

MINUTES
(pending)

BOARD OF DIRECTORS
September 8–9, 2016

1. Call to Order / Approval of Meeting Agenda / Opening Devotion

Chief Administrative Officer Ron Schultz called to order the triennium's first meeting with all members present. A motion was introduced and carried to approve the agenda as proposed. New board members Eric Ekong, Larry Harrington, and Secretary John Sias were welcomed. Michael Kumm, Chairman in the past triennium, offered opening devotions, including a portion of Thesis I from C.F.W. Walther's essay, *Duties of an Evangelical Lutheran Synod*, originally presented August 20, 1879, at the first Iowa District Convention. The devotion reminded the board of the centrality of our confession in everything the Synod says and does, for the sake of the advance of the Gospel in our midst and throughout the world.

2. Introductory Material

Following the devotion, Chief Administrative Officer Ron Schultz invited members and staff to introduce themselves. He also updated the board on the new member orientation held on August 23–24. A review of board responsibilities from the Handbook, as updated with the results of the 2016 convention, will be held in November.

3. Overview—Financial Reports

Chief Financial Officer Jerry Wulf and Ross Stroh, Executive Director of LCMS Accounting and Financial Services, provided an introduction to the quarterly and annual financial reporting documents typically provided to the board. In the financial reports for the fiscal year ended June 30, 2016, Jerry Wulf directed the Board's attention to the Statement of Net Assets (p. 57/147, attached to the protocol copy of these minutes), noting especially the category of undesignated, unrestricted assets. At the end of FY2014/15, these stood at approximately -\$7.5 million, roughly offset by positive board designated assets; at the end of FY2015/16, these stood at approximately -\$11.0 million. This negative increase is due to lower than estimated temporarily restricted revenue, which may be attributable to a season of general financial and political uncertainty.

Ross Stroh introduced the Undesignated Support Budget for FY2016/17, noting a slight increase in district pledges over last fiscal year (a slight reversal in a long-term declining trend), and the FY2016/17 Mission and Ministry Operating Budget, along with an overview of the budgeting process and timeline.

Discussion noted that Synod operates with a negative net worth on the order of ten million dollars. The budget is large, but undesignated resources are extremely limited. Concern at the increasing deficit in undesignated, unrestricted assets was addressed by Jerry Wulf with the hope that gradual economic improvements and the resolution of a difficult civil election cycle will improve giving. President Matthew Harrison noted his significant concern at ending the year in the red, stating that operating expenses are being carefully controlled and that performance of the Synod's various advancement means will be carefully evaluated.

A desire to address standardization and highlighting of key features in the large volume of reports was directed to the governance committee. It was suggested that the financial report not be included in the consent agenda going forward, to encourage more careful examination in the board's time together.

4. Overview—Mission Advancement

Mark Hofman, Executive Director of LCMS Mission Advancement, presented an overview of Mission Advancement performance for FY2015/16, beginning with the overview of unrestricted contributions received versus expectations (p. 127/147). Chief Financial Officer Jerry Wulf noted that the share of Sunday offerings passed on to Synod by Districts continues to decline, though not as sharply as over the last 20 years. Approx. \$1.35 billion “in the plate” results in about \$14 million arriving at Synod, about 1.1 cents per dollar.

Reporting on FY2015/16, Mark Hofman noted a significant difference between budgeted expectations of direct, restricted giving (\$57.4 million) and actual income in that category (\$30.6 million). It was noted that the budgeted expectations include “level two” projects (this year about \$9 million), which might have been funded, had donations become available, but which otherwise resulted in no expenditures. It was noted that our missionaries are 100% dependent on designated gifts. Budgeted amounts (pp. 129–30/147) reflect plans, not actual spending. A very good donor response was noted for LCMS Disaster Response and special projects of the Office of the President, including the Wittenberg Project.

It was noted in discussion that the LCMS Foundation has shifted strategically away from counseling those leaving estates to leave them to the LCMS—a gap that Mission Advancement could step into. The average age of our donors is 70+. Mark Hofman noted as his chief strategic concern that loyalty to the LCMS, in terms of giving, seems to be decreasing with each succeeding generation.

