

EASTERN DISTRICT BOARD OF DIRECTORS

FRIDAY - SATURDAY, SEPTEMBER 30 - OCTOBER 1, 2016

Peace Lutheran Church, Scranton, Pennsylvania

REGULAR MEETING

FRIDAY, SEPTEMBER 30, 2016

Directors Present: Pastor Murray Brindle; Vice Chair Claire Carlson; Bradley Dreier; Mark Erbeling; Melissa Fultz; Jacqui Green; Maureen Grunder; Secretary Karl W. Haeussler; Pastor John Pingel; Pastor Carl Prostka; Pastor Daniel Strussenberg; Chair Gordon Tresch, ESQ; and, President Chris Wicher.

Directors Absent: Terry Miller (who is recovering from surgery).

Special Guest: Rick Porter

Meeting called to order. The meeting called to order by the Chair at 12:32 P.M. We then received a very warm welcome from Pastor Kristian Bjornstadt.

Opening devotion. The opening devotion by Pastor Carl Prostka rocked - literally and figuratively! Carl noted how rocks were prominent in each of the four regions of our Eastern District. He then asked each Board member to think of a rock in the Scriptures. Each member acquitted themselves quite well! Carl focused upon how they all pointed us to Jesus Christ, the Savior Promised, the confession of Whom is the Rock upon which the Church is built. The purpose of our meeting is to be led by His Spirit in the best ways of bringing this treasure into the hearts of people both within our congregations and outside of them in the world!

Member sharing.

Approval of minutes. Minutes of the May, 6 & 7, 2016 meetings were reviewed. A motion was made to approve them and seconded. The motion was approved unanimously.

Minutes were then reviewed of the Special Meeting held by conference call on Thursday, August 18, 2016. Jacqui Green noted she was not present yet was listed as both present and absent. The embarrassed Secretary promised to correct this obvious violation of the laws of physics. A motion was made and then seconded to approve the minutes as amended. The motion was approved unanimously.

Approval of the Agenda. The President proposed the following changes in the Agenda. He asked that we would move the discussion of the Proposed Workers Benefit Coverage to Saturday's meeting while adding a report on District Reconcilers to his report this afternoon. In addition, at

the request of the Synodical President's office, he would like to schedule meeting dates for 2017 and 2018. A motion was made and seconded to approve the Agenda as so modified. It was approved unanimously.

President's Report.

* Futures2. The President reported at our May meeting that the Futures2 Committee met in Batavia, New York in March. The members were broken up into smaller groups, each having specific assignments. Their June meeting in State College, Pennsylvania was cancelled for the following reasons: concerns with the Chair of the Committee's family; weak attendance; and former District President Arnold Kromphardt's funeral. The President is considering shelving the Futures2 Committee for the time being as there doesn't seem to be much interest. The general consent of the members of the Board of Directors was to continue with this as its goal of identifying and prioritizing the needs of the District is so important. Brad, who is also a member of the Futures2 Committee, strongly supported this as he shared how his sub group was looking into an area which has been an ongoing concern for the District: communications. The Chair recommended that the President try to jump start the Committee. The President agreed to consider this.

* District Reconcilers. After a Convention, each District is to appoint four Reconcilers: two Pastors and two from the laity. They are to be even headed people of good character who show the gifts of being able to mediate people who are in conflict. Our own Pastor Daniel Strussenberg and former BOD member Pastor Kim Bode are willing to serve another six-year term as Reconciler. The other two need to be nominated by our Circuit Visitors and the President is still working with them on this. Synod provides week long training. Names are needed by November 11. A motion was made and seconded to appoint Pastor Dan Strussenberg and Pastor Kim Bode as Reconcilers for the Eastern District. The motion was approved unanimously. The other two Reconcilers will be approved through a special conference call meeting in late October or early November.

(The Proposed Workers Benefits Coverage was distributed so the members can review it and be prepared to discuss it at tomorrow's session.)

