

**MINUTES**  
**(pending)**

**BOARD OF DIRECTORS**  
**THE LUTHERAN CHURCH—MISSOURI SYNOD**  
**Saint Louis, Missouri**  
**February 16–17, 2012**

**92. Call to Order and Opening Devotion**

Chairman Robert Kuhn called the meeting to order and called on Donald Muchow for the first of two daily opening devotions reflecting upon the season of Epiphany and the Transfiguration of Jesus.

Chairman Kuhn reported the excused absence of Kurt Senske and the part time absences of President Harrison (in Washington, D.C. to provide testimony) and Michael Kumm and Herbert Mueller (to participate in the Southern Illinois District convention). After a brief review, a motion to adopt the agenda for the meeting was introduced and carried.

**93. Introduction of Chief Mission Officer**

Chairman Kuhn introduced Chaplain Greg Williamson as the new Chief Mission Officer of the Synod, who shared with the board regarding his family, past chaplaincy experience, and new beginnings as an officer of the Synod. (The Chief Mission Officer's printed report will be attached to the protocol copy of these minutes, Section A, pp. 75–76.)

Before moving on with the next agenda item, Chief Administrative Officer Ron Schultz distributed conflict of interest policy statements and signature sheets, requesting their return prior to the adjournment of the meeting.

**94. Officer Reports**

A. President

*[Note: Due to his absence during the first day of the meeting, this report was provided later in the meeting rather than as scheduled.]*

President Matthew Harrison began his report with comments regarding his testimony before a federal government committee in Washington, D.C., explaining how his appearance before the committee came about and why he felt compelled to participate, also commenting on the public response he has received to his speech.

President Harrison then called attention to his printed report in the meeting docket (Section A, pp. 1–3, attached to the protocol copy of these minutes) and called particular attention to the following:

- His administration will be moving more and more toward an outcome emphasis. The new Chief Mission Officer is now on board and is “taking hold of the budgeting process” for areas under his supervision.
- Under the general ministry foci of “Mission, Mercy, Life Together,” the values that will be given priority will be: (1) Fidelity—be Lutheran; (2) Quality—the pursuit of excellence; (3) Credibility—inspires belief in the project; (4) Sustainability—financial capacity to last; and (5) Stability—strengthen to stand and endure.

- The mission priorities of his administration will be, in the order of their priority: (1) Plant, sustain, revitalize Lutheran churches; (2) Support and expand theological education; (3) Perform human care work in close proximity to Word and Sacrament ministries; (4) Collaborate with the Synod's members and partners to enhance mission effectiveness; (5) Nurture pastors, missionaries, and professional church workers to promote spiritual, emotional, and physical well-being; and (6) Enhance elementary and secondary education and youth ministry.
- Number four (4) above is already receiving attention. A panel has been named to work on providing better order in the Synod's collaborations to enhance mission effectiveness.
- Attention continues to be given to communications issues, with a long way to go. There is no reason that the Synod cannot become the world's premier source of news and information for news regarding Christianity around the world. There is also a need to provide a "financial dashboard" in all publications to help people understand what is going on in the Synod's finances, and a need for districts to get on board to "help fix the fix" in which the Synod finds itself today.
- Work is underway to restore a unified effort in campus ministry across the Synod to connect with and provide ministry to college and university students. A campus ministry think tank was conducted in early January by National Mission Office Executive Director Bart Day that included participants from four service organizations recognized by the Synod for their work in this area.
- The Lutheran Malaria Initiative (LMI) is off to a great start, with three districts already launching their congregation and school efforts. To date 1.6 million Africans have been treated/protected through LMI-funded efforts. All districts will be concluding such campaigns (90-day efforts involving congregations and schools) by December of 2013. The Synod's goal is a 30 percent participation rate, with an average congregation or school commitment of \$6,700—exclusive of major gifts. At present, the total of cash and pledges received for LMI exceeds four million dollars.
- Latest new staff at the International Center includes Rev. Dr. Edward Grimenstein as Manager of Disaster Response (providing much-needed help to veteran staffer Glenn Merritt).
- As a result of a recent meeting with leaders of the National American Lutheran Church (NALC), that church body will be adding its signature to a coming Commission on Theology and Church Relations statement on sexuality and bound conscience.
- LCMS leadership recently met with leaders of the Evangelical Lutheran Church in America. Regarding using these Committee on Lutheran Cooperation meetings as opportunities for theological discussion, he stated that "there is not much that we can talk about anymore." The Committee on Lutheran Cooperation generally meets two times a year to report on activities and discuss matters of mutual interest.
- The President's recent participation in a "free conference" hosted by the Evangelical Lutheran Synod (ELS) was well received by the conference.
- Positive developments continue in the "Wittenberg Project," which include a new contact with the administrator of a nearby renovated girls' school who has offered to provide assistance and cooperation. It appears that the more modest plans for renovation of the boys' school recently discussed will be possible at less cost than projected earlier. Several LCMS university presidents have been asked to put together a plan to provide a continuous flow of study opportunities that will make use of the renovated property, and a president's cabinet is being formed to provide consultation and input.

President Harrison responded to questions and comments prompted by his report.

#### B. First Vice-President

First Vice-President Herbert Mueller directed the board's attention to his printed report (Section A, pp. 5–6, attached to the protocol copy of these minutes), and divided his oral report into three parts: (1) The

Koinonia Project, commenting on a listing of project developments in his printed report; (2) The schedule of district conventions, the administration's efforts to be present at each convention, and the content of the President's district convention report under the "Witness, Mercy, Life Together" theme; and (3) Other activities including meetings attended and areas of responsibility. He concluded by responding to questions related to his report.

