

MINUTES
(pending)

BOARD OF DIRECTORS
THE LUTHERAN CHURCH—MISSOURI SYNOD
February 14–16, 2008
St. Louis, MO

27. Call to Order, Opening Prayer, and Approval of Agenda

Chairman Donald Muchow called the meeting to order, provided an opening devotion in the absence of Robert Kuhn (due to temporary illness), and led the board in prayer. Kurt Senske served as chaplain for the meeting during the time that Robert Kuhn was absent.

All members of the board were present for the meeting with the exception of Edward Balfour (due to illness). After a review by the chair of the agenda for the meeting and the major items of business to come before the board, the agenda was adopted following a minor change in scheduling.

28. Concordia College Selma Update (Board for University Education)

Board for University Education (BUE) Executive Director Kurt Krueger, Chairman Elmer Gooding, and staff member Alan Borcharding were introduced, along with Dr. Portia Shields, interim Chief Executive Officer of Concordia College, Selma. They provided a lengthy presentation describing the current situation at the school in support of their request for Board of Directors approval of financial assistance that will help the school reverse its adverse situation.

Dr. Shields spoke of the theme that is being used to support the school's effort, "Turn the Beat Around," and of efforts underway to prepare for an accreditation visit in the near future, including improvements in the areas of senior leadership, business office operations, financial aid model, and grant applications. Improvements are also being made to the schools' facilities, student services, athletic program, food service, safety measures, and information technology. The BUE representatives, after expressing appreciation for the leadership of Dr. Shields, presented their board's recommendation that Concordia Selma be granted \$1.8 million dollars from Concordia University System's Risk Endowment Fund, similar to a grant provided to Concordia River Forest several years ago. The BUE recommendation included a requirement for additional funds (\$700,000) to be provided by Concordia Selma and conditions governing the reception and use of the funds.

Dr. Shields and the BUE representatives responded to questions regarding the history of the current difficulties, the oversight responsibilities of the BUE/CUS Board of Directors, the performance of boards of regents, issues of responsibility when colleges and universities face crises, the value and title of the Concordia Selma property, the intent of the recommended grant, issues of reaccreditation, the commitment of the school's current leadership, related issues before the Blue Ribbon Task Force on Synod Structure and Governance, future expectations from the Board of Directors, current recruitment prospects, the importance of Concordia Selma to the mission of the Synod, the training of church worker students, and the importance of sufficient expertise on boards of regents to provide necessary leadership to the Synod's colleges, universities, and seminaries.

After the BUE representatives were excused with thanks and prayer, a motion "to move into executive session" for further discussion of the Selma matter was carried.

28X. Executive Session I

After a motion “to move out of executive session” was carried, the board moved on to other business. Later in the day the board returned to the BUE recommendation and discussed its purpose in light of the board’s limited involvement with the Risk Endowment Fund. It was also noted that when school properties were transferred to the Synod’s schools years ago and associated debt was transferred to the Concordia University System (the debt service of which continues to be paid by the Synod), none of that \$60 million indebtedness was Concordia Selma debt, which continues to be debt free. After further discussion, the formal action proposed by the Board for University Education was introduced and discussed. An amendment to add a second resolve “that the Board of Directors of The Lutheran Church—Missouri Synod commit to support Concordia College Selma in finance and prayer in the future with other resources as necessary and available” was ruled by the chair to be not germane to the main motion. Discussion continued on the resolution until a motion “to call the question” was carried. The resolution was adopted as proposed by the Board for University Education, as follows:

Background

During their meetings on 17–18 January, 2008, the Board for University Education and the Board for Pastoral Education adopted the following resolution.

Resolved, That the Board for University Education [Board for Pastoral Education] in a regularly scheduled meeting approved the following and recommends approval to the LCMS Board of Directors: In response to its request for \$2.5 million in emergency funding, Concordia College, Selma, (CCS) will be granted \$1.8 million from the Risk Endowment Fund with the following conditions:

1. CCS is required to raise or borrow \$700,000 (to add to the \$1.8 million to bring the total to the \$2.5 million requested amount).
2. CCS is required to use a portion of the funds (upon agreement with the executive director) for each of the following:
 - a. To enhance the recruitment/admissions processes (by consultant or direct hire);
 - b. To enhance the development/advancement program (by consultant or direct hire).
3. CCS is required to submit a detailed plan for the use of the \$1.8 million to the executive director of the Board for University Education before the funds will be transferred to CCS.
4. CCS must provide benchmarks for periodic progress reporting in the areas to be specified by the executive director of the Board for University Education (e.g., fund raising, enrollment, etc.).
5. CCS will provide or contract for board of regents training.
6. CCS will investigate the possible use of money from the college’s endowment fund to meet future financial needs.

7. The Board for University Education is not taking action at this time regarding the request from the CCS Board of Regents that additional funds should be provided in future years.

The Risk Endowment Fund was established in 2001 to guarantee debt service payments under bond covenants and to provide emergency funds in the event that an institution experiences a business crisis that cannot be remedied with ordinary means such as the Line of Credit. The fund has been drawn down once, for River Forest in 2003, when \$1.85 million was used to match institutional funds of the same amount in response to a fiscal emergency. The fund is required to maintain a \$5 million balance in accordance with Concordia University, Irvine's bond covenants. The balance is currently approximately \$6.8 million.

The Board for University Education and the Board for Pastoral Education endorse withdrawing \$1.8 million from the Risk Endowment Fund and request that the Board of Directors approve this action subject to the conditions listed above.

Action:

Resolved, That the LCMS Board of Directors approve the request to grant Concordia College, Selma \$1.8 million in accordance with the conditions specified by the Board for University Education and in accordance with the terms of the Risk Endowment Fund on record with the LCMS Foundation.

Discussion of related broader concerns continued. Upon the suggestion that Board of Directors member Victor Belton be recommended for an appointed position on the Concordia College, Selma Board of Regents, the following resolution was introduced and adopted:

Resolved, That as an expression of ongoing concern and support for Concordia College, Selma, the Board of Directors of The Lutheran Church—Missouri Synod respectfully requests that the Board of Regents of Concordia College, Selma appoint Dr. Victor Belton to fill one of the vacancies on the board of regents.

Before discussion of broader concerns ended, it also was agreed that a research of related opinions from the Commission on Constitutional Matters will be conducted by the Secretary of the Synod. A written message of support will also be sent by the chairman of the Board of Directors to the Black Clergy Caucus of the LCMS, Inc. and to the Board for Black Ministry Services.

29. Legal Counsel Committee Report

As a result of an action taken by the board at its November 2007 meeting, the chairman appointed an *ad hoc* committee to work with the Chief Administrative Officer to review and bring recommendations for the appointment of general legal counsel for the Synod for the triennium. Committee Chairman David Piehler, speaking on behalf of the other members of the committee (Walter Tesch and Gloria Edwards), described the procedure used by the committee, which included the development of a list of considerations to govern the selection recommendation process and the development of a process to interview persons with varying levels of interaction with current legal counsel. The results of the committee's review were summarized as follows:

- All persons interviewed were satisfied to very satisfied with Thompson Coburn.
- No one cited a significant concern in any of four categories singled out for discussion.

- The only performance issue cited by two interviewees was the perceived confusion between representatives of legal counsel at the 2007 convention.
- No one recommended changing counsel.
- LCMS World Mission, while reluctant when legal counsel first was changed, has also been satisfied to very satisfied with Thompson Coburn.

The committee provided a slide presentation showing comparisons of budget and actual expense figures for legal service provided by Thompson Coburn. It was noted that Thompson Coburn has submitted a new fee proposal that provides for annual rate caps that are approximately 28% lower per year than the original rate caps proposed three years earlier, this reduction based upon experience. A letter from Thompson Coburn was distributed containing proposed fees for the next three years (copy attached to protocol copy of these minutes), including discounted hourly rates believed by the committee to be lower than local market rates for comparable services. It was also noted upon review of legal expenses from 2001 to 2007 that annual legal costs (excluding costs from the Anderson lawsuit) have decreased each year since 2005.

Based upon its study and evaluation, the *ad hoc* committee recommended that the Board of Directors again appoint Thompson Coburn LLP as legal counsel for the Synod. Their proposed resolution to that effect was introduced and adopted as follows:

Resolved, That The Lutheran Church—Missouri Synod Board of Directors reappoint Thompson Coburn LLP as legal counsel for the Synod through June 30, 2011, according to the provisions contained in the board’s policy manual.

30. Joint BOD/COP Committee Report

Board of Directors members serving on the Joint BOD/COP Committee—Kermit Brashear, Betty Duda, and Roy Schmidt—provided a report of an initial conference call and the first formal meeting of the committee. Council of Presidents representatives on the committee are Kenneth Hennings (Texas), Dean Nadasdy (4th Vice-President), and Paul Sieveking (Iowa District West).

Betty Duda reported for the board representatives, spoke of the excitement generated by the first meeting of the committee, and recalled the kinds of questions that the committee will be asking of the constituency of the Synod in order to obtain input from the field:

- What is causing the disharmony in the Synod?
- What needs to change?
- How are you affected by the disharmony?
- What do you cherish about the LCMS?
- How does the Synod get to where you want it to be?
- What are the greatest struggles facing the Synod?
- How does the Synod achieve concord?
- What are the core values of the Synod?
- What commitment have you made as a member of the Synod?

Clarifying that the questions have yet to be refined, she reported that interviews of a representative group of the Synod will be conducted to obtain responses to the committee’s questions, and suggestions of names of persons to be interviewed will be welcomed. She emphasized that the committee has just begun to do its work and intends to be very transparent in carrying out its responsibilities. Initial plans include invitations to leaders of the Synod to speak to the committee, a preliminary report from these

conversations to serve as the basis for regional hearings, with the process working toward the next convention of the Synod.

31. Acquisition of Property Concern

A member of the board in a memo to the board raised the issue of the sale of the Christian Brothers College High School property adjacent to Concordia Seminary in St. Louis at a significant loss. Expressing no interest in looking back at what had been done, the board member did call attention to the document, “Delegation of Certain Synodical Board of Directors Responsibilities for Institutional Properties to BHE/CUS,” suggested that this protocol document is in need of study and review, and recommended that it be brought up to date in light of bylaw amendments and other changes.

