

**MINUTES
BOARD OF DIRECTORS**

**LCMS International Center, St. Louis
May 18–19, 2023**

332. Call to Order and Opening Prayer

Chairman Michael Kumm called the board’s May meeting to order with all members present (Jesse Yow, by Zoom). Also in attendance were Chief Administrative Officer (CAO) Frank Simek, Chief Financial Officer (CFO) Nathan Haak, Chief Mission Officer (CMO) Kevin Robson, and General Counsel Matt Buesching of Thompson Coburn. Chairman Kumm introduced Cheryl Magness, covering the meeting for LCMS Communications, noted that the board would attend the International Center chapel service for Ascension Day and the day following, and called on First Vice-President Peter Lange to open with prayer each day.

333. Adoption of Agenda and Consent Agenda

Chairman Kumm introduced the meeting agenda (p. 11–12/620) and consent agenda (pp. 14–15/620). These were moved and adopted, the consent agenda reading as follows:

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

WHEREAS, Board Policy 3.9.4, “Consent Agenda,” reads:

3.9.4.1 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.

3.9.4.2 The consent agenda should consist of routine matters that require Board action. Typically, these items include the approval of minutes, acceptance of officer and other written reports (excluding the quarterly financial/budget report), and adoption of routine or non-controversial action items.

3.9.4.3 The Chairman 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.

3.9.4.4 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.

3.9.4.5 Any item which appears on the consent agenda may be removed from the consent agenda upon request 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 to approve the consent agenda.

3.9.4.6 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 accept this consent agenda which includes the following:

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| • Officer and related Strategic Reports | ▪ Board of Directors |
| ○ Office of the President, Church Relations, and First Vice-President | ▪ Legal, Risk Management, External Audit |
| ○ Secretary, Rosters, CCM, COH, and Conflict Resolution | ▪ Accounting |
| ▪ Council of Presidents | ▪ Human Resources |
| ○ Chief Administrative & Chief Financial Officers | ▪ Internal Audit |
| | ▪ Operations / Information Technology |
| | ○ Chief Mission Officer & BNM, BIM |
| | ▪ International Mission |

- National Mission
- Pastoral Education
- Mission Advancement
- Communications
- Commission on Theology and Church Relations
- Concordia Historical Institute
- Concordia University System
- KFUO Radio
- Board of Directors Committee Reports
 - Governance Committee
 - Personnel Committee
- Action Items
 - Approval of February 9, March 24, and April 12, 2023, LCMS Board of Directors Minutes

and be it further

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

334. President's Report

President Matthew Harrison extended briefly upon his written report (pp. 31–33/620), noting that the Synod is in “full convention mode,” with things “fairly calm” at present. Looking toward the convention, he noted that issues relating to the Concordia universities will be significant, but that he is confident that “we’ll be able to handle them wisely.” Also, likely to receive attention are a variety of proposals for new alternate routes to ordained ministry, over which the Synod would have less supervision. Floor committees have been assigned and their work is beginning on over 300 overtures submitted.

335. First Vice-President's Report

First Vice-President Peter Lange reported to the board, noting the annual/quarterly cycle of Board of Directors, Council of Presidents, and Colloquy meetings is now overlaid with the triennial convention cycle; he has been busy assisting the President with floor committee and overture assignments and with preparations with committee chairs for floor committee weekend.

336. Chief Mission Officer's Report

Chief Mission Officer (CMO) Kevin Robson reported to the board, noting that International Center staff have been especially busy completing 2019 convention assignments and preparing background for 2023 floor committees. Two significant executive directors have been onboarded: Mike Behr in Communications and the Rev. Dan Galchutt in the Office of National Mission. Also highlighted was the departure from Communications to a post at Concordia Seminary of Kevin Armbrust, Managing Director, Editorial and Theological Content, “a very significant contributor” who formerly covered the Board of Directors.

337. Personnel Committee

Personnel Committee Chairman Larry Harrington reported for his committee on its meeting of April 18 (pp. 124–25/620):

- Members-at-Large, The Lutheran Church Extension Fund—Missouri Synod (LCEF): Following the usual nomination and evaluation process, the committee prepared recommendations (pp. 124–25/620) for regular appointment of five members-at-large, as well as one alternate, to serve if any of the members-at-large is unavailable for the LCEF member meeting. Of nine names submitted, including four incumbents and one incumbent alternate, two were ineligible and one declined. This leaves only the five names for appointment and one alternate. Full information is available in the board’s appointment docket supplement (pp. 87–143/143).
- Board of Trustees—Concordia Plans / Board of Directors—Concordia Plan Services (CP/CPS): Following the usual nomination and evaluation process, the committee has prepared recommendations (p. 124/620) for the regular appointment of four laypersons to the board(s). Eight available nominees were ranked by the committee. Harrington noted the required qualifications for

service on the board and that Roger Offerman comes with especially valuable actuarial expertise. Full information is available in the board's appointment docket supplement (pp. 1–86/143).

One commissioned minister seat is also up for appointment; however, the only name in nomination was that of the incumbent, Mr. Mark Muehl, who, due to acceptance of a call to a Synod agency, is no longer eligible to serve under Bylaw 1.5.1.1. On the instruction of the committee, the Secretary has renewed the call for nominations for the board to fill this position at its September meeting.

- Appointment of Interims: The committee forwarded the resolution presented by LCMS Human Resources to name interim persons for the Chief Administrative, Financial, and Mission Officers, and for Secretary (pp. 298–99/620). This appears under action items.
- Resolution for Officer Salary Increase: The committee recommended salary increases be given to officers at the same percentage as for non-officer employees (p. 300/620).

Harrington also noted the committee's having received updates on the Chief Administrative Officer search process and a preview of the Fiscal Year 2024 Personnel Budget.

338. Financial Reports and Giving Trends

Chief Financial Officer Nathan Haak, accompanied by LCMS Accounting and Financial Services Executive Director Chris Wood, reported on year-to-date finances and giving trends as of February 28 and on projections through the end of FY23 on June 30, 2023 (pp. 62–75/620). He noted that March financials have closed but not in time to update the report. He noted (p. 64):

- Total revenue (excluding mark-to-market) is expected to meet or slightly exceed budget, with downside in gifts (which are decreased relative to FY22 but ahead of prior years and expected to finish FY23 close to budget) expected to be offset with upside in investment income and bequests.
- Expenses are well below budget in all areas and at or better than historical draw year-to-date. A higher-than-expected unrestricted draw in the Office of International Mission is being monitored closely; this may be largely offset with other underspending.
- Financial position and liquidity remain strong, with stronger interest rates improving earnings on cash. Markets have stabilized, with \$3M in positive mark-to-market (not yet reflected in February financials) since December (last mark-to-market reflected in February financials).
- Domestic headcount is at 184 full-time equivalents (FTE) relative to a maximum approved level of 197 FTE.

Reviewing revenues (pp. 65–70), Haak noted that districts remain ahead of pledge pace with some potential to offset other shortfalls, but on their continued year-over-year declining trend. Unrestricted gifts and grants are likely to finish approximately (~) \$1 million (M) below budget. Nonetheless, the year-to-date value is above pre-2021 levels, indicating retention of some new donors or some increased giving post-pandemic. Unrestricted bequests are expected to finish ~\$500 thousand (k) below budget, but these will be more than offset by interest and investment income above budget by at least \$1M. Total unrestricted revenue is, therefore, broadly on track, projected to finish within ± \$500k of its \$23.2M budget for FY23.

Restricted revenues show continued strong support for mercy work and network-supported missionaries, on track with budget, and an upside in the Global Mission Fund, which offsets unrestricted draws in the mission offices. Restricted bequests are likely to exceed budget, although the restriction of each is important to their applicability to ongoing expenses. Total gifts and grants are “on trend,” excluding a “bumper year” in 2022, with total revenues (excluding mark-to-market and disaster) “solidly ahead of pace.” Budget risk involves primarily any ongoing expenses outside purposes with available restricted funds.

Presenting on year-to-date financials (as of February 28, compared to four previous, p. 71), Haak noted that a “reasonable trend” continues in unrestricted revenues; increases in mission and ministry spending have

largely been met with available restricted funds and a \$2.40M operating deficit (consistent with the FY23 budget) is being met with approved releases of board-designated net assets and an upside in interest and dividend income. On a whole, expenses are below both budget and revenues. Haak noted a \$4.79M positive change in unrestricted net assets, along with approximately the same amount of accumulation in temporarily restricted net assets. Nonetheless, net assets are down \$131k for the year, compared to significant increases, largely due to non-repeating items, in the previous two years.

Regarding program spending (p. 72), Haak noted a significant unrestricted draw (\$1.96M, relative to \$300k budgeted) in the Office of International Mission due to less-than-anticipated restricted funds received for non-network-supported missionaries (alliance and globally engaged in outreach [GEO]), partially offset—should targeted fundraising does not close the gap before the end of the fiscal year—by underspending in Communications and the Office of National Mission.

Domestic headcount (p. 73) stands at 184 FTE, 12 positions below November’s approved level of 197, with the pace of hiring slowed by FY24 budget considerations. In major ratios (p. 74), Synod’s current ratio stands at 4.7, with 428 days cash on hand (144 days, excluding investments). The program spending ratio stands at 82.3%, a recent high. Haak explained how the triennial Youth Gathering impacts all these ratios. He also noted allocation of cash balances to US Bank, LCEF, and LCMS Foundation and the treatment of interest and investment income on use-restricted, board-designated, and unrestricted net assets. He also explained under board policy, earnings, and investment losses both go to unrestricted assets. Increased interest rates have added significantly to FY23 budget performance.

