

## MINUTES

### BOARD OF DIRECTORS The Lutheran Church—Missouri Synod Concordia Theological Seminary, Fort Wayne, Indiana May 18–19, 2011

#### **48. Call to Order/Approval of Agenda**

Chairman Robert Kuhn called the meeting to order with all voting members present for the meeting and First Vice-President Herbert Mueller absent due to a schedule conflict. He called on Victor Belton, who served as chaplain for the entire meeting, to provide the opening devotion.

After Chairman Kuhn called attention to the agenda for the meeting and noted several minor changes, a motion to adopt the agenda while allowing the chairman to make necessary changes was introduced and adopted.

#### **49. Officer Reports**

##### **A. President**

President Matthew Harrison called attention to his printed report (Section A, pp. 1f, attached to protocol copy of these minutes) and offered additional comment regarding the paragraph regarding his administration's International Center restructuring efforts. The Restructuring Work Group, comprised of key staff members from multiple departments in the building, has been largely responsible for the design of the new structure, which is still in early stages of implementation. Since September 2010, the number of employees at the International Center has been reduced by more than 50 persons, the most recent reductions involving five from General Services and five from KFUE.

He also offered additional comment regarding the budget process for the coming fiscal year and his intention to offer a balanced budget proposal for the board's consideration. While this goal was not realized and some hard choices remain to be made, much progress has also been made. He spoke of tense moments and difficult decisions, as several millions of dollars in reductions were necessary. In this connection, he called attention to the special May edition of *The Lutheran Witness*, which lays out the financial realities faced by the Synod moving into the future. Intended to educate the people of the Synod, the special edition is being met with a generally positive response.

He announced the acceptance of the Synod's call to Chaplain Gregory Williamson to serve as Chief Mission Officer of the Synod, pending approval of Chaplain Williamson's retirement by the U.S. Army. His service in the International Center is expected to begin in January of 2012. In addition, Rev. Bart Day has accepted the Synod's call to be in charge of the Office of National Mission. Rev. Day, who currently serves as Headmaster and Pastor at Memorial Lutheran Church in Houston, will assume his duties on July 1, 2011.

Noting that Rev. Tom Ries, President of the LCMS Foundation, has accepted the call to serve as president of Concordia University, St. Paul, President Harrison expressed interest in discussions with the leadership of the Foundation and Lutheran Church Extension Fund—Missouri Synod to investigate the possibility of consolidation of at least some of the services provided by these agencies, this prior to taking steps to fill the Foundation vacancy. After discussion, the chair suggested that a formal action be proposed to the board if there is board interest in investigating this matter.

The President concluded his report with remarks regarding the recent meeting of the Lutheran World Relief Board of Directors and a brief update on inter-church contacts and dialogues that include leaders of the Evangelical Lutheran Synod, the Wisconsin Evangelical Lutheran Synod, and an American group that has separated itself from the Anglican Church. In the discussion that followed, he responded to questions regarding Mission Board policy development, the Office of International Mission head position, and additional restructuring details.

#### B. First Vice-President

In the absence of First Vice-President Herbert Mueller, attention was called to his printed report (Section A, p. 3, attached to the protocol copy of these minutes).

#### C. Secretary

Secretary Raymond Hartwig called attention to his printed report (Section A, pp. 75ff, attached to the protocol copy of these minutes) and to the minutes of the board's February 17–18, 2011 meeting. A motion was introduced and carried to receive the minutes as presented.

He noted briefly the content of the remainder of his report, noting in particular the preparations that have been begun for the 2013 convention, the recent training provided to a large number of newly-appointed reconcilers, and the report of congregational responses to the constitutional amendment ratification ballot attached to his report.

#### D. Chief Financial Officer

Chief Financial Officer Jerald Wulf called attention to his printed report (Section A, pp. 5ff, attached to the protocol copy of these minutes), briefly reviewing the subjects covered in the report, including the Synod's most recent financial statements, KFUE financial statements, an action to be considered by the board regarding seminary Lines-of-Credit, the 2011/2012 risk management/insurance report, a decision to be made regarding excess 2010 convention assessments, and the positive efforts made by the President's Office to achieve cost savings through the restructuring process.

