

MINUTES
(pending)

BOARD OF DIRECTORS
THE LUTHERAN CHURCH—MISSOURI SYNOD
February 19–20, 2009
St. Louis, MO

94. Call to Order/Approval of Agenda

Chairman Donald Muchow called the meeting to order and called on David Piehler for an opening devotion. The devotion was based upon a musical setting of Psalm 90 by Ralph Vaughn Williams that included the hymn “O God, Our Help in Ages Past.” He also provided a second devotion based upon a Felix Mendelssohn setting of Psalm 121 to open the second day of the board’s meeting, and he served as the chaplain for the entire meeting. All members of the board were present for the meeting. Betty Duda, unable to travel due to health concerns, participated via telephone.

After the chairman called attention to the agenda for the meeting, a motion “to accept the agenda” was introduced and carried.

95. Partner Visit—Commission on Ministerial Growth and Support

David Muench, Executive Director of the Commission on Ministerial Growth and Support, provided a PowerPoint presentation describing the multi-faceted work of his commission, centering on care and concern for church workers. He introduced the concept of the “Wholeness Wheel” to identify six critical areas for the well-being of church workers: spiritual, vocational, financial intellectual, emotional, physical, and social. He reported that the commission is emphasizing economic vitality, relational vitality, and vocational wellness during the current triennium and is working to secure the necessary financial means to pursue these targets.

After his presentation he responded to comments from members of the Board of Directors:

- (C)omment: While promoting continuing education for teachers is not a struggle, there is hesitancy to require pastors to pursue on-going education. (R)esponse: The Commission on Ministerial Growth and Support is open to all insights in this regard. It has tried to shift thinking from “must” to “opportunity.” The commission agrees that the shepherd that is fed will be better able to feed the sheep.
- (C): If the commission’s constituencies are church workers and congregations and operates in a passive mode by providing resources, to what extent are the commission’s products being used? (R): The commission does not have a handle on the entire answer to that question, but it does know that 4,500 subscribe to its newsletter. We also have good information regarding use of the PALS program and congregations’ requests to use the CD that the commission provides when congregations receive new teachers.
- (C): Is the same true with regard to the commission’s relationship with districts? (R): Yes, the same passive relationship exists. The commission’s financial resources come from the Synod, Concordia Plans Services, and the “What A Way” initiative, the latter because healthy workers are critical for recruiting new workers. The commission tries to convince other agencies with resources to partner with the commission for much of its funding.

- (C) The commission views its primary constituents as pastors and teachers. To what extent does this include boards of elders and other leadership of congregations? Leaders of small congregations need to be educated regarding the commission's resources. (R): The commission is eager for that connection and is trying to make it, but this is difficult because such connection is made through church workers.
- (C): Could district office personnel help to make this connection? (R): Recently a continuing education envelope was sent to all congregations, asking for response regarding how the commission can be more helpful. The commission will also be putting resources into the hands of district presidents to help congregations with evaluating their needs, especially during vacancies.
- (C): How much staff does your commission employ? (R): In addition to my position as executive director, the commission employs two full-time and one part-time staff persons. Much of the commission's work is done by action teams.

96. Officer Reports

(A) President

President Gerald Kieschnick called attention to his printed report (Section A, p. 1, attached to protocol copy of these minutes) and, after positive introductory comments regarding the theological integrity and good working relationships enjoyed for the most part by the Synod and its congregations, he called particular attention to several items in his report:

- December 9: International Center Chapel consecrations of Interim Executive Directors Tom Zehnder (Missions) and Frazier Odom (Black Ministry).
- December 12: Wittenberg Project meeting resulted in a planned February 26 trip to Wittenberg to learn more about the project, to meet with leaders and strengthen the Synod's relationship with its partner church, and to try to discern whether the project's current plan, place, price, and participants are appropriate.
- January 14: Three representatives, including the president, of the India Evangelical Lutheran Church met with the leadership of Lutheran Hour Ministries to resolve some land-use issues, property that has become very valuable since first acquired by early LCMS missionaries.
- January 18–21: North Dakota District convention elected James Baneck as the district's new president, for the most part also favorably receiving a report from the Synod's Blue Ribbon Task Force on Synod Structure and Governance.
- January 22: Provided opening prayer for the March for Life in Washington, D.C. The pre-march rally featured powerful speeches by many pro-life church and civic leaders.
- January 31: Participated in Valparaiso University's Student Union Dedication, which required taking last-minute steps to honor the Synod's position regarding joint worship.
- February 11: Spent time in conversation with pastors attending the Black Ministry Clergy Caucus in St. Louis, also assuring them of the Synod's support of Concordia Selma and its board.

The President expressed appreciation to the board for its participation in identifying three critical targets for the Synod and reported that team leaders have been appointed for each target: Tom Zehnder (revitalization of congregations), Merle Freitag (beginning new missions), and Tom Ries (stewardship renaissance). In discussion of his report that followed, the President was commended for the manner in

which he handled the Valparaiso situation and for his willingness to stand up for the sanctity of life. He was requested to make available the text of his opening prayer, as follows:

**Opening Prayer at March for Life Rally
Washington, D.C. * January 22, 2009**

In the Name of the Father, of the Son, and of the Holy Spirit.

Lord God, our Heavenly Father, from the time of creation when you breathed into the first man's nostrils the breath of life, you have shown us the value you place on human life. From your Holy Word we know and believe that you have created our inmost being, knitting us together in our mother's womb. From the time of conception and throughout our lives, we are not hidden from your eyes. As the psalmist declares, "All the days ordained for [us] were written in your book before one of them came to be." (Ps. 139:16)

Because we are so "fearfully and wonderfully made" we give you glory, O Lord, and "call upon [your name] in every trouble, praying, praising, and giving thanks." Even though "before a word is on [our tongues] you know it completely, O Lord," we are bold to approach your throne of grace this day on behalf of our nation, particularly on behalf of those whose lives you value, but whose lives have been devalued in our society.

