

MINUTES
BOARD OF DIRECTORS
Internet Conference Meeting
May 15, 2020

72. Call to Order

Chairman Michael Kumm called the board's May meeting to order, with all members present by internet conference due to COVID-19-related considerations (First Vice-President Peter Lange attended in part, also being part of a simultaneous Concordia Seminary, St. Louis, Board of Regents 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 explained that the customary verbal elaborations of reports included in the consent calendar (e.g., President, Chief Mission Officer) would be omitted due to the online format. He called upon First Vice-President Peter Lange to open with prayer, which he did on the basis of John 14:1–14.

73. Adoption of Agenda

The meeting agenda (p. 8/310 of the printed board docket, attached to the protocol copy of the minutes) was moved and adopted.

74. Consent Agenda

The meeting's consent agenda (pp. 9–10/310) was moved and, Secretary Sias having noted a few minor edits to the proposed minutes, 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 February 7, 2020, LCMS BOD Minutes
 - Approval of March 27, 2020 Electronic Meeting Minutes
 - Approval of April 3, 2020 Executive Committee Minutes
 - Approval of April 9, 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.

75. Financial Report

Chief Administrative Officer (CAO) and acting Chief Financial Officer (CFO) Frank Simek elaborated on the printed financial report (pp. 40–41, 204–216/310) for the nine months ending March 31, 2020.

On the expense side, Synod’s program spending ratio stands at 79.9% (including 67.7% mission and ministry and 12.2% ecclesiastical programs), an increase from 78.2% last year, with management and general spending at 11.1% and fundraising at 9% (all as percentages of FY20 actual expenditures).

Considering revenue and expense relative to the FY2019–20 (“FY20”) budget, as of the end of the third quarter (“FY20-Q3”) on March 31, revenue is under budget by \$10.9M, while expense is under budget by \$11.0M, for a \$63k positive net variance relative to budget. This reflects positive net budget variances of \$362k in mission/ministry programs, \$1.55M in ecclesiastical programs, and \$240k in management and general expense, but a \$1.17M negative net variance in Mission Advancement and a \$918k resulting negative net variance in unrestricted revenue/expense.

Actual revenue is \$102k behind actual expense, which compares favorably to a budgeted \$165k deficit at this point in the fiscal year. Considering the timing of revenues and releases that are not uniform through the fiscal year, however, the actual revenue/expense deficit at the end of the third quarter may be as much as \$1.05M.

At the end of March, corporate Synod held working cash of \$5.45M plus \$11.8M in investment cash, for a current ratio of 11.2 and a quick ratio of 13.1, with 89 days cash on hand (noting that cash levels must be understood in light of the unrestricted net asset balance, noted below.)

CAO Simek presented an analysis of daily cash receipts (including all revenue except for interest, endowments, and payments received from Gateway Communications for the purchase of KFUE-FM), which appear to have dropped from an average of \$246k, before April 1, to an average of \$146k, after. Net assets without donor restrictions remain, however, at \$8.88M, comparable to \$8.98M at the end of FY2018–19.

Corporate Synod, on May 5, closed a Coronavirus Aid, Relief, and Economic Security Act (CARES) Act Payroll Protection Plan loan for \$4.05M, to be used for payroll related costs and utilities over eight weeks ending June 29, coinciding nearly with the end of FY20. Funds are being segregated for compliance with program requirements, including those for loan forgiveness, which Simek reviewed for the board. He also reviewed a projection of applicable expenses during the eight-week period and Synod’s options at the end, when the forgiveness and remainder amounts would be determined.

In discussion board members noted the observation of other non-profits that employees’ usage of accrued vacation time during the work-at-home period will help balance sheets later in the year, and concern regarding the combined impact of COVID-related revenue shortfalls and the potential impact on the Synod balance sheet of expenses relating to the Concordia University System.