Finally, Haak presented a chart of net assets without donor restrictions since FY10, indicating *positive* undesignated, unrestricted assets (excluding both board-designated funds and land, buildings, and equipment, p. 75) in only the present and immediately past fiscal years. He explained that the improvement in corporate Synod liquidity since FY20 has been due to beneficial one-time items.

339. July 1, 2023–June 30, 2024 (FY2023–24 or FY24) Budget Review Introduction

CFO Haak, accompanied by Executive Director Wood, introduced the operating and capital budgets proposed by the Synod Operations Team for the Fiscal Year to run July 1, 2023–June 30, 2024 (Fiscal Year 2023–24 or FY24, pp. 413–50/620 and pp. 1–21/21 of the budget presentation). In a brief overview (p. 2/21), Haak noted flat unrestricted revenue expectations, with interest and investment income offsetting lower gift, grant, and bequest expectations; restricted revenues are expected to continue a 5.5% annualized growth rate from an FY20 low, a projection supported by FY23 results. Almost half of FY24 fundraising will, because of Network-Supported Missionary (NSM) and Mercy funds in-hand, be destined for FY25 expenditure, lowering risk for FY24, depending, of course, on the specific restriction “geography” of gifts received relative to expenditure. While a flat headcount is requested (relative to the FY23 *budget*), expenses are increased. Planned are expenditure of accumulated temporarily restricted net asset reserves for their designated purposes (temporarily restricted fund balances have increased \$19.5M since 6/30/2020; Haak noted a concern that “sticky costs” not be acquired in spending these funds) and some significant one-time items (such as beginning to replace a digital platform infrastructure that is at “end of life”), as well as the convention and related items. Full inclusion of convention-related transition contingencies and all planned positions for the full year (some were included for a partial year in FY23) lend confidence that expenses will be well within budget. Increased capital expenditures are driven by “mandatory” International Center (IC) elevator upgrades and the KFUEO Radio tower relocation.

Turning to what he referred to as an “upside-down profit-loss” sheet (p. 3/21), Haak noted a large increase in planned restricted fund expenditure for FY24 (\$56.35M relative to the previous two expense budgets of \$39.12M in FY22 and \$49.91M in FY23). He explained that this reflects spending within designated purposes of funds received and not spent in prior years. The FY24 budget as presented plans a \$12.42M decrease in total net assets, \$8.38M of which reflects such net restricted fund releases. Haak noted decreases in earned revenues, due to corporate Synod providing fewer services (e.g., in Human Resources) for entities, and conservative projections of interest and income. He noted, as more significant than the net release of

restricted funds, the planned reduction in *unrestricted* net assets of \$4.04M, reflecting a requested release of board-designated funds and undesignated reserves, compared to a \$1.32M release budgeted in FY23. Board releases requested, while significantly increased, are shifting to be “more specific and less operational” (p. 4/21), reflecting a desire to rely less on such releases to fund the operating budget. \$1.78M of the request is for operations; the remainder is for discrete, one-time projects:

Proposed FY24 Operating Budget “Bottom Line”

Total gifts	\$61,475	(thousands)
Materials and services revenue	3,258	
Investment Income	4,000	
Youth Gathering / convention revenue	2,256	
Total (New) Revenues	\$70,989	
Total Expenses	(\$83,412)	
Surplus/(Deficit) / Change in Total Net Assets	(\$12,423)	
Release of restricted gifts on hand	8,381	
Release of board-designated funds	4,070	
<i>From General Unrestricted</i>		
Assistant Secretary (Operations)	171	
Risk Management (Operations)	260	
Convention: Potential Officer Transition	625	
<i>From Prior Convention Reserve</i>		
Convention/Task Forces	440	
<i>From CUS Risk Endowment Fund</i>		
Concordia Univ. System Debt (Operations)	544	
<i>From KFUE-FM Sale Proceeds / Innovative Communications Fund</i>		
KFUE Radio	100	
Communications (Operations)	675	
Set Apart to Serve (Operations)	125	
<i>From Future Projects Fund</i>		
Legal	400	
Accounting Process Review	125	
Communications Digital Platform	605	
Proposed Surplus / (Deficit) after Releases	\$28	

CFO Haak presented a high-level functional expense budget for FY24, relative to the previous two budgets, excluding Youth Gathering and convention. High level categories include: BOD/Synod Business, Other Synod-wide (Council of Presidents, Mission Boards, task forces, etc.; Secretary / Rosters; President, Church Relations, Chief Mission Officer, CTCR; CHI and CUS), Synod Missions (Offices of National and International Mission; Pastoral Education; Communications; KFUE Radio; contingency), and Support Services, and Advancement (p. 5/21). While the total expense budget for missions continues to grow, it is doing so with a relatively smaller proportion of unrestricted spending than in previous years. Support services also receive a smaller proportion, with the BOD and other Synod-wide business categories increasing. The expense of administering affairs on behalf of the broader Synod (e.g., Board of Directors, Chief Administrative Officer, Legal, Tax, and Insurance) continues to expand, while unrestricted revenues decrease. This constrains mission budgets and support functions, already “leveraged significantly” in a relatively fixed unrestricted revenue budget.

CFO Haak provided context (p. 6/21) on the Synod’s unrestricted/undesignated net asset position, which since June 30, 2019, has changed from a \$16.19M deficit position to (coincidentally) a \$16.19M positive balance. He noted major additions and subtractions, including \$34.05M in beneficial one-time items, \$1.18M in net board-designated asset releases, \$5.09M in net operating losses, net interest and investment income of \$1.71M (interest income being largely offset by mark-to-market losses), and “replacement-level” investments in land, buildings, and equipment (net \$530k). Among one-time items, Haak noted LCMS Holdings dividends, which have resulted in \$15M being made available—with no net impact on

consolidated financial statements—to corporate Synod in the period, with \$14.9M additional remaining for dividends over the next 3 years (p. 7/21), emphasizing that careful consideration needs to be given to how to utilize received and future dividends. Excluding one-time items and related new designations, corporate Synod’s unrestricted/undesignated balance has increased \$2.42M since 6/30/2019, driven principally by board releases (\$5.28M) and interest and investment income (net \$1.71M).

Haak’s high-level budget presentation closed on a strategic note. Looking toward future budgets, in which board-designated funds are diminishing and neither one-time items nor investment/interest income can be regularly assumed without accounting for exposure to market risk, Haak’s overall assessment is that, with one-time items “drying up,” operations needs to reverse a deepening “operating deficit” (excluding offsetting board releases and investment/interest income) so as to be “budget neutral” by FY27 (pp. 8–10/21). An otherwise “flat” budget between FY24 (a \$6.65M operating deficit, *if interest income is excluded* as not always being able to be presumed upon), would by FY27, removing one-time expenditures of \$2.75M and taking into account \$2.1M in compensation and benefit inflation and \$1.2M in other inflation, result in a \$7.2M operating deficit. Wage freezes, benefits management, removal of all unit executives, and halving of travel and meetings (none of which, to be sure, is being contemplated or probably realistic, but to give an idea of magnitude) would together *still* not close that gap. A sustainable future requires a new set of alternatives: what can be stopped, what can be done differently—especially as the “business of the Synod” continues to grow as a fraction of the unrestricted budget. If corrective action is not taken, by FY27 when dividends dry up, the compounding effect of operating deficits will overwhelm projected investment returns. Balancing operations will lead to a more sustainable future.

Summary, Proposed FY24 Revenue Estimate

CFO Haak very briefly summarized revenue forecasts (p. 11/21) for FY24 relative to previous years, noting a projected \$12.83M in gross receipts from districts, a 2.5% decrease from FY23, and \$48.65M in gifts and bequests, an increase of 7%. Sales and services of \$2.12M, investment income (excluding mark-to-market) of \$4.00M, and other income of \$1.14M, all mildly changed from FY23, result in a \$68.73M total revenue projection for FY24.

FY24 unrestricted gifts and bequests (p. 12/21) are projected at \$17.33M, decreased from \$18.54M budgeted in 2023 due to a lower estimate for unrestricted gifts and grants, partially offset with bequest expectations, and lowered district pledges; this decrease is approximately offset by increased estimates for interest and investment income. The addition of these sources and an anticipated \$5M dividend from LCMS Holdings brings unrestricted income to \$25.78M for FY24, 1.13M below the estimate for FY23.

On the restricted side (p. 13/21), revenue, including gifts and grants, investment/trust and other restricted income, and gain on restricted investments, is projected at \$47.96M, an increase over an FY23 budget of \$42.93M and estimate of \$45.93M.

Total support (p. 14/21), excluding Youth Gathering, is projected at \$73.73M, higher than both the FY23 budget of \$69.40M and estimate of \$72.84M. A net restricted asset release of \$8.33M is planned, which is consistent with a previous-three-year net average *accumulation* of \$7.10M in temporarily restricted net assets (including a \$3.50M *accumulation* in the present year, when a \$6.96M net *release* was planned). Matching activities to accumulated funds will, of course, be crucial in managing unrestricted budget impact with relatively high releases planned.

