

LAKE LIMERICK COUNTRY CLUB, INC.

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

BOARD OF TRUSTEES

March 15, 1997

The meeting was called to order by vice-president Jerry Soehnlein at 9:00 a.m.

The electricity was out so the meeting wasn't taped until the power came back on.

ROLL CALL: Gary Ayers

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

President Dan Robinson, and Trustee Martha Fairbanks were excused. Trustee Pat Paradise was absent.

APPROVAL OF MINUTES:

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

To approve the minutes of the February 15, 1997 board meeting as written.

ITEMS FROM THE CONSENT AGENDA:

Consent Agenda Item 1. Security Committee - Co-Chair persons Neil Jones & John Probert

Chair person Neil Jones presented a "Security Capital Improvement Option I" report to the board. The committee had studied various community security fence and gate systems. They had also solicited bids for fence and gate systems to be installed at LLCC beaches.

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

To accept the "Security Capital Improvement Option I", Phase I Anglia Beach estimate as follows: Total Bid Estimate \$9,310* plus tax = \$10,036.18

Install 130' x 6' Galvanized Chain Link Fence with 16' Cantilever Gate, 20 year rated motor, keypad entry, loop sensors, knock fire switch, remote & security software with modem, and 42" lockable walk through gate.

*Includes an estimate of \$1000 for electrical and phone line hook-up Anglia Beach location that would bring power to the existing restroom.

The board thanks Neil Jones and John Probert for all their efforts on the project. The fencing will now be turned over to the maintenance department and Gary Ayers will coordinate the fence installation as soon as possible for preparation of increased use.

FINANCIAL REPORT:

Treasurer Bill Buff reviewed the consolidated comparative financial report with the board.

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

To approve the February 1997 financial report as presented.

Motion made by Tr. Ted Mason, seconded by Tr. Gary Ayers and carried by the Board as follows: Nays: Tr. Betty Malloy Braget

To present the Consolidated Comparative Financial Report monthly and the Quarterly Financial Report every quarter to the Board. (The detailed P & L reports are available to any member upon request.)

Consent Agenda Item 2. Lake/Dam Committee - Weed Survey Contract

Chair person Carolyn Soehnlein handed out a Water Environmental Services Inc. proposal for the Aquatic Plant Survey. Two bids were received for the survey and Water Environmental had the lower quote. The survey cost would qualify for reimbursement from the future Grant.

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

To accept the Aquatic-Weed Diver Survey proposal from Water Environmental at a cost of \$2,800.00.

Consent Agenda Item 3. Water Committee Meter Installation Division 1 & 2

Water Treasurer Jerry Soehnlein said there was a contractors bid meeting last Monday and five contractors attended to bid on water meter installations for Divisions 1 and 2. The committee also requested an alternative bid for all the installations at one time. The bids are due March 24, 1997. Jerry discussed the water meter installations and presented an example. The recent Water System Plan Report confirmed that our water system will be adequate for the total population when Well 6 is on line. The system actually exceeds the design recommendation of the State. Water consumption will not be metered until all the meters are installed.

Consent Agenda Item 4. Status of Emergency Generator

Water Treasurer Jerry Soehnlein reported the water committee tested the new generator site at No. 3 well site which verified emergency demand support. The existing generator located at No. 2 well site will be used as a back up for water (if needed) and available for power to the Inn and Pro Shop if not in use. The chance of the new generator system failing is remote. A professional electrician needs to evaluate the capability of the existing generator and potential load. The existing transfer switch would also need to be reconnected to redirect the emergency power output to the Inn.

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

The board will table the Inn Committee recommendation for a generator until an electrician can evaluate the electrical load at the Inn and estimate cost to reconnect the transfer switch.

Consent Agenda Item 5. Greens Committee -- Capital Expenditure Proposal

Chairperson Scott Carey introduced the new Greens keeper, Steve Cox. Scott discussed the need for a utility vehicle (3 wheeler) and quoted a price of \$11,252.00 for a Cushman. The down payment is \$5,000.00 and the balance could be paid off by October. The remainder of the Capital Budget for golf could be appropriated for the vehicle.

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

The board of trustees approves the greens committee purchase of the Cushman 3 wheeler. The 1996-1997 Budget Expenditures for golf will be amended to the following:

	Existing	Amended
Gas Heater for Shop (Balance)	\$787.63	\$0
Employee Lockers	\$500.00	\$0
Backpack Blower	\$500.00	\$0
Jacobsen Blower Attach	\$3,500.00	\$0
Replace Chevy s-10 (Balance)	\$1,069.79	\$0
Greens Mower (Refrig. instead)	\$3,691.00	\$0
2 - Weed Eaters	<u>\$1,000.00</u>	\$0
Total:	\$11,048.42	
Cushman 3 wheeler		\$11,049.00

Chair person Scott Carey and Treasurer Bill Buff will administer the purchase.

Consent Agenda Item 6. Greens Committee, Golf for Golf Employees.

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

The board approves that full time golf employees use the course at every opportunity to evaluate the condition of the golf course.

Break: 10:30 a.m.

Consent Agenda Item 7. Inn Committee --

Chairperson Bill Buff read a letter from Jora Lee resigning her cleaning contract due to the loss of hall events (Bingo and Mark handling all the set up and cleaning of events).

