

**MINUTES
(proposed)**

**BOARD OF DIRECTORS
August 24–25, 2018**

188. Call to Order and Opening Devotions

Chairman Michael Kumm called the board’s August meeting to order, with all board members present except for Keith Frndak, absent due to other duties. Also in attendance were Chief Administrative Officer Frank Simek and General Counsel Sherri Strand. Chief Mission Officer Kevin Robson joined electronically as his international travel permitted. Chief Financial Officer Jerald Wulf was absent due to illness. At the outset on Friday and Saturday, Chairman Kumm called upon the Rev. Dr. Mark Wood, Director, LCMS Witness & Outreach Ministry, to offer opening devotions, which he did on the basis of 1 Peter 2:4–9 and Matthew 22:1–14.

189. Adoption of Agenda

The meeting agenda (pp. 10–11/346 of the printed board docket, attached to the protocol copy of the minutes) was moved and adopted as distributed.

190. Consent Agenda

The meeting’s consent agenda (pp. 12–13/346) was moved and adopted as follows:

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 May 18–19, 2018, Minutes

- Notices of Electronic Action by BOD
Executive Committee, Aug. 3 & 21, 2018

and be it further

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

191. President Harrison's Report

Chairman Kumm called upon President Harrison to extend upon his written report (pp. 40–42/346). President Harrison noted a busy summer, with much work still being carried out under the directives of the 2016 convention. First Vice-President Mueller is diligently carrying out the Res. 13-02A process for colloquization of the Synod's licensed lay deacons, with broad participation from the districts using licensure. The *Koinonia* process is continuing with the Council of Presidents (COP), and the Council is looking forward to new district president orientation (preceding its September meeting) with "a very good crop" of new presidents. Michigan District President David Maier is the new chairman of the COP and the program committee is working well to plan the council's activities. Executive Director Bob Zagore is proving an able leader of the Office of National Mission and is adapting quickly.

President Harrison enjoyed attending 25 of the district conventions and was well received, enjoying good discussion in his question-and-answer sessions. He reported excellent, polite but honest debate on weighty matters and "a good spirit about the Church, a great blessing." A new round of district visitation by the President's Office began this week with the Northern Illinois District. Visitation is the heart of the LCMS Constitution, and district presidents are continuing to work on increasing their visitation of congregations, a great blessing to the Church.

Internationally, a significant high court ruling in India has found in favor of the legitimate officers of our partner church body, and the court has appointed an administrator to help them regain their proper possession of property and exercise of authority. President Harrison will attend the 26th World Conference of the International Lutheran Council (ILC) in Brussels in September, under the theme "Ecclesiology and Ecumenism." Approximately 14 church bodies are seeking fellowship with the LCMS at present. The Lutheran World Federation (LWF) has broken off discussion with the ILC as a result of a few district convention resolutions calling for LCMS partners to leave LWF. While LWF presently claims a much larger size than ILC, it claims the population of whole state churches with very poor participation, and the ILC is poised to grow significantly by the addition of very active and large Lutheran churches in Africa and elsewhere. Challenges abound. In Africa, for example, the threat of uncompensated property seizure by the South African government threatens our Free Evangelical Lutheran Synod in South Africa (FELSISA) partner congregations.

The Rev. Dr. Dan McMiller has succeeded John Fale as Executive Director of the Office of International Mission. McMiller has field missionary experience and is well-known to all the fields and all the missionaries, making for a smooth transition, and he is already doing a fine job. In his retirement, Fale plans, among other things, to assist Mission Central, which raised a record \$10 million (M) this past year for Synod's missionaries.

We presently have two presidential vacancies, and one pending, at Concordia colleges and universities. As part of the succession process at Concordia University Portland (CUP), Dr. Wenthe, President of Concordia University System, conducted a campus visit and found faculty eager to maintain their connection with the Synod and to stand up to the severe cultural challenges prevalent in their area, as well as a financially sound situation. Other Christian universities in the area were visited that had student sexual ethics policies, suggesting that CUP could indeed meet Synod's expectations in this regard. At Irvine, the presidential appointment pre-approval process approved two of five finalists, both of whom were internal candidates; one withdrew, leading to the process being restarted (Bylaw 3.10.6.6.2). At Concordia University, St. Paul, President Ries has announced his retirement. Several school presidents are increasingly interested in

moving into a closer relationship with each other, pooling resources, increasing their collective strength and size relative to an increasingly competitive environment, and ending unproductive competition. The President noted this as a very positive development with opportunities for the future. This remains a high-level conversation among willing presidents, with no concrete plans in place and many complicated factors to be considered.

192. Financial Report

Ross Stroh, Executive Director of LCMS Accounting and Financial Services, next offered the financial report (pp. 54–57/346). Fiscal Year (FY) 2018 closed on June 30 and preparations for the year-end audit are underway. The preliminary year-end net expense (loss) is \$161 thousand (k) (reflecting only unrestricted assets). (Synod’s temporarily and permanently restricted funds grew by \$8.15M and \$1.45M, respectively, in FY2018.)

The preliminary year-end loss of \$161k reflects various expenses accounted in FY2018 that will result in savings or be reimbursed in FY2019: relocation of missionaries from Hong Kong to take advantage of facilities offered in Taiwan, adoption of a new phone system, and severance of certain employees. Comparing support to expenditure in major program areas, in FY2018, funds were \$1.64M under-raised relative to expenditure for the Office of International Mission, \$394k under-raised for the Office of National Mission, and \$169k under-raised for Synod’s radio station, KFUE.

Stroh reported that Synod is in a healthy cash position. Certain convention and youth gathering expenses were incurred as pre-paid in FY2018, with funds beginning to arrive in the present fiscal year (FY2019). Disaster response money is “going out the door” to cover continued (principally hurricane-related) recovery efforts. Joy FM made its payment at the start of FY2019, continuing to prepay the established schedule and exceeding the budgeted value by about \$200k. Stroh noted that despite the small overall reported loss in FY2018, Synod’s unrestricted/undesignated net asset deficit decreased from \$13.6M at the end of FY2017 to \$13.3M at the end of FY2018, reflecting initial effectiveness of the measures undertaken by the board and staff to begin shrinking the deficit.

193. Audit Committee Report

Audit Committee Vice-Chair Ed Everts offered the report of his committee, which had an extended meeting the evening of Aug. 23 (in addition to a joint meeting with the Governance Committee on July 12). In the meeting of Aug. 23, the committee:

- reviewed, with auditors from Brown Smith Wallace, scope and timeline of the FY2018 audit and implications of new Financial Accounting Standards Board (FASB) requirements for non-profits, which are being implemented as part of FY2019 and FY2020 reporting (and beyond).
- conversed with the Governance Committee and representatives of the Lutheran Church Extension Fund and Concordia University System (CUS) on how to improve the capital project approval process for colleges, universities and seminaries.
- in an executive session, discussed with CUS concerns related to two schools.
- reviewed the audit department report (pp. 99–100/346).
- reviewed, with John Edson of Smith Schaefer & Associates, the findings of the accounting assessment (pp. 256–267/346).

Committee member Kurt Senske noted general agreement that the future of the CUS colleges and universities requires, in all probability, a more formal synergy. The Board of Directors probably has an active role in encouraging this development, which will take broad support throughout the Synod and its entities to make it a success.

