Note: The minutes until the first recess of this meeting were taken by Michael Kumm in Secretary Raymond Hartwig's absence due to a schedule conflict.]

16. Call to Order/Approval of Agenda

Chairman Robert Kuhn called the meeting to order with all members of the board participating in the meeting. He specifically welcomed James Carter, newly elected by the 2010 convention but unable to attend the board's post-convention meeting in September. Victor Belton, chaplain for the meeting, provided opening devotional thoughts and led the board in praying the prayer printed in the meeting agenda.

Chairman Kuhn called attention to the agenda for the meeting and asked for any changes. Chief Administrative Officer Ron Schultz reported that Curtis Pohl would be providing a report from Concordia University System. It was also noted that the meeting would likely be adjourned by 2:30 p.m. on Thursday as only two candidates for the Chief Financial Officer position will be interviewed. A motion to accept the agenda was introduced and carried.

After Ron Schultz addressed several housekeeping items, it was noted that President Matthew Harrison and Secretary Raymond Hartwig would be absent for this early portion of the meeting because of presentations requested by the Business Manager's Conference underway elsewhere in the hotel. Synod legal counsel Sherri Strand and Joe Isenhower of *Reporter* were noted present as guests.

17. Officer Reports

The officers of the Synod reported to the board throughout the meeting when available and as time permitted, beginning with the reports of the First Vice-President and Chief Financial Officer.

A. Vice-President

Vice-President Herbert Mueller called attention to his printed report (Section A - pp. 5–7, attached to protocol copy of these minutes). After it was noted that extensive detail regarding his daily activities would not ordinarily be necessary, discussion followed on portions of his report. He added specific information regarding his colloquy committee responsibilities, noting that 30 pastoral colloquy applications are begging his attention at the present time.

B. Chief Financial Officer

Chief Financial Officer Tom Kuchta called attention to his report (Section A – pp. 9–84, attached to protocol copy of these minutes), noting that software issues that have caused some cash receipt shortfalls in some functional areas have been resolved, that *Fan into Flame* is back on budget as of October, and that the negative report shown by KFUO will reverse as actual expenses now continue for the remainder of the fiscal year and as fundraising will now be conducted (as of November 1) by the KFUO staff. The audit budget will also reverse as the year continues. Discussion followed regarding the decision by the Board for Mission Services several years ago no longer to use the LCMS Foundation for its major gift fundraising.

The board then moved into executive session to discuss legal budget issues.

17X. Executive Session I

The board exited executive session only to return to executive session shortly thereafter to receive the report of legal counsel.

18. Legal Report

A motion "to move into executive session" to receive the legal report by Sherri Strand of Thompson Coburn LLP was introduced and carried.

18X. Executive Session II

The board returned to open session for its scheduled morning break. President Harrison and Secretary Hartwig joined the board during the break, following which a motion was introduced and carried to return to executive session for the remainder of legal counsel's report.

18XX. Executive Session III

Upon its return to open session, the board received the remaining officer reports, beginning with the report of the Chief Administrative Officer.

19. Officer Reports (continued)

C. Chief Administrative Officer

Chief Administrative Officer Ron Schultz called attention to his report (Section A – pp. 87–98, attached to protocol copy of these minutes) and called particular attention to recent power of attorney additions to the complete list provided in his report. He also noted a review underway of the internal process for developing, authorizing, and tracking contracts for personnel, products, and services, called attention to the breakdown provided of legal expenses, and provided an update on his visits to districts to meet with their boards of directors.

D. President

President Matthew Harrison noted his printed report (Section A - pp. 1–3, attached to protocol copy of these minutes) and began his oral report by introducing one of his assistants, Barbara Below, who assisted him in walking through a series of questions and answers regarding the transition underway as a result of 2010 convention actions, including:

• the process involved in determining the recent elimination of twelve positions in the national office:

- the need to take time to understand fully the restructuring actions taken by the 2010 convention, while at the same time not delaying taking actions necessary to achieve cost reductions in areas involving unrestricted funds, given the current financial crisis;
- the challenges presented by Fan into Flame program costs;
- the need to look for additional reductions in force in areas where unrestricted funding is involved, including national mission, black ministry, ministerial growth and support, and district and congregational services;
- the development of a three-stage process for transition, beginning with realizing immediate cost savings through timely actions, followed by sorting out the national office ministry pieces along accountability lines, followed by having the entire general structure in place by early 2011, in time for planning and budgeting for the 2011–2012 fiscal year;
- the challenge of adding the functions of eliminated positions to existing staff to the extent possible, with other functions necessarily to be assumed by other entities such as districts;
- the ongoing search for a Chief Mission Officer after an initial round of interviews that produced no serious candidates, the position having been advertised in the Synod's periodicals, the goal being the selection of a candidate for Board of Directors consideration and concurrence during its February 2011 meeting;
- the challenges presented by the need for efficient and effective fund development and communication in light of the approach that currently exists, the "pockets of communicators" in the various departments of the national office, using the new "witness-mercy-life together" emphasis to communicate with donors, hopefully to open doors for even the hard-to-fund areas of the Synod's operations; and
- the efforts underway to incorporate the two new mission boards into the national office picture as policy boards to be distinguished from policy governance boards.

Discussion followed regarding provision of input into the restructuring process, the current status of the women's ordination issue in the Japanese Lutheran Church, the Wittenberg Project, the status of the official documents for Lutheran Malaria Initiative, the selection of a new headmaster of the Hong Kong International School, and the call received by the President to serve as a pastor of Village Lutheran Church of Ladue. In closing, President Harrison summarized his report by stating that "things are going as well as they can go, given the challenges that are being faced."

E. Secretary

Secretary Raymond Hartwig called attention to his report (Section A - pp. 85–86, attached to protocol copy of these minutes), reported on progress made on the 2010 Handbook, and provided draft copies of the Handbook to the members of the board, as also provided to the Council of Presidents.

