

AGENDA
BOARD OF TRUSTEES - L.L.C.C.
JUNE 19, 1993
9:00 A.M.

1. ROLL CALL
 2. APPROVAL OF MINUTES - May 15, 1993
 3. FINANCIAL REPORT - Jim Joseph
 4. CONSENT AGENDA:
 - A. GREENS COMMITTEE
 - B. LAKE - DAM COMMITTEE
 - C. MAINTENANCE COMMITTEE
 - D. NOMINATING COMMITTEE
 - E. ARCHITECTURAL COMMITTEE
 - F. COMMUNITY SUPPORT
 - G. LONG RANGE PLANNING COMMITTEE
 - H. INN COMMITTEE
 - I. WATER COMMITTEE
 - J. FINANCIAL ADVISORY
- ITEMS FROM CONSENT AGENDA:
1. Greens - Golf Cart Sheds - Greens Mower
 2. Liability Insurance
 3. *INN COMMITTEE*
 4. *MAINT.*
 5. *LONG RANGE PLANNING*
 - 6.
5. EXECUTIVE COMMITTEE:
 - A. Buff - Security
 - B. Arne's Contract
 - C. Water Loan
 - D. Carnell
 6. OLD BUSINESS:
 - A. Subordination Agreement
 - B. Renter's Membership
 - C. Ballfield
 - D. *SEPTIC*
 7. NEW BUSINESS:
 - A.
 - B.
 - C.
 8. COMMENTS FROM MEMBERSHIP
 9. CORRESPONDENCE
 10. EXECUTIVE SESSION - Carnell - Security
 11. ADJOURN

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

**BOARD OF TRUSTEES
MINUTES OF
JUNE 19, 1993**

LAKE LIMERICK COUNTRY CLUB, INC.
BOARD OF TRUSTEES
JUNE 19, 1993

The meeting was called to order by President Scott Carey at 9:00 a.m. Trustees attending: Pat Feist, John Hocker, Robert Johnson, Jim Joseph, Betty Malloy Braget, Nan Stricklin, Talitha Waldron, and Al Wilson. Trustees Sharon Haworth, and Phil Lalle, were excused.

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

To approve the Minutes of May 15, 1993 as presented.

Nan would like to compliment Sharon on the minutes.

FINANCIAL REPORT: Jim Joseph

Jim reviewed the financial reports. Budget meetings have been scheduled for July with the committee chair-persons. The financial report format has been changed to paginating and compiling each report by department where applicable. The June 1, 1993 Septic, Pro Shop, ADA assessment billing was compared to the collections to date, and balance not collected to date. The building projects should go as scheduled. Jim noted the budgeted salaries are within \$2,000.00 of being on target in the projected budget for 1992 to 1993.

Motion made by Tr. John Hocker, seconded by Tr. Pat Feist and carried by the board as follows:

To approve the Consent Agenda of June 19, 1993 as amended.

Consent Agenda Item 1. Greens Committee.

Scott stated the Executive Committee has approved the purchase of a used mower from Bayshore for \$2,500.00. We will sell the other mower and a hand mower to recapture the cost.

Golf Cart Sheds. The motion regarding, "*sheds rented to LLCC property owners who have purchased an annual golf membership, paid trail fees, and used for the storage of a three or four wheeled motorized golf cart*", from the greens committee meeting was read by Scott. Dick Lombard addressed the issue. It was decided to continue with the present policy and refer this back to the Green's Committee. Jack King, Long Range Planning and Pete Villa, Greens will get together at a future date to discuss building additional cart sheds.

Consent Agenda Item 2. Liability Insurance.

Jim Joseph inquired about the insurance liability policy regarding volunteer workers on Lake Limerick grounds. The response from Duncan & Associates is as follows: "*your liability policy would certainly respond to any claims arising out of this activity, and the company would determine any payment made depending on the circumstances in that particular situation.*"

The question of the boat patrol volunteer status was addressed. It was suggested Sharon Haworth write a letter to Duncan & Associates to explain the difference between a volunteer and a committee member at Lake Limerick.

Consent Agenda Item 3. Inn Committee.

Motion made by Tr. Jim Joseph, seconded by Tr. Betty Malloy Braget get and carried by the board as follows:

With the advice and consent the board approves the appointment of Evelyn Springer as Inn Committee chairperson.

Consent Agenda Item 4. Maintenance Committee.

