

MINUTES

BOARD OF DIRECTORS The Lutheran Church—Missouri Synod Orlando, Florida November 15 – 16, 2012

135. Call to Order and Opening Devotion

Chairman Robert Kuhn called the meeting to order with all members present. After First Vice-President Herbert Mueller provided an opening devotion, Chairman Kuhn called attention to the agenda for the meeting and asked for its approval. A motion was introduced and carried “to adopt the agenda as presented while allowing the chair to make changes as necessary.”

Rev. Randy Golter, recently installed Executive Director of the Office of International Mission, was introduced to the board. He spoke of his ministry background, of the privilege of serving in his new position, and of his recognition of the important responsibility placed upon him as he assists the Synod in communicating Christ’s mission to an increasingly pagan world.

136. Committee Meetings

A. Audit Committee

Audit Committee Chairman Curtis Pohl reported on behalf of his committee by reading the minutes from its November 14 meeting, which included the following items of business.

- The committee received a fiscal year audit report from Brown Smith Wallace (BSW) and an unqualified opinion on the Synod’s 2012 audited financial statements, which included Concordia Plan Services, LCMS National Housing Support Corporation, and LCMS Holdings, Ltd. (Hong Kong, Shanghai, and Hanoi international schools). The report contained no mention of concerns with management or the Internal Audit Department, but it offered advisory comments related to information technology and discussed concerns with the collection of outstanding pledges of contributions to the *Fan Into Flame* fund-raising campaign.
- Joann Spotanski, Internal Audit Executive Director, reported to the committee on the special audit underway as required by 2010 Res. 8-40, “To Perform Final Audit of Outgoing Boards and Administration.” Noting that the audit’s purpose is to determine whether donor-restricted funds were properly used by the program boards, she reported that although the audit is incomplete, there are no major audit concerns at this time.
- The committee received and discussed a draft version of the annual audit of the LCMS purchasing card program based upon the testing of 60 reports of expenses incurred. Several concerns were noted, the report concluding that improvements will need to be made in (1) documenting and supporting the business-related purposes by increasing understanding of what type of expenses are considered non-reimbursable or personal in nature; and (2) providing more timely following-up on all reported exceptions by expense voucher approvers and supervisors.
- The committee received a report by Dr. Alan Borcharding, Interim Concordia University System (CUS) Executive director, already delivered to the CUS Board of Directors Audit Committee and the Concordia College Alabama Board of Regents chairman, regarding possible future cash flow concerns.

Following the committee's report, a motion was introduced and carried "to receive the audit report for the past fiscal year."

B. Personnel Committee

Personnel Committee Chairman Donald Muchow presented his committee's report, which included the following items.

- Currently there are 28 candidates for the LCMS Foundation President position, with plans to reduce the list to the five most qualified persons in the near future. "Most qualified" is understood to be that individual "with both the soundest theological perspective and the best financial expertise among the candidates." In the meanwhile, Dr. Alan Borcharding has been continued by the Concordia University System Board of Directors as its Interim Executive Director, to serve through the next Synod convention, thereby providing opportunity for the then-newly elected board members to be involved in the final selection process.
- The Director for Black Ministry executive position remains open, with Dr. Frazier Odom continuing to serve part time in the position. In February 2013 the Black Caucus will be solicited for possible candidates, after which the process to select a director will resume.
- The Matura Program currently has 18 participants in its new class. Over the past seven years, 96 persons have graduated from the program. Efforts are underway to offer other leadership training opportunities as well, especially for "junior" members of the International Center work force.
- The fitness program sponsored by Concordia Plan Services ("Be Well...Serve Well"), which offers workers rewards of up to \$300 per year for developing healthy habits, continues to gain traction.
- The functional transfer of fund-raising levels 1 & 2 (from the LCMS Foundation to LCMS Mission Advancement) is projected to be accomplished by July, 2013.
- The relocation of KFUE Radio operations from the St. Louis seminary campus to the International Center is expected to be completed by March 2013. The project involves building alterations as well as the transfer of approximately ten staff positions.

Following the formal report, the board was reminded of its responsibility to name specific persons to assume certain officer responsibilities in the event that a position becomes vacant. After brief explanation, the following resolution was introduced and adopted:

Background

In accordance with Synod Bylaws, Board of Directors policy, and Human Resources Policy ("Appointment of Interim Persons"), each board, commission, and department is to identify a person to provide interim direction and leadership to the board, commission, or department in the event that there is an unexpected resignation, disability, disposition, or death of the staff executive currently serving.

The Board of Directors has the responsibility for appointing persons to serve in interim situations in several positions, according to the following policy:

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

preparedness rather than chaos. The districts, congregations, and members will be well served because there is a procedure in place.

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

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

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

Therefore be it

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

Chief Administrative Officer:	David Fiedler
Chief Financial Officer:	Charles Rhodes
Secretary of the Synod:	Herbert C. Mueller Jr.

During discussion of cooperation between Synod corporations, the committee reported that Human Resources Executive Director Val Rhoden-Kimbrough had informed them that the Human Resources Committee will be taking up that topic during its discussions at its December meeting, following which the Personnel Committee will be informed regarding those discussions and will prepare its salary recommendation to the February 2013 Board of Directors meeting. In this connection, the committee expressed concern that Concordia Publishing House does not participate in meetings of the Human Resources Committee, which could lead to potential collegiality problems between major Synod entities in the future. Chief Administrative Officer Ron Schultz provided information regarding policies governing the committee's meetings that will be helpful in addressing such concerns. Before concluding its report, the committee also raised a number of issues related to government health care programs for discussion with Concordia Plans Services representatives later in the meeting.

C. Policy Committee

Policy Review Committee Chairman Kermit Brashear provided an oral report of the activities of his committee, specifically reporting on its response to assignments from the board at its August 2012

meeting. Regarding the issue of a governance committee for the board, a proposal will be provided prior to the next board meeting inviting board member input. Regarding the consent agenda concept, alternative approaches will continue to be discussed and reported by the committee.

137. Officer Reports

A. President

President Matthew Harrison began his report with positive comments regarding the current Council of Presidents meeting and conditions in the Synod, followed by comments of concern following the recent national election and the current administration's advocacy of sexuality policies that will make it increasingly difficult for Christian charitable services to continue to provide social care. Since it likely will not be possible to affect American culture to an extent that will make a fundamental difference regarding such issues, an aggressive defense with like-minded friends must necessarily be the Synod's mode of operation going forward.

He recalled the demographics report received by the board during its August meeting, giving particular attention to significant reductions in the number of youth in the Synod (e.g., a reduction from 218,000 to 99,000 eligible for the next youth gathering) with similar reductions in children's baptisms. He expressed concern that the LCMS has virtually no presence in our country's fastest growing geographical areas and that LCMS congregations continue to confirm only half or less of the babies that are baptized. On a positive note, he commented on recent multi-denomination studies which demonstrated very positive performances in responses given by LCMS youth.

He called attention to his printed report (pp. 10ff., attached to the protocol copy of these minutes), noting its content (reporting on activities related to the constitution and bylaw expectations associated with his office), and then called on Bart Day, Executive Director of the Office of National Mission, to provide a report on national mission restructuring. Rev. Day reported that conversation on this restructuring effort began with the National Mission Conference that was held, which discussed restructuring to deliver resources in a more effective manner. The first priority of his office continues to be the revitalization of congregations, which provides the "lens" for all that follows. The ultimate goal of revitalized congregations will be "churches daughtering and planting churches," with efforts tailored to the particular needs of rural/small town, suburban, and urban congregations.

After positive concluding comments regarding LCMS efforts following hurricane Sandy, the President responded to questions regarding the national youth gathering, recognized service organizations, bridge-building between groups within the Synod, and different approaches to church planting.

B. First Vice-President

First Vice-President Herbert Mueller called attention to his printed report (pp. 14ff, attached to the protocol copy of these minutes) and called particular attention to its detailed information regarding the Koinonia Project. He noted that pastoral colloquy, a primary responsibility of his office, proceeds as per usual.

C. Secretary

Secretary Raymond Hartwig called attention to the minutes of the August 23–24, 2012 Board of Directors meeting and presented them for approval by the board. A motion was introduced and carried "to approve the minutes as presented." He then called attention to his printed report (p. 23f., attached to protocol copy

of these minutes) and responded to questions, asking that discussion of convention-related matters wait until his convention report later in the meeting.

