

After reading the report prepared by Rebound, I must say it is an impressive body of work, however the assumptions and inaccuracies due damage to the content of the document. Rebound is a *for nonprofit* company dealing mostly with union prevailing wage issues. This report was prompted by two of the Ocean Shores Council Members. For the record neither council member reached out to me for any information or explanation. This report is nothing more than a witch hunt and a slap in my face. I am compelled at this point to share with the council my knowledge as well as facts that have transpired over these many years.

I am going to start with a history lesson going back to 1993 for those of you that are newcomers. In April of '93" Ronnie Espedal and I purchased the golf course lease from John Reeves. The original lease by the city for the golf course started in 1985 and all the proceeding leases were for 5 years only until 2005. There were two years left on the lease we purchased from John in 1993. In 1995, Ronnie and I renegotiated a new five-year lease going to 2000. In the lease from 2000 to 2005, Ronnie and I agreed to charge an additional 2.00 on all green fees that was to go directly to the city for capital improvements on the golf course. In 2004 it was brought to the city's attention that the maintenance shop/cart storage building roof needed replacement, (estimate \$24,000.00). Ronnie and I inquired about the city's golf course capital improvement fund for the roof repairs, but the city never set aside those funds and they had no way of financing the new roof. That started a long discussion with city council on the status of the golf course and what were some of the other infrastructure needs at the course. The wisdom and incite of the council at that time in my opinion saved the golf course and helped make it what it is today. That is how the 15-year lease starting in 2005 came to be. Working with the council we came up with 15 capital improvements that we felt were necessary to elevate the golf course to resort status. As the lessor I was responsible to make those improvements and a new rent schedule to my lease was negotiated so that I could recover my costs for the capital improvements. This lease agreement was reviewed by the city's attorney, my attorney and the state auditor. I think this may be "work-in-exchange-for-rent" or barter agreements that were approved by everyone involved including the state auditor. In addition to the 15 improvements, the driving range and club house area were not part of the front nine irrigation but needed to be. An amendment was made, I agreed to do the work for rent credit. Other amendments were made for what is now the skatepark that was listed in my legal description of the golf course property. For liability reasons the city needed to remove that portion of the property from the golf course description. Jerry Ward, a developer, made an offer to the city to purchase a portion of the golf course, what is now holes 13 thru 17 to build a water park and retail spaces. An amendment was signed talking about compensation and replacement of the holes, but the purchase never happened. Now we come to the bridge project which was not maintenance or repairs but rather a total replacement due to the condition of the bridge documented by the engineer. Like what happened back in 2005, the city did not have available money in their budget for the replacement of the bridge. The disruption and possible loss of revenue to the golf course by closing the bridge prompted an immediate solution by the city. So, I stepped up once again and financed the replacement of the bridge "in-exchange-for-rent".

Let's move on to the Phase 1 of the irrigation project. Most of you were there at that September council meeting in 2018 when I proposed having the city purchase the necessary materials for the back nine irrigation and I would supply the labor to do the install. I had numerous talks with the Mayor who in turn had numerous talks with the city attorney and my proposal as presented would not work. Due to the fact that city money from the general fund was going to be used, it must go out to bid. So why was my bid so much lower than the next bid. Two reasons, number one because I am a man of my word about donating the labor and because I knew that I would be doing 90% of this project. As the owner of Turf Care, I am not bound by prevailing wage laws, so the savings is tremendous. However, because

prevailing wage was required, I did have to put some labor costs into my bid. The second reason was as is customary on projects like this, the awarded contractor adds 20% to 30% on all material costs which I did not. Were mistakes made absolutely, I made mistakes as well as did the department of L&I. I will explain this perfect storm as best I can.

After being rewarded the contract I went to the department of L&I in Aberdeen to file my prevailing wage intent. It was the 3rd week in December of 2019. I filed for Turf Care as the general contractor and Ocean shores GC as a sub. At that time L&I was requiring contractors to report wages by paper. What I did not know was that in January of 2020, L&I would go to online reporting only. That information would have been instrumental in preventing numerous problems going forward. What I am about to explain to you never would have happened, had I waited two weeks. When I went to report my wages, I was told that I had to file online only. I had to go online to file a new intent for Turf Care and Ocean Shores GC and pay the intent filing fees again with L&I for both businesses. I called L&I and had an agent specialist help me with the online filing. I explained to him that Turf Care was the prime contractor and Ocean Shores GC would be a sub providing the labor for the project. He filed both intents for me but unfortunately, he listed Ocean Shores GC as the general contractor not Turf Care. Turf Care and Ocean Shores GC were then given a new intent number. The intent number for the Prime Contractor is online with L&I so the subcontractors can reference it when they file. The new online filing intent number for Turf Care was not there, only the paper intent number. Not that it matters because Ocean Shores GC was listed as the prime not Turf Care with the online filing. The subcontractors filed online with the wrong number then had to refile and pay again with the eventual correct number. None of what I have explained to you was my doing, but I was held accountable for getting it straightened out. Now I am trying to navigate the L&I system to fix the problem by emailing numerous different L&I employees during the covid government shut down. All L&I employees were working from home with limited information available to them.

With everything that had transpired combined with my business being shut down, my stress level was beyond anything I had ever experienced. I had \$400.00 in my check book and my \$40,000.00 line of credit with the bank was tapped. If there were ever a perfect storm this was it. My mistakes made were in the interest of speeding up the project, but I never intended to circumvent the system or not comply with L&I. In the L&I electrical penalty, I laid 12/2 wire from the pump shed in an open irrigation ditch to the control box 60' from the shed, only because the ditch was there. I did not have the electrical permit in place before laying the wire, that was the infraction. My son did nothing, he was there at the site when the inspector showed up and was an innocent victim to the tirade the electrical inspector laid on him. He then called me to come to the pump shed as soon as possible. After I arrived, things went sideways from there with the inspector. At the end of it all I paid the penalties and everything with L&I electrical has been resolved. There was a complaint lodged with L&I against Turf Care because of the major mix up on the intent filing. After 6 months of emailing back and forth with the L&I "investigator", she found that I did not pay time and a half for hours worked on Saturday. I made the necessary changes and paid the penalty for incorrect reporting. That was the only violation that she found. She then mailed the city and me a letter of completion. At this point I have a letter of completion from the Washington Unemployment Office, State Revenue Office and the L&I investigator. Now we are at the conclusion of the project and yet another problem has been determined. The L&I "retainage release agent" informed me the risk classification that I filed for the work done was incorrect and I would have to do an amendment to my quarterly finings. I told her that I got the risk classification codes from an L&I agent. She investigated my email history and determined that I was right, I received misinformation from L&I so all penalties and fees would be dismissed. I have made the amendment reports and everything with

L&I is done. I am waiting to receive my final completion letter. Thank you Elsa for inviting me to call you to finalize this matter.

In conclusion when I first read the Rebound report I had to laugh. After all that I have been through, you have got to be kidding me. I have stepped up for the city every time the city found themselves in need. I care more than anyone in this town about the golf course and its members. My commitment to the course has never wavered, and it would be hard for you to find someone else that will put in the hours that I do. Cooperation between the City and whoever is leasing the golf course is crucial to well-being of the course and the city. Three of the present council members will be up for election this fall. I will mobilize my rather large membership prior to election. I can hardly wait to see the results.

Regards, Curt Zander, President
Ocean Shores Golf Course Inc.