#### C. Secretary

Secretary Raymond Hartwig began his report by calling the board's attention to a draft of the minutes of the board's November 2011 meeting. It was noted under the section of the minutes reporting on the Lutheran Malaria Initiative that the reference to the foundation providing for the administrative costs of the program should read "United Nations Foundation" and not "United Nations," as these are two separate entities. With that correction, a motion to approve the minutes of the November 17–18, 2011 meeting was introduced and carried.

Secretary Hartwig then called attention to his printed report (Section A, pp. 7 – 8, attached to the protocol copy of these minutes). He also briefly reported that the Concordia University System Task Force on Strengthening Governance, to which he and Victor Belton have been appointed as participants, is scheduled to have its first meeting on April 3. He responded to questions regarding the registration process for 2012 district conventions.

#### D. Chief Financial Officer

Chief Financial Officer Jerald Wulf called attention to his printed report (Section A, pp. 23–71, attached to the protocol copy of these minutes). He reported that the budget process for the coming fiscal year began in early December, 2011, with revisions to the Chart of Accounts now reflecting the new operation structure, making comparisons between old and new budgets temporarily difficult.

Receipts from districts for the new budget year remain uncertain, with several districts not yet reporting. Once again, income estimates appear to be lower than the previous year, and the board once again will face a challenge to adopt a balanced budget.

He also reported on risk management matters and his exploration of a possible reorganization of the Synod's consolidated risk and insurance program to learn whether any savings could result from separating the Concordia University System and related entities' coverage from the Synod's coverage, asking the board to give its approval to proceeding with such separation if it is found to be advantageous for all participants, the results to be reported to the board's May 2012 meeting. He noted that he is proposing an action item to this effect for board consideration, to be addressed later in the meeting.

Also included in his report:

- Concordia Irvine debt refunding, while it did not release the Synod from its guarantee of this debt, did release the Synod from the covenants associated with the prior debt agreement, which required the Synod to maintain a Risk Endowment Fund balance of \$5 million.
- With eleven-twelfths (91.66%) of the annual district pledge cycle completed, actual remittances from districts are lagging behind proportionate expectations. By December 31, twelve of the 35 districts had remitted at or above the 91.66 percent level. Two districts have made no remittances toward their pledged support during the current calendar year.
- After one-half of the current fiscal year, less than one-half of the budget has been spent. Estimated revenue is also materializing more slowly than anticipated. Income from bequests is ahead of estimate, which has resulted in a small increase of net assets (approximately \$3,000).

Other items in his report prompted questions from the board for his response:

- Regarding *Fan into Flame* shortfalls, he directed the board’s attention to a detailed report provided in the docket (Section C, pp. 17–20) as of the conclusion of the campaign on October 31, 2011 (attached to protocol copy of these minutes), including campaign highlights, a financial summary, a district engagement summary, and a case summary. After discussion, it was agreed that representatives from the *Fan into Flame* campaign would be invited to address the board and respond to questions later in the meeting.
- Regarding the Wittenberg Project, concerns regarding financing until additional project funding can be obtained, as reported in the printed report, have been satisfied, so that the proposed board action in the meeting docket will not be necessary.
- Regarding the use of proceeds from the KFUE–FM sale, he recalled that the recommendation of the involved board committee that the major portion of the proceeds was to be made available to the Board for Communication Services and its departments was never acted upon by the Board of Directors with a specific action. He suggested that consideration be given to this matter in time for it to be reflected in the 2012/2013 budget.

Chief Financial Officer Wulf concluded his report by responding to other more detailed questions surfaced by his report.

#### E. Chief Administrative Officer

Chief Administrative Officer Ron Schultz directed attention to his printed report (Section A, pp. 9 – 12, attached to the protocol copy of these minutes) and called particular attention to a table detailing Board of Directors docket distribution. Discussion followed regarding provision of docket material electronically. A motion “to remove the category ‘Executive Directors and Internal Audit and Accounting’ from the list of those receiving a printed version of the docket” was introduced and carried.

Chief Administrative Officer Schultz called the board’s attention to several other items in his printed report, including the personal contacts he continues to make with district boards of directors; the positive current report of legal expenses (\$45,173 below budget); and the newly organized Operations Team of the Synod consisting of Chief Mission Officer Greg Williamson, Chief Financial Officer Jerald Wulf, and himself as Chief Administrative Officer. In his printed report he noted that Synod Bylaw 3.5.2 gives the Operations Team its primary foci: operational issues, policies and procedures, and strategic planning. Its overall goal will be to use strategic program expectations to develop operational and budgetary strategies for the future.

#### 95. International School Presentation

Notice of  
Presentation:  
Birner  
Almstedt

Birner, interim Co-Executive Director of the Board for International Mission (BIM), by Mr. Kermit Almstedt, BIM member, introduced representatives from the three schools of The Lutheran Church—Missouri Synod, noting this to be the first time that the three schools, all LCMS and all Concordia University System-trained, have appeared together before the Board of Directors:

- Mr. Kevin Dunning, Head of School, Hong Kong International School (HKIS)
- Dr. Jim Koerschen, retiring Head of School, Concordia International School Shanghai (CISS)
- Mr. Greg Pinick (with his wife Melanie), newly called Head of School (CISS)
- Mr. Steve Winkelman, founding Head of School, Concordia International School Hanoi

Rev. Birner gave a brief recap of the history of the Synod's involvement with international schools, beginning in 1965 when the Hong Kong Education Department approved a grant of 43,000 square feet of land in Repulse Bay. As a result of determined efforts by Lutheran missionaries, local congregation families, and influential members of the American business community, Hong Kong International School opened its doors to an initial student body of 630 students, grades K–12, representing 20 nationalities.

Twenty-seven years later, LCMS leaders and HKIS faculty began to explore the potential for opening a second school in China. With the LCMS investing an initial grant and the Synod's Lutheran Church Extension Fund providing a start-up loan, Concordia International School Shanghai opened its doors in September 1998 with 22 students and 17 faculty and staff members.