D. Chief Financial Officer

Chief Financial Officer Jerald Wulf directed attention to his printed report (pp. 36ff., attached to protocol copy of these minutes) and briefly discussed (a) the significance of the unqualified opinion that accompanied the external auditor's report and the helpful cooperation provided by the accounting and internal audit departments; (b) initial preparations for the coming budget process; (c) the renewal of the Synod's line-of-credit with Lutheran Church Extension Fund (not used recently) for \$10 million, terms remaining essentially the same; (d) the performance of district remittances (by September 30, only 14 districts had remitted at or above 66 2/3 percent of their intentions); (e) the *Fan Into Flame* campaign pledge collection effort (limited because of lack of man-power in the Mission Advancement Office); and (f) the decrease in the Synod's net assets as anticipated revenue has materialized more slowly than expected.

Discussion of the report followed, with further comment provided regarding the *Fan Into Flame* pledge collection effort (a plan is being developed to improve performance) and concerns regarding unrealized enrollment projections for the Hanoi school (local conditions have affected enrollment, but there have been positive developments also).

E. Chief Administrative Officer

Chief Administrative Officer Ron Schultz, after noting his printed report and called attention to mention of a letter from Thrivent regarding its grant program, indicated that he had nothing further to add to the report (pp. 25ff., report and letter attached to the protocol copy of these minutes).

F. Chief Mission Officer

Chief Mission Officer Gregory Williamson directed the board's attention to his printed report (Docket Supplement p. 5ff., attached to protocol copy of these minutes) and spoke of his recent trip to China, Viet Nam, Taiwan, and Korea and of lessons learned:

- Work needs to continue on the development of a pipeline of parochial teachers for the international schools. The experience gained by teachers serving in international school situations will benefit the entire Synod.
- The name "Concordia" has a good reputation on both sides of the Pacific and serves to advance the LCMS "brand" before the global community.

He also expanded upon two other mentions in his printed report:

- The Synod needs to step up recruitment to enroll young men in pre-seminary programs in its colleges and universities. At present there are only 180 such students enrolled in the entire system, and the number continues to diminish, at the expense of pastoral formation.
- The conference on global mission in Atlanta was an extraordinary strategic success and will serve to advance the Synod's role in and before the global community.

138. Joint COP/BOD Meeting

[As has been the case in recent years, the Board of Directors and the Council of Presidents have taken advantage of the Lutheran Church Extension Fund Fall Leadership Conference to meet jointly to discuss matters of mutual interest and concern.]

The meeting was called to order by Council of Presidents (COP) Chairman Larry Stoterau, with Board of Directors (BOD) Chairman Robert Kuhn co-chairing the meeting. Presentations were provided by:

- Alan Borcharding, Interim Executive Director of the Concordia University System (CUS) Board of Directors, who provided an update on CUS enrollment (29,597 total students, with 1,564 in church vocation programs); positive financial information from the schools in general (6.6 percent increase of semester hours, increasing steadily); expansion of programs (new law school in Boise, ID and new pharmacy school in Mequon); the Mequon/Ann Arbor affiliation (two corporations, one accreditation, one board of regents and president—resulting in nine LCMS colleges and universities); and CUS governance matters (proposals to the convention for bylaw changes to strengthen boards of regents, facilitate operations, and clarify role of CUS board in theology faculty approvals). Brief discussion followed.
- Mark Hofman, Executive Director for Mission Advancement, described his department’s operations (key performance indicators, management ratios, internal challenges, external influences affecting fund-raising) and efforts to introduce a greater degree of order in the Synod’s fund-raising approach and efforts. Brief discussion followed.
- Ron Schultz, Chief Administrative Officer of the Synod, called attention to BOD policies for agencies of the Synod, noting that districts are among those to whom such policies apply, also calling attention to their general content and suggesting that district business managers in particular be made aware of the need to give these policies attention on the district level.
- Sherri Strand of Thompson Coburn LLP provided an update on legal issues of particular interest to the board and council, for which the group was declared to be in executive session.

138X. Legal Counsel Presentation to COP/BOD Joint Meeting

Following the presentations, BOD Chairman Robert Kuhn invited questions from the group for response by the co-chairmen of the meeting. Topics included: (a) Lutheran Child and Family Services of Illinois and the Illinois Gay Marriage Act; (b) the role and importance of the new law school, given the current increase in First Amendment issues; (c) the importance of reporting all legal cases involving districts to the Synod’s legal counsel; (d) the importance of providing district financial statements and audit reports on a regular basis; (e) challenges currently being faced by the Board of Directors; and (f) prospects for and within the Synod as it approaches the next convention and moves into the future.

Following this discussion, the joint meeting was concluded and the board continued with its own business meeting.

139. Legal Counsel Report

As Sherri Strand of Thompson Coburn LLP prepared to present her report, a motion was introduced and carried “to move into executive session.”

139X. Executive Session II

Following the executive session, the board continued with its business, receiving a report on convention preparations from the Secretary of the Synod.

140. Convention Preparations Report

Secretary Raymond Hartwig provided a comprehensive report of preparations underway for the 2013 convention of the Synod.

- Fourteen of a total of 18 carefully timed postcards have been mailed to all congregations of the Synod to alert them when convention preparations require their attention.
- Preparing the email voters list for the 2013 presidential election is proving to be more of a challenge than expected. The first email test of 8,112 addresses resulted in 4,100 unopened emails, as well as 411 “hard” bounces and 85 “soft” bounces. It was also discovered that there were 66 duplicate addresses and 148 voters still without email addresses. Efforts continue to address these concerns, and a second test, planned for December 6, is expected to produce better results.
- President and First Vice-President nomination ballots were mailed to all voting congregations on October 1, the responses tallied by the Synod’s external auditor (Brown Smith Wallace). The deadline for the receipt of returned ballots will be February 20, when the top three presidential vote-getters who are willing to serve will make up the slate for the election of the President four weeks prior to the 2013 convention. The top 20 vice-presidential vote-getters will make up the initial slate that will be reduced to a slate of five by the president-elect in preparation for election by the 2013 convention.
- The mechanics of the presidential election will be handled by ElectionAmerica, a vendor that specializes in conducting electronic voting. A May 2013 test of the balloting system is planned. Four weeks prior to the 2013 convention, voters will have a four-day window to open their email accounts and cast their votes. If a second ballot will be necessary, it will take place within ten days following the first ballot. The President-elect will be announced two weeks prior to the 2013 convention.
- The deadline for submitting nominations to the Committee for Convention Nominations was October 20. The committee will meet in mid-January to consider the nominations received as it develops slates for convention elections of Secretary and members of synodwide corporate entity boards, boards of regents, and the Commission on Theology and Church Relations.
- Ballots for nominating regional vice-presidents and board members were mailed out on October 1 to all voting congregations. Color-coded to help congregations determine their region, the ballots are being returned to the Office of the Secretary for tabulating. The top five nominees for each position from each region will constitute the slates for convention regional vice-president elections. A concluding ballot will determine the order of succession of vice-presidents two through six.
- The President’s Office continues to receive reports and overtures for convention consideration, due March 2, 2013. The process for working with Concordia Publishing House to develop and publish convention materials is about to begin.

Discussion followed the report regarding the changes made by the 2010 convention and costs associated with those changes.

141. Concordia Plans Report

Prior to the report regarding Concordia Plans retirement and health insurance matters by Fred Kraegel, Chairman of the Concordia Plans Services Board of Directors, and James Sanft, President and Chief Executive Officer, a motion was introduced and carried “to move into executive session.”

141X. Executive Session III

Following recess for the evening and the Friday morning opening devotion by Vice-President Mueller, Chairman Kuhn called on the Board for University Education Interim Director for his presentation.

142. Concordia University System Governance Report

Board for University Education Interim Director Alan Borcharding spoke of the future of the Concordia University System (CUS), reporting that the CUS board is dissatisfied with the way it presently functions, wishes to do more than read reports, and is interested in working at a CUS-wide strategic plan that will include the following:

- Research on innovative educational concepts
- A timetable and plans for starting dental, medical, and engineering schools
- A CUS-wide executive leadership program
- A new CUS-wide online program

In doing so, the new CUS would:

- Function with less financial risk, more collaboration, a stronger financial future, less missed opportunities, and a clearer role in Synod education
- Provide college presidents with opportunity to operate common activities, learn and plan together for the future, work to strengthen all institutions, and coordinate with the CUS board on important activities

In its history and as it stands, the CUS today is no integrated educational system but instead operates as a federation of institutions of higher education, with a role for the CUS board that is largely regulatory and not creative. The current board recognizes the need for change moving into the future, also recognizing the need for three things to remain constant for CUS and its schools: Lutheran identity, academic quality, and fiscal viability. To move forward, it will be essential to:

- Keep primary responsibility for the strength of campuses at the board of regents level
- Create a structure for mutual support among institutions
- Involve CUS board in doing things that are creative
- Make use of the existing bylaw provision for an advisory council to meet at the call of the CUS board and report the results of its studies to the board for consideration in making its decisions (Bylaw 3.6.6.4)

In the case of the Bylaw 3.6.6.4 expectation, efforts are already being made for the CUS board to delegate or assign to school presidents responsibility for certain matters, asking them to develop proposals to be brought back to the CUS board for finalization.

