

EASTERN DISTRICT BOARD OF DIRECTORS

SPECIAL CONFERENCE CALL MEETING

TUESDAY, AUGUST 7, 2018

Directors Present: Cyndi Alviani; Vice Chair Claire Carlson; Bradley Dreier; Mark Erbelding; Maureen “Becky” Grunder; Secretary Karl W. Haeussler; Terry Miller; Pastor Carl Prostka; Chair Gordon Tresch, ESQ; and, President Chris Wicher.

Directors Absent: Melissa Fultz; Jacqui Green; Pastor Fred Hoover; Pastor John Pingel; and, Pastor Daniel Strussenberg.

Special Guests: Chair of the Pioneer Board of Directors Nick Gatto; Rick Porter of LCEF and the Eastern District Office; Jay Pullman of the Pioneer Board of Directors; and, Eastern District Treasurer Barbara Williams.

Welcome and Roll Call. The Chair asked the Secretary to take a roll call. Once it was determined that a quorum was established the meeting was called to order by the Chair at 7:04 p.m. The Chair also introduced our special guests for this meeting (see above).

Opening Prayer. A prayer was given by the President.

Purpose of Meeting and Agenda Approval. The Chair referred the members to the Agenda for this special meeting. He asked if the resolution emailed to us, Establish Reasonable Basis for Co-borrowing on Pioneer Debt, could be added to the agenda with approval by consent. The members agreed to this.

Approval of Minutes of the Regular May Meeting. A motion was made and seconded to approve the minutes of the Regular May Meeting of the Eastern District Board of Directors. 5 corrections were offered and accepted by the Secretary. The question was called by the Chair to approve the minutes as amended. The motion passed unanimously. (The amended minutes have been given to the District Office to be posted on the District website.)

Report of the Audit Committee. The Chair and the Vice Chair shared that there were no concerns from the standpoint of the auditors and that the District had a clean audit for 2017.

Approval to Co-borrow LCEF Loan to Camp Pioneer. Special guest Jay Pullman of the Pioneer Board of Directors asked to say a few words. He shared how Pioneer Camp and Retreat Center reached this point. Several years ago, Pioneer secured a \$100,000 line of credit to be paid off annually from Lutheran Church Extension Fund (LCEF). This loan has been maxed out for years now and on several occasions they have borrowed funds from the Eastern District to pay it off. The current line of credit was past due in May. The Pioneer Board of Directors have been working with LCEF representative Rick Porter to refinance this into a long term loan that can be

paid off in 180 months. This will make this debt manageable. The Pioneer Board of Directors is also working with LCEF to secure a new line of credit to give Pioneer flexibility to work through the financial ebb and flow of the camp year. Jay noted that we have been working under the assumption that the Eastern District would need to be a cosigner for these loans. He shared that the District no longer needs to be a coborrower as a second lien will be placed on the property for which will sign a promissory notes stating that if the camp property is sold LCEF will be paid off.

Special guest Rick Porter stated that this cannot be done. LCEF can only make loans to official Synodical entities or approved Registered Service Organization and Pioneer Camp and Retreat Center is neither. Therefore, the Eastern District must be a coborrower for any of these actions.

Before presenting any of the resolutions, the Chair provided this summation. Pioneer's present line of credit has been exhausted for five years which has made managing cash flow difficult for them. The District is already a coborrower on this line of credit. The money past due on this will be converted into a 15 year loan which can be managed monthly. A new line of credit will also be secured for Pioneer which, if managed properly, will help Pioneer manage cash flow during the ebb and flow of the camp year. The Chair added that the District wants the Pioneer Board of Directors to put policies in place which will ensure the proper management of this new line of credit. Jay Pullman responded that the Pioneer Board of Directors has already agreed to do this. The Chair then noted that this will be discussed at the Special Meeting of the Pioneer Owners that will take place immediately following this meeting.

* The Chair made a motion to approve the resolution: Establish Reasonable Basis for Co-borrowing on Pioneer Debt. The motion was seconded.

