

## MINUTES

### BOARD OF DIRECTORS

August 24–26, 2017

#### **94. Call to Order / Opening Devotion**

On Thursday, August 24, Chairman Michael Kumm called the board to order for its scheduled retreat at the Hilton St. Louis Airport Hotel. All board members were present except for Keith Frndak, who, having been delayed in travel, arrived later in the day. First Vice-President Herbert Mueller, appointed to offer devotions for the retreat, did so on the basis of Matthew 16, focusing on our Lord's words to Peter, the "little stone," that on the "great foundation rock" of the faith the Lord himself would build his Church "and the gates of hell would not prevail against it."

#### **95. Board Responsibility Overview**

Secretary Sias offered a presentation on the scope of the board's authority, as delineated in the Constitution and Bylaws of the Synod, together with a critique, from the "Carver" Policy Governance® (PG) perspective, of the governance philosophy reflected in the board's policies and manner of operating. A PG approach presumes that the owners' objectives for the organization (in our case, the objectives expressed by the congregations in convention in the Synod's Constitution, Bylaws, and resolutions, including triennial priorities), be manifested in clear ends policies. These support prioritization and assessment of particular objectives, so that the whole organization's activity is focused toward and assessed against such ends. While the board policy manual has developed in a PG direction (decreasing in size and increasing in usability), work on ends definition has lagged.

It was noted that PG "ends" are strictly external (what is to be done, for whom, and at what relative cost). As in any human organization, so in the Synod and its agencies: processes tend over time to focus on maintaining "means" in a "status quo" institutional structure rather than achieving "ends" for the congregations. Synod-wide discussion of our objectives and their prioritization may be key to reversing this tendency in our approach to budgets and inter-entity collaboration. Fostering such a discussion would be a means for the board to help congregations grow in "responsible ownership" of the Synod and its agencies, thus preparing the convention to lay out a wise general direction for how Synod (together with its agencies) can work in a more focused and efficient manner. Such a discussion will also guide staff and agencies to work more for the whole Synod (i.e., all the congregations) and less within, or for, their own "silos."

Synod's complex and "churchly" corporate structure, with its variety of constitutional officers and incorporated agencies, poses challenges for PG; nonetheless, the model's governance principles may have helpful application. The annual budget timeline, for example, practically requires the board to specify in advance, in policy, both the prioritization of ends and the clear constraints that must be satisfied in a budget it will adopt. Clear delegation and structured accountability are key to the model's function (even more so in our complicated system); in certain areas these could profitably be improved upon in the board's policies.

#### **96. Retreat Overview**

Chairman Kumm briefly introduced the organization of the board's retreat, in which the board's three committees would break off to discuss their areas of the policy manual. At the same time, the chair would meet with the President, First Vice-President, and Secretary to discuss the board's interaction with Synod executives and staff. Kumm reiterated a recent theme: "We cannot keep doing Synod the way we've been doing it the last fifty years, and this includes this board." In an era of limited resources, we need to refocus

on accomplishing and prioritizing the objectives of the Synod. The board has an opportunity now to make this board more productive for the Synod and for its “owners,” the congregations.

Retreat committee chairman Ed Everts introduced the purpose of the board’s retreat, intended to provide the board an opportunity to contemplate the effectiveness of its present policy manual and way of operating. Goals included identifying any proposals of 2019 convention action, positioning the board to be more responsive to challenges, ensuring that the committee structure of the board met current needs, and “re-imagining the business of the board” for greater effectiveness in completing tasks and achieving goals.

### **97. Retreat / Board Policy Review**

The governance, personnel, and audit committees met in the morning and in the afternoon to review their areas of responsibility. Morning discussions focused on identifying needed improvements or clarifications to board policies in the particular areas. The afternoon’s discussion was broader, considering whether convention measures would be necessary to improve how corporate Synod and the agencies of Synod operate together to serve the congregations’ objectives as embodied in the Synod’s Constitution, Bylaws, Articles, and resolutions (including the triennial priorities of the Synod). At the end of the morning and afternoon committee sessions, the board reconvened as a whole for discussion.

The retreat generated a list of suggestions for further study and development. While a clear need for constitutional or bylaw changes adjusting the scope of the board’s work was not immediately apparent, suggestions offered did call for a comprehensive review of the board’s general approach to policy and governance, especially with regard to the statement of “ends” in the policy manual’s first chapter. It was also noted that the relationship and roles among the Chief Administrative, Mission, and Financial Officers on the Operations Team (and among these and the President, First Vice-President and Secretary, on the Administrative Team) had yet to be completely worked out. Noted was a desire for greater clarity of delegation and clearer communication, especially on budgetary matters and regarding financial reporting. Policies should indicate clearly what is desired.

It was suggested that, beyond making changes in these areas, more board time should regularly be made available for discussion of higher-level governance matters. The chairman indicated his intention to appoint a task force to address the higher-level changes proposed and sought volunteers. A variety of minor policy change requests will continue to be developed in the various committees, to be refined by the governance committee before presentation to the board.

