MINUTES

BOARD OF DIRECTORS
November 15–16, 2018

215. Call to Order and Opening Devotions

Chairman Michael Kumm called the board's November meeting to order with all board members present. Newly joining the board was the Rev. Josemon T. Hoem, the member appointed in August to fill the vacancy left by the April resignation of the Rev. Eric Ekong. Also in attendance were Chief Administrative Officer Frank Simek, Chief Financial Officer Jerald Wulf, Chief Mission Officer Kevin Robson, and General Counsel Sherri Strand.

Chairman Kumm called upon the Rev. Daniel McMiller, Executive Director of the Office of International Mission, to offer opening devotions at the outset on Thursday and Friday, which he did on the basis of Luke 16:1–13 and 1 Cor 3:18–23, respectively.

216. Adoption of Agenda

The meeting agenda (pp. 8–9/227 of the printed board docket, attached to the protocol copy of the minutes) was moved and adopted with the addition of the (erroneously omitted) consent agenda and a brief presentation by representatives of the Concordia University System.

217. Consent Agenda

The meeting's consent agenda (pp. 10–11/227) was moved and adopted with the President's report and financial report removed for separate discussion:

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

WHEREAS, The Board policy reads

3.6.2 Consent Agenda

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

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

3.6.2.3 The board chair shall be responsible to approve the proposed consent agenda for each meeting upon recommendation of the Chief Administrative Officer. The consent agenda shall be distributed with the meeting docket no less than one week prior to the meeting. The consent agenda will be presented to the board for adoption as soon as practicable after the opening devotion on the first day of the meeting.

3.6.2.4 Any item which appears on the consent agenda may be removed from the consent agenda by a member of the Board. Items removed from the Consent Agenda will be considered at another time during the meeting as determined by the Chairman. The remaining items will be voted on by a single motion. The approved motion will be recorded in the minutes, including a listing of all items appearing on the consent agenda.

therefore, be it

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

- Officer Reports
  - ~~Report of the LCMS President~~
  - Report of the First Vice-President
  - Report of the Secretary
  - Report of the Chief Administrative Officer
  - Report of the Chief Mission Officer
- Administrative Services Reports
  - Human Resources (Confidential)
- ~~Financial Services Reports~~
  - ~~Risk Management~~

- ~~Internal Audit~~
- ~~Accounting~~
- Board of Directors Committee Reports
  - Governance Committee
  - Personnel Committee
- Action Items
  - Approval of August 24–25, 2018, Minutes

and be it further

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

218. <u>President Harrison's Report</u>

Chairman Kumm called upon President Harrison to extend upon his written report, which reviewed the highlights of the past 8 ½ years of his service as President (pp. 33–42/227).

President Harrison noted that he had just come from an excellent Council of Presidents meeting. The meeting included a day-long discussion of the relation of the priesthood of all believers and the office of the holy ministry, and the relation of these two loci to the use of licensed lay deacons in, essentially, a pastoral capacity. The discussion related practically to the implementation of 2016 Res. 13-02A and the future provision of workers for congregations in challenged circumstances. First Vice-President Mueller, reporting good cooperation with the presidents of districts having licensed lay deacons and intense weeks of labor interviewing those deacons, noted that the SMP colloquy process established by Res. 13-02A seems to be running ahead of the hoped-for schedule. In a field of perhaps 256 potentially colloquizing licensed lay deacons, 107 SMP colloquy and 44 exception requests have been received (6–8 more licensed lay deacons applied, due to their experience, for general colloquy). Of these, 33 men have been finally certified for colloquy, 52 are awaiting Synod colloquy confirmation of regional colloquy certification, 13 colloquies are declined or delayed, 2 men were transferred to regular colloquy, and 7 will soon interview. A good pace is set for much more progress before the 2019 convention. Mueller and Harrison expressed assurance that Res. 13-02A is "doing the right thing" with an "issue that had troubled the Synod since at least 1989" and that the Synod now needs to be—and is—working together to make sure that congregations in challenged contexts get regular pastoral care. Harrison noted good collegiality and humor on the council, which at this meeting elected its committees and representatives for the next three years.

President Harrison noted progress in the Synod's international church relations, with 22 church bodies presently pursuing fellowship with the Synod, and in the mission fields, noting updates from Nepal, Sudan, Ethiopia, and Kenya. Progress is not without challenges; Synod's regional center in Ouagadougou, Burkina Faso, is relocating due to danger from Islamic militants. Harrison visited South Korea for a 60th anniversary of our Korean partner church's founding, where Rev. Maynard Dorow and Rev. George Riemer, two founding missionaries, preached during the festivities. Ties with the Lutheran Synod of Mexico are strengthening: around ten students are enrolled in the Mexico City seminary, where Synod's missionaries are working. Seventeen new members have brought the International Lutheran Council (under a newly revised structure) to a total of 54 church bodies, representing 7.15 million Lutherans. Harrison noted a "sweeping victory" in the courts of India that has recovered a great deal of property for the legitimate use of the legitimate leadership of our partner there, the India Evangelical Lutheran Church. The typhoon-ravaged seminary in Nagercoil, India, is also being rebuilt with LCMS mercy funds. Domestically, interesting interchurch dialogues continue with the Anglican Church in North America, North American Lutheran Church, and Wisconsin Evangelical Lutheran Synod.

Over 1,900 congregations, a record number, are supporting Synod's international missionaries. The Global Seminary Initiative has brought $3.8 million (M) to Synod's seminaries for work abroad (an amount additional to the support the Synod provides to the seminaries which, while a small part of their operational cost, Harrison noted, has not declined in recent years). A Lutheran university is also being established in Uruguay, one of the most secular countries in South America.

On the National Mission front, a thorough, fact-based analysis of Synod demographics has been presented and received much reflection; now the focus is on the way forward. Analysis has noted many places that, demographically-speaking, the LCMS should be that, at present, it is not. Getting the word out to *panta ta ethne*, to all the people, means planting churches not just in urban and rural areas but also in *growing exurban and suburban* situations. Building where populations are growing reaches many people and may allow congregations planted to be not only self-sustaining but able to strengthen the base of support to reach everywhere that resources are scarcer.