* Personnel and congregational changes.

+ First Trinity in Pittsburgh passed a congregational resolution requesting a transfer from the Eastern District to English District. The President and the Secretary went to visit the congregation last October. They attended worship and then met with the congregational leadership including Pastors Douglas Spittel and Pastor Eric Andrae. At that meeting no rationale was given for this proposed course of action. The Secretary shared that from conversations he had with congregational members as well as from congregational literature and reports their motivations were both financial and theological. From the financial perspective, they are a small congregation with large and older facilities striving to maintain and extend their many and excellent mission programs. From the theological perspective, they see the leadership of the English District closer

to their positions on worship. Pastor Strussenberg affirmed these observations. President Wicher is very saddened by this request. The Chair called the question. A motion was made and seconded to approve the transfer of First Trinity Lutheran Church in Pittsburgh from the Easter District to the English District. 11 voted for the motion. 1 voted against. One abstained. The motion was approved.

+ Pastor Douglas Spittel was also the Visitor of the Pittsburgh SW Circuit. A replacement will be needed.

+ Board of Director member Deaconess Jacqueline Duke has transferred out of our District. The President is searching for a Commissioned Minister to replace her.

+ Pastor Art Boone has also transferred out of our District. He was Visitor for the Philadelphia Circuit. A replacement will be needed.

+ Pastor Rob Riebau has transferred out of the District as well, accepting a Call from Concordia Publishing House. He was Visitor for the Pittsburgh SE Circuit. A replacement will be needed.

* Clyde property. The sale is final! Praise the Lord!

* Congregational visitations. Congregational visitations have begun. So far, around 15 have been officially visited. In preparation, questionnaires are given to Pastors, staff and leaders. In addition, the Pastor and his wife are taken out to dinner. The President will review the reports and see what we can learn from them as District strives to serve our congregations even ore effectively. These will also help to set the agenda for the next District Convention.

* Message to District Video. This has been placed on YouTube and has already been viewed 254 times. All congregations and especially their leadership have been asked to view this video. The primary purpose of the video is to explain the financial distribution of the District, the number concern that emerged from the recent District Viability Survey (followed closely by the duties and responsibilities of the District President). One very important point of the video is that congregations are encouraged to call their giving to the District giving to the “Church at Large.” Another is the emphasis that missions are now “home grown,” supported by the congregations themselves as the old mission plant by the District (and then supported by District) ended decades ago. There is also an emphasis placed on the priesthood of all believers. The President is planning on producing such videos twice a year.

* Web blogs. A congregational President web blog is set to go in October. Another one is being set up for Treasurers/Financial leaders. The primary purpose is to connect ideas between congregations.

* Upcoming District Calendar.

+ Retired Church Workers Retreat led by former Synodical President Jerry Kieschnick and his wife Terry will be held next week. (The agenda was distributed.)

+ The Fall Pastors Conference will be held later in October at Pioneer Camp and Retreat Center. The theme of the conference is preaching.

+ A Pastors' Wives Retreat will be held in November in Corning, New York. Both the wives of the President and the Secretary are on the planning team. So far 30 Pastors' wives have signed up for the retreat.

+ A Professional Church Workers Conference will be held in November of 2017 in Niagara Falls, New York.

+ The 2018 District Convention will be held, once again, at Daemen College in Amherst, New York on June 15-16. The plan to hold it in Binghamton, New York, fell through when it was revealed that the cost would be an additional \$20,000.

* Satellite congregations. The satellite congregation concept is being implemented by the President. The basic premise is as follows: smaller dying congregations are matched with healthy larger congregations who will prayerfully implant their healthy DNA and bring new life to the satellite congregation. In line with this, the host congregations will call all of the shots. There will be no discussion or negotiation as the smaller congregation will give itself over entirely to the larger congregation. In fact, it is now owned by the larger congregation and is now a mission of the larger church. In places where this has been implemented successfully the satellite congregation has often been given a new name. The President has already spoken with the Pastor of potential larger congregations.

