

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

**BOARD OF DIRECTORS**  
**THE LUTHERAN CHURCH—MISSOURI SYNOD**  
**August 23–24, 2012**  
**St. Louis**

**121. Call to Order, Opening Prayer, and Adoption of Agenda**

Chairman Robert Kuhn called the meeting to order and called on Victor Belton (who led the board's devotions and prayers throughout the meeting) for an opening prayer. Chairman Kuhn noted the absence of Walter Brantz and President Harrison (who participated in a portion of the meeting by telephone), absent because of family commitments.

**122. Docket/BoardEffect Update**

Chief Administrative Officer Ron Schultz provided brief instruction on the board's use of iPads and BoardEffect software for its meetings and meeting materials, noting changes to the docket for the current meeting due to the software's different capacities.

**123. Concordia College Alabama (Selma) Report**

Victor Belton rehearsed recent history leading up to and including his assignment to attend meetings of Concordia Alabama's Board of Regents on behalf of the Board of Directors. He reported on the continuing progress that is being made in "turning the school around," and expressed the board of regents' appreciation to the Board of Directors for its assistance. He also reported that the current school year is off to a good start, with enrollment increases creating a good financial position for the coming year. Fundraising efforts have been successful to the extent that the school did not require additional financial assistance during the summer months, as had been anticipated.

He questioned whether his presence at board of regents meetings, although well received by the board, continues to be necessary and helpful. Chairman Kuhn, acknowledging that Rev. Belton's attendance at board of regent meetings was not intended to be an ongoing arrangement, asked the will of the board. After discussion, the following action was introduced and carried:

*Resolved*, That the service of Rev. Victor Belton as a special representative of the Board of Directors to the Board of Regents of Concordia College Alabama be extended at least through the next convention of the Synod; and be it further

*Resolved*, That the Concordia College Alabama Board of Regents be requested to concur with the Board of Directors' interest in having Rev. Belton present at its meetings.

Chairman Kuhn thanked Rev. Belton for his service on behalf of the Board of Directors and asked that the board's best wishes be communicated by Rev. Belton to the Concordia College Alabama board.

**124. Committee Reports**

**A. Audit Committee**

Audit Committee Chairman Curtis Pohl provided his report from his committee's August 22 meeting. He reported that the committee reviewed its internal policies (Audit Committee Charter, Internal Audit

Department Charter, and Policy on Suspected Financial and Organizational Misconduct) and is recommending no changes. He also called attention to the Internal Audit Department's Performance Report in the board docket, noting that the twelve districts audited by LCMS Internal Audit have been issued unqualified opinions, as has also been the case to date with 13 of the remaining districts of the Synod. The committee chairman was thanked for his report.

#### B. Personnel Committee

Personnel Committee Chairman Don Muchow provided his committee's report, noting four items addressed during its August 22 meeting: (1) After receiving a progress report on the future of the food service operation at the International Center, the committee concluded that this was "fundamentally a staff matter" outside of the committee's and Board of Directors' area of involvement; (2) The Board of Directors is encouraged to request through the Office of the Secretary that Synod boards, entities, and individuals gather and provide more comprehensive personnel information on candidates nominated to fill vacancies throughout the Synod. (3) A new "net" is being cast in search of candidates for the President position for Concordia University System, focusing on candidates who "clearly can pursue a vision, mission, and strategy in concert with recent structural changes" in light of "present and future challenges facing the Synod's efforts and ministry in higher education." (4) The committee is prepared to discuss and recommend candidates to the three positions to be filled on the National Lutheran Housing Support Corporation (NLHSC) board, to be addressed later in the meeting when the Board of Directors is ready to fill the positions.

Later in the meeting, with President Harrison participating via telephone, the board took up the matter of elections to the NLHSC Board of Directors. No additional names were added to the slate presented by the committee, which consisted of: Tim Dittloff, Germantown, Wisconsin; Alan F. Doud, Bakersfield, CA; Joshua R. Gale, Philadelphia, Pa; Donald B. Gourlay, Oak Park, IL; Mark Minick, Austin, TX; and Steven D. Shave, Milford, OH.. It was noted that two of the three positions would be for three-year terms and the remaining position a two-year term. After ballots were cast for each of the three positions, the following were elected:

Joshua R. Gale (three-year term)  
Steven D. Shave (three-year term)  
Alan F. Doud (two-year term)

Immediately following the elections, a motion "for the ballots to be destroyed" was introduced and carried. This was followed by discussion of the second of the actions advocated by the committee (see above), *i.e.*, "that the full board encourage and request through the Office of the Secretary that all Synod boards, entities, and involved with nominating candidates strive to gather more comprehensive personnel information in compiling dossiers of future candidates to fill vacancies throughout the Synod." The committee explained that organizations need to take more responsibility for nominating individuals with appropriate skill sets, and that "hunting for geographical, educational, experiential, and any other kind of diversity would be good for the church."

