

**MINUTES
BOARD OF DIRECTORS**

**Hilton St. Louis Airport
February 7, 2020**

42. Call to Order and Opening Devotion

Chairman Michael Kumm called the board’s February meeting to order with all members present. (The Great Lakes regional lay seat formerly occupied by James Carter, who resigned as of August 31, 2019, remained vacant, to be filled in the course of this meeting). Also in attendance were Chief Administrative Officer (CAO) and acting Chief Financial Officer (CFO) Frank Simek, Chief Mission Officer (CMO) Kevin Robson, and General Counsel Matt Buesching of Thompson Coburn.

Chairman Kumm called upon Joel Lehenbauer, executive director of the Commission on Theology and Church Relations, to offer devotions, which he did on the basis of Matt. 5:14–16 and Phil. 2:14–16, to the effect that the Light of Christ shines brightest in, draws most strongly in, and ultimately overcomes the deepest darkness.

43. Adoption of Agenda

The meeting agenda (p. 9/240 of the printed board docket, attached to the protocol copy of the minutes) was moved and adopted. Chairman Kumm noted the board’s May meeting will begin at Noon on Thursday, May 14, 2020, and conclude at 4:00PM that Friday.

44. Consent Agenda

The meeting’s consent agenda (pp. 10–11/240) was moved together with the regular agenda and adopted:

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 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)
 - Information Technology
 - Operations Support Services – Facilities Management
- Financial Services Reports
 - Accounting
 - Internal Audit
- Risk Management
- Board of Directors Committee Reports
 - Governance Committee
 - Personnel Committee
- Action Items
 - Approval of November 21, 2019, Minutes
 - Approval of January 31, 2020, Electronic Meeting Minutes

and be it further

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

45. President Harrison’s Report

Chairman Kumm next called upon President Matthew Harrison to extend upon his written report (p. 30/240). President Harrison opened that we are blessed, in the midst of known challenges, with many great folks working together toward positive ends. He noted First Vice-President Peter Lange is “working out very well,” operating methodically, analyzing and improving processes. “We continue apace,” blessed financially because of the retirement of Synod’s debt. The Synod is enjoying the post-convention calm. The Council of Presidents, meeting just after the Board of Directors, continues to grow “calmer and more united,” which is “a great blessing to the whole.” Harrison noted that the council adopted a resolution at its November meeting committing itself to encourage church workers to use *Luther’s Small Catechism with Explanation* “as an integral part of their catechizing of all God’s people.”

Requests for proposals have gone out to six companies for evaluation of LCMS Mission Advancement, with responses due March 1 and work to be completed by June 1. Funding of individual missionaries is working “better than ever.” We continue to underperform in certain other areas, but in a very challenging time for not-for-profits and churches in general.

Moving to international topics, Harrison noted another positive step forward, a key change of court-appointed administrator, in administration of the trust responsible for the property of the India Evangelical Lutheran Church. Concordia International School—Hanoi founding Head of School Steve Winkelman has received and is contemplating a call extended by Concordia International School—Shanghai. In Finland, the Rev. Dr. Johanna Pohjola, dean of the Evangelical Lutheran Mission Diocese of Finland and alumnus of Concordia Theological Seminary, Fort Wayne, has been summoned by the Helsinki Police to a preliminary investigation of “incitement to hatred against a group” for his involvement in the 2004 publication of a Luther Foundation Finland booklet entitled “Male and Female He Created Them – Homosexual relationships challenge the Christian concept of humanity.” This development is watched with concern. LCMS International Mission is doing well, as are its executive director, the Rev. Dan McMiller, and its regional managers, working with “great focus.” Harrison noted that his office is also working steadily towards appointment a new staff member for Church Relations.

Domestically, Harrison noted his involvement in the 2019 Res. 7-03 process, intended to produce a new governance plan for the Concordia System schools, noting at this point that the presidents don’t seem to be looking for “an organic union of the institutions.” With regard to Concordia University Portland, the President noted his disappointment at a lack of progress on long-term issues and noted that the university’s operations are challenged in a highly competitive online market.

The President was “very pleased” with the Office of National Mission’s prototypical *Making Disciples for Life (MDFL)* conference, held January 9–11 at the LCMS International Center in St. Louis. Attempts to register far exceeded the building’s capacity. The conference, and the ones that will follow in its pattern around the country, involve “pulling all the resources together and inviting the church to have a conversation.” The next conference is in April in Fort Wayne, Ind. The concept is that “everyone would be coming together in one place” in a continuous series of these events to learn about how to deal with the

most challenging situations in the church, how to improve across the board—how to do better youth ministry, evangelism, worship, leadership mentoring, disaster work—to make our congregations as strong as possible. One important aspect concerns how challenged congregations can be helped to chart and navigate—through theological, social, financial, leadership issues—a stronger way forward together?