### **98. Call to Order / Opening Devotion / Adoption of Agenda**

On Friday, Chairman Michael Kumm called the board to order for its regular meeting at the International Center with all board members present. The Rev. Dr. James Baneck, Executive Director of Pastoral Education, appointed to offer devotions for the meeting, did so on the basis of Jer 3:6–18. Likening the spiritual state of our land to that of “faithless Israel” and “treacherous Judah,” he emphasized the Lord’s enduring promise that he would give “shepherds after [his] own heart” to “feed with knowledge and understanding” (with God’s Word, body and blood—with Christ), and lead his people to his heavenly Zion. The meeting agenda (p. 11/177 of the printed board docket, attached to the protocol copy of the minutes) was adopted as presented.

### **99. Interview of Candidates for, and Selection of, Chief Administrative Officer**

In March of 2017, the personnel committee and Chairman of the Board of Directors (BOD) initiated a request for nominations process seeking applicants for the position of Chief Administrative Officer (CAO) of the Synod. Eighteen applicants met the minimum qualifications. Reference and background information

was secured and these candidates were vetted by the Personnel Committee using an objective evaluation tool. After consultation with President Harrison, the committee conducted preliminary interviews with eight candidates and narrowed the list to three finalists.

The board allotted an hour and a half with each of the three finalists, each interview consisting of: a brief candidate presentation; a prepared, core question-and-answer period (with time for the board members to ask their own questions). Finally, the board allowed a concluding half hour for discussion and selection. It was moved and approved to enter executive session to conduct and discuss the CAO candidate interviews and make a selection.

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## **99X. Executive Session I: Interview of Candidates for, and Selection of, Chief Administrative Officer**

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The board took action while in its executive session discussion to appoint one of the three finalists, Mr. Frank Simek, as Chief Administrative Officer of the Synod, to begin a three-year term of service on October 1, 2017, “during which he shall serve at the direction of the Board of Directors.”

### **100. Concordia Publishing House Visit**

With board member Keith Frndak having departed to attend to pressing business matters and board member Kurt Senske having departed for home due to the approach of Hurricane Harvey, the board welcomed Dr. Bruce G. Kintz, President and Chief Executive Officer of Concordia Publishing House (CPH).

Dr. Kintz underscored that CPH continues to work determinedly within its mission and vision, striving to be “the premier publisher and provider of choice for products and services that are faithful to the Scriptures and the Lutheran Confessions.” Focusing on its part of the broader mission of Synod rather than on accumulating profit, CPH maintains an average of a 1% bottom line. Synod’s new *Small Catechism with Explanation*, while 150 pages longer than the old, will be introduced at the same price.

Sales of books (accounting for 19% of CPH revenue) have stabilized but continue a slow, long-term decline. Other product areas are growing in significance, including church software (6% of revenue today), along with efforts to develop “emerging products.” Dr. Kintz noted CPH’s support over the years for other Synodical efforts, totaling \$5,197,799 from 2006 to 2017. This year, CPH disbursed \$162,000 to Synod (half designated for the purchase of CPH resources) and \$500,000 to a Lutheran Leadership Development Program, being developed by LCMS Church Relations and Office of the President to benefit established and emerging partner churches. CPH also partners with LCMS agencies, auxiliaries, and recognized service organizations, standing “ready, willing, and able to assist in any project and, in return, give back.”

Dr. Kintz noted that everything in CPH’s “strategic planning waterfall” begins with the Synod and “Witness, Mercy, Life Together.” CPH’s products align intentionally with each of Synod’s seven triennial mission priorities—although CPH’s Christ-centered resources are sought after far beyond the boundaries of the LCMS and its partner churches. Special emphases for the future include support of family ministry and continued investment into technology-focused resources. Four bottom lines include purpose, people (those served), planet (environmental responsibility), and profit (that is, sustainability). Sustainability sets CPH apart from the field of denominational publishing houses, which are generally in perilous decline.

Challenges include:

- Need to protect intellectual property in print and on the Internet, “where content is perceived to be free,” and to address dissemination of licensed material beyond license terms.

- Declines in: denomination (demographics), denomination loyalty, families, emphasis on Lutheran education.
- Competition by self-publishers and entities producing similar material for free distribution and willingness by many to use “un-vetted, free content found via Internet searches.”

Successes include:

- Digital channel distribution of apps, including *Pray Now* and *Portals of Prayer*, and other digital channel products: church-management software, e-books, audio books, e-commerce, websites, and social media.
- Sustainability, achieved by active management of budgets and development during denominational decline.
- Investment in the future, with a cutting-edge distribution center, enterprise resource planning, research & development, and digital delivery platforms, including the coveted *Lutheran Service Builder*. Baldrige process improvements have contributed on every level to CPH’s success.

Dr. Kintz noted that the board can support CPH by leveraging “best-in-class business and publishing processes in place at CPH” to meet all LCMS publishing needs, by identifying duplication of publishing efforts in the Synod and considering outsourcing to CPH, by encouraging the use of CPH resources and publishing competencies across all entities, and by continuing to safeguard CPH’s intellectual property.