194. Governance Committee Report

Governance Committee Chair Preus offered the report (pp. 102–103/346) of his committee, which met jointly with the Audit Committee on July 12. The committee:

- is carrying out the board’s assignment to develop policies indicating the information to be submitted to the board with college and university requests for capital development, master plan changes, etc. The committee drew profitably on the Audit Committee’s expertise and will now begin to formulate policy text. This touches on the larger area of the board’s general oversight of institutional financial viability, and the reporting and analysis involved.
- is presenting a proposal on Mission Advancement Assessment policies, regarding its application to synodwide entities, to be presented among the other action items.
- has also proposed, following up on proposals by the Chief Financial Officer and the board’s previous discussion, a resolution intended to give positive guidance to staff in developing the annual budget.

195. 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 Chief Administrative Officer Simek.

195X. Executive Session I: Legal Report

196. Concordia Historical Institute

Chairman Kumm welcomed the Rev. Dr. Daniel Harmelink, Executive Director of Concordia Historical Institute (Synod’s Department of Archives and History), for his entity’s scheduled periodic visit with the board (pp. 239–255/346). The institute continues to counter the myth that it is simply the repository for “Synod’s old stuff,” a “department of cryogenics.” The institute works to “treasure and trumpet” the work of Christ, through and sometimes in spite of us, in the history of Lutheranism in America and specifically in The Lutheran Church—Missouri Synod. The mercy and grace of God is shown—as in the relief castings on the International Center’s Walther Room wall—in the history of the Synod and our surviving and thriving in, humanly-speaking, impossible circumstances.

Bylaws 3.6.2.2.1–3 detail the services the institute is to provide the Synod as its Department of Archives and History. In this work, the institute not only retrieves and records Synod’s history, but also actively brings it to the Synod for reflection and recall (in projects like the recent *Faces of the Reformation* series, a cooperative effort with LCMS Communications, which produced media used in congregations and schools across the Synod).

Harmelink noted the institute’s two museums, a major one at the International Center and a rotating exhibit at the Institute on the Concordia Seminary campus—presently an exhibit of rare books and coins commemorating the 500th Anniversary of the Reformation, and planned soon to be an exhibit of the Synod’s first mission effort in India, which approaches its 125th anniversary. He also noted the institute’s historical journal, available for subscription.

Harmelink briefly noted the history of the institute, foundations for which were laid in the 1847 Constitution with the Secretary being charged with chronicling Synod’s history, and the significant contributions of Concordia Seminary St. Louis faculty over the years. Today, for the first time, CHI is working towards a formal, written understanding with the seminary regarding the location of its facility on the campus.

The institute serves the Synod in developing appropriate document management policies (navigating new challenges in the digital age) and provides historical research services accessible to anyone with interests in Synod history, narrow or broad, responding to about 60 requests a month. The CHI Board of Governors is undertaking a strategic planning initiative. Limited resources—always a factor for the institute—mean prioritization of duties specifically assigned to the institute in the bylaws, and even prioritization within those. Responsible fiscal management and generosity of donors have nearly doubled the institute’s assets

since 2012, including receipt of a number of generous estate gifts to a fully vested restricted endowment fund totaling \$145,000. An emergency reserve fund of \$200,000 has been established, with the goal of being able to cover six months of expenses (\$250,000). The general restricted endowment fund now stands at \$1.66M.

Dr. Harmelink noted an action item before the board dealing with the Saxon Lutheran Memorial property, which is under CHI's care, and efforts in the past several years to bring this property to bear in an enthusiastic way to advance the specifically Lutheran history of the Synod, but this has not borne fruit.

Challenges in the next four years include:

- cooperating in a complete revision and realistic implementation of Synod's records and archives retention policy.
- operating with a decreasing ability to rely on Synod subsidy, requiring working toward financial independence—including the endowment of the CHI Executive Director position.
- maintaining the broad work of the institute with the modern-day reality that most large gifts are tied to specific projects and objectives.
- countering and compensating for a decrease in understanding of, or resources to support, archival operations in LCMS districts, other agencies, and congregations.
- development of a facilities memorandum of understanding with Concordia Seminary.

A staff of approximately two dozen volunteers augments the paid staff in museum operation and, depending on their particular skills, with specialized projects. Volunteering with CHI has proven a great way to understand the value of the archive.

Dr. Harmelink concluded that the institute's work of treasuring and trumpeting the redeeming work of Christ in the life of the Lutheran Church—joyfully—can be hoped to “catch on in an infectious way.” Board member Edwards noted with appreciation that the recent 75th anniversary of the LWML was enriched with many items from the LWML archive housed by CHI. Harmelink noted that LWML and CHI are partnering to train LWML district archivists in a relationship that is mutually very beneficial.

197. Corporate Synod Information Technology Assessment

Chief Administrative Officer (CAO) Frank Simek reported on the recently-completed Corporate Synod Information Technology (IT) Assessment and the changes that have already been implemented as a result (pp. 217–238/346). The review consisted of three review phases (conducted July 2017, January 2018, and May/June 2018), coordinated throughout in “a good collaborative effort” with Concordia Plan Services and its IT partner, Dalechek Technology Group.

- The July 2017 review noted a need for leadership and that the unit was still carrying out a 2009 plan. An outdated phone system was noted (since replaced), as well as an apparent opportunity to leverage synergies with Concordia Plan Services (CPS) and with outside vendors.
- The February 2018 review took a deeper dive in a week-long on-site review by the consultants, recommending development of an IT steering committee, cultivation of synergies with CPS, increased use of modern technologies to increase efficiencies, and rationalization of applications and desktop deployment.
- The May/June 2018 review took a very deep dive to identify synergies with CPS, which generously paid for the assessment to be conducted by Dalechek. Objectives included: improved performance, improved leverage of technology landscape, increased efficiency, and collaboration among departments and entities where feasible.
- Major findings of the final, detailed report include: an aging but functional infrastructure, aging key applications creating burdens on staff, a relatively basic continuity-of-operations plan, an imbalanced and inadequately governed IT organization, cloud-based services not used to capacity, and limited business integration with IT as a partner. Detailed recommendations were provided in

all areas, with the major thrust being maximizing efficiencies and synergies for both CPS and LCMS and taking advantage of outsourcing opportunities. In the resulting reorganization plan:

- IT software expertise related to the specific work of LCMS and CPS will remain under direct management control of each (on the LCMS side, under the Senior Director of Operations).
- IT functions shared by both (infrastructure and project management) will be shared resources.
- Augmentation services (help desk, infrastructure, policy and governance development) will be shared, with the benefit of access to the third party's workforce expertise.
- A formal agreement with CPS provides for co-management of shared resources.
- Staffing of LCMS IT (18 employees and one contractor) is reduced by 9 employees, with several former LCMS employees offered opportunities at either CPS or Dalechek.
- Savings to the LCMS will amount to an estimated \$103k in FY2019 and \$667k annually thereafter; CPS will also save \$129k this year and \$211k thereafter.
- The first year of a three-year capital plan (including the upgrade, replacement, or retirement of Windows 7 before its end of service life in January 2020) has been included in the FY19 capital budget, with \$95k and \$75k already planned to be included in the allotments for the subsequent two years, respectively.
- Implementation began Aug. 1, with the new operating arrangement officially going live on Sept. 1. Simek noted the exemplary, professional performance of LCMS IT staff through a rigorous course of three assessments coming after a decade of relative stasis.