After discussion of the presentation, the board’s attention was called to the proposed changes to Bylaws 3.6.6, 3.10.5, and 3.12.3 already alluded to in the presentation to the joint BOD/COP meeting, with the

hope that the board would take action in support of the bylaw changes. (See action taken later in the meeting and recorded in these minutes.)

The board also discussed a convention overture proposal to make changes to Bylaw 3.6.6.5 to adjust its provisions granting authority to the CUS Board of Directors “to consolidate, relocate, separate, or divest a college or university.” During discussion that followed, several courses of action were considered before the suggestion was made to consider the matter as an action item later in the meeting. Later in the meeting, the board discussed at length a proposal for a convention action to amend Bylaw 3.6.6.5 but did not take action. The content of the board’s discussion will be transmitted to the President of the Synod for possible consideration at another time.

143. 2010 Res. 8-07 Survey

Wyoming District President Richard Boche, representing the Res. 8-07 Task Force, reported on the task force’s two meetings thus far to study future district function and configuration. He reported that the task force is considering principles of viability, the purpose and functions of districts, and possible recommendations to the convention that will improve efficiency and coordination, as required by Bylaw 4.1.1.3. While no decisions have been made, the task force will meet twice more after more information has been gathered, some to be obtained from the members of the Board of Directors. He then distributed a survey to the members of the board and requested their individual responses, Chairman Kuhn granting sufficient time for board members present to complete and return the survey.

144. Concordia University System Governance Report

Concordia University System Interim Executive Director Alan Borcharding again appeared before the board to provide a report of CUS governance matters. A motion “to enter into executive session” was introduced and carried.

144X. Executive Session IV

After the executive session discussion, the board moved on to the remaining items on the agenda for the meeting.

145. Action Items

A. Creation of Legal Entity—Concordia International South Africa

Chief Mission Officer Gregory Williamson and Chief Administrative Officer Ron Schultz presented a resolution to create a new legal entity, Concordia International South Africa. During the resolution’s consideration, a motion “to amend the motion to make it contingent upon Commission on Constitutional Matters review and approval” was introduced and adopted. The resolution was then adopted as amended, as follows.

WHEREAS, The Lutheran Church—Missouri Synod (the “LCMS”) has mission workers in the Republic of South Africa (“South Africa”) who have been working with through LCMS partner churches in that country; and

WHEREAS, The LCMS has determined that it is desirable to establish a legal presence in South Africa in the form of a non-profit organization under South African law (the “South African entity”) better to support and facilitate the work of its mission workers; 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 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 South African entity be established in compliance with the BOD Policy, and the Chief Mission Officer has assured the BOD that such entities shall be properly authorized, valid, and operating legal entities in South Africa and that their establishment and operation by the LCMS will not violate the laws of South Africa, as evidenced by an opinion of local or special counsel engaged for the purpose of forming such entities, and that such opinion, as well as the governing documents of the South African entity, shall be reviewed and approved the LCMS’ general counsel to ensure compliance with BOD Policy; therefore be it

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

Section 1. Authorization and Approval of Establishment of South African Entity. The establishment of a non-profit organization pursuant to the laws of South Africa to develop sustainable programs of education, human care, and other activities, including providing administrative support to LCMS workers in other countries in Africa, as needed, in compliance with BOD Policy, is hereby authorized and approved.

Section 2: Authorization and Approval of Documents. In connection with the establishment of a South African entity pursuant to this resolution, the execution and/or filing of the constitution for such entity, in substantially the form as the draft attach as an exhibit to this resolution and with such changes therein as may be approved by the general counsel of the LCMS pursuant to the BOD Policy 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.

Section 3: Further Authority. The Chief Administrative Officer is hereby authorized and responsible to engage officers, agents, and employees of the LCMS to take such further action, and to 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 South African 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’ foreign mission policies and purposes; (b) the filing of such documents with the appropriate governmental authorities in South Africa; and (c) the filing of required documentation with the appropriate governmental authorities in South Africa to seek public benefit organization status for the South African entity, providing certain tax benefits to the entity and its donors.

And be it further

Resolved, That the approval of the creation of this legal entity is contingent upon review and approval of its constitution by the Commission on Constitutional Matters of The Lutheran Church—

Missouri Synod, thereby to make certain that it is in harmony with the Constitution, Bylaws, and resolutions of the Synod.

B. Adjustment to KFUEO 2012/2013 Capital Budget

Chief Financial Officer Jerald Wulf presented the following action proposing the amending of the KFUEO Radio budget by moving funds from its operating budget to its capital budget. The resolution was introduced and adopted as presented, without discussion, as follows.

WHEREAS, At its May 2012 meeting the Board of Directors approved \$371,610 as a part of the 2012/2013 capital budget request for the relocation of the KFUEO-AM and Classic99.com staff and operations from the campus of Concordia Seminary to the LCMS International Center; and

WHEREAS, Recent conversation between the architectural and design firm assisting with the KFUEO relocation project and the Synod's Chief Financial Officer and executive director of accounting have determined that more of the expense related to the relocation project than previously realized may be properly considered capital expense as opposed to operating expense; and

WHEREAS, This ability to spread out the expense of this project over the useful expected life of this asset is beneficial to the Synod's financial position; therefore be it

Resolved, That the Board of Directors increase the amount of the KFUEO Radio capital budget request for 2012/2013 from \$371,610 to \$669,977, with funding provided, as before, by corporate cash, capital debt, restricted receipts, and/or through allocations to other corporate users.

C. Authorization of Changes to Articles of Incorporation and Bylaws of Camp Luther, Inc. of Wisconsin

Secretary Raymond Hartwig introduced the following action to authorize the incorporation of Camp Luther, a camp operated for many years by the North Wisconsin District of The Lutheran Church—Missouri Synod, as submitted by the North Wisconsin District Board of Directors. The Articles of Incorporation and Bylaws (attached to the protocol copy of these minutes), incorporating the camp as a Wisconsin corporation and already reviewed and approved by the Commission on Constitutional Matters, were also, with the introduction and approval of the following resolution, approved by the LCMS Board of Directors.

Resolved, That the Board of Directors, under its Policy 5.8.5 and 1981 Synod Res. 5-07, herewith authorizes and approves the Restated Articles of Incorporation and updated Bylaws of Camp Luther, Inc., a Wisconsin Nonstock Corporation.

D. Submission of CUS Governance and Faculty Bylaw Amendments to 2013 Convention

As presented and commented upon by Concordia University System (CUS) Interim Executive Director Alan Borcharding earlier in the meeting, the Board of Directors, after brief discussion, adopted the following resolution as a memorial to the 2013 convention submitted jointly with the CUS Board of Directors.

Background

In its October 2012 meeting the CUS Board of Directors resolved to send memorials to the 2013 LCMS Convention entitled "To Address the Need for Board Members with Specialized Qualifications" and "To Revise Bylaw 3.10.5.6, College and University Faculties."

The CUS believes that it is in the best interest of the Synod to ensure that all college and university regents and members of the CUS Board have credentials and experience needed to assist these boards in governing effectively. Too much is at stake to treat such credentials as mere recommendations.

The CUS also believes that it is in the best interest of the Synod to remove faculty employment details from the *Handbook* of the Synod. This parallel layer of regulation serves no useful purpose. Certain matters regarding the relationship of faculty members to the Synod are appropriate to remain in the *Handbook*, however, and the CUS is requesting that such policies remain.

With this action, the LCMS Board of Directors joins the CUS Board of Directors in submitting the following bylaw change overtures to the 2013 convention. Jointly submitting these proposed convention actions is intended to underscore the importance of these matters for the welfare of the Synod and its institutions of higher education.

Proposed Action

Resolved, that the LCMS Board of Directors endorses the memorials entitled “To Address the Need for Board Members with Specialized Qualifications” and “To Revise Bylaw 3.10.5.6, College and University Faculties.