Comments from the board included profound thanks for products like the *Lutheran Service Builder*, *The Lutheran Study Bible*, *Concordia: The Lutheran Confessions* (with some 80,000 copies sold), and the *Concordia Commentary* series. These materials are a blessing to the congregations of the Synod and to the Church around the world.

### **101. Office of National Mission Visit**

Chief Mission Officer Kevin Robson introduced the Rev. Bart Day, inviting the board to bid him farewell as he departs the office of the Executive Director of the Office of National Mission (ONM), a position he has held since its inception in 2010, to assume the presidency of the Lutheran Church Extension Fund. He also introduced Deaconess Dorothy Krans (see below), who will serve as interim executive director as the search process proceeds.

Rev. Day noted the mission statement of ONM, that it will “enliven, equip, coordinate, and engage districts, congregations, schools, workers, and recognized service organizations in order to enhance their local and regional missions and ministries.” He underscored ONM’s emphasis on partnership with districts and the addition of the new Synod priority of strengthening Lutheran families (2016 Res. 4-02A, *Proceedings*, pp. 145–6).

Admitting that ONM closed the FY2017 books \$842,000 in deficit, largely due to less-than-anticipated designated revenues, Day noted that the office took pains to underspend its approved budget by \$1.9 million. The launch of six network support model (NSM) domestic missionaries contributed \$300,000 to the shortfall, but network contributions increased in the last quarter and are expected to continue to increase.

Under Witness, Rev. Todd Kollbaum is supporting Rural and Small Town congregations and pastors with seminars and materials suited to their communities. Rev. Dr. Steve Schave oversees Urban and Inner City mission, including the recent work with the Hope Center in Ferguson, Missouri, a model of community engagement and a testing ground where young pastors can learn to work in the dynamic of an urban area. Rev. Roosevelt Gray continues to work in Black Ministry, with work continuing to establish Rosa Young Academies, a project hoping to launch a charter school in 2018. The directorship of Hispanic Ministry, a

full-time position, is open and exempted from the hiring freeze. Here, the spotlight is shifting from urban to rural areas. Rev. Mark Wood is in Witness and Outreach, is preparing to launch Synod's new evangelism program, *Everyone His Witness*, this fall through Concordia Publishing House. Core and context modules and forums will be available. Context modules and forums will support individuals in reaching out with the Gospel to friends and neighbors in specific situations and of particular backgrounds.

In the Mercy Area, Disaster Response is preparing to respond to Hurricane Harvey in Texas and to mudslides and flooding in Sierra Leone. Life & Health Ministry has two vacant positions, not budgeted until January. In the meantime, partnership with Lutherans for Life has been fruitful, as has the parish nurse effort with Concordia University Wisconsin. Rev. Joel Hempel directs Specialized Pastoral Ministry, supporting and teaching CPE classes online. Deaconess Ministry is headed by Deaconess Grace Rao, who works internationally and coordinates with the three deaconess programs at the Synod's seminaries and at Concordia University Chicago. Veterans and Soldiers of the Cross, administered by Concordia Plan Services, continue in partnership with the districts to serve workers in financial need. Domestic Grants, capitalizing on significant contributions from Thrivent, LCEF, and now the LCMS Foundation, supported the Stand with Your Community Grants and mercy efforts connected with proclamation of the Gospel.

Under Life Together, Rev. Marcus Zill of the LCMS U campus ministry effort is now connected with Youth Ministry and Lutheran Young Adult and Youth Corps. *Real. Present. God.* is the 2019 gathering theme in Minneapolis. School Ministry is bringing accreditation online. Stewardship is holding conferences offering congregational guidance on not only the theology of stewardship but also the planning of related activities. Rev. Will Weedon heads up Worship and hosted a fantastic conference this year. The *Lutheran Service Book Hymnal Companion* is now in the hands of CPH and will set a world standard for historical resources for a Hymnal as a thoroughly researched source. Dorothy Krans heads the Recognized Service Organization (RSO) program, which is the subject of a convention-established task force (2016 Res. 4-03B, *Proceedings*, pp. 146-7) now "forging ahead and doing its work."

Noted in discussion was the diversification of the types of schools connected to the Synod (whether as congregational or association schools or as RSOs), ranging from classical schools to voucher and charter models, which may have more obligations to a conventional public curriculum. This is a topic that LCMS Schools Ministry and the RSO Task Force are considering.

Work by another task force on scouting, including the evaluation of alternative organizations, is nearing completion. The Blue Ribbon Committee on Lutheran Schools will meet once more, and then should be finished. Rev. Dr. Joel Lehenbauer (CTCR) will assume chairmanship of the Task Force for Study of Issues Relating to Procreation, Fertility, and Care for Unborn (2016 Res. 3-04, *Proceedings*, p. 143).

The Board for National Mission is working on refocusing its policies to "embrace and apply the mission and ministry emphasis adopted by the national convention" (Bylaw 3.8.2), moving from operational policies to ends policies refining the mission priorities set by the convention. This has the potential to reshape what ONM is doing in a productive way.

