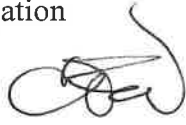


ST. LUKE LUTHERAN CHURCH

M E M O R A N D U M

TO: Members of Congregation
FROM: Rick Witthoefft 
DATE: September 1, 2023
RE: Special Meeting of the Congregation on September 24, 2023

The following relates to the Special Meeting of the Congregation called by Church Council for Sunday, September 24, 2023, immediately following the conclusion of the worship service that morning (approximately 11:15 a.m.). Please plan to attend this special meeting since a quorum of voting members is required to conduct a vote on the matters to be considered.

1. What is the subject of the meeting? St. Luke was formed in 1959 as an unincorporated association under Virginia law, and it has operated as such to this point. For many of those years, Virginia did not allow churches to incorporate. But, Virginia law has been changed in recent years to permit churches to organize as corporations so as to gain the legal benefits of incorporation, similar to other non-profit, charitable entities. After consideration of the topic, Church Council recommends to the congregation that St. Luke should now change its legal status under Virginia law from an unincorporated association to that of a non-stock corporation. This change would affect St. Luke's legal form only, and not its status as an ELCA church.

2. Why incorporate now? Dating to colonial times, Virginia did not allow churches to incorporate due to concerns about church-state separation. In 2007, the General Assembly changed the law providing Virginia churches the option to incorporate. Many churches throughout Virginia are now incorporated and Church Council believes this change in St. Luke's legal structure would be beneficial for our church as well. In forming a non-stock corporation, we will be on the same legal footing as many other non-profit charitable organizations currently operating in the Commonwealth.

3. What are the legal benefits of incorporation?

- a. Incorporation substantially limits the potential damage liability of the pastor, officers, and other representatives and members of the church. While there are existing statutory protections for members and officers of unincorporated religious bodies, the legal protection afforded by the corporate "veil" is better defined and well-settled under Virginia law.
- b. Church property may be held in the name of the church, thus eliminating the need for court-appointed trustees as required under our current legal status. An incorporated church may deal with its real property without court oversight and approval, making such transactions less complicated and expensive.
- c. Churches must typically be incorporated to be eligible for grants through federal or faith-based social service programs or private foundations.

- d. Incorporation simplifies lending and other transactions with financial institutions.
- e. Incorporation protects the corporate name of the church in Virginia and would facilitate possible future trade name and trade mark registration.

4. Will incorporation change the operations of our Church? St. Luke will continue to operate as it has for many years. Church Council and its officers will function as they do under our current governing documents, with Church Council also serving as a board of directors as required by Virginia law. St. Luke property will be owned in the name of the church, eliminating the need for trustees appointed by the court (Peggy Walters, Butch Webber and Rick Witthoefft are the current St. Luke trustees as elected by the congregation.) Our constitution and bylaws will be amended to be consistent with this new corporate form under Virginia law. We will need to maintain Virginia corporate registration with the State Corporation Commission by filing an annual report and payment of a modest registration fee.

5. Will incorporation impact our Church's relationship with the ELCA and the Synod? There will be no change in our relationship with our national church and Synod. In fact, the ELCA model congregational constitution anticipates that a member congregation will be incorporated, so this change in our legal status is anticipated by the national church. The Virginia Synod has reviewed the proposed changes to our governing documents and has approved those changes subject to adoption by the congregation at the special meeting. If you wish to review those draft governing documents, they will be available on line at the St. Luke

website during the three weeks prior to the special meeting on September 24, 2023. Hard copies of these draft documents are also available in the church office for your review.

6. What is requested of the Congregation at the Special Meeting? Church Council recommends the adoption of the following resolutions: (a) approving the change in legal structure of St. Luke from an unincorporated association to a non-stock corporation under Virginia law; (b) adopting the revised constitution and bylaws as approved by Church Council and reviewed by the Synod; and, (c) authorizing the officers and trustees of St. Luke to transfer church real property and other assets to St. Luke Lutheran Church, a Virginia non-stock corporation, and to operate as such consistent with the provisions of the approved governing documents of our congregation.

Please plan to be present for the special meeting of the Congregation on September 24, 2023, following the worship service that morning. Please contact me or any other Church Council member should you have any questions or concerns. There will be opportunity for additional questions and discussion at the special meeting before the vote is taken.

On behalf of Church Council, thank you for your continued support.

Rick Witthoefft
President, Church Council