Summary, Proposed FY24 Operating Budget Expense Request

Haak next presented the FY24 expense budget (p. 15/21), as supported by unrestricted and restricted funds; note that the “restricted” column includes both restricted revenues, such as donor-designated gifts, and fees for materials or services in a particular category, the purpose of the distinction here being to indicate the expected demand of each category for unrestricted funds):

Category	FY24 Expense, supported by: Unit	Restricted funds (k)	Unrestricted funds (k)	Total (k)	FY23B Total (k)
<i>Mission & Ministry Programs</i>	Office of International Mission, Office of National Mission, Pastoral Education, University Education, Communications, KFUO Radio	\$49,908	\$5,988	\$55,896	\$50,563
<i>Youth Gathering</i>		2,256	400	2,656	8,754
<i>Ecclesiastical Programs</i>	Commissions on Constitutional Matters, Handbook, and Theology / Church Relations; Dispute Resolution; convention task forces; Legal; Rosters, Statistics, and Research Services; Church Relations; Office of the President; Office of the Secretary; Boards for National and International Mission; Council of Presidents; Chief Mission Officer; Concordia Historical Institute; contingency	650	8,350	9,000	7,243
<i>Management & General</i>	Board of Directors; Chief Administrative and Financial Officers; Insurance, External Audit, Internal Audit, Accounting, Legal, Information Technology / Operations Support Services, Human Resources, interest	920	7,281	8,201	7,601
<i>Mission Advancement</i>		7,761	(100)	7,661	7,273
Total		\$61,495	\$21,919	\$83,412	\$81,434

Haak noted increases in mission and ministry driven by the Office of International and National Mission. In ecclesiastical programs, legal costs are increased by \$260k; Secretary and Rosters, Statistics, and Research Services by \$280k; Office of the President / Church Relations by \$110k; and potential executive transitions of \$625k. Finally, management and general expense increases include restoration of a risk management function, \$450k, and an accounting process review, \$125k.

Unrestricted draws in mission and ministry have declined mildly since FY20 and FY23, while ecclesiastical services expenses have increased by \$2.16M since FY23 and 3.75M since FY20. Management and general unrestricted expenses have also grown by \$0.70M and \$1.10M over the same periods. (pp. 17–19/21)

Headcount as of April 27 (p. 20/21) stands at 183.9 (compared to 175.9 at the end of FY22), with 211.5 positions budgeted and a cap in place at 197. The FY24 budget is for 210.3 positions, with the cap remaining in place.

340. FY2023–24 Budget Strategy Presentations

The board heard presentations by officers and unit executives on strategic aspects of major blocks of the expense budget, correlated with “tear sheets” indicating FTE, total and net unrestricted expenditures, and key categories for FY24 and relative to FY23 and FY20 (pp. 433–50/620).

(A) Office of the President (including First Vice-President and Church Relations) and KFUO Radio

President Harrison elaborated on his office’s printed strategy report (pp. 34–39/620; 446/620), beginning by reviewing the purpose of the office from the Constitution and Bylaws and noting his emphasis on visitation and its importance for the wellbeing of the Synod. The President noted being on the road 200 days a year, having been to 100 district conventions, probably 100 district board/president visitations, and numerous visits to universities for valuable face-to-face communication. Many district presidents have newly engaged visitation as well, with positive outcomes reported. This time- and staff-intensive work is invaluable to the Synod and is the essence of the Reformation definition of a “bishop” or “visitor.”

The President noted that recent restaffing of Church Relations has extended that visitation to partner churches overseas, an essential activity for which there is no substitute. Two staff have one major event planned each month over the next year. The plan to add 1.6 additional positions in this area in FY24 has been dropped given budget constraints. The Office of the President budget request is essentially flat (4% net increase to unrestricted relative to FY23).

KFUO Radio Executive Director Gary Duncan shared his unit's strategic update (447/620). This year's Share-a-Thon revenue, at \$200k, surpassed last year's best-ever, with gifts continuing to arrive and to be solicited. The unit is on a solid financial basis, on track to finish FY23 \$61k in the black, with growing listenership and relationship with ministry partners and underwriters (underwriting revenue grew \$30k last year). In addition to gifts, bequests, and underwriting, tower space rental may provide additional revenue. The broadcast ministry—*LCMS Radio*, as Duncan called it—is much more than KFUE AM 850, with a variety of streams heard around the world on a variety of digital platforms and current, developing, and contemplated FM translators in the St. Louis area with potential to reach much larger population areas in the Westplex, Downtown/Central, and Metro East. Duncan noted the phasing out of AM radio in many new cars posing a real threat to the band; the FM translators are thus strategically important to “solidify the foundation” of KFUE radio. A new FM translator is included in the FY24 capital budget request, to replace the previously-approved (deferred) FM station in Troy, MO, which will allow KFUE to be heard on FM almost all the way from Wentzville, MO, to Edwardsville, IL. KFUE Radio plans a minimal draw on unrestricted for FY24, reflecting, as Chairman Kumm noted, excellent progress by KFUE in recent years.

(B) Chief Mission Officer (including Board for / Office of International Mission, Board for / Office of National Mission, Mission Advancement, Communications, and Pastoral Education)

Chief Mission Officer Kevin Robson elaborated on the strategy reports of his units, which account for approximately three-quarters of corporate Synod's operating budget. He introduced a new “block” in the structural overview of his area for the “Ministry Support Team,” managed by Jeannie Smithson, a pooled cadre of administrative support staff, chiefly serving National Mission—six persons now doing what nine did formerly, with expense allocated across areas. He began with a review of the seven mission priorities, which are proposed to continue in the upcoming triennium under “Making Disciples for Life.” The intention is to “stay the course” with robust strategy and operational plans that have been in place for several years now, adding only a church planning initiative (fully funded with restricted revenues) and the proposal to replace Synod's digital platform. Costs will need to be controlled to revenues and relatively low-impact programs will have to be identified and shed. There are challenges calling highly-qualified individuals into mission-critical positions, presently vacant.

Robson introduced Steven Briel and John Edson, chairmen of the Boards of National and International Mission, respectively. He explained the role of the boards in goal-setting and missionary calls, as well as the proposal, under 2023 Convention Overture 9-48, to include them formally at the strategic level of the budget planning process, envisioned as moving toward a rolling 3–5-year scope. The chairmen offered explanatory comment for their respective boards, noting significant learnings from interaction with districts and the boards' revision of their own policies to revolve around the desired strategic work plan structure.

In the various areas Robson noted:

- Chief Mission Officer / Boards for National and International Mission (pp. 76–79, 433/620): With regard to the boards, Robson noted only inflationary changes in expense for FY24. His office is working to achieve uniformly high employee engagement, fulfillment, job satisfaction, and retention, with succession planning; a “team” ethos, increased awareness and engagement of LCMS congregations and congregations, reliable and increasing financial support from engaged contributors, and “continuous, measurable improvements” in operations. Robson outlined opportunities and strengths as well as challenges, including cultural pressures and employee workload and stress and demographic projections. He noted with appreciation the board's work to align entities and the work of corporate Synod. Strategic priorities include supporting congregations

and congregants through districts, optimal stewardship of adequate resources, and fulfillment of all the assignments given by the convention, mission boards, and President. Priorities include missionary care, church and school planting, church worker student recruitment and formation, and the development of the “Institute for Life Together”—a hub for leadership, entities, and congregants to collaborate together.

CMO Robson expressed his delight with new leadership in the Office for National Mission and Communications. The Office for Pastoral Education will undertake significant research on residential vs. non-residential routes. Mission Advancement is currently working through a unit assessment by an outside consultant (to be completed by the end of June) and will develop a response plan as a prelude toward consideration of a potential major capital campaign. International schools receive continued focus. Staffing (FTE) is flat and the Ministry Support unit is a success, with further improvements in work process and cross-training to come.

- Office of International Mission (OIM; pp. 80–82, 435/620): CMO Robson noted this as the largest single expense area in the Synod, \$33.06M in the FY24 expense budget, presenting an organizational chart and sharing the “OIM Dashboard,” monitoring mercy fund expenditures, 101 missionaries (48% ordained), deployed (87 households and 194 dependents) in 28 countries; in addition, 22 alliance missionaries are working in 15 countries.

Robson highlighted as selected highlights for the preferred future: Increasing the number of deployed missionaries and strengthening the identity of OIM as *the* LCMS sending agency (Bylaw 3.8.3), building on OIM support to ONM ministry to immigrant populations, improving the longevity of career missionaries and the strength of four regional seminaries (including the newest in Chaiyi, Taiwan), and building on worldwide partnerships.

Missionary retention has been high with pre-deployment and on-field orientation consistently beneficial and missionaries and their families enjoying a strong base of support. Challenges include current and pending vacancies in executive leadership—35% of missionary staff is or will be eligible to retire within next five years—and China/US relations. Filling vacancies and reaching a goal of 175 serving missionaries will require 140 recruitments over the next five years.

Strategic priorities include “spreading the Gospel, planting Lutheran churches, and showing mercy” (a paradigm consistently communicated and implemented); close collaboration with international church partners; leadership and excellence in pastoral/diaconal formation; facilitation of short-term mission teams; outstanding outcomes within Ministry to Armed Forces; and recruitment, care for, and retention of missionaries.

Key initiatives include the alliance missionary project (in partnership especially with Synod’s Brazil partner church, an effort interim executive director Christian Boehlke explained as filling critical roles in OIM’s comprehensive strategy), dealing with increasing challenges of cross-border work (an aspect of the work that Boehlke also detailed), strengthening the Riga, Latvia, and Chaiyi seminaries, recruitment and succession planning for senior executive leadership, and relating to the Synod’s international schools.

The FY24 personnel budget of 32 FTE (St. Louis and regional support staff; excludes NSM missionaries) is down 2 FTE from the FY23 budget but up 5 FTE from the 4/27/2023 actual. On a \$33.06M total expense budget, only \$182k draws on unrestricted funds; all else is restricted: \$12.58M from network support for missionaries, \$10.55M from project restricted funds; \$5.56M from Mercy; \$1.50M in bequests; \$900k in generally-designated OIM contributions; and \$1.80M in Global Mission Fund, a shared fund split 60/40 between International and National Mission Fund. Allocation of funds remains stable across the regions.