During the discussion the President moved that the following Whereas be added to the resolution:

“Whereas, representatives of the Pioneer Board of Directors have officially requested a reconfiguration of its LCEF Line of Credit into a Loan through LCEF along with a reformation of a new Line of Credit with LCEF, and . . .”

He stated that this needs to be added to make certain that LCEF understands that the Eastern District and Pioneer Camp and Retreat Center are two separate entities each with their own By-laws and Regulations. It was agreed upon by consent that this whereas would replace the first whereas of the resolution.

The following amended motion was moved for adoption. It was seconded.

WHEREAS Representatives of the Pioneer Board of Directors have officially requested a reconfiguration of its Lutheran Church Extension Fund Line of Credit into a Loan through Lutheran Church Extension Fund along with a reformation of a new Line of Credit with Lutheran Church Extension Fund, and

- WHEREAS The corporate relationship between Pioneer and Eastern District and overall financial conditions would require Eastern District to be co-borrower on Pioneer debt; and
- WHEREAS Eastern District is co-borrower on the existing Pioneer line of credit and will be required to remain co-borrower upon converting the line of credit to a term loan, and Eastern District will be required to be co-borrower on a new Pioneer line of credit; and
- WHEREAS Pioneer operations and financial condition have in the past exhibited weaknesses; and
- WHEREAS Pioneer governance presently appears weak with respect to policies regarding executive actions related to borrowing; and
- WHEREAS Co-borrowing on Pioneer debt exposes Eastern District to potential risk from consequences of Pioneer's financial condition; and
- WHEREAS The Eastern District Board of Directors are the Members of Pioneer (Pioneer owners); and
- WHEREAS The Members of Pioneer will this day take steps to improve Pioneer performance by ensuring appropriate use of line of credit funds; therefore, be it
- RESOLVED Eastern District Board of Directors considers the action of the Pioneer Members to assure appropriate use of line of credit funds, to reasonably mitigate Eastern District's risk exposure as co-borrower on Pioneer debt; and be finally
- RESOLVED Eastern District Board of Directors authorizes the District President, and others as required, to fully execute co-borrowing on Pioneer debt, namely the conversion of an existing line of credit to a term loan, and a new line of credit, as approved by the Board of Directors [in a separate resolution].

After some brief discussion, the question was called by the Chair. The motion passed with one negative vote being recorded.

* A motion was made to pass a resolution turning what was owed on the present LCEF line of credit into a 15 year loan on which the District would be a co-borrower. The motion was seconded.

The President requested that the following whereas be inserted before the only whereas so that LCEF would know for certain that the Eastern District and Pioneer Camp and Retreat Center are two separate entities.

“Whereas, representatives of the Pioneer Board of Directors have officially requested a reconfiguration of its LCEF Line of Credit into a Loan through LCEF along with a reformation of a new Line of Credit with LCEF, and . . . ”

The following amended resolution was moved for adoption. It was seconded.

CERTIFICATE OF RESOLUTION BY

Board of Directors, Eastern District, Lutheran Church - Missouri Synod

I certify that I am the duly qualified and acting Secretary of The Lutheran Church-Missouri Synod, Eastern District (the "Co-Borrower"), a corporation organized and existing under the laws of the State of New York and as such I have custody of the books and records of said corporation; that on August 7, 2018, a duly called and constituted meeting of the Board of Directors of said corporation was held; and that upon motion duly made and seconded the following Resolution was adopted in accordance with the constitution and bylaws and articles of incorporation/charter of the corporation;

WHEREAS, representatives of the Pioneer Board of Directors have officially requested a reconfiguration of its Lutheran Church Extension Fund Line of Credit into a Loan through Lutheran Church Extension Fund along with a reformation of a new Line of Credit with Lutheran Church Extension Fund, and

WHEREAS, the Pioneer Camp and Retreat Center, Inc. (the "Borrower) and the CoBorrower desires to borrow the sum of up to \$99,534.52, plus closing costs, for the purpose of refinancing the balance of Pioneer Camp's existing unsecured Line of Credit to full principal and interest payments; (This sum includes existing LCEF loans having a balance of \$99,534.52) and

