

**MINUTES  
BOARD OF DIRECTORS  
Hilton St. Louis Airport  
May 21–22, 2021**

**153. Call to Order**

Chairman Michael Kumm called the board's May meeting—the board's first in-person since February 2020—to order with all members present (board members Keith Frndak, Jan Lohmeyer, and Larry Harrington participated electronically due to travel limitations and difficulties; Andrew Grams attended in Person on Friday and by phone on Saturday). Also in attendance were Chief Administrative Officer (CAO) and acting Chief Financial Officer (CFO) Frank Simek, Chief Mission Officer (CMO) Kevin Robson, and General Counsel Matt Buesching of Thompson Coburn. Chairman Kumm called upon CMO Robson for opening devotions, which he offered, on Friday, on the basis of Romans 8:12–17, and, on Saturday, on the basis of John 14:15–21.

**154. Adoption of Agenda**

The meeting agenda (pp. 7–8/261 of the printed board docket, attached to the protocol copy of the minutes) was moved and adopted.

**155. Consent Agenda**

The meeting's consent agenda (pp. 9–10/261) was moved and adopted:

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

WHEREAS, The Board policy reads

3.6.2 Consent Agenda

- 3.6.2.1 The Board makes use of a consent agenda to expedite the conduct of routine business during board meetings in order to allocate meeting time to education and discussion of substantive issues.
- 3.6.2.2 The consent agenda should consist of routine matters that require board action. Typically, these items include approval of minutes, acceptance of officer and other written reports (excluding the quarterly financial/budget report), and acceptance of routine or non-controversial action items.
- 3.6.2.3 The board chair shall be responsible to approve the proposed consent agenda for each meeting upon recommendation of the Chief Administrative Officer. The consent agenda shall be distributed with the meeting docket no less than one week prior to the meeting. The consent agenda will be presented to the board for adoption as soon as practicable after the opening devotion on the first day of the meeting.
- 3.6.2.4 Any item which appears on the consent agenda may be removed from the consent agenda by a member of the Board. Items removed from the Consent Agenda will be considered at another time during the meeting as determined by the Chairman. The remaining items will be voted on by a single motion. The approved motion will be recorded in the minutes, including a listing of all items appearing on the consent agenda.

therefore, be it

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

- Officer and related Strategic Reports
  - Office of the President, First Vice-President, and Church Relations
  - Secretary; Rosters, Statistics, and Research Services; Commissions on Constitutional
- Matters / Handbook; and Conflict Resolution / Expulsion
  - Council of Presidents
  - Chief Administrative Officer and Chief Financial Officer
  - Board of Directors

- Legal, Risk Management, External Auditing
- Accounting
- Human Resources
- Internal Audit
- Operations / Information Technology
- Chief Mission Officer (plus Boards for National and International Mission)
  - International Mission
  - National Mission
  - Pastoral Education
  - Mission Advancement
- Communications
  - Commission on Theology and Church Relations
  - Concordia Historical Institute
  - Concordia University System
  - KFUE Radio
- Board of Directors Committee Reports
  - Governance Committee
  - Personnel Committee
- Action Items
  - Approval of February 19, 2021, 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.

### **156. Report of the President**

Called upon to expand on his written report (pp. 26–38/261), President Matthew Harrison highlighted the recent renewal of the Synod’s status as a “Better Business Bureau accredited charity” on the basis of the organization’s twenty accountability standards with “no dings, gaps, or criticisms.” Reflecting on the fiscal year now in its 11<sup>th</sup> month, Harrison briefly recounted a “remarkable year,” beginning with budgetary uncertainty in the face of coronavirus and national, state, and local mitigation attempts, and a resulting urgent effort, as a precautionary measure, to control Synod costs to a minimal level. Nonetheless, an appeal to some 30,000 donors was responded to confidently and generously, with an unprecedented outpouring of unrestricted giving from living donors, evidencing a great deal of trust in the Synod’s responsible use of such funds.

Reporting on international developments, Harrison noted:

- The Rev. Roger James, from 2012–20 an LCMS missionary and area director in Asia, has been called by the International Lutheran Council (ILC), a consortium of LCMS partners and budding partners, as Assistant to the General Secretary. He will assist with ILC priorities, including that areas of global fund development in support of ILC operations and grants and of assisting global seminaries with accreditation.
- The President has designated to be his representative on the Board for International Mission the Rev. Limakatso Nare, pastor of Mount Zion Lutheran Church, New Orleans.
- The impact of the LCMS’ role in global Lutheran theological education and of a number of grants, generally to seminaries around the world to assist with pastoral education and closely-connected church planting, continues to be evident. Bishop (Rev. Dr.) Denis Rakotozafy, elected president of the Malagasy Lutheran Church in November 2020, earned a Ph.D. in missiology from Concordia Theological Seminary, Fort Wayne. Malagasy leadership will be meeting with the Office of the President and Commission on Theology and Church Relations in St. Louis in September.
- In Asia, moving the regional International Mission office from Hong Kong to Taiwan has proven “very positive.” With support of the Taiwan partner church, the office is working on the initial steps toward a seminary.
- In Europe, coronavirus contingencies prompted transformation of the “Riga Luther Academy,” a Latvian seminary project, into a largely online, “SMP-type program,” allowing men and laypeople around Eurasia who are even now planting churches to seek baccalaureate theological degrees and, where appropriate, ordination. Seminars are taking place in the old Latin school in Wittenberg. Forty men from several European and Asian countries are involved. Harrison noted

that this is “probably the greatest push for planting orthodox Lutheran churches in Europe in our lifetimes.” Congregations of partner churches are growing significantly—most notably that of the Rev. Dr. Gottfried Martens in the Selbständige Evangelisch Lutherische Kirche (SELK) of Germany—by conversion of Persian immigrants; this program opens an opportunity for development of native language pastors for these communities.

- In Central and South America, it is estimated that LCMS pastoral formation efforts in the Dominican Republic have provided roughly 25% of the Lutheran pastors, largely church planters, in the region. The LCMS International Mission seminary there is “focused on church planting, taught by church planters.” Some students, returning to serve in church bodies not previously associated with the LCMS, are doing so with new knowledge of the Book of Concord and a *quia* subscription to it, with the result of longer-term connections being built. OIM missionaries are seeing to the production of translations of key Lutheran works, with e-books being sent to all Spanish-speaking pastors throughout Central and South America.
- Harrison noted that the Disaster Response front is “quiet,” and that our partner church in India is “relatively calm,” amidst “many deaths from COVID.”

With regard to Office of International Mission operations, President Harrison noted much ongoing work, with support of the Chief Administrative Officer and LCMS Accounting, to bring the field into a coherent global accounting system. A very lean staff of “nine or ten people in the office” are taking care of “110+ missionaries plus families, plus 50 alliance missionaries from partner churches.” Significant health issues for a number of missionaries this year have been responded to capably. Years ago, Harrison noted appreciatively, “there were 90 people in the international mission office and 50 missionaries in the field. Today we have nine in the building and 150–60 missionaries in the field.”

President Harrison noted that the Commission on Theology and Church Relations and Lutheran Center for Religious Liberty are busy, in their respective spheres, grappling with many cultural and governmental changes. He mentioned two albums, *Christ for You* and *Extra Nos*, by rapper Marcus Tyrone Gray (“FLAME”), reviewing the work as “the most profoundly theological orthodox Lutheran material ever set to a popular genre of music...it will blow your mind.” Gray earned a Master of Arts in Systematic Theology from Concordia Seminary, St. Louis.

In response to a board member’s question regarding renewed incitement charges by Finland’s Prosecutor General against bishop-elect Juhana Pohjola of the Evangelical Lutheran Mission Diocese of Finland stemming from the publication in 2004 of a booklet regarding the historic Christian teaching on human sexuality (charges having also been filed against Dr. Päivi Räsänen, the pamphlet’s author and a Member of the Finnish Parliament), Harrison noted that “Pohjola is not worried;” the church is growing in Finland. Congregations are being planted rapidly, 35–40 to date, “gathering a group of a hundred members and then planting another.” Publicity is drawing people to the confession.

### **157. Report of the Chief Mission Officer**

Chairman Kumm called on Chief Mission Officer (CMO) Kevin Robson to expand on his written report and those of the units he supervises (pp. 55–81/261). Robson reported that National and International Mission, Pastoral Education, and Communications have collectively underspent FY21 applicable revenue by about \$1.6 million (M), reflecting limitation of travel and meeting activity and effective austerity measures. Mission Advancement is funded by its assessment. Revenue year-to-date is strong. Unrestricted donations from living donors, a category of revenue with a full-year budget target of \$2.0M in FY21, last month surpassed \$3.5M. Mission Advancement is considering summer reiteration of the appeal for unrestricted funds made near the start of the pandemic, with the message that “the work of the Church goes on and that progress is being made.”

Robson reported that his units have been engaged in budget preparations and with a return-in-force to in-person work at the International Center. The Boards for International and National Mission meet May 27–28 and June 10–11, respectively. He reported briefly on the units and major initiatives:

- The Office of International Mission (OIM) is “soldiering on” with three successful missionary medevacs in the last quarter, demonstrating robust protocols. The office is working with the Chief Administrative Officer and LCMS Accounting on operational improvements in globally integrated accounting and expense management.
- The Office of National Mission (ONM) has held online conferences for Making Disciples for Life and Life Ministry in the third quarter which have been “very well registered”; many appear to register, not to participate live, but to review or use the recorded material after the conference. Soldiers of the Cross—Amplified has proven very successful in providing support to workers impacted by coronavirus and its mitigation, with \$1.5M in grants distributed since beginning of pandemic. ONM is collaborating with Doxology to provide “rest and respite” retreats for ordained and then commissioned ministers, approaching 1,000 pastors served this year and next.
- The LCMS Youth Gathering is proceeding for summer 2022, with a well-registered preceding youth worker conference taking place in Houston this summer.
- The Church Worker Recruitment Initiative has been launched “in a big way” with LCMS Communications and contractor Standing Partnership.
- The Office of Pastoral Education has been “very active with the Council of Presidents and Seminary faculty and staff” reviewing routes to ministry in preparation to report to the 2023 convention on an assessment of the Specific Ministry Pastor (SMP) program and to recommend any improvements. No significant revisions are presently contemplated; SMP is “serving a purpose with some caveats for us to address as a church body.” The office is preparing a series of “Life Together as Synod” series of short-form videos on “how things get done in the Synod,” with a pilot run of ten to be used with the Post-Seminary Applied Learning and Support (PALS) program and then a wider audience.
- Mission Advancement, showing great strength with very strong unrestricted direct gifts this year, is preparing again, after return to full in-person work and selection of a firm, to receive a department assessment. This is expected to be completed in February.
- In Communications, Executive Director David Strand is retiring on October 4 after 41 years’ service to the Synod, the last 15 years in his current post. The position will be posted in the upcoming *Reporter*. Discussions continue with Concordia Publishing House regarding the *Lutheran Witness*; the publisher has questioned sustainability at approximately 68 thousand (k) subscribers. LCMS Research Services has performed an analysis of the subscriber list and related data—which do show relatively great success in one district at serving the membership of every congregation with the magazine, and to some extent elsewhere—and is working with Communications toward a comprehensive survey to assess “from a strategic marketing perspective” how Communications channels together cover the needs of the Synod, reach the intended audiences, and relate to other sources of information. Communications is committed to “working on increasing subscription [to the *Witness*] with benefits to increased donor support and unity in the church.” Board members expressed surprise at the low circulation number but noted a challenging environment for print publications in general and a need to pair print publications successfully with strong digital offerings; a wide range of ideas were suggested with the common theme of greatly increased circulation.

Later in the meeting, Chairman Kumm presented retiring LCMS Communications Executive Director David Strand, reporting on his last board meeting, with a card filled with appreciative messages from all the board members, honoring his long and “stellar service” of the Synod; the board joined in the common doxology.

## **158. Financial Report and Giving Trends**

Ross Stroh, Executive Director of LCMS Accounting and Financial Services, presented the financial report as of April 30, 2021 (pp. 251–61; 232–38/261). Total assets stood at \$137.58 million (M), an increase of \$23.19M since June 30, 2020, including increases of \$3.84M in cash and cash equivalents, \$12.13M in investments, \$1.93M in contributions receivable, and \$4.91M in funds held in custody by others. Total liabilities decreased by \$125 thousand (k). Total revenues through ten months of the fiscal year were \$64.51M and total expenses, \$41.20M, resulting in a gain of \$23.3M (compared to a loss, at this point in the previous fiscal year, of \$352k). Board-designated fund balances have increased from \$20.99M to \$22.13M on the year. Synod's undesignated net asset deficit has decreased (improved) from \$15.31M at the start of the fiscal year to \$9.26M with ten months elapsed. Synod's net assets without donor restrictions have increased from \$10.75M to \$17.55M on the year and from a recent low of \$4.19M in FY18 (the value was as low as \$2.98M in FY10).

Stroh reported a current ratio of 5.1, up from 4.2 in FY20 and 1.6 in FY18, and 174 days cash on hand, being managed with \$1.7M in US Bank, \$14.3M in LCEF at 0.5% interest, and \$15.3M in the LCMS Foundation. The program spending ratio is down to 74.5% from a high of 79.0% in FY20, due to programmatic work being suspended due to coronavirus and its mitigation, but is expected to rebound as work picks up.

Considering the four major expense centers, mission and ministry is underspent by \$6.58M on a year-to-date budget of \$33.01M, with designated revenues also lagging a \$27.65M budget by \$4.99M, for a net favorable variance of \$1.59M. Ecclesiastical services are underspent by \$1.21M on a budget of \$5.46M, with designated revenues lagging a \$682 thousand (k) budget by \$377k, for a net favorable variance of \$833k. Underspending is generally due to reduced travel and certain vacancies.

Management and general revenue is \$3.41M over an estimated \$1.68M, largely due to exceptionally high unrealized investment gains of \$3.1M, with expenses \$329k under a \$6.00M budget, for a net favorable variance of \$3.74M. Mission Advancement's revenue leads the budgeted \$5.28M by \$675k, with expenses \$369k lower than the budgeted \$5.22M, for a net favorable variance of \$1.04M. Unrestricted revenue, finally, is \$879k behind a budgeted \$14.85M, year-to-date.

Summing up, ten months into FY21, actual revenue lags budgeted by \$2.16M, but expense is lower than anticipated by \$8.49M, resulting in an "unprecedented" surplus of \$6.80M and favorable variance of \$6.33M. In the context of \$3.04M in CARES Act Paycheck Protection Program (PPP) loan forgiveness not yet realized year-to-date (the Small Business Administration is expected to act on the LCMS application for forgiveness of \$3.65M by early August), \$3.46M in unrealized investment gains included in management and general revenue, an "advance" in timing of district revenue (\$644k) and a Schwan grant (20k), the "adjusted" net revenue gain on the year is \$5.71M.

Chief Administrative Officer and Acting Chief Financial Officer Frank Simek reported to the board using the gift receipt tracking instrument introduced at the previous meeting (pp. 239–46/261). An annualized projection based on actual receipts through March shows cumulative unrestricted gifts (\$22.5M, excluding the PPP loan) finishing the year ahead of FY20 Actual, FY21 Budget, and even the 3-year FY18-20 average (\$20.2M), with the unrestricted gift and grant component at \$3.70M compared to a budget of \$1.82M and 3-year average of \$1.9M, gifts and grants \$1.88M over a budget of \$1.82M, bequests and investment / trust income ahead of budget by 38.6% and 37.7%, respectively, and a net gain on investments of \$2.40M, well over a budgeted value of \$800k. FY21 unrestricted income is projected at \$22.48M (or \$26.12M if PPP forgiveness is granted in FY21), relative to a budgeted \$17.86M—a significant favorable variance, either way. The noted coronavirus-inspired unrestricted appeal has been responded to very generously, even as other sources of unrestricted revenue continue to slide. Not taking into account anticipated PPP loan forgiveness, unrestricted revenues are, notably, 25.8% above budgeted.

Projected year-end restricted gifts of \$45.4M would also significantly top the FY18–20 average of \$42.1M and FY20’s \$36.1M, with gifts, grants, and bequests, mercy, the global mission fund, and network supported missionaries leading estimates and reduced disaster giving reflecting fewer appeals on this fiscal year. Taking into account investment / trust income, gain on investments, and other sources of income, restricted revenue is expected to finish the year at \$45.35M, which would be \$10.87M or 31.5% ahead of a budgeted \$34.48M.

CAO Simek noted that the FY21 budget, adopted in September 2020, was developed very conservatively due to then-reasonable uncertainty about a potential negative impact of coronavirus on church attendance and gift receipts. It therefore included reduced estimates and no salary increases, for a planned \$1.6M “surplus.” FY21 results have significantly outperformed estimates, both in terms of giving and investment returns and in terms of cost control, resulting in a \$6M surplus at the end of March, without PPP loan forgiveness. With PPP loan forgiveness, the surplus could amount to \$8–10M. Through the midst of great upheaval related to work-from-home, staff has performed admirably and “without missing a beat.” The Operations Team, with the support of the Office of the President, has proposed that staff continuously employed since Dec. 31, 2020 and below the Unit Executive salary grade be granted an FY21 bonus as indicated in action items below (p. 231/261).

Keith Frndak, chairman of the Audit Committee, noted that these exceptional FY21 results need to be understood as exceptional, as involving various nonrecurring benefits, generational market movements, and the Paycheck Protection Plan, and under the caveat that gifts received tend to parallel major market movements. He also noted a need to reevaluate management of significant cash and cash equivalents for adequate returns.

### **159. Governance Committee Report**

Governance Committee Chairman Christian Preus reported on his committee’s meeting of April 28 (pp. 129–146/261). He reviewed policy changes developed by his committee in the course of its review of LCMS Board of Directors policies treating the accounting, financial transaction, and property policies of Synod agencies (Policy Sections 5.1–2 and 5.4), as well as changes to the wording of the board appointment calendar necessary to reflect the extension of the current triennium (Policy 5.7.2). The committee also requested the Audit Committee review audit policies for Synod agencies (Policy Section 5.3) and requested more information on the insurance program for Synod and certain agencies (Policy Section 5.5).

Highlighting the change to Policy 5.2.2.1, regarding agency balances on deposit with the Synod, Preus noted that the committee asked the Secretary and Chief Administrative Officer to prepare an overture for the board’s submission to the 2023 convention, possibly through the Commission on Handbook, to resolve questions about the “surplus funds” language in Bylaw 3.10.6.4 (e)(2) and related practices.

Preus noted that work on recognized service organization (RSO) policies is ongoing, as it involves RSO staff and the Boards and Offices of/for National and International Mission, as well as a comprehensive legal review.

Preus also highlighted a number of changes proposed by the office of the Chief Administrative Officer, with input from the Secretary, related to the Committee for and Executive Director of Human Resources (Policies 4.2, 5.6.3.1, and 5.6.6.1–5.6.6.7; pp. 247–48/261). Review of this policy area was occasioned by the need to initiate a search for a new executive director of Human Resources. These changes were reviewed and approved for submission to the board by the Governance Committee.

### **160. Audit Committee Report**

Audit Committee Chairman Keith Frndak reported on his committee’s meeting of May 20. He noted his committee’s having received a report from Chairman Munding, President Wenthe, and Director Philp of Concordia University System (CUS), regarding the synodwide corporate entity’s significant budget concerns. They also reported on the financial and enrollment status of the CUS member college and

universities. Enrollment at most individual schools is “flat,” but with the loss of Concordia University Portland (CUP) and the conclusion of a “temporary boost” in enrollment at some other schools due to the CUP teach-out plan, total enrollment in the system is expected to decline. Concordia College—New York reports progress in effecting the sale of its campus. The CUS report indicated a couple of universities to be in “slim” financial situations. Frndak noted “powerful comments” by Wenthe regarding the “need for CUS to stand shoulder to shoulder with schools” as they face significant cultural and governmental challenges, and the need to keep it going.

The committee also:

- had “very positive” discussion of the succession plan for the Chief Financial Officer position and other related positions in which incumbents may be approaching retirement in the near term, with the concern that important historical knowledge be conserved.
- received an update on the winding-up of the LCMS National Housing Support Corporation. All necessary documents are understood to have been submitted.
- reviewed the various categories of board fund designation within the \$22.13M of current board designations, receiving suggestions by Accounting Executive Director Stroh and Chief Administrative Officer Simek. Audit Committee Vice-Chair Ed Everts noted that certain of the funds, including convention-mandated activities, Youth Gathering, and convention surplus funds, totaling approximately \$1.2M, simply must be retained for their designated purposes. Everts noted the outstanding debts (approximately \$15M) of Concordia University System related to the closure of CUP, as well as the shrinking but still substantial undesignated net asset deficit, currently approximately \$9M. The committee recommended that until these issues are resolved, no board-designated funds (beyond the customary annual budgetary release level) be released for other purposes.
- received the report of Internal Audit Executive Director Joann Spotanski, noting a decrease in departmental budget of \$65k due to nonrenewal of work performed for others.
- received a report on the filing of the Synod’s request for forgiveness of its Paycheck Protection Plan loan, on which Small Business Administration action is expected by August.

The board discussed crafting of policy to require board authorization of further borrowing against board-designated funds; the Audit Committee agreed to suggest wording changes for further refinement by the Governance Committee before presentation of a proposed policy to the board’s next meeting.

### **161. Personnel Committee Report**

Personnel Committee Chairman Larry Harrington reported on his committee’s meeting of April 20 (pp. 147–48/261). Harrington noted the announcement of LCMS Human Resources Executive Director Val Rhoden-Kimbrough’s departure to other employment. Director Nathan Thomas has been prepared to provide continuity of service in the department as the search for a permanent successor proceeds.

The committee resumed a request for nominations for the Office of Chief Financial Officer, with nominations now requested by July 27, 2021, and confirmed inclusion of the position in the FY22 budget proposal with January 1, 2022, as the proposed start date. The committee also reviewed nomination materials and prepared recommendations for the various appointments to be made during action items. It also prepared recommendations for officer salary increases, allowances for the President and honoraria for vice-presidents, the reappointment of the Chief Mission Officer, and FY21 employee bonuses reflective of performance during a fiscal year in which salary raises were foregone as a precaution—a measure of which the personnel committee is supportive.

Board discussion noted the importance of positions like Human Resources Executive Director and Chief Financial Officer (CFO) to the culture of an organization and revisited the question of whether the roles of CFO and Chief Administrative Officer (CAO) could be permanently combined. Chairman Kumm summarized for the committee: While CAO Simek has been able to “do both jobs admirably,” there is too

much work for a combined position on a long-term basis, continuity in each area is important, and consolidation of the positions would require bylaw work. While this could be looked at further with an eye toward the 2023 convention, the committee felt “the time was now” to get a CFO on board.

## **162. Legal Report**

The board entered executive session.

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## **162X. Executive Session IA: Legal Report**

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## **163. Reappointment of the Chief Mission Officer**

The board continued in executive session to reach concurrence with the President of the Synod, as required in Bylaw 3.4.3.2, in the reappointment of the Rev. Kevin Robson to an additional three-year term as Chief Mission Officer, commencing (retroactively) on April 6, 2021.

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## **163X. Executive Session IB: Reappointment of the Chief Mission Officer**

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During the executive session, it was moved and adopted (pp. 230–31/261):

WHEREAS, President Harrison has assessed the performance of the Rev. Kevin Robson, Chief Mission Officer and has determined he is successfully accomplishing the objectives of the position; and

WHEREAS, President Harrison has consulted with the Boards for International and National Mission; and

WHEREAS, President Harrison has shared his recommendation to reappoint the Rev. Kevin Robson to another three-year (3) term of office and has sought the concurrence of the Synod Board of Directors; therefore be it

*Resolved*, That the Board of Directors concur with the President in the reappointment of the Rev. Kevin Robson to a three-year (3) term, retroactive to April 6, 2021, as Chief Mission Officer.

## **164. Consideration of FY21 Budget Amendment**

The board continued in executive session.

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## **164X. Executive Session IC: Consideration of Fiscal Year 2020–21 (FY21) Budget Amendment**

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The board returned from executive session, during which it was moved and adopted:

WHEREAS, In March 2020, LCMS employees began working remotely with only selected employees working at the International Center at scheduled times to comply with county-wide mandates due to COVID-19; and

WHEREAS, Due to the uncertain impact that COVID-19 was expected to have on church attendance and contributions, the Synod’s FY21 budget was adopted in two phases. In its May 2020 meeting, the Board of Directors approved a spending authorization for the first quarter of FY21. In its September 2020 special meeting, the Board of Directors approved a budget for the remainder of FY21; and

WHEREAS, The spending authorization and budget were prepared with very conservative gift receipts and expense assumptions, including no salary increases for any LCMS employee; and



WHEREAS, All employees quickly adapted to working remotely and admirably exceeded expectations in all aspects of operations throughout FY21, resulting in consolidated financial performance through April 21 that was strongly favorable against the approved FY21 budget. Such favorable financial performance is projected to continue for the remainder of FY21; and

WHEREAS, In recognition of these extraordinary employee efforts accompanied by strongly favorable financial performance and in consideration that employees were not provided a salary increase in the FY2021 budget, the Operations Team, with expressed support from the Office of the President, has recommended awarding bonuses to LCMS employees as follows:

- Eligible employees are (1) those continuously employed by the LCMS between December 31, 2020 and the date of the bonus award disbursement (see second *resolved*, below) inclusive AND (2) below Unit Executive salary grade.
- The amount of the bonus awarded to each individual eligible employee shall be the greater of (1) 3% of their annualized salary as of the date of the bonus disbursement OR (2) \$1,000 for full-time employees/\$500 for part-time employees.

Therefore be it

*Resolved*, That the LCMS Board of Directors approve awarding FY21 bonuses based on the above recommendation of the Operations Team and expression of support from the Office of the President; and be it further

*Resolved*, That such FY21 bonus awards be disbursed to eligible employees in the pay period ending June 15, 2021.

#### **165. Fiscal Year 2021–22 (FY22) Operating Budget Overview**

Chief Administrative Officer (CAO) and acting Chief Financial Officer (CFO) Frank Simek introduced the operating and capital budgets proposed by the Synod Operations Team for the Fiscal Year to run July 1, 2021—June 30, 2022 (Fiscal Year 2021–22 or FY22; pp. 4–16/114 of the budget review docket supplement, attached to the protocol copy of these minutes).

##### **Summary, Proposed FY22 Revenue Estimate**

CAO Simek summarized projected year-end unrestricted revenues for FY21, based on the now-completed ten months of the fiscal year and reduced by the amount of the Mission Advancement assessment, totaling \$22.5 million (M), including \$10.7M in congregational gifts forwarded through the districts, \$3.7M in unrestricted gifts and grants, \$3.0M in sales and services, \$1.1M in bequests, \$3.2M in investment gains, and \$660 thousand (k) in investment / trust income. [CAO Simek, as acting CFO and in consultation with the Chief Mission Officer and the Mission Advancement Executive Director, has reduced the Mission Advancement general support rate from 13.5% in FY21 to 10.5% for FY22.]

The proposed FY22 revenue estimate includes \$10.9M in district intentions (reflecting the reduction in mission advancement support rate more than offsetting a reduction of approximately \$400k in income from intentions, relative to FY21), \$3.1M in unrestricted gifts and grants, \$3.1M in sales and services, \$1.5M in bequests, \$800k in investment gains, and \$700k in investment / trust income, the latter three categories below or based on four-year averages. This amounts to a total FY22 unrestricted (gifts and sales/services) revenue budget of \$20.1M, a decrease from \$22.5M in FY21. (Simek noted that the expected forgiveness of \$3.6 of the Synod's CARES Act Paycheck Protection Program loan is not included in the FY21 estimate.)

Summarizing estimates of restricted gifts, also using values already reduced by the Mission Advancement assessment, Simek noted FY21 projections of \$15.7M in general restricted gifts, grants, and bequests; \$12.5M restricted for network-supported missionaries, \$4.6M restricted for Mercy; \$927k for Disaster; 1.8M for the Global Mission Fund; \$6.3M in spending of funds on hand for designated purposes, and \$8.9M in investment income and gains, plus \$1.1M in other sources, for a total of \$51.6M restricted support.

The FY22 budget is expected to be supported, on the restricted side, by \$15.6M in general restricted gifts, grants, and bequests, \$11.8M restricted for network-supported missionaries, \$5.5M for Mercy; \$2.1M for Disaster; \$1.9M for the Global Mission Fund; \$370k from other sources, and \$5.1M in spending of funds on hand for designated purposes, for a total of \$42.3M in restricted support, an 18% reduction from FY21 projections (which included exceptional investment income and gains).

