

MINUTES
BOARD OF DIRECTORS
February 17–18, 2017

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

Chairman Michael Kumm called the meeting to order with all board members present and called upon Secretary John Sias to offer devotions, which he did on the basis of Matt. 20:1–16, the Gospel for Septuagesima. (Saturday’s morning devotion he offered on the basis of Luke 8:4–15, the Gospel for Sexagesima.) The meeting agenda (pp. 10–11/301 of the printed board docket, attached to the protocol copy of the minutes) was adopted as presented.

43. Consent Agenda

The meeting’s consent agenda (p. 14/301) was moved and adopted with financial services reports (pp. 57–79, 100–102/301) and security modifications to the International Center lobby (a part of the Chief Administrative Officer’s report, pp. 30, 32–33/301) removed, to be treated separately under the financial report:

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 Technology
 - Building Operations – Facilities
 - IC Services (Mail Room – Copy Center)
 - Human Resources (Confidential)
- Board of Directors Committee Reports
 - Governance Committee
 - Personnel Committee
- Action Items
 - Approval of November 17–18, 2016 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.

44. President's Report

President Matthew Harrison extended upon his printed report (pp. 16–19/301). He and a few board members who had seen it briefly but very favorably reviewed the film “Martin Luther: The Idea That Changed the World,” which debuted in the St. Louis area on Monday. Produced by Mike Trinkle and Steve Boettcher, funded by Thrivent, and with Erik Herrmann (Concordia Seminary) as historical consultant, the film is “the first time Lutherans get to tell the story of Luther.” The film is now available for hosted showings through www.tugg.com, and is expected to show on the Public Broadcasting Service in 2017.

The Synod is enjoying a calm non-convention year. Ecclesiastical supervision complaints are rare and have been brought to the attention of, and dealt with by, the district presidents responsible. Synod is perhaps overly busy trying to accomplish all the work set out by a very busy convention, and it would be better for the next convention not to attempt so much. First Vice-President Herb Mueller is working with members of the Council of Presidents to develop policies for the specific ministry pastor colloquy process for licensed lay deacons (2016 Res. 13-02A). The Res. 13-03 Task Force “To Address Future Church Leadership Needs in Light of Current and Future Challenges” has been selected and is looking to begin its work. The convention in Res. 12-14 directed the Secretary of the Synod to consult with the Council of Presidents and then draft clear bylaws satisfying the constitutional requirement that the President of Synod be able to act when a district president fails to act or does not suspend a member. Consultation with the council will conclude in April. The bylaw draft will be reviewed by the Commissions on Constitutional Matters and Handbook and then brought to the Board of Directors for approval, hopefully in its May meeting.

Contrary to some published reports, the President’s solution to Synod’s downward demographic trends is *not* (though he notes all the Bible has to say about family and children, some of it rather long dismissed in our midst) simply to have more children. He noted the various other emphases from his Synod report: evangelism and outreach, reinvigorating congregations and assisting struggling congregations, healthy workers, intentional outreach to immigrant populations, church planting, and resolution of internal issues causing conflict. Planning for visitation of districts and district conventions, touching on some of these topics, is well underway.

The President’s Office remains deeply concerned about finances. Mark Hoffman notes that we had received \$2.1 million in bequests last year at this point, but at this point this year, only \$300,000. Some very significant changes will be necessary, and they will be very painful. On the expenditure side, deep cuts will be required. On the revenue side, the solution does not seem to be simply doing harder those things we are already doing. We are working at better donor engagement, involving Synod and unit executives, and recognition of the approximately two thousand congregations that are supporting Synod missionaries with financial gifts. Synod is re-establishing LCMS World Relief and Human Care as a recognized name for Synod’s historical mercy work. Synod is working to engage retired clergy as mission advocates, to visit congregations and preach and teach on behalf of Synod’s missions. Synod is looking at its overseas property holdings as potential mission funding sources or as resources for eliminating the historic debt. There may be no return to the glory days; districts are feeling the same challenges. There may be temporary relief as economic factors improve (or not), but we need a long-term solution to get Synod expenditures down to a sustainable level.

International partners are facing many challenges, and it had been hoped to spend a month visiting overseas. Given our budget constraints, only a one-week visit has been planned, to Odessa, Ukraine, to visit with leaders of partner churches in the former Soviet bloc. The expectation of Church Relations is that about ten partner churches could be added over the next triennium to the Synod’s existing seventy, with the potential for more, had Synod more resources for furthering all these the relationships.