Further discussion centered on the impact on Synod’s operations of a prolonged decline in unrestricted giving from congregations, through districts, which has been significantly compounded by inflation. This decline has been made up for in some measure by restricted giving, although this, too, has in the past decade increasingly failed to close the gap. These topics were suggested for further discussion in the board’s November meeting.

5. President’s Convention Recap

President Matthew Harrison reviewed his perspective on the 2016 convention, “an extraordinary week.” While conventions involve significant work and money, delegates, in declining a proposed four-year cycle, seem to have valued the responsiveness of the three-year cycle over any savings potentially offered. The pre-convention cycle was somewhat marred by public controversy generated, apparently, by changes proposed by a task force to our system of ecclesiastical supervision and CCM Opinion 16-2791. The convention, with its Resolution 12-14, “Regarding the Right of An Accuser to Appeal When a District President Fails or the Synod President Fails to Act or Declines to Suspend,” has outlined a solution, consisting of a consultation between the Secretary and Council of Presidents that will culminate in the drafting of bylaw amendments to be approved by the Board of Directors.

Resolution 13-02A, “To Regularize Status of Licensed Lay Deacons Involved in Word and Sacrament Ministry,” carried with 78% of the vote, perhaps the highest passage in President Harrison’s memory on any controverted issue. A helpful resolution on worship practices, another sometimes contentious issue, also reflected strong and broad consensus. The eighteen floor committees worked well, but the convention did, if anything, too much business. The work of the many task forces created will be done, as much as possible, electronically to reduce cost.

In comments and questions from the board members, it was noted that the conciliatory mood of the convention was notably better than, one member said, any of the last ten conventions. The work of the convention team was praised as exceptional. President Harrison feels the convention shows a Synod

poised to move on together. The financial data indicate that, to do so effectively, we will need to be careful to use every financial gift responsibly.

6. Secretary's Overview of Post-Convention Work

Secretary John Sias reviewed the status of post-convention work. Former Secretary Dr. Hartwig, presently rendering his transitional service, is finishing his work with Concordia Publishing House on the *Proceedings*. The Office of the Secretary will soon be sending to congregations the ballots required to ratify the constitutional amendments passed by the convention. Dr. Sias is working with the Commission on Handbook on the post-convention update of the *Handbook* and, together with the Chief Administrative Officer and the Office of the President, on the analysis of to whom the convention assigned each of the many tasks it mandated. He also addressed the Board's upcoming role in the bylaw amendment process directed by the convention's Resolution 12-14, "Regarding the Right of An Accuser to Appeal When a District President Fails or the Synod President Fails to Act or Declines to Suspend." Chief Administrative Officer Ron Schultz added a review of post-convention tasks already identified as assigned to the Board of Directors.

7. Overview—Board Committees

Chief Administrative Officer Ron Schultz called attention to the board packet information on committees. Assignments to committees, based on skill set and interest information solicited from the members, was set to be performed by the chairman before the close of this meeting. It was suggested that the Board should decide anew whether to give the selection of committee chairs to the Board chairman rather than to the committees.

8. Overview—Appointment of Additional Board Member(s)

Chief Administrative Officer Ron Schultz directed the Board's attention to Bylaw 3.3.4.1, which allows the Board to augment itself with up to three additional members to increase its skill set. Board policy 2.10.1.3.4–5 gives the Board's governance committee the responsibility to identify skill sets needed in such potential additional members and to oversee their appointment. It was recalled from the meeting of November 21–22, 2013, where the board decided near the start of the previous triennium that no such appointments were needed, that a particular need should be noted before calling for nominations, even though this means a significant delay in seating an additional member. It was further noted that temporarily needed expertise can be acquired through the use of ad hoc committees.

9. Election of Board Officers and At-Large Member of the Executive Committee

Chief Administrative Officer Ron Schultz called attention to the requirements of Board Policy Section 2.6 for the election of the board's officers. Michael Kumm and Kathy Schulz allowed their names to stand for election as chairman of the board. In a ballot vote, Michael Kumm was unanimously elected chairman of the LCMS Board of Directors for the 2016–2019 triennium. Ed Everts, Larry Harrington, Michael Kumm, Christian Preus, Kathy Schulz, and Kurt Senske allowed their names to stand for election as vice-chairman of the board; Michael Kumm was removed from the ballot by election as Chairman. On a second ballot, from which Christian Preus removed his name, Ed Everts was elected vice-chairman of the LCMS Board of Directors for the 2016–2019 triennium.