Chairman Kumm noted that the efforts of the past three years to work intentionally together with the entities and to take thorough stock of every area of Synod's business operations are beginning to bear significant fruit and thanked CAO Simek for developing a fine implementation of the vision of finding new and better ways to do the Synod's business.

198. International Center Facilities Update

Chief Administrative Officer (CAO) Frank Simek next reported on a collaborative assessment by corporate Synod, Concordia Plan Services (CPS), and the LCMS Foundation of facility management for the International Center and the changes that have already been implemented as a result (pp. 234–238/346):

- A request for quote was issued to outside vendors to compare opportunities for outside management against the former arrangement of four full-time, in-house employees. Benefits hoped for, beyond payroll savings, included: leveraging industry best practices, increasing purchasing power, releasing of in-house staff to focus on core competencies, and leveraging outside property strategy expertise.
- Three bidders were contacted: Cushman Wakefield, Coldwell Banker Richard Ellis (CBRE), and Foundry. All three made presentations to corporate Synod, CPS, and the Foundation. Cushman Wakefield was the unanimous choice of the International Center occupant corporations. A contract was developed with the aid of Synod counsel.
- A net annual savings of \$64–\$112K, depending on potential purchasing power savings, will be shared between LCMS, CPS, and the LCMS Foundation.

Chairman Kumm noted the early collaborative contribution of LCEF to the building management assessment—another example, with the building occupants—of the impact the board can have on Synod operations with these sort of collaborative and creative arrangements. CAO Simek was thanked for a smooth implementation.

199. Meeting Schedule / Guest Speakers

With Vice-Chairman Everts taking the chair, Rev. Kumm noted that board member attendance is becoming an issue (meetings are competing with work requirements of members) and that all the time in a typical

one-and-a-half-day meeting is not always profitably spent (not to speak of the time consumed in meetings that formerly stretched to two-and-a-half days or more). Issues that arise must be dealt with, but regular reports can be read and questions delegated to appropriate officers to be addressed.

Kumm proposed that the board meet, starting with the February 2019 meeting, in a one-day Friday meeting from 8am to 5pm, with an agenda focused on the core responsibilities of the board. Currently “regularly-scheduled” partner visits would no longer be a regular part of the schedule. Committees can meet by Zoom (an internet meeting technology increasingly used by corporate Synod) earlier before the meeting. This would be tried through the convention, and when new members come on and have some experience their input can be considered.

It was moved and seconded that the board meet, starting as a trial with the February 2019 and May 2019 meetings, in a one-day 8am-to-5pm Friday meeting. Discussion noted a need to be flexible to add a half-day if necessary, depending on workload. It was also noted that a significant new board member orientation of two days at least (perhaps spread over the first few meetings) would be necessary to get new members up to speed. The importance was also stressed of camaraderie and time for its development, either the evening before or after the one-day meeting. A non-meeting replacement for the partner visits, which sometimes have valuable learning points, should be sought—perhaps through periodically more detailed written reports from agencies and entities, with an opportunity for board members to point up questions for follow-up. One opportunity noted might be the occasional accommodation of half-day joint meetings with other boards in the Synod. The motion carried and Chairman Kumm resumed the chair.

200. Corporate Synod Accounting Assessment

Chairman Kumm welcomed John Edson, CPA, a principal accountant with Smith Schaefer & Associates, LTD, (and Vice-Chair of the Board for International Mission) to present, with LCMS Accounting & Financial Services Executive Director Ross Stroh, a report on a recently-completed assessment of Corporate Synod’s accounting functions (pp. 256–267/346). It was moved and carried to enter executive session, with the Chief Administrative and Mission Officers (CAO, CMO) present (the latter, electronically).

200X. Executive Session II: Corporate Synod Accounting Assessment

Having returned from executive session, it was moved and carried to accept the assessment presented to the board.

It was moved and carried that CAO Simek be the point of contact for the Audit Committee as regards the assessment and its recommendations, and that he be the one to work with CFO Wulf and staff to develop a plan of further implementation, to be presented to the Audit Committee and then to the board.

201. Personnel Committee

Personnel Committee Chair Kathy Schulz offered the report of the board’s Personnel Committee (pp. 104–105/346), noting that an appointment for the board seat left vacant by the Rev. Eric Ekong’s April resignation (pp. 159–210/346) will take place later in the meeting, and that a vacancy on the Concordia Seminary Board of Regents will be presented to the board for appointment in November. The committee is also reviewing its policies and practices.

202. Office of National Mission

Chairman Kumm welcomed the Rev. Robert Zagore, Executive Director of the Office of National Mission (ONM), for his organization’s scheduled periodic visit with the board. He reported on his first ninety days in office (he has an accounting and management background, but after 27 years in the parish, a significant change), which have been dedicated to exploring the operations and goals of the ministries within ONM, learning the identity and nature of stakeholders, determining the degree to which the office operates

according to a coherent strategic vision, learning and carrying out the day-to-day functions of ONM, and addressing problems that have accrued, especially during the unit executive vacancy.

Zagore noted with appreciation the skill and expertise of the directors reporting to his office, and the efforts of Deaconess Dorothy Krans, who served in the interim preceding his appointment. He is finding ONM and its staff to be theologically solid, mutually supportive, hard-working, and *resilient*. Strength and theological and leadership flow from the Office of the President and the Chief Mission Officer. ONM is blessed with the freedom to *be Lutheran* (not to worry about the consequences of doing what is necessitated by our confession) and does so with consistent support from above. Inside and outside ONM people at the International Center want to work together.

ONM has, even in the interim, had some remarkable achievements in urban and city missions, witness and outreach, and disaster response. In urban and city work, programs are being thoroughly evaluated in light of the observation that much charity work, historically, has *disempowered* people. In the *Witness* area, over 6,000 people have already been trained with *Every One His Witness*, and all the schools in the Nebraska District will be using it this year. Youth Ministry has the “greatest event planners ever,” who have regularly gotten 35,000 kids around major cities without major incident. In the area of worship, International Center Chaplain Will Weedon’s KFUEO broadcast on worship topics has had 100K downloads.

The ministries of ONM have *resilience*, the ability to bounce back adaptably without loss of mission or purpose, because “we are the people of the resurrection.” Still, systemic weaknesses in budget lead to staffing shortfalls (3–4 vacant director positions, now being filled by Zagore) and limit responsiveness to emerging needs.

Areas of collaboration include joint meetings and efforts with the Office of International Mission, Chief Mission Officer team meetings, daily work with deeply talented LCMS Communications staff, intentional outreach to district partners and RSOs, and much more.

To be addressed in a strategic plan (a yearlong phase of strategic planning is now underway) are:

- Reorientation of staff and structure around the Synod’s seven mission priorities.
- Wiser use of resources through cooperation with partners. “Money is a blunt force object for getting people who don’t share your objectives to do what you want them to do.” How do we use our resources efficiently to multiply the work of those who *do* share our objectives?
- Development of a human resource network. We don’t have people to recommend to fill opportunities in aligned entities, including requests from recognized service organizations looking for rostered church workers.
- Making the work known and accessible. The perception is often that Synod’s work is simply irrelevant. This is not true—but there is a gap to be overcome.