He called attention to the minutes of the September 10–11, 2011 board meeting, presenting them for approval. A motion was introduced and carried "to approve the minutes as distributed." He also distributed copies of the minutes of the October 6, 2010 Executive Committee meeting for the board's information.

Before concluding his report, he again expressed thanks to the board for the positive action taken at its September 2010 meeting when it increased the annual support provided to Concordia Historical Institute by \$100,000. This increased subsidy, in addition to a recent successful fundraising effort, has enabled the Institute to make needed roof repairs and pay all outstanding bills except for its LCEF loan.

Concluding his report, Secretary Hartwig called particular attention to its final paragraph and the need for the board to give attention to its responsibilities with regard to the LCMS National Housing Support Corporation as a result of the dissolution of the Board for Human Care Ministries. The chair instructed Chief Administrative Officer Schultz to make certain that this subject is included on the agenda for the next meeting.

Prior to the board's recess for lunch, Chairman Kuhn shared a response that he provided to correspondence addressed to the board and asked whether such a response on his part will be acceptable to the board. It was noted that board policy concurs with the provision of such a response.

20. Health Care Reform

Concordia Plan Services (CPS) Board Chairman Fred Kraegel and President/Chief Executive Officer James Sanft provided a report on the impact to Concordia Health Plan (CHP) because of the health care reform legislation adopted by the federal government, and on the impact of other matters related to the current economy. Chairman Kraegel began the report by describing the cumulative experience and expertise of current CPS board members and expressed his board's thanks to the Board of Directors for allowing it to take an active role in the appointment of such capable CPS board members.

CEO Sanft spoke of the health care reform law as adopted ("Patient Protection and Affordable Care Act") and its health insurance and health care delivery consequences. CHP has opted for the status of "Grandfathered Plan" as its best course of action for the present time, whereby it is exempt from potentially onerous reporting and regulatory requirements but not exempt from certain mandated federal coverage requirements. This status will also limit CHP's ability to make changes to benefit its plan design. He then reported some of the early consequences of health care reform and some of the issues that are likely to impact adversely CHP enrollments and rates. He also noted that 2014 is a significant year for the changes, and that CPS is a prominent player in "Church Alliance" efforts to address these issues.

He also spoke of the impact of mid-term elections and any potential change that may result for health care reform, noting that, if the law remains largely intact, CHP will likely realize a significant loss in membership as ministries drop coverage and send workers to purchase taxpayer-subsidized coverage. He reviewed various scenarios for CHP if this turns out to be the case, including operating "as is" for those ministries still interested, providing limited coverage, or becoming an individual-based rather than employer-based plan. CPS will continue to work to understand the impact of the recent elections, identify key sources of influence in Washington, DC, continue to work with other church health plans through Church Alliance, develop interim strategies, and actively communicate with stakeholders.

CEO Sanft also spoke of issues affecting church pension plans, noting that several church-related plans are experiencing funding challenges that are resulting in decreasing benefits to retirees. The plans facing the greatest challenges are those not closely tied to a denomination. The Concordia Retirement Plan and the Concordia Retirement Savings Plan operate as "church plans" under federal law and are "true" church plans of the kind not under current increased scrutiny.

He concluded with a progress report of the conceptual changes presented to the LCMS Board of Directors a year ago, their goal to provide ministries with the flexibility to choose alternate retirement benefit forms for lay workers. He reviewed the process underway to finalize the changes, and then responded to specific questions from members of the board, emphasizing that Concordia Retirement Plan has survived the economic downturn and is well on the way to full restoration of fully funded status. At present the CPS Board is conducting a comprehensive 18-month study to make certain it will be prepared for the next recession, a periodic fact of life in our society.

21. Classic 99.com Streaming Report

David Strand, Executive Director of LCMS Communications, and Dennis Stortz, Director of Broadcast Operations of KFUO radio, reported on the Internet audio-streaming of *Classic99.com*, which continued when KFUO-FM radio went off the air on July 6, 2010. Director Strand noted that there was no reason at the time to stop the streaming that had already gone on for years, it being one of the "other modes for providing classical and sacred music" in which the Synod had continued to express interest.

Copies of a sheet of positive listener comments from the two thousand or more letters of support from listeners around the world (attached to protocol copy of these minutes) were distributed to the members of the board as the two *Classic 99.com* representatives explained their purpose for coming before the Board of Directors, namely, to request the blessing and support of the Board of Directors not only to continue the streaming but also to enhance the streaming that is underway. In large part, the future of FM radio will be the Internet, with KFUO and the Synod enjoying an enviable position, given its world-class music library, its existing Website, its nationally respected name ("Classic 99"), and its experience and ability to do a good job of streaming classical and sacred music.

He also spoke of recent developments in electronics that make streaming the up-and-coming preferred methodology for listening to beautiful music, noting that in America alone there are tens of millions of mobile receiving devices, with that number running into the hundreds of millions worldwide. By next year, more than 85 percent of new mobile phones will be able to access the mobile Web and more and more automobiles will have such capability built in, such devices quickly overtaking the personal computer as the most popular way to access the Internet.

He also emphasized that *Classic 99.com* is different from other sources of classical music: "We're the ones with Bach. We're the ones with Mendelssohn and other great Christian and Lutheran composers. We're the ones with the Lutheran chorales and cantatas and sonatas. We're the ones who integrate classical and sacred music better than anyone else ever has. We're the ones who play the good stuff at Christmas and Easter and Reformation time."

He then transitioned to the purpose of the presentation: "What we are saying here today is, we may have sold our station, but we don't have to give up on the ministry, the great heritage of The Lutheran Church—Missouri Synod, of showing people the beauty of the Creator as reflected in fine music, including a strong dose of ecclesiastical music. This heritage, rather than being lost forever, can be preserved. The potential, the upside, of our continuing this heritage is huge, and the costs are comparatively low."