Ten years later (2007), LCMS leaders began a feasibility study to establish a third international school in Asia, noting the emerging international business community in Hanoi, Vietnam. In August 2011, Concordia International School Hanoi opened its doors to 46 students, that number increasing to 64 students within the first six months.

This brief historical review was followed by presentations from the Head of School of each institution to update the board on the status, plans, and vision of the schools.

Hong Kong International School: Head of School Kevin Dunning recalled that at one time Hong Kong was a British colony of three million people, a small expatriate community, and no international schools. In 1949, with the influx of refugees from China, the education system was suddenly overwhelmed. The LCMS stepped in to provide “rooftop schools” to provide education, establishing the Synod's reputation as the “go-to provider.” When HKIS was opened in 1967, it consisted of one building and a student body made up mostly of American expatriates. Then, as now, the Church of All Nations was an integral part of the campus.

Today Hong Kong is a Special Administrative Region of China with a population of seven million people and a huge expatriate community. It is an economic powerhouse that includes an international financial center and more than 50 international schools. HKIS is the largest of the schools and the #1 choice for those seeking a US curriculum. Its student body totals 2,642 students representing 40 nationalities, housed on two campuses and four divisions: Lower and Upper Primary Schools at Repulse Bay, and Middle and High Schools at Tai Tam—totaling more than one million square feet of facilities. The school enjoys a special relationship with local corporations and families and with the US government consulate in Hong Kong.

HKIS places great importance on service learning, with all students grades 1–12 actively engaged in service projects. Its students rank extraordinarily high in standardized tests (90–95th percentile) and more than 30 percent of recent graduates were named Advance Placement Scholars. One hundred percent of its graduates enroll in college. Its alumni occupy leadership positions in business and government around the world. Its mission statements read: “Dedicating our minds to inquiry, our hearts to compassion, and our lives to service and global understanding. An American-style education grounded in the Christian faith and respecting the spiritual lives of all.”

One current focus of HKIS is the construction of a “world class childhood education facility” that will pair the school's outstanding program with “an environment that will complement our education goals.” A second focus is on an innovative model for evaluating educators that is tied with compensation—a program that is being watched by international schools around the world. The school plans for continued growth, expanding the middle and high schools and increasing sports and arts facilities, providing for an additional 150 student spaces.

Head of School Dunning closed his portion of the presentation by giving God the glory for “our heritage and roots, our strong reputation, our relationship with the LCMS, our sister schools in Shanghai and Hanoi, and the opportunities for ministry in the world’s most dynamic region.”

Concordia International School Shanghai: Head of School Jim Koerschen spoke of his school’s word of the year for 2011–2012: “transform” (Romans 12:2), that which embodies and describes the 14-year experience of the school. Speaking of “structural transformation,” he spoke of the progression that has taken place from being the subject of a 1998 emissary team from HKIS to being in the sending role of a 2011 team to Concordia International School Hanoi, ever ready to do the same again wherever God leads. The school has grown in size and prominence and today serves over 1200 students representing 33 nationalities.

He also spoke of “student transformation” as a result of value-based holistic education that is driven by mission, focuses on core values, and delivers student learning results. Noting that the student population of the school is very mobile, he stressed: “Whether at Concordia for one year or through graduation, the experience both in and out of the classroom will help each student achieve life success.” He noted also that “transformation” is the key word to describe the community life of the school and its use of all available facilities, listing “maintaining the culture of community and preeminence, managing organizational stability, addressing capacity and space constraints, managing constant transition, finding appropriate faculty, and providing housing for faculty” as some of the challenges that the school will continue to face.

Looking ahead, he noted that families continue to choose Concordia with its values-based education and proven results—41 percent of the school community is non-Christian. Service learning will continue to extend the Concordia spirit as students are involved in service opportunities.

Concordia International School Hanoi: Head of School Steven Winkelman provided a brief history of the founding of the school, which was prompted by a visit of an LCMS World Mission Team to Hanoi in 2006. CISH opened its doors for its first day of school on August 24, 2011, followed by its grand opening on September 9. In his words, “At Concordia, students, teachers, and parents are dedicated to academics, creativity, and service in a caring and engaging community of learners discovering their talents as scholars, artists, and athletes.”

The school focuses on the individual academic, spiritual, physical, and emotional success of each student, and on each student being a confident, prepared, and engaged learner. A “balance of life” that includes music, art, athletics and service to the community is purposefully maintained and promoted.

At the same time, the school faces unique challenges: (1) cultural, as there are limited English-language speakers; (2) economic, as the country faces the highest inflation level in Asia; and (3) political, as the school works with governmental bureaucracy. Enrollment currently stands at 68 students, served by 18 international (twelve LCMS) and five Vietnamese staff, with a projected enrollment of more than 340 students by the 2014–2015 school year. Currently located in CMC Tower in Hanoi, future plans (in addition to developing a high school program) include identifying a permanent site location, developing a master plan, and constructing phase 1 of the school.

Following the presentation and remarks by Chairman Kuhn regarding the privilege of being associated with such fine international schools, a number of topics were discussed with the Board of Directors, including the schools’ identification with the Synod, the need to locate quality people willing to serve in international schools, and the need for increased dialogue between the international schools and the

Synod's colleges and universities. After closing words of affirmation, the chair thanked the presenters on behalf of the Synod for their work and service.

#### **96. KFUE Report**

Michigan. KFUO presented an oral report of KFUE activities, beginning with the announcement of a call that Rev. Rodney Zwonitzer of Dearborn, Michigan to assume the executive position. KFUO reported that the station is doing well, having reached its revenue budget for the year after only six months. In addition, an agreement has been reached whereby "Issues, Etc." will be broadcast as a syndicated program on KFUE beginning March 12, 2012, under a "memo of understanding" regarding sensitive issues such as fundraising and program content. Planning also continues for moving KFUE from its current location on the campus of Concordia Seminary to the International Center, with drawings and plans already in place. This move anticipates the receipt of income received from Gateway Communications, Inc. resulting from the sale of KFUE-FM. Discussion followed.