- Office of National Mission (ONM; pp. 83–86, 436/620): CMO Robson noted a tripartite arrangement of the unit developed this Fiscal Year: Human Care/Ministerial Support;

Congregations and Districts; and Church Planting, Renewal, and Support. He noted some “paring back” of the tree of activities under these major divisions, reducing the number of directors while maintaining service through greater integration of programs. The Synod’s domestic missionary program has come to a close; this had received only lukewarm support and the last missionary in the program has received another call.

ONM preferred futures include: stakeholder awareness of available resources; increased connections; project development with Synod districts (the “primary customers” for connecting their congregations and schools) and institutions; strategic contact with those who want to work with ONM; strategically aligned program ministries and leaders—a priority for the new executive director; slanting, sustaining and revitalizing Lutheran churches and schools; and advancing strong collaborative ONM work with other IC units (especially Communications and Mission Advancement).

Success is aided by working relationships with stakeholders, the tripartite managing director arrangement, and the high LCMS adult conversion rate. Challenges include overly lean staffing and vacancies in a tough recruiting environment; a rostered schoolteacher/administrator shortage; and a reduction in net unrestricted draw in FY24. There seems to be low familiarity in the field with Synod organization and resources. Executive Director Galchutt comes with rich district office experience; he offered insights on district connectivity and the desire to work efficiently together with districts without duplication of efforts; he will be engaging a listening tour in months to come. ONM strategic priorities include building working relationships and partnerships with districts, doing what we do well already (Mercy, Disaster Response/Training, Life, Youth, Witness, and Outreach) while shedding low impact programs; strengthening/repositioning ONM School Ministry for leadership; church and school planting; and worker wellness.

In response to a question, CMO Robson described the church planting initiative as shifting from an “entrepreneurial pastor” model to a local-team-centric model, developing out of a congregation or circuit under a model or training resources, that will include accountability measures. It will work *toward* bringing Word-and-Sacrament ministry, with a pastor, rather than starting with it. A rich set of analytics will drive selection of teams and locations, with more than half of US counties having no LCMS presence. A board member also noted the importance of schools; a recent uptick in planting interest has been noted.

The FY24 budget includes 36 FTE, down one from the FY23 budget but up 10.4 FTE relative to the 4/27/2023 actual (these additional positions funded fully by available or expected restricted revenues). Recruitment of specific positions is often challenging. Robson noted two significant granting increases, both from restricted funding: phase 2 of the Million Dollar Life Match and a new support program for Ukrainian refugees in the United States.

- Office of Pastoral Education (PED; pp. 87–90, 437/620): Robson noted Set Apart to Serve (SAS), Post-Seminary Applied Learning and Support (PALS), and the Pastoral Formation Committee (PFC). The preferred future includes PED strategy matched to Synod’s expectations; collaboration with seminaries, universities, districts, entities and RSOs; success of SAS: full participation in PALS; and effective collaboration with MADV. He noted a significant impediment: other organizations or individuals beginning to intrude on the exclusive work of the seminaries. Executive Director Baneck noted a new phase of SAS focusing on second-career workers. PALS is going well, with all East Coast districts expected to come back into the program. PFC work is going well, working on addressing the noted concerns. Rich Synod-wide collaboration across the seminary and university leadership, synodwide entities, school and commissioned minister organizations, LCMS Youth, district presidents, etc., is moving SAS forward. Robson noted also the Joint Seminary Fund and Global Seminary Initiative as continuing to move forward well with

seminary partners. The FY24 request is flat, with some fluctuation in granting depending on funds received.

- Mission Advancement (MADV; pp. 91–94, 438/620): CMO Robson highlighted five major structural activities under executive director Mark Hofman: unit planning, coordination, and accountability; transformative giving; missionary network care/support; member engagement; and campaigns/special initiatives. He highlighted data analysis work as an area for increased attention. Succession planning for Mission Central is a critical need. Selected “preferred future” highlights include continuing to work under the “appreciative response” model and hosting contributors/guests as genuine partners. A challenging, competitive recruiting environment for advancement professionals is a “hurting” influencer, along with the challenge of achieving a consistent donor engagement nomenclature and weakness in staffing internal operations.

Among strategic priorities, Hofman highlighted a culture “exuding *A Living Faith*,” a continuing shift away from “deficit thinking” toward positive appreciation for God’s abundant love; an opportunity to walk agencies and entities through similar training to find alignment of interests; and development of “end to end” contributor care. He explained a “big buckets” initiative to “lead with” 8–9 very discretionary “big buckets,” including unrestricted, where the donor trusts LCMS to decide where dollars go—while preserving ability of donors to restrict to comfort level. Key aims include developing “fingertip access” to critical information contributors need, deserve, and expect, and fully integrating MADV and Mission Central as a coherent team, including succession planning. MADV continues to seek donor retention and acquisition through awareness raising (“donor joy”) and is engaging “strategic endowment(s),” for one of which a single donation of \$3.7M was recently received. MADV is working on a plan of action for a possible Synodwide capital/comprehensive campaign, and a proven, overarching “case” for being a Synod.

A department assessment is wrapping up with an on-site visit in June and report to follow. Preliminary reactions include positive feedback on the mid-level program and the sense that investment in further mission advocates could yield high returns. Some gaps and weaknesses have been identified, especially in connection with other units.

The FY24 budget proposal includes 43 FTE, down 3 from the FY23 budget but up 4 from the 4/27/2023 actual. Mailing and printing costs have grown astronomically in the past few years, precipitating shifts to digital media.

- Communications (COMMS, pp. 95–98, 434/620): Robson noted a fourfold functional division of the unit: editorial, media/PR, production/marketing, and church information center. Robson noted *Witness*, *Reporter*, and *Engage*, and their distinct circulations, which may present opportunities for cross-pollination. The Synod needs to more broadly and deeply engage audiences than is possible with existing frameworks and publications. Under a new media/public relations area will reside activities in social media, crisis communications, new media/digital platforms, and reputation management. COMMS is working on an expanded digital footprint, regular contact and engagement with all IC departments, and hitting production and distribution targets. Work—especially *Lutheran Witness*—is hampered by directly competing or confusing publications of other Synod entities. Headwinds include inconsistent use of the Synod brand and logos (and means of generating textual content), an aging Synod demographic, and increasingly hostile cultural perceptions of conservative Christianity. Some initial discussion is taking place of having a single, shared publication that could highlight the best of all in a common framework, probably largely digital. Executive Director Behr noted the reach of the three publications but a lack of inhouse expertise to build and manage connections with Christian-friendly media that can help expand the Synod’s reach.

COMMS is working on engaging and starting work with a consultant on a new digital platform. Behr explained FY24 contains a request for a first “envisioning” phase at a cost of approximately

\$500k, to be followed by an “execution” phase at \$500–750k, to be proposed at the November board meeting. The current web platform, no longer supported, was developed in 2010 by BlackBaud (which also provides Synod’s customer relationship management framework).

Synod’s web presence should inform and teach a variety of audiences (with multiple languages and a good mobile experience), be readily accessible and found in searches, be easy to update and maintain, and give a great perception of the Synod. The current approach falls short of achieving this and is “strung together with glue and band-aids” of many plug-ins needed to make up for missing features. Behr noted high “bounce rates” and brief engagements, with low rates of “conversions” to returning users. Worship materials, frequently asked questions, directories, and “Lutheran beliefs” *are* working well.

A modern platform should provide a personalized experience, an optimized design, user flow, and navigation, an improved architecture, higher engagement, simplification and scalability, flexibility and robustness, and intelligence; of these, Behr showed a few exemplars.

Behr described a 16–18 week “envisioning” timeline, with CMO and board involvement (\$450–600k), and then an 18–22-week implementation phase. Content management system platform licensing fees will likely follow. A board member questioned audience and giving impact, outcomes Behr noted were hard to quantify; Behr emphasized the high barrier a poor experience puts in front of individuals newly trying to engage. Everything flows through the web; “it has to work.” CMO Robson noted that the amount requested for the digital platform should get COMMS approximately halfway into a larger project, for the remainder of which additional funding will be needed.

The unit has 26 FTE in FY24, with no change from the FY23 budget but 3 FTE above the 4/27/23 actual.

(C) Concordia Historical Institute (CHI)

CHI Executive Director Daniel Harmelink elaborated on his entity’s printed strategy report (pp. 99–104, 450/620). Harmelink noted anxious anticipation of Concordia College—New York archives and his desire for the board’s assistance in securing artifacts from closing institutions. CHI is reducing risk, ensuring the preservation of artifacts, and increasing value, for example with a new monograph series, including *Seminex in Print*, Koesterling’s *The Emigration*, and two additional *Seminex*-related volumes. CHI has sent to district offices and archivists books on managing district archives and artifacts. An exhibit of portraits of the reformers was the best-attended in CHI history. The Institute’s goal is not only to safeguard but to use artifacts in support of the church. “A good understanding of our past,” Harmelink concluded, “will help guide us into the future.”

(D) Commission on Theology and Church Relations (CTCR)

CTCR Executive Director Joel Lehenbauer elaborated on his commission’s printed strategy report (pp. 107–9, 448/620). He rehearsed the responsibilities of the commission in the *Handbook*, including church relations (five church relations committees were consolidated into the CTCR in 1962; Lehenbauer noted five church bodies to be presented to the 2023 convention for recognition of fellowship and one, with which fellowship has broken down). Since 2008, the President’s office has had its own church relations staff, a situation that may call for formal statement of roles and relations. A second responsibility of the commission is development of reports and resources for the church, including the new *Small Catechism and Explanation* and new *Large Catechism* volume; the latter, Lehenbauer said, will, despite some initial controversy, “stand the test of time.” CTCR has this triennium produced reports on human sexuality (updating 1981), the order of creation, and end-of-life issues; it has mostly cleared its agenda and is prepared for assignment of new work from the 2023 convention. CTCR also, in the late 1990s, absorbed the former (staffed) Commission on Organizations’ work dealing with lodge issues and other organizations, cults, and sects; on these, the

commission maintains and continues to develop descriptions and analyses which generate a great deal of interest and reaction.