Motion made by Tr. Ted Mason, seconded by Tr. Betty Malloy Braget and carried by the Board as follows:

The Inn Committee is asked to study and make recommendations to the board for the building janitorial services.

Consent Agenda Item 9. Architectural Committee--Stopping of Tree Cutting on Water Front Lots

Acting Chairperson Ted Mason said the Architectural Guidelines #23 & #24 regarding alder cutting on water front lots needs to be changed. There is a letter in the files dated 1991 from Mason County Dept. of General Services addressing the removal of natural vegetation on shorelines, permitting and the various agencies to contact.

Consent Agenda Item 8. Architectural Committee--Building and Tree Cutting (greenbelts) without a permit - penalties

Acting Chairperson Ted Mason discussed members that went on LLCC greenbelts and cut trees without permits. There were not enough Architectural Committee members present to make a decision so it will be tabled until the next meeting.

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

The board accepts the Architectural Committee's recommendation to levy a fine, maximum to \$1,000.00 against Div. 3/501 Harley B. Stickly.

Consent Agenda Item 10 Maintenance Committee-- Recommendation for Ad-Hoc Committee for Street Light Proposals.

Acting Chair person Gary Ayers said there were plans for concrete steps outside the Inn where the existing ones had been removed.

Gary Ayers will contact the Chairpersons of the Architectural, Maintenance, Lake Dam Committees and Brian of PP Security to set up an Ad Hoc Committee for locating Street Lights to recommend to board for installation.

EXECUTIVE COMMITTEE:

1. Proposed Guidelines for Disciplinary Action

Tr. Betty Malloy Braget discussed the Suggested Disciplinary Procedure for LLCC Restaurant and Lounge and Resulting Restrictions and Penalties. She asked for board review and comment regarding the report for presentation to the next regular Executive Committee meeting.

OLD BUSINESS:

1. Thank you letter to Del & Juanita Hartwell
2. 30th Anniversary Shirt Inventory

NEW BUSINESS:

1. Duncan & Associates Insurance for trees damaged in the storm

Acting President Jerry Soehnlein reported Duncan & Assoc. are submitting a tree damage claim to determine if our carrier will approve it. The claim would be limited to \$500.00 a tree for a total of \$10,000.00.

2. The owner of 4/88 inherited the property and would like to donate it to LLCC for \$116.00 title search and recording fees. It has been classified as a wetland.

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

LLCC will accept the donation of lot 4/88 for the cost of a title search and recording fees.

3. The Inn septic system is collecting grease in the pump area. The AAA Septic Pumping company owner recommended a grease filter. The Inn and Maintenance Committees will come up with a solution as soon as possible. The restaurant is getting a grease barrel from the collecting company to put by the back door so they don't have to haul containers across the street to the Pro Shop.

COMMENTS FROM MEMBERSHIP: None

CORRESPONDENCE: None

ANNOUNCEMENTS: President read the announcements

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

The Board will convene to closed session.

CLOSED SESSION

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

The Board will reconvene to open session.

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

The Board will accept closed session motion for club members suspension of privileges

ADJOURN:

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

To adjourn the meeting at 11:55 a.m.

Respectfully submitted,

Gary Ayers, Secretary

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

Mail Minutes to absent Board Members.

AGENDA
BOARD OF TRUSTEES - LAKE LIMERICK COUNTRY CLUB, INC.
March 15, 1997 9:00 A.M.

- I. ROLL CALL Gary Ayers
- II. APPROVAL OF MINUTES: Gary Ayers
 Board of Trustees Minutes of February 15, 1997
- 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. Security - Neil Jones Presentation
- 2. Lake/Dam - Weed Survey Contract
- 3. Water Committee - Meter Installation Divisions 1 & 2
- 4. Water Committee - Emergency Generator Status
- 5. Greens Committee - Capital Expenditure Proposal
- 6. Greens Committee - Free Golf for Golf Employees
- 7. Inn Committee - JoraLee's Contract
- 8. Architectural Committee - Building and Tree Cutting (greenbelts) without a permit ~ penalties
- 9. Architectural Committee - Stopping of Tree Cutting on Water Front Lots
- 10. Maintenance Committee - Recommendation for Ad-Hoc Committee for Street Light Proposals

V. EXECUTIVE

- 1. Proposed Guidelines for Disciplinary Action..... Betty Malloy-Braget
- 2. Refer to March 11, 1997 Minutes for Club Business Information

VI. OLD BUSINESS

- 1. Thank you letter to Del & Juanita Hartwell (information only)
- 2. Sweatshirt Inventory (information only)

VII. NEW BUSINESS

- 1. Duncan & Associates Insurance for Trees Damaged in the Storm

VIII. COMMENTS FROM MEMBERSHIP:

IX. CORRESPONDENCE: Gary Ayers

X. ANNOUNCEMENTS:

- A. April Quarterly Newsletter, Publication Dates - Reminder
- B. Candidate's Night - April 5, 1997
- C. Fishing Tournament - April 27, 1997
- D. Annual Meeting and Elections - April 26, 1997

XI. MOTION TO CONVENE TO CLOSED SESSION:

(The Motion must State Specifically the purpose for the closed session and must be referenced in the minutes)

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

Security Capital Improvement Option I

Phase I Anglia Beach

Total Bid Estimate \$9,310* plus tax = \$10,036.18

Install 130' X 6' Galvanized Chain Link Fence with 16' **Cantilever Gate**, 20 year rated motor, keypad entry, loop sensors, knox fire switch, remote & security software with modem, and 42" lockable walk through gate.