Regarding the excess 2010 convention assessments, the following action was introduced, discussed, and carried:

*Resolved*, That International Center staff return to each district its rightful share of the excess assessment money from the 2010 convention without further comment regarding its use.

#### E. Chief Administrative Officer

Chief Administrative Officer Ron Schultz called attention to his printed report (Section A, pp. 81ff, attached to the protocol copy of these minutes), calling particular attention to his visits with district boards of directors, noting in particular some of the recurring subjects raised during these visits.

He spoke of the use of \$100,000 from the \$165,000 of excess 2010 Thrivent Bloc Grant funding to increase the distribution of the recent special edition of *The Lutheran Witness*, resulting in a total distribution of 313,000 copies. He reported that the Administrative Team endorsed this use of these funds, and that the use of the remaining \$65,000 has not been designated at this time.

He also reported that the membership of the Res. 4-04A Committee has been identified and that a first meeting has been scheduled for June 13. Regarding the LCMS CrossConnect project (Blackbaud and Ultimate Software implementation), activity is winding down and the transition to this more “user-driven governance model” managed by the people that use it and benefit directly from it has begun.

He concluded his report by noting the organizational challenges and difficulties faced by the Synod over the past eight months and commending the President and his staff for the excellent efforts that have been made. He then responded to questions regarding the CrossConnect process and the challenges accompanying the current transition to the Synod’s new Internet Website.

## **50. Wittenberg Update**

Dr. Samuel Nafzger and Dr. Tom Kuchta represented the International Lutheran Society of Wittenberg (ILSW) as they presented the society’s report on the Wittenberg Project. Key to moving forward with the development of the long-requested but still unavailable business plan is critical information regarding the extent of financial assistance to be expected from German government sources. This information, along with information regarding the feasibility of a fundraising campaign to raise the balance of funding for building and equipping the “Martin Luther Experience” museum, will be essential to definitive planning and a business plan.

“Political realities,” including a March 20 election in the state in which Wittenberg is located, have caused yet another delay in decisions to be made regarding government subsidies for the Wittenberg Project. Rev. David Mahsman, spokesman for the project in Germany, has been meeting with local and regional supporters and civic leaders, including Wittenberg city officials, to continue investigating all potential funding sources in Germany. There continue to be two basic project choices with significantly differing costs, the ILSW Board favoring the larger project choice that will depend upon significant government funding. In any case, the board is determined that there will be a Luther experience of some kind in the Latin school that has already been acquired.

Dr. Nafzger concluded his report with several summary points:

- The ILSW Board continues to be encouraged by the support the project is receiving from the Lord Mayor of Wittenberg, as well as other positive feedback in Germany and the U.S.
- The board, disappointed that it has not been able to provide a final recommendation, believes that the project is still on track.
- The board has asked Rev. Mahsman to provide a recommendation by June 1, this proposal then to be presented to the Board of Directors at its next meeting.
- The ILSW Board continues to work diligently. Depending upon the extent of government support, something will be done to make use of the Latin school.
- As an early benefit from this project, a preaching presence has again been established in Wittenberg.

Extensive discussion followed the presentation.

## **51. Concordia University System**

As Concordia University System *Interim* Executive Director Alan Borcharding was introduced for his presentation, a motion to move into executive session was introduced and carried.

## **51X. Executive Session I**

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### **52. 2011/2012 Mission and Ministry Operating Budget**

Following a brief introduction by Chief Financial Officer Jerald Wulf, Executive Director of Accounting Charles Rhodes provided his “2011/2012 LCMS Budget Presentation” for board consideration. He described the budget development process, which involved all department heads and the President’s Office in a collegial and collaborative dialogue. He noted that the budget includes all expenditures, including anticipated restricted funding (the latter reduced if funding fails to materialize). This process resulted in reductions totaling \$.5 million.

