

Minutes of the Northern Illinois District Board of Directors Meeting December 16, 2019

1 Allan Buss, President, called the meeting to order at 10:30 am.

2

3 Present at the meeting were the following members of the board: Allan Buss, Mark Birkholz,
4 David DeYoung, Michael Dobbs, Sarah Gaffney, Micah Greiner, Matthew Gutzler, James
5 Kellerman, Ted Lams, Paul Pasche, Ron Rock, Chuck Schild, Willis Schwichtenberg, Dan
6 Sedory, Lori Solyom, and Matt Struve.

7

8 Also present were the following advisory members: (Staff) LeeAnn Acosta, Ann Ciaccio, Sue
9 Green, John Prohl, Lois Stewart, and Vanda Toner; (Administrative Services) Dick Blatt;
10 (Vice-presidents) Steven Anderson, Cory Estby, Ken Krause, and Kris Whitby. Also present
11 for portions of the meeting were Bart Day (by Zoom), president and CEO of Lutheran Church
12 Extension Fund (LCEF); Rev. Seth Clemmer and Principal Erin Dunwell of Bethany Lutheran
13 Church of Naperville; Rev. Jerry Howell and Dr. Robyn Dubose of St. Paul Lutheran Church
14 (on Dorchester Avenue) of Chicago; Cathy Dulgar and Rev. Herb Burch of the Belize Project
15 and LCMS International Missions.

16

17 Carol-Joy Motisi and Jonathan Poppe were absent and excused.

18

19 Ron Rock led the devotion.

20

21 The agenda was adopted.

22

23

24 **100 Approval of the Minutes**

25

26 The minutes from November were approved, as amended.

27

28

29 **200 Correspondence**

30

31 The excused absences were noted. Two letters were received from the Synod Secretary
32 informing the district that recent changes to the Synod's constitution and bylaws might
33 necessitate some changes to the district's bylaws.

34

35 **300 Action Items**

36

37 301 No constitutions were presented.

38

39 302 A motion was adopted to set the housing allowance for 2020, as presented to the
40 board.

41

42 303 A motion was adopted to accept the proposal for Mueller and Group to conduct the
43 audit for the fiscal year ending January 31, 2020. It was noted that other people
44 submitted audits. Mueller had had a high bid, but we asked them to go more into the

1 mid-range, which they did. We have good experience with them and they know how a
2 church organization works.

3
4 304 New Song payment revision: New Song Lutheran Church in Aurora is currently paying
5 \$800 a month, but it is supposed to go up to \$1,200; they are asking that it remain at
6 \$800 a month for an additional year. Administrative Services Committee believes they
7 have valid reasons to be asked for an extension. They have always been current with
8 their payments, but are undergoing some transitions. The total amount remaining is
9 \$304,000. The question was asked whether it would be better to get their loan
10 consolidated with their LCEF loan. Yes, it would be ideal, but right now it doesn't work
11 financially for them. The board adopted a motion approving the proposed

12
13 305 Cafeteria plan update. Previously the board had adopted certain dollar amounts to
14 give employees who choose to opt out of the health service. The board adopted an
15 addendum to the "Cafeteria Plan" that is now in place with the Concordia Plans in
16 order to provide a waiver for workers and their dependents who wish to opt out of
17 health coverage in favor of being covered by spousal insurance. The addendum
18 requires them to re-enroll in the Concordia Plans if spousal coverage terminates, and
19 is necessary to preserve the pre-tax advantage of opt-out incentives

20
21 306 Previously the board had elected Andrea Pitkus to fill a vacancy on the Board of
22 Regents for Concordia University Chicago, but she declined. Two candidates were
23 presented to fill a vacancy on Board of Regents for Concordia University Chicago:
24 Christopher Krohe and Orlando Pabon. While the ballots were counted, the board
25 proceeded with other business.

26
27 The board went into executive session at 11:10 a.m. It left executive session at 11:40 a.m.

28
29 **400 Discussion Items**

30
31 401 Rev. Bart Day of LCEF addressed the board via Zoom. Seth Clemmer, Erin Dunwell,
32 and Jeff Howell were present to celebrate the Kaleidoscope Grant. A total of 435
33 applications were received, 40 of which were from the district. Two were awarded:
34 Bethany (Naperville), to start an endowment fund, and St. Paul (Dorchester St. in
35 Chicago), \$37,200 for curriculum enrichment to enhance parenting skills. Vonda Toner
36 distributed the two checks on behalf of Bart Day.

37
38 Bart Day explained that LCEF dispersed \$269.1 million in loans. Total assets are
39 \$1.89 billion. Operating income is 7.7 million and net income of \$16.8 million (3rd best
40 ever). Increase in level of new investor continues. Capital asset ratio increased to
41 12.5% (which is their only protection, since LCEF is not insured by the FDIC), liquidity
42 is 17.7%, and delinquency is less than 1 percent. The 40-month promotion worked
43 well. Investors do tend to be on the older side, but we are still getting younger ones.
44 NID received \$57,225 in earnings distribution, which can be used for mission and
45 ministry expansion.