We pray on behalf of the innocent and unborn. We pray on behalf of the elderly and infirm. We pray on behalf of all whose lives are in danger because they are not afforded the basic protection to gaze upon that which all in this country should have the right to behold, namely "life, liberty and the pursuit of happiness."

You know, O Lord, the atrocities of our land even as you know the atrocities of our sin, for which you sent your only-begotten Son to deliver us through His own birth, life, death and resurrection. As you have seen fit to deliver us from our sin through the redemptive work of your Son, Jesus Christ, we pray that you would now also work through your Holy Spirit and the hands of your people to bring about deliverance for the unprotected people of this land.

Make us your instruments of charity and peace, living out your commandments—"Thou shalt not kill," and "Love one another." Help us to defend the defenseless and to love those whom others will not love. Help us to be your Good Samaritans in this land, that we not ignore the helpless and the hurting, but rather speak on their behalf and anoint them with the balm of your salvation through your Word and Sacraments that bestow your grace and restore lives in time for eternity.

Into your hands, O Lord, we commend ourselves and the lives of all for whom we pray, trusting in your mercy, through Jesus Christ, our Lord. Amen.

(B) First Vice-President

First Vice-President William Diekelman referred to his printed report (Section A, p.3, attached to the protocol copy of these minutes) and provided further comment:

- December 19: Attended Inter-Lutheran Committee on Cooperation for Ministerial Health and Wellness meeting in Phoenix, a cooperative effort with the Evangelical Lutheran Church in America to help congregations help their church workers and hold them accountable for their spiritual well-being.

- January 4–6: Attended LCMS World Mission Congregation Connect meeting, its purpose to work toward more effectively harnessing the resources of those congregations of the Synod that want to be involved in hands-on mission work overseas.
- January 8–9: Participated in interviews of Korean colloquy candidates, noting their commitment to Gospel proclamation and willingness to do whatever necessary, including working without compensation.
- Early February: Spent two days with a meeting of Directors of Christian Evangelism at the International Center and heard their concerns resulting from the downturn in the economy. They fear its effect upon their calls, their positions often thought to be the most expendable on the staff of a congregation.

In the discussion that followed, Vice-President Diekelman responded to questions regarding the work of Congregation Connect and the importance of this program.

(C) Vice-President–Finance—Treasurer

Vice-President–Finance—Treasurer Tom Kuchta called attention to the December 31, 2008 Monthly Operations Report, comparing it to the January 31, 2009 report and noting improvement in the unfavorable expense variance compared to budget (from \$5,560,097 to \$4,279,096), this resulting from an improvement in undesignated revenues (largely due to year-end district contributions and a \$600,000 unrestricted gift).

Regarding LCMS World Missions, he reported no measurable improvement and that the related policy adopted by the board at its November meeting is being applied. An additional \$500,000 in expenses will need to be cut as a result of word from the Schwan Foundation that there will be a reduction in its support to the Synod from \$1.8 million to \$1.5 or even \$1.2 million. Budget cuts will therefore need to total at least \$1.7 million (and likely more like \$2.8 million) to balance operations. In addition, \$1.1 million of *Fan Into Flame* expenses will not be repaid. LCMS World Missions is asking that the payback be deferred until the coming year, which in turn will result in a \$1.1 negative variance in the Synod’s budget that the Board of Directors will need to resolve. The Treasurer suggested that the board take an action to approve the requested deferral, and that income from the sale of Hong Kong property be used to ameliorate any cash flow problems that may result. Accordingly, the following resolution was introduced and carried:

Resolved, That the Board of Directors approve the deferral of the \$1.1 million payback by LCMS World Mission until the next fiscal year.

Treasurer Kuchta returned to the Monthly Operations Reports, noting the negative variance for KFUE and expressing concern regarding an apparent reduction in contributions compared to the previous year. He also noted that KFUE paid \$188,000 to the LCMS Foundation for fundraising, resulting in \$240,000 in revenues. Revenue received from FM station advertising remained constant compared to the previous year.

Noting also the negative variance of \$89,993 for the Audit Department, he clarified that the current figures are negative because of timing and that these figures will be reversed later. He also commended the leadership of the Board for Black Ministry Services for its hard work to remove the negative variance from past budget reports.

Turning to his printed report (Section A, pp. 5ff., attached to the protocol copy of these minutes), he provided upon request of a board member the following report regarding the *Fan Into Flame* fundraising effort:

• Total pledges recorded as of December 31, 2008	\$36,444,285
• Unpaid pledges	<u>16,678,345</u>
• Cash received on pledges	19,765,940
• Synod advances for fundraising	<u>1,556,372</u>
• Total cash received	\$21,322,312
• Amounts distributed for ministry	(8,905,047)
• Amounts paid for fundraising expenses	<u>(12,417,265)</u>
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He also noted in his report that on December 12, 2008, Hong Kong property was sold for approximately \$9.2 million, of which \$920,000 has been received, with the balance to be received on February 26, 2009. Because the property had no book value, the entire proceeds will be recorded as unrestricted revenue, with any investment earnings treated as unrestricted revenue. He cautioned that this will make the Synod's financial reports look unrealistically good.

He also reported that he has alerted the appropriate banking institution regarding the shortfall in the Concordia University System Risk Endowment Fund as a result of current economic conditions. The bank has indicated willingness to cooperate with the Synod in this matter. If it will be necessary to restore the fund to the \$5 million level at some point, this may require a reduction in the \$1.25 million subsidy provided to Concordia University System from the board's unrestricted funds in the 2009–2010 budget.