76. Personnel Committee Report

Larry Harrington, chair of the Personnel Committee, presented his committee's report (p. 107/310). The committee met April 21 and developed recommendations for two sets of appointments to come before the board, as indicated with the action items below. He also noted the receipt of an opinion from the Commission on Constitutional Matters (Op. 20-2925) regarding the question of the board's latitude in designating representatives on the boards of other agencies of the Synod, as now permitted by the bylaws, to relieve the Chief Financial Officer of some of his heavy meeting load. The opinion gives the board a great degree of freedom in making such designations and suggests the designations as a topic for the board's future work. Chairman Kumm asked the Personnel Committee to prepare recommendations for such designations, for presentation to the board.

Chairman Kumm noted that the search process for the new Chief Financial Officer has been indefinitely paused due to the present COVID-19 situation.

77. Legal Report

The board entered executive session.

77X. Executive Session IA: Legal Report

78. Engagement of Legal Counsel for FY2021–24

The board continued in executive session with counsel excused.

78X. Executive Session IB: Engagement of Legal Counsel for FY2021–24

The board returned from executive session. It was moved and adopted:

WHEREAS, During the Board of Directors' executive session at its February 2020 meeting, the Governance Committee discussed whether the Board of Directors believes its legal needs are being met. The current contract with Thompson Coburn is up June 30. Discussion noted the challenge of instilling new representation with institutional knowledge and changes in philosophy about the wisdom of changing accountants and counsel. Discussion noted the skill evident in Attorney Buesching and others at Thompson Coburn and their external contacts; and

WHEREAS, The Governance Committee was designated, together with the Chief Administrative Officer (CAO), to pursue renewal of the Thompson Coburn contract at a favorable rate for presentation to the Board of Directors in May; and

WHEREAS, The Governance Committee determined that it would be prudent to receive comments from several LCMS leaders, a list of eighteen individuals was compiled from a longer list of people who have interacted with Thompson Coburn over the past triennium. A survey soliciting comments was sent to the 18 with 12 responding; and

WHEREAS, The survey results showed a very high level of satisfaction with Thompson Coburn in meeting our needs, providing timely feedback, having knowledge of the LCMS polity, and providing good "value for money." Based on these survey results, the Governance Committee requested that Thompson Coburn submit an offer to provide legal services for the period of July 1, 2020 through June 30, 2023; and

WHEREAS, Thompson Coburn submitted a proposal dated May 4, 2020, and the Governance Committee has determined that the proposal provides the LCMS with continued superior legal service and with a fee structure like the existing contract. The Governance Committee and CAO recommend that Board of Directors accept the Thompson Coburn proposal; therefore be it

Resolved, That the Lutheran Church—Missouri Synod Board of Directors reappoint Thompson Coburn, LLP, as General Counsel for the Synod through June 30, 2023, pursuant to their proposal dated May 4, 2020, and according to the provisions contained in the Board Policy Manual.

79. Governance Committee Report

Christian Preus elaborated on the printed Governance Committee Report (p. 105–6/310). He noted the committee’s significant task to update board policies to be consistent with the recognized service organization program restructuring effected by the 2019 convention in its Res. 4-06A and 4-07. Coordination will be required with the mission boards and offices as they update their respective policies. Andrew Grams is heading up this work for the committee, with the Secretary and Chief Mission Officer (CMO), which is expected to extend for two or more meetings.

The committee also discussed with CMO Robson and CAO Simek the development of the standard template for program unit strategic plans (item 11, minutes of Sept. 12–13, 2019; item 270, May 17, 2019). Robson and Simek will create a template and send the draft by July 1 to the Audit and Governance Committees for review and approval. Once approved by the committees, the template will be distributed to the program unit executives, to be returned to CAO Simek’s office by August 1. On the basis of these, a document supplement will be created and posted for the board during the first week of August. Unit executives will then be scheduled for 5 minutes (understanding that the Offices of National and International Mission will need more) with the board to discuss their strategic plans. In a typical year, they would also update the board at mid-fiscal-year to give an update on execution of the current strategic plan.

