

**LAKE LIMERICK COUNTRY CLUB, INC.  
EXECUTIVE COMMITTEE**

**AGENDA**

**November 12, 1996**

**6:30 P.M.**

1. CALL MEETING TO ORDER
2. ROLL CALL
3. APPROVAL OF MINUTES
  - A) October 15, 1996
  - B) October 29, 1996
4. OPEN SESSION
  - A) OLD BUSINESS:
    1. Report on Property Encroachment Actions.....Bill Buff & Jerry Soehnlein
    2. Status of Lake Treatment Program ..... Dan Robinson
    3. Office Remodel Status due to Results of October Elections
    4. By-Laws Disciplinary Actions..... Gary Ayers
    5. Navy Proposed Grant of Easement ..... Dan Robinson
    6. Dam Valve Status..... Dan Robinson
    7. Pay Scale Software Program..... Bill Buff
    - 8.
    - 9.
  - B) NEW BUSINESS:
    1. LLCC Insurance Quotes, (Duncan representative will review quote before old business)
    2. Proposed Inn Service Contract.
    - 3.
    - 4.
    - 5.
    - 6.
5. MOTION TO ADJOURN TO CLOSED SESSION  
Stating specifically the purpose for the closed session.
6. CLOSED SESSION  
The closed session may only include matters dealing with personnel matters; legal counsel or communications with legal counsel; and likely or pending litigation of an owner to the association.
7. MOTION TO RECONVENE TO OPEN SESSION
8. MOTION TO ACCEPT ALL CLOSED SESSION MOTIONS  
Motions or agreements made in closed session may not become effective unless the committee, following the closed session, reconvenes in open meeting and votes in the open meeting on the closed session motions.
9. MOTION TO ADJOURN MEETING

# **RYAN & COMPANY PS**

CERTIFIED PUBLIC ACCOUNTANTS

Tuesday, November 05, 1996

Dan Robinson  
Lake Limerick Country Club, Inc.  
East 790 St. Andrews Dr.  
Shelton, Wa. 98584

RE: New 1996 tax legislation

Dear Dan:

Congress finally broke the tax legislation logjam, passing three laws with significant tax ramifications immediately prior to its mid-summer recess. The Small Business Job Protection Act of 1996, the Health Insurance Portability and Accountability Act of 1996, and the Welfare Reform Act of 1996 all have important tax provisions that affect virtually everyone in some major way.

Some new planning regarding your health insurance strategies probably is in order. The Health Insurance Act makes major revisions to the tax law involving medical expenses and insurance. First, long-term health care benefits may be received tax free for the first time even though they may cover the type of care that did not previously qualify as a medical expense. Further, premiums that are picked up by an employer are tax-free. There are several dollar cap limitations, as well as qualification rules for existing long-term care policies.

Another major change in your strategies may be driven by the brand new medical savings account program, which allows certain taxpayers with high-deductible insurance to create a tax-free IRA-type account to cover everyday medical expenses. What's more, there is more flexibility to pay for large medical bills during unforeseen emergencies by withdrawing money from an existing IRA money without penalties. Another provision makes accelerated death benefit clauses in life insurance policies a tax-wise idea since the new law allows these benefits to be received tax free. Finally, if you're self-employed, the new law allows a much larger portion of your health insurance premiums to be deducted from your taxable income each year.

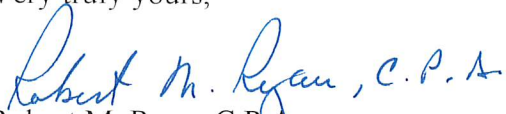
Those involved in small business should definitely review the tax savings available in the pro-taxpayer Small Business Job Protection Act. The dollar amount of assets purchased for the small business that can be written off immediately (rather than being subject to slow depreciation over a number of years) has been raised and will continue to rise substantially over the next seven years. A simplified retirement plan for the small business aptly called a SIMPLE) could save a business substantial amounts each year in streamlined administrative costs and allow small business owners an opportunity to maximize retirement benefits. And revisions to the S corporation rules will allow many businesses new flexibility, both on the operational and the estate planning side. For example, the new "electing small business trust," which permits multiple beneficiaries, should be much more useful in estate planning than qualified Subchapter S trusts, which

are limited to a single beneficiary.

Other benefits to be mined (and dangers to be avoided) from the new tax laws make up a long and varied list. Some of these significant changes include a full \$2,000 deduction for spousal IRAs for homemakers, a change in the tax-free nature of employer-paid educational costs, a new adoption tax credit, an extension/phaseout of the luxury auto tax, fine-tuning of a home-office, loss of the tax exclusion on punitive damages for personal injury, and changes in the foreign trust rules.

This letter only summarizes the highlights of the new tax laws. These new tax laws create both opportunities for gain and pitfalls to be avoided. If you believe the new laws apply to you, or if you have any questions about whether they do apply, please call. We're here to help.

Very truly yours,

  
Robert M. Ryan, C.P.A.  
Ryan & Co., P.S., C.P.A.s

LAKE LIMERICK COUNTRY CLUB, INC  
E 790 ST. ANDREWS DRIVE  
SHELTON, WA 98584  
(360) 426-3581  
FAX (360) 426-8922

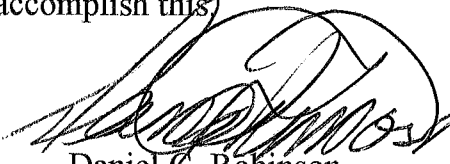
To: Scott Carey  
Pat Feist

November 27, 1996

Subject: Golf Cart Path Easement - U. S. Navy

Pursuant to direction from the LLCC Board of Trustees, I contacted Jerry Knowles, who represents the Navy in the matter of the easement, with the intention of consummating the easement agreement. Unfortunately, I was unable to conclude the arrangement as Mr. Knowles informed me that another section of the Navy is objecting to the easement agreement he proposed.

Accordingly, nothing further can be accomplished on this matter until the Navy completes its internal review and revises or resubmits its offer regarding the cart path. Mr. Knowles indicates that it will take at least several weeks to accomplish this



Daniel C. Robinson  
President  
Lake Limerick Country Club, Inc.

cc: Board of Trustees

> PERMITTED INSURANCE includes Medicare supplemental, insurance covering liabilities under workers' comp, tort, and ownership and use of property, insurance for a specified disease or illness or providing a fixed payment for hospitalization.

\* NOTE: After 2000, no new contributions may be made to MSAs except by or on behalf of individuals with an MSA already in place.

#### **IV. Self-employed Health Insurance Deduction Rises to 80 percent**

Self-employed individuals can currently deduct 30 percent of the cost of their health insurance costs, but this will increase to:

- > 40 percent for tax years beginning in 1997;
- > 45 percent for tax years beginning after 1997 but before 2003;
- > 50 percent for tax years beginning in 2003;
- > 60 percent in 2004;
- > 70 percent in 2005;
- > 80 percent for tax years after 2005.

#### **V. Equipment Expensing Cap Rises to \$25,000**

The annual cap on the amount of depreciable property that can be expensed for tax purposes will rise from its current level of \$17,500 to:

- > \$18,000 for tax years beginning in 1997;
- > \$18,500 in 1998;
- > \$19,000 in 1999;
- > \$20,000 in 2000;
- > \$24,000 in 2001 and 2002;
- > \$25,000 for tax years beginning after 2002.

#### **VI. S Corporation Rules Reformed**

Some of the rules covering subchapter S corporations have been changed to allow more business owners to elect this designation for their businesses.

- > Maximum number of shareholders increases from 35 to 75 starting in 1997;
- > Certain additional trusts will be allowed to hold S corp shares;
- > S corps will be allowed to hold 80 percent or more of stock in a C corp and to hold a qualified subchapter S subsidiary.

#### **VII. Tax Incentives Extended**

- > Work opportunity tax credit replaces targeted jobs credit; credit is 35 percent of the first \$6,000 in wages paid to employees in specific groups.
- > Research tax credit reinstated for expenses incurred July 1, 1996 through May 31, 1997.

There are a number of other provisions of limited scope or covering specific industries that have not been included here. This is a summary of the major provisions contained in a recently passed piece of legislation and is not designed to provide tax information or legal advice.

November 19, 1996

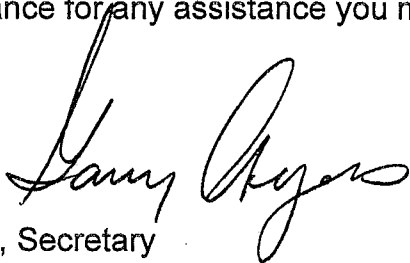
Mason County Sheriff  
PO Box 1037  
Shelton, Washington 98584  
Attn: Steve Whybark, Sheriff

Reference: Lake Limerick Country Club

Good Morning:

At our November 16, 1996 Board of Trustees meeting several residents entered complaints about cars and trucks exceeding the speed limit. As the Secretary of the Board of Trustees, I am asking for some additional attention toward control of this problem. I know you probably have your candle burning on both ends, but perhaps a few tickets or warnings to our residents may slow them down. Most of the complaints were in the morning and evening work commuting hours. Thank you in advance for any assistance you may steer our direction.

Sincerely,

A handwritten signature in cursive script that reads "Gary Ayers". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

Gary Ayers, Secretary  
Lake Limerick Country Club  
E. St. Andrews Dr.  
Shelton, WA 98584

# LAKE LIMERICK COUNTRY CLUB

## MEMO

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**Date:** November 19, 1996

**To:** Dan Robinson, Board President  
**From:** Gary Ayers, Board Secretary

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Dan:

At the November 16th Board of Trustees meeting a question arose relative to a member requesting that Lake Limerick add a street light at or near their house. It was decided that LLCC could not afford to add lights for all owners requesting one. I have checked with the PUD in Shelton (Engineering Dept.) and they tell me that for an additional \$12.00 per month they will install a pole and light on a residents property. If a pole is near their property the PUD will install a light on the pole at a cost of about \$8.00 to \$9.00 per month. Will you make sure a copy of this memo is sent to the resident who asked the question. If they are interested, they should contact the Shelton PUD.

Gary



**THERE WILL BE A SPECIAL  
BOARD OF TRUSTEES MEETING  
SATURDAY  
NOVEMBER 23, 1996  
11:00 A.M.**

**THE AGENDA WILL BE AS FOLLOWS:**

**1. CONSIDER INN COMMITTEE  
RECOMMENDATION ON RESTAURANT  
AND LOUNGE HOURS OF OPERATION.**

**2. CONSIDER REVISION OF EXECUTIVE  
COMMITTEE "BY LAWS"**

**3. CONSIDER EMPLOYEE COMPLAINT  
ISSUE**

**4. CONSIDER PROPOSED EMPLOYEE  
SALARY PROGRESSION PLAN.**

**(ITEMS 3 AND 4 MAY TAKE PLACE IN  
CLOSED SESSION)**



# LAKE LIMERICK COUNTRY CLUB, INC.

790 ST. ANDREWS DRIVE

SHELTON, WA 98584

**November 23, 1996**

## **SPECIAL BOARD OF TRUSTEES MEETING TO REVIEW RESTAURANT & LOUNGE HOURS, EXECUTIVE COMMITTEE "BYLAWS," EMPLOYEE COMPLAINT ISSUE, EMPLOYEE SALARY PLAN.**

**ROLL CALL:** Gary Ayers

President Dan Robinson called the meeting to order at 11:00 a.m. Trustees present were Gary Ayers, Bill Buff, Jerry Soehnlein, Betty Malloy Braget, Pat Paradise, Doyle Wilcox, Shirley Reichner, Esther Springer-Johannesen, and Martha Fairbanks. Trustee Ted Mason was excused.

Motion made by Tr. Bill Buff, seconded by Tr. Jerry Soehnlein and carried by the board as follows:

To include as item #5, the Audit Proposal from Ryan Inc. CPA.

### **CONSIDER INN COMMITTEE RECOMMENDATION ON RESTAURANT AND LOUNGE HOURS OF OPERATION.**

Tr. Bill Buff read the motion from the Inn Committee Special Meeting to keep the Lounge open on Mondays and Tuesdays and to close the Restaurant those days.

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

The board accepts the recommendation of the Inn Committee as follows: The Lounge will be open Monday and Tuesday during the winter from 4:00 p.m. To 10:00 p.m. The lounge hours may be extended or shortened with the approval of the Inn Manager or his designee. There will be no food service from the Restaurant Monday or Tuesday.

### **II. CONSIDER REVISION OF EXECUTIVE COMMITTEE "BYLAWS"**

One of the trustees raised the question regarding closed meetings. Rob Johnson, the club attorney's opinion is: "Under the Washington Homeowners Association Law, only full board meetings are required by Washington Law to be open to the full membership. That open meeting rule does not apply to committee meetings."

Motion made by Tr. Bill Buff, seconded by Tr. Esther Springer-Johannesen and **failed** by the board as follows:

The following items were amended on the Executive Committee Bylaws approved by the Board Of Trustees March 17, 1990.

1. Title - change the word *Bylaws* to "Guidelines"
2. Meetings - change the *second Saturday* to "Tuesday before the board of trustees meeting or other date as established"
3. Closed Sessions: - Add "board of trustee members are welcome to attend and vote in closed session"

4. Review: - Change the word *Bylaws* to "Guidelines."

Motion made by Tr. Esther Springer-Johannesen, seconded by Tr. Jerry Soehnlein and carried by the board as follows:

The Board of Trustees accepts the amendments to the Executive Committee Bylaws of the previous motion with one exception as follows: Item 3. Closed Sessions -- strike the word vote.