Regarding the Wittenberg Project, he reported the following expenditures to date by the three participating Synod agencies:

• Board for Human Care Ministries	\$366,628
• Board for Mission Services	298,411
• Concordia Publishing House	<u>69,970</u>
Total	\$735,009

He also called attention to several other items in his printed report, noting adverse consequences of current economic conditions. He reported that the Board for Human Care Ministries has provided the necessary additional support to maintain the Veterans of the Cross program, but that the outsourcing of some human resources and payroll functions to ULTI PRO estimated to be \$90,000 was an operating expense that was not included in the budget. Finally, he referenced handouts containing district pledge and remittance information, noting that district pledges may be reduced by nearly \$1.15 million, leaving the board with \$20.3 million in income for the board to work with for the coming year.

D. Secretary

Secretary Raymond Hartwig called attention to his printed report (Section A, pp. 89ff., attached to protocol copy of these minutes). He commented on work by the Commission on Structure to provide a proposal to the 2010 convention to address concerns associated with the election of members to the Board of Directors. He also reported the first two service organizations to receive RSO status using the new application process:

- Lutheran Outdoor Ministries of Northern California
- Lutheran Outdoors Ministries of Texas

He provided to the board the results of his inquiry regarding what constitutes appropriate business for executive sessions of boards like the Board of Directors. Upon suggestion that these findings, provided by a professional parliamentarian, be made available, they are as follows:

Basically, an executive session is a session in which the proceedings are secret. Since your association is not a “public body” in the sense that it is not governed by opening meetings,...there are no restrictions on your board choosing to go into executive session. However, for reasons of openness and transparency, going into executive session should be used only when there is a purpose that would benefit the denomination by its consideration in a closed meeting.

Most organizations choose to follow the guidelines that any personnel matter, matter concerning the purchase or sale of an asset, or matters concerning disciplinary actions of a member or officer [are handled in executive session].

You should be aware that, to go into executive session, the board should pass a motion to the effect: *Resolved*, That this board hereby goes into executive session.” This matter is a question of privilege and is debatable and requires a majority vote for its adoption. After the motion to go into executive session is adopted, all non-members of the board ([except] invited guests who may be helpful to the deliberation) are excused.

It would be important at the beginning of the executive session to remind those present that the proceedings are secret and members are bound not to reveal the contents of the executive session until such time as the board might lift the secrecy requirement.

You should also be aware that the minutes of the executive session should be approved in a future executive session and the minutes are not available to anyone who was not part of the executive session....

I see no reason from a parliamentary standpoint that the board cannot pass resolutions or conduct other business where secrecy is important in executive session.

Secretary Hartwig presented the minutes of the board’s most recent meetings for approval. A motion “to approve the minutes of the November 20–21, 2008 meeting” was introduced and carried. A motion “to approve the minutes of the January 7, 2009 special conference call meeting” was also introduced and carried. He also distributed copies of minutes from the February 18, 2009 meeting of the Executive Committee of the Board of Directors (copy attached to the protocol copy of these minutes).

(E) Chief Administrative Officer

Chief Administrative Officer Ron Schultz directed the board’s attention to his printed report (Section A, pp. 93ff., attached to protocol copy of these minutes) and called particular attention to paragraphs addressing “Human Resources Activities” and “LCMS Information Technology Assessment.”

Regarding the former, he reported that the Human Resources Committee has asked him as Chief Administrative Officer to serve as the interim executive director of the Department of Human Resources, assisted by David Fiedler, Executive Director of General Services. He also reported significant time spent in recent months developing and implementing an updated database process for open enrollment and in preparing a salary recommendation for the coming year. In addition, the human resources department and programs are being evaluated to determine how the department should be staffed, how it might best serve the International Center and Synod at large, how technology could better be used to enhance the

effectiveness of the department, and how the human resources executive role should be positioned to lead this function in coming years.

Regarding the “LCMS Information Technology Assessment,” he reminded the board that it authorized the expenditure of funds to conduct an information technology and operational study. A consulting team has been engaged and the project is on schedule to be completed by April 6, 2009. Discussion followed.

97. Wittenberg Discussion

Chairman Muchow introduced the discussion of the Wittenberg Project, which was followed by a motion “to move into executive session.” The motion was seconded and carried.

97X. Executive Session I

After exiting executive session, the board moved on to other business.

98. Partner Visit—Commission on Theology and Church Relations

The chair welcomed Joel Lehenbauer, Executive Director of the Commission on Theology and Church Relations (CTCR) to the meeting. He used a printed presentation (attached to protocol copy of these minutes) to provide an overview of the work of his commission, noting from its origin at the 1962 Synod convention that the issues before the commission at that time continue to be today’s issues before the commission to a large extent.

He reported that the CTCR hopes to become more proactive in the future, to deliver its work more effectively, and to make itself more available for conferences around the church. He also reported the addition of a third staff person, an important addition in light of his staff’s responsibility to provide assistance to the congregations and church workers of the Synod with regard to fraternal and other organizations.

In response to a request from a board member to name any particular successes of the commission, Dr. Lehenbauer noted the commission’s on-going performance of what it was created to do and its stabilizing and unifying presence within the Synod, made more possible by a membership that largely eliminates political associations and agendas. As far as particular challenges, he cited the commission’s ongoing challenge to find better ways to communicate and articulate the LCMS’ “fantastic theology” in today’s rapidly changing culture and society.

In general discussion that followed, members of the board offered questions and comments:

- (C)omment: The topics that the CTCR delves into have real world applications. How does the commission stay in touch with the real world? (R)esponse: The commission tries to find people who live in that world and bring them before the commission in order to understand the subject being studied.
- (C): The plain language used by the commission in its reports is appreciated.
- (C): It should be noted that the commission also has a responsibility to respond to questions regarding theological matters surfaced by the Synod’s dispute resolution process.