He concluded with five additional points of note: [1] Costs can be defrayed through gifts (already offered), grants, and advertising; [2] Enhanced classical/sacred music streaming will greatly enhance the Synod's reputation in the public's perception; [3] In a sense, this streaming would actually be better than the *Classic99* FM broadcasting used to be, minus the commercials and stock market and news reports; [4] KFUO's radio ministry would feel whole again, the streaming a complementary partner to KFUO-AM; and [5] the healing, restorative power of music, a power beyond the spoken word, will again be available to assist people who are hurting.

He then summarized the cost for doing this streaming "the right way," to include dedicated studios, upgrading software, broadband costs, a program administrator, a part-time programming assistant, other voice talent, and renegotiated music licensing. To do it right will require a total of \$136,500 for fiscal year 2011–12, with an additional \$57,100 for the "bridge time" from January 2011 to the new fiscal year, the request therefore totaling \$193,600.

The presentation was concluded by Dennis Stortz, who spoke of a four-part plan to bring the former donor base "back into the fold" and responded to questions regarding listenership (the streaming received an average of 32,000 hits per month during a recent two-month period).

The Classic 99 representatives were thanked for their presentation. During the discussion by the board that followed, a resolution was introduced "that the board approve the request expressed for the period specified, subject to completion and submission of the plan therefor prior to the expiration of 2010, and that the provided plan be moved forward and funded with the express understanding and recognition that it will be a transitional experiential project to pursue 21st century communication methodologies for the church, subject to all other applicable policies of the Synod in force including the hiring freeze."

Following further discussion, which included repeated emphasis of the need for a business plan, an amendment was introduced and adopted to delete the final phrase of the resolution: "subject to all other applicable policies of the Synod in force including the hiring freeze." The question was then called and the following resolution was adopted by a 9–3 vote (announced by the chairman upon request), with James Carter asking that his abstention be recorded:

Resolved, That the Board of Directors approve the request expressed for the period specified, subject to completion and submission of the plan therefor prior to the expiration of 2010; and be it further

Resolved, That the provided plan be moved forward and funded with the express understanding and recognition that it will be a transitional experiential project to pursue 21st century communication methodologies for the church.

22. Committee Reports

A. Audit Committee

Audit Committee Chairman Curtis Pohl presented orally his committee's printed report (attached to protocol copy of these minutes). He reported that the June 30, 2010 Audit Report by Brown Smith Wallace contained no "significant deficiencies" or "material weaknesses," the audit including for the first time LCMS Holdings, Ltd., Hong Kong (mainly Concordia International School Shanghai). The audit firm also expressed no concerns with LCMS management or the Internal Audit Department.

Chairman Pohl also reported on the results of a review of officer and key employee expenses and its conclusion that the expenses incurred on the 112 reports selected for testing were generally business-related and compliant with the Synod's policies. Senior management has agreed to prepare a written response to the report's observations and recommendations. Officer and key employee expenses audits will now be conducted annually.

The committee received a performance report from Internal Audit Executive Director Johann Spotanski, with all key elements of internal audit performance in order. She did express her department's concern with a number of districts regarding their year-end audits. One district has received a "qualified" audit, while another's includes "significant deficiencies" or "material weaknesses." In addition, five districts have not submitted a 2009 audit, and one district has not submitted an audit since 2005. The Audit Committee will be assisting internal audit in addressing these issues.

The committee then submitted the following resolution for action by the board:

WHEREAS, The Audit Committee of the Board of Directors has met with representatives of Brown Smith Wallace and management to discuss the audited consolidated financial statements of The Lutheran Church—Missouri Synod for the year ended June 30, 2010, and made inquiries of them regarding the audit; and

WHEREAS, The Audit Committee has received a summary of the required communications from representatives of Brown Smith Wallace in accordance with generally accepted auditing standards; and

WHEREAS, The auditor's opinion of the financial statement dated October 27, 2010, is unqualified, they having not identified any material weaknesses in internal controls during the audit that would require management attention; and

WHEREAS, Based upon the Audit Committee's review of the June 30, 2010 audited financial statements and discussions with representatives of Brown Smith Wallace and management, the Audit Committee has recommended the following action; therefore be it

Resolved, That the Board of Directors receive the audited financial statement of The Lutheran Church—Missouri Synod for the year ended June 30, 2010.

B. Personnel Committee

Personnel Committee Chairman Donald Muchow reported on behalf of his committee (printed report attached to protocol copy of these minutes), which attended to a portion of its business between sessions of the CFO Search Committee on November 11 and 12 and completed its pre-meeting responsibilities in Nashville on November 16.

During its November 11 and 12 meetings, the committee received the Management Report from Human Resources Executive Director Val Rhoden-Kimbrough, which included a report of the success of the recent payroll distribution with new Ultipro technology, a briefing of adjustments to Concordia Plan Services programs as a result of new requirements under "Obamacare," and an update of the call process underway for the appointment of a Chief Mission Officer. She also discussed other personnel issues in light of the restructuring that is underway.

The committee also received a report from the Human Resources Executive Director and Chief Administrative Officer Ron Schultz regarding the history and policy undergirding the Synod's method for determining salary scales, leading to discussion of such topics as data collection, benchmarks, bonuses, and pay comparability and equity among the Synod's entities. In consultation with Ron Schultz and Tom Kuchta, the committee also decided to recommend the following backup interim appointment plan to the Board of Directors: Ron Schultz to serve as the backup interim appointment for Secretary of the Synod, Charles Rhodes to serve as the backup interim appointment for the Chief Financial Officer, and Tom Kuchta to serve as the backup interim appointment for the Chief Administrative Officer.