#### **97. Fan into Flame Continued Discussion**

Upon Mark Hofman, Executive Director, Mission Advancement, and Jeff Craig-Meyer, Director, Campaigns and Special Programs, LCMS Fund Development appeared before the board to respond to questions from the board regarding the *Fan into Flame* funding effort prompted by the January 20, 2012 printed report provided to the board (Section C, pp. 17ff., attached to the protocol copy of these minutes).

The report indicates that *Fan into Flame* has raised \$66.6 million to date, with hopes of reaching \$70 million, this considered significant since the campaign was conducted during a major financial recessionary period in the U.S. Among numerous other projects, the campaign funded the renovation of St. Michaels Lutheran Church in St. Petersburg (\$1.1 million); provided start-up funds for a new international school in Hanoi, Vietnam, and a new seminary in Ghana; assisted more than 30 missionaries with start-up and ongoing financial support; established a \$1 million endowment to support Cayman Islands Lutheran Church; provided funding to open a mission field in Cambodia; and provided the youth attending the 2007 national youth gathering with an audio version of the Bible.

In addition, *Fan into Flame* resulted in the distribution of more than \$1.5 million to LCMS congregations for church planting and nearly \$9 million to the Synod's 35 districts and 1,400 participating congregations for local mission work. Thousands of new names were added to the donor list for LCMS World Mission, more than 100 households gave \$50,000 or more to the campaign, and seven individuals and two congregations each gave more than \$1 million in gifts.

The report also provided more specific information regarding the ongoing performance of the pledges that have been received. Of total pledges of \$66,600,046, "donor write-off" has totaled \$4,449,435, with a pledge amount yet to be received totaling \$9,042,101. Of funds received, \$35,578,629 has been directed toward program, while \$17,529,881 has been used for funding the *Fan into Flame* campaign.

Discussion that followed centered around measures being taken to follow up on the funds yet to be received and the cost of the fundraising effort, which has exceeded the funds that have already been allotted (\$17,529,881). It is hoped that *Fan into Flame* will yet be able to reimburse the remaining amount owed to the Synod for financing the campaign (roughly \$2 million) when the remaining pledged funding (\$9,042,101) is received.

## **98. Budget-Planning Overview**

Chief Financial Officer Jerald Wulf provided information regarding budgeting efforts underway, noting in particular that district contributions are expected to be down by \$250,000 (with two districts not yet reporting). After walking through other anticipated income figures, he estimated that unrestricted revenue receipts will total approximately \$19,599,000 (compared to \$19,633,000 for the current year).

As raised in his regular report, Chief Financial Officer Wulf mentioned again the need to determine the use of funds from the KFUEO-FM sale, their use having not been resolved by formal resolution. (For a full report of this matter, see Action Item A, "Allocation of Funds Received from Sale of KFUEO-FM" in these minutes.) He also identified two other budget items that will significantly affect the 2012/2013 budget: salary policy and positions currently funded for less than a year that now become full-year budget items.

Following the report and discussion, a motion was introduced and carried "to move into executive session for the legal report."

## **99. Legal Report, Adoption of Executive Session Minutes, and Other Matters**

Sherri Strand reported on behalf of Thompson Coburn LLC.

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## **99X. Executive Session I**

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After moving out of executive session, Chairman Kuhn called on the board's committees for their reports.

## **100. Committee Reports**

### **A. Personnel Committee**

Personnel Committee Chairman Donald Muchow presented his committee's report, noting the three items of business to be covered: (1) salary recommendations for 2012/2013; (2) the committee's recommendation to fill the lay position on the Board of Directors of Concordia University System; and (3) a report from LCMS Human Resources regarding personnel vacancies and the integration of merit performance into the manner in which workers are being compensated.

(1) Regarding salary recommendations, the committee gave its usual consideration to comparable non-profit organization compensation, coming-year budget interests, input from the Human Resources Committee, and potential mixes of salary increases and bonuses, and personnel morale.

The committee also discussed the worker compensation resolution provided during the December 2011 Human Resources Committee meeting. After the committee made several changes prior to its presentation, the motion as introduced read as follows: "*Resolved*, That effective March 1, 2012, the salary ranges be adjusted by approximately 2.69 percent to reflect compliance with the 2006 Board of Directors philosophy of using the average of the top paid 150 parish pastors and the top paid 150 institutional executives as the basis for the Class 6 midpoint, the remainder of the salary scale to be adjusted accordingly, as detailed in the attached report; and be it further *Resolved*, That as of 7/1/2012, employees whose compensation falls below the minimum for the new salary classifications shall have their pay adjusted to reflect the new minimum for that range; and be it further *Resolved*, That the 'salary increase budget' for 2012/2013 (FY13) be set at 1.25

Notice of Action:  
Muchow  
Kimbrough

percent, with some employees receiving more and some less; and be it finally *Resolved*, That the bonus budget for FY13 be set at .75 percent of the FY13 salary budget.”

During discussion, a motion was introduced to amend the proposed resolution “by deleting the last two resolves.” During discussion of the motion to amend, a number of additional changes were discussed, including the withdrawal of the motion to amend in favor of an “up or down vote” of the entire resolution as presented. It was also noted that the budgetary cost of the final two resolves would total approximately \$440,000. With the motion to amend still before the board, a ballot vote was requested. The amendment was carried (Yes: 7; No: 6). The amended resolution was then also adopted by ballot vote (Yes: 7; No: 5) as follows:

*Resolved*, That effective March 1, 2012, the salary ranges be adjusted by approximately 2.69 percent to reflect compliance with the 2006 Board of Directors philosophy of using the average of the top paid 150 parish pastors and the top paid 150 institutional executives as the basis for the Class 6 midpoint, the remainder of the salary scale to be adjusted accordingly, as detailed in the attached report; and be it further

*Resolved*, That as of 7/1/2012, employees whose compensation falls below the minimum for the new salary classifications shall have their pay adjusted to reflect the new minimum for that range.