The President's Report will continue tomorrow.

Break. During the break a get well card for Terry was passed around.

Auditor's Final Report.

Barb Sigafos and Jim Brese have joined us on a conference call.

A review of the independent auditor's report from Dopkins and Company was led by the Chair and the Vice Chair.

* A breakdown between the Eastern District and Pioneer Camp and Retreat Center was requested so we would know where each stands individually.

* In Exhibit C - Internal Control Findings, Best Practices and Other Business Advice - the auditors offered 10 comments (bullet points) with all of them being directed toward Pioneer. Conversations with Pioneer have already begun concerning most of them. Point 3 has already been done while point 6 has been approved.

* Page 28 of the audit report showed a negative change of unrestricted net assets of \$33,484 for

the District. District does not have a negative cash flow issue as this reflects an anticipated rebate from an insurance company that was not forthcoming. It is not being assumed as income for next year's budget. Aside from this, actual income ran fairly even with actual expenses.

* On the same page, it was noted that there was also a negative change of temporarily restricted net assets of \$95,121. Most of this is accounted by funds pledged by congregations for the previous budget year was not received until the following budget year.

* It was noted that congregations are behind in giving what they have pledged for the current budget year. Many congregations try to catch up with their pledges toward the end of the year.

* For last year's budget, \$657,750.00 was expected from congregational giving while \$648,224.22 was received resulting a shortage of \$9,525.78. For this budget year, we are anticipating \$650,000 of giving from congregations.

* It was pointed out that congregations tend to give more diligently toward assessments for District Conventions as opposed to Synodical Conventions.

* It looks as if we are on target for our budget this year.

* Jim Brese observed that more and more congregations are becoming financially depressed which has resulted in less and less congregational giving to District. He pointed to all of the congregations that are presently behind in their giving, including some which we have considered to be healthy. Because of this, in recent years, something significant is cut from the budget. We have no more personnel or missions that we can cut. The Chair and other members expressed hopefulness that as the District improves its communication with congregations that this will help them to become healthier which will enable them to give more. Jim agreed that the aforementioned Message to District video will help.

A motion was made and seconded to accept the Auditor's Final Report. It was approved unanimously.

2017 Proposed District Budget.

Barb Sigafos and Jim Brese are still with us on conference call.

* \$919,480 is projected to come in as revenue and to go out as expenses.

* Concerning income. 98.42% of the projected revenue is from Kingdom Growth. \$650,000 is expected from congregational giving with \$72,000 coming from congregational assessments (which are based off of most current statistical reports). \$10,000 will come from payments for the St. Matthew property in Rochester.

* Concerning expenses. The six different areas of District emphasis are color coded: Kingdom Growth - yellow; Discipleship - blue; Education - green; Wellness - pink; Administration - red;

Property - orange. The question was asked as to why administration expenses are increased? This is due to the following: health care increases; increased travel expenses due to the congregational visitation program; and a 3% salary increase. It was also noted that the District office is in need of new gutters and has some water damage that needs repair.

* Concerning the line of credit draw of \$30,000 which was given to Pioneer Camp and Retreat Center, if this is not repaid by the end of this year's budget, it will be subtracted from their 2017 subsidy.

* The Chair observed that after we approve this proposed budget by consensus (which was done), it will be tweaked by Barb in time for our February meeting during which we will officially adopt the final budget.

* Returning to the previous concerns expressed by Jim Brese, Pastor John Pingel made some impassioned comments about the financial decline being experienced by all too many congregations. This led to a lively conversation among the Board both about reasons for this financial decline and thoughts about what could be done to improve this situation. The Chair encouraged the Board members to continue this conversation online along with any other pertinent matters.

Visit with Representatives from the Pioneer Board of Directors.