During its November 16 meeting, the committee decided to recommend to the Board of Directors that it authorize the Human Resources Committee to use as necessary and appropriate for the 2011/12 Synod budget such actions as a hiring and salary freeze, a voluntary early retirement opportunity, reductions in force, and voluntary furloughs. Furthermore, in the interest of harmony and life together, the committee decided to recommend that the Board of Directors strongly encourage the Human Resources Committee to seek equity in compensation matters among all Synod entities, possibly encouraging President Harrison to be present at the next meeting of the committee to encourage movement toward equity in compensation

matters across the entities. The committee also decided to recommend to the Board of Directors that it task the Director of Human Resources, the Chief Financial Officer, and the Chief Administrative Officer during the coming budget process to alert the Concordia University System of its need to take over the funding of the 26 CAIS, BUE, and CUENet positions currently jointly supported by CUS and the Synod.

Following the report, the Personnel Committee introduced the following resolution as recommended in its report, which was then adopted by the board:

Resolved, That the Board of Directors name the following individuals to serve during a board-authorized interim vacancy until action by the board can be taken to appoint someone to fill the vacancy:

- Chief Administrative Officer: Dr. Tom Kuchta, so long as he continues to serve as Chief Financial Officer
- Chief Financial Officer: Mr. Charles Rhodes, so long as he continues to serve as Executive Director of Accounting
- Secretary of the Synod: Mr. Ron Schultz, so long as he continues to serve as Chief Administrative Officer;

and be it further

Resolved, That these names be forwarded to the Department of Human Resources and maintained as required should the need arise for the appointment of an interim.

The committee also introduced the following resolution in keeping with the Human Resources Committee recommendations included in its report, which was adopted by the board:

Resolved, That the Board of Directors authorize the Human Resources Committee to use as necessary and appropriate, for the 2011/12 Synod budget, such actions as a hiring and salary freeze, a voluntary early retirement opportunity, reductions in force, and voluntary furloughs.

The committee also introduced the following resolution to alert the Concordia University System to its need to assume responsibility for additional funding, which was adopted by the board:

Resolved, That the Board of Directors task the Director of Human Resources, the Chief Financial Officer, and the Chief Administrative Officer during the coming budget process to alert the Concordia University System of its need to take over the funding of the 26 CAIS, BUE, and CUENet positions currently jointly supported by the CUS and the Synod.

C. Policy Review Committee

Policy Review Committee Chairman Kermit Brashear reported that the committee had, during the last triennium, completed all of its work except for its review of legal policies. While this review has been underway, it is also clear that more work will be necessary due to the restructuring that is taking place. The review will continue in consultation with those involved in the restructuring as appropriate.

23. Wittenberg Report

Samuel Nafzger and David Mahsman again appeared before the board on behalf of the "Wittenberg Project." Dr. Nafzger provided a review of their previous appearances before the board beginning in February 2009 and of the progress that has been made toward developing a business plan. He also

recalled the board's unanimous resolution to move the project forward during its February 2010 meeting and its \$150,000 grant to make such movement possible.

David Mahsman, who serves as managing director of the project, provided a review of the project, including its history, location, early plans for the use of the purchased building, the ongoing need for a business plan, early efforts to satisfy that need, and the composition of the population of the city of Wittenberg (where only 15 of 100 residents claim to be Christian). He spoke of "working on a larger idea" prompted by the Abraham Lincoln museum in Illinois, and explained how the funding granted by the board was used for a two-day creative planning meeting.

After a review of printed materials supporting the "larger idea," of the resolve paragraphs of 2010 Res. 1-08, and of the October 23, 2010 resolution of the ILSW board, Chief Financial Officer Tom Kuchta provided information regarding cost and funding prospects. If plans continue with the previously-purchased Latin School building, the cost of the museum design will be eight million euros (\$11 million), plus building construction costs of \$4 million, which, when fundraising costs are added, will result in a total project cost of \$17.4 million. Should the larger project that is being advocated be undertaken, the cost estimates would increase to 16.5 million euros for design (\$23 million), \$10 million for construction, and fundraising costs that will result in a project total of \$36 million (rounded up to \$40 million). The board was asked to give the ILSW board a little more time to provide a faithful and accurate picture of the project's potential, since it will mark the place of the rediscovery of the Gospel.

Dr. Nafzger closed the presentation by stating that the ILSW is not in the entertainment or museum business but in the business of sharing the Gospel, a business that also needs to take care not to be an embarrassment to the Gospel. Whatever is done must be done well. The LCMS is in the driver's seat to tell the world the truth regarding Martin Luther, an opportunity to provide an important witness to the world.

Discussion of the report led to the evening recess of the meeting. The Friday morning session was called to order by Chairman Kuhn, who called on Victor Belton for an opening devotion and prayer and then reviewed the agenda for the day.

24. Board of Directors Convention Assignments and Responsibilities

Using an earlier list of pertinent resolutions provided by the Secretary of the Synod, Chief Administrative Officer Ron Schultz called attention to a listing of the resolutions provided by him that included the specific resolve paragraphs requiring board action and recommendations for board responses. He led the board in a consideration of each required action and recommended response, the board making the following determinations:

- Res. 1-08 "To Encourage Wittenberg Project": The board will anticipate that the Secretary will continue to keep the Synod informed of the Wittenberg Project's progress and the various steps taken by the board, this via the minutes of board meetings and the *Board Briefs* that are published in *Reporter* after the meetings.
- Res. 4-02 "To Address Corporate Synod's Financial Crisis": The board noted the demanding nature of the resolution, requiring significant time and effort throughout the triennium. It was suggested that the scope of the "assets" referenced in the resolution be limited to physical property assets. After discussion, the chair noted that consensus existed regarding proceeding with a committee, but further discussion followed regarding the composition of the committee. A motion "that the chairman appoint a committee of at least four directors to move ahead in compliance with Res. 4-02" was introduced and carried. Later in the meeting, Dr. Kuhn made the