The Inn painting bids were reviewed by John Hocker. It was suggested the painting contractor make recommendations and submit colors which will be given to the Inn Committee. Home Base has a screen for computer colors that could be utilized.

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

To accept the painting bid from J.E. Harris & Sons for \$7,095.00 & tax.

John Hocker will advise the painter and the Inn Committee of the painting contract award.

OLD BUSINESS:

D. Septic System -

John Hocker related that Stuth Company, Inc. has mailed the septic design to Mason County for approval. After County acceptance we can get quotes for an installer. There are seven recommended contractors who will be asked to submit a bid in 10 days.

The current septic tank pumping and cost was discussed.

Motion made by Tr. Jim Joseph, seconded by Tr. John Hocker and carried by the board as follows:

To continue monitoring cost of pumping the septic tanks at the Inn and get a report in 30 days.

Consent Agenda Item 5. Long Range Planning Committee.

Scott read the motion by the committee as follows: "*That the Financial Advisory Committee immediately prepare schedules on the collection of the assessment revenue and the estimated cost (expenditures) on an anticipated time line, taking into account, financial requirements during the period of time when the assessment funds are exhausted (after the January 1994 collections and prior to the January 1995 collections). The Long Range Committee believe all projects will be completed or near completion by April of 1994.*" Treasurer Jim Joseph has talked to Jerry Soehnlén and Dick Sirokman in regards to the short fall of funds to complete the projects. This was anticipated and all projects should be started as soon as possible. Don Gardner, the

accountant, also suggested to get started in regards to our tax obligation. Jack King confirmed the Financial Committee needs to address the taxes, etc. The board would like to see their report at the next Executive meeting.

Parking in the handicapped area was discussed and it was suggested to talk to the offending party or let Mark know.

Plans for the proposed Pro Shop are posted and suggested design changes should be submitted in writing before July 15, 1993.

EXECUTIVE COMMITTEE:

A. Security - Refer your security requests to Bill Buff and he will let Brian of PPS Security know. The Contract with PPS Security will remain the same with 3 random nights per week and the beaches. Brian was asked to contact the Sheriff's Department in regards to an increase or decrease in incident rates at Lake Limerick. He reported the Sheriff said even though the population has increased, the reports have not.

B. Arne's Contract - Arne Olson will resign as of October 31, 1993. The Executive Committee would like to see a Manager for the Pro Shop as opposed to a regular Golf Professional. Jeff Jackson will help with acquiring names. Pat Feist and Scott Carey will advertise for a Pro Shop Manager.

C. Water Loan - Jerry Soehnlein thanked Tillie Waldron for her organization of the clean-up party at Olde Lyme Park.

He requested the Department Loan for Phase II as approved on November 22, 1991.

Motion made by Tr. Betty Malloy Braget, seconded by Tr. Jim Joseph and carried by the board as follows:

To authorize the transfer of \$15,000.00 from L.L.C.C. for Phase II to the Water Department as a loan, available immediately, to be reimbursed January 1994. If L.L.C.C has a cash flow problem the Water Department would go to the bank for a loan. The Water Department will be billing in December 1993.

OLD BUSINESS: continued

A. Subordination Agreement - Scott read the 5/29/93 letter from Rob Wilson-Hoss, the club attorney, responding to specific inquiries.

B. Renter's Membership - Membership is based on property ownership.

Motion made by Tr. Jim Joseph, seconded by Tr. Betty Malloy Braget and carried by the board as follows: Opposed Tr. Nan Stricklin

To leave the social membership as it stands and deny the renters membership.

C. Ballfield -

1. Accept the proposal to be given the land 4/96 and develop it as a ballfield or not accept the proposal. Discussion followed by the board.

Motion made by Tr. Tillie Waldron, seconded by Tr. John Hocker and failed by the board as follows:

Ayes: Tillie Waldron, John Hocker, Betty Malloy Braget, Bob Johnson

Nays: Al Wilson, Pat Feist, Jim Joseph, Nan Stricklin
President Scott Carey voted Nay.

A letter from the Board of Trustees be sent to Rob Wilson-Hoss that Lake Limerick at this time does not foresee nor desire to accept the responsibility for the development and maintenance of said athletic ballfield as presented in the easement agreement of Jan 18, 1989.

The following will check out the actual measurements, wetland status and costs: Betty Malloy Braget, Dan Robinson, Jim Joseph, Al Wilson, and Jerry Soehnljen.