80. Audit Committee Report

Keith Frndak presented the report of the Audit Committee, which had met the evening before. The committee heard a report from James Sanft, President of Concordia Plan Services, on the state of the Concordia Plans in general and, specifically, on the impact of the COVID-19 crisis and events within the Concordia University System (CUS).

The committee also heard a report from President Dean Wenthe, Paul Philp, and Chairman Gerhard Munding of CUS, regarding the financial state of the schools, especially as they plan and implement COVID-related contingencies.

The committee also discussed recent financials and budget preparation with CAO Simek and Ross Stroh, and LCMS Internal Audit initiatives and routine fraud prevention measures, with Executive Director Joann Spotanski. The committee also accepted the engagement letter of Brown Smith Wallace to serve as external auditor for corporate Synod’s June 30, 2020, financial statement.

81. 2019 Res. 7-03 Task Force Report

The board entered executive session.

81X. Executive Session II: 2019 Res. 7-03 Task Force Report

The board exited executive session.

82. Fourth Quarter FY20 / First Quarter FY21 Revenue/Expense Estimates and First Quarter FY21, Continuing Spending Authorization

CAO and acting CFO Frank Simek, on behalf of the Operations Team and LCMS Accounting and Financial Services, presented a detailed analysis of projected FY20-Q4 and FY21-Q1 spending and cash flow sensitivities (pp. 216–35/310), as previously tasked by the board.

Forecasts for these two quarters were prepared by business units on the following guidance: No change in employment status for all current employees, including exempt, non-exempt, full-time or part-time. Hiring and filling of vacant positions is placed on hold. Non-personnel-related costs are reduced or eliminated (travel, lodging, events, purchases of equipment/supplies). Existing capital expenditures are placed on hold, with new projects deferred, but implementing any cost reduction projects. Grant disbursements were deferred or eliminated. No salary adjustments are to be made until further notice, and, where feasible, no new projects or initiatives.

Plans were reviewed by the Operations Team and Accounting; results met the stated criteria with some reasonable exceptions for timing and pre-planned personnel changes. A detailed forecast was prepared for FY20-Q4 and FY21-Q1, with spending for each quarter reduced from actual FY20-Q3 (by \$952k and \$190k, respectively; p. 221/310). Simek noted the impact that COVID-19 has had on operations, some resulting in savings: FY20-Q4 travel expense was reduced by 90% and in FY21-Q1 by 75%. Simek reviewed significant changes relative to FY20-Q3 by business unit (pp. 222–23/310), highlighting some timing-dependent factors, including distribution in both quarters of Soldiers of the Cross grants and in FY21-Q1 of Global Seminary Initiative grants, both reflecting cash in hand. \$130k in capital expenditures are also planned in this period.

Simek presented best, middle, and worst-case cash inflow sensitivities indicating impact on cash reserves (pp. 222–23/310). The best case shows a reduction of cash inflow in the next two quarters, relative to a year ago, of 13% and 5%, respectively (to \$11.7M and \$13.2M); the worst case is a reduction of 38% and 25% (to \$8.2M and \$10.4M) (pp. 227–29/310). Despite strictly curtailed spending in the two quarters of \$11.9M and \$12.7M, in all but the best case, significant quarterly operating deficits result. These would be offset, in FY20-Q4, by the PPP loan received.

Summarizing, Simek stated that the near-term outlook is “bearable” through FY21-Q1, helped significantly by the PPP loan, but the longer-term outlook, if income reduction is significant and protracted, is not sustainable (suggestive of a \$4–8M annual deficit). Simek presented a number of the near-term and longer-term possibilities for the board’s awareness and conversation (pp. 233–34/310).

Finally, CAO Simek presented the spending authorization plan proposed by the Operations Team for FY20-Q4—FY21-Q1, explaining that the adoption of this authorization extension will allow for better quantification of COVID-19 effects before adoption of remaining FY21 budget. The Operations Team will prepare a budget for the remainder of FY21 (Q2–Q4) for presentation to the board at its August meeting, with more developed cash flow projections and details of potential actions, including an action plan. This will be done in concert with the strategy statement concept being developed by the Operations Teams together with the board’s Governance and Audit Committees.