An approach to this planning is taking shape, including Tuesday morning director meetings, strategic program module planning, seeking of stakeholder input, and discovering opportunities to engage stakeholders. One area of concern receiving discussion already is the emerging legal threats to RSOs and schools, especially dealing with issues of sexual preference and identity.

The Office of National Mission intends to keep its board and the Board of Directors (BOD) informed in advance of developments that will impact our work together. ONM desires BOD members’ contacts to expand its human resource network, hopes to hear from the board members and to have them become advocates for ONM programming, and seeks the BOD’s help in seeing to monetary support to fill the gaps in “the better resources” (namely, those who will, sharing our objectives, take up a share of the work).

203. Introduction: Joel Rivers, Executive Director of Operations

CAO Simek warmly introduced Joel Rivers, who took up the new post of Executive Director of Operations on July 16 after an extensive round of interviewing for the position. Rivers will have responsibilities for Information Technology, Facilities Management, and Meeting Room and Reception Services. Rivers noted

that he was born to missionaries in Papua New Guinea, is a graduate of Concordia Seward, and found a wife there. He taught for ten years, acquired a degree in information services, and served twenty years in the Navy Reserves. This is his twentieth year with corporate Synod. He noted that he now feels blessed in this new role to support the mission and ministries of the Synod in which he has had direct experience, and sees all the work under his supervision as going hand in hand with and furthering the mission and ministry of the Synod.

204. Appointed Officer Reviews: Chief Administrative Officer and Chief Financial Officer

The board entered executive session, with all staff and guests excused and HR Executive Director Val Rhoden-Kimbrough joining the board, to discuss scheduled reviews of the Synod's Chief Administrative and Financial Officers.

204X. Executive Session III(A): Appointed Officer Reviews: Chief Administrative Officer and Chief Financial Officer

205. Concordia University System

The board continued in executive session to review matters related to Concordia University System, accompanied by CAO Simek and Atty. Strand; Dr. Dean Wenthe, Dr. Paul Philp, and Dr. Gerhard Munding, all of Concordia University System; and with Gloria Edwards excused due to a conflict of interest.

205X. Executive Session III(B): Concordia University System

206. Report on Cape Girardeau Property Bequest

Following opening devotions on Saturday, CAO Simek presented a report on the 310-acre property bequest in the Cape Girardeau, Missouri, area, of which the board authorized acceptance in May (pp. 268–276/346). The board directed CAO Simek to develop a management plan. He reported that initial steps have been coordinated with the LCMS Foundation in a plan involving forest management and conservation.

207. International School Opportunity—Letter of Intent

The Synod has been presented with an opportunity to enter into a business partnership to operate a new international school. The board entered executive session, with CAO Simek, to discuss the details of a possible letter of intent. CMO Robson joined by phone from abroad.

207X. Executive Session IV(A): International School Opportunity—Letter of Intent

208. Report on Marketing of Synod Properties Overseas

The board continued in executive session to hear a report relating to the marketing of certain Synod properties overseas.

208X. Executive Session IV(B): Report on Marketing of Synod Properties Overseas

209. Mission Advancement Assessment Exemption

The board continued in executive session to deal with an action item related to its uniform gift support rate.

209X. Executive Session IV(C): Mission Advancement Assessment Exemption

210. Re-collateralization of Loans, Concordia International School—Hanoi

The board continued in executive session to deal with re-collateralization of loans financing Concordia International School—Hanoi.

210X. Executive Session IV(D): Re-collateralization of Loans, Concordia International School—Hanoi

211. Authorization of Concordia Historical Institute to Divest Saxon Lutheran Memorial, Frohna, Missouri

The board continued in executive session to deal with an action item presented by Concordia Historical Institute regarding a proposed divestment of Saxon Lutheran Memorial property.

211X. Executive Session IV(E): Authorization of Concordia Historical Institute to Divest Saxon Lutheran Memorial, Frohna, Missouri

212. Action Items

The board having returned from executive session, Chairman Kumm introduced the several action items from the prepared board docket:

(A) 2019 Convention Overture to Protect Convention Delegate Personal Information

Secretary Sias presented the board with an explanation of the requirement that convention delegate mailing addresses be published in the *Workbook* and posted on the Internet, relating increasing concerns that this invades the privacy of delegates and runs an increasing risk of inviting coercion or harassment from outside the church. After discussion, the board adopted the following resolution (pp. 126–127/346):

WHEREAS, The following overture has been proposed by the Secretary as a result of conversation with a 2016 delegate with professional background in privacy and information security standards; and

WHEREAS, The Board of Directors, while understanding that the tradition of sharing convention delegate addresses is widely valued in the Synod, finds the concerns regarding this practice to be substantial and increasing with time; and

WHEREAS, Revision of this requirement, included in Bylaw 3.1.8, requires convention action; therefore be it

Resolved, That the Board of Directors submit the following overture, having been signed by its officers as indicated, for consideration by the 2019 convention of The Lutheran Church—Missouri Synod.

To Amend Bylaw 3.1.8 To No Longer Require Publication of Delegate Mailing Addresses

Rationale

Bylaw 3.1.8 requires the *Convention Workbook* to include “the names and mailing addresses of all voting delegates.” This requirement was imposed by 1989 Res. 5-18, in response to a number of overtures indicating a desire on the part of parties structurally independent from Synod to communicate easily by mail, before the convention, with lay as well as pastoral delegates. This has provided opportunity over the years for the circularization of delegates with all manner of unofficial convention-related and non-convention-related material.

A lay delegate to the 2016 LCMS Convention noted, however, that standard best practices for personal and sensitive information require the diligent safeguarding of personal information, its use only in the official conduct of business, and strict limitations on its disclosure, necessitating:

- **a clear privacy policy:** what data are gathered and stored, and how will they be used or shared? Provide opt-in or opt-out for sharing.
- **stewardship, not ownership:** personal identity information is not corporate property to be repurposed or sold, but to be used only for official business.
- **safeguarding of customer identity:** strictly limit the disclosure of personal identity information. Encrypt any Sensitive Personal Information (SPI).

Already in 1986, overtures to require publication of delegate addresses were dismissed with the concern that publication of lay addresses “might cause potential delegates to refuse service [or] increase legal liability.” Publication of delegates’ addresses demonstrably exposes them involuntarily to unofficial and even convention-unrelated communications. It may expose their addresses to the general public, when for a variety of reasons they may prefer or even need them to remain private. In the present political climate, the publication in the *Workbook*—available for open download on the internet—of delegates’ full postal addresses creates potential for misuse of lists “by pressure groups who oppose the positions those delegates take in convention.” Elaborating on this point, the delegate noted:

It seems that LCMS has a cherished history of advocacy on internal issues that depends on the delegate addresses being disclosed to LCMS-connected groups, but it’s especially bad practice to put delegate postal addresses in the Workbook on the public Internet. One only has to think about the resolutions we pass in Convention for biblical marriage and sexuality and then remember what happened when Southern Poverty Law Center identified Family Research Council on a map as a hate group. And what happened when opponents of California Prop 8 created an online map with pushpins for anyone who donated in support of traditional marriage. It resulted in violence, harassment, vandalism, and job loss. Without realizing it, we’re exposing our convention delegates and their families to risk by making their personal addresses available openly. We need the bylaws to place some reasonable boundaries on use of delegate and elector personal data.