#### Summary, Proposed FY22 Operating Budget Expense Request

The FY22 expense budget, as allocated to unrestricted and restricted funds (p. 11/114), was presented as follows (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 being to indicate the expected demand of each category for unrestricted funds):

<b>Category</b>	<b>Unit</b>	<b>Restricted (k)</b>	<b>Unrestricted (k)</b>	<b>Total (k)</b>
Programs	Office of International Mission, Office of National Mission, Pastoral Education, Communications, KFUE Radio, Mission Advancement	\$43,178	\$4,460	\$47,638
Grants to related entities	Concordia University System, Concordia Historical Institute	1	1,201	1,202
Ecclesiastical services	Commissions on Constitutional Matters, Handbook, and Theology / Church Relations; Dispute Resolution; convention task forces; Rosters, Statistics, and Research Services; Church Relations	481	1,860	2,341
Officers and administration	Office of the President; Office of the Secretary; Board of Directors; Boards for National and International Mission; Council of Presidents; Chief Administrative / Financial Officers; Chief Mission Officer; contingency (\$250k)	197	3,824	4,021
General administration	Insurance, External Audit, Internal Audit, Accounting, Legal, Information Technology / Operations Support Services, Human Resources, interest, foreign exchange	2,268	5,254	7,522
<b>Total</b>		<b>\$46,125</b>	<b>\$16,599</b>	<b>\$62,724</b>

#### FY22 Proposed Revenue Estimate / Proposed Expense Request Comparison and Headcount Summary

CAO Simek concluded his introduction of the budget noting the following balance of FY22 projected revenues and requested expenditures. He noted that without the expenditure of board-designated funds on a level typical of an ordinary year, the budget would be approximately a \$251k deficit budget, with that amount roughly consisting of the \$250k contingency typically built into the annual operating budget:

Total Gifts	\$58,683,116
Materials and Services	3,791,564

Board Designated Funds		1,168,869
Communications	\$683k	
Church Worker Recruitment	\$212k	
Making Disciples for Life	\$104k	
175 <sup>th</sup> Anniversary Celebration	\$75k	
KFUO Radio	\$59k	
Task Forces	\$20k	
District and Congregational Stakeholders	\$15k	
Total Expenses (incl. \$250k contingency)		(62,726,607)
Proposed Budget Surplus		\$916,941

Finally, CAO Simek noted the December 1, total US-based headcount of corporate Synod from 2014 to 2020, for comparison with positions included in the FY22 budget. Headcount remains significantly down from a peak of 259 in 2016, but shows a small increase from 180 in Dec. 2020, to 188, with seven new program positions, only one of which is new and funded with unrestricted dollars, and three “new” positions (Chief Financial Officer, Purchasing, and Church Relations) in the executive area; the services area is down by one position in operations and one in accounting.

### **166. Fiscal Year 2021–22 (FY22) Strategic Plan Review**

As requested by the board and guided by a template proposed by the Operations Team and approved by the board’s Governance Committee (item 79, minutes of May 15, 2020), officers and executive directors of the various major program and administrative units of corporate Synod shared with the board highlights of their strategic plans. Much more detailed, written strategic plans were included in the board’s docket (pp. 17–109/114 of the budget review docket supplement); each unit received 10–15 minutes of oral presentation and discussion with the board. Chairman Kumm reviewed the scope and intention of this process with the board, which is for the board to gain insight in its specific role in reviewing and approving the budget as presented.

A board member asked whether the present budget preparation process suggests or supports consideration of broader realignment or revision of current operations, perhaps across existing unit or department lines. These questions, CAO Simek noted, are “always top-of-mind” and are frequent discussions for the Operations Team throughout the year. Another board member noted with appreciation the decreasing 10-year headcount trend. Presentations commenced, some appearing in person and some by internet conference.

#### **(A) Office of the President / Office of the First Vice-President / Church Relations (pp. 17–21/114)**

President Harrison noted a “difficult year on staff,” with a number of illnesses and personal losses, including the death on March 21, 2020, of First Vice-President Herbert Mueller. Unknowns and the challenges of budget curtailment and a reduction-in-force going into fall frayed staff after a difficult convention year. It was at the same time also “a very blessed year.” Harrison recalled being “on the road 220 days” the year before and noted that “eliminating travel proved a blessing to families.” He praised a “staff of fantastic Christians who love what they do, who are dedicated, who work together well on efficiency issues.” First Vice-President Lange is doing “a fantastic job,” bringing dramatic improvements to the colloquy process for both ordained and commissioned ministers and in wrapping up the colloquy process for licensed lay deacons, in particular. Harrison noted a “flat” budget for the Office of the President in FY22, apart from incrementally increased personnel costs; the directorship in Church Relations is being filled part time, a position vacant in FY21. It’s been a “fantastic year...with progress at every turn, in all the units.” Harrison concluded that he “couldn’t be more pleased and proud to be part of this organization.”

#### **(B) Chief Mission Officer / Board for International Mission (BIM) / Board for National Mission (BNM) (pp. 22–45/114)**

Robson reviewed five units supervised by Chief Mission Officer (CMO) (following) and the Synod’s seven mission priorities, to which mission boards’ ends policies are related, which he described as all “deserving

of commitment.” “All are part and parcel of conversation taking place daily in the International Center.” The CMO’s budget areas continue to account for 75% of the expenditure budget proposed for FY22, reflecting steady commitment to program ministries and leanness of supportive structures. He described the marks of the team “we are building and want to maintain”—a global enterprise, supported by a constellation of stakeholders, accomplishing priorities and mission ends, responding to changing domestic and international climate, working with speed, efficiency, and trust. Current strategic plans “refine rather than replace” what was presented to the board in September. “It’s all about the same priorities,” no matter what’s going on culturally, domestically or internationally. The five units are “opportunistically watching and acting on high value activities, forging relationships that will bear fruit, while executing the plan as established.” That said, new and notable features for FY22 include:

- Effective plans for key leadership succession are of great urgency, with key leaders in Communications and International Mission at or nearing retirement.
- Across the units, “a thin bench” is spread over a “huge array of activities”; no further positions can be lost without ceasing something, and the challenge is how to grow capacity with a fixed resource pool. The Offices of National and International Mission are having to operate selectively, prioritizing promising activities.
- The mission boards are “growing increasingly restless” about their roles as policy (not governing or managing) boards, it proving still a struggle “to develop ends policies that lead or push.” Board subcommittees are exploring roles and responsibilities with a joint meeting planned with the Secretary on June 9 to “gain a better understanding of role and responsibilities in current bylaws, while considering the possibility of an overture to explore improvement of the model.”
- LCMS Communications is working on “upping its game,” reengineering communication channels to engage audiences, using the perspective of technical marketing approaches.
- Ongoing “autonomous behaviors” of districts, congregations, and mission societies remain concerning, with the units “attempting to inspire cooperative work.” The CMO and BIM are also seeking to “revitalize the relationship” with the Synod’s international schools.
- The CMO / BIM / BNM FY22 budget is increased \$40k from \$541k in FY21, the chief contributor being the restoration of face-to-face meeting for the mission boards; no personnel changes are planned.

(C) Office of International Mission (OIM) (pp. 45–49/114)

CMO Robson, presenting OIM’s FY22 goals, noted that OIM Executive Director Daniel McMiller was celebrating his son Tyler’s graduation from Concordia Theological Seminary, Fort Wayne, as Tyler takes initial steps toward deployment to Italy as an OIM missionary. OIM focuses on “spreading the gospel, planting congregations, and showing mercy, to the ends of the earth.” In the field are 110 missionaries (50 ordained and 60 lay) and now 50 “alliance missionaries,” rostered in partner churches, who deploy at approximately 30% the cost of a typical LCMS missionary.

Funding is “in good shape.” Network-supported missionary funding is “going gangbusters,” with approximately 11 months of reserve donations, reflecting strong networks and strong donor relations support from Mission Advancement and Communications; approximately 1900 congregations—roughly a third of the Synod’s member congregations—now include network-supported missionaries in their budgets.

The Office of International Mission, with 42% of Synod’s operating budget, has for years used electronic means of meeting and engaging around the world. In Eurasia, the Luther Academy of Riga (Latvia) is serving pastoral education needs efficiently and effectively throughout the region, with 38 students presently enrolled; OIM is assisting with 20 new residential students at Riga as well. OIM is working with over 90 church bodies (not all in fellowship) in 70 countries and continuing its strategic interface with Synod seminaries to resource partner churches in countless ways and to source new missionaries. Along with new opportunities, challenges abound, with constant adjustment to optimize use of limited resources. The OIM support team is stretched to the limit in what is “not a sustainable model.” The FY22 budget adds

essential positions including a recruitment director and director of global safety and health. Dozens of missionary staff are approaching retirement; OIM aims to extend service and plan for healthy succession. Robson noted personnel transitions ongoing in Latin America and Asia, and a change in overseas salary ranges based on LCMS Human Resources analysis with a net cost to OIM of \$150k.

Robson underscored the importance of historical protocol documents to the relationship of Synod and OIM with church partners, with the engagement of President and his Church Relations staff—yet we have the problem of “lone rangers” going around the world and “knocking on the door” of church partners without knowledge of or respect of these documents.

Robson observed that the \$23M FY21 OIM budget drew on \$1.4M in unrestricted dollars; the FY22 OIM budget of \$25M draws only \$104k in unrestricted dollars, reflecting a “masterful job” of matching restricted income either on hand or very predictably coming in FY22 to appropriate expenditures. He noted the challenge may be raised that “plate offering goes [through district intentions] in such small measure to overseas mission,” but that this in no way reflects less work being done overseas.

Robson concluded that International Mission is “doing the finest work overseas in the Synod’s history, at the forefront of a global wave of Lutheranism, being sought out for resources, personnel, formation of pastors, church planting, and execution of well-run mercy programs.”

(D) Office of National Mission (ONM) (pp. 50–53/114)

“It’s the day the Lord has made, and we rejoice in it. This is the time of the church; everything is failing except for Christ—and we have the mission to get that word and message out.” So ONM Executive Director Bob Zagore introduced his report on “22 program ministries involving 21 convention resolutions, working with all 35 districts on a regular basis.”

ONM staff “worked like crazy” during COVID to resource districts and congregations, together with the President “helping people in serious crisis,” with more than 900 grants to workers, including, among many others, church musicians and early childhood workers, many of whom said that until they got such grants they had felt “invisible to Synod,” and many of whom were ineligible for regular and special unemployment. Over \$1.5M has been distributed. Over 250 clergy have participated in “resiliency retreats;” over 1000 clergy will eventually attend. The effort “has been greatly appreciated.”

At the same time, “regular mission continued,” with two Making Disciples for Life (MDFL) conferences and one Life conference with 2100 total participants and no draw on the unrestricted budget. LCMS Schools arranged for virtual classroom platforms to be available to every Synod school, again at no net budget cost, and supported 100k engagements on LuthEd with daily help and advice for school staff. New volunteer software will connect the 20k trained disaster volunteers and will roll out to every ONM program.