We are joined by Director Pastor Alex Knowles and Chair Larry Thompson.

The Chair noted that this meeting resulted from our Special Conference Call Meeting of August 18 when \$30,000 taken from the District line of credit was given to Pioneer. The District Board of Directors wanted to learn the specifics of how Pioneer found itself in this dire situation. The Chair asked the members for their questions. Larry then asked if he could provide the framework detailing Pioneer's present crisis; how they arrived there and how they plan to get out of it. The Chair gave permission. Larry shared the following:

* The financial stress has always been there. During his association with Pioneer, he cannot remember one year that has been easy.

* The staff model for financial reporting has been far from desirable. There has always been confusion to understanding their financial reports along with an understanding of what they had (or didn't have) and what they owed. They did not realize that their former financial manager was not doing all of his work (he had essentially retired without informing them). The first financial team they assembled in replacing him did not work out as the primary individual was not as qualified as they had thought. They have been talking with the auditor about the changes they should be making as listed in the report.

* Overall, they were not operating with a credible budget for 2016.

* Two major donors dropped out completely. This happened not because they were upset with anything concerning Pioneer. Pioneer would not be in this crisis if this had not happened. Associated with this, charitable organizations, across the country, base 40-60% of their income upon donations and giving. Pioneer bases only 20% of their budget upon this. They are working with a possible new major donor.

* The declining giving of congregations in our District has also affected them. In fact, all sources of traditional revenue related to District are drying up.

* The “elephant in the closet” are the facility issues. They have never adequately budgeted for these repairs and needed upgrades. The major issue facing them now is the sewer system, especially relating to the Schroeder Circle cabins.

* The crisis has even worsened as Pioneer now needs \$70,000 by December 31 to remain open in 2017. The majority of this figure includes payroll and money owed to vendors.

* A special financial committee has been assembled. It includes Larry, Alex, Maria and Jennifer (their new financial person who is a real financial person).

* 2017 is shaping up to be a great year, if they can make it through this crisis. There are fears that it may be too little, too late.

Members of the Board began asking questions.

* Can they sell any property? Perhaps, yet this would be a longer term issue.

* Have they been utilizing the talents of anyone else in the District? Mark Lambrecht, former BOD Chair and key PRAT member when the BOD helped Pioneer deal with a previous crisis has been working with them. Dramatic changes were put in place through the PRAT process, yet it has taken time to implement many of them. An example is all the changes that were made to hold more weddings is finally bearing fruit.

* Have they been working on expanding their donor base? Eastco is helping them establish a comprehensive alumni plan which will add at least an additional 600 people to the mailing list.

* How much money will the upcoming wine tasting fund raiser bring into Pioneer? About \$15,000.

Final observations and comments.

* The President brought up an emotional example of a life changed dramatically for the Kingdom by Pioneer.

* The President asked Larry to sum up Pioneer’s situation in a sentence. Larry responded, “The indebtedness and the facilities issue have carried on from year to year, and only small progress has

been made against it. The years have finally caught up with us.”

* The Director noted that each person who comes brings expenses and that they are still getting a handle upon this. He commented that he is presently wearing two hats: one that is looking 10 years ahead; the other that is looking 45 days ahead.

The President asked how is this message - Pioneer surviving through December 31 - getting out to the grass roots? It urgently needs to be communicated that camp not opening next year does not mean May of 2017 by December 31, 2016. The President ended with this exhortation: “We - Board of Directors and Pioneer - did everything we could to keep the camp open!”

A prayer for Pioneer Camp and Retreat Center was offered by our Chaplain for the day, Pastor Carl Prostka.

Email addresses for Alex and Larry, respectively: Alex.Knowles@pioneercamp.org and wheatonlover19@yahoo.com.

Policy Work.

This session was led by Rick Porter.

* Rick had us focus upon 2.10 - Executive Committee. He stated that the Executive Committee does not exist in the Carver policy based model. Rick suggested that we make a motion to eliminate section 2.10.

