

**LAKE LIMERICK COUNTRY CLUB, INC.**  
**E 790 ST. ANDREWS DRIVE**  
**SHELTON, WA 98584**  
**(206) 426-3581**

**BOARD OF TRUSTEES**  
**SEPTEMBER 19, 1992**

LAKE LIMERICK COUNTRY CLUB  
BOARD OF TRUSTEES  
SEPTEMBER 19, 1992

The meeting was called to order by President Dick Lombard at 9:00 a.m. Trustees attending: Scott Carey, Phil Lalle, Sharon Haworth, Bob King, Betty Malloy Braget, John Swanberg, Nan Stricklin and Al Wilson. Trustees Jim Joseph, and Jim Ergen were absent.

The following amendment was made to the August 15, 1992 minutes: Page 2 - item CORRESPONDENCE Paragraph 2, new dance lessons begin again September 22, 1992.

Motion made by Tr. Bob King, seconded by Tr. Scott Carey carried by the board as follows:

To approve the Minutes of August 15, 1992 as amended.

Motion made by Tr. Sharon Haworth, seconded by Tr. Al Wilson and carried by the board as follows:

To approve the Minutes of the Budget Meeting of August 22, 1992 as submitted.

Motion made by Tr. Phil Lalle, seconded by Tr. Sharon Haworth and carried by the board as follows:

To approve the Minutes of the Special Capital Improvements Meeting of September 12, 1992 as submitted.

Motion made by Tr. Scott Carey, seconded by Tr. Phil Lalle and carried by the board as follows:

To approve the Consent Agenda of September 19, 1992 as noted.

Consent Agenda Item 1. Water Committee Loan Authorization- Chair-person Jerry Soehnlein discussed the existing loan payment plan for the Water Committee. If there is a cash flow problem within LLCC then the Water Department would get a 7 1/2% note for a short period of time with the bank. The Water Department will repay the LLCC loan as soon as possible.

Motion was made by Tr. Bob King, seconded by Tr. John Swanberg and carried by the board as follows:

To authorize the Executive Committee to monitor the Water Committee loan through December 2, 1992 and instruct the Water Committee to seek alternative financing if there is a cash flow problem.

Financial Report: Betty Malloy Braget -

The Treasurer stated there will be the accountant's adjustment to the 1991-1992 report and then the Board will receive the final financial report. The Board reviewed each Department item by item.

Recess at 10:00 a.m. for a photo session.

Consent Agenda Item 3. Lake/Dam Committee

The difficulty in response from Terry McNabb, the Lake Treatment Contractor was noted. We have not received his written reports to date.

Guest Passes: they may be used at the beaches and Inn facilities but not for boating. Each member is responsible for his or her guest on the member's boat.

Buoy's: Phil noted the 150' from the shoreline is salt water and 100' is for fresh water according to the 1988 County Ordinance. Scott will get with Bill Buff to check our buoys.

Consent Agenda Item 4. Architecture -

Division 4, lot 201: request to leave an R.V. for the winter was discussed. The Owner was asked to submit an application for a new residence by the Architectural Committee.

EXECUTIVE COMMITTEE -

Dick reported the agenda discussed at Executive Committee meeting.

- a. Semi-Annual Meeting, October 31, 1992
- b. Ballot Notification, Thank Dick Sirokman, Bob King, Dan Robinson and Tillie Waldron for their pro and con statements.
- c. KPS- Jeff McHargue presented a Cafeteria Plan for the employee's insurance which would save on payroll taxes.

Robert Brungardt, the Attorney hired to address the tree house situation passed out a Memorandum to the Board. Each item was reviewed. He recommends the matter not be taken to court.

Motion was made by Tr. Betty Malloy-Braget, seconded by Tr. Bob King and failed by the board as follows:

Ayes:(3) Betty Malloy Bragget, Bob King, John Swanberg  
Nays:(4) Phil Lalle, Nan Stricklin, Sharon Haworth, Al Wilson

To return the subject of tree house permits to the Architectural Committee and have them review the guidelines and submit them to the Board with their recommendation.

Motion was made by Tr. Nan Stricklin, seconded by Tr. Phil Lalle and carried by the board as follows:

Ayes:(5) Phil Lalle, Nan Stricklin, Sharon Haworth, Al Wilson, John Swanberg  
Nays:(2) Betty Malloy Bragget, Bob King,

To rescind the previous action taken by the Board of Trustees regarding the banning of all tree houses in Lake Limerick, and direct the Architectural Committee to develop a guideline for future tree houses for referral to the board for approval or disapproval.

The Board would like to thank Mr. Brungardt for attending the meeting.