- (R): It should also be understood that the commission continues to be involved in church relations issues, although Dr. Samuel Nafzger has joined the staff of the President of the Synod in that capacity. The commission continues to have a committee that remains involved in church relations issues.
- (C): Parish pastors are especially appreciative of the work that is done by the commission.
- (C): Today the church relations work of our Synod cannot be overemphasized. The CTCR has been asked for help in determining how the Synod can reach out to other church bodies in a friendly and supportive manner short of full altar and pulpit fellowship.

99. Legal Counsel Report

Chairman Muchow welcomed Sherri Strand and Tom Polcyn of Thompson Coburn LLP to provide general counsel's legal report. A motion was introduced and carried "to move into executive session" to receive the report of legal counsel.

99X. Executive Session II

After the board moved out of executive session, the following resolution was introduced and adopted:

Resolved, That the Board of Directors withdraw opposition to the trademark application and to the use of the trademark by Todd Wilken and Jeff Schwarz.

A resolution was introduced "that the chair appoint three members of the Board of Directors to request to meet with Todd Wilken, Jeff Schwarz, and Southern Illinois District President Herbert Mueller for the purpose of resolving the trademark issues, and that at the conclusion of the meeting(s) a joint statement be crafted by all six in attendance and released to the public announcing such reconciliation." After discussion, a motion "to call the question" was introduced and carried. The question was called and the resolution failed. A motion was introduced to rephrase the failed motion, adding at the beginning of the resolution the words "Inasmuch as the Board of Directors of The Lutheran Church—Missouri Synod values relationships with constituents over such matters as a trademark...." A motion to amend by deleting the final words of the proposed resolution, "announcing such reconciliation," was carried, after which the resolution was adopted as follows:

Resolved, That inasmuch as the Board of Directors of The Lutheran Church—Missouri Synod values relationships with constituents over such matters as a trademark, the board invite Todd Wilken, Jeff Schwarz, and Southern Illinois District President Herbert Mueller to meet with three members of the Board of Directors to pursue reconciliation and to craft a joint public statement by all six participants in the meeting(s).

After the action was taken, a question was raised regarding how members of the board are to respond to mail on this subject. Discussion followed regarding the personal rights of individual board members under existing board policies. It was agreed that the chair will continue to provide responses when mail is addressed to the Board of Directors.

A motion was then introduced and carried "to move into executive session to receive the remainder of the legal report."

Later in the meeting, Chairman Muchow announced his appointments of the three board members to meet with the Issues, Etc. representatives: Raymond Hartwig (chairman), Robert Kuhn, and Walter Brantz. They were encouraged to report back to the board during the interim if possible.

99XX. Legal Counsel Report (cont'd)

100. Committee Reports

(A) Personnel Committee

Personnel Committee Chairperson Gloria Edwards began by reporting that the services of a consultant will be obtained to evaluate human resources services provided in the International Center, this in lieu of moving forward immediately to identify a new director. She deferred saying more in light of the report of the Chief Administrative Officer on this subject.

She reported on her committee's study of how the Synod's salary structure works and how decisions are made. The objective is to attract competent employees, retain qualified employees, and provide for adequate incentives for performance and personal development, all while providing equitable and uniform treatment for comparable positions. A wide variety of resources are used and trends are noted while bearing in mind the compensation philosophy adopted by the board in 2008:

At the International Center of the LCMS, our compensation philosophy is simple: In striving to be good stewards of the dollars entrusted to us, we shall pay fair salaries in a fashion which rewards performance in order to be able to attract, motivate, and retain employees.

The term "fair" shall be interpreted as fair pay based upon the role within corporate Synod, striving to pay at or within 10 percent of the market value for the job held (using not-for-profit standards to define the market value) and the incumbent's performance in the position.

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

She reported that her committee has reviewed the salary scale for Classes 1 through 18 and recommends the following action by the board: "Therefore be it *Resolved*, That effective March 1, 2009, the salary ranges for employees of the International Center be adjusted by approximately 2.54% to reflect compliance with the 2008 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, as detailed in the attached report; and be it further *Resolved*, That the LCMS Board of Directors recognize and honor the commitment of the employees at the International Center and the value they bring to our organizations, but that due to challenging economic circumstances, must recommend that the overall salary budget for The Lutheran Church—Missouri Synod, Inc., not be increased for Fiscal Year 2009–2010; and be it finally *Resolved*, That the bonus budget for Fiscal Year 2009–2010 for The Lutheran Church—Missouri Synod remain at 1.5 percent of the Fiscal Year 2009–2010 salary budget. Unit executives shall recommend bonuses to the

Department of Human Resources in accordance with the department's policies to recognize employees whose performance and/or unique contributions warrant special acknowledgement." After discussion of the recommended action and recommendations for changes, including a motion "to amend by deleting the third resolve," the committee withdrew the resolution from consideration, offering to return with a reworded resolution later in the meeting.

It was suggested that the board authorize a hiring freeze to take effect immediately, any exceptions to be advocated through the Human Resources Department. The staff was instructed to prepare appropriate communication materials in this regard.

Later in the meeting, Chairperson Edwards again called the board's attention to the personnel salaries/bonuses issue. The committee's reworded resolution was introduced and adopted as follows:

Resolved, That effective March 1, 2009, the salary ranges for employees of the International Center be adjusted by approximately 2.54% 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 mid-point. The remainder of the salary scale will be adjusted accordingly, as detailed in the attached report (attached to the protocol copy of these minutes); and be it further

Resolved, That the LCMS Board of Directors recognize and honor the commitment of the employees at the International Center and the value they bring to the Synod's organizations. However, due to challenging economic circumstances, the Board of Directors will freeze salaries for Fiscal Year 2009–2010 and will eliminate the bonus budget for Fiscal Year 2009–2010.