Therefore the final draft of the amendments are as follows:

The following items were amended on the Executive Committee Bylaws approved by the Board Of Trustees March 17, 1990:

1. Title- change the word *Bylaws* to "Guidelines"
2. Meetings - change the *second Saturday* to "Tuesday before the board of trustees meeting or other date as established"
3. Closed Sessions: - Add "board of trustee members are welcome to attend closed sessions"
4. Review: - Change the word *Bylaws* to "Guidelines."

Tr. Jerry Soehnlein suggested all the Committee Guidelines be reviewed and if necessary, change the word "bylaws" to "guidelines."

Break 12:05 p.m.

### **II(a). 1996-1997 AUDIT PROPOSAL FROM RYAN.**

Bob Ryan's Oct. 96 -- Sept. 97 Audit quote was discussed by the board. It will be necessary to have another audit by an independent CPA, since the LLCC members did not waive the requirement by a majority vote at the Semi Annual Meeting.

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

The Board accepts the Oct. 96-Sept. 97 Audit proposal from Ryan & Company PS, CPA with an estimated total cost of \$4,800.00

The next Newsletter should contain an article by the Treasurer regarding the cost of the second year audit. The audit was not recommended by the board of trustees but the membership chose not to waive the requirement therefore, the funds for the audit will need to be diverted from other budget categories.

Motion made by Tr. Bill Buff, seconded by Tr. Gary Ayers and carried by the board as follows:

The board will recess to closed session at 12:25 p.m.

### **III. CONSIDER EMPLOYEE COMPLAINT ISSUE**

### **IV. CONSIDER PROPOSED EMPLOYEE SALARY PROGRESSION PLAN.**

Motion made and carried by the board to return to open session at 1:25 p.m.

Motion made and carried by the board as follows:

To have the board of trustees appoint an Ad-Hoc Committee to evaluate and recommend to the Board of Trustees a procedure for the enforcement of membership conduct in/on LLCC facilities and property, and to include short term and long term considerations.

Motion made and carried by the board as follows:

To accept the new pay progression schedule as proposed and reviewed with the board by the Pay Plan committee.

Motion made by Tr. Bill Buff, seconded by Tr. Jerry Soehnlein and carried by the board as follows:

The board of trustees adjourned the meeting at 1:38 p.m.

Respectfully submitted,

Gary Ayers, Secretary

Preliminary minutes, not approved by the board of trustees.

**LAKE LIMERICK COUNTRY CLUB, INC.**  
**E 790 ST ANDREWS DR**  
**SHELTON WA 98584**

EXECUTIVE COMMITTEE \*GUIDELINES

**MEMBERSHIP:** The President, Vice President, Secretary, and Treasurer of the Board of Trustees, and an appointed representative of the Water Committee.

**TERM:** Regular members while holding office; appointed members during year of appointment.

**MEETINGS:** The \*Tuesday before the Board of Trustees Meeting each month, or other date as established, in the club house office.

**CLOSED SESSIONS:** Closed sessions may be called by the Executive Committee Chair-person to discuss sensitive or confidential matters pertaining to personnel. \*Board of Trustee Members are welcome to attend closed sessions.

**SCOPE:** The Executive Committee is formed to:

- a) Represent the Board of Trustees in personnel administration.
- b) Develop personnel policies
- c) Coordinate personnel activities and policies between the various committees supervising employees.
- d) Interface between the Board of Trustees and Lake Limerick Membership on community matters and activities.
- e) Act on behalf of the Board of Trustees on routine operation.
- f) Act on behalf of the Board of Trustees on matters related to interpretation of policy in an emergency situation. Such action to be read in the next scheduled Board of Trustees Meeting and noted in the Board Minutes.

**REVIEW:** Executive Committee \*Guidelines to be reviewed annually.

**QUORUM:** A simple majority of the committee members.

It is not the intent of this committee to circumvent or supersede the authority of the elected Board of Trustees in policy matters or the committee chair-person in their activities, but to assist the general club operation as defined herein.

Approved by vote of the Executive Committee; February 10, 1990

Approved by the Board of Trustees; March 17, 1990

\* Revised and approved by the Board of Trustees; November 23, 1996

**AGENDA**  
**BOARD OF TRUSTEES - LAKE LIMERICK COUNTRY CLUB, INC.**  
**November 16, 1996 9:00 A.M.**

I. ROLL CALL ..... Gary Ayers

II. APPROVAL OF MINUTES: ..... Gary Ayers  
 Board of Trustees Minutes of October 19, 1996  
 Semi Annual Meeting Minutes of October 26, 1996

III. FINANCIAL REPORT ..... Bill Buff

IV. CONSENT AGENDA ..... (Committees)  
 ARCHITECTURAL COMMITTEE LAKE/DAM COMMITTEE  
 BINGO/GAMING COMMITTEE PLANNING COMMITTEE  
 COMMUNITY SUPPORT COMMITTEE MAINTENANCE COMMITTEE  
 ELECTION COMMITTEE NOMINATING COMMITTEE  
 FINANCIAL ADVISORY COMMITTEE SECURITY COMMITTEE  
 GREENS COMMITTEE WATER COMMITTEE  
 INN COMMITTEE YOUTH/PARK COMMITTEE

(reminder: non-smoking meeting, we will break every hour)

ITEMS FROM CONSENT AGENDA:

1. Lake/Dam Committee - Dam Valve Status..... Jerry Soehnlein
2. Inn - Recommendation for Inn Winter Hours & decision on staffing Bill Buff
3. Greens Committee - Employee Golf ..... Scott Carey
4. Nominating Committee - Status Report ..... Grace Nystrom
5. Architectural Committee - Greenbelt Maintenance Guidelines ..... Pat Feist
6. Ballot Committee - Procedures ..... Esther Springer-Johannesen
7. Executive Committee - Responsibilities ..... Dan Robinson

V. EXECUTIVE

- A. Property Encroachment, Report to the Board Of Trustees ..... Jerry & Bill
- B. LLCC Insurance Quote ..... Martha Fairbanks
- C. Inn Service Contract ..... Bill Buff

D. *Employee Xmas Party*

VI. OLD BUSINESS NONE

VII. NEW BUSINESS NONE

VIII. COMMENTS FROM MEMBERSHIP:

IX. CORRESPONDENCE: NONE

X. ANNOUNCEMENTS: NONE

XI. MOTION TO <sup>*REUSE*</sup> ADJOURN TO CLOSED SESSION TO DISCUSS PERSONNEL MATTERS:

(The Motion must State Specifically the purpose for the closed session)

XII. CLOSED SESSION:

(The closed session may only include matters dealing with personnel matters; legal counsel or communication with legal counsel; and likely or pending litigation of an owner to the association.)

XIII. MOTION TO RECONVENE TO OPEN SESSION

XIV. MOTION TO ACCEPT ALL CLOSED SESSION MOTIONS:

(Motions or agreements made in closed session may not become effective unless the board, following the closed session, reconvenes in open meeting and votes in the open meeting on the closed session motions)

XV. MOTION TO ADJOURN MEETING

# **LAKE LIMERICK COUNTRY CLUB, INC.**

**E. 790 ST. ANDREWS DRIVE  
SHELTON, WA 98584**

## **BOARD OF TRUSTEES**

**November 16, 1996**

The meeting was called to order by President Dan Robinson at 9:00 a.m.

### **ROLL CALL: Gary Ayers**

Trustees attending the meeting: Secretary Gary Ayers, Treasurer Bill Buff, Trustee Esther Springer-Johannesen, Trustee Betty Malloy-Braget, Trustee Shirley Reichner, Trustee Pat Paradise, Trustee Doyle Wilcox, and Trustee Martha Fairbanks.

Vice President Jerry Soehnlein, and Trustee Ted Mason were excused.

### **APPROVAL OF MINUTES:**

Motion made by Tr. Gary Ayers, seconded by Tr. Bill Buff and carried by the Board as follows:

To approve the minutes of the October 19, 1996 board meeting as written.

Motion made by Tr. Bill Buff, seconded by Tr. Esther Springer Johannesen and carried by the Board as follows:

To approve the minutes of the October 26, 1996 Semi-Annual Meeting as written.

### **FINANCIAL REPORT:**

Treasurer Bill Buff discussed the Income/Expense Summary Sheet for Oct. 95 compared to Oct. 96. Each board member received the full financial report for October, 1996. Bill noted the Restaurant and Lounge are combined into one department now, as approved by the board of trustees. The full "Analysis of the Corporation", resulting from the fiscal year audit by Ryan & Co. and financials for the year, were given to each BOT member.

Motion made by Tr. Gary Ayers, seconded by Tr. Shirley Reichner and carried by the Board as follows:

To approve the October 1996 financial report as presented.

The board discussed the large number of member past due accounts. One member suggested posting names of delinquent owners as some other associations do. Tr. Doyle Wilcox will check with the attorney to determine the legal implications and report back to the board. A possible follow-up is that the January Newsletter could have an article saying the past due accounts will be listed in the April Newsletter.

**Consent Agenda: Add item #V Executive Committee D. Employee Party.**

**Consent Agenda Item 1. Lake/Dam Committee - Dam Valve Status**

Jerry Soehnlein is working with the contractor to fix the valves. The project is not completed yet.

**Consent Agenda Item 2. Inn - Recommendation for Inn Winter Hours & staffing**

Bill Buff presented the recommendation by the Inn Committee as follows: To recommend that the Inn be closed on Mondays and Tuesdays from Dec 1, 1997- March 31, 1997. There was a discussion by the board and members.

Paula Ferrar, part time bartender employee, addressed the board with her concerns. The consensus of the board is to leave the lounge open another 30 days. The lounge profit and loss accounts for Sunday, Monday, and Tuesdays will be prepared by Bill Buff and sent to the Inn Committee prior to the meeting.

Motion made by Tr. Shirley Reichner, seconded by Tr. Martha Fairbanks and carried by the Board as follows:

The board returns the issues to the Inn Committee, and asks them to report to the next board meeting regarding winter hours, staffing, and their recommendation on whether to close the Lounge Monday and Tuesday.

**Special Inn Committee Meeting - Saturday, Nov. 23, 1996 at 9:00 A.M.**

**Special Board of Trustees Meeting - Saturday, Nov. 23, 1996 at 11: A.M.**

The Inn Committee will be notified by letter.

Paula Ferrar would like to attend the Inn Committee Meeting.

**Consent Agenda Items 3. -- Greens Committee, Employee Golf**

Tr. Bill Buff represented Golf Chairperson Scott Carey.

Bill Buff had discussed the employee golf privileges with the accountant Don Gardner. Don said golf privilege was a compensation issue.

A motion was made by Tr. Bill Buff, seconded by Tr. Doyle Wilcox and carried by the board as follows:

The board accepts the Greens Committee recommendation as follows: free golf privileges will extend only for the Pro Shop Manager and Greens Superintendent. All other employees wishing to play golf may do so at member rates.

**Consent Agenda Item 4. Nominating Committee -- Status Report**

Chairperson Grace Nystrom reported the committee has been conducting meetings and contacting people that have shown interest to date. There are four possible candidates for Board of Trustees and three for Water Committee. She hopes the applicants will commit themselves by January and the incumbents will have decided by that time. Grace also mentioned LLCC members joining a committee, if they do not wish to run for the board. The January Newsletter will have an article emphasizing members to join committees. The nominating committee contacts are Grace Nystrom, Jack King and Marty Williams.

Recess:

### **Consent Agenda Item 5. Architectural -- Greenbelt Maintenance Guidelines.**

Table this item until the next meeting.

### **Consent Agenda Item 6. Ballot Committee -- Procedures**

This item will be tabled for a later date.

### **Consent Agenda Item 7. Executive Committee -- Procedures**

President Dan Robinson reviewed authority of the Executive Committee to hold executive sessions to discuss certain personnel matters or legal problems with the attorney. Excerpts from Attorney Robert Johnson's letter are as follows: "It is my opinion that the Executive Committee hold closed sessions but that the final decisions on issues should be left to the full board in open discussion. The Executive Committee is generally an advisory committee reporting to the full board with recommendations for action. The Board may delegate to the Executive Committee decision making authority if it specifically grants the same. Under the Washington Homeowners Association Law, only full board meetings are required by Washington Law to be open to the full membership. That open meeting rule does not apply to committee meetings."

President Dan Robinson said if the Board of Trustees chooses to delegate authority to the Executive Committee, then the Executive Committee is complying with the law.

A past president noted that there is an "Executive Committee set of By-laws" in the office. These By-laws address: "Closed Sessions and the Scope of the Executive Committee" this had been approved by the Board of Trustees March 17, 1990, but not by the LLCC membership. Copies were made of this document and given to the board after the meeting.

The issue will be addressed by the Board at Saturday's special meeting.

President Dan Robinson appointed a number of trustees to assume responsibilities for certain ongoing club management tasks, which were described in a letter to the board he had prepared. The appointments and tasks are identified in the letter attached to these minutes. These appointments are expected to be valid through next May.

The salary presentation, deferred from the Executive Committee, will be made to the board next Saturday.

