

**PLAN OF DISTRIBUTION
OF
MARS HILL CHURCH**

THIS PLAN OF DISTRIBUTION (the “**Plan**”) is made and entered into effective as of the ___ day of ____, 2015, by MARS HILL CHURCH, a Washington nonprofit corporation (the “**Corporation**”), in accordance with the Washington Nonprofit Corporation Act (the “**Act**”).

RECITALS

A. The Corporation is a nonprofit corporation duly organized and existing under the laws of the State of Washington.

B. The Corporation has no members.

C. The Board of Directors of the Corporation (the “**Board**”) has approved, authorized, and consented to the voluntary dissolution (the “**Dissolution**”) of the Corporation in accordance with the Act and upon the terms and conditions hereinafter set forth and have approved this Plan of Distribution.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, the parties hereto agree as follows:

AGREEMENT

1. Plan of Distribution. The Board hereby approves, authorizes, and consents to the voluntary dissolution of the Corporation, such dissolution to be effected in a reasonably expeditious manner but in no event later than June 30, 2016, and in accordance with the Plan set forth in this Agreement. The Plan shall become effective upon formal adoption by the affirmative vote of the Board and the approval of the Plan by the Attorney General of the state of Washington.

2. Conduct of Business. After the date of this Agreement, the Corporation shall not perform business activities other than those required for the winding up of its affairs as set forth herein, preserving the value of its assets, and distributing its assets in accordance with this Plan.

3. Distribution of Assets. The Corporation hereby resolves that after payment of the Corporation’s debts and liabilities, or provision made therefore, including without limitation the establishment of reserves as set forth in paragraph 4 herein, Kerry Dodd or Caleb Walters (either, the “*Authorized Officer*”) shall distribute all of the remaining property of the Corporation as follows: (a) *first*, any assets held by the Corporation upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred, or conveyed in accordance with such requirements; and (b) *second*, any remaining assets of the Corporation shall be transferred or conveyed to specific churches (each a “*Church*”, and collectively, the “*Churches*”) identified in Exhibit A that provide ministry

services and have a similar lawful purpose as the Corporation in the percentages indicated in the attached Exhibit A.

4. Reserve Funds.

4.1 **Purpose.** At the close of business on even date herewith, the Authorized Officer shall set aside and maintain reserve funds (the "**Reserve Fund**") in an amount sufficient to pay all payroll, federal and state taxes, including withholding taxes, legal fees and expenses to be incurred, accounting fees and expenses, and other miscellaneous fees and expenses incurred in connection with: (i) the ongoing disposition of the Corporation's assets, (ii) the defense of the Corporation and its directors, Authorized Officer, employees, and agents from any claims or court actions filed or which may be filed prior to the expiration of the period set forth RCW 24.06.335, and (iii) the dissolution and winding down of the Corporation and the execution of this Plan.

4.2 **Funding and Use of Funds.** The Reserve Fund shall be funded and used as follows. The Authorized Officer shall engage Karr Tuttle Campbell or another law firm to represent the Corporation in connection with the winding up of its affairs and the defense of the Corporation and its past and present Authorized Officer and directors for any actions filed prior to the expiration of the period set forth RCW 24.06.335 and shall pay said law firm a retainer to be held by the law firm as an advance fee deposit. The remainder of the Reserve Fund shall be held in the IOLTA account of the law firm selected by the Authorized Officer to cover anticipated payroll, federal and state taxes, including withholding taxes, accounting fees and expenses, and other miscellaneous fees and expenses incurred in connection with the disposition of the Corporation's assets, including the defense of any person entitled to indemnification from the Corporation under its organizational documents. So long as the Reserve Fund has not terminated, the Authorized Officer shall make any and all decisions regarding disbursements from the IOLTA account not inconsistent with this Plan of Distribution. Nothing herein shall preclude the Authorized Officer from using the funds in the IOLTA account to pay the legal fees and expenses of the Corporation or to pay the legal fees and expenses of other persons legally entitled to indemnification by the Corporation. Nothing herein shall preclude the Authorized Officer from engaging another law firm to represent the Corporation, in which case, all Reserve Funds held in the IOLTA account and any unearned portion of the advance fee deposit will be transferred to the new law firm. Any law firm engaged by the Corporation shall waive any claim to assert a lien under RCW 60.40.010 against any funds held by it in its IOLTA account.

