

MMLS ANNUAL MEETING

Meeting Minutes

April 26, 2018 at 7:20PM

Delegates Present Rebecca Bauer, Timothy Cartwright, Jan Dore, Maggie Duff, Joanne Erickson, Patrick Gehring, Mary Ann Guerrero, Kathryn Hegland, Ed Hakanson, Laura Liming, Ellie Mathisen, Mary Nasvik, Lisa Ottenbacher, Barbara Paul, John Rova, Kathy Sawaka, Galen Schuler, Lisa Schureman, Barbara Smithson, Paul Stumme-Diers, Lois Rolfe and Sharon Wilson

Delegates Absent Tonia Bannon, Ida Ficca and Barbara Webb

Trustees Present Helen Stoll, Phil Rockefeller, Marlene Le Mire, Alan Crain, Susan Eagan, Don Lachata, Bob Nichols, Mary Polensky, Aaron Schielke, Kent Shane and Galen Schuler

Trustees Absent & Excused Tom Hawks, Lisa Hecker, Carol Hoffman, Doug Love, Jamie Mittet and Bobbie Moore

Staff Present Lynette Ladenburg, Sharon Christor, Robin Schuman, Chris Vernon-Cole, Jennifer Bailey, Heather Dartt, Leah Meadows, Tammi Palodichuk, Paula Rimmer, Laurie Stumme-Diers, Diane Wasson and Anna Winney

Special Guests Kathryn DeBruyn and Julie Lightfoot

Doors to the Annual Meeting were open to all Delegates, Trustees and Staff at 6:00PM.

At 6:15PM, Helen Stoll (Board President) welcomed all attendees and then requested Pastor Timothy Cartwright (Delegate) to say grace prior to the start of the meal.

Call to Order

Helen called the meeting to order at 6:55PM. She again warmly welcomed all attendees to the meeting and then thanked Gene McGuire (Chef Manager) and Joe Barron (Multi-Services Director) for the delicious dinner, as well as Makiah Cox (Staffing Scheduler) Jordan Feliciano (Staffing Scheduler), Monique Herring (Admissions Specialist) and Ericka Huska (HR Generalist) who provided outstanding tableside meal service.

Devotion

Pastor Laurie Stumme-Diers (Chaplain) offered a devotion prior to the beginning of the business meeting.

Thanksgiving for Community of Christ at Memorial Lutheran

Laurie announced the upcoming closing of Community of Christ at Memorial Lutheran on May 27, 2018. She highlighted the church's history in the community, including the congregation's long association and generous support for Martha & Mary. Laurie thanked the congregation for being a part of Martha & Mary's ministry.

Introduction of New Delegates

Helen introduced the New Delegates and thanked them for agreeing to serve as Delegates for the Organization: Sharon Wilson (Bethany Lutheran), Paul Stumme-Diers (Bethany Lutheran), Patrick Gehring (Emmanuel

Lutheran), Barbara Paul (Peace Lutheran), Galen Schuler (Port Madison Lutheran), Barbara Smithson (Silverdale Lutheran), Terry Beaudoin (Vinland Lutheran) and John Rova (Vinland Lutheran).

Retiring Trustee Recognition

Helen announced that three Trustees were departing the Board: Bob Nichols, Lisa Hecker and Carol Hoffman. Lisa and Carol were unable to attend the Annual Meeting, but Helen was able to recognize Bob for his longtime service to Martha & Mary, as both a Trustee and Board Committee Chair for the Development Committee. She noted that Bob always had valued perspectives on important issues. Although Bob's presence will be missed at Board Meetings, he will continue to serve Martha & Mary as a member of the Development Committee. To honor Bob's service to the Organization, he was gifted a framed print by painter Max Hayslette.

Introduction of Incoming Trustees

Don Lachata (Governance Committee Chair) introduced the Incoming Trustees:

- Susan Eagan, a member of Silverdale Lutheran and a resident of Seabeck, is a board-certified OB/GYN, currently focusing her practice in gynecology. Susan is completing a Hospice Care Fellowship and has a keen interest in caring for aging seniors.
- Galen Schuler, a member of Port Madison Lutheran and a resident of Bainbridge Island, is Vice President / General Counsel, for Green Diamond Resource Company. Galen's wife briefly worked at Martha & Mary and his father was a Martha & Mary rehab patient.

Election of Trustees

MOTION – Elect the following individuals to the Board of Trustees as follows: Marlene Le Mire (3rd Term), Kent Shane (2nd Term), Jamie Mittet (2nd Term), Susan Eagan (1st Term) and Galen Schuler (1st Term). The motion carried.