Responsibility for the list of delegate addresses, physical and e-mail, lies with the Secretary of the Synod (BOD Policy 5.7.3.2.1–5.7.3.2.1.2), and administrative steps have already been taken to apply best practices for personal and sensitive information. Delegate e-mail addresses *have not been and will not be* shared outside corporate Synod and will be used by the Synod only for *official*, convention-related business. Those in the districts who help to compile and certify this information have been reminded of this policy.

Bylaw 3.1.8 remains, however, and requires publication of full delegate postal addresses, in print and on the Internet. (And, in keeping with longstanding historic practice, delegate postal addresses, as they are included in the *Workbook*, may be shared with outside entities as a matter of convenience, recouping cost of collection and dissemination.)

The convention now has the opportunity to determine if the benefit of *requiring* the publishing of full delegate addresses outweighs the costs and / or risks of such a requirement. It is proposed that delegates be listed with member congregation and city—allowing, with some effort, communication with the delegates on a “care of” basis, through their congregations, without disseminating private addresses. Therefore be it

Resolved, That Bylaw 3.1.8 be amended as follows, to remove the requirement that delegate mailing addresses be published in print and online in the *Convention Workbook*:

PRESENT/PROPOSED WORDING

Pre-Convention Publications

- 3.1.8 A *Convention Workbook* containing a convention manual, reports and overtures, the names ~~and mailing addresses~~ and congregations of all voting delegates, and other information shall be published under the editorship of the Secretary subject to approval of the President.

Board of Directors

(B) Debt Relief Request: LCMS National Housing Support Corporation

The board was presented 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. 128–130/346). The following resolution was moved and seconded. Discussion noted a desire for more information on the program’s business model. The board resolved to **table** the following motion until the CEO of NHSC can visit with the CAO and President of the Synod and the latter can report to the board.

WHEREAS, The LCMS National Housing Support Corporation (NHSC) was established in September 2004, after the LCMS Board of Directors approved the recommendation of the Board for Human Care Ministries to do so. As a nonprofit corporation (organized in the state of Missouri for charitable and educational purposes within the meaning of Section 501(c)3 of the Internal Revenue Code of 1986 as amended), the NHSC serves as a faith-based intermediary organized to combat poverty and community deterioration. The corporation has as its sole member the LCMS, which means that functionally it is a wholly-owned subsidiary corporation of the LCMS. NHSC has its own federal employer identification number (EIN) but is covered under the group exemption ruling for Synod.

WHEREAS, The ministry of mercy through the work of community development and safe and affordable housing has been a hallmark of the work of the LCMS for generations. The work of the NHSC is built on the history of projects such as the Keys for Christ campaign begun in 1969 and the Nehemiah housing and neighborhood revitalization projects beginning in 1980. The Nehemiah Plan in East Brooklyn was one of the first housing initiatives of its kind, having been recognized nationally for its success. It continues to serve as a model for similar initiatives.

WHEREAS, Since its inception, the NHSC has delivered a wide variety of resources and technical assistance/consulting services to more than 300 LCMS congregations, recognized service organizations, districts, other LCMS-related ministries, and their community partners. A few key achievements include:

- In the past six years, provided project support to 126 LCMS organizations in 25 states and 2 other countries.
- Trained more than 360 clergy and lay leaders in community assessment and development work.
- Allocated more than \$1.2 million in community development grants to local congregations and recognized service organizations.
- Received more than \$10 million in support to fund housing ministry and community development projects across the U.S.
- Developed relationships with major national training, financial, and service partners (i.e. NeighborWorks America, Lutheran Church Extension Fund, LCMS Office of National Mission and PNC Bank).
- Created a fundraising platform to support housing projects among LCMS entities and their partners.
- Deployed \$500,000 in loan funds to LMCS entities for the purposes of developing affordable housing.
- Over the past three years, through grant writing consulting services, secured in excess of \$1.4 million for LCMS entities to help advance housing ministry across the U.S.

NHSC also provided direct services in community development in the College Hill Neighborhood in St. Louis, Missouri, since 2007. Efforts yielded the following outcomes in College Hill:

- Completed construction and sold 8 homes in the Nazareth Homes Development. Since the first homes were built, they have increased in value by 25%.
- Completed critical repairs to homes serving more than 120 residents.
- Led planning and secured funding for a small playground/pocket park.
- Contracted with an urban planning and economic development consulting group to engage residents developing a comprehensive Community Development Plan.
- Executed multifaceted strategy to increase safety and reduce crime which resulted in a 40% reduction in a 5-year period.
- Coordinated a Community Play Space Development to transform parcels of abandoned and unsafe land into a welcoming green space designed for uninhibited, creative play and the promotion of positive social engagement among children and adults.

and

WHEREAS, Over the last six years the NHSC has experienced tremendous success in achieving its mission. Over this period of time, due to some significant investments in its work in College Hill, combined with slowed general operating fundraising activity, the NHSC has had to rely on the LCMS to fill its revenue to expense shortfall each year. The accumulative deficit has resulted in the NHSC being indebted to the LCMS, as of March 31, 2018, \$822,185. This indebtedness has been and is an impediment in the Corporation's ability to apply for grants, raise funds and secure other resources required to carry out its mission and demonstrate a healthy financial position.

WHEREAS, The NHSC's staff and Board of Directors has assessed its business model and has made significant adjustments in its business model and operations to stabilize the Corporation and ensure sustainability and self-sufficiency, i.e.: 1) Successfully implemented a fee for service structure with seven (7) agreements currently in place, among other fund development strategies 2) Reduced overhead expenses by nearly 50% by relocating its offices, 3) Reduced operational expenses resulting in a positive net impact, by eliminating a staff position and outsourcing those job responsibilities and 4) Initiated an exit strategy as a direct service provider in College Hill, which has been resource intense.

WHEREAS, The NHSC humbly requests that the LCMS Board of Directors consider the funds expensed to help fund housing ministry over the last 4-5 years as an investment in the LCMS efforts to reach out in mercy to hurting communities, to restore and revitalize neighborhoods, and to "provide opportunities through which its members may express their Christian concern, love, and compassion in meeting human needs." (LCMS Articles of Incorporation, Article II (4).

WHEREAS, The elimination of the indebtedness would significantly change the financial position of the Corporation, improve its net asset position (*see attached pro-forma statements*) and through additional grant and fund development opportunities, thus afforded, enable the NHSC to expand its core mission in a dynamic and exponential manner.

Now, therefore, be it

Resolved, That the LCMS Board of Directors forgive the NHSC debt balance as of June 29th, 2018, effective June 30, 2018.