The conferences have a focus on church planting. Harrison noted that “of all plants attempted from the 2004 *Ablaze* program, not one continues to exist.” What have we learned? *It’s not easy*. Most successful plants happen when mothers plant a daughter, rather than when a district or Synod tries to attempt something from afar. Harrison concluded, and board discussion agreed, that we need to “analyze our failures,” study the “magic bullets” of old that didn’t work, and pull together to find the best way forward together in our present challenges.

46. Chief Mission Officer Report

Chairman Kumm called upon Chief Mission Officer (CMO) Kevin Robson to extend upon his written report (pp. 40–69/240). CMO Robson commented on recent developments, noting an intense effort in all his reporting areas to carry out work assigned by the 2019 convention.

CMO Robson expanded on President Harrison’s remarks on what he called *MDFL* “Conference Zero,” noting “good critical feedback,” which was the goal, with the aim of sharpening subsequent conferences (the next, in April, in Fort Wayne, Ind.). The conferences will identify “resource gaps”; a plethora of “good ideas and best practices” are expected to develop, which will be made available to Synod’s congregations, laity, and church workers through a web-based resource now in “beta” testing. The resource includes a machine learning component to identify most frequent questions and most referenced resources, to guide searchers more efficiently to answers.

CMO Robson noted “tremendous progress” in the Synod’s church worker recruitment project, which is winding down its initial research phase. Ten focus groups broadly representative of the Synod were held before Christmas. They found the most influential time period for deciding to pursue church work professions is middle school; researchers are now looking at influencers and hindrances. An online survey going out today to all church workers and many youth and youth directors, to be compiled by end of March. The project will then move into its “outward facing campaign,” aimed at drawing the “best youth we have among us” to prayerfully consider church work preparation at the seminaries, college, and universities of the Synod.

In response to a question about the importance of middle school and the broader loss of young people after confirmation, Robson noted that a wealth of fresh and reliable data on these topics is available in *Relationships Matter: Research on the Millennial Generation*, a newly-published study by LCMS Youth Ministry and LCMS Research Services, available at no charge under a Concordia Publishing House grant.

CMO Robson reported working with the mission areas as they manage to budget and, on the revenue side, with LCMS Mission Advancement (MA) in a time of “philanthropic contraction.” The Office of International Mission, with its approx. 120 career missionaries deployed around the world, is pleased that the Rev. Eric Skovgaard has accepted a call to serve as Global Director of Safety and Security. Today, virtually all of the Synod’s missionaries are well-supported under the network-support model (NSM). This is a significant change from just 3–4 years ago, when perhaps a third of our missionaries were experiencing stressful challenges in maintaining sustained, adequate financial support through their networks. Over the same period, the typical time required to build an adequate support network for newly called missionaries (thus triggering their deployment to the field) declined from 14–18 months to 6–8 months. LCMS Communications, already “very involved” in *MDFL*, is also collaborating closely with MA, on a campaign to inform the church of critical needs for funding overseas project work.

Much work has also been done with Synod’s three international schools. Definitive agreements on a fourth, also to be located in a major city in Asia, are under final development, with many substantive issues resolved. The aim is to open the 2021–22 academic year with an early childhood center through second

grade (with the upper grades to be added over time); in order to meet this target, the new school facility construction needs to get underway soon. Under a broad services agreement with the in-country partner (which would provide 100% of the capital investment and build the facility), the LCMS will operate the school, e.g. calling the Head of School, recruiting faculty and administrative staff, specifying the curriculum, and planting an in-facility new mission congregation shepherded by an LCMS BIM-called missionary. Some LCMS faculty and staff may transfer from the Synod's other international schools, but additional personnel will be needed; care will have to be taken not to deplete existing LCMS international school staffs. "We will need faculty who can deliver the faith in the classroom." Robson noted the necessity of professional development resources leading to "certification of all LCMS international school faculty" in basic Lutheran theology, and the long-term possibility of even establishing a teaching colloquy program in Asia.

Robson noted "excellent cooperation" between the Board for International Mission (BIM) and the school board in the Head of School (HOS) call process for Concordia, Shanghai. The completion of this call process will dictate whether an additional process will be needed. Hong Kong International School (HKIS) also has an HOS vacancy, but the BIM's premises for extending a call—including a public commitment to Lutheran identity, teaching and practice; installation of LCMS missionaries as campus pastors; and a commitment to financially and functionally support a new LCMS position to liaise, coordinate, and provide advocacy for the Synod's international schools—have not yet been met by the HKIS board.

