

Resolutions from the Board of Trustees of Martha and Mary Health Services (MMHS) regarding the required terms of the contract with the State of Washington regarding the Washington State Department of Commerce Building Communities grant:

Whereas, Martha and Mary Health Services is currently engaged in completion of a multi-year Martha and Mary Health and Rehab Campus Renovation project (“Project”) which is expected to provide cost savings and improved workflow efficiency and completion of which is expected to extend the useful life of the building by 20 -25 years; and

Whereas, Martha and Mary Health Services (“MMHS”) has invested \$3 million in the Project with an estimated total cost at completion of \$4 million; and

Whereas, Martha and Mary Health Services has been awarded a Washington State Department of Commerce Building Communities Fund (BCF) grant in the amount of \$1 Million Dollars less a fee of \$30,000 for administrative costs (\$970,000) by the Washington State Legislature (“Award”) to complete the Martha and Mary Health and Rehab Campus Renovation Project; and

Whereas, receipt of funding from the Washington State Department of Commerce (“Commerce”) requires a performance-based contract between MMHS and Commerce (“Contract”). Commerce has the statutory authority to cooperate with and provide assistance to local governments, businesses and community-based organizations. Security is required by Commerce for capital projects performed by non-profit organizations that involve the expenditure of over \$500,000 in state funds; and

Whereas, the form of security required by Commerce is a Deed of Trust on the Martha and Mary Health and Rehab Campus (“Property”) in favor of the State of Washington or a department or subdivision thereof in the amount of the Award, \$970,000; and

Whereas, the Deed of Trust shall remain in full force and effect for a period of ten (10) years following the final payment of state funds to the grantee to prevent abuse of the terms and stated intention of the grant where the grantee would sell the improved property soon after completion; and

Whereas, the State of Washington has no expectation of repayment of the Award so long as the Award funds are used according to the conditions set out in the Contract. If the Award is not used as required by the Contract for a period of ten (10) years as required in the Contract, the State of Washington shall be

entitled to be repaid up to the full amount of the Award plus interest at a rate of 5% per annum, compounded annually; and

Whereas, under the Bylaws of Martha and Mary Lutheran Services (MMLS), the parent corporation of MMHS, a two thirds ($\frac{2}{3}$) majority vote of the Board of Trustees and a two thirds ($\frac{2}{3}$) majority vote of a quorum of _delegates present at a meeting is required (Article VI.4) to authorize “the corporate borrowing by the Corporation [MMLS] or Subsidiary [MMHS] which is to be secured by a mortgage, deed of trust, or other encumbrance (Article VI.5.g);”

Whereas the Board of Trustees of MMLS and MMHS have approved the encumbrance of property owned by MMHS through a Deed of Trust by MMHS in the amount of \$970,000 in favor of the State of Washington or any appropriate department or subdivision thereof in connection with MMHS’s receipt of the Buildings Community Fund grant monies awarded.

Now therefore, be it resolved that MMHS is authorized to provide the State of Washington or any appropriate department or subdivision thereof with a Deed of Trust on property owned by MMHS in the amount of \$970,000 in connection with MMHS’s receipt of the Building Communities Fund Grant administered by the Washington State Department of Commerce; and

Further resolved, that MMLS and MMHS are authorized and directed to take such further action and sign such agreements as they deem necessary or advisable to effectuate the intent of the foregoing resolution.