Phase II Log Toy Beach

Total Cost Estimate \$8,300* plus tax = \$8,947.40

Install 12' **Cantilever Gate**, 20 year rated motor, keypad entry, loop sensors, knox fire switch, remote & security software with modem, and 42" lockable walk through gate.

Phase III Banbury Beach

No Estimated cost at this time

Phase IV Tipperary Beach & Lake Valve access Road

No Estimated cost at this time

*Includes an approximate estimate of \$1000 per site for electrical and phone line hook-up: note Anglia Beach location would bring power to existing restrooms)

FAX

DATE: Monday, February 24, 1997

TO: Dan Robinson, Lake Limerick Country Club

FAX: 1-360-427-6451

FROM: WATER Environmental Services, Inc.

PAGES: 4

MEMO

Hi Dan: Wanted to get this proposal on the Spring aquatic plant survey to you asap. I don't have the attachment figures scanned in yet, but am sending a hard copy of the entire proposal to you in the mail today. Talk to you later in the week. Thanks. Maribeth

As in previous surveys conducted by WATER-LLCC, physical surveying on a transect will generally extend from shoreline to shoreline. At Transect 1, surveying will be performed from the shoreline west along the mid-channel to the mid-point location of Transect 2. **The Spring, 1997 survey by WATER includes both qualitative and quantitative data collection**. Initially, a diver will be deployed to photograph and visually map underwater plant bed conditions along each of the survey transects. Surface photographs will be obtained for further visual documentation of aquatic plant conditions in the lake. Along each of the seven primary transects, an echogram of the lake bottom will be performed using a high-resolution chart-recording fathometer to graphically depict plant bed extent and height, and to obtain an updated profile of lake bottom. Fathometer tracings will be especially useful when plant beds are difficult to detect visually and photograph, particularly in deep or turbid waters. These fathometer tracings will be directly compared to soundings previously collected by WATER during the 1996 surveys to further aid in describing current macrophyte growth conditions and changes from pre-SONAR conditions. Water depth measurements and aquatic plant biomass samples will be collected along these transects at regular intervals. Quantitative plant biomass samples will be collected as in previous surveys using a modified rake sampler (area sampled 0.3 sq. m) operated from the boat. In all, twenty quantitative plant samples will be obtained by WATER during the Spring 1997 survey of Lake Limerick. Samples will be later analyzed in the laboratory for plant community composition and dry weight biomass measures. Species identifications will be made using published keys for regional macrophytes.

Based on results of all the qualitative and quantitative data collected during the Spring, 1997 survey, a computer-enhanced aquatic plant map (See example, Attachment 2) will be constructed illustrating current aquatic plant growth conditions, particularly critical zones of Brazilian elodea (*Egeria densa*). WATER will compile all data and produce a written report on current and past survey results, including the aquatic plant map and biomass tables.

Products:

- Written report describing results of aquatic plant survey and first-year carryover effectiveness of SONAR treatment based on quantitative biomass data and qualitative information
- Computer-enhanced aquatic plant zone map
- Aquatic plant biomass tables
- Fathometer tracings along previously established transects
- Underwater photographs of plant bed conditions taken by diver and surface photos

Estimated Costs:

WATER staff	24 hrs field / report prep	\$1560
WATER diver	8 hrs field	\$ 300
	lab analyses-20 biomass samples	\$ 800
	direct expenses (copy, photos, etc.)	\$ 140
PROJECT TOTAL		\$2800