#### C. Policy Review Committee

Policy Review Committee Chairman Kermit Brashear reported on matters discussed by his committee during its August 22 meeting, noting the action taken on the board's litigation policies (incorporating minor changes recommended by legal counsel, recommending them for adoption by the board).

### **125. Officer Reports**

## A. President

President Matthew Harrison provided his report during the second day of the meeting, participating via telephone from Mequon, Wisconsin, where he was involved in taking his son to college. Calling attention to his printed report and noting the change from a list of activities to a governance report (pp. 11ff., attached to the protocol copy of these minutes), he touched on a number of items:

- All is going well with his administration, with the appointment of the Executive Director of the Office of International Mission soon to be announced.
- The Wittenberg Project now has secured \$1 million in funding. The project will move forward when the necessary cash is in hand.
- The Lutheran Church Extension Fund—Missouri Synod is moving very positively forward toward a change to more of a credit union model, offering great potential for growth.
- A “good spirit” was present for a recent planning meeting of the Council of Presidents, with plans for the coming year’s meetings “looking very good.”
- Plans for *Lutheran Witness* to come out with an online version, which will be a “positive thing” for the Synod.

He also spoke of the recent district conventions, 22 of which he attended personally, all of which were attended in their entirety by at least one member of the Praesidium and staff, none of which provided for him “a single negative experience.” He summarized his experience at the conventions as follows:

- While the Synod does have some ongoing doctrinal disagreements, overall the conventions were quite calm, celebrating unity in many areas of the Synod’s life together.
- His staff recorded 152 questions from the Q & A sessions of the conventions, the most frequent topics being religious freedom, the Health and Human Services mandate, gay marriage, and amicus briefs.
- Equally frequent were questions regarding seminary and education issues, the cost of higher education, and the call situation.
- Also prominent were questions regarding doctrine and practice, fellowship and communion practice, how to bring the church together around confession, and absolution and forgiveness.
- Another category of questions were associated with the Koinonia Project, RSO matters, and the *Ablaze!* movement. Additional issues surfaced were the Specific Ministry Pastor program, alternate routes into the Holy Ministry, struggling congregations, and national witness and outreach efforts.

Regarding resolutions adopted by the district conventions, he noted strong support for the Lutheran Malaria Initiative, frequent support for Operation Barnabas, concern regarding the licensed deacon program, interest in the issue of women in the church and an anticipated CTCR report, both support and concern expressed regarding the Specific Ministry Pastor program, and support for extending national and international mission efforts. Several districts adopted resolutions commending the Roman Catholic Church for its efforts in opposition to the government’s Health and Human Services Mandate.

He concluded his report with comments regarding the current economy “weighing heavily on the Synod,” the issuing of another “State of the Synod” *Lutheran Witness* report to be released soon, and the “Free to be Faithful” campaign, launched recently to encourage the people of the Synod to become informed regarding religious issues in society.

## B. First Vice-President

First Vice-President Herbert Mueller called attention to his printed report (pp. 14–15, attached to the protocol copy of these minutes), devoting most of his oral report to an overview of the recent district

conventions. After highlighting several items from his activities report, he responded to questions regarding the Koinonia Project and anticipated Synod convention issues.

#### C. Secretary

Secretary Raymond Hartwig called the board's attention to the minutes from the May 17–18, 2012 meeting which, after minor editorial changes, were approved as presented. He then noted the content of his printed report (pp. 16–17, attached to protocol copy of these minutes). In the discussion that followed, a request was made that the members of the board be included on the mailing list of the postcard campaign to provide timely information to congregations regarding their participation in the convention representation, nomination, and election processes of the Synod in preparation for the 2013 Synod convention.

#### D. Chief Financial Officer

Chief Financial Officer Jerry Wulf highlighted several items from his printed report (pp. 27ff., attached to the protocol copy of these minutes), first noting that there have been a few “hiccups” in the budgeting process, to be expected with the major restructuring and budget revisions that have taken place. He also underscored the need to do a better job in projecting revenues for the sake of the budgeting process.

He called particular attention to the “Sunday Morning Offerings” pie chart of the Synod's unrestricted revenue, showing how the 14 cents per week (\$7.28 per year) unrestricted offering per baptized member is used by the Synod. Forty-six percent (46%) of that offering (\$3.59 per year) goes to convention-mandated operations and support (Ecclesiastical Services and Commissions, Constitutional Officers and Administration, and General and Administrative).