Zagore described ONM as “building on what’s been done and engaging the mission” in FY22: Three more MDFL conferences are planned. ONM is expanding respite retreats and training seminars for commissioned workers. LCMS Youth is taking the first step toward a profitable 2022 Youth Gathering with doubled registration at its youth leader conference this summer. ONM continues to work with Atlantic District to care for those displaced by the Concordia College—New York shutdown. Resources continue to be added to the “intelligence-driven engine” at *makingdisciples.lcms.org*. In the budget, with the support of \$200k in mercy funds, is a project to “institute a synodwide child protection program,” supporting training, screening, etc. by participating churches, schools, and other ministries. The congregational revitalization “Revitality” program is rolling out a revamped Congregational Assessment of Development / Decline Status (CADDS), using the Word, the Lutheran Confessions, insights of systems psychology, along with congregational self-assessments that “won’t beat up pastors,” to provide a “consistent and objective way forward.”

Zagore passed over a summary of the many convention mandates being fulfilled within a budget proposal that has reduced its draw on unrestricted dollars by one-quarter, year over year. Working effectively and so

efficiently is “a real challenge” but ONM is striving toward alignment, improvement, and cooperation with districts and others.” The FY22 ONM budget does seek to fill three positions: an associate director for Schools (call postponed by coronavirus), a half-time position for Specialized Pastoral Ministry, and a director for Family and Health. Zagore reviewed the numerous ministry areas “working like crazy to get everything done” with very limited staffs but a “passionate spirit driven by mission...We simply love helping the church and proclaiming Christ.”

(E) Pastoral Education (pp. 54–57/114)

Office of Pastoral Education Executive Director James Baneck presented an overview of his area’s FY22 plans:

- The Church Worker Recruitment Initiative is “off and running.” An initial research phase is complete with five major strategies identified, along with subordinate objectives, steps, and major participants. A three-year, \$715k commitment is in place, partially supported by Schwan grants and partially by a \$212k request for board-designated funds, with St. Louis research, marketing, and communications firm Standing Partnership. The project is to develop a three-stage program covering baptism to high school graduation.
- The Post-Seminary Applied Learning and Support (PALS) program delivers big value at low cost, \$145k supporting 31 PALS facilitator couples in 28 of 25 districts, helping 130 pastors (presently) to make a successful transition from seminary to long-term parish service, increasing stability and aiding longevity in first calls and pastoral retention in general. \$55k in 2020 Schwan grants helped pastors in their third and fourth years to attend Doxology programs.
- *Life Together as Synod* is a new curriculum piece, a set of 10 3-minute videos, each with a discussion guide, to promote understanding of Synodical identity, polity, and participation in its good order.
- *Preach the Word*, fully funded through Schwan grant with 9 completed modules and three more planned (each with 4–5 segments per module), helps pastors work toward better preaching, through video modules and interaction with seminary professors and other preachers. Over 4,600 segments have been viewed, with some participants watching in groups.
- Intentional engagement with seminaries is important. The Office of Pastoral Education meets twice a year with presidents and provosts and visits annually with students. Synod’s seminaries receive financial support from the Synod. Funding of the two seminaries has increased \$1M over the last 10 years, to \$4.2M, including gifts through the Joint Seminary Fund, grants, scholarships, joint projects, the Global Seminary Initiative, etc. The Pastoral Formation Committee, in which the director participates, by bylaw, shepherds routes to ordination, strategically guiding means of pastoral formation. 2019 Res. 6-02 and 6-03A, dealing with non-residential routes, have given opportunity for collegial and collaborative interaction.
- Finally, the Office of Pastoral Education is engaging university leadership, theology faculty, and church work students on Concordia campuses with an increased focus on church worker recruitment and continued monitoring of pre-seminary programs. FY22 plans include bringing university and seminary recruiters together to discuss the initiative.

Baneck noted close collaboration with other four units under the Chief Mission Officer, pursuing “shared interests and impact with richness and excellence.”

(F) Mission Advancement (MA) (pp. 58–61/114)

LCMS Mission Advancement Executive Director Mark Hofman noted the special focus of his area on the second, fourth, and seventh mission priorities: supporting and expanding theological education, collaborating to enhance mission effectiveness, and strengthening and supporting the Lutheran family in living out God’s design, while generally “connecting God’s stewards anywhere and everywhere with opportunities to extend the Gospel through their voluntary, charitable giving,” and always doing so “in the manner most faithful to God’s Word.”

Hofman described the FY22 budget for his area as a “delicate mixture of compromises and capabilities.” The department’s overarching strategy aims for “joyful contributors, supporting the work they care about, satisfied enough with experience to want return and do it again another day.” The FY22 budget shows a \$330k reduction in spending relative to FY21; Hofman noted the 9 positions eliminated in FY21 (impacting 12 persons) are not being restored, but that some funding is being restored to resume training and professional growth among remaining staff. Hofman noted the reduction of the general “contributor services allocation” (Mission Advancement general support rate) from 13.5% in FY21 to 10.5% in FY22, reflective of a cost to administer gifts, at the end of April, of 9.9 cents per dollar received.

Among “strategic values,” Hofman noted:

- Donor retention: The unit’s “active contributor retention rate,” a “key performance indicator,” floats “at or near subsector averages.” Existing donor retention stands at 66%, with a target of 70%; new donor retention is at 32%, with a target of 34%. Across all three giving ranges, retention is increasing, except for a decrease in the number of new donors. Re-engagement has significantly increased. A “contributor-centric appreciative response model” is bringing steady improvement in the generosity and frequency of giving. Retained, satisfied donors are also more open to planned giving conversations.
- A “big bucket” giving strategy (asking people to consider more flexible gifts) is reducing gift administration and contributor care costs and affording management greater agility in applying funds. MA will be continuing this focus while allowing donors to restrict funds to their desired level. With a continued slide in unrestricted congregational gifts received through the districts, requests for unrestricted gifts from individual donors have been met with generosity, reflecting confidence in management and the board to “make sound stewardship decisions.”
- Transparency and accountability remain key “strategic values,” with MA a “champion of donor rights and non-profit ethics” and Synod “leading the pack” in terms of donor transparency—and recognized as a Better Business Bureau (BBB) Accredited Charity and holding a Guidestar Platinum Seal of Transparency (though required disclosure of gender-identity-related management practices may in the future pose challenges for Synod’s recognition). Nonetheless, questions that arise receive thorough response by MA and executive leadership.
- Endowment: Hofman noted Redeemer Lutheran, a closed urban congregation in Denver, Colorado, whose members opted to establish an endowment to make “a lasting confession of faith” by perpetuating the congregation’s annual contributions to the Joint Seminary Fund. Hofman noted a new promotional effort to encourage similar gifts and emphasized the role of the LCMS Foundation as the Synod’s preferred investment partner.

#### (G) Communications (pp. 62–65/114)

LCMS Communications Executive Director David Strand noted, with no new staff and no replacement of three positions reduced in FY21, a “modest increase overall” in his unit’s budget due to planned salary and benefit increases and post-pandemic resumption of travel—a necessity as the “cupboard [of new material to share with the Synod] is bare.” He briefly highlighted “key performance indicators” for a few of his department’s main areas of work:

- Social Media and the Synod Website: Indicators suggest these are, in terms of numerical contacts, the “two biggest means of connecting with people.” Concern about trolling has turned to concern about de-platforming; Communications is keeping “a wary eye” on changing policies and potential for threat to our freedoms where we are currently thriving on social media channels, lest Synod be censored or limited or “cancelled” by big tech titans, and is preparing for more direct means of contact with readers, should this come to pass. Noting strong quarterly performance in social media, Strand observed that “more page views and return visits require matching viewers with content – content is king.”

- *Lutheran Witness, Reporter, and Engage*: *Lutheran Witness* is now in 141<sup>st</sup> year as one of the longest-surviving magazines in the United States. Noting its greatly reduced circulation numbers from the mid-80s (when there were 350k paid subscriptions, albeit, Synod having greater membership at the time). The unit is “doing everything that can be done to make this flagship magazine viable and make it grow,” including calling a recent meeting involving the Office of the President, Chief Mission Officer, and Secretary to review an LCMS Research Services analysis of subscriptions, which gave rise to several “creative ideas” for strategically promoting *Witness* subscription and continuing to develop its online presence, which was reinitiated this past July. (Since then, it has seen 150k visitors and 3000 people have gone from it to the print subscription page.)

*Reporter* goes mainly to rostered workers, and is “trucking along” with 32–35k copies distributed. Advertising sales, in print and online, pay 80% of print and mailing costs.

*Engage*, which for budget reasons stopped printing and mailing last year and is presently published online quarterly, is “worth it,” providing “a lot of bang for the buck.” Its stories and photos, a chief means of telling donors the mission story of the Synod, are used across the board. The current thought is resume print publication of *Engage* as a downscaled “two-sider.”

- Other areas are “going fine,” with photographers adding, even during COVID lockdown, to an inventory already “second to none,” video supporting all manner of ministries, graphic design lending talent to everything, editorial and production areas developing 1k projects a year, most for ministry clients, plus public relations and the Church Information Center continuing to perform their important roles.

The unit’s aim, Strand concluded, is to “give the people what they want,” rather than “what we think they should want,” which “hasn’t always worked.” The unit is presently “canvassing the breadth of Synod communications” to find out what truly serves, what Synod’s people need that they’re not getting, and how to get it to them most effectively—identifying actionable steps to “reengineer the channels for the benefit for all.”

#### (H) Human Resources (HR) (pp. 74–76/114)

After a personal introduction by Nathan Thomas, interim HR executive director, in his first appearance before the board, Thomas noted that department headcount remains at six (including the unit executive position to be filled), with less than a 1% budget increase in FY22, reflecting actual costs for benefits lower than projected and a reduced travel budget. The team of six provides HR administration and HR information systems management, training and employee / talent management, personnel policy and employment law support, etc. for the 600–700 worldwide employees of LCMS, LCMS Foundation, Concordia Plan Services, and LCEF, with over 50% of its funding coming from the other served entities.