(above tabled pending further information)

(C) Pre-approval of Directors for the Foreign Mission Corporation, LCMS—Dominican Republic

The Office of International Mission (OIM) submitted a request (p. 131/346) for the board to pre-approve those that OIM intends to appoint to the board of directors of the LCMS foreign mission corporation in the Dominican Republic. It was moved and adopted:

WHEREAS, The Board of Directors approved the establishment of LCMS—Dominican Republic to carry out the administrative functions for the region of Latin America and Caribbean; and

WHEREAS, The bylaws of LCMS—Dominican Republic empower the Members to select directors for LCMS—Dominican Republic; and

WHEREAS, The Members of LCMS—Dominican Republic (Frank Simek, representing the corporate member LCMS, Rev. Kevin Robson, representing the corporate member Concordia International Foundation, Rev Ted Krey, Blake Warren, Rev Dan McMiller) recommend the addition of two new directors; and

WHEREAS, Christel Neuendorf is no longer a missionary in the Dominican Republic and has submitted her resignation as a director of LCMS – Dominican Republic; and

WHEREAS, Rev. John Fale is no longer serving as the executive director of OIM and has submitted his resignation as a director of LCMS—Dominican Republic; therefore be it

Resolved, That the Board of Directors pre-approve the addition of Rev. Joel Fritsche, Church Planter/Director of Seminary in Dominican Republic as a director of LCMS—Dominican Republic; and be it further

Resolved, That the Board of Directors pre-approve the addition of Rev. Daniel McMiller, Executive Director, Office of International Mission as a director of LCMS—Dominican Republic.

(D) Budget Process Guidance

Christian Preus, Chair of the Governance Committee, presented his committee’s proposed resolution intended to provide positive guidance to the budget process for corporate Synod (p. 132/346). It was moved and adopted:

WHEREAS, The accumulated negative unrestricted, undesignated net assets account balance has increased in each of the past two fiscal years (FY2016 and FY2017), after declining for the four years preceding them; and

WHEREAS, This accumulated deficit is not the result of spending in excess of the approved budget, but, rather, is a product of lower than anticipated receipt of donor-restricted gifts to finance convention-initiated mission and ministry program activities; and

WHEREAS, Unrestricted revenues/resources must be used to finance any actual spending that was planned to be funded with restricted gifts from donors, but for which such restricted gifts were not received; and

WHEREAS, The Board of Directors has the responsibility of approving the annual mission and ministry operating budget that provides funding for all the objectives of the Synod; and

WHEREAS, Input from the Board of Directors, when preparing the proposed annual operating budget, is desirable; therefore be it

Resolved, That the board adopt the following standing budget guidance:

The CFO shall present to the BOD an annual proposed operating budget that provides for the reduction of the accumulated deficit in the unrestricted, undesignated net assets account balance at a rate of up to \$2 million per year until the deficit is eliminated, with the objective to eliminate the deficit as soon as reasonably possible. If an accumulated surplus in the unrestricted, undesignated net assets account exists, the BOD shall consider the needs of the capital budget and any additional board designations for future use of the

accumulated surplus, prior to applying any amount of such accumulated surplus to fund all or a portion of annual operating mission and ministry budget.

(E) Approval of Concordia University St. Paul Purchase of Central Midway Building

Concordia University System (CUS), on the behalf of Concordia University, St. Paul, submitted a request for approval for the university to purchase a property currently being leased (pp. 133–149/346). The resolution being moved, discussion noted again that information presently made available to the board limits the board's ability to evaluate these proposals as part of a cohesive strategy for the CUS schools or with the benefit of a critical assessment of projections presented. It was also noted that due diligence is performed at other levels and that the board is presently developing a strategy for asking for the right information to be propagated to the board. The board adopted the resolution:

WHEREAS, the Concordia University System Board of Directors adopted the following resolution in its August 2, 2018, regular meeting teleconference:

WHEREAS, Concordia University St. Paul presently leases several floors of the property at 393 Dunlap Street, St. Paul, Minnesota, known as the Central Midway Building; and

WHEREAS, The present lease agreement provides Concordia University St. Paul the right of first refusal to purchase the property upon the interest of the present owner to sell; and

WHEREAS, The present owners of the property have inquired of Concordia University St. Paul as to their interest in purchasing the property; and

WHEREAS, The Board of Regents of Concordia University St. Paul have authorized the purchase of the property; and

WHEREAS, An updated version of the approved Campus Master Plan of Concordia University St. Paul has been submitted indicating the location and intent to purchase the facility as approved by the Concordia University St. Paul Board of Regents; and

WHEREAS, Purchase of the facility at the present time will allow for anticipated enrollment growth of 2,000 students over the next five years to be accommodated while providing rental revenue to the university until space is needed; and

WHEREAS, Concordia University St. Paul is in a positive cash position with favorable lending rates available; and

WHEREAS, Concordia University St. Paul has requested the approval of the Concordia University System Board of Directors and the Board of Directors of The Lutheran Church—Missouri Synod to acquire this property; therefore be it

Resolved, That the Concordia University System Board of Directors acting in a regularly scheduled board teleconference on August 2, 2018, approves the revision to the Concordia University St. Paul Campus Master Plan indicating the property located at 393 Dunlap Street, St. Paul, Minnesota, known as the Central Midway Building and the university's intent to purchase the same; and be it further

Resolved, That the Concordia University System Board of Directors approves the negotiated purchase price of \$9,850,000 for Central Midway Building property; and be it further

Resolved, That the Concordia University System Board of Directors approves the intent of Concordia University St. Paul to fund the purchase with 25% of the purchase in cash and 75% in long-term debt; and be it further

Resolved, That the Concordia University System Board of Directors approves the loan terms approved by the Concordia University St. Paul Board of Regents for a loan of \$7,387,500 (75% of

purchase price) for a term not to exceed 25 years at an interest rate not to exceed 5% from a lender determined by the President and Chief Operating Officer of the university to have presented the most favorable terms; and be it further

Resolved, That the property be appropriately deeded following the purchase so as to include a clause demonstrating the reversionary interest of The Lutheran Church—Missouri Synod in this property as a component of the campus of Concordia University St. Paul;

Resolved, That the Concordia University System Board of Directors encourages the Board of Directors of The Lutheran Church—Missouri Synod to approve the same.

therefore be it

Resolved, That the Board of Directors of The Lutheran Church—Missouri Synod approve the revision to the Concordia University St. Paul Campus Master Plan indicating the property located at 393 Dunlap Street, St. Paul, Minnesota, known as the Central Midway Building and the universities intent to purchase the same; and be it further

Resolved, That the Board of Directors of The Lutheran Church—Missouri Synod approve the negotiated purchase price of \$9,850,000 for Central Midway Building property; and be it further

Resolved, That the Board of Directors of The Lutheran Church—Missouri Synod approve the intent of Concordia University St. Paul to fund the purchase with 25% of the purchase in cash and 75% in long-term debt; and be it further

Resolved, That the Board of Directors of The Lutheran Church—Missouri Synod approve the loan terms approved by the Concordia University St. Paul Board of Regents for a loan of \$7,387,500 (75% of purchase price) for a term not to exceed 25 years at an interest rate not to exceed 5% from a lender determined by the President and Chief Operating Officer of the university to have presented the most favorable terms; and be it finally

Resolved, That the property be appropriately deeded following the purchase so as to include a clause demonstrating the reversionary interest of The Lutheran Church—Missouri Synod in this property as a component of the campus of Concordia University St. Paul.

