

## **Summary of East District, Lutheran Church-Canada Board of Directors meeting of October 1, 2018**

### **Opening Devotions**

Bob Klages led the board in opening devotions.

### **Adoption of Agenda**

The agenda was amended by adding the following items:

Report from the chairman re conference call with synod officials

ME Report

Revised P & P Manual

Policy re CEF Depositors

Overture re Redirection of Funds

**Motion 18-065:** That the agenda as amended be approved. **M/S/C**

### **Conflicts of Interest**

Rev. Schieman declared a conflict of interest regarding the loan to Redeemer, St. Thomas as he is the pastor of the congregation.

Mr. Klages declared a conflict of interest regarding discussion of the sale of the advance site next to Christ Our Hope, Collingwood as he is a member of Christ Our Hope.

Deacon Faerber declared a conflict of interest on the discussion regarding Grace Evangelical Lutheran School Society.

### **Approval of Board Minutes**

**Motion 18-066:** That the minutes of the Board meeting of August 27, 2018 be approved as presented. **M/S/C**

### **Business arising from the Minutes**

#### **(i) Action Items from previous meeting**

The board reviewed the status of action items from previous meetings..

In discussing these items, the Business Manager reported that the final assessment to congregations re East District matters under the current structure will be sent out in November and will relate to the District Convention. He noted that there continue to be congregations that do not pay their required assessment.

#### **(ii) Endowment Fund**

At its June meeting the Board had before it a recommendation from the Department for Finance that promotion of the Mission & Ministry Endowment Fund, with an approximate value of \$125,000, be deferred as LCC will assume responsibility for this type of work after restructuring and further that this fund be transferred to LCC when they assume ecclesiastical supervision in 2019. The Board deferred this recommendation until they had received advice from legal counsel regarding whether there is any way to transfer assets to LCC without those assets becoming vulnerable because of the ongoing law suit which LCC is involved in regarding the ABC Church Extension Fund. The chairman reported that legal counsel has responded and strongly advises against transferring any assets to Synod as long as the legal action is ongoing.

**Motion 18-067:** That the board decline to approve the recommendation of the DfF to transfer the Mission and Ministry Endowment Fund to LCC. **M/S/C**

**Motion 18-068:** That the Mission & Ministry Endowment Fund be retained by the East District at this time and that the interest on the fund be used to provide grants for Mission & Ministry work in the geographical area of the East District as may be requested by Synod from to time.

### **(iii)Wording on CEF Notes**

In conjunction with discussing the signatories on CEF notes and other CEF instruments, the board reviewed the wording on the bottom of the notes.

**Motion 18-069:** That the wording on the notes be revised so that the last sentence reads "Early redemptions over \$50,000 in aggregate may take up to 30 days to complete." **M/S/C**

### **Report from Chairman re conference call with synod officials**

The chairman reported on conference call meetings between Synod officials (LCC President, LCC Board Chairman, LCC Administrator) and East District Board representatives (Chairman, Vice-Chairman, Secretary) to discuss transition matters relating to funding and personnel. The secretary provided the Board with the approved wording of the agreement reached by the group and which now needs endorsement from the respective boards.

**Motion 18-070:** Regarding item 6 in the agreement, the East District Corporation will submit the required funding to LCC on a quarterly basis on the following dates: December 1st 2018, March 1st 2019, June 1st 2019 and September 1st 2019. **M/S/C**

Note: This is on the advice of legal counsel.

The Board approved by consensus the items in the agreement, including the two personnel matters, and subject to the timing of payments as outlined in Motion 18-070.

### **Personnel Committee**

The chairman provided a verbal report.

**Motion 18-071:** That for 2019 the Business Manager, the Administrative Secretary, and the Assistant to the Business Manager receive a salary increase in accordance with the recommended salary increase in the 2019 Compensation Guidelines. **M/S/C**

Regarding the Mission Executive, the board directed that the chairman send a letter to the ME similar to the ones sent to the MALs. He will also meet to explain prior to sending the letter.

### **District President's Report**

President Zabel presented his activity report. He also updated the board regarding the District Convention and the Convention Agenda. He advised that Rev. Rinas will be announcing to his congregation this coming Sunday, October 7, his decision regarding his Call as the Atlantic Canada circuit rider.

### **Department for Finance**

#### **(a) DfF Minutes**

The minutes of the DfF meeting of September 17, 2018 were received.

**(b)BOD Liaison Report**

Mr. Klages reported on various matters discussed at the last DfF meeting.

**(i) Health Spending Accounts**

The DfF had a presentation from Adam Hussey of Blendable. He explained Healthy Spending Accounts and how in his experience since 2010 costs to employers for benefits are down about 40% from traditional benefit packages. The DfF recommends that Dwayne Cleave of Synod meet with Adam regarding this benefit option during the district Convention. Darryll has made arrangements from this and also encourages the board members to hear the presentation. He will advise of the time.

**(ii) Fair market Rental Rates**

Mr. Klages advised that the DfF had determined new fair market rental rates for the properties the ED owns and rents to congregations. Since the Board had previously discussed this topic (see motion18-020 from the meeting of March 12 &13, 2018), there was no action required of the Board.