Installation of New Trustees and Delegates

Laurie conducted the installation of the new members of the Board of Trustees and Delegates.

Approval of Meeting Minutes

MOTION – Approve the April 27, 2017 MMLS Annual Meeting Minutes. The motion carried.

CEO Presentation

Lynette Ladenburg thanked all attendees for coming to the Annual Meeting, then provided a brief overview of the Organization with highlights from the past year.

Lynette's presentation included notice of the newly established Church and Community Services Committee, gratitude to the Member Congregations for supporting several fundraising events for Martha & Mary and the Organization's sponsorship of the Reform Ride for Refugees event, which was spearheaded by several of the Member Congregations to benefit refugees assistance.

Attention was drawn to several awards Martha & Mary recently received. Lynette noted that this kind of recognition not only validates the high-quality of care the Organization provides, but is key to maintaining Martha & Mary's reputation to both families seeking care for loved ones and our business partners.

Lynette then spotlighted and expressed gratitude for three vital partnerships for Martha & Mary:

- North Kitsap School District, which renewed their contracted with Martha & Mary KIDS to provide before and after school services through the 2017-2018 school year;
- Bremerton Housing Authority, which extended a contract with the Organization in 2017 to manage Bay Vista Commons, their assisted living facility, for 8 more years; and,
- Building Communities Fund, which awarded a \$1million grant to Martha & Mary, allowing the Organization to make critical improvements to the aging Health and Rehab Center, extending the life of the building for years to come.

Investments in Martha & Mary's employees throughout the past year were explained, including an increase to market wages for direct care staff, several training programs and the implementation of a new, robust electronic health care records system called PointClickCare.

Lynette reviewed Martha & Mary's 2017 Statement of Financial Position, Statement of Activities and Operating Revenue / Expenses. She highlighted the improvement in the Organization's financial standing in comparison to the year prior and made a special point to alert attendees that the Organization chose, after much discussion, to early-adopt ASU2017-04, which resulted in decreasing AT HOME Services Goodwill to zero in 2017.

Lynette closed her presentation by commenting that the future of Martha & Mary lies in keeping focused on the Organization's Mission. She emphasized the importance of leadership to "think differently" to overcome the many business challenges the Organization faces, including greater patient acuity, growing difficulties in managing child behaviors, an increasing regulatory environment, uncertain changes with Medicaid and Medicare funding / reimbursement, a shortage of qualified staff and an upcoming increase to Washington State's minimum wage.

New Business

Helen called the Delegates attention to two items of New Business:

- Notice to Delegates – Board of Trustees Amendment to Bylaws The MMLS Articles of Incorporation (Article IX) require the Board of Trustees to notify Delegates in writing of any amendments made to the bylaws. In compliance with this Article, the Board of Trustees officially notified Delegates in writing, at the end of March 2018, that they had approved a one-year exemption to the bylaws governing the terms of service for Board Officers. This bylaw exemption allows Helen Stoll to remain Board President for a third consecutive term.

Helen inquired with Delegates about any questions or concerns they might have regarding this bylaw amendment. There were none.

- Resolution – Washington State Department of Commerce Building Communities Grant Delegates were asked to approve this resolution, which was approved of by the MMLS and MMHS Boards and recommended to the Delegates by the Board of Trustees for passage. Passing the resolution would enable an encumbrance of property owned by MMHS, through a Deed of Trust by MMHS, in the amount of \$970,000. The Deed of Trust would be in favor of the State of Washington and established in connection with MMHS's receipt of the Buildings Community Fund grant monies awarded. (See attached for the complete wording of the resolution.)

Helen asked the Delegates about any questions or concerns they might have regarding this resolution. There was a single inquiry by Delegate Galen Schuler, asking if the Deed of Trust would be solely on the Health and Rehab Center building. Helen confirmed that was indeed so. Whereas there were no other questions or concerns, a motion was made for the Delegates to approve the resolution (see complete resolution attached):

MOTION – Approve the resolution from MMHS Board of Trustees regarding the required terms of the contract with the State of Washington regarding the Washington State Department of Commerce Building Communities grant. The motion carried.

Helen inquired if there was any additional New Business. There was none.

Thanksgiving for Our Savior's Lutheran

Laurie announced that Our Savior's Lutheran was celebrating their 125th anniversary as a congregation this year. She went on to provide an overview of the church's long history in the community and thanked them for their ongoing generous support for Martha & Mary.

Closing Prayer

Pastor Cartwright offered a Closing Prayer for the meeting.

Adjournment

Meeting adjourned at 8:20PM.

Respectfully Submitted:

Marlene Le Mire, Secretary

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.