- following appointments to this committee: Keith Frndak (convener), Walter Brantz, Tom Kuchta, and Ed Everts. The committee is asked to bring one or more recommendations to upcoming meetings of the board.
- Res. 4-04A "To Study Higher Education System and Bring an Action Plan to 2013 Convention": After discussion, a motion was introduced and carried "to adopt the recommendation as provided with minor changes" as follows: "Develop a process to constitute the committee in February 2011, asking the seminary presidents, the Concordia University System president, and Glen Thomas to recommend 15–20 persons to the Board of Directors in a timely manner, the Board of Directors chair to appoint a four-person nominations committee (or the personnel committee) to review and bring recommendations to the full Board of Directors at its February 2011 meeting."
- Res. 4-08 "To Improve Procedure for Establishing Synod Convention Times and Locations": After brief discussion and clarification, the board by consensus agreed to the recommendations "that (1) the Policy Review Committee develop Board of Directors policy for identifying/selecting convention locations, and that (2) St. Louis be memorialized as the site of the 2013 convention of the Synod."
- Res. 4-14 "To Amend Bylaw 1.5.3 re Agency Meetings": By consensus the board agreed that "the Policy Review Committee develop Board of Directors policy re agency meetings."
- Res. 8-07 "To Study Future District Function and Configuration": After noting the role of the Board of Directors in any realignment or reconfiguration of districts, the board agreed with the recommendation to wait until the President of the Synod is ready to appoint the committee required by the resolution.
- Res. 8-08A "To Realign National Synod Ministries Around Two Mission Boards": The board agreed by consensus to the recommendations to (1) wait for the President; (2) with protocol agreement in place with the Concordia University System, do nothing further in this regard at this time; (3) consider President's consultation with board re "transition team" completed in September; (4) assign the development of guidelines for distribution of grants to the Policy Review Committee; and (5) encourage involved staff to meet and make recommendations to the Policy Review Committee in February 2011.
- Res. 8-12A "To Direct Board of Directors to Amend the Bylaws as Necessary": Action items in this regard will be handled at this meeting.
- Res. 8-14A "To Elect Five Vice-Presidents by Geographic Region": After discussion of appointment of committee members, it was agreed that the Executive Committee of the board will determine the board's representation on the recommended committee of three members each from the Board of Directors and Council of Presidents (with the Secretary of the Synod serving as convener and the Chief Administrative Officer providing staff services). The committee will make geographic region recommendations to the board and council. Later in the meeting Chairman Kuhn announced the membership of the committee: Victor Belton, Gloria Edwards, and Warren Puch.
- Res. 8-39 "To Appoint Vice-President–Finance—Treasurer": It was noted that this process will be completed during the current meeting.
- Res. 8-40 "To Perform Final Audit of Outgoing Boards and Administration": It was reported that this audit is already underway, with a report to be provided upon its completion. The report will also be provided to the Synod via the Internet and will be included in Board of Directors' meeting minutes.

The board also reviewed the four overtures referred to it by the convention in Omnibus Resolution A:

• Ov. 1-07 "To Set Aside Reformation Day 2010 for Fasting, Prayer, Confession, Repentance": The board noted that his overture is no longer current, as Reformation Day 2010 is already past history.

- Ov. 4-06 "To Establish KFUO-FM Endowment Funds for Seminary Tuition": The board noted that it has already been determined how the proceeds from the sale of KFUO-FM will be used.
- Ov. 4-07 "To Affirm Integral Value of KFUO and Seminaries": The board noted that this is already being accomplished by the board's response to other resolutions adopted by the 2010 convention.
- Ov. L4-28 "To Commit 53rd Sunday Offering in 2012 to Support Church Missions": The board will include this suggestion in its consideration of the bigger funding picture of the Synod.

25. Action Items

A. <u>Dates and Location of 65th Regular Convention</u>

Rationale:

Res. 4-08 of the 64th Regular Convention of the LCMS assigns the responsibility for the selection of the dates of conventions to the President of the Synod in consultation with the convention manager. It also assigned responsibility for the selection of the location of conventions of the Synod to the Board of Directors, this also in consultation with the convention manager.

In order to formalize the selection of the location for the 2013 convention in conjunction with the dates already established by the President, the following action was introduced and adopted, after consultation with the convention manager.

WHEREAS, By adopting Res. 4-08, The Lutheran Church—Missouri Synod at its 2010 convention changed its process for selecting convention dates and location (2010 Bylaw 3.1.9 [j]), placing the responsibility for determining the location for conventions of the Synod with the Board of Directors in consultation with the convention manager; and

WHEREAS, The dates for the 65th Regular Convention have been determined to be Saturday, July 20 through Thursday, July 25, 2013, by the President of the Synod in consultation with the convention manager; and

WHEREAS, Space has been held and reserved through contractual agreement in St. Louis through arrangements made prior to these changes; and

WHEREAS, Changing these arrangements in order to hold the convention at a different location in 2013 would result in substantial financial penalty to the Synod—\$117,595 in direct cancellation fees for changing the location of the convention between the present time and December 31, 2010, increasing to \$260,190 in penalties for changes after January 1, 2011; therefore be it

Resolved, That the 65th Regular Convention of The Lutheran Church—Missouri Synod be held in St. Louis, July 20–25, 2013.

