

MINUTES

BOARD OF DIRECTORS MEETING INTERNATIONAL LUTHERAN LAYMEN'S LEAGUE

St. Louis Union Station Hotel

1820 North Market Street, Saint Louis, Missouri 63103

Friday, July 22, 2022

In Attendance: Kurt Senske, Chairman; Gene Partlow, Vice Chairman; Melanie Braun, Treasurer; Patricia Ross, Secretary; Linda Arnold; Eric Brown; Kirk Farney; Vincent James; Jonathan Laabs; Kristi Matus; Virginia Miller; Edith Schoepp; Don Scifres; Gordon Tresch; LHM CEO Kurt Buchholz, Ex Officio; Pastoral Advisor Rev. Tom Pfothhauer, Ex Officio; LLL-Canada Managing Director Lisa Jackson

Not in Attendance: Jim Dankenbring; LCMS Synodical Liaison Dan McMiller; LCC Synodical Liaison James Schnarr

Additional staff attended at the request of CEO Buchholz.

- 01 Kurt Senske, Chairman, opened the meeting at 9:00 AM.
- 02 Tom Pfothhauer, Pastoral Advisor, led an installation of the Board.
- 03 Pastoral Advisor Pfothhauer, led a devotion from Mark 1 about the baptism of Jesus. Highlighting that God's people bring great joy to Him even before we do anything.
- 04 Chairman Senske welcomed the Board to the meeting. He invited new members – Eric Brown, Kirk Farney, Kristi Matus, and Don Scifres to introduce themselves, as well as the current Board to introduce themselves to the new members.
- 05 Chairman Senske requested that CEO Buchholz lead the process of appointing the Chairman of the Board for 2022-2023.

CEO Buchholz reported nominees were Kurt Senske. The floor was opened for additional nominations. No additional nominations were offered.

M 2022/23-01 By acclamation, Kurt Senske was appointed as Chairman of the Board.

- 06 Chairman Senske led the process to appoint the Vice Chairman. Advance nominations were received for Jim Dankenbring, Jon Laabs, Virginia Miller and Gene Partlow. The floor was opened for additional nominations. No additional nominations were offered. Virginia Miller withdrew her nomination.

M 2022/23-02 By majority vote, Gene Partlow was appointed as Vice Chairman of the Board.

07 Chairman Senske led the process to appoint the Treasurer. Advance nominations were received for Melanie Braun, Jon Laabs, Gene Partlow, and Gordon Tresch. Gene Partlow's name was removed from consideration. The floor was opened for additional nominations. No additional nominations were offered. Jon Laabs and Gordon Tresch withdrew their nominations.

M 2022/23-03 By acclamation, Melanie Braun was appointed as Treasurer of the Board.

08 Chairman Senske led the process to appoint the Secretary. Advance nominations were received for Patricia Ross. The floor was opened for additional nominations. No additional nominations were offered.

M 2022/23-04 By acclamation, Patricia Ross was appointed as Secretary of the Board.

09 Chairman Senske led the process to appoint the Board Representative to the LHM Foundation Board of Trustees. Advance nominations were received for Jim Dankenbring, Vincent James, and Gene Partlow. The floor was opened for additional nominations. No additional nominations were offered. Gene Partlow withdrew his nomination.

M 2022/23-05 By majority vote, Vincent James was appointed as Board Representative to the LHM Foundation Board of Trustees.

M 2022/23-06 Motion was made to approve the consent agenda, including: Approval of Meeting Agenda; Approval of April 2022 Meeting Minutes; and Approval of Annual Meeting of the Corporations Minutes.

Motion was seconded and passed by voice vote.

10 Senske introduced David Lanius, CFO, to provide a financial update.

CFO Lanius reported that fiscal year 2022 concluded with income above budget and expenses below budget. The Board discussed and asked questions throughout.