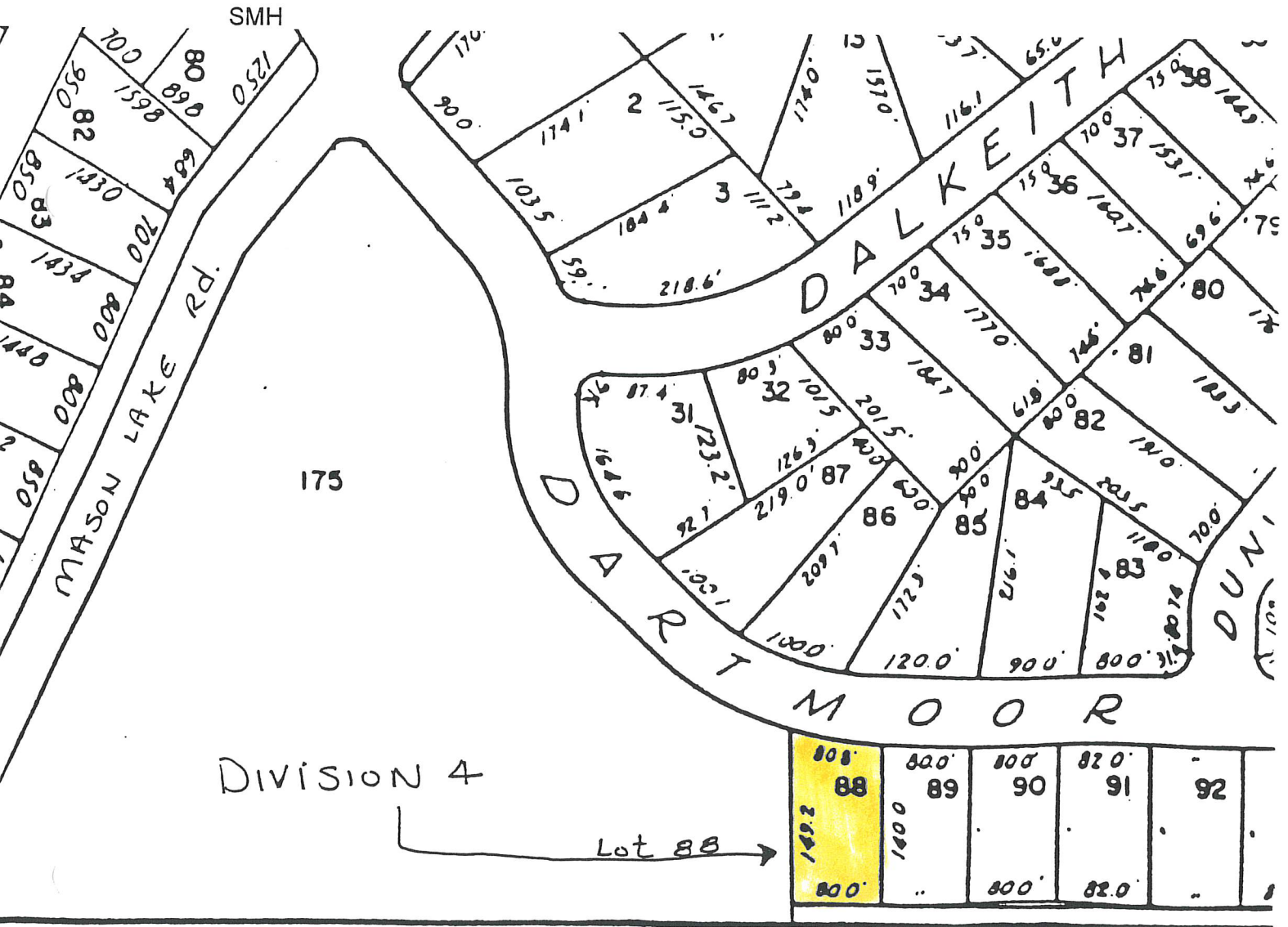
INTEROFFICE MEMO

Date: 03/14/97
To: BOARD OF TRUSTEES
From: Sheila Hedlund
Subject: DIVISION 4 LOT 088

On March 13, 1997 the owners of Division 4 Lot 88 called to donate this lot to LLCC. The owners of this lot and lot 89 inherited them from their parents, and are now finding them to be a financial burden. They are planning to sell lot 89 but cannot sell lot 88 as it has been classified as "wetlands".

Following is a map of the lot in question, please determine if LLCC should accept this lot for future use or sale. If you should decide to accept the donation from the owners it will cost LLCC \$107.90 for a title search and recording fees (usually \$8.00).

Thank you for your consideration in this matter.



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:

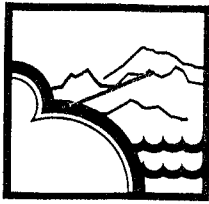
The board accepts the Greens Committee recommendation as follows: free golf privileges will extend only for the Pro Shop Manager and Greens Superintendent. All other employees wishing to play golf may do so at member rates.

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:

Board of Trustees Meeting
November 16, 1996



MASON COUNTY
DEPARTMENT of GENERAL SERVICES

Mason County Bldg. III 426 W. Cedar
P.O. Box 186 Shelton, Washington 98584
(206) 427-9670

cc: *to*
John Stuedin
Phil *DS*

building environmental health fire marshall parks & recreation fair/convention center planning

June 18, 1991

Richard Lombard, President
Lake Limerick Country Club Inc.
E790 St. Andrews Dr.
Shelton, WA. 98584

Russ
Howard

Dear Mr. Lombard and members of the Lake Limerick Country Club:

The Mason County Planning Department has reviewed the Guidelines to Interpretations of Rules for Lake Limerick Country Club. The Planning Department is concerned with Items #23 & #24 requiring lot owners to remove all alder trees within 20' of any lake or stream. Lake Limerick and it's associated wetlands are designated State Shorelines and are regulated under the State Shoreline Management Act and the Mason County Shoreline Master Program. Cranberry Creek is designated as Conservancy and Cranberry Lake and it's associated wetlands are designated as Natural.

The degradation of these shorelines by removal of the natural vegetation along their edge is inconsistent with the policies regarding preservation of fish and wildlife habitat. Residential development on shorelines and wetlands should be planned with minimum adverse environmental and visual impact. Removal of vegetation in residential developments should be minimized.

Removal of the overhanging alder trees will result in gradual warming of the shallow waters along the shoreline due to lack of shading. This could cause significant algae blooms due to warmer water conditions. It is possible that the goal which the Lake Limerick Club seeks to achieve will be defeated.

It appears that the Lake Limerick Country Club is requiring that the residents of the Plat of Lake Limerick remove the trees from their individual lots. This constitutes an action initiated by the Lake Limerick Country Club and therefore requires a Forest Practice permit from the State Dept. of Natural Resources. The permit will be reviewed by Mason County, State Agencies and Tribes through the State Environmental Policy Act. Please contact the Dept. of Natural Resources at 825-1631 for a Forest Practice application prior to the removal of any trees. Thank you.