He reported an anticipated reduction in unrestricted revenue of \$3.592 million, however, including a \$1.75 million decrease in district contributions to the national Synod. He noted that the budget to be presented will include a 1.5% increase for employee bonuses (as decided by the board during its February 2011 meeting), but there will be no allowance for contingency or surplus dollars as it stands. It will also include the \$1.15 million Thrivent block grant acted upon during the board’s February meeting, as well as anticipated Schwan Foundation grants of \$1.54 million.

The proposed 2011/2012 budget will also reflect a decrease of 57 International Center employees, the result of the board’s hiring freeze, early retirement offers, and 14 vacant positions attributed to the restructuring that has taken place following the 2010 convention. A key component of the budget is the General and Administrative expense allocation, which has substantially increased per employee due to the reduction in the employee head count.

Zeroing in on district contributions, he reported announced contribution intentions of \$16,035,615 (compared to \$17,794,515 for the previous year), a reduction of \$1,758,900 (10%). Increases by eight districts totaling \$42,314 were more than negated by decreases by 22 districts totaling \$1,801,214. This reduction in revenue coupled with anticipated reductions in other areas will result in the anticipated reduction in unrestricted revenue of \$3.592 million for fiscal year 2011/2012.

He then led the board through a detailed presentation of the operating budget as prepared for board consideration, section by section, summarizing the presentation by noting that, as it stands, with unrestricted revenues estimated to be \$17,467,000 and unrestricted expenditures totaling \$17,844,569, the current budget plan anticipates a deficit of \$377,569, with no provision for surplus/contingency funding.

He and Chief Financial Officer Wulf then presented a list of possible areas of further reduction in unrestricted expenditures. The budget as presented and the list of possible reduction areas were discussed at length by the board. A motion “to adopt the list of reductions as presented in its entirety and apply it to the final resolution of the budget” was introduced and discussed. A second motion, ruled a substitute motion by the chair that was supported by the board, “to approve total expenditures for fiscal year 2011/2012 of no more than \$76,748,812, asking staff to go back and adjust the budget to accomplish this goal” was introduced and discussed. A motion “to table the motion to a future time in the meeting at the discretion of the chair” was not carried. A motion by a board member who voted on the prevailing side to reconsider the previous motion died for lack of a second. The chair called the question on the substitute motion, which was adopted as follows:

*Resolved*, That the Board of Directors approve total expenditures for fiscal year 2011/2012 of no more than \$76,748,812, asking staff to go back and adjust the budget to accomplish this goal.

Later in the meeting it was clarified that the President, Chief Administrative Officer, and Secretary will work on final details of the budget, making final adjustments in their specific areas of responsibility under the general responsibility of the Chief Financial Officer.

The adoption of the substitute motion was followed by the introduction of the following formal resolution summarily approving the budget as determined by the previous motion:

*Resolved*, That the Board of Directors approve the 2011/2012 Mission and Ministry Operating Budget as follows:

Total Spending Plan	\$76,748,812
Total Revenue (Source of Funding)	<u>77,460,812</u>
Surplus (Deficit)	\$ 712,000

and be it further

*Resolved*, That the Board of Directors allow non-material deviations to be made by the Chief Financial Officer to set a final budget consistent with the intentions of a surplus/balanced budget.

The 2011/2012 Mission and Ministry Operating Budget of The Lutheran Church—Missouri Synod was therefore adopted as follows:

2011/2012 Mission and Ministry Operating Budget  
(Corporate Synod)