B. 2010–2013 Board of Directors Regular Meeting Dates

WHEREAS, The Board of Directors considered a recommendation for its triennial meeting schedule during its September 2010 meeting, at which time it adopted February 16–18, 2011; May 18–20, 2011; and August 24–26, 2011 as meeting dates; and

WHEREAS, The board at that time asked that two options be prepared for its consideration of further dates, one option to identify dates should it decide to meet in conjunction with the LCEF Fall Conferences in 2011 and 2012, and another option should it decide not to meet in conjunction with the conferences; and

WHEREAS, The board desires to meet with the Council of Presidents on an annual basis if possible; and

WHEREAS, The Synod's Travel and Meeting Department has provided the following cost information regarding Board of Directors expenses:

Cost Item	2008 Indian Wells, CA	2009 Tampa Waterside	2010 STL Crowne (Feb.)
Food/Beverage/AV	\$ 3,321	\$ 4,272	\$ 2,129
Rooms	7,811	5,617	2,749
IC Catering			771
Travel (est.)	<u>8,850</u>	8,850	5,400
	\$19,982	\$18,739	\$11,049
Add. Fall Conf. Attendance (five staff still attend Fall Conf.) (est.)			5,895
	`		\$16,944

WHEREAS, There are different options for scheduling depending upon the board's decision to align their meetings with the fall conference activities; therefore be it

Resolved, That the Board of Directors of The Lutheran Church—Missouri Synod meet annually in conjunction with the LCEF Fall Leadership Conference and herewith adopt the following regular meeting schedule for the 2011–2013 triennium:

<u>2011</u>	<u>2012</u>	<u>2013</u>
Feb. 16–18 [#]	Feb. 15–17	Feb. 20–22
May 18–20 [#]	May 16–18	May 15–17 ¹
Aug. 24–26 [#]	Aug. 22–24	Sept. 14–16 ²
Nov. 16–18 ³	Nov. $14-16^3$	Nov. $20-22^3$

^{*}Meeting dates previously adopted

and be it further

Resolved, That this schedule be published and made publicly available by the Chief Administrative Officer and the Secretary, as appropriate, to comply with the spirit of 2007 Res. 7-05B "To Promote Transparency in Governance of Synod and Its Institutions" and Bylaw 1.5.3 which states, in part: "All agencies shall announce their upcoming meetings."

C. <u>Amendments to Bylaws 3.1.9 – 3.1.10.1</u>

Background:

¹Tentative, depending upon scheduling of floor committee weekend

²Tentative, dependent upon scheduling of new board/commission member installation

³Scheduled in conjunction with LCEF Fall Conference

2010 LCMS convention Res. 8-12A authorized and directed the Board of Directors, "pursuant to the procedure provided in Bylaw 7.1.2, to amend such other bylaws as may be necessary to implement the spirit of the resolutions involved in the restructuring of the Synod,...[such amendments] to be prepared by the Secretary of the Synod and reviewed by the Commission on Constitutional Matters."

In keeping with the overall spirit of restructuring, significant changes were made to section 3.1 of the Bylaws governing the distribution of convention publications (e.g., *Convention Workbook* and the preconvention issue of *Today's Business*), providing for the future use of electronic communication tools to facilitate timely and economical distribution of materials.

Due to an oversight, parallel changes were not also applied to the publication and distribution of the *Convention Proceedings*, which, if left unaddressed, will result in the needless expenditure of tens of thousands of dollars following future conventions for printing and mailing. Therefore be it

Resolved, That Bylaws 3.1.9, 3.1.10, and 3.1.10.1 governing post-convention communications be amended as follows:

PRESENT/PROPOSED WORDING

- 3.1.9 The President shall be responsible for the overall organization and operations of the conventions of the Synod....
 - ...(k) The Synod's communication services shall be responsible for telling the story of the conventions of the Synod to the public.

Convention Communications Proceedings

- 3.1.10 The Synod's Board for Communication Services shall be responsible for telling the story of the conventions of the Synod to the public.3.1.10.1 Following approval by the President (Bylaw 3.3.1.3 [j]), the content of the official Convention Proceedings of each convention shall be posted on the Synod's Website, with printed copies sent by Concordia Publishing House to every congregation in registered delegates of the convention, officers of the Synod, and members of boards, commissions, and councils (Bylaw 3.3.3.1 [i]).
 - (a) All delegates (voting and advisory) and all members of boards and commissions of the Synod shall also be sent a copy.
 - (b) The cost shall be paid by the Synod.

D. New Bylaw 4.1.6.2

Background:

2010 LCMS convention Res. 8-12A authorized and directed the Board of Directors, "pursuant to the procedure provided in Bylaw 7.1.2, to amend such other bylaws as may be necessary to implement the spirit of the resolutions involved in the restructuring of the Synod,...[such amendments] to be prepared by the Secretary of the Synod and reviewed by the Commission on Constitutional Matters."

The subject of district and circuit alignments and related matters surfaced repeatedly in the restructuring actions taken by the convention (e.g., Res. 8-02A; 8-03B; 8-07). District lines and relationships were also the subject of Res. 1-07A, "To Encourage Inter-District Dialogue in the Establishment of New Church Starts, Satellite Worship Sites, and Specialized Ministries Across Geographic District Lines."

The Commission on Constitutional Matters has suggested (and the Commission on Handbook has agreed) that the resolve paragraphs of Res. 1-07A rise to the level of bylaw language and content and, although not adopted as a bylaw amendment, warrant inclusion in the Bylaws of the Synod. The following addition of a new Bylaw 4.1.6.2 to the Bylaws of the Synod incorporates the content of the resolves of Res. 1-07A. Therefore be it

Resolved, That the content of the resolve paragraphs of 2010 Res. 1-07A, addressing Gospel outreach across district lines, be added to the Bylaws of the Synod as new Bylaw 4.1.6.2, as follows:

PRESENT/PROPOSED WORDING

- 4.1.6.2 Congregations interested in expanding their Gospel outreach into an area that crosses district lines are encouraged first to discuss their intent with their own district officials, followed by discussion with the appropriate district officials and the local congregations impacted by such work.
 - (a) Any such expansion of Gospel outreach into an area that crosses district lines shall require the concurrence of both the president of the receiving geographical district and the board or committee responsible for mission in that district.
 - (b) The ecclesiastical supervision of a new church start, satellite worship site, or any ministry established by a congregation in another district shall be decided by the affected district presidents.