In discussion that followed, it was noted that related board policies already exist, and that recent bylaw changes provide to the board greater opportunity to influence such matters. The Vice-President–Finance–Treasurer was asked to give attention to a revision of the existing protocol document with the BUE/CUS board. He was also asked to work at obtaining similar agreements with three other synodwide entities with whom no such agreements exist at this time: LCMS Foundation, Concordia Publishing House, and Concordia Historical Institute. During the discussion, interest was also expressed in reexamining the board’s process for approval of master plans of the Synod’s institutions of higher education.

Later in the meeting a member of the board proposed the following resolution directing the Vice-President–Finance–Treasurer to revise or secure all appropriate property delegation agreements. After the proposed action was formally introduced, it was adopted without further discussion, as follows:

Resolved, That the Board of Directors direct the Vice-President – Finance–Treasurer to secure property delegation agreements from the Board for Pastoral Education, the Lutheran Church—Missouri Synod Foundation, Concordia Historical Institute, and Concordia Publishing House; and be it further

Resolved, That the Vice-President–Finance–Treasurer present such agreements to the Board of Directors at its May 2008 meeting for review and approval; and be it further

Resolved, That the board direct the Vice-President–Finance–Treasurer to review and revise, where necessary, the property delegation agreement between The Lutheran Church—Missouri Synod and the Board for University Education/Concordia University System dated August 30, 1996; and be it finally

Resolved, That the revised agreement be presented to the board for approval at its May 2008 board meeting.

32. Officer Reports

A. President

President Gerald Kieschnick called attention to his printed report in the meeting docket (IA-1) and to a supplemental report distributed as he began his report (both reports attached to the protocol copy of these minutes). He offered brief reports on major Synod endeavors, *Ablaze!*, *Fan Into Flame*, *For the Sake of the Church!*, and *What a Way!*, and noted that thirteen members of the eighteen current Board of Directors members have pledged a total of \$479,500 to the *Fan Into Flame* campaign, of which three

officers of the Synod have donated \$120,000. He also reported that the *For the Sake of the Church!* endowment endeavor now totals \$160 million, on the way to its goal of \$400 million.

He reported that the *Consecrated Stewards* training endeavor that is being led and promoted by LCEF has provided a large number of trained leaders to assist congregations, but that the response from congregations has thus far been relatively small. Congregations that have made use of the program report an average increase in weekly offerings of twenty-five percent.

He also briefly noted the work of the Blue Ribbon Task Force on Synod Structure and Governance and the newly appointed Blue Ribbon Task Force on International Resource Distribution and Deployment. He also underscored the need for the leaders of the Synod to communicate to the Synod and its constituencies regarding “value added” by participation and involvement in district and national Synod endeavors, calling attention to reports coming from current studies indicating that Missouri Synod people don’t know much about the Synod and, as a result, also don’t care much about what the Synod is doing. He noted that communication efforts from the International Center and others do not seem to connect well with people on the congregational level. He also touched on the subjects of congregational revitalization and professional church worker compensation and indebtedness.

The President called particular attention to the theological convocation scheduled for August 18–20, 2008, in St. Louis, and encouraged all board members to reserve these dates for active participation in the convocation. He noted that the convocation’s focus will be on the document generated by the Blue Ribbon Task Force on Synod Structure and Governance, “Congregation—Synod—Church,” and briefly described some of the plans for the convocation. He then responded to comments from members of the board regarding communication challenges and involvement in the *Consecrated Steward* program.

B. First Vice-President

First Vice-President William Diekelman called attention to his printed report (IB-1, attached to protocol copy of these minutes) and highlighted several of the meetings he participated in since the board’s November meeting. He named the other members of the Commission on TAALC/LCMS Fellowship (Secretary Raymond Hartwig, CTCR Associate Director Joel Lehenbauer, and District President Lane Seitz for the LCMS; President Pastor Franklin Hays, Administrative Assistant Fred Balke, and CDCR Chairman Phillip Hofinga for the TAALC) and briefly described the work of the commission.

The First Vice-President also reported briefly regarding two other meetings in his activity report. A January 17–20 meeting in Haiti was a successful first step in a process for healing strained relationships with and within the Evangelical Lutheran Church of Haiti. He noted that this partner church is an example of how well-intended efforts on the part of U.S. congregations can result in difficult situations. And he described the Multi-Ethnic Conference at Concordia Seminary on January 28 as a good time for dialogue and offering encouragement to these groups of people, noting that the Synod needs to be intentional about helping these ethnic groups do the work of the church. Brief discussion followed his report.

C. Vice-President—Finance—Treasurer

Vice-President—Finance—Treasurer Tom Kuchta distributed copies of the January 31, 2008 “Statements of Financial Position” and asked the board to compare this latest information with the previous month’s report included in the meeting docket (both reports attached to the protocol copy of these minutes). He was pleased to report marked improvements in the Synod’s financial situation, including a reduction in the deficit in unrestricted assets and improvements in negative budget variances. In addition, some cutting of expenses, expected missions income from the Schwan Foundation, and a sizeable contribution from

Concordia Publishing House (due in large part to new hymnal sales) offer opportunity for guarded optimism at the present time.

He noted that the 2007 convention budget shows a surplus of approximately \$265,000 that will be returned to the districts. He also provided an early report on receipts from districts, encouraging in that of seven districts reporting, six show increases and one a small decrease.

He described a recent meeting with representatives from the Evangelical Lutheran Church of Latvia as particularly uplifting, an opportunity to be involved with a partner church in addressing issues that remain from days of Soviet domination. He also reported that the entities participating in efforts to form an Integrated Investment Committee have agreed to continue discussions. As Vice-President–Finance—Treasurer, he will serve as chairman of the group.

He also provided information regarding financial issues facing Concordia University, Irvine. The Synod is the guarantor of approximately \$25 million of the school's tax exempt bond issue. US Bank, the Letter of Credit provider, has notified Concordia that it is in violation of the debt service coverage ratio covenant as of September 30, 2007. The Lutheran Church Extension Fund is willing to provide any needed assistance until this matter can be resolved, and a visit to the school to review financial statements has been arranged, its purpose hopefully to put together an analysis that will satisfy the bank. If unsuccessful, Concordia will look to other banks for financing. Discussion followed regarding how the Board of Directors can be more helpful in preventing recurrences of this scenario in other school situations.

The Vice-President–Finance—Treasurer concluded his report by asking for guidance regarding the budget-setting process to be used in preparation the board's May meeting. It was agreed that if the Synod is in a deficit financial position by fiscal year's end, dollars should first be allocated to bring the deficit to zero. It was also agreed that the new budget should include an appropriate contingency expense item, that the board should continue to decrease the amount of anticipated bequest income, and that the corporate Synod executives group should be encouraged to work together to recommend allocation of net unrestricted income.

D. Chief Administrative Officer

Chief Administrative Officer Ron Schultz called attention to his printed report (IE-1, copy attached to the protocol copy of these minutes) and offered additional commentary. Speaking of his attendance at an Inter-denominational Executive Group meeting, he observed that our Synod faces many of the issues faced by other denominations "but not at the same level." He also spoke of planned district visits, offered further explanation of legal expenses, announced that the Synod had received a \$225,000 insurance company settlement to cover a large portion of the expenses of the Anderson lawsuit, and spoke of his meeting with the new executive director of the International Lutheran Laymen's League, Mr. Larry Lumpe.

E. Secretary

Secretary Raymond Hartwig called attention to his printed report (ID-1, attached to the protocol copy of these minutes) and presented the minutes of the November 15-16, 2007 meeting for approval. A change was made to the parenthetical statement near the top of page 32 of the minutes, replacing the words "final check with said board" with the words "review by executive director of the Board for Communication Services," after which the minutes were approved as changed. After the executive session minutes from the November meeting were distributed for review, they also were approved, as distributed.

The Secretary expanded upon his report regarding Concordia Historical Institute. At its meeting on February 8, a ribbon-cutting ceremony signaled the completion of the Institute's archives storage expansion project, including the installation of state-of-the-art movable shelving that will satisfy the Synod's archive storage needs for years to come. Sufficient funds are also successfully being raised to move forward with the relocation of the CHI museum to the vacated library space on the second floor of the International Center, with construction to begin in the near future.

He also called attention to KFUE-related materials included with his report, prompted by the discussion of the radio stations at the November 2007 Board of Directors meeting. He explained that the purpose of the materials was to provide new board members with a broader and more comprehensive understanding of issues related to the November discussion.

33. Recognized Service Organization Presentation

Secretary Raymond Hartwig provided a brief report of the history of the study that has been completed of the process used in the Synod to grant Recognized Service Organization (RSO) status to independent service organizations by operating boards of the Synod (proposal attached to the protocol copy of these minutes). Chief Administrative Officer Ron Schultz called attention to proposed changes to the board's policy manual governing the granting of RSO status to agencies of the Synod, calling particular attention to the proposed formation of a standing committee of the Board of Directors to supervise and facilitate the process.

Later in the meeting, after a corrected edition of the proposed policies incorporating suggestions from legal counsel was distributed, a motion by the Policy Review Committee "to adopt the proposed policy for granting RSO status" was adopted as follows:

5.9 Granting of Recognized Service Organization Status by Agencies of the Synod

5.9.1 RSO Status and Limitations

Bylaw 6.2 provides for granting "Recognized Service Organization" (RSO) status to independently incorporated service organizations that are independent of the Synod and whose ministries foster and extend the mission and ministry of the Synod. Requests for RSO status are made through the board of the Synod to which the organization desires to relate (Bylaw 6.2.2 [a]). Through recognition, the Synod affirms that an RSO is compliant with policies adopted by the Board of Directors (Bylaw 6.2.1 [b]) and any policies and criteria established by the operating board of the Synod to which it relates (Bylaw 6.2.1 [c]).