Later in the meeting the committee introduced the appointment of an ordained minister to fill a vacancy on the Board for Communication Services. The call for nominations by the Secretary of the Synod produced two names, one of whom declined to serve if appointed. The committee nominated Rev. Charles Mueller, Jr., of Roselle, Illinois, as a second candidate for the position along with Rev. Rodger Abatie of Pekin, Illinois. After the chair opened the floor for additional nominations and received none, the qualifications of the candidates were discussed and a vote was taken. Appointed by the board to the vacant ordained minister position on the Board for Communication Services:

Rev. Charles Mueller, Jr., Roselle, Illinois

A motion to destroy the ballots was introduced and carried.

(B) Audit Committee

Audit Committee Chairman Curtis Pohl reported on behalf of his committee (printed report attached to protocol copy of these minutes), noting that the Internal Audit Department is on target to meet its 2008–2009 objectives and that his committee has given its approval to the department's 2009–2010 objectives.

He reported that his committee, after discussions with the Vice-President–Finance—Treasurer and the Executive Director of Internal Audit and after evaluation of the qualifications, performance, and effectiveness of the Synod's current independent auditors, is recommending to the Board of Directors that Brown Smith Wallace LLC again be appointed to audit the consolidated financial statements of corporate Synod for three years ending June 30, 2011. Brown Smith Wallace LLC estimates its fees for these audit services to be \$53,000 for the year ending June 30, 2009; \$55,000 for the year ending June 30, 2010; and

\$57,500 for the year ending June 30, 2011 so long as there are no significant changes in the Synod's operations.

He also reported that the committee has reviewed the LCMS World Mission operational/financial audit report issued by Internal Audit in November 2008. It will also invite Chief Accountant Charles Rhodes to its meeting in May for an update on how new accounting features are going and whether progress is being made in improving accounting functions.

After providing a status report of corporate entity audits (all having received unqualified opinions) and the audits of the Synod's 10 colleges and universities, he introduced his committee's proposed action to appoint Brown Smith Wallace LLC as the Synod's external audit firm for the coming three years. Following its introduction and after brief discussion, the following resolution was adopted:

Resolved, That the Board of Directors appoint Brown Smith Wallace LLC to audit the consolidated financial statements of The Lutheran Church—Missouri Synod, Inc. for the fiscal years ending June 30, 2009; June 30, 2010; and June 30, 2011.

(C) Policy Review Committee

Policy Review Committee Chairman Kurt Senske called the board's attention to his committee's proposed resolution to update the provisions for powers of attorney in the board's Policy Manual, thereby to reflect the responsibility of the Board of Directors for oversight of this legal activity. After brief explanation, the following resolution, introduced by the committee, was adopted without discussion:

Resolved, That the Board of Directors approve the following changes to section 5.8.7 of its Policy Manual.

5.8.7 Powers of Attorney for the Synod

5.8.7.1 The Synod shall not grant general powers of attorney.

5.8.7.2 Issuance of limited powers of attorney (POA) for the Synod, including its boards and commissions, is the responsibility of the Board of Directors.

5.8.7.3 The board authorizes the President, First Vice-President, Secretary, Vice-President—Finance—Treasurer, and Chief Administrative Officer by majority vote to grant limited powers of attorney.

5.8.7.4 A limited power of attorney shall be restricted by its terms to the specific task to be accomplished by the specified persons to whom it is granted for the period of time required to accomplish the task, but not to exceed four years.

5.8.7.5 If a limited power of attorney is required for an action in a foreign country, a program board shall have taken formal action to request its issuance. If approved, the designated attorneys represent The Lutheran Church—Missouri Synod, Inc. and are directly responsible to the Board of Directors in the fulfillment of their responsibilities. The Chief Administrative Officer shall notify the executive directors of the requesting program board and the Board for Mission Services when the power of attorney is granted.

- 5.8.7.6 A limited power of attorney shall be granted to no less than two persons, acting jointly and not separately, unless the Chief Administrative Officer, after consultation with the Synod's legal counsel, authorizes it to be issued to one person due to the laws of a foreign country in which the power of attorney is to be used, or other special circumstances.
- 5.8.7.7 The written document evidencing the granting of a power of attorney shall be reviewed and approved by the Synod's general counsel.
- 5.8.7.8 The Chief Administrative Officer shall report to the board the granting of any limited power of attorney.

The committee chairman then called the board's attention to a recommended action to amend board policy 2.4.4, this in response to the board's stated interest in using electronic balloting at times to conduct business. He explained that additional attention will be given to this entire section of the Policy Manual in due time. The following resolution, introduced by the committee, was adopted without discussion:

WHEREAS, The Board of Directors has had occasion to desire the use of electronic balloting; and

WHEREAS, Legal counsel of the Synod has researched this issue and concluded that a change to the board's Policy Manual would allow the board to use electronic balloting as a way of conducting balloting between meetings under Missouri nonprofit law; therefore be it

Resolved, That the Board of Directors approve changes to the Board of Directors Policy Manual, section 2.4.4, so that it will read:

2.4.4 Interim Board Actions

The Board may take action between board meetings by use of mail ballot or electronic ballot (e.g., electronic mail, Internet) in accordance with the Missouri Nonprofit Corporation Act, provided all voting members of the board cast a vote and the result of the voting is unanimous.

The committee chairman also called attention to the changes being recommended to the board's calendar of appointments to boards, commissions, and standing committees (section B, p. 7 of docket, copy attached to protocol copy of these minutes), this for information purposes since there is no need for board approval of these changes.

He also introduced a resolution to change the Board of Directors' Audit Committee Charter and the Synod's Internal Audit Department Charter policies, sections 5.3.2 and 5.3.3 of the board's Policy Manual, as recommended by the Audit Committee (section B, pp. 8.03ff., of the docket, copy attached to the protocol copy of these minutes). The resolution was adopted as follows:

Resolved, That the Board of Directors approve the Policy Review Committee's proposed changes to sections 5.3.2 and 5.3.3 of the board's Policy Manual.