45. Financial Report

Chief Financial Officer (CFO) Jerry Wulf, in addition to his printed report (pp. 35–37/301), shared a few notes with the board.

- We continue to manage a shortfall in unrestricted income by significantly underspending our budget.
- At this point, bequests received are significantly below historically expected levels. It was noted that the LCMS Foundation has shifted its gift planning methodology to begin more explicitly with developing donor-expressed preferences, which may have an impact on the proportion of gifts designated for LCMS programs.
- District remittances for the February 2016–January 2017 district pledge year are predicted to meet expectations, near but not necessarily equal to the full pledge, when all January results are recorded. Thus far, no districts have exceeded their commitments. With all districts reporting their intentions for the February 2017–January 2018 year, the total pledged contribution of district remittances to the undesignated support budget of the Synod is projected to be \$14,246,000 for FY18, down from \$14,568,000 in FY17. With an estimated 0.5% shortfall, \$14,175,000 in receipts are anticipated in the Synod’s FY18 undesignated support budget, still being finalized.
- The \$719,000 increase in undesignated net asset deficit, at this point in the year, has led to predictions of approximately a \$2.5 million shortfall at year end. Synod’s budget has been underspent, at this point, by \$11.6 million, largely because gifts are not coming in to support planned programs.

Discussion of financial services reports, pulled from the consent agenda, noted that while Synod had approximately 67 days of cash available at the end of December, if one discounts the funds held by the Synod on behalf of seminaries, Synod had only five days of cash available. CFO Wulf acknowledged the seriousness of the situation, but noted that it had improved somewhat. With the most recent payroll paid, Synod has \$2.3 million of its own cash available (about 12.5 days, at current spending rates). There seems, though, to remain a need to reduce expenses by \$2.5–3 million before the end of the fiscal year.

CFO Wulf noted a request from Minnesota South District to disburse a designated permanent endowment fund in which Synod has a reversionary interest. Release of more than the accumulated interest would require re-designation of the fund by the Board of Directors of the Synod. Chairman Kumm indicated that the district should forward complete information supportive of any desired re-designation.

It was moved and carried to enter executive session to discuss further aspects of CFO Wulf’s report.

45X. Executive Session I: Financial Report

46. Introduction of Newly Installed Executive Director of Pastoral Education

CMO Robson introduced, and the Board of Directors warmly welcomed, the Rev. Dr. James Baneck, the Synod’s new Executive Director of Pastoral Education, installed January 3. CMO Robson reports that Dr. Baneck has hit the ground running and fills a significant gap in national Synod’s work. Rev. Baneck shared some of the foci of his work, including:

- curricular comparisons across the CUS system and seminary systems, and curricula old and new;
- pre-seminary formation, with the CUS board and theology faculties;
- facilitating prior approval of theological faculties;
- in his office and as advisor to the new Pastoral Formation Committee (Bylaw 3.10.4), encouraging coordination and collaboration with and between Synod’s two seminaries;
- developing financial resources through the Joint Seminary Fund and Global Seminary Initiative;

- the Post-Seminary Applied Learning and Support (PALS) program and continuing education; and
- the “Preach the Word” program, intended to strengthen preaching in the Synod.

47. Security Modifications to the International Center Lobby

The board turned its attention to the lobby security proposal removed from the consent agenda. It was asked how much the modification to the lobby (pp. 30, 32–33/301) would cost, what the objectives are, and what the project timeline would be. Chief Administrative Officer (CAO) Schultz indicated that the Synod’s contribution is estimated to be \$145,000 of a \$230,000 total budgeted cost (shared with other International Center occupants), to be amortized over ten years. In 2001 a similar project was attempted and turned down for budget reasons. The objectives are to provide a more meaningful level of security for our employees and building. Architectural work is complete. The project termination is June 30, 2017.

It was moved and seconded to approve the project as included in the consent agenda. After discussion, the motion failed. It was moved and carried to enter executive session.