Recognition of a service organization by the Synod commends the RSO as a responsible corporate ministry that is not a part of the constitutional, legal structure of the Synod. However, the granting of RSO status does not imply accreditation or certification of the organization or its programs. Corporate Synod and its agencies disavow any participation in or responsibility for the governance, policies, and programs of the organization and make no representations or guarantees regarding the fiscal solvency or financial responsibility of the organization or any services that it expressly or implicitly offers.

RSO status is granted to the organization identified in the RSO agreement executed by the RSO and the Synod agency ("Agreement"). Subsidiaries and affiliates of the requesting organization are excluded from the Agreement and are not entitled RSO status unless specifically identified in the Agreement as being party to the Agreement.

In order that the Synod's recognition of service organizations will be of maximum benefit to the church, the Board of Directors provides the following common policies:

5.9.1.1 The Synod boards shall assure that the corporate services organizations granted Recognized Service Organization status:

5.9.1.1.1 Identify with the mission and ministry of the Synod but are independent of the Synod's constitutional, legal structure.

5.9.1.1.2 Respect and do not act contrary to the doctrine and practice of the Synod as set forth in the Constitution, specifically Article II, and applicable resolutions of the Synod.

5.9.1.1.3 Foster the mission and ministry of the Synod and engage in program activity that is in harmony with the programs of the boards of the Synod.

5.9.1.1.4 Provide for appropriate Synod representation on their governing boards, especially in the case of inter-Lutheran or inter-faith organizations (appropriate levels of representation to be determined by the board of the Synod to which the organization relates).

5.9.1.2 The Synod shall be assured that corporate service organizations that are granted Recognized Service Organization status:

5.9.1.2.1 Have provided assurance of Internal Revenue Code Section 501 (c) (3) tax exemption.

5.9.1.2.2 Operate with freedom and self-determination under the governance and policies of their own boards in establishing and evaluating their organizational, financial, and administrative objectives, activities, and programs.

5.9.1.2.3 Have established and maintain policies that limit fund-raising costs in relation to receipts.

5.9.1.2.4 Are able to demonstrate that, in the event of dissolution of the corporation, the residual assets shall be distributed to another 501 (c) (3) organization.

5.9.1.2.5 Have included provisions in their governing documents to clarify that recognition by the Synod (i) is not an endorsement of the fiscal solvency of the organization and (ii) does not express or imply endorsement of the fiscal solvency of the organization or any responsibility on the part of the Synod for the debts of other financial obligations of the organization. Such provisions are subject to approval by the Synod's legal counsel.

5.9.1.2.6 Sign an Agreement by which the organization agrees to comply with all applicable bylaws and policies of the Synod.

5.9.1.2.7 Include in all agreements or other documents creating secured indebtedness of the organization or financing obligations (such as promissory notes, bond issues, or other financing agreements) in a principal amount excess of ten percent of the assets of the corporation (as evidenced by its most recent audited financial statement) the following disclaimer of financial responsibility of the Synod for the obligations of the organization:

It is agreed and acknowledged that the recognized service organization status conferred upon [RSO] by The Lutheran Church—Missouri Synod is not an endorsement by the Synod of the fiscal solvency of [RSO] or of the services or programs offered by [RSO]. By recognizing [RSO] as a recognized service organization, the Synod does not undertake any obligation to repay or guarantee [RSO's] debts or other financial obligations.

- 5.9.1.2.8 Include in the Agreement a provision by which the organization agrees to indemnify and defend corporate Synod and all agencies of the Synod against lawsuits and claims against them resulting from or arising out of the Synod's recognition of the organization, such provision to read as follows:

[RSO] agrees to defend, indemnify, and hold harmless corporate Synod and all Synod agencies together with the officers, directors, and employees of each such organization from any and all liability, loss, damage, or costs, including attorney's fees, they, or any of them, may suffer as a result of claims, demands, actions, costs, or judgments arising against any of them in any way relating to [RSO] or arising by reason of the Synod's recognition of [RSO] as a recognized service organization of the Synod, including, without limitation, claims asserting that [RSO] is controlled or endorsed by the Synod or that the Synod negligently granted or maintained the recognized service organization status of [RSO] or failed to properly monitor the actions and undertakings of [RSO].

5.9.2 RSO Standing Committee

- 5.9.2.1 The RSO Standing Committee is a standing committee of the Board of Directors constituted to supervise and facilitate the RSO-granting process of the Synod, with the Board of Directors retaining general interest and supervisory responsibilities on behalf of the Synod.
- 5.9.2.2 The membership of the RSO Standing Committee will be comprised of:
- 5.9.2.2.1 The Secretary, the Chief Administrative Officer, and the Director of Business Services of the Synod as *ex officio* members.
- 5.9.2.2.2 Three additional members appointed annually—one by each of the three agencies granting the greatest number of service organization recognitions.
- 5.9.2.3 The RSO Standing Committee will meet at least four times annually to conduct its business, with the Secretary serving as chairman and two appointed members serving as the vice-chair and secretary of the committee. The committee's business shall include:
- 5.9.2.3.1 Maintaining a uniform process for the application, granting, monitoring, and reapplication (every five years) of recognized service organization status.
- 5.9.2.3.2 Informing service organizations of the requirements of recognized status upon their application for such status through a board of the Synod.
- 5.9.2.3.3 Informing service organizations of the benefits and privileges that accompany the granting of recognition by the Synod, including:
- Eligibility of ordained and commissioned ministers of the Synod called by recognized service organizations to remain on the active membership roster of the Synod.
 - Eligibility to apply for loans from the Lutheran Church Extension Fund—Missouri Synod, subject to LCEF policies.
 - Eligibility for “employer” status under the various Concordia Plans of the Synod, subject to Concordia Plans policies.
 - Eligibility for gift planning and trust services of The Lutheran Church—Missouri Synod Foundation, subject to Foundation policies.
 - Eligibility to receive restricted funds raised by the Synod subject to approval by the Synod board to which the organization relates and by the

Synod's Vice-President–Finance—Treasurer, such approval taking into consideration demonstrated need and specific purpose for which the funds are to be used.

- Public identification with the Synod and its agencies, including the use of the corporate Synod's logo, subject to Board for Communication Services policies.
- Eligibility to participate in the LCMS Group Purchasing Agreement program, subject to certain restrictions.
- Eligibility to apply for grants from the Lutheran Women's Missionary League, subject to LWML policies.

5.9.2.3.4 Reviewing the additional policies and criteria provided by the corporate Synod agencies that grant recognition to service organizations (Bylaw 6.2.1 [c]) to assure that the unique needs of those boards and the expectations of the Synod are met.

5.9.2.3.5 Providing regular status and activity reports to the Board of Directors and conventions of the Synod, including reports of policies and criteria adopted by the boards of the Synod.

5.9.2.3.6 Listing all Recognized Service Organizations in *The Lutheran Annual*. The listing shall be prefaced by a statement that recognition is not a guarantee on the part of the Synod on the fiscal solvency of the Recognized Service Organization and that the Synod has no financial responsibility for a recognized organization or services expressed or implied.

34. Legal Counsel Report

Sherri Strand and Michael Lause of Thompson Coburn LLD were introduced to present the legal report. A motion "to move into executive session to receive the report of legal counsel" was introduced and carried.

34X. Executive Session II

The board remained in executive session to receive a report from its Personnel Committee regarding salary increases for the coming budget year. After explanation and discussion, a motion "to move out of executive session" was introduced and carried.

35. Change of Concordia Plans Leadership, Recognition of Paul Middeke

During the course of the meeting, James Sanft was introduced to the Board of Directors as the new president of Concordia Plan Services, effective March 3, 2008. In his brief comments to the board, he spoke of the partnership that exists between his board of directors and the Board of Directors of the Synod and of his awareness of the "appropriate balance" that needs to be maintained between the ministry of the Concordia Plans to the church and the expense of that ministry to the church for taking care of church workers. The board joined in a prayer asking God's rich blessings upon the ministry of Concordia Plan Services and its new president.

Later in the meeting the board had opportunity to meet with and recognize the service of Paul Middeke, retiring president of Concordia Plan Services, who expressed gratitude for the opportunity he has had,

especially during the past seven years, to serve the Synod in such a meaningful and rewarding manner. The following resolution was introduced, adopted by the board, and shared with the out-going president:

Resolved, That the Board of Directors, on behalf of the 2.5 million members of The Lutheran Church—Missouri Synod, give thanks to Almighty God for the service of Mr. Paul Middeke on the occasion of his retirement from full-time service in the Synod; and be it further

Resolved, That the Board of Directors, on behalf of the members of The Lutheran Church—Missouri Synod, offer its thanks to Mr. Middeke for his years of service as the President of Concordia Plan Services, Vice-President—Finance—Treasurer of the LCMS, and in numerous other positions and activities for and on behalf of the Synod at the district and local levels.

36. Committee Reports

A. Audit Committee

Audit Committee Chairman Curtis Pohl provided an oral report (printed report attached to protocol copy of these minutes), that included a progress report on the development of a policy on suspected misconduct and a report on the development and implementation of new risk assessment auditing standards. He also reported that the Internal Audit Department is now fully staffed with nine audit professionals and that the department's objectives will be met before or shortly after the fiscal year-end. His report also included a brief progress report of audits of related corporate entities including Concordia Plan Services, the LCMS Foundation, Concordia Historical Institute, and the Concordia University System.

Appointment of External Auditor

In light of an evaluation of the qualifications, performance, and effectiveness of Brown Smith Wallace LLC, corporate Synod's current external auditor, the Audit Committee chairman introduced the following action for board approval. He explained that increased standards will need to be met that will impact Synod and district financial statement audits. He added that these new standards will also serve the good purposes of the Synod. After being informed that next year's audit by Brown Smith Wallace will total \$51,000, the board adopted the following resolution:

Background

Through discussions with the Vice-President—Finance—Treasurer of the Synod and the Executive Director of Internal Audit, the Audit Committee of the Board of Directors has performed an evaluation of the qualifications, performance, and effectiveness of the Synod's independent auditors. Based on this evaluation, the Audit Committee recommends that the Board of Directors once again appoint Brown Smith Wallace LLC as its independent auditors.

