

**MINUTES**  
**BOARD OF DIRECTORS**

**Concordia Theological Seminary, Fort Wayne, Indiana**  
**May 16–18, 2024**

**79. Call to Order and Opening Prayer**

Vice-Chairman Grams called the regular May meeting of the Board of Directors to order. The board meeting was located in Fort Wayne to facilitate participation of the President and Chairman Preus in the concurrent election of the Concordia Theological Seminary president. Delayed by these interviews, they arrived within the half hour, all board members thus ultimately being present. Also in attendance were Chief Administrative Officer (CAO) Felix Loc, Chief Financial Officer (CFO) Nathan Haak, and Chief Mission Officer (CMO) Kevin Robson. The board welcomed General Counsel-Elect Lucie Huger of UB Greensfelder (Matthew Buesching, of present General Counsel Thompson Coburn, joined by internet conference Friday and Saturday).

Thursday's opening devotions were offered by Dr. David Scaer on the thought from Ecclesiastes 3 that "there is a time for every thing under heaven" and on the historic "changings of the guard" in the Scriptures and the life of the church, all bearing the love of God in Christ. The board's work is to bring a "smooth transition" of the church's corporate life, to ensure what is "received from the apostles is kept intact for future generations." On Friday, Dr. Carl Beckwith offered devotions based on the blending of sacred and secular history at the beginning of Ezra. In Book 18 of *City of God*, where Augustine makes the same marriage of histories, it is clear that the sacred is primary and normative, that only by beginning with the author of all history can we understand the secular. On Saturday, Dr. Cameron MacKenzie offered devotions on Rom 8:12–17, for the day before Pentecost, on the blessing that God is our *Father*—unlike Aristotle's divine sparkplug or Plato's divine *other* or Mohammed's divine *master*—as Jesus revealed him from his first sermon and reconciled us to him in his death, and as the Spirit gives us the faith to believe. So we can live under discipline but in confidence that God *is our Father in heaven*.

**80. Agenda and Consent Agenda**

Vice-Chairman Grams introduced the meeting agenda (p. 9–10/308) and consent agenda (pp. 12–13/308). 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
  - Personnel Committee
- Action Items
  - Approval of 2/8–9/2024 and 2/27/2024 Board of Directors Minutes
  - Approval of 2/19/2024 and 5/8/2024 Executive Committee Minutes

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

CFO Nathan Haak presented on the March 31 (FY24/Q3) corporate Synod financials (pp. 55–69/308). He noted that Corporate Synod's financial position is strong and strengthened over the past 21 months (since June 30, 2022), with net assets increasing from \$147.2 million (M) to \$173.7M, principally due to \$10M in market growth and \$10M in dividends received. Permanently restricted funds have grown from \$42.7M to \$49.3M, principally due to additions to the unrestricted endowment of \$3.6M and market growth. Temporary restricted funds are near \$69M, similar to the opening value, but with the FY24 district pledge (approx. \$12.5M, see below) not booked.

Haak called attention to a change in accounting practice, beginning with this fiscal year, to stop booking district pledges as time-restricted assets in March and then releasing them as received. Instead, district receipts will be recorded as unrestricted funds at the time received. This is understood to be a preferred presentation under U.S. Generally Accepted Accounting Principles (GAAP) and also to support clearer assessment of year-to-date financials going forward. Financial statements will as a result indicate a drop in temporarily restricted net assets of approx. \$12.5M, relative to prior years, but the underlying fundamentals have not changed.

In the first three quarters of FY24, ending March 31, Haak noted, relative to the same period in prior fiscals:

- Total year-to-date expenses of \$50.4M, compared to \$47.2M and \$42.7M in the two years previous, excluding convention and Youth Gathering, were met with \$33.6M in net asset releases, \$4.8–\$10.3M higher than in any of the previous four fiscals, and \$16.8M in unrestricted income, the latter compared to \$18.4M and \$13.7M in FY23 and FY22, respectively.
- Unrestricted gifts and grants have produced \$3.0M year-to-date, compared to \$2.0 and \$2.6 in the previous two years, still off the high of \$3.5M in FY21; unrestricted bequests have produced an unusually high \$5.1M (compared to a maximum of \$0.6M in the previous four fiscals, with total bequests projected to finish the year at \$20M, up \$10M from FY23). Unrestricted interest and dividends of \$1.9M (\$1.1M last fiscal) also contribute to a \$5.5M operating unrestricted surplus (compared to a \$2.2M year-to-date operating unrestricted deficit in FY23), before \$3M in market

gains and \$5M in dividends, which bring the year-to-date change in unrestricted net assets to \$13.6M.

- Spending is below budget by ~\$9M, driving further budget upside, including in ONM (\$4M) and OIM (\$3M), where underspending is driven by restricted fund availability and personnel.
- Excluding district pledges, temporarily restricted funds have grown \$2.7M and permanently restricted funds have grown \$2.4M. All in, total net assets have increased year-to-date by \$8.8M *without recording of the district pledges* (approx. \$12.5M).

Reviewing year-to-date 3Q gifts and grants, comparing FY23 and FY24, Haak noted relative decreases in network-supported missionaries (NSM) and Disaster, down presumably due to the significant NSM reserves and diminished Disaster activity and Ukrainian conflict mercy giving. In FY24, Mission to the Armed Forces, KFUD Radio, and unrestricted giving are up, with declines in the Global Mission Fund and other categories. While giving has shifted and declined slightly overall, Haak noted strength in “non-cyclical” revenue areas that impact the bottom line.

Haak expects the year to finish in line with or ahead of the current operating surplus, with additional bequests expected, largely unrestricted. Haak explained that the management team and board will have to consider carefully how these will benefit the Synod into the future, these being “final gifts” from individuals leaving the donor pool.

Haak reviewed financial ratios, the current ratio standing at 5.7, the program spending ratio at 79.2%, with 513 days cash on hand (203 excluding investments). Headcount stands at 186. He also reviewed cash balances.

Finally, Haak noted completion of a review of cash receipting and monthly close processes by consultant RubinBrown, and that Accounting and Mission Advancement are working to implement many of the recommendations.

## **82. July 1, 2024–June 30, 2025 (FY2024–25 or FY25) Budget Review Introduction**

CFO Nathan Haak introduced the mission and ministry operating expense budget for the fiscal year to run July 1, 2024–June 30, 2025 (FY25), elaborating on a memorandum and slide deck included in the board docket (pp. 239–61/308). During the presentation Christian Preus assumed the chair.

As a prelude to the budget presentation, Haak showed a history of corporate Synod’s total net assets (p. 245/308) from FY18 to current, in which period \$105M has been added, with unrestricted net assets increasing from \$4M (then but a fraction of \$17.5M in board-designated funds and property, plant and equipment [PP&E]) to \$55M (including \$31.2M in unrestricted and undesignated funds and \$24.2M in board-designated funds and PP&E). Spendable net assets (including, in addition, those temporarily restricted funds with purpose restrictions) have increased from \$29M to \$112M, an increase of 130% of the amount of an annual budget. “We are well-positioned financially,” Haak explained, “to fill out ministry positions and test engagement and responsiveness,” “so long as we remain prudent.”

### **Operating Budget**

In a concise overview, he noted a revenue forecast for FY2025 that is increased relative to recent averages in unrestricted interest/dividend income (\$4.5M, a 46% increase over the 5-year average, due to higher cash balances and sustained higher interest rates) and net asset releases (\$53.0M, a 42% increase over the 5-year average, due to increased built reserves, increased \$45M since 2018). Total revenue is expected to be up approx. \$2M from FY24 budget (FY24B), while significantly conservative relative to FY24 actual with respect to the current year’s exceptionally strong bequest activity (expected for FY24 at \$20M, estimated for FY25 at \$10.75M).

Turning to the expense side and noting an initial total request from the units of \$89M, excluding their desire to add 26 new positions, Haak introduced an \$80.6M proposed expense budget, significantly up (15%)

compared to where FY24 will likely end at the present spending pace (\$70.0M) but only a 2% increase relative to the FY24 budget (\$79.0M). (After actual spending decreases of 5% and 8% relative to prior year, respectively, in FYs 2020 and 2021, spending grew 18% and 8%, respectively, in FYs 2022 and 2023, disproportionately in program areas; now support areas are catching up).

Haak explained that the FY25 budget is “down on an ‘underlying’ basis” relative to the FY24 budget. However, the proposal includes new investments in the *lcms.org* digital platform (\$516 thousand [k], plus \$500k in the capital budget), Accounting and related process and system upgrades (\$400k), and five new positions in Mission Advancement (together with other Advancement activity investments, including travel and training, \$750k; other than these five positions, there are no new base headcount additions). The included contingency is also increased from \$300k to \$725k. Excluding these items, budget-to-budget change is a reduction of almost \$0.5M. The budget was summarized as follows (p. 246/308):

**Proposed FY25 Operating Budget “Bottom Line”**

<b>Revenue (thousands)</b>	Unrestricted	Restricted	Total	Rel. to FY24 Exp.
Districts	\$12,750		\$12,750	(1%)
Gifts/Grants	3,500	34,500	38,000	0%
Bequests	1,750	9,000	10,750	(86%)
<b>Total Support</b>	18,000	43,500	61,500	(15%)
Earned revenue	3,200		3,200	6%
Investment income	4,500	2,000	6,500	8%
<b>Total Earned</b>	7,700	2,000	9,700	7%
<b>Total (New) Revenues</b>	<b>25,700</b>	<b>45,500</b>	<b>\$71,200</b>	(12%)
<b>Expense</b>				
Programs (including Ecclesiastical)	19,185	44,215	63,400	12%
Support	8,725	20	8,745	10%
Advancement	2,250	6,225	8,745	20%
<b>Total Expenses</b>	<b>30,160</b>	<b>50,460</b>	<b>\$80,620</b>	13%
<b>Net Expense Budget Before Releases</b>	<b>(4,460)</b>	<b>(4,960)</b>	<b>(9,420)</b>	
Release of board-designated funds	2,011		2,011	
<i>Convention Task Forces</i>	<i>\$146</i>			
<i>Concordia University System</i>	<i>649</i>			
<i>Future Projects</i>	<i>1216</i>			
2024 Bolick Expected	2,500	(2,500)		
<b>Proposed Surplus / (Deficit) after Releases</b>	<b>51</b>	<b>(\$7,460)</b>	<b>(\$7,409)</b>	

Haak noted a projected bequest-driven surplus in FY24 (approx. \$9.6M) that may help put into context the planned spending in FY25 that is beyond FY25 revenues. Haak also pointed out that \$2.25M of unrestricted revenue flows, by way of the assessment, to Mission Advancement.

Haak explained “conservatisms” of the expense budget, which includes a \$725k contingency, 100% of all 210 budgeted positions (a spend rate that will not be achieved due to existing and inevitable vacancies), and a conservative investment income budget and excludes, on the revenue side, the expected \$5M LCMS Holdings dividend and incremental revenue from new incremental investments in Mission Advancement. In a bridge chart (p. 247/308), Haak noted all but \$23M in “need to raise” funds are reasonably assured; within this area, assumptions on raises for Unrestricted, Mercy, Global Mission, OIM and ONM general and project funds, KFUEO, and Pastoral Education are “in line with historical norms and trends.” Future budgets, he noted, will require “filling up cash on hand” for network-supported missionaries, Mercy, and Disaster. Revenue assumptions (p. 248/308) are in line with recent history, increases driven by interest and dividend income; reserves from FY24 large bequest will be available to backstop any shortfall. Unrestricted projections (p. 249/308) depend on a shift to unrestricted giving and on \$2.5M unrestricted from the Bolick foundation (Haak noted this revenue, because of the gift timing near the change of LCMS fiscal year, could appear in FY24 or FY25). On the restricted side (p. 250/308), an intention to shift giving to Mercy will test donor responsiveness.

Haak highlighted the most substantial changes in program and support expenses, relative to the FY24 budget. Office of International Mission (OIM) and Office of National Mission (ONM) expenses will decrease 5.9% and 7.9%, respectively, though OIM will have a new unrestricted draw of \$2.0M, intended to push some new flexibility its way although at a level that may not be sustainable into future years. Communications is increasing 28.2% with an increase to \$2.7M in unrestricted draw from \$2.0M. Concordia University System support will increase 42.9% to \$1.8M, largely due to increased CUS debt payments (interest-rate driven), a realization that adjustment to the reduced grant of the last year was not achievable by CUS, and the new work assigned to CUS by the convention; some upside is hoped for. The legal budget is increased 49.8%, due to currently increased activity, and “Commissions, Task Forces, Etc.” is increased \$109k, a 104% increase, principally for the curriculum standards task force initiated by the 2023 convention. On the support side, Finance/Accounting/Audit/Etc. is increasing 20.7% to \$2.7M.

Haak noted a continued emphasis, with regard to program spending, on winnowing the annual expense budget to include only items that are realistically achievable, given availability of funds, rather than including many items unlikely to all be funded and implemented.

Three “significant investments” were highlighted for FY25:

- LCMS.org Digital Platform: \$1.09M, \$516k of which is expense and \$570k capitalized (initial \$500k was funded by Bolick Foundation grant in FY24). \$296k is prior-to-launch expense and \$220k year-one expense; expect \$500–600k of annual costs, including staff and buildout.
- Mission Advancement: \$750k for 5 positions (2 advocates, 1 gift planner, 1 mid-range, and 1 managed giving) and internal training, etc. As part of this proposal, the Advancement Assessment is increased to 13.5%.
- Financial Controls, Processes, Systems: A \$400k “placeholder” has been included as work continues with consultant to implement identified improvements, expected to include review of the future technology landscape. Implementation will be a separate ask. Board designated funds are requested.

Releases of board-designated funds are requested: from the Convention Task Forces fund established from a previous convention surplus, for the curriculum standards project (\$100k) and other task forces (\$46k); from the Concordia University System Fund, for CUS debt payment (\$649k); and from Future Projects, for *lcms.org* digital platform redevelopment (\$516k), accounting and accounting-related controls/processes/systems (\$400k), and International School management expenses (\$300k). This would release 11.8% of presently-designated funds (p. 254/308). No funds are requested from Youth Gathering, the Risk Endowment, Innovations in Communications, or Convention (here Haak noted an expected FY24 use of \$75k to cover expenses of the 2023 convention, well under the authorized \$400k level). These releases would be approved in adoption of the proposed budget.

Inflation-projecting figures into the future, without considerations for achieved advancement increases and operating efficiencies, Haak noted the \$80.6M FY25 proposed expense budget would inflate to \$91.7M for FY29, with revenues increasing only to \$76.7M; with (among other significant factors) LCMS Holdings dividends ending with a \$1.5M payment in FY27, reported deficits would increase from \$4.4M in FY25 to \$14.9M in FY29. Accumulated deficits through the period would amount to \$49.9M. This is not a crisis, Haak explained, but the long-term trends do need to be considered while there is time to adjust.

Haak presented a history of headcount and the FY25 request, noting significant decreases since FY18 have been centered in the CFO’s office, Finance/Accounting, and Operations/Information Technology, principally due to outsourcing, downsizing, and changes to the internal audit function. FY25 budgets five additional positions relative to FY24, to a total of 210, adding five to Mission Advancement and shifting one from Office of International Mission to Communications. As of March 31, actual headcount stood at 186, well below the board’s authorized cap of 197. 232 positions were requested, but most requested adds were removed. The budget for compensation and benefits of employees, excluding network-supported

missionaries, has salary and benefits expense is at approximately 44% of total (with contractors included, approx. 50%), reflecting a service industry norm. If the budget in its entirety is acceptable to the board, the headcount therein is in line with norms.

Haak clarified that the Operations Team is responsible for determining which positions are filled when, based on position descriptions and availability of funds, where appropriate. Haak requested that all positions included in the budget be approved, subject to Operations Team approval, rather than leaving the lesser cap in place. The board discussed the headcount control, Audit Committee Chairman Mackay noting its perhaps unnecessary complexity, and the Operations Team committing itself, as it does, to report quarterly on headcount and to assess financial impacts of filling positions.

Finance and Audit Committee Chairman Mackay noted corporate Synod's opportunity how to "wisely lean forward" into needed projects that will benefit the Synod into the future with the realization of significant revenues, including many final gifts from individuals, at present.

### Capital Budget

Turning to the capital budget, Haak explained the total of \$1.75M, driven by two large items: the *lcms.org* digital platform reimplementation, at \$516 thousand (k) (in addition to \$500k+ in the expense budget), and KFUE Radio tower items, at \$670k, a continuation of the tower move project begun the previous year. The remainder of the capital budget is in line with historical approaches (including \$140k for IC parking lot, windows, and water boiler, \$42k for Mail and Print Services equipment, \$223k for computer and phone hardware and computer room upgrade, and \$105k for contingency/miscellaneous. Haak noted significant upgrades required to the IC physical plant in the next decade, including HVAC ground chillers (\$650k+), electrical (\$275k), roof (\$725k), HVAC/Boiler (\$300k+), parking lot (\$300k+), and restrooms/locker rooms (\$700k). Budgeted FY25 investments would result in a 23% increase in net property, plant and equipment (PP&E). Haak noted a potential future ask for building upgrades in an August timeframe, depending on design work being explored by staff and consultants.

## **83. Budget Review Presentations**

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

The President shared with the board thoughts on pastoral preparation based on the Book of Concord, in which the conscience and its consolation is mentioned some 400 times as the receipt from outside of us, *extra nos*, of the knowledge that the death of Christ atones for the sin of the world entirely as a gift. The Gospel is the power of God for salvation, received by proclamation through the ear. Augsburg Confession Article V describes the *Predigtamt*, which is how this comes to us. The Synod has debated what pastors *are*, relating to what *teachers* are and so on. This is really quite simple: Luther acknowledges biblical natures of the ministry both as from below (established on the royal priesthood, e.g., Matthew 18, the church having the keys, laity being spiritual priests, laity having the right to judge doctrine, etc.) *and* as from above (the *Amt* or Office stems from the apostles, based in Christ's call, Christ's word and doing through them—what the apostles did is characteristic of what our pastors do; Vilmar and Loehle represent principally this perspective). Harrison noted that Walther and Missouri take the middle "both/and" view of on the ministry, as from below *and* from above, acknowledging the effectiveness of the Word of God spoken by anyone but also the fact that the pastor speaking publicly in the name of the congregation speaks with the mouth of Christ, as if he himself did it, both to bind and to release. The President's Office budget proposal was summarized in the "tear sheets" (p. 304/308)

### (B) Chief Mission Officer (including Board for / Office of International Mission [B/OIM], Board for / Office of National Mission [B/ONM], Mission Advancement [MADV], Communications [COMMS], and Pastoral Education [PED])

CMO Robson presented an overview of his areas' budget proposal (pp. 291–96/308), which is responsible for more than three-quarters of the total budget, focusing on impact of significant proposed investments but

noting that the work is in continuity with prior planning, with prudent adjustments and control of resource allocations. These include a moderation of Mercy spending this fiscal year, with the fund sitting (around \$4M) at the midpoint of recent years' lows in six figures to an \$8M high. Robson highlighted the five new positions in MADV, transfer of one OIM position to COMMS and repurposing of one ONM position. He noted a five-figure increase in travel in the CMO's Office and some also in BIM and BNM (there, along with moderate inflationary increases) for travel in connection with international school management.

In his presentation of budgets for the five major areas under his administration, Robson highlighted elements of strategic planning slide decks for the program units, those for OIM and ONM having been approved by the respective boards, including pillars, sought outcomes and success metrics, key supporting activities, preferred futures, landscape assessments, and an identification of the central (not sole) beneficiary: interestingly, for OIM, the LCMS congregations and congregation members whose mission is extended worldwide. These strategic planning documents, the current draft of which was shared with the board, are planned to be published in coming months. He noted particulars in the five areas:

- Office of International Mission (OIM): Noting the “pillar” directives to “spread the Gospel, plant Lutheran churches, and show mercy,” Robson counted 95 deployed career missionaries (40–45% pastors, lower due to recent retirements; not including spouses and children) and 12 regional office staff. Prior to FY21, all international expenses were treated as grants, clouding trend analysis. Planned for FY25 is a \$2M decrease, relative to FY24B, in total budgeted expense, with reality checks on revenue forecasts, a \$1.5M decrease in reliance on Mercy funds (from FY24B \$5.6M), and a \$2M increase in unrestricted draw (from FY24B zero). Mission to the Armed Forces is extraordinarily well supplied. Missionary recruitment and theological education remain among top priorities within OIM strategic initiatives.

Robson noted installation of Corey Rajek as executive director, with a managing director being sought. Management/administrative capacity is believed to be capable of supporting 150 missionaries (with the possible exception of increased short-term mission activity). It is hoped to increase coverage of regional leadership and administration costs with designated contributions. Alliance missionary donor support is being carefully watched and sought diligently, with \$1.9M hoped for to support 24 such missionaries, an increase of five. Network-supported missionary (NSM) funding continues strong, with 416 days on hand. Robson noted a number of new and expanded projects to be funded by restricted contributions.

- Office of National Mission (ONM): In “God’s Mission Here” and under the pillars of “serving congregations and schools, partnering with districts, and making disciples for life,” church planting tops FY25 priorities, with 50 teams signed up and more coming. A \$1M grant program has been established to implement Dr. Mark Wood’s planting process model, based on lay-led teams, backed by accountability teams, with the call of a church worker to follow after a series of gated checkpoints. Areas with high concentrations of underserved former LCMS congregation members are being targeted. As keys to improving the success rate of planting, Robson noted a disciplined and accountable model and a data-driven approach to locate opportunities. The team needs “skin in the game” and commitment, which are “built into the process.”

There is approx. a \$1M decrease in budgeted total unit expense, year-on-year, largely in the Mercy fund draw. A \$482k unrestricted draw in FY24B is planned to be replaced with a \$126k unrestricted surplus in FY25; this in a unit with \$4.6M in personnel/labor expense (40% of total budget). A number of key vacancies remain; there has been a struggle to find the right candidates, for example, for director of church planting, in youth and schools, and in family ministry. \$4.3M in grants are planned in FY25. The FY25 budget for Youth Gathering (\$5.2M), along with funding of the program in general, is funded by fee revenues; these, due to the fiscal year timing, are deferred.

- Office of Pastoral Education (PED) and Pastoral Formation Committee (PFC): PED “leads LCMS church worker formation and recruitment initiative, *Set Apart to Serve*; partners with LCMS ordained and commissioned church worker education stakeholders; and provides advocacy for pastoral education and health within the Synod.” *Set Apart to Serve* is the priority. Spending is

leveling off and ramping down as the project enters the maintenance phase and its effects are seen. Advances are being made in Post-Seminary Applied Learning and Support (PALS), with more districts coming into the program. *Preach the Word* is being reenergized with remaining grant funds.

- Mission Advancement (MADV): MADV “serves every contributor with excellence, emphasizes retention over dollars raised, and presents meaningful opportunities.” Increasing donor connections and revenues is the priority. Robson noted the five positions being added (two major gift advocates, one gift planner, one mid-range donor care individual, and one managed giving officer) and a total year-over-year expense budget increase of \$758k, including these employees, training, and print/mail increases.

Haak noted, in response to the board’s request for some additional financial insight, a study of the demonstrable impact of donor relationship management and cultivation. A study of records back to 2015 of managed / non-managed classes starting in the mid-range zone indicated that those managed show a 264% increase relative to non-managed donors, with a difference appearing generally after 3–4 years. Estate gifts are embedded in this as notable impacts, along with transition to transformative-level, living giving. We have presently more relationships than we can manage or even identify for management. New donor acquisition has not been explored in depth but likely should be in the mid-term; management of relationship with current donors appears to be an immediate opportunity.

- Communications (COMMS): Communications is “partnering with LCMS ministries and offices; informing, teaching, and inspiring the Synod; and conducting publishing, marketing, media and PR.” CMO Robson noted one FTE received from OIM to improve communications on impact of the Synod overseas. Total planned expenditures are increased by \$726k, primarily due to the digital platform upgrade. Modernization of websites, online publications, digital marketing, and LCMS brand management are key pieces of work. Robson noted confidence in contractor Verndale and in a “minimum viable product” rollout before calendar year end. He noted there are significant one-time and annual, ongoing costs.

Robson also noted survey work by Behr and Research Services on reactions to Synod publications, including *Lutherans Engage the World*. 60% of *The Lutheran Witness* subscribers report being only “somewhat” or “not” aware of LCMS work in the world. A majority of LERT participant respondents didn’t have prior knowledge that LCMS provided such training; two thirds would be likely to spread the word.

Robson noted the primary intention of the digital platform/website project is investing in sharing the work of the Synod and connecting potential donors with opportunities, in mercy, church planting, school ministry, etc. The combined readership of TLW and Engage is ~140k of perhaps 800k households in the Synod. The hope with the digital platform is to reach a greater proportion more regularly. An “envisioning” stage is complete, design is underway, with build/test/launch to occur between July and December 2024. \$1.1M is allotted for FY25 build/test/launch costs. Annual software-as-a-system costs (under a five-year contract), vendor costs for maintenance and minor enhancements, and other annual costs could amount to \$500–600k annually, depending on a variety of factors. Hiring a developer in FY26 may reduce/control some portion of the annual expense. Significant project enhancements (such as an LCMS locator rebuild, language translation, and digital asset maintenance) could be another \$200–300k over FY26–27, if cost/benefit justifies and funding is secured.

The new website will be organized around user personas rather than around the structure of the organization, for ease of use and enhanced engagement.

Questions included the cost of development or redevelopment of content for the new site and impact on the communications culture and processes of corporate Synod. A board member questioned how the return on investment can be measured. Transfer of existing content is expected to last no longer than two years. This is not, Robson explained, anticipated to create difficulties; on day one in December, the user should have an experience that satisfies his needs.



(C) KFUO Radio

Executive Director Gary Duncan joined the board by internet conference to present highlights of his unit's proposed budget (p. 305/308). Noting a "very successful" \$176k Share-a-thon, with mail and phone follow-ups to continue, Duncan noted gifts in excess of expenses by \$100k for much of FY24, now augmented by a \$480k gift, with a surplus of \$1.2M on the books. All three FM translators are now operational, covering over 2 million people. The move of AM850 to the new tower site is progressing, with broadcasts from the new site to come this fall, following by decommissioning of the CSL campus site, to be completed by late spring 2025. Auto manufacturers have delayed but still threaten to remove AM bands from new car radios. Internet listening continues to grow, along with gifts from outside of the St. Louis broadcast area, today accounting for 45% of giving. KFUE Radio is working with Concordia Historical Institute to prepare for a celebration of KFUE Radio's centenary and is well positioned to move into its next hundred years.

(D) Concordia University System

Concordia University System Director of Institutional Research and Integrity Paul Philp presented by internet conference on the synodwide corporate entity's support request (p. 307/308). He noted increases due in bulk to the passage of 2023 Res. 7-04B, which has required new operational resources, especially to support visitation-related travel and a larger board of directors. A presidential election is underway and brings either relocation costs or increased travel costs to St. Louis and the possibility of a part-time administrative assistant for the new president, possibly to be shared with an IC unit. Philp noted other costs associated with fundraising activities, a decrease in the legal budget, and an increase in financing costs for CUS' debt to LCEF under the letter agreement. Philp asked the board to affirm, through its approval of the support request, the necessary work the convention has assigned to CUS, to build for a stronger future.

(E) Commission on Theology and Church Relations

CFO Haak briefly presented the budget proposal for the commission (p. 306/308), as Executive Director Lehenbauer was occupied with a meeting of his commission. Increases are related to inflation and travel costs. Physical publishing of CTCR reports has been foregone a number of years and has been missed. A small line has been added to print an existing (as yet physically unpublished) report, with the hope of producing more of the backlog in this fashion in future years. CTCR received a record nine assignments from the 2023 convention, including refreshing some existing and creating some new documents. Haak summarized the commission's many responsibilities, not only for theological discussion and reporting but also for development and stewardship of partner church body relationships. In response to a question, President Harrison noted the need for capacity within Church Relations staff to engage global Lutherans in an intense, constant fashion, something CTCR hasn't resources to do.

(F) Concordia Historical Institute

Executive Director Daniel Harmelink, joining by internet conference, presented on the synodwide corporate entity's support request (p. 308/308). He noted the difference made by CHI in the last 18 months, including celebration of the 175<sup>th</sup> anniversary of the Synod and a retrospective on the 1973 Walkout. He noted that the recent addition of a development officer did not produce satisfactory results; CHI plans to make careful use of limited resources. Processing of recent acquisitions (and reception of items from Bronxville, still awaited) has its challenges. Harmelink continues to consult with districts regarding preservation of their materials. Harmelink noted the request included some help from Synod in getting a slight deficit budget back "into the black."

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

Secretary Sias noted with appreciation the board's addition of an assistant position to the office, which has now been filled with Christian Boehlke, formerly of the Office of International Mission (p. 303/308), and coordination with CAO Loc to bring Lori Leighton, with some board support and recordkeeping functions,

also into the office. The budget for the office and for Rosters is almost entirely for staff (including a significant cross-charge from the Technology Application Group), and increases reflect principally typical salary and benefit growth and to some extent loss of billing to universities and seminaries for youth list collection, presently undergoing “reimagination.” Sias referenced the strategic objectives and key strategies for the office and department (p. 45/308) and a few notable projects along those lines in FY25, which full staffing will accommodate:

- The “Ordained Minister Information Form” (really a system) is expected to roll out in November 2024, providing in-house support for ordained minister information previously handled in the Pastor Information Form and Self-Evaluation Tool maintained by Lane Seitz’ HolyBytes, a long-time contractor. This will provide districts, congregations, and pastors with a new, fully online tool supporting critical call and other processes, providing not only better service but access to data for study purposes. Further form and process integration, and inclusion of commissioned minister information on the same system, will reap benefits for district offices and all calling congregations. A redesign of the popular lcms.org locator will follow, for digital platform integration and security.
- 2023 Res. 9-06A initiated a circuit electoral parameters task force and a variety of studies of routes to ministry, pastoral longevity, and future pastoral need, for which massive troves of analysis are being generated. This is a time-consuming, deep-dive effort but is providing valuable data and reusable tools for accelerating similar analysis.
- There is significant interest and now some real effort at Research Services (and the Office of the Secretary) taking a lead role not only for analysis provided to corporate Synod agencies but also coordinating “enterprise level” research in cooperation with the synodwide entities and educational institutions. We are also coordinating with IC units and districts to support more efficient collection and use of data.
- With university/CUS-related changes to nomination processes, it was decided to bring nomination forms for the Committee for Convention Nominations online. Development is underway, with the hope to test the system with midterm vacancy appointments run through the board or CUS before releasing it for use at the 18-month mailing for the 2026 convention. This will save countless hours of manual labor in the busy runup to the convention, provide better support and more timely monitoring of this crucial process, and provide long-hoped-for flexibility and “memory” for the nomination processes important to filling many key roles in the Synod.
- The Office is engaged in supporting CCM and BOD in review of higher education governance documents and changes due to 2023 Res. 7-04B, as well as CCM in the first substantial revision in over a decade of guidance for congregational constitutions. We are also working with CHI to develop technology solutions to make research into the core historical corpus more accessible and cost-effective.

The office, Sias noted, sits at the nexus of many processes and near to the heart of Synod’s congregational governance. The Synod is a fundamentally voluntary organization, but at the same time meant to be compelling, with nothing but the power of “the Word of God and convincing.” The parishes are the strength of the Synod, long-term, as they go, so goes all. The chief desire is to deliver sensible value on parishes’ annual investment of \$310 each and to maintain the governance structures that keep this *their Synod*.

(H) Chief Administrative Officer (including Board of Directors [BOD], Legal, Human Resources [HR], and Operations Support Services [OSS] / Information Technology [IT])

CAO Loc noted the transition of Lori Leighton to the Secretary’s office, with some board support responsibilities; Jenny Rajek is joining CAO’s office; the budget is also increased for the FY25 payments due on the CAO’s MBA program and associated expenses (pp. 299–302/308). International school-related travel is also included. BOD is flat year-over-year. A legal budget of \$1.5M was estimated based on current activity, estimated to come in at \$1.25M plus expenses related to the Synod’s general counsel transition.

HR FTEs declined from 5 to 4 due to a recent retirement and plan to allocate work to other team members. HR will be ramping up efforts on corporate morale and communication. OSS and IT are relatively flat; a retirement will be replaced with a more junior employee. IT will be focusing on a building-wide initiative to make full use of Office365. Discussion of flexible work location arrangements is ongoing but would be aided by a unified electronic communications platform. This may require additional work and licensing expense (including for phone system integration).

**(I) Chief Financial Officer (including Accounting, Internal Audit [IA], External Audit, and Insurance)**

CFO Haak explained the budget request from his areas of responsibility (pp. 297–98/308). There are insubstantial changes in his office. Accounting’s 13 positions handle accounting for Synod and certain associated agencies. Monthly close has shrunk from a 60-day process to a 15-day process, which is the present target; investment is requested to continue to work with RubinBrown to establish process and technology to make this regular and repeatable. The patchwork of systems used for or related to accounting work (Banner, BlackBaud, Paycor, ChromeRiver, etc.) is a significant challenge. Longer-term a holistic look is needed. This would aid other efforts, such as connection to the digital platform, and could significantly reduce receipting and donor care costs. Once corporate Synod’s accounting house is well in order, there may be an opportunity to serve districts with higher quality tools at better prices than the districts presently have access to. (Eastern District is already doing its accounting through the Synod.)

Internal Audit contains 2.15 positions. One position has been budgeted for risk management; if CPS, CAO, and CFO can manage that capacity, this position could be shifted to IA to improve on current activity. IA presently audits 15 districts, CUS, and CHI, and provides assistance for FND—more than 1.5 people of work. The Audit Committee also feels IA audits are of much higher quality than what can be obtained by districts at the local level; more districts could be brought into the fold with a good value proposition and standardization of reporting would be helpful. A strengthened IA can also provide value to the board and to donors regarding corporate Synod’s internal controls at a level much finer than those on the radar of a standard “risk of material misstatement” audit. Audit Committee Chairman Mackay spoke to the value of being able to document, from reception to disbursement, the correct handling of specific funds. He also highlighted the value of consistency and effective depth in district audits. A relatively inexpensive investment of at least 1 FTE to focus on internal work (existing staff, focusing principally on outside work) and some facilitative technology is worthwhile. A decision about the Risk Management position still rests with the Governance Committee.

**84. Budget Review Wrapup**

Haak reviewed the proposed FY25 capital budget, relating it to capital spending since FY2013 (pp. 260–61/308). He reiterated the history of corporate Synod’s unrestricted net asset balance, noting again that the board is presented with an opportunity to make new operational investments, but that substantial growth of gift income would be necessary to sustain even the current level of operations inflated on a four-year timeframe (without new sources of income, a \$15M annual deficit would develop in that window). Haak highlighted again the three “investment” items. The website redevelopment he noted as a significant but not unmanageable expense (\$500k in FY24, \$1.1M in FY25, roughly half capitalized, \$500–600k of anticipated annual costs). The board discussed the relative risk/reward of an expensive, managed system and concerns with content development and architectural design for the new system. The almost universally perceived need for a new approach to *lcms.org* was noted.

Haak reviewed the bottom-line calculations for the operating budget and the items in the FY25 capital budget. In response to a question, Haak noted that the scope and scale of potential International Center upgrades are being considered strategically, so that these items are not included in the capital budget at present.

## **85. President's Report**

President Matthew Harrison extended briefly on his written report (pp. 40–42/308), adding to his theological presentation the day before, that he has “never felt so engaged in and proud of what we are doing.” “We are hitting our stride” in international mission, in relationships with our seminaries, with the Office of National Mission, where Dan Galchutt “gets it done.” All the work has come to a “glorious fruition” and it’s exciting to see what’s going to happen tomorrow. Getting up every day looking forward to work is a delight, and the board is a big part of that.

The President noted his confidence that the Synod’s strong financial situation is going to be sustained and improved into the future. The CFO’s gifts are what has been longed for. The CMO works tirelessly. COP has “come around,” with the First Vice-President having been a big part of that. There remain challenges including inclinations among some to localize pastoral training, but “considering where the world is we are remarkably blessed as a Synod.” Asked, the President noted the universities being “in the best condition they’ve ever been” and that he is feeling “extremely good” about them, considering all we’ve been through.

In response to a question, the President discussed a few ongoing ecumenical discussions and affairs in the Lutheran Church in Australia.

Chairman Preus noted his participation in the interviews for seminary president and highlighted the candidates’ clear case for residential pastoral education. The President noted the CMO is very involved in studying this issue and making the case this year.

## **86. First Vice-President's Report**

First Vice-President Peter Lange extended briefly on his written report (pp. 43–44/308), noting his ongoing work and his assistance to the President and work with ecclesiastical supervisors and others throughout the Synod. Work on district visits is ramping up. Lange, came from presenting to the Michigan District circuit visitors on SMP and Colloquy, spoke to the structure and content of these visitations. A desire was expressed by a board member on more reporting of learnings from the district visitations; the President spoke to the great value of relationships built through them. Demographic change and its impact on the congregations and districts was noted as a significant factor.

## **87. Chief Mission Officer Report**

CMO Kevin Robson extended briefly on his written report (pp. 70–78/308), noting highlights in the various areas related to or under his supervision:

- Boards for International and National Mission (BIM and BNM): The boards are carrying out convention assignments:
  - The Joint Mission Assessment Committee has completed interviews of all district presidents and various staff and obtained results of a Research Services church worker survey. These efforts have identified a communications issue with regard to the priorities. A report and overtures will follow.
  - BIM is working with the COP and others on assignments from 2023 Res. 2-03, looking to ecclesiastical supervision and spiritual care of foreign missionaries, and Res. 2-06A, dealing with international congregations, often served by OIM missionary pastors, which have no opportunity at present to become member congregations.
  - A “translation summit” is being held May 24, including units, entities, seminaries, auxiliaries, and others, to discuss translation of Synod and theological resources in the aim of better stewardship of human and other resources and to plan use of the proceeds of the 2023 national offering.
- Office of International Mission (OIM): Dr. David Preus is the new Eurasia Region Director. Candidates are being evaluated for Managing Director of Regional Operations. Much work is going on to expand the use of FOROs, especially to regions beside Latin America and Caribbean.

- Office of National Mission (ONM): Executive Director Dan Galchutt is doing a “marvelous job” creating points of connections with districts. Church Planting and Life Ministry are reaching out. Requests for School Ministry’s Genesis Program for exploration of possible new schools are up. Rev. Stephen Heimer has been called as manager of All Nations Ministry.
- Office of Pastoral Education (PED) and Pastoral Formation Committee (PFC): *Set Apart to Serve* continues to gain momentum through gatherings and presentations, trying to ensure that resources developed are being put into use at district, congregation, and school levels. The Seminary Faculty Retreat / Theology Professors Conference is meeting in Ann Arbor May 19–23. The Pastoral Formation Committee has four assignments under 2023 Res. 6-03A, including a research study and recommendations about approaches to and outcomes of residential and distance modes of pastoral education in the Synod. An outline of the approach is in discussion with faculties and has been discussed with the COP. A board member questioned the state of pre-seminary preparation for seminary entry, it seeming to him that “much remedial work” is now often required.
- Mission Advancement (MADV): MADV and COMMS will launch a four month, multi-pronged, coordinated “Mercy campaign” in June to build momentum for the general Mercy fund, emphasizing LCMS World Relief and Human Care.
- Communications (COMMS): COMMS has been evaluating the relationship of *The Lutheran Witness* and *Lutherans Engage the World* and the potential for combining these publications. Extensive survey work has shown the depth of theological content and length of articles of *The Lutheran Witness* to be, in the vast main, “just about right.” Survey work shows opportunity to cross-pollinate these readerships by possibly marrying the publications. A task force is working with Concordia Publishing House on possibilities. A proposal may be brought to the Synod and CPH boards within 6–9 months. Robson noted three positions still planned to go unfilled in FY25: a social media specialist, a writer/editor, and a video production specialist, all of which would help to expand efforts to reach younger readers.

A board member questioned the relative spending on national and international mission. CMO Robson noted part of the perceived imbalance in favor of overseas is the cost of making things happen internationally; another part is that we “follow the lead of our donors,” with the work supported largely by restricted funds, and overseas mission has thus far proven much more attractive. He noted also that much mission domestically is done locally by congregations, where it involves localized risk and commitment of resources (and attendant fruits and challenges), and not necessarily through the Synod.

## **88. Finance and Audit Committee Report**

Finance and Audit Committee Chairman Leo Mackay reported on his committee’s meeting of May 13, together with Chairman Preus, noting that the committee:

- reviewed cash status and management by the CFO. The cash position is robust and management of its size is being considered.
- approved the new accounting approach for district pledges, finding the new practice of booking receipts rather than pledges to be clearer; a one-time adjustment will have to be understood in comparing financial reports across the change. Outside auditors have indicated initial support for this approach.
- reviewed and approved the policy on suspected financial and organizational misconduct. There is an online vehicle (being updated in policy) for whistleblower reports, which has not been used.
- discussed ambiguities in the budget deviation policy, which will be referred to the Governance Committee, by way of the CFO and Secretary, to determine whether there should be a revision. Implementation of a budget is a “dynamic exercise” depending on arrival of anticipated gifts or approach to emerging items. The CFO and ultimately the board have a responsibility to exercise control and direction over budget and budget execution. The CFO needs clear policy direction on

by what procedure and to what extent the budget can be modified without board approval in response to such “dynamism.” Another aspect of the policy design is that all expenses should be controlled through the expense budget, but that the expense budget needs to be realistic, not containing every possible but unlikely expenditure. A clear definition of budget deviation and clear limits for reporting and authorization are required.

- heard a “very satisfying” presentation from RubinBrown, engaged to talk about cash application and financial close process improvement. Shortening the monthly close, speeding the process of application, reducing fund accounting complexity, and reducing “key person” risk are all objectives on which the consultants are helping the CFO and Accounting staff make concrete progress. Increased visibility to current processes and review of accounting and CRM software, review of gift processing, and enhancement of internal controls are also proceeding. Mackay noted this is “an exciting time to be an internal auditor” with technology enabling examination of every transaction for deviations and “micro-anomalies” that can lead to discovery of significant events.
- approved the Internal Audit portion of the budget and reviewed the totality of the budget with the CFO.

## **89. Personnel Committee Report**

Personnel Committee Chairman Jan Lohmeyer reported on his committee’s meeting of April 16 (pp. 90–92/308), noting that the committee:

- reviewed material and made recommendations related to two appointment processes, on which the board will entertain the proposals of the committee during action items:
  - For the Boards of the Concordia Plans / Concordia Plan Services (CP/CPS): In regard to the ordained minister position, the regular nomination process generated only a single nominee. So informed, the committee, acting under Policy 4.5.2.7, generated three additional nominations, which were vetted in the usual fashion, with information included in the docket. The committee recommends appointment of Peters or Crane. In regard to the four layperson positions, the committee recommends appointment of Seefeld, Boeche, Eickelberg, Burk, Martin, or Kaufmann (both lists in declining order of preference). The board discussed the recommendations and bylaw requirements for these appointments.
  - For the Members-at-Large of The Lutheran Church Extension Fund—Missouri Synod (LCEF), the committee explained that due to a reduction in the number of members being implemented by LCEF, as authorized by 2023 Res. 9-02 [D] and amendment of LCEF governing documents, there was no need for additional nominations, but there was a need for adjustment of terms and reappointments. A plan was developed with input from LCEF President Bart Day and the Secretary, taking into account terms of service, willingness to continue in service, and participation in previous annual meetings. The Secretary was called upon to, and did, explain this unique action, to be presented among the items.
- reviewed Synod officer salaries and recommended adoption of the resolution in action items.
- reviewed the designation of interim persons, recommending adoption of the related resolution.
- previewed, with CFO Haak, the FY25 Personnel Budget, noting an additional headcount investment in Mission Advancement.
- reviewed and recommended adoption of the agreement, developed in consultation with LCMS Human Resources, regarding CAO Loc’s participation in the Washington University Master of Business Administration program. While such arrangements are common among the entities, this is a first for corporate Synod.

- reviewed the policy developed by the Governance Committee for handling of background checks for CP/CPS boards, accepting the responsibility of evaluating any items flagged after appointment contingent on passing the check.
- determined to recommend termination of the process for appointment of an additional board member to obtain an additional skill set, the sense of the committee and board seeming to have evolved to consider this not necessary or advisable at present. The board, by taking no action, consented to this determination. The Secretary noted his understanding that the process was concluded and that he would contact the nominees to thank them for letting their names stand.

## **90. Concordia University System Report**

Concordia University System (CUS) Chairman Mark Braden joined the committee to present a report on developments in the work of his board and synodwide corporate entity. He thanked the board and officers for the invitation and frequent assistance and presented the makeup of the board, four members of which will attend their first meeting Monday, when the announcement of a new CUS president is also to be made. He gave a brief overview of each CUS university, reviewing student body makeups from last spring. Lutheran identity involves the whole campus; as most students on our campuses are not LCMS members, setting the tone successfully presents a challenge. At the same time, Braden recounted that he came to be a Lutheran due to his BA at Ann Arbor. Braden noted the central placement of Christ College and its faculty, including in catechizing other faculty and staff, at Irvine as an “up and coming model” for Lutheran identity. He also noted Seward President Bull’s paper on Lutheran identity, recently presented at Concordia Theological Seminary, and the greater number and proportion of LCMS students on the Seward campus. Mequon has a similar number but a lower proportion. A board member questioned the religious adherence of faculty; Braden noted that multiplication of programs reduces the ability to staff with LCMS faculty, but highlighted the catechetical approach of Irvine to develop the Lutheran identity in the faculty and it has.

Braden next noted 2023 Res. 7-04B, which triggered a revision of all CUS governing documents, primarily directed at refocusing CUS “as ecclesiastical visitor.” He noted the process of informal visitation in two out of three years of the triennium, including an upcoming informal visit to the CUW campus. These visits are informal and conversational but result in delivery of reports to the university administration. Triennial formal visitations are also scheduled for each institution in the other year of the triennium. These result in reporting not only to the institution but also to the Synod.

In response to a question regarding the student populations of the universities and CUS in general, Braden noted the five excellent presidents are adjusting to keep their institutions sustainable in a challenging environment and that he believes the Concordia universities can continue with the active support of the Synod’s nearly 6,000 congregations. The stronger the Lutheran identity, the more likely the campus is likely to succeed. This strong identity is a differentiator. Chairman Preus noted the theological focus of CUS, in the new structure.

Braden noted the Lutheran Identity Mission Outcome Standards document, which was finalized in February, before the required September milestone. He outlined the standards and described their associated evaluation tool. CUS governing documents have been redrafted and are in various stages of approval. Formal reporting of visitation will come; at present, Braden is meeting quarterly with the President to review progress on informal visits. Commissioned Worker Program Standards are being developed, after study of present program expectations at the various institutions, and to be published by September. An in-person regent training event, required by new bylaws, is scheduled for June 18–19. Braden noted that CUS no longer meets with boards of regents, instead meeting on campuses for purposes as visitation; a triennial calendar of such meetings has been set.

Braden described the process for the presidential search, planning to culminate with an appointment by the board on Monday, after extensive work by a search committee. CUS provides for theology faculty prior approval and vetting of potential regents for bylaw qualifications. Braden participates in the monthly

meeting of the Institution Advisory Council. CUS also reviews and approves new church worker training programs; maintains the Model Operating Procedures Manual; reports to the Synod on church worker supply; assists with recruitment of students, faculty, and regents; and participates in certain authorizations.

CUS is pursuing gifts and grants to support its work, especially to recognize the service of Dr. Wenthe at his retirement. A letter will go out in June. The logo, letterhead, and website are being redesigned. He concluded, “All thanks and glory to our Lord Jesus Christ for the grace he has shown us and the CUS.”

The President and Chairman acknowledged the focused and intense work of the CUS board and its chairman, applauding “great progress.” Braden, noting his pre-ordination background in university administration, added that “the trajectory [of the work] is very positive.”

### **91. Governance Committee Report**

Governance Committee Chairman Jesse Yow reported on his committee’s meeting of April 17 (pp. 87–89/308), noting:

- Concordia Plan Services briefed the committee on its exploration of a property and casualty program for LCMS ministries and was asked to present to the board. The question of responsibility for risk management and the Synod’s insurance program continues to be discussed by the committee with CFO Haak and CAO Loc. Chairman Preus noted a conversation with CPS President and CEO James Sanft regarding this fundamental decision.
- The committee is presenting for the board’s adoption policies regarding background checks for Concordia Plans / Concordia Plan Services board appointments and the appointment of members of the Board of Directors to obtain additional skill sets (Policy 4.5.1).
- The committee worked with Lynne Marvin on the upcoming board retreat, slated for August in Colorado Springs. Dr. Jeffrey Reuer, a professor at the University of Colorado Boulder with significant leadership and consulting credentials, who also serves on the board of regents at Concordia Theological Seminary, was selected as facilitator and CAO Loc has engaged with him in preparatory work. Reuer’s work is along the lines of strategic alliances and “real options theory,” which may help the board think through long-term fruitful work with the entities. The overarching goal is to increase the board’s ability to work proactively.
- The Secretary noted receipt of communication from Concordia University St. Paul (CUSP) regarding a draft revision of its governing documents pursuant to 2023 Res. 7-04B. Synod legal counsel, CAO Loc, and Secretary Sias are reviewing the material and will prepare a response, to be shared with the Governance Committee and then with CUSP, with the goal of coordinating on elements of the approach before review beyond the Synod.
- The committee has on its upcoming agendas policies for handling master plan changes, for receiving and disbursing gifts, for investment management (as referred in February to the committee for conversation with the Audit Committee), and continuing to address items identified in the Secretary’s and CCM’s review after the 2023 Synod convention.

### **92. Concordia Theological Seminary, Fort Wayne, Master Plan**

Chief Administrative Officer Felix Loc noted an email from and meeting with Chief Operating Officer Lance Hoffman regarding submission of a campus master plan as soon as the board’s August meeting. This would, for the time being, be channeled through the Governance Committee, in absence of policies for handling such proposals (under development). Approval of capital projects would be at a later stage.

### **93. Concordia Plan Services—Insurance Program**

Concordia Plan Services (CPS) President and Chief Executive Officer James Sanft and Vice-President and Chief Product Officer Kevin Herweck joined the board (Sanft, by internet conference) to share



developments in the Insurance Program (pp. 272–288/308). Sanft noted the presentation as a continuation of a discussion started with the board’s Governance Committee. He reviewed the history of the insurance program since the mid-1950s. In 2014, the LCMS Director of Risk Management left to work for the broker and was not replaced. CPS involvement began in 2018 as a result of requests from CUS, from CUS university CFOs, and districts for involvement. Organizations were pulling out (primarily universities), claims management was challenging, and incomplete evaluations of risk and potential gaps in coverage were concerning. In April 2019 the activity transitioned to CPS, following the 2019–20 coverage renewal, at a time complicated by changes among the university participants. The program has been stabilized and value and savings have been enhanced for participants but CPS has experienced significant operational losses do to the lack of scale over which to spread necessary staffing costs.

Herweck, who left a property and casualty firm to come to CPS, noted CPS employee Lisa Pryor has 24 years of experience in the area and is excited to serve the church. They joined CFO Haak and CAO Loc to work with broker Marsh on 2024 coverages, which Herweck reviewed for the board. (In response to a question, Herweck explained that Marsh presently shops coverages, bringing background and recommendations, and handles claim administration, with which CPS assists.) Herweck explained that premiums are reduced \$200k, relative to the 2023 policy, to \$2M, despite insurance market pressures involving property revaluation and industry-wide changes to coverages for sexual abuse and molestation. Auto liability and auto physical damage have been moved from Chubb to Philadelphia for a considerable savings. Herweck reviewed key coverages and limits, including 2024 changes.

Herweck explained that CPS has partnered with Risk Program Administrators (RPA) to provide a risk program feasibility study on a property and casualty program for LCMS ministries. Goals include control of program (not of the industry, which can’t be controlled; congregations are now seeing disproportionate increases in coverage or even outright cancellation), improvement of coverage, stabilization/reduction of premiums, better customer service, and focused safety efforts.

A feasibility study has been undertaken, to be completed this summer, involving data from 25 ministries, with over \$4M in annual premium and less than \$3.3M in claims over five years (expected 5-year loss ratio of 16% compared to an industry target of 60%), despite which these ministries have been exposed to industry-typical rate increases. A business case will be assembled in late summer. In response to a question, Herweck discussed a variety of approaches that are being considered carefully, which also involve layers of reinsurance. Board discussion noted a significant reserve would also involve sophisticated financial management but that there may be real potential to help ministries with an increasing challenge, and to return premiums “from industry to ministry.” A board member noted the interests of all involved are complex, that the Board of Directors needs to decide how it goes forward with risk management (which could involve the handling of the insurance program and general risk management through the Board of Directors or delegation by the Board of Directors to another Synod entity, such as CPS) and that continued discussion is appreciated. Chairman Preus noted the thinking and motivation here, to seek opportunities to do better for our ministries, is “just what we need in our church body.”

#### **94. Legal Report**

The board entered executive session.

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#### **94X. Executive Session I: Legal Report**

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#### **95. Action Items**

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

(A) Regular Appointments, Board of Trustees—Concordia Plans / Board of Directors—Concordia Plan Services

Board of Directors Policy Manual 4.5.2.1 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 Synod Board of Directors. Concordia Plan Services has informed the Office of the Secretary that with three (3) incumbent lay members (Boeche, Eickelberg, and Seefeld) eligible for re-appointment and one (1) incumbent minister of religion—ordained (Boster) and one (1) lay member (Lesko) having reached the end of their term limits, it will be necessary for the Synod Board of Directors to make appointment(s) for a total of (5) five positions:

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

**(1) minister of religion—ordained and (4) laypersons  
three-year terms, Sept. 1, 2024–Aug. 31, 2027**

LCMS Bylaws require that of the twelve laypersons, at least five must be experienced in the design of employee benefit plans, at least five must be experienced in the management of benefit plan investments, and at least one must have significant financial/audit experience. Concordia Plan Services has provided a description of the responsibilities and desired qualifications of board members, included with this nomination information. Due to an upcoming term limitation in 2026, the board requests an emphasis on management of benefit plan investments in this appointment cycle.

Accordingly, and pursuant to Board Policy 4.5.2.2–4, the Office of the Secretary sent out a call for nominations on December 8, 2023, requesting response by March 1, 2024, and, assisted by the LCMS Department of Human Resources and Concordia Plan Services has compiled information on all nominees and/or incumbent nominees (pp. 1–119/250 of the board’s appointment docket).

The Personnel Committee of the Board of Directors, having evaluated all submitted nominations, biographical sketches, and confidential evaluations, in its meeting of April 16, 2024, has presented the following slate to the board, along with its recommendations (p. 90/308):

**Minister of Religion—Ordained (appoint one)**

<b>Candidates</b>
**Crane, Brian Trevor — Mesa, Ariz. (EN) Donaldson, Robert J. — Houston, Tex. (TX) **Peters, Matthew Douglas — Brookfield, Wis. (SW) **Shank, John Charles — Edwardsville, Ill. (SI)
<i>**Submission by Personnel Committee after initial process deadline (Policy 4.5.2.7)</i>

**Layperson (appoint four)**

<b>Candidates</b>
* Boeche, Jon D. — Seminole, Fla. (FG) Burk, Jason — Plano, Tex. (TX) * Eickelberg, Henry C. — Leesburg, Va. (SE) Few, James — Boonton, N.J. (NJ) Kaufmann, Robert — St. Louis, Mo. (MO) Kreienkamp, Dale — Ballwin, Mo. (MO) Martin, Michael — Grand Rapids, Mich. (MI) Schmidtke, Mark — Valparaiso, Ind. (IN) * Seefeld, Scott — Oconomowoc, Wis. (SW)
<b>Declined</b>
Hemmer, Gary — Columbia, Ill. (SI) Lupp, Bradon — Grand Rapids, Mich. (MI)

\* *incumbent*

Having heard the recommendation of its Personnel Committee, as related above, the board adopted its recommendation, selecting for appointment the following:

**Minister of Religion—Ordained (appoint one)**

Matthew Douglas Peters — Brookfield, Wis. (SW)

**Layperson (appoint four)**

Jon D. Boeche — Seminole, Fla. (FG)

Jason Burk — Plano, Tex. (TX)

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

Scott Seefeld — Oconomowoc, Wis. (SW)

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

**(B) Special Reduction Process Appointments, Members-at-Large, Lutheran Church Extension Fund—Missouri Synod**

Board of Directors Policy 4.5.2.1 directs that at-large members of the Lutheran Church Extension Fund—Missouri Synod (LCEF) be appointed on a rotating basis to three-year terms at the board's each May meeting. This year, however, a reduction in the membership cap for LCEF from 135 district members to 67 (LCEF Bylaw Art. I, Sect. 1, as amended November 2023) resulted in the need to reduce the number of members appointed by the Board of Directors from thirteen (13) to six (6). As these continue to be appointed to three-year terms, with a maximum of three successive terms, it may be advantageous to continue to stagger appointments, now with two to be appointed each year.

LCEF provided the Office of the Secretary with information regarding the terms, attendance, and additional duties (i.e., service on the LCEF nominating committee) of existing members. The Office of the Secretary on December 19 contacted all sitting members appointed by the Board of Directors to determine their willingness and ability to serve actively on an ongoing basis, whether in their current terms or, if in a term expiring in 2024, in a new term running November 1, 2024–October 31, 2027. A summary of this information, provided in full to the board's Personnel Committee and to the board docket, along with biographical packets from each member's last appointment, is as follows:

<b>Eligible, Willing and Able to Continue in Active Service</b>
<i>2021–2024 Terms (require appointment to new term)</i>
McCain, Paul J. — St. Charles, Mo. (MO) (1 <sup>st</sup> term, LCEF nom. cmte.) Meador, Nathan M. — Saukville, Wisc. (SW) (1 <sup>st</sup> term) Zuch, Aaron T. — Blaine, Wash. (NOW) (1 <sup>st</sup> term, appt. to vacancy 2022)
<i>2022–2025 Terms</i>
Boehlke, Christian J. — High Ridge, Mo. (MO) (1 <sup>st</sup> full term, appt. to vacancy 2021) Golden, Gregory T. — Carthage, Mo. (MO) (1 <sup>st</sup> term) Nau, William H. — Midlothian, Va. (SE) (3 <sup>rd</sup> term) Ullerich, Stanton G. — Council Bluffs, Iowa (IW) (2 <sup>nd</sup> term)
<i>2023–2026 Terms</i>
Bahn, David L. — Cypress, Tex. (TX) (1 <sup>st</sup> term) Ernst, Scott D. — Sioux City, Iowa (IW) (3 <sup>rd</sup> term) Huseman, William “Rusty” — Jacksonville, Fla. (FG) (2 <sup>nd</sup> term) Kastens, Louis W. III — Edmond, Okla. (OK) (2 <sup>nd</sup> term) Olander, Charles P. — Beason, Ill. (CI) (3 <sup>rd</sup> term)
<i>2023 Alternate (requires appointment for 2024)</i>

Mello, Susan R. — Chandler, Ariz. (PSW) (2023 alternate, served in 2023)
<b>Ineligible, Unwilling, or Unable to Continue in Active Service</b>
<i>2021–2024 Terms</i>
Boyer, Richard P. — Cedar Rapids, Iowa (IE) (3 <sup>rd</sup> term)

The Personnel Committee of the Board of Directors, having evaluated all submitted nominations, biographical sketches, and other information (pp. 120–250/250 of the board’s appointment docket), in its meeting of April 16, 2024, made the following recommendation:

**Members-at-Large positions:**  
**(Six total, two in each term, plus one or two 2024 alternates)**

Appointments for 2024–27 term (2 to be appointed)

1. Paul J. McCain — St. Charles, Mo. (MO)
2. Aaron T. Zuch — Blaine, Wash. (NOW)

Retentions / (Re)appointments\* for 2023–26 term (2)

1. Gregory T. Golden — Carthage, Mo. (MO)
2. Louis W. Kastens III — Edmond, Okla. (OK)

Retentions for 2022–25 term (2)

1. Christian J. Boehlke — High Ridge, Mo. (MO)
2. Stanton G. Ullerich — Council Bluffs, Iowa (IW)

Alternates for 2024 (1–2 to be appointed):

1. Susan R. Mello — Chandler, Ariz. (PSW)
2. William “Rusty” Huseman — Jacksonville, Fla. (FG)

It was moved by the Personnel Committee and adopted:

WHEREAS, The November 2023 change in the Lutheran Church Extension Fund—Missouri Synod (LCEF) district membership cap from 135 to 67 resulted in a need to reduce the number of members appointed by the Board of Directors from thirteen (13) to six (6), to an extent impacting current terms; and

WHEREAS, It is desirable to continue to appoint members on a staggered basis; and

WHEREAS, It is necessary for the board to address also appointments for the 2024–27 term; and

WHEREAS, Based on input from LCEF and the Office of the Secretary and on evaluation of material used in previous appointments, the Personnel Committee has recommended appropriate adjustments and appointments; therefore be it

*Resolved*, That the Board of Directors adopt the above recommendation for adjustment and appointment of LCEF members-at-large and related alternates.

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

**(C) Designation of Interim Persons**

In accordance with the Bylaws, Board Policy 4.8, “Designation of Interim Persons,” and Human Resources Policy, “Appointment of Interim Persons,” each board, commission and department is to identify a person to provide interim direction and leadership to the board, commission, or department in the event there is an unexpected resignation, disability, disposition, or death of the staff executive currently serving.

Since the Board has the responsibility of appointing someone to serve these positions during a vacancy, the Board needs to identify who will serve during an interim vacancy as a “short term contingency arrangement until the executive is able to return, or, if necessary, until a call or appointment of a new executive is accomplished” (pp. 214–15/308).

It was moved by the Personnel Committee and adopted:

WHEREAS, In accordance with the Bylaws, Board Policy and Human Resources Policy, Appointment of Interim Persons, each board, commission and department is to identify a person to provide interim direction and leadership to the board, commission, or department in the event there is an unexpected resignation, disability, disposition, or death of the officer currently serving; therefore be it

*Resolved*, That the Board of Directors designate the following individuals to serve during a board-authorized interim vacancy until the board can take action to fill the vacancy:

Chief Administrative Officer:	Mr. Nathan Haak – Chief Financial Officer
Chief Financial Officer:	Mr. Felix Loc – Chief Administrative Officer
Chief Mission Officer:	Rev. Dr. Cory Rajek – Executive Director, OIM
Secretary of the Synod:	Rev. Peter Lange – First Vice-President

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

(D) Policy on Background Checks for Appointees to the Board of Trustees—Concordia Plans / Board of Directors—Concordia Plan Services

It was moved by the Governance Committee (pp. 216–17/308) and adopted:

WHEREAS, By an email of February 16, 2022, General Counsel for Concordia Plan Services notified the board that it had learned background checks were being performed on board members by companies in which the plans were invested and requested that background checks be made part of the process for appointment of trustees and directors to the Concordia Plans (CP) Board of Trustees and the Concordia Plan Services (CPS) Board of Directors; and

WHEREAS, At the May 9, 2022, Governance Committee meeting, the Committee, noting that The Lutheran Church Extension Fund (LCEF) already requires background checks on all board members, as is required for mortgage lender licenses in certain states, discussed if background checks should be conducted on all appointed and/or elections positions with Synod; and

WHEREAS, On January 18, 2023, the Committee recommended not implementing background checks for Synod Board members or other elected or appointed positions because there are no regulatory requirements, as only LCEF and CP/CPS operate in regulatory and business circles requiring board members to undergo background checks; therefore be it

*Resolved*, That the Board of Directors adopt the addition of subsection 4.5.2.13 to The Lutheran Church—Missouri Synod Board of Directors’ Policy Manual, as shown in Exhibit A (p. 217/308), to provide for the Personnel Committee to confirm all future appointments to the Board of Trustees—Concordia Plans / Board of Directors—Concordia Plan Services based on the successful completion of a background check.

(E) Synod Officer Salaries

The Department of Human Resources conducts an annual review of local and national salary trends and compares them with the current LCMS salary ranges and actual salaries. The objective of this analysis is to measure the ability of the International Center employers to remain competitive with the local not-for-profit

market. Based on data points shared through market data surveys, it is recommended to budget 3–4% for salary increases in FY24/25. Per Board of Directors’ Policy 5.6.6.6, the board approves the salaries of the Synod officers.

It was moved by the Personnel Committee (p. 218/308) and adopted, the President and Secretary abstaining consistent with Bylaw 1.5.2 (b)(3):

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

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

*Resolved*, That effective July 1, 2024 the President, the Secretary, the Chief Administrative Officer the First Vice-President, the Chief Financial Officer and the Chief Mission Officer receive a salary increase for FY24 at the same percentage awarded to non-officer employees.

(F) Chief Administrative Officer Master of Business Administration Resolution and Agreement

The board entered executive session.

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**95X. Executive Session II: Chief Administrative Officer Master of Business Administration Resolution and Agreement**

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The board returned from executive session, having adopted the motion put by the Personnel Committee (p. 219–22/308), requesting it to be reported in open session:

WHEREAS, The Board of Directors February 2024 regular meeting adopted a resolution to support CAO Loc’s application for admission to the Washington University’s Executive MBA program and Baylor University’s online MBA program; and

WHEREAS, CAO Loc was to report his final decision to pursue an MBA program at the institution of his choice in the May 2024 regular meeting; and

WHEREAS, CAO Loc has decided that the Washington University Executive MBA program is best suited to meet his needs in fulfilling his role as CAO; and

WHEREAS, The Washington University Executive MBA program has accepted CAO Loc into the program in Fall 2024; and

WHEREAS, The Washington University Executive MBA program begins in August 2024 and ends in April 2026. The attached calendar indicates the regular class weekends do not conflict with the regularly scheduled Board of Directors meetings during this triennium; and

WHEREAS, The total tuition and fees equal \$146,300 before any applicable scholarships, and CAO Loc has been granted a Non-Profit scholarship valued at \$30,000. Attached in the docket is Schedule A (pp. 220–21/308), which includes the billing schedule that indicates a reduction in payments to account for the scholarship; therefore be it

*Resolved*, That the Board of Directors approve CAO Loc’s acceptance into the Washington University Executive MBA program; and be it further

*Resolved*, That the Board of Directors authorize payment of tuition and fees and any applicable travel expenses related to the residencies in Washington D.C. and international residency as outlined in the attached billing schedule and calendar; and be it finally

*Resolved*, That the terms of the agreement attached in Schedule A (pp. 220–21/308) be approved.

(G) Authorization of Lutheran Church Extension Fund Loan to Church Partner *Iglesia Luterana del Uruguay*

CMO Robson, noting that this action provides housing for an LCMS alliance missionary, proposed the following resolution (pp. 262–65/308), which was moved and adopted:

WHEREAS, A mutually satisfactory proposal has been developed in discussions between the *Iglesia Luterana del Uruguay* (Lutheran Church of Uruguay, “ILU”) and the Lutheran Church Extension Fund (“LCEF”) for the issuance of a residential real estate loan from the LCEF to the ILU, currently estimated in an amount not to exceed US\$230,000; and

WHEREAS, The loan funds under the proposed arrangement would be used for the purchase of a missionary pastor’s residence in support of the ministry of ILU’s San Pablo congregation located in Salto, Uruguay, as set forth in the attached (1) ILU–San Pablo congregation request letter and (2) LCEF term sheet; and

WHEREAS, The ILU is a valued international church partner in full altar and pulpit fellowship with The Lutheran Church—Missouri Synod (“LCMS”) and the proposed loan financing arrangement thus falls under the LCEF operational charter as set forth in 2023 LCMS Bylaw 3.6.4; and

WHEREAS, The proposed loan financing arrangement has the endorsement of the LCMS Office of International Mission (“OIM”) and LCMS Chief Mission Officer, as it supports OIM strategy and operational plans within the OIM Latin America–Caribbean Region and in ongoing collaborative mission and ministry efforts between the LCMS OIM and the ILU; therefore be it

*Resolved*, That the Board of Directors authorize, under Bylaw 3.6.4, the issuance by LCEF of a residential real estate loan, substantially as described, to the *Iglesia Luterana del Uruguay*, a partner church in full altar and pulpit fellowship with the Synod.

For the board’s Lutheran Entity Activity Development (LEAD) committee, Andrew Grams noted that a policy would be developed to standardize the handling of loans to partner churches.

(H) Authorization of Security for Lutheran Church Extension Fund Construction Loan to the College Hill Foundation, a Recognized Service Organization

CFO Haak proposed and explained the following resolution (p. 266/308), which was moved and adopted:

WHEREAS, The College Hill Foundation is a Recognized Service Organization (RSO) of the LCMS, established in accordance with Synod Bylaw 6.2, serving the College Hill neighborhood of St. Louis, MO to support the restoration of the neighborhood to “a family-friendly, safe, and prosperous community for current and future residents”; and

WHEREAS, The LCMS previously supported affordable, quality housing for low-income individuals through the now-disbanded Lutheran Housing Support Corp. (“Housing Corp.”); and

WHEREAS, Upon the unwinding of the Housing Corp., its remaining net assets were absorbed by the LCMS and remain on deposit with LCEF; and

WHEREAS, The College Hill Foundation has presented a plan to LCEF to purchase, rehabilitate, and resell abandoned housing in the College Hill neighborhood to both improve the housing stock in the neighborhood and generate a profit to assist in funding their operations; and

WHEREAS, The LCMS has been invited to support this work by using a portion of the remainder funds from the Housing Corp. as surety against LCEF’s loan to the Foundation for this purpose; and

WHEREAS, LCMS President Harrison has indicated his support for the involvement of the LCMS in this work and the work of the organization; and

WHEREAS, Board Policy 6.3.8.3 indicates corporate Synod shall not guarantee any debt other than debt for corporate Synod, requiring the board's specific authorization to be sought; therefore be it

*Resolved*, That the Board of Directors authorize collateralization of a portion of the funds on deposit with LCEF from the dissolution of the Housing Corp. for a loan from LCEF to College Hill Foundation for the purposes of rehabilitating houses in the College Hill neighborhood of St. Louis, in an amount not to exceed \$300,000; and be it further

*Resolved*, That the CFO and CAO be authorized to execute the final agreement with LCEF for this purpose.

(I) July 1, 2024–June 30, 2025 (FY2024–25 or FY25) Mission and Ministry Operating Budget

It was moved (p. 267/308), with two additional *resolves* as developed by the Secretary, reflective of the board's earlier discussion:

*Resolved*, That the LCMS Board of Directors approve the 2024/2025 (FY25) Mission and Ministry Operating Budget as follows:

Total Revenue & Net Asset Releases	\$ 78,660,000
Use of Board Designated Funds	\$ 2,011,000
<u>Total Spending Plan</u>	<u>\$ (80,620,000)</u>
Surplus	\$ 51,000

and

*Resolved*, That the LCMS Board of Directors allow non-material deviations to be made by the CFO to set final budget consistent with the intentions of a surplus/balance budget; and

*Resolved*, That the Board of Directors approve all positions included in the budget as fillable, with the Operations Team charged to fill positions responsibly and report status and financial implications to the board on a quarterly basis; and

*Resolved*, That the Board of Directors specifically authorize, as required by its Policy 5.3.4.2, the Chief Financial Officer and Chief Administrative Officer to execute a five-year software service contract related to the digital platform redevelopment as included in the Communications budget.

It was moved to substitute for the final resolve the following:

*Resolved*, That no further implementation of the digital platform redevelopment take place without authorization of the Board of Directors.

After discussion in which CMO Robson clarified that execution of the contract is essential to keep the planned timeline, but others questioned clarity of objectives and outcomes, the amendment failed.

The budget motion was thereupon adopted as originally moved.

(J) July 1, 2024–June 30, 2025 (FY2024–25 or FY25) Capital Budget

It was moved (p. 268/308) and adopted:

WHEREAS, The Board of Directors policy requires all Synod department to submit their requests for capital items as a separate annual budget for approval; and

WHEREAS, The Chief Financial Officer has identified the source of funding to be general corporate cash or, when authorized by the BOD, capital debt, as necessary; and

WHEREAS, Departments and other corporate entities are charged for the capital acquisitions over the estimated useful life of the asset via depreciation; and



WHEREAS, The capitalization level is \$5,000. All items with a purchase price exceeding \$5,000 and a useful life of longer than one year or an aggregate amount exceeding \$5,000 when purchased together are capitalized; therefore be it

*Resolved*, That the Board of Directors approves the FY25 capital budget request totaling \$1,750,000 as shown below with funding provided by corporate cash, capital debt, restricted funding, and/or through allocations to other corporate users, subject to adequate funds being available, as determined by the CFO.

<b>Capital List:</b>		<b>FY25</b>
KFUO Tower	\$	670,000
LCMS.Org Project	\$	570,000
Information Technology / Computers	\$	223,000
Building Projects	\$	140,000
Others/Contingency	\$	147,000
Total Capital	\$	1,750,000

(K) Revision of Board Policy 4.5.1 regarding Appointment of Board Members to Obtain Additional Skill Sets

The Governance Committee withdrew a draft policy for further refinement by the committee (pp. 269–71/308).

**96. International School Update**

The board entered executive session.

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**96X. Executive Session III: International School Update**

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Vice-Chairman Grams thanked Matt Buesching and Thompson Coburn for their service as general counsel; Buesching, on behalf also of Attorneys Lubben and Strand and all of Thompson Coburn noted appreciation for the board's confidence in many years of service and that they continue to keep the LCMS and its new counsel in their prayers.

**97. Concordia University System Update**

CFO Haak updated the board on activities related to CUS:

- Regarding the prospect of Synod developing a means of providing financial resources to the CUS universities, CFO Haak, CMO Robson, and Hofman have discussed setting up something similar to the Joint Seminary Fund, looking at distribution of funds based on a rolling average of church worker graduates to reward universities for meeting the needs of the Synod. Communication with the CUS board and university advancement units will be getting underway. Chairman Preus noted that after a thorough evaluation of the study the board will need to determine whether any model devised would be workable and beneficial.
- Regarding the activity described in Bylaw 3.3.4.10.1, Haak proposes to gather financial information and report to the BOD, including some management comments from the universities' financial officers and trend analysis; the network can be used to understand and address issues as they arise. No appointment of a fixed committee is requested at this time.

CAO Loc updated the board on activities related to CUS:

- Training of Synod university regents is scheduled as an in-person event for June 18–19 with 57 attendees registered so far. Chairman Preus noted appreciation that LCEF is underwriting the event, which has helped to achieve what should be a very valuable in-person event.
- A “backstop” agreement with Concordia University Chicago has been drafted regarding the name *Concordia* and is in discussion with university counsel. Arrangement of agreements with the other universities will follow.

#### **98. Meeting Review**

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

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#### **98X. Executive Session IV: Meeting Review**

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#### **99. Adjournment**

Having concluded its agenda, the board adjourned.

John W. Sias, *Secretary*