

MINUTES
(Pending)

BOARD OF DIRECTORS
Crowne Plaza Airport Hotel, St. Louis, MO
February 14, 2014

33. Call to Order, Opening Devotion, Approval of Agenda

Vice-Chairman Ed Everts called the meeting to order in the absence of Chairman Michael Kumm, who was absent from the meeting due to schedule difficulties. Victor Belton and Gloria Edwards were also absent due to travel difficulties. Vice-Chairman Everts called on Herbert Mueller for an opening devotion and then called attention to the agenda provided for the meeting. A motion to adopt the agenda as presented was introduced and carried without discussion.

34. Consent Agenda

Chief Administrative Officer Ron Schultz called attention to the proposed action to adopt a consent agenda, this to be used for the first time by the board. After discussion of the content of the agenda and suggestions for its future use (e.g., that consent agenda items be provided consecutively in the docket, that an oral President's Report be included early in the meeting agenda, that the Governance Committee continue to give consideration to its content going forward, that "accept" be used in connection with written reports and "adopt" with action items, etc.), the following resolution was introduced and adopted (all documentation associated with the consent agenda items are attached to the protocol copy of these minutes).

WHEREAS, The Board of Directors has adopted a policy allowing the use of a consent agenda;
and

WHEREAS, The board policy reads:

3.6.2 Consent Agenda

3.6.2.1 The board makes use of a consent agenda to expedite the conduct of routine business during board meetings, in order to allocate meeting time to education and discussion of substantive issues.

3.6.2.2 The consent agenda should consist of routine matters that require board action. Typically these items include approval of minutes, acceptance of officer and other written reports (excluding the quarterly financial/budget report), and acceptance of routine or non-controversial action items.

3.6.2.3 The board chair shall be responsible to approve the proposed consent agenda for each meeting upon recommendation of the Chief Administrative Officer. The consent agenda shall be distributed with the meeting docket no less than one week prior to the meeting. The consent agenda will be presented to the board for adoption as soon as practicable after the opening devotion on the first day of the meeting.

3.6.2.4 Any item which appears on the consent agenda may be removed from the consent agenda by a member of the board. Items removed from the consent agenda will be considered at another time during the meeting as determined by the chairman. The remaining items will be voted on by a single motion. The approved motion will be recorded in the minutes, including a listing of all items appearing on the consent agenda.

Therefore be it

Resolved, That the Board of Directors approve the consent agenda for this February 2014 meeting which includes the following written reports and proposed actions:

- Officer Reports
 - President
 - First Vice-President
 - Secretary
 - Chief Administrative Officer
 - Chief Financial Officer
 - Chief Mission Officer
- Administrative Services Reports
 - General Services
 - Information Technologies
 - Human Resources (confidential)
- Financial Services Reports
 - Accounting Report
 - Internal Audit Report
- Board of Directors Committee Reports
 - Governance Committee
 - Audit Committee
 - Ad Hoc Legal Review Committee
- Action Items
 - CTCR Convention Exception
 - Approval of Nov. 21–22, 2013 Minutes
 - Approval of Dec. 19, 2013 Minutes

And be it further

Resolved, That the minutes of this meeting reflect the acceptance of the reports and adoption of the action items as listed above.

35. Committee Meetings—Review and Feedback

The board committees discussed their efforts to meet prior to the day before the board meeting, as had been the practice until this meeting. Personnel Committee Chairman Warren Puck stated that his committee may still need to meet the evening before board meetings at times, depending upon the issues before his committee. The audit and governance committees reported that telephone conference call meetings worked quite well, although the content of agendas may determine how and when their committees will need to meet to accomplish their business.

36. General Services and Executive Update

Chief Administrative Officer Ron Schultz used a slide presentation to show changes taking place in reporting responsibilities and job functions in general services operations, to become effective as early as March 1. Expressing appreciation for the cooperation received from General Services staff, the Human Resources Department, and the Operations Team, he reported that while there is no plan to reduce staff, the General Services executive position will be divided into two tracks. Rosters and Statistics will be aligned with the Office of the Secretary, while Purchasing Services will be placed under the Office of the Chief Financial Officer, Travel and Meeting Planning will directly report to the Office of the Chief Administrative Officer, and building operations functions will be placed under a new senior director position, which position will also provide planning and project support to the Chief Administrative Officer. Discussion followed.