(E) Concordia University System (CUS)

CUS Board of Directors Chairman Gerhard Mundinger, President Dean Wenthe, and Paul Philp, Director of Institutional Research and Integrity, joined the board by Zoom. Wenthe elaborated on CUS' printed strategy report (pp. 105–6, 449/620). He noted that the last three conventions have urged a greater embedding of the schools in the church; five out of six university presidents embrace that goal. The system presently contains 835 church work students, with Concordia, St. Paul, having gone from 42 to 69 with tuition guarantees for workers. Five of the schools are functioning well theological and economically. Problems at Concordia University Texas emphasize the need for CUS to have authority with regard to the schools.

Wenthe sought restoration of requested budget amount, which the Operations Team reduced by \$150k, but still reflected a 70% increase over FY23. Philp noted the bulk of the increase requested had to do with CUS loan re-amortization; the largest other items are salary/benefits and legal expenses. The convention year increased travel estimates.

Mundinger noted that while grants have been received to cover debt repayment, CUS has “no practical way” to raise funds. Among successes, Mundinger noted advances in presidential strength in the CUS universities, and schools' work—at their cost—to accommodate church work students, and the CUS board's maintenance of a foundation fund to provide for church work scholarships.

(F) Chief Administrative Officer (including Board of Directors, Legal, Human Resources, Operations/IT)

Chief Administrative Officer Frank Simek elaborated on his areas' printed strategy reports (pp. 396–412/620):

- Board of Directors (pp. 53–55, 398–400, 450/620): The board has been very active this year, establishing two new committees (Higher Education and Lutheran Entity Activity Development) and being involved in the International Schools Task Force. These efforts are bearing fruit and expected to continue into FY24. The board has also expressed a desire for an offsite strategy meeting in Spring 2024 to address long-term challenges and plans for the Synod. A robust two-day orientation for 3–6 board members will take place in St. Louis prior to the September board meeting, at which officer and committee selections will need to take place. Chairman Kumm expressed gratitude for those who have taken on significant additional committee duties and noted the board's ability to appoint up to three additional members to obtain needed skill sets. An increase of \$53k in FY24 reflects increased costs related to these activities.
- Legal (pp. 49, 56–58, 402, 450/620): Thompson Coburn is engaged as legal counsel through June 2024 and is in daily contact on a wide range of legal, real estate, regulatory, and contract issues. The FY24 budget includes routine matters and specific increases for ongoing items, for which an additional \$250k has been requested. CAO attempts to call on outside counsel judiciously, but there is plenty of work.
- Human Resources (HR; pp. 110–12, 442/620): With fewer services being provided to the entities (but meetings continuing for sharing of best practices), HR has become more involved in analytics, tuning of Paycor software to support recruiting and other aspects of operations, and international work (for which a local contractor is now being used to ensure compliance with local relations in “global market entry strategy,” the goal being to lead to a self-sufficient approach). In FY23, HR hired 50 new employees across LCMS, Foundation, missionaries, and CHI. There was no headcount reduction after loss of entity service, the move being to add support rather than reduce staff. The FY24 budget includes 5 FTE in HR, serving 330 total employees; a review is underway

to identify efficiencies. The FY24 budget includes a \$115k increase in unrestricted draw due to contractual increases, inflation, and an added FY23 position being budgeted for the full year.

- Information Technology (IT; pp. 113–16, 443/620): A staff of 7 developers manage the software side of the business. Concordia Plan Services (CPS) provides contractors to perform hardware/desktop support, with a good working relationship and a total cost decreased since first implementation. IT manages relationships with key software vendors and is moving the digital footprint of corporate Synod largely to a cloud-based environment. The budget (\$2.19M, almost entirely unrestricted) is essentially flat (2% increase) going into FY24. Recruitment of an open developer position is a priority, as well as detailing the record retention procedure and business continuity plan.
- Operations Support Services / Meeting Planning (pp. 113–16, 444/620): The IC is a 140k square foot building, 40 years old. Building occupants maintain a 5-year capital plan. The unit manages the relationship with Cushman for building repairs and maintenance. A mail/print center supports CPS, Foundation, and LCMS, including conventions, and offers some service to schools and churches. Building security is also in this area, as well as Travel/Meeting Planning, for budget purposes, in which Lynne Marvin provides excellent service to the whole Synod. The budget is largely flat for FY24.
- Chief Administrative Officer (pp. 50–52, 441/620): CAO Simek assists and supports the Board of Directors, working with Operations and Administrative Teams. Contracts take a great deal of time (including 275 independent contracts, totaling \$1.1M). Adobe Sign has been adopted to execute and manage contracts. The budget, consisting largely of personnel, is largely flat for FY24.

(G) Office of the Secretary (OTS; including Rosters, Statistics, and Research Services [RSRS]; Commissions on Constitutional Matters and Handbook; Conflict Resolution; and Council of Presidents)

Secretary John Sias elaborated on his office's printed strategy report (pp. 40–45, 445/620) and that of the Council of Presidents (pp. 46–48, 450/620), noting major changes from FY23, including addition, at the board chairman's suggestion, of an "assistant secretary" position; a triennial training cost for reconcilers, hearing facilitators, and district presidents (being conducted online for the first time, saving substantial travel and meeting costs and hopefully providing for some leveling of cost with new continuing education opportunities in intervening years); an increase in development cost to support district rosters and call processes; and smaller overhead and inflationary increases.

Sias noted appreciation for the suggestion of an assistant, which could add capacity and eventual continuity to an office running long-term with no margins; he questioned, however, the sustainability of the position in a contracting unrestricted revenue environment. He explained staffing across OTS and RSRS (68% of total cost, including "seconded" IT developers) and strategic directions in support of corporate Synod, its mission units and agencies, 35 districts, 5800 congregations and lay leaders, 12,000 active and 9,000 inactive workers. Processes are being transitioned from inefficient form/data entry approaches to online-interactive systems, with staff capacities being built in data management/analytics, customer support, and cross-training. With a few convention-related processes as examples, Sias described the balance between costly, "hard" systems used for "outward facing" interfaces and "light" internal systems and selective process contracting in an attempt to manage complexity, significantly reduce cost, and provide improved service. Board members and the Secretary discussed these tradeoffs and the assistant position, with board members noting the necessity of the latter and that the work of these units is almost exclusively Bylaw-mandated.

Sias concluded with a measure he shares with staff: OTS/RSRS costs each parish \$306 a year (\$33 more with an assistant added), with \$49 more for the Council of Presidents and Commissions on Constitutional Matters and Handbook and Dispute Resolution. The staff strives to deliver value on this not insubstantial support, for which the Secretary is grateful.

(H) Chief Financial Officer (Including Accounting, Internal Audit, External Audit, Insurance)

CFO Haak elaborated on his areas' printed strategy reports, noting that the scope of work goes well beyond corporate Synod, with the CFO serving on several entity boards and the units serving districts, business managers, and other Synod entities. Finance areas, totaling an unrestricted draw of \$2.43M, are on aggregate reduced by \$11k from FY23, even with FY24 including a \$125k one-time expense process review; headcount is reduced 1 FTE from FY23.

- Chief Financial Officer and External Audit (pp. 59–61/620): Budget for CFO (excluding External Audit) is down \$45k to \$315k in FY24; an admin position was restored to Accounting to cover urgent needs there. External Audit was \$84k in FY23 and is budgeted for \$88k in FY24, per a 2-year agreement entered in advance of the FY22 audit (expenses that hit in FY23).
- Audit (pp. 117–20, 440/620): Audit staff is down 2, reducing unrestricted draw (fully burdened) to \$204k from \$571k (revenue of \$280k is increased from \$250k in FY23; this results from 14 district audits, as well as for CUS and CHI, assistance for other entities, and other requests).
- Accounting (p. 440/620): Unrestricted net of \$1.70M in FY24 is increased from 1.31M in FY23 (\$125k of increase is for a one-time accounting process review), with FY24 revenue of \$181k decreased from \$220k. The area will be looking to permanently fill two vacancies. Haak noted that the unit is within one month of being caught up on closing, but also that the end of the fiscal year is fast approaching.
- Tax Reporting: Unrestricted net of \$113k in FY24, slightly increased from FY23; 0.5FTE for group exemption management and other tax considerations, also oversees payroll and payables.

Haak explained a request for an accounting process review (\$125k) to explore overlaps between Mission Advancement and Accounting receipting and matching restricted revenues to potential expenditure in a way that will support efficient operation and analysis. This will be aimed to accelerate close timeline, improve service levels, avoid “staffing-up,” and enable revenue-generating possibilities.

At a minimum, Haak is aiming at the area adding significant value, being a strategic partner for both corporate and broader Synod (including the districts, other agencies, and ultimately member congregations and schools). Potentially, districts may turn to corporate Synod for accounting services, or partner with Concordia Plans to provide services to congregations and schools. Future/strategic considerations include technology possibilities, including payables, accounting, payroll, advancement, etc.