OLD BUSINESS -

a. The Capital Budget for 1992-1993 will be addressed after the Semi-annual meeting and ballot issue results since it applies to some areas.

b. If we show a profit on lots for sale by the club, Betty would like to see this earmarked for Capital Budget.

Chair-persons make sure they have included all their capital requests.

NEW BUSINESS -

none

Motion was made by Tr. Sharon Haworth, seconded by Tr. John Swanberg and carried by the board as follows:

To accept the Inn Committee recommendation to increase the drink prices to reflect the three State Liquor price increases.

Al Wilson noted the number of large trucks on St. Andrews Drive with the detour. President Dick Lombard will contact the Sheriff's Department again.

COMMENTS FROM MEMBERSHIP -

None

CORRESPONDENCE -

A letter was received and referred to the Architectural Committee for review.

John Hocker noted that Dick Lombard is on the Mason County Planning Board. John also reiterated that everyone must have dock permits from Shoreline Management as well as L.L.C.C. He suggested that someone from the Architectural Committee keep on top of the supergood sense and other rules that are being changed at the County.

Motion made by Tr. Betty Malloy Braget, seconded by Tr. Al Wilson and carried as follows:

To adjourn the meeting at 11:45 a.m.

Respectfully submitted,  
Dick Lombard  
For/Jim Joseph, Secretary

# AGENDA

BOARD OF TRUSTEES - LLEC INC.

September 19, 1992

9:00 AM

1. ROLL CALL

2. APPROVAL OF MINUTES - *Aug 15, 1992* August 22, 1992, September 12, 1992

3. FINANCIAL REPORT FY1992 - Betty Bragett

4. CONSENT AGENDA:

- A. GREENS COMMITTEE
- B. LAKE - DAM COMMITTEE
- C. MAINTENANCE COMMITTEE
- D. NOMINATING COMMITTEE
- E. ARCHITECTURAL COMMITTEE
- F. COMMUNITY SUPPORT COMMITTEE
- G. LONG RANGE PLANNING COMMITTEE
- H. INN COMMITTEE
- I. WATER COMMITTEE
- J. FINANCIAL ADVISORY

ITEMS FROM CONSENT AGENDA:

- 1. Water Committee - Loan Authorization
- 2. Greens Committee -
- 3. Lake / Dam - *TELEY MENOB - GUEST PASSES - BOWY*
- 4. Arch. Committee - *VASCONI 4-201*
- 5.

5. EXECUTIVE COMMITTEE:

- A. Semi-Annual Meeting , October 31, 1992
- B. Ballot Notification
- C. KPS-Cafeteria Plan
- D.

6. OLD BUSINESS:

- A. Capital Budget FY 93
- B. Legal Correspondence
- C.
- D.

7. NEW BUSINESS:

- A.
- B.

8. COMMENTS FROM MEMBERSHIP

- A.
- B.
- C.
- D.

9. CORRESPONDENCE

10. ADJOURN

**MEMORANDUM**

**TO: Board of Trustees, Lake Limerick County Club**  
**Re: Prohibition of Treehouses**

**INTRODUCTION**

Pursuant to a request that I examine the issue of whether your entity may prohibit treehouses I have reviewed the following contractual agreements that bind owners of real property within an overall plat:

- 1) Declaration of Restrictions; and
- 2) By-laws of the Lake Limerick County Club, Inc.

**PRIOR PROFESSIONAL EXPERIENCE**

My experience with not for profit corporations created to provide a governing structure for homeowner groups dates to 1979 when I began my representation of the Lake Cushman Maintenance Corporation. Additionally, I have represented several other entities during the interim thirteen (13) years.

**FACTS BELIEVED IN EXISTENCE**

I am dictating this memorandum without the direct knowledge of whether the applicant has complied with Article IV of the Declarations of Restrictions. My assumption is that this procedural requirement has been satisfied by the permittee.

## CORPORATE AUTHORITY

All the origins of authority for the existence of the entity (Lake Limerick County Club) and for any acts of the entity are found in the Declaration of Restrictions which were duly recorded with the Mason County Auditor under recording number 220904. The specific Articles that are relevant to the issue in this instance are Article III, second full paragraph, Article V, in its entirety and Article VI, paragraphs b, c, and d. I have not reprinted those Articles in this memorandum believing each Trustee to have a complete record of them.

The last significant document to be considered is the By-laws. These specifically authorize the Board of Trustees to manage the affairs of the Country Club. The powers and duties of trustees and officers are enumerated at Articles VI and VII.

### APPLICATION FOR TREEHOUSE: CRITERIA FOR EITHER APPROVAL OR DENIAL

There is presently no case law specifically identifying all the sources of a homeowners association's authority. It is clear that authority can be expressly found in the contracts, in this instance the Declaration of Restrictions and the By-laws, however some courts have also implied authority from the nature of the entity, Why, because in itself a homeowners association resembles and functions to a degree as a government, hence the term quasi-government. The right to vote, right of representation, right to levy, etc., are all qualities of a governmental entity.