* The Chair did suggest the possibility of removing 2.10.2(a) as the Executive Committee does not act or speak for the Board. This is a carry over from the previous Board when the structure of the District Office and the District was much different. Rick still strongly suggested eliminating the entire 2.10 section, though he did modify this by saying we could perhaps rewrite this section with a much more narrow focus.

* The Chair stated that 2.10.1 needs tweaking as opposed to being removed as the Executive Committee only does what the Board authorizes it to do and the only thing it really does is set the agenda for our meetings. Rick countered that a special committee could be authorized to do this as this should be under the responsibility of the Chair.

* We then looked at where the Chair’s responsibilities were set forth. They are set forth very specifically in the next section, 2.11 along with 2.11.5 and 2.9.2(a).

* The Chair suggested that we see what other board of directors and organizations are doing. There was a consensus among the remainder of the Board to do this. The Chair then suggested tabling this motion and doing just this. It was then noted that there was no official motion on the floor.

* A motion was then made and seconded to remove section 2.10 and instructing the Chair to investigate this issue which will be discussed at our next meeting.

Adjournment.

A motion was made and seconded to adjourn at 5:41 p.m. It passed unanimously.

SATURDAY, OCTOBER 1, 2016

Directors Present: Pastor Murray Brindle; Vice Chair Claire Carlson; Bradley Dreier; Mark Erbeling; Melissa Fultz; Jacqui Green; Maureen Grunder; Secretary Karl W. Haeussler; Pastor John Pingel; Pastor Daniel Strussenberg; Chair Gordon Tresch, ESQ; and, President Chris Wicher.

Directors Absent: Terry Miller (who is recovering from surgery) and Pastor Carl Prostka.

Special Guest: Rick Porter

Meeting called to order. The meeting called to order by the Chair at 8:31 a.m. We then received another very warm welcome from Pastor Kristian Bjornstad who then proceeded to take our collective picture.

Opening devotion. The opening devotion by Vice Chair Claire Carlson had a strong Reformation theme. It was an LWML devotion that centered around the verses of A Mighty Fortress and included verses from Romans 8, Revelation 19 and Psalm 46.

President's Report Continued.

* Setting future Eastern District Board of Director meeting dates. The Synodical President's office has requested this so future visits of the Synodical Presidium can be scheduled. Here are the proposed dates along with locations.

February 3-4, 2017 at Hope Lutheran Church in Rochester.

May 12-13 in Pittsburgh.

A Conference will be scheduled during Summer of 2017.

October 13-14, 2017 in Buffalo.

February 2-3, 2018 in Binghamton.

May 4-5, 2018 in Philadelphia. (It was noted that this will be the last meeting of the present Board.)

September 28-29, 2018 at Camp Pioneer. (The Secretary could not help but wonder if this was a prophetic utterance from the President!)

In the old days, all District Board of Director meetings were held in the Buffalo region. Former President Brunner began holding one meeting each year in another region. The President likes to have the Board meet around the regions of the District on a regular basis. Synodical President

Harrison is trying something new with meeting directly with the Board of Directors of each District. (Either he himself or a Synodical Vice President who will represent him.) A motion was made and seconded to approve the proposed meeting agenda for our Board. It was approved unanimously.

* Proposed Worker Benefits Coverage. The President directed the members to the sheets handed out yesterday. One of the workers in the District Office asked if her husband could be covered along with her as the District's plan was better than the one that he had at his place of employment. It was agreed that the District would cover the difference from his high deductible. For our District part time workers, the spouse is half covered while dependent children are fully covered. If a worker should opt for a spouse's plan, there is a buy out. The Plan offered by District is called Select 500. It includes a high deductible. All of this was run by the attorney for our District. The president noted that the coverage could be changed at a moment's notice. A motion was made and seconded to approve the Health Benefit Package as proposed. The motion was approved unanimously. (The plan is included with the minutes.)