The President noted that the Boards of National and International Mission are functioning well as elected bodies, exercising significant control by their policies over the domestic and foreign mission activities of national Synod. There is an earnest focus on the convention-designated mission priorities of the Synod, from their board-specified policies down through their implementation by the mission offices. Chief Mission Officer Robson and executive directors Zagore, McMiller, and Baneck (of LCMS Pastoral Formation) are faithful and working well. On the administrative side of International Mission, staff is working toward integration of the mission field operations into Synod's accounting system—a move that will reduce audit complexity and improve fiscal planning and detailed reporting. Harrison noted that the LCMS Mercy Fund, a "shared account" that provides for immediate availability of funds to meet mercy needs both national and international, is growing past $1.4M to a goal of $2.0M. This will help ensure that significant funds are regularly available when the church needs to respond quickly.

The Koinonia Project (http://www.lcms.org/about/leadership/president/koinonia-project) has proven a significant blessing to the Synod. Former Minnesota South District President Dean Nadasdy credits the process with reuniting his district after a period of some division. Koinonia work continues with the Council of Presidents and elsewhere. The President and vice-presidents have also reinvigorated the practice of district visitation beyond attendance at district conventions. The President is now in a third round of visits with district boards of directors, praesidia, and circuit visitors, face-to-face "to build each other up and encourage one another in the mission of Christ."

President Harrison noted that while attending a pastor's service milestone celebration a young family introduced themselves as having been brought—improbably, by reading the "Joy:fully Lutheran" district convention report shared by an LCMS relative—"from years of being burdened by guilt in non-denominational churches" to joyful hearing of the full Gospel in an LCMS congregation. "Joy:fully Lutheran—Rejoice, Pray, Give Thanks" is the Synod's July 20–25, 2019, convention in Tampa, Florida.

The recruitment, education, continuing education, and support of church workers remains an important focus. The Joint Seminary Fund raises nearly $2M annually, divided between the seminaries. The Pastoral Formation Committee (Bylaw 3.10.4f.) is working toward greater coordination and collaboration between the seminaries, and the Post-Seminary Applied Learning and Support (PALS) program is being expanded and renewed for new pastors and their wives. Concordia University System (CUS) is launching a hard, coordinated push to bring potential church workers to our schools. Harrison noted a desire on the part of CUS campus leadership to unite small, under-endowed institutions in a more strongly coordinated effort. With four presidential vacancies impending, "this is a good time to talk structure." Harrison reported meeting with the CUS presidents yesterday and noted that they came out of the meeting "completely united." Despite "rumor and innuendo to the contrary," Harrison expressed his feeling that any movement toward an administratively more unified, cohesive system, is, and will have to be, organic, coming from within the system.

In closing, the President noted that the Office of National Mission is, along with a renewed focus on outreach, revitalization, and church planting, "pushing hard on lifetime discipleship: making disciples who will be in church every Sunday and living the Christian life among their neighbors and families."

It was moved and seconded to receive the President's report. A board member requested that one statement regarding Concordia Portland be removed (p. 38/227), which request the President granted. The board accepted the report.

219. <u>Financial Report</u>

Chief Financial Officer Jerry Wulf presented the financial report (pp. 56–57, 79–97/227). Extending upon written remarks, Wulf noted that many staff are working on implementing recommendations of the recently-concluded accounting assessment. Initial budget discussions with the various programs and executive directors have been underway almost two months, driven by changes to the Financial Accounting Standards Board (FASB)'s changes to the Generally Accepted Accounting Principles (GAAP) for not-for-profit corporations, laid out in Accounting Standards Update (ASU) 2016-14. These will require a more precise distinction of fundraising and program costs.

As part of this process, required to be implemented in the FY2019 financial statements, the definition of "program expenditure" has been revisited: previously, it was applied only to expenditures under the mission boards of the Synod; under clarified FASB GAAP standards, activities of officers and offices that contribute to the fundamental objectives of the Synod, providing services for or on behalf of our members, will also be reported as program spending. CFO Wulf is working with executive leadership to differentiate these *program activities* from *management and general activities*. One consequence of this and other changes to accounting standards is that financial statements at June 30, 2019 will not be as comparable as usual to those of June 30, 2018. Corporate Synod's accounting system is presently being upgraded and expanded. The upgrade will allow accounting of foreign currency transactions, which will in turn allow integration of OIM regional business office accounting. Successful conversion will take some time and collaboration.

CFO Wulf noted the accounting report, in which the first quarter ended with an unrestricted net asset gain of $309K (including the Joy FM payment received in July). As is typical through the end of September, spending is in advance of receipt of gifts in certain areas (Office of International Mission, KFUO Radio, and Mission Advancement). Wulf reviewed these revenue-relative variances with the Audit Committee, and indicated that these may be expected to correct themselves in coming months. At the end of the first quarter, cash on hand stood at a "healthy" 32 days of spending; of $5.2 million (M) in cash on hand, $1.3M belonged to related entities. Current operating cash is $8M, with $760 thousand (k) of that held for related entities. Wulf underscored that Corporate Synod's unrestricted, undesignated net asset position has improved since June 30 (through a typically slow revenue period) by almost $400k to date (Nov. 15). Significant bequests now being processed will benefit various programs by a total of almost $2M.

A board member noted that a quick ratio of 0.70, despite its improvement from 0.42 a year ago, is still less than 1.0, and therefore not what he'd call a "healthy" position; also, that more reporting on designated funds would be helpful, and that a better rate might be hoped for on Synod's $10M line of credit than "cost of funds plus 2.5%." Chairman Kumm passed the chair to Vice-Chairman Everts to ask a series of questions, to which CFO Wulf responded:

- Regarding negative variances in departments being explained as "timing of revenue issues," and the question why "money is being spent that we don't have," Wulf responded that LCMS Accounting does limit such spending to areas where funding is "known to be coming." Some cash flow timing issues are unavoidable, for example, in pre-payment of educational expenses for missionary families overseas. The LCMS Youth Gathering and convention have also both required pre-payment of certain expenses, which will soon be covered by registrations and assessments.
- Regarding the authority to expend bequests, it was noted that bequests are spent consistent with purposes specified by donors, on a case-by-case basis, and also consistent with the budget, which gives the authority to expend funds. Conservatively estimated bequest revenue is included in the revenue side of the budget.
- Regarding the integration of Office of International Mission regions into the unified corporate Synod accounting system, it was asked if this would include all receipts, disbursements, and transactions. CMO Robson noted that full accounting is already done on a separate system and consolidated into Synod's system. Integration will allow all transactions to be seen, and insight obtained, "top to bottom" within one accounting system.