Risk Management

CFO Haak noted a total budget up \$448k over FY23. This would include a \$260k increase for a risk management director and staff, an alternative requested to be made available by the Governance Committee, which might be offset in small measure by savings in contract and broker fees. An alternative to adding staff might be pursuing changes in service by Concordia Plan Services and broker(s). Coverage increases are driven primarily by D&O insurance (\$120k) related to recent claims, with other significant increases in property and cyber coverages. Haak summarized key coverages, most of which are shared among participating entities.

The board discussed the history of risk management and staff turnover at CPS and the contract between LCMS and CPS for risk management services; also, the loss of many participating agencies in the “Synod insurance program,” which has left the basic cost of administering the program in the hands of corporate Synod and CPS. With staffing changes at CPS, the time may be at hand to again consider how to perform the function.

341. FY2023–24 Budget Review Wrap-up

The CFO Haak presented the operating budget resolution, summarizing the above, as follows (p. 307/620):

Resolved, That the Board of Directors approve the FY2024 Mission and Ministry Operating Budget as follows:

Total revenue	\$ 79,370,708
<i>incl. \$8.38M release of restricted gifts on hand</i>	
Board-designated usage	\$ 4,070,000
Total spending	<u>\$ 83,412,301</u>
Surplus	<u>\$ 28,407</u>

and be it further

Resolved, That the Board of Directors allow non-material deviations to be made by the Chief Financial Officer to set final budget consistent with the intentions of a surplus/balanced budget.

The resolution was moved and seconded. The board discussed the budget proposal, with board members expressing appreciation for the clarity of CFO Haak’s presentation and a desire to take gradual steps in a multi-year timeframe to “correct course” from a budget balanced with one-time items, board releases, and interest and investment income, toward a budget balanced in an operating sense. Much discussion revolved around the \$8.38M in net releases of gifts on hand and \$4.07M in board releases requested, CFO Haak noting that granting is a large contributor to the former, which can be moderated as needed if funds are not available. Also, FY23 planned a net release of \$6.96M in restricted gifts but instead realized an accumulation of \$3.5M—more funds awaiting timely expenditure. The majority of the \$4.07M in requested board releases is, in this budget, for specific projects rather than annual operating expenses.

In response to a board member’s question as to whether Mission Advancement could simply raise the required amounts, Haak explained that raising for specific projects “perpetuates the problem;” the more projects are raised for, the more unpaid overhead is generated.

The board discussed the possibility of requesting a revised budget, to be addressed again by a Zoom meeting in the first week of June.

It was *moved* and seconded to return the budget to the Chief Financial Officer with the instruction to identify means of reducing unrestricted expenses by \$2.4M. The amount of reduction was then *amended* to \$2.0M. The resolution, to direct CFO Haak to reduce the undesignated budget by \$2.0M, then *carried* unanimously.

Capital Budget

CFO Haak presented the capital budget resolution as follows (p. 308/620), annotated with specific items (p. 430/620). CFO Haak explained that FY20–22 capital budgets were constrained by COVID and that FY25–30 budgets are expected to be at the “replacement level” of \$500–700k, with the exception of an additional \$650k in FY26 to replace two air chillers. The FY24 requests are as follow:

	FY24 Request
Building-related	\$ 513,597
<i>Elevator Modernization (LCMS share)</i>	<i>341,289</i>
<i>Zoom Rooms</i>	<i>58,063</i>
<i>Other/Operational</i>	<i>114,245</i>
KFUO Radio	\$ 1,175,000
<i>Complete Tower Move</i>	<i>800,000</i>
<i>FM Expansion Project</i>	<i>285,000</i>
<i>FM Revitalization (Carryover from FY21)</i>	<i>90,000</i>
IT computers and peripheral equipment	\$ 305,000
<i>Laptops</i>	<i>210,000</i>
<i>Floor Printers</i>	<i>95,000</i>
Total	<u>\$ 1,993,597</u>

It was moved and adopted:

Resolved, That the Board of Directors approve the FY2024 Capital Budget request totaling \$1,993,597, as shown above, with funding provided by corporate cash, capital debt (when authorized by the BOD), restricted funding, and/or through allocations to other corporate users, subject to adequate funds being available, as determined by the Chief Financial Officer.

342. Governance Committee Report

Governance Committee Chairman Christian Preus reported on his committee's meeting of April 12 (pp. 121–123/620). He noted the committee's review of Policy 5.5, "Insurance (Corporate Synod and Synod's Insurance Program)," and the committee's request that risk management administration costs be included in the FY24 budget presentation. Preus noted that the insurance program has far fewer participating agencies than it once had (for example, the Synod's universities). With the departure of LCMS risk management employees, CPS took over the program with the board's consent. The committee's review of the insurance program has suggested restoration of the function to LCMS, with the committee continuing to refine and redevelop the program.

The committee also reviewed and recommends to the board a revision of Policy 6.3.3 to deal in a regular fashion with subordination of Synod's reversionary rights in college, university, and seminary properties, this to be handled among the action items.

Finally, Preus explained that discussion with Concordia Plan Services (CPS) and LCMS Human Resources regarding background checks for Concordia Plans/CPS board appointees has culminated in the committee agreeing to move forward with these checks, with CAO Simek charged to consult with CPS and LCMS Human Resources and to draft a suitable policy for review by the committee in its next meeting.

The committee deferred development of policy identifying requirements for colleges, universities, and seminaries submitting master plan change proposals, a topic to be revisited post-convention.

The committee has an August meeting scheduled to move the insurance item forward and to begin to prepare policies in response to any university-related convention actions. A board member suggested a "good practice" of the plenary board annually reviewing insurance coverages.

343. 2019 Res. 7-03 Concordia University System Governance Committee Update

Committee chairman Christian Preus updated the board on developments over the past six months. 2019 Res. 7-03, the third consecutive directive of the convention to revise university governance, newly entrusted the matter to the board rather than to a task force. The 2019 Res. 7-03 Committee, which involved CUS and university participants, engaged in many meetings, online and in person, and arrived at a consensus draft that was adopted by the Board of Directors (BOD) for distribution for comment two years ago.

The distributed 7-03 proposal made universities *affiliates*, instead of *agencies*, with much more flexibility in how they govern the institutions. Many responses were received and reviewed. Situations at Concordias in Wisconsin and then in Texas caused many to reflect more critically on the change from agencies to affiliates, and especially the possibility of a school departing the system at its option. In response, a financial component to departure was added. The revised draft was ready to be presented to the Board of Directors in November. Days before the meeting, the university presidents requested changes and an opportunity to prepare an alternative draft. They presented an alternative the day before the board's February meeting. The presidents' proposal "essentially gutted" the 7-03 proposal. Concordia University, St. Paul, President Brian Friedrich also presented to the Council of Presidents with essentially two points: the presidents preferred visitation to accreditation, and the presidents wanted to retain agency status and did not want affiliate status.

On March 22, Preus and Secretary Sias met, in an attempt to achieve an acceptable conference draft, with Concordia Presidents Friedrich, Thomas, and Dawn and CUS Board Chairman Mundinger, President Wenthe, and Director Paul Philp. The first four hours were spent weighing agency and affiliate statuses and discussing the CUS role and BOD oversight in university business matters. While the affiliate model met with much conceptual agreement, the group questioned whether, given recent concerns, it would receive a

floor committee's or the convention's approval. The consensus was to prepare an alternative draft to revise bylaws to retain agency status for the universities, but with business, property, and legal oversight (as defined in Bylaw 1.2.1) of the schools reverting from CUS to BOD and simplified. A draft was circulated and constructive comments were provided on the draft in a subsequent meeting. Very positive comments were received from the presidents. The draft revised with benefit of some of these changes is in the docket. (The committee's report to the convention, R61 in the 2023 *Workbook*, contains the "original," affiliate status proposal, which was the most current at that time.) Preus recommends the board's approval of the draft included in the docket.

Wednesday the university regent chairs (other than Texas) sent a letter; individual letters were also received from Irvine and St. Paul. The letter from the five chairs indicates simply that the changes are not acceptable and requests further delay, without evidencing significant engagement with the latest draft. St. Paul provided comment and red-line suggestions, indicating affiliate status is to be preferred but providing thoughtful, constructive changes relative to the revised (agency) proposal. This could be shared with the floor committee.

It was *moved* to submit the "conference draft" (pp. 266–89/620) as a late overture for consideration by the 2023 convention of the Synod.

The board's oversight role, under the proposal, was discussed, along with the idea of augmenting bylaw relationships with contractual obligations between the universities and Synod. President Harrison spoke in favor of the document as strengthening the bond between Synod and the universities in concrete ways, and as being largely simply a clarification of what has been stated about what agencies of the Synod *are*. He suggested that the input of the presidents and boards of regents throughout the process be explained to the floor committee and that the comments of St. Paul be considered.

The motion to submit the conference draft to the floor committee with the above comment was *adopted*.

The board by consensus indicated comments received from St. Paul should be shared with the floor committee. It was further suggested that the overture just adopted be distributed to the Synod as soon as reasonably possible, to allow input to the floor committees.

The board entered executive session.

343X. Executive Session IA: 2019 Res. 7-03 Concordia University System Governance Committee Update

344. Interview of Candidates for Chief Administrative Officer

The board continued in executive session (with items 345–7 intervening) to interview three finalists for Chief Administrative Officer (pp. 340–79/620).

344X. Executive Session IB: Interview of Candidates for Chief Administrative Officer

The board returned from executive session.

