

**MINUTES OF  
SPECIAL MEETING OF MEMBERS  
OF  
PORT LUDLOW VILLAGE COUNCIL  
(a Washington Non-Profit Corporation)**

JULY 6, 2000

A special meeting of the members of Port Ludlow Village Council was held, pursuant to proper notice, at the Bay Club. The purpose of the meeting was to vote on the proposed amendments to the Articles and Bylaws of the Corporation.

The meeting was called to order by the Chairman, David Graham at 9:00 a.m. A quorum was declared with nine (9) voting members and one (1) non-voting member present. Present at the meeting were Eugene O. Carmody, Jr., Robert D. Force, David A. Graham, Bert Loomis, Carol Higley Saber, Frang G. Siler, Sally Smith, Richard W. Ullmann, Constance Wilkinson and Della M. Witt.

Frank Siler reported that, of the 622 ballots mailed to voting members, 339 were returned. Four (4) additional ballots were received during the meeting. Three hundred twenty-eight (328) members voted in favor of the amendments and 15 members voted against, for a total of 343 votes. One person declared his intention to vote later in the day. The Board acknowledged that the proposed amendments to the Articles and Bylaws had passed with more than 30 percent of the members voting and more than 66 2/3rds percent voting for the changes, hence, the following Resolutions were adopted:

Amendment and Restatement of Articles of Incorporation

RESOLVED, that it is deemed to be in the best interest of the Corporation to amend its Articles of Incorporation to adopt the following new Articles V, VI and IX to read as follows:

**V. MEMBERSHIP/VOTING MEMBER**

1. The Voting Members of this Corporation shall be derived from all owners of real property, within the Port Ludlow Master Planned Resort area as shown on the diagram, Exhibit A, attached hereto and by this reference made a part hereof. As used herein "owners of real property" includes condominium owners and includes owners of land which has not been built upon.

2. An owner of real property shall become a permanent Voting Member by voting in an annual election for Directors of the Corporation or upon providing written notice to the Board of Directors of the Corporation requesting to become a Voting Member, so long as said notice is tendered no less than 48 hours prior to any meeting at which the new Voting Member

wishes to vote. A Voting Member may withdraw at any time by providing written notice to the Board of Directors or by a transfer or sale of all real property owned by the Voting Member within the Port Ludlow Master Planned Resort area.

## VI. VOTING

1. Each Voting Member shall have one vote on all matters to come before the Membership for vote. A husband and wife, partnership, joint tenants or others owning property in some form of common ownership shall have only one voting membership between or among them without regard for the number of parcels of real property he, she or it may own.

2. Each owner of real property within the Master Planned Resort shall have voting privileges to elect directors to represent the entire community. A husband and wife, partnership, joint tenants or others owning property in some form of common ownership shall have only one vote between or among them for each Director position being voted upon without regard for the number of parcels of real property he, she or it may own.

## IX. DIRECTORS

1. The affairs of this Corporation shall be managed by the Board of Directors. The Number of Directors shall be fixed by, or in the manner provided in, the Bylaws. Neither Directors nor officers shall be paid for their services, but the Corporation may pay all reasonable expenses incurred by such Directors and/or officers in the conduct of their duties.

2. Initially, this Corporation shall have twelve (12) Directors. Olympic Resource Management Co. shall appoint one Advisory Director, the owners of real property within the Village Commercial Center Zone ("Businesses") shall appoint one Advisory Director, the Voting Members owning property in the South Bay Community shall elect four (4) Directors and the Voting Members owning property in the North Bay Community shall elect six (6) Directors. The initial Directors shall hold office and manage the affairs of the Corporation until the election and qualification of their respective successors. The initial Directors are:

<u>NAME</u>	<u>ADDRESS</u>
<u>Eugene O Carmody, Jr.</u>	<u>4 Phinney Lane, Port Ludlow, WA 98365</u>
<u>Robert D Force</u>	<u>61-C North Chandler Court, Port Ludlow, WA 98365</u>
<u>David A Graham</u>	<u>81 Montgomery Court, Port Ludlow, WA 98365</u>
<u>Carol Higley Saber</u>	<u>14 Sea Vista Terrace, Port Ludlow, WA 98365</u>
<u>Frank G Siler</u>	<u>71 Harms Lane, Port Ludlow, WA 98365</u>
<u>Sally Smith</u>	<u>PO Box 65435, Port Ludlow, WA 98365</u>
<u>Richard R Swindler</u>	<u>15 Condon Lane, Port Ludlow, WA 98365</u>
<u>Richard W Ullmann</u>	<u>203 Puget Loop, Port Ludlow, WA 98365</u>

<u>Constance Wilkinson</u>	<u>114 Skiff Lane, Port Ludlow, WA 98365</u>
<u>Della M Witt</u>	<u>20 Gamble Lane, Port Ludlow, WA 98365</u>
<u>Bert Loomis</u>	<u>9500 Oak Bay Road, Port Ludlow, WA 98365</u>
<u>Greg McCarry</u>	<u>PO Box 1780, Poulsbo, WA 98370</u>

3. In subsequent elections for Directors, Directors shall be elected as required so that the number of Directors on the Board from each of the two communities, North Bay and South Bay is proportionate to the respective number of property owners, rounded to the nearest whole number, owning real property in each of the two communities. The total number of elected Directors shall continue to be ten until and unless changed by a vote of the Voting Membership.

RESOLVED FURTHER, that it is deemed to be in the best interest of the Corporation to restate its Articles of Incorporation to set forth all operative provisions of the Articles of Incorporation as heretofore amended, including the new Articles V, VI and IX; and

RESOLVED FURTHER, that the officers of the Corporation are authorized, directed and empowered to execute Articles of Amendment (setting forth the new Articles V, VI and IX) and Restated Articles of Incorporation, and further, to cause such Articles of Amendment and Restated Articles of Incorporation to be filed with the Washington Secretary of State.