Chairman Kumm requested that the Chief Mission Officer and Board for International Mission perform a concrete evaluation of the mission impact of the international schools in their settings, to answer the question of to what extent and in what proportion the specific, evangelical mission purpose of the Synod is being accomplished through them.

47. Financial Report

Chief Administrative Officer (CAO) and acting Chief Financial Officer (CFO) Frank Simek extended on the printed financial report (pp. 38–39/240) and that of the LCMS Accounting Department (pp. 77–94/240). He noted that at the end of December, halfway through Fiscal Year 2019–20 (FY20), revenue is \$8.29 million (M) under budget, but expenditure is also under by \$8.05M, reflecting very carefully curtailed discretionary spending. This results in a 6-month surplus of \$116 thousand (k) (\$235k behind the budgeted 6-month surplus of \$351k.)

Considering major areas of activity:

- Mission and ministry programs show a negative variance (deficit) of \$299k. On the funding side, International Mission expenses are under budget by \$2M, but revenue is under by \$3.5M. A \$633k release of restricted funds will be made in January, somewhat easing the situation. In National Mission, expense is \$2M under budget but revenue is \$2.2M under. Concordia University System shows a \$721k surplus because of the elimination of historic CUS debt service. Communications is under on the expense side by \$388k and under on revenue by \$38k.
- Ecclesiastical programs show a positive variance (surplus) of \$1.4M, reflecting principally \$654k in convention-related funds not yet expended or assigned, the \$500k contingency built into the budget, which remains unspent, and a \$108k positive variance in Church Relations due to vacancies.
- Management and General expenses have a positive variance of \$102k, largely in Information Technology; Mission Advancement has a negative variance of \$701k due to lower-than-expected receipts.
- Unrestricted revenue is \$772k behind budget, due to slower than budgeted district remittances, and general donations and bequests are behind plan by \$428k. Investment returns, this year, \$421k ahead of plan, are offsetting these negative variances.

Simek noted a new report indicating timing-related impacts on the present bottom line. Net revenue through December is \$116k. Taking into account the Joy FM payment being in July, the forthcoming release of funds from restriction, youth gathering and convention surplus/deficit, expected district revenue (behind the 12-month estimate) and a couple of grants, net revenue would instead be \$281k at the six-month mark.

Concluding the presentation of revenues and expenditures, Simek summarized that lower revenues have been effectively countered by controlling costs, critically scrutinizing new hires, spending only as necessary in both program and support areas, and looking at the case for giving to the Offices of National and International Mission.

Turning to cash on hand, corporate Synod has \$3.7M in checking, \$4.0M invested at LCEF, earning 1.625% interest, and \$48.9M in the LCMS Foundation, this year returning much more than the typical 4%. This reflects 37 days cash on hand, down from 76 days at the end of FY19, due to movement of cash to investments that do not figure into days-of-cash the formula. Current (1-year liquid assets vs. current liabilities) and quick ratios (90-day liquid assets vs. current liabilities) stand at 3.1 and 2.6, respectively.

Simek noted \$9.1M in net assets without donor restrictions, slightly increased from FY19; in FY10 the figure was \$3.0M (the high of \$10.9M was in FY15). He concluded by observing that the budget contingency built in this fiscal year is helping the bottom line and, looking toward budgeting for FY21, that the outlook on unrestricted and restricted giving suggests challenges ahead.

48. Mission Advancement Update

Mark Hofman, executive director of LCMS Mission Advancement, joined the board by internet conference (Zoom.us) from the conference of the Association of Lutheran Development Executives to present an update on his department (CMO Robson began the presentation due to temporary connection difficulties).

Robson and Hofman shared insights from a Nov. 11 presentation, “Fundraising in the Post-Tax Cuts and Jobs Act World,” by Ashley Holmes, a consultant from The Rome Group, to St. Louis-area non-profit executives, sponsored by Ruben Brown LLP.

Analysis based on the annual GivingUSA report suggests that the noted act is having an adverse impact on philanthropic giving, with overall giving down 1.8% in 2018, and the religious subsector, by 3.9%. In 2019, overall giving appears to be down by approximately 7%. Annual gift and mid-level giving and donor retention are seeing their deepest lows since the great recession. Attitudes and views of younger givers are having an impact (younger donors believe the ultra-rich should be giving more.) Others may, on advice of financial counselors, be bundling giving to future years for bigger tax impact.

While the religious subsector is still the largest single sector, in 2019, for the first time, its share fell below 30%. It is suffering a more rapid decline. The loss of “matures” and “boomers” and replacement with Gen-X and Millennial donors (as well as the rise of “nones”), typically with very different attitudes, are having an impact. Donors are cutting back on amounts and number of organizations supported, except that niche causes related to hot-button social issues and “rage” giving are seeing upticks, a trend that may increase as the 2020 elections draw closer. Grant-making foundations are giving more due to strong stock market performance. Gen-X members are now the major gifts pool, but their “major gift” will be smaller.