345. 2026/27 Convention Location

It is necessary for the board to establish the site for the 2026/27 convention of the Synod (Bylaw 3.1.9 [j][2]). Chief Administrative Officer and Convention Manager Frank Simek, assisted by Travel and Meeting Planning Executive Director Lynne Marvin, presented (pp. 451–55/620) on location options for the 2026 convention of the Synod. Marvin contacted twenty cities. Five possible cities, including Columbus, Ohio;

Louisville, Kentucky; Milwaukee, Wisconsin; Phoenix, Arizona; and St. Louis, Missouri, provided evaluable information; only the final two were available on dates selected by the President (Bylaw 3.1.9 [j][1]). Simek reviewed information on the various options. Of these, considering convention center cost, room rate, average airfare, and local transportation, Phoenix offered a significantly more economical and feasible package and is the recommendation of the Convention Manager. It was acknowledged that there are overtures before the convention that would move a 2026 convention to 2027, which must be a factor in preparations. Nonetheless, the making of at least preliminary arrangements for a potential 2026 convention cannot be further delayed. A board resolution is included among the action items.

346. Audit Committee

Audit Committee Chairman Keith Frndak reported for his committee, which met the afternoon and evening before the board's meeting. He reported the committee spent much time on the proposed budget, which the committee assessed as "difficult." The committee reviewed the Internal Audit report and applauded the reduction to 2.25FTE in the current budget, with one open position being interviewed and retired staff being used as needed to fill gaps. The Internal Audit proposed budget was reviewed and approved by the committee. CFO Haak presented a proposed policy to restrict borrowing, to disallow borrowing beyond unrestricted, undesignated funds except for an unrestricted deficit precipitated by market conditions; noted was a need to buffer market risk to the extent possible. No action was taken on this proposal. The Audit Committee calendar was reviewed and approved with an eye toward guidance for the next board's committee. The committee reviewed Accounting staffing, noting that close delays are getting "on track." Haak discussed an accounting assessment. Frndak also noted discussion of LCMS Holdings assets and communication from an international school.

347. Lutheran Entity Activity Development (LEAD) Committee

Lutheran Entity Activity Development (LEAD) Committee Chairman Ed Everts reported for his committee. The committee is in discussion with LCEF regarding a meeting, possibly after the convention. The board noted recent, relevant opinions of the Commission on Constitutional Matters (Op. 23-3003 and 3005, March 30, 2023). Chairman Kumm thanked the committee for its work.

348. Appointment of the Chief Administrative Officer

Per Bylaws 3.4.2.1–2, the Chief Administrative Officer shall be an officer of the Synod appointed by the Board of Directors of the Synod in consultation with and with the concurrence of the President of the Synod, serving a three-year renewable term of office during which he/she shall serve at the direction of the Board of Directors.

With current Chief Administrative Officer Frank Simek expected to relinquish the position by retirement at the conclusion of his present term, as of September 30, 2023, the Board of Directors in January of 2023 initiated a request for nominations seeking applicants for the position of Chief Administrative Officer. Fourteen (14) applicants met the minimum qualifications. After objectively considering the qualifications of each candidate, and in consultation with President Harrison, the committee conducted preliminary interviews with seven (7) candidates.

Following the preliminary interviews, the committee narrowed the list to three (3) finalists that were presented to President Harrison for concurrence. President Harrison and Selection Committee Chairman Christian Preus agreed the three finalists would be granted an interview with the Board of Directors. Reference and background information was secured for the three finalists. Following the conclusion of the interviews, President Harrison's final concurrence was obtained.

The board entered executive session to discuss the three finalists for Chief Administrative Officer (pp. 339–40/620).

348X. Executive Session I: Appointment of the Chief Administrative Officer

The board returned from executive session. It was moved and adopted:

WHEREAS, The Board of Directors selection committee has completed a comprehensive selection process; and

WHEREAS, President Harrison's concurrence has been received; and

WHEREAS, The Board of Directors has voted to appoint Mr. Felix Loc to become the Synod's Chief Administrative Officer; therefore be it

Resolved, That, effective with his date of employment, Mr. Felix Loc begin a three-year renewable term of office during which he shall serve at the direction of the Board of Directors; and be it further

Resolved, That the Chief Administrative Officer's annual salary be set at \$205,000.00 which represents 82.8% of midpoint for the SM1 grade level.

349. Legal Report and Higher Education Items

The board entered executive session.

349X. Executive Session IIA: Legal Report and Higher Education Items

350. Concordia Seminary, St. Louis, Property Transaction

The board continued in executive session to handle an item of business at the request of Concordia Seminary, St. Louis.

350X. Executive Session IIB: Concordia Seminary, St. Louis, Property Transaction

351. Action Items

Chairman Kumm presented to the board the following action items, as scheduled for the present meeting:

(A) Regular Appointments: Lutheran Church Extension Fund—Missouri Synod (LCEF) Members-at-Large and Alternate

Board of Directors Policy 4.5.2 directs that appointments for the Lutheran Church Extension Fund—Missouri Synod be made annually, at the May meeting of the Synod Board of Directors. The Lutheran Church Extension Fund has informed the Office of the Secretary that, this May, it is necessary for the Board of Directors to make appointments for five (5) members-at-large positions (term to run September 1, 2023–August 31, 2026) and has provided a description of the responsibilities and desired qualifications of these at-large members, included with this nomination information.

The Office of the Secretary sent out a call for nominations on January 24, 2023, for responses by March 3, 2023. The Office of the Secretary and the LCMS Department of Human Resources have compiled information on all nominees and/or incumbent nominees (appointment docket, pp. 87–143/143).

The Personnel Committee of the Board of Directors, having evaluated all submitted nominations, biographical sketches, and confidential evaluations, in its meeting of April 18 made the following recommendation (pp. 124, 293–94/620):

Lutheran Church Extension Fund—Missouri Synod (LCEF), Members-at-Large

**Members-at-Large, Regular Appointments (5 to be appointed)
three-year terms, September 1, 2023–August 31, 2026**

- | | |
|--|---|
| 1. Ernst, Scott – Sioux City, Iowa (IA) | 4. Olander, Charles – Beason, Illinois (IL) |
| 2. Huseman, William – Jacksonville, Florida (FL) | 5. Bahn, David L. – Cypress, Texas (TX) |
| 3. Kastens, Louis III – Edmond, Oklahoma (OK) | |

Alternates (2–3 to be appointed)

1. Mello, Susan – Chandler, Arizona (AZ)

The proposal of the Personnel Committee was moved and adopted.

The Secretary is directed to notify those appointed and thank the other nominees, on behalf of the board, who allowed their names to be considered.

(B) Regular Appointments: Board of Trustees—Concordia Plans / Board of Directors—Concordia Plan Services

Board of Directors Policy 4.5.2 directs that appointments for the Board of Directors—Concordia Plan Services and Board of Trustees—Concordia Plans be made annually, at the May meeting of the LCMS Board of Directors. This May, it is necessary for the Board of Directors to make regular appointments for one (1) minister of religion—commissioned and four (4) lay position(s) on the Board of Trustees—Concordia Plans / Board of Directors—Concordia Plan Services (the boards).

Current board members holding these positions are one (1) minister of religion—commissioned: Mark Muehl and four (4) laypersons: Daryl Dagit, Terry Miller, Mark Swenson, and Renee Varga. All layperson incumbents are eligible for reappointment, although Mr. Miller declined to stand for appointment to another term.

The LCMS Office of the Secretary sent out a call for nominations on January 20, 2023, requesting response by March 3, 2023, and, assisted by the LCMS Department of Human Resources and Concordia Plan Services has compiled information on all nominees and/or incumbent nominees (appointment docket, pp. 1–86/143).

It was discovered late in the process that Mr. Muehl—the only available nominee for the commissioned position—has accepted a call to serve an agency of the Synod and is therefore ineligible to serve another term. The Personnel Committee therefore directed the Secretary to initiate a renewed call for nominees; the commissioned seat will return to the board for appointment at its September meeting.

The Personnel Committee of the Board of Directors, having evaluated all submitted nominations, biographical sketches, and confidential evaluations, in its meeting of April 18, 2023, has presented the following recommendation to the board (pp. 124, 295–97/620):

Board of Directors—Concordia Plan Services and Board of Trustees—Concordia Plans

**four laypersons satisfying requirements of Bylaw 3.7.1.3
three-year terms (Sept. 1, 2023–Aug. 31, 2026)**

1. Offermann, Roger – Topeka, KS (KS)
2. Dagit, Daryl – Pekin, IL (CI)
3. Swenson, Mark – Plymouth, MN (MNS)
4. Varga, Renee – Winter Garden, FL (FG)

After discussion of the importance of these appointments, the board adopted the presented slate.

The Secretary is directed to notify those appointed and thank the other nominees, on behalf of the board, who allowed their names to be considered.

(C) Appointment of Interim Persons

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. The board is responsible for identifying those who will serve during an interim vacancy in the following offices. The following recommendation of the Personnel Committee (pp. 298–99/620) was moved and adopted:

WHEREAS, 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 officer currently serving; therefore be it

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

Chief Administrative Officer	Mr. Nathan Haak – Chief Financial Officer
Chief Financial Officer	Mr. Frank Simek – Chief Administrative Officer
Chief Mission Officer	Mr. Christian Boehlke – Interim Executive Director, OIM
Secretary of the Synod	Rev. Peter Lange – First Vice-President

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

(D) Officer Salary

The Department of Human Resources conducts an annual review of local and national salary trends and compares them with the current LCMS salary ranges and actual salaries. The objective of this analysis is to measure the ability of the International Center employers to remain competitive with the local not-for-profit market. Based on data points shared through market data surveys, it has been recommended to budget 3.0–6.0% for salary increases in FY2023–24.

Per the Board of Directors' Policy 4.19.4.1, the Board approves the salaries of the Synod Officers.