#### Amended and Restated Bylaws

RESOLVED, that it is deemed to be in the best interest of the Corporation to amend Article II, Sections 4, 5, 7, and 8, and Article III, Sections 2 and 3, of the Corporation's Bylaws in form and content attached hereto as Exhibit A; and

RESOLVED FURTHER, that it is deemed to be in the best interest of the Corporation to restate its Bylaws to set forth all operative provisions of the Bylaws as heretofore amended, including the foregoing new provisions; and

RESOLVED FURTHER, that the secretary of the Corporation is authorized, directed and empowered to execute the amended and restated Bylaws and place such Bylaws in the minute book of the Corporation.

No further business appearing, the meeting was adjourned.

Respectfully submitted,

*Constance Wilkinson, Secretary*  
Connie Wilkinson  
Connie Wilkinson, Secretary

**Proposed revisions to the Bylaws.**

**ARTICLE II**

**MEETINGS OF MEMBERS**

(Sections 1, 2, 3, 6, and 9 are unchanged.)

**Section 4. NOTICE OF MEETINGS**

A written notice stating the time and place of the annual meeting or any special meeting of the Voting Members shall be delivered personally or mailed, postage prepaid, to each Voting Member or their Trustee or legal representative at [his or her] their address as the same appears in the records of the Corporation[, or if no address appears, at the Voting Member's last known place of residence or business,] at least ten (10) days and not more than (50) days prior to the meeting. A notice of any special meeting of Voting Members shall also state the purpose of such meeting. No action except of an advisory nature shall be taken at a special meeting except as stated in such notice. [~~Notice of all meetings shall be given to the holder of any proxy filed with the Corporation in the same manner as if such proxy holder were a Voting Member.~~]

Notice of regular meetings, other than the annual meeting, shall be made [~~by providing each Voting Member with the adopted schedule of regular meetings for the ensuing year at any time after the annual meeting and ten (10) days prior to the next succeeding regular meeting and at any time when requested by a Voting Member, or by such other notice as may be adopted from time to time by the Board of Directors and approved by the Voting Members.~~] available to each Voting Member upon request.

**Section 8. ELECTION OF DIRECTORS**

**Section 8 A** ~~[Directors will be elected by the Voting Members]~~ **Owners of real property within the Port Ludlow Master Planned Resort shall have the right to elect ten (10) persons to serve on the Board of Directors. Allocation of the ten (10) elected positions between communities will be as determined by the Articles of Incorporation. Additionally, [Ø]one Advisory Member of the Board of Directors shall be appointed by Olympic [Resource Management Co.] Property Group LLC, so long as it maintains a presence as a developer of the Master Planned Resort, and one Advisory Member of the Board of Directors shall be appointed by the owners of real property within the Village Commercial Center Zone ("Businesses"). ~~[Persons owning real property in the South Bay Community and Persons owning real property in the North Bay Community shall have between them the right to elect ten (10) persons to serve on the Board of Directors. Allocation of the ten (10) elected positions will be determined as stated in the Articles of Incorporation.]~~ **Only the elected Directors may participate in voting on issues before the Board, and they are designated as the Voting Directors.****

**Section 8 B** **In the calendar year 2000, prior to or at the annual meeting of members, five (5) Directors shall be elected to a one year term and five (5) Directors shall be elected to a two year term. Prior to or at each subsequent annual meeting, five (5) Directors shall be elected to a two-year term, as per the Articles of Incorporation**

*Reason(s) for change: This brings the Bylaws into line with the Articles of Incorporation, allowing all owners of real property to vote for all Directors. In addition, these changes create staggered two-year terms to insure continuity of membership on the Board of Directors from year to year. This means that in accordance with the Articles of Incorporation, in the year 2000, for a two-year term, three directors will be elected from the North Bay and two Directors will be elected from the South Bay; and for a one-year term, three Directors will be elected from the North Bay and two Directors will be elected from the South Bay. After the year 2000, five Directors will be elected each year for two-year terms, three from North Bay and two from South Bay. At some future date, if the population ratio changes between North Bay and South Bay, the number of Directors from each side of the bay to be elected in a particular year may vary as determined by the provisions of the Articles of Incorporation, Article IX, Section 3.*

*Also in this change, the term voting Director used elsewhere in the text is defined. And, the proper company name of the developer per se and the tenure of their Advisory Directorship are specified.*

*Law Offices*

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**Wendy M. Berry, Paralegal**  
**(206) 224-8296**  
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August 15, 2000

Ms. Sally Smith  
P.O. Box 65435  
Port Ludlow, WA 98365

RE: Port Ludlow Village Council

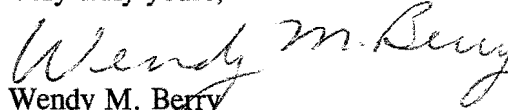
Dear Sally:

Since you maintain the minute book for Port Ludlow Village Council, we enclose the following original documents which should be placed in the minute book for safekeeping:

1. Certificate and Articles of Incorporation of Port Ludlow Village Council filed September 20, 1999;
3. Minutes of Special Meeting of Members;
4. Certificate and Articles of Amendment to Articles of incorporation filed August 2, 2000; and
5. Certificate and Restated Articles of Incorporation filed August 2, 2000.

We have retained copies of the above documents for our file.

Very truly yours,

  
Wendy M. Berry  
Corporate Paralegal

wmb  
Enclosures  
cc: Floyd L. Newland (w/enc.)