Consequently, the courts are expanding the source authority to include not only that found expressly in contract but also the "voice of the majority of those governed." But with authority comes the requirement to act reasonable, and just as a county, city, and state government, homeowner's associations also have been compelled to exercise their authority with reasonable restraint and appear to be bound to exercise their authority under a concept similar to the constitutional legal concept called due process, both substantive and procedural. Due process exists to protect the individual against unreasonable actions of the government (the majority).

The actions in this matter is the denial of a permit to build a treehouse. Governments can only impose restrictions on conduct if the conduct (here a treehouse) is one that the government has authority to restrict, for example, right to assemble. Specifically, does the Architectural Committee at Lake Limerick have authority to deny the treehouse permit. That committee can deny the permit if there is either a contractual or implied basis for denial. A part of this test is whether the theme, plan or pattern of improvements of the tract is compatible with treehouses. Frankly, I believe from my limited knowledge of Lake Limerick that a treehouse is compatible and not disruptive of the communities pattern of improvements. My response may be different if Lake Limerick was located in a sparse tree tract in an urban area of upscale homes, however, it is not, and the prevailing factor in my

MEMORANDUM Page 3



opinion is the recreational, and family character that the tract projects at first, second and third glimpses.

The next criteria in determining whether a government entity could deny a treehouse are related to one another and in part to the discussion just completed. Was the governments action reasonably enacted, is it reasonable in scope and is it related to an appropriate purpose. Concerning the first, was it reasonably enacted, I don't know without examining the procedural steps in adopting the prohibition against treehouses that preceded the denial of the permit. If there were no procedural actions taken prior to the receipt of this particular request for permit then the association may have a heavy burden of showing that its actions were in compliance with procedural due process. Nevertheless, even if the concerns noted above are not a defect in the record the committee's actions must still pass the criteria that it is reasonable in scope. A carte blanche denial of all treehouses is at best suspect, but more likely unreasonable. Why, because there has been no attempt to balance the right of the individual property owner (to build a treehouse) against the right of the majority to preserve, if appropriate, the general pattern of development at Lake Limerick.

Has the denial of the permit ratified or affirmed a legitimate purpose of the government entity. In this instance it is my opinion that it does not affirm a reasonable purpose of the association. Why, because as discussed above in my discussion of

MEMORANDUM Page 4

authority to deny, what part of the overall scheme of development is being damaged by a treehouse. None.

Lastly, are there existing treehouses at Lake Limerick. If so, then the committee's actions are again subject to a finding that it is not reasonable. Why, because of several interrelated reasons. The first relates to the implied authority concept, consent of the governed. The governed have impliedly accepted by their silence the fact that treehouses are permitted. Secondly, the overall pattern of development has already been pre-determined by the failure of the majority to react at the erection of the first several treehouses. Thirdly, what a purchaser at the plat sees he or she gets. Succinctly, if they see treehouses as they drive through before purchasing they get treehouses. Please note the relationship of this criteria to what is the lake's overall scheme of development. In summary, the Architectural Control Committee's actions in denying the permit for a treehouse would fail in a court proceeding for the following reasons:

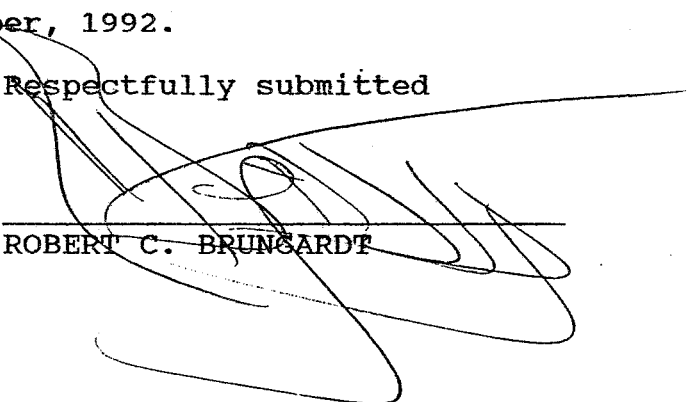
- 1) No authority to deny the permit can be found in the association's powers; and
- 2) The action was not reasonable in scope; and
- 3) The action was not related to a legitimate purpose.

Consequently, even if assuming the denial of all treehouses was reasonably enacted and even if the proviso against treehouses has always been enforced on prior occasions the prohibition still would not pass the criteria established to this date by the courts

that have considered similar issues of fact and law.

Dated this 18th day of September, 1992.