Overture to the 2013 Synod Convention

To Address the Need for Board Members with Specialized Qualifications

Rationale

Boards of Regents: Because of the increasing complexity of oversight and governance of higher education programs and facilities, individuals who serve as board members should be required to possess appropriate specialized qualifications (in addition to Bylaw 3.8.8.6.2 requiring board members to be members of member congregations of the Synod). These qualifications grow out of the many technical matters that must be understood and considered as a regent.

1. Each board of regents has the fiduciary responsibility to set strategic directions for the institution and to govern the areas of academics, finance, student life, enrollment, and fund development. The rapidly changing and highly competitive arena of American higher education requires governance by regents who can provide visionary leadership that addresses today’s challenges.
2. The Synod’s colleges and universities have hundreds of employees and thousands of students. Personnel, legal, and administrative issues are inherent in a complex organization.
3. The colleges and universities of the LCMS have facilities with a replacement value exceeding \$1.5 billion, some of which is financed through tax exempt bonds. Seven of the colleges and universities manage operational budgets exceeding \$20 million, with two institutional budgets exceeding \$55 million. Governing these institutions requires that the regents provide significant professional competencies.

Concordia University System Board: The national board charged with providing oversight and guidance to the boards of regents should be required to have members with special qualifications corresponding to those of regents.

Therefore, be it

Resolved, That Bylaw 3.6.6, Bylaw 3.10.5, and Bylaw 3.12.3 be amended as follows:

~~PRESENT~~/PROPOSED WORDING

Concordia University System

- 3.6.6 Concordia University System, as a corporation under the laws of the State of Missouri, is operated by its members and board of directors in accordance with its Articles of Incorporation and corporate bylaws to further the objectives of higher education within the Synod. Any amendments to these Articles of Incorporation shall be subject to approval by the members.
- 3.6.6.1 The Board of Directors of the Concordia University System has authority with respect to the Synod's colleges and universities. It shall have the overall responsibility to provide for the education of pre-seminary students, ministers of religion—commissioned, other professional church workers of the Synod, and others desiring a Christian liberal arts education by coordinating the activities of the Synod's colleges and universities as a unified system of the Synod through their respective boards of regents.
- 3.6.6.2 The members of Concordia University System shall consist of the Synod and the colleges and universities of the Synod. The Board of Directors of the Synod and the Council of Presidents of the Synod each shall elect delegates representing the Synod. The boards of regents of the colleges and universities of the Synod shall elect delegates representing the colleges and universities. The numbers of delegates elected by the Board of Directors of the Synod, the Council of Presidents, and the boards of regents shall be established by the Articles of Incorporation and Bylaws of Concordia University System.
- 3.6.6.3 The Board of Directors of Concordia University System shall be composed of nine voting members and four nonvoting members (no more than one member elected by the Synod shall be from the same district, and no executive, faculty member, or staff member from a Lutheran institution of higher education may serve on the Board of Directors of Concordia University System as a voting member):
- Voting Members:
1. Two ministers of religion—ordained elected by the Synod
 2. One minister of religion—commissioned elected by the Synod
 3. Two laypersons elected by the Synod

4. Three laypersons appointed by the delegates of the members of Concordia University System
5. The President of the Synod or his representative

Nonvoting Advisory Members:

1. A district president appointed by the Council of Presidents
2. The Chief Financial Officer of the Synod
3. The Chief Mission Officer or his representative
4. One university president

Persons elected or appointed to the Concordia University System Board of Directors should have demonstrated familiarity and support of the institutions and shall possess two or more of the following qualifications: theological acumen, an advanced degree, experience in higher education administration, administration of complex organizations, finance, law, investments, technology, human resources, facilities management, or fund development. The Chief Administrative Officer of the Synod (or a designee) and the Secretary of Synod (or a designee) shall review and verify that nominees are qualified to serve as stated above.

3.6.6.4 The presidents and interim presidents of the Synod's educational institutions shall comprise an advisory council which shall meet at the call of the Board of Directors of Concordia University System and report the results of its studies to the board for consideration in making its decisions.

3.6.6.5 In keeping with the objectives and the Constitution, Bylaws, and resolutions of the Synod, the Board of Directors of Concordia University System shall

- (a) develop detailed coordinating policies and procedures for cooperative roles and responsibilities of the colleges and universities;
- (b) together with boards of regents and the Board of Directors of the Synod, coordinate institutional planning and approve capital projects in relation to campus property-management agreements and institutional master plans;
- (c) review and approve new programs and manage peer review of programs in the interest of the institution(s) and the Synod;
- (d) establish policy guidelines involving distribution of grants from the Synod (restricted and unrestricted) and efforts for securing additional financial support from other sources;
- (e) obtain data on liberal arts education and current trends and government regulations in higher education that impact upon collaborative efforts and relationships within the Concordia University System;
- (f) together with the Board of Directors of the Synod, establish and monitor criteria for determining institutional viability, fiscal and otherwise;
- (g) together with districts, congregations, local boards of regents, and national efforts, assist congregations and districts in student recruitment for both professional church work and lay higher education;
- (h) serve as a resource for the development of lists of potential teaching and administrative personnel;
- (i) provide prior approval for all initial full-time theology appointments to college/university faculties, based on selection criteria and procedures recommended by the Council of Presidents;
- (~~h~~) upon request of the President of the Synod, assist in monitoring the ongoing faithfulness of all Concordia University System institutions to the Synod's doctrine and practices;
- (~~j~~) together with schools, districts, congregations, and national efforts, foster continuing education for ministers of religion—commissioned; and
- (~~k~~) have authority, after receiving the consent of the Board of Directors of the Synod by its two-thirds vote and also the consent of either the Council of Presidents by its two-thirds vote or the appropriate board of regents by its two-thirds vote, to consolidate, relocate, separate, or divest a college or university.

3.6.6.6 The Board of Directors of Concordia University System shall receive evidence on a regular basis ~~from boards of regents and campus administrators that they are that it is complying with an emphasis on mission-focused leadership and, with the following key principles to guide the future of the Concordia University System~~

- (1) ~~Actively working to preserve their work to maintain and enhance the Christ-centered Lutheran identity by supporting the objectives of The Lutheran Church—Missouri Synod and complying with an emphasis on mission-focused leadership in service to church and community character of its institution;~~
- (2) ~~Delivering academic and student programs designed to give students Christ-centered values and tools that equip them for vocations within the church and world;~~
- (3) ~~Preparing graduates for service as ministers of religion—commissioned and for continued study for ministers of religion—ordained for the Synod provide ministers of religion—commissioned for the Synod;~~
- (4) ~~Implementing accepted higher education standards, including policies that ensure fiscal and institutional viability:~~
 - ~~Achieving positive annual financial results~~
 - ~~Acquiring quality administrators, faculty, and staff~~
 - ~~Meeting fiscal and academic benchmarks~~
 - ~~Building endowments and managing investment assets for the long-term benefit of the institutions~~
 - ~~Acquiring and managing long-term debt carefully and responsibly work to ensure a strong fiscal future for its institutions~~
- (45) ~~Sustaining a Concordia experience that reflects strong institutional quality, provides opportunities to be of greater service to the church and society, and mobilizes individuals in a way that aids the campuses in achieving their collective vision with respect to their identity, quality and viability establish expectations for the quality of its institutions; and~~
- (56) ~~Maintaining accountability of their institutions implement the preceding four principles through governance structures that require more clearly focused accountability of its institutions to the system-wide board, while expecting stronger governance of the institutions by their boards of regents.~~

Colleges and Universities

College and University Boards of Regents

- 3.10.5 Each college and university of the Synod, with its president and faculty, shall be governed by a board of regents, subject to general policies set by the Synod.
- 3.10.5.1 In exercising its relationship to the Synod and to the Concordia University System as set forth elsewhere under Bylaw 3.6.6ff., the board of regents of each institution shall consider as one of its primary duties the defining and fulfilling of the mission of the institution within the broad assignment of the Synod.
- 3.10.5.2 The board of regents of each college and university shall consist of no more than 17 voting members:
1. One ordained minister, one commissioned minister, and two laypersons shall be elected by the conventions of the Synod.
 2. One ordained minister, one commissioned minister, and two laypersons shall be elected by the geographical district in which the institution is located.
 3. No less than four and no more than eight laypersons shall be appointed as voting members by the board of regents.
 4. The president of the district in which the college or university is located or a district vice-president as his standing representative shall serve as an ex officio member.