37. Legal Report

As the board prepared to receive a legal report from Sherri Strand of Thompson Coburn LLP, a motion was introduced and carried to move into executive session.

37X. Executive Session I

Upon return to open session, Vice-Chairman Everts called the board's attention to the meeting agenda and its next item of business.

38. Financial Report

Chief Financial Officer Jerry Wulf called attention to the December 31, 2013 Financial Statements of the Synod (attached to the protocol copy of these minutes), explained changes in the Synod's net assets, and noted that revenue is ahead of expenses as a result of income from bequests and other gifts and grants exceeding budgeted amounts. He expressed confidence that the sizeable shortfall experienced by Mission Advancement to date will come into line by the end of the fiscal year.

He introduced the new Executive Director of Accounting Ross Stroh, who walked the board through the Undesignated Support Budget Worksheet for Fiscal Year 2014/15 (attached to the protocol copy of these minutes), noting a projected reduction in revenue of approximately \$1 million using a "conservative approach" in income estimates. Although an equal number of districts increased and decreased pledges to the Synod (eleven each), the decreases were much larger, a matter to be discussed by the Praesidium of the Synod given the 2004 convention action strongly encouraging the Synod and its districts to maintain current funding levels.

39. Retreat Planning Discussion

Chief Administrative Officer Ron Schultz recapped the discussion of the Governance Committee regarding a board retreat, noting that Board of Directors policy anticipates one such retreat per triennium. The committee had asked the board chairman to appoint a planning committee to include one representative from each other board committee as well as the board chairman and the Chief Administrative Officer. Jim Carter will chair the committee, which will also include Gloria Edwards and Ed Everts. The retreat will be held in conjunction with the board's August 2014 meeting. Topics for the retreat are being solicited from board members.

40. Mission Advancement Update and Annual Report

Mark Hofman, Executive Director for Mission Advancement, presented his report in two parts: (1) an explanation of and background for the planned Inaugural Annual Report for the Synod; and (2) an update on his department's progress toward its 2013/14 fundraising goals.

- (1) In order to secure donations, objective and subjective data paint a picture of a national office challenged with achieving broad levels of trust and confidence across the Synod. Such trust is based on transparency, accountability, and the "co-stewardship of material blessings shared for a common purpose." Mission Advancement uses four means to build such trust: an annual report to stakeholders; third-party endorsements (e.g., the LCMS is one of 2,444 non-profits who have attained the "Guidestar Exchange Gold Participant" status); clear and consistent policies for managing relationships with giving constituencies; and exceptional customer service. The planned annual report will help to satisfy the first of those means to build trust, containing, in addition to high level financial information, strategic statements regarding the Synod and its operations from each of its chief officers and the chairman of the Board of Directors. Feedback will be used to shape and refine future annual reports to meet the expectations of stakeholders.
- (2) From a total gifts perspective, the Synod received charitable gifts in excess of the "total goal flow rate" through December 31, 2013. Expenses were less than budgeted projections due to staff

vacancies and unexpended travel and other grant dollars, largely due to health-related issues with three gift officers. Revenue performance was favorable in some areas and did not meet expectations in others. Donor response was favorable in the areas of disaster response and individualized support of missionaries (although needs always exist). Areas of ongoing attention were the Global Mission Fund, unrestricted gifts (other than district pledge revenue), and the Wittenberg Project, although the latter in particular shows promise due to planned efforts to generate interest in donating funds. Areas of focused concern that will receive particular attention are international and national mission projects and administration, LCMS communications, Concordia Historical Institute, and the Lutheran Malaria Initiative.

Executive Director Hofman responded to questions from the members of the board throughout his presentation.

41. Chief Administrative Officer Performance Review and Reappointment

As the board prepared to receive a report from its Personnel Committee regarding the performance review of Chief Administrative Officer Ron Schultz, a motion was introduced and carried to move into executive session.

41X. Executive Session II

Upon exiting executive session and upon recommendation of the Personnel Committee, the following resolution was introduced and carried, appointing Ron Schultz to another three-year term as Chief Administrative Officer of the Synod.

