

**MINUTES
BOARD OF DIRECTORS**

**Element Colorado Springs Downtown Hotel, Colorado Springs, Colorado
August 16, 2024**

104. Call to Order and Opening Devotions

Chairman Preus called the regular August meeting of the Board of Directors to order. The board meeting was located in Colorado Springs, the past two days having been spent by the board in a retreat facilitated by Dr. Jeffrey J. Reuer on the topic of strategic planning. (In the 1.5-day retreat, the board undertook exercises in strength / weakness / opportunity / threat identification and subsequent development of concrete actions and initiative, culminating in an introduction to the *Hoshin Kanri* (“compass management”) framework for development and execution of strategy.)

All members were present (Roger Gallup and Joe Hoem, electronically, the latter, as travel and pastoral obligations permitted) except for Jesse Yow. Also in attendance were Chief Administrative Officer (CAO) Felix Loc, Chief Financial Officer (CFO) Nathan Haak, Chief Mission Officer (CMO) Kevin Robson, and Attorney Lucie Huger of UB Greensfelder, general counsel.

First Vice-President Lange offered opening devotions, drawing on the appointed readings for Trinity XI (Genesis 4:7, 1 Cor. 15:10, and Luke 18:13).

105. Agenda and Consent Agenda

Chairman Preus introduced the meeting agenda (p. 8/346) and consent agenda (pp. 10–11/346). These were separately moved and adopted, the consent agenda reading as follows:

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

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

3.9.4.1 The Board makes use of a consent agenda to expedite the conduct of routine business during Board meetings in order to allocate meeting time to education and discussion of substantive issues.

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

3.9.4.3 The Chairman shall be responsible to approve the proposed consent agenda for each meeting upon recommendation of the Chief Administrative Officer. The consent agenda shall be distributed with the meeting docket.

3.9.4.4 The consent agenda will be presented to the Board for adoption as soon as practicable after the opening devotion on the first day of the meeting.

3.9.4.5 Any item which appears on the consent agenda may be removed from the consent agenda upon request by a member of the Board. Items removed from the consent agenda will be considered at another time during the meeting as determined by the Chairman. The remaining items will be voted on by a single motion to approve the consent agenda.

3.9.4.6 The approved motion will be recorded in the minutes, including a listing of all items appearing on the consent agenda.

therefore, be it

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

- Officer and Agency Strategic Reports
- President and Church Relations

- First Vice-President
- Secretary and Rosters, Statistics, and Research Services
 - Council of Presidents
- Chief Administrative Officer
- Chief Financial Officer
- Chief Mission Officer
 - Board for International Mission
 - Board for National Mission
- Commission on Theology and Church Relations
- Concordia Historical Institute
- Concordia University System
- KFUE Radio
- Board of Directors Committee Reports
 - Governance Committee
- Action Items
 - Approval of 5/16–18 and 7/11/2024 Board of Directors Minutes
 - Approval of 6/14 and 6/19/2024 Executive Committee Minutes

106. International Schools Update

The board entered executive session.

106X. Executive Session I: International Schools Update

The board returned from executive session.

107. President's Report

President Harrison extended upon his written report (pp. 42–49/346). Harrison noted a \$4M Bolick gift this year, a “tremendous shot in the arm,” including, in part, significant church planting efforts. The Office of National Mission is working with seventeen partner districts on about sixty plants. Church Relations has engaged extensively and globally in good coordination with many partners. Global opportunities remain fantastic, with opportunities for teaching and engagement everywhere, including with movements urging greater faithfulness in church bodies not, as a whole, entirely so disposed.

Harrison explained “*Book of Concord* Lutheranism is what we want,” establishing the Scriptures at the highest authority, God’s Word to us, inerrant and infallible. This must be *believed*, as Luther says, tipping the hat to the Holy Spirit at hard passages and realizing that God knows better than we. A grasp of the infallibility of the Scriptures comes from faith, from recognizing the Savior’s voice; it is not a *prerequisite* to faith. Faith receives all the gifts—justification and sanctification—and confesses. He who believes with the heart that Jesus is Lord and confesses with the lips shall be saved (Rom 10:10). Sasse says *homologia* is to say back to God the same words God has given us in his bible—“You are the Christ, the Son of the living God.” The Bible uses this term in three ways: confession of sin, confession of content of the faith, and *praise* (by both Jesus, Luke 10:21, and by Paul, Rom. 15:9). A faith that does not do all three is vacuous, useless, dead.

The Book of Concord [in its Preface] has a “mission statement” what we must be “on about” – the *Fortpflanzung* of God’s Word and the praise of his name, the genuine faith, the mission of the church, and the spread of his saving word for the peace of Christian schools and churches (a project the Synod spends much time on) and the necessary consolation of troubled consciences. Harrison noted the significance of aiding troubled consciences in the prevailing confusion of our day, citing gender reassignment’s destruction of consciences. Outlandish “pride” evidences the troubled conscience’s need to be assured that what is wrong is right. The Bible has a different answer: a Savior for sinners, for all sinners, no matter how far gone, each worth the blood of Christ.

Noting the clear *quia* subscription in the *Lutheran Service Book* ordination rite—“I make these confessions my own because they are in accord with the Word of God.”—Harrison noted that the Book of Concord’s “succession [only] of dogma,” treatment of rites and ceremonies as not mandated by God (while noting

maintenance of the *ordo*, vestments, and age-old church traditions—including ecclesiastical supervision—that do not conflict with the Gospel), and rejection of all that assigns saving power to manmade observances resist the adding of any “modern supplement,” being an apostolic succession of laying on of hands, imposition of a high liturgiology, or reliance on “evangelical glitz.” We don’t want for infant communion, strange views on white nationalism, etc., Harrison stated; “Give me *Book of Concord* Lutheranism. It’s fantastic.” Whether dressed up in high liturgy or in the form of a “hymn sandwich” liturgy common to many of our parishes, “give me Christ.” We all do our work, he noted, under this *Book of Concord*, signed principally by laymen and highlighting lay vocations as honorable and God-pleasing and serving men.

On a board member’s question regarding alignment of congregations, Synod, and district, as to whether “*Book of Concord*” Lutheranism prevails through all, Harrison noted that at present we are largely “dressed, in our right mind, and sober,” having gained much in the last decade, including in the Council of President’s demeanor and activities. The *Book of Concord* teaches a proper way on church fellowship and on admission to communion. Much progress has been made, concretely, district by district, and with “fantastic” seminary presidents. There are “cranky Lutherans” who supply a certain humbling effect. World mission is solid. There has been a “revolution in fidelity. We don’t deserve it. We have a long way to go. God help us!”

Another question regarded the President’s written report having noted two items from the Evangelical Lutheran Synod (ELS) convention, the future of Bethany Lutheran College and a report that ELS world outreach no longer has missionaries working abroad. Noting this as a reminder of the vulnerability of small, Christian colleges, the President noted financial shortfalls and serious reduction of programs at Bethany, which seems to have sufficed.

108. Chief Mission Officer’s Report

Chief Mission Officer Kevin Robson extended upon his written report (pp. 61–70/346), noting highlights in the various areas related to or under his supervision:

- **Office of International Mission (OIM):** Robson noted an upcoming visit to celebrate the centenary of the Nagercoil Seminary in India, followed by a three-day meeting with India Evangelical Lutheran Church leadership with a very detailed agenda. The Rev. Dr. Brian Gauthier has been brought in as Managing Director for Global Mission Operations, to whom the four regional directors report. He also engages with church relations on OIM projects. *Foro* development is underway, especially in Japan. Six new missionary households have been onboarded.
- **Office of National Mission (ONM):** Executive Director Galchutt is working constantly with the districts to understand congregational needs. Several summits have been held, treating small congregations, church planting, etc. School Ministry has implemented a new system to facilitate accreditation processes. In July, LCMS Worship hosted the Institute on Liturgy, Preaching, and Church Music at Concordia University Nebraska—marvelous work by LCMS Worship Director Sean Daenzer, “Synod at its very finest,” garnering “stellar reviews” and suggesting a bright future for these events. Life Ministry is preparing for a strong year of upcoming marches, national and state.
- **Office of Pastoral Education (PED) and Pastoral Formation Committee (PFC):** Pastoral Education continues to “work its plan steadily” on *Set Apart to Serve*. PFC was assigned significant work in a number of Milwaukee resolutions, including significant research on residential and non-residential routes. This work is proceeding nicely, in part through engagement of an outside consultant, supported by the Schwan Foundation. PFC and ONM are working on implementing a Post-seminary Applied Learning and Support (PALS) program (initially virtual) for deaconesses, a long-standing request.
- **Mission Advancement (MADV):** Hofman is working with the LCMS Foundation on an agreement regarding handling of planned gifts. Posting of positions recently approved by the board is imminent, with recruitment feelers out. The department is working on implementing suggestions from the Langley review. Hofman and Robson have been talking with vender Blackbaud regarding

corporate Synod's customer relationship management platform, "about 5% of which system's capacity has been used." Staff training for better use of the system is being considered. Specific activity has not been budgeted; a five-figure sum may be needed for consultancy engagement, which is being sought within the approved budget.

- Communications (COMMS): A merger of *The Lutheran Witness* and *Lutherans Engage* as a print and electronic product is being considered, with questions about management, expenses, and revenues actively being explored. A firm proposal is expected to be available for approval by LCMS and Concordia Publishing House (CPH) boards in November. Peter Slayton, manager of social media and media relations, has taken a college communications position outside the Synod, leaving a position that will need to be filled. A late May translation summit with representation from OIM, ONM, CPH, the seminaries, several recognized service organizations, and other entities, focused on planning work to be funded by the synodwide offering, designated for translation of Synod resources into languages other than English.

In a series of slides, Robson shared with the board progress on the digital platform transformation, which he described as "on schedule" and "on-budget," approaching a "build phase" to be completed in time to roll out the new website in December–January. (This will be previewed for the board in November.) Thirty-nine design templates have been developed for various types of content, along with underlying functional documentation. Robson shared "mockups" of landing pages for belief and practice and donors in desktop and mobile experiences.

The information architecture is being evaluated with operational units, considering how much and how material should come into the new system. Future phases include rebuilding the locator (principally RSRS and OSS); consolidating youth, schools, life, perhaps CUS into *lcms.org*; the possibility of translation support; and handling of authentication/authorization and personalization as a replacement for *myLCMS*. Work is underway with the contractor on anticipated budget and timeline.

Robson noted as "a loss" the September retirement of longtime Assistant to the CMO Jeannie Smithson, who has tremendously aided his work and that of the mission boards.

109. Financial Report and Giving Trends

Chief Financial Officer Nathan Haak commented on preliminary June 30, 2024, financial statements (as of the close of FY24), pending the conclusion of audit procedures (pp. 332–46/346 and supplemental slides; no significant changes are anticipated other than potential shifts in restricted/unrestricted net asset balances as final net asset releases are worked out). Haak noted that FY24 closed in a "really strong finish" with record net assets of \$186.70 million (M), increased \$21.83M on the year, putting corporate Synod in a "strong financial position." This is despite not booking a district pledge receivable (\$7.87M; with district pledges relatively unchanged, this is simply an accounting adjustment intended to make reporting of district pledges, heretofore upon receipt, align more closely with U.S. Generally Accepted Accounting Principles definitions.)

Of total net assets, \$50.58M is permanently restricted (+2.76M), \$75.03M temporarily restricted (-0.20M), and \$6.31M fixed assets (+0.84M). Liquidity remains healthy, with cash continuing to earn strong rates around 5.15%. The June 30 mark-to-market on investments was prior to recent volatility. Total net assets have increased \$88.70M over the last five years.

On the revenue side, revenue of \$94.19M (including a \$5M dividend) was (at least near-term) a record high (p. 333/346), with gifts and grants of \$3.94M unrestricted and \$36.05M restricted in FY24 (2.65M and 40.26M in FY23, respectively), exceptionally high bequests of \$8.36M unrestricted and \$12.67M restricted (1.01M and 6.48M in FY23), and investment income of \$4.12M unrestricted and \$2.4M restricted (3.82M and 2.01M restricted in FY23). District receipts of \$12.85M (13.12M in 2023) continue a gentle downward trend. Haak noted a decline in direct, restricted giving driven largely by decreased giving to endowment

(\$3.2M) and Ukraine (\$1.8M), as well as, to some extent, disaster, and offset to some extent by unrestricted giving and Bolick grants. In a bridge explaining these factors, Haak explained that—apart from these items—gift receipts may be understood to reflect a slight increase. Investment mark-to-market added \$5.60M unrestricted and \$5.37M restricted.

Net assets released (excluding district pledges) reached \$46.07M, significantly topping \$39.89M in FY23.

Spending—though \$9.3M below budget—increased 4.7% (3.2M) vs FY23 on a like-for-like basis, excluding FY24's Youth Gathering (\$8M) and convention (\$3M), with increases spread across the organization. Headcount stands at 187 FTEs.

In a net asset bridge explaining how a budget intending to spend down accumulated purpose-designated funds ended up adding to net assets, Haak noted an anticipated FY24 net asset draw of \$5.36M, which was offset by \$13.54M in mark-to-market and \$2.55M in other income above expectations, \$9.34M in underspending (including grant uncertainty, headcount constraints, projects funded but not undertaken), \$10.51M in bequests above budget, \$1.70M in additional gifts/grants. Reducing by \$7.87M in district intentions (starting this year to realize these when received), in a one-time write-down, and 19k in other factors, bridges to final net assets of \$186.7M, the gain of \$21.83M.

On the expenditure side, Haak highlighted five areas “overspent”:

- Pastoral Education (PED) finished \$1.31M over budget (but over its anticipated unrestricted draw by only \$100k) due to above-expectation Joint Seminary Fund gifts received and disbursed and to investments in the second phase of *Set Apart to Serve*, for which restricted funds were available.
- Concordia University System (CUS) was over budget \$770k, almost half due to an unrealistically budgeted subsidy and the otherwise due to how the CUS debt payment and LCEF earnings distribution are recorded (\$250k, not a real “economic change”).
- Legal finished \$491k over budget, with measures taken for FY25.
- Communications (COMMS) finished \$406k over, ~\$300k of which was offset by purpose-restricted Bolick funds, a budget adjustment approved by the board at its November 2023 meeting.

Among “underspent” areas: OIM was under budget \$4.81M due to projects budgeted but not executed (mainly due to restricted funding not available as budgeted). ONM under \$5.71M due to positions slow to fill after release on headcount limitations and grant applications not at anticipated levels on timing. MADV was under budget by \$791k due to time taken to fill new positions. On a question, Haak noted no significant changes, other than PED over \$100k, COMMS over \$100k, to unrestricted draws.

Haak noted the dominant proportion of giving made up by bequests and large gifts, generally the result of long donor relationships, and underscored the importance of current investments in Mission Advancement in hope of such future support. Haak noted two years of LCMS Holdings dividends (\$5M/yr) remaining, and the likelihood that cash income from investments is likely to decline in future years due to likely federal monetary policy changes. He explained measures being undertaken in FY25 to preserve higher rates on the ~45M in cash and equivalents being managed.

The “upside down P&L” for FY24 showed expenditures of \$46.57M in mission and ministry, \$8.31M in ecclesiastical services (excluding convention expenses of \$2.75M), \$7.81M in management and general, and \$6.92M in Mission Advancement, for, after the net asset release of \$46.07M, unrestricted expenditures of \$23.53M. Haak underscored the strength of FY24, noting an \$8.80M unrestricted operating surplus (compared to a \$2.65M loss in FY23), exceeding the amount received in unrestricted bequests and before mark-to-market and special items. Corporate Synod's program expense ratio (mission & ministry and ecclesiastical services) remains high, at 79%.

Haak explained that headcount adjustments will be explained to the board as promised, with a net increase of two to 187 at year's end, including filling an IT Service Coordinator vacancy and OIM managing director and temp NYG position, with two temp/part time positions ended.

Looking to FY25, Haak noted that health premium renewal resulted in a savings relative to budget, half to be realized in FY25 and half the next year. This helps this year and to mitigate inflation next year, with pension expense rising 1% this year and the next two. Haak noted that experience-based pricing is coming to large employers under Concordia Plans; corporate has realized a larger than typical decrease due to better than average experience.

Discussion continues on accounting processes and technology, within Accounting and Financial Services and interfacing with MADV. Haak, noting aspects of his work beyond analysis and reporting on discrete budgets, is also diving deeper into revenues to understand composition, trends, and drivers. He is supporting discussions on *The Lutheran Witness / Lutherans Engage* and international schools, working on an unrestricted/board designated management strategy proposal and on identifying and realizing potential for continuing organizational realignment to better meet the board's financial supervision and oversight needs.

Leo Mackay spoke of how blessed the Board is to have the versatile toolset of CFO Haak for supervision of accounting and audit, as well as for process improvement.

110. Finance and Audit Committee Report

Finance and Audit Committee Chairman Leo Mackay reported on the meetings of his committee on August 7. He described the organization as being in robust financial health. On Internal Audit, Mackay noted three open district audits, one of which is a five-year catchup audit. Twelve audits have been completed, mostly with unmodified comments; one is in draft. One other district has been notified by its current auditor that it will no longer serve such "low-density" clients and a proposal is in the offing for Internal Audit to serve the district.

The committee reviewed board designations and balances; Mackay reported "robust health" here, as well. The committee reviewed a plan for consideration to remove most designations in favor of a board-designated quasi-endowment, simplifying operations. The committee is "fleshing out" this proposal and may bring it to the board in due time.

The committee also reviewed investment asset targets and present positions in response to market conditions and investment counsel. CFO Haak added that this is a challenging time for maintenance of gains within the traditional asset classes to which LCMS has access. The CFO and committee, not knowing where the markets are going, is locking in upside with a laddered term investments and "engineering for flexibility" within a "risk-adjusted, prudent position, given the needs of our Synod."

The committee met with outside auditor Armanino, which has been asked to take a particular look at internal controls in this cycle—an area in which Mackay noted CFO Haak's good work.

Finally, Mackay noted the committee's review of the financial health of Concordia universities under Bylaw 3.3.4.10.1, noting a level of concern with one. Dependency on net tuition is emerging as an area of concern, as is the combination of urgent need for capital investment with possession of limited assets to support a healthy debt profile. The hope is to establish a picture of a "healthy Concordia" as a basis for analysis and helpful suggestions based on factors and trends observed. The board discussed the committee's approach and data assembled by CFO Haak. It was suggested that the full board might benefit from these confidential reports, with the board having opportunity to offer input on any suggestions to be made to the universities' boards of regents. Chairman Preus also noted the board's general oversight responsibility in this regard, which—given significant demographic pressures and disruptions like the federal government's "FAFSA debacle" this year—could someday lead the board to need to give significant guidance to the Synod as a whole on maintaining its educational capacities.

Mackay noted prioritization of tasks because of limited audit bandwidth.

President Harrison suggested review of district financials to evaluate real property holdings and other assets in relation to support of the Synod and other entities. CFO Haak noted this is a project comprehended within a planned but not yet executed review of “whole-Synod-level” economics.

111. Legal Report

The board entered executive session.

111X. Executive Session II: Legal Report

The board returned from executive session.

112. Concordia University Wisconsin/Ann Arbor Report

The Rev. Dr. Aaron Moldenhauer, Concordia University Wisconsin/Ann Arbor (CUWAA) ’s Vice-President for Mission and Church Relations and tasked with leading the Ann Arbor Futures Committee, presented to the board by internet conference on the university’s “CUAA Transition Plan.” Moldenhauer noted the presentation as previously shared with the Michigan District Board of Directors. The plan involves four commitments: Physical presence in Michigan, mission fidelity, high-quality academic programs, and a financially sustainable model (which has heretofore been lacking at Ann Arbor, with CUWAA no longer in a position to bear multimillion annual losses at Ann Arbor [AA]. He explained work to date, under the caveat that options are still very much in active exploration.

Academic programming will be reduced from ~100 to ~16 programs after the 2024–25 academic year, continuing without pause, largely graduate health, undergraduate nursing (where academic quality has improved dramatically) and online education programs (which are growing), including Lutheran education. Concerns have also been identified, including (on both the main and north Ann Arbor campuses) significant deferred maintenance issues (library elevator/drainage/alarm, main campus roofs, north building parking lot, etc.). There have been public relations challenges, which have had enrollment and advancement costs.

Visions being explored *preliminarily* include: recovering a clear, traditional liberal arts and church work focus for undergraduates (which might include an appealing, 21st Century, hybrid in-person liberal arts major/online minor model, benefiting from remote participation in Mequon programs, as well as from partnerships with other local institutions for certificates, minors, or class offerings), the possibility of high-quality, low-residency, three-year bachelors programs (already an option in the Director of Church Ministries program at Mequon). Church work programs have been suspended this year, admitting no new students at Ann Arbor, but the noted “visions” are being explored as frameworks for renewed church work programs with the intent of welcoming new church work students in the fall of 2026. Christian apologetics is being explored as a potential *niche* among the Concordias.

As far as physical plant, the projected student size (~400–500 students) makes dorms/cafeteria untenable. As an alternative, blocks of apartments would likely be reserved for residential students (many students choose to live independently, anyway).

Development of analytical models for staffing and leadership, campus ministry, physical plant, and projected budget is continuing, with the intention of supporting decision-making by CUWAA regents in November. Moldenhauer noted potential benefits of a smaller operational footprint, including focusing marketing and financial resources for a smaller number of programs and student body and the flexibility to adopt an innovative undergraduate program for the 21st Century, with a renewed emphasis on the preeminence of Christ. The model would need to be financially self-sustaining.

Chairman Preus noted that the presentation of a master plan change to the Board of Directors would presumably follow the making of such decisions about physical plant and programming. He also noted his appreciation for the transparent approach of CUWAA, Ankerberg, and Moldenhauer.

113. Concordia University System Update

CAO Loc updated the board on activities of the Concordia University System (pp. 322–23/346). He focused on three areas, work under Bylaw 3.3.4.10.1 having been noted in the Finance and Audit Committee's report:

- Bylaw 3.10.6.2 [3](b) process for appointment of university regents: Loc noted communications from universities seeking input as appointed regents have termed out; many have asked, in addition to what is required, for nominations. The board has adopted (in November 2023) a standard response and board members have been notified of inquiries. Loc welcomed ideas for improving the board's handling of the process. Requests for input, which is to be from the *board as such*, have been ill-timed to board meetings. Loc is researching appointment schedules to allow for a more meaningful chance to provide input.
- Training of university regents: Bylaw-required training was held June 18–19 with attendance in the mid-70s (53 regents; 43 did not attend). Attendance was better than expected for a new event. LCEF's support of regent attendance costs, for this first round, was helpful as this cost was not budgeted by the universities. Feedback noted some logistical issues, but the content and presentations received a generally good review. The boards noted wishing to have more time with each other or to visit more in St. Louis (such as the seminary), which speaks to the experience in general being a positive one, despite early skepticism among the universities about planning an in-person event. Regents not in physical attendance were supplied the required recorded modules at the end of July (within the Synod's learning management system) and their participation is being tallied at the end of the month; a hard deadline has not been established yet. This was a challenge to put together on short notice. Now the training will be an anticipable and budget-able feature of the September after convention. New regents elected or appointed during the Synod triennium will also need to review the modules. An ongoing, annual training will also be developed.
- Agreements with universities regarding the name Concordia: CAO Loc and counsel have been in touch with Concordia University Chicago to develop an agreement for LCMS to hold the trademark and license it to the universities. A complicating factor is that CUC has an international portfolio for the name, elements of which require renewal, and there is some question as to how involved LCMS needs to be in this activity. Discussion continues.

Chairman Preus noted the board's resolution, after the 2023 Synod convention, to explore developing a "Joint Concordia Fund," and suggested that it may soon be time to take this conversation up again.

114. Governance Committee Report

Governance Committee Vice-Chairman Andrew Grams extended upon his committee's written report (pp. 77–106/346). In its meeting of July 17, the committee:

- discussed with CAO Loc the development of a policy for review of master plan proposals from the Synod's universities and seminaries. This will consist of two parts, with accompanying procedures: regular, triennial updates on existing master plans and detailed master plan changes. A number of plans are expected to come before the board in November, so the governance committee's meeting is expected to be advanced from October to September so a policy can be in place. Reversionary rights and other facets of the property will be included. Both seminaries are planning master plan revisions and want to know what the board wants to see; Irvine has similar questions.
- reviewed correspondence between Concordia University, St. Paul, and the Secretary concerning revision of its bylaws.
- in keeping with its regular calendar, reviewed Policy Manual Section 3: Board Self-Governance / Governance Process ("Board Means"), presenting certain revisions for the board's adoption during action items (pp. 91–102, 209–21/346).

- developed further revisions to Policy 4.5.1, Appointments to Board to Obtain Necessary Skill Sets, as committed at the board's February meeting, presenting these for adoption during action items (pp. 105–6, 222–24/346). Grams noted that the term of appointment is fixed at three years, so an appointee's term can carry over significantly into a second triennium.

Subsequent to its meeting, the Governance Committee received correspondence on LCEF CanCorp and related bylaws. The Secretary provided an update on this item, reflecting elements of the forthcoming opinion, which will recommend to the board a significant review of subagency requirements, hopefully for presentation to the 2026 convention. This would involve a thorough review with offices, entities, and other agencies, of what exists—in terms of regulation and procedures for accommodating necessary exceptions that can be made without injury to Synod's interests—and what may be needed. The Commission on Constitutional Matters will be proposing the board take up this project, in concert with synodwide corporate/trust entity and other agency leadership. Grams observed generally, given the enormity of the task of managing the complex relationships among Synod and its agencies, that there may be a role here for a corporate compliance officer, to handle what is a significant ongoing responsibility.

115. Action Items

Chairman Preus presented the following action items:

(A) Revision of Board Policy Manual Section 3: Board Self-Governance / Governance Process

A revision noted above in the report of the Governance Committee was moved and adopted (pp. 209–21/346):

WHEREAS, Board of Directors Policy 3.13.4.1(a) directs the Governance Committee to review the 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 comments 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 Board Policy Section 3, Board Self-Governance / Governance Process ("Board Means"), found in The Lutheran Church—Missouri Synod Board of Directors' Policy Manual as shown in Exhibit A (docket, pp. 210–21/346; redline indicated pp. 95–96/346).

(B) Revision of Board Policy 4.5.1: Appointments to Board to Obtain Necessary Skill Sets

A second revision noted above in the report of the Governance Committee was moved and adopted (pp. 222–24/346).

WHEREAS, Board of Directors Policy 3.13.4.1(a) directs the Governance Committee to review the policies of the board and to make recommendations for new or amended policies; and

WHEREAS, The Governance Committee determined that BOD policy section 4.5.1 required a revision to align the timing and procedure according to current practice; 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 the LCMS Secretary; therefore be it

Resolved, That the Board of Directors adopt the changes to Board Policy Section 4.5.1, Appointments to Board to Obtain Necessary Skill Sets, found in The Lutheran Church — Missouri Synod Board of Directors' Policy Manual as shown in Exhibit A (docket, pp. 223–24/346; redline indicated pp. 105–6/246).

116. International Center Study

The board entered executive session.

116X. Executive Session III: International Center Study

The board returned from executive session.

117. Triennial Retreat Review

Chairman Preus led a discussion of the board's triennial retreat, conducted in the two days prior to the board's meeting. The following were noted:

- The board's exercises—in identifying internal strengths and weaknesses and external opportunities and threats (SWOT), proposing concrete and actionable responses ("TOWS," the former acronym reversed), and exploring *Hoshin Kanri* as a framework for strategic planning and management—generated a number of items of interest.
- Overlap was noted between the staff-developed Communications strategic plan and communications-related items in the board's initial *Hoshin Kanri*, which CMO Robson indicated that staff would be glad to explore further.
- There was a question as to a next step. This has not been determined. Areas of interest were identified, at least on the basis of a couple days of thought. Pause for reflection may be appropriate but a meeting—at least of some—between now and the board's November meeting seems necessary to define next steps. Council of Presidents involvement and alignment was also suggested.
- The thought was expressed that a half-hour or hour should be spent on this process at each meeting. The scope might need to be limited. It was noted that "working the compass" practically speaking is essential to the model delivering value, and that staff and/or a working group would need to be developing the model between board meetings for this to be productive.
- Perhaps consultant support or guidance in the model would be needed to help the staff work the process. The leanness of staff involved in existing strategic plans, with desired outcomes, was also noted. There would be questions about the relation of this exercise to existing activities. It was also noted that the Boards for National and International Mission would also need to be involved where their areas are concerned.
- It was noted that the scope of each potential *Hoshin* would need to be clearly defined for the model to make sense; clearly the four ideas being explored would not comprehend "marching orders" for all parts even of corporate Synod.
- It was noted that some aspects of the areas discussed as items for strategic planning were already being addressed in some respect by other means. That is to say, the strategic planning is not taking place in a vacuum or from whole cloth. The usefulness of strategic planning tools to tune existing operations should not be displaced by a vision of recreating everything anew.
- It was suggested simply that these potential priorities be studied and moved into the budgeting process. More major gifts people simply are needed.
- It was suggested to refer the general category of the alignment and fostering of entities to the LEAD committee, to refer the brand category in the hands of COMMs for fleshing out, to refer the "billion-dollar idea" to MADV and possibly LFND and LCEF. The schools/education item might be referred to the officers for further development.

- It was suggested that funds involved in these activities could be flagged in budget proposals, along with outcomes and metrics. CFO Haak noted these would be good highlights for management to bring to the board in the February meeting, to highlight key incremental spending items for the board.
- The board discussed how these items would best be delegated and noted that such delegation—while suggestive of more work for those involved—also comes with the indication that the board’s intention is to provide funding for significant, transformative efforts—especially in the schools area. It was also noted that “everything remains up for refinement, change, even abandonment.” Ideas developed in a day or so need further fleshing out for viability and potential for realization.
- Two of the general areas—schools and endowment—were identified as more strategic items for in-depth refinement; the other areas seem more operational.

It was moved and, after the failure of an amendment to “parochial education transformation,” adopted—at the request of one of the members—by the board’s saying “Amen”:

Resolved, That the Board instruct its Administrative Team to receive “Lutheran schools transformation” and “transformative resource development” as two strategic thrusts for detailed development of *Hoshin Kanri* plans, making necessary recourse to staff, presenting an initial model on one of the two at the board’s November meeting.

It was clarified that creativity to address additional areas in this fashion is not intended to be quenched.

It was also moved and carried to refer the matters dealing with alignment of synodwide entities to the LEAD committee.

118. Luther Classical College

The board entered executive session. As a member of the Luther Classical College board of regents, Larry Harrington recused himself from this item and asked that his recusal be recorded in the minutes.

118X. Executive Session IVA: Luther Classical College

The board returned from executive session.

119. Chief Administrative Officer Review

CAO Loc shared his goals for the coming year, as included in the docket and an overview of his upcoming executive MBA program (pp. 325–31/346).

The board entered executive session.

119X. Executive Session IVB: Chief Administrative Officer Review

120. Meeting Review

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

120X. Executive Session IVC: Meeting Review

The board returned from executive session.

121. Adjournment

Having concluded its agenda, the board adjourned.

John W. Sias, *Secretary*