5. College and university boards of regents members may be elected or appointed to serve a maximum of three consecutive three-year terms and must hold membership in a member congregation of the Synod.
6. Not more than two of the elected members shall be members of the same congregation.
7. Persons elected or appointed to a board of regents should ~~possess several of the following qualifications~~ be knowledgeable regarding the region in which the institution is located, should have demonstrated familiarity and support of the institution, and shall possess two or more of the following qualifications: theological acumen, possess an advanced academic degree, and have experience in higher education administration, administration of complex organizations, finance, law, investments, technology, human resources, facilities management, or fund development. ~~Demonstrated familiarity and support of the institution is a desired quality in the candidate.~~ When regents are elected at the national convention of the Synod, qualifications shall be reviewed and verified as outlined in Bylaw 3.12.3.7. When regents are elected at district conventions or appointed by the board of regents, qualifications of all nominees, including floor nominees, shall be reviewed and verified by the chair and secretary of the district board of directors or their designees.

3.10.5.3 Vacancies that occur on a board of regents shall be filled in the following manner:

- (a) If the vacancy occurs in a position that was previously filled by the board of regents, the board of regents shall be the appointing body.
- (b) If the vacancy occurs in a position that was previously filled at a district convention, the district board of directors shall be the appointing body.
- (c) If the vacancy occurs in a position that had been filled by a national convention of the Synod, the Board of Directors of Concordia University System shall be the appointing body and shall follow the nomination procedure provided for filling vacancies on elected boards and commissions of the Synod as outlined in Bylaw 3.2.5.

3.10.5.4 The board of regents of each institution shall become familiar with and develop an understanding of pertinent policies, standards, and guidelines of the Synod and the Board of Directors of Concordia University System.

- (a) It shall develop ~~details of~~ detailed policies and procedures for governance of the institution, including but not limited to
 - (1) Attention to specific ways that the institution is confessing Jesus Christ and fulfilling His mission in our world.
 - (2) Annual certification of the institution's financial viability.
 - (3) Creation, modification, and abolition of administrative positions.
 - (4) Processes for filling and vacating administrative positions, and
 - (5) A clear plan for succession of administration to assure that the institution continues to function effectively in the case of incapacity or lengthy absence of the president.
- (b) It shall coordinate institutional planning with other Concordia University System schools and approve master plans for its college or university.
- (c) It shall review and approve academic programs recommended by the administration and faculty after assessment of system policies in accordance with Concordia University System standards and guidelines and institutional interests and capacities.
- (d) It shall review and approve the institutional budget.
- (e) It shall approve institutional fiscal arrangements, develop the financial resources necessary to operate the institution, and participate in its support program.
 - (1) Only the board of regents is authorized to establish a line of credit or to borrow for operating needs, subject to the policies of the Board of Directors of Concordia University System and the Board of Directors of the Synod.
 - (2) All surplus institutional funds above an adequate working balance shall be deposited with the Concordia University System for investment. Earnings from such investments shall be credited to the depositing institution.
- (f) It shall establish appropriate policies for institutional student aid.

(g) It shall participate fully in the procedures for the selection and regular review of the president of the institution and of the major administrators; approve of the appointment of faculty members who meet the qualifications of their positions; approve sabbatical and study leaves; and encourage faculty development and research.

(h) It shall take the leadership in assuring the preservation and improvement of the assets of the institution and see to the acquisition, management, use, and disposal of the properties and equipment of the institution within the guidelines set by the Board of Directors of The Lutheran Church—Missouri Synod.

(i) It shall operate and manage the institution as the agent of the Synod, in which ownership is primarily vested and which exercises its ownership through the Board of Directors as custodian of the Synod's property, the Board of Directors of Concordia University System, and the respective board of regents as the local governing body. Included in the operation and management are such responsibilities as these:

(1) Carrying out efficient business management through a business manager appointed on recommendation of the president of the institution and responsible to him.

(2) Receiving of all gifts by deed, will, or otherwise made to the institution and managing the same, in accordance with the terms of the instrument creating such gift and in accordance with the policies of the board of regents.

(3) Demonstrating concern for the general welfare of the institutional staff members and other employees, adoption of regulations governing off-campus activities, development of policies regarding salary and wage scales, tenure, promotion, vacations, health examinations, dismissal, retirement, pension, and other employee welfare benefit provisions.

(4) Determining that the charter, articles of incorporation, constitution, and bylaws of the institution conform to and are consistent with those of the Synod.

(5) Serving as the governing body corporate of the institution, vested with all powers which its members may exercise in law either as directors, trustees, or members of the body corporate, unless in conflict with the laws of the domicile of the institution or its articles of incorporation. In such event, the board of regents shall have power to perform such acts as may be required by law to effect the corporate existence of the institution.

(6) Establishing and placing a priority on the capital needs of the institution and determining the plans for the maintenance and renovation of the buildings and property and purchase of needed equipment, but having no power by itself to close the institution or to sell all or any part of the property which constitutes the main campus.

(7) Recognizing that the authority of the board of regents resides in the board as a whole and delegating the application of its policies and execution of its resolutions to the president of the institution as its executive officer.

~~(8) Reviewing and approving the major policies of the institution regarding student life and activities as developed by the faculty and recommended by the administration.~~
Establishing a comprehensive policy statement regarding student life that commits the institution to the principles of Christian discipline, evangelical dealing, and good order.

(9) Promoting the public relations of the institution and developing the understanding and cooperation of its constituency.

(10) Requiring regular reports from the president of the institution as the executive officer of the board and through him from other officers and staff members in order to make certain that the work of the institution is carried out effectively.

Committee for Convention Nominations

3.12.3 The Committee for Convention Nominations is to be regarded as an ad hoc convention committee to which limitations on holding multiple offices do not apply.

3.12.3.1 In preparation for a convention of the Synod, one-half of the districts shall elect, through their regular election procedures at the district convention, one member to the Committee for Convention Nominations and an alternate:

Atlantic	Nebraska
California-Nevada- Hawaii	North Wisconsin
Central Illinois	Northern Illinois
Florida-Georgia	Northwest
Indiana	Oklahoma
Iowa West	SELC
Minnesota South	South Dakota
Missouri	Southern
	Wyoming

3.12.3.2 In preparation for the following convention, the remaining districts shall elect in the same manner:

Eastern	New Jersey
English	North Dakota
Iowa East	Ohio
Kansas	Rocky Mountain
Michigan	South Wisconsin
Mid-South	Southeastern
Minnesota North	Pacific Southwest
Montana	Southern Illinois
New England	Texas

3.12.3.3 One-half of the electing districts shall be designated by the Secretary of the Synod to elect a professional church worker and the other half a layperson, with roles reversed every six years.

3.12.3.4 The Secretary of the Synod shall handle the preliminary work for the Committee for Convention Nominations.

(a) He shall begin to solicit names of potential nominees from officers, boards, commissions, and agencies of the Synod and its districts at least 24 months prior to the convention.

(b) Approximately 24 months before a regular meeting of the Synod in convention, he shall solicit from the mission boards and the synodwide corporate entity boards descriptions of criteria for qualified candidates to serve on those boards.

(c) With such criteria in view, the Secretary shall issue the first call for nominations through a publication of the Synod and on the Synod Web site 18 months before the convention, soliciting names from mission boards and synodwide corporate entity boards, as well as congregations, district presidents, district boards of directors, circuit counselors, and other likely sources.

(d) All incumbents eligible for reelection shall be considered for nominations.

(e) Qualifications of each nominee shall be submitted together with the names on forms made available on the Synod's Web site.

(f) All suggested names and information for consideration by the Committee for Convention Nominations shall be submitted to the Secretary of the Synod no later than nine months prior to the convention of the Synod.

(g) The Secretary shall present the names and information gathered to the Committee for Convention Nominations at its first meeting.

3.12.3.5 The first meeting of the Committee for Convention Nominations shall be at the call of the Secretary of the Synod at least six months prior to the convention of the Synod.

(a) The Secretary shall not serve as a member of the committee, but he shall convene the initial meeting of the committee and be available, upon call, for consultation.

(b) The committee shall elect its own chairman, vice-chairman, and secretary and shall organize its work in whatever way it deems necessary.

(c) The committee shall inform itself as to the duties and requirements of each position to be filled and thereby be guided in its selection of nominees.

(d) In the case of the boards of regents of educational institutions of the Synod, the committee shall consult with the President of the Synod or the Board of Directors of Concordia University System ~~and to~~ receive their input for the committee's consideration. The President of the Concordia University System (or a designee) and the Secretary of Synod (or a designee) shall review and verify that nominees are qualified as stated in Bylaw 3.10.5.2.7.