During discussion that followed, he spoke of efforts being made to teach current staff how to understand and participate in the budgeting process, the need for this education demonstrated by the budget overages a number of departments are experiencing at the present time. Following discussion, a motion “to receive the Treasurer's Report with thanks” was introduced and carried.

#### E. Chief Administrative Officer

Chief Administrative Officer Ron Schultz called particular attention to specific content included in his printed report (pp. 18ff., attached to the protocol copy of these minutes). He noted the “surprising number of things that were not known” in the operations of the Synod that have become evident through restructuring, leading to efforts by the Operations Team and individual officers to introduce efficiencies and controls. One of these areas was the use of independent contractors, which is leading toward the centralization of the oversight of these contracts. He concluded his report by calling attention to and explaining the legal expense budget and pointing out the map he provided in the docket showing the five regions of the Synod as established in early 2011 by the Board of Directors and the Council of Presidents.

#### F. Chief Mission Officer

Chief Mission Officer Greg Williamson called the board's attention to his printed report (pp. 66f., attached to the protocol copy of these minutes) and spoke specifically of the positive ministry offered by Doxology, the importance of outcome-based planning, and the resolution of issues that exist as a result of restructuring and transition. He reported that he is working at team building between units of the Synod, “more of a family approach.”

### **126. RSO Status Presentation**

Office of National Mission Executive Director Bart Day and Recognized Service Organizations Director Dorothy Krans provided an overview of the Synod's Recognized Service Organization (RSO) program. According to their report:

- Of the 163 non-school RSOs, 114 are social ministry organizations, 27 missions, 12 camps, 3 university, 1 communication, and 6 other. There are also 146 RSO schools.
- Regarding the use of benefits included in RSO status, 51 subscribe to Concordia Plans and 28 have obtained LCEF loans (totaling \$39.5 million). RSOs employ 138 LCMS rostered workers.
- Of the 114 social ministry RSOs, 113 are associated with Lutheran Services of America and pay dues totaling \$222,230. The average payment is \$1,966, with 28 RSOs making no payment.
- In response to the question "What is working well?" RSOs do foster the mission and ministry of the Synod, RSO status does build closer relationships between service organizations and the Synod, and the new 5-year renewal policy has resulted in better order for the RSO program.
- In response to the question "What is not working well?" the cost of the RSO program to the Synod, oversight of the school RSO program, and the ability of RSOs to extend calls were listed.

Discussion followed the presentation, which included suggestions for moving forward, the need to reevaluate the practice of RSOs calling church workers, the conduct of site visits, departures from the program, liability concerns, the need to review current policies, and the possibility of using the 2013 convention to instruct the church body regarding the RSO program. The board asked the RSO representatives to bring back to the November meeting some suggestions for solutions to issues raised by the presentation and discussion.

### **127. Statistical Overview of the LCMS**

Director Gene Weeke and Ryan Curnutt of the General Services Department provided a statistical update of LCMS congregations by community type, worship attendance, changes and trends in membership and attendance, adult confirmations, finances, presence in population-growth areas, and specialized ministries (slide presentation attached to protocol copy of these minutes). They concluded their presentation with the following summation:

- The long term (decadal) trend is that the total number of congregations is not decreasing.
- It appears that closing congregations do not significantly impact the overall number of members—significant declines in membership are not due to church closures.
- New opportunities for mission and ministry exist, since the LCMS currently has no member congregations in 28 of the fastest growing US counties.
- While total membership has declined in recent years, the average giving of those who stayed has increased.
- Despite rising costs and the recent recession, the average congregation reports that its income exceeded its expenses.
- An increasing number of congregations (4,847) are engaged in specialized ministries (45,138).

Lengthy discussion followed as members of the board expressed concern regarding some of the statistics shared in the report.

### **128. Legal Report**

As the board prepared to receive the report from legal counsel, a motion to move into executive session was introduced and carried.

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## **128X. Executive Session I**

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After the board exited executive session, it moved on to the next item of business.

### **129. Board of Directors Administrative Services Structure**

Chief Administrative Officer Ron Schultz led this “information session” to inform the Board of Directors regarding departments and operations that report to the staff of the board. After noting the board’s duties and authority as articulated in the Synod’s Articles of Incorporation and Bylaws, he also noted that, in order to carry out these responsibilities, the board has delegated to the Chief Administrative Officer and, in certain instances, the Chief Financial Officer, the responsibility to exercise its authority within the limitations of its policy manual, as described in the handout, “Departments and Operations Reporting to Staff of the LCMS Board of Directors” (pp. 225ff., attached to the protocol copy of these minutes).