Turning briefly to other operational topics, Simek explained there will be a very soft opening at the IC starting at the beginning of June (perhaps 20 people). Now-significant experience with the new “work from home” model, imposed by the city and county shelter-in-place order, has given a new perspective and opportunity on what needs to be done to manage day to day and what facilities are needed.

A board member advocated taking early action to eliminate positions to control spending. CMO Robson noted that June and July will be a period of very intense planning. The current situation is “bearable” but “we’re not doing the same work we were doing months ago.” Program reductions and restructuring of work processes and operating unit organization are highly probable outcomes under “realistic” revenue scenarios.

83. Action Items

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

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

Bylaw 3.7.1.3 and LCMS Board of Directors Policy Manual 5.7.2.1 direct that appointments for the Board of Trustees—Concordia Plans (CP) / Board of Directors—Concordia Plan Services (CPS) be made annually, at the May meeting of the LCMS Board of Directors. Concordia Plan Services informed the Office of the Secretary that two lay and one commissioned member incumbents (Boushek, McCain, and Boerger) having reached the end of their term limits, and two of the lay member incumbents (Blisk and Swenson) being eligible for reappointment, it will be necessary for the LCMS Board of Directors to make appointment(s) for one commissioned and four lay positions (pp. 134–35/310 and pp. 5–86/347 of the board’s appointments book).

Nomination, biographical, and evaluative information having been received according to the board’s policies, the Personnel Committee met on Tuesday, April 21, resolving to present to the Board of Directors the entire slate of two available commissioned and eight available lay nominees (as required by board policies to provide two candidates for each position to be appointed) to recommend especially, for the commissioned position, the appointment of Mark P. Muehl, and for the lay position, the appointment of Brenda P. Blisk, Mark O. Swenson, Terry D. Miller, and Renee Varga. The following ballot was presented to the board:

Candidates	
Commissioned Position (appoint one)	
Muehl, Mark P. — Fort Wayne, Indiana (IN)	Unverfehrt, William E. — Newton, N.C. (SE)
Lay Positions (appoint four)	
* Blisk, Brenda P. — Vienna, Va. (SE)	Patterson, Julie A. — Richmond, Va. (SE)
LaBrie, Alexander K. — Orange, Calif. (CNH)	* Swenson, Mark O. — Plymouth, Minn. (MNS)
Linkes, Cynthia — San Antonio, Texas (TX)	Tresch, Gordon D. — Kenmore, N.Y. (EA)
Miller, Terry D. — Pittsburgh, Pa. (EA)	Varga, Renee — Winter Garden, Fla. (FG)
<i>* incumbents eligible for reappointment</i>	

By a show of hands, the board elected to appoint:

CP Trustee / CPS Director: Commissioned (appoint one)

Muehl, Mark P. — Fort Wayne, Indiana (IN)

By an electronic ballot, the board elected to appoint:

CP Trustee / CPS Director: Lay (appoint four)

Blisk, Brenda P. — Vienna, Va. (SE)

Miller, Terry D. — Pittsburgh, Pa. (EA)

Swenson, Mark O. — Plymouth, Minn. (MNS)

Varga, Renee — Winter Garden, Fla. (FG)

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

(B) Appointments: Lutheran Church Extension Fund—Missouri Synod Members-at-Large and Alternates

Bylaw 3.6.4.2.1 and LCMS Board of Directors Policy Manual 5.7.2.1 direct that appointments for the Lutheran Church Extension Fund—Missouri Synod (LCEF) be made annually, at the May meeting of the LCMS Board of Directors. The Lutheran Church Extension Fund informed the Office of the Secretary that it will be necessary for the LCMS Board of Directors to make appointments for four members-at-large positions (term Nov. 1, 2020–Oct. 31, 2023) and for two to three alternates (in case any members-at-large are unable to attend the annual meeting) and has provided a description of the responsibilities and desired

qualifications of these at-large members (pp. 136–38/310 and pp. 87–347/347 of the board’s appointment book).

