

STATE of WASHINGTON



SECRETARY of STATE

I, **RALPH MUNRO**, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF AMENDMENT

to

PORT LUDLOW VILLAGE COUNCIL

a Washington Non Profit corporation. Articles of Amendment were filed for record in this office on the date indicated below.

Restating Articles

UBI Number: 601 981 503

Date: August 02, 2000



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

A handwritten signature in black ink, appearing to read "Ralph H. Munro".

Ralph Munro, Secretary of State
2-903223-2

RESTATED ARTICLES OF INCORPORATION

FILED
STATE OF WASHINGTON

OF

AUG 2 2000

**PORT LUDLOW VILLAGE COUNCIL
(A Washington Nonprofit Corporation)**

RALPH MUNRO
SECRETARY OF STATE

Pursuant to the provisions of the Washington Nonprofit Corporation Act, RCW 24.03.183, the following Restated Articles of Incorporation of PORT LUDLOW VILLAGE COUNCIL, a Washington nonprofit corporation (containing all of the operative provisions of the Articles of Incorporation, as heretofore amended) are submitted for filing:

I. NAME

The name of the corporation shall be Port Ludlow Village Council.

II. DURATION

The duration of this Corporation shall be perpetual unless dissolved by operation of law or otherwise.

III. PURPOSES

The purposes for which this Corporation is formed are:

1. To do, as it determines to be in its best interest, any or all of the following for the direct or indirect benefit of the Port Ludlow community: (a) be a unifying force in the Port Ludlow community and work toward building consensus among the residents, merchants, property owners and others having an interest in the Port Ludlow community; (b) may obtain control of, and maintain and preserve wildlife preserves, trails, wilderness areas, open spaces and similar areas not owned by South Bay Community Association ("SBCA") or Ludlow Maintenance Commission ("LMC") or other entities; (c) may engage in architectural control in areas not under the architectural control of SBCA, LMC or other entities; (d) may obtain by gift, donation, purchase, lease or otherwise real and personal property, tangible and intangible, including operating entities and/or service entities, and to operate such properties or entities, subject to the limitations set forth in Article IV; (e) may engage in lawful political and/or lobbying activities, but only to the extent permitted by a charitable entity qualified under § 501 (c)(3) of the Internal Revenue Code of 1954, as amended; (f) may acquire, own and operate recreational and other facilities; (g) may sponsor and/or promote municipal corporations such as public utilities or port districts and/or charitable organizations qualified

under sections 501 (c)(3) or 501 (c)(4) of the Internal Revenue Code of 1954, as amended. In this context, determination of acts or omissions, which are of direct or indirect benefit to the community, shall be at the sole discretion of the Board of Directors.

2. To engage in other activities lawful for a corporation formed under RCW 24.03 et seq.

IV. POWERS

In furtherance of its purposes, this Corporation shall have all of the powers conferred directly or by implication upon nonprofit corporations by the provisions of RCW 24.03.035, subject to the following limitations: no part of the net earnings of this Corporation shall be distributed to nor inure to the benefit of its Voting Members, Directors, Officers or other private persons; provided, however, that this Corporation shall not be prohibited from paying reasonable compensation to its employees and/or independent contractors nor from paying reasonable consideration for goods and services.

Subject to and without limiting the generality of the foregoing, this Corporation is empowered:

To do any act or omit to do any act lawful for a corporation organized under RCW 24.03 et seq.:

To buy, own, sell, assign, mortgage or lease any interest in real estate and personal property and to construct, maintain and operate improvements thereon necessary or incident to the accomplishment of the purposes set forth in Article III hereof; provided, however, that this Corporation shall not obtain title to, sell or lease real property unless approved by a 60% majority of the total registered Voting Members; either voting in person, by proxy or by mail-in ballot.

Notwithstanding the purposes stated in Article III and the broad general powers given this Corporation, this Corporation does not have the power to engage in any activity which would disqualify it from the benefits of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, as it is intended that this corporation will seek qualification under that section, or Section 501(c)(4) of the Internal Revenue Code of 1954, as amended.

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.

VII. ANNUAL DUES AND ASSESSMENTS

1. This corporation is intended to be funded by donations, gifts, user fees and other fund raising activities. The Board of Directors shall have the authority to accept donations, gifts, establish user fees and sponsor fund raising activities.

2. Assessments may be established and levied on the Voting Membership by a 60% majority approval of the total registered Voting Members; either voting in person, by proxy or by mail-in ballot.