46

1 26 schools nationwide received Kaleidoscope Fund Grants: two for faculty enrichment,
2 9 for facility improvement, 5 for curriculum, and 9 for endowment creation.

3
4 KPMG gave them an unqualified “clean” opinion on their audit for FYE June 30, 2019.
5 Net gain of \$15,469K, a total return of \$5.35%. They are heavily weighted in bonds. A
6 goal is to get net assets over \$2 billion, which would enable more loans.

7
8 Loan portfolio: \$1 billion in congregations (63%), although that is diminishing;
9 education (\$209K), international (\$21K), Recognized Service Organizations (\$171K),
10 and Rostered Church Workers (\$128K). Net funds for allocation is low, but the goal is
11 to raise 3% more to meet loan demand. Impaired loans reached a peak of \$170 million
12 in 2009, but has gone down to \$76.4 million. We expect a slowdown of the economy
13 eventually, but don’t envision the impaired loans reaching levels of the last recession.
14 They have generally sold off real estate. 13 sites are held for districts, including Luther
15 South.

16
17 New mission statement: to support the LCMS by ensuring that financial resources and
18 related services are available now and in the future. The vision is growing ministry
19 opportunities. Core values: Be: Faithful. Pursue: Excellence and Innovation. Inspire:
20 Belief through Partnerships. Endure: Balancing Resources and Risks. Learn:
21 Continually. The two target outcomes are strategic partnerships and financial strength.

22
23 Current and future strategy: Last December they began reorganizing the executive
24 team. Next they are concentrating on facilitating conversations for leadership
25 development, and then creating a vision of aggressive growth. They are continue to
26 work on an annual ministry and business plan, plus a long-range strategic document,
27 and to seek out international opportunities. Bart completed his MBA, which has freed
28 up his time to devote to LCEF.

29
30 They are looking to create a structure to support strategy (rather than vice versa),
31 create new products for new investors. They are looking to navigate chaotic markets,
32 declining rates, and global issues, return impaired borrowers to the active loan
33 portfolio, and maintain financial strength.

34
35 Vonda Toner passed out a packet that highlighted four investment products: the
36 Steward Account, Connect Plus, Partner Plus, and the 5-Year Jumbo.

37
38 Lunch was held at 12:23 p.m. The board reconvened at 1:00 p.m.

39
40 402 Cathy Dulgar, a member of Immanuel (Belvidere) and chair of Belize Mission Society,
41 and Pastor Herb Burch of the Belize Mission and LCMS Mission International
42 addressed the board. The BMS is an RSO and has existed since 2003. She has led 18
43 mission trips. Each mission team has about 20 people. Her first visit was in October
44 2013. Immanuel has been active since 2014, having 55 participants. 30 have returned
45 at least once; 15 are not members at Immanuel.

46

1 What do they do? Prayer walk in the community; distribute yearbooks for the kids; do
2 lunches for students; work with preschool students; tutor students at school; teen girl
3 ministry; take a stand—Lend a Hand program; construction (along with people in the
4 village); men’s ministry; women’s ministry; home health visit; community health
5 education; Octavia Waight home; devotions; and do a local fun activity (e.g., visit a
6 Mayan ruin). The main thing is making connections with friends in the village and with
7 fellow team members.

8
9 Other things they do between visits: pen pals between 6th and 8th grade students at
10 Belvidere and those in Standard 5 & 6 at St. Alphonsus School in Belize; Skyping
11 (singing songs, asking questions, and interviewing one on one).

12
13 Belize FORO Partnership is trying to create a Lutheran church. It has a hub and spoke
14 approach, starting from Belmopan (the capital), and going out to Seine Bight, Orange
15 Walk, and Valley of Peace (the spokes). A property has been purchased right next to
16 the school, and Christ Lutheran Church has been built and dedicated.

17
18 The travel time from here to Belize is five hours; it is an English-speaking country,
19 although with a strong Spanish-speaking minority. Anglican and Catholic churches
20 dominate.

21
22 Pastor Burch then presented. LCMS—Belize is incorporated in Belize. The goal is to
23 share the gospel, plant Lutheran churches, and show mercy. There have been 18
24 years of sharing the gospel through BMS and short-term missions. Unfortunately,
25 there had not been anything permanent established. In 2015 FORO was founded. The
26 Meissners were deployed in May 2016 to Placencia Peninsula to connect with Seine
27 Bight. In September 2017 the Burches moved from Peru to Belize. In January 2018
28 Meissners moved to Belmopan. Shortly thereafter Vicar Flores came; he was
29 educated in Argentina and the Dominican Republic. In June 2019 the Meissners
30 returned to the US. Four worship sites have been established in just a couple of years!