Looking forward, Rev. Day noted his commitment to forge strong collaborative efforts and work between Synod and LCEF, including ongoing work on the LCEF regional structure and the facilities assessment now underway. The board chairman wished the blessing of the Lord upon Rev. Day in his new position.

## **102. Concordia Plan Services Visit**

The board next welcomed Chief Executive Officer Jim Sanft, of Concordia Plan Services (CPS), to introduce an item to be brought to the board in November. CPS is moving forward with plans to merge the Pension Plan for Pastors and Teachers (PPPT) into the Concordia Retirement Plan, with the goal of

completing its integration by the end of 2017. (pp. 13–14/64 of the meeting’s agency performance reports) The PPPT (a 403[b] plan) functioned as a defined contribution plan during active service but converted (self-annuitized) at the time of retirement. Frozen since the introduction of the Concordia Retirement Plan (CRP) in the 1960s, PPPT has 2,475 members, all in pay status. In 2007, PPPT assets were invested into CRP (a 401[a] plan), with the much larger CRP risk pool reinsuring PPPT annuities. The merger proposed today (finally possible under 2015 legislation advanced by the Church Alliance) adds no liability to the CRP. It will not at all impact the amount of benefits provided to any PPPT member. Aside from any necessary disclosures, it should be seamless for plan beneficiaries. Merger will, however, reduce costs incurred in managing the separate program as such, an estimated \$30,000 per annum. CPS intends to seek the approval of the Board of Directors of this modification (consolidation) of retirement plans, as required under Bylaw 3.7.1.4.

It was noted with appreciation that CPS received the “Best Workplaces Award” for 2017, previously received by corporate Synod in 2016. CEO Sanft noted that workers are embracing the mission of serving workers from all of Synod’s agencies, entities, congregations, and schools—a mission that save those who participate literally millions of dollars, which may then be applied to the church’s mission.

As the board prepared to adjourn for the day, Chairman Kumm thanked Val Rhoden-Kimbrough, Deaconess Kim Schave, and Rebekah Pratt for their many extra hours of diligent service rendered during the CAO vacancy.

### **103. Consent Agenda**

The board resumed its agenda on Saturday morning with board members Keith Frndak and Kurt Senske absent, having been compelled to depart Friday evening. Dr. Baneck provided a devotion drawn from his recent study of the history of the early Church in the Acts of the Apostles. It seems common, Dr. Baneck noted, for churches to find all sorts of “models” for authentic ministry in the book of Acts—but this book is fundamentally about Jesus Christ, the preaching of his word and administration of his sacraments. The work of the Board of Directors, too, is fundamentally about Jesus Christ.

The meeting’s consent agenda (p. 15/177) 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 accepts this consent agenda which includes the following:

- Officer Reports
  - Report of the LCMS President
  - Report of the 1<sup>st</sup> Vice President
  - Report of the LCMS Secretary
  - Report of the Chief Financial Officer
  - Report of the Chief Mission Officer
- Administrative Services Reports
  - Information Technology
  - Building Operations – Facilities
  - IC Services (Mail Room – Copy Center)
- Human Resources (Confidential)
- Financial Services Reports
  - Accounting
  - Internal Audit
- Board of Directors Committee Reports
  - Governance Committee
  - Personnel Committee
- Action Items
  - Approval of May 19–20, 2017 Minutes

; and be it further

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

#### **104. Legal Report and Concordia University System Discussion**

As LCMS General Counsel Sherri Strand prepared to present her legal report (pp. 100–120/177), it was moved and approved to enter executive session to hear her report and to discuss matters related to a Concordia University System (CUS) institution. Board member Gloria Edwards recused herself for the CUS discussion.

#### **104X. Executive Session II(A): Legal Report**

#### **104XX. Executive Session II(B): Concordia University System Discussion**

#### **105. Finance Report and Budget Update**

Chief Financial Officer Jerald Wulf extended on his printed report (pp. 27–29/177). CFO Wulf noted that Synod was put into a cash shortage position at the end of FY2017 due to the withdrawal of assets on deposit by others and an increase in receivables. The LCEF line of credit drawn on at year-end has been repaid. Synod presently has approximately \$1.2 million of its own cash on hand, reflecting an improvement typically uncharacteristic of the summer, plus \$800,000 on deposit by others. Significant paydown of liabilities during FY2017 (largely, \$10 million in expenses incurred by the convention and youth gathering) increased the current ratio to \$3.18 in assets for every \$1 of current liabilities, compared to \$1.96 at the end of FY 2016. The program spending ratio has increased slightly to 71.6% for FY2017 from 70.1%, greater than the BBB’s standard ratio of 65%.

The board discussed concerns raised by CFO Wulf and the Audit Committee regarding Concordia Publishing House (CPH)’s disbursement to the Synod of an \$81,000 gift that was designated for the purchase of “otherwise unbudgeted” CPH resources (along with \$81,000 in undesignated monies). Chairman Kumm reported that conversation with CPH President Kintz indicated that CPH did not intend to suggest that Synod violate its policy prohibiting extra-budgetary expenditure and that these dollars should be applied to the FY2018 and future budgets, to be made available for *properly budgeted* purchases of CPH resources for the mission and ministry of the Synod. The board adopted this understanding by consensus, thanking CPH for its generous and regular financial support of the Synod, above and beyond the carrying out of its part of Synod’s mission.

CFO Wulf noted that the FY2018 Mission and Ministry Operating Budget has been reduced, as directed by the board in its May 19–20, 2017, meeting, with more than \$1 million in these reductions in unrestricted /

undesignated expenditures. Personnel costs were reduced by \$440,774, consisting of five FTEs, two in Communications, one in Accounting, one in Human Resources, and one in the Office of the President. Other reductions were achieved in travel, contracted services, software maintenance, professional fees, memberships, training, consulting and hosting services, repairs, shredding, equipment maintenance, janitorial services, utilities, and projects. Per-employee General and Accounting assessments were reduced, even with five fewer FTEs.

Additionally, all capital projects remain on hold, all expenditures being contingent on the CFO's assessment of Synod's cash position.

In discussion, the board requested a detailed report at its next meeting on the Synod's cash position and on how future cash position could be projected with greater certainty.

#### **106. Audit Committee Report**

Audit Committee member Ed Everts presented the committee's report. Chiefly, the committee met with Brown Smith Wallace representatives to discuss the scope of the audit now getting underway. The firm has been asked to have a representative at the board meeting when the audit is presented. Internal committee policies were reviewed without major changes. The committee also reviewed the reports of the Chief Financial Officer and Internal Audit.

#### **107. Personnel Committee Report**

Personnel Committee Chair Kathy Schulz extended upon the committee's printed report (p. 75/177), noting Val Rhoden-Kimbrough's invaluable assistance in the committee's evaluating the eighteen names submitted for the CAO position, interviewing eight first-round candidates in two days, and selecting the three finalists. Though the CAO search process resulted in an excellent field of candidates, as a general comment, she reminded the board of the need for board members and others in the Synod to submit nominations when they are requested. Chairman Kumm commended the committee for its diligent examination of nominees' material in preparation for very productive meetings and interviews. He thanked the committee on behalf of the board, and noted Rhoden-Kimbrough's excellent performance in keeping the CAO selection process moving forward in a way "nothing short of exemplary" while handling many new responsibilities as acting CAO.

#### **108. Governance Committee Report**

Governance Committee Chair Christian Preus briefly noted the committee's written report (pp. 72–73/177), including a few policy amendment action items to be addressed.

#### **109. Action Items**

Chairman Kumm brought a variety of action items from the prepared board docket:

##### **(A) Board of Directors Policy Manual Section 3: BOD and Officer Relationship Policies**

The Governance Committee brought (pp. 123–124/177) a change to Board of Directors Policy 3.2.9.4, to correct "subject ratification to the BOD" to read "subject to ratification by the BOD." It was moved and adopted:

WHEREAS, Board of Directors 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, During the course of reviewing this section of the manual, the Chief Administrative Officer has solicited input and/or review from the members of the Governance Committee; and

WHEREAS, Board members are encouraged to provide comment and suggestions regarding these proposed changes and any other change they deem appropriate to raise for the board's consideration during the review of these policy sections; therefore, be it

*Resolved*, The Board of Directors adopts the changes to The Lutheran Church—Missouri Synod Board of Directors' *Policy Manual*, Section 3, Board of Directors and Officer Relationship Policies, as shown on page 124/177 of the printed board docket; and be it further

*Resolved*, The Board also directs the table of contents, index and other references to be updated as necessary.

**(B) Board of Directors Policy Manual Section 5.2.6: Income Management / Fund Raising**

The Governance Committee withdrew its proposal (pp. 126–129/177) to revise Board of Directors Policy 5.2.6, dealing with income management and fundraising, intending to refine the language for presentation to a later meeting.

**(C) Procedure for Carrying Out Bylaw 3.3.4.1: Appointment of Additional Board Members**

LCMS Bylaw 3.3.4.1 provides that the elected members of the board may appoint up to three at-large laypersons as members to obtain needed additional skill sets. While the board has not found this to be necessary in either 2013 or 2016, it determined that requisite procedures should be developed in case such appointments should be desired in the future. The Governance Committee proposed a procedure as follows (p. 131/177), intending to bring implementing policy changes before the board at a later meeting. Discussion noted that the procedure as proposed potentially relies on outgoing governance committee members to make a recommendation prior to new board members taking office (on September 1 following the convention). This would, however, be only a recommendation, and the newly seated board could take any desired action at its first meeting. It was moved and adopted:

WHEREAS, The Lutheran Church—Missouri Synod Bylaw 3.3.4.1 stipulates the composition of the Board of Directors and allows for the appointment of up to three at-large laypersons appointed by the elected members of the Board of Directors to obtain needed additional skill sets (legal, finance, investment, administration, etc.); and

WHEREAS, Section 2.10.1.3 of the Board of Directors Policy Manual tasks the Governance Committee with reviewing the composition of the Board at the beginning of each triennium and, as necessary, making recommendation to the Board regarding any skill sets needed to effectively govern for the coming triennium; and