Respectfully submitted



ROBERT C. BRUNGARDT

**NOTICE OF SPECIAL MEETING**

**BOARD OF TRUSTEES  
LAKE LIMERICK COUNTRY CLUB**

**SATURDAY  
SEPTEMBER 12, 1992  
8:00 AM**

**BOARD ROOM OF LLCC**

**THE BOARD WILL MEET FOR THE  
PURPOSE OF CONSIDERING A  
BALLOT ISSUE FOR CAPITAL  
IMPROVEMENTS TO BE PLACED  
BEFORE THE MEMBERSHIP ON  
OCTOBER 31, 1992.**

**LAKE LIMERICK COUNTRY CLUB, INC.**  
**E 790 ST. ANDREWS DRIVE**  
**SHELTON, WA 98584**  
**(206) 426-3581**

**BOARD OF TRUSTEES**  
**SPECIAL CAPITAL IMPROVEMENTS MEETING**  
**SEPTEMBER 12, 1992**

LAKE LIMERICK COUNTRY CLUB  
SPECIAL BOARD OF TRUSTEES  
SEPTEMBER 12, 1992

The meeting was called to order by President Dick Lombard at 8:00 a.m. Trustees attending: Scott Carey, Phil Lalle, Sharon Haworth, Jim Joseph, Bob King, Betty Malloy Braget, John Swanberg, Jim Ergen, Nan Stricklin. Tr. Al Wilson was absent.

**BALLOT MEASURE FOR CAPITAL IMPROVEMENTS**

President Dick Lombard reviewed the history of the process for the capital improvements. Twelve Committees presented their information to the Long Range Planning Committee. Jack King, as Chair-person assembled the information with the L.R.P.C. Their research and a fixed dollar amount were given to the Financial Committee to determine the most appropriate method of financing the improvements. A Town Meeting was held on June 27, 1992 for review of the proposals, and another was held on August 1, 1992 regarding Financial Options, Corporate Structures and members questions.

Mr. Rick Thornbrue, C.P.A from Shelton was contacted and retained as a Consultant.

The Board of Trustees would like to thank Jack King, Chair-person of the Long Range Planning Committee, and Dick Sirokman, Chair-person of the Financial Committee and their respective Committees for their work on the project.

Rick Thornbrue presented a letter and an assessment summary. He explained the situation that we do not qualify for "Homeowner Association" tax status under our current operation. And he reviewed the problem of accumulating the \$850,000.00 for capital improvements and minimize Federal Income Taxes.

Motion made by Tr. Phil Lalle, seconded by Tr. Sharon Haworth:

To accept the recommendation of the Financial Committee to adopt Option Number IV with an assessment of \$100.00 +\ - for a period of 10 years.

Jack King, Dick Sirokman and Rick Thornbrue answered questions from the Board and the members present.

After discussion, the second was withdrawn by Tr. Sharon Haworth and the motion was withdrawn by Tr. Phil Lalle.

Motion made by Tr. Phil Lalle, seconded by Tr. Jim Ergen and carried by the Board as follows: 8 yeas and 1 abstention.

The Board to place before the membership a ballot issue on October 31, 1992 in the amount of \$108.72\lot\year for a period of 10 years for the purpose of capitol improvements

and to off-set the Federal Income Tax obligation incurred by that assessment.

President Lombard passed out a Ballot Measure for inspection by the Board.

"SHALL THE MEMBERS OF LAKE LIMERICK COUNTRY CLUB, INC. ASSESS THEMSELVES AN AMOUNT NOT IN EXCESS OF \$108.72 PER LOT, PER YEAR, EFFECTIVE DECEMBER 1, 1992 FOR A PERIOD NOT TO EXCEED TEN YEARS, FOR CAPITAL NEEDS AND IMPROVEMENTS?"

YES  NO

The following schedules were discussed.

Three quarterly Assessments the first year 1992 to 1993

Dec 1, 1992	\$36.24
Mar 1, 1993	\$36.24
June 1, 1993	\$36.24

Four quarterly Assessments after the first year.

Sept 1, 1993	\$27.18
Dec 1, 1993	\$27.18
Mar 1, 1994	\$27.18
June 1, 1994	\$27.18

One of the members requested the option to pay monthly without being charged a service fee.

Motion made by Tr. Scott Carey, seconded by Tr. Jim Joseph and carried as follows:

To present to the membership the Ballot for Capital Improvements on October 31, 1992.

The ballot will go out with Pro and Con statements, each limited to 100 words. Dick Sirokman will write the Pro and Bob King the Con. These will be given to the office by Wednesday.

Motion made by Tr. Scott Carey, seconded by Tr. Sharon Haworth and carried as follows:

To adjourn the meeting at 10:25 a.m.