In summary, practically every subsector of the United States nonprofit sector is experiencing a “philanthropic contraction,” with a disturbing loss of momentum. This contracting period is unprecedented, as the economy is not in recession or depression, but in a stable or even strong economy. Small, local organizations with budgets < \$5M and/or not yet ten years old are at greatest risk of failing (Hofman stressed that the LCMS is *not* in this category). There are no easy answers in response, as the situation is unique, but early recommendations for non-profits include:

- Evaluate organizational resiliency, seriously contemplating a temporary contraction or, for smaller organizations, collaborative partnerships.

- Monitor donor retention rates closely. The 2018 industry repeat donor rate was 40–45%. In 2019 it fell to 25.8% on average. LCMS is doing well—retention rate is between 58%–68%; last year it dropped to 62%. 70% is considered a top mark among industry professionals.
- Do not presume revenue growth in financial planning.
- Use a variety of strategies, methods, tools, influencers.
- Highly personalize appeals and donor care efforts and know your contributors well.
- Elevate promotion of asset-based giving options (donor advised funds), donations to which grew 300% in the past decade.
- Invest in increased spending on fundraising to hold stable until the situation becomes the new normal.
- Don't either panic or ignore the reality; don't cut fundraising and ride it down; don't aggressively but poorly solicit constituents—and lose them.

49. Legal Report

The board entered executive session, with CAO Simek and Attorney Buesching present, to hear the report of legal counsel (pp. 103–127/240).

49X. Executive Session IA: Legal Report

50. Concordia University, Portland, Update

Continuing in executive session with CAO Simek and Attorney Buesching, the board welcomed guests by teleconference to report on the situation of Concordia University, Portland:

- Representing Concordia University System, Gerhard Mundinger, chairman; Dean Wenthe, president; and Paul Philp.
- Representing Concordia University, Portland: Tom Ries, interim president; Rod Wegener, regent chairman; and Paul Linnemann, district president board member
- Attorney Aaron Lacey (also of Thompson Coburn)

50X. Executive Session IB: Concordia University, Portland, Update

51. Audit Committee Report

The board returned from executive session. Audit Committee Chairman Keith Frndak presented the report of his committee, which met the afternoon before. His committee had considered a report on Concordia University System, noting a lack of the reporting expected from Concordia University Bronxville, and reviewed the workflow of LCMS Internal Audit. That department is still “working a person short,” with no discussion of replacement. Internal Audit reported good results on recent Information Technology security testing and was asked to move forward with contract negotiations with external auditors.

52. LCMS National Housing Support Corporation Update

LCMS National Housing Support Corporation (NHSC) president Janet Johnson joined the board by internet conference (Zoom.us) to present to the board the plan of the LCMS National Housing Support Corporation for its winding-up. Johnson reported being unable to do a more comprehensive financial analysis since NHSC's last presentation to the board in September 2019, other than to report “more expenses than

anticipated.” The desire is to complete transfer of properties and winding up before April 1, when current insurance policies expire.

Johnson noted that the Great Commission Lutheran Church (GCLC) construction project has not yet closed financing, but that GCLC has agreed to the assignment of fees due to NHSC to LCMS upon said closing. Remaining College Hill properties will be transferred to the College Hill Foundation, which has agreed to take a membership stake and responsibility for security cameras, etc., but the transfer has not yet been effected. Johnson noted a need to address allocation of remaining restricted funds. An action item and accompanying exhibits were presented to the board at the time of the meeting. Staff and legal counsel will evaluate the action item and facilitate the board’s taking action as necessary.

53. Personnel Committee Report

Val Rhoden-Kimbrough, executive director of LCMS Human Resources, joined the board as Personnel Committee Chairman Larry Harrington presented the report of his committee, elaborating on its printed report (pp. 101–2/240). Harrington noted that the committee has been working on screening 17 nominees for Chief Financial Officer (CFO), with the initial field of seven potential candidates being interviewed in connection with this meeting. When this initial screening is completed, the top few candidates will be invited to the May meeting for the full board to conduct interviews and make an appointment.

Harrington noted, with regard to the potential reappointment of the board’s representation on boards currently attended by the CFO, that the Secretary has drafted an inquiry for the Commission on Constitutional Matters to clarify certain aspects of the board’s freedom in making such appointments.