The issue, Jim Joseph Chair-person, could then be addressed by the Membership in October if it is feasible.

NEW BUSINESS: None

Tillie Waldron - On July 18, 1993 there will be a clean up day at Olde Lyme Park at 10:00 a.m. The status of burning permits will have to be checked for that day. The office will make the posters.

COMMENTS FROM MEMBERSHIP: None

CORRESPONDENCE: None

EXECUTIVE SESSION: 12:05 p.m.

The room was cleared for the Board to go into executive session.

The Board resumed the open meeting at 12:10 p.m.

Motion made by Tr. Nan Stricklin, seconded by Tr. Betty Malloy Braget and carried by the board as follows:

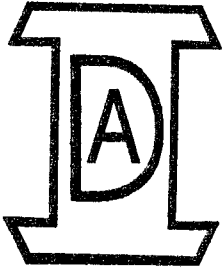
To drop the Carnell issue.

Betty would like the Architectural Committee to look into builders posting bonds.

Motion made by Tr. Betty Malloy Braget, seconded by Tr. Jim Joseph and carried by the board as follows:

To adjourn the meeting at 12:12 a.m.

Respectfully submitted,
Sharon Haworth, Secretary



DUNCAN & ASSOCIATES, INC.

2111 Harrison Ave. N.W.
10116 36th Ave. Ct. S.W.
506 W. Franklin

P.O. Box 1458
P.O. Box 44890
P.O. Box 880

Olympia, WA 98507
Tacoma, WA 98444
Shelton, WA 98584

(206) 352-7588
(206) 588-1195
(206) 426-3357

INSURANCE BROKERS

Fax # 206-943-6304
Watts line 1-800-228-8291

June 9, 1993

Lake Limerick Country Club
E 790 St. Andrews Drive
Shelton, Washington 98584

Attention: Jim Joseph

Re: American States Policy #01CD 097058

Dear Jim,

This is in response to your inquiry regarding volunteer workers on the Lake Limerick grounds.

Your liability policy would certainly respond to any claims arising out of this activity, and the company would determine any payment made depending on the circumstances in that particular situation.

I trust this will be of some help, but if you need anything further, please let me know.

Sincerely,
DUNCAN INSURANCE BROKERS, INC.

Jan Smith
Jan Smith
Commercial Accounts
SHELTON OFFICE

RECEIVED

JUN 12 1993

L.L.C.C.

*cc Jim
Scott
PETE*

June 11, 1993

To: Scott Carey
Subject: Lake Limerick Water Committee Loan

The Water Committee respectfully requests the Executive Committee to recommend to the Board of Trustees the Phase II loan of \$15,000.00 to complete our Option I program approved by the Board of Trustees November 22, 1991.

I will be available for questions at the Board Meeting June 19, 1993.

Jerry B. Soehnlén

WATER DEPT BORROWS FROM LLCC.

PAYMENT SCHEDULE

DATE	AMOUNT BORROWED	ENDING BALANCE	DATE	PRINCIPLE PAID
6/10/92	\$10,000.00	\$10,000.00		
7/10/92	\$5,000.00	\$15,000.00		
8/10/92	\$3,000.00	\$18,000.00		
9/10/92	\$3,000.00	\$21,000.00		
10/10/92	\$3,000.00	\$24,000.00		
11/10/92	\$3,000.00	\$27,000.00		\$27,000.00

6/10/93	\$15,000.00	\$15,000.00		
8/10/93	\$0.00	\$15,000.00		

	\$0.00		1/10/94	\$15,000.00

cc B of
6-11-93
Sent 6-14-93
TO All Members

NOTICE TO WATER SYSTEM USERS

COLIFORM MAXIMUM CONTAMINANT LEVEL (MCL) EXCEEDED - NON-ACUTE MCL

The Lake Limerick C.C., Inc. Water System, I.D. 44150-T, located in Mason County submitted coliform drinking water samples to a certified laboratory for the month of May. The test results indicated that at the time of the sampling there was a contamination problem in the system.

The United States Environmental Protection Agency (EPA) sets water standards and has determined that the presence of total coliforms is a possible health concern. Total coliforms are common in the environment and are generally not harmful themselves. The presence of these bacteria in drinking water, however, generally is a result of a problem with water treatment or the pipes which distribute the water, and indicates that the water may be contaminated with organisms that can cause disease. Disease symptoms may include diarrhea, cramps, nausea, and possibly jaundice, and any associated headaches and fatigue. These symptoms, however, are not just associated with disease causing organisms in drinking water, but may also be caused by a number of other factors other than your drinking water. EPA has set an enforceable drinking water standard for total coliforms to reduce the risk of these adverse health effects. Drinking water which meets this standard is usually not associated with a health risk from disease-causing bacteria and should be considered safe.