Respectfully submitted,  
Jim Joseph, Secretary

**RICHARD D. THORNBRUE**  
Certified Public Accountant

P.O. BOX 1156  
424 NORTH FOURTH  
SHELTON, WASHINGTON 98584  
(206) 426-5667

September 12, 1992

Lake Limerick Country Club, Inc.  
E790 St. Andrews Drive  
Shelton, WA 98584

To The Board Of Directors:

Based upon our previous discussions and review of the 92-93 budget and prior year corporate tax returns, I offer you the following for your consideration. This analysis assumes no changes to the Federal Tax Law, and that the Club operations over the next ten years will closely parallel the 92-93 budget.

SITUATION

The Club intends to undertake capital improvements in the near future which will approximate \$850,000. The Club does not qualify for "Homeowner Association" tax status. The Club would have to separate itself from the Restaurant and Golf operations in order to become a "Homeowner Association" for tax purposes. This does not appear to be a viable option unless significant changes are made to the respective operations of which the membership may disapprove.

PROBLEM

How to accumulate \$850,000 and minimize Federal Income Taxes. Corporate tax rates are:

<u>TAXABLE INCOME</u>	<u>RATE</u>	
\$0 to 50,000	15%	(15% x 50,000 = \$7,500)
50,000 to 75,000	25%	(25% x 25,000 = 6,250)
75,000 to 100,000	34%	(34% x 25,000 = 8,500)
100,000 to 335,000	39%	(39% x 235,000 = 91,650)
over 335,000	34%	(34% x excess)

As can be seen from the above rate structure, taxable income in excess of \$50,000 becomes expensive. The \$850,000 capital improvement fund assessment would be taxable income. If the entire \$850,000 were assessed in one year the tax would be \$289,000. To raise \$850,000 cash for capital improvements the Club would have to assess \$1,287,879 in order to net \$850,000 after tax at 34%. This would require \$927.64 assessment per lot in year one.



Lake Limerick Country Club, Inc.  
September 12, 1992  
Page 2

After discussion with the planning committee, it was determined that bank financing would be the most attractive alternative to present the members. Financing \$867,000, at 10% over a ten year period would require \$99.63 per lot assessment for ten years. This assessment would cover the monthly obligation to the bank only. The monthly payment would be \$11,457.50. (\$137,490 per year).

The Club would incur liability for Federal Income Taxes in years one thru 10. (See attached worksheet). The \$99.63 per lot assessment does not take into consideration Federal Taxes related to the assessment. General Fund revenues would have to be budgeted for this purpose. The annual per lot required assessment to cover both the bank and tax liability would be \$108.72.

In years eleven thru thirty-one the Club experiences favorable tax consequences from the project. The Club no longer has taxable revenues (capital assessment ends yr. 10) subsequent to year ten, but the depreciation benefits (deductions) continue for 21.5 years providing tax benefits over this period. Over the 31.5 year period it is estimated the net unfavorable tax effect would be \$15,958. The problem of course is that the taxes are paid up front in years one thru ten.

It was a pleasure working with the Committee.

Respectfully submitted,

RICHARD D. THORNBRUE  
Certified Public Accountant

  
Richard D. Thornbrue, CPA

LAKE LIMERICK COUNTRY CLUB, INC.

Estimated Federal Tax Effect

Brackets indicate taxes paid

Club Borrows \$867,000  
at 10%, 10 Yr. Loan  
Estimated \$17,000  
Bank Fees

Situation 4 Club assesses the amount necessary to service bank loan. The Federal taxes are paid from general fund years 1 thru 10. (\$106,658) Years 11 thru 31 provide tax benefits.

Year 1	(3,463)	15%	UNFAVORABLE	
2	(4,299)	15%		
3	(5,222)	15%		
4	(6,241)	15%		
5	(7,367)	15%		
6	(9,352)	25%		
7	(11,643)	25%		
8	(15,686)	34%		
9	(19,488)	34%		
10	(23,897)	34%		
11	7,036	34%	FAVORABLE	Total to date year 10 \$(106,658)
12	8,043	34%		
13	9,083	34%		
14	3,914	15%		
	"			
	"			
	"			
	"			
	"			
	"			
Year 31	"			
	<u>\$(15,985)</u>			<u>Federal Taxes Paid Per Lot \$11.56</u>

Assumptions: Tax rates remain constant in future.