Before moving on to the next item of business on the agenda, Chairman Kuhn provided a brief report on the Res. 4-04A meeting that he attended and its assignment to look at the entire Concordia University System/seminary system and bring recommendations to the 2013 convention. He noted one recommendation discussed in particular: authorization by the convention for a funding drive to pay off the \$16.5 million CUS debt in order to free up Synod unrestricted funds for other purposes.

### **130. Board Meeting Survey Discussion**

Chief Administrative Officer Ron Schultz provided via a slide presentation the responses to a survey of the members of the board regarding meeting arrangements, agenda, reports, presentations, etc. The final two questions of the survey engendered discussion: “(16) Open to Considering Consent Agenda” and “(17) Replace Policy Committee with Governance Committee.”

A motion “to allow the executive committee to bring back a recommendation regarding the consent agenda question” was introduced but, after discussion, not carried. A motion “to refer the question of a consent agenda to the Policy Review Committee, to return with a recommendation to the November board meeting” was introduced and carried.

### **131. Discussion: Board of Directors Convention Report**

Chairman Robert Kuhn introduced the subject of the board’s report to the 2013 convention and provided opportunity for board members to suggest subjects that should be included in the report. Discussion followed regarding the content of such reports, the possible content of the board’s report, and who should be involved in its preparation.

### **132. Funding the Mission Report Discussion**

Chief Financial Officer Jerry Wulf used a slide presentation to review the board’s prior discussions and recommendations in response to the recommendations of the Task Force on Funding the Mission in its 2004 report.

Later in the meeting, the board completed its review and numerous suggestions and recommendations were surfaced and discussed. A motion was introduced and carried “to turn this matter over to the

Operations Team to review further the task force recommendations and to draft a response for further review by the Board of Directors.”

### **133. Concordia Plan Services and Impact of Economy and Changes at Federal Government Level**

Concordia Plan Services President James Sanft and Board Chairman Fred Kraegel appeared before the Board of Directors to provide an update regarding Concordia’s retirement and health plans in light of economic conditions and changes on the federal government level. A motion to move into executive session was introduced and carried.

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### **133X. Executive Session II**

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After the board returned to open session, it moved on to its final action item (see #134 below). A motion was then introduced to move again into executive session for further discussion of the Concordia Plan Services report.

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### **133XX. Executive Session III**

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### **134. Loan Approval for Concordia International School Hanoi**

This action item was introduced by David Birner, interim Co-Executive Director of the Office of International Mission, and Steven Winkelman, Head of School of Concordia International School Hanoi. The board was informed regarding enrollments and growth projections for the next several years, which will require the new facility to accommodate the anticipated more than 500 students. After extensive discussion, the following resolution was adopted as introduced:

WHEREAS, Concordia International School Hanoi received approval to open July 2010; and

WHEREAS, The Board of Directors approved the use of LCMS properties in Hong Kong as collateral toward a loan for Concordia International School Hanoi campus and development in February 2010, when it adopted the following resolution:

*Resolved*, That the Board of Directors, in consideration of the action of the Board for Mission Services, approve the use of the Synod-owned properties at #12 Wiltshire Road and South Bay Palace, Tw. II, 5B, 29–31 South Bay Close, Hong Kong, as collateral to secure a loan through a financial institution, with the funds being used to finance the purchase of land use rights, the construction of buildings, and the expenditure of funds for other purposes by Concordia International School Hanoi;

and

WHEREAS, Concordia International School Hanoi is progressing in both student enrollment and program development according to the school’s business plan; and

WHEREAS, Concordia has identified and secured the rights to a tract of land for the school at a considerable cost savings; and

WHEREAS, Concordia has created a master plan for the development of a school and the selected piece of land; therefore be it

*Resolved*, That the LCMS Board of Directors authorize LCMS HOLDINGS Vietnam (Concordia International School Hanoi) to enter into a loan agreement for an amount not to exceed 9,000,000

USD for obtaining a site, construction, and related expenses, and operation of the school; and be it further

*Resolved*, That Concordia International School Hanoi draw only 8,000,000 USD of the loan amount; and be it further

*Resolved*, That should Concordia International School Hanoi need to draw on the loan above the 8,000,000 USD, Concordia International School Hanoi will provide the LCMS Board of Directors with an updated business plan and rationale for the need of additional funds, and seek approval from the Board of Directors for the additional 1,000,000 USD prior to any additional funds being dispersed; and be it finally

*Resolved*, That only the property located on Wiltshire Drive in Hong Kong is approved for use as collateral.

#### **134. Adjournment**

With all business to come before the board having been addressed the meeting was adjourned with prayer.

Raymond L. Hartwig, Secretary