Action

Resolved, That the Board of Directors appoint Brown Smith Wallace LLC to audit the consolidated financial statements of The Lutheran Church—Missouri Synod, Inc. for the fiscal year ending June 30, 2008.

B. Personnel Committee

Personnel Committee Chairman Gloria Edwards reported on behalf of her committee that two action items were initially being proposed for Board of Directors consideration.

Human Resources Guidelines re Background Checks

The first proposed action was a recommendation to modify human resources guidelines regarding references and background checks. The following resolution, after introduction by the committee and brief discussion of its purpose, was adopted as presented:

Background

The Synod's Department of Human Resources provides background screenings for all potential employees. When a background check raises a questionable issue, some subjectivity regarding the findings is necessary in deciding whether to hire an individual or disqualify the individual from employment. There also is a need for sufficient objectivity to assure the employer and those served that they will be protected from liability and harm.

Action

Resolved, That Human Resources Guideline 3.65, having been reviewed by legal counsel, be modified to read as follows:

Subject: Calling, Employing, and Appointing Staff
Guideline No. 3.65 Reference and Background Checks

The Department of Human Resources will provide reference and background checks based upon the following criteria:

Prior to an official commitment of employment, reference checks shall be done on all employees. Such reference checks will consist of contacting at least two personal references and at least one prior employer (if applicable).

In addition to the reference checks noted above, a standard background check which includes Social Security Verification and a Criminal Background Check shall also be completed.

Positions which require an individual to operate a vehicle, either owned or leased by The Lutheran Church—Missouri Synod, the LCMS Foundation, Lutheran Church Extension Fund—Missouri Synod, or Concordia Plans Services shall include, but not be limited to, a check of the applicant's driving record.

Positions which require an individual to represent The Lutheran Church—Missouri Synod, the LCMS Foundation, Lutheran Church Extension Fund—Missouri Synod, or Concordia Plan Services in an activity which calls for access to a member's financial information (e.g., Gift Planning Counselors, Investor Representatives, etc.), shall include, but not be limited to, a check of the applicant's credit history.

Positions which require an individual to represent The Lutheran Church—Missouri Synod, the LCMS Foundation, Lutheran Church Extension Fund—Missouri Synod, or Concordia Plans Services through visits to the membership of the Synod in their homes shall include, but not be limited to, a criminal investigation of the applicant.

Positions which require regular access to or control of The Lutheran Church—Missouri Synod, the LCMS Foundation, Lutheran Church Extension Fund—Missouri Synod, or Concordia Plan Services assets, such as cash, equipment, and/or investments which exceed \$10,000, shall include, but not be limited to, an investigation of the applicant’s credit history.

Interpretation of Background Findings

When a negative finding is reported on an applicant’s background check, the Department of Human Resources shall be responsible to determine whether an offer of employment will be made or, in cases where an offer has been made contingent on the background check, whether the offer will be rescinded. If a department disagrees with the decision made, the executive director of the hiring department may request a review of the decision by the Chief Administrative Officer of the Synod, who will gather the facts and make the final decision.

In most situations, the following guidelines shall be used in determining whether to hire the applicant:

- The nature of the finding and its relationship to the position:
 - For positions where the individual will work in an unsupervised setting—there may be no evidence of any prior felony convictions and/or no misdemeanor convictions within the past five years and/or any convictions related to physical abuse or sexual misconduct.
 - For positions where the individual will have unsupervised association with minors—there may be no evidence of any prior felony convictions and/or any misdemeanor convictions.
 - For positions which are “sensitive in nature”—there may be no evidence of any prior felony convictions and/or any misdemeanor convictions.
- The age of the individual when the conviction occurred.
- The number of convictions.
- Whether hiring the applicant could pose an unreasonable risk.

The applicant will be given the legal right to dispute the findings in accordance with the Fair Credit Reporting Act and may be given an opportunity to respond to the background check results via an explanation.

In cases where the applicant failed to disclose a criminal conviction on the application or has falsified any information regarding his/her conviction history, the applicant will not be considered for employment.

Interim Appointments for Officer Positions

The Personnel Committee introduced its recommendation for naming interim appointments for the positions of Chief Administrative Officer, Vice-President–Finance–Treasurer, and Secretary of the Synod, should any of these officers be unable to continue to serve. After brief discussion of the purpose of the proposed action and the criteria used in naming the interim appointees, the following resolution was adopted:

Background

In accordance with the Bylaws, Board of Directors policy, and Human Resources “Guideline 3.70 Appointment of Interim Persons,” each board, commission, and

department is to identify a person to provide interim direction and leadership to the board, commission, or department in the event that there is an unexpected resignation, disability, disposition, or death of the staff executive currently serving.

Since the Board of Directors is responsible for appointing persons to serve in the positions of Chief Administrative Officer, Vice-President–Finance—Treasurer, and Secretary of the Synod during a vacancy, the board needs to identify who will serve during an interim vacancy such as noted in the policy below:

It is important that all boards, commissions, or departments identify a person to provide interim direction and leadership to the board, commission, or department in the event there is an unexpected resignation, disability, disposition, or death of the staff executive currently serving. The board, commission, or department must be able to carry out the work in process and be capable of continuing its normal routine, as much as possible, during unsettling times. Such proactive measures will assure all involved, a sense of preparedness rather than chaos. The districts, congregations, and members will be well served because there is a procedure in place.

The board, commission, or department should not take the appointment of an interim person lightly. The selection needs to be made on the basis of the needs of the board, commission, or department and the necessary skills required to reasonably assure that the primary functions will continue during a short-term vacancy. The interim appointment should be considered as a short-term contingency arrangement until the executive is able to return, or, if necessary, until a call or appointment of a new executive is accomplished. Therefore, the following guideline is to be adhered to:

- Each International Center board, commission, or department, in coordination with their staff executive, shall identify an individual to assume primary responsibility for overseeing, on an interim basis, departmental operations in the case of resignation, disability, disposition, or death of the executive currently serving.
- If the position responsibilities require clergy or roster status, the individual identified to serve during the interim shall also be expected to meet such a requirement.
- The International Center board, commission, or department reviews annually their contingency plan, to verify that the best interest of the board, commission, or department will be served should implementation be required. The contingency plan is to be shared in writing annually with the President, the executive director of the Synod's Board of Directors, and the Director of Human Resources.
- Other corporate entities operating under common policies at the International Center shall disclose compliance to a contingency plan.

The Director of Human Resources shall retain a confidential file on all contingency plans should there be a need for implementation.

Input was obtained from the Chief Administrative Officer, the Vice-President–Finance—Treasurer, and the Secretary of the Synod prior to proposal of the following action to fill vacancies in their offices on an interim basis.

Action

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	Mr. Tom Kuchta, so long as he continues to serve as Vice-President–Finance—Treasurer
Vice-President–Finance—Treasurer	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.

July 1, 2008 Salary Increases

After initial discussion during an earlier executive session, the Personnel Committee introduced the following proposed action to govern July 1, 2008 salary increases. It was adopted without further discussion as follows:

Background

The objectives of the International Center’s salary administration system are to attract competent employees, to retain qualified, seasoned employees, and to provide adequate incentives for performance and personal achievement. The system currently in place is one that provides equitable and uniform treatment for comparable positions. There is a direct relationship between the demands, duties, and responsibilities of the position, and the salary range is currently assigned by a point-factoring method of classifying positions to salary ranges. In an effort to remain competitive with the Synod’s salary ranges and the salaries paid, an annual review of the local, national, and synodwide salary trends has been done.

The American Association of Industrial Management; Compensation Resources; Compensation Data 2007—Missouri; Concordia Plan Services’ 2007 Congregation Salary Analysis; the 2007 top 200 paid parish pastors and the top 200 paid institutional executives enrolled in the Concordia Plan Services; Concordia Publishing House; Lutheran Hour Ministries; the National Association of Church Business Administration (NACBA); the 2007 District Salary Survey; and other compensation surveys were used in determining the local and national trends projected for 2008 increases. The intent of the comparison is to measure the International Center’s ability to compete within the structure of the Synod and the local nonprofit job market for employees and to fairly compensate staff.

The average increase budget proposed by St. Louis and other Missouri employers is 3.6 percent, with an average salary range adjustment of 3.7 percent; Concordia Publishing House has reported an anticipated 4 percent average salary increase budget; Lutheran Hour Ministries is projecting salary increases of 3 percent; and, through May 2008, the median increase projected by the districts is 3 percent. The CPI for Midwest Urban shows an inflation rate of 3.7 percent from October 2006 to October 2007.

In 2006 the Board of Directors adopted the following compensation philosophy:

At the International Center of the LCMS, our compensation philosophy is simple: in striving to be good stewards of the dollars entrusted to us, we shall pay fair salaries in a fashion which rewards performance in order to be able to attract, motivate, and retain employees.

The term “fair” shall be interpreted as fair pay based upon the role within corporate Synod; striving to pay at or within ten percent of the market value for the job held (using not-for-profit standards to define the market value), and the incumbent’s performance in the position.

The top paid 150 parish pastors and the top paid 150 institutional executives shall be used as a guideline for the placement of the Class 6 executive directors of the program boards and commissions, with some being higher and some being lower.

Action

Resolved, That effective March 1, 2008, the salary ranges be adjusted by 2.5 percent as presented in the attached report; and be it further

Resolved, That the Salary Increase Budget for 2008/2009 be set at 3.5 percent (cost of living) with some receiving more and some less; and be it further

Resolved, That employees receive increases based upon their relative performance rating; and be it finally

Resolved, That the Bonus Budget be set at 1.5 percent of the 2008/2009 salary budget and maintained in a separate line item in the Human Resources Budget. Unit executives shall be responsible for recommending to Human Resources bonuses to employees (in accordance with Human Resources policies) whose performance and/or unique contributions warrant special recognition.

C. Policy Review Committee

Policy Review Committee Chairman Kurt Senske reported on behalf of his committee. He distributed copies of an “Annual Policy Review, Monitor, and Action Calendar” to inform the board of his committee’s intentions to conduct an orderly annual review of the board’s *Policy Manual*.