Background

As outlined in Bylaw 3.4.2.1, “The Chief Administrative Officer shall be an officer of the Synod and shall be appointed by the Board of Directors of the Synod in consultation and mutual concurrence with the President of the Synod.” He serves unlimited three-year renewable terms of office at the direction of the Board of Directors, each reappointment with the mutual concurrence of the President and Board of Directors of the Synod.

The Department of Human Resources completed a comprehensive review of Ron Schultz’ performance, and the results were presented to the Personnel Committee and shared with the Board of Directors.

Action

WHEREAS, Ron Schultz has faithfully and competently performed the duties of the Chief Administrative Officer since 2008; and

WHEREAS, The results of the comprehensive review indicate “role model” to “successful” performance; and

WHEREAS, The mutual concurrence of the President of the Synod has been received; therefore be it

Resolved, That Ronald P. Schultz be appointed to another three-year term as Chief Administrative Officer of The Lutheran Church—Missouri Synod.

The Personnel Committee continued with its report and action items, as follows.

A. LCMS International Center 2014/2015 Salary Administration

The Department of Human Resources conducts an annual review of local and national salary trends and compares them with the current LCMS salary ranges and actual salaries. The objective of this analysis is to measure the ability of International Center employers to remain competitive with the local not-for-profit market.

This high level objective directly correlates with the LCMS compensation philosophy which was adopted by the Board of Directors in 2006:

In striving to be good stewards of the dollars entrusted to us, we shall pay fair salaries in a fashion which rewards performance to be able to attract, motivate, and retain employees.

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

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

After brief discussion, the Board of Directors adopted the following resolution:

WHEREAS, The Board of Directors compensation philosophy and methodology has been validated via the annual compensation analysis; and

WHEREAS, Local and national salary trends indicate an adjustment to the salary range structure; and

WHEREAS, Local and national salary trends indicate non-profit organizations are awarding salary increases averaging 2.9 percent; therefore be it

Resolved, That effective March 1, 2014, the salary ranges be adjusted by approximately 2.6 percent to reflect compliance with the 2006 Board of Directors philosophy of using the average of the top paid 150 parish pastors and the top paid 150 institutional executives as the basis for the Class 6 midpoint. The remainder of the salary scale will be adjusted accordingly; and be it further

Resolved, That as of July 1, 2014, employees whose compensation falls below the minimum for the new salary classifications shall have their pay adjusted to reflect the new minimum for that range; and be it further

Resolved, That the “salary increase budget” for 2014/15 be set at 2.5 percent, with some employees receiving more and some less, contingent upon performance; and be it finally

Resolved, That the bonus budget for 2014/15 be set at .5 percent of the 2014/15 salary budget.

B. Synod Officers Salaries

The Department of Human Resources conducts an annual review of local and national salary trends and compares them with current LCMS salary ranges and actual salaries. The objective of this analysis is to measure the ability of International Center employers to remain competitive in the local not-for-profit market.

According to the Board of Directors Policy Manual section 5.6.6.6, the board approves the salaries of the following Synod officers:

- President
- First Vice-President
- Secretary
- Chief Financial Officer
- Chief Administrative Officer
- Chief Mission Officer

After its introduction by the board's Personnel Committee and after brief discussion, the Board of Directors adopted the following resolution:

WHEREAS, The Board of Directors has recommended a 2.5 percent salary increase pool for non-officer employees; and

WHEREAS, The officers of the Synod have been fulfilling the requirements of their positions; therefore be it

Resolved, That as of July 1, 2014, officers whose compensation falls below the minimum for the new salary classifications shall have their pay adjusted to reflect the new minimum for that range; and be it further

Resolved, That the officers receive the recommended 2.5 percent salary increase for 2014/15.

C. Appointment of Interim Officers

In accordance with the Synod's 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.

Since the Board of Directors has the responsibility for appointing someone to serve certain positions during a vacancy, the board also is responsible for identifying the person who will serve during an interim vacancy such as noted in the policy below:

It is important that all boards, commissions, or departments identify a person to provide interim direction and leadership to the board, commission, or department in the event that there is an unexpected resignation, disability, disposition, or death of the staff executive currently serving. The board, commission, or department must be able to carry out the work in process and be capable of continuing its normal routine as much as possible during unsettling times. Such proactive measures will assure all involved and provide 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 reasonably to 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, departmental operations in the case of resignation, disability, disposition, or death of the executive currently serving.
- If the position responsibilities require clergy or roster status, the individual identified to serve during the interim shall also be expected to meet such a requirement.
- The International Center board, commission, or department shall review 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 director of human resources.
- Other corporate entities operating under common policies at the International Center shall disclose compliance to a contingency plan.