Nomination, biographical, and evaluative information having been received according to the board’s policies, the Personnel Committee met on Tuesday, April 21. It did not reduce the slate to be presented to the Board of Directors, but recommended the appointment, as members-at-large, of Scott D. Ernst, William R. Huseman, Charles P. Olander, and Jon B. Urbach and, as alternates, Louis Kastens III, Paul J. McCain, and Ryan J. Weir.

Candidates	
Members-at-large (appoint four); Alternates (appoint two or three)	
*Ernst, Scott D. — Sioux City, Iowa (IW) Gerth, Joseph J. — Worden, Ill. (SI) Golden, Greg T. — Carthage, Mo. (MO) Hoffman, Stephen D. — Cedar Falls, IA (IE) Huseman, William R. — Jacksonville, Fla. (FG) Kastens, Louis III — Edmond, Okla. (OK) King, James T. — Gaylord, Minn. (MNS) Kuhl, Mitchell D. — Sartell, Minn. (MNN) McCain, Paul J. — Saint Charles, Mo. (MO)	Miller, Terry D. — Pittsburgh, Pa. (EA) *Olander, Charles P. — New Holland, Ill. (CI) *Ridley, James — Upper Marlboro, Md. (EN) Riordan, Todd C. — Columbus, Ind. (IN) *Urbach, Jon B. — Pierre, S. D. (SD) Torkelson, Daniel T. — Dousman, Wisc. (SW) Tresch, Gordon D. — Kenmore, N. Y. (EA) Weir, Ryan J. — Topeka, Ks. (KS) **Zehnder, Larry — Chattanooga, Tenn. (MDS)
<i>* incumbent members-at-large, eligible for reappointment; ** incumbent alternate</i>	

Without objection, the committee’s recommendation was selected as the board’s slate of appointments:

LCEF Members-at-Large (appoint four)

- *Ernst, Scott D. — Sioux City, Iowa (IW)
- Huseman, William R. — Jacksonville, Fla. (FG)
- *Olander, Charles P. — New Holland, Ill. (CI)
- *Urbach, Jon B. — Pierre, S. D. (SD)

LCEF Member Alternates (appoint two or three)

1. Kastens, Louis III — Edmond, Okla. (OK)
2. McCain, Paul J. — Saint Charles, Mo. (MO)
3. Weir, Ryan J. — Topeka, Ks. (KS)

The Secretary of the Synod is charged to notify those appointed and thank the other nominees, on behalf of the board, who allowed their names to be considered. The Secretary noted that a concern regarding the attendance record of certain members-at-large has been shared with his office and conveyed to the attention of the board’s Personnel Committee.

(C) Appointment: Lutheran Center for Religious Liberty Board of Directors

The President of the Synod notified the board that it would be necessary for the board to act to reappoint its member of the Lutheran Center for Religious Liberty (LCRL) Board of Directors (p. 139/310). It was moved and adopted:

WHEREAS, Tim Hecht was appointed by the LCMS Board of Directors in May 2016 as the LCMS Appointee to Lutheran Center for Religious Liberty (LCRL) Board of Directors; and

WHEREAS, Per LCRL Bylaw, Article II, Section 2, all members of the Board of Directors shall hold office for a term of three (3) years; and

WHEREAS, Tim Hecht has numerous invaluable and important contacts in key Washington, D.C. leadership offices that are most beneficial and helpful to establishing LCRL presence in the nation’s capital; and

WHEREAS, Tim Hecht has stated his interest and willingness to continue service, if appointed; and

WHEREAS, It is the desire of the LCRL Board of Directors that Tim Hecht continue to serve on the LCRL Board of Directors and recommends his re-appointment; therefore be it

Resolved, The LCMS Board of Directors re-appoint Tim Hecht to serve a second term (2020–23) on the LCRL Board of Directors.