### **EXECUTIVE COMMITTEE:**

#### **A. Property Encroachment, Report to the Board of Trustees.**

When the timber harvest trees were being marked it was noted four members had property improvements that encroached on LLCC property. Three of the encroachments have been resolved now. The final issue involves the play equipment on the greenbelt along #3 fairway. Jerry Soehnlein surveyed the questionable lot lines. Rick Hoss, the owner, offered to donate the playground equipment to LLCC next spring. A small committee will be needed to help move the equipment to one of the parks. The Youth & Parks committee will work through Bill Buff to get this done.

#### **B. Insurance Quote - Martha Fairbanks.**

Tr. Martha Fairbanks noted Duncan Insurance gave the quote for American States Insurance. No other agency submitted a price. Duncan Insurance gave their presentation last Tuesday at the Executive meeting. The premium has been reduced to \$20,479.00, from last year's \$23,000.00.



A motion was made by Tr. Martha Fairbanks, seconded by Tr. Esther Springer-Johannesen and carried by the board as follows:

The Board of Trustees accepts the Insurance bid from Duncan and Associates.

C. Inn Service Contract - Bill Buff.

The "Inn Service Contract" draft proposal from Ryan & Associates CPA, was given to each board member. The club would support the Independent Contractor with an annual subsidy of \$28,000.00. The Independent Contractor would pay LLCC \$500.00/month, this nets to LLCC cost of \$22,000.00 plus ongoing facility and utility expenses.

Since a number of questions regarding an independent contract remain open, an Ad Hoc Committee to review the Inn Service Contract, was appointed by the president as follows:

Doyle Wilcox, Chairperson

Shirley Reichner

Martha Fairbanks,

Betty Malloy Braget

Marilyn Feist

Anyone else that is interested in the committee may contact the Chair person.

Tr. Betty Braget Malloy objects to a contract. She thought something else was being developed, i.e. to explore alternatives to the restaurant disposition with a professional restaurateur.

The question was discussed that some of the board members thought Mark Hanson's Inn Manager position was status quo until the Inn Service Contract was finalized.

A motion was made by Tr. Doyle Wilcox, seconded by Tr. Bill Buff and carried by the board as follows:

The board retains Inn Manager Mark Hanson for the restaurant and lounge at this current status until such time we've developed a contract and selected a contractor; or have discarded the independent contractor concept.

Inn Manager Mark Hanson addressed the board with some of his immediate recommendations:

1. Menu smaller
2. Banquets - selective (preapproval)
3. Raising some prices

A motion was made by Tr. Betty Malloy Braget, seconded by Tr. Esther Springer-Johannesen and carried by the board as follows:

Inn Manager Mark Hanson be given complete control of scheduling and particulars of banquets, and to be assisted by the office staff as appropriate.

D. Employee Christmas party - Bill Buff.

Tr. Bill Buff reviewed the proposed employee Christmas party plans. He has a commitment from a catering service to serve dinner to a total of 37 people (employees and their guests which, along with gifts to each employee, will not exceed \$1,038.00).

A motion was made by Tr. Bill Buff, seconded by Tr. Esther Springer-Johannesen and carried by the board as follows:

Nays: Tr. Martha Fairbanks

The board approves the expenditure not to exceed \$1,038.00 (includes tax) for a catered employee Christmas party and gifts.

**OLD BUSINESS: None**

**NEW BUSINESS: None**

**COMMENTS FROM MEMBERSHIP: None**

**CORRESPONDENCE:**

Secretary Gary Ayers will write a letter to Mrs. Russo on Ballantrae Drive. She had called and requested a PUD light installed in front of her area. Several mailboxes were trashed on Ballantrae. The board noted they could not afford to put lights up at individual residences, and Gary will let her know.

A member expressed his concerns regarding the speeding traffic on St. Andrews Dr. He had talked to the Sheriff's Department and hasn't seen any results. Secretary Gary Ayers will write the Sheriff's Department with our concerns for St. Andrews Dr., and Mason County Road.

**ANNOUNCEMENTS:**

Marilyn Feist announced a trip to Reno in January for anyone who wished to sign up. President Dan Robinson announced the LLCC office will be closed Thanksgiving Day and the Friday after.

**RECESS:**

Motion made by Tr. Pat Paradise, seconded by Tr. Esther Springer-Johannesen, and carried by the Board as follows:

To recess the meeting to a closed session.

Motion made by Tr. Bill Buff, seconded by Tr. Esther Springer-Johannesen, and carried by the Board as follows:

To reconvene to open session.

Motion made by Tr. Bill Buff, seconded by Tr. Esther Springer-Johannesen, and carried by the Board as follows:

To lay off the assistant Chef Lange. The position will not be filled in the foreseeable future. Mr. Lange will be paid through the end of November.

**ADJOURN:**

Motion made by Tr. Shirley Reichner , seconded by Tr. Bill Buff, and carried by the Board as follows:

To adjourn the meeting at 12:45 p.m.

Respectfully submitted,  
Gary Ayers, Secretary

Preliminary Minutes, not approved by the Board of Trustees. For review only.

LAKE LIMERICK COUNTRY CLUB, INC.  
E 790 ST. ANDREWS DRIVE  
SHELTON, WA 98584  
(360) 426-3581  
FAX (360) 426-8922

To: Board of Trustees

November 12, 1996

Subject: Assignment of Ongoing Club Management Tasks

As I find that my personal workload has experienced a substantial growth over the last several months, I have elected to distribute some of these tasks to members of the Board as described herein. These appointments are expected to be valid through next May.

1. Insurance program review and coordination. Solicit and evaluate competitive bids for the various kinds of insurance we are required to carry. Maintain the existing policies current as people and equipment changes, and maintain coordination with the Agents that service our policies. Advise Board or seek Board approval of issues as required. Martha Fairbanks has expressed some interest in this area and is appointed to this responsibility.
2. Club Election Coordination. Preparation of ballots and corresponding newsletter writings for club elections. Coordination with election committee and office staff on election matters and implementation of the new permanent absentee ballot implementation. Coordinate with or seek Board approval of issues as appropriate. Esther Springer-Johanneson has been appointed to this responsibility by separate letter.
3. Employee Salary plan development and coordination. Maintain and update the salary progression plan for current and new employees. Coordinate actual and proposed pay scales with available budgets. Interview Committee chairs and employee supervisors to secure their input in developing the plan. Advise or seek approval of the Board as appropriate. Gary Ayres and Pat Paradise are appointed to this area.
4. Coordination with Club Attorneys. The Club has ongoing business activities with Rob Johnson and Rob Wilson-Hoss. There are a number of ongoing assessment collection actions as well as foreclosures. There are frequent requirements to execute lender subordination agreements through the attorney, and the Board occasionally requires the seeking of the attorney's opinion on various matters. The attorney's invoices need to be verified by the individuals initiating the attorney's actions. With this letter, I appoint Doyle Wilcox to this responsibility.
5. Dam/Valve repair coordination. Work with LLCC maintenance supervisor to secure support of original contractors to repair the air supply apparatus for the valve operation. Jerry Soehnlein is appointed to this activity.
6. Complaint handling. Review written complaints received by the Club from its members, employees, or others; interview principals in the complaint as appropriate; and recommend further action to the Board. Prepare appropriate response to the individuals initiating the complaint. I appoint Betty Malloy-Braget to this responsibility.

Daniel C. Robinson  
President  
Lake Limerick Country Club, Inc.

LAKE LIMERICK COUNTRY CLUB, INC  
E 790 ST. ANDREWS DRIVE  
SHELTON, WA 98584  
(360) 426-3581  
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Daniel C. Robinson

President

Lake Limerick Country Club, Inc.

Lake Limerick Country Club, Inc.

E. 790 ST ANDREWS DRIVE  
SHELTON, WASHINGTON 98584

1 BOT  
11-17-96

EXECUTIVE COMMITTEE BYLAWS

MEMBERSHIP: The President, Vice President, Secretary, and treasurer of the Board of Trustees, and an appointed representative of the Water Committee.

TERM: Regular members while holding office; appointed members during year of appointment.

MEETINGS: The second Saturday of each month in the clubhouse office.

CLOSED SESSIONS: Closed sessions may be called by the Executive Committee Chairman to discuss sensitive or confidential matters pertaining to personnel.

- SCOPE: The Executive Committee is formed to:
- a. Represent the Board of Trustees in personnel administration.
  - b. Develop personnel policies.
  - c. Coordinate personnel activities and policies between the various committees supervising employees.
  - d. Interface between the Board of trustees and Lake Limerick membership on community matters and activities.
  - e. Act on behalf of the Board of Trustees on routine operation.
  - f. Act on behalf of the Board of Trustees on matters related to interpretation of policy in an emergency situation. Such action to be read in the next scheduled Board of Trustees meeting and noted in the Board minutes.

REVIEW: Executive Committee bylaws to be reviewed annually.

QUORUM: A simple majority of the committee members.

It is not the intent of this committee to circumvent or supercede the authority of the elected Board of Trustees in policy matters or the committee chairmen in their activities, but to assist the general club operation as defined herein.

Approved by vote of the Executive Committee February 10, 1990.

Approved by Board of Trustees

March 17, 1990

**HEUSTON, SETTLE & JOHNSON**

ATTORNEYS AT LAW  
ANGLE BUILDING  
P.O. BOX 1400  
SHELTON, WASHINGTON 98584

B. FRANKLIN HEUSTON  
BENJAMIN H. SETTLE  
ROBERT W. JOHNSON

TELEPHONE  
(360) 426-9728  
FAX (360) 426-1902

13 November 1996

Dan Robinson  
President  
Lake Limerick Country Club  
E. 790 St. Andrews Drive  
Shelton, WA 98584

Re: Authority of the Executive Committee

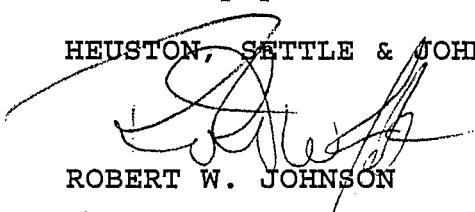
Dear Dan:

You have requested my opinion on the authority of the Executive Committee to hold executive sessions to discuss certain personnel matters or legal problems. This has lead to the discussion of the general authority of the Executive Committee to exercise final decision making authority on issues. It is my opinion that the Executive Committee hold closed sessions but that the final decisions on issues should be left to the full board in open session.

Article VI of the By-Laws places the exercise of all power of the corporation in the Board of Trustees. The Board of Trustees is authorized to create an Executive Committee. As I read the By-Laws, the Executive Committee is generally an advisory committee reporting to the full board with recommendations for action. The Board may delegate to the Executive Committee decision making authority if it specifically grants the same. Under the Washington Homeowners Association Law, only full board meetings are required by Washington Law to be open to the full membership. That open meeting rule does not apply to committee meetings.

Sincerely yours,

HEUSTON, SETTLE & JOHNSON



ROBERT W. JOHNSON

RWJ:fh

CC: BOT ONLY



207

I N S U R A N C E   P R O P O S A L

F O R

LAKE LIMERICK COUNTRY CLUB  
E. 790 ST. ANDREWS DRIVE  
SHELTON, WASHINGTON 98584

SUBMITTED BY: DUNCAN INSURANCE BROKERS, INC.  
P O BOX 880  
SHELTON, WASHINGTON 98584

PRODUCER: KELLY RICE, CPIC

DATE: NOVEMBER 12, 1996

This presentation is designed to give you an overview of the insurance coverages we recommend for your company. It is meant only as a general understanding of your insurance needs and should not be construed as a legal interpretation of the insurance policies that will be written for you. Please refer to your specific insurance contracts for details on coverages, conditions, and exclusions.

#### ACCOUNT SERVICING TEAM

No matter how comprehensive or price competitive your insurance program is, it is the people who service your account that ensure the coverage will respond when needed. Our people are our greatest asset - courteous professionals who know that you expect and deserve the very best. Below is the staff that will be handling your account:

Kelly Rice.....Producer  
Jan Smith.....Account Service  
Marilyn Stidd.....Claims Manager

## I N S U R A N C E   S C H E D U L E

### COMMERCIAL PROPERTY

\$1,526,731.      Blanket Building & Contents

Covers:      Special Causes of Loss  
              Replacement Cost Valuation  
              \$1,000 Deductible per Occurrence  
              90% Coinsurance Provision  
              Earthquake with 5% deductible

### BLANKET INSURANCE

This coverage allows for a single limit of insurance to apply to two or more property items at one location, or to two or more kinds of property at several locations, instead of a specific amount applying to a specific subject of insurance. It allows you to shift property values with no impairment of recovery, as long as the total amount of insurance carried complies with the coinsurance requirement stated in the policy.

### COINSURANCE

A policy may contain a coinsurance clause requiring that the limit of coverage be a minimum percentage (usually 80%) of the insurable value of your property. If the amount of insurance carried is less than what is required by this clause, any claim payment may be reduced by the same percentage as the deficiency. For example, covered property worth \$100,000 may require a minimum of 80%, or \$80,000, of coverage for compliance with the policy's coinsurance requirement. If only \$60,000 of coverage is carried (25% less than the required \$80,000), then any loss payment would be reduced by 25%.

### EARTHQUAKE COVERAGE

This coverage is used to provide protection for loss due to earth movement including earthquake shocks and volcanic eruption.

### REPLACEMENT COST VALUATION

This loss valuation method pays for the cost to repair or replace damaged items with like kind and quality without deduction for depreciation. This is important since you could face a substantial loss if you must replace property at today's prices but receive only the depreciated value of the property that was destroyed.

