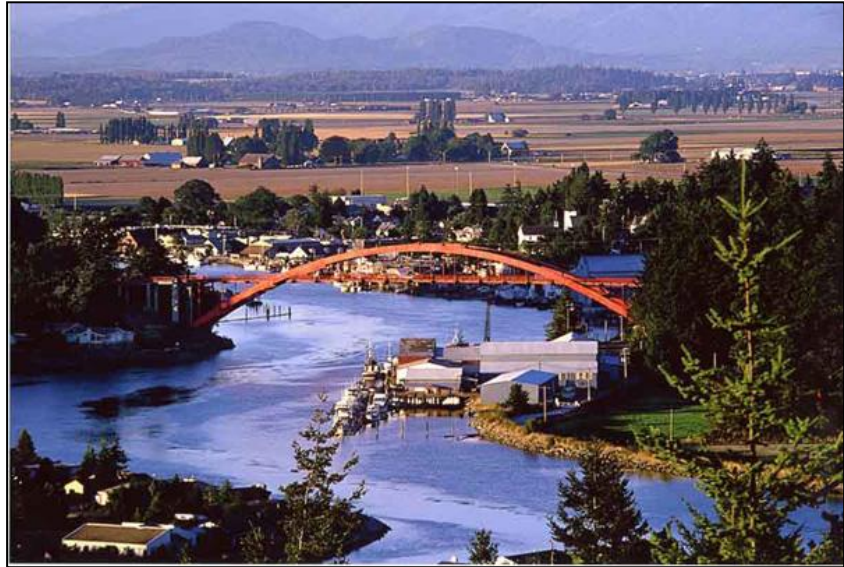


A Brief History of **Shelter Bay**

1967-2013

In 1967 Shelter Bay was just 430 acres of wild marshland and rolling hills on the eastern shore of Fidalgo Island in the southern part of the San Juan Islands, across the man-made Swinomish Channel from the Town of La Conner. Led by Tandy and Laura Wilbur, the Swinomish Indian Tribal Council made the land available to the Osberg Construction Company through a Master Lease arrangement. The Lease was approved by the Secretary of the Department of Interior, Bureau of Indian Affairs and allowed for the development of a community of homes with boating and recreational facilities.



Rainbow Bridge over the Swinomish Channel, Town of La Conner in background.

It took over two years of planning, dredging, filling and building by the Shelter Bay Company – a branch of Osberg Construction – before lots were offered for sale in the spring of 1970. The clubhouse and limited moorage were in place. Other amenities were underway. Lots sold for \$4,150 to \$32,500. Annual lease fees ranged from \$36 to \$156 from 1969 to 1993. Fees were adjusted after 24 years using the Seattle Consumer Price Index and would be adjusted every 10 years thereafter until 2044 according to the terms of the Master Lease.

Building growth started in the 1970's, with 15 homes completed by the end of 1971. There was a surge in 1972 when 52 homes were built. Since then, the average has been 25 to 30 per year. Originally, houses could be as small as 600 square feet; this was later increased to 900 square feet. Today, Shelter Bay contains homes that are as large as 3,000 square feet, and property is in high demand.

- 1970 Lots were bought by people from Vancouver, B.C. to California and from all across the United States. An architectural committee was formed to approve home construction plans. Land for the golf course was cleared and graded.
- 1971 The need to keep lot owners informed resulted in the Shelter Bay Newsletter. Due to Boeing cutbacks, local sales were slow. A 10% discount for cash and free moorage for the first year of ownership were incentives for lot buyers.

1972 Golfers played in the first Annual Shelter Bay Golf Tournament in August on the new course. A security person was hired. The west wing of the clubhouse was built and occupied by Gil Larson and his sales associates. Rural mail delivery began in early 1972.



Dredging the marina and waterfront lots.

1973 Rainbow Park was developed. An open house event of Shelter Bay homes benefited Skagit Preschool for Retarded Children (SPARK). Hundreds of people viewed eight homes for a \$1.00

admission. Shelter Bay was on the way to becoming an integral part of Skagit County. There was now a Member Directory. The clubhouse was made more useful and enjoyable by the addition of 100 chairs and 10 tables. The golf tournament became “A Salute to Summer”, later known as “Fun Day”.

1974 The autumn Shelter Bay Log Book told of seeing golden eagles, black cormorants, quail, and many other birds and hