

TELEPHONIC BOARD MEETING MINUTES
BOARD OF DIRECTORS
December 19, 2017

141. Call to Order

Chairman Kumm called the previously scheduled phone conference to order, with all board members, Chief Administrative Officer Frank Simek, Chief Financial Officer Jerald Wulf, and Attorney Sherri Strand participating in the call, to deal with a request from Concordia Irvine (relating to implementation of the campus' previously authorized Music, Worship, and Theology Building project) and a matter related to Concordia College Alabama. It was moved and approved to enter executive session to discuss these two agenda items.

142. Concordia University Irvine Subordination of Reversionary Interest

142X. Executive Session IA: Concordia University Irvine Subordination of Reversionary Interest

After the conclusion of the board's executive session, the board resolved to reflect in the open minutes the following resolution, moved and approved while the board was in executive session:

WHEREAS, At a meeting in May 2017 the Board of Directors of The Lutheran Church—Missouri Synod (“LCMS”) approved, subject to certain conditions (the “May Approval”), a request of Concordia University, Irvine (“CUI”) for approval of (a) refinancing of certain existing indebtedness of CUI and (b) additional indebtedness of CUI relative to capital projects in an amount not in excess of \$15,200,000 (such refinancing and indebtedness being collectively referred to as the “CUI Indebtedness”); and

WHEREAS, As was anticipated and customary, the lenders relative to the CUI Indebtedness are requiring a mortgage on the CUI campus as collateral security for the CUI Indebtedness (“Mortgage”); and

WHEREAS, The CUI campus is presently subject to a reversionary restriction that title can revert to LCMS if the property is not used “for any purpose or activity other than the maintenance and operation of an educational or religious institution of LCMS” (the “Reverter”) and the lenders are requiring a subordination agreement from LCMS providing that such Reverter will be subject to the Mortgage and the Reverter would be extinguished if there is ever foreclosure on the Mortgage;

WHEREAS, Subordination of the “reversionary interest” was previously granted in connection with the original debt, in 2001, and continued when the original debt was consolidated and refunded in 2011, and

WHEREAS, The LCMS was a partial guarantor of the original and refunded debts, but in conjunction with these transactions, the current LCMS guaranty of Concordia's debt will be terminated, therefore be it

Resolved, That the Board of Directors of LCMS hereby authorizes the Secretary and Chief Financial Officer to execute and deliver (a) a Subordination Agreement (Future Interest) in substantially the form provided to LCMS subordinating the Reverter of LCMS in the CUI campus to the Mortgage and thereby allowing for the extinguishment of LCMS rights in property in the event of a foreclosure

on the Mortgage and (b) other documents deemed necessary or appropriate in connection with the finalizing of the CUI Indebtedness consistent with the May Approval.

143. Concordia College Alabama

The board continued in executive session to address a matter related to Concordia College Alabama, with Gloria Edwards excused due to a conflict of interest.

143X. Executive Session IB: Concordia College Alabama

144. Adjournment

Upon return from executive session, with the board's business concluded, adjournment was moved and approved.

John W. Sias, *Secretary*