WHEREAS, The Governance Committee is to oversee the appointment process for new directors as identified in Bylaw 3.3.4.1 [5] and recommend to the Board a slate of candidates for the appointment of any new directors under this bylaw; and

WHEREAS, The Governance Committee determines at the beginning of each triennium whether the Board of Directors' members bring appropriate and sufficient skill sets to the board or that the Board of Directors has a gap in skill sets and that other members should be appointed at that time; therefore be it

*Resolved*, The Governance Committee shall begin the process for the board to decide whether to appoint additional board members each triennium after the synodical Convention and before the September board meeting. The Governance Committee shall consider the qualifications, experience, and expertise of all board members collectively and determine whether additional qualifications, experience, and expertise would be helpful for the board to conduct its business; and

*Resolved*, The Governance Committee shall make a recommendation to the board for the board to consider at its September meeting as to whether the board should appoint additional board

members, and if so, the number of additional board members, and the qualifications, experience, and expertise that those additional board members should possess; and

*Resolved*, If the board decides at the September meeting to appoint additional members, the process to be followed will be:

- The board will identify the number of additional board members and the qualifications, experience, and expertise that the board believes should be possessed by any additional board members appointed;
- Nominations will be solicited from board members and from any other source that the board determines can submit nominations, with a deadline for nominations specifically stated;
- All nominations will be considered by the Personnel Committee;
- The Personnel Committee will recommend to the board those candidates that the Personnel Committee believes are most qualified to satisfy the needs as determined by the board, while all candidates nominated will be eligible for appointment by the board; and

*Resolved*, Any additional board members appointed shall commence with the subsequent February board meeting; and

*Resolved*, This process does not preclude the board from appointing additional board members at any other time during the triennium and does not preclude the board from appointing other individuals to assist the board in an advisory or consulting fashion without serving as a member of the board.

#### (D) Board Report Template

Acting Chief Administrative Officer Val Rhoden-Kimbrough presented a template for agencies and departments of the Synod reporting to the Board of Directors (p. 133/177). The Governance Committee noted that it is seeking guidance as to general approach, with implementing policy changes to follow. It was moved and adopted:

WHEREAS, The Lutheran Church—Missouri Synod Article XI.E.2. stipulates the duties of the Board of Directors, which include exercising supervision over all property and business affairs of The Lutheran Church—Missouri Synod; and

WHEREAS, Section 3.6.1.3 of the Board of Directors Policy Manual tasks the Board of Directors with monitoring agencies and corporate Synod departments via performance reports; and

WHEREAS, No standard format for these performance reports has been adopted by the Board of Directors; and

WHEREAS, The intent of such a template is to ensure that all necessary information is presented to the board for consideration in a consistent format; and

WHEREAS, By communicating the information needs of the Board through this template, it will also help ensure that Board Members are fully informed and not merely passively consuming information; therefore be it

*Resolved*, The Governance Committee adopts a standard format for performance reports that includes:

- an Executive Summary;
- an explanation of the most significant business activity being conducted by the agency or department;

- a list of all items of business that are expected to be submitted to the Board of Directors within the following year, along with a description of the status of the development of that item;
- a list of the biggest challenges being faced by the agency or department, and anticipated in the next 3 years;
- a list of the biggest accomplishments of the agency or department, and anticipated in the next 3 years;
- the most recent meeting minutes of the agency or department.

(E) Forward In Remembrance Policy

Chief Mission Officer Kevin Robson introduced a proposed update to gift distribution policies necessitated by the 2010 restructuring of the Synod. In 1981, great impetus was given to LCMS mission efforts through the Forward in Remembrance (FIR) funding campaign. FIR made it possible to send many new missionaries to the field and to provide financial resources in support of worthwhile construction and theological education projects. Continuing education for clergy of partner churches is one such project, funded by FIR and administered under the so-called Committee Responsible for International Student Programs (CRISP), which includes representation from the seminaries of the Synod. FIR funding administered under CRISP continues to make it possible for pastors from partner churches to prepare themselves for teaching theology in their homelands. As the 2010 restructuring changed aspects of the supervision of Synod’s international work, it is necessary to adapt the policies to new structures.

It was moved and adopted:

WHEREAS, The current *Forward in Remembrance (FIR) Policy Manual* (1980) was written prior to The Lutheran Church—Missouri Synod’s restructuring in 2010; and

WHEREAS, Owing in part to the elimination of both the Board for Mission Services and the Board for Higher Education under the 2010 restructuring, it would be beneficial—and in some instances necessary—to clarify and offer improvements to FIR policy nomenclature and process as these pertain to the FIR’s theological education funding program currently administered under the so-called Committee Responsible for International Student Programs (CRISP); therefore be it

*Resolved*, That Section B of the *Forward in Remembrance Policy Manual* (1980) be amended as follows:

**B. CONTINUING EDUCATION FOR CLERGY OF PARTNER CHURCHES/MISSION FIELDS**

1. Purpose —

This program shall provide funds exclusively for enabling the national clergy of partner churches/mission fields to continue their education for advanced degrees or improved service and for sending individuals or teams of professors to partner churches/mission fields for continuing education of national clergy and missionaries. Applications for funding of continuing education for advanced degrees or improved service will be considered under the administrative procedures outlined herein and will be determined on a case-by-case basis, exclusively within biblical and confessional parameters.