(F) Commission on Theology and Church Relations Representation at 2019 Synod Convention

The Executive Director of the Commission on Theology and Church Relations requested that the board address his commission's representation at the 2019 Synod Convention, authorizing it to be officially represented also by its associate executive director (pp. 150–151/346). It was moved and adopted:

WHEREAS, Bylaw 3.1.4.1(a) states that “Each board or commission shall be represented [at conventions of the Synod] by its chairman or another board or commission member and by its principal staff person”; and

WHEREAS, Bylaw 3.1.4.1(b) stipulates that “Standing exceptions shall be the Board of Directors, the Commission on Constitutional Matters, the Commission on Handbook, and the Commission on Theology and Church Relations, who may be represented by as many of their membership as they deem necessary”; and

WHEREAS, Historically the CTCR has understood the word “membership” in Bylaw 3.1.4.1(b) to be inclusive of staff members of the CTCR, and so has typically designated its Executive Committee and the members of its executive staff to represent the CTCR as advisory representatives at conventions of the Synod; and

WHEREAS, The Secretary of the Synod has informed the Executive Director of the CTCR that, upon closer analysis, the term “membership” in Bylaw 3.1.4.1(b) is most properly applied only to voting and advisory members of the CTCR as listed in Bylaw 3.9.5.1; and

WHEREAS, 2016 Synod convention, Res. 11-17, To Establish Representation at Synod Conventions for the Board for National and International Mission, while recommending bylaw changes to accommodate the mission boards, failed to address the need for members of the CTCR executive staff to represent the CTCR as advisory representatives at conventions of the Synod; and

WHEREAS, Pending a change in the bylaws, the Executive Director has been encouraged to make use of Bylaw 3.1.4.1(c), which states “Other exceptions must have the approval of the Board of Directors of the Synod prior to each convention”, to request that additional members of the CTCR’s executive staff (e.g., Associate and/or Assistant Executive Director) be designated as advisory representatives of the CTCR to the 2019 Synod convention; therefore be it

Resolved, That the Board of Directors grant an exception to Bylaw 3.1.4.1 allowing the CTCR to designate additional members of its executive staff to serve as advisory representatives of the CTCR at the 2019 Synod convention, in accordance with Bylaw 3.1.4.1(c).

(G) Czech Banking Power of Attorney

CAO Simek presented a resolution to the board to authorize a non-time-restricted power of attorney, necessary to sustain the Synod’s banking arrangements in the Czech Republic (p. 152/346). It was moved and adopted:

WHEREAS, Mr. Richard Sovitzky III, Regional Business Manager for the Eurasia Region, has been reassigned to serve as Regional Business Manager for the Asia Region. In addition, Mr. Herman Strozier has been called to serve as the Regional Business Manager for the Eurasia Region; and

WHEREAS, These changes require Mr. Sovitzky to be removed and Mr. Strozier to be added as signatures to the bank account with Raiffeisen International Bank; and

WHEREAS, Raiffeisen International Bank requires either the Chief Financial Officer or an individual with a Power of Attorney (POA) that is not time restricted to be present to authorize the change; and

WHEREAS, Board Policy Section 5.8 Policy specifies that POAs shall not exceed four years and shall be granted to no less than two persons; and

WHEREAS, The Chief Financial Officer and Chief Administrative Officer recommend that the LCMS Board of Directors make an exception to the policy and grant Rev. James Krikava with a Power of Attorney for an unlimited time but limited to maintaining bank accounts in the Czech Republic; therefore be it

Resolved, That the LCMS Board of Directors make an exception to Section 5.8 of its policies and grant Rev. James Krikava with a Power of Attorney unlimited by time for the purpose to open and maintain all types of bank accounts, with such banks as may be necessary or desirable, to appoint authorized signatories for such accounts, to pay debts, to receive and deposit income and donations, to transfer funds, and to sign, execute, seal and/or deliver checks and banking documents in the Czech Republic.

(H) Appointment to Fill Vacancy on the LCMS Holdings Ltd. (Hong Kong) Board of Directors

LCMS Holdings, Hong Kong, Ltd., presented the board with its intention to appoint CAO Frank Simek as a director of Holdings, to replace the Rev. John Fale, who resigned as a director, effective July 9, 2018, and requesting the board’s concurrence in the appointment (pp. 153–154/346). It was moved and adopted:

WHEREAS, The LCMS Holdings Limited (“Holdings,” Hong Kong) Board of Directors (“Holdings BOD”) received an email communication from Rev. John A. Fale, resigning from his position as a director of Holdings, effective as of July 9, 2018; and

WHEREAS, Article 113 of the Holdings Articles of Association states: “The directors shall have power at any time, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these Articles. Any director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.”; and

WHEREAS, In a Holdings BOD meeting on August 17, 2018, the remaining directors of Holdings resolved (attached) that Mr. Frank Simek be nominated and appointed as a director of Holdings, and that for the sake of good order said appointment become effective immediately and only upon the concurrence and endorsement of the Board of Directors of The Lutheran Church—Missouri Synod (“LCMS”); therefore be it

Resolved, That the LCMS Board of Directors concur with and endorse the action of the Holdings BOD to appoint Mr. Frank Simek to serve as a director of Holdings.

(I) Nominations and Initial Appointments Related to Proposed Wholly-Foreign Owned Enterprise in the People’s Republic of China: Concordia (Shanghai) Business Information Consulting Co., Ltd.

LCMS Holdings, Hong Kong, Ltd., presented the board with its intention to appoint initial board members and officers to the Wholly-Foreign Owned Enterprise (WFOE) to be established in the People’s Republic of China (PRC) in coordination with the activities of Concordia International School Shanghai (CISS). Holdings requested the concurrence and endorsement of the board in its appointments (pp. 153–154/346). It was moved and adopted:

WHEREAS, The Board of Directors (“BOD”) of The Lutheran Church—Missouri Synod (“LCMS”) at its May 18–19, 2018 meeting resolved the following:

1. The [LCMS BOD] hereby approves the establishment of the [Wholly Foreign-Owned Enterprise (“WFOE”)] to be owned and controlled by [LCMS Holdings Limited (“Holdings,” Hong Kong)] in connection with the activities of [Concordia International School Shanghai (“CISS”)] operations, as currently based in Shanghai.
2. The [LCMS BOD] hereby authorizes the execution of such legal documents and the taking of such actions by LCMS, Holdings, CISS and the [Non-Enterprise Unit (“NEU”)] as are necessary or appropriate to comply with applicable laws relative to the establishment and operation for the WFOE.
3. The officers, agents and employees of LCMS, Holdings, CISS and the NEU are hereby authorized, empowered and directed to take or direct such further actions and to execute such documents as may be deemed by them to be necessary or appropriate to carry out the matters approved in this Resolution.”

and

WHEREAS, The proposed name of the WFOE thus to be established is Concordia (Shanghai) Business Information Consulting Co., Ltd. (“CBICC”); and

WHEREAS, The current proposed CBICC Articles of Association, which are to be submitted to appropriate PRC government authorities for their approval in order to comply with applicable laws relative to the legal establishment and operation of CBICC in the PRC, state as follows:

Article 17 The Board of Directors (the “Board”) [that is, of CBICC] shall consist of five (5) Directors appointed by the Shareholder [that is, Holdings, as sole shareholder].

