



June 12, 2024

To All Pastors and Congregations of Lutheran Sunset Ministries Affiliated Churches:

At last year's Annual Corporation Meeting, the delegates voted unanimously to approve the new Certificate of Formation to remove any and all legal liability from the Corporate Churches for operations of Lutheran Sunset Ministries. I sent out a letter of explanation to all the Corporate Congregations in March prior to the meeting. I am also including that letter in this mailing. With the adoption of the Certificate of Formation, the Board of Lutheran Sunset Ministries (LSM) is now a self-sustaining Board. Corporate Congregations are now Affiliated Congregations and have no legal role in electing Board members or in the operation of our ministry. The Board will continue to draw its members from Affiliated Congregations. I have included the Affiliated Congregations Policy in this mailing as well. All of this just serves as a reminder of what transpired last year.

The main purpose of this letter is to update you on current operations of Lutheran Sunset Ministries.

Lutheran Sunset Ministries (LSM) continues to provide services to more than 200 people on a daily basis within our five programs: Sunset Home has 96-bed skilled nursing facility and a secure 32-bed skilled nursing secured neighborhood for memory loss/dementia residents; Heckmann Residence, a 24-apartment licensed assisted living facility; Rainbow Retirement Community, 55 independent living apartment; and Hospice Sunset; Sunset Companion Services serving Bosque County and a 25-mile radius of Clifton.

Sunset Home currently has a census of 92. Covid has abated for the most part but our census and staffing have yet to recover to pre-Covid levels. We have a new Activity Director, Mildred Martinez. She was previously an Activity Assistant and is doing a great job. Rehab services are an integral part of the services Sunset offers. Our space has tripled in size and allowed us to add additional equipment to our rehab facility. There are dedicated resident rooms for our short-term rehab patients as well as a living area complete with a small kitchen.

Heckmann Assisted Living Residence has a new manager, Stacey Watson, who also manages our Personal Assistant Services program. With the change of manager, our census there has rebounded. We just took a deposit on our last apartment so Heckmann will be full effective June 28.

Our Rainbow Retirement Community is for independent living folks 62+ years of age. We are essentially full with a waiting list. We have several open apartments that are undergoing renovations but will be filled when the renovations are complete. LSM has acquired additional land and plans are underway to explore adding more independent living apartments to Rainbow Retirement Community. A brainstorming session with current and future residents was held to determine likes and dislikes to guide us. Currently, we are planning to build model homes of the four floor plans that will be built in the larger

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Sunset Home • Rainbow Retirement Community • College Hill Assisted Living • Hospice Sunset
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project. We have space to build up to 44 one-bedroom units and 38 two bed two bath cottages. We are in the process of getting our project approved by the City of Clifton. We do not yet know what the rental rates will be. If you are interested in more information for this type of housing please call Michelle Lueck at (254) 675-6785.

Hospice Sunset has been running a strong census of 20+ for the year. Our leadership there has a good rapport with the local medical community which has been a great help. We are the preferred hospice program in our area of service.

Our Personal Assistance Services (PAS) has a census of six clients to whom they provide routine services. They have around twenty people for whom they provide intermittent services. They do serve many of our independent living residents.

Overall, LSM is doing okay but has ongoing challenges with Medicaid reimbursement in Sunset Home. The State of Texas is one of the lowest reimbursing states in the country. Our Medicaid census is usually over half of our residents and is the core reason we have financial challenges in our overall ministry. Our other programs have to support Sunset Home at the expense of expanding those programs or serving other needs in the community. In spite of this challenge, we have continued to meet our debt obligations.

LSM's website (www.lutheransunset.org) has been attracting users to pages such as the Sunset Senior Guide Blog, Sunset Lifelong Learning and information on our various programs. The Sunset Senior Guide Blog has more than 150 blog articles covering senior living, lifestyle, helpful tips and decisions that individuals and families face as their loved ones grow older. It has been our third most viewed page on the website, behind "Our Residences" and "Contact Us." We encourage you to check it out at www.lutheransunset.org/news.

Social media has been a fantastic way for us to give people a glimpse into our culture here at LSM. We are posting and sharing engaging photos, articles, links and videos to capture the attention of our target audience. Through Facebook, Instagram, Tik Tok, and YouTube, we've been able to connect with people on a personal level, showing all that LSM has to offer in real time. We have one Instagram video that has now been viewed over 1,100,000 times since Valentine's Day! You can look us up at Lutheran Sunset Ministries on each platform.

We are constantly looking for ways to maintain and improve our successes. It is important to find engaging and diverse activities to empower our residents to take on projects that fill them with meaning and purpose.

If you would like for someone from LSM to visit your congregation or give a presentation to a group, please contact me at 254.675.8637 extension 2223 or e-mail at rrueter@lutheransunset.org.

Thank you for being an Affiliated Congregation!