<u>Departments/Operations/Offices</u>	<u>Total Expense Budget</u>		<u>Undesignated Revenue</u>	
	<u>2011/2012</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2010/2011</u>
<i>Program:</i>				
Missions	27,817,181	30,539,874	2,150,287	3,537,157
<i>Fan into Flame</i> Fundraising	684,959	1,547,901	(1,100,000)	(1,650,000)
Pastoral Education	3,977,431	3,416,696	966,524	1,141,801
University Education	4,826,444	5,442,494	4,750,444	5,344,274
District and Congregational Services	2,559,678	3,058,698	474,170	808,724
*Youth Gathering		6,880,205		
Communications	2,328,392	2,145,879	1,655,587	1,574,040
Human Care	7,949,456	7,743,053		
National Housing Program	6,302,717	1,586,341		
<u>Black Ministry</u>	<u>433,403</u>	<u>675,163</u>	<u>353,242</u>	<u>519,188</u>
Total Program	56,879,661	63,036,304	9,250,254	11,275,184
Total KFUE	1,377,435	2,093,319	44,335	478,194
Total Suppl. Retirement to Vets of the Cross	507,182	520,019		27,157
<i>Ecclesiastical Services and Commissions:</i>				
Comm. on Theology and Church Relations	964,451	788,685	664,951	729,185
Worship	221,636	434,804	102,056	269,189
Ministerial Growth and Support	204,460	610,923	55,460	367,611
Roster Maintenance	435,602	409,513	368,272	342,183
Recruitment/Retention				
Conflict Resolution	30,400	50,400	30,400	50,400
<u>Church Relations, COH, CCM, Concord</u>	<u>870,641</u>	<u>616,899</u>	<u>470,641</u>	<u>576,899</u>
Total Ecclesiastical Services and Commissions	2,727,190	2,911,224	1,691,780	2,335,467

<i>Synod Officers and Administration:</i>				
President and Vice-Presidents	2,396,853	2,547,638	1,840,353	2,254,638
Chief Financial Officer	338,362	406,610	338,362	406,610
Board of Directors	434,726	379,055	434,726	379,055
Secretary	375,063	332,106	375,063	332,106
Council of Presidents	154,350	153,750	154,350	153,750
Concordia Historical Institute	430,000	500,000	430,000	500,000
*Synod Convention		2,512,368		
Circuit Counselors Conference		4,500		4,500
Total Synod Officers and Administration	4,129,354	6,836,027	3,572,854	4,030,659
<i>General and Administrative:</i>				
Accounting	2,276,028	2,128,569	1,950,613	1,803,468
External Audit	90,000	100,000	90,000	100,000
Internal Audit	1,001,951	976,293	613,951	578,293
Legal	490,000	450,000	490,000	450,000
State and Federal Tax Reporting	145,041	142,164	131,041	124,564
Property and Insurance	4,787,987	4,916,409	475,722	673,450
Foreign Exchange	(5,000)	10,000	(5,000)	10,000
Human Resources	938,705	1,244,622	554,585	769,951
General Services	4,196,883	4,764,131	2,642,185	3,223,045
Concordia Technologies	3,422,488	3,290,653	2,858,543	2,639,153
CrossConnect Project	1,040,475	784,017	914,741	15,552
Total General and Administrative	18,384,557	18,806,858	10,716,381	10,387,476
Total Interest	145,800	120,600	(876,000)	(816,500)
Contra-Expense Adjustment	(7,450,455)	(7,392,501)	(7,450,455)	(7,392,501)
Unallocated G and A Expense	68	71	68	71
Net Contra-Expense Adjustment	(7,450,387)	(7,392,430)	(7,450,387)	(7,392,430)
<b>TOTALS</b>	<b>76,700,792</b>	<b>86,931,920</b>	<b>16,949,217</b>	<b>20,325,206</b>
		Projected Unrestricted Revenue	<u>17,667,000</u>	20,575,000
		Surplus (Deficit)	<u>717,783</u>	249,794

### **53. 2011/2012 LCMS Capital Budget**

Executive Director of Accounting Charles Rhodes called attention to the information in the docket naming and describing the capital equipment requests submitted by various departments of the Synod and providing brief explanation.

He noted that Board of Directors policy requires all departments to submit requests for capital items annually, these requests constituting a separate budget requiring the board's approval. The Chief Financial Officer has identified the source of funding to be general corporate cash or capital debt, as necessary. Departments and other corporate users are charged for the capital acquisitions over the economic life of the asset via depreciation. The capitalization level is \$5,000. All items with a purchase price above \$5,000 and a useful life of longer than one year or an aggregate amount above \$5,000 when purchased together are capitalized.