The Executive Committee of the Board of Directors consists of the chairman and vice-chairman of the board, the President and Secretary of the Synod, and one other voting member elected by the board. The Chief Administrative Officer, the Chief Mission Officer, and the Chief Financial Officer serve as advisory

members. Eric Ekong, Ed Everts, Keith Frndak, Larry Harrington, Michael Kumm, Christian Preus, Kathy Schulz, and Kurt Senske allowed their names to stand for election to the at-large position. Michael Kumm and Ed Everts were removed from the ballot by prior election. Following a ballot vote, Christian Preus was declared elected the at-large member of the LCMS Board of Directors Executive Committee for the 2016–2019 triennium.

10. Protect Your Ministry Document and Human Resources Webinar Report

Chief Administrative Officer Ron Schultz introduced a book entitled “Protecting Your Ministry (from Sexual Orientation Gender Identity Lawsuits): A Legal Guide for LCMS Congregations, Schools, and Ministries.” The book is the result of a joint project involving the LCMS Offices of National Mission, of the President and of the Chief Administrative Officer, as well as the Alliance Defending Freedom, with input from Thompson Coburn and the Commission on Theology and Church Relations. It provides policy and other guidance for congregations and schools, some of which are already overwhelmed with these challenges. It has been mailed (since the convention, in a new, corrected edition) to every congregation and school in the Synod in an attempt to provide general direction to our members, given the large volume of inquiries received on this topic.

CAO Schultz also reported on a webinar held on August 25 to prepare district presidents, business managers, and other LCMS persons to comply with new US Department of Labor requirements, under the Fair Labor Standards Act (FLSA), that impact employee exemption status and overtime pay. The webinar was a cooperative effort by the LCMS Department of Human Resources and Office of the Chief Administrative Officer, together with Sherri Strand and Krissa Lubben at Thompson Coburn. Over five hundred (500) participants logged in, and the webinar has been posted on the LCMS website. The high level of interest may justify creation of additional resources for member congregations, schools, and entities on related topics. The webinar may be viewed at:

<https://blogs.lcms.org/2016/webinar-explains-new-overtime-regulation>

With elections and the report of the Chief Administrative Officer concluded, Chairman-elect Michael Kumm assumed the chair of the meeting, thanking the members for their confidence and looking forward to an exciting triennium ahead. He conveyed to the Board the news that the Rev. Dr. Robert King, a Vice-President of Synod from 1986 to 2007, had, on September 6, been called to glory. Funeral plans were shared, and prayers were invited for Dr. King’s family.

11. Joint Session with Boards for National and International Mission

The Board of Directors reconvened for a joint session with the Boards for National and International Mission to study the document, “Life Together – A Guide to Board Duties & Etiquette.” Chief Mission Officer Kevin Robson offered an introduction and Chief Administrative Officer Ron Schultz and Sherri Strand, Outside General Counsel, presented and answered questions. Topics included the role of a board in developing and promoting the collective vision of the broader organization, the exercise of governance as opposed to management; the role of discourse and debate, together with collective ownership of the board’s decisions; principles for a board working effectively together; confidentiality and attorney/client privileged communication; and fiduciary duties of board members. Particular attention was drawn to the Synod’s conflict of interest policy (Bylaw 1.5.2), which applies to the Board of Directors as well as to the mission boards. It was noted that the standards for avoidance of conflicts of interest stated by the Lutheran Church—Missouri Synod, as expressed in Bylaw 1.5.2 [b], are far more stringent than the minimum required by civil corporate law. Office of International Mission Chairman Bernie Seter

concluded the discussion and Kevin Robson offered a blessing. The Board of Directors joined the two mission boards for informal discussion over dinner, to resume its meeting the following morning.