Sincerely,

Grace Miller

Grace Miller, Planner
DEPT. OF GENERAL SERVICES

RECEIVED
JUN 19 1991
L.L.C.C.

actual inventory

LLCC 30TH ANNIVERSARY SHIRT SALE INVENTORY						
SWEATSHIRTS	SWEATSHIRTS	SWEATSHIRTS	T-SHIRTS	T-SHIRTS	T-SHIRTS	DATE
MEDIUM	LARGE	X-LARGE	LARGE	X-LARGE	XX-LARGE	POSTED
23	6	47	0	0	0	actual
						count
						3/13/97smh

GILLIGAN, RYAN, JORGENSEN & Co., P.S.

Don Gardner
Certified Public Accountants

Charles E. Gilligan, CPA
Robert M. Ryan, CPA
Marc A. Jorgenson, CPA

Gregory W. Dickson, CPA
M. Eileen Baker, CPA MS (Tax)
Laura E. Snyder, CPA
Dianne M. Mayhew, CPA
Louise S. Tieman, MBA

February 24, 1997

Ms. Judy Hale
Internal Revenue Service
915 Second Avenue, Mail Stop 540
Seattle, Washington 98174-1001

Dear Ms. Hale:

I am enclosing the information you requested in the audit of Lake Limerick Country Club. I have prepared schedules showing the amounts of Unrelated Business Taxable Income and also the method of arriving at net income from the sale of the timber.

You will note that I have not included the bingo income in the UBTI. This is upon IRS Publication 598, "Tax on unrelated business income of exempt organization". Exclusion code 40 states that "Gross income from an unrelated activity that is regularly carried on but, in light of continuous losses sustained over a number of tax periods cannot be regarded as being conducted with the motive to make a profit (not a trade or business)". The Bingo operation has never made a profit while functioning at Lake Limerick. Therefore, the Bingo should not be included in the UBTI calculation.

Additionally we discussed whether or not to include the sale of the timber by the club. I did not include the sale of the timber due to Letter Ruling 9541003. The Service privately ruled that the timber sale proceeds were not unrelated business taxable income since the proceeds were used directly in furthering the clubs exempt purpose. In this ruling, a hunting and fishing club (501(c)(7) presumably) permitted a logging company to clear and purchase the timber on 70 acres of the club's 2,500 acres as part of a forestry management plan. The club received \$37,000 for the timber, representing 15 percent of the club's gross proceeds for that year. The club plans to use the proceeds to reconstruct dams for fishing purposes as well as other improvements and expects to spend the entire proceeds over three year period following the sale. Since Lake Limerick has already spent the majority of the funds and plans to spend the remainder within three years, I feel this ruling is directly on point.

I believe that answers the questions you voiced to me. If there is any other area that you had questions about, please contact me directly and I will endeavor to answer as quickly as possible.

Sincerely,

Robert M. Ryan, C.P.A.
Gilligan, Ryan, Jorgenson & Co., PS

cc: Dan Robinson
enc.

INTERNAL REVENUE SERVICE

DISTRICT DIRECTOR

Date: March 7, 1997

Lake Limerick Country Club
c/o Robert M. Ryan, C.P.A.
7512 Stanich Avenue, Ste. 5
Gig Harbor, WA 98335

DEPARTMENT OF THE TREASURY
915 Second Avenue, M/S 540
Seattle, WA 98174

Form:

990-T

Tax Year Ended:

August 31, 1996

My Telephone Number:

(206) 220-6079

RESPONSE DATE:

MARCH 28, 1997

Don
Bob
Exec
Co

Dear Mr. Ryan,

Thank you for sending the information regarding Lake Limerick Country Club.

I agree with you that the timber sale should not be treated as Unrelated Business Taxable Income since the situation of the Country Club is similar to the letter ruling and that the funds received from the Country were and will be used for exempt purposes (that of capital improvements).

I also agree that since Bingo had losses, there was no profit motive and the income and expenses were properly not included on Form 990-T.

However, the Country Club did receive interest of \$5,417 during the tax year ended August 31, 1996. Internal Revenue Code section 512(a)(3), defines "unrelated business taxable income" for organizations described in IRC section 501(c)(7) as all gross income (excluding exempt function income) less allowable deductions. The only modifications that are applicable are in paragraphs (6), (10), (11), and (12) of IRC section 512(b).

Exempt function income is defined in IRC section 512(a)(3)(B) as gross income from dues, etc. paid by members for the purposes for which exempt status was granted to the organization.

Interest income is investment income and is not considered exempt function income. Therefore, the interest income is considered unrelated business income.

The non-member losses that the Country Club had from Golf and the Restaurant/Lounge cannot reduce the investment income and is therefore, fully taxable. This is similar to your position in not reporting Bingo losses. Please see the enclosed Revenue Ruling 81-69 and Portland Golf Club case which discuss profit motive in regards to non-member income.

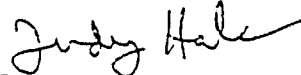
I have enclosed an examination report Form 4549 for the adjustments to Form 990-T. The taxes owed are \$663 which is investment income \$5,417 - specific deduction \$1,000 x 15% tax rate. Since the taxes were owed on January 15, 1997, there is also some interest due. The total due up to March 31, 1997, is \$675.37 with interest.