The director of human resources shall retain a confidential file of all contingency plans should there be need for implementation.

Following its introduction by the Personnel Committee of the board, the following resolution was adopted:

Resolved, That the Board of Directors name the following individuals to serve an interim vacancy until such time that action can be taken by the Board of Directors to appoint a permanent replacement.

Chief Administrative Officer	-	Val Rhoden-Kimbrough
Chief Financial Officer	-	Ross Stroh
Secretary	-	Herbert Mueller

D. LCMS President's Allowances and Regional Vice-Presidents' Honorariums

A recent scheduled audit of officers and key executives noted that the audit team was unable to identify documentation regarding a number of budget practices. The Synod's Board of Directors was asked to review and confirm/endorse a number of practices that have been in effect since prior to the current administration, namely (1) the President's allowances for entertainment and vehicle expenses; and (2) the regional vice-presidents' honorariums.

- (1) In addition to his base compensation, the Synod's President receives a \$10,000 entertainment allowance and a \$12,000 vehicle allowance. These allowances are annual amounts that are paid on a semi-monthly basis according to the pay schedule. This matter was last addressed by the board in July 2010 at the time of the current president's election.
- (2) The regional vice-presidents serve the Synod in various non-employee capacities. Each receives a monthly honorarium in the amount of \$500, annually totaling \$6,000 (the total for the five vice-presidents is \$30,000).

These expenses are included each year in the Office of the President expense budget and are approved by the Board of Directors. As requested by the Audit Committee, the Personnel Committee will encourage the board to include these items in its annual resolutions setting officer salaries.

The following resolution was introduced by the Personnel Committee and adopted by the board after brief discussion:

WHEREAS, The President of the Synod as a full-time executive has ancillary expenses due to extensive travel and vast ecumenical, ecclesiastical, and administrative responsibilities; and

WHEREAS, The regional vice-presidents are elected officers of the Synod and advisors of the President and, upon the President's request or as requested by the Synod, assist him in discharging his responsibilities or represent him; and

WHEREAS, The accounting department endeavors to prepare a comprehensive annual budget that reflects all expenses; therefore be it

Resolved, That a President's entertainment and vehicle allowance of \$10,000 and \$12,000, respectively, be approved and be included in the 2014/15 budget; and be it further

Resolved, That the 2014/15 budget include an honorarium of \$500 per month for each of the second through sixth regional vice-presidents (for a total of \$30,000).

E. LCMS National Housing Support Corporation Vacancies

Secretary Raymond Hartwig supplied lists of names of candidates to fill two positions on the Board of Directors of the LCMS National Housing Support Corporation ("Lutheran Housing Support"). Comment was provided by Personnel Committee Chairman Warren Puck, followed by brief discussion of the candidates by the board.

Nominations for a three-year position on the board were the following: Alan F. Doud, Bakersfield, CA; Claudia Williams Frese, Tallahassee, FL; Jamison J. Hardy, McMurray, PA; and Jennifer L. Shields, Rock Springs, WY. Alan F. Doud was elected to this position by ballot vote.

Nominations to fill a vacancy expiring in 2015 were: Claudia Williams Frese, Tallahassee, FL; Jamison J. Hardy, McMurray, PA; and Jennifer L. Shields, Rock Springs, WY. By ballot vote, Jennifer L. Shields was elected to this position.

A motion to destroy the ballots was introduced and carried.

42. Action Items

A. Designation of Regions for 2016 Convention Elections

Synod Secretary Raymond Hartwig called attention to the explanation for this action item provided in its introductory paragraphs, noting that the same proposal would be made to the Council of Presidents during its February 18–21 meeting in Phoenix, as follows.

Synod Bylaw 3.12.1 calls for the designation of five geographical regions by the LCMS Board of Directors (BOD) and Council of Presidents (COP) for all elections requiring regional representation, this to be accomplished 24 months prior to conventions of the Synod.

Bylaw 3.12.1 (a) provides the criteria to be taken into consideration when designating the five regions: "geographical and number-of-congregations information in the interest of fair representation." Bylaw

3.12.1 (b) places Canadian congregations as a whole into one of the regions, and Bylaw 3.12.2.7 (a) includes non-geographic-district congregations in the region in which they are situated.