Gene Partlow, Chair of the Budget and Finance Committee, reported that the committee met and discussed recommended resolutions and policy changes. The Board asked questions and discussed the recommendations.

M 2022/23-07 Motion was made on behalf of the Budget and Finance Committee to approve the Resolution:

RESOLUTION TO AUTHORIZE TRANSFER OF ADDITIONAL FUNDS TO THE OPERATING RESERVE FUND

Whereas, there is a strong potential for the budget to be impacted by rising inflation for FY2022-2023,

Resolved, that the Board of Directors authorize the transfer of \$1.20 million from the FY2021-2022 operating surplus to the board-designated Operating Reserve to provide additional budget support to counter inflation costs in FY2022-2023.

Motion passed by voice vote.

M 2022/23-08 Motion was made on behalf of the Budget and Finance Committee to approve the attached edits in the Board Policy Manual.

Motion passed by voice vote.

11 CEO Buchholz reported on recent learnings from the International Internship Program and invited questions regarding the staff division reports. The Board asked questions and discussed.

12 CEO Buchholz invited Lisa Jackson, LLL-Canada Managing Director, to provide an update on LCC activities. She updated the Board on the LCC Convention. Jackson shared how LLL-Canada are handling their resources and how grateful they are for how quick LHM is to get them needed items. She shared how blessed they are for the amazing partnership with LHM.

13 CEO Buchholz invited Tony Cook, Vice President of Global Ministries, to provide a report on LHM data journey plan.

Vice President Cook provided a report on upcoming research to be conducted in collaboration with Barna, involving congregations and Christian organizations in LHM's first community based participatory research effort. The Board asked questions and discussed.

14 CEO Buchholz reported that a 2022 monitoring trip will be virtual. LHM will continue an annual virtual trip allowing the opportunity for all members to participate each year.

15 Board members signed the annual code of ethics and conflict of interest statements as required annually per policy.

16 Chairman Senske presented his committee assignment recommendations for the 2022-2023 League year.

17 Chairman Senske reported that LCMS and LCC Liaisons were unable to attend. No reports were received to share with the Board.

18 Chairman Senske reported that the Executive Committee met to discuss the agenda for the July Board meeting.

19 Chairman Senske reported that the Audit Committee had nothing to report.

20 Chairman Senske reported that the Board Development Committee had nothing to report.

21 Patti Ross, Secretary and Chair of the Election Committee, reported on the 2022 election results.

22 Chairman Senske reported that the Compensation and Evaluation Committee had nothing to report.

23 Chairman Senske reported that the Nominations Committee had nothing to report.

24 Chairman Senske discussed the future meeting schedule. The Board asked questions and discussed.

Future Meeting Schedule:

- October 20-21, 2022, St. Louis, MO
- January 27, 2023 – Online
- April 21, 2023 – St. Louis, MO
- July 20-21, 2023 – St. Louis, MO
- November 1-2, 2023 – St. Louis, MO
- January 26, 2024 – Online
- April 19, 2024 – St. Louis, MO
- July 18-19, 2024 – St. Louis, MO

25 Chairman Senske discussed the future of Board Monitoring Trips. The Board asked questions and discussed.

26 Chairman Senske informed the Board that CEO Buchholz will be receiving the Witness in the Public Square award and invited Board members to attend if they so choose.

M 2022/23-09 A Motion was made to enter Executive Session.

Motion was seconded and passed by voice vote.

M 2022/23-10 Motion was made to leave Executive Session.

Motion was seconded and passed by voice vote.

27 Virginia Miller offered a closing prayer

28 Meeting adjourned at 2:20 pm.

Respectfully submitted by,
Patricia Ross, Secretary

LHM Budget and Finance Committee Related Policies
July 2022 Recommendations to the Board

4.5 Financial Planning/Budgeting

The CEO will not fail to develop an annual budget. The CEO will not cause or allow financial planning for any fiscal year or remaining part of any fiscal year to deviate materially from the Board's Ends priorities or risk financial jeopardy.