The problem has been under investigation and the following steps have been or are being taken at this time: The water source and distribution system was sampled on June 7, 1993 and tested by a certified laboratory. All the sample results were found satisfactory and submitted to the State Department of Health.

In addition, the distribution system in the area of the Mason Lake Road construction has been thoroughly flushed and sampled to eliminate possible sources of contamination. The remaining distribution system is presently being flushed as part of our maintenance program.

If you have any questions, do not hesitate to contact the office.

At this time:

- The problem is under control and no action is required by the users.
- Until further notice, water users should boil water for consumption at a rolling boil for ten minutes.
- (Other) _____

David Best
(manager's name)

(206) 426-3581
(day phone)

6/14/93
(date)

(To be completed by Water System)

This notice was:

- Mailed to all water users on 6/14/93 (date)
- Hand delivered to all water users on _____ (date)
- Verbally given to all water users on _____ (date)
- Published in newspaper. (copy attached).
- Posted at _____ on _____ (date). (BY DEPARTMENT APPROVAL ONLY).
- (Other) _____

SIGNATURE David M Best

DATED June 14, 1993

(SEND A COPY OF THIS COMPLETED PUBLIC NOTIFICATION TO: SOUTHWEST DRINKING WATER OPERATIONS; P. O. BOX 47823; OLYMPIA, WA 98504-7823; TO BE CREDITED FOR THIS ACTION.)

file
HOSS and WILSON-HOSS

ATTORNEYS AT LAW

RICHARD T. HOSS
ROBERT D. WILSON-HOSS

236 WEST BIRCH STREET
SHELTON, WASHINGTON 98584

AREA CODE 206
426-2999 FAX 426-6715

May 29, 1993

Scott Carey, President
Lake Limerick Country Club, Inc.
E. 740 Road of Tralee
Shelton, Washington 98584

Re: Subordination Agreements

Dear Scott:

The purpose of this letter is to respond to specific inquiries about the Subordination Agreements.

First, a little history. The By Laws as originally written at Art. VIII provided that the dues and assessments liens were "superior to any and all other liens created or permitted by the owner of such land and enforceable by foreclosure proceedings." This section survived a number of amendments, and was, in my opinion, quite clear.

During the 1987 By Laws amendment procedure, this language was considered, and although it was generally agreed that the language meant what it said, it was decided to make the language a little bit more clear, at Art. VIII Sec. 4: "the requirement to pay dues and assessments is a lien upon each lot within the development, prior to all other liens, regardless of the status of any account for the same."

This simply added language so that a reader could more clearly understand that the obligation to pay dues and assessments is a lien, regardless of whether or not any dues and assessments are in arrears.

It is generally considered important for a homeowners' association to be able to enforce its requirement to pay dues and assessments. In my experience, every such association has different language; however, my experience with these other variances simply tells me, and actually provoked my advice to Lake Limerick, that the simple best way to resolve the problem is to make sure that the homeowners' association lien is primary, and then the Board of Directors can subordinate, or agree to allow a lender to jump over Lake Limerick's position so that Lake Limerick will be in second position to a lender.

I have seen many unfortunate consequences from other systems. For example, one member of a homeowners' association got into serious legal trouble in Oregon, and could not pay his lawyer. He signed a note, and a deed of trust, on his lot within the development. He got convicted, quit paying, and the lawyer wound up owning the lot.

The homeowners' association did not provide for primacy of their lien. Ultimately, the lawyer made the argument that the deed to him wiped out the dues and assessments owed, and this caused a great deal of difficulties for the association with respect to collecting those dues and assessments.

Other circumstances that could produce liens that are prior to Lake Limerick's dues and assessments liens would include any kind of mechanic's liens, including for roofing, site preparation, and any other work done on a lot; child support obligations; Department of Revenue liens for failure to pay timber harvest tax; and so on, and on and on.

My advice to the Board has always been that the Board should seriously consider the possibility of allowing subordinations for loans to homeowners to buy their lot, build their houses, and more recently, take equity out of their real property. My advice has been, on the other hand, that the Board may not wish to subordinate to liens such as Deeds of Trust to lawyers, mechanic's liens to roofers, and back child support judgments.