**(iii) Sale of Advance Site Adjacent to Christ Our Hope, Collingwood**

The Board considered the recommendation of the DfF to sell the property known as the Collingwood advance site which is adjacent to Christ Our Hope, giving Collingwood Christ Our Hope first right of refusal until July 1, 2019.

The Board approved the following motion:

**Motion 18-072:** That the Board approve the sale of the Collingwood advance site and that the site be offered to Christ Our Hope, Collingwood at book value, with a deadline of April 1st, 2019 for a response from Christ Our Hope. Should Christ Our Hope not be interested, the site will be put on the market for sale at current market value. **M/S/C**

Mr. Klages had a conflict of interest regarding this matter and did not vote on the motion.

**(c) Compensation Guidelines**

The DfF made the following recommendations to the board regarding the 2019 Compensation Guidelines:

*(i) the salary grid be increased by 2.0% for 2019 based on the analysis presented to the DfF involving the breakdown of the Canadian CPI for the previous 12 months..*

*(ii) the travel allowance be increased from \$0.49 / km to \$0.52 / km for 2019 based on the analysis presented to the DfF involving the transportation component of the Canadian CPI for the previous 4 years.*

*(iii) that Vacation guidelines be modified as follows:*

*- change from “0-7 years = 3 weeks” to “0-5 years = 3 weeks”*

*- change from “8-15 years = 4 weeks” to “6-15 years = 4 weeks”. This brings the ED into line with the other districts.*

*(iv) Supply Pastors guidelines be modified as follows:*

*One Service - increase from \$115 to \$150;*

*Two Services - increase from \$135 to \$175;*

*One Service & Bible Study - increase from \$135 to \$175;*

*(v) within the “Vacancy Pastor” section, change the wording from “Should be paid in the range of 40% to 50% of the Vacancy Pastor’s base salary, excluding housing allowance” to “Payments to vacancy pastors should be based on these salary guidelines, multiplied by the appropriate percentage of a full time called pastor's function that the vacancy pastor is*

*providing. For example, if he is assuming 50% of the congregation's regular pastoral duties, he should receive 50% of the salary received by the former pastor, excluding housing allowance".* Rev. Schieman presented to the Board notes he had made as a result of concerns that have been expressed by various pastors on compensation matters. These concerns had also been sent to the Compensation Guidelines Committee but were not forwarded to the DfF by the Committee. after much discussion the following motions were made:

**Motion 18-073:** Regarding recommendation (i), the salary grid for 2019 be increased by 3%.

**M/S/C**

**Motion 18-074:** Regarding recommendation (ii), the travel allowance for 2019 be increased to \$0.53/km

**M/S/C**

**Motion 18-075:** That the remaining recommendations of the DfF regarding changes to the 2019 Compensation Guidelines be approved. **M/S/C**

By consensus it was agreed that Rev. Schieman should relay the concerns of pastors regarding compensation matters to synod for their information. In addition, the recommendations from the DfF regarding 2020 compensation matters be referred to Rev. Schieman for possible inclusion in his report to synod as he sees fit.

#### **(d) Investment Fund Proposal**

The DfF reported that on the advice of the Investment Manager, they are recommending that the investment policy be amended to include a Mortgage Investment Fund with a maximum of 10% of the portfolio. They are further recommending that we invest \$ 1,250,000 in the Romspen Mortgage Fund (about 5% of the portfolio).

**Motion 18-076:** That the board approve amending the CEF investment policy to include a Mortgage Investment Fund with a maximum of 10% of the portfolio and further that approval be given at this time to invest up to \$2 million only in the Romspen Mortgage Fund. **M/S/C**

The board has also directed that no further investments in mortgages be made until the policy includes appropriate restrictions on the type of mortgages that would be allowed for investment under the policy.

#### **(e) Redeemer, St. Thomas Loan**

The Board received the recommendation from the DfF regarding a loan to Redeemer St. Thomas for a retrofit to their existing elevator. The Business Manager also provided a report with additional information. After providing the Board with some information, Rev. Scheiman left the meeting and did not participate in the vote.

**Motion 18-077:** That the Board approve a loan of \$ 25,800 to Redeemer Lutheran Church in St Thomas at 5.5% for 5 years to allow them to upgrade their elevator and that the congregation be allowed the option of rolling this loan into their existing CEF mortgage. **M/S/C**

#### **(f) Delinquent Loan Policy**

The Board reviewed the Delinquent Loan Policy that the DfF has recommended for approval. The Board made the following recommendations for amendments:

- Include the trustees in those persons to be notified when the loan payments are in arrears.
- Delete reference to "District President" so that the policy will be appropriately worded for post-Jan. 1 2019.
- Add in point 1, "within 14 days, enclosing their payments or explaining.....

- Add a requirement for regular reports regarding delinquent accounts and for Board approval of any revised payment schemes.

**Motion 18-078:** Subject to the above points, the Board recommends approval of the delinquent loan policy. **M/S/C**

Note: this should be added to the P&P Manual.