Harrington next presented the two vacancy positions presently awaiting the board’s action, one to the LCMS Board of Directors, a layperson from the Great Lakes region, and one to the LCMS Board for National Mission, a layperson from the Central Region:

(A) Vacancy Appointment: LCMS Board for National Mission, Layperson, Central Region

The resignation of Mr. Ernest E. Garbe necessitated the board’s making an appointment (pp. 143–44/240 and pp. 4–129/226 in this meeting’s appointment book), by the process specified in Bylaw 3.2.5 and as further defined in its Policy 5.7.2.2, to fill the resulting vacancy position on the LCMS Board for National Mission, in the layperson seat representing the Central region, for the remainder of the 2016–2022 term (less than one-half term).

The LCMS Office of the Secretary sent out a call for nominations on August 30, 2019, requesting response by October 14, 2019, and, assisted by the LCMS Department of Human Resources, compiled information on all nominees, including the slate of candidates from the previous convention. This information was submitted, in its entirety, to the Standing Committee on Nominations (“Bylaw 3.2.5 Committee”), to the Personnel Committee, and to the Board of Directors for inclusion in the board appointments book.

The Standing Committee on Nominations (“Bylaw 3.2.5 Committee”) evaluated all submitted nominations, biographical sketches, and confidential evaluations and has presented the board with the required slate of three to five candidates. The chairman of the Board for National Mission requested to review and offer feedback on the list of candidates for the vacancy appointment to his board, a request accommodated in this instance, with the appointment to be deferred to this meeting. The Personnel Committee offered its recommendation of Patrick Kyler as particularly suited for appointment.

Candidates (three to five selected by the Standing Committee on Nominations)
Gehrke, Stevin H. — Lawrence, Kan. (KS) *Kastens III, Louie W. — Edmond, Okla. (OK) Kyler, Patrick R. — Columbia City, Ind. (IN) Lumpe, Loren — Defiance, Mo. (MO)

Non-Candidate Consenting Nominees
* Frerking, John — Higginsville, Mo. (MO) Frese, Jerry M. — Leavenworth, Kan. (KS) Graumann, Arnold Dean — Granite, Okla. (OK) Ross, Patti — Tulsa, Okla. (OK) Schroeder, Jeffrey Z. — Hoagland, Ind. (IN) Weller, Stephen F. — McPherson, Kan. (KS)
<i>* from the 2016 Convention Slate of Candidates</i>

In a single electronic ballot, the board elected:

Kyler, Patrick R. — Columbia City, Ind. (IN)

The Secretary was directed, in accordance with policies, to notify the appointee and to thank the others who allowed their names to stand in the nomination process.

(B) LCMS Board of Directors Vacancy, Layperson, Great Lakes Region

The board having returned from executive session, Chairman Kumm directed the board’s attention again to the appointment of a member to fill the vacancy, in the layperson seat representing the Great Lakes region, for the remainder of the 2016–2022 term (less than one-half term), left by the resignation of Mr. James W. Carter from the LCMS Board of Directors (pp. 145–47/240 and 130–220/226 of this meeting’s appointment book). The board’s action at this meeting was necessitated by the final declination, due to changes in personal circumstance, of two appointees who had previously indicated willingness to serve. Following the second declination, the Office of the Secretary polled remaining candidates and consenting nominees to ascertain whether they would be willing to serve if appointed. The board was presented with the remaining slate of candidates and the list of remaining non-candidate consenting nominees, as follows. The committee offered its recommendation of Rick Stathakis as particularly suited to the board’s present needs.

Remaining Candidates (of three to five selected by the Standing Committee on Nominations)
* Ducharme, Willard C. — Huntington Woods, Mich. (MI) *Gust, Dale D. — Mt. Pleasant, Mich. (MI) Stathakis, Rick H. — Shelby Twp., Mich. (MI) **Timm, Craig V. — Wisconsin Rapids, Wisc. (NW)
Remaining Non-Candidate Consenting Nominees
Fink, Jim A. — Ypsilanti, Mich. (MI) Krueger, Paula — Wausau, Wisc. (NW)
<i>* from the 2016 Convention Slate of Candidates</i>
<i>** added by the board pursuant to Bylaw 3.2.5 (d) from the list of consenting nominees</i>

It was moved and carried to enter executive session to discuss the appointment.

53X. Executive Session II: LCMS Board of Directors Vacancy, Layperson, Great Lakes Region

The board returned from executive session. It was moved and carried to add Craig Timm to the slate of candidates. In an electronic vote of one ballot, the board elected:

Stathakis, Rick H. — Shelby Twp., Mich. (MI)

The Secretary was directed, in accordance with policies, to notify the appointee and to thank the others who allowed their names to stand in the nomination process.