2. Definitions —

- a. National clergy of “partner churches” are those who are members of church bodies who are in altar and pulpit fellowship with the LCMS. National clergy of “mission fields” are those who are members of other Lutheran church bodies with whom the LCMS Office of International Mission or LCMS Office of Church Relations has established a cooperative working relationship.
  - b. “Individuals or teams of professors” are exclusively LCMS-rostered pastors and/or theological faculty who are engaged in instruction of national clergy of partner churches / mission fields (as defined in the preceding paragraph)
2. Administration, distribution and authorization procedures —
- a. Forward in Remembrance receipts allocated to this category shall be set up by the LCMS Chief Financial Officer in an endowment fund. The assets of the fund shall be managed under the policies of the Board of Trustees of The Lutheran Church—Missouri Synod Foundation.
  - b. The executive director of the LCMS Office of International Mission and the executive director of the LCMS Office of Pastoral Education, jointly, will exercise primary supervision of the distribution of fund earnings beginning on September 1, 2017.
  - c. All scholarship or project funding requests shall be submitted via a standard request form to the executive director of the LCMS Office of International Mission and the executive director of the LCMS Office of Pastoral Education.
  - d. In addition to identifying other sources of funds available to the student for continuing education or project support, the standard request form shall also include a detailed explanation of the need of funds and a description of how the request fulfills the program’s purpose and meets its eligibility requirements.
  - e. Following review and initial approval of such requests by both the executive director of the LCMS Office of International Missions and the executive director of the LCMS Office of Pastoral Education, final approval shall be provided by LCMS Chief Mission Officer before funds are distributed to recipients.
  - f. Funds will be released by the LCMS Chief Financial Officer upon receipt of a standard LCMS check request form which includes signature approvals from the executive director of the LCMS Office of International Mission, the executive director of LCMS Office of Pastoral Education, and the LCMS Chief Mission Officer.

(F) Synod Officers Salary Recommendation

The Department of Human Resources conducts an annual review of local and national salary trends and compares them with the current LCMS salary ranges and actual salaries. The objective of this analysis is to measure the ability of the International Center employers to remain competitive with the local not-for-profit market. Under the direction of the Chief Financial Officer, the Executive Director of Accounting has completed the FY18 operational budget which includes a 2% salary increase pool.

Per the Board of Directors' Policy Manual section 5.6.6.6, the Board approves the salaries of the Synod Officers. The Personnel Committee proposed the following action, which does not include the Chief Administrative Officer position due to the position being vacant at the time of this recommendation:

WHEREAS, The survey of national, regional, and LCMS organizations indicate an average salary increase trend of 2.8 percent; and

WHEREAS, The Board of Directors will consider a 2 percent salary increase pool as part of the FY18 budget; and

WHEREAS, The Officers of the Synod have been fulfilling the requirements of their position; therefore be it

*Resolved*, Effective October 1, 2017, the President, the Secretary, the First Vice President, the Chief Financial Officer and the Chief Mission Officer receive a 2 percent annual increase; and be it further

*Resolved*, That in accordance with the FY18 budget the bonus be set at 0 percent for all officers.

The officers present spoke in opposition to the proposal, noting the already generous compensation of Synod's officers and the economic situation of the Synod and many of its workers. The motion was unanimously declined.

(G) Concordia International School Shanghai Resolution

Chief Mission Officer Kevin Robson brought a proposal (p. 193/193) for creation of a legal entity in Shanghai, as necessitated by changes in Chinese business law and regulatory rulings.

It was moved and adopted:

WHEREAS, The Board of Directors ("Board") of The Lutheran Church—Missouri Synod ("LCMS") has been asked to grant its approval to the creation of a legal entity in a foreign country as required by Sections 5.8.5.1 and 5.8.5.2 of the Board Policies; and

WHEREAS, Concordia International School Shanghai ("CISS") was established in 1998 to operate an international school in Shanghai and CISS is wholly-owned by LCMS Holdings Limited, a Hong Kong company ("Holdings") and Holdings is wholly-owned by LCMS; and

WHEREAS, LCMS's Chief Administrative Officer of LCMS ("CAO") and Chief Mission Officer ("CMO") have been advised by CISS and Shanghai legal counsel that there have been changes in applicable Chinese law requiring that a business license be obtained in connection with the school operations of CISS and that the obtaining of such license requires the school to be registered as a foreign People-Run Non-Enterprise Unit ("NEU"); and

WHEREAS, Following the NEU registration, CISS will be "converted" into the NEU in order to comply with applicable law and regulatory rulings; and

WHEREAS, The NEU will be wholly-owned and sponsored by Holdings; and

WHEREAS, The CAO, following due analysis and in coordination with the CMO, is recommending to the Board that it approve the conversion of CISS into a NEU as the CAO believes such action to be necessary or appropriate in connection with the establishing, facilitating and/or operating foreign missions in Shanghai and related areas;

*Now, therefore, be it resolved by the Board of Directors of The Lutheran Church—Missouri Synod as follows:*

1. The Board hereby approves the creation of the NEU to be owned and controlled by Holdings, in connection with the activities of the international school in Shanghai of CISS.