The unit is currently revamping its performance management system and pursuing new focuses in FY22, including succession planning, which will dovetail with a continuing focus on development of leadership and a learning culture; continued development and integration of HR information systems that will aid in future analysis and decision support; supporting a safe and effective return of employees to the building, post-pandemic; and a “long-term focus” on employee engagement and culture initiative.

In later discussion, it was noted that the scope of responsibility and necessary funding of Human Resources depends in significant measure on degree to which the department continues to serve agencies outside corporate Synod. CAO Simek explained that he is discussing long-term plans with the involved entities, seeking a “firm commitment” for the future and the formalization of relationships with a suitable contract.



(I) Office of the Secretary (SECR) / Rosters, Statistics, and Research Services (RSRS) / Commission on Constitutional Matters / Commission on Handbook / Conflict Resolution and Expulsion Processes / Council of Presidents (pp. 82–87/114)

Secretary John Sias opened with the note that the cost to each parish of the units for which his office is responsible amounts, in the FY22 proposal, to about \$229 annually, with an additional \$26 for the Council of Presidents. This is an investment of parish ministry funds in the governance of the Synod, the maintenance of church order, and the support of ecclesiastical supervision and collective decision-making which is not expended lightly. The work falls in three general areas:

Office of the Secretary (SECR): The Secretary and one executive assistant support and promote a great array of features in support of the governance and official processes of the Synod. The work continues to be “demanding and unrelenting,” and the office continues in a state of “triage.” The “bonus year” of this triennium is being used to significantly revitalize convention processes for which there is ordinarily no “maintenance downtime.” Strategically, for the Synod, the involvement of the congregations—the “owners”—is absolutely invaluable; the Synod “machinery” simply can’t long be left to run itself. It serves for and on behalf of the congregations. The office aims to support the congregations maximally in their governance of the Synod, relying heavily on a larger staff in RSRS, the Technology Application Group (TAG), and tried and trusted outside vendors to devise new mechanisms for official processes that meet with modern expectations and that are sustainable. CCM and COH have benefited from work on their parts of the “LCMS cloud” and adapted to a rhythm of virtual and in-person meeting.

The Secretary is often called upon in legal matters and is “hands-on” in the research area of RSRS and in design of new computer systems on the rosters and statistics side, to a degree that limits bandwidth for other governance, document management, and polity education projects, but necessitated by lack of other personnel. Newly developed “in house” resources, like the “Parochial Service Report (PSR)” —a collection from the district presidents of information on how each congregation in the Synod is actually being served with pastoral care—are intended to bring new value without increased cost. The office is working rapidly, for its own sake and as a testbed for broader document management solutions, to place historical and other resources in a cloud-based framework, under appropriate permissions, for efficient common use within corporate Synod and beyond (initially, including access by the Council of Presidents and relevant commissions). As the office attempts to support district presidents and secretaries, hearing facilitators and reconcilers in their tasks, technological alternatives are being sought to allow more efficient and more readily available training and materials.

Rosters, Statistics, and Research Services (RSRS): This area, consisting of six staff: one manager, one researcher, one analyst, and three data maintenance / customer relations staff, serves the districts in maintaining their rosters and the Synod in collecting and providing data and “process assurance” in connection with the roster. The research area, fully integrated with rosters and statistics this year, serves all manner of data requests within and without corporate Synod, “for and on behalf of the congregations.”

RSRS is in the midst of a long-deferred electronic transformation that is reducing onerous paper processes for districts, congregations, and workers, and moving toward an online, transaction- and authorization-based system that will be more responsive, more adaptable, more cost-effective, and simply more useful. Call-related information for commissioned ministers is maintained in RSRS systems; ordained information will be added in FY22. This IT work comes at a cost, with an FY22 increase of \$106k in direct-billed support for development this year, but is an investment in congregational and worker compliance, district efficiency, and utility, aiming eventually to support a significantly revitalized call and roster maintenance process throughout the Synod. Rosters and Statistics recently “picked up” the youth list dropped by CUS and is working, in a new arrangement with the universities and seminaries, to revitalize it for church worker recruitment. Generally, RSRS aims to reduce costly duplication and compartmentalization of data throughout the Synod as relates to our areas of work.

The research area, which remains down one position (lost in the FY21 reduction-in-force) and staffed with a single, thankfully very capable, researcher, has delivered important assessments of the effect of COVID on congregations, schools, and church workers, as well as work with communications on the circulation of official Synod organs. Free and open source software is being used to build infrastructure to connect roster and statistical data to census and other “big data” sources, for more timely and “actionable” guidance of Synod decision-making. As pastor and teacher staffing questions, as well as sustainability and planting questions, continue to intensify in importance and uncertainty, we aim to develop the tools to assist.

Council of Presidents (COP): SECR oversees the budget for the Council of Presidents, with LCMS Travel and Meeting Planning helping to control cost. The FY22 budget reflects restoration of travel, in the midst of some uncertainty about post-pandemic cost. The \$26 per year, per parish is an investment in the maintenance of effective, consistent, faithful, and evangelical ecclesiastical supervision, and in the coordination of the districts in their service of the Synod’s congregations. The Council intends to return to in-person meeting in September. While it has taken seriously the board’s request to explore electronic meeting, its experience during the pandemic has underscored the value of physical gathering for its size and scope of work. The council remains eager to explore—with the help of projects like the PSR—their future as components of the Synod, their roles in the proposition: “what do the congregations need and how can it be delivered?” It looks forward to an in-depth conversation with the board on such matters—which it acknowledges will take advance preparation.

President Harrison noted the value of having reliable guidance and actionable information to the Synod, and with appreciation the significant value SECR and RSRS are bringing in these areas.

(J) Accounting (pp. 99–100/114)

LCMS Accounting and Financial Services Executive Director Ross Stroh noted a “dedicated and tenured staff” of 14, down 0.5 in the past year and down 6 from 20 years ago, “that adapted very well, the past fourteen months, to work-from-home.” Stroh noted the accounting services provided for various entities beyond corporate Synod on a fee-for-service basis. He noted that Synod’s new Chrome River expense reporting solution is going live in the next few days. The department budget for FY22 is increased 3% due to staff cost increases.

(K) Concordia University System (CUS) (pp. 71–73/114)

CUS Board Chair Munding and President Wenthe joined the board. Wenthe noted Mt 5:13, “You are the salt of the earth—but if the salt loses its taste...” requesting a grant for CUS “with the conviction that LCMS has invested in its schools for generations and maintained their saltiness.” The confession remains at the center of our ecclesial identity, while for most other denominations and their universities, including those of the ELCA, “accommodation has replaced saltiness, and the Gospel hardly impacts intellectual life.” Immediate threats against the universities’ faithful teaching include threats from rulemaking, loss of sports participation, criticism from accreditors, lawsuits, and a coming “demographic cliff.” Wenthe explained the task of CUS as “seeking saltiness in an ever-greater measure” for “greatest service to the church.” Jesus calls us to be light, to be a city on a hill (Mt 5:14): “Let your light shine before others. Seek to keep and preserve the light but to have it shine ever more brightly on university campuses and through their students into all the world—Jesus Christ is the light of the world, the light no darkness can overcome.”

Munding explained that CUS has continued to meet with college and university presidents monthly over the last several years, discussing matters of faith and doctrine, market forces, and roles of presidents as “functionaries of the church.” He noted that CUS has “participated in acquiring faithful leadership” on the various campuses, maintaining Lutheran identity and theological leadership, with a presidential process currently underway at Concordia University Wisconsin / Ann Arbor. CUS has also been engaged with the “very significant changes proposed to structure 2019 Res. 7-03,” working in particular on the initial ecclesiastical accreditation model integral to the proposal. In the interim, CUS must “remain vigorous in

surveillance.” Secular and humanistic forces are significant and have increased significantly; CUS needs to aid in maintaining ethos.

(L) Information Technology / Operations (pp. 77–81/114)

Joel Rivers, Executive Director of Operational Services and Support (OSS), noted—and recognized by putting names to FTEs—a team that, working behind the scenes in supporting all the work of the Synod, has “exceeded expectations.” The Technology Application Group (TAG) has worked diligently with Rosters, Statistics, and Research Services and the Secretary and on short notice developed a convention deferral site that functioned exceptionally well; the group continues to work on the Synod locator and further development of the LCMS Information Support Network, supporting core administrative processes for the Synod and its districts, congregations, and schools. Rivers noted also the release of a new LCMS mobile app and site for Making Disciples for Life (MDFL) resources. The team continues to implement a Microsoft 365 roadmap, including multi-factor authentication and expanded use of OneDrive, SharePoint, and Teams, and to support the Tangicloud-to-Banner conversion for the Office of International Mission. Rivers noted also Services Coordination, Reception Services, and Print and Mail Service, which has kept mail moving during limited access to the building, opened up service beyond the International Center, and implemented a new desktop shipping solution that has already realized significant savings. On the building operations side, with the help of Cushman Wakefield and other external vendors, the unity working with departments to optimize use of space at the International Center.

The FY22 OSS budget is characterized by “thin margins.” A primary focus is on business continuity and job redundancy / cross-training, acknowledging and managing gaps. Business continuity and disaster recovery are a primary focus on IT side, with a reduced dependency on in-building resources—a goal that aligns well with adoption of the Microsoft 365 environment and migration into the “LCMS Cloud.” Data security is also key. The unit is seeking to complete work on the revised LCMS document retention policy within FY22 but has identified a need for “a dedicated resource to manage this policy and compliance.”

(M) Concordia Historical Institute (CHI) (pp. 88–92/114)

Executive Director Daniel Harmelink noted that “CHI is in a much more stable place after the last seven years and is looking farther into the future to serve the Synod’s needs,” with work continuing to “reduce risk and increase value.” The Institute, charged with records retention, continues to work with the Secretary, Chief Administrative Officer, and Information Technology at the International Center “so that both paper and digital records are preserved.”