During their February 2011 meetings, the BOD and COP established the five geographical regions for the 2013 convention based on 2009 parochial report information, keeping the number of congregations in each region as close as possible to parity (*i.e.*, each region with the same number of congregations). The same five regions are proposed for the 2016 convention for the following reasons:

1. The geographical requirement of Bylaw 3.12.1 for the determination of regions continues to be satisfied.
2. There has been no substantial change in the numbers of congregations in the regions (all within one percentage point of equality), satisfying the “fair representation” requirement of Bylaw 3.12.1.
3. Allowing regional lines to remain the same from convention to convention avoids confusion for the elections process and complications resulting from persons elected from one region finding themselves mid-term in a different region.

Without discussion, the following resolution was introduced and adopted:

Resolved, That the Board of Directors of The Lutheran Church—Missouri Synod, acting jointly with the Council of Presidents, designate the same five regions for the elections of the 2016 convention of The Lutheran Church—Missouri Synod as were designated for the 2013 convention.

B. KFUO Capital Budget Increase

After brief discussion of the source for its funding (capital budget), the following resolution submitted by Rod Zwonitzer, KFUE Director of Broadcast Services, was introduced and adopted by the board as follows:

WHEREAS, The KFUE transmission/tower project was designed follow chronologically the KFUE studios relocation to the International Center, the completion of which was delayed until July, 2013; and

WHEREAS, This project’s purpose is to allow for total independence from the original KFUE building on the seminary campus by relocating all transmitters and associated equipment to a new facility adjacent to the original building and also the relocation of Gateway Communication’s (Joy FM) backup transmitter/equipment there, which brings in \$18,000 in annual revenue; and

WHEREAS, The Board of Directors approved a capital expenditure of \$77,000 in 2012/13, of which \$52,400 was spent; and

WHEREAS, The Board of Directors approved a capital expenditure of \$111,000 for 2013/2014, of which \$107,000 was spent, leaving \$4,000 available; and

WHEREAS, The 2013/14 capital budget of \$11,000 is insufficient to complete the project due to timing of expenses, unexpected overage cost increases in the tower’s fabricated building, the trenching of power and data lines, and additional tower/transmitter custom equipment, including a new and updated tower light system; and

WHEREAS, The project budget is summarized as follows:

<u>Capital Budget</u> (approved)	2012/13	\$ 76,610.00	
	2013/14	\$ 111,000.00	
	Total		\$ 187,610.00
<u>Capital Expenditures</u> (to date)	2012/13	\$ (52,400.00)	
	2013/14	\$ (107,000.00)	
	Total		\$ (159,400.00)
	2/12/13 + 2013/14 Net		\$ 28,210.00
<u>Project Expenses</u>			
Expenses paid to date		\$ (159,400.00)	
GC		\$ (38,069.00)	
Trades and Equipment		\$ (61,000.00)	
Total Projected Expenses			\$ (258,469.00)
Paid to Date			\$ (159,400.00)
Remainder to be Paid			\$ (99,069.00)
Available 2013/14 Capital			\$ 4,000.00
Unbudgeted 2013/14 Expense			\$ (95,069.00)

Therefore be it

Resolved, That the Board of Directors approve an increase of \$95,069.00 to the 2013/14 capital budget for the KFUE tower project, bringing the total 2013/14 capital budget for this project to \$216,069.00.

C. Concordia International GmbH (Germany) Bylaws Amendments

Chief Administrative Officer Ron Schultz explained the purpose for this proposed action, noting that the amendments will require review by the Commission on Constitutional Matters in addition to Board of Directors approval. The following resolution was then formally introduced and adopted:

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE LUTHERAN CHURCH—MISSOURI SYNOD, AUTHORIZING AND APPROVING
THE AMENDMENT OF BYLAWS IN GERMANY FOR
GEMEINNÜTZIGE CONCORDIA INTERNATIONAL GMBH

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

WHEREAS, The Board of Directors of the LCMS (the “BOD”) has previously established, pursuant to Section 5.8.6.1 of the LCMS Board of Directors Policy Manual (the “BOD Policy”), Gemeinnützige Concordia International GmbH (“Concordia International”), a charitable limited liability corporation in Germany, in order for LCMS to better support the Eurasia Regional Office and to enable it better to perform its work with respect to the LCMS workers in the Eurasia region; and