31
32 The highlights of Seine Bight, Riverdale, Orange Walk, San Roman, Valley of Peace,
33 and Camp Concordia were given. Future plans include outreach to Chetocl, Mexico (a
34 pastor there is colloquizing). The partners include BMS, Rocky Mountain District,
35 MOST Ministries, and individual donors. Pastor Rock prayed for the Belize Mission
36

37 **300 Action Items, Cont’d**

38
39 306 It was announced that Orlando Pabon was elected as the regent.

40
41 The board went into executive session at 1:38 p.m. and left executive session at 2 p.m.

42
43 307 Staff incentives. A motion was adopted to grant a year-end bonus of 2.5% of salary to
44 each employee of the district at a cost of approximately \$18,000 to the district. The
45 amount would be covered by a projected \$23,000 surplus in operations. The bonus

1 would be given in view of the added workload due to staff changes and the fact that no
2 raises were given for FY2019.

3
4 Another motion was adopted to include a 2% salary increase for all NID employees in
5 next year's budget, plus an additional 1% increase to be granted as a year-end bonus
6 if funds allow. The board will determine towards the end of the year whether the funds
7 allow.

8
9 A third motion was adopted to increase the base salary of the district president by 3%
10 going forward, beginning with the next fiscal year, in order to bring the president's
11 salary more in line with similar size districts. Any annual raise would be on top of this
12 addition to the base.

13
14
15 **500 Administrative Services**

16
17 501 The financial report was given. As of the end of November. Unrestricted giving YTD is
18 1.4% under budget. Congregational gifts is 11,000\$ over budget. Congregational
19 outreach is experience a significant decline; individual giving also declined. The
20 fluctuations in giving are typical. Based on historical monthly giving trends, \$1,435,000
21 to 1,491,000 is what we can expect. We are tracking favorable to budget because
22 staffing changes lowered our expenses, offsetting the lower income. Right now we
23 have a surplus of \$42,289. For the rest of the year, the prediction is that the district will
24 be \$17,000 under budget in congregational support.

25
26 The budget was discussed. Total support and revenues is \$2,312,500 and
27 expenditures \$2,322,500. That leaves a shortfall of \$10,000, but board-designated
28 funds will be used for ECC and LINK. Unrestricted congregational support will be down
29 5%, but gifts up slightly. The other revenues are down by 184,731 because of
30 investment income reclassification and a decline in convention expenses. Net asset
31 releases will be \$258,853. Salaries and benefits will be 1,295,760, down by 169,629.

32
33 502 The minutes from the Administrative Services Committee were received. Alex Merlo &
34 his wife were honored by the LCEF. LCEF had one piece of bad news: the average
35 age of its investor is 73. How will this affect LCEF in 20 years? The committee gave an
36 update on Zion (109th Street in Chicago): there are two interested buyers, just as we
37 were thinking of lowering the price. An appraisal of the district's building was made by
38 Michael Grimes. The building is structural sound and in good repair, but it is essentially
39 worth nothing because of the split level. The real value is land—or about \$700,000. A
40 formal written paper will be forthcoming. We would have to clarify with Immanuel and
41 the district churches before we do anything. And it should be discussed at the district
42 convention, even though we don't need their legal approval.

43
44
45 **600 President's Report**

46

- 1 601 Pastoral vacancies were noted.
2
3 602 The Constitution Committee report was accepted.
4
5 603 Lois Stewart explained the acronym of FLAME. Future Lutheran Administrators of the
6 Midwest Education. She will explain it more fully at a later meeting.
7
8 604 Kris Whitby will officially resign as North Region Vice-president on December 31. We
9 will need to appoint his replacement in January.
10
11 605 Announcements: All Worker Conference on October 16, 2020. January will begin the
12 planning process for the 2021 district convention (in March). Christ (Oak Park), a
13 former congregation of the district, lost their pastor. One of our pastors is helping fill
14 out the vacancy, but we are asking them to talk with the district. Next month we will
15 discuss a world mission project.
16
17 606 Discussion: Where are urban missions going? Tom Johnson is coordinating ethnic
18 ministries. LINC is getting underway in 2020. Kris Whitby will seek to coordinate with
19 our urban congregations. Some of our South-side churches are also looking to do
20 something. In general, we need to encourage our pastors so that they feel free to think
21 outside the box. Resurrection in Rockford is a downtown ministry, meeting in an old
22 property (the former downtown site of St. Paul in Rockford), but starting fresh. They
23 have about 30 people in worship. It is a preaching station of Mt. Olive and Concordia.
24 San Pablo (Aurora) is partnering with Emanuel (Aurora). Leadership is being a non-
25 anxious presence in an anxious setting.
26
27

28 **Future Meetings (with Opening Devotions schedule)**

29 **January 13, 2020: Willis Schwichtenberg**

30 **March 14, 2020 (Saturday, at St. Peter in Arlington Heights, at 9 a.m.): Mark Birkholz**

31
32 Ron Rock ended with prayer and benediction.

33
34 The board adjourned at 2:47 p.m.
35