#### SPECIAL CAUSES OF LOSS COVERAGE

This coverage will protect covered property against direct loss arising from any cause not specifically excluded. The advantage of this form is that the insurance company must prove that a loss is specifically excluded in order to deny coverage under the policy.

#### COMMERCIAL INLAND MARINE

\$256,750.	Scheduled Equipment
\$ 2,500.	Miscellaneous Tools & Equipment
57,500.	Computer Equipment incl. Mechanical Breakdown

Covers: All Risk of Direct Physical Loss  
Replacement Cost  
Deductibles: \$250 with \$1,000 on Mechanical Breakdown

#### TOOLS AND EQUIPMENT FLOATER

This policy is designed to cover your mobile equipment while it is stored on premises, in transit or at temporary locations or jobsites. Larger equipment items are specifically scheduled with separate amounts of insurance applying to each covered piece. Miscellaneous smaller items are grouped under a single blanket limit subject to a maximum value for any one item per loss.

#### SPECIAL PERILS COVERAGE

This coverage will protect covered property against direct loss arising from any cause not specifically excluded. The advantage of form is that your insurance company must prove that a loss is specifically excluded in order to deny coverage under the policy.

## COMMERCIAL GENERAL LIABILITY . .

\$2,000,000	General Aggregate - Bodily Injury & Property Damage
\$1,000,000	Each Occurrence - Bodily Injury & Property Damage
\$2,000,000	Products and Completed Operations Aggregate
\$1,000,000	Personal and Advertising Injury
\$ 50,000	Fire Damage Limit - Any one fire
\$ 5,000	Medical Expense - Any one person

Covers: Premises and Operations  
Products and Completed Operations  
Employees as Additional Insureds  
Liquor Liability  
Employee Benefit Liability  
Employers Contingent Liability

## LIQUOR LIABILITY COVERAGE

This coverage protects organizations whose business involves the manufacturing, distributing, selling or serving of liquor. This is needed because standard General Liability policies exclude coverage for such activities.

## PERSONAL INJURY LIABILITY COVERAGE

This coverage is used to extend your General Liability policy to include protection against claims alleging false arrest, libel, slander, malicious prosecution, wrongful entry or wrongful eviction.

## OCCURRENCE FORM

This form provides coverage for claims arising out of an accident which results in bodily injury or property damage neither expected nor intended. The form covers such claims that occur during the policy period irrespective of when the claim is made against you.

## AUDIT PREMIUM

The proposed premium is based on the following estimates of annual exposures. They are subject to audit after expiration of the policy.  
Payroll - \$262,496, Liquor Receipts - \$14,024, Gross Receipts - \$161,000, Water Co. payroll - \$17,800, 2 lakes, 2 dams, 1 boat, Total Rounds of Golf - 12,000

## PREMISES/OPERATIONS COVERAGE

This coverage is used to insure against claims arising out of your ownership, maintenance or use of premises including any operations that are in progress.

COMMERCIAL CRIME

\$	2,000.	Theft, Disappearance and Destruction - Inside
\$	2,000.	Theft, Disappearance and Destruction - Outside
\$	25,000.	Employee Dishonesty
\$	25,000.	Forgery or Alteration \$500 Deductible

THEFT, DISAPPEARANCE, AND DESTRUCTION - FORM C

This coverage is used to insure against loss of money and securities caused by theft, disappearance, or destruction while located inside or outside your premises. It also covers damage to premises resulting from actual or attempted theft. It insures only money and securities and not other types of property.

FORGERY OR ALTERATION - FORM B

This coverage pays up to a specified amount for loss resulting from forgery of checks, drafts, notes or other similar written promises prepared by you or your agent. It does not cover dishonest acts of employees, which must be insured by Employee Dishonesty coverage.

EMPLOYEE DISHONESTY - BLANKET BASIS

This coverage is used to insure against loss of money, securities or other property belonging to you, or for which you are liable, that is caused by employee dishonesty. It pays for any one loss caused by one or more employees up to the face amount stated on the form.

COMMERCIAL AUTOMOBILE

\$ 1,000,000	Combined Single Limit/Bodily Injury & Property Damage
\$ 1,000,000	Uninsured Motorist
\$ 1,000,000	Underinsured Motorist
\$ 2,000	Medical Payments - Each Person
\$ 100	Deductible Comprehensive
\$ 500	Deductible Collision
\$ 1,000,000	Hired and Non-owned Liability

Comprehensive and Collision apply to Vehicles 2, 4 and 5 only

AUTO SCHEDULE

1985 Chev. S10, Vin# 09269  
1985 Plymouth Van, S#23002  
1981 Chev. 1 Ton Dump, S#14709  
1988 Dodge PU, S#3268C  
1990 Chev. S10 PU, S#13965

#### UNINSURED/UNDERINSURED MOTORIST

Uninsured and Underinsured Motorist coverage protects you and your passengers against bodily injury expenses if you are hit by another driver who has no automobile liability insurance or has less than the minimum limits required by your state.

#### NONOWNED AUTOMOBILE COVERAGE

This coverage is used to provide liability protection for autos used in your business that are not owned, leased, hired, rented or borrowed. This includes autos of employees and subcontractors that are used on your behalf.

#### HIRED AUTOMOBILE COVERAGE

This coverage is used to protect against claims arising out of the use of vehicles leased, hired, rented or borrowed by you, or your employees, while in the course of business.

#### COMBINED SINGLE LIMITS

Combined single limit coverage specifies that regardless of the number of covered autos, insureds or claims occurring in any one accident, the most that you can recover is the limit of liability shown on the policy's declaration page. This includes damage associated with bodily injury, property damage and pollution costs or expenses.

#### COMMERCIAL UMBRELLA POLICY

\$ 2,000,000	Each Occurrence
\$ 10,000	Retained Limit

#### UMBRELLA POLICY

This form provides a higher limit of coverage that is excess over scheduled underlying policies. It is used in one of three ways: (1) to provide additional limits of protection over the coverage listed in your underlying schedule, (2) to act as primary coverage if your underlying limits are exhausted, and (3) to provide coverage for some risks, subject to a retention, when your primary coverage does not.

P R E M I U M   S U M M A R Y

=====	=====
DESCRIPTION OF COVERAGE	PREMIUM
=====	=====
Commercial Property	\$10,053.00
Commercial Inland Marine	\$ 1,477.00
Commercial General Liability	\$ 3,929.00
Commercial Crime	\$ 288.00
Commercial Automobile Liability	\$ 2,739.00
Commercial Umbrella	\$ 1,993.00
	=====
TOTALS	\$20,479.00



NAMED INSURED: LAKE LIMERICK COUNTRY CLUB,

POLICY NUMBER: 02-CC-602899-3

SCHEDULED ITEMSPREMISES 1

SCHEDULE FOR : MISC. ARTICLES COVERAGE FORM

ITEM	DESCRIPTION	LIMIT OF INSURANCE
01	JOHN DEERE AMT 600 5 WHEEL DUMP BED CART S#W00600X01 18326	\$ 7,000
02	MASSEY FERGUSON WHEELED TRACTOR S#9AI0838	8,500
03	TORO TRIM MOWER S#030149T	30,000
04	CHUB BARGE PADDLE-WHEEL DRIVEN	5,000
05	MIGHTY MITE WALK BEHIND BLOWER S#306091	2,000
06	METE-R-MATIC 500 TOP DRESSER S#862069	1,000
07	JACOBSEN LF100 FAIRWAY MOWER S#CP577 2 993	24,000
08	TORO GROUNDMASTER 52" DECK MOWER S#30790 70519	12,000
09	TORO GREENSMaster 300 MOWER S#4311010291	23,000
10	TORO GREENSMaster 300 1976 MODEL (#1) S#04323 61172	23,000
11	TORO GREENSMaster 300 1976 MODEL (#2) S#0432 50154-R	23,000
12	TORO ROUGH MOWER '93 MODEL S#342530732	15,000
13	RYAN GREENSAIRE 23 AIRIFIER S#54900	14,000
14	RYAN GREENSAIRE II AIRIFIER S#C544872	14,000
15	RYAN SOD CUTTER S#99515	3,500
16	RANSOM GREENS MOWER S#7558/ZL DFA002/CERTES	1,000
17	TURFCO METE-R-MATIC II SAND SPREADER	7,000
18	FAIRWAY AIRIFIER	3,000
19	GANG MOWER	7,500

NAMED INSURED: LAKE LIMERICK COUNTRY CLUB,

POLICY NUMBER: 02-CC-602899-3

SCHEDULED ITEMS

PREMISES 1

SCHEDULE FOR : MISC. ARTICLES COVERAGE FORM

ITEM	DESCRIPTION	LIMIT OF INSURANCE
20	FERTILIZER SPREADER S#14126452	\$ 2,000
21	HONDA 1600E PRESSURE WASHER S#TG32000/851	1,600
22	CRAFTSMAN 22" WALK BEHIND MOWER S#7311-02175	300
23	PRECISION GRINDER S#E176438	5,000
24	PRECISION GRINDER S#6355/1888	5,000
25	SCOTT (2 UNITS) FERTILIZER SPREADER S#23520 & S#100-4	800
26	(2 UNITS) BACKPACK SPRAYERS	350
27	(4 UNITS) GAS WEED EATERS S# LLCC, 1190337, 19672592, 26863592	1,400
28	BACKPACK BLOWERS S# D2464662 & S#PB400E 94433	200
29	CHAINSAW S#11230210800	400
30	WELDING MACHINE S#552963	800
31	BRIDGESTONE ELECTRICAL GENERATOR S#306621	400
32	BAND SAW S#457227658	400
33	DITCH PUMP	600
34	T423D 2WD 23 HP KUBOTA DIESEL MOWER WITH ACCESSORIES S#1905	14,000

SCHEDULE FOR : MINI-COMPUTER EQUIPMENT

ITEM	DESCRIPTION	LIMIT OF INSURANCE
01	10,000 EACH-COMPUTER COVERAGE PUMPHOUSES #1, #2, #3, #4	\$

## IMPORTANT - PLEASE REVIEW

Named Insured: LAKE LIMERICK COUNTRY CLUB,  
Policy No: 02-CC-602899-30  
Agent: DUNCAN INSURANCE BROKERS, INC  
Address: 506 WEST FRANKLIN  
Phone: (360) 426-3357

Dear Valued Policyholder,

We appreciate the opportunity to write your commercial auto coverage. Please take a minute to review your policy.

Your policy has been issued based on the drivers listing below. In order to insure that your policy is issued with the most current information, please review this list and update as necessary. Include employees who drive their own vehicles on company business or anyone who will drive an insured vehicle. Contact your independent agent to advise of any changes.

Also, remember to report all newly hired employees to your agent during the year.

Thank you for your business!

NAME OF DRIVER			DATE OF BIRTH	DRIVERS LICENSE NUMBER	STATE	DATE OF HIRE
BOELK	DENNIS	L	01-21-59	BOELKDL415B1	46	
HANSON	MARK	W	06-03-58	HANSOMW426LC	46	
WOODRUFF	GERALD	T	08-17-52	WOODRGT483NP	46	
CHANEY	RYAN	W	09-02-64	CHANERW368OB	46	
DARLING	DALE	T	10-10-62	DARLIDT387PS	46	
DOUGLAS	KENNETH	J	03-05-50	DOUGLKJ507DE	46	
JACKSON	BRET	R	03-20-70	JACKSBR303D0	46	
WIRTZ	LOWELL	A	03-14-50	WIRTZLA505DM	46	

NAMED INSURED: LAKE LIMERICK COUNTRY CLUB,

POLICY NUMBER: 02-CC-602899-3

BLANKET COVERAGE SUMMARY

BUILDING AND PERSONAL PROPERTY

LIMIT OF INSURANCE	COINSURANCE	CAUSES OF LOSS COVERED	ADDITIONAL EXCLUSIONS	AVERAGE RATE	PREMIUM
\$ 1,526,731	90%	SPECIAL EARTHQUAKE		.370	\$ 5,643.00
\$ 1,526,731				.205	\$ 3,133.00

STATEMENT OF VALUES ON FILE WITH COMPANY FOR ABOVE BLANKET COVERAGE(S)

ONLY THOSE ITEMS WITH THE SYMBOL "+" ARE COVERED BY BLANKET EARTHQUAKE COVERAGE

FIRE COVERAGES PROVIDED

PREMISES 1 ADDRESS: 790 E SAINT ANDREWS DR  
PAGE 10 LINES 540, 540.1  
SHELTON, WA 98584

BUILDING 1 CONSTRUCTION: FRAME  
OCCUPANCY: CLUBHOUSE/RESTAURANT

CLUBHOUSE/RESTAURANT @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

BUSINESS INCOME- INCL RENTAL VALUE DEDUCTIBLE: NONE

LIMIT OF INSURANCE	COINSURANCE	CAUSES OF LOSS COVERED	ADDITIONAL EXCLUSIONS	RATE	PREMIUM
\$ 346,500	50%	SPECIAL		.397	\$ 1,277.00

PPI INCLUDING STOCK @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

BUILDING 3 CONSTRUCTION: FRAME  
OCCUPANCY: MAINTENANCE SHOP/WAREHOUSE

MAINTENANCE SHOP/WAREHOUSE @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

PPI INCLUDING STOCK @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

BUILDING 4 CONSTRUCTION: FRAME  
OCCUPANCY: GOLF CART SHED

GOLF CART SHED @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

NAMED INSURED: LAKE LIMERICK COUNTRY CLUB,

POLICY NUMBER: 02-CC-602899-3

FIRE COVERAGES PROVIDED

PREMISES 1 ADDRESS: 790 E SAINT ANDREWS DR  
PAGE 10 LINES 540, 540.1  
SHELTON, WA 98584

BUILDING 5 CONSTRUCTION: FRAME  
OCCUPANCY: SUPPLY BUILDING

SUPPLY BUILDING @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

PPI INCLUDING STOCK @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

BUILDING 12 CONSTRUCTION: SUP MASON NON-COMB  
OCCUPANCY: PUMPHOUSE #1

PUMPHOUSE #1 @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

PPI INCLUDING STOCK @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

BUILDING 13 CONSTRUCTION: SUP MASON NON-COMB  
OCCUPANCY: PUMPHOUSE #2

PUMPHOUSE #2 @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

PPI INCLUDING STOCK @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

BUILDING 14 CONSTRUCTION: SUP MASON NON-COMB  
OCCUPANCY: PUMPHOUSE #3

PUMPHOUSE #3 @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

PPI INCLUDING STOCK @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

BUILDING 15 CONSTRUCTION: SUP MASON NON-COMB  
OCCUPANCY: PUMPHOUSE #4

PUMPHOUSE #4 @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

NAMED INSURED: LAKE LIMERICK COUNTRY CLUB,

POLICY NUMBER: 02-CC-602899-3

## FIRE COVERAGES PROVIDED

PREMISES 1 ADDRESS: 790 E SAINT ANDREWS DR  
PAGE 10 - LINES 540, 540.1  
SHELTON, WA 98584

BUILDING 15 CONSTRUCTION: SUP MASON NON-COMB  
OCCUPANCY: PUMPHOUSE #4

PPI INCLUDING STOCK @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

BUILDING 16 CONSTRUCTION: SUP MASON NON-COMB  
OCCUPANCY: STEEL WATER TANK-120,000 GALS.