Chairman Senske concluded by reporting that his committee's review of policy manuals continues as does its review of the board's manual. He also reported that the Chief Administrative Officer has been asked by the committee to make a list of board policies not currently monitored to assist the committee in determining whether to remove the policies or develop a method to monitor them. A thorough review of the Board of Directors Policy Manual will be postponed until after the 2010 convention.

101. KFUE Committee Report

As KFUE Committee Chairman Walter Tesch introduced the report of his committee, a motion “to move into executive session” was introduced and carried.

101X. Executive Session IV

102. KFUE Discussion

Chairman Muchow welcomed Second Vice-President Paul Maier for his presentation regarding KFUE. A motion was introduced and carried “to move into executive session.”

102X. Executive Session V

103. Executive Session Minutes, Remaining Legal Item

A motion was introduced and carried “to move into executive session to approve the minutes of the executive sessions of the board’s November 20–21, 2008 meeting and to address a matter remaining from the report of legal counsel.

103X. Executive Session VI

104. Action Items

(A) Thrivent Block Grant

Chief Administrative Officer Ron Schultz introduced this action item, noting that a recent e-mailed letter from Thrivent has indicated that the grant this year will be \$1.1 million. After explaining the granting and apportioning process, he clarified that the *Type B* projects have yet to be determined and that the proposed resolution advocates approval of \$430,000 for *Type A* projects, with the use of remaining money as well as \$111,054 from prior years to be determined by the three groups working on the three “critical targets” identified by the President’s Office. He explained that approval of this resolution will amount to a preliminary approval of a portion of the budget that will be finalized by the board at its May meeting. After brief discussion and clarification, the following resolution was introduced and adopted:

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

WHEREAS, After discussions with Thrivent, the LCMS is anticipating a 2009–2010 award of \$1.1 million; and

WHEREAS, The Lutheran Church—Missouri Synod has \$111,054 in unused funds from prior years; and

WHEREAS, The Lutheran Church—Missouri Synod’s Board of Directors resolved at its November 2006 meeting, “That final approval for the use of the Thrivent Block Grant funds is the responsibility of the Board of Directors and will typically be approved during the annual budget process”; and be it further *Resolved*, That the Board of Directors requests the program board and commission executives (CSEs) as a collective body, including the Chief Administrative Officer, in consultation with the President’s Office, to make recommendations to the board for the use of the annual Thrivent Block Grant”; and

WHEREAS, The program board and commission executives individually submitted and collectively reviewed applications for the Thrivent Grant Funds for 2009–2010. Proposals are typically submitted in two categories: *Type A*—each unit represented by a CSE submits a project or projects not to exceed \$40,000, subsequently reviewed by the CSEs for compliance with Thrivent requirements; and *Type B*—larger scale and/or cross-unit, merit-based projects for which the CSE group ranks and approves certain projects; and

WHEREAS, The program board and commission executives “have agreed to make recommendations to the board for the use of the annual Thrivent Block Grant” and, “as a collective body, including the Chief Administrative Officer, in consultation with the President’s Office have agreed” to present the following projects to the LCMS Board of Directors for inclusion in the Fiscal Year 2009–2010 budget of the Synod (attachment to protocol copy of these minutes contains descriptive paragraphs):

Type B Projects

- Joint projects, recommendations to be submitted to the Board of Directors during the May 2009 budget process.

Type A Projects

• <i>Reporter</i> and <i>The Lutheran Witness Resources</i> (BCS)	\$40,000
• “Next Steps” Pilot Project—Phase 2 (CMGS)	\$40,000
• Mentoring for New District Presidents (President’s Office)	\$40,000
• Matura Leadership Series (IV) (Human Resources)	\$40,000
• Confessional Leadership Conference (CTCR)	\$40,000
• Creative Conferences for Lutheran Composers, Poets, Lyricists (COW)	\$40,000
• LCMS World Mission Leadership Training (BMS)	\$35,000
• CUS Leadership Institute (BUE)	\$30,000
• Transforming Local Missions (BBMS)	\$27,000
• Family Ministry Task Teams (BDCS)	\$20,000
• Lutheran School Cabinet (BDCS)	\$20,000
• Gathering Seminary Graduate Data (BPE)	\$19,000
• Publication of “Pastoral Education” in <i>Reporter</i> (BPE)	\$16,000
• CUS Faculty Development Project: Lutheran Faith and Learning II (BUE)	\$10,000
• TimeLine Newsletter (BBMS)	\$8,000
• Mercy Project (BBMS)	\$5,000

therefore be it

Resolved, That the LCMS Board of Directors endorse the projects submitted by the program board and commission executives (above) and that the proposed projects be

funded using the 2009–2010 Thrivent Block Grant and surplus Thrivent Block Grant funds from prior years; and be it further

Resolved, That the Fiscal Year 2009–2010 budget include the \$1.1 million in funds assigned to the units as identified above, with the *Type B* projects to be reported to the board at its May 2009 meeting; and be it further

Resolved, That the *Type A* projects identified in the background materials herewith and the yet-to-be-specified *Type B* projects be documented and submitted by the appropriate program board, commission, or department as part of the Fiscal Year 2009–2010 budget process and be included in the Fiscal Year 2009–2010 budget presented to the board in May 2009; and be it finally

Resolved, That the board ask the President of the Synod and the chairman of the LCMS Board of Directors, upon official notification of the 2009–2010 grant, to convey on behalf of the members of The Lutheran Church—Missouri Synod their thanks for Thrivent Financial for Lutherans’ support of the Synod’s ministry activity.