LCMS Website and Internet Presence

He introduced on behalf of his committee the following action to update Policy 5.7.6 “The LCMS Website and Internet Presence.” It was noted in the background material provided by the committee that the Board of Directors has in the past two years been informed regarding discussions to transfer certain functions of the Information Services division of LCMS General Services to the Board for Communication Services. It was also noted that in July of 2007 the board endorsed a plan of the Chief Administrative Officer to relocate/delegate some services and functions currently located in General Services to the Board for Communication Services. That resolution authorized General Services to continue to provide operational and technical support for the LCMS Web presence, authorized the Chief Administrative Officer to work with other involved parties to effect a clear and smooth transition of responsibilities and budget, resolved that the Intranet as a business tool remain solely under the direction of the Board of Directors through the Chief Administrative Officer, and encouraged the Board for Communication Services and the LCMS national office program boards and commissions to strive for and develop an integrated communications strategy.

In light of this July 2007 action, the Personnel Committee proposed and, without discussion, the board adopted the following resolution:

Resolved, That the Board of Directors approve the changes as outlined below to The Lutheran Church—Missouri Synod Board of Directors’ *Policy Manual*, section 5.7.6, and direct the Chief Administrative Officer to update the Table of Contents, Index, and other references as necessary.

5.7.6 The LCMS Website and Internet Presence

- 5.7.6.1 The Lutheran Church—Missouri Synod website on the World Wide Web shall serve as an instrument for carrying out the Synod’s objectives as stated in Article III of its Constitution. The following websites may be linked to the LCMS website in accordance with LCMS Internet policies.
 - 5.7.6.1.1 Each program board and commission shall maintain a web section (sub-domain) that is an integral component of the lcms.org website. The Internet presence of all program boards and commissions shall be part (sub-domains) of lcms.org. (In rare instances, specific unique target audience and business circumstances may require an exception.)
 - 5.7.6.1.2 All other agencies of the Synod shall have a website that shall be linked to the Synod’s website.
 - 5.7.6.1.3 Each agency’s web page should indicate that the agency is an agency of the Synod, display a copyright symbol, and show the date the agency created the current version.
 - 5.7.6.1.4 Each member congregation of the Synod is encouraged to have a home page and link it to the Synod’s website.
 - 5.7.6.1.5 Auxiliaries and Recognized Services Organizations of the Synod and other organizations linked to the agencies of the Synod through programs or financial support may, by mutual consent, be linked to the Synod’s website.
 - 5.7.6.1.6 Church bodies that are part of the International Lutheran Conference or who are in altar and pulpit fellowship with The Lutheran Church—Missouri Synod may, by mutual consent, be linked to the Synod’s website.
- 5.7.6.2 Individuals and non-affiliated commercial organizations shall not be linked to the Synod’s website.
- 5.7.6.3 The Synod may remove the links to and from its website for any organization which takes positions contrary to the doctrine and practice of The Lutheran Church—Missouri Synod. Links to external websites are to be jointly monitored by the department, program board, or commission of the Synod on which the link appears and the Board for Communication Services. Special requests for removal shall come through an officer, board, or district of the Synod and shall be directed to the Board for Communication Services.
- 5.7.6.4 Each agency of the Synod shall conform to the following requirements regarding the display and dissemination of information it publishes on the Internet.

- 5.7.6.4.1 Each document shall be displayed in its entirety or state which part(s) of the publication is/are being displayed.
 - 5.7.6.4.2 Each display shall include a copyright and/or trademark symbol if applicable and describe any restrictions on the use of the displayed information. Any agency using copyrighted material not created in the agency shall obtain approval for its display in accordance with the Copyright Act of 1976. Questions should be directed to the Executive Director of Communications or to the Synod's Chief Administrative Officer.
 - 5.7.6.4.3 The display of official information published by the Synod shall provide a proper bibliographic citation which includes the issuing agency, the agency's location, the official date of the publication of the document, and where authorized paper copies, if they exist, may be obtained.
 - 5.7.6.4.4 Forums, blogs, chat rooms, and other Internet discussions, whether mediated or non-mediated, shall include a disclaimer in the introductory material stating that opinions expressed are personal opinions and do not necessarily represent the official opinion of the Synod.
- 5.7.6.5 The Synod's Board for Communication Services (BCS) shall be responsible for maintaining the Synod's web presence. General Services and Concordia Technologies shall provide technical services and support to BCS according to corporate Synod technology policies. The Chief Administrative Officer shall be responsible for interpreting and administering this policy.

Publication of Board Member Contact Information

The Policy Review Committee introduced discussion of a suggestion that e-mail addresses of the members of the board be made public and available. The committee recommended that this would be useful information that could be published in *The Lutheran Annual*, noting its value to advance the board's interest in openness and transparency. It was also suggested that suitable information be provided by each board member to the Chief Administrative Officer for publication on the Synod's website. It was agreed that each member of the board would fill out a data sheet for the sake of good order and commonality. It was also clarified that board members who wish to respond to e-mailed correspondence may acknowledge receipt out of courtesy but are not to respond on behalf of the board, instead advising the correspondent that the content of the e-mail would be made available to the entire board as appropriate.

The committee announced that one additional policy recommendation regarding the acceptance of gifts, entertainment, or favors would come before the board later in the meeting. As the committee completed its report, it announced that it would be giving attention to section 4.1 of the board's *Policy Manual* in preparation for the board's May meeting.

Policy Revision Governing Acceptance of Gifts, Entertainment, or Favors

In later sessions of the meeting, the Policy Review Committee introduced its recommendation for a policy revision governing the acceptance of gifts, entertainment, or favors from any individual or outside concern which does or is seeking to do business with the Synod or its agencies. It brought to the board's attention the action of the 2007 convention that revised Bylaw section 1.5.2 governing disclosure of conflicts of interest. The convention revised Bylaw 1.5.2 (b) (4) to read: "The Board of Directors shall establish policy regarding the acceptance of gifts, entertainment, or favors from any individual or outside concern which does or is seeking to do business with the Synod or the agencies of the Synod." After

discussion, withdrawal by the committee, and reintroduction by the committee, the following resolution was adopted:

Resolved, That Board of Directors policy section 5.6.8 be revised to read as follows:

5.6.8 The Acceptance of Gifts, Entertainment, or Favors

The acceptance of gifts, entertainment, or favors from any individual or outside concern which does or is seeking to do business with the Synod or the agencies of the Synod is governed by the following policy:

5.8.6.1 Acceptance of Gifts

Each agency of the Synod and corporate Synod shall maintain a policy regarding the acceptance of gifts, entertainment, or favors from any individual or outside concern which does or is seeking to do business with the Synod or the agency which at a minimum complies with the following:

- 5.6.8.1.1 Employees who are offered gifts, entertainment, or favors because of their positions should not feel any entitlement to accept and keep such business courtesies. Although the individual may not use his/her position to obtain business courtesies, and must never ask for them, he/she may accept unsolicited business courtesies that promote successful working relationships and good will with the firms that the Synod or one of its agencies maintain or may establish a business relationship with.
- 5.6.8.1.2 Employees who award contracts or who can influence the allocation of business, who create specifications that result in the placement of business, or who participate in negotiation of contracts must be particularly careful to avoid actions that create the appearance of favoritism or that may adversely affect the Synod's or one of its agencies' reputation for impartiality and fair dealing. The prudent course is to refuse a courtesy from a supplier when involved in choosing reconfirming a supplier or under circumstances that would create an impression that offering courtesies is the way to obtain the business.

5.8.6.2 Meals, Refreshments, and Entertainment

Employees may accept occasional meals, refreshments, entertainment, and similar business courtesies that are shared with the person who has offered to pay for the meal or entertainment, provided that:

- They are not inappropriately lavish, unethical, or excessive, unless approval is obtained from an officer of the agency or entity.
- The courtesies are not frequent (more than three per year) and do not reflect a pattern of frequent acceptance of courtesies from the same person or entity.
- The courtesy does not create the appearance of an attempt to influence business decisions, such as accepting courtesies or entertainment from a supplier whose contract is expiring in the near future.
- The employee accepting the business courtesy would not feel uncomfortable discussing the courtesy with his or her manager or co-worker or having the courtesies known by the public.

37. Board for Communication Services (BCS) Presentation

The board welcomed BCS Chairman Dennis Clauss, board member John Bush, and Executive Director David Strand. The first half of their presentation was in response to a series of questions from the Board of Directors received prior to the meeting.

In response to the question, “What is the BCS most proud of?” they listed their spirit of collaboration, their department’s overall productivity despite the absence of a key executive, their management of expenses, their emerging capabilities, and their acquisition of Web responsibilities. They identified their “greatest challenges” to be ensuring effective, affordable impacts, seeking out fact-based, actionable information, systematizing processes and procedures, promoting strategic staff development, and returning the LCMS to national prominence.

In response to the question, “How can the Board of Directors help?” they asked for the board’s prayers, transparency, insistence on accountability, help in preventing fragmentation of communications throughout the Synod, and support in gathering essential information. Upon being asked if the BCS “is well aligned with vision,” they called attention to their championing of mission/vision initiatives, the diverse perspectives within the BCS, and their partnering emphasis. Looking ahead to “where to from here?” they welcomed continued and regular dialogue with the Board of Directors, affirming the value of periodic meetings for reaffirming priorities and reviewing policies and performance.

After David Strand spoke in very positive terms of his relationship with his board and the promising tone of his board’s meetings, the BCS representatives responded to questions from members of the Board of Directors regarding reaching out to younger generations, the role of the BCS in serving other boards and agencies of the Synod, better informing and gaining interest and support for the Synod from the membership of the Synod, centralizing communications from the Synod, the importance of targeting audiences, current prospects for and the advisability of a national message campaign, and communication issues in the International Center.

As the BCS representatives prepared for the second part of their presentation, a report regarding KFUEO radio, a motion “to move into executive session” was introduced and carried.

37X. Executive Session III

Following a motion “to move out of executive session” was carried, a prayer was offered on behalf of KFUEO and the work of the Board for Communication Services. The board returned to the orders of the day.