WHEREAS, The sole shareholder of Concordia International is Concordia Asia Educational Foundation (“CAEF”), a Missouri nonprofit corporation and an agency of the LCMS; and

WHEREAS, The BOD, upon the recommendation of the Chief Mission Officer of the LCMS, in coordination with the Chief Administrative Officer of the LCMS, approved the establishment of

Concordia International in compliance with the BOD Policy, and such entity has been established as a properly authorized, valid, and operating legal entity in Germany; and

WHEREAS, It has been determined that it is advisable to amend the Bylaws of Concordia International to allow that entity to perform services in its own name as well as supporting other LCMS workers and entities in the Eurasia region; and

WHEREAS, The Board of Directors of CAEF has taken action approving the amendment of the Bylaws as set forth herein; and

WHEREAS, The Chief Mission Officer of the LCMS, in coordination with the Chief Administrative Officer of the LCMS, upon the recommendation of German counsel and LCMS general counsel, recommends to the BOD that it approve the amendment of Bylaws for Concordia International; 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 Documents

In connection with the amendment of the Concordia International Bylaws pursuant to this Resolution, the execution and/or filing of amended Bylaws for such entity, in substantially the form as the draft attached as an exhibit to this resolution is hereby authorized and approved with such changes therein as may be requested by tax authorities in German and by the LCMS Commission on Constitutional Matters (“CCM”), with all changes to be approved by the CCM, the general counsel of the LCMS pursuant to BOD Policy, the regional director of the LCMS Eurasia region, and such other employees of the LCMS as shall be charged with reviewing such documents for and on behalf of the LCMS.

Section 2. – Further Authority

The officers, agents, and employees of the LCMS are hereby authorized and directed to take such further action, and to approve and execute such other documents, certificates, and instruments as may be necessary or desirable to carry out and comply with the intent of this resolution, including, but not limited to, (a) the review by the CCM and the general counsel of the LCMS of the amended Bylaws of Concordia International to verify compliance with the BOD Policy, and (b) the filing of the amended Bylaws and any related documents with the appropriate governmental authorities in Germany.

43. Appointment of Legal Counsel/LCEF Credit Union Sponsorship

A motion was introduced and carried to move into executive session for the review and appointment of legal counsel for the triennium and to discuss LCEF sponsorship of a federally chartered credit union.

43X. Executive Session III

Upon returning to open session, a motion was introduced and carried to bring forward into open session two resolutions already adopted in executive session, as follows:

Resolution 1: Appointment of Legal Counsel for the Triennium

Resolved, That The Lutheran Church—Missouri Synod Board of Directors appoint Thompson Coburn LLP as general counsel for the Synod through June 30, 2017, pursuant to their proposal dated January 13, 2014, and according to the provisions contained in the Board of Directors Policy Manual.

Resolution 2: LCEF Credit Union Sponsorship

WHEREAS, Bylaw 3.6.4.4.1 of The Lutheran Church—Missouri Synod (“LCMS” or the “Synod”) permits the Lutheran Church Extension Fund—Missouri Synod (“LCEF”) to use its assets for the specific purposes outlined in such bylaw and for other purposes approved by the governing board of LCEF “consistent with the ministry and mission of the Synod under policies approved by the Board of Directors of the Synod”; and

WHEREAS, Section 5.4.6 of the LCMS Board of Directors Policy Manual recognizes that the LCEF may use its assets for such additional purposes, provided that such use is consistent with the ministry and mission of the Synod and the Board of Directors of the Synod and the Board of Directors of LCEF have approved such use of LCEF assets; and

WHEREAS, LCEF has previously reported to the LCMS Board of Directors the results of its study regarding the possible creation of a federally chartered credit union (the “Credit Union”) as a separate legal entity of which LCEF would serve as the sponsor and which would serve the following entities and individuals as approved by the National Credit Union Administration (the “Credit Union Membership”):

Field of Membership – All persons who are employees, active members, and volunteers of The Lutheran Church—Missouri Synod and its districts. All employees, active members, students, and volunteers of its congregations and affiliated seminaries. Also included are employees of Concordia Plans Services, a controlled entity of The Lutheran Church—Missouri Synod, as well as employees of the following synodwide corporate entities as defined in Synod Bylaw 1.2.1 (w):