12. Joint Session with Concordia University System and Concordia College Alabama

The LCMS Board of Directors met jointly with the Board of Directors of the Concordia University System, its President, Dean Wenthe, and its Director of Institutional Research and Integrity, Paul Philp, together with representatives of the Board of Regents of Concordia College, Alabama (Lloyd Probasco, chairman; Larry Sohn, vice-chair; Jim Jackson and Kurt Schultz). Barb Below, from the Office of the President, and Kevin Robson, Chief Mission Officer, were also present, invited as observers. Chairman Michael Kumm led the assembled in devotions, including a portion of Thesis VI from C.F.W. Walther's essay, *Duties of an Evangelical Lutheran Synod*, originally presented August 20, 1879, at the first Iowa District Convention, again focused on our public and strong confession being the reason for Synod and its agencies to exist.

A motion was introduced and carried to move into executive session with the guests previously noted.

12X. Executive Session I

13. Office of National Mission Visit

Bart Day, Executive Director of the LCMS Office of National Mission (ONM), presented a report on the work of the Office of National Mission as it comes alongside and resources districts in assisting congregations and schools in their work. Since 2010—and since this convention, with its more than 40 resolutions either directly or indirectly involving the work of ONM—this collaboration has been, and will be, steadily increasing in its helpfulness.

The Board for National Mission proposed, and the convention adopted, an additional mission priority: that the Synod should work to “strengthen and support the Lutheran family in living out God’s design” (Resolution 4-02A). As a result, ONM is exploring and pursuing the many opportunities that exist, across its array of programmatic areas, to help congregations and schools strengthen families going through challenges in living together healthily “under God’s design.” Demographic studies will soon be shared with the church to identify issues and give strategic targets for expansion of this mission.

The ONM’s annual operational budget of approximately \$10 million has been held steady and underspent, with cash flow monitored on a monthly basis. There is a need for further full time employees and programmatic dollars to do the expanded work the convention and districts have requested. The ONM is trying to work proactively with Communications and Mission Advancement to ensure opportunities to communicate the work of National Mission and invite donor participation are not missed.

The Board for National Mission (BNM) is piloting domestic missionaries, in cooperation with the districts, in locations where work “on the fringes” is available but not easily funded. A variety of sites are being developed across several districts. These missionaries are under the supervision of district presidents but finding funding through the BNM under the same network support model used by the Board for International Mission. Donors are looking for opportunities to support domestic missionaries.

Bart Day reviewed activities within the various major programmatic areas under the categories, “Witness,” “Mercy,” and “Life Together.”

- Under Witness, much of the work focuses on historic gaps between our ministries, aiming to strengthen rural and small town areas, which had not had a particular focus, as well as urban areas, from which Synod ministries have tended to withdraw. Campus ministry reaches people at a key point where we often lose them. Black Ministry and Hispanic Ministry reach communities in which the LCMS is often under-represented. New evangelism resources, provided under Mark Wood in Witness and Outreach, are showing great promise.
- Mercy work includes, under Disaster Response, “Lutheran Early Response Training,” designed to give our ministries a role in large scale response to disaster. A large-scale effort is ramping up to respond to Louisiana flooding and California wildfires. Life & Health Ministry (presently being re-evaluated) is taking on a new Task Force “for study of issues relating to procreation, fertility, and care for the unborn” (Res. 3-04). Specialized Pastoral Ministry and Deaconess Ministry continue to fulfill their unique roles. Veterans and Soldiers of the Cross continues to assist workers from its endowment fund. Domestic Grants encourage mission work, with help from the Lutheran Church Extension Fund and Thrivent. Community Engagement works with congregations or circuits on realizing their strengths and their communities’ needs. The newly developed Lutheran Young Adult Corps, an extended service opportunity for 18–26-year-old LCMS young adults, is launching soon in four pilot cities (Boston, Philadelphia, New Orleans, and St. Louis).
- Life Together encompasses the Youth Gathering, recently completed in New Orleans. School Ministry is moving on from the School Portal with new online tools, including the Commissioned Minister Information program, developed by LCMS Rosters & Statistics. This provides information for supervision and call of Commissioned Ministers. Stewardship continues to support districts and congregations with resources and conferences. Under Worship, the Hymnal Companion is getting closer and the Desk Edition is still promised, with a gathering upcoming. The Convention directed the establishment of a Recognized Service Organization Task Force, suggested by the Board of Directors, to reconsider this broad and aging program in a wildly changed environment, and as it serves increasingly disparate organizations, hopefully early in the triennium.