- (2) Regarding the lay position on the Board of Directors of Concordia University System, this matter was taken up by the board later in the meeting. When introducing the matter of this election, the committee called attention to the candidates provided by the nominations process: James K. Gruetzner, Albuquerque, NM; James C. Holste, Bryan, TX; Jeffrey F. McCauley, Federal Way, WA; Gerhard H. Munding, Madison MS; and Lisa Spence, Atlanta, GA. While the committee reported that all candidates for the position appeared well qualified, it recommended unanimously the appointment of Dr. Gerhard Munding to the position. After discussion and by ballot vote, Dr. Munding was elected to fill the vacant position (Munding–12; Gruetzner–1).

Notice of  
Action:  
Muchow  
Munding

- (3) Regarding the human resources report, the committee reported that it had received Human Resources Executive Director Val Rhoden-Kimbrough’s report “with much gratitude for her and her staff’s continuous excellent work.”

#### B. Audit Committee

Audit Committee Chairman Curtis Pohl reported that a November 11, 2011 engagement letter from Brown Smith Wallace has been reviewed by his committee, Executive Director of Internal Audit Joann Spotanski, and Chief Financial Officer Jerald Wulf, and that consideration was given to the company’s qualifications, performance, and effectiveness. Based on a positive review, the committee recommended that Brown Smith Wallace again be appointed by the Board of Directors as the Synod’s external auditor for the fiscal years ending June 30 of 2012, 2013, and 2014. The following resolution, introduced by the committee, was adopted by the board:

Notice of  
action:  
Pohl  
Wulf  
Spotanski

*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 years ending June 30 of 2012, 2013, and 2014.

The committee noted, as per the engagement letter, that Brown Smith Wallace estimates its fees for these audit services to be \$57,500 for the year ending June 30, 2012 (the same amount charged for services rendered in 2011), \$64,000 for the year ending June 30, 2013, and \$62,000 for the year ending June 30, 2014—these numbers based on no significant changes in the Synod’s operations.

Attention was also called to the Internal Audit Department Performance Report (attached to protocol copy of these minutes), noting that for the first time in a long time all district audits are up to date. The department was reported to be “on target” in meeting 2011/2012 goals and objectives, with proposed 2012/2013 objectives approved as presented by Internal Audit Executive Director Joann Spotanski.

### C. Policy Review Committee

Policy Review Committee Chairman Kermit Brashear reported that his committee will be posting policy drafts for board approval on the board’s Internet portal in advance of the next meeting. Proposed changes will be marked using “red-lining.” Board members are asked to respond to the posted documents prior to the deadline for the docket for the next board meeting, after which the committee will make final changes and provide a final proposed document for consideration at the meeting.

He also reported that his committee is looking into giving additional attention to the board’s policy manual, making an effort to address multiple uses and meanings of terminology throughout the manual. The committee is also looking at developing a new policy review schedule that will provide a more orderly triennial review process.

## **101. Action Items**

### A. Allocation of Funds Received from Sale of KFUFM-FM

The board took up the issue raised by the Chief Financial Officer in his report regarding the allocation of funds received from the sale of the KFUFM-FM. He noted that the recommendation of the committee involved in the sale (that “the major portion made available to the Board for Communication Services and its departments”) was never acted upon by the Board of Directors. He suggested that consideration be given and a decision made in time for it to be reflected in the 2012/2013 budget of the Synod.

When brought up for discussion, the chair recommended that a small committee be appointed to bring forward a recommendation. A motion was introduced and carried “to appoint such a committee and bring a resolution for board consideration prior to the close of the meeting.” The chair appointed Ed Everts, Jerald Wulf, and Keith Frndak to this committee.

The committee brought forward its proposed resolution later in the meeting, emphasizing its intention not to micro-manage how the money will be made available and used. After discussion of the resolution and minor changes made by common consent, the resolution was adopted as follows:

WHEREAS, The task force appointed to negotiate the sale of KFUFM-FM recommended that the Board of Directors designate the majority of the proceeds from the sale of KFUFM-FM for use by the Board for Communication Services, which recommendation was accepted by the Board of Directors; and

WHEREAS, The 2010 convention terminated the existence of the Board for Communication Services, necessitating the Board of Directors to act to formalize its intent for the use of the sale proceeds; therefore be it

*Resolved*, That the Board of Directors express its intention that 50 percent of the revenue received from the sale of KFUFM-FM be designated for use for the Synod’s communications programs, as determined by executive staff but to include the Department of Communications and KFUFM-AM; and be it further

Notice of Action:  
Kumm  
Strand  
Fiedler  
Wulf  
c: Rhodes

*Resolved*, That the closing costs, termination payments, and related costs associated with the closing of KFUE-FM be considered to be paid from the portion designated for communication purposes, and that costs related to any future move of KFUE-AM to the International Center or current building remodeling costs be considered as coming from the portion designated for communications.

**B. Authorizing and Approving the Creation of a Legal Entity in Germany**

For initial discussion of this item, the authorization and approval for the creation of a legal entity in Germany, a motion was introduced and carried to move into executive session.