STEEL WATER TANK-120,000 GALS.@ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

BUILDING 17 CONSTRUCTION: SUP MASON NON-COMB  
OCCUPANCY: CONCRETE WATER TANK-70,000 GAL

CONCRETE WATER TANK-70,000 GAL@ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

BUILDING 18 CONSTRUCTION: SUP MASON NON-COMB  
OCCUPANCY: PUMPHOUSE-LAKE

PUMPHOUSE-LAKE @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

PPI INCLUDING STOCK @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

BUILDING 19 CONSTRUCTION: SUP MASON NON-COMB  
OCCUPANCY: GAZEBO

GAZEBO @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

BUILDING 20 CONSTRUCTION: SUP MASON NON-COMB  
OCCUPANCY: CONCRETE WATER TANK-150,000GAL

CONCRETE WATER TANK-150,000GAL@ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

NAMED INSURED: LAKE LIMERICK COUNTRY CLUB,

POLICY NUMBER: 02-CC-602899-3

FIRE COVERAGES PROVIDED

PREMISES 1 ADDRESS: 790 E SAINT ANDREWS DR  
PAGE 10 LINES 540, 540.1  
SHELTON, WA 98584

BUILDING 20 CONSTRUCTION: SUP MASON NON-COMB  
OCCUPANCY: CONCRETE WATER TANK-150,000GAL

PPI INCLUDING STOCK @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

BUILDING 21 CONSTRUCTION: SUP MASON NON-COMB  
OCCUPANCY: PUMPHOUSE #5

PUMPHOUSE #5 @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

PPI INCLUDING STOCK @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

BUILDING 22 CONSTRUCTION: FRAME  
OCCUPANCY: NEW PRO SHOP

NEW PRO SHOP @ BLANKET + DEDUCTIBLE: \$ 1,000  
(EARTHQUAKE DED: 5% OF LIMIT OR VALUE, AS DETERMINED IN CP1040)

OTHER INTERESTS SUBJECT TO PROVISIONS OF CLAUSE(S) DESIGNATED BELOW:

LOSS PAYEE PITNEY BOWES CREDIT CORP.  
CLAUSE: C/O LEASE INS.  
P.O. BOX 96095  
BELLEVUE, WA 98004  
RE: LEASED MAIL MACHINE/SCALE

MORTGAGE HOLDER KEY BANK OF WASHINGTON  
COMMERCIAL LOAN INSURANCE  
SERVICES  
P.O. BOX 11500 WA-31-01-0105  
TACOMA, WA 98411

LOSS PAYEE BANK OF AMERICA, ITS SUCC. AND  
CLAUSE: OR ASSIGNS  
PO BOX 57060  
IRVINE, WA 92619  
LOAN #0060660791

ABBREVIATIONS AND SYMBOL DEFINITIONS:  
@ REPLACEMENT COST APPLIES

COMMERCIAL PROPERTY TOTAL

\$ 10,053.00

BUILDING	VALUE	CONTENTS
1. Clubhouse	\$612,726.	\$138,897.
2. Maintenance Shop	38,667.	4,180.
3. Golf Cart Shed	28,554.	
4. Supply Building	4,313.	7,040.
5. Pump House #1	3,926.	5,500.
6. Pump House #2	4,997.	5,500.
7. Pump House #3	3,926.	5,500.
8. Pump House #4	3,926.	5,500.
9. Steel Water Tank	142,771.	
10. Concrete Water Tank	89,232.	
11. Pump House - Lake	5,030.	3,630.
12. Gazebo	17,846.	
13. Concrete Water Tank	178,464.	3,850.
14. Pumphouse #5	4,997.	5,500.
15. New Pro Shop	202,259.	



This endorsement modifies insurance provided under the following:  
**BUILDING AND PERSONAL PROPERTY COVERAGE FORM**  
**CAUSES OF LOSS - SPECIAL FORM**

**SECTION A. BUILDING AND PERSONAL PROPERTY COVERAGE FORM**

1. The following items are amended as shown:

Description	Section	The most we will pay is increased to:
Fire Department Service Charge	A.4.c.	Actual loss sustained
Newly Acquired or Constructed Property:		
(1) Building	A.5.a(1)	\$500,000
(2) Your Business Personal Property	A.5.a(2)	\$250,000
(3) Insurance will end: "30 days" is replaced by "180 days"	A.5.a.(3)(b)	
Personal Effects and Property of Others:		
(1) Personal Effects owned by you, your officers, partners and employees	A.5.b.(1)	\$10,000 for property belonging to any one person \$20,000 per occurrence
(2) Personal Property of Others in your care, custody or control	A.5.b.(2)	\$10,000 for property belonging to any one person or entity \$20,000 per occurrence
Valuable Papers and Records - Cost of Research	A.5.c.	\$25,000
Property Off-Premises	A.5.d.	\$25,000
Outdoor Property: The listed causes of loss are replaced by "specified causes of loss".	A.5.e.	\$10,000, but not more than \$500 for any one tree, shrub or plant
Limits of Insurance - outdoor signs attached to buildings	C.	\$7,500
Limits of Insurance - The limits applicable to the Coverage Extensions are in addition to the Limits of Insurance, unless higher Coverage Extension limits are specified in the Declarations.	C.	
Debris Removal Additional Coverage - each location in any one occurrence	C.	\$25,000

2. The following Coverage Extensions are added:

Description	Section	The most we will pay is:
Computers and Software - You may extend the insurance that applies to Your Business Personal Property to apply to owned computers and software which are used in your business that are temporarily off premises. This extension applies to Covered Property:	A.5.f.	\$2,500
(1) In or on a vehicle;		
(2) In the care, custody or control of your salesperson; or		
(3) At any fair or exhibition.		

## COMMERCIAL PROPERTY

Description	Section	This most we will pay is:
<p>Inflation Guard - The Building Limit of Insurance will automatically increase by 8% annually. The amount of increase at any point in time will be:</p>	A.5.g.	
<p>(1) The Limit of Insurance that applied on the most recent of the policy inception date, the anniversary date, or any other policy change amending the Limit of Insurance, times</p> <p>(2) .08, times</p> <p>(3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.</p>		
<p>This extension will be excess over any percentage increase shown in the Declarations.</p>		
<p>Lawn Coverage - You may extend the insurance that applies to Building to apply to your lawns on which the property is located including greens, tees and cut fairways. The lawn exclusion in A.2.h. does not apply to this Extension of Coverage, except for loss as a result of improper application of herbicides and pesticides, freezing or drought. We will pay the amount of loss or damage in excess of a \$100 deductible, up to the applicable Limit of Insurance</p>	A.5.h.	\$2,000 for lawns at each described premises
		\$50,000 for greens, tees and cut fairways at each described premises, or the amount shown in the Declarations, whichever is greater.
<p>Money and Securities - You may extend the insurance that applies to Your Business Personal Property to apply to money and securities. The money and securities exclusion in A.2.a. does not apply to this Extension of Coverage. No deductible applies to this Extension of Coverage.</p>	A.5.i.	\$1,000
<p>Seasonal Increase - The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations. This increase will apply only if the Limit of Insurance shown for Your Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:</p>	A.5.j.	
<p>(1) The twelve months immediately preceding the date the loss or damage occurs, or</p> <p>(2) The period of time you have been in business as of the date the loss or damage occurs.</p>		
<p>Golf Course Property - You may extend the insurance that applies to Your Business Personal Property to apply to outdoor property located on your golf course, including: foot bridges, walks, patios or other paved surfaces adjacent to the greens, retaining walls, underground sprinkler systems including wiring, hole markers, tee markers, exterior light poles, fences, ball washers, benches, water coolers, flags and hole cups. We will pay the amount of loss or damage in excess of a \$100 deductible, up to the applicable Limit of Insurance.</p>	A.5.k.	\$50,000 at each described premises, or the amount shown on the Declarations, whichever is higher.

## COMMERCIAL PROPERTY

Description	Section	The most we will pay is:
Golf Carts and Grounds Maintenance Equipment - You may extend the insurance that applies to Your Business Personal Property to apply to Your golf carts and grounds maintenance equipment (i.e. lawn mowers). We will pay the amount of loss or damage in excess of a \$100 deductible, up to the applicable Limit of Insurance.	A.5.l.	\$5,000 at each described premises, or the amount shown in the Declarations, whichever is greater..
Proximity Limitation - The proximity limitation found anywhere within the Commercial Property Coverage is broadened from "within 100 feet" of the described premises, to "within 1000 feet" of the described premises.	A.5.m.	

**Credit Card Coverage (Section A.5.n.)**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to:
- Amounts due from the payors of credit card receipts that you are unable to collect, and
  - Collection charges in excess of your normal collection expenses that are made necessary by the loss or damage to your records of credit card receipts.

This extension applies only if loss or damage is caused by a Covered Cause of Loss.

**(2) Exclusions**

The following additional exclusions apply to this extension:

- Alteration, falsification, concealment or destruction of records of credit card charges done to conceal the wrongful giving, taking or withholding of money, securities or other property. This Exclusion applies only to the extent of the wrongful giving, taking or withholding.
- Bookkeeping, accounting or billing errors or omissions.
- Electrical or magnetic injury, disturbance or erasure of electronic recordings.
- Unauthorized instruction to transfer property to any person or to any place.

We will not pay for any loss that requires any audit of records or any inventory computation to prove its factual existence.

**(3) Valuation**

- If you cannot accurately establish the amount of credit card receipts outstanding as of the time of loss, the following method will be used:
  - Determine the total of the average monthly amounts of credit card receipts for the 12 months immediately preceding the month in which the loss occurs; and
  - Adjust that total for any normal fluctuations in the amount of credit card receipts for the month in which the loss occurred or for any demonstrated variance from the average for that month.
- The following will be deducted from the total amount of credit card charges, however that amount is established:
  - The amount of the credit card receipts for which there is no loss; and
  - The amount of the credit card receipts that you are able to re-establish or collect.

**(4) Limit of Insurance**

The most we will pay under this Extension of Coverage is \$1,000.

**Perishable Stock Coverage (Section A.5.o.)**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to:
- "Perishable Stock" that is owned by you or by others that is in your care, custody or control; and,
  - located in or on the building or in the open (or in a vehicle) within 100 feet of the described premises.
- However our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

## COMMERCIAL PROPERTY

## (2) Covered Causes of Loss

Paragraph A.3. COVERED CAUSES OF LOSS is replaced for this extension with the following:

## (a) Breakdown or Contamination meaning:

- (i) Change in temperature or humidity caused by mechanical breakdown or failure of refrigerating, cooling, or humidity control equipment; and
- (ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

## (3) Exclusions

(a) Only the following exclusions from Paragraph B.1. EXCLUSIONS of the Causes of Loss - Special Form apply to this extension:

- (i) Earth Movement;
- (ii) Government Action;
- (iii) Nuclear Hazard;
- (iv) War and Military Action; and
- (v) Water.

(b) The following additional exclusions apply to this extension.

We will not pay for loss or damage caused by:

- (i) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.
- (ii) Shutting off electrical power by turning off the switch that controls the flow of electricity.
- (iii) The inability of an Electrical Utility Company or other power source to provide sufficient power due to: Lack of fuel; or Governmental order.
- (iv) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.
- (v) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

## (4) Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- (a) At the actual cash value as of the time of loss or damage, except as provided in b. below.
- (b) Finished "perishable stock" or "perishable stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

## (5) Limit of Insurance

The most we will pay under this Extension of Coverage is \$5,000 at each described premises, or the amount shown in the Declarations, whichever is greater.