He reported the following capital budget requests for the 2011/2012 fiscal year:

- Missions           \$2,950,000     (properties in Hanoi, Hong Kong/Macau, and Cambodia)
- KFUE Radio        62,500           (upgrade of broadcasting equipment to digital)
- Concordia Tech.   346,505          (network infrastructure, hardware, software upgrade)
- General Services   285,000         (International Center improvements)
- Total     \$3,644,005

After brief discussion, the following resolution was introduced and adopted:

*Resolved*, That the Board of Directors approve the 2011/2012 Capital Budget request totaling \$3,644,005, with funding provided by corporate cash, capital debt, *Fan Into Flame* receipts, and/or through allocations to other corporate users.

Following the action, as the board prepared to proceed to other business, board member Michael Kumm announced his appointment as *Interim* General Manager of KFUE Radio, noting that this will result in a conflict of interest when the board discusses matters pertaining to KFUE. He announced that he will therefore recuse himself from future KFUE decision-making by the board.

**54. Legal Counsel Report**

As the chair called the board’s attention to the printed legal counsel report, a motion was introduced and carried to move into executive session to receive the report.

**54X. Executive Session II**

**55. Committee Reports**

A. Audit Committee

Audit Committee Chairman Curtis Pohl read his committee’s printed report (attached to the protocol copy of these minutes). Its content included a report of preliminary discussions of the upcoming 2010/2011 LCMS financial audit and information regarding the Internal Audit Department’s performance report and budget request. No discussion followed the report.

B. Legal Counsel Review Committee

Legal Counsel Review Committee Chairman Curtis Pohl read the committee’s printed report (attached to the protocol copy of these minutes), outlining the committee’s process for evaluation of current legal counsel service. The report concluded that the board’s policies regarding legal involvement with the LCMS should first be revised by the board’s Policy Review Committee in time for consideration at the Legal Counsel Review Committee’s next meeting in November. The report was discussed at length.

C. Personnel Committee

Personnel Committee Chairman Donald Muchow reported that his committee will be presenting as candidates all nominees whose names were submitted for the Concordia Plan Services and Lutheran Church Extension Fund positions to be filled. He also reported that his committee plans to continue its

discussion of worker compensation with other LCMS entities when it meets in August. No discussion followed the oral report.

D. Policy Review Committee

Policy Review Committee Chairman Kermit Brashear provided an oral report of this committee's ongoing work, stating that advance copies of proposed policy changes (to include paper copies) will be provided prior to the August board meeting.

E. Property Evaluation Committee

Property Evaluation Committee Chairman Keith Frndak reported on his committee's meeting with Concordia University System *Interim* Executive Director Alan Borcharding to review college and university properties. He reported that as the committee continues its work, which will also include consideration of the seminaries and other properties, the committee would like to know more regarding its responsibilities, especially in light of the convention-mandated work of the Res. 4-04A Committee.

Following discussion, a motion was introduced and carried to move into executive session to give consideration to specific issues involving Concordia University System schools and to continue discussion of the Legal Counsel Review Committee report.

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**55X. Executive Session III**

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Immediately upon return to open session, additional information became available regarding the school issue discussed in the previous executive session. A motion was introduced and carried to move again into executive session to continue that discussion.

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**55XX. Executive Session IV**

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**56. Action Items**

A. Appointments to Concordia Plan Services Board of Directors

Bylaw 3.7.1.3 provides for the appointment of 13 voting members to the Board of Directors of Concordia Plan Services by the Board of Directors of the Synod. At present, appointments are needed for three lay positions and one commissioned minister position.

After brief discussion of the seven laypersons and three commissioned ministers nominated for consideration, all eligible candidates, the board elected the following persons on the first ballot:

- Mr. Randall Boushek, Elk River, MN (lay member)
- Mr. Tom McCain, Cohasset, MA (lay member)
- Mr. Ron Wolf, St. Louis, MO (lay member)
- Mr. Kenneth Boerger, Parma, OH (commissioned minister member)

A request by the chair for a motion to destroy the ballots was followed by the introduction of such a motion. The motion was carried.