	INITIALS	DATE	REFERENCE
PREPARED BY			
CHECKED BY			
APPROVED BY			

## Lake Limerick Country Club Assessment Summary

LINE No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	LINE No.
			1	2	3	4	5	
1						*		1
2	Assessments							2
3								3
4	Year 1		92763	12860	100	9963	8102	4
5	2		0	12860	100	"	"	5
6	3		15911	15911	100	"	"	6
7	4		15911	15911	7584	"	"	7
8	5		3447	"	"	"	"	8
9	6		"	"	"	"	"	9
10	7		"	"	"	"	"	10
11	8		"	"	"	"	"	11
12	9		"	"	"	"	"	12
13	10		"	"	"	"	"	13
14	11		"	"	"	0	"	14
15	12		"	"	"	"	"	15
16	13		"	0	"	"	"	16
17	14		"	"	"	"	"	17
18	15		"	"	"	"	"	18
19								19
20								20
21		TOTAL	92763	92012	98256	99630	121530	21
22								22
23								23
24	Assessment Tax Shortfall							24
25	Brackets	tax Savings	135429	69164	19068	15958	4885	25
26	Per Lot		9814	5012	1382	1156	354	26
27								27
28	Situations 4 & 5 have assessment shortfall in that the assessment covers the necessary bank loan payment only. This shortfall would have to be paid with general funds. (See Federal Tax Effect schedules)							28
29								29
30								30
31								31
32								32
33	Situations 1, 2 have paid the taxes up front with the capital improvement assessment monies.							33
34								34
35								35
36								36
37								37
38								38
39	Situation 4 was selected by committee							39
40								40
41								41
42								42
43								43



	INITIALS	DATE	REFERENCE
PREPARED BY			
CHECKED BY			
APPROVED BY			

# Lake Limerick Country Club

## Situation 1

LINE No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	LINE No.
	Pay cash	\$850,000	- 1yr assessment	\$1,280,126		per lot	\$927.63	
1								1
2		Assessment		Marginal				2
3			Fed Tax	Tax Rate	Depreciation			3
4	Year 1	850000	430126	34%	6/12 15050	(1/2 yr deprec exp.)		4
5	Year 2	0	< 5002 >	25% + 15%	30095			5
6	Year 3	0	< 10521 >	39% + 34%	30095			6
7	Year 4	0	< 10232 >	34%	30095			7
8		850000	404371		105335			8
9								9
10								10
11		Assessments		1280126	Per lot	927.64		11
12								12
13								13
14								14
15								15
16	(X)	1280126	used as assessment amt. to maintain comparability w/ other possibilities presented. The 1,280,126 includes the \$430,126 Federal tax which is payable in yr. 1.					16
17								17
18								18
19								19
20								20
21	Note:	① On the surface, this proposal appears to be the most cost effective. However, Federal taxes of \$430,126 are paid in yr. 1. The other proposals spread the tax load over the years and largely avoid the 34% rate. (less assessment available for construction)					21	
22							22	
23							23	
24							24	
25							25	
26							26	
27		② All other proposals presented require financing. When arriving at assessment amount, only the debt servicing amount was assessed. (the amount necessary to service the bank loan) The club will be paying the Federal income taxes out of general funds.					27	
28							28	
29							29	
30							30	
31							31	
32		③ Members would not have the benefit of the earnings on their funds. This proposal takes \$927.62 away in yr. 1. This would be an added "economic" cost to the members in this situation.					32	
33							33	
34							34	
35							35	
36							36	
37		④ This proposition has \$744,665 of depreciation remaining to offset future income. If capital assessments are expected in the future these deductions could come in handy. (15% to 39%) (Need to explain the tax planning issues of N.O.L. elections)					37	
38							38	
39							39	
40							40	
41							41	
42							42	
43							43	

	INITIALS	DATE	REFERENCE
PREPARED BY	PT	9/3	
CHECKED BY			
APPROVED BY			

# Jale Lemerich Country Club

## Situation # 2

LINE No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
	Assessments of \$177,460 for 2 years (128.60 per lot). Purchase golf equipment Yr. 1, construct pro shop upon receipt of year 2 assessment. Years 3 and 4 assessment of \$219,575 each (159.11 per lot)							
1	Begin construction of Clubhouse with years 3 & 4 assessment and time							
2	the bank financing to occur at the end of year 4 so that							
3	the years 5 thru 14 debt servicing assessment is available							
4	to begin the monthly payments to bank. Deprec on clubhouse - Yr.							
5	\$300,000 borrowed up. 5, 16% int rate, 10 yr. term.							
6	Assessment		Marginal					
7	\$128.60 Per Lot	Fed Tax	Tax Rate	Depreciation	Interest			
8	Year 1	177460	50850	39%	4129	0	Buy Golf Eqmt	
9	Year 2	177460	50850	39%	4129	0	Build Pro Shop	
10	Sub-total	354920	101700		8258			
11	Year 3	219575	64464	39%	11335	0	Begin Clubhouse	
12	Year 4	219575	64464	39%	11335	0		
13	Sub-total	439150	128928		22670			
14	Assessment \$34.47 per Lot							
15	Year 5	47574	<4573> (X)	39%	30128	29172		
16	6		<3822> (X)	39%	30128	27245		
17	7		<2991> (X)	39%	30128	25116		
18	8		(Note 1)		26000	22764		
19	9		33	15%		20166		
20	10		642	"		17297		
21	11		1117	"		14126		
22	12		1642	"		10624		
23	13		2223	"		6755		
24	14		2865	"		2476		
25		475740	<2864>		272384	175741		
26	15		<3900>	15%	26000	0		
27	16		<3900>	"	26000	0		
28	17		<3900>	"	26000	0		
29	Grand Total	1269810	216064		350384	175741		
30								
31	Year 5	Club borrows \$300,000 (includes 13,442 for loan fees)						
32		10% interest rate, 10yr term 3964.50 per month						
33								
34	Note 1	assumed loss would not be absorbed - carried forward						
35		to year 9						
36								
37	(X)	Assumed taxable loss would be carried back to recover						
38		39% rates. Important tax planning point						
39								
40								
41	Total Assessments	1269810		Per Lot =	92015			
42								
43								