VIII. REGISTERED AGENT AND REGISTERED OFFICE

The name and address in the State of Washington of this Corporation's initial registered agent is:

Floyd L. Newland
1201 3rd Avenue, Suite 2900
Seattle, WA 98101-3028

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.

X. INCORPORATORS

The names and addresses of this Corporation's incorporators are:

<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>

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<u>Della M Witt</u>	<u>20 Gamble Lane, Port Ludlow, WA 98365</u>

XI. BYLAWS

Provisions for the regulation of the internal affairs of the Corporation shall be set forth in the Bylaws of the Corporation.

XII. AMENDMENTS

The Articles of Incorporation may be amended in accordance with the procedures set forth in the Washington Nonprofit Corporation Act, RCW 24.03.165, as may be amended.

XIII. INTEREST OF OFFICERS, DIRECTORS OR OTHERS IN TRANSACTIONS WITH THIS CORPORATION

Any officer, Director or employee ("Interested Persons"), or any firm of which any Interested Person is a partner, or any corporation in which any Interested Person may be an officer, director,

employee or holder of any amount of its capital stock may be a party to or may be interested in any contract or transaction of this Corporation and, in the absence of actual fraud, no such contract or other transaction shall be thereby affected, impeached or invalidated.

No Interested Person shall be liable to account to this Corporation for any profit realized by him from or through any such transaction or contract; provided, that such contract or transaction shall be approved or ratified by the affirmative vote of Directors who are not so interested constituting a majority of a quorum of Directors present at a meeting of the Board of Directors of the Corporation having authority in the premises.

Any Director interested in any contracts or transactions of the types described in the foregoing paragraphs may be counted when present at meetings of the Board of Directors or of any committee for the purpose of determining the existence of a quorum to consider and vote upon any such contract or transaction.

XIV. ELIMINATION OF DIRECTOR'S LIABILITY

A Director shall have no liability to the Corporation or its Voting Members for monetary damages for conduct as a Director except for: 1) acts or omissions that involve intentional misconduct by the Director; 2) a knowing violation of law by the Director; or 3) for any transaction from which the Director will personally receive a benefit in money, property or services to which the Director is not legally entitled. If any provision of Washington law, including the Washington Nonprofit Corporation Act, is hereafter amended to authorize corporate action further eliminating or limiting the personal liability of Directors, then the liability of a Director shall be eliminated or limited to the full extent permitted by the Washington Nonprofit Corporation Act, as so amended, without requiring any action by the Board of Directors or the Voting Members. To that end, the Director's liability shall then be limited to the greatest extent provided by these Articles of Incorporation and existing law or future modifications of law on the subject. Any repeal or modification of this Article shall not adversely affect any right or protection of a Director, existing at the time of such repeal or modification, for or with respect to any act or omission by such Director occurring prior to such repeal or modification.

XV. INDEMNIFICATION

The Corporation shall indemnify its Directors against all liability, damage, or expense resulting from the fact that such person is or was a Director, to the maximum extent and under all circumstances permitted by law, including advancement of expenses, except that the Corporation shall not indemnify a Director against liability, damage or expense resulting from the Director's gross negligence, intentional misconduct or a knowing violation of law which causes damage to the Corporation. This Corporation shall have the power to purchase liability insurance to protect the Directors, Officers and/or employees of this Corporation.

XVI. DISSOLUTION

This corporation may be dissolved by operation of law, or a 60% majority approval of the total registered Voting Members.

XVII. DISTRIBUTION OF ASSETS AT DISSOLUTION

Upon the winding up and dissolution of this Corporation, after paying or adequately providing for the debts and obligations of the organization and returning, transferring or conveying assets required by dissolution to be returned, transferred or conveyed, the remaining assets shall be distributed to a nonprofit fund, foundation or corporation according to Washington law.

These Restated Articles of Incorporation correctly set forth without change the provisions of the Articles of Incorporation as heretofore amended. These Restated Articles of Incorporation supersede the original Articles of Incorporation and all amendments thereto.

DATED: July 31, 2000.

Constance Wilkinson
(Officer's Signature)

Printed Name: CONSTANCE WILKINSON

Title: SECRETARY

Law Offices

KARR • TUTTLE • CAMPBELL

Founded 1904

A Professional Service Corporation

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Please reply to Seattle Office

Wendy M. Berry, Paralegal
(206) 224-8296
wberry@karrtuttle.com

August 15, 2000

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

RE: Port Ludlow Village Council

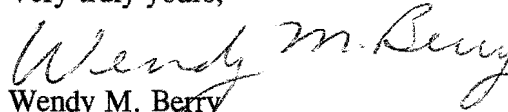
Dear Sally:

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.)