With Chairman Kumm resuming the chair, CFO Wulf noted, in response to another board member's question, that the allocation of "general and administrative (G&A)" costs to the various line items has been postponed since the beginning of the fiscal year due to a need to adjust to the new FASB GAAP. Once the compliant formula is finalized, these expenses will be reflected in the regular financial statements; an estimate is available as an addendum in the interim. The financial report was, finally, accepted by the board.

220. <u>Audit Committee Report</u>

Audit Committee Chairman Keith Frndak presented the report of his committee, which met on Nov. 14 with representatives of Synod's auditor, Brown Smith Wallace. In addition to previewing the audit presentation, the committee discussed reliance on overseas auditors to audit the assets of LCMS Holdings, an unavoidable complication. Communications to stakeholders were also reviewed. Noted in the audit report and in the committee's discussion was the continued slow decline in district giving over recent decades and the concomitant deficit spending of corporate Synod's unrestricted net funds. After nearly an hour of good discussion with the auditors, the committee unanimously approved the audit report for presentation for the board.

The committee positively received a report on LCMS Accounting's progress in implementing the recommendations of the recently concluded auditing assessment, as well as a "very well done" report by LCMS Risk Assessment and a report evidencing "good focus" in LCMS Internal Audit.

The board accepted the report of the Audit Committee.

221. <u>FY2018 Consolidated Financial Statements and Independent Auditor's Report</u>

The board welcomed Frank Megargel, Janet Ramey, and Thomas Hill of Brown Smith Wallace to present the June 30, 2018, Consolidated Financial Statements and Independent Auditor's Report for The Lutheran Church—Missouri Synod and Subsidiaries (Concordia Plan Services; LCMS National Housing Support Corporation; LCMS Holdings, Ltd., Hong Kong; and Lutheran Center for Religious Liberty [LCRL]). The auditor's report, dated Nov. 15, 2018, is an unmodified opinion (with the notation that Brown Smith Wallace relied on the work of an outside auditor, Moore Stephens, regarding the LCMS Holdings, Ltd., Hong Kong, component statement). An opinion is also offered on supplemental statements on constituent entities, but not on natural classification of expenditures, as this was not required by accounting standards.

Ramey reviewed auditor and management responsibilities with regard to the audit and noted the cooperation of staff with the audit team and staff's significant labor in crafting the financial statements and working towards implementation of ASU 2016-14 (noted above in the financial report). Ramey reported a very good relationship with the management team, with no difficulties in performing audit work, no disagreements with management, no need to consult with other accountants, and no independence issues.

Thomas Hill presented a few audit details. The audit required no correcting adjusting journal entries with impact on net assets. Hill noted a number of "sensitive disclosures" worthy of the board's attention (p. 55/69 of the audit report, included in the protocol version of the minutes).

Janet Ramey noted the internal control recommendations of the prior year audit had been implemented, although there one repeat finding of a single-instance error in the authorization of disbursements in line with Synod policy (expenditure was appropriate, but procedure was incorrect). This year's report includes no current year advisory comments on internal control.

Ramey reviewed her discussion with Audit Committee regarding FASB ASU 2016-14: "Financial Statements of Not-For-Profit Entities." This accounting standard update impacts six areas: liquidity and availability of resources, net asset classification, underwater endowments, expense reporting, investment return, and cash flow statements. A core financial statement (instead of a supplement) will need to address functional expenses; no opinion has been issued (or been required) on this statement in the past. Costs must be accounted "from a direct and non-direct perspective" and methodologies for allocation will have to be presented. This will be additional work for auditors when they address the FY2019 financial statement, and significant extra work for LCMS Accounting in presenting information to the new standard. Perhaps most significantly, an "availability and liquidity" footnote will be required of not-for-profits, indicating, on a consolidated basis, available assets to cover the next year's operations.

Ramey noted other upcoming accounting standards changes, such as ASU 2014-9, regarding revenue recognition, which will not have significant impact for LCMS but may for LCMS Holdings, Ltd., Hong Kong (for implementation in FY2020). An upcoming lease standard, ASU 2016-02 (for implementation in FY2021), will put most leases on the balance sheet, requiring a review of capitalization policies.

Janet Ramey turned to a five-year summary analysis, for corporate Synod only, of financial position, activities, operating reserves, board designation, and total net assets (p. 61/69). She noted "insignificant change" in total net assets and liabilities over the past five years, but a "significant change" in the ratio of restricted to unrestricted revenues. The deficit in operating reserves (undesignated, unrestricted assets) has increased from $5.8M to $13.3M. This deficit exceeded board-designated cash assets (not subject to donor restrictions) by $1M at the beginning of the period, and now by $4M. Ramey noted that the FY19 financial report will need to include an availability and liquidity footnote, underscoring a need to "manage to the balance sheet" (as well as to the budget).

Through the five-year period, temporarily restricted assets (p. 62/69) have remained "approximately consistent at $38M." Significant annual temporarily restricted revenues, however, are spent directly on designated projects, having no impact on equity. Permanently restricted assets have increased from $30M to $34M but the principal is untouchable. Unrestricted revenues "in the door" are simply not sufficient; the FY2018 operating deficit (taking into account undesignated and board-designated unrestricted assets) amounted to $161k. Ramey noted that not-for-profits generally are suffering in a general transition from undesignated to designated revenue. The LCMS is not alone, but the issue needs to be addressed. District revenue, a key component of LCMS unrestricted revenue, has dropped, in continuation of a steady long-term decline, from $15.2M in 2014 to $13.9M in 2018. Ramey noted that the ratio of "functional to total" expense is in line with what is expected for a typical not-for-profit, indicating the problem is not simply one of excessive general and management expenses needing to be trimmed. Discussion noted the need to improve unrestricted revenue applicable to current-year expenses in terms of gifts and development work, and the need to maintain funding expendable on core functions of the Synod.

The auditors' opinion, dated November 15, 2018, indicating that the financial statement fairly presents, in all material respects, the consolidated financial position of the LCMS and named subsidiaries, and that the statements reflect generally accepted accounting standards, is unmodified and identified no material weaknesses in internal control, and has been reviewed with the auditors by the Audit Committee. It was moved and carried that the board accept the Audited Consolidated Financial Statements of The Lutheran Church—Missouri Synod for the year ended June 30, 2018.

222. Legal and International Legal Report

It was moved and carried to enter executive session for General Counsel Sherri Strand's legal report. All non-board-members were excused, except for counsel and Chief Administrative Officer Simek.

222X. Executive Session I: Legal and International Legal Report

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223. Joint Session with the Council of Presidents

The board joined the Council of Presidents for a joint break, meeting, and discussion over lunch.

Chairman Kumm introduced the board's new member, Rev. Hoem. Turning to his presentation, Kumm reiterated his theme that we "can't keep doing Synod's business the way we've been doing it the last fifty years." Corporate Synod has now performed thoroughgoing, third-party assessments of its facilities management, accounting, and information technology functions, as well as several other aspects of its work. Outside recommendations have been received and implemented. Activities are increasingly coordinated and shared, where this makes operational sense, with those of the synodwide corporate entities. Best practices are being brought to corporate Synod's operations. Efforts have included:

- three levels of analysis performed in concert with Concordia Plan Services in the information technology area, with staff, strategy, and software adjusted, and new sharing of services. The purpose was not just to save money or reduce personnel expense, but to improve function and leverage technology and collaboration. The total cost savings to LCMS and CPS is $800k/yr.
- a review of facilities management for the International Center. Staffing has been adjusted and a nationwide property management firm contracted to perform building and facilities management with lower overhead and improved purchasing power.
- a national accounting firm assessment of corporate Synod accounting operations. Technology updates and restructuring are underway to improve efficiency, analysis, and reporting to the Synod.

The board is trying to make administration as cost-effective as possible while maximally supporting the mission of the Synod with more efficient and more effective resources. Kumm thanked CAO Simek, CFO Wulf, and CMO Robson and their staffs for their cooperation in all these efforts. He noted the very good, cordial and conciliatory working relationship of the members of the board, who work well together with their diverse perspectives.

Council of Presidents Chairman David Maier, president of the LCMS Michigan District, reflected on the Council of Presidents (COP) as a tremendous group of men, called into the ministry, who have seriously taken up their special role in the Church as supporting our workers in "letting the light of Christ shine throughout the Church." Maier introduced the eleven new members of the Council and noted that their gifts already became apparent during their orientation at the International Center in September, concluding, "The Church will be blessed." Maier described the Council meeting just concluded as involving a significant theological discussion and koinonia groups on the priesthood of all believers and the office of the holy ministry. Guest participants and presenters on the topic included two men from the Northwest District and representatives of the Commission on Theology and Church Relations.

Maier noted that the council provides a valuable opportunity for mutual conversation between the President and the district presidents on sometimes sensitive matters. He noted that the COP would look forward to the creation of a joint working group, involving COP and BOD members, to consider some of the challenges facing the Synod. The desire was noted for substantive interaction between BOD and COP at meetings like the present one, if such are to continue.

With the floor opened for discussion, a few topics were noted:

- A perceived lack of communication between BOD and COP in the process leading up to the closing of Concordia College Alabama. The closure of a college, it was noted, affects the whole Synod, the confidence of congregations in perceived "ownership" of Synod's institutions, and the point-of-view of other stakeholders. Kumm responded that the board [members] are not just the "hard-core bean-counters" but have considered, in this case, the impact on students, faculty, Synod, etc., and that the board did try to keep COP informed to the extent possible while respecting other obligations.

- The idea was floated that perhaps a small group of the COP might be able to handle more sensitive communications with BOD, or at least that BOD and COP might learn from these events to develop a better communication process for working together more closely on tough issues.
- It was suggested that both BOD and COP might review their sessions and need for interaction with the following sorts of questions:
  - What have we dealt with that require transparency with or input from the other group?
  - How do we think through our communication with the constituency of the Synod?
  - How do we foster fraternal working relationships that give leadership to our Synod?
- In response to a question regarding the marketing of certain Synod properties in Hong Kong, Kumm responded that the proceeds of any sale have not yet been designated by the board.

Chief Mission Officer Robson presented a progress report on the 2016 Res. 4-03B Task Force on the Recognized Service Organization (RSO) Program. The task force values RSOs and sees them as an "integral and robust part of the Church's mission" with unique skills and capacities, both domestically and abroad. Robson invited BOD and COP input as the task force prepares its report. Commenting on a summary infographic, Robson noted that the RSO program today is completely undifferentiated, a monolithic approach to a diverse set of organizations. The proposed approach would differentiate, within the ongoing RSO umbrella, among witness, educational, and mercy service organizations. The application and renewal process will recognize distinctions of work and the distinction between tier 1 and tier 2 organizations in the educational and mercy areas: "Tier 1" organizations would be able to put the explicit confession of the church "at the forefront, 24/7;" "tier 2," working under funding or regulatory constraints, might not able to do so explicitly in their work, yet are able to do their work in a manner that does extend the mercy of the Church and draw those served tangibly into the Church's life. On the administrative side, increased participation of the districts in the interaction with RSOs is desired—a feature that could be built up over time, as it makes sense. Worker calls by RSOs will be better defined. A triennial conference is an idea being discussed, as are means for recovering at least part of the program cost.

Discussion noted that requirements for LCMS membership on RSO boards could be differentiated based on tier. Kurt Senske, LCMS board member and chief executive officer of two RSOs, one mercy-directed, and one education-directed, spoke appreciatively of the proposal's "reflecting the day-to-day work and struggles" of "tier 2" organizations and of its reflecting more concretely his organizations' desired (and existing) close relationship with their district.

Chairman Kumm offered a closing and meal-blessing prayer, and the groups joined together for lunch.

224. <u>Office of International Mission</u>

The board welcomed the Rev. Daniel McMiller, Executive Director of the Office of International Mission (OIM), to report on the work of his office. McMiller noted that he's been in international mission since 1985 and that he is "honored to have served the 6,000 congregations of the Synod in various related capacities over the years." He recalled raising his own funding as a missionary and spoke positively of the network support model and its encouraging missionaries "to be a direct voice to the churches that support them about the work missionaries do on behalf of the whole church." Missionaries have boiled down the Synod's objectives as apply to international mission to a simple tri-partite form:

- Spread the Gospel
- Plant Lutheran congregations (with a special emphasis on promoting pastoral formation, the number one request from all but the few long-term established partner churches of the Synod—

formation is done not just in academic theological education but in the context of congregational work)
- Show mercy—especially in a form and model that the local church can sustain

McMiller noted that OIM cannot do this all by itself. The first “ends policy” of the Board for International Mission (BIM)’s policies (which govern OIM) is that “OIM promotes *cooperative* work and the unity of the true faith to evangelize the world.” “OIM facilitates cooperation and collaboration between LCMS agencies, districts, congregations, auxiliaries, RSOs, and partner churches so that the mission and ministry of the Synod is extended and our life together is enhanced.” McMiller, noting that “a cooperative spirit and alignment of resources can bring great benefit,” outlined the broad cooperation and collaboration in which OIM engages increasingly with all manner of Synod entities and constituents:

- with Concordia Plan Services, to support 125 international missionaries on the same level as if they were in the International Center
- with the Lutheran Women’s Missionary League (LWML) to wisely respond to grant requests
- with the Lutheran Hour Ministries board, directors, and field offices, to coordinate activities and resources for overseas work
- with Synod’s seminaries and the CUS Universities (McMiller noted work in Uruguay, in partnership with Concordia University Wisconsin)
- with individual professors, pastors and laity (including the short-term mercy medical work of 35 mercy teams and 235 individuals)
- with some of the hundreds of non-RSO mission societies (OIM does try to strategically align work even with these, so as to honor partnerships with local partner church bodies.)
- with 180 chaplains (OIM), which sometime assist with international congregations
- with international congregations and Synod’s three international schools
- with Lutheran World Relief, in certain shared projects.

OIM coordinates and collaborates also within corporate Synod, with the Chief Administrative Officer (CAO) and Chief Financial Officer (CFO) on contracts and accounting and on improving procedures in the regional offices, where overworked regional business managers, OIM staff, have significant responsibilities to the CAO and CFO. Strengthening connections also exist with KFUO and, importantly, with the Office of the President, Church Relations, and the International Lutheran Council. OIM works especially, of course, with the Chief Mission Officer (CMO) on areas under his supervision:

- Communications provides critical support in missionary support raising; missionary training for communication; a new website: http://international.lcms.org; *Lutherans Engage the World*, *Lutheran Witness*, *Reporter*, and http://www.lcms.org.
- Mission Advancement assists with missionary support raising (NSM support and accountability); Mission Central; Projects and Grants.
- Pastoral Education connects with seminaries and continuing education.
- Office of National Mission coordinates and collaborates on work at the Mexican border; in Muslim outreach; with returning Missionaries; and with Everyone His Witness, now translated into Spanish
  - There are over 30 men in theological education in Mexico, many of whom are engaged with LCMS congregations who “come down and help.” OIM helps interface, foster respect of the local church, and build a unified pattern of pastoral education.
  - Muslim outreach—a challenging area, as workers want to go back to closed countries
- Areas under shared oversight of OIM/ONM: Disaster Relief; Deaconess Ministries; Grant Management

OIM has the primary concern of “astutely serving our partner and emerging partner churches while faithfully bringing the Gospel to the ends of the earth.” Understanding situations, McMiller noted, takes time. Establishing churches is a multi-generational process. Synod's partner church in Brazil was founded in 1902, became independent in 1972 and financially independent in the 1990s. This took four generations—even in a church body built predominantly of German Lutheran immigrants. Successfully planting strong churches takes the sort of coordination and cooperation and consistency of purpose over generations that OIM aims to foster.

Other significant goals include:

- retaining career missionaries for the sake of understanding the context and our partner churches
- enhancing missionary care, assessments, and review (Rev. John Fale, former executive director, serves as missionary care advocate, especially for first two years on the field)
- continuing education in biblical missiology
- better security assessment with a dedicated staff member—we live in a complicated world of terrorism and government oversight—we need someone to keep on the lookout for the safety of our missionaries
- missionary retention (global directors with 70 years combined experience) aids understanding of partner and emerging partner context
- performing as a world-class organization with a sophisticated global reach and impact while remaining faithful to our calling and our Lord Jesus Christ—spreading the Gospel, planting Lutheran congregations, and showing mercy
- working with other organizations: McMiller noted the "only sending agency" language of Bylaw 3.8.3, a topic of some discussion in the Synod. OIM is seeking collaboration and cooperation. There is a lot of work to do. McMiller noted the Synod [convention] will have to address the challenge of coordinating the work originating within the Synod. OIM will align when and where possible and hopes to educate where there is potential for action without understanding that can do real harm.

Asked to explain "tiered budgeting," McMiller noted that Level 1 projects are fixed required expenses for facilities or otherwise necessary for staying "in-field," which are a challenge for designated funding. Level 2 projects are those that might resonate with donors but for which sufficient funding had not arrived. A new approach is taking shape, with "Priority 1, 2, and 3" projects. Mission Advancement has 350 international projects to raise fund for. Focus will be on the "top 100." Priority 2 work is sought and would proceed with funding available, but is not immediately essential. McMiller concluded by noting "great collaboration" ongoing with the CMO and Mission Advancement on supporting all this work within a sound budgeting process.

225. <u>Governance Committee Report</u>

Governance Committee Chair Preus offered the report (pp. 102/223) of his committee, which met Oct. 2. The committee:

- noted the request of the Commission on Handbook for the board to assist with the clarification of the "surplus institutional funds" language of Bylaws 3.10.5.5 (e)(2) and 3.10.6.4 (e)(2). The committee requested Chief Administrative Officer Simek and Secretary Sias to propose appropriate language (see action item below, pp. 201–2/223).

- requested that Chief Administrative Officer Simek and Secretary Sias review Policy Section 5.7, especially as regards making of appointments and filling of mid-term vacancies, to ensure policy and practice are aligned. Preus noted these policies may be outdated and/or not particularly well-written, but would take a significant amount of time to revise.

- noted that the board had embarked on a comprehensive review of its policy manual, but that had put on pause. It is desired that this process would be restarted at some point.

- noted that Policy 5.7.1.4 requires the Personnel Committee to present at least two candidates for an office to be filled, which contrasts with prevailing practice of the committee presenting a single recommendation. The board expressed its desire to proceed in accordance with the written policy.

226. Personnel Committee

Personnel Committee Chair Kathy Schulz offered the report of the board's Personnel Committee, which met Oct. 31 (pp. 105–178/223), noting that the committee reviewed the slate of candidates, as prepared by the "Bylaw 3.2.5 Committee," for the board's vacancy appointment to the Concordia Seminary (St. Louis) Board of Regents. The committee will make a recommendation of at least two names during the presentation of action items (pp. 203–204/223). Schulz noted with appreciation that the five candidates provided by the Bylaw 3.2.5 committee were all of exceptional quality. The committee is also reviewing its policies and practices.