Lake Limerick Country Club

If the Country Club agrees with the tax, please have an officer sign and date one of the two enclosed Forms 4549 and return to me with the taxes owed. The check should be made payable to Internal Revenue Service. I will forward the check to the Service Center.

If you have any questions, please call or write.

Sincerely,



JUDY HALE
EXEMPT ORGANIZATIONS SPECIALIST

Enclosures: Form 4549 (2)
Form 4549-B (2)
Schedule of Interest
Rev. Rul. 81-69
Portland Golf Club case

cc: Lake Limerick Country Club

WATER COMMITTEE POSITION -- EMERGENCY GENERATOR *

February 24, 1997

The water committee is currently studying the feasibility and cost aspects of a new emergency generator to be located at the No. 3 well site. (adjacent to No 6 golf tee) This generator would be dedicated to the water system and would be funded by the water committee from existing funds. The Committee currently expects to complete the evaluation by mid-summer, 1997, and have the generator in place before the winter season 1997-1998.

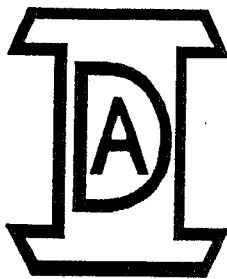
The existing generator located at the No. 2 well site (adjacent to the first golf tee) was funded by the water committee at the time of its installation, and it is planned that the electrical installation in place to allow the generator to power the No. 2 well will remain in place. This would allow the use of this well as a backup to the installation at No. 3 should that site become unusable for water production.

There also exists between the No. 2 well site and the Inn certain electrical installations which may be usable to provide emergency power to the Inn. The capability of the existing generator to provide sufficient power to the Inn and the suitability of the electrical installation will need to be assessed by a professional electrician. The existing transfer switch would also need to be reconnected to direct the emergency power output either to the Inn or the water system. This assessment of the power requirements and electrical installations would be the responsibility of the Inn committee.

The water system's position on the generator:

Although it is expected that the No. 3 well complex will be able to provide sufficient water to the community when operating on the new emergency generator, the water system will retain the right to use the entire output of the No. 2 generator for water production at that site in the event that insufficient water for the community can be produced from the new Well 3 site for whatever reason. The power allocation decision will be made by the Water System Manager.

* Approved by Water Committee 2/24/97.



DUNCAN & ASSOCIATES, INC.

2111 Harrison Ave. N.W.
10501 Gravelly Lake Dr. S.W. #2
506 W. Franklin
4181 Wheaton Way
5705 Lacey Blvd. S.E.

P.O. Box 1458
P.O. Box 39359
P.O. Box 880

Olympia, WA 98507 (206) 352-7588
Tacoma, WA 98499 (206) 588-1195
Shelton, WA 98584 (206) 426-3357
Bremerton, WA 98310 (206) 373-9133
Lacey, WA 98503 (206) 459-9100

INSURANCE BROKERS

February 27, 1996

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

Re: General Liability Policy Audit

Dear Dan,

Enclosed is your copy of the general liability audit for the period 12/17/95 to 12/17/96. According to the figures given to the company, there is a return premium due you in the amount of \$1,120.00.

If you feel any corrections or adjustments are necessary, please let us know within 25 days; otherwise a check will be issued to you in approximately 45 days.

Please call if you have any questions.

Sincerely,
DUNCAN INSURANCE BROKERS, INC.

Jan Smith
Commercial Accounts

AMERICAN ECONOMY INSURANCE COMPANY
INDIANAPOLIS, INDIANA

PAGE 1

* PREMIUM AUDIT STATEMENT - FINAL *
* AUDIT PERIOD: FROM 12-17-95 TO 12-17-96 *

POLICY NUMBER: 02-CC-602899-20
INSURED
COUNTY: MASON #5

NAMED LAKE LIMERICK COUNTRY CLUB,
INSURED INC.
MAILING 790 E ST ANDREWS DR
ADDRESS: SHELTON, WA 98584

AGENT: DUNCAN INSURANCE BROKERS, INC
506 WEST FRANKLIN
P O BOX 880
SHELTON WA 98584
46-94431 (260)
(360) 426-3357

POLICY PERIOD: FROM 12-17-95 TO 12-17-96

*
* AUDITED COVERAGES ONLY: *
* EARNED PREMIUM \$5,486.00 *
* DEPOSIT PREMIUM \$6,606.00 *
* RETURN DUE INSURED \$1,120.00 *
* BALANCE OF POLICY AS WRITTEN AND ENDORSED *

GENERAL LIABILITY:

CLASS	COVERAGE INFORMATION	EXPOSURE	RATE	PREMIUM
	12-17-95 TO 12-17-96			
	MISCELLANEOUS PROFESSIONAL LIABILITY			
	** LOCATION # 1 **			
00227	EMPLOYEE BENEFIT LIABILITY (REFER TO FORM CG7606 FOR COVERAGE) (PER NUMBER OF EMPLOYEES) TO MEET COVERAGE MINIMUM	22	.0850 \$	2.00 105.00
	EMPLOYERS LIABILITY			
	** LOCATION # NA **			
00116	EMPLOYER'S CONTINGENT LIABILITY PAYROLL (PER \$1000)	BI 283,449	.2400	68.00
	LIQUOR LAW LIABILITY			
	** LOCATION # 1 **			
70412	LIQUOR LIABILITY - CLUBS GROSS SALES (PER \$1,000)	BI 77,125	2.8730	222.00
	PREMISES-OPERATIONS			
	** LOCATION # 1 **			
11138	CLUBS - COUNTRY OR GOLF GROSS SALES (PER \$1,000)	644,691	6.3100	4,068.00
99943	WATER COMPANIES INCLUDING PRODUCTS & COMPLETED OPERATIONS PAYROLL (PER \$1000)	15,100	63.8960	965.00
	TOTAL			\$ 5,430.00