4.3 **Duration and Termination of Reserve Fund.** The Reserve Fund shall remain in existence and shall not terminate until the later of (i) the statutory two year period provided for in RCW 24.06.335 following dissolution, or (ii) if one or more lawsuits are timely commenced against the Corporation, its Authorized Officer, or directors, the resolution of the last of any such lawsuit, *i.e.* entry of a final order terminating any such litigation. Upon the termination of the Reserve Fund, any funds that remain shall be distributed to the charitable organizations described on the attached Exhibit A in the percentages indicated.

5. **Articles of Dissolution.** The Authorized Officer and the Board shall cause to be executed Articles of Dissolution of the Corporation in accordance with RCW 24.03.240 of the Act.

6. **Consummation of Plan.** The Authorized Officer and the Board of the Corporation shall execute and consummate the Plan and shall have the power and authority to adopt all resolutions, execute all documents, file all papers, and take any and all actions they deem necessary or desirable to complete this Plan and the dissolution of the Corporation, including without limitation, delivering notice of the proposed dissolution to each known creditor of the Corporation, transferring any amounts held in an IOLTA account by a law firm to address ongoing and potential litigation, delivering any documents required by the Attorney General of the state of Washington, preparing and filing the final information return of the Corporation with the Internal Revenue Service of the United States, preparing and filing any documents required to be filed with the Department of Revenue of the state of Washington, and preparing and filing all other tax returns, certificates, documents, and information required to be filed by reason of the complete dissolution of the Corporation.

7. **Governing Law.** This Agreement shall in all respects be construed, interpreted, and enforced in accordance with the laws of the state of Washington.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

MARS HILL CHURCH, a Washington
nonprofit corporation

By: _____
Kerry Dodd, President

EXHIBIT A

New Church names	Cross & Crown Church	Sound City Bible Church	Trinity West Seattle
current website	http://crossandcrownseattle.com/	http://soundcitybiblechurch.com/	http://www.trinityws.com/
current address	4554 12th Ave NE, 98105	2800 NE 200th St, 98155	7551 35th Ave SW, 98126
Former Mars Hill designations	Ballard	Shoreline	West Seattle
FY14 Total Expenses	\$1,060,372.19	\$492,025.63	\$541,576.11
Expense %	14.43%	6.69%	7.37%
Calendar Year 14 avg attendance	639	365	404
Attendance %	14.04%	8.02%	8.88%
Distribution Rate	14.23%	7.36%	8.12%

New Church names	Harbor Church	North Church	Foundation Church
current website	http://www.harborolympia.com/	http://northchurchabq.com/	http://www.foundationchurch.org/
current address	819 Olympia Ave. NE, 98501	4700 San Mateo Blvd. NE, 87109	2730 Oakes Avenue, 98201
Former Mars Hill designations	Olympia	Albuquerque	Everett
FY14 Total Expenses	\$415,707.32	\$641,422.70	\$514,888.06
Expense %	5.66%	8.73%	7.01%
Calendar Year 14 avg attendance	240	536	358
Attendance %	5.26%	11.78%	7.86%
Distribution Rate	5.46%	10.25%	7.43%

New Church names	Rainier Valley Church	Resurrection Church	Redemption Spokane
current website	http://www.rainiervalleychurch.com/	http://www.resurrectionchurch.com/	http://redemptionspokane.com
current address	3800 S Othello St, 98118	918 Division Ave, 98403	212 S Division St., 99202
Former Mars Hill designations	Rainier Valley	Tacoma	Spokane
FY14 Total Expenses	\$261,980.67	\$686,808.25	\$392,360.70
Expense %	3.56%	9.34%	5.34%
Calendar Year 14 avg attendance	194	623	76
Attendance %	4.27%	13.69%	1.66%
Distribution Rate	3.92%	11.52%	3.50%

New Church names	Doxa Church	The Church at 3210 SE Taylor Street
current website	http://doxa-church.com/	http://redeemrpx.com/
current address	620 106th Ave. NE, 98004	3210 SE Taylor Street, 97214
Former Mars Hill designations	Bellevue	Portland
FY14 Total Expenses	\$1,948,710.96	\$394,332.54
Expense %	26.51%	5.36%
Calendar Year 14 avg attendance	812	305
Attendance %	17.84%	6.70%
Distribution Rate	22.18%	6.03%