227. Board Executive Structure Reorganization

With Val Rhoden-Kimbrough joining the board, Chairman Kumm noted one outcome of the accounting assessment, which was a suggestion that at some point in the future the function and role of the Chief Financial Officer (and its relation to the Chief Administrative Officer) be evaluated in light of the development of Synod's administrative structure. Kumm had asked CAO Simek, aided by Rhoden-Kimbrough and Sias, to explore, for the board's information and discussions, options for future executive structure organization.

CAO Simek noted that, historically, roles of the various officers under or attached to the board of directors have shifted over time and with their occupants and changing situations, but documents tend to lag behind. The present job description of the CFO was composed in 1998 and has not been significantly updated, despite significant changes in Synod and its relation to related entities. At that time, the present arrangement with synodwide corporate entities was still in its infancy and the relationship with Synod's worker benefit trust manager (CPS) was yet to be conceived. (The CFO was made an appointed officer, like the CAO and CMO, and removed from advisory membership on the Board of Directors at the 2010 Convention, but this change only minimally altered other responsibilities.)

Today the various entities are much more mature and have developed into essentially stand-alone operations. Hence, the relationship between Synod and the entities has evolved from direct oversight to indirect monitoring of business activities. The scale of corporate Synod operations has been reduced. Technology has changed accounting practices and enabled more strategic analytical guidance. Clear financial communication with constituents is now a critical need. These roles would naturally rest in the domain of a CFO, which has evolved in the business world to add strategic business analytics to compliance accounting. Other currently-assigned responsibilities (such as attending so many board meetings) practically limit the CFO's possible attention to these challenges. The board may well ask what that investment of a majority of an officer's time is yielding, in terms of timely information on and influence of the entities' coordination with corporate Synod and service of general Synod—and weigh whether that time and attention might better be appropriated otherwise.

Simek presented an evaluation of the main responsibilities of the CFO, as defined in Bylaws 3.4.1–3.4.1.4, noting a few areas where modification might be advantageous:

- The Bylaw 3.4.1.3 (c) responsibility to "act as the depositary for all funds in the hands of corporate Synod's boards (excluding the Concordia Plans and Concordia Plan Services), commissions, officers, and employees who by virtue of their office act as custodians or trustees of such funds" has, given the 2010 restructuring, really been subsumed under (b), to "receive and disburse the funds of corporate Synod."
- The Bylaw 3.4.1.3 (d) responsibility to "keep informed about financial affairs of the synodwide corporate entities" could be elaborated upon in policies, to clarify a purpose and aim, and how analysis would be presented to the board and the convention. This means obtaining all necessary

quantitative and qualitative information to understand and monitor the entities' financial well-being *and* its utilization for the maximal benefit of the Synod as a whole, for the furtherance of Synod's collective mission, subject to the direction set by the convention. This would include inquiring and receiving response from the respective agencies to explain any material variances or concerns as reasonably defined by the CFO.

- The Bylaw 3.4.1.3 (e) requirement that the CFO "serve as a nonvoting member of the governing boards of the Concordia University System, The Lutheran Church—Missouri Synod Foundation, The Lutheran Church Extension Fund—Missouri Synod, the Concordia Plans, Concordia Plan Services, and Concordia Publishing House, and on the investment committee of the Concordia Plans and Concordia Plan Services" could be revised. Entities are now more fully developed and have their own financial advisors. Time commitment and division of attention required by participation on so many corporate boards (in addition, several others not listed as bylaw requirements) limits time and attention for more urgent needs.
- One possibility for maintaining the connection with the entities while relieving the CFO of this tremendous load might be to replace Bylaw 3.4.1.3 (e) and related bylaws with a provision for the Board of Directors parallel to that for the President, stated in Bylaw 3.3.1.3 (d), that:

  > "The board shall have the option to send a representative to attend all meetings of the boards of all synodwide corporate entities and the Board of Trustees—Concordia Plans (Board of Directors—Concordia Plan Services), including executive sessions. The board shall, in reasonable time, receive notice of such meetings, the proposed agenda, and minutes thereof."

  Such a bylaw would allow the board to selectively monitor the board meetings of the entities currently attended by the CFO, and to distribute the responsibility more reasonably. It would also make it more explicit that the representative so sent represents and reports to the Board of Directors.
- In policies elaborating Bylaw 3.4.1.3 (j), "perform other work as the Synod in convention, the President, or the Board of Directors of Synod may assign," the following points were suggested as present needs:

  1. Communicating financial results to the various interest groups which include, but are not limited to, employees, districts, congregations and individuals, in a form that meets the needs of the interest groups and at least annually (Cf. 2010 Res. 4-03, "To Broadly Communicate the Statement of the Financial Position of the LCMS").
  2. Performing timely business analytics to provide the appropriate budget-holders and boards with the information need to understand the underlying factors affecting the Synod's (meaning corporate *and* greater Synod) financial operations and long-term well-being. (This would be analogous to a quarterly financial call in a for-profit organization.)
  3. As comprehensive reviews of Building Management, Information Technology, and Accounting have begun to bear fruit (and produce strategies for positive, transformative change), "next opportunities" have become apparent. Comprehensive and cross-cutting evaluations of the "way we do business" are bearing fruit and likely to continue. The CFO would have a significant role in seeking future opportunities for improvement, and department boundaries and Operations Team reporting structures may well change in years to come. There is an opportunity for an improved distribution and coordination of responsibility.

CAO Simek noted that, in addition to the role change described, the results of the accounting assessment and subsequent discussion suggested two possible future organizational options: continuing with a CFO reporting to the Board of Directors *or* creating a Chief Operating Officer (COO) (a working title) with the responsibilities of the CAO and CFO, with suitable direct reports. Simek reviewed various pros and cons of the two approaches, noting that the "COO alternative" may be very appealing under a classic Carver governance model. However, the LCMS operates under a distinct governance model. While the two offices could be "combined" on an interim basis during a vacancy, any officer-level changes can, of course, be made only through triennial bylaw changes (hence the purpose of a study like this one).