3. The following Additional Coverages are added. The limit provided for each Additional Coverage is in addition to the Limits of Insurance:

Description	Section	The most we will pay is:
Arson Reward - We will pay an arson reward for information which leads to an arson conviction for loss or damage covered by this policy. This limit applies per occurrence, regardless of the number of persons providing information. No deductible applies to this Additional Coverage.	A.4.e.	\$5,000
Fire Extinguisher Recharge - We will pay up to this amount for your expense of recharging portable fire extinguishers used to fight a fire at the premises described in the Declarations or at immediately adjacent premises which expose your property to loss. No deductible applies to this Additional Coverage.	A.4.f.	Actual loss sustained
Fire Suppression System Recharge - We will pay up to this amount for your expense of recharging the automatic fire	A.4.g.	\$2,500

## COMMERCIAL PROPERTY

suppression system installed to protect the cooking surfaces and exhaust ductwork on your premises, when it has discharged to extinguish a fire. No deductible applies to this Additional Coverage.

50/50 Hole-In-One - We will reimburse this amount to golf courses with established Hole-In-One prize programs. This is not extended to You or your employees. No deductible applies to this Additional Coverage.

A.4.h.

50% of the prize, up to a maximum of \$1,000.

### Accounts Receivable (Section A.4.i.)

- (1) We will pay:
  - (a) All amounts due from your customers that you are unable to collect;
  - (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
  - (c) Collection expenses in excess of your normal collection expenses that are made necessary by "loss" or damage; and
  - (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable; that result from direct physical "loss" or damage by any Covered Causes of Loss to your records of accounts receivable.
- (2) Exclusions
  - (a) Section B., Exclusions of the Causes of Loss - Special Form does not apply to this Accounts Receivable coverage, except for:
    - (i) Paragraph B.1.c., Governmental Action;
    - (ii) Paragraph B.1.d., Nuclear Hazard; and
    - (iii) Paragraph B.1.f., War and Military Action.
  - (b) We will not pay for "loss" or damage caused by or resulting from any of the following:
    - (i) Dishonest acts by you, anyone else with an interest in the property, or your or their employees or authorized representatives, or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or occurring during the hours of employment. But this exclusion does not apply to a carrier for hire.
    - (ii) Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding.
    - (iii) Bookkeeping, accounting or billing errors or omissions.
    - (iv) Electrical or magnetic injury, disturbance or erasure of electronic recordings. But we will pay for direct "loss" or damage caused by lightning.
    - (v) Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
    - (vi) Unauthorized instructions to transfer property to any person or to any place.
  - (c) We will not pay for "loss" or damage that requires any audit of records or any inventory computation to prove its factual existence.
  - (d) We will not pay for "loss" or damage caused by or resulting from any of the following. But if a "loss" or damage by a Covered Cause of Loss results, we will pay for that resulting "loss" or damage.
    - (i) Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph A.4.i.(2)(a) above to produce the "loss" or damage.
    - (ii) Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
    - (iii) Faulty, inadequate or defective:
      - (a) Planning, zoning, development, surveying, siting;
      - (b) Design, specifications, workmanship, repair, construction, renovation or remodeling, grading, compaction;

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- (c) Materials used in repair, construction, renovation or remodeling; or
- (d) Maintenance;

of part or all of any property on or off the described premises.

## (3) Preservation of Records

If you give us written notice within 10 days of removal of your records of accounts receivable because of imminent danger of "loss" or damage, we will pay for "loss" or damage while they are:

- (a) At a safe place away from the described premises;
- (b) Being taken to and returned from that place.

This Coverage Extension is included within the Limit of Insurance.

## (4) Limits of Insurance

The most we will pay for "loss" or damage in any one occurrence is \$25,000.

For Accounts Receivable not at any premises described in this policy, the most we will pay is \$1,000.

## (5) Insurance Under Two or More Coverages

If two or more of this policy's coverages apply to the same "loss", we will not pay more than the actual amount of "loss".

## (6) Determination of Receivables

Loss Condition 7. Valuation is replaced by the following:

- (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of "loss", the following method will be used:

- (i) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the "loss" occurs; and
- (ii) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the "loss" occurred or for any demonstrated variance from the average for that month.

- (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:

- (i) The amount of the accounts for which there is no "loss";
- (ii) The amount of the accounts that you are able to re-establish or collect;
- (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
- (iv) All unearned interest and service charges.

- (7) The provisions of this Additional Coverage are superseded by CM 00 66 Accounts Receivable Coverage Form, if attached to and made a part of this policy.

**Business Income and Extra Expense (Section A.4.k.)**

- (1) We will pay the actual and necessary Business Income and Extra Expense you sustain due to direct physical loss or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 1000 feet, caused by or resulting from any Covered Cause of Loss. If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

- (a) All routes within the building to gain access to the described premises; and
- (b) Your personal property in the open (or in a vehicle) within 1000 feet.

- (2) Business Income means the:

- (a) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- (b) Continuing normal operating expenses incurred, including payroll.

- (3) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

- (a) To avoid or minimize the suspension of business and to continue "operations":

- (i) At the described premises; or
- (ii) At replacement premises or at temporary locations, including:
  - (a) Relocation expenses; and

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- (b) Costs to equip and operate the replacement or temporary locations;
- (b) To minimize the suspension of business if you cannot continue "operations"; or
- (c) (i) To repair or replace any property; or
  - (ii) To research, replace or restore the lost information on damaged valuable papers and records; to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.
- (4) Limits of Insurance
 

The most we will pay for loss or damage under this Additional Coverage is \$25,000.
- (5) Insurance Under Two or More Coverages
 

If two or more of this policy's coverages apply to the same "loss", we will not pay more than the actual amount of "loss".
- (6) The provisions of this Additional Coverage are superseded by CP 00 30 Business Income Coverage Form (And Extra Expense) if attached to and made a part of this policy.

## 4. The following are added under H. Definitions:

- 3. "Employees"
  - a. "Employees" means
    - (1) Any natural person
      - (a) While in your service (and for 30 days after termination of service); and
      - (b) Whom you compensate directly by salary, wages, or commissions; and
      - (c) Whom you have the right to direct and control while performing services for you; or
    - (2) Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises".
  - b. But "employeeess" does not mean any
    - (1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
    - (2) Director or trustee, except while performing acts coming within the scope of the usual duties of an employee.
- 4. "Loss" means accidental loss or damage.
- 5. "Money" means:
  - a. Currency, coins and bank notes in current use and having a face value; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
- 6. "Occurrence" means all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.
- 7. "Operations" means the type of your business activities occurring at the described premises.
- 8. "Period of Restoration" means the period of time that
  - a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
  - b. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any law that regulates the construction, use or repair, or requires the tearing down of any property.

The expiration date of this policy will not cut short the "period of restoration".
- 9. "Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
  - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

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- (1) The cost of filling sinkholes; or
- (2) Sinking or collapse of land into man-made underground cavities.
- b. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.
- 10. "Perishable Stock" means personal property:
  - a. Maintained under controlled conditions for its preservation; and,
  - b. Susceptible to loss or damage if the controlled conditions change.

**SECTION B. CAUSES OF LOSS - SPECIAL FORM**

The following items are amended as shown:

Description	Section	The most we will pay is:
EXCLUSIONS - Water that backs up or overflows from a sewer, drain or sump. This exclusion is deleted. The most we will pay as a result of water that backs up or overflows from a sewer, drain or sump is:	B.1.g.(3)	\$5,000 at each described premises, or the amount shown in the Declarations, whichever is greater.
LIMITATIONS - Property that is missing. This limitation does not apply to Personal Property of Others.	C.1.e.	
LIMITATIONS - Glass that is part of a building or structure. This limitation is deleted.	C.2.	
LIMITATIONS - Stamps, tickets and letters of credit, for loss or damage by theft.	C.4.d.	\$500
ADDITIONAL COVERAGE EXTENSIONS - Property in Transit	E.1.c.	\$25,000



This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**GOLF PROFESSIONAL - BROADENED LIABILITY**

1. The following is added to paragraph 1.a. of COVERAGE A. (Section I):

"Bodily injury" or "property damage" caused by rendering or failure to render professional services as a golf professional shall be deemed to be caused by an "occurrence."

All acts or omissions in the furnishing of these services to any one person will be considered one "occurrence."

**DAMAGE TO VEHICLES**

We will pay up to \$250 for damage to vehicles caused by a golf ball driven by a golfer playing on your golf course. We will make these payments regardless of fault.

**MEDICAL PAYMENTS - MEMBERS and ATHLETIC PARTICIPANTS**

1. Paragraph 2.a., Coverage C. Exclusions (Section I) is replaced by the following:
- a. To any insured, except club members or volunteer workers who are not paid a fee, salary or other compensation.
2. Paragraph 2.e., Coverage C. Exclusions (Section I) is deleted.

**POLLUTION LIABILITY COVERAGE EXTENSION**

Paragraph (1.) of Exclusion f. of COVERAGE A (Section I) does not apply.

**NON-OWNED WATERCRAFT AND NON-OWNED AIRCRAFT LIABILITY**

Exclusion g. of COVERAGE A (Section I) is replaced by the following:

- g. "Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading."

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
  - (a) Less than 50 feet long; and

- (b) Not being used to carry persons or property for a charge

- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is now owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in paragraph f.(2) or f.(3) of the definition of "mobile equipment."
- (6) An aircraft you do not own provided it is not operated by any insured.

**ADDITIONAL INSURED - CLUB MEMBERS, GOLF PROFESSIONAL, USERS OF GOLFMOBILES, AND VOLUNTEERS**

1. WHO IS AN INSURED (SECTION II) is amended to include as an insured any:
- a. Of your members, but only with respect to liability for your activities or activities performed on your behalf;
  - b. Golf Professional who is not employed by you, but only with respect to liability arising out of the maintenance, operation, or use of a Golf Pro Shop leased to the professional by you. However, this insurance does not apply to any occurrence which takes place after the lease or contract expires;
  - c. Person(s) using or legally responsible for the use of golfmobiles loaned or rented to others by you or any of your concessionaires, but only for liability arising out of the use of the golfmobiles;
  - d. Person(s) who are volunteer worker(s) for you, but only while acting at the direction of, and within the scope of their duties for you. However, no volunteer(s) are insureds for:
    - (1) "Bodily injury" to:
      - (a) Co-volunteers or your employees arising out of and in the course of their duties for you, or
      - (b) You, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

## COMMERCIAL GENERAL LIABILITY

- (2) "Property damage" to property owned, occupied or used by, rented to, in the care custody, or control of or over which physical control is being exercised for any purpose by:

- (a) A co-volunteer or your employee; or
- (b) You, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

**EMPLOYEES AS INSUREDS - HEALTH CARE SERVICES**

Provision 2.a.(1)d. of WHO IS AN INSURED (Section II) is deleted.

**EXTENDED COVERAGE FOR NEWLY ACQUIRED ORGANIZATIONS**

Provision 4.a. of WHO IS AN INSURED (Section II) is replaced by the following:

- a. Coverage under this provision is afforded only until the end of the policy period.

**EXPANDED FIRE DAMAGE COVERAGE**

Provision 6. of LIMITS OF INSURANCE (Section III) is replaced by the following:

- 6. Subject to 5. above, the Fire Damage Limit is the most we will pay under Coverage A for damages because of "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner, arising out of any one fire, explosion, release of smoke from an unfriendly fire or sprinkler leakage incident.

**INCREASED MEDICAL EXPENSE LIMIT**

The medical expense limit is amended to \$10,000.

# RYAN & COMPANY PS

CERTIFIED PUBLIC ACCOUNTANTS

## FAX TRANSMITTAL MEMORANDUM

FAX TO: Bill Buff COPY TO: Mark Hansen  
 COMPANY: \_\_\_\_\_ COMPANY: \_\_\_\_\_  
 FAX #: 360-427-5356 FAX #: 360-426-8922

DATE: 11/11/96 CONFIRMATION: YES NO  
 FROM: BOB RYAN # SHEETS TRANSMITTED 14

DRAFT FOR DISCUSSION PURPOSES ONLY

*CONFIDENTIALITY NOTE: This fax contains confidential information and is intended solely for the addressee listed above. If the reader is not the intended recipient or person responsible for delivering to the addressee, you are hereby notified that any retention, dissemination or copying is strictly prohibited. If you have received this fax in error, please immediately notify us by telephone and return the original to us at the above address via U.S. Mail. Thank you!*

### Consultants and Advisors in the following Areas and Industries:

- ▶ Tax Planning and Consultation
- ▶ Business Financial Statements
- ▶ Audits of Financial Statements
- ▶ Personal Financial Statements
- ▶ Computer Consultation
- ▶ Business Start-Up/Incorporation
- ▶ Internal Control Analysis
- ▶ Financial Planning
- ▶ Buy-Sell Agreements
- ▶ Computer Systems Analysis
- ▶ Mergers and Acquisitions
- ▶ Business Cash-flow Planning
- ▶ Estate Tax Planning
- ▶ Retirement Planning

## LAKE LIMERICK RESTAURANT AND LOUNGE LEASE AGREEMENT

THIS LEASE AGREEMENT, dated this \_\_\_\_ day of \_\_\_\_\_, 1996, by and between the Lake Limerick Country Club, (the Owner), and Mark Hanson, (the Lessee). Management for the Owner in all matters with the Lessee shall be represented by the Executive Committee of the Board of Trustees of the Lake Limerick Country Club, Inc.