	INITIALS	DATE	REFERENCE
PREPARED BY	RS	9/2	
CHECKED BY			
APPROVED BY			

# Lake Limerick Country Club

## Situation 3

LINE No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	LINE No.					
1	Assess each member \$100 per year for 3 years. Begin Construction							1					
2	spring/summer of 95 to time construction draw schedule to							2					
3	accept of third year assessment. Bank financing - \$660,000							3					
4	remainder over 10 years. Golf equipment - \$28,000 purchased with							4					
5	year 1 assessment funds to provide immediate depreciation							5					
6	benefit. \$15,000 loan fee <u>estimated</u> and included in loan amt.							6					
7								7					
8								8					
9								9					
10	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 15%;">Assessment Per Lot \$100</th> <th style="width: 15%;">Fed Tax</th> <th style="width: 15%;">Marginal Tax Rate</th> <th style="width: 15%;">Depreciation</th> <th style="width: 15%;">Interest</th> </tr> </table>							Assessment Per Lot \$100	Fed Tax	Marginal Tax Rate	Depreciation	Interest	10
Assessment Per Lot \$100	Fed Tax	Marginal Tax Rate	Depreciation	Interest									
11	Year 1	\$138000	35510	39%	4000	0		11					
12	2	138000	35510	39%	4000	0		12					
13	3	138000	7024	15%	10/12 1250	1/2 64178		13					
14	Sub-Total	414000	78378		33745	64178		14					
15	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 15%;">Assessment Per Lot</th> <th style="width: 15%;">9 yrs.</th> </tr> <tr> <td>\$75.84</td> <td></td> </tr> </table>							Assessment Per Lot	9 yrs.	\$75.84		15	
Assessment Per Lot	9 yrs.												
\$75.84													
16								16					
17	Year 4	104663	2194	15%	30095	59938		17					
18	5		2897	"	30095	55255		18					
19	6		3673	"	30095	50082		19					
20	7		4530	"	30095	44366		20					
21	8		6077	"	26095	38052		21					
22	9		7124	"	26095	31078		22					
23	10		8799	25%	26095	23372		23					
24	11		10927	"	26095	14860		24					
25	12		13280	"	26095	5446		25					
26	Yrs 4-12 Sub Tot	941967	59501		250855	322449		26					
27								27					
28	Total	1355967	137879		284600	386627		28					
29								29					
30	Averages \$982.58 per lot assessed over 12 yr. period. (\$81.83 per yr.)							30					
31								31					
32	Year 13	0	4434	4434	26095	0		32					
33	Year 14	0	5285	5285	26095	0		33					
34	Year 15	0	6226	6226	26095	0		34					
35			15945	15945				35					
36								36					
37			121934	1234132	78285			37					
38								38					
39	Assumed future tax benefits of depreciation would be 0 due to							39					
40	NOL carryforward rules. Could be useful if future capital							40					
41	assessment projects become necessary.							41					
42								42					
43	Assessments	1355967	per lot = 982.58					43					

	INITIALS	DATE	REFERENCE
PREPARED BY	kt	9/2	
CHECKED BY			
APPROVED BY			

# Lake Limerick Country Club

## Situation 4

LINE No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Borrow 867,000 in year one. Interest rate 10%, 10yr. amortization						
2	Amount borrowed includes *17,000 loan fee estimate.						
4		Assessment		Marginal			
5		Per Lot = 99 <sup>63</sup>	Fed. Tax	Tax Rate	Depreciation	Interest	
6	Year 1	137490	3463	15%	3009.5	84306	
7	2		4299	"	"	78737	
8	3		5222	"	"	72585	
9	4		6241	"	"	65789	
10	5		7367	"	"	58281	
11	6		9352	25%	"	49986	
12	7		11643	"	"	40823	
13	8		15686	34%	26095	30701	
14	9		19488	34%	26095	19519	
15	10		23897	39%	26095	7172	
16	Total	1374900	106658		258950	507899	
19	11	0	<7036>	34	26095	0	
20	12	0	<8043>	34	26095	0	
21	13	0	<9083>	39%	26095	0	
22	Total		<24162>		78285		
23	Total Tax		82496				