It was moved and—after discussion in which officers present discouraged adoption—*declined* (p. 300/620):

WHEREAS, The Board of Directors has considered a salary increase pool for non-officer employees; and

WHEREAS, The officers of the Synod have been fulfilling the requirements of their position; therefore be it

Resolved, That effective July 1, 2023, the President, the Secretary, the Chief Administrative Officer the First Vice-President, the Chief Financial Officer, and the Chief Mission Officer receive a salary increase for FY24 at the same percentage awarded to non-officer employees.

(E) James Carter Service Recognition and Birthday Greetings

It was moved and adopted (p. 301/620):

WHEREAS, James (Jim) Carter was elected to The Lutheran Church—Missouri Synod Board of Directors at the 2010 Lutheran Church—Missouri Synod National Convention and re-elected at the

2016 Lutheran Church—Missouri Synod Convention as a lay representative of the Great Plains Region; and

WHEREAS, During his years of service, Jim faithfully served the Lutheran Church—Missouri Synod and carried out in an exemplary manner his duties and responsibilities as a member of the Board of Directors, whose dedication, insight, and sense of humor were highly valued by the other board members and staff; and

WHEREAS, Jim is famously quoted as having coined the phrase, “We are the stinkin’ Board of Directors!” for encouragement when the board faces potential roadblocks and obstacles, a phrase that is still widely quoted and used by the board, even today; and

WHEREAS, The Board of Directors was delighted to hear that Jim will celebrate his 80th birthday in August 2023; therefore be it

Resolved, That the LCMS Board of Directors extend its warmest birthday wishes to Jim, our dear brother in Christ, and wish him good health as he contues to serve our Lord and Savior, and the Church at large.

HAPPY BIRTHDAY, JIM!!!

(F) Papua New Guinea Mission Corporation

Concordia Lutheran Professional Mission Services (“CLPMS”) is a registered company in Papua New Guinea (“PNG”), established in October 1990 by missionaries for various purposes, among which were: providing visas and legal entries into country for LCMS missionaries and short-term mission teams from the US; purchasing and constructing land and buildings; banking; developing businesses (such as schools, health clinics, etc.) for LCMS missionaries to work in for the benefit of the Good News Lutheran Church and the people of PNG; hiring local staff; providing business loans; and hiring local legal counsel.

The LCMS Office of International Mission (OIM) has been working with the CMO and CAO to standardize operations throughout all LCMS global regions and, where necessary and appropriate, to establish non-governmental organizations (NGOs) that are well-coordinated and overseen by the LCMS and that enable OIM to operate legally in foreign countries and that also comply with LCMS policies and procedures, thus ensuring continuity of operations and oversight through periods of LCMS change leadership and administration of field personnel and operations.

It was moved and adopted (pp. 302–4/620):

WHEREAS, The Lutheran Church—Missouri Synod (the “LCMS” or the “Synod”) has determined that it is desirable to establish a legal presence in Papua New Guinea (“PNG”) in the form of a not-for-profit association (the “Association”) under the law of the Country of Papua New Guinea to better support and facilitate the work of the LCMS in PNG and Asia; and

WHEREAS, The Board of Directors of the LCMS (the “BOD”) has the authority, pursuant to Sections 5.8.4 and 5.8.5 of the LCMS Board of Directors Policy Manual (the “BOD Policy”), to approve new corporations as agencies of the Synod and to “authorize and approve the establishment of legal entities in foreign countries, as it deems necessary or appropriate, for the purpose of establishing, facilitating, and/or operating foreign missions”; and

WHEREAS, In 2016 The Lutheran Church—Missouri Synod in convention adopted Resolution 9-02A, establishing and revising certain requirements to be included in the governing documents of incorporated agencies, which Resolution allows that certain provisions may be altered or deleted with the approval of the BOD; and

WHEREAS, The Chief Administrative Officer of the LCMS, in coordination with the Chief Mission Officer of the LCMS and the Interim Executive Director of the LCMS Office of International Mission, recommends to the BOD that the Association be established in PNG pursuant to the BOD Policy, with

the wholly owned LCMS entity “Concordia International Foundation” (“CIF”) as its founding and permanent member; and

WHEREAS, The Association shall be a properly authorized, valid and operating legal entity in PNG in accordance with the laws of PNG, as confirmed by review of the governing documents of the Association by local or special counsel engaged for the purpose of forming the Association, and that the governing documents of the Association also shall be reviewed and approved by the LCMS’s general counsel to ensure compliance with the BOD Policy except as otherwise waived herein; therefore be it

Resolved, That the Board of Directors of the LCMS does hereby pledge and agree as follows:

Section 1. Authorization and Approval of Establishment of a not-for-profit Association in PNG. The establishment of a not-for-profit Association pursuant to the laws of PNG, with LCMS entity “Concordia International Foundation” as its founding member (the “Founding Member”), to provide support to LCMS, CIF and LCMS- and CIF-affiliated staff in PNG and Asia in fulfillment of the foreign mission policies and purposes of the Synod, including the advancement of education, development, public welfare, religious, missionary and humanitarian purposes, as needed and as permitted under the law of PNG and the Association’s governing documents, in compliance with the BOD Policy, is hereby authorized and approved.

Section 2. Authorization and Approval of Documents. In connection with the establishment of a not-for-profit Association in PNG pursuant to this Resolution, the execution and/or filing of the Rules, subject to their prior approval by (a) the Commission on Constitutional Matters (“CCM”) of the LCMS after its examination of the documents pursuant to Section 3.9.2.2.3 of the LCMS Bylaws, (b) the general counsel of the LCMS pursuant to the BOD Policy, and (c) such other employees of the LCMS as shall be charged with reviewing such documents for and on behalf of the LCMS, is hereby authorized and approved.

Section 3. Appointment of LCMS Representative and Authorization and Execution of Documents. The Lutheran Church—Missouri Synod herewith authorizes CIF to serve as the Founding Member for the Association. The Chief Administrative Officer, the Secretary, and the CIF Board of Directors are hereby authorized to execute and authenticate any documents necessary, if any, related to the establishment of the Association on behalf of the LCMS.

Section 4. Further Authority. The Chief Administrative Officer is hereby authorized and held responsible to engage officers, agents, and employees of the LCMS and CIF to take such further action, and to approve and execute such other documents, certificates, powers of attorney and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution, including, but not limited to (a) the review by the CCM, the general counsel of the LCMS, and other LCMS employees so charged, of the governing documents of the Association in the country of PNG, to verify compliance with the BOD Policy, including that CIF directly or indirectly retains majority control over the appointment or election of the members and/or directors who are responsible for the management of the Association and that its stated purposes are in fulfillment of the LCMS and CIF foreign mission policies and purposes; (b) the filing of such documents with the appropriate governmental authorities in PNG; and (c) the filing of such additional documentation with the appropriate governmental authorities in PNG as shall be necessary for the Association to function in PNG, including applying for visas for LCMS, CIF and Association employees, seeking certain tax benefits, if applicable, for the entity and its employees, and such other matters as the management of the Association shall determine to be in its best interest, in compliance with the intent of this Resolution. The Founding Member is authorized to take such action as may be necessary or desirable to carry out and comply with the intent of this Resolution, including the creation of the Association.

Section 5. Repeal of Conflicting Resolutions. All prior resolutions of the BOD or any parts thereof in conflict with any or all of this Resolution are hereby deemed not applicable to the matters authorized in this Resolution to the extent of such conflict.

(G) Reversionary Rights Policy

The Governance Committee submitted a recommendation for standardizing the board's handling of subordination of reversionary rights with regard to property held by agencies, to be included in Board Policy 6.3.3, "Property of Synod held by Colleges, Universities, and Seminaries as defined in Bylaw 1.2.1 (r)," introducing new paragraphs 6.3.3.5–6. It was moved and adopted (pp. 305–6/620):

WHEREAS, No mortgage lender would/should make a mortgage loan without a subordination of the reversionary interest, so by approving the mortgage financing, the LCMS is implicitly approving the subordination of its reversionary interest.

WHEREAS, A reversionary interest is an interest in the property, so subordination of a reversionary interest should be reviewed by the LCMS Board of Directors; therefore be it

Resolved, That the Board adopt the new Revisionary Policy, Exhibit A on p. 306 of the docket, submitted by the Governance Committee.

(H) 2026/27 Convention Location

It was moved and, after discussion, adopted (p. 455/620):

WHEREAS, Bylaw 3.1.9 (j)(1) stipulates that the President, in consultation with the convention manager, shall decide upon the date of the Synod conventions. Such dates for the 2026 convention have been determined to be July 14–24, 2026; and

WHEREAS, Bylaw 3.9.1 (j)(2) stipulates that the Board of Directors of the Synod, in consultation with the convention manager, shall establish the sites of Synod conventions, giving preference to St. Louis when logistically and economically feasible; and

WHEREAS, The President has selected July 11–16 as the dates for the 69th Regular Convention of The Lutheran Church—Missouri Synod (2026); and

WHEREAS, The convention manager has received indicative convention-related information from Phoenix, AZ; Columbus, OH; Louisville, KY; Milwaukee, WI; and St. Louis, MO, and has determined that Phoenix, AZ offers the best overall package; therefore be it

Resolved, That The Lutheran Church—Missouri Synod Board of Directors approve that the 69th Regular Convention of The Lutheran Church—Missouri Synod is to be held in Phoenix, AZ, from July 11–16, 2026, or on the same date pattern in 2027.

352. Meeting Review

The board entered executive session to review the meeting according to Board Policy 3.9.1.5.

352X. Executive Session IIIB: Meeting Review

353. Adjournment

The board returned from executive session. Having concluded its agenda, the board adjourned. Chairman Kumm asked the President to close with prayer.

John W. Sias, *Secretary*