CHI is “trying new ways to receive and preserve records and evidence of Christ’s work through the Synod—but also new ways of sharing them, not burying but sharing the treasures.” Harmelink noted the development of resources for free use by congregations and families in recognition of the approaching 175<sup>th</sup> anniversary of the Synod, as well as projects recognizing the 50<sup>th</sup> anniversary of the Seminex walkout and the 100<sup>th</sup> anniversary of Deaf ministry in the Synod. Harmelink appreciated the time with the board and the partnership of corporate Synod and its board. A board member questioned the disposition of Saxon Lutheran Memorial, a process that Harmelink indicated is still “in process.”

(N) KFUO Radio (pp. 66–70/114)

Executive Director Gary Duncan reported on KFUE Radio, “the listener-supported radio broadcast ministry of the Synod,” with its aims of supporting and expanding theological-education-promoting conversations and bible study programs and collaborating with Synod members and partners to enhance common mission. As of June 30, Duncan noted \$611k in restricted funding available for ministry support with \$900k+ in endowment. Over the past six years, individual gifts have grown, especially outside the St. Louis AM market, along with a significant increase in live and on-demand listening through the Internet. The on-demand listening segment is growing relative to live listening. KFUE apps for Android and iOS now include a “talkback” feature, by which on-demand listeners can leave voice messages for KFUE. Sharathon, the on-air portion of which happened the last weekend in April, has netted \$109k on air, up \$9k from the

last two years. Some big gifts have gotten smaller, but smaller gifts have increased in number to more than close the gap; mailed gifts continue to arrive.

Looking to FY22, Duncan described KFUE as “short-staffed,” not adding new but looking to fill two vacant positions and to move a part-time production position to full-time, the professional quality of broadcast being important to listenership. KFUE is looking for a pastor to serve as a “mission advocate” with expanded travel duties, building relationships with districts and churches around the Synod. Duncan related work on a 100W FM translator to simulcast KFUE-AM content west of St. Louis, with a desire to move further west and increase power; he also noted the eventual possibility of a non-commercial FM license.

(O) Commission on Theology and Church Relations (pp. 93–94/114)

CTCR Executive Director Joel Lehenbauer was unable to attend but submitted a written strategic report for his unit.

(P) Internal Audit (pp. 95–98/114)

Internal Audit Executive Director Joann Spotanski was unable to attend but submitted a written strategic report for her unit.

(Q) Chief Administrative Officer (CAO) / Chief Financial Officer (CFO) / Board of Directors (BOD) / Legal / Insurance / External Audit (pp. 101–109/114)

CAO Simek noted the restoration of the CFO position to the FY22 budget request, as well as the addition of a purchasing position; a new approach to the latter is hoped to accrue savings to cover the position’s cost, but this is not assumed in the budget. A search is underway for a director of Human Resources as well as for a tax compliance position. Accounting and Internal Audit are refining succession plans.

Progress is being made toward going “paperless,” with Chrome River operational on the expense side and Adobe Sign on the contracts side, and a Tangicloud-to-Banner conversion moving forward in the OIM regions. The BOD budget reflects reduction to two in-person meetings per year at a per-meeting cost of \$8-10k, the others being held virtually. Simek noted a desire to invite the Synodwide corporate entities to present long-term strategy plans to BOD to ensure plans align with complementary strengths and common goals. LCEF’s prospect of building a significant endowment to support various initiatives received particular attention. Agency reports reviewed by the board “here and there note goals that appear to be outside established wheelhouses.” The total operations of the Synod and its agencies may call for strategic alignment, and that involves the BOD—and, CMO Robson added, those program areas under the Synod and Office of the President that have been charged with leading initiatives in service of the Synod.

Legal, Risk Management, and External Accounting reflect about a 3% increase in FY22 on a budget of about \$1M. Legal spending this year is less than anticipated; insurance premiums, with careful negotiation of coverages, have increased only approximately 7–8% in a challenging insurance market this year.

Operating Budget Summary Conclusion

CAO Simek concluded the FY2021–22 operating budget review presentation (pp. 109–12/112), returning to the budget balance summary, showing a total application of gifts at \$58.7M and materials and services revenue at \$3.8M to expenses of \$62.7M, after application of a typical \$1.2M in board designated funds, for a surplus (which would reduce the accumulated net undesignated asset deficit) of \$916k.

LCMS FY22 Capital Budget

Simek also noted the FY22 capital budget, including \$291,428 for building-related expenditures (a share of maintenance expenses shared with other International Center occupants), \$163,000 for information technology and peripherals, \$154,000 for KFUE revitalizations (carried over from FY21 as unspent), and \$24,000 for the KFUE music library, totaling \$632,428 in planned capitalized expenditures. In response to a question, this was noted as a fairly typical capital budget, expected to be approximately a “wash” on depreciation.

The board entered executive session.

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#### **166X. Executive Session II: Budget Discussion**

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The board returned from executive session. Preus noted marked improvement in budget process relative to the “extremely frustrating” process he recalled from his board service 20 years ago, noting presentations that clearly connected the budget allocation dollar values to the program elements proposed. This was urged to be held up before all the presenters for next year’s process.

#### **167. Convention Arrangements Update**

LCMS Travel and Meeting Planning Senior Director Lynne Marvin briefly updated the board on continuing intense efforts to finalize arrangements for the 2023 convention of the Synod. Noting, in the board’s first in-person meeting since February 2020, “how fantastic it was to see all the board members’ faces,” she expressed joy to be “getting back on board” with a variety of in-person engagements with the help of hotel partners. She noted that she had hoped to present the board with a “finished contract” for the 2023 convention, but that planned venue construction has introduced new complexities. Issues are being worked through and, she assured the board, “the situation is well in hand.” The Synod will be updated with location and dates as soon as arrangements are firmly in place.

#### **168. International School Update**

The board entered executive session.

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#### **168X. Executive Session III: International School Update**

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#### **169. Action Items**

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

##### **(A) FY22 Synod Officer Salary Resolution**

The board’s Personnel Committee brought a recommendation for officer salary increases for FY22 (p. 202/261). 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. Per Board of Directors’ Policy Manual section 5.6.6.6, the Board approves the salaries of the Synod Officers.

It was moved and adopted, the President and Secretary noting their abstention from the vote:

WHEREAS, The survey of national, regional, and LCMS organizations indicates an average salary increase trend of 3.0 percent; and

WHEREAS, The Board of Directors has considered a 3.0 percent 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, 2021, the President, the First Vice-President, the Secretary, the Chief Administrative Officer, the Chief Financial Officer, and the Chief Mission Officer receive a three percent (3%) annual increase; and be it further

*Resolved*, That the FY22 bonus budget for officer-level positions be set in accordance to the criteria established by the Operations Team.

**(B) Synod President Allowances and Honoraria for Regional (Second through Sixth) Vice-Presidents**

In response to a recommendation by the board's Audit Committee, the board's Personnel Committee brought a recommendation to set vehicle and entertainment allowances for the President, as well as the annual honoraria for the Synod's second through sixth, regional, vice-presidents in FY22 (p. 203/261).

In addition to the base compensation, the Synod President currently receives a \$10,000 entertainment allowance and a \$12,000 vehicle allowance. These allowances are annual amounts that are paid on a semi-monthly basis according to the pay schedule.

The Second through Sixth Vice-Presidents (members, with the President and First Vice-President, of the Praesidium) serve the Synod in various non-employee capacities. Currently, they each receive a monthly honorarium in the amount of \$800 for an annual total of \$9,600 (\$48,000 total for the five).

It was moved and adopted:

WHEREAS, The Synod President, as a full-time executive, has ancillary expenses due to extensive travel and vast ecumenical, ecclesiastical, and administrative responsibilities; and

WHEREAS, The Regional Vice-Presidents are elected officers of the Synod and advisors of the President and, upon the President's request or as requested by the Synod, shall assist him in discharging his responsibilities or represent him; and

WHEREAS, The Accounting Department endeavors to prepare a comprehensive annual budget that reflects all expenses; therefore be it

*Resolved*, That the President's entertainment and vehicle allowances of \$10,000 and \$12,000, respectively, are approved and shall be included in the FY22 budget; and be it further

*Resolved*, That the FY22 budget include an honorarium of \$800 per month for each of the second through sixth (regional) vice-presidents (for a total of \$48,000).

**(C) Appointments to Board of Trustees—Concordia Plans / Board of Directors—Concordia Plan Services**

LCMS Board of Directors Policy Manual 5.7.2.1 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.

Concordia Plan Services informed the LCMS Office of the Secretary that, with one (1) minister of religion—ordained member incumbent; and four (4) lay member incumbents all being eligible for reappointment, it would be necessary for the LCMS Board of Directors to make appointment(s) for a total of (5) five positions (p. 204–6/261): (4) layperson positions and (1) minister of religion—ordained position, all three-year terms (Sept. 1, 2021–Aug. 31, 2024).

Concordia Plans also provided a description of the responsibilities and desired qualifications of these board members, reflecting those qualifications required by bylaw and the degree to which these are evidenced in the board's current membership. In response to a January 21, 2021, call for nominations by the Office of the Secretary, only one nomination was received in addition to those of the incumbents.

Nomination, biographical, and evaluative information having been received according to the board's policies (pp. 1–54/166 in the board's appointment docket supplement, attached to the protocol copy of the minutes), the Personnel Committee met on April 20, 2021, and determined to bring the slate to the board, though it consists of fewer than two candidates per position, and to recommend reappointment of the incumbent directors / trustees. The following slate was presented to the board:

<b>Candidates</b>	
<b>Ordained Position (appoint one)</b>	
*Boster, Kory — Pattison, Texas (TX)	
<b>Lay Positions (appoint four)</b>	
* Boeche, Jon D. — Seminole, Fla. (FG)	* Lesko, Robert P. — Boonton, N.J. (NJ)
* Eickelberg, Henry C. — Leesburg, Va. (SE)	* Seefeld, Scott A. — Oconomowoc, Wis. (SW)
Hewitt, Brad — Mound, Minn. (MNS)	
<i>* incumbents eligible for reappointment</i>	

Having received the recommendation of the Personnel Committee, the board discussed its policies regarding appointment by election. The board's consensus was to remind the Personnel Committee to follow the policies in bringing slates to the board for election, or—should this prove impossible—to inform the board in advance of the meeting of any inability to follow the established policies.