(B) Transfer of Properties to Lutheran Church of Venezuela

Vice-President–Finance—Treasurer Tom Kuchta introduced the following action to transfer the identified properties in Venezuela to the Lutheran Church of Venezuela, this proposed action due to security, property valuation, and monetary transaction concerns. The Board for Mission Services, in an action during its February 10, 2009 meeting, already adopted a supporting resolution and asked the Board of Directors to give its approval so that the transfer may be accomplished in a timely manner. After the resolution was introduced and briefly discussed, it was adopted as follows:

Resolved, That the Board of Directors approve the transfer of the following properties to the national church, the Lutheran Church of Venezuela (ILV), for use in its plan for theological education by extension and residency, as well as for housing short-term teams from the LCMS who provide support to the national church in that country:

1. QUINTA ALQUIMIA. House of 341,10 sqm according to the property document. Located in the Intervecinal Avenue with Ramal 4, Colinas de Bello Monte Urbanization, Baruta Municipality, Miranda Estate (Caracas). Currently it is being used as a mission office and lodging residence for short-term mission teams.
2. APARTMENT 51-A, RESIDENCES “CAROLINA.” Apartment of 173 sqm according to the property document. Located in “Ruta Siete,” Colinas de Santa Monica Urbanization, Parish El Valle, Libertador Municipality (Caracas). Currently it is occupied by a family suggested by the president of the ILV (Lutheran Church of Venezuela).
3. APARTMENT PH-2, RESIDENCES “THE ROSES.” Apartment of 300 sqm according to the property document. Located in “Ruta Siete,” Colinas de Santa Monica Urbanization, Parroquia El Valle, Libertador Municipality (Caracas). Currently it is occupied by the Rev. Abel Garcia, Director of Juan de Frias, the theological education program through which the Lutheran Church of Venezuela trains its pastors and leaders.

(C) Concordia St. Paul Sea Foam Stadium Construction

In February 2007, the Concordia, St. Paul Board of Regents approved a revised Master Plan that includes a new stadium and proposed to build the first phase of the stadium project. Sea Foam Sales Company pledged \$5.5 million for the project, of which \$1.5 million was remitted in cash. To date \$6.1 million has been received in cash and pledges, with additional donors in the process of making substantial gifts and pledges, on which basis the school proposes to use a \$5.4 million construction bridge loan (five year) to fund construction while pledged funds are received.

Construction costs are estimated at \$6,650,000, with an additional \$550,000 on reserve as a contingency fund and \$500,000 for estimated interest expenses. As of June 30, 2008, the school's Debt Burden Ratio was 3.41%, well below the required benchmark of less than 7%. At its January 15–16, 2009 meeting, the BUE/CUS Board approved the proposed construction project and recommended to the Board of Directors that it also adopt a resolution approving the project.

Vice-President–Finance—Treasurer Tom Kuchta added that the Board for University Education will insist that the school engage an outside construction consultant to evaluate the proposal and make certain that a five-year cash flow projection is put in place. He also noted that the request for the approval of a revised Master Plan included in the original proposal has been removed from the proposed action and will be subject to later approval activity. In response to a question regarding the inclusion of the cost of ongoing maintenance in the proposal, he noted that this will be covered in the proposed five-year cash flow projection. After brief further discussion, the following resolution was introduced and adopted:

Resolved, That the LCMS Board of Directors approve the proposal from Concordia, St. Paul to construct a stadium and authorize its Board of Regents to secure a construction bridge loan not to exceed \$4,500,000.

(D) Concordia Mequon Center for Environmental Stewardship

Vice-President–Finance—Treasurer Tom Kuchta noted Concordia Mequon's strong financial position as he introduced a resolution to grant approval to construct a Center for Environmental Stewardship on the school's campus. Already a part of the school's approved Master Plan and included in its campaign to raise funding for its earlier lakefront property reclamation project, the school is requesting approval of a construction loan to cover costs for the building project during the time that funds are received from gifts and formal pledges totaling \$2,840,250 and from verbal pledges totaling \$1,050,000. An existing board-designated fund has the capacity to cover cost overruns or pledges not received as necessary.

The BUE/CUS Board having given its approval for the project during its January 15–16, 2009 meeting and having recommended that the Board of Directors do the same, the following resolution was introduced and adopted by the board:

Resolved, That the LCMS Board of Directors approve the proposal from Concordia Mequon to construct a Center for Environmental Stewardship and authorize the Concordia Mequon Board of Regents to secure a construction bridge loan not to exceed \$3,500,000.

(E) Revisions to Concordia University System Articles of Incorporation and Bylaws

Secretary Raymond Hartwig introduced this resolution to approve the amended governing documents of Concordia University System (CUS), noting that Resolution 5-07A of the 2007 convention of the Synod revised the membership structure of CUS to provide that the LCMS and its colleges and universities are

the “members” of CUS, thereby to give greater flexibility in arranging meetings and to grant the corporate entities the right and privilege to select delegates to represent their interests. He reported that the Commission on Constitutional Matters already granted its approval as required by Bylaw 3.6.1.6 (a). The following resolution was adopted:

Resolved, That the amended and restated Articles of Incorporation and accompanying Bylaws of Concordia University System incorporating the changes adopted by the Synod in 2007 convention Resolution 5-07A be approved as presented by the Concordia University System Board of Directors (copy attached to the protocol copy of these minutes).

(F) Revisions to LCMS Foundation Articles of Incorporation and Bylaws

At their November 20, 2008 meeting, the LCMS Foundation Members approved changes to the Foundation’s Articles of Incorporation and Bylaws. A resolution to approve the changes was introduced for consideration. Due to uncertainty whether the Commission on Constitutional Matters had already given its approval to the proposed changes, a motion “to table to a later date” was introduced and carried.