WHEREAS, the parties desire a commercial premises be leased by Owner to Lessee; NOW, THEREFORE, IN CONSIDERATION of the following covenants, Owner and Lessee agree as follows:

1. PREMISES. Owner leases to Lessee such portion of the Lake Limerick Country Club that includes the Restaurant and Lounge building. The Lake Limerick Country Club Proper, is centrally located at E. 790 Andrews Drive, Shelton, Washington 98584.

2. TERM. This Lease shall be for a term of two (2) years, commencing on November 15, 1996, and terminating on November 15, 1998. The Owner in its sole discretion may provide Lessee with an option to renew this Lease Agreement for an additional term of two (2) years. *OWNER CANNOT WITHHOLD UNREASONABLY EXTENSION*

3. CONSIDERATION.

(a) Lessee shall pay to Owner or a designee at such place as Owner may designate, without notice, offset or deduction on the first day of each month, the sum of five hundred dollars (\$500.00) as a fee for the use of the premises.

(b) The parties agree that on or about November 15th of each lease year during the term of this lease to re-negotiate a fair and reasonable consideration schedule that is commensurate with any increase in the value or costs of the property herein described over and above the present value at the date of execution of this lease. On or about November 1st of each year, Lessee shall turn over to Owner his financial records for that calendar year. Owner will have such records reviewed by an independent Certified Public Accountant prior to the

November 15th meeting. This review is to determine the necessity of negotiating a change to the lease consideration schedule. In the event that the parties fail to negotiate a fair and satisfactory lease consideration schedule, such matter of consideration shall be placed before a Board of Arbitration, one member to be designated by the Owner and one member to be designated by the Lessee, and the third member to be designated by the two arbitrators nominated by both Owner and Lessee. The parties agree to abide and accept the consideration schedule of said Board of Arbitration as final and binding upon the parties.

4. LATE PAYMENT AND INTEREST. In addition to any other remedy of Owner, if any fees due from Lessee are not received by Owner on or before five (5) days following the date such fees are due and payable, a late charge of five percent (5%) of said fees owed shall immediately become due and payable as additional consideration. Owner and Lessee agree said charge represents a fair and reasonable estimate of the processing and accounting costs that Owner will incur by reason of such late payment of fees. All sums owing to Owner under this Lease shall be assessed interest at an annual rate of eighteen percent (18%) from the date due until paid.

5. COMMON AREAS. Common areas include parking areas, driveways and truck serviceways, sidewalks, landscaped areas, and other areas and facilities now or hereafter provided for the joint or non-exclusive use and benefit of Lessee's employees, agents, customers, and invitees. Owner reserves the right to exercise control and management of the common areas, to change the entrances, exits, traffic flow, boundaries and parking areas, and to establish, modify, and enforce such reasonable rules and regulations as Owner in its discretion may deem desirable for the management of the property. Lessee shall comply with such rules and regulations and shall be responsible for the compliance with same by his employees, agents, customers and invitees. The failure of Owner to enforce any of such rules and regulations against Lessee or any other tenant shall not be deemed to be a waiver of same.

6. MAINTENANCE AND REPAIR. Lessee shall at his own expense and at all times keep and maintain the restaurant, lounge, restrooms (including without limitation, Lessee's signs, improvements, exterior doors, entryways and windows). Lessee shall at his own expense and at all times further provide any necessary janitorial work and supplies. The Owner shall furnish all such premises with all facilities, furnishings, fixtures, and floor coverings, in a reasonable condition necessary for Lessee to operate the restaurant and lounge. After reasonable written notice from Lessee of the need therefore, Owner shall repair the roof, exterior walls (excluding doors, storefronts, entryways, and windows) except that Lessee shall pay for the repair of any damage caused by Lessee, his agents, employees or invitees.

7. UTILITIES AND TAXES. Owner shall pay promptly when due:

(a) All charges for water, sewer, garbage disposal, telephone, lights, heat, gas, power and any other utilities and services and like charges, furnished to or consumed in, on or about the Premises. However, Owner shall not be liable for any injury or damages suffered as a result of the interruption of these utility services by fire, or other casualty, riot, vandalism, the making of necessary repairs or improvements, or other cause beyond the Owner's control; and

(b) All license or permit fees, liquor control board licensee fees, and any other governmental fees and taxes applicable to the leased property of Owner. However, Lessee shall be responsible for its business and occupation taxes and any other governmental fees and taxes applicable to the restaurant and lounge business.

8. EXAMINATION OF THE PREMISES. Lessee shall examine the Premises before taking possession hereunder. Taking of possession shall be conclusive evidence that Lessee has accepted the Premises in good order and satisfactory condition.

9. NATURE OF USE. The following mutual obligations apply to both Owner and Lessee; Lessee may use the Premises only for the operation of a Restaurant and Lounge and such other purposes as Owner may approve in writing.

A. General Conditions of Use. All such use shall comply with all applicable governmental laws, and ordinances, and insurance requirements, and shall not make or permit any use of the Premises which may be dangerous to life, limb or property, or which increases the premium cost or invalidates any policy of insurance on the Premises, the building or its contents. If any increase in premium results from Lessee's making or permitting any such use, Lessee shall pay to Owner on demand the amount, thereof without prejudice to any other right or remedy by Owner. Without written permission from Owner, no manufacturing or processing activity (except such as is usual and incidental to, and customarily performed in a restaurant and lounge shall be conducted on the Premises. Lessee shall not (a) make or permit waste upon or in any manner abuse the Premises or common areas; (b) make or permit any noise or odor to emit from the Premises which is objectionable to the public, to other tenants, or to Owner; (c) create, maintain or permit a nuisance on the Premises; (d) place or permit any radio or television antenna, loud speaker, or sound amplifier, or any phonograph or other similar device on the roof or outside of the building, or at any place where it may be seen or heard outside the Premises without the express written consent of Owner; or (e) Permit smoking within the restaurant. However smoking may be permitted only at specified tables in the Great Hall during banquets.

B. Specific Requirements of Lessee. Acknowledging the integral nature of the relationship between Owner and Lessee, Lessee agrees to devote such time, attention, and invest energies to meet the following responsibilities:

(i) Lessee shall cooperate with members of the Club, guests, and report to the chairperson of the Inn Committee, and render such advice, opinions, assistance, and services as required by Owner.

(ii) Lessee shall maintain an acceptable credit rating with suppliers, manufacturers, and others so as not to discredit the reputation of the Lake Limerick Country Club.

(iii) Lessee shall administer and adequately train all his employees to perform duties related to the kitchen, table service, bartending, and janitorial work, necessary to the operation of the Restaurant and Lounge.

(iv) Lessee shall at all times be responsible for the conduct and appearance of his employees, and shall conduct himself at all times in accordance with the Club's established standards. Lessee shall ensure that no loitering occurs in or around the leased premises.

(v) Lessee is prohibited from providing any on site child care facilities for his employees.

(vi) Lessee agrees to attend or have a restaurant/lounge manager attend all regular and special meetings <sup>of the</sup> ~~of the Board of Trustees and~~ Inn Committee, for the purpose of improving the over all service to Club Members and other patrons.

(vii) Lessee agrees to maintain the following minimal hours for the operation of the Restaurant:

Restaurant	Friday & Saturday	5:00 - 9:00 p.m.
	Sunday	4:00 - 8:00 p.m.
	Monday & Tuesday	Closed
	Wednesday, <del>Buffet</del>	6:00 <del>p.m.</del> <sup>9:00 PM</sup> <i>changes</i>
	Thursday, <del>Bar Menu Only</del>	5:00 - 8:00 p.m.
Lounge	Sunday, Wednesday & Thursday	4:00 - 10:00 p.m.
	Friday - Saturday	4:00 - 12:00 p.m.
	Monday and Tuesday	Closed

However, the Lessee may close the restaurant on Federal legal holidays. If Lessee desires to modify the established business hours set forth above, he must present a written request to the Inn Committee chairperson detailing the specific time changes requested and the reasons associated thereto.

(viii) Lessee agrees to coordinate annually with the Inn Committee for the scheduling of the use of the restaurant/lounge and banquet facilities on specified dates.

Owner shall have priority on all such dates. Owner agrees to provide support personnel to



setup and take down equipment for all such events and further agrees to pay an additional reasonable fee for such use. Such fee must be established and agreed to prior to the event.

(ix) Lessee agrees to purchase from Owner all inventories in place as of November 15, 1996. The value of such inventory items shall be determined by both parties conducting a physical inventory prior to said date and assigning reasonable values to all <sup>Products</sup> inventory items. The aggregate price for the inventory items shall be paid by Lessee ~~no later than November 20, 1996.~~ *IN 4 EQUALS INSTALLMENTS BEGINNING NOVEMBER 20, 1996.*

C. Specific Requirements of Owner. Acknowledging the integral nature of the relationship between Owner and Lessee, Owner agrees to assume the partial financial responsibility for the support role the restaurant and lounge will play in the operation of its club and therefore agrees to pay Lessee the annual sum of Twenty-eight thousand Dollars (\$28,000.00) in consideration for the services provided to its membership.

10. ALTERATIONS. After prior written consent of Owner, Lessee may, at his sole expense, make alterations, additions and improvements in the Premises pursuant to written plans and specifications approved by Owner. In the performance of such work, Lessee shall save Owner harmless from any damage, loss or expense, and comply with all laws, ordinances, rules and regulations of any proper public authority. Lessee shall promptly remove those additions, alterations, or improvements as may be specified by the Owner and repair or pay for all damage to the Premises caused by installation and removal thereof; provided, however, that all existing fixtures shall remain the Owner's property and shall be removed by Lessee only upon Owner's request.

11. INDEMNITY. Owner or its agents shall not be liable for any injury, death or damage to persons or property sustained by Lessee, his employees, or others in or about the Premises. Lessee agrees to defend and hold Owner and its agents harmless from any claim, action or judgment for injury, death or damage to persons or property suffered in or about the Premises by any person, firm or corporation, unless caused solely by Owner's negligence.

12. INSURANCE BY LESSEE. During the term of this Lease, Lessee, at his sole expense, shall carry and maintain:

(a) Comprehensive public liability insurance affording protection in the minimum combined limit of not less than \$1,000,000.00 or such other amount as Owner shall deem reasonably necessary from time to time in respect to injury, death, or damage to persons or property, and

(b) Fire insurance with extended coverage endorsement upon Lessee's equipment, furniture, fixtures, improvements, merchandise inventory and other personal property located on the Premises in the amount of the full insurable value thereof. Such policies of insurance shall not be cancellable without thirty (30) days prior written notice to Owner and Lessee shall submit a certificate of such policies to Owner, naming Owner as an additional insured.

13. DAMAGE OR DESTRUCTION. If the Premises or the building are damaged or destroyed in whole or in part by fire, the elements or other casualty, Owner may elect, at its option, not to restore or rebuild the Premises and shall so notify Lessee, in which event Lessee shall vacate the Premises and this Lease shall be terminated. In the alternative, Owner may notify Lessee within thirty (30) days after notice of such casualty that Owner will undertake to rebuild or restore the Premises, and that such work can be completed within one hundred eighty (180) days from the date of such notice of intent. If Owner cannot restore or rebuild the Premises within the said one hundred eighty (180) days, then Lessee may terminate the Lease at his option by written ten (10) day notice to Owner. During the period of untenantability, fees shall abate in the same ratio as the portion of the Premises rendered untenable bears to the whole of the Premises; provided if the damage is due to the fault or neglect of Lessee, there shall be no abatement of fees.

14. CONDEMNATION. If the whole of the Premises are taken under the power of eminent domain, or by purchase in lieu thereof, this Lease shall cease as of the date of taking, i.e. the date physical possession must be surrendered to the condemning authority. If only a

part of the Premises is taken, the Lease shall terminate only as to the portion taken, and shall continue in full force and effect as to the remainder, with payable consideration reduced proportionately; provided, if twenty percent (20%) or more of the gross restaurant and lounge floor area of the value of the premises are taken or if the cost of restoration exceeds twenty percent (20%) of the value of the Premises, either party may terminate the Lease effective as of the date of taking by written notice to the other, given at least thirty (30) days prior to the date of taking. If a taking of any part of the building or the cost of restoration exceeds twenty percent (20%) of the value of the building or a taking shall otherwise in Owner's opinion impact the remaining portion thereof, Owner shall have the right within sixty (60) days of the taking, to terminate the Lease upon thirty (30) days written notice to Lessee. In the event of a taking, whether whole or partial, Owner shall be entitled to all awards, settlements, or compensation which may be given for the land and buildings. Lessee shall have no claim against Owner for the value of any unexpired Lease term.

15. TRASH AND GARBAGE. Lessee shall place all trash and garbage in such areas and containers and in such manner prescribed by Owner. Lessee shall not burn any trash and garbage in or about the Premises.

16. EXTERIOR SIGNS/ADVERTISEMENT. The design, type, location, color and installation of all signs on or exposed to the exterior of the Premises shall be approved by Owner. Prior to termination of the Lease, Lessee shall remove all Lessee's signs and repair any damage caused by installation and removal thereof. Lessee is expressly prohibited from advertising any of his services to non-members. Such prohibited advertising includes mailers, newspaper or magazine advertisements, television or radio announcements, etc. However, Lessee may advertise his services to members of Lake Limerick Country Club upon the advice and consent of Owner.