Returning to the question of evolving roles, Simek underscored the need for the new business-analytic function, and that it will have to be incorporated wisely. The reporting / oversight relationship of the entities with corporate Synod, presently consuming so much of the CFO's time, should also be rethought. Even this will take convention bylaw work. Whatever is done, Simek noted, "the objective is to create a sustainable governance model."

Chairman Kumm noted that should the board desire to consider restructuring, with the assessment in hand and with the convention coming, this is the time to consider it. He emphasized that the analysis is no reflection on the service of the present CFO; rather, it simply reflects a need to evaluate the position in light of decades of changes in Synod's business structure and relation with its related entities. At least 40-45% of the CFO's time is spent in board meetings, in CFO Wulf's estimation—in Kumm's estimation, an expensive and inefficient use of an executive's time, which could better serve the needs of corporate Synod.

The board's discussion noted:

- a need to right-size Synod's administrative operations. A variety of other opportunities for changing approaches or consolidating operations with related entities, however, may be more effective than consolidating CFO and CAO positions.
- that an adjustment of the CFO job description does seem to be necessary for the wellbeing of the organization going forward, which would be a significant role change that could be worked through thoughtfully by the board and the incumbent CFO.
- the importance and necessity of maintaining the board's representation on the various related boards, for the continued alignment of corporate Synod's work and that of the entities
- that roles have changed over time, and this has been discussed many times. The board's oversight role was noted. To what extent the board has directive supervision has, from time to time, even been a matter of controversy. The CFO's place on all these boards may be a carry-over from a previous era and a long-overdue thing to change.
- the question of how forecasted continued decline might impact how we will manage in the future
- the board's ability to appoint additional board members, one or more of which might have financial insight and be the liaison to entity boards
- the design and intention of the Operations Team at the time of the restructuring.

It was moved and carried to enter into executive session, with only board members and Val Rhoden-Kimbrough, Executive Director of LCMS Human Resources, present.

227X. <u>Executive Session II: Board Executive Structure Reorganization</u>

It was later noted that Secretary Sias would prepare, for later board action, a draft overture addressing the board's representation on the boards of the entities.

228. <u>Joint Dinner with Concordia Plan Services, Lutheran Church Extension Fund, and Foundation Boards of Directors</u>

The board returned from executive session and adjourned for the day to join the boards of directors of Concordia Plan Services, Lutheran Church Extension Fund, and LCMS Foundation at dinner.

229. <u>Board Expectations</u>

Chairman Kumm noted the board's recent decision to reduce its regular agenda, on a trial basis, to a one-day Friday meeting, with committee meetings arranged the preceding Thursday evening. Guests without business before the board would no longer be invited, on the current annual and triennial cycle, to present at length before the board. Kumm noted the importance of the consent agenda in this new approach, underscoring that members will continue to be able to pull items off the consent agenda as needed. Board members noted in discussion:

- Other boards often allot guests 10-15 minutes in addition to a pre-delivered, written presentation. With a focused, disciplined format, guests could be helpful, as would succinct situation reports from the synodwide corporate entities and trusts; the board needs the information to understand and coordinate activities. (Audit Committee noted, for example, that financial and operational updates used to be more regular from Concordia University System and would still be worthy of committee and board review.) In alternate meetings, the entities could provide 10-minute reports and written reports. Some of these might be accommodated during a meal.
- The board needs to keep aware of the top three or four "issues" in the Synod at any given time: "Key discussions need to happen in the boardroom." A formal status report of 15–20 minutes from the Chief Administrative Officer (CAO) could introduce these items. A similar oral report from the Chief Mission Officer (CMO) related to national and international mission work—a very large portion of the budget—would be helpful. An Operations Team report is another possibility.
- Budget issues will be coming in February, and a budget will need to be adopted in May. If board members have specific desires about preliminary presentations, those points should be shared with the CAO well in advance of the February meeting.
- A desire was also noted for "officer and board" time for the board to ask questions of those submitting reports included in the consent agenda.
- With new board members coming on after the convention, the importance of building board relationships and camaraderie—as well as with the organizations to which the board relates—should not be discounted.
- Should a significant issue arise, care will have to be taken to arrange time for thorough and thoughtful discussion. Kumm noted that should such an issue arise, the meeting would be planned to expand into the following Saturday.

The location of a one-day meeting was discussed. For a one-day meeting, it was suggested that expediency might best place a St. Louis meeting at the airport hotel rather than at the International Center. Noted, on the other hand, was a value of having the board in the building at least for a good proportion of the meetings, to allow interaction with staff, participation in chapel, etc. The meeting will be at the International Center in February. Noted, too, was the idea of meeting on a CUS campus, though this would take more than a day, and travel efficiency can be an issue.

The use of the Zoom technology was also encouraged for committee meetings.

230. <u>Action Items</u>

Chairman Kumm introduced the several action items from the prepared board docket:

(A) <u>Board Policy Task Force</u>

Chairman Kumm noted that the resignation of board member Ekong, who was the chair of the Board Policy Task Force, had stalled the work of that committee (also populated with members Preus and Harrington, with Secretary Sias advising). Chairman Kumm appointed board member Hoem to fill the vacant position on the committee and authorized the committee to select its own chairman (the committee selected Larry Harrington immediately following the board's meeting). In discussion, the board noted that "less is more" in terms of policies, and that those that are no longer serving well or clearly should not simply persist.

(B) <u>Debt Relief Request: LCMS National Housing Support Corporation</u>

The board was presented at its August meeting with a request from Nicole Turner Ridley, Chief Executive Officer (CEO) of the LCMS National Housing Support Corporation (NHSC), for the organization to be released from an accumulated debt to the Synod (pp. 193–200/223). In August, the board had resolved to table the following motion until the CEO of NHSC could visit with the Chief Administrative Officer (CAO) and President of the Synod and the latter could report to the board.

CAO Simek reported that he and President Harrison visited in an "open and forthright meeting" with NHSC CEO Ridley on the present state and plans of the organization, in which she laid out the desired benefits to future operations of the proposed debt relief. NHSC has reorganized its operations (p. 200/227) and hopes the debt relief would enhance the organization's ability to obtain new grants. Fees for services have been increased, expenses have been reduced by reducing staff, overhead has been reduced by a change of office location, and professionals have been engaged to assess the donor base and develop strategy to increase giving. An improved balance sheet is intended to improve loan fee generation and increase grant activity.