* Friends of Mission Fund. The President asked the members to be thinking about the creation of a separate Friends of Mission Fund like the one found in the Texas District. This is a fund which would be separate from the District Budget. This is also done in the Atlantic District. (They support it by holding one special fund raiser each year.) Should we do this here? How would this impact our budget? Would congregations and individuals give to this as opposed to the District budget? We will be able to discuss this with the President of the Texas District who will be a special guest at our February meeting.

* Synodical Convention Report. From our Board, both Murray and the Chair were there with the President. Highlights shared:

+ Matthew Harrison was reelected President before the Convention.

+ At the Convention, Pastor Chris Esget was reelected as Regional Vice President by a close vote. Many of us on the Board had an opportunity to speak with him as he attended our meeting a year ago with President Harrison.

+ There were 134 resolutions which most people thought were too many to handle properly. Way too many of the critical issues were shortchanged in the time need to address them.

+ Resolution 13-04 passed. This requires District President to evaluate the sermons of the Pastors in their District. It was questioned how this could be done in a practical and efficient manner. There was a discussion of the motivation behind this resolution.

+ Resolution 4-04A passed. This strongly encourages all Pastors and congregations to follow the traditional Catholic liturgy in their regular worship.

+ Resolution 12-02 was left unresolved. This involves ecclesiastical supervision. Under the

present system, if a complaint is given to a District President, the Secretary selects, in a blind draw, three Visitors to handle the investigate. The Commission on Constitutional Matters (CCM) ruled this unconstitutional as they ruled that Visitors are not ecclesiastical supervisors. What was proposed in this resolution is that Synodical President insert himself at this point, especially when he considers that the District President has “failed to act.” The President noted that this harkens back to how matters operated at the beginning of our Synod. Of course, there were far fewer congregations and Pastors then and it was much easier for the Synodical President to do this in a proper and efficient manner. Many of the District Presidents protested this resolution. This resulted in a meeting, off to the side, between the Council of Presidents and the CCM and a compromise was reached: the resolution was withdrawn from the floor and referred to the Synodical Board of Directors. The Secretary of Synod will now give an opinion to the Board of Directors.

The Chair noted that the Bylaws clearly state that the CCM is required to consult with all relation offices and officials before issuing an opinion, and, in this case, this was not done. He is hoping that they will go back to square one and approach this issue according to the proper process.

The President then observed that the present system has worked quite well. (It was constructed primarily by former Eastern District President John Brunner and passed at the 2004 Synodical Convention.) If the above resolution - or something similar to it - passes, this would most likely bring about a return a system that did not work as well.

+ Resolution A3-02A was passed. Licensed Lay Deacons will be eliminated by 2018 and all pastoral functions can only be handled by Ordained Pastors. There will still be a discussion concerning what colloquy will require. The President assured us that our congregations in need will still be all right as there will still be room for exceptional cases to be approved by the COP.

+ The Chair brought up that the proposed resolution concerning what congregations can or cannot do in supporting mission work was not presented to the Convention.

* Continuing discussion about Pioneer Camp and Retreat Center. A discussion among the members arose concerning the Pioneer crisis and what could be done concerning it. The Chair encouraged us to continue this conversation online.

End of President’s Report.

Trip to The Lutheran Mission Center.

At 9:38 a.m. we began heading to The Lutheran Mission Center located at 1546 Monsey Street in Scranton, Pennsylvania. We were met there by Pastor of Peace Lutheran Church, Rev. Kristian Bjornstad who gave us the background behind the purchasing of the building by the congregation and the subsequent found of The Lutheran Academy. He then gave us a tour of the entire building focusing on the Academy section while explaining to us how the Academy operated. He provided examples of how all of this is making an impact both upon the congregation and the community.

He then answered our many questions.

The Vice Chair, our Chaplain for the Day, led us in a closing prayer which ended at 10:43 a.m.