(D) Budget for 2019 Res. 7-03 Task Force

The Operations Team presented the following resolution (p. 140/310) for the board’s consideration, acting on behalf of the Task Force and in view of its estimate of work remaining. It was moved and adopted:

WHEREAS, The Synod at the 2019 Convention passed Resolution 7-03, directing the Synod Board of Directors, with the active involvement of the President of the Synod, the Concordia University System (CUS) Advisory Council (CUS institution presidents), the CUS Board of Directors, the President of the CUS, the institutions’ respective boards of regents, and others as needed, and with the concurrence of the CUS Advisory Council and the CUS Board, to propose a new governance plan for consideration by the 2022 convention of the Synod.

The proposed new governance plan is specifically to address the objectives of 2013 Res. 5-01A and 2016 Res. 7-02B by continuing to:

- strengthen all CUS institutions’ connection to the Synod;
- strengthen the confessional Lutheran identity of all CUS institutions;
- review the composition, size, and selection of boards of regents;
- review the process for selecting presidents of institutions;
- review the overall governance of CUS and the boards of regents of the CUS institutions;
- review the financial models for the institutions; and

WHEREAS, The LCMS Board of Directors have established a “Res. 7-03 Task Force” chaired by a Board member and consisting of the members as directed by the Synod’s resolution; and

WHEREAS, The Res. 7-03 Task Force discussed a plan and determined that a budget of \$60,000 was needed to accomplish its work.; and

WHEREAS, The Task Force spent \$4,800 in Fiscal Year 2019, leaving a balance of \$55,200 for Fiscal Year 2020 which the Task Force requests to be included in the Fiscal Year 2020 Budget; therefore be it

Resolved, The LCMS Board of Directors approve a Fiscal Year 2021 budget of \$55,200 for the 2019 Res. 7-03 Task Force to accomplish its work.

(E) FY21-Q1 Budget Continuing Spending Resolution

The continuing spending authorization presented above was moved and adopted:

WHEREAS, Board Policy 4.2 requires the Chief Financial Officer to present to the Synod’s Board of Directors for approval at its May meeting the annual operating and capital budgets for corporate Synod; and

WHEREAS, In response to the current 2019 coronavirus disease (COVID-19) pandemic that continues to have a dramatic and negative impact on the United States and virtually all other world economies, the U.S. federal government, since approximately mid-March 2020, along with almost every state and local government, have issued some form of stay-at-home guidelines or orders which included restrictions on gatherings to fewer than 10 individuals and, in some cases, have even placed a total ban on certain public gatherings such as church worship services; and

WHEREAS, Placing restrictions on, and in some cases prohibiting, physical gatherings for church worship services holds the substantial potential to negatively impact plate offerings, and reduced plate

offerings may also portend a substantial negative impact on both undesignated and designated gifts to the LCMS through both individual direct gifts and gifts received from districts, which may experience reduced capacity to fulfill their respective pledges to the Synod; and

WHEREAS, Nevertheless, it is too early in the current COVID-19 crisis to accurately assess and quantify the aforementioned potential negative impact (in both near and long-term time horizons) on gifts to the LCMS; and

WHEREAS, The Board of Directors recognizes the great financial uncertainties, especially in forecasting LCMS revenue, that the current COVID-19 crisis has created, and wishes to take extraordinary action to deal with this situation in a fiscally responsible manner while developing, approving and implementing a sound budget for Fiscal Year 2021 (FY21); and

WHEREAS, The Board of Directors previously directed the Operations Team to prepare for presentation at its May 2020 regular meeting a short-term operating and capital expenditures forecast for FY20 Q4 and budget proposal for FY21 Q1, at or below the actual spending rate for FY20 Q3; and

WHEREAS, The Operations Team has prepared and presented to the board the aforementioned operating and capital expenditures forecast for FY20 Q4 and budget proposal for FY21 Q1 (both including a sensitivity analysis to various revenue scenarios) which meet the spending criteria specified by the board; and