Harrington next introduced an additional, occasional appointment, not covered under the board's regular and vacancy appointment policies:

(C) Appointment to the International Lutheran Society of Wittenberg (ILSW) Board of Directors

Chairman Kumm having recently resigned as a representative of the Synod on the ILSW Board of Directors, the Office of the President nominated the Rev. Dr. Scott Murray for appointment as his replacement, with the LCMS Board of Directors the appointing body. Rev. Murray's curriculum vitae having been provided for review by the Personnel Committee and the board (pp. 221–26/226 of this meeting's appointment book), and his having consented to serve, if appointed, it was moved and adopted by consensus:

WHEREAS, The Rev. Dr. Michael Kumm was named as an LCMS member of the ILSW Supervisory Board in November 2011 and resigned from his position as of December 1, 2019, to devote more time to his family; and

WHEREAS, The ILSW Articles of Association, Section E, §10, (3a) indicates the LCMS will nominate ("name") two ILSW supervisory board members and will replace such members (Section E, §10, (3e). Therefore, having appointed Rev. Dr. Michael Kumm to the LCMS member position on the ILSW Supervisory Board, the LCMS Board of Directors must now name the individual to fill this vacancy; and

WHEREAS, The Personnel Committee has received one nomination for this position:

Rev. Dr. Scott R. Murray, LCMS Third Vice-President,
Memorial Lutheran Church, Houston, TX, Senior Pastor;

therefore be it

Resolved, That, effective immediately, the LCMS Board of Directors appoint Rev. Dr. Scott R. Murray to serve in the LCMS member position on the ILSW Supervisory Board; and be it further

Resolved, That the board's staff shall notify in writing, without undue delay, the other ILSW shareholders, the supervisory board members, and the managing director of this appointment; and be it finally

Resolved, That the LCMS Board of Directors give thanks to Rev. Kumm for his many years of faithful service and dedication to the Old Latin School and ILSW and pray God grant Rev. Murray wisdom, patience, and good health to serve in this ILSW position along with his other vocational responsibilities.

54. Governance Committee Report

Governance Committee Chairman Christian Preus presented the report of his committee, which met January 15 (pp. 100–2/240). The committee reviewed the manual's first and second sections, regarding desired outcomes and self-governance, but took no action on these in view of the BOD Policy Task Force's assignment to propose broader restructuring of these sections. This task force is reinitiating its work post-convention. The committee also reviewed LCMS BOD Policy 5.9.2, regarding recognized service organizations. This section will require extensive revision due to changes made by the 2019 convention of the Synod; Governance Committee member Andrew Grams will review these policies in light of convention changes and help the committee to prepare recommended changes for the board's May meeting.

Preus presented one action item, making changes to the board appointment process of LCMS BOD Policy 5.7.2. He outlined the changes and introduced the resolution:

(D) LCMS Board Policy 5.7.2 – Making Appointments and Filling Mid-term Vacancies

The resolution (pp. 133–43/240) was moved and adopted:

WHEREAS, LCMS Board Policy 2.10.1.3.1 directs the Governance Committee to review policies of the board and to make recommendations for new or amended policies; and

WHEREAS, The Secretary and Governance Committee have reviewed the policies governing the board's procedures for regular and vacancy appointments and recommended various changes for clarification and improvement; therefore be it

Resolved, That the Board of Directors adopt changes to The Lutheran Church—Missouri Synod Board of Directors Policy Manual, Section 5.7.2 – Making Appointments and Filling Mid-term vacancies as shown in the protocol minutes, pp. 133–43/240; and be it further

Resolved, That the board also direct the table of contents, index and other references to be updated as necessary.

Chairman Kumm recalled the assignment of the Governance and Audit Committees to produce a template for program areas to report strategic planning conducted in the budgeting process (Item 11, minutes of Nov. 12–13, 2019; item 270, May 17, 2019). He asked CAO Simek to remind the program areas that the board would like to have a strategic plan by the end of April so that the board can be prepared to review budgets in light of these in its May meeting. The Governance Committee was asked to continue its work on a template for these reports. Some discussion ensued as to the relative roles of the Governance Committee and Policy Task Force, a discussion that was left to be pursued by the two committees.

55. Board Designated Funds

Chief Administrative Officer Frank Simek presented a survey of current board-designated funds totaling \$19,762,536 (p. 232/240), with the intention of reviewing the ongoing appropriateness of their designation. Those assessed as possibly suitable for designation or re-designation include:

- Net Assets Board-Designated for Future Projects (\$6,889,938): These funds were in May 2019 reserved from the sale of Hong Kong property, the dividend from Concordia—Shanghai and the loan repayment from Concordia—Hanoi, with the future use of funds to be determined. Other funds received from these sources were expended to repay the historic CUS Debt and Synod's obligations in the Ann Arbor consolidation and held in reserve against an open college line of credit.
- Mission Property Fund (\$280,216): This fund was established more than 10 years ago to purchase Hong Kong mission properties which were recently sold; the original intent has long since passed on. These funds could be repurposed.
- DCS Ministries Endowment Fund (\$58,139): The work of District and Congregational Services was in 2010 subsumed into the Office of National Mission.
- Convention-Mandated Activities (\$181,722): Funds are reserved from previous conventions to implement convention action, including the 7-03 Task Force.