3.12.3.6 The Committee for Convention Nominations shall nominate candidates for all elective offices, boards, and commissions except President and vice-presidents and elective positions requiring regional nominations (Bylaws 3.12.2.5; 3.3.4.1; 3.8.2.2; 3.8.3.2).

(a) At least two candidates shall be nominated for each position.

(b) The committee shall determine its complete list of candidates and alternates, obtain the consent of the persons it proposes to nominate, and transmit its final report at least five months prior to the convention to the Secretary of the Synod, who shall post the list on the Synod's Web site and provide for its publication in a pre-convention issue of an official periodical of the Synod and in the Convention Workbook.

(c) The committee's report shall list the qualifications of various positions used in the solicitation of candidates and contain pertinent information concerning each candidate, such as occupation or profession; district affiliation; residence; specific experience; number of years as a member of an LCMS congregation; present position; offices previously held in a congregation, district or the Synod; qualifications for the office in question; and, if the candidate so desires, also a brief personal statement.

3.12.3.7 The chairman of the Committee for Convention Nominations shall submit the committee's report in person to the convention at one of its earliest sessions.

(a) The convention may amend the slate by nominations from the floor.

(b) Floor nominations shall be brought individually before the convention for approval before being added to the ballot. No floor nominations shall be accepted which would preclude, by virtue of election limitations of such office, election of any pending nominee already on the slate of candidates received from the Committee for Convention Nominations without disclosing such potential effect immediately to the convention.

(c) Such floor nominations may only be made from the list of names which have previously been offered to the Committee for Convention Nominations prior to the final deadline for the submission of nominations, unless the convention shall otherwise order by a simple majority vote. The President of the Concordia University System (or a designee) and the Secretary of Synod (or a designee) shall review and verify that all floor nominees to serve as a member of a Concordia University System board of regents possess the qualifications as stated in paragraph 7 of Bylaw 3.10.5.2. The Chief Administrative Officer of Synod (or a designee) and the Secretary of Synod (or a designee) shall review and verify that all floor nominees to serve as a member of the Concordia University System Board of Directors possess the qualifications as stated in Bylaw 3.6.6.3.

(d) If the convention approves the receipt of such additional nominations, any delegate making such a nomination shall have secured prior written consent of the candidate being nominated and shall immediately submit it to the chairman of the Committee for Convention Nominations, along with required pertinent information concerning the nominee as detailed in Bylaw 3.12.3.6 (c).

(e) Whenever possible, chairman of the Committee for Convention Nominations shall have on hand at the convention a reserve list of nominees, approved by the committee, for use if required.

(f) Whenever possible, the Committee for Convention Nominations should be informed in advance if any new board or commission is likely to be established at a convention of the Synod, so that it may have a slate of candidates in readiness.

3.12.3.8 The Committee for Convention Nominations, in consultation with officials of the Synod, shall maintain a description of the desirable expertise required for each elected position and shall

transmit this information together with suggestions for improvement of procedures to the next committee through the Secretary of the Synod.

Overture to the 2013 Synod Convention

To Revise Bylaw 3.10.5.6, College and University Faculties

Rationale

The boards of regents are responsible for faculty matters. Much of what is specified in the Bylaws no longer is relevant at the Synod level and needs to be removed so that the regents can govern more effectively.

1. The regional accreditation commissions require that institutions have the authority to set policies governing the faculty and academic matters. All of the institutions have faculty and academic policy manuals in place.
2. The level of detail in this section does not serve any useful purpose. In fact, due to differing institutional terminology and procedures, it is confusing.
3. Faculty employment matters are governed by state laws, and are best handled by a board of regents in consultation with its own legal counsel.
4. If a faculty member takes legal action against a college or university, the Synod is exposed to potential legal action because the LCMS Handbook dictates the details of faculty policies.

Therefore, be it

Resolved, That the Concordia University System maintain in its policies a list of subject matters that each institution will address in its own faculty policies, and that each college and university board of regents ensure that its institutional handbooks set appropriate policies regarding faculty matters; and be it finally

Resolved, That Bylaw 3.10.5.6 be amended as follows:

PRESENT/PROPOSED WORDING

College and University Faculties

3.10.5.6 The faculty of each college or university of the Synod shall consist of the president, the full-time faculty, and the part-time faculty.

~~(a) Part time or temporary faculty members are distinguished by an appropriate prefix or suffix (“visiting,” “guest,” “adjunct,” “emeritus”) or the term “graduate assistant.”~~

~~(b) Part time or temporary faculty members shall hold nonvoting membership on the faculty.~~

~~3.10.5.6.1—At each school, the president shall propose creation, modification, or abolition of administrative positions to the board of regents for its approval.~~

~~(a) The board of regents at each school shall maintain clear policies for filling and vacating administrative positions.~~

~~(b) Administrative appointments shall be made by the board of regents on recommendation by the president of the institution. The Board of Directors of Concordia University System shall periodically review the internal administrative organization of the Synod’s institutions.~~

~~(c) Each board of regents shall maintain a clear plan of succession of administration to assure that the institution continues to function effectively in the case of incapacity or lengthy absence of the president.~~

3.10.5.6.2¹ Each educational institution shall state policies and procedures related to faculty appointments, employment contracts, contract renewal, contract termination, faculty organization, modified

~~service, sabbaticals, and dispute resolution within Concordia University System guidelines. Each educational institution shall have established policies and procedures related to appointments. There shall be two levels of faculty appointments: (1) Initial level, where the appointment can be terminated with no formal requirement for a show of cause; and (2) continuing level, where termination requires a formal show of cause.~~

- ~~(a) Institutions are free to decide for themselves what names to apply to these two levels of appointment.~~
- ~~(b) Each educational institution of the Synod normally shall have at least 35 percent of its full time faculty serving at the continuing level appointment level.~~
- ~~(c) Each institution shall require specific action by the board of regents for promotion from an initial level appointment to a continuing level appointment.~~
- ~~(d) Standards or qualifications for moving a faculty member from initial level appointment to continuing level appointment shall be the following:
 - ~~(1) The faculty member shall ordinarily have completed four to six years of creditable service (periods of leave are not included) as a member of the faculty of one or more educational institutions of the Synod, at least the last two years of which shall have been in the institution currently served.~~
 - ~~(2) The faculty member shall, as determined by his or her academic discipline, regularly continue to demonstrate scholarly achievement that may be institutionally funded as determined by the board of regents.~~
 - ~~(3) The faculty member's reputation, character, concern for students, and ability to honor leaders shall present a good reflection on the institution and the church.~~
 - ~~(4) The faculty member's aptness to teach has been demonstrated by effective communication in the classroom.~~~~
- ~~(e) Steps in moving a faculty member from an initial level appointment to a continuing level appointment shall be the following:
 - ~~(1) If the board of regents, on recommendation of the president of the institution, determines that a faculty member meets the above requirements and is still at the initial level appointment, it shall either carry forward the procedure for promotion to a continuing level appointment or inform the faculty member of its decision not to do so, in which case the individual either may continue at the initial level appointment or be terminated. Any continuation of employment at the initial level appointment shall be on a year to year basis. Faculty employment during the initial level appointment period may be terminated without disclosure of cause. In cases in which the decision is made to terminate the individual's contract, the contract shall be extended for at least six months beyond the time at which notice is given. If the board of regents does not take up the question of promotion to a continuing level appointment at least nine months prior to the end of the sixth year of service, the faculty member may petition the board of regents to do so.~~
 - ~~(2) After final review, the board of regents may promote to a continuing level appointment status.~~~~
- ~~(f) Promotion to continuing level appointment status shall in no case be construed as requiring or indicating advancement in rank or increase in salary.~~
- ~~(g) Other types of faculty appointments may be established by institutions as the need arises.~~

3.10.5.6.32 Except as otherwise provided in these bylaws, the board of regents on recommendation of the president of the institution shall appoint all full-time members of the faculty. All initial appointments to college/university theology faculties shall require the prior approval of the Board of Directors of Concordia University System. The terms and conditions of every appointment shall be stated in writing and be in the possession of both the institution and the prospective faculty member before the appointment is consummated. Limitations of academic freedom because of the religious and confessional nature and aims of the institution shall be stated in writing at the time of the appointment and conveyed to the person being appointed. Faculty members, full- and part-time, shall pledge to perform their duties in harmony with the Holy Scriptures as the inspired Word of God, the Lutheran Confessions, and the Synod's doctrinal statements.~~The board of~~

