

Iowa District East Board of Directors

MINUTES

Tuesday, November 7, 2006

PRESENT: *Ordained:* Gary Arp*, Mark Brase, Dean Duncan*, Daird Korth, Dean Rothchild, Matthew Rueger*, Brian Saunders*, George Volkert*; *Lay:* Rich Balvanz*, Carl Egger*, Greg Gerjerts*, Mark L'Heureux, Andrea Koenig*, Lois Mulbrook* and Lowell Schroeder. *Designates a voting member of the BOD.

1. Call to Order. Chairman Egger called the meeting to order at 9:00 a.m.

2. Devotion: Rev. George Volkert lead the devotion with Responsive Prayer 1 and a Bible Study on Mark 10.35-45.

3. Acceptance of the Agenda. The agenda was accepted with a couple additions.

4. Review and Acceptance of the Minutes of May 23, 2006. There was correction noted on page 3, number 10, the motion should read "for the next District Convention" instead of the "next conference." Minutes approved.

5. Correspondence to the Board of Directors

1. Letter from Rev. David T. Brandt and the stewardship Board of Immanuel Lutheran Church in Grinnell expressing their concerns over the financial trends in IDE - especially regarding the current pattern of our District's support of Synod. A request was made to have the Board of Directors by means of a letter or newsletter article inform the congregations of IDE of the current situation. The Board will address this at the end of the meeting.
2. Letter from Mark Niebuhr, Cheryl Bock, Jim Buch and Jim Keiper requesting unedited copies of the tapes and/or recordings of the 2006 IDE Convention and the new delegate meeting held prior to the Convention. The Board noted that there is a video recording of the 2006 IDE Convention which they are welcome to watch in the District Office.

6. Treasurer's Report (both second and third quarters)

Statement Of Financial Position – Comparison With Prior Year– Schedule A (Second Quarter):

1. Cash and Cash Equivalents – There was a gradual build up of cash which also included Convention income. At the end of the quarter, the Investment Committee transferred a portion of the cash to Wachovia to earn a higher rate of interest. \$80,000 was transferred August 1.
2. District Properties (net) – Year-to-date additions to accumulated depreciation decreased the net District properties by \$29,910.
3. Investments - The 2nd quarter showed a decline in the market which was mostly from the annuity contracts that we can not control. For the funds Wachovia Securities actively manages, \$1,199,499 in mutual funds, the quarter-to-date rate of decline was -.6%, compared to the benchmark return of -.7%. Overall for the year, we still exceed the benchmark. District rate of return is 4.30% compared to the benchmark of 1.2%. The annuities acquired at the time of transfer of CEF funds to LCEF make up the remaining balance of the investment account. The earnings on the annuities have no effect on the death benefit we will receive.
4. Accounts Payable - This account reflects the payable of the 2006 subsidies that were required to be listed as a payable at the end of 2005 as a result of the audit. The amounts will remain as payable until the end of 2006 so that the subsidies paid in 2006 show in the Statements of Activities for tracking purposes. The amounts will be adjusted prior to year end. The Business Manager and Assistant to the President will work with the auditor to avoid this situation in the future.

5. Accrued Expenses – This account consists of Accrued Vacation and Accrued Interest on the loan to LCEF for the purchase of the annuity funds, which will not be paid until the death benefits are received. It will continue to grow until that time. However since we were able to pay off \$1,816,485.33 as of the end of January, the accrued interest will grow at a significantly slower pace due to decrease in loan value. As of June 30, 2006 that accrued interest was \$203,782.15.
6. Deferred Revenue – This account represents those funds collected as assessments from the congregations for the 2007 Synodical Convention. There is still a carryover of \$961.50 owed from 4 congregations for the 2004 Convention. Of this amount, only \$166.50 is from an assessment prior to 2004. We will continue to track the assessment. As we send reminders for the 2006 assessment we will include the prior amount, as well.
7. B Bonds Payable - The “B” Bonds were not transferred with the other certificates of deposit to LCEF. As individuals turn in these bonds for payment, this account will decrease. As recommended by the auditors during the 2004 audit, at the end of 2005 we recognized as income ½ of the remaining balance. At the end of 2006 the remaining balance will also be recognized as income thereby eliminating this payable.
8. Loan Payable – See **Schedule F** for the detail of outstanding loans.

Statement Of Activity – Budget Comparison– Schedule B And C:

1. Current Fund Income/Synod Missions – We ended the first quarter consistent with other years, but less than budgeted. See 5-Year Comparison on **Schedule G**.
2. Workshop Income/Expenses – See **Schedule H** for a detail of workshops.
3. Expenses and Losses – The District did a good job during the quarter in holding the line on spending to come in under budget on expenses.
4. Total Change in Unrestricted Net Assets – The District ended the quarter with an increase in unrestricted net assets. However, this can be contributed to the gain on investments.

SUMMARY:

Despite the lower income, the District was able to operate with the cash available in current cash accounts without having to withdraw from any investments. The District needs to continue to monitor expenses and also watch congregational giving for dramatic shifts from prior years.