17. ASSIGNMENT AND SUBLETTING. Lessee shall not either voluntarily or by operation of the law, assign, transfer, convey or encumber this Lease or any interest under it, or sublet the Premises or any part thereof, or allow any other person to occupy or use the

Premises, without Owner's prior written consent. Lessee agrees to pay Owner a reasonable fee to reimburse Owner for expenses incurred by Owner in handling Lessee's request for consent. Owner's consent to an assignment shall not release the original named Lessee from liability for the continued performance of the terms and conditions of the Lease, unless Owner specifically and in writing releases said Lessee. Consent by Owner to one assignment or subletting shall not be deemed a consent to subsequent assignment or subletting. Any assignment or subletting without prior written consent of Owner shall be void and shall at the option of the Owner terminate this Lease.

*insert* →

18. OWNER'S RESERVATION. Owner reserves the rights, without liability to Lessee, to enter the Premises <sup>(with notice given to Lessee)</sup> at reasonable hours to make inspections, repairs, alterations, or additions to the Premises.

19. DEFAULT. Lessee's failure to timely perform any of his obligations under the Lease shall constitute a default. If Lessee has not remedied a default arising from nonpayment of fees or other charges, within ten days after written notice thereof from Owner, or any other default within thirty (30) days after written notice thereof, then Owner may, at its option, without further notice of demand: (a) Cure the default at the risk and expense of Lessee, which expense shall be deemed additional fees due on the first of the following month; or (b) Re-enter and take possession of the Premises, remove all persons and all equipment, fixtures, and personal property therefrom at Lessee's risk and expense, and (1) terminate this Lease, or (2) without terminating the Lease or in any way affecting the rights and remedies of Owner or the obligations of Lessee, re-let the whole or any part of the Premises, as agent for Lessee, on such terms and conditions as Owner may deem advisable. In the event of any default by Lessee, any monies received from Lessee and any deposit or other amounts held by Owner may first be applied by Owner to damages suffered by Owner as a result of Lessee's default including without limitations, costs and expenses incurred on re-entry and re-letting, any unamortized tenant improvements and real estate commissions, cleaning, repairs, restoration

and alterations, and any commissions incurred on re-letting, and the balance may be applied toward payment of other sums due Owner. If the Premises are re-let for Lessee's account, Lessee shall pay to Owner monthly any deficiency.

The failure of Owner to terminate this Lease at any time for Lessee's default in any of its terms shall be deemed only an indulgence of Owner, and shall not be construed to be a waiver of the rights of Owner as to any continued or subsequent default. The above remedies are cumulative and in addition to RCW 59.12 or any other remedies now or hereafter allowed by law or elsewhere provided for in this Lease.

20. COSTS AND ATTORNEYS' FEES. If Owner/Lessee finds it necessary to retain an attorney in connection with a default by the other party of any of the terms or conditions of this Lease, the non-prevailing party shall pay the reasonable attorneys' fees and all other reasonable costs and expenses incurred by the prevailing party in connection with the default. If a legal action is instituted by reason of default by either party to this Lease, the losing party agrees to pay all reasonable costs and attorneys' fees for both parties in connection therewith, including any appeal. Any action brought under the terms of this Lease shall be maintained in Mason County, Washington.

21. LIENS AND INSOLVENCY. Lessee shall keep the Premises free from any liens arising out of any work performed for, material furnished to, or obligations incurred by Lessee and shall hold Owner harmless against the same. If Lessee is declared insolvent or bankrupt, or if an assignment of Lessee's property is made for the benefit of the creditors or otherwise, or if Lessee's leasehold interest is levied upon or seized under writ of any court of law, or if a trustee, receiver or assignee is appointed for the property of Lessee, whether under operation of State or Federal statutes, then Owner may, at its option, immediately, without notice (notice being expressly waived), terminate this Lease and take possession of said Premises.

22. SURRENDER OF POSSESSION. Prior to the termination of this Lease or of Lessee's right to possession, whether by expiration, default or otherwise, Lessee shall remove from the Premises all trade fixtures and unattached personal property which Lessee is entitled to remove and those alterations, additions, improvements or signs required by Owner to be removed pursuant to Paragraphs 10 and 16 and shall repair or pay for all damage to the Premises caused by such removal. All property remaining and every interest of Lessee in the same shall be conclusively presumed to have been conveyed by Lessee to Owner under this Lease as a bill of sale, without compensation, allowance or credit to Lessee. Upon termination of this Lease or of Lessee's right of possession, Lessee shall deliver all keys to Owner and peacefully quit and surrender the Premises without notice, neat and clean and in as good condition as when Lessee took possession, except for reasonable wear and tear. Any damage caused by moving of Lessee's trade fixtures or furniture in and out of the Premises shall promptly be repaired or paid for by Lessee.

23. HOLDING OVER. If Lessee, with Owners' implied or express consent, holds over after the expiration of the Lease term, Lessee shall remain bound by all terms and conditions of the Lease, except Lessee's tenancy shall be from month to month.

24. NOTICE. Any notice required to be given by either party to the other pursuant to the provisions of this Lease or any law, present or future, shall be in writing and shall be deemed to have been duly given or sent if either delivered personally or deposited in the United States Mail, postage prepaid, registered or certified, return receipt requested, addressed as follows or to such other address as either party may designate to the other in writing from time to time.

OWNER:

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

LESSEE:

Mark Hanson  
Lake Limerick Restaurant and Lounge  
E. 790 Andrews Drive  
Shelton, Washington 98584

25. ENTIRE AGREEMENT. This Lease is the entire agreement of Owner and Lessee and there are no promises, agreements, conditions, understandings, inducements, warranties, or representations, oral or written, express or implied, other than as expressly set forth in this Lease. This Lease shall not be modified in any manner except by an instrument in writing and executed by the parties.

26. BINDING ON HEIRS, SUCCESSORS, AND ASSIGNS. The covenants and agreements of this Lease shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

27. TIME IS OF THE ESSENCE OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the date first above written.

OWNER:

LESSEE:

\_\_\_\_\_  
Daniel Robinson, President  
Lake Limerick Country Club, Inc.

\_\_\_\_\_  
Mark Hanson

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF MASON )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1996, before me, a Notary Public in and for the State of Washington duly commissioned and sworn, personally appeared Daniel Robinson, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_ 1996.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State  
of Washington, residing at \_\_\_\_\_  
My commission expires: \_\_\_\_\_  
Printed Name: \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF MASON )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1996, before me, a Notary Public in and for the State of Washington duly commissioned and sworn, personally appeared Mark Hanson, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 1996.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State  
of Washington, residing at \_\_\_\_\_  
My commission expires: \_\_\_\_\_  
Printed Name: \_\_\_\_\_



11-12-96

The attached list of items pertain to the proposed Inn service contract. In my opinion, these items should be addressed in the contract or at least decided upon before the contract is finalized.

Regarding expenses that the Club will continue to experience, the attached pages from the year-end report identify such costs.

A handwritten signature in cursive script, appearing to read "Alan Johnson".

## LIST OF ITEMS THAT NEED TO BE ADDRESSED IN CONTRACT

1. Will patrons still be able to charge their purchases? Who will be responsible for unpaid bills?
2. Who pays charge card fees?
3. What accounting responsibility will the Club have?
4. Who will sell the \$100 discount tickets and who pays the discount?
5. Will the current hostess arrangement continue for Wednesday nite?
6. Will current LLCC employees be offered employment by Contractor?
7. Eliminating banquets is a major change. Some believe they should be continued and they could be profitable. If banquets are continued, will Club staff continue to book and coordinate them? Who will collect and keep deposits, and will Club be entitled to revenue for hall rental associated with banquets?
8. Even if only dining room banquets are allowed, the public should be allowed to book them.
9. For Club special events, how will pricing be established and who will do this?
10. How does the Club control the prices charged by Contractor? Perhaps a cap related to the Cost of Living Index applied to members assessments.
11. Who is responsible for dishes, cups, silverware, etc.
12. Is contractor responsible for correcting problems identified by Health Inspector?
13. The Club van will not be available to contractor.
14. Contractor should not be allowed to post signs, particularly those for which owner is responsible!
15. Will contractor be responsible for expense of maintaining readerboard?
16. Is contractor responsible for outdoor lounge operation and maintenance?
17. We should have a cap on maintenance/replacement cost of dishes, glassware, flatware, etc. if Club is responsible for such supplies.
18. Club must have an identified contact for contractor to work with to resolve problems, determine cost responsibility, and take Club cost proposals to the Board.
19. The contract prototype has only a winter schedule. Our membership deserves the lounge at least to be open more hours in the summer and that needs to be recognized in the contract. Additionally, the menus may need to be different summer to winter.

## SERVICE CONTRACT ITEMS TO BE RESOLVED (CONT.)

20. All menu and service changes proposed by the Contractor will need to be approved by the Inn Committee.
21. Pricing formulas for special events such as banquets and club special events should be included in contract. For example, how will we establish a price for the contractor to support the Tom & Jerry party or the annual Board dinner.
22. The contractor will need to provide a monthly plan for special events such as Wednesday night dinners including choice of entrees.
23. Responsibilities - The contractor will be functionally responsible to the Inn committee and administratively to the Board of Trustees.
24. We should revise Inn locks so Contractor has access to downstairs only.
25. Contractor must arrange deliveries of food, beverages, and supplies for times when he is present to receive and sign for them.

### Additional items of note:

1. It was agreed in the October Board of Trustee meeting that when and if we develop a satisfactory prototype contract, the Club will open it for competitive bids.
2. From the year end (95-96) financial report, the deficit for Restaurant /Lounge combination was \$50,000. Included in that deficit is \$27,000 of expenses unrelated to wages and benefits (Examples are supplies, repair and maintenance, janitorial, and insurance). Of that, \$6,000 was for janitorial services which the proposed contract assigns to the Contractor. The balance of these expenses, or \$21,000, will continue as the Club's responsibility. This, when added to the proposed \$22,000 net fee to the Contractor in the proposal, results in a net cost to the Club of \$43,000 per year for a substantially downsized operation apparently without banquets!

LAKE LIMERICK COUNTRY CLUB  
Income Statement  
(Department # 75: Restaurant)

	12 Months Ended Aug/96 =====	12 Months Ended Aug/96 ===Budget===	Variance Fav/<Unf> =====	% Var =====
Advertising	95.45	500.00	404.55	80.9%
Bankcard Discount	1,141.36	600.00	(541.36)	-90.2%
Cash Over/Short	702.48	50.00	(652.48)	-1305%
Dues & Subscriptions	65.00	0.00	(65.00)	
Equipment Rent	122.79	0.00	(122.79)	
Insurance	2,256.00	2,500.00	244.00	9.8%
Janitorial Service Contract X	5,026.00	5,568.00	542.00	9.7%
Laundry	2,251.42	2,400.00	148.58	6.2%
Licenses & Permits	691.00	700.00	9.00	1.3%
Promotional Expense	0.00	1,000.00	1,000.00	100.0%
Repair & Maintenance	2,127.88	1,500.00	(627.88)	-41.9%
Repair & Maintenance Equip	769.12	0.00	(769.12)	
Supplies	5,856.54	6,000.00	143.46	2.4%
Vehicle Expense	44.53	500.00	455.47	91.1%
TOTAL Expenses	83,447.81	78,068.00	(5,379.81)	-6.9%
OPERATING PROFIT	(55,992.67)	(28,687.00)	(27,305.67)	-95.2%
PROFIT BEFORE TAXES	(55,992.67)	(28,687.00)	(27,305.67)	-95.2%
NET PROFIT	(\$55,992.67)	(\$28,687.00)	(\$27,305.67)	-95.2%

*REST. \$ 21,148*  
*LOUNGE 6092*  
*\$ 27,540*  
*LESS JANITORIAL 4,204*  
*CONTINUING EXP. \$ 21,334*

Aug 31, 1996  
11:15 am

LAKE LIMERICK COUNTRY CLUB  
Income Statement  
(Department # 70: Lounge)

	12 Months Ended Aug/96 =====	12 Months Ended Aug/96 ===Budget===	Variance Fav/<Unf> =====	% Var =====
Health Insurance	1,279.96	2,000.00	720.04	36.0%
Education of Employees	75.00	0.00	(75.00)	.
Washington Excise Tax Lounge	383.93	380.00	(3.93)	-1.0%
Other Tax Lounge	250.44	200.00	(50.44)	-25.2%
Cash Over/Short	27.32	25.00	(2.32)	-9.3%
Insurance	1,356.00	1,600.00	244.00	15.2%
Janitorial Service Contract X	1,180.00	1,200.00	20.00	1.7%
Licenses & Permits	802.00	825.00	23.00	2.8%
Repair & Maintenance	277.15	500.00	222.85	44.6%
Repair & Maintenance Equip	355.72	0.00	(355.72)	
Supplies	1,787.94	3,300.00	1,512.06	45.8%
TOTAL Expenses	38,231.47	40,630.00	2,398.53	5.9%
OPERATING PROFIT	5,443.89	13,379.00	(7,935.11)	-59.3%
Other Income & Expenses				
Miscellaneous Income	282.94	0.00	282.94	
TOTAL Other Income & Expenses	282.94	0.00	282.94	
PROFIT BEFORE TAXES	5,726.83	13,379.00	(7,652.17)	-57.2%
NET PROFIT	\$5,726.83	\$13,379.00	(\$7,652.17)	-57.2%

Section 4 Income/Budget YTD Lounge