**(g) Financials**

The Board received the financial statements as of August 31, 2018 and the Mission and Ministry receipts as of August 31, 2018.

The Board requested that the statements regarding the CEF be provided at the next Board meeting.

**Committee on Constitution/Membership**

**Ratify Parish of St. Andrew’s - Atlantic Canada Constitution**

There was no report from the chairman of the committee but the President reported that he had received the constitution and that the committee chairman had advised that they were recommending approval of the constitution.

**Motion 18-079:** That the board approve the constitution of the Parish of St. Andrew's Evangelical Lutheran Church - Atlantic Canada and that the Parish be so notified. **M/S/C**

**Other Business**

**(i) ME Report**

The Board received the Mission Executive's activity report.

The Mission Executive then reported on the recommended subsidies for the 3 organizations that were due for their 3-year review.

**Motion 18-080:** That the Board approve the following financial assistance for 2019 for the following:

Bradford/Korean	\$20,000
Our Saviour, Niagara Falls	\$39,500
WECLLO	\$24,000

and further that the Board recommend to synod and the Regional RMMC the same amounts for the years 2020 and 2021 and further that these amounts be approved subject to the following stipulations:

1. WECLLO formalize their structure to include a Board of Directors so that there will be a better way for assessing accountability.
2. Our Saviour, Niagara Falls, devise a clear transitional plan going forward beyond 2019.

**M/S/C**

**(ii) P&P Manual**

The revised manual as prepared by the Secretary was submitted to the Board for review. There were a number of amendments that the Secretary will implement. Note that this is a draft Manual which the new board will have to approve and/or amend as necessary. Since the CEF Strategic

Plan and Policy Manual need revisions, it was agreed that those sections should be removed at this time.

**(iii) CEF Depositor Policy**

The Board reviewed the report from the secretary and the comments from the Business Manager. It was agreed that the CEF policy section of the P&P Manual should have a section regarding policies relating to depositors. This will be done in conjunction with the review of the entire CEF section.

**(iv) Redirection of funds**

**Motion 18-081:** That the following overture be approved for submission to the 2019 East District Convention as a late overture:

**OVERTURE**

**REDIRECTION OF FUNDS**

**WHEREAS** the East District Convention of October 14-17, 2018 will be the last East District Convention; and

**WHEREAS** the ecclesiastical functions of the East District will be assumed by LCC as of January 1, 2019; and

**WHEREAS** the Board of Directors has reviewed the various restricted funds of the East District and has determined that some of them involve ecclesiastical matters which will no longer be within the purview of the East District Corporation; and

**WHEREAS** the Board of Directors has determined that the following redirection of funds should be made:  
(i) restricted fund 2526, the Irvin Huras Endowment Fund, in the approximate amount of \$25,800 be sent to Concordia Lutheran Theological Seminary with the same fund restrictions as currently in place  
(ii) restricted fund 2545, the W.C. Cusler Student Aid Fund, in the approximate amount of \$89,987 be sent to Concordia Lutheran Theological Seminary with the same fund restrictions currently in place; therefore be it

**RESOLVED** that approval be given by the members in convention to the above-mentioned redirection of funds.

[Note: Irvin Huras Endowment fund --- Interest only on the fund to be available. Originally intended to help fund the Christ Our King Lutheran School, Mississauga, the donor indicated that should the school close, the fund should be used to provide Student Aid for CLTS. The school is now closed.

W.C. Cusler Fund ---the will stipulated that the fund be used for student aid or student loans. It has been used over the years to assist Seminary students and therefore seems reasonable to now transfer the funds to CLTS to be managed and used for the intent stipulated.] **M/S/C**

{Note that subsequent to the meeting, the Business Manager provided updated figures for the balance in the above two funds and these revised figures were incorporated into a revised overture for the convention.}

**(v) Supplementary Board report to convention**

By consensus it was agreed that the chairman should submit a supplementary Board report to the convention covering at least the following topics:

- recommended disposition of various restricted funds
- possible uncollectible loans (re Pembroke school)
- agreements with Synod re funding mission work and establishment of funds for same
- funding of Atlantic Canada circuit rider

**(vi) Request to Departments**

By consensus it was agreed that all Departments should be asked to prepare a final report for the Board of Directors outlining any work in progress, issues that should be passed on to the RMMC and the Regional Pastor, and any other matters or recommendation that they would like to report on before the Departments are dissolved at year end. The Board Chairman will contact the Department chairs regarding this.

**(vii) Gift to Archivist**

**Motion 18-082:** That in recognition of her long and faithful service, Archivist Carol Nagel be given a gift card valued at \$250, to be presented at the convention.

**M/S/C**

**Next Meeting: November 5 & 6, 2018**

**Part of this meeting is to be a joint meeting with the present board and the new Board.**

**Devotions:** Rev. Schieman

**Motion 18-083:** That the meeting be adjourned. **M/S/C**

The meeting was adjourned at 5:30 p.m. and closed with the singing of the Doxology.