

## **EXHIBIT 5**

**March 2010 Letter from  
SPIC President and Chairman of the Board  
Ronald T. Jepson  
to Shareholders**



**SANDY POINT**  
IMPROVEMENT COMPANY

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March, 2010

To: All Sandy Point Improvement Co. shareholders, A shares and C shares.

From: Ronald T. Jepson, Chairman of the Board of Directors and  
President of Sandy Point Improvement Co.(S.P.I.C.)

**Purpose:**

The purpose of this letter is to clarify for all the shareholders how the management structure of S.P.I.C. works, the responsibilities of the various interested parties and some changes for the future.

**Corporate Structure:**

**General.** S.P.I.C. is a for profit corporation. It was organized under the laws of the State of Washington in April of 1965. It is now and has always been a for profit corporation in good standing. The state law governing for profit corporations can be found at Chapter 23B of the Revised Code of Washington (RCW). The other parameters that govern S.P.I.C. are set forth in its Articles of Incorporation and its bylaws.

S.P.I.C. is not a "Homeowners Association" as defined by RCW 64.38 and is not governed by or subject to the provisions of that statute.

**Shareholders.** The shareholders are the owners of the corporation and by extension its assets. A shareholders ownership interest is defined by the individual ownership of stock shares and the percentage of ownership in the whole is the ratio of the number of shares owned by the individual to the number of shares issued and outstanding.

The structure of S.P.I.C. is such that each lot within the S.P.I.C. complex carries with it one share identified as Class A stock. A second class of stock was issued to the owners of property on west beach and identified as Class C stock. Like Class A stock each west beach lot comes with a Class C share. The Class C shareholder has no ownership interest in S.P.I.C. or its assets and until recently the Class C stock share carried with it only the right to receive water from S.P.I.C. Class C owners were recently authorized to vote for the election of the Board of Directors at the annual meeting and also on water related issues that from time to time come up.

**Right(s) of Shareholders.** The primary function of a shareholder is the sole right to elect the corporation's board of directors at the annual meeting or at a special meeting called for that purpose. A shareholder is entitled to no other involvement in the management of the company.

**Board of Directors.** All or a staggered number of the board of directors is elected at the corporation's annual meeting. The function of the board of directors is the management of the business and affairs of the corporation. The board of directors nominate and elect the officers of the corporation.

**Officers of the Corporation.** The officers of S.P.I.C. include its President, Ronald Jepson, Vice President Gary Kitching, Secretary Suzette Carlson and Treasurer Ken Ehlers.

The **President** is the principal executive officer of the corporation, is subject to the control of the board of directors, and is charged with the responsibility to supervise and control all of the business and affairs of the corporation.

The **Vice President** stands in for the president in the event of his absence or incapacity and performs all other duties assigned to him/her by the president or the board of directors.

The **Secretary** keeps minutes of meetings, issues notices when required and performs other duties assigned.

The **Treasurer** handles all money matters for the corporation and other duties assigned.

### CURRENT CONDITIONS:

S.P.I.C. is now and has always been operated and managed by the officers elected to do so by the board of directors. This structure is mandated by the RCW, the Articles and the Bylaws. The people that are on the board and act as officers of S.P.I.C. do so on a voluntary basis without any compensation whatsoever. This is true now and has been since the inception of S.P.I.C. These volunteers have jobs and families to attend to and their time is precious.

As time goes by things seem to get more complicated. Over the course of the last six or eight months there has developed a very vocal minority of shareholders, who are unhappy with the way S.P.I.C. is operated, and seem intent on imposing their will, their ideas and their agenda on the board and the officers. We receive letters, e-mails and telephone calls demanding certain actions, reforms or information regarding the work of the officers and staff and complaints about the current management of the company. These complaints take a lot of time in between and at the monthly board meeting.

I need to say now that it is not the flow of complaints or suggestions that are the problem. Some of these suggestions are very good and will be implemented. It is the manner in which these things are presented that is bothersome and time consuming. Suggestions are one thing, Demands are quite another. Some demand changes in the companies' management, some "suggestions" come with deadlines set forth for a response.

A few examples of these demands are:

1. Fire Jennifer Clark
2. Hire a "professional" manager and staff to run the company.
3. Change your accounting practices.
4. Open the board further to more participation by these shareholders and grant the shareholders access to the executive (informal) meetings of the officers and/or board called to discuss different business matters.

Management has no intention of firing Jennifer. She is a longstanding, valuable and loyal member of our staff. If you do the math on the hiring of a so-called professional manager and staff that event alone would add \$300 or more to each shareholders annual dues. The management did not think that was a very good idea.

Item 4, above, is a bad idea and makes the management of the company's business much more burdensome and time consuming. The purpose of corporate officers, particularly the office of president, is to consolidate power in one person who has the ultimate decision making authority and the power to delegate tasks to other officers or staff. You can not run S.P.I.C., or any company for that matter, if you have ten, twenty, thirty or more people who think they have authority, should have authority or want to be involved in the corporate decision making process and have the final word on company business decisions. This is a primary reason that the participation of shareholders in the company's business is not authorized.

Suggestions to improve our accounting system and to include in that process annual operating and a capital budget is a good idea and will be implemented.

All factors considered, the present conditions as they exist are stressful and time consuming and things are going to change.

**Changes:**

So that there is no misunderstanding from this point forward I wish to make it clear that S.P.I.C. shareholders, happy or otherwise, do not manage the day to day business of the company, they do not make decisions on staff, salaries or who should be hired or fired, they do not make decisions on water rates, fees, assessments, surcharges or on any other matters involved in the furtherance of the company's business. Shareholders are not elected to represent anyone or anything.

**What corporate shareholders do, and all any corporate shareholders do for the most part, is elect the board of directors at the annual meeting, nothing more and nothing less.**

I know of no other corporation that opens special meetings held by its officers and/or directors to the shareholders. Shareholder participation at these meetings is not mandated nor authorized by law. The single exception is the annual meeting. Subsequent formal special meetings of the board of directors, subject to the giving of written notice or not, with the exception of the annual meeting, will no longer be open to the shareholders until further notice. Informal meetings of all or any number of the board members and/or officers and strategy or executive sessions have never been open to shareholders.

A complaint or suggestion process will be implemented. It will take the form of a written inquiry directed to the offices of S.P.I.C. One or more of the officers or a staff member will be assigned responsibility to review each matter submitted. The officer assigned to decide the merit of the matter will make a recommendation as to how to respond or whether to respond at all. An attempt will be made to provide a timely review and response, when needed, but it must be understood that these matters will be attended to as time permits. Absent extraordinary circumstances or a legitimate emergency a stated deadline for any response will not be well received.

**Conclusion:**

The officers, elected by the board of directors, will continue to carry out the duties and responsibilities they were elected to perform and will continue to manage the affairs of S.P.I.C. to the best of their ability

Thank you,  
Sandy Point Improvement Company

*Ron Jepson*  
Ronald T. Jepson &  
President

Enclosure: [www.mysandypoint.com](http://www.mysandypoint.com)