Article 18 The Chairman of the Board shall be appointed by the Shareholder from the existing Directors....

Article 28 The Company's [that is, CBICC's] management organization shall be under the leadership of the General Manager, who shall be accountable to and shall act according to the instructions of the Board. The Company shall have one General Manager, who shall be nominated by the Shareholder and appointed or dismissed by the Board. ...The General Manager of the Company shall be the Legal Representative of the Company.

Article 36 The Company shall have one Supervisor.

Article 37 The Supervisor shall be appointed by the Shareholder....

and

WHEREAS, In a Holdings Board of Directors ("Holdings BOD") meeting on August 17, 2018, the directors of Holdings resolved (attached)

1. To nominate and appoint the following individuals to the positions cited above under Articles 17, 18, 36 and 37 of the proposed CBICC Articles of Association:
 - Directors (5): Mr. John Brantingham (member, CISS Board of Directors), Rev. Kevin Robson (LCMS Chief Mission Officer), Dr. Mary Scott (Head of School, CISS), Mr. Frank Simek (LCMS Chief Administrative Officer), Mr. Jerald Wulf (LCMS Chief Financial Officer).
 - Chairman of the Board (1): Mr. Frank Simek
 - Supervisor (1): Mr. Fred Voigtmann (chairman, CISS Board of Directors).
2. To nominate the following individual to the position cited above under Article 28 of the proposed CBICC Articles of Association:
 - General Manager (1): Dr. Mary Scott (Head of School, CISS).

and furthermore

3. For the sake of good order, that said nominations and appointments of the CBICC Directors, Chairman of the Board and Supervisor become effective immediately and only upon (a) the concurrence and endorsement of the LCMS BOD and (b) the pending approval of the proposed CBICC Articles of Association by the appropriate PRC government authorities; and furthermore
4. For the sake of good order, that said nomination of the CBICC General Manager become effective immediately and only upon (a) the concurrence and endorsement of the LCMS BOD and (b) the pending approval of the proposed CBICC Articles of Association by the appropriate PRC government authorities.

therefore be it

Resolved, That the LCMS Board of Directors concur with and endorse the action of the Holdings BOD to nominate and appoint the above listed individuals to the positions cited above under the proposed CBICC Articles of Association.

(J) Vacancy Appointment of Minister of Religion—Ordained, At-Large, to the LCMS Board of Directors

The nomination process for the vacant, at-large, minister of religion—ordained position on the Board of Directors (as occasioned by the April resignation of the Rev. Eric Ekong) concluded with five names presented by the Bylaw 3.2.5 committee to the board. The board's Personnel Committee reviewed the five candidates and submitted the following resolution, along with evaluative material for all five candidates (pp. 159–210/346). Personnel Committee Chair Kathy Schulz introduced the recommendation of the Personnel Committee, which the board adopted:

WHEREAS, The LCMS Board of Directors Policy Manual 5.7.2.2 directs that appointments for midterm vacancies in positions initially filled by election at the synod convention shall follow the process outlined in the LCMS Handbook (Bylaw 3.2.5 and 3.12); and

WHEREAS, The chairman of the LCMS Board of Directors has informed the LCMS Office of the Secretary that due to the resignation of Rev. Eric Ini-Obong Ekong, it will be necessary for the LCMS Board of Directors to make an appointment to fill the At-Large vacancy position on the LCMS Board of Directors: (1) one minister of religion—ordained position (for the remainder of the term 2016–2022); and

WHEREAS, The LCMS Office of the Secretary and the LCMS Department of Human Resources has compiled information on all nominees and/or the slate of candidates from the previous convention; and

WHEREAS, The Bylaw 3.2.5 Committee, having evaluated all submitted nominations, biographical sketches, and confidential evaluations, has provided the following list of candidate names: and

WHEREAS, The LCMS Board of Directors Policy Manual 5.7.2.2.2 states that the slate of candidates provided by the Bylaw 3.2.5 Committee shall be provided to the board in its entirety and shall not be modified (floor nominations are not allowed under Bylaw 3.2.5 [d]); and

WHEREAS, The Personnel Committee of the Board of Directors, having evaluated all submitted nominations, biographical sketches, and confidential evaluations of these candidates, in its meeting of July 30, 2018 made the following recommendation:

Minister of Religion—Ordained position:

Rev. Josemon T. Hoem

therefore be it

Resolved, That the LCMS Board of Directors accept the recommendation of the Personnel Committee, making the appointment as indicated above to fill the one minister of religion—ordained vacancy position; and be it finally

Resolved, That the Secretary notify those appointed and thank the other nominees, on behalf of the board, who allowed their names to be considered.

(K) Concordia University Texas Master Plan Update and Lot Purchase

Concordia University System requested that the board authorize Concordia University Texas to purchase and finance a lot formerly leased by the university from the Texas Church Extension Fund (pp. 300–345/346). It was moved and adopted:

WHEREAS, The Concordia University System Board of Directors adopted the following resolution in a regularly scheduled meeting on June 7, 2018, at Concordia University Chicago:

WHEREAS, Concordia University Texas has updated its Campus Master Plan to purchase the portion of the campus now leased and known as Schlumberger Lot 1 for future development; and

WHEREAS, The Concordia University Texas Board of Regents has approved the revised master plan and authorized the purchase of Schlumberger Lot 1 presently leased by Concordia University Texas from the Texas Church Extension Fund in the amount of \$5,000,000, and

WHEREAS, The Texas Church Extension Fund has offered favorable rates; and

WHEREAS, The purchase will not significantly alter the financial costs to the university to transition from leasing to owning the property; and

WHEREAS, The value of the real property as an asset will be of benefit to the university;

therefore be it

Resolved, That the Concordia University System Board of Directors acting in a regularly scheduled meeting June 7, 2018, at Concordia University Chicago approves the revisions to the Campus Master Plan of Concordia University Texas; and be it further

Resolved, That the Concordia University System Board of Directors approve the purchase of the presently leased property known as Schlumberger Lot 1 from the Texas Church Extension Fund in the amount of \$5,000,000; and be it further

Resolved, That the Concordia University System Board of Directors approves the requested loan with the Texas Church Extension Fund at a term of 30 years and an initial interest rate not to exceed 4%; and be it finally

Resolved, That the Concordia University System Board of Directors encourages the Board of Directors of The Lutheran Church—Missouri Synod to approve the Campus Master Plan revisions, property purchase request, and loan request of Concordia University Texas

therefore be it

Resolved, That the Board of Directors of The Lutheran Church—Missouri Synod approve the revisions to the Campus Master Plan of Concordia University Texas; and be it further

Resolved, That the Board of Directors of The Lutheran Church—Missouri Synod approve the purchase of the presently leased property known as Schlumberger Lot 1 from Texas Church Extension Fund in the amount of \$5,000,000; and be it finally

Resolved, That the Board of Directors of The Lutheran Church—Missouri Synod approve the requested loan with the Texas Church Extension Fund at a term of 30 years and an initial interest rate not to exceed 4%.

213. Meeting Review

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

213X. Executive Session VI: Meeting Review

214. Adjournment

The board returned from executive session. With the agenda concluded, Chairman Kumm adjourned the meeting with prayer at 11:00 a.m. Saturday.

John W. Sias, *Secretary*