Assessments 1374900 Per lot 996.30 over 10 yrs.  
 9963 per lot

Club will have to cover the Federal tax shortfall out of general operating funds. This is due to the timing difference between paying of the principle on debt over 10 yrs. while getting the benefit of the deduction over the 31.5 yr. asset life. This could create tax differences in that the taxes pd were higher % rates in comparison to the tax benefit rate related to the future depreciation deduction.





SHALL LAKE LIMERICK COUNTRY CLUB ASSESS ITSELF  
\$100.00 PER LOT, PER YEAR, EFFECTIVE \_\_\_\_\_ 1, 1993,  
FOR A PERIOD NOT TO EXCEED TEN YEARS, FOR CAPITAL  
NEEDS AND IMPROVEMENTS?

YES

NO

Sent 9-18-92

## BALLOT MEASURE NOTIFICATION

After 18 months in study and development, including input from each committee of Lake Limerick, the review and compiling of information by the Long Range Planning Committee, the in-depth work of the Financial Advisory Committee working closely with financial and tax consultants, and two town meetings; the following measure will be placed before the membership on October 31, 1992 at the semi-annual meeting:

SHALL THE MEMBERS OF LAKE LIMERICK COUNTRY CLUB, INC. ASSESS THEMSELVES AN AMOUNT NOT IN EXCESS OF \$108.72 PER LOT, PER YEAR, EFFECTIVE DECEMBER 1, 1992 FOR A PERIOD NOT TO EXCEED TEN YEARS, FOR CAPITAL NEEDS AND IMPROVEMENTS?

Since Lake Limerick Country Club does not qualify to be a tax exempt corporation, as we had hoped we would, this capital assessment also includes funds for meeting the federal income tax obligation generated by the assessment.

Thank you for your patience during the time spent searching for the best available way to meet our capital needs and a very special thanks to the hundreds of members who worked at the committee level or provided their input through other means.  
Dick Lombard

If the ballot passes the following Assessment options will be available:

### OPTION I -

One annual assessment of \$108.72 per lot - December 1, 1992 and September 1, 1993 after the first year.

### OPTION II -

Three quarterly Assessments the first year 1992 to 1993

Dec 1, 1992	\$36.24
Mar 1, 1993	\$36.24
June 1, 1993	\$36.24

Four quarterly Assessments after the first year.

Sept 1, 1993	\$27.18
Dec 1, 1993	\$27.18
Mar 1, 1994	\$27.18
June 1, 1994	\$27.18

### PRO STATEMENT-

The Lake Limerick Community is a rapidly growing area, and we as responsible citizens must be pro-active in dealing with many of the deficiencies existing in the present structures. In order to insure for the safety of our constituents and the equal accessibility of the handicapped the capital construction issue must be passed.

1. The safety codes in all buildings must be dealt with immediately.
2. Allowing handicapped individuals the same opportunities, as we who may be more fortunate, can not be shirked.

As we prepare ourselves for the 21st century, clear minds and logical thought will most definitely favor a yes vote on the proposed issue.

Bob Sirokman

### CON STATEMENT-

The committee requested to prepare this statement believes the subject improvements are desirable, but the project arrangements need further clarification.

The proposal calls for immediate imposition of a \$108.72 annual per-lot assessment. This becomes a lien against all properties for the life of the loan. It will not guarantee the elimination of additional assessments for other purposes.

No schedule for acceptable design completion, permitting, and construction has been offered. Further, borrowing immediately the full \$867,000.00 estimated for the improvements will result in a combined interest and income tax expense over the 10 years of nearly \$614,000.00 in addition to a \$867,000.00.

Bob King, Dan Robinson and Tillie Waldron

If you cannot be at the meeting request an absentee ballot and vote!!!

Absentee ballots are available from the office by written request, all ballots must be returned by 2:00 p.m. on October 31, 1992.

In person voter registration begins at 12 noon, October 31, 1992 and will end when meeting is called to order (approximately 2:00 p.m.) You must register in order to vote.

**BASIC REGISTRATION RULES:** Couple with one (1) lot: one (1) vote; Couple with more than one (1) lot: 2 votes. Single with one (1) lot: one (1) vote; Single with more than one (1) lot: one (1) vote.