WHEREAS, In addition, the board directed the Operations Team to prepare and submit an operating and capital budget proposal for the remaining three quarters of FY21 at the board's August meeting, which shall include the presentation of strategic business plans for all units included in the budget proposal; therefore be it

Resolved, That the LCMS Board of Directors approve:

- (1) The aforementioned near-term FY20-Q4 operating (\$12.0 million) and capital (\$120,000) expenditures forecast (including accompanying operations adjustments within all LCMS operating units to achieve the same), as amended from the previously adopted FY20 LCMS budget, and
- (2) The aforementioned FY21 Q1-operating (\$12.8 million) and capital (\$10,000) budget proposal;

and be it further

Resolved, That the Operations Team shall prepare and submit an operating and capital budget proposal for the remaining three quarters of FY21 at the Board's August meeting, which shall include the presentation of strategic business plans for all units included in the budget proposal.

(F) Appointments: China Evangelical Lutheran Church—Legal Corporation Board of Directors

CAO Simek and CMO Robson notified the board of a need to appoint new directors for the non-profit organization overseeing assets on behalf of the China Evangelical Lutheran Church (pp. 143–44/310). It was moved and adopted:

WHEREAS, The China Evangelical Lutheran Church—Legal Corporation (CELC-LC) is a non-profit corporation based in Taipei, Taiwan, Republic of China, with The Lutheran Church—Missouri Synod (LCMS) designated as the “donator”; and

WHEREAS, The Articles of Incorporation of the CELC-LC stipulate that:

- “The board of directors of the CELC-LC shall be organized by nine directors; three of them shall be elected from the members and other six shall be elected from the pastoral workers (including preacher, pastor, and teacher).The tenure of directors is three years

without remuneration, and they shall be eligible for reelection except for the one obligated to the CELC-LC” (Article 7).

- “The directors shall be elected by the donator, LCMS, within two months before the expiration of the term of office of the existing directors. *In the event that the number of vacancies in the board of directors equals to one third of the total number of directors due to any force majeure or special event, or due to any director's resignation for any cause, the LCMS shall elect succeeding directors to fill the vacancies under the same term of office as the original directors*” (Article 8). [emphasis added]
- “The CELC-LC shall have three supervisors, including one executive supervisor, who shall be elected by LCMS with the tenure of three years and they shall be eligible for reelection upon expiration. Supervisors shall be present at board meetings” (Article 14-2); and

WHEREAS, Recent personnel changes have created three (3) board vacancies, with the following candidates recommended to fill these vacancies:

Directors resigned	Recommended candidates to fill director vacancies
Darin Storkson	Rev. Daniel McMiller
Rev. Roy Askins	Rev. President Andrew Miao (currently a CELC-LC Supervisor)
Fred Voigtman	Richard Sovitzky

; and

WHEREAS, The recommendation to have CELC Rev. President Andrew Miao fill one of the current CELC-LC director vacancies potentially creates one (1) vacancy among those serving as CELC-LC supervisors; and

WHEREAS, In the event that such a vacancy among the CELC-LC supervisors were to occur, the recommended candidate to fill the supervisor vacancy is Rev. James Krikava; and

WHEREAS, All of the above-listed recommended candidates to fill board and supervisor vacancies have ecclesiastical connection to and/or are under the supervision of the LCMS President and/or the Chief Mission Officer; and

WHEREAS, All of the actual and potentially vacant CELC-LC director and supervisor positions described herein have terms that end, concurrent with all others serving as CELC-LC directors and supervisors, on 31 March 2021, at which time all nine (9) members of the CELC-LC board of directors and all three (3) CELC-LC supervisors shall have been elected by the LCMS to a new three year term beginning on 1 April 2021; therefore be it

Resolved, That the Board of Directors elect the above-listed recommended candidates to fill the vacant CELC-LC director and supervisor positions described herein, to serve out the remaining current term through 31 March 2021.