Statement Of Financial Position – Comparison With Prior Year– Schedule A (Third Quarter):

1. District Properties (net) – Year-to-date additions to accumulated depreciation decreased the net District properties by \$44,865.
2. Investments - The 3rd quarter showed an increase over the previous quarter’s decline. It is expected that the market will stay strong through the end of the year. For the funds Wachovia Securities actively manages, \$1,312,110 in mutual funds, the quarter-to-date rate of return was 2.6% compared to the benchmark return of 5.0%. The difference in our funds compared to the benchmark was due to decrease in value of our small cap investments. The Investment Committee agreed with the advice of Wachovia to move approximately 2% of the investments out of the small cap funds to fixed rate funds until after the first part of the 2007. These will once again put our investment mix at 60% equity and 40% fixed. Overall for the year, we still exceed the benchmark. The annuities acquired at the time of transfer of CEF funds to LCEF make up the remaining balance of the investment account. The earnings on the annuities have no effect on the death benefit we will receive.

7. The Budget. Lois Mulbrook presented the proposed budget for 2007. We are looking at a potential short fall of \$74,000. Lois noted that traditionally we pay Synod a percentage of the receipts we receive. Rev. Rueger noted that the Concordia plans continue to rise and the Office Committee proposes a compromise plan. They recommended that the District stay with Plan A of the CHP for this coming year and ask District Church workers to pay half the difference between Plan A and Plan B. This would save approximately \$10,000 on the budget shortfall.

The Office Committee moved that the District give President Arp the raise he is due and if he chooses to give the raise back to the District that would be his prerogative. Seconded by Brian Saunders. Motion carried.

The Office Committee moved to set the Housing Allowance to 50% of base salary to all called workers by the District. Seconded by Rich Balvanz. Motion carried.

Rich Balvanz moved to keep the stipends at \$350 year for President, Vice-Presidents, Secretary and Treasurer; \$1200 for the editor of IDE today and \$120 for the Circuit Counselors. George Volkert seconded. Motion carried.

Budget. Lois Mulbrook pointed out some corrections to the budget that would reduce the shortfall and suggested adding back some adjustments to make approximately a \$50-55,000 short fall in the 2007 proposed budget. Discussion ensued on whether to approve a deficit budget. Rich Balvanz moved in addition to the Office Committee recommendations for employees sharing health care costs and the corrections as noted that we reduce Synodical giving by \$50,000 to balance the 2007 budget. Seconded by Greg Gerjerts. Motion carried.

Lois Mulbrook informed the Board on a request on a loan that the District made to Rev. Steve Rasmussen concerning the Sanctuary - a house intended as a halfway house for the prisoners. Pastor Rasmussen is requesting to rent the house out for 18 months. Rich Balvanz moved to deny the request. George Volkert seconded. Motion carried.

8. President Arp's Report: President Arp reported on the vacancies and non-calling vacancies (see Exhibit B). He informed the Board concerning the four individuals who wrote the letter to the Convention delegates prior to the District Convention. He shared with the Board all the correspondence with those individuals. President Arp hoped that his actions (as evident in the above mentioned correspondence) would lead to a resolution of their dispute. However, there seems to be unwillingness on their part to seek resolution. President Arp sought suggestions from the Board on how to proceed. One suggestion was to work to make the decisions of the Board more transparent to the congregations of IDE. There was a suggestion to put forward a communication to this group from this Board.

President Arp commented on the upcoming LCEF meeting and that he will be taking 3 days of vacation to visit family. He has been focusing on visiting the new pastors in the District on an individual basis and has just about completed that activity. He made one congregational visit. He has also spent some time with a deeply troubled congregation and they have invited some reconcilers to come in. Two pastors are in Siberia teaching in the Seminary in Novosibirsk. President Kieschnick stopped by President Arp's home for a visit. He reported on the Free Conference that he recently attended out of his own expense.

9. Rev. Harold Scheer reported on his work as the Chaplain at the University of Iowa Health Care. Chaplain Scheer shared some of the challenges he encounters on a daily basis. Some of his struggles are with families regarding decisions on whether or not to use the latest medical technology to treat their loved ones. He also relayed the daily challenges of trying to visit those registered as LCMS parishioners, those not registered and those referred by LCMS pastors. Pastor Scheer also informed the Board of one of the policies of the hospital - viz., just leaving materials unless the patient requests prayer. He expressed his frustration with the amount of commuter time he is required to do by the hospital. Rev. Scheer also conveyed his thankfulness to the District for supporting the Chaplaincy at the University of Iowa Hospital in Iowa City.

10. Report by the Assistant to the President (part-time) Mark L'Heureux (Exhibit E). Mark presented his report. He reported on his meetings with the principals. The IDE/W Teacher Conference was held October 5th and 6th. It was very well planned and there were many positive comments about it. The District planning committee in the next meeting will review surveys and begin planning the 2008 conference to be held either December 7th or 14th in Des Moines. Mark also reported on his positive visit to Immanuel, Waterloo. Bill Cochran (IDW Education Executive) will be visiting on November 13-14 for a schools tour. He informed the Board of the School Tuition Organization (STO) that was signed into law last session. This organization will allow supporters of non-public schools to receive voluntary cash contributions from Iowa taxpayers and allocate those funds in tuition grants to Iowa school children. He hoped it would be up and running by November 1st.