#### B. Additional Grant for Concordia College Selma

The Board of Directors was made aware of Concordia College Selma's immediate need for funding in order to maintain its accreditation. The school's board of regents, with the leadership of Rev. Dr. Tilahun Menedo, continues to resolve significant issues that have threatened the success of the school. After discussion of the progress that has been made in recent years and the school's promising future as a result of strong leadership coupled with a recent property acquisition, the following resolution to award the school needed funding was introduced and adopted:

WHEREAS, Concordia College Selma is under 15 months of new leadership by Rev. Dr. Tilahun Menedo, its President; and

WHEREAS, Under the leadership of Rev. Dr. Menedo, Concordia has nearly completed its 2020 Master Plan, has acquired the 39-acre UMCH property, and has successfully resolved SACS accreditation issues containing 44 critical findings; and

WHEREAS, Concordia College Selma has worked hard and has had success in building a strong annual funding campaign and expanding its donor base; and

WHEREAS, The SACS consultant and auditor has projected that another \$650,000 will be necessary for Concordia College Selma to maintain accreditation; and

WHEREAS, In recent weeks Concordia College Selma has raised \$160,000 to help meet this need, leaving a balance of \$490,000; and

WHEREAS, The Concordia University System/LCMS Risk Endowment Fund, required to maintain a balance of \$5 million, currently has a balance on \$7 million, leaving an excess of \$2 million; therefore be it

*Resolved*, That the Board of Directors of the LCMS allocate up to \$500,000 from the Risk Endowment Fund, to be released to Concordia College Selma in time to appear on its books by the June 2, 2011 SACS deadline; and be it further

*Resolved*, That the Board of Directors express its gratitude to God for His blessing and its thanks for Dr. Menedo for his leadership.

#### C. Appointment of Lutheran Church Extension Fund Members-At-Large

Bylaw 3.6.4.2.1 requires the appointment of members of the Lutheran Church Extension Fund—Missouri Synod (LCEF) according to a formula provided by LCEF's Bylaws. The Board of Directors Personnel Committee forwarded all names of nominees received, believing them to be credible candidates. After brief discussion, the following five persons were appointed on the first ballot:

Arleigh Lutz, Wausau, WI  
Ronald Miller, Edwards, IL  
Gunther Herzog, Fort Wayne, IN  
Howard Crumb, Ridgewood, NJ  
James Rettig, Fort Wayne, IN

#### D. Recognition of Service—Rev. Thomas Ries

Chief Administrator Ron Schultz introduced the following action in recognition of the service of Rev. Thomas Ries as President of the Lutheran Church—Missouri Synod Foundation. The resolution was introduced and adopted as presented:

*Resolved*, That the Board of Directors, on behalf of the 2.5 million baptized members of the congregations of The Lutheran Church—Missouri Synod, give thanks to Almighty God for the seven years of dedicated service of Reverend Thomas Ries, during which he served faithfully as the President of the Lutheran Church—Missouri Synod Foundation; and be it further

*Resolved*, That the Board of Directors, on behalf of the members of The Lutheran Church—Missouri Synod, offer its prayerful and heartfelt support as Reverend Ries assumes the presidency of Concordia University, St. Paul, Minnesota; and be it finally

*Resolved*, That the Board of Directors encourage the members of The Lutheran Church—Missouri Synod to continue to raise up in prayer the Lutheran Church—Missouri Synod Foundation and Concordia University, St. Paul, Minnesota, as these organizations transition to new leadership. May the Lord of the Church continue to bless these institutions as they endeavor to seek and to do His will.

#### E. LCEF/LCMS Foundation Dialogue

During his report earlier in the meeting, President Matthew Harrison expressed interest in discussions with the leadership of the LCMS Foundation and Lutheran Church Extension Fund—Missouri Synod to provide opportunity to consider the consolidation of some services provided by these agencies, prior to steps being taken to move forward with filling the vacancy in the Foundation’s executive position. After further discussion of the origin of this discussion and the wording of the action being proposed, the following resolution was introduced and adopted after being amended to change specific wording and to add its final resolve paragraph:

WHEREAS, The LCMS Foundation and the Lutheran Church Extension Fund—Missouri Synod (LCEF) are two synodwide corporate entities with a long history of cooperatively serving the church; and

WHEREAS, The Foundation was established in 1958 with the mission of helping individuals make gifts to ministries of the church, and LCEF was established in 1978 with the mission of helping congregations and other church-related organizations fund capital expansion projects; and

WHEREAS, These two entities have worked together in various ways in the past, and previous generations of leadership have discussed the possibility of consolidation; and

WHEREAS, Significant synergies exist between the two organizations:

- The two entities share a core value of Christ-centered financial stewardship as an expression of faith in Jesus Christ.
- Both work directly with individuals, the Foundation primarily in gift planning and LCEF in fixed income investment opportunities.
- Both provide custodial endowment management and consulting services to congregations and organizations.
- Both have a significant investing component.

- Even the organizations' unique features have significant areas of overlap. LCEF is unique among the two in providing mortgage-backed loans and the Foundation is unique in providing gift planning services, but mortgage loans with accompanying capital campaigns usually present opportunities for gift planning.
- In recent years, the organizations have collaborated in stewardship education, gift planning, and investment opportunities, and have each provided custodial endowment management services to congregations and other LCMS-related organizations;

and

WHEREAS, A consolidation may provide for significant efficiencies by eliminating redundant management components (CEOs, CFOs, marketing, technology, etc.); therefore be it

*Resolved*, That the Board of Directors of The Lutheran Church—Missouri Synod encourage the boards of the Lutheran Church Extension Fund—Missouri Synod and the Lutheran Church—Missouri Synod Foundation to engage in substantive conversation regarding opportunities for consolidation or efficiencies of operations; and be it further

*Resolved*, That the Board of Directors receive a joint report prior to the filling of the Foundation's executive position.

#### F. May 2011 Special Edition of *The Lutheran Witness*

After discussing the content of the May 2011 special edition of *The Lutheran Witness*, the following resolution was introduced and adopted:

WHEREAS, The Board of Directors is concerned that many congregations and people of the Missouri Synod are not well informed of the mission and ministries of the Synod; and

WHEREAS, *The Lutheran Witness* has published a special May 2011 edition, *A Special LCMS Report: Blessings, Gifts, Challenges*, which contains a broad overview of the Synod's ministry opportunities and its financial challenges; and

WHEREAS, The Board of Directors believes that the districts, congregations, people and ministries of our Synod will benefit from and respond to these opportunities and challenges; therefore be it

*Resolved*, That the Board of Directors request and encourage the districts, congregations, and people, and ministries of The Lutheran Church—Missouri Synod to commit to review the special report and prayerfully consider an appropriate response to that report, as together we continue to endeavor "vigorously to make known the love of Christ by word and deed within our church, communities, and world."

#### G. Seminaries Lines of Credit

Chief Financial Officer Jerald Wulf reported that in recent years the Board of Directors has been delegating the authority to approve annual requests from the boards of regents of the Synod's seminaries for a Line-of-Credit in an amount up to but not exceeding ten percent of the previous year's unrestricted expenses. Any request for a Line-of-Credit in excess of the authorized limit required approval by the Board of Directors.

He proposed the following resolution in light of the dissolution of the Board for Pastoral Education by the 2010 convention. After its formal introduction and following brief discussion, the resolution was adopted as follows:

*Resolved*, That the Board of Directors authorize the Chief Financial Officer to approve annually the extension of a Line-of-Credit to Concordia Theological Seminary and Concordia Seminary in an amount not to exceed ten percent (10%) of the respective seminary's previous fiscal year's unrestricted expenses (excluding capital purchases). Any request for a Line-of-Credit in excess of the authorized limit shall be approved by the LCMS Board of Directors.

