
IOWA DISTRICT EAST BOARD OF DIRECTORS

MINUTES

Tuesday, May 15, 2007

PRESENT: *Ordained:* Gary Arp*, Mark Brase, Dean Duncan*, Daird Korth, Matthew Rueger*, Brian Saunders*, George Volkert*; *Lay:* Rich Balvanz*, Carl Egger*, Greg Gerjerts*, 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. Mark Brase led devotions in Morning Prayer and a Bible study on catechesis.

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

4. Review and acceptance of the Minutes of February 20, 2007.

a. Page 3 change (e) to: "Rev. Koch and Rev. Brustuen are encouraging the congregation at West Union to consider whether it is viable to exist as a congregation."

b. There was also a matter of clarification concerning the 7.11.06 Minutes that IDE pay for all house repairs of the Camp Director's residence up to the cap of \$10,000.

5. Correspondence to the Board of Directors

a. Letter from Raymond Hartwig, Secretary of Synod, asking for a commitment from our District of \$5,000 to assist in locating the Concordia Historical Institute on the campus of the International Center.

Greg Gerjerts moved that IDE send \$5,000 to Synod for the Concordia Historical Project. Seconded. Discussion ensued. Motion was defeated.

b. Letter from Rev. Jerry Doellinger regarding the ministry of Carol Goldfish at the University of Iowa Hospitals in Iowa City. Rev. Doellinger expressed a desire for the Board of Directors to set her salary.

The Board decided to defer this issue until later in the meeting when the Board discusses the whole issue of the chaplaincy at the University of Iowa Hospital.

c. Letter from Secretary of Synod as for the nominations for two ordained pastors and one lawyer for the CCM and Commission on Structure. Greg Gerjerts suggested in the future the office send these nominations out via email to the Board members so the Board can contribute names at the next meeting.

6. Treasurer's Report (Exhibit A)

STATEMENT OF FINANCIAL POSITION – COMPARISON WITH PRIOR YEAR– SCHEDULE A:

1. Prepaid Expense – The amount reflects the Concordia benefits paid in March for the month of April. This prepaid expense will continue through the rest of the year based on the benefits being paid the month before the coverage starts.
2. District Properties (net) – Year-to-date additions to accumulated depreciation decreased the net District properties by \$12,982.78.
3. Investments – We ended the quarter for the funds Wachovia Securities actively manages, \$1,421,365 in mutual funds, with a rate of return of 2.6%, compared to the benchmark return of 1.0%. We are at our desired mix of 61% equity and 39% fixed. International funds continue to do well for the District. We have an overweight position with these funds at the current time and will continue with that as long as the U.S. dollar stays soft. Inflation is the still number one concern and earnings continue to slow down. 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. See **Schedule E**.
4. Account Payable – The balance in 2006 included the Mission subsidies that were booked by the auditor at the end of the 2005 audit. The process of notification to each Mission has now changed so a payable no longer exists in 2007.
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. As of December 31, 2006 the accrued interest was \$213,513.15. The District adopted a policy during 2005 that requires all accrued vacation to be used

by the end of 2007. During 2007 all vacation earned during the year must be used during the year. 2006 is the last year that there will be any accrued vacation recorded.

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 2007 assessment we will include the prior amount, as well. See **Schedule F & G**.
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 and the remaining balance at the end of 2006. There is no longer a payable. If someone turns in a “B” bond at this point, they will be paid, but it will just recognize it as an expense.
8. Loan Payable – See **Schedule H** for the detail of outstanding loans.

STATEMENT OF ACTIVITY – BUDGET COMPARISON– SCHEDULE B AND C:

1. Current Fund Income/Synod Missions – We failed to meet the budgeted contributions for the 1st quarter by \$76,748.56. Both January and February exceed the prior year giving, but March was significantly behind the 2006 amount. See 5-Year Comparison on **Schedule I & J**.
2. Workshop Income/Expenses – See **Schedule K** for a detail of workshops.
3. Synodical Budget – Because we did not make budget from congregational giving, we also did not meet the budget for money sent to Synod. We were short \$10,644.46 as budgeted. This is in direct proportion to the congregational giving.
4. Expenses and Losses – The District did a good job during the year in holding the line on spending to come in under budget on expenses by \$9,605.50. The only expense that was significantly over budget was the Chaplaincy benefits. This is a result of Pastor Scheer’s retirement.
5. Total Change in Unrestricted Net Assets – The District ended the quarter with an increase in unrestricted net assets of \$24,870.39. However if you take out the gain on investment, we really would have shown a loss of \$18,780.60.

SUMMARY:

The District will have to evaluate to determine if we are starting a downward trend where income will not continue to keep up with necessary expenses. As long as we continue to hold the line of spending, the District should be able to operate with the current cash flow.

6. President Arp’s Report (Exhibit B)

President Arp reported on the vacancies and calls. He informed the Board that Rev. Ken Krueger’s son was killed in a motorcycle accident and the District sent a plant for the family. There will be a memorial service May 19th at Iowa Falls. The family requested memorials for Daniel’s unborn child and his stepson. Rev. Alan Hafner resigned from the ministry and the clergy roster. President Arp asked Rev. Carl Cloeter to serve as the Circuit Counselor for the Williamsburg Circuit. He also asked Rev. David Mac Kain to serve on the Convention Task Force on the restructuring of the District.

A neighbor (and member of one of our churches) requested to set his travel trailer on the District parking lot. Rich Balvanz moved to deny the request. Seconded. Carried.