Mark conveyed the recommendation from the Schools Committee that Elyse Wilde be put on the Schools Committee. Rev. Arp moved to put Elyse Wilde be put on the Schools Committee. Rich Balvanz seconded. Motion passed.

Rev. Volkert led the Board in a table prayer and the Board dismissed for lunch. The Board reconvened at 12:35 p.m.

11. Dr. Robert Kuhn on behalf of the Blue Ribbon Task Force on Structure and Governance. Dr. Kuhn thanked the Board for giving him some time for the Task Force. He provided some background on this Task Force to look at Synodical structure and governance. He informed the Board that this Task Force will give a report at the 2007 Convention and present a model in 2009 to be voted on in 2010. Dr. Kuhn is visiting all 35 District Board of Directors to gather information through the questions in the questionnaire he provided to the members of the BOD beforehand. Dr. Kuhn served as facilitator as he led the Board through the questionnaire. Discussion ensued around these questions: What one word comes to mind when you hear the LCMS? What are some things we do well in the LCMS? What isn't so good? Why do you think we should have a LCMS structure? What would you do to reorganize the LCMS? What could be done by Synod to be of more service to you?

President Arp showed a homemade video of the Palanga Project from his recent trip to Lithuania.

12. Report by the Assistant to the President (part-time) Daird Korth (exhibit F). Rev. Korth attended the District Schools Committee on September 7. He is working with Pam on better communication to preschools. He also met with Bethlehem, Mason City and helped Messiah, Mason City start a preschool. He consulted with Risen Christ, Davenport; Faith, Mt. Pleasant; and Our Redeemer, Dubuque. Rev. Korth also participated in a conference call of the Children's Ministry Advisory Team of LCMS. He is planning to visit the preschools in the Davenport and Mt. Pleasant Circuits in November. He and Peggy Seeber are working on the District Early Childhood Conference to be held in Zion, Hiawatha in early 2007.

13. Rev. Rothchild's Report (Exhibit C). Missions Committee reported there is not enough money to fund the part-time Chaplain at the University Hospital.

Rich Balvanz moved to accept the recommendation of the Missions Committee not to fund a part-time position at the University of Hospital. Seconded by George Volkert. Motion passed.

14. Camp Io-Dis-E-Ca. Greg Gerjerts presented the Interim Director's Report (Exhibit G). He expressed his appreciation of Rev. Small's work. The camp Board is considering filling a vacancy on the Board and will have a recommendation for the BOD by its February meeting.

15. Unfinished Business

- President Arp moved to appoint David Kroll to the Worship Committee. Rev. Rueger seconded. Motion passed.
- Constitutional Review committee had no report.
- Strategic Planning recommendations. President Arp reported that he received few responses from the District's committees to his request for input prior to the BOD's strategic planning process.

- St. Paul's Lutheran Endowment Fund. Lois moved to accept the By-laws of the St. Paul Chapel Endowment Fund. Seconded by President Arp. Motion passed.
- Greg Gerjerts moved to submit a Memorial to the 2009 District Convention that revises Bylaw 11.0.3 by obligating the District to provide to registered delegates: 1) a Convention Booklet at least 4 weeks prior to Convention; and 2) an Overture Supplement containing any changes made by Floor Committees to Memorials at least 2 weeks prior to Convention. Further, the motion obligated the District Office to act in accordance with the proposed changes to Bylaw 11.0.3 in preparation for the 2009 Convention. Seconded by Rev. Volkert. Motion passed.
- The Board by consensus set the dates for the BOD meetings in 2007: February 20, May 15, August 7 and November 6.
- The Board discussed a Strategic Planning Meeting date. There was some concern that we have not heard much from the committees. No formal action was taken.
- Rev. Matthew Rueger read a first draft of a formal response to the correspondence the BOD received from four individuals who, prior to the 2006 Convention, had raised objections to certain practices in the District related to Camp Io-Dis-E-Ca operations, congregational Call procedures and the process by which vacated District positions are filled by the BOD. The Board offered some editorial suggestions. Greg Gerjerts moved to approve the letter. George Volkert seconded. Motion passed.
- A discussion followed on how to foster better communications with the District.
 Greg Gerjerts moved to post the approved Minutes of BOD meetings on the District website and to promote that fact in IDE Today. Seconded by Rev. Rueger. Motion carried.

Matthew Rueger moved to adjourn. Rich Balvanz seconded. Passed.

Rev. George Volkert closed with prayer.

Next meeting : February 20, 2007, 9:00 a.m. at the District Office.

Respectfully submitted,



Rev. Dean Duncan
 IDE Secretary

Approved by BOD 2.20.07