Later in the meeting, the following motion was introduced and, after brief discussion, adopted:

Resolved, That the LCMS Board of Directors establish a committee of three members of the Board of Directors (appointed by the chairman of the Board of Directors) and three members of the Board for Communication Services (appointed by the chairman of the Board for Communication Services), plus the Synod’s Vice-President–Finance—Treasurer as a non-voting resource person, to present two scenarios for consideration at the May (or August) 2008 Board of Directors’ meeting:

Scenario 1: A comprehensive operations, programmatic, and financial plan for engagement of KFUE AM and FM in support of the mission of The Lutheran Church—Missouri Synod “vigorously to make known the love of Christ by word and deed within our churches, communities, and the world.”

Scenario 2: A comprehensive communications, programmatic, and financial plan for allocation of net assets realized from the sale, realignment, joint venturing, or other type of divestiture or reallocation of KFUE AM and FM assets in support of the Synod’s mission.

Following the adoption of the resolution, the chair asked for volunteers to serve on the committee. Walter Tesch and Raymond Hartwig expressed willingness to service. Another member of the board suggested that Kermit Brashear also be asked to serve on the committee.

During the earlier discussion of the responsibilities of the Board for Communication Services, it was noted that there appears to be a disconnect between the work being done by the board and its staff and the description of the board’s responsibilities in Bylaws 3.8.5.2ff. Later in the meeting the following resolution was introduced and adopted without further discussion:

Resolved, That the Chief Administrative Officer, together with the executive director of the Board for Communication Services, review the Bylaws of the Synod relative to the services rendered by the Board for Communication Services and prepare recommendations for revision thereof to achieve more efficient and effective communication services for the Synod.

38. Hong Kong International School Delegation Report

Chairman Donald Muchow provided a report on behalf of LCMS representatives participating in meetings with the Hong Kong and Shanghai International Schools, November 28 – December 6, 2007 (President Gerald Kieschnick, Butch Almstedt, Tom Kuchta, Donald Muchow, Robert Roegner, David Birner, and John Mehl). As he provided his report, he showed slides from visits to the schools.

He reported that the LCMS did not handle well a request of the Hong Kong school for approval of construction plans. He also reported that the current Articles of Agreement that describe the Synod’s relationship with the school are no longer valid as a result of China’s governmental involvement in Hong Kong. While the leadership of the school wishes to remain close to the LCMS and values the 40-year history of the relationship, greater cooperation will be appreciated, especially in the area of recruitment of LCMS teachers to hold certain faculty positions. At present, less than ten percent of the teachers are LCMS, and there is a need to designate those teaching positions that should be filled by LCMS teachers. On the positive side, the Lutheran congregation associated with the school continues to serve as its spiritual hub.

He also reported regarding the delegation’s visit to the Shanghai school. Relations with this school are very positive and the financial partnership is intact, although there is only one LCMS member on the school’s board. Here also LCMS teachers are needed. The school operates under limited freedom, given China’s advocacy of a “post-denominational era.” Discussion followed regarding the need to recruit teachers for both schools, the Christian influence these schools have on the children who attend and their families, LCMS World Mission’s strategy for providing ministry through the only door that is open to that part of the world (education), interest in building additional schools in Asia, and the Hong Kong school’s commitment to the church and its mission and ministry that is coupled with its interest in freedom to handle property matters on its own.

Later in the meeting, the board returned to the subject of the Hong Kong International School, at which time the following resolution was introduced and adopted without further discussion:

Resolved, That The Lutheran Church—Missouri Synod Board of Directors offer its thanks to Hong Kong International School for its Christian charity in accepting the LCMS board representatives' apology for their board's lack of timely response and for graciously hosting the delegation visit; and be it further

Resolved, That the Board of Directors recognize and offer its appreciation for HKIS' collaborative efforts in Asian missions, both in their student service mission projects and in their stellar witness to the Gospel for over four decades; and be it finally

Resolved, That under the Holy Spirit's power the Board of Directors commit to the continued development of a healthy and respectful partnership with the Hong Kong International School into the future.

39. Venezuelan Property Transaction Reconsideration

David Birner of LCMS World Mission provided information associated with the Venezuelan property transaction reported in the November 2007 minutes of the board. Chief Administrative Officer Ron Schultz called attention to a memorandum from the executive director of the Board for Mission Services in response to the board action, and explained that discussion and further action was necessary to clarify the matter.

David Birner was asked to describe World Mission's strategy regarding foreign mission field property matters. He explained that when work is done in foreign countries on behalf of the LCMS, dollars invested and resources provided are intended to be long term investments that will hopefully lead to a sustainable national Lutheran church presence in the country. Properties are a part of that strategy. Specifically regarding Venezuelan properties owned by the Synod, World Missions approached the Board of Directors regarding the sale of unused properties a year ago after legal counsel in Venezuela reported interest on the part of the government in taking over such properties if found vacant. It was recommended that certain properties be sold to protect the Synod's investments and interests.

He also clarified that the Board for Mission Services is interested in retaining some of the Venezuelan properties for use by the national church and in turning over the proceeds from the sale of those liquidated to the national church body. He also explained that the purpose of perpetual funds under these circumstances is for providing continued support to our partner churches when the Synod has removed its own missionary personnel, as is the case in Venezuela.

The board returned to the Venezuela property matter later in the meeting, when the chair recommended that the resolution adopted during the board's November 2007 meeting be rescinded to allow for a new action based upon the clarification provided by the representative from the Board for Mission Services. As suggested, a motion "to rescind the action taken during the November 2007 meeting of the Board of Directors regarding Venezuelan property matters" was introduced and carried after brief discussion.

Attention was called to a proposed action, "Transfer of Venezuela Property to the National Church ILV and Designation of Proceeds from the Sale of Other Venezuela Properties." A motion "to adopt the resolution as printed" was introduced. A motion was introduced and carried "to divide the resolution" for consideration. The board then took up the first half of the divided question. After discussion, the first half of the resolution was adopted as follows:

Resolved, That the Board of Directors approve the request of the Board for Mission Services to transfer to the National Church ILV: PUERTO ORDAZ HOUSE Parcel of 1.085 sqm identified as No. 6 of the block No. 64, located in the Puerto Ordaz City, Caroni Municipality, Bolivar Estate. Currently rented to an American missionary non-LCMS. Approximate market price is: 170.000.000.-Bolivar's US \$80,000.

The board turned its attention to the second half of the divided question pertaining to the disposition of the proceeds from the following three properties approved for sale by the Board of Directors in September 2007, the proposed action authorizing that the proceeds "be deposited in a perpetual fund to be used for projects and ministries of the Lutheran Church of Venezuela:

1. QUINTA ALQUIMIA House of 341,10 sqm according to the property document. Located in the Intervencinal Avenue with Ramal 4, Colinas de Bello Monte Urbanization, Baruta Municipality, Miranda Estate (Caracas). Currently being used as office of the mission. Approximate market price is 330.000.000.—Bolivar's US \$154,000.
2. APARTMENT 51-1, RESIDENCES "CAROLINA" Apartment of 173 sqm according to property document. Located in "Ruta Siete," Colinas de Santa Monica Urbanization, Parish El Valle, Libertador Municipality (Caracas). Currently occupied by a missionary family (Rudolph Blank) for a portion of each year. Approximate market price is 170,000.000.—Bolivar's US \$80,000.
3. APARTMENT PH-2, RESIDENCES "THE ROSES" Apartment of 300 sqm according to the property document. Located in "Ruta Siete," Colinas de Santa Monica Urbanizacion, Parroquia El Valle, Libertador Municipality (Caracas). Approximate market price is 240.000.000.—Bolivar's US \$112,000.

After extended discussion, a motion was introduced "to table the matter until the May meeting of the Board of Directors." This motion was withdrawn. A second motion "to table the matter" was introduced and carried. Discussion followed regarding preparations for a proper discussion of this matter when it next comes before the board.

40. LCMS Foundation Fundraising Paradigm Shift

LCMS Foundation President Tom Ries was asked to provide information regarding a proposal he had submitted for change to the Synod's fundraising structure and process. He called attention to the introduction and background material provided with his proposal, which included the following information.

In November 2001, the Board of Directors placed the responsibility for direct gift fundraising for all corporate Synod agencies ("program boards") under the direction of the LCMS Foundation. In 2004, the board asked the Synod's Administrative Team to review the 2001 paradigm, following which the board made no changes. In November 2006, the Board of Directors approved a paradigm shift proposed by the Board for Mission Services, but declined the same when requested by the Board for Human Care Ministry in February 2007 in order to have time to evaluate the impact of the shift granted to the Board for Mission Services.

The LCMS Foundation organizes its work of direct gift fundraising in three levels:

- Level One includes face-to-face donor contact activities through principal gift activity, adoption agreements, and donor clubs.

- Level Two includes non-face-to-face donor contact activities through direct mail, telecare, and Internet.
- Level Three includes non-donor-contact activities including gift processing, gift reporting, and database management.

It currently provides all three levels of service to four program boards of the Synod: Board for Communication Services (for KFUE radio), Board for University Education/Concordia University System, Board for Pastoral Education (for Joint Seminary Fund), and Board for Human Care Ministries. The foundation also provides Level Three services for all of the Synod's remaining program boards.

The Board of Directors was informed by the Foundation president that, in general, the new paradigm piloted by LCMS World Mission has created an environment for an improved sense of engagement and responsibility on the part of the program board's leadership in the fundraising process. World Mission leaders, beginning with its executive director, are more actively engaged in establishing fundraising strategy. As a result, fundraising goals have been adjusted to be more realistic. Direct gift results also continue to improve.

In addition, LCMS Foundation and program board fundraising leaders together have established criteria and systems for ensuring continued coordination in fundraising activities. Directors and vice-presidents for development for each of the program boards hold monthly meetings, and a monthly prospect evaluation meeting provides a forum for reviewing principal gift prospects so that solicitation efforts are coordinated and donor needs and preferences are respected. For the sake of such cooperation, all ministries are adhering to the following important principals:

- Commitment to a spirit of cooperation among the ministries;
- Regular coordination among the ministries for in-service training of principal gift officers and moves management with principal donors;
- Use of a centralized data base (Benefactor) for all donor information by all ministries, including contact history; and
- Acknowledgement that donor lists are the property of corporate Synod, to be administered by the LCMS Foundation.