48–53. Executive Session

It was moved and carried to move into executive session, for the board to consider the following matters in sequence, with the indicated guests in each part of the executive session:

- International Schools (Chief Mission Officer Kevin Robson)
- Information Technology Security Policies (Myron Koehn, Executive Director of LCMS Information Technology and Facilities)
- Chief Administrative Officer Appointment (Val Rhoden-Kimbrough, Executive Director of LCMS Human Resources)
- Legal Committee Review
- Legal Reports
- Concordia University System (CUS) (CUS President Dean Wenthe and Director of Institutional Research and Integrity Paul Philp)

48X. Executive Session II: International Schools

49X. Executive Session III: Information Technology Security Policies

50X. Executive Session IV: Chief Administrative Officer Appointment

The board returned from executive session, having determined to thank CAO Ron Schultz for his dedicated service of the past twelve years in that position (and twenty with the Synod) and to allow his appointment to expire at its conclusion on April 16, 2017. Val Rhoden-Kimbrough will serve as interim CAO after April 16, and will initiate a search for CAO candidates. Following the board’s break for lunch, it was moved and carried to return to executive session.

51X. Executive Session V: Legal Committee Review

52X. Executive Session VI: Legal Reports

53X. Executive Session VII: Concordia University System

54. Communications Visit

The board returned from executive session and welcomed David Strand, Executive Director of LCMS Communications, to offer a presentation on the work of his department (p. 295/301), which offers editorial and publications, social media, web, graphic design, video, photography, and productions services to the Synod's national office and ministry partners. The department also provides the Church Information Center. The *Lutheran Witness* today has a circulation of around 89,000, with an additional 12,000 copies provided gratis, and a "pass-around rate" of 1.5 readers per copy. The department's LCMS Facebook presence, with a following of over 129,000, is the largest Lutheran presence in the world; another 16,000 follow the LCMS on Twitter, and 5,600 on Instagram. All these reach people *directly*.

Communications means far more than *text*. The Web team is currently working on developing a Learning Management System (LMS) for delivery of online curriculum and training, expected to save travel costs. Video today accounts for about 70 percent of all online consumer traffic, and the Synod's galleries offer engaging videos (as well as compelling photos), which contribute significantly to the Synod's message. Communications also has a low-cost drone and an FAA-certified drone pilot for covering major events.

Expansive department responsibilities are handled by a lean and capable staff. A team of seven handles writing and editing, though two staffers are battling health challenges and two others plan to retire in coming months. A production team of three handles about 1,000 projects a year. Even as the department is having to be more selective, given financial and other limitations, in choosing those projects where it can best advance the Synod's message, time is being made for participation in major opportunities to communicate that message. Communications contributed significantly to the recent Life Conference and March for Life in Washington, D.C. A Reformation Celebration Congregation Kit (<http://lutheranreformation.org/>) is being distributed *gratis* online for use in Synod congregations in this 500th anniversary year of the Reformation.

In terms of innovation, the department has developed an online-only *Life Together Digest* (<http://www.lcms.org/lifetogethersedigest>), an e-mail monthly compendium of news, features, videos and other communication highlights. The digest enjoys an "open rate" more than double the industry standard for nonprofits. The quarterly magazine *Lutherans Engage the World*, now increasing its focus toward compelling online features (<http://engage.lcms.org/>), reaches out to donors, members of the roster and others to show what the generosity of Synod giving is accomplishing in missions of witness and mercy, foreign and domestic. These resources, together with the video galleries, can be valuable assets in the Synod's advancement work, as it seeks to connect donors personally with missions.

2016 Res. 10-05 encouraged the broader use of Communications resources across the Synod, but it's still a challenge to reach every person "in the pews." When half of our congregations have fewer than 100 people on a Sunday and many are just getting by, Synod subscriptions are often, sadly, "on the chopping block." Publications and other communications resources must convey great value for the dollar. People's attention is divided many ways, and we must disabuse ourselves of the "romantic notion" that if Synod produces it, members of member congregations will surely buy and read it (or avail themselves of it even when it's free). Likewise, the Synod and its corporate entities, agencies and auxiliaries can no longer afford reduplication of efforts or dilution of messages. We would be wise to coordinate efforts and coalesce all this information into a coherent message that our people are capable of digesting. Getting the Synod's message out to our people is a team effort.