Notice of  
Action:  
Williamson  
Schultz

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**101X. Executive Session II**

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After exiting executive session, the board adopted the following resolution as submitted by Chief Mission Officer Gregory Williamson:

WHEREAS, The Lutheran Church—Missouri Synod (the “LCMS”) maintains a regional office in the Federal Republic of Germany (“Germany”) to provide support for LCMS workers in the 22 countries in the Eurasia region (the “Eurasia Regional Office”); and

WHEREAS, It has been determined that in order for the LCMS to support better the Eurasia Regional Office and to enable it better to perform its work with respect to the LCMS workers in the Eurasia region, the LCMS plans to establish a charitable limited liability corporation (the “German entity”) in Germany; and

WHEREAS, The Board of Directors of the LCMS (the “BOD”) has the authority, pursuant to Section 5.8.16 of the LCMS Board of Directors Policy Manual (the “BOD Policy”) to “authorize and approve the establishment of legal entities in foreign countries, as it deems necessary or appropriate, for the purpose of establishing, facilitating, and/or operating foreign missions”; and

WHEREAS, The Chief Mission Officer of the LCMS, in coordination with the Chief Administrative Officer of the LCMS, recommends to the BOD that the German entity be established in compliance with the BOD policy, and the Chief Mission Officer has assured the BOD that such entity shall be a properly authorized, valid, and operating legal entity in Germany, and that its establishment and operation by the LCMS will not violate the laws of Germany, as evidenced by an opinion of local or special counsel engaged for the purpose of forming such an entity, and that such opinion as well as the governing documents of the German entity have been reviewed and shall be approved by LCMS general counsel to ensure compliance with the BOD policy; therefore be it

*Resolved*, That the Board of Directors of the LCMS does hereby pledge and agree as follows:

***Section I. Authorization and Approval of Establishment of German Entity.*** The establishment of a charitable limited liability corporation in Germany for the purposes of supporting the Eurasia Regional Office and providing administrative support to LCMS workers in the Eurasia region, in compliance with BOD Policy, is hereby authorized and approved.

**Section 2. Authorization and Approval of Documents.** In connection with the establishment of the German entity pursuant to this resolution, the execution and/or filing of bylaws for such entity, in substantially the form as the draft attached as an exhibit to this resolution (attached to the protocol copy of these minutes) and with such changes therein as may be approved by the general counsel of the LCMS pursuant to the BOD Policy and the regional director of the LCMS Eurasia region and such other employees of the LCMS as shall be charged with reviewing such documents for and on behalf of the LCMS, is hereby authorized and approved, provided, however, that such entity shall not be established unless German counsel has provided LCMS and its general counsel with reasonable assurances that the entity will be determined by the German tax authorities to be a charitable, tax-exempt entity.

**Section III. Further Authority.** The officers, agents, and employees of the LCMS are hereby authorized and directed to take such further action and to approve and execute such other documents, certificates, and instruments as may be necessary or desirable to carry out and comply with the intent of this resolution, including, but not limited to, (a) the review by the general counsel of the LCMS of the governing documents of the German entity, to verify compliance with the BOD Policy, including that the LCMS retains majority control over the appointment or election of the members and/or directors who are responsible for the management of those entities and that their stated purposes are in fulfillment of the LCMS's foreign mission policies and purposes, and (b) the filing of such documents with the appropriate governmental authorities in Germany.

C. Approval of the Lutheran Church Extension Fund—Missouri Synod Revised Articles of Incorporation and Bylaws

Upon recommendation of the LCMS Commission on Constitutional Matters, the Lutheran Church Extension Fund—Missouri Synod revised its Articles of Incorporation and Bylaws (as shown in the “red-line” document attached to the protocol copy of these minutes), thereby bringing the documents into compliance with the 2010 LCMS *Handbook*. The revised articles and bylaws were approved by the Board of Directors of the Lutheran Church Extension Fund and the members of the Lutheran Church Extension Fund at their annual meeting in November, 2011. Upon approval of these amended Articles of Incorporation and Bylaws by the LCMS Board of Directors, they will be submitted to the Missouri Secretary of State for registration under state law.

After brief discussion during which the Secretary of the Synod verified that the process outlined in the previous paragraph had been completed, the following resolution was introduced and adopted by the board:

*Resolved,* That The Lutheran Church—Missouri Synod Board of Directors herewith approves the amended Articles of Incorporation and Bylaws of the Lutheran Church Extension Fund—Missouri Synod as presented.

D. Approval of the Lutheran Church—Missouri Synod Foundation Revised Articles of Incorporation and Bylaws

Upon recommendation of the LCMS Commission on Constitutional Matters, the LCMS Foundation has revised its Articles of Incorporation and Bylaws (as shown in the “red-line” document attached to the protocol copy of these minutes), thereby bringing the documents into compliance with the 2010 LCMS *Handbook*. Upon approval of these amended Articles of Incorporation and Bylaws by the LCMS Board of Directors, they will be submitted to the Missouri Secretary of State for registration in accordance with state law.

Notice of Action:  
Robertson

Notice of Action:  
Price

After brief discussion during which the Secretary of the Synod verified that the process outlined in the previous paragraph had been completed, the following resolution was introduced and adopted by the board:

*Resolved*, That The Lutheran Church—Missouri Synod Board of Directors herewith approves the amended Articles of Incorporation and Bylaws of the Lutheran Church—Missouri Synod Foundation as presented.

E. Distribution of 2012/2013 Thrivent Churchwide Grant

Chief Administrative Officer Ron Schultz introduced the following resolution to provide early endorsement of projects to be funded with 2012/2013 Thrivent Churchwide Grant revenue. He emphasized that this action was being requested even though final steps remain in the grant application process and that specifics regarding the grants being offered will be made public after the process is completed. After the resolution was introduced and general information regarding the use of the grant was reviewed, a second-to-last resolve paragraph in the resolution was added by common consent, prior to the resolution's adoption by the board as follows.