PREMIUM AUDIT EXTENSION

PAGE 2-LAST

NAMED INSURED: LAKE LIMERICK COUNTRY CLUB,

POLICY NUMBER: 02-CC-602899-20
INSURED COUNTY: MASON #5

COMMERCIAL AUTO:

CLASS	COVERAGE	EXPOSURE	RATE	PREMIUM
6619	HIRED AUTO (PREMIUM BASIS PER \$100 OF COST)	000000	.570	\$ 34.00
6601	EMPLOYEES NON OWNED	22		\$ 22.00

MARCH 14, 1997

TO: BOARD OF TRUSTEES
FROM: BETTY MALLOY-BRAGET
SUBJECT: COMPLAINTS

ON MARCH 11, 1997, I REPORTED THE FOLLOWING INCIDENT AT THE EXECUTIVE COMMITTEE MEETING. SINCE THAT TIME JERRY SOEHNLIEN [ACTING PRESIDENT], HAS FOLLOWED UP ON THIS INCIDENT WITH BOB BUHL WHO IS THE CHAIRMAN OF THE REPUBLICAN LEAGUE OF MASON COUNTY.

THE INCIDENT IN QUESTION HAPPENED ON FEBRUARY 22, 1997 AND WAS REPORTED TO ME BY SEVERAL INDIVIDUALS ATTENDING A BANQUET GIVEN BY THE REPUBLICAN LEAGUE, THIS BANQUET WAS HELD AT LAKE LIMERICK COUNTRY CLUB.

IT APPEARS THAT TWO LLCC MEMBERS WERE DRINKING AT THE LLCC LOUNGE AND WERE HAVING A PERSONAL PROBLEM WITH ONE ANOTHER, LEAVING THE BAR AND THEN RETURNING SEVERAL TIMES DURING THE COURSE OF THE "PROBLEM". AT SOME POINT IN TIME THEY LEFT THE BAR TOGETHER AND THE ARGUMENT ESCALATED IN THE HALL WAY AND LOBBY OF THE LLCC.

MEANWHILE, IN THE LLCC GREATROOM, THE BANQUET WAS PROCEEDING AND THE WASHINGTON STATE MINORITY SPEAKER OF THE HOUSE WAS SPEAKING, WHEN LOUD, ANGRY VOICES INTERRUPTED THE SPEAKER AND VERY BAD LANGUAGE WAS BEING SHOUTED BY THE LL COUPLE, SUCH AS THE F--- WORD AND YOU'RE A SON OF A B----, ETC. IN ADDITION SCUFFING COULD BE HEARD. I AM TOLD THAT ONE PERSON WHO WAS AT THE BANQUET OPENED THE DOOR JUST IN TIME TO SEE THE MAN SLAP THE LADY.

EVIDENTLY, MARK HANSEN AND DALE AND SEVERAL OTHER LLCC MEMBERS BROKE UP THE FIGHT AND GOT THEM OUT THE FRONT DOOR.

IN THE BANQUET ROOM, AS ALL OF THIS WAS GOING ON, 3 MEN JUMPED UP, "GRABBED" THE GUEST OF HONOR, WASH STATE SENATOR, SLADE GORTON, AND OUT THE UPSTAIRS DOOR AND INTO THEIR CAR AND DROVE AWAY! ALL OF THIS AS THE BANQUET TRIED TO CONTINUE ON WITHOUT THEIR GUEST OF HONOR!

RESPECTFULLY SUBMITTED,

BETTY MALLOY-BRAGET

MARCH 5, 1997

TO: LAKE LIMERICK BOARD OF TRUSTEES

FROM: BETTY MALLOY-BRAGET

SUBJECT: COMPLAINT PROCEDURE AS IT APPLIES TO THE LLCC
LOUNGE AND RESTAURANT AND OTHER SOCIAL FUNCTIONS.

WE HAVE IN PLACE PROCEDURES FOR HANDLING COMPLAINTS IN
SEVERAL AREAS {ie, ARCHITECTURAL, DOG ISSUES, ETC.,} AT LLCC, THE
BELOW COMMENTS ARE DIRECTED ONLY AT THE SUBJECT MATTER
DESCRIBED ABOVE.

FIRSTLY, I WOULD LIKE TO STATE THAT NO PROCEDURE FOR DEALING
WITH COMPLAINTS WILL BE WORKABLE IF THOSE INVOLVED IN ANY
CAPACITY DO NOT DEAL WITH THESE ISSUES IN A FAIR, HONEST, NON-
BIASED, AND NON-POLITICAL MANNER. FOR THIS TO TAKE PLACE, WE
MUST RELY ON EMPLOYEES AS WELL AS OUR MEMBERS AND THOSE
WHO ARE ON THE BOARD OF TRUSTEES.