Other funds in reserve for currently designated purposes include:

- Innovations in Communication (\$5,451,762): Reserved from proceeds of KFUE-FM sale.
- Risk Management (\$2,398,220): Reserved for future use.
- CUS (\$2,200,000): Support for Concordia University System lines of credit.
- Low Income Housing (\$1,453,900): Low income housing, including an approx. \$300k loan portfolio.
- Youth Gathering (\$598,539): Cover potential shortfalls from previous surpluses (will likely be used this year, possibly in its entirety, due to lower-than expected registrations)
- Synod Convention (\$250,000): Future potential shortfalls and emergencies

Relinquishing the chair to Ed Everts, Chairman Kumm requested that the board endow the managing director of the International Lutheran Society of Wittenberg (ILSW) using \$2M of the “Future Projects” fund. The use of LCMS network-supported missionaries has been challenging in the past. Wilhelm Weber, a German, formerly seminary rector in South Africa, has been in place since January, has been holding regular services and reaching out with a confessional Lutheran presence in Wittenberg for the first time in probably 70 years. Kumm commented that it is difficult for Weber to raise money within Europe to fund this position; this endowment would relieve LCMS Mission Advancement of a support burden.

It was moved and seconded that \$2M be granted as an endowment to the ILSW to support the director’s position. After discussion of the urgency of the item relative to other potential obligations and the possibility of its being implemented instead as a “quasi-endowment,” held by the Synod and re-designable by the board at any time, it was moved and carried to postpone consideration of the item until the board’s May meeting. Thereupon, Chairman Kumm resumed the chair.

56. Seven Mission Priorities

Chief Mission Officer Kevin Robson presented an overview of planning based on the seven mission priorities of the Synod in the context of the new mission emphasis: *Making Disciples for Life*.

2019 Res. 4-03A specified the mission priorities underlying the emphasis:

- plant, sustain, and revitalize Lutheran churches;
- support and expand theological education;
- perform human care in close proximity to Word and Sacrament ministries;
- collaborate with the Synod’s members and partners to enhance mission effectiveness;
- promote and nurture the spiritual, emotional, financial, and physical well-being of pastors and professional church workers;
- enhance early childhood education, elementary and secondary education, and youth ministry; and
- strengthen and support the Lutheran family in living out God’s design.

These define the area in which the mission offices work nationally and internationally.

The emphasis and attendant priorities drive the development of desired ends policies by mission boards, which in turn drive the work of the mission offices under the supervision of the President and the Chief Mission Officer. These offices, in turn, drive the development of operating plan and budget proposals, as specified and implemented by program units (including, in addition to the Offices of National and International Mission, Pastoral Education, Mission Advancement, and Communications). Implementation and outcomes are supervised by the CMO and President. The two mission boards perform a monitoring (oversight) function over implementation of policies in the offices pertaining to each.

The Board of Directors, of course, approves the operating budget, and has the ability to speak to the mission boards, Chief Mission Officer, President, even convention, to advise course corrections as it deems necessary.

Operating plans report on activities in tremendous detail (ONM, for example, has over twenty component ministries, each with a budget and operating plan with milestones, goals, and objectives). These need to be distilled, for the board’s consumption, into “a reasonably digestible template.”

The 2019 convention charged the mission boards under Res. 4-04A to invite a deeper and wider participation by all members of the Synod in developing the Synod’s mission emphasis and priorities. Congregations and schools were sent a “teaser” poster in January 2020. In mid-April 2020, a “triennial process engagement resource” will be provided, currently envisioned with five component parts intended to facilitate a one-hour conversation in a congregation or at a circuit winkel: (1) What is this? (2) How are the emphasis/priorities used by the Synod? (3) What do these currently mean to the mission boards? (4) A study and discussion guide (Scripture and Confessions); and (5) A “how-to” for participation going forward, focusing on submission of overtures through the bylaw-designated channels. The resource is timed to

anticipate district conventions beginning in January 2021. The mission boards will consider this effort a success “if we can get some conversations going on at the congregational and circuit level on the meaning and practical application of the Synod’s mission emphasis and priorities.”