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

WHEREAS, After discussions with Thrivent, the LCMS is anticipating a 2012/2013 award approximating the 2011/2012 amount (\$1.1 million); and

WHEREAS, The LCMS has \$56,855 of unused funds from prior years; and

WHEREAS, The LCMS Board of Directors adopted a resolution at its November 2006 meeting, stating “That final approval for the use of the Thrivent Bloc Grant funds is the responsibility of the Board of Directors and will typically be approved during the annual budget process”; and

WHEREAS, Changes to the program governance structure made in 2010 effectively eliminating the corporate Synod executives group noted in that same resolution require altering the historical process; and

WHEREAS, The program office and commission executives individually submitted applications for the Thrivent Grant funds for 2012/2013; and

WHEREAS, The President reviewed and prioritized the submitted applications with input from officers and program and commission leadership and made the recommendation to the Board of Directors; therefore be it

*Resolved*, That the LCMS Board of Directors endorse the projects submitted (an early listing is attached to the protocol copy of these minutes); and be it further

*Resolved*, That the proposed projects be funded using the 2012/2013 Thrivent Churchwide Grant; and be it further

*Resolved*, That the 2012/2013 budget include these projects, including all expenses and sources of revenue, with the funds assigned to the units shown in the attached; and be it further

Notice of Action:  
Schultz  
Harrison  
Williamson  
Lehenbauer  
Thomas  
Day  
Birner  
Fale  
Strand  
c:Rhodes  
Vieker  
Below  
Wulf

*Resolved*, That the board reserve the right to alter this endorsement prior to adoption of the 2012/2013 budget in May; and be it further

*Resolved*, That the Chief Administrative Officer, with the concurrence of the President's Office, make non-material adjustments to the identified distribution of the funds based on the final grant dollars available and any refinement of final expenses; and be it further

*Resolved*, That the status/outcome of projects funded by the Thrivent Churchwide Grant be reported and such reports shared with Thrivent Financial for Lutherans on an annual basis; and be it finally

*Resolved*, That the board ask the President of the Synod and the chairman of the LCMS Board of Directors, upon official notification of the 2012/2013 grant, to convey on behalf of the members of The Lutheran Church—Missouri Synod its thanks for Thrivent Financial for Lutherans' support of the Synod's ministry activity.

#### F. Insurance Program Changes

Chief Financial Officer Jerald Wulf provided background information regarding this action as proposed, noting that as colleges and universities have grown, their needs related to insurance and risk management have exceeded those of the LCMS, Inc. and the other members of the current insurance pool. Preliminary indications are that coverage can be improved for each of the colleges and universities, with deductibles reduced or eliminated for the other members of the current pool, if the program separates the college and university group from the rest of the pool. This likely can be accomplished with very modest changes in premiums and probably some premium reductions. He emphasized, however, that he would recommend the separation into two pool groups only if the improvements in coverage, lower deductibles, and premium changes justify putting the plan into effect.

After its formal introduction and brief discussion, the Chief Financial Officer's proposed action was adopted as presented, as follows.

*Resolved*, That the Board of Directors authorize the Chief Financial Officer to continue to work on the plan to revise the Risk and Insurance Program and to put the proposed two-pool-groups plan into effect if the benefits to the LCMS, Inc., the colleges and universities, and the other members of the current insurance pool are determined to be desirable and beneficial, reporting the results of this project to the Board of Directors at its May 2012 meeting.

#### **102. Concordia University System Schools Update**

The chair welcomed Drs. Alan Borcharding and Gayle Grotjan of the Concordia University System staff to provide an update of the Synod's colleges and universities. A motion "to move into executive session to receive the report" was introduced and carried.

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#### **102X. Executive Session III**

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Upon return to open session, the meeting was recessed for the day. The Friday session of the meeting was opened with a review of the agenda for the day by the chair and a morning devotion by Donald Muchow before taking up remaining business.

### **103. 2013 Convention Overview**

Secretary Raymond Hartwig provided an overview of 2013 convention preparations, using a PowerPoint presentation developed for circuit counselor presentations and customized for presentation to the board (printed copy attached to protocol copy of these minutes). He called attention to six major areas of change adopted by the 2010 convention of the Synod, most of the changes reflecting the convention's interest in involving the "grass roots" of the Synod to a greater extent:

- (1) Expectations of Membership: For the first time, the provision of accurate statistical information by congregations is specifically mentioned in the Bylaws as an expectation of membership, a requirement that is particularly timely given that delegate representation for the 2013 convention hinges on this year's collection of statistical information.
- (2) Strengthening of Visitation Circuits: Visitation circuit forums were given new responsibilities by the 2010 convention, including the election of circuit counselors and the forwarding of mission and ministry emphasis ideas to district conventions.
- (3) Circuit Counselor Elections: Congregations now play a more important and purposeful role in the election of their circuit counselors. At the same time, district presidents have an opportunity to suggest circuit counselor candidate names to circuit forums to augment the selection process.
- (4) Triennial Mission and Ministry Emphases: Congregations now have a role in determining the general direction of the Synod by initiating a triennial mission and ministry emphasis selection process that continues through their circuit forums, district conventions, and the Synod convention, ultimately zeroing in on two or three mission and ministry emphases from which the President of the Synod establishes specific mission and ministry goals for the next triennium.
- (5) Synod-Wide Election of President: Congregations through their duly elected delegates to district conventions will now have opportunity to participate more directly in the election of the President of the Synod (four weeks prior to national conventions), making use of computer technology to accommodate as many as 10,000 voters.
- (6) Elections by Regions: Five of six vice-presidents will be elected from five different geographic regions as determined by the Board of Directors and Council of Presidents. All members of the Synod's two new mission boards and some members of the Board of Directors will also be nominated regionally and elected by the national convention.

Following the presentation and accompanying discussion, Secretary Hartwig brought to the board's attention the need for its approval to obtain the service of such assistance as will be necessary to handle, receive, and tabulate nominating ballots, a service that has been provided by the Synod's outside audit firm for a number of years (in the case of ballots for President and vice-presidents). It was agreed that Chief Financial Officer Jerald Wulf will negotiate such an arrangement once again with the current outside audit firm.

