

**MINUTES
BOARD OF DIRECTORS**

**Tampa Convention Center, Tampa, Fla.
(in conjunction with the 67th Regular Convention of The Lutheran Church—Missouri Synod)
July 23, 2019**

282. Call to Order

Chairman Kumm called the board's July meeting to order with all other board members present except for James Carter and First Vice-President Herbert Mueller. Also in attendance were Chief Administrative Officer (CAO) Frank Simek, Chief Financial Officer (CFO) Jerald Wulf, Chief Mission Officer (CMO) Kevin Robson, General Counsel Sherri Strand, and Matt Buesching of Thompson Coburn.

283. Adoption of Agenda

The meeting agenda (p. 1/10 of the printed board docket, attached to the protocol copy of the minutes) was moved and adopted.

284. Approval of May 17, 2019, Minutes

The minutes of the board's May 17, 2019, meeting were distributed and approved.

285. Consultation on Appointment of Presidential Representative to Concordia University, St. Paul, Board of Regents

The President consulted with the board, as required by Bylaw 3.10.6.2 [5], on the noted appointment (pp. 3–10/10).

286. Salary of the First Vice-President

The board moved into executive session with all but CAO Simek excused and with Val Rhoden-Kimbrough, Executive Director of LCMS Human Resources, and legal counsel included, to determine the salary of the newly elected First Vice-President of the Synod.

286X. Executive Session IA: Salary of the First Vice-President

287. Chief Administrative Officer Review

The board continued in executive session, with Chief Administrative Officer Simek excused, to discuss his annual performance review.

287X. Executive Session IB: Chief Administrative Officer Review

288. Legal Report

The board continued in executive session, with CAO Simek returned and Rhoden-Kimbrough excused, to hear the report of legal counsel.

288X. Executive Session IC: Legal Report

289. Use of Asia Funds Recommendation

The board returned from executive session. At its May meeting, the board allocated “sufficient proceeds from the sale of properties in Hong Kong, a dividend received from Concordia International School Shanghai (CISS), and a loan repayment from Concordia International School Hanoi (CISH), when such are received” to: (a) retire the CUS historic debt of \$10,196 thousand (k); (b) repay Synod’s obligations, \$2,800k, in the Concordia Ann Arbor / Concordia Wisconsin consolidation; and (c) set aside funds in case of a need to address Concordia University System’s outstanding loan to LCEF (up to \$2,200k), which CUS borrowed in order to extend Concordia College Alabama a line of credit, which currently is in default. CFO Jerald Wulf noted that:

- The CISH repayment of \$2,108k, being repayment of funds “receivable from Synod entities” does not impact net assets.
- The CISS dividend of \$4,050k is an increase to net assets.
- Sale of property in Hong Kong increased net assets by \$18,107k, gain on sale of property, after cost recovery.
- Of the net asset increase related to these transactions (\$22,157k), beyond the amount allocated by the board in May, \$6,691k remains. This is presently reserved, pending allocation by the board.
- A number of existing, long-term, inactive or under-active board designations have been identified; some, the board may wish to re-designate to correspond better to present and future priorities.

Keith Frndak, chairman of the Audit Committee, presented the recommendation of the Audit Committee and Operations Team to apply the reserved remnant of Asia proceeds to Synod’s unrestricted, undesignated net asset deficit.

After wide-ranging discussion, it was moved by the Audit Committee and carried to defer a decision on designation of the reserved funds until a committee composed of Christian Preus, Joe Hoem, and Frank Simek presents, on the basis of discussion with the Audit Committee, budget and expenditure policies aimed at preventing recurrence of a deficit in unrestricted net assets. This was hoped to be prepared for the September meeting. In connection with the discussion of such policies, CAO Simek and CMO Robson noted progress in revenue and expenditure estimation, and in carefully matching the one to the other, which should enable more achievable and manageable budgets going forward.

Secretary Sias had to depart to attend to the reconvening convention; Lori Leighton, Executive Assistant to the CAO, assisted from this point forward with taking of the minutes.

290. Review of Report on Procedures for Election of the Synod President

Chairman Kumm noted that Secretary Sias gave the LCMS convention and the board an extended report, printed in *Today’s Business*, Issue 2B (Sunday, July 21), which “covered everything” in regard to the election of the President. The report was in part due to the Secretary’s observation that the Synod has now elected its President for the third time by this method, and for the first time with a new registration mechanism; but also in part to respond to concerns posed, principally and publicly by the Rev. Charles Mueller, Jr., with regard to various aspects of the election. “There was no hint of malfeasance in the process,” Kumm noted, and spoke highly of the integrity of the Secretary of the Synod. The chairman will respond to Rev. Mueller’s communication that the board did its due diligence in reviewing the election process.

291. Attendance at LCEF Conference and Joint Board Dinner

The board discussed whether it would continue to hold its November meeting in conjunction with The Lutheran Church Extension Fund (LCEF) Leadership Conference and with the November meeting of the Council of Presidents. After reviewing various historical arrangements, board members spoke in favor of

connecting with others during such a meeting. It was noted that board members are not required to stay for the Leadership Conference.

292. Adjournment

Chairman Kumm congratulated Christian Preus on his re-election to the board of directors, and John Sias on his re-election as Secretary of Synod. With the agenda concluded, Chairman Kumm adjourned the meeting with prayer.

John W. Sias, *Secretary*