To repeat, then, Limerick has always maintained, since the original organizational documents, the primacy of its right to collect dues and assessments.

On the other hand, the Board has always been willing to be flexible in allowing subordination of this right, so that people can get around it, and banks will lend money to them, for such things as buying a lot, home building, and taking equity out of improvements. Whether the Board wishes to subordinate for other events, such as listed above, including back child support and the like, is a policy matter for the Board, and I offer no opinions, except the opinions that the Board has the power to either subordinate or not, as it deems best.

A couple of particular items have been brought to my attention. First, there was apparently some concern about whether Lake Limerick should pay me for my services in reviewing the subordination requests.

The first part of my response is that, obviously, this is a matter of some difficulty for people who do not deal with these issues on a regular basis. I think it is a much safer practice for me to spend approximately 10 seconds looking at how the blanks in our forms were filled out, before I referred the form to the President of the Board. Board presidents in the past have had the experience of my providing them

Scott Carey
5/28/93
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with recommendations, based upon the information. These recommendations include generally such things as, not to sign because certain blanks are not filled in, notarizations were not correctly performed, or the like. These are circumstances with the form that I can easily pick up on, as I said, in about 10 seconds.

My second response is that I have never billed the Club for this 10 seconds of time, and do not intend to do so. Therefore, the Club does not pay for my services in reviewing these forms.

A second particular concern is that I have heard second-hand, that people do not like the fact that either I, the executive committee, or the Board becomes privy to personal financial information about them.

First, I think it would be very significant to track down the source of this complaint. If at any time, this process has produced any information to either myself or the executive committee about anybody's personal financial information, then I would like to know about it.

Simply put, the forms do not have any space for personal financial information, do not provide any personal financial information, and I do not follow up with any questions about personal financial information, nor, to the best of my knowledge, does the executive committee. The forms simply ask for the reason for the subordination request, and the uses to which the money will be put. Answers are typically, "refinance," "lot purchase," "refinance with equity loan," and the like.

My understanding at this point is that the Board of Trustees has authorized, pursuant to my suggestion, subordination for first mortgages. We do not check to see if the lender has made sure to leave enough equity in the loan; that we presume that the lender has protected its own interests, and, frankly, I have no interest in evaluating a loan package to determine whether or not there is enough equity to pay off both the lender and Lake Limerick. That would not only be expensive for Lake Limerick, but also an invasion of the privacy of the lot owner.

At this time, it is my understanding that anything other than a first mortgage, for whatever purpose, would be handled by the Board on a case-by-case basis. If an attorney came to the Board and said that he or she would like the Board to subordinate to a Deed of Trust, taken from a client in a criminal case, so that if the attorney had to foreclose, the attorney would not have to pay back dues and assessments, the Board could then make up its own mind about whether to subordinate to that Deed of Trust.

I believe that the system that has been created at Lake Limerick is not only efficient, in that it protects Lake Limerick's interests, but also fair, in that it provides for the interests of the homeowners. It is flexible, and easy to administer. It is based

Scott Carey

5/28/93

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on a consistent approach of more than twenty-five years, as supplemented by gradual modifications, one step at a time, after reflection by the Board. I am also quite aware that many other homeowners' associations would like very much to have such a system in place, and in fact, some have copied the Lake Limerick system, after failures with their original approaches.

The Lake Limerick Board can handle this any way it wants to. However, if it is interested in effecting a major change with respect to the primacy of Limerick's liens, and subordination of those liens, then it should look to the possibility of amending the By Laws to make it clear that certain liens automatically take priority over Lake Limerick liens. If this is the choice of the Board, I would be happy to work with the Board to develop a list of liens that Lake Limerick could allow to take priority over Lake Limerick's dues and assessments liens. My advice is, however, to retain the current system, which offers fairness and flexibility, and is fairly simple to administer.

For example, the last change in the Board's approach was taken upon three days' notice. In my opinion, if the lender bank had not simply forgotten about the need for a subordination agreement, and had raised the issue in a timely fashion, the Board could well have acted quickly enough so that the changes were made, and that particular subordination agreement signed well prior to the scheduled closing of the loan.

If you wish, I would be more than happy to discuss this further.

Sincerely,



ROBERT D. WILSON-HOSS

RWH:ss

cc: Lake Limerick