#### H. Recognition of CrossConnect Project Team

Mention having been made of the CrossConnect Project in the report of the Chief Administrative Officer earlier in the meeting, it was agreed at the time that recognition should be given to the project team responsible for its implementation. The following resolution was introduced by Personnel Committee Chairman Donald Muchow and adopted by the board:

*Resolved*, That the Board of Directors of The Lutheran Church—Missouri Synod acknowledge the diligent efforts of the Project Management Team charged with implementing the LCMS CrossConnect project; and be it further

*Resolved*, That the board recognize in particular the efforts of Mrs. Aileen Sandoval, Director of Special Projects/CrossConnect Project Manager. Through her efforts, countless people were engaged in the successful design and implementation of the project. Collegial, creative partnerships have been formed that will serve the LCMS International Center and this system for years to come; and be it finally

*Resolved*, That as this implementation winds down, the board thank all persons involved in this project, asking Almighty God to bless the future use of this system and these people involved as the Synod endeavors to spread the good news of salvation in Jesus Christ.

#### **57. Funding the Mission Report**

2010 convention Res. 4-02 resolved “That each recommendation in the [Funding the Mission] task force report for increasing unrestricted revenues be placed on the agenda of the Synod's Board of Directors for disposition by the next LCMS convention.” Chief Financial Officer Jerald Wulf reported on the status of the implementation of the resolution and asked for direction as to how to move the process forward.

After it was noted that several of the items have already been completed, the chair asked the Chief Financial Officer to lead the board in consideration of two or more items during each future board meeting. He agreed to proceed accordingly.

#### **58. New National Office Program Structure**

President Matthew Harrison introduced his assistant Barb Below to present a report on progress being made to restructure the mission and ministry activities in the International Center.

In her slide presentation, she first called attention to the “Witness, Mercy, Life Together—In Christ, for the Church and the World” overall theme of the restructuring effort and zeroed in on how that theme will color the entire program structure that is being developed for the International Center and the work

carried out by the mission offices in particular. She spoke of the relationships between the convention, the President, the Chief Mission Officer, the two mission boards, and the Board of Directors and Council of Presidents to the new mission offices and the new communications, fund development, and pastoral education units, as well as to the three appointed officers of the Synod and the services provided in support of the offices' mission and ministry activities.

She emphasized that this remains a work in progress, as the transition team endeavors to honor convention decisions and create a structure that truly will provide the desired effectiveness and efficiencies intended by the Blue Ribbon Task Force on Synod Structure and Governance. She noted that the deadline for this first phase of the restructuring process will be July 1, after which the second phase (implementation) will begin, which will constitute another and perhaps even more significant challenge for the transition team.

She spoke of the work of the Board for National Mission and the Board for International Mission and their responsibilities as primarily policy boards. They will establish boundaries, parameters, and principles for their respective offices, guide the offices in determining present and future program activity, retain oversight and monitor the implementation of their policies—all while also assisting the President in setting mission and ministry goals.

She spoke of the work of the Office of National Mission and the Office of International Mission and the kinds of ministries that will fall under their jurisdictions. The anticipated benefits of the new structure will be the removal of roadblocks, the improvement of processes, the retention of a biblical focus, an increased understanding of the value of every vocation of those employed in the International Center, and an encouragement to work together throughout the programmatic and service functions in the building.

She also spoke of the challenges that are being faced by the restructuring effort in terms of coordination, consultation, collaboration, and cooperation, requiring entirely new processes for working together, changes in budgeting and accounting, and a reconfiguration of building space. Extensive discussion followed her presentation.

## **59. Other Matters**

Prior to the close of the meeting, the board gave consideration to a number of remaining items in its meeting docket.

Chief Administrative Officer Ron Schultz provided explanation regarding a March 14, 2011 letter from a district president questioning the use of unrestricted funds submitted by his district in light of the restructuring that is taking place. After discussion, the chair asked the President's Office to respond in light of the new structure plans that have been developed.

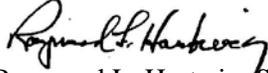
An earlier request from legal counsel that the Board of Directors consider providing a channel for more direct communication of legal counsel with board members was discussed. It was agreed that legal counsel will be given access to the board's Internet portal.

Prior to adjournment, a motion was introduced and carried to move into executive session to receive a last-minute report regarding a Concordia University System school issue.

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## **59X. Executive Session V**

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

  
Raymond L. Hartwig, Secretary