The board, by adoption of the recommendation of the Personnel Committee, appointed:

CP Trustee / CPS Director: Ordained (appoint one)

Boster, Kory — Pattison, Texas (TX)

CP Trustee / CPS Director: Lay (appoint four)

Boeche, Jon D. — Seminole, Fla. (FG)

Eickelberg, Henry C. — Leesburg, Va. (SE)

Lesko, Robert P. — Boonton, N.J. (NJ)

Seefeld, Scott A. — Oconomowoc, Wis. (SW)

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

(D) Appointments of Members-at-Large & Alternates, Lutheran Church Extension Fund—Missouri Synod

Bylaw 3.6.4.2.1 and LCMS Board of Directors Policy Manual 5.7.2.1 direct that appointments of members-at-large for the Lutheran Church Extension Fund—Missouri Synod (LCEF) be made annually, at the May meeting of the LCMS Board of Directors. LCEF informed the Office of the Secretary that it would be necessary for the LCMS Board of Directors to make appointments for four members-at-large positions (term Nov. 1, 2021–Oct. 31, 2024) and for two to three alternates (in case any members-at-large are unable to attend the annual meeting). LCEF also provided a description of the responsibilities and desired qualifications of at-large members (pp. 207–9/261 and pp. 55–166/166 of the appointment supplement).

The Office of the Secretary sent a call for nominations on January 12, 2021. Nomination, biographical, and evaluative information having been received according to the board's policies, and the Office of the Secretary having been notified that a member-at-large vacancy existed due to the death of Dennis Becker, who was appointed by the LCMS Board of Directors in 2019 for the 2019–2022 term, the Personnel Committee met on April 20 and determined to fill also the member-at-large vacancy (2019–22 term) from nominations received. The following slate of candidates was presented to the board:

<b>Candidates</b>	
<b>Members-at-large (appoint four regular, 2021–24, plus one vacancy, 2019–2022)</b>	
<b>Alternates (appoint two or three)</b>	
Belyea, Scott — Vacaville, Calif. (CNH)	Kzirian, Michael — Ocean Grove, N.J. (NJ)
Boehlke, Christian J. — High Ridge, Mo. (MO)	McCain, Paul J. — St. Charles, Mo. (MO)
* Boyer, Richard — Cedar Rapids, Iowa (IE)	Meador, Nathan — Plymouth, Wis. (SW)
Golden, Greg — Carthage, Mo. (MO)	* Umbenhaur, III, Rexford — Reno, Nev. (PSW)
Hewitt, Brad — Mound, Minn. (MNS)	Zuch, Aaron T. — Blaine, Wash. (NOW)
<i>* incumbent members-at-large, eligible for reappointment; ** incumbent alternate</i>	

The board, the above observations about appointment policies having been noted to apply here as well, adopted the committee's recommendation as the board's slate of appointments (pp. 207–9/261), the board having amended the recommendation to remove a third alternate appointment:

LCEF Members-at-Large, Nov. 1, 2021–Oct. 31, 2024 term (appoint four)

Boyer, Richard — Cedar Rapids, Iowa (IE)  
 McCain, Paul J. — St. Charles, Mo. (MO)  
 Meador, Nathan — Plymouth, Wis. (SW)  
 Umbenhaur, III, Rexford — Reno, Nev. (PSW)

LCEF Member-at-Large, Nov. 1, 2019–Oct. 31, 2022 term (appoint one, less than one half term)

Boehlke, Christian J. — High Ridge, Mo. (MO)

LCEF Member Alternates (appoint two or three)

1. Golden, Greg — Carthage, Mo. (MO)
2. Kzirian, Michael — Ocean Grove, N.J. (NJ)

The Secretary of the Synod is charged to notify those appointed and thank the other nominees, on behalf of the board, who allowed their names to be considered. The Secretary noted that the Lutheran Church Extension Fund has shared attendance data with his office for incumbent members at large and that his office will follow up with these to encourage faithful and full participation in the meetings of the Fund.

(E) 2021–22 Fiscal Year (FY22) Operating Budget for The Lutheran Church—Missouri Synod

The board having reviewed the operating budget presentation earlier in the meeting, it was after brief discussion moved and adopted (p. 210/261):

*Resolved*, That the Board of Directors approve the FY2022 Mission and Ministry Operating Budget as follows:

	FY22 Request
Total Revenue	\$ 63,643,548
<u>Total Spending</u>	<u>62,726,607</u>
Surplus	\$ 916,941

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.

(F) 2021–22 Fiscal Year (FY22) Capital Budget for The Lutheran Church—Missouri Synod

The Board of Directors policy requires all synod departments to submit their requests for capital items as a separate annual budget for approval. The CAO/Acting CFO has identified the source of funding to be general corporate cash or capital debt, as necessary. Departments and other corporate entities are charged for the capital acquisitions over the economic life of the asset via depreciation. The capitalization level is \$5,000. All items with a purchase price above \$5,000 and a useful life of longer than one year or an aggregate amount above \$5,000 when purchased together are capitalized. The board having reviewed the capital budget presentation earlier in the meeting, it was moved and adopted (p. 211/261):

	FY22 Request
Building-related	\$291,428
KFUO Revitalization, carried over from FY21	178,000
KFUO Music Library	24,000
<u>IT computers and peripheral equipment</u>	<u>163,000</u>
Total	\$632,428



*Resolved*, That the Board of Directors approve the FY22 Capital Budget request totaling \$632,428 as indicated with funding provided by corporate cash, capital debt (when authorized by the board), restricted funding, and/or through allocations to other corporate users, subject to adequate funds being available, as determined by the Chief Financial Officer.

**(G) Board of Directors Regular Meeting Dates for August 2021 and throughout 2023**

Chairman Kumm noted the August meeting is presently scheduled for Aug 27, 2021, the date of the opening and installation / inauguration of President Thomas Egger at Concordia Seminary, involving the President, First Vice-President, and Chairman. The Board of Directors has been invited to attend.

It was moved and adopted that the board meet Thursday, Aug. 26, so as to enable the board to attend the events on Friday.

It has proven necessary, given the extension of the 2019–2022 triennium by a year due to coronavirus convention disruptions, for the board to plan meeting dates into 2023. Upon the recommendation of the Chief Administrative Officer, it was moved and adopted (p. 212/261):

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

WHEREAS, The Board of Directors in its May 15, 2020 meeting concluded that the Board of Directors, as “custodian of all the property of The Lutheran Church— Missouri Synod” (Const. Art. XI E 2) indicate its intention to conduct at least two of its four regular quarterly meetings each year, those in February and in August, as well as all of its committee meetings not immediately associated with an in-person meeting, through an internet meeting technology, presently finding that, conditions permitting, a sound business case ordinarily exists for in-person gathering for budget purposes (nominally in May) and for strategic planning and coordination purposes (in November). Therefore be it

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

**2023 LCMS Board of Directors Meetings**

Feb. 17–18  
May 19–20  
June 9–12<sup>1</sup>  
July–Aug, to coincide with LCMS Convention  
Sep. 14–16<sup>2</sup>  
Nov. 15–16<sup>3</sup>

<sup>1</sup> tentative, depending on scheduling of floor committee weekend

<sup>2</sup> tentative, depending on scheduling of new board/commission member installation

<sup>3</sup> tentative, scheduled in connection the LCEF Leadership Conference

**(H) Board Policy Manual Revisions (Sections 5.7.2, 5.1, 5.2, 5.4, 4.2, 5.6.3.1, 5.6.6.1–7)**

Upon recommendation of the Governance Committee in its above report (pp. 125–46/261, it was moved and adopted (p. 213–27/261):

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

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

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

*Resolved*, That the Board of Directors adopt the changes to the following policies found in The Lutheran Church–Missouri Synod Board of Directors' Policy Manual as indicated in the following exhibits:

- Section 5.7.2 – Making Appointments and Filling Mid-term Vacancies, Exhibit A (pp. 214–15/261)
- Section 5.1 – Accounting Policies, Exhibit B (p. 216/261)
- Section 5.2 – Financial Transaction Policies, Exhibit C (pp. 217–20/261)
- Section 5.4 – Property Policies, Exhibit D (pp. 221–25/261)
- Sections 4.2, 5.6.3.1, and 5.6.6.1–7 – Human Resources Committee and its Executive Director, Exhibit E (pp. 226–27/261);

and be it further

*Resolved*, That the Board also direct the table of contents, index, and other references to be updated, as necessary.

(I) Resolution Concerning the Closure of Concordia College—New York, submitted by Northern Illinois District Circuit W-10 Pastors

The board of directors received from the pastors of the W-10 Circuit of the Northern Illinois District a proposed resolution, included in the protocol version of these minutes, regarding the disposition of any remaining assets that might be made available to the Synod as a result of the Concordia College—New York closure. It was moved and adopted to direct the Chief Administrative Officer to respond that the suggestion has been received by the board.

(J) Disclosures of Potential Conflicts of Interest

In the annual reporting process, consistent with Bylaw 1.5.2, two board members disclosed to the chairman of the board potential conflicts of interest to the board (pp. 228–229/261): Jesse Yow, noting his occasional freelance writing for Concordia Publishing House, and John Sias, noting his wife Heidi's freelance editorial work with LCMS Communications. These were noted to the board for its information, should the need arise to determine whether an inappropriate interest exists. The Secretary and board reviewed the relevant policy.

**170. Meeting Review**

It was moved and carried to enter executive session for the board to review the meeting according to its policies.

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**170X. Executive Session IV: Meeting Review**

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**171. Adjournment**

The board returned from executive session. With the agenda concluded and a concluding prayer offered, the board adjourned. Chairman Kumm thanked the board members and staff for their labors.

John W. Sias, *Secretary*