4.5.1 The CEO will not allow expenditure variance that exceeds 2.5% of the actual operating expense net of gifts in-kind.

4.5.2 The CEO will not fail to provide monthly financial reports to the Board.

4.6 Reimbursements

The CEO will not fail to abide by organizational guidelines for business expense reimbursement. The Board wants to affirm Christian family oriented attitudes, values and lifestyles through the inclusion of the CEO's spouse in business travel and events, therefore some of these expenses, deemed by the CEO as fulfilling a bona fide business purpose, are not considered taxable income. Annually, spousal international trips are limited to one and domestic trips are limited to two, unless otherwise approved by the Board.

4.7 Financial Condition

The CEO will not cause or allow the development of financial jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.

4.7.1 The CEO will not allow the organization to carry short-term debt for longer than twelve consecutive months **without prior Board approval.**

4.7.2 The CEO will not allow any short-term financial cash management that puts the assets of the organization at unnecessary risk. The CEO will not fail to use the Lutheran Hour Ministries Foundation for all long-term investments.

4.7.3 In reporting financial activities and position, the CEO will not allow deviation from generally accepted accounting principles (GAAP).

4.7.4 The CEO will not fail to **maintain adequate liquidity to maintain operations. The CEO will not fail to** build and maintain an operating reserve equal to 25% of the previous **twelve months** fiscal year's actual ministries operating expense net of gifts in-kind. **This equates to three average months of reserve.**

4.7.5 **The CEO will not fail to report financial and donor KPI (key performance indicator) data quarterly and industry benchmark comparison data annually.**

4.7.6 **The CEO will not fail to advise the board, at least annually, regarding the achievement of the cost component of each Ends Policy.**

4.8 Asset Protection

The CEO will not cause or allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.

4.8.1 The CEO will not fail to maintain property, casualty, and theft insurance to at least 80% replacement value of organizational property and will not fail to maintain adequate insurance covering potential liability to Board members, staff, and the

organization and its entities in amounts comparable to similar organizations.

4.8.2 The CEO will not subject the offices, grounds, and equipment to improper wear and tear or insufficient maintenance.

4.8.3 The CEO will not fail to protect intellectual property, information, and files from loss or significant damage.

4.8.4 The CEO will not fail to operate without a crisis management plan.

4.9 CEO Succession

To protect the Board from sudden loss of CEO services, the CEO will not fail to prepare at least one other executive sufficiently familiar with Board and CEO issues and processes to take over as an interim successor.

4.10 Communication and Support to the Board

The CEO will not cause or allow the Board to be uninformed or unsupported in its work.

4.10.1 The CEO will not fail to provide Board-specified reports at least two weeks prior to the scheduled Board meetings.

4.10.2 The CEO will not allow the Board to be unaware of relevant trends or threats that impact organizational ends, anticipated adverse media coverage, and potential lawsuits against the organization.

4.11 Gifts and Bequests

The CEO will not fail to operate without a gift acceptance policy. The CEO will not allow the organization to accept gifts and bequests that are overly restrictive or counterproductive to organizational Ends policies.

Appendix G – Budget and Finance Committee

This appendix outlines the processes by which the Budget and Finance Committee fulfills the responsibilities that are assigned to it. The committee is responsible for this appendix and should send all updated versions to the Secretary.

Committee Responsibilities

The committee develops and recommends policies and accountability procedures to the Board to safeguard the organization's assets.

The committee reviews quarterly financial reports from the CEO and advises the Board regarding the financial condition of the ministry.

The committee ensures that the annual budget is consistent with the Ends policies.

[For reference...

2.10.2 Budget and Finance Committee:

The purpose of the Budget and Finance Committee is to recommend policies to safeguard the organization's assets, receive and evaluate an annual budget and quarterly financial reports from the CEO, and deliver a recommended budget annually to the Board for final approval.]