E. Amendment to Bylaw 3.1.4.1 (b)

Background:

2010 LCMS convention Res. 8-12A authorized and directed the Board of Directors, "pursuant to the procedure provided in Bylaw 7.1.2, to amend such other bylaws as may be necessary to implement the spirit of the resolutions involved in the restructuring of the Synod,...[such amendments] to be prepared by the Secretary of the Synod and reviewed by the Commission on Constitutional Matters."

With the adoption of Res. 8-08A, the convention reconsidered and clarified the responsibilities of the Commission on Constitutional Matters (CCM) and the Commission on Handbook (COH), moving former CCM responsibilities for bylaw-language concerns and the post-convention revision of the *Handbook* to the COH and thereby making it important for the COH to be more involved in the bylaw-development process.

The inclusion of the Commission on Handbook in the list of exceptions to the general rule limiting convention representation provided by Bylaw 3.1.4.1 (b) will provide opportunity for the Commission on Handbook to be amply represented when bylaw language is being discussed. Therefore be it

Resolved, That Bylaw 3.1.4.1 (b) providing exceptions to the general rule governing representation at Synod conventions be amended to include mention of the Commission on Handbook, as follows:

PRESENT/PROPOSED WORDING

3.1.4.1 Each elected and appointed board and commission of the Synod shall be represented at conventions of the Synod....

...(b) Standing exceptions shall be the Board of Directors, the Commission on Constitutional Matters, the Commission on Handbook, and the Commission on Theology and Church Relations, who may be represented by as many of their membership as they deem necessary.

F. Special Recognition of the Service of Dr. Thomas Kuchta as Vice-President-Finance—Treasurer

The current board meeting being the final meeting attended by Dr. Thomas Kuchta as Vice-President–Finance—Treasurer, the following resolution was introduced and adopted:

Resolved, That the Board of Directors, on behalf of the 2.4 million members of The Lutheran Church—Missouri Synod, give thanks to Almighty God for the service of Dr. Thomas Kuchta on the occasion of his retirement from full-time service in the Synod; and be it further

Resolved, That the board, again on behalf of the members of the Synod, offer its heartfelt thank you to Dr. Kuchta for his years of service as the Vice-President–Finance—Treasurer of the LCMS, and in numerous other positions and activities for and on behalf of the Synod at the national, district, and local levels.

26. Joint Board of Directors/Council of Presidents Meeting

As a part of its regular meeting, the Board of Directors met jointly with the Council of Presidents (COP) to address several significant and timely issues. The meeting was called to order by COP Chairman Larry Stoterau, who called on English District President David Stechholz to a prayer to open the joint session.

Iowa West District President Paul Sieveking, Chairman of the Task Force for Synodical Harmony, called attention to the printed report of the task force (attached to the protocol copy of these minutes) and provided a brief history of its work, beginning with the adoption of Res. 4-01A by the 2007 Synod convention, called attention to the definitions used by the task force, and noted its presuppositions and the process that was developed and carried out.

Task Force Chairman Sieveking called particular attention to the "seven aspects of disharmony" that were the primary content of the task force's initial report to the 2010 convention. He also noted 2010 Res. 7-01 "To Encourage Task Force on Synodical Harmony" and its resolves that the "report be made available to members of the Synod by publication on its Website" and that the "task force be encouraged in its continuing work of developing specific strategies to move us toward greater harmony in the LCMS." He offered commentary regarding the model developed by the task force that was designed to promote harmony, reviewing how that process can be helpful in addressing each of the seven aspects of disharmony.

After noting specific strategies offered by the task force to assist the Council of Presidents and the Board of Directors in their efforts to help the Synod demonstrate "how our great church body can provide a God-pleasing witness to our confession and practice," he concluded his presentation with an announcement of plans to coordinate the work of the task force with the "Koinonia Project" that is being advanced by the new administration of the Synod. He called particular attention to the final two bulleted paragraphs of the report:

While we look at what divides and alienates us from one another, we must not ignore the abounding grace of God among us. God's people still gather around the Word and the Sacraments to be graced with His forgiveness and together move forward in God's mission in the world. The treasure of the church is still ours—the glory and grace of the Gospel of Jesus Christ.

Until we find a way to speak and to listen to one another in love, little hope exists for moving toward greater concord in doctrine and practice. Luther's insight is compelling: "Where there is no love, there doctrine cannot remain pure" (LW 24, 244).

After extended discussion of the report and how it might best be used to the benefit of the Synod, a motion was introduced without opposition "to allow the President and First Vice-President, with the agreement of the task force, to give final attention to the report document before it is disseminated publicly." Discussion continued regarding the implementation of the report going forward, this in light of the Koinonia Project currently underway. A second proposal was also agreed to, again by consensus, "that the President's Office with the task force members from the Council of Presidents and the Board of Directors meet to give final attention and work with this in anticipation of a joint effort by all going forward."

Board of Directors Chairman Robert Kuhn introduced the next item on the agenda for the meeting, the implementation of 2010 Res. 8-14A "To Elect Five Vice-Presidents by Geographic Region," which resolved "that the Board of Directors and the Council of Presidents designate the boundaries of the five regions at least 24 months in advance of each Synod convention, appropriately considering geographical and number of congregations information." Noting an immediate need to get started at this in order to meet the 24-month deadline, he suggested "that three members of the Board of Directors and three members of the Council of Presidents work as a group with the Secretary of the Synod to study the matter and bring a recommendation to the council and board in their April and May 2011 meetings." His proposal for a task force of three and three to be convened by the Secretary of the Synod was accepted by consensus.