Concerning his department's budget, Strand noted that every effort is being made to eliminate unnecessary expenditures. As of Dec. 31, Communications was about \$221,000 underspent on a total annual budget of \$4 million. In a question pre-submitted by a member of the board, the need for three publications (*Lutheran Witness*, *Reporter* and *Engage*) was questioned. It was noted that *Lutheran Witness* circulation is holding

its own and compares favorably with the typical, downward denominational magazine trend-lines, and that *Engage* was increasingly focusing on online offerings. The *Reporter* has its own purpose in reaching the Synod's workers and those involved in its polity. In response to a question about how we are engaging Millennials and nonbelievers, it was noted that Communications plays, generally, a supportive role in communications originating in other Synod efforts. Active engagement in social media, including hashtag campaigns and Facebook Live, as well as the generation of shareable content (especially videos, photos and links to resources found in social-media postings) are important means of reaching this generation.

55. Fiscal Year 2018 Budget Outlook

CFO Jerry Wulf and Ross Stroh, Executive Director of LCMS Accounting and Financial Services, introduced their report on the projected FY2017/18 undesignated support budget (p. 297/301), which is expected to include \$14,175,000 in pledged support expected from the districts. For the coming fiscal year, 9 districts increased their pledges relative to the past financial year, totaling \$78,000; 12 made no change; and 14 decreased, totaling \$415,000. District contributions provided \$14,422,000 of the \$19,515,500 FY2016/17 undesignated support budget. Estimates of other revenue sources of the FY2017/18 undesignated support budget are still being assembled. Estimates for surpluses from the Lutheran Church Extension Fund and Concordia Publishing House are not yet included, nor is the customary accelerated payment of the proceeds from the sale of KFUE-FM. When revenue estimates are received from LCMS Mission Advancement, a better idea will be available of the necessary targets for reduction of expenditure in this and the next fiscal year.

56. Tour of Luther Exhibit and Concordia Historical Institute (CHI)

The board adjourned for the day at 3:10 p.m. on Friday to attend a tour of the new Luther Exhibit and of the archival and accessioning areas at Concordia Historical Institute, which is the Department of Archives and History for The Lutheran Church—Missouri Synod. The tour was led by Dr. Daniel Harmelink, Executive Director, Mr. Mark Bliese, Reference Assistant, and Rev. Todd Zittlow, Archivist and Accessioner. CHI President Rev. Dr. John Wohlrabe and other members of the CHI Board of Governors joined the board for discussion and dinner.

The board reconvened Saturday morning at 8 a.m. with Christian Preus absent due to overseas travel.

57. Board of Directors Annual Compliance Documents

Kim Schave provided the board with annual compliance documents (conflict of interest policy, best practices security review, and policy on suspected financial and organizational misconduct) for review and signature.

58. Audit Committee Report

Audit Committee Chair Keith Frndak reported on the meeting of the Audit Committee with representatives of Concordia University System. The committee discussed Synod's finances and right-sizing. The committee received a report on Internal Audit's plans, which was approved.

59. Concordia Plan Services Report

The board welcomed Concordia Plan Services President Jim Sanft and Chairman Fred Kraegel to offer a report in addition to that already in the docket (p. 202/301), regarding 2016 and 2017 amendments to Concordia Health Plan and Concordia Retirement Savings Plan.

Chairman Kraegel provided an overview of CPS's vision and relationship to the Synod and its mission priorities. CPS intends to expand its offerings beyond benefit plans, so as to be "the most widely recognized source of employer and worker-related solutions for LCMS ministries." This expansion already includes a partnership with Paychex to provide discounted payroll services.

Chairman Kraegel next provided a summary overview of assets, participation, contributions, and benefit expenses for each constituent benefit plan.

Moving on to describe CPS collaborations with other Synod entities, Chairman Kraegel noted that CPS's partnership with the LCMS Foundation in joint investment activities has saved the two entities more than \$2 million over five years. CPS also provides information technology (IT) support to the Foundation. Concordia Publishing House provides approximately \$800,000 in services to CPS, contributing to efficiency of scale. CPS works closely with LCMS Human Resources and has developed, in collaboration with districts, a compensation model for called and lay workers throughout the Synod. CPS also works closely with the Lutheran Church Extension Fund and Concordia University System.

President Sanft reported that 2016 came in very close to actuarial expectations and presented an overview of the economic, demographic, legal and regulatory challenges and opportunities ahead for the Plans:

- Economic: While the plans are 87% funded on an *accumulated* benefit obligation basis (considering only contributions and obligations made at this point), changes made to the plans in 2014 have resulted in a 106% funded *total* benefit obligation (considering also *future* contributions and obligations under the actuarial model). The CPS leadership, including the board, is highly competent and capable, and augments its skills with key external advisors.
- Demographic: Long term stability and viability depends on a stable membership base, controlling adverse selection, and ensuring a diverse risk pool. Ordained, commissioned and lay constituent memberships each have different behaviors. Loss of participation, for whatever reason, poses a challenge.