84. Dissolution of LCMS National Housing Support Corporation

The board entered executive session.

84X. Executive Session IIIA: Dissolution of LCMS National Housing Support Corporation

85. Purchase of Concordia University School of Law from Concordia University Portland by Concordia University St. Paul

The board continued in executive session.

85X. Executive Session IIIB: Purchase of Concordia University School of Law from Concordia University Portland by Concordia University St. Paul

86. Future Meeting Planning and Meeting Planning Guidance for the Synod's Agencies

The board returned from executive session. Chairman Kumm introduced a resolution drafted at his request by the Secretary, intended for the board to lead the other meeting groups of the Synod by example. It was noted that the electronic format not only reduces costs relative to planned in-person meetings but gives the board new, cost- and time-effective opportunities to spend more frequent time together in strategic planning and in-depth discussion.

It was moved and adopted:

WHEREAS, The Board of Directors has enjoyed an ability, during present travel and gathering limitations, to carry out its business efficiently and effectively through commonly available, secure, and inexpensive internet meeting technologies; and

WHEREAS, The Bylaws of the Synod grant the Board of Directors and other Synod and agency boards, committees, commissions, and councils broad latitude to “select a manner of meeting, consistent with Board of Directors policy, that best enhances its ability to accomplish its mission, taking into consideration fostering the open exchange of ideas, availability of technology to all members, stewardship of resources, perception of fairness, controversial nature of agenda items, and whether secret ballots might be used,” namely, including electronic mechanisms for meeting, subject to LCMS BOD Policies 2.4.4 and 5.7.8; and

WHEREAS, The board is exploring the potential of electronic meetings, not only to replace portions of an existing in-person meeting schedule, but also to introduce possibilities, both cost-effective and convenient to member schedules, for new and potentially more effective ways of working together as a board and within its constituent committees, including the scheduling of more frequent and focused meetings for deep topical dives and strategic planning; and

WHEREAS, The impact of the pandemic and its aftermath on the non-donor-restricted resources of the Synod and its agencies have highlighted and redoubled the board's consistent resolve to responsibly steward available resources; and

WHEREAS, The pandemic and its aftermath can be expected not only to reduce resources available to fund in-person meetings, but also significantly to increase the expense and inconvenience of the same, perhaps imposing severe and possibly disproportionate burdens on those attending; therefore be it

Resolved, That the Board of Directors, as “custodian of all the property of The Lutheran Church—Missouri Synod” (Const. Art. XI E 2) indicate its intention to conduct at least two of its four regular quarterly meetings each year, those in February and in August, as well as all of its committee meetings not immediately associated with an in-person meeting, through an internet meeting technology, presently finding that, conditions permitting, a sound business case ordinarily exists for in-person gathering for budget purposes (nominally in May) and for strategic planning and coordination purposes (in November); and be it further

Resolved, That the Board of Directors, as “custodian of all the property of The Lutheran Church—Missouri Synod” strongly encourage the other boards, commissions, committees, and councils of Synod and its agencies to maximize use of electronic meetings, to meet in person only where required by a sound business case, and to intentionally evaluate, in light of new opportunities, and discern a manner

and schedule of meetings that “best enhance its ability to accomplish its mission” within a rigorous stewardship of donated resources; and be it finally

Resolved, That the Board of Directors, as “custodian of all the property of The Lutheran Church—Missouri Synod” hereby communicate its intention to exercise its budgetary responsibilities in a manner consistent with this guidance.

Chairman Kumm briefly reviewed changes to the board’s November in-person meeting, which is planned to be one- and one-half days, including a conversation with the Council of Presidents. Details are being worked out.

87. Meeting Review

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

87X. Executive Session IV: Meeting Review

88. Adjournment

The board returned from executive session. With the agenda concluded, Chairman Kumm asked First Vice-President Lange to offer a concluding prayer and benediction. He thanked the board members for their work, and the board adjourned its meeting.

John W. Sias, *Secretary*