Secretary Raymond Hartwig was asked to make a presentation of essential areas of communication between the board and council. He noted areas requiring cooperation and communication, e.g., determining regions for elections, channeling all monies for foreign work through the Synod, keeping the board informed of legal matters on the district level (providing names of district general counsels, informing the Chief Administrative Officer of district legal proceedings, informing the board regarding all official statements and contacts with government agencies), avoidance of accommodation employment situations, adopting data policies following guidelines provided by the board, timely financial and audit reporting, ready cooperation when consultation between the two groups is required, and other more general expectations placed upon districts by the section pertaining to other agencies of the Synod in the board's policy manual. It was noted that work is being done by the board's Policy Review Committee on the section of the manual relating to other agencies, to be communicated to the council at a later date.

Board of Directors Chairman Kuhn reported briefly on Board of Directors business, noting that the date and location of the 2013 convention of the Synod has been established: July 20–25 in St. Louis. Council of Presidents Chairman Stoterau reported briefly on the focus being placed by the council on the subject of "ecclesiastical leadership in a post-church culture." He also provided specific information regarding the calling and vacancy situation in the Synod. At present there are 198 congregations actively calling sole pastors, 27 calling senior pastors, and 27 calling associate pastors, for a total of 252 actively calling congregations. In addition, there are 204 "temporarily non-calling" and 396 "permanently non-calling" congregations, for a total of 600 congregations not actively calling pastors, in part reflective of the financial conditions that exist in the country.

The joint meeting was closed with a prayer for the mission of the church.

27. <u>Discussion Items</u>

Chairman Kuhn called attention to a list of board discussion items in the docket for the meeting. Each was given attention by the board.

The chair raised the issue of the board's future representation on the ILSW Board for the Wittenberg Project. A suggestion by the President of the Synod that consideration of this question be delayed until the board receives a final report of a business plan for the project at its February meeting was agreed to by consensus.

The chair introduced the subject of how best to respond to inquiries received regarding legal matters. Further information was provided by Chief Administrative Officer Ron Schultz. It was noted that people and tools are in place for such eventualities and will be utilized as situations present themselves.

The chair called attention to the board's responsibility early in a new triennium to appoint legal counsel for the triennium. Past practice of appointing a small task force to provide an analysis to the board was noted. After discussion, a motion "that the chair appoint a task force to study current performance and a possible change of approach for the provision of legal service" was introduced and carried. Later in the meeting Chairman Kuhn announced the membership of this task force: Curtis Pohl (convener), James Carter, Robert Kuhn, and Kermit Brashear (with the Chief Administrative Officer providing staff services).

The chair also noted the need for the board to conduct a review and consider the reappointment of the Chief Administrative Officer. A motion was introduced and carried "to move into executive session."

27X. Executive Session IV

After exiting executive session, a motion "to ask the chairman to appoint a task force to evaluate the Chief Administrative Officer on merits for reappointment for the next triennium" was introduced and carried. The chair appointed the Personnel Committee to serve as the task force for this purpose.

Finally, the chair also reported on a meeting of representatives from the LCMS Board of Directors, the Concordia University System Board of Directors, the Council of Presidents, and the Concordia University Ann Arbor Board of Regents. Robert Kuhn and Curtis Pohl represented the LCMS Board of Directors. A motion "to move into executive session to receive their report" was introduced and carried.

27XX. Executive Session V

Following its return to open session, encouragement was offered to the leaders and groups within the board to provide regular updates and information as work is carried on. The Chief Administrative Officer also was asked to work diligently with groups coming before the board to make certain that they are clear regarding the purpose of their visits.

28. Chief Financial Officer Interviews and Appointment

Chairman Kuhn provided a brief description of the interview procedure to be followed with the two candidates for the Chief Financial Officer position, Daniel J. Ebert of Wentzville, MO, and Jerald C. Wulf of Pierre, SD. A motion to move into executive session was introduced and carried.

28X. Executive Session VI

Following the interviews and discussion that followed, the board exited executive session. After a recess, a motion was introduced and carried to move again into executive session to receive additional information regarding the candidates.

28XX. Executive Session VII

Upon returning to open session, a vote was taken by ballot and Jerald C. Wulf was elected Chief Financial Officer of The Lutheran Church—Missouri Synod. A motion to make the ballot unanimous was introduced and adopted with dissenting vote. A motion to destroy the ballots was introduced and carried, the following resolution was adopted:

Background:

WHEREAS, The 2010 convention of The Lutheran Church—Missouri Synod adopted Res. 8-39, which read in part:

Resolved, That the position of Vice-President–Finance—Treasurer now be appointed by the Board of Directors of the Synod after consultation with and with the concurrence of the President of the Synod. The Vice-President–Finance—Treasurer will serve a three-year term of office at the direction of the Board of Directors...:

and

WHEREAS, The Board of Directors sought and received nominations from the Synod; and

WHEREAS, The board appointed a Chief Financial Officer Search Committee of its members and staff, who vetted, conducted preliminary interviews, and recommended to the full Board of Directors candidates for interview by the full board; therefore be it

Resolved, That, pursuant to Bylaw 3.4.1.1, the Board of Directors herewith appoints to a three-year renewable term of office Jerald C. Wulf as the Chief Financial Officer of The Lutheran Church—Missouri Synod; and be it further

Resolved, That the initial salary of the Chief Financial Officer be set at \$152,000.

Chairman Kuhn expressed thanks to the search committee for its work, singling out for special recognition Donald Muchow and Val Rhoden-Kimbrough for their professionalism and faithful service.

29. Adjournment

The board having addressed all business to come before the board at this meeting, a motion was introduced and carried to adjourn. The meeting was closed with a prayer and words of benediction.

Raymond L. Hartwig, Secretary