105. Blue Ribbon Task Force on Synod Structure and Governance Discussion

Upon request of a member of the board, the chair introduced a discussion of the work of the Blue Ribbon Task Force on Synod Structure and Governance. A motion “to move into executive session” for this discussion was introduced and carried.

105X. Executive Session VII

Chairman Muchow encouraged the members of the board to use the Board of Directors Internet portal to respond to the work of the task force. The Chief Administrative Officer will then take those responses to the task force. Discussion followed regarding the best process to be used to bring the board’s concerns to the attention of the task force.

106. Partner Visit—International Lutheran Laymen’s League

Interim Executive Director Larry Lumpe expressed appreciation for the opportunity to meet with the board and to talk about Lutheran Hour Ministries. In his presentation he

- Recalled the history of the ILLL and The Lutheran Hour
- Noted the League’s mission to inform and enable the laity by developing programs to strengthen Christian lives
- Spoke of The Lutheran Hour, the longest-running religious program in the world, today broadcast over Armed Forces Radio and XM Radio
- Detailed some of the varied ministries of the International Lutheran Laymen’s League, called Lutheran Hour Ministries since 1972
- Spoke of the international ministry centers in nearly 40 nations
- Described renewed ministry to women and the newest ministry to men

- Noted financial challenges being faced by Lutheran Hour Ministries, which has resulted in the elimination of staff members and a reduction in overseas work.
- Shared the ILLL’s vision which includes finding new ways to fulfill its mission to share the Good News of the Savior where He is needed most.
- Marveled that what began with a simple microphone and an outstanding message has become an ever-expanding network of ministries
- Expressed satisfaction in a renewed and strengthened relationship with LCMS World Mission that will lead to new partnership possibilities.

After his presentation, the board viewed a video promoting the new Men’s Network of Lutheran Hour Ministries. He then responded to comments and questions submitted earlier by members of the board:

- Lutheran Hour Ministries has not been very successful in reaching younger people, especially men, but the new Men’s Network shows promise to help provide future leaders for the Synod and the ILLL.
- At present, the average age of the members of the ILLL is 71 years.
- The response to the “Woman to Woman” program that has been returned to the air has been significant, now on 280 stations (100 more than before), all without charge.
- In the past the League’s relationship with LCMS World Mission has not been close, more of a working relationship, but the present holds great promise and opportunity, perhaps especially because both directors are serving in an interim capacity.
- Lutheran Hour Ministries has a good working relationship with the seminary and also KFUEO Radio. KFUEO runs ILLL programs and the seminary makes its facilities available (and vice versa).
- ILLL also has a good working relationship with the Lutheran Women’s Missionary League, with the exchange of grants, meetings together of leaders, etc. The year 2017 will be quite a time of celebration for everyone, given its significance to Lutheranism but also because it will mark the 100th anniversary of the ILLL and the 75th anniversary of the LWML

Discussion followed regarding property issues in India; ethnic ministries around the world; Spanish language Lutheran Hour broadcasts on five stations in Miami, Florida; and the work of a search committee to begin looking for a new ILLL executive director by summer or fall of this year. The current number of ILLL deployed paid staff serving overseas is 170.

107. Board Self-Evaluation Overview

Chairman Muchow introduced Dr. Lynn Walker to address the subject of board self-evaluation. A tool has been developed to be used by the board during the weeks following the meeting to assist in this process.

Dr. Walker also called attention to the board’s current “ends” policies in paragraphs 1.1 to 1.3 of its Policy Manual. Discussion followed regarding how much importance the board places in using such ends to guide how it will function. He explained that an end is more than an internal goal—it is the desired result of the impact of reaching goals. Extensive discussion followed regarding the board’s ends, necessarily to include the objectives contained in Article III of the Synod’s Constitution.

The chair called attention to the evaluation questionnaire provided in the docket (copy attached to the protocol copy of these minutes) and asked that the members of the board give it prompt attention when the final version is made available in weeks to come. After the completed questionnaires are returned to the Chief Administrative Officer, he and Dr. Walker will correlate the responses received and lead a discussion of the returns during the board's May meeting.

108. LCEF Modified Operating Model

Lutheran Church Extension Fund President Merle Freitag expressed appreciation for the opportunity, first, to provide a brief report that the LCEF is doing well despite current economic challenges, and, second, to provide information regarding a modified LCEF operating model. Using a PowerPoint presentation, he recalled the history of the LCEF and the growth of its assets and loan activity over the years, which has led to a challenge for the LCEF today.

LCEF has grown to its limit with its current level of net assets. \$100 million in new fund will be needed per year to continue lending in the same manner. Without new funds, "waiting lists" for loans will become a reality. For this reason LCEF is inviting Synod partners to invest in LCEF loans. LCEF is selling loans to the LCMS Foundation, which has formed an LCEF Congregational Mortgage Loan Pool for its investors. With LCEF continuing to service the loans, entities who invest in this CMLP will have the opportunity to participate in a high return, low risk investment while also supporting ministries. LCEF, in turn, will use the proceeds it receives to fund new loans. A similar opportunity is being proposed to Concordia Plan Services.

109. Other Matters

During the course of the meeting, a number of sundry items were brought to the attention of the board:

- The chair noted a full agenda for the May meeting and encouraged the members of the board to plan accordingly.
- The chair called attention to the tool that will be used for the performance evaluation of the Chief Administrative Officer, noting that board members may respond by using the board's Internet portal.
- A board member disclosed a potential conflict of interest, which was duly noted by the board.
- The board discussed a \$992,000 cost figure associated with the LCEF Fall Leadership Conference.

110. Adjournment

With all business to come before the board having been addressed, a motion "to adjourn the meeting" was introduced and carried. Chairman Muchow closed the meeting with words of benediction.

Raymond L. Hartwig, Secretary