The LCMS Foundation President concluded his presentation by stating that the migration to the new fundraising paradigm as proposed is one part of an overall strategy to decentralize certain aspects of the Synod's fundraising process without sacrificing the advantages of coordination and collaboration.

Later in the meeting, a motion was introduced to adopt the recommendations offered for Board of Directors consideration:

1. That the Board of Directors approve requests from program boards of the Synod for a Level One paradigm shift similar to that currently in place for LCMS World Mission, effective as early as July 1, 2008;
2. That the Board of Directors evaluate the fundraising paradigm of the Synod at least biennially; and
3. That the Board of Directors endorse the LCMS Foundation as the manager of Level Two and Level Three fundraising activities for all program boards of the Synod, subject to review after two years.

In discussion that followed, concern was expressed regarding the presence of sufficient coordination of the fundraising efforts of Level One participation and sufficient detail in the anticipated process. A motion “to table the motion” was introduced and carried.

41. *Fan Into Flame*

Senior Principal Gift Officer Len Fiedler and Associate Executive Director Jeff Craig-Meyer of LCMS World Mission Development Services provided an update of the *Fan Into Flame* campaign to support the *Ablaze!* movement, including a progress report on the major gifts emphasis phase of the campaign. Leadership events continue to be held to identify new major donor prospects, with 25 such events having been held with more than 500 people in attendance. Another 11 events are scheduled through the end of May, with more to come through 2010. Two-thirds of gifts received from these events are from first time donors, these events likened to both sprint and marathon as they generate immediate responses as well as ongoing relationships that yield future responses and multiple gifts.

To date the campaign has raised \$28.5 million, with \$12.9 million received in cash donation. Approximately two-thirds of these dollars have been received from major/individual gifts and the remaining one-third through congregational appeals. Through September 2007, \$1,879,068 had been returned to districts and \$50,959 to congregations for local mission projects. This funding has made possible the call of a missionary to assist with church planting in the African-American community of Atlanta in cooperation with the Florida/Georgia District and the call of a missionary to work in Philadelphia in cooperation with the English and Eastern Districts.

The *Fan Into Flame* representatives also related stories of major gifts received and singled out one project that has received generous support. The refurbishment of St. Michael’s Lutheran Church of St. Petersburg, Russia has been promoted as an urgent project with a funding goal of \$1.040 million, the urgency caused by impatience on the part of the Russian government to have the project completed. At present, contributions of \$940,000 have left \$100,000 necessary to complete the project, with half of this support provided by first time donors.

Attention was also called to an article in the Winter 2008 edition of “*Ablaze!* Update” (copy attached to protocol copy of these minutes) providing *Fan Into Flame* district updates as of January 1, 2008. It was noted that nearly all districts have expressed their intent to launch *Fan Into Flame* campaigns by 2010. President Kieschnick, Vice-President Diekelman, the district presidents, and the leadership of LCMS Mission were commended for their excellent cooperation with the *Fan Into Flame* effort.

42. *Captive Insurance Presentation*

Vice-President–Finance—Treasurer Tom Kuchta expressed appreciation to Denise Webb for her ongoing efforts to assist the Board of Directors in reducing insurance costs. He reported that they have run out of ways to achieve further reductions and recalled the direction given to him by the board to look into the feasibility of the Synod developing its own captive insurance company. He introduced Mark Morris, CPA, CPCU, ARM and Lisa Wall CPA, CPCU, ARM of Lockton Captive Consulting, who at the request of the LCMS risk management group have prepared a captive feasibility study to determine if the implementation of a captive for the LCMS would be a net benefit to the organization.

They offered a brief overview of the Synod’s current insurance program, noting that, historically, the LCMS has enjoyed a low amount of losses on many of its insurance coverage lines, also noting that to minimize the cost of its insurance program, the LCMS has agreed to larger deductibles to lower premiums and obtain more favorable terms and conditions. Even with sizeable deductibles in place, the LCMS pays

annual premiums of more than \$3.3 million, to which are added approximately \$1.2 million in annual costs for insurance, claims, and claim adjustment expenses.

They went on to describe the variety of captive insurance program structures that are possible, to help determine the one that would best fit the LCMS, concluding that a single parent captive insurance company would be the most effective structure. It would be a separate legal entity owned by the LCMS, with its sole insured being the LCMS and its affiliates. With such a company, the LCMS would still procure insurance and risk transfer in much the same manner as it does today to protect the LCMS against severe loss. The captive program would be used to finance the deductibles on those policies. Premium savings as a result of accepting additional risk would be set aside in the captive to pay for the additional risk assumed in areas that would include workers' compensation, general liability, automobile liability, and property programs.

They predicted that for the first few years of the captive insurance program, total annual costs to the Synod for insurance and claims would remain largely unchanged. Premium reductions resulting from taking on more risk would be funded into the LCMS captive company as reserves for loss until the program matures and the LCMS has a favorable loss experience, at which time the captive would become a mechanism whereby future insurance costs could be moderated.

Extended discussion followed the presentation and the board expressed its appreciation to the presenters. The Vice-President—Finance—Treasurer observed that there are numerous other entities involved in the Synod's insurance program, with whom the LCMS will need to communicate regarding this proposal. Before proceeding with any such discussions, however, he asked for the board's agreement to move forward, noting that any captive insurance plan would not become effective until April 2009. By consensus the board agreed that this preliminary process should continue to move forward.

43. Chief Administrative Officer Review

A motion was introduced and carried "to move into executive session" for a review of the performance of Chief Administrative Officer Ron Schultz as required by Bylaw 3.4.3 (a), "Annual Reviews and evaluations shall be conducted between conventions by the Board of Directors."

43X. Executive Session IV

After a motion "to move out of executive session" was introduced and carried, the board recessed the session of the meeting.

As the first item of business of the next session of the meeting, in keeping with Bylaw 3.4.3 that the Chief Administrative Officer "shall serve a three-year renewable term of office during which he/she shall serve at the pleasure of the Board of Directors," and paragraph (c) which requires, "Each reappointment shall be with the mutual concurrence of the President and Board of Directors of the Synod," the following resolution was introduced, adopted, and followed by a prayer of thanksgiving for the service the Chief Administrative Officer provides to the board and the Synod:

Resolved, That with thanksgiving and joy the Board of Directors continue the appointment and service of Ron Schultz as the Chief Administrative Officer.

44. Action Items

A. Thrivent Block Grant

Chief Administrative Officer Ron Schultz provided background regarding the following proposed action to govern the distribution of Thrivent Financial for Lutherans 2008/2009 churchwide grant. After the resolution was introduced and discussed, it was adopted as follows:

WHEREAS, Thrivent Financial for Lutherans annually awards a churchwide grant to The Lutheran Church—Missouri Synod (LCMS); and

WHEREAS, Thrivent has notified the LCMS of a 2008/2009 award of \$1.420 million; and

WHEREAS, The LCMS has \$43,086 in unused funding from prior years; and

WHEREAS, The LCMS Board of Directors at its November 2006 meeting took the following action:

Resolved, That final approval for the use of the Thrivent Block Grant funds is the responsibility of the Board of Directors and will typically be approved during the annual budget process; and be it further

Resolved, That the Board of Directors requests the program board and commission executives [CSEs] as a collective body, including the Chief Administrative Officer, in consultation with the President’s Office, to make recommendations to the board for the use of the annual Thrivent Block Grant;

and

WHEREAS, The program board and commission executives individually submitted and collectively reviewed applications for the Thrivent grant funds for 2008/2009, these proposals submitted in two categories: (1) Larger scale, merit-based projects which the CSE group ranked, certain of which were approved; (2) Project(s) submitted by units represented by a CSE not to exceed \$34,000, reviewed by the CSEs for compliance with the Thrivent requirements (these projects identified below with an asterisk[*]); and

WHEREAS, The proposals submitted exceeded the expected 2008/2009 \$1.420 million Thrivent Grant funds and unused funding from prior years; and

WHEREAS, The program board and commission executives “have agreed to make recommendations to the Board of Directors for the use of the annual Thrivent Block Grant” and “as a collective body, including the Chief Administrative Officer, in consultation with the President’s Office have agreed” to present the following projects to the LCMS Board of Directors for inclusion in the 2008/2009 budget of the Synod:

- National Message Campaign (BCS)..... \$500,000
 - Up to five junior-page ads and up to 18 banner ads in *USA Today*
 - Promotion of use of same ads through creation of Web site
- Synodwide Theological Conference III (CTCR)..... \$250,000
 - Third such conference, St. Louis, August 2008
 - Key leaders, pastors, laymen to study “Congregation, Synod, Church”
- Blue Ribbon TF on Synod Structure and Governance Consultant (Pres. Office).. \$200,000