I URGE THE BOARD TO ADOPT RULES AND REGULATIONS, WHETHER
THE ATTACHED SUGGESTIONS OR A REVISION OF THE ATTACHED TO
ENHANCE OUR ENVIRONMENT WHILE ENJOYING OUR CLUB FACILITIES.

RESPECTFULLY,

BETTY

SUGGESTED COMPLAINT PROCEDURE FOR LLCC
RESTAURANT AND LOUNGE
AND
RESULTING PENALTIES

ANY MEMBER OR GUEST OF A MEMBER MAY REGISTER A COMPLAINT. IT WILL BE THE RESPONSIBILITY OF ANY EMPLOYEE IN THE RESTAURANT AND LOUNGE TO INITIATE A COMPLAINT IF THEY OBSERVE OR ARE A PARTY TO MISCONDUCT BY A MEMBER OR THE MEMBER'S GUEST.

COMPLAINTS SHOULD GO TO THE COMPLAINT CO-ORDINATOR AND THE CO-ORDINATOR SHOULD IMMEDIATELY SEE TO IT THAT THE EXECUTIVE COMMITTEE HAVE A COPY OF THE COMPLAINT, THE CO-ORDINATOR SHOULD INVESTIGATE THE COMPLAINT AND REPORT BACK TO THE EXECUTIVE COMMITTEE AS SOON AS POSSIBLE, OR WITHIN ONE WEEK

I WOULD SUGGEST THAT THE EXECUTIVE COMMITTEE CLASSIFY COMPLAINT INTO 3 TYPES, PERHAPS 1) MINOR, 2)SERIOUS, 3)GRAVE. MINOR COMPLAINTS COULD BE HANDLED BY THE EXECUTIVE COMMITTEE AND REPORTED TO THE BOARD OF TRUSTEES AT THE NEXT B/T MEETING, PROBABLY IN CLOSED SESSION.

SERIOUS OR GRAVE COMPLAINTS THAT THE INVESTIGATION RESULT IN CONFIRMATION THAT THEY DID TAKE PLACE AS STATED IN THE ORIGINAL COMPLAINT, SHOULD BE REFERRED TO THE BOARD OF TRUSTEES. AND DEALT WITH IN CLOSED SESSION AT THE NEXT SCHEDULED BOARD MEETING OR DURING A SPECIAL B/T MEETING.

I BELIEVE AN INTERVIEW PROCEDURE SHOULD BE IMPLEMENTED BY EITHER THE EXECUTIVE COMMITTEE AND/OR THE CO-ORDINATOR, THIS PROCEDURE COULD BE USED IN THE EVENT OF DISCREPANCIES, AT OTHER TIMES, AN INTERVIEW WOULD NOT BE REQUIRED BUT THE ACCUSED SHOULD BE ALLOW AN OPPORTUNITY TO CHALLENGE THE COMPLAINT.

AS FAR AS REPRIMANDS ARE CONCERNED, THE BOARD SHOULD CONSIDER BOTH LOSS OF PRIVILEGES AND POSSIBLE FINES. SINCE THERE COULD BE AND HAS BEEN PRETTY OUTRAGEOUS CONDUCT..

LOSS OF PRIVILEGES AND POSSIBLE FINES SHOULD BE BASED UPON THE SEVERITY OF THE EVENT AND WHETHER THERE HAVE BEEN PAST INFRACTIONS OR COMPLAINTS OF THAT INDIVIDUAL.

MY SUGGESTION IS THAT LOSS OF PRIVILEGES SHOULD RANGE FROM 30 DAYS TO ONE YEAR AND FINES SHOULD BEGIN AT \$100.00 AND UPWARD. ALSO FOR MINOR INFRACTIONS A WARNING COULD BE

THE ONLY PUNISHMENT, HOWEVER I BELIEVE THIS SHOULD BE
IN WRITING.

I WILL SUBMIT A MORE DETAILED SUGGESTION LIST AFTER I PRESENT
THIS "DRAFT" TO THE EXECUTIVE COMMITTEE. THIS WILL GIVE ME
THE OPPORTUNITY TO RECEIVE FEED-BACK.

RESPECTFULLY,

BETTY MALLOY-BRAGET
COMPLAINT CO-ORDINATOR

Lake Limerick Country Club, Inc.

E. 790 ST ANDREWS DRIVE
SHELTON, WASHINGTON 98584

March 27, 1997

Harley and Vivian Stickley
P O Box 1639
Shelton WA 98584

Dear Mr. and Mrs. Stickley:

Reference Division 3 Lot 501:

This is to confirm the telephone conversation held today with Board of Trustees Secretary Gary Ayers.

Please disregard the letter of March 17, 1997 sent to you by the Architectural Committee regarding the fine set by the Board of Trustees at their March 15, 1997 meeting.

This matter will be reviewed again at the next Board of Trustees Meeting, April 19, 1997, as the Board was not made aware of the letter received from you on February 26, 1997.

We would like to invite you to attend the Board Meeting on April 19, 1997 in the Dining Room at the Inn at 9:00 a.m.

Sincerely,

Sheila Hedlund

Sheila Hedlund
Executive Administrative Assistant
LAKE LIMERICK COUNTRY CLUB, INC.

cc: Board of Trustees