~~regents on recommendation of the president of the institution shall appoint all full-time members of the faculty. The Board of Directors of Concordia University System shall require certification of theological and professional competency. All initial appointments to college/university theology faculties shall require the prior approval of the Board of Directors of Concordia University System. All other initial full-time appointments shall require prior approval of the board of regents and shall include a thorough theological review involving the district president and selected members of the board of regents.~~

- ~~(a) The terms and conditions of every appointment shall be stated in writing and be in the possession of both the institution and the prospective faculty member before the appointment is consummated. Limitations of academic freedom because of the religious and confessional nature and aims of the institution shall be stated in writing at the time of the appointment and conveyed to the person being appointed.~~
- ~~(b) When laypersons are employed in full-time teaching positions, they shall pledge to perform their duties in harmony with the Holy Scriptures as the inspired Word of God, the Lutheran Confessions, and the Synod's doctrinal statements.~~
- ~~(c) The board of regents may decline to renew an initial level appointment of a faculty member at its discretion and without formal statement of cause. If reappointment to the teaching staff is not contemplated, the board of regents shall so notify the faculty member in writing through the president of the institution at least six months prior to the expiration of the current appointment. Notice of non-reappointment shall be made at least six months before the expiration of an initial level appointment of a faculty member.~~
- ~~(d) The Board of Directors of Concordia University System shall state standards of good practice that provide uniform procedures for renewing faculty employment contracts.~~
- ~~(e) Each institution shall state policies regarding faculty appointments, employment contracts, contract renewal, and contract termination for all employees within Concordia University System guidelines.~~

3.10.5.6.43 A formal procedure shall be in place to carry out performance reviews for all faculty on a regular basis to help faculty identify their strengths as well as areas in which improvement is needed (formative) and to provide the information needed to make a decision about future employment status (summative).

- ~~(a) Performance reviews shall be based on a set of clearly articulated criteria that are shared with faculty prior to their employment and current assignment.~~
- ~~(b) All faculty on initial level appointments shall be reviewed at least triennially.~~
- ~~(c) All faculty on continuing level appointments shall be reviewed at least every five years.~~
- ~~(d) The president of an institution may call for a formal review of any faculty member at any time.~~
- ~~(e) The review shall involve input from peers.~~
- ~~(f) A written summary of the results of the review shall be prepared.~~
- ~~(g) The summary shall be shared with the faculty member involved and he/she shall be given an opportunity to respond.~~
- ~~(h) A final decision about any action to be taken as a result of the review shall be made by the board of regents of the institution upon recommendation of the president of the institution.~~
- ~~(i) An appeal process shall be in place for use by faculty members of a continuing level appointment (those who already have been granted continuing level appointment status) who wish to challenge a termination decision. The appeal may be about the substance of the decision or the procedures followed in reaching the decision.~~
- ~~(j) Faculty members with an initial level appointment (who have no expectation of continued employment) shall not be entitled to an appeal process following (or prior to) a decision of non-retention. The only exception is that a faculty member with an initial level appointment may ask the board of regents to assure that appropriate procedures were followed in reaching the decision or the basis on which the decision was made.~~

3.10.5.6.34 ~~Other than honorable retirement, termination of faculty employment may be the result of the following: The only causes for which members of a faculty may be removed from office, other than honorable retirement, are (1) professional incompetency including, but not limited to, the failure to meet the criteria identified in Bylaw 3.10.5.6.2 (d); (2) incapacity for the performance of duty; (3) insubordination; (4) neglect of or refusal to perform duties of office; (5) conduct unbecoming a Christian; and (6) advocacy of false doctrine (Constitution, Art. II) or failure to honor and uphold the doctrinal position of the Synod as defined further in Bylaw 1.6.2 (b).~~

~~(a) professional incompetency;~~

~~(b) incapacity for the performance of duty;~~

~~(c) insubordination;~~

~~(d) neglect of or refusal to perform duties of office;~~

~~(e) conduct unbecoming a Christian;~~

~~(f) advocacy of false doctrine (Constitution, Art. II) or failure to honor and uphold the doctrinal position of the Synod as defined further in Bylaw 1.6.2 (b);~~

~~(g) discontinuance of an entire program (e.g., social work, business);~~

~~(h) discontinuance of an entire division or department (e.g., modern foreign language) of a college or university;~~

~~(i) reduction of the size of staff in order to maintain financial viability in compliance with policies concerning fiscal viability; and~~

~~(j) discontinuance, merger, or consolidation of an entire college or university operation.~~

~~3.10.5.6.6 The board of regents may decline to renew the appointment of a faculty member during an initial-level appointment period without a formal statement of cause.~~

~~3.10.5.6.6.1 No member of the faculty on a continuing level appointment or on an initial level appointment except at the expiration of the term of appointment shall be removed from the faculty either by ecclesiastical authority or by the board of regents except for cause.~~

~~3.10.5.6.7 Positions of initial level appointment as well as continuing level appointment faculty may be terminated by the board of regents under certain institutional conditions that do not reflect on the competency or faithfulness of the individual faculty member whose position is terminated. These conditions are the following: (1) discontinuance of an entire program (e.g., social work, business); (2) discontinuance of an entire division or department (e.g., modern foreign language) of a college or university; (3) reduction of the size of staff in order to maintain financial viability in compliance with policies concerning fiscal viability; and (4) discontinuance, merger, or consolidation of an entire college or university operation.~~

~~(a) In the event of termination of a faculty position by the board of regents, a minimum of six months advance notice to initial level appointment faculty and 12 months advance notice to continuing level appointment faculty must be provided the terminated faculty member in writing.~~

~~(b) The opportunity to serve the college or university in another capacity for which the terminated faculty member has credentials and qualifications shall be offered the terminated faculty member if such a vacancy exists at the time of termination or becomes available within two academic years.~~

~~(c) In identifying which specific faculty positions are to be discontinued or terminated, the board of regents shall follow the guidelines and procedures of that institution's reduction-in-force policy.~~

~~(d) A terminated position may not be filled subsequently by another person during the next two academic years without first offering the last previous incumbent who held the position with continuing level appointment status the position at his or her last previous salary plus average annual salary increases provided to that faculty during the interim.~~

3.10.5.6.84.1 A faculty member who is on a roster of the Synod is under the ecclesiastical supervision of the Synod. In the event a member is removed from membership in the Synod pursuant to procedure

established in these bylaws, then that member is also considered removed from the position held and shall be terminated forthwith by the board of regents.

3.10.5.6.4.2 An appeal process following Concordia University System dispute resolution guidelines shall be in place for use by faculty members who wish to challenge a termination decision.

~~3.10.5.6.9 The board of regents shall have authority to investigate, hear, and act on any complaint arising out of Bylaw 3.10.5.6.5:~~

~~(a) If the board of regents receives a complaint against a member of that institution's faculty or administration concerning any matter, including those specified under Bylaw 3.10.5.6.5, it shall direct the complainant first to meet face-to-face with the respondent in an attempt to resolve the issue (in the manner described in Matthew 18:15).~~

~~(1) The president of the institution shall assist in this attempt.~~

~~(2) If the president himself is the respondent, the chairman of the board shall act in his stead.~~

~~(b) If the complainant is of the opinion that such informal reconciliation efforts have failed and there is a wish to pursue the matter, the complainant shall prepare a written statement of the matter in dispute and a written statement setting forth, in detail, the efforts that have been made to achieve informal reconciliation and forward such statements to the board of regents and to the respondent.~~

~~(c) Within 21 days after receipt of the written statement of the matter in dispute, the respondent shall submit a written reply to the board of regents and the complainant. If the respondent fails to reply, the allegations of the statement of the matter in dispute shall be deemed accepted.~~

~~(d) Upon receipt of a reply from the respondent, or if no reply is received and the board of regents determines that all informal reconciliation efforts have failed, the board of regents shall form a review committee of five persons (Matthew 18:16), which shall be chosen as follows:~~

~~(1) Each party shall select one faculty member and one regent.~~

~~(2) The Secretary of the Synod shall select the fifth member by blind draw from the Synod's roster of hearing facilitators, who shall serve as chairman.~~

~~(3) The selection shall be completed within one month of the date on which the board decides to form the review committee.~~

~~(e) If the board decides that the matter is of such a nature that the interests of the institution will best be served, it may limit the activities of the respondent. It may do so by relieving the respondent of teaching and/or administrative duties pending final resolution of the conflict. However, contractual obligations of the institution shall continue until the matter is resolved.~~

~~(f) The review committee shall proceed as follows:~~

~~(1) The committee shall hold its first hearing no later than 60 days after the last committee member has been appointed.~~