Bart Day concluded with highlights from each of the Office of National Mission’s triennial priorities, including the new sixth priority:

1. Congregational Revitalization: The *re:Vitality* program is undergoing assessment; training, decentralized using district-level trainers, is underway.
2. Church Planting: *Mission Field: USA* is providing training and resources; ONM is working, in cooperation with districts, toward deploying domestic network-supported missionaries.
3. Individual witness & collective outreach: ONM has initiated *Every One His Witness*, a theologically sound evangelism program designed to equip Lutherans for being more active and effective witnesses of Jesus Christ in their everyday lives.
4. Youth and Young Adult Engagement: ONM is working on faith formation and developing service opportunities, especially through the *Lutheran Young Adult Corps*.
5. Worker Wellness: ONM is working on need identification and capacity expansion. Gaps (such as in worker *family* wellness) are being identified, as well as means to address them.
6. Lutheran Family Initiative: In this new area, highlighted in Resolutions 4-02A, 16-02A, and 16-03, ONM is working on identifying needs, expanding capacity, and developing resources. It is not anticipated that a separate director will be needed for this activity; rather, all existing program areas will be finding their connections to serving families.

14. Legal Report

As Sherri Strand of Thompson Coburn LLP prepared to give her report, a motion was introduced and carried to move into executive session.

14X. Executive Session II

15. Committee Assignments

The board expressed the preference for the chairman to assign the chairmen of the committees. Chairman Michael Kumm assigned the committees as follows:

Audit: Keith Frndak (chair), Kurt Senske, Ed Everts

Personnel: Kathy Schultz (chair), James Carter, Larry Harrington

Governance: Christian Preus (chair), Gloria Edwards, Eric Ekong

No objections being heard, the committees were so appointed.

16. November Discussion Topic

It was proposed that the Board of Directors discuss financial trend lines, to encourage the board's discussion about finances to involve longer-term in addition to annual considerations. Also proposed was an update on the changing legal climate and its impact on the general operations of The Lutheran Church—Missouri Synod and its agencies going forward.

17. Action Items

(A) Adoption of Consent Agenda

It was moved and carried to adopt the meeting's consent agenda, as thus constituted:

WHEREAS, The Board of Directors has adopted a policy allowing for the use of a consent agenda; and

WHEREAS, The Board policy reads

3.6.2 Consent Agenda

- 3.6.2.1** The Board makes use of a consent agenda to expedite the conduct of routine business during board meetings in order to allocate meeting time to education and discussion of substantive issues.
- 3.6.2.2** The consent agenda should consist of routine matters that require board action. Typically, these items include approval of minutes, acceptance of officer and other written reports (excluding the quarterly financial/budget report), and acceptance of routine or non-controversial action items.

- 3.6.2.3 The board chair shall be responsible to approve the proposed consent agenda for each meeting upon recommendation of the Chief Administrative Officer. The consent agenda shall be distributed with the meeting docket no less than one week prior to the meeting. The consent agenda will be presented to the board for adoption as soon as practicable after the opening devotion on the first day of the meeting.
- 3.6.2.4 Any item which appears on the consent agenda may be removed from the consent agenda by a member of the Board. Items removed from the Consent Agenda will be considered at another time during the meeting as determined by the Chairman. The remaining items will be voted on by a single motion. The approved motion will be recorded in the minutes, including a listing of all items appearing on the consent agenda.

therefore, be it

Resolved, That the Board of Directors herewith accepts this consent agenda which includes the following:

- Officer Reports
 - Report of the LCMS President
 - Report of the 1st Vice President
 - Report of the LCMS Secretary
 - Report of the Chief Administrative Officer
 - Report of the Chief Financial Officer
 - Report of the Chief Mission Officer
- Administrative Services Reports
 - Information Technologies
 - Building Operations – Facilities
 - IC Services (Mail Room – Copy Center)
- Human Resources (Confidential)
- Financial Services Reports
 - Accounting
 - Internal Audit
 - Risk Management
- Board of Directors Committee Reports
 - Personnel Committee
- Action Items
 - Approval of July 12, 2016 Minutes
 - Approval of July 28, 2016 Conference Call Minutes

; and be it further

Resolved, That the minutes of this meeting will reflect the acceptance of the reports and other items as listed above.