57. Fiscal Year 2020–2021 (FY21) Salary Discussion

The board entered executive session with Val Rhoden-Kimbrough, executive director of LCMS Human Resources, in attendance, along with CAO Simek, CMO Kevin Robson, Attorney Buesching, and Ross Stroh, and to discuss the salary proposal for the upcoming fiscal year.

57X. Executive Session IIIA: Fiscal Year 2020–2021 (FY21) Salary Discussion

58. Engagement of Legal Counsel, FY21–24

The board continued in executive session with staff and counsel excused.

58X. Executive Session IIIB: Engagement of Legal Counsel, FY21–24

59. Concordia International School Shanghai Campus Improvement Proposal

The board continued in executive session, with CAO Simek, CMO Robson, and Attorney Buesching present, and to review a proposal by Concordia International School Shanghai (CISS) to improve its campus (pp. 150–231/240)

60X. Executive Session IIIC: Concordia International School Shanghai Campus Improvement Proposal

60. Concordia International School—Hanoi Loan Arrangements

The board continued in executive session, with CAO Simek, CMO Robson, and Attorney Buesching present, to undertake an action enabling the loan authorized for Concordia International School Hanoi (CISH) in the board’s November 21, 2019, meeting (p. 149/240). Member Keith Frndak departed the meeting.

60X. Executive Session IIID: Concordia International School Hanoi Loan Arrangements

61. Action Items

The board returned from executive session. Chairman Kumm presented to the board the remaining action item scheduled for the present meeting, the other items having been handled in the course of the meeting:

(E) Appointment of Interim Persons

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

responsibility of appointing someone to serve the following positions during a vacancy, the board needs to identify who will serve during an interim vacancy resulting from an unexpected resignation, disability, disposition, or death of the staff executive currently serving. The selection needs to be made reasonable to assure that the primary functions will continue during a short-term vacancy. The interim appointment should be considered as a short-term contingency arrangement until the executive is able to return, or, if necessary, until a call or appointment of a new executive is accomplished. It was moved and adopted:

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

Resolved, That the Board of Directors name the following individuals to serve during a board-authorized interim vacancy until action by the Board can be taken to reappoint someone to fill the vacancy, the names to be forwarded to the Department of Human Resources, who shall maintain them as required should the need for the designation of an interim or acting, as appropriate, be necessary:

Chief Administrative Officer	Val Rhoden-Kimbrough – Executive Director, Human Resources
Chief Financial Officer	Mr. Frank Simek – Chief Administrative Officer
Secretary of the Synod	Rev. Peter Lange – First Vice-President

62. Report on 2019 Res. 7-03 “New CUS Governance Plan” Committee

Christian Preus reported to the board on the two meetings (one in-person in November and one phone call since) of the 7-03 Committee, which is directed to propose a new governance plan for the Concordia University System institutions that will “strengthen the schools’ connection to the Synod and confessional identity; review composition, size, and selection of regents; review the process for selecting institution presidents; review the overall governance of CUS and the schools; and review the institutions’ financial models.” Historical background is presently being assembled, with the initial draft due next week. The CUS Advisory Committee is working with the task force, along with institution board chairs, and are presenting research on governance models. The task force includes, from the Board of Directors: Christian Preus (chairman), Keith Frndak, and Jan Lohmeyer; Concordia University presidents Patrick Ferry, Brian Friedrich and Russell Dawn; from Concordia University System, chairman Gerhard Munding, board member Jon Bruss, and president Dean Wenthe; Concordia University regents Michael Meese and Dominic Salvino; and President Matthew Harrison. CUS’ Paul Philp and CAO Simek are assisting with background in their respective areas.

The group’s next meeting is day-long, two weeks from today, in-person, at Concordia University Chicago. The basic governance structure and issues on which there is disagreement will be identified for discussion. Preus noted the pace “will have to be picked up” as much work remains and deadlines are only a year out. While severe challenges facing small liberal arts colleges and universities are generally acknowledged, considerations of local control and independence will need to be balanced with the consideration of management of a viable system as a whole to the mission of the Synod. Opinions vary on these considerations. Various public and private systems have been examined, but “none fits us perfectly.” Many details remain to be explored.

The following meeting will probably be in April. Between February and April the drafting process will be contemplated; a principal drafter is in mind, to be assisted by Secretary Sias and LCMS counsel. Preus expects that in May the central thrust of the proposal, as far as basic governance structure, may become apparent.

63. Meeting Review

The board entered executive session, with all non-members excused except for legal counsel, to review the meeting according to its policies.

63X. Executive Session IV: Meeting Review

64. Adjournment

The board returned from executive session. With the agenda concluded, Chairman Kumm adjourned the meeting.

John W. Sias, *Secretary*