- Concordia Historical Institute
- Concordia Publishing House
- Lutheran Church Extension Fund—Missouri Synod
- Lutheran Church—Missouri Synod Foundation
- Concordia University System

Employees of the following district church extension funds are also included in the field of membership:

- Central Illinois District Church Extension Fund, Inc.
- Church Extension Fund of the Michigan District of The Lutheran Church—Missouri Synod, a trustee corporation
- Ohio District Lutheran Church Extension Fund, Inc.
- California-Nevada-Hawaii District Church Extension Fund
- South Dakota District of The Lutheran Church—Missouri Synod Church Extension Fund
- Southern District Church Extension Fund, Inc.
- Texas District of The Lutheran Church—Missouri Synod Church Extension Fund

Field of membership also includes all spouses of persons who died while within the field of membership of this credit union; employees of this credit union; persons retired as pensioners or

annuitants from the employment of the entities of this charter; members of the immediate family or household; organizations of such persons; and corporate or other legal entities in this charter. Employees, students, and volunteers of schools fully owned and controlled by LCMS congregations, such as preschools or grade schools, are included; and

WHEREAS, LCEF has requested that the LCMS Board of Directors adopt a resolution acknowledging that the use of LCEF assets to sponsor a Credit Union serving the Credit Union Membership is consistent with policies approved by the Board of Directors of the Synod and would be consistent with the ministry and mission of the Synod; therefore be it

Resolved:

Section 1. Findings Regarding Sponsorship by LCEF of Credit Union

The LCMS Board of Directors finds that the sponsorship by LCEF of a federally chartered credit union to serve those entities and individuals set forth in the foregoing Credit Union Membership is consistent with the ministry and mission of the Synod and with the policies approved by the LCMS Board of Directors, including specifically LCMS Board of Directors Policy section 5.4.6, and that a Credit Union with the following goals would further the interests, ministry, and mission of the Synod:

- a) Combining individuals and entities of the Synod in a common membership organization to promote a sense of community and opportunity for communication.
- b) Advancing and promoting good stewardship among credit union members through savings deposits and other financial services.
- c) Providing stewardship education to credit union members.
- d) Providing credit union members, including rostered church workers, loans and other forms of credit upon favorable terms.

Section 2. Approval of Use of LCEF Assets to Sponsor a Credit Union

The LCMS Board of Directors hereby approves the use of LCEF assets for the purpose of sponsoring a credit union as set forth herein, in compliance with all applicable federal and state laws and regulations.

Section 3. Credit Union Will Be Separate Legal Entity

The Credit Union will be created as a separate legal entity with LCEF serving as the sponsoring entity. Activities of the Credit Union shall not give rise to liabilities, debts, or obligations on the part of The Lutheran Church—Missouri Synod, Inc.

43. Thrivent Financial For Lutherans Discussion

President Matthew Harrison reported on conversations that have taken place with Thrivent Financial for Lutherans regarding its recent decision not to fund pro-life or pro-abortion organizations. After extensive discussion, President Harrison was encouraged to look for an opportunity for further discussion with Thrivent leadership.

44. Committee/Officer/Board Time

President Harrison was asked to provide an overview of Synod matters of interest. Topics that he discussed included:

- Early response to district visitation by the Praesidium of the Synod
- Progress being made on the Wittenberg Project
- Concerns over continued reductions of income from districts
- Progress in growing relationships with African churches
- Reassignment of direction provided to Synod mission fields
- Updates on searches for presidents for Concordia University System schools
- Concerns with remarks made in a paper presented by an LCMS seminary professor
- Mega churches as “a unique group of strong people”
- Positive response to Lutheran Hour float along the Rose Bowl Parade route
- Plans for a “strong and lasting” District of Columbia office and presence

Other topics were surfaced by or directed toward other officers, including a letter received by the Secretary of the Synod expressing concern to the board regarding the use in some districts of presidential voters lists prior to the 2013 Synod convention. It was agreed that the letter should receive a response and that this matter should be referred to the Council of Presidents and the Commission on Handbook for further consideration and possible action to preserve the integrity of the voters list and voting process.

45. Adjournment

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

Raymond L. Hartwig, Secretary