To assist task force in providing recommendations for structural changes	
To assist task force in learning from and communicating to stakeholders	
Recruiting, Nurturing, Retaining Church Workers (BPE, BUE, CMGS, DCS)...	\$100,000
Builds on <i>What A Way</i> initiative, addressing ongoing need for church workers	
Provides resources of implementation of strategies identified in 2008	
*Foundation Blocks for Congregational Mercy (BHCM).....	\$34,000
Help congregations assess needs, develop ministries of mercy	
Teach external community assessment techniques, involve sister churches	
*Promoting Diversity and Cultural Proficiency (BBMS).....	\$34,000
Lift up One Mission—One Message—One People Vision	
Promote Black Ministry <i>Ablaze!</i> initiative among African Americans	
*Consultation on Scriptural Relationship of Man and Woman II (CTCR).....	\$34,000
Fund two additional two-day consultations to complete 1995 CTCR assignment	
Intended to help CTCR identify remaining issues/formulate a précis for completing work	
*The Church at Work (DCS).....	\$34,000
Provide resources, guidance, encouragement to congregations	
Help congregations do the things that demonstrate a “church at work”	
*Phase II Matura Leadership Series (BOD, HR).....	\$34,000
Assist top, current, and emerging leaders expand leadership skills	
Focus on individual, inter-relational, team, and organizational leadership	
*LCMS World Mission Leadership Training (BFMS).....	\$34,000
Fund training and resources from Center for Creative Leadership	
Extend training program in 2008/2009 to director level positions	
*Conference on Worship for University/Seminary Worship Leaders (COW).....	\$32,500
Allow campus pastors and deans of chapel to meet together	
Provide opportunity for mutual edification, fellowship, learning	
*Resisting Impact of Internet Pornography/Other Internet Misuse (CMGS).....	\$20,500
Provide resources from Ambassadors for Reconciliation	
Address dangers of Internet misuse at church worker training and professional levels	
*Elevate Participation in Continuing Education/Sabbaticals (CMGS).....	\$8,500
Develop and distribute resources for congregations and ministers	
Encourage commitment to life-long education/adoption of sabbatical policy	
*The Wellness Resources Database (CMGS).....	\$5,000
Conduct research to discover available wellness resources	
Electronically catalogue resources and make available to workers and congregations	
*Addressing Funding Theological Education at LCMS Seminaries (BPE).....	\$5,000
Respond to 2007 Res. 4-09A re funding model for seminaries	
Fund three two-day meetings of experts in theological education funding	
*Redesign and Publication of “Pastoral Education” (BPE).....	\$7,500
Redesign and publication of quarterly BPE <i>Reporter</i> insert	
Result will be increased printing space at less cost	
*Convening Concordia University System Pre-Sem Program Directors (BPE).....	\$7,500
Provide for two-day conference in August 2008	
BPE will facilitate the gathering to identify issues associated with pre-sem education	
*International Study for CUS Students (BUE).....	\$18,000
Develop international study programming for students	
Equip students for leadership in church and world	
*Faith and Science: An Academic Conference of CUS (BUE).....	\$16,000
Joint conference to foster open and honest discussion of issues related to faith and science	
Publication of conference papers	
* <i>Lutheran Witness</i> District Editors Workshop (BCS).....	\$16,000
Fund workshop for district, LWML, Armed Forces editors	
Provide general editorial education/address concerns particular to <i>Witness</i> /supplements	
* <i>Reporter</i> Resources (BCS).....	\$16,000

Enhance appearance, quality, distribution of <i>Reporter</i>	
Utilize freelance writers, guest columnists, more photos, marketing piece	
*President's Strategy Summit for Staff (President's Office).....	\$18,000
Create and nurture collaborative environment	
Boards/commissions/departments develop ownership of Synod mission statement	
*Summit on Pastoral Education (President's Office).....	\$16,000
Bring together significant leaders in area of pastoral education in LCMS	
Discuss current state of pastoral education/identify issues to be addressed	
*Special Event Support (President's Office).....	\$6,586
Support for special even funding requests	
Requests occasionally received by President's Office throughout the year	_____
PROJECTS TOTAL.....	\$1,463,086

therefore be it

Resolved, That the LCMS Board of Directors endorse the projects submitted by the program board and commission executives (above), the proposed projects to be funded using the 2008/2009 Thrivent Block Grant and surplus Thrivent Block Grant funds from prior years; and be it further

Resolved, That the 2008/2009 budget of the LCMS include \$1,463,086 in funds assigned to the units as identified above; and be it finally

Resolved, That the board ask the President of the Synod and the chairman of the LCMS Board of Directors to convey on behalf of the members of The Lutheran Church—Missouri Synod our thanks for Thrivent Financial for Lutheran's support of the Synod's ministry activity.

B. Approval of Appointment

The Chief Administrative Officer reported that the International Lutheran Council has asked Dr. Samuel Nafzger, Executive Director of the Commission on Theology and Church Relations, to accept a two-year appointment as the council's executive secretary. Dr. Nafzger has agreed to accept the appointment subject to the approval of, among others, the Board of Directors. After brief discussion, the following resolution was introduced and adopted:

Resolved, That the Board of Directors approve the appointment of the Executive Director of the Commission on Theology and Church Relations (CTCR), Dr. Samuel Nafzger, as the Executive Secretary of the International Lutheran Council (ILC) for the next biennium, in accordance with the request of the ILC, this approval contingent upon the endorsement of the CTCR at its February 2008 meeting.

C. Approval of Concordia University, Portland Facilities Master Plan and Related Construction

As the board's attention was called to the request by Concordia University, Portland for approval of its Facilities Master Plan (attached to protocol copy of these minutes) to incorporate the construction of a library facility, board member Gloria Edwards disclosed her membership on the school's board of regents. She then introduced the resolution that follows.

In was noted that the Board for University Education at its February 2007 meeting heard a presentation by the administration of the school regarding their plans to reorganize their core campus to accommodate a much-needed library facility. The plan will place the new library where the athletic fields are currently located and rebuild the athletic fields where a cluster of residential properties that are being purchased are currently located. Discussion followed regarding the need for the office and classroom space that will become available with the construction of the new facility.

After consideration of the funding model that has been prepared, the information supplied by the school regarding the new campus space utilization, financial details regarding the construction project, and the prior approval of this request by the Board for University Education at its January 2008 meeting, the following resolution was adopted:

Resolved, That the LCMS Board of Directors approve the revised Facilities Master Plan proposed by Concordia University, Portland as presented; and be it further

Resolved, That the board also approve the proposal by Concordia University, Portland to construct a library/learning center as proposed in the planning document (approximately \$17.5 million); and be it finally

Resolved, That the board authorizes the Board of Regents of Concordia University, Portland to secure a line of credit of up to \$10 million during the construction period, and to borrow up to \$5 million as permanent financing if necessary.

D. Approval of Revised Facilities Master Plan for Concordia University, Wisconsin

Board for University Education Executive Director Kurt Krueger submitted an action item advocating the approval of a revised Facilities Master Plan proposed by Concordia University, Wisconsin (attached to protocol copy of these minutes), noting that it proposes future space utilization, including possible locations for a new pharmacy classroom and additional dormitories. The Board for University Education granted its approval at its January 2008 meeting.

Highlights of the proposal include a proposed property acquisition at the north end of the campus, the razing of Peace Center and Katharine Halls to construct new buildings to house an environmental center and student union, the razing of Augsburg Hall to build a new Augsburg Hall in its place, options for locating a proposed School of Pharmacy with a parking structure, a proposed addition of a Performing Arts Center to Barth Hall, options to relocate tennis courts, and a proposed ice area on the northern acreage.

The following resolution was introduced and, after discussion, adopted:

Resolved, That the LCMS Board of Directors approve the revised Facilities Master Plan proposed by Concordia University Wisconsin as presented.

45. Board Discussion Items

2+2+2 Meeting

Chairman Donald Muchow provided a brief report of a recent 2+2+2 meeting that includes the chairman and vice-chairman of the Board of Directors, the chairman and vice-chairman of the Council of Presidents, and the President and First Vice-President of the Synod. He briefly alluded to topics discussed during the meeting, including increased collaboration in the Synod for the sake of the Synod's vision,

Synod finances, disaster response and communication, updates on task force work, professional church worker compensation and indebtedness, developments at the International Lutheran Laymen's League, and the August 2008 theological convocation.

"LCMS 101"

President Gerald Kieschnick offered a slide presentation introduction to the current structure of the Synod entitled "LCMS 101" that he has been offering to a number of meetings throughout the Synod.

Board Member Attendance

Chairman Muchow then introduced an issue upon request of a board member regarding attendance at board meetings. A motion was introduced and carried "to move into executive session."

45X. Executive Session V

Board Self-Evaluation

After a motion "to move out of executive session" was introduced and carried, the chair introduced the subject of board self-evaluation of the way its business is conducted. Using a handout provided by the chair to structure the board's discussion, board members offered the following comments and suggestions:

- The interests of the board might be better served if its subcommittees met in a more timely fashion to prepare their business for the coming meeting.
- The board should be interested in getting at and addressing any and all issues that beg its attention.
- While attempts at reducing the volume of material provided in the docket is appreciated, more information providing analysis of issues and proposals would also be appreciated.
- The continuous flow of new and supplemental information leading up to meetings is difficult to organize and handle.
- While the use of electronics is commendable, paper is still preferred by at least some members of the board.
- One numbering system of pages in the docket that is as simple as possible will be helpful when discussions are taking place and references to printed material are made.
- While most ministry reports meet deadlines and deadlines for preparing meeting dockets is necessary, often significant information such as financial information is omitted because of the deadlines.
- The Synod's structure makes it difficult to get a comprehensive picture. It would be helpful if, prior to meetings, the chair encouraged staff people and department heads to work together to present unified recommendations.
- The new board has come together quickly, resulting in good discussions. It is also necessary to know when discussion has been sufficient and it is time to move on.

- Concern that meetings are too long is a concern in itself. Board meetings should be driven by the business that needs attention. Prolonged discussion and even disagreement is a good thing when required by the issues being addressed.
- The chair's phone calls to board members between meetings are important and appreciated.
- Because needs differ, committees should determine how best to handle their business and when they need to meet to do so. Conference calls may be helpful. Committee reports have been scheduled later on meeting agendas to allow the committees time to do their business and prepare their reports and recommendations.
- The board needs to be ready to do what it needs to do. Its business needs to be organized to make things work, taking into consideration relativity of subjects, timeliness, etc.
- Because these meetings are still quite new for new members of the board, it is still early to know how things can and should fall into place.
- Regarding committee meetings, the default rule could be that things will remain as they are unless committee members hear otherwise from committee chairs or the Chief Administrative Officer.
- A question regarding the need for regular *Fan Into Flame* reports was responded to by the President, who indicated that he includes such presentations in his board and Council of Presidents reports to maintain a high level of awareness and urgency.

August Board Meeting

Question was raised regarding the dates of the August 2008 meeting of the board. It was noted that the dates of the Theological Convocation will be August 18 to 20, which all board members are encouraged to attend as participants. The Board of Directors meeting will follow the convocation and continue until Saturday noon, August 23. Subcommittees of the board will meet during the evening of the final day of the convocation, Wednesday, August 23.

46. Adjournment

With all business to come before the board having been attended to, a motion "to adjourn the meeting" was introduced and carried. The meeting was closed with words of benediction.

Raymond L. Hartwig, Secretary