At the suggestion of legal counsel, the board entered executive session with members and counsel only present. CFO Wulf was later asked to join.

230X. <u>Executive Session III: Debt Relief Request, LCMS National Housing Support Corporation</u>

The board having returned from executive session, the motion tabled at the board's August meeting (agenda item 212 [b], pp. 160–161 of the 2016–2019 minutes) was taken up and subsequently declined. The board directed CAO Simek and CFO Wulf to discuss the situation further with the CEO of NHSC and to present an action recommendation to the Executive Committee of the board. Board member Senske requested that his abstention be noted, due to his involvement in a corporation doing business with NHSC.

(C) <u>Overture to Clarify "Surplus Funds"</u>

The Commission on Handbook requested clarification from the Board of Directors on the practice of designating "surplus [institutional] funds," a phrase found in Bylaw 3.10.5.5 (e)(2), with regard to the seminaries, and Bylaw 3.10.6.4 (e)(2), with regard to the colleges and universities of the Concordia University System. The Governance Committee delegated its charge to CAO Simek and Secretary Sias. Sias provided the board with a survey of their research: The idea and practice of various Synod activities (agencies) depositing surplus funds with the Treasurer to be "borrowed" by other Synod activities (agencies) in need is at least a century old (1917 *Proceedings*, p. 70), and the convention and board minutes demonstrate a number of historical instances in which the practice of this idea has required interpretation as to who designates the funds surplus, what funds are subject to the stipulation, and what constitutes a "surplus" or "adequate working balance" (*e.g.*, 1932 *Proceedings*, p. 206). Such surplus funds have always been credited to the depositing institution, but deposited with the Synod to be available for use by other Synod agencies until needed. Having considered the issue and discussed with Concordia University System, CAO Simek and Secretary Sias proposed the following clarifying resolution, to be forwarded to the Commission on Handbook in response to their inquiry. It was moved and adopted:

> WHEREAS, The Commission on Handbook has requested a clearer and consistent definition of "surplus institutional funds above an adequate working balance" as it pertains to seminaries, universities/colleges and Concordia Publishing House; and
>
> WHEREAS, Bylaws for the Synod's seminaries (Bylaw 3.10.5.5[e][2]) and CUS colleges/universities (Bylaw 3.10.6.4[e][2]) direct "all surplus institutional funds above an adequate working balance" to be deposited with the Chief Financial Officer and Concordia University System, respectively, for investment without indicating a standard or authority for determining the extent of surplus funds; and
>
> WHEREAS, The CUS Policy Manual (11.7) simply reiterates that, for colleges and universities, "all operating funds above an adequate working balance" are to be deposited against the CUS Line of

Credit," with "each Board of Regents is responsible for establishing and monitoring an appropriate investment strategy for its funds" and each depositing institution "receiv[ing] credit for the earnings from such investments"; and

WHEREAS, Authority to determine the extent of surplus funds for Concordia Publishing House (Bylaw 3.6.3[e]) has been vested in the respective board of directors: "surplus funds, when not needed in the operation of the publishing house and as determined by the Concordia Publishing House Board of Directors"; and

WHEREAS, The LCMS Board of Directors recognizes that each seminary, college/university and the Concordia Publishing House operates as autonomous operations, each having developed the expertise to carry out its respective fiduciary responsibilities; therefore be it

Resolved, That the LCMS Board of Directors wishes to clarify the governing body for determining "surplus funds" as the respective Boards of Regents or Boards of Directors; and be it further

Resolved, That the LCMS Board of Directors hereby request the Commission on Handbook to prepare the necessary convention overture to reflect changes to Bylaws 3.10.5.5 (e)(2) and 3.10.6.4 (e)(2), as in the case of Concordia Publishing House, to authorize the respective board of regents to determine the extent of "surplus funds" based on a reasonable estimation of the institution's actual cash flow requirements; and be it finally

Resolved, That the LCMS Board of Directors hereby request the Concordia University System Board of Directors to provide clear guidance in its institutional policies to assist boards of regents in determining the extent of "surplus funds" based on a reasonable estimation of the institution's actual cash flow needs.

(D) <u>Concordia Seminary (St. Louis) Board of Regents Vacancy</u>

Midterm vacancies in positions ordinarily filled by election at the Synod convention are filled by the process outlined in the LCMS Handbook (Bylaw 3.2.5 and 3.10.5.4 [b]; Board of Directors Policy Manual 5.7.2.2). Having been informed by the chairman of the Concordia Seminary Board of Regents of the resignation of the Rev. Shawn Kumm, the LCMS Office of the Secretary issued, in accordance with the above, a call for nominations to fill (1) one minister of religion—ordained position (for the remainder of the term Sept. 1, 2013–Aug. 31, 2019). The LCMS Office of the Secretary and the LCMS Department of Human Resources compiled information on all nominees and on the slate of candidates from the previous convention. From among these, the "Bylaw 3.2.5 Committee," having evaluated all submitted nominations, biographical sketches, and confidential evaluations, provided a list of five nominees. From this list and the noted information, the Personnel Committee of the Board of Directors prepared a slate of two candidates:

<u>(1) Minister of Religion—Ordained position</u>
Rev. Tomas E. Chryst, Fort Worth, Texas (TX)
Rev. Bruce E. Keseman, Freeburg, Illinois (SI)

After a brief discussion of the strengths of the candidates and the needs of the board of regents, the board, by electronic ballot, selected Rev. Keseman to fill the one vacant minister of religion—ordained position, with the Secretary directed to notify the appointee and thank the other nominees, on behalf of the board, who allowed their names to be considered.

231. <u>Concordia University System Update</u>

The board welcomed Gerhard Mundinger, Chairman; Dean Wenthe, President; and Paul Philp, Director of Institutional Research and Integrity, of the Concordia University System, for a brief update. It was moved to enter executive session with these guests and legal counsel present, and with member Gloria Edwards excused.

231X. <u>Executive Session IV: Concordia University System Update</u>

232. <u>Meeting Review</u>

The board entered executive session, with non-members excused, to review the meeting according to its policies.

232X. <u>Executive Session V: Meeting Review</u>

233. <u>Adjournment</u>

The board returned from executive session. First Vice-President Mueller was called upon to offer a closing prayer. With the agenda concluded, Chairman Kumm adjourned the meeting with prayer at 11:00 a.m. Friday.

John W. Sias, *Secretary*