The total active membership of the Concordia Retirement Plan has remained level since 2015, and relatively level since 2005, with (in 2016) 4,899 ordained, 6,073 commissioned, and 19,862 lay members. Considering congregational and school employees, the pool associated with a church alone has declined 7% since 2008, while the pool associated with a school alone increased 7% (discounting those associated with churches with schools). There are opportunities for membership and program growth. It was noted that, for each full time lay worker, there are two part-time workers. The LCMS educational system provides a robust pool of younger, healthier workers. The LCMS workforce more closely matches the US workforce than that of other denominations.

- Legal and regulatory: Concordia Retirement Plan is qualified under IRS Code 401(a), a significant tax benefit to our workers that is presently under (a relatively routine) review. The Affordable Care Act is still the law of the land and its regulations are in force, though change in the presidential administration means changes. Most successor solutions will continue to pose challenges for church plans. Lawsuits against 403(b) and 401(k) plan sponsors have also become more commonplace. The Freedom from Religion Foundation continues its assault on housing allowance—a benefit with serious implications for members and benefit plans. CPS works with Church Alliance, representing 37 executives of denominational benefit programs. Jim Sanft serves as vice-chair and CPS general counsel Ann Stillman is active in the core lawyer working group. CPS is a leading voice among conservative denominations' benefit organizations. Sanft also represents Church Alliance on the Policy Board of the American Benefits Council.

Chairman Kraegel noted areas in which the LCMS Board could better support Concordia Plan Services, including risk mitigation—learning from existing lawsuits and taking proactive measures. Qualified status must be preserved for the Plans. It was noted that CPS doesn't control the employee base, which depends instead on decisions made by Synod and by Synod congregations, schools, agencies, and related entities. Continued appointment of highly capable board members is important to CPS's continued success. CPS, as all benefit plans depend on the "law of large numbers," will benefit from opportunities to retain and grow membership, including unserved or underserved ministries, or organizations included in a wider circle around the LCMS.

There was a discussion of the Plans' expected investment return assumptions and the rationale behind them. Even careful projections remain projections, and there is always a risk of undershooting projected performance. Adjustments will be made as necessary. Also noted was a strong desire, both on the part of CPS and of the LCMS Board of Directors, to share services also with corporate Synod to reduce duplication and save costs. This will entail a willingness to "re-envision the business of the church." The board chair intends to meet together with the heads of corporate entities to explore enhanced collaboration.

60. Action Items

Chairman Kumm brought a variety of action items from the prepared board docket:

(A) Amendment of The Lutheran Church—Missouri Synod Foundation Bylaws

The Board of Trustees of The Lutheran Church—Missouri Synod Foundation (the "Foundation") has approved and recommended to the Foundation members the adoption of an amendment to Section 2 of Article I of the Foundation's Bylaws (indicated in the below resolution). The amendment has been proposed by the Board of Trustees of the Foundation and approved by the Commission on Constitutional Matters, and is to be brought to the Foundation members for adoption. Approval by the Board of Directors of the Synod is also required (LCMS Bylaw 3.6.1.7).

It was moved and adopted:

WHEREAS, The Bylaws of The Lutheran Church—Missouri Synod Foundation (the Foundation) direct that Delegates from Foundation Member Organizations be appointed to three-year terms of office; and

WHEREAS, The Bylaws of the Foundation permit Delegates from Foundation Member Organizations to serve no more than three terms of office; and

WHEREAS, These Bylaws of the Foundation pertaining to three-year terms of service and three term limits create a situation requiring continuous tracking and monitoring of Member Delegates by both the Foundation and its Member organizations and which create a constant and burdensome series of appointment and reappointments actions that provide no added value nor improvement in the governance process; and

WHEREAS, These Bylaws of the Foundation pertaining to three-year terms of service and three term limits create situations wherein the most capable and relevant party to represent the interests of a Foundation Member organization is not able to participate in the governance of the Foundation; and