NOW THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. That the Borrower and Co-Borrower borrow the sum of up to \$99,534.52, plus closing costs, from Lutheran Church Extension Fund-Missouri Synod which loan is to be evidenced by one or more Promissory Notes providing for interest rates and terms as determined by the loan approval letter.
2. That the said loan be secured by a Mortgage or Deed of Trust with respect to all of the real property owned by the Borrower.
3. That the President and Secretary or, in the absence of the Secretary, another Officer, of the Co-Borrower are hereby authorized, empowered and directed to execute, acknowledge and deliver on behalf of the Borrower and Co-Borrower one or more Promissory Notes as above provided and said Officers are further authorized, empowered and directed to do all such acts and things to execute and deliver all such documents as may, in the discretion of said Officers be deemed necessary, proper or convenient to carry out and comply with the provisions and terms upon which said loan

is being made to the Borrower and Co-Borrower and the same are hereby approved in all respects.

IN WITNESS WHEREOF, I have hereunto affixed my name on _____, 2018.

Secretary

The question was called by the Chair. The resolution passed with one negative vote being recorded.

* A motion was made and seconded for Pioneer Camp and Retreat Center to secure a new \$100,000 line of credit from LCEF on which the District would be a co-borrower.

The President requested that the following whereas be inserted before the only whereas so that LCEF would know for certain that the Eastern District and Pioneer Camp and Retreat Center are two separate entities.

“Whereas, representatives of the Pioneer Board of Directors have officially requested a reconfiguration of its LCEF Line of Credit into a Loan through LCEF along with a reformation of a new Line of Credit with LCEF, and . . . ”

The following amended resolution was moved for adoption. It was seconded.

CERTIFICATE OF RESOLUTION BY
Board of Directors, Eastern District, Lutheran Church - Missouri Syond

I certify that I am the duly qualified and acting Secretary of The Lutheran Church-Missouri Synod, Eastern District (the “Co-Borrower”), a corporation organized and existing under the laws of the State of New York and as such I have custody of the books and records of said corporation; that on August 7, 2018, a duly called and constituted meeting of the Board of Directors of said corporation was held; and that upon motion duly made and seconded the following Resolution was adopted in accordance with the constitution and bylaws and articles of incorporation/charter of the corporation;

WHEREAS, representatives of the Pioneer Board of Directors have officially requested a reconfiguration of its Lutheran Church Extension Fund Line of Credit into a Loan through Lutheran Church Extension Fund along with a reformation of a new Line of Credit with Lutheran Church Extension Fund, and

WHEREAS, the Pioneer Camp and Retreat Center, Inc. (the “Borrower) and the CoBorrower desires to borrow the sum of up to \$100,000.00 for the purpose of securing a Line of Credit; and

NOW THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. That the Borrower and Co-Borrower borrow the sum of up to \$100,000.00 from Lutheran Church Extension Fund-Missouri Synod which loan is to be evidenced by one or more Promissory Notes providing for interest rates and terms as determined by the loan approval letter.
2. That the said loan be secured by a Mortgage of Deed of Trust with respect to all the real property owned by the Borrower.
3. That the President and Secretary or, in the absence of the Secretary, another Officer, of the Co-Borrower are hereby authorized, empowered and directed to execute, acknowledge and deliver on behalf of the Borrower and Co-Borrower one or more Promissory Notes as above provided and said Officers are further authorized, empowered and directed to do all such acts and things to execute and deliver all such documents as may, in the discretion of said Officers be deemed necessary, proper or convenient to carry out and comply with the provisions and terms upon which said loan is being made to the Borrower and Co-Borrower and the same are hereby approved in all respects.

IN WITNESS WHEREOF, I have hereunto affixed my name on _____,
2018.

Secretary

The question was called by the Chair. The resolution passed with one negative vote being recorded.

Special guest Rick Porter asked the Secretary to send him official copies of the amended resolutions.

Closing prayer. It was noted that the next Regular Meeting of the Board would be October 12-13 and that it will be held in the Buffalo Region. The Chair noted that was most likely the last time this configuration of the Board would ever conduct business together. He thanked them for their outstanding work these past three years. The Chair offered a closing prayer.

The meeting was adjourned at 8:07 p.m.