~~(2) The chairman of the committee shall notify the complainant and the respondent, at least 28 days in advance, of the date, time, and place of the said hearing.~~

~~(3) If any part of the dispute involves a specific question of doctrine or doctrinal application, each party shall have the right to an opinion from the Commission on Theology and Church Relations. If it involves questions of Constitution or Bylaw interpretation, each party shall have a right to an interpretation from the Commission on Constitutional Matters. The request for an opinion must be made through the review committee, which shall determine the wording of the question(s). The request for an opinion must be made within four weeks of the final formation of the review committee. If a party does not request such an opinion within the designated time, such a request may still be made to the review committee, which shall, at its discretion, determine whether the request shall be forwarded. The review committee shall also have the right, at any time, to request an opinion from the Commission on Theology and Church Relations or the Commission on Constitutional Matters. When an opinion has been requested, the time limitations will not apply until the opinion has been received by the parties. Any opinion received must be followed by the review committee.~~

~~(4) All hearings shall be private, attended only by the parties and the witnesses who can substantiate the facts relevant to the matter in dispute. The review committee shall follow the procedures set forth in the *Standard Operating Procedures Manual* for this bylaw to be followed in the hearing and shall establish the relevancy of evidence so that each party shall be given an opportunity to present fully its respective position. In performing its duty, the review committee shall continue efforts to reconcile the parties on the basis of Christian love and forgiveness. If a party is a board or commission of the Synod or its districts, it shall be represented by its chairman or a designated member.~~

~~(5) Within 60 days after completion of the final hearing, the review committee shall issue a written decision which shall state the facts determined by the committee and the reasons for its decision and forward them to the parties and the board of regents. The board of regents shall then take appropriate action, which shall be final.~~

~~(g) If the committee decides there is a valid complaint~~

~~(1) regarding matters under Bylaw 3.10.5.6.5 (1) (4), it may take whatever action it deems appropriate, including recommendation for termination of the employment contract;~~

~~(2) regarding matters under Bylaw 3.10.5.6.5 (5) (6), if the member of the institution's faculty or administration is a member of the Synod, it must also refer the complaint to the district president, who shall follow the procedure set forth in Bylaw sections 2.14 or 2.17.~~

~~(h) At every stage of the above described procedure, all parties must be furnished copies of all documents filed.~~

~~(i) Any decision made pursuant to Bylaw 3.10.5.6.9 shall be final and binding on the parties involved with no right of further appeal.~~

~~(j) In consultation with the Commission on Constitutional Matters, the Board of Directors of Concordia University System shall maintain and amend, as necessary, a *Standard Operating Procedures Manual*, which shall serve as a comprehensive procedures manual for this bylaw.~~

~~3.10.5.6.10—Each institution shall have established policies and procedures related to salary, faculty organization, faculty involvement in establishing institutional education policies, dispute resolution, modified service, sabbaticals and leaves. It shall also have policies and procedures related to student discipline.~~

~~(a) The salary schedules of all institutional employees shall be fixed by the board of regents on recommendation of the president of the institution. The salary schedules shall be established within the broad guidelines provided by the Board of Directors of Concordia University System.~~

~~(b) The board of regents, on recommendation of the president of the institution, shall establish an effective faculty organizational structure.~~

~~(1) The president or his designee shall preside at regular and special meetings.~~

~~(2) The faculty shall elect a secretary and provide for the election of committees, consisting of faculty members or of faculty members and other persons, who shall study, evaluate, and report to the faculty on policy matters affecting the academic activity of the institution, the activity and welfare of the members of the faculty, and the life and welfare of the students.~~

~~(3) The faculty shall elect a standing hearings committee or assign the functions of such a committee to another standing committee.~~

~~(c) Each faculty shall recommend policy to the board of regents through the president for the admission, transfer, dismissal, or withdrawal of students, set the standards of scholarship to be maintained by students, determine criteria for graduation or failure, and act on recommendations in the matter of granting certificates, diplomas, and such academic or honorary degrees as may lawfully be conferred by the institution.~~

~~(d) Each faculty shall develop and construct curricula implementing the recognized and established purposes of the institution and designed to attain the objectives of preparation for professional church workers and other Christian leaders approved by the Synod.~~

~~(e) Each faculty shall pursue the improvement of teaching and learning and the evaluation of their effectiveness in every segment of the institution and its curriculum.~~

~~(f) Each faculty shall recommend policy to the board of regents through the president regarding out of class life and activity of its students so that the co-curricular and off campus~~

~~activities of the students contribute to the attainment of the educational objectives of the institution. The faculty shall recommend such policies as will be conducive to the cultivation of a Christian deportment on the part of all students, will stimulate the creation of a cultured and academically challenging atmosphere on and about the whole campus, and will make a spiritually wholesome community life possible.~~

~~(g) Each faculty shall recommend policy to the board of regents through the president regarding the maintenance of wholesome conditions of faculty service and welfare.~~

~~(h) The faculty of each institution which prepares professional workers directly for service in the Synod shall conform its placement policies to the provisions for the distribution of candidates and workers through the Board of Assignments of the Synod.~~

~~(i) Controversies and disagreements among faculty members or other employees (other than those involving matters described in Bylaw 3.10.5.6.5) shall be submitted to the president of the institution for mediation.~~

~~(1) If this proves unsuccessful, he shall report the matter to the board of regents for arbitration.~~

~~(2) After hearing the parties, the board will render its decision, which shall be final, without the right of appeal under the provisions of the dispute resolution process of the Synod.~~

~~(3) A record of the proceedings shall be filed with the Board of Directors of Concordia University System.~~

~~(j) Faculty members may request early retirement under the applicable provisions of the Concordia Retirement Plan.~~

~~(1) Upon retirement, faculty members who are ordained or commissioned ministers of religion are retained on the emeritus roster of the Synod on the basis of Bylaw 2.11.2.1 and may, by action of the board of regents, be retained on the roster of their faculty as "emeriti" (Bylaw 3.10.5.6).~~

~~(2) Service loads and the conditions of service after retirement shall be determined by the board of regents.~~

~~(k) Each institution shall state policies regarding sabbaticals for faculty and leave-of-absence procedures for all employees within Board of Directors of Concordia University System guidelines.~~

~~(l) Each board of regents, on recommendation of the president, shall adopt a comprehensive policy statement committing the school to the principles of Christian discipline, evangelical dealing, and good order, governing the students individually and collectively.~~

~~(1) Each student shall be informed regarding the disciplinary policy and procedure and under what conditions and to whom an appeal from a disciplinary decision may be made.~~

~~(2) There shall be no right of appeal under the provisions of the dispute resolution process of the Synod.~~

E. Commission on Handbook Inquiry

Commission on Handbook Chairman Gordon Tresch, in a letter dated October 24, 2012, forwarded questions from his commission concerning duties of the Committee on Elections, requesting the opinion of the Board of Directors:

Should the LCMS require successful background checks on those nominated to national office (elected officers, boards, etc.)? If so, which positions should be designated for background checks? Also, if background checks are to be made, should they be before or after election?

After discussion of background check levels and cost, obtaining consent, location in election process, interpretation of reports received, and role of the Human Resources Department in such background checks, the board by consensus agreed that it considers this to be a valid subject for the Commission on Handbook to pursue, suggesting that such checks would best be made post-election.

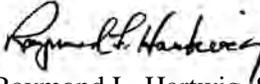
146. Board of Directors “Funding the Mission” Report to the 2013 Convention

Chief Financial Officer Jerald Wulf presented to the board a draft of a report to the 2013 convention pertaining to its review of the recommendations of the Blue Ribbon Task Force on Funding the Mission of several years past. He noted that this report could take one of three approaches: (1) Simply state that the Board of Directors did place on its agenda for discussion and disposition each of the recommendations of the task force report; (2) Briefly address each of the areas identified in the task force report, noting the board’s recommendations for any additional actions needed; or (3) Present a more detailed analysis of each of the recommendations and summarize the board’s discussion and any recommendations for further convention action.

He reported that the Operations Team (Chief Administrative Officer, Chief Financial Officer, and Chief Mission Officer) proposed that the second approach be used. After discussion, it was agreed that the Chief Financial Officer should continue to work on the report, taking into consideration the board’s discussion and sharing the next draft of the board and inviting input prior to the board’s February 2013 meeting.

147. Adjournment and Closing Devotion

After a brief discussion of agenda items for the coming meeting, a motion to adjourn was introduced and carried. The meeting closed with a Scripture reading by Vice-President Herbert Mueller.


Raymond L. Hartwig, Secretary