Rodney Rueter

President/CEO

March 6, 2023

Dear Corporate Church Members,

In late 2021 and early 2022, Lutheran Sunset Ministries (LSM) worked with a legal firm to regain our property tax exemption on our Windmill Café building. During that work, it came to our attention that our corporate church structure could allow lawsuits against our corporate church members due to events at LSM. At last year's annual meeting, we relayed this dilemma to the delegates present and it was discussed thoroughly. It was agreed to proceed with a plan to eliminate any liability for our corporation churches. There were twenty-eight delegates representing twelve member churches at this meeting.

At our next Annual Meeting on May 7, 2023, we will request member action in relation to Lutheran Sunset Ministries' Articles of Incorporation to solve this problem. Specifically, our Board of Directors has approved a new Amended and Restated Certificate of Formation ("***Certificate of Formation***") which would replace our existing Articles of Incorporation.

The primary goal of the new document is to remove the corporate membership structure. Corporate members of nonprofits have certain rights and duties under Texas law. It is a legal status that we do not believe was intended. When the organization was formed in 1954, it did not have corporate members. In a worst-case scenario, a third party could attempt to hold corporate members responsible for the debts or other obligations of the nonprofit. This was never the intent of the structure, and our goal is to maintain our strong church ties while removing any question about legal responsibility.

With this letter we are asking that you review our proposed Certificate of Formation. The Certificate of Formation removes all reference to corporate members. In addition to removing the membership structure, we are proposing some necessary updates and strengthening our important linkage with ELCA institutions.

For example, we are inserting what is called a "dissolution" provision in our Certificate of Formation. Legally, if Lutheran Sunset Ministries were ever to cease operations, the organization's assets must be transferred to a 501(c)(3) tax-exempt organization. Currently, our Articles and Bylaws do not specify that our assets will go to an ELCA institution. In the new Certificate of Formation, the assets (after paying any liabilities) would be transferred to the Lutheran Foundation of the Southwest.

In addition to revising the Certificate of Formation, the Board is recommending new Bylaws. In the proposed Bylaws, your congregations are referred to as "Affiliated Congregations" instead of corporate members. The proposed Bylaws do not change the nature of the relationship beyond removal of corporate membership status.

Although the Bylaws will not be revised until after adoption of the Certificate of Formation, we are providing the draft Bylaws for your review. The description of Affiliated Congregations is in

Article XI, and includes the following new language: “Affiliated Congregations shall not be responsible for any obligations of the Corporation, and shall bear no liability related to acts or omissions of the Corporation.”

I want to be clear, if this is approved at our next annual meeting, affiliated churches will no longer vote on new Board members or any other business related to the operation of LSM. Those votes now are where the legal liability occurs We will continue to draw our Board members from affiliated congregations. Please contact me if you have any questions.

Affiliated Congregations Policy

Lutheran Sunset Ministries is affiliated with the Evangelical Lutheran Church in America (ELCA). All congregations belonging to the Northern Texas-Northern Louisiana Synod, the Southwestern Texas Synod and the Texas-Louisiana Gulf Coast Synod of the ELCA, and up to five (5) non-ELCA congregations shall be eligible to be affiliated congregations ("Affiliated Congregations").

Current LSM Corporation Congregations will be "grandfathered" as Affiliated Congregations.

It is expected that Affiliated Congregations will recognize Lutheran Sunset Ministries as a vital part of its ministry in some of the following ways:

- a) Keep the Corporation and its ministry on the prayer list of the congregations on a regular basis.
- b) Actively promote the ministry of the Corporation by distributing information in bulletins, newsletters, brochures and presentations.
- c) Provide financial support for the Corporation's ministry in one or more of the following ways: in the congregation's annual budget, an annual appeal, special fund raiser, with a congregation auxiliary activity or by encouraging individual member support, by encouraging volunteers from the congregation to participate directly in the work of the Corporation through the Sunset Auxiliary, serving on the Board or a Board committee, volunteering for a specific function or an area of interest, or being an advocate of the Corporation's ministry in the congregation.

Board of Directors

A majority of the members of the Board of Directors, including two (2) pastors, shall be elected from ELCA congregations. Directors shall be ratified by the ELCA congregations from which each is drawn.

Selection Procedure

The LSM President will notify affiliated churches of any Board vacancy and the manner of application. Procedures might include:

- Letters shall be sent to affiliated churches notifying them of vacancy(ies).
- Affiliated churches which are interested in nominating a Board member will contact the LSM President.
- Information about the potential candidate will be provided to the LSM Board prior to a meeting with that potential candidate so that current Board members have a chance to provide input.
- If satisfactory, the potential candidate will meet with the LSM President and Board Chair and determine willingness to serve.

All members of the Board of Directors will follow guidelines as specified in the Amended and Restated Bylaws of LSM.