The expansion of the nominating process to now include regional elections was noted, and the means and expense associated with the tabulation process was discussed. A motion was introduced "that, in the interest of saving cost, the Secretary's Office be authorized to come up with a process which would eliminate any outside cost." After the motion failed, it was agreed that the Secretary should be allowed to attend to this matter in an appropriate manner.

### **104. Board of Directors Survey Results**

Chief Administrative Officer Ron Schultz explained how the survey in which members of the board participated works, each respondent having been given opportunity to rate the importance of board-related issues addressed by the survey and to rate the degree to which the board achieves success in each case. He

then walked the board through the survey results, also reviewing written comments. This led to general discussion and suggestions that included the provision of executive summaries to accompany detailed information provided prior to meetings, doing more to pull out pertinent information from general reports, allotting more time for financial matters and critical revenue issues, and moving away from activity reports toward outcome reports.

Next steps in this process were discussed, including soliciting specific information from board members regarding improvements to meetings, standardizing officer and other reports, identifying other reports of interest, creating a “dashboard” for reporting financial data, and designating a committee to contemplate strategic planning.

### **105. Communicating Across Generations—What Organizations (and Their Leaders) Should Know**

Chief Administrative Officer Ron Schultz introduced Saint Louis University Department of Communications Associate Professor Robert L. Krizek, explaining that recent board conversations regarding communicating with the Synod at large prompted an invitation to Professor Krizek “to give the board a view of generations, what they look like, and how they communicate.”

Notice of  
Presentation:  
Krizek  
Schultz

After providing personal background information, Professor Krizek spoke of common myths associated with communication and the responsibility of people in power for closing communication gaps that are the result of assumptions, experiences, and identities. One such myth is that communication is someone else’s problem. To help solve this problem he stressed the importance of studying the medium rather than the message because the medium changes the brain and each generation has its own medium—meetings for baby boomers vs. iPads for one-year-olds. Another communications myth is that one medium/message channel is effective for all audiences. When in a powerful position, it is incumbent upon such a person to prefer media that will best disseminate organizational wisdom to the powerless.

In addition to myths regarding communication, other factors leading to meaning and media gaps are gender and generational differences. Today’s generation are “digital natives,” born and raised with electronic technology, such “digital” technology changing every four years. Today life is no longer about knowing a lot of information but knowing where to find information. Communication today also requires a third skill in addition to writing and speaking: creating digital stories.

What all this means is that communication is becoming more kinesthetic and mosaic. Communicators must employ multiple media for delivering their message across a multi-generational organization. “Pull” must be thought of as an alternative to “push.” Today’s continual and interdependent communication, foreign to older generations, is not wrong, only different.

Professor Krizek concluded his presentation with a handout (attached to the protocol copy of these minutes) showing differences between the “Matures” (prior to 1946), “Boomers” (1946–1964), “Gen X” (1965–1980), and “Nexters, Gen Y, Millenials” (1980–2000) generations in terms of feedback and rewards, messages that motivate, leadership style, and communication. Discussion followed.

### **106. LCMS Branding**

Chairman Kuhn welcomed Communications Department Executive Director David Strand and Stacey Grapengater of the Integrated Marketing Communications Department for a presentation on LCMS branding. They emphasized the change that has taken place as a result of the 2010 Synod convention and the accompanying need to find a way to integrate the new into the existing branding. Because the name and logo of the Synod are widely known, they will remain the same but will be “refreshed.” The logo cross will be refreshed with an updated color, blue—a better match with the colors of the “Witness,

Mercy, Life Together” logo that has guided the reorganization of the ministries headquartered in the International Center. The cross color will also be changed when helpful to associate with the color of the particular ministry logo—red, purple, or green. Non-mission-board publicity materials of a more general nature will use the general color blue.

The implementation plan will be to be non-tyrannical in the change of colors, but allow users to keep the current color as long as they like. As far as the national Synod is concerned, refreshed brand standards will be introduced by April 1, 2012, with full integration of the refreshed brand standards by December 31. The change will be publicized with booths in exhibit areas of district conventions and LWML gatherings and conventions. Such change will also become increasingly prevalent on Internet sites. Discussion followed the presentation.

### **107. Funding the Mission**

Chief Financial Officer Jerald Wulf continued his meeting-by-meeting review of recommendations of the 2006 report of the Blue Ribbon Task Force on Funding the Mission, as mandated by 2010 Res. 4-02.

Recommendation 5 surfaced a number of structure concerns pertaining to possible areas of duplication of effort and expense and other operational inefficiencies. It specifically raised issues regarding the number of seminaries and colleges/universities, number of districts, certain missions operations, the structure of LCMS Foundation and Lutheran Church Extension Fund, the possibility of LCMS World Relief as a synodwide corporate entity, and more. Recommendation 6 similarly addressed the question of management efficiencies.

After reviewing the content of these two recommendations in light of 2010 convention restructuring actions, Chief Financial Officer Wulf opined that the recommendations have been/are being adequately addressed. He invited further input from board members via email if they have suggestions for proposals to submit to the 2013 Synod convention.

### **108. Open Discussion**

Chairman Kuhn invited discussion by the board of any outstanding topics or issues.

- Victor Belton raised the issue of his continued involvement with the Selma Board of Regents as a special representative of the Board of Directors. The board expressed its interest and support for his continued attendance.
- Time was requested on the agenda of the May Board of Directors meeting for consideration of the macro-picture of Synod financing. It was suggested that Mission Advancement Executive Director Mark Hofman and a communication department fund development person be invited to participate and that the idea of a major effort to fund a foundation be included in the discussion. It was also suggested that board members be provided reading materials for study in preparation for the meeting.

### **109. Adjournment**

With all business to come before the board having been addressed, a motion to adjourn the meeting was introduced and carried. Chairman Kuhn called on Donald Muchow for a closing prayer.

Raymond L. Hartwig, Secretary