(B) 2016–2019 Board of Directors Meeting Dates

It was moved and carried to adopt the following resolution, specifying meeting dates for the remainder of the triennium:

WHEREAS, The Board of Directors has traditionally determined and subsequently published its meeting dates for the upcoming triennium at its first meeting after the LCMS Convention; and

WHEREAS, The Board of Directors in its August, 2009, meeting concluded that it would meet only once each triennium in conjunction with the LCEF Fall Conference (the first year of the triennium); and,

WHEREAS, Due to logistic considerations, the Board previously set the two remaining meetings for 2016, specifically, September 8–9 and November 17–18; therefore be it

Resolved, That the Board of Directors of The Lutheran Church–Missouri Synod adopts the following Triennial Regular Meeting Schedule for 2016–2019:

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	Feb 17–18	Feb 16–17	Feb 15–16
	May 19–20	May 18–19	May 16–17 ¹
Sep 8–9 [#]	Aug 25–26	Aug 24–25	Sep 12–13 ²
Nov 17–18	Nov 16–17	Nov 15–16	Nov 21–22 ³

[#] Previously adopted by the board (9/2013)

¹ tentative, dependent on scheduling of floor committee weekend

² tentative, dependent on the scheduling of new board/commission member installation

³ scheduled in conjunction with LCEF Fall Conference

and be it further

Resolved, That the Board of Directors budget continue to make funds available for attendance at the Fall Conference for those who choose to attend; and be it further

Resolved, That this schedule be published and made publicly available by the Chief Administrative Officer and the Secretary, as appropriate, to comply with the spirit of 2007 Convention resolution 7-05B *To Promote Transparency in Governance of Synod and Its Institutions* and Bylaw 1.5.3 which states, in part, “All agencies shall announce their upcoming meetings.”

(C) Concordia University Chicago Dorm Project

Chairman Michael Kumm introduced a request from Concordia University Chicago for the Board of Directors to authorize an expansion in the planned dorm construction and renovation project already approved by the Board of Directors in a more limited form (p. 117/147).

Background

Concordia University Chicago (CUC) has undertaken the project of building a new residence hall (the “Project”) – with a projected opening in August 2017. A tight time frame and discussion with lenders led to a decision to complete only two of five floors at this time. It was this project that the Synod Board of Directors approved at its meeting on May 26–27, 2016. Due to the success of its fundraising campaigns and certain potential economies of scale, CUC now seeks to finish three of five floors at a total cost of \$13.5 million, instead of two, at the previously approved total cost of \$12 million.

Upon the request of the Concordia University Board of Regents to expand a prior authorization of their dorm building and renovation project (p. 116f./147), the following resolution was moved and carried:

Resolved, that the Board of Directors of The Lutheran Church—Missouri Synod takes the following actions:

1. Approves the Expanded New Dormitory Project.
2. Approves CUC obtaining financing for the Expanded New Dormitory Project in an amount not to exceed Thirteen Million Five Hundred Thousand Dollars (\$13,500,000.00) provided that:
 - a. The time for repayment of such indebtedness shall not exceed thirty (30) years; and

- b. The interest on such indebtedness may be fixed or variable but the initial rate of interest shall not exceed LIBOR plus 3% or in the case of LCEF, LCEF Cost of Funds plus 3%.
- 3. Approves the Mary Martha Hall Remodeling provided that the cost of such Mary Martha Hall Remodeling shall not at any time exceed the amount of university funds then available for such purpose.
- 4. Approves the refinancing of the existing indebtedness of CUC provided that:
 - a. The terms shall be no less favorable (as determined, jointly, by the President and CFO and approved by the Finance Committee of the CUC Board), then those in existence at the time of such refinancing; and
 - b. The principal amount of such indebtedness (including indebtedness for the Expanded New Dormitory Project) may not increase by more than \$100,000 (to accommodate rounding and refinancing costs) above the principal amount of the debt being refinanced including the debt incurred or to be incurred in conjunction with the Expanded New Dormitory Project.

and be it finally

Resolved, That upon adoption of this resolution, the prior action of May 2016 approving a \$12 million loan be rescinded and considered to have been replaced by the action of this resolution approving the \$13.5 million loan.

(D) Release of Claim to Property Sold to Holy Cross, St. Louis, in 1933

Chief Administrative Officer Ron Schultz introduced a proposed action regarding Holy Cross Lutheran Church, St. Louis. The church is undertaking a process to re-title a parcel of land on Jefferson Avenue in St. Louis, near CPH, into its name. An error was apparently made by the city's Recorder of Deeds when the Synod sold the old Seminary campus to Holy Cross in 1933, with only 19 of 20 parcels re-titled. Holy Cross is seeking a loan to renovate its annex to expand its community outreach ministry, but needs clear title to do so. In response, it was moved and approved to adopt the following:

Resolved, That The Lutheran Church—Missouri Synod Board of Directors authorizes issuance of a quit claim deed in favor Holy Cross Lutheran Church with respect to parcel ID 164800120, specifically, C.B. 1648 Jefferson Avenue, 57 ft. 4in. x 112ft 6 in St Louis Commons Addition Block 67, Lots 1 2; and be it further

Resolved, That the Board of Directors authorizes the chief administrative officer and/or the chief financial officer to execute a statutory quit claim deed or other appropriate documents to accomplish this transaction and release all right, title, and interest in this property, including any revisionary interest that may be held by The Lutheran Church—Missouri Synod.

(E) Appointments to the Concordia University System Board of Members

Chairman Michael Kumm called attention to the docket materials for the appointment of three lay members to the Concordia University System Board of Members. Four nominations were received and considered by the personnel committee. Following the recommendation of the personnel committee, the board voted unanimously to appoint the following Members:

Myrna Baneck, Mandan, ND (lay position)
 Mark A. Kalthoff, Allen, MI (lay position)
 Bethany Kilcrease, Grand Rapids, MI (lay position)

(F) Appointments to the LCMS Foundation

Chairman Michael Kumm called attention to the docket materials for the appointment of five members-at-large and one alternate for the LCMS Foundation Board of Members. Twelve nominations were received and considered by the personnel committee. It was moved and carried to appoint:

Mark Moksnes, Chanhassen, MN
Don Graf, Lubbock, TX

It was further moved and carried to appoint:

Kurt Battles, Arden Hills, MN
Marilyn Langemeier, Bridger, MT
Douglas P. Fuge, Murrayville, GA

All appointments made were as recommended by the personnel committee. It was then moved and carried to appoint, as the one alternate:

Constance L. Denninger, Springfield, VA (alternate)

(G) Officer Salaries

It was moved and seconded to move into executive session to discuss officer compensation. The board welcomed Val Rhoden-Kimbrough, LCMS Executive Director of Human Resources, and excused all attendees but voting members of the board. John Sias, Secretary, excused himself; President Matt Harrison was with the Council of Presidents.

17X. Executive Session III

Upon return from executive session, it was moved and carried to adopt the recommended compensation plan, as follows:

Background

Per Board of Directors' Policy Manual section 5.6.6.6, the Board approves the salaries of the Synod Officers. During the February 2016 meeting, the Board met with Ross Stroh, the Executive Director of Accounting and Val Rhoden-Kimbrough, the Executive Director of Human Resources and considered a compensation system that would correct a wage compression issued identified by the Personnel Committee. This system was based on the Officers' experience, tenure (re-elected or re-appointed) and market variables.

WHEREAS, President Harrison has been re-elected to a third term; and

WHEREAS, Rev. Dr. Sias has been newly elected as the secretary of Synod; and

WHEREAS, The Board of Directors has historically reviewed the salary of the president after re-election; and

WHEREAS, The Board of Directors approve the salaries of all officers, including the secretary of Synod; and

WHEREAS, The Personnel Committee of the board has recommended the implementation of a compensation system devised by the Departments of Accounting and Human Resources which provides the Board with a system to establish and manage officer salaries; and

WHEREAS, This resolution is aligned with that compensation system; therefore be it

Resolved, That effective September 1, 2016, President Harrison's salary be set in accordance with the recommended compensation system at 120% of the senior manager 1 (SM1) grade level to \$252,573 annually; and be it further

Resolved, That effective September 1, 2016, Secretary Sias' salary be set in accordance with the recommended compensation system at 80% of the SM1 grade level to \$168,382 annually.

18. Concordia University System Overview

It was moved and seconded to move into executive session to discuss matters related to the Concordia University System (CUS). After brief discussion of a related matter, Dean Wenthe and Paul Philp, representing the CUS, were invited to join the board for their presentation.

18X & XX. Executive Session IV

In his report on the CUS Board's triennial goals, presented in abbreviated form, Dean Wenthe reported positive outcomes from the 2013 Res. 5-01A Task Force, with the adoption of the Lutheran Identity Statement across the system and the adoption of stronger boards of regents for greater churchly definition of the institutions. Our institutions are willing not only to identify themselves with the Church but to operate in ways that are efficient and growing. Over against the reductionist assumptions of many in our culture, the Concordias uphold the teaching of sacred scripture and its articulation in the Lutheran Confessions. CUS is now working on the fuller application and integration of the Identity Statement, which was also adopted by the 2016 Convention in Res. 7-01A.

Briefly summarizing work toward other triennial goals, Dr. Wenthe expressed a desire on the part of CUS to find, together with the Board of Directors and the Concordia College Alabama Board of Regents, a churchly solution to the institution's severely challenged state. CUS is sponsoring all-campus convocation speakers on sanctity of life and medical ethics; sanctity and theology of marriage; and the beauty of creation, together with scientific support for creation theology. CUS is also working to foster intentional evangelism on the campuses, to recommend classical Lutheranism to all students. A "Chemnitz Track" has been established for pre-ministerial students, to align with classical education programs at Chicago and Mequon. Looking forward, CUS is looking to identify highly qualified professors, especially in the sciences, and to identify and cultivate faithful leaders, ready to assume deanships and presidencies. Finally, CUS is monitoring challenges to religious liberty and practice, seeking to align the institutions with Synod's effort to preserve religious liberty.

Dr. Wenthe noted that demographics, distance education, and government regulation are all challenges, but ones that our presidents are navigating capably. The census is over 36,000 students. Dr. Wenthe also

noted a recent retreat with Tim Goeglein, Sherri Strand, Aaron Lacey (Thompson Coburn), and Jim Sanft (Concordia Plans Services). The system is moving toward cooperation, instead of competition, on distance education under leadership by Pat Ferry (Concordia University Wisconsin) and Chuck Schlimpert (Concordia University Portland), leading to greater demand and numbers of students.

Paul Philp reported on his roles with computing resources and CUEnet. CUEnet is being revised technologically and with a freshening of content. Some elements of the CUEnet material are being prepared to be pulled out and used by CUEnet graduates in ministry contexts. Colloquy enrollment is down somewhat due to limited financial resources available to potential colloquizers. He also updated the board on CASE, the computer system shared by all campuses but Alabama. Work together on CASE is one of the best examples of the Concordia system schools working together and pooling resources.

Dr. Wenthe also presented the board with his essay, “Theology: The Breath of the Concordia University System” in an abbreviated form. His thesis: “that *to the extent* that theology is the breath, the DNA, the heart, the reason for being—across all the academic disciplines—of the Concordias, *to that extent* their mission and character, under God’s grace, will open up opportunities and provide for a rich and vibrant future.” Wenthe went on: “The Resurrection provides the means for higher education to address and to speak about meaning with intellectual integrity, and, in so speaking, it articulates and confesses the truth about God and the truth about human beings.” Our theology equips our schools “to address the questions of meaning and virtue and wisdom.” “The Concordias are fountains of water in the parched desert of higher education.”

19. Committee / Officer / Board Time

With no questions being noted that had not been addressed already during the regular agenda, Chairman Michael Kumm and CAO Ron Schultz shared information on upcoming events, including Saturday’s installation and the Fall Conference in Schaumburg, IL.

20. Adjournment

At 2:55 on Friday, the board’s business having been exhausted, it was moved and carried that the board adjourn. Pastor Ekong closed the meeting with prayer.

John W. Sias, *Secretary*