He read an email from Pastor Petkunas on the progress on the Palanga, Lithuania project.

He is continuing to visit and talk with congregations.

Committees

a. Office Committee. Rev. Rueger addressed the Archivist letter requesting a different location for the District archives. Office Committee suggested accommodating the archives in the available space at the District office (possibly using the vacated office of the previous assistant to the President). The committee also adjusted the policy on accrued vacation requiring the employee to take their vacation time by December 31st. The auditor noted the need of an assistant to the bookkeeper. The Office Committee felt it is necessary to consider having a backup person for Sherry and to have this same person serve as a backup person for the bookkeeping for the Camp. Committee asks for authorization to find a person to fill this position.

b. LCEF Report (Exhibit F).

c. Schools Committee. Rev. Volkert reported on the Schools Committee most recent meeting (Friday) at Latimer. The committee wanted the IDE BOD to note that with Mark L'Heureux's departure there is no longer an active principal on their committee. The committee has been looking at materials from the Michigan District on the ethical conduct on the professional church worker. Schools Committee decided to walk through this document and will forward it to the schools (after checking the copyright issues) in the District for their further study. They also suggested that the BOD recommend it for the pastors in the District.

7. Assistant to the President Early Childhood, Rev. Daird Korth (Exhibit D).

Rev. Korth visited Prince of Peace in Coralville and Bethlehem's Day Care in Mason City. Attended the National Lutheran School Accreditation training meeting on February 19 at Messiah Lutheran Church in Johnston, IA. We have three directors trained to be NLSA consultants. He attended the Synod's Early Childhood Consultant's Conference at Trinity Lutheran Church, Clinton Township, MI. Set June 21 for the meeting with Early Childhood Directors. Rev. Korth expressed a need for an Early Childhood Cabinet. He also commented on the recent Iowa bill funding public preschools for 4 year olds (with the possible expansion to cover 3 year olds next year).

8. Assistant to the President Schools, Mark L'Heureux (Exhibit E)

9. Assistant to the President, Rev. Rothchild (Exhibit C)

Rev. Rothchild noted that the Student Aid Committee would be making a few slight revisions on the student aid form which needed clarification.

The Mission Committee recommended that the vacant Chaplain position be funded full-time. The committee decided not to fund POBLO. President Arp and Rev. Rothchild met with the pastors of the Cedar Rapids area about the possibility of starting a new congregation.

He also reported that the Board of Congregation Services cancelled their Family Event at the Camp on the last weekend of April due to low registrations.

10. Unfinished Business

a. Task Force on the Restructuring of District. Rev. Saunders reported that the Task Force has met twice. They interviewed 3 District Presidents. The Task Force decided that it would be well for us to have an in-depth study of the Doctrine of the Call. They are looking for additional funds to meet two more times this year. From viewing the budget and the expenses so far it appears as though there is enough money to cover the costs for one more meeting beyond the three budgeted.

b. Strategic Planning. The BOD discussed how we might better dialogue with the congregations of the District. The Board also discussed the viability of developing a strategic plan for the District.

Rev. Rueger moved to include a strategic planning discussion with the Circuit Counselors and committee chairmen at the next meeting during the morning session. Passed.

Greg Gerjerts moved to conduct our August 7th BOD meeting by telecom. Seconded by Lois Mulbrook. Passed.

Rev. Rueger moved that we have a strategic planning meeting September 18, 10:00 a.m. to 2:00 p.m. at the Camp instead of at our next Board meeting. Seconded. Passed.

c. District's Financial History. Chairman Eggers showed the IDE financial history from 1967-2005. We peaked in congregation receipts in 1984 and congregational expenses in 2000. Since 1984 we have been giving less to Synod. Since 2002 we have started a very precipitous drop in our giving to Synod.

New Business

a. Chaplaincy position at Iowa City. A letter from Our Redeemer Lutheran Church was read to the Board. Discussion ensued over the various possibilities.

Rich Balvanz moved that President Arp begin researching possible candidates to serve as LCMS Chaplain at UIHC. Seconded by Rev. Rueger. Passed.

The Board's response to Rev. Doellinger's letter is that the salary guidelines are in the suggested salary guidelines. The secretary will respond with a letter.

b. Replacement for Mark L'Heureux. Rev. Volkert moved to appoint Rev. Wayne Woolery to serve as Assistant to the President. Seconded by Andrea Koenig. Passed.

c. Audit Conference Call. Lois Mulbrook reported on the audit conference call. There are no audit comments for the District. A new auditioning standard requires that the auditors only come to audit the books and not make any adjustments in the auditing process. Our part-time bookkeeper needs more support since the accounting for a non-profit organization is different than the typical type of accounting that takes place in most businesses. This matter was referred to the office committee.

d. Camp IoDisEca financial trends. The camp has noted a financial swing of \$38,000 in 2005 to a negative \$74,000 in 2006 (\$102,000 between revenues and expenses). The Camp Board is aware of this problem and is working to come to grips with this issue. The registrations for this year are down due to the National Youth Gathering (which is typical) and also to a camper/staff ratio (which sets a cap at 250 less).

Greg Gerjerts moved to give Lois discretion to advance the subsidy payments to the Camp. Seconded. Passed.

e. St. Paul's Chapel roof repair. President Arp moved to repair the roof at St. Paul's Chapel, Iowa City. Seconded. Passed.

Rev. Brase led the closing prayer.

Adjourned at 3:30 p.m.

Respectfully submitted,



Rev. Dean Duncan
IDE Secretary

Approved by the BOD 8.7.07