2. The Board hereby authorizes the execution of such legal documents and the taking of such actions by LCMS and Holdings as are necessary or appropriate to comply with applicable laws relative to the operation of the international school of CISS including the registration and establishment of the NEU and the conversion of CISS into the NEU.
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.

**(H) Expression of Appreciation to Val Rhoden-Kimbrough**

Personnel Committee Kathy Schulz introduced a resolution from the Personnel Committee as follows, which the board adopted by standing and singing the common doxology. In response, Val shared her appreciation for the close support of Chairman Michael Kumm, Deaconess Kim Schave, General Counsel Sherri Strand, and Secretary John Sias.

WHEREAS, Val Rhoden-Kimbrough has been called upon to serve as acting CAO during the vacancy of that position; and

WHEREAS, She has continued to carry out her own Human Resources duties; and

WHEREAS, She has led the committee and the Board of Directors in the selection of its new CAO; and

WHEREAS, She has led the Lutheran Church Extension Fund in selecting its new President; and

WHEREAS, She has conducted herself with confidence, grace, humility, and above all extreme competence; and

WHEREAS, With extreme competence and excellent guidance the task of hiring a new CAO has gone very smoothly; therefore be it

*Resolved*, That the BOD express their heartfelt thanks and appreciation to Val for her dedicated service.

**110. Officer / Committee / Board Time**

President Harrison asked to discuss a matter involving Synod’s property holdings overseas. It was moved and approved to enter executive session.

**110X. Executive Session III: Synod Property Holdings Overseas**

The board having returned from executive session, President Harrison offered thoughts on Matthew 15:21–28 in light of the nation’s recent tumult over race. Our Lord Jesus, in the region of Tyre and Sidon, has mercy on a Canaanite woman. She suffered Pharisaical hatred of her people’s mixed race and religion and their way of life, repugnant as it was to the Jews—but Jesus has mercy on her and praises her faith. She stands together with the “Good Samaritan” and those Canaanites who heard Barnabas’ message and believed (Acts 11) and with Simon of Cyrene (Mark 15:21) and the Cyrenians named in the Acts of the Apostles—Africans—including one named Niger (Acts 13:1), that is, “the Black.” All these bear witness “that all people are created by God, that all people are accountable under the law to God, and that all people are redeemed by the blood of Christ.” From the beginning to the end, the Church is for all races, and one might say that God “nabbed” Simon of Cyrene—an African—to carry the cross of Christ so as to say, “You will never, ever discriminate on race!” Moreover, the Augsburg Confession (Article VII) says that “for the

unity of the Church it is enough to agree about the doctrine of the Gospel and the administration of the Sacraments.” “No other thing can properly divide the church,” Harrison commented, “not race, not anything.”

President Harrison also applied the text to our common Christian experience and the work of the Board of Directors and the officers of the Synod. Prayers for relief often seem not to be bringing it about—but in her crying out, “Lord, have mercy!” Luther says this Canaanite woman “has Jesus by the neck,” for he loves to have mercy. Yet he has her wrestle a bit more—and how she does! “We learn from this,” Harrison commented, “that Christ will often put you off in your prayers. The challenge is to believe in God against God.” How often we are put off, seeming, as we pray for and expect relief, to encounter only deeper problems. Yet Christ *is for us*, and we have him as she did. “So, Lord, have mercy!”

### **111. Overview of Next Meeting**

Chairman Kumm introduced the board’s next meeting, to take place November 16–17 in New Orleans, in conjunction with the Lutheran Church Extension Fund Fall Conference. This meeting will include a joint discussion with the Council of Presidents, for which the agenda is still being developed. The meeting may forgo the usual presentations to follow up on items discussed in the board’s retreat.

Triennial goals for the board included review and improvement of accounting practices, revenue practices, financial reporting, and the nominations process. Some progress has been made on the nominations process; in the other areas, work remains even as the board prepares to welcome a new CAO.

Chairman Kumm appointed a task force to follow up on structure and governance proposals made during the board’s retreat, noting with appreciation that virtually the whole board had been willing to volunteer for the undertaking. The task force, which was left to select its own chairman, will consist of board members Eric Ekong, Christian Preus, and Larry Harrington, with Secretary Sias advising and assisting. As much work as possible should be done before the board meets in November.

Incoming Chief Administrative Officer Frank Simek is to be “on board” Oct. 1, with an onboarding plan being organized by LCMS Human Resources.

### **112. Chairman Update and Meeting Review**

It was moved and carried that the board move into executive session to hear an update from its chairman and to review the meeting, in keeping with BOD Policy 2.7.1.11.

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### **112X. Executive Session IV: Chairman Update and Meeting Review**

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### **113. Adjournment**

Upon return from executive session, with the board’s business concluded, Chairman Kumm adjourned the meeting.

John W. Sias, *Secretary*