WHEREAS, These Bylaws of the Foundation pertaining to three-year terms of service and three term limits create situations where extra expense is incurred by requiring participation by individuals who would not otherwise typically be present at the location where the Foundation's Annual Meeting is held; therefore be it

Resolved, That the Board of Directors of The Lutheran Church—Missouri Synod herewith approves the following change to Article I, Section 2, of The Lutheran Church—Missouri Synod Foundation Bylaws:

Section 2. The Members shall be represented by and shall act through their appointed delegates in carrying out their rights and functions as Members. The five delegates appointed by the Board of Directors of the Synod shall serve for three-year terms and for a maximum of three consecutive terms. Each other Member's delegate shall serve ~~for a three year term and for a maximum of three consecutive terms~~ until his or her successor is appointed in accordance with the provisions of these bylaws. Each Member may, in like manner, appoint one or more alternate delegate(s) to act in place of any regular delegate in the event the regular delegate is unable to attend Member meetings or otherwise act to represent the Member.

(B) Appointment of Legal Counsel

The Chairman of the LCMS Board of Directors appointed an *ad hoc* committee to review and make recommendation(s) regarding the appointment of general counsel for the upcoming triennium. Appointed to the committee were Directors Ed Everts (chairman), Jim Carter, Larry Harrington, Christian Preus, Kurt Senske, and LCMS Chief Administrative Officer, Ron Schultz.

The committee met twice by telephone conference call and reviewed input from corporate Synod officers, unit executives, representatives from three Synodwide corporate entities and five district presidents (eighteen persons in all) who had interacted with Thompson Coburn over the past triennium. All respondents were satisfied to very satisfied, none had significant concerns, and none recommended a change in representation. The committee also reviewed corporate Synod legal expenses from FY2002 through FY2016.

Thompson Coburn has submitted a fee proposal that continues to provide for annual rate caps. These caps are based on our past levels of legal service need. The proposed hourly rates are discounted and believed to be reasonable, within the St. Louis market, based on materials reviewed by the committee.

Based on this evaluation, the committee recommends that the Board of Directors once again appoint Thompson Coburn, LLP as its legal counsel through June 30, 2020. In making this recommendation the committee cites the breadth of expertise available from the current firm, widespread satisfaction with performance of current counsel, and the reasonable cost of the fee proposal submitted.

It was moved and adopted:

Resolved, The Lutheran Church–Missouri Synod Board of Directors reappoints Thompson Coburn, LLP as General Counsel for the Synod through June 30, 2020, pursuant to their proposal dated January 9, 2017, and according to the provisions contained in the Board Policy Manual.

(C) East Africa FY2017 Capital Budget Revision

At its May, 2016, meeting, the Board of Directors took action to approve the FY 2017 Capital Outlay Budget, which included an estimated cost of \$15,000 for the East Africa Field Office Administration Building leasehold improvements. After approval of the Capital Budget, the plans for the improvements were revised, increasing the estimated cost of the project.

It was moved and adopted:

Resolved, That the FY 2017 Capital Budget is increased by \$7,000 for the East Africa Field Office Administration Building leasehold improvements for a total project cost not to exceed \$22,000.00.

(D) Interim Appointment for CAO, CFO, and Secretary

In accordance with the Bylaws, Board Policy and Human Resources Policy, “Appointment of Interim Persons,” each board, commission and department is to identify a person to provide interim direction and leadership to the board, commission, or department in the event there is an unexpected resignation, disability, disposition, or death of the staff executive currently serving.

It was moved and adopted:

Resolved, That the Board of Directors names the following individuals to serve during a board authorized interim vacancy until action can be taken by the Board to reappoint someone to fill the vacancy:

for the Chief Administrative Officer,	Val Rhoden-Kimbrough;
for the Chief Financial Officer,	Ross Stroh;
for the Secretary of the Synod,	Rev. Herb Mueller;

And be it further

Resolved, That these names are to be forwarded to the Department of Human Resources, who shall maintain the list as required should the need for appointment of an interim be necessary.

(E) Board of Directors Policy Manual Sections 1–2

The board's governance committee, as part of its regular review of board policy, brought a variety of minor improvements to the first two sections of the board's policy manual (pp. 157–169/301).

It was moved and adopted:

WHEREAS, Board of Directors Policy 2.10.1.3.1 directs the Governance Committee to review policies of the board and to make recommendations for new or amended policies; and

WHEREAS, During the course of reviewing this section of the manual, the Chief Administrative Officer has solicited input and/or review from the members of the Governance Committee; and

WHEREAS, Board members are encouraged to provide comment and suggestions regarding these proposed changes and any other change they deem appropriate to raise for the board's consideration during the review of these policy sections; therefore, be it

Resolved, The Board of Directors adopts the changes to The Lutheran Church—Missouri Synod Board of Directors *Policy Manual*, Sections 1 and 2, as indicated (pp. 158–169/301); and be it finally

Resolved, The Board also directs the table of contents, index and other references to be updated, as necessary.

(F) & (G) Studies of Potential Overseas Property Transactions

The President of the Synod proposed that the board authorize studies of certain of Synod's overseas property holdings, to identify potentially beneficial transactions. The board adopted two confidential business resolutions authorizing LCMS Church Relations staff to conduct such studies.

60X. Confidential Business Actions: Authorizations to Study Potential Overseas Property Transactions

(H) Salary Range Adjustments for 2017

It was moved and carried to enter executive session to receive the report from Val-Rhoden Kimbrough on salary range adjustments for 2017.

60XX. Executive Session VIII: Salary Range Adjustments for 2017

The board returned from executive session, noting that it will be deferring action on salary range adjustment pending receipt of further budgetary information.

(I) Vacancy Appointment to the Concordia Historical Institute (CHI) Board of Governors

The resignation (to accept an appointment to the Commission on Theology and Church Relations) of Christopher Phillips, elected by the 2013 convention as a lay member of the CHI Board of Governors, created a vacancy to be filled, under Bylaw 3.2.5, by the Board of Directors. The personnel committee, having received and evaluated nominations, recommended Mr. David Millar to fill the vacancy. The board adopted the committee's recommendation. The Secretary of the Synod will notify Mr. Millar and thank those who allowed their names to stand but were not appointed.

(J) Appointment to the LCMS National Housing Support Corporation Board of Directors

At least one-third of the board of directors of the LCMS National Housing Support Corporation is appointed by the LCMS Board of Directors. This year, one position, that occupied by Mr. Alan Doud, is up for reappointment to the 2017–2020 term (beginning and ending in March). Having received only a single nomination, that being for Mr. Doud, the personnel committee recommended his reappointment. The board adopted the committee's recommendation. The Secretary of the Synod will notify Mr. Doud.

(K) Asia Region Bank Account

A change in business manager personnel in the Office of International Mission, Asia Region, has necessitated the removal of an approved signer and the appointment of a new signatory, with specified limits, on accounts held with the China Construction Bank (Asia) Corporate Limited ("CCBL"), Hong Kong. The Office of International Mission has recommended action, and CCBL has requested that the Board of Directors adopt a resolution to effect the desired changes.

It was moved and adopted:

Resolved, The LCMS Board of Directors adopts the proposed resolution (pp. 100–102) and authorizes the Synod Secretary and CFO to sign the resolution and to forward it to the China Construction Bank (Asia) Corporate Limited ("CCBL").

61. Board of Directors Retreat Planning

Looking forward to the board's August retreat, Vice-Chairman Ed Everts picked up on the theme of "re-envisioning the business of the Church." Four small groups, the three committees of the board and a fourth composed of those not on a committee, would focus, in their respective areas, on the board's becoming more proactive, as opposed to reactive, in line with this theme. It was noted that perhaps the corporate entities should be involved. It was also suggested that staff (the President's office) should begin this charge and have something to share in August as a starting point. The retreat committee will continue to meet by teleconference to refine plans. Aug 25–26 are meeting dates, with the 24th reserved in case more time is needed for a partial or even full day. This meeting will also entail regular board business.

62. Overview of Next Meeting

Chairman Michael Kumm indicated that the board's May meeting would be largely focused on budget development and on the search for a Chief Administrative Officer.

63. Officer / Committee / Board Time

The board had no additional questions to address in officer / committee time.

64. Meeting Review

It was moved and carried that the board move into executive session to review the meeting, in keeping with BOD Policy 2.7.1.11.

64X. Executive Session IX: Meeting Review

65. Adjournment

Having returned from executive session, the chair called upon Secretary Sias to offer prayer for the Synod and for Ross Edwards, who is ill. Prayer was offered on the basis of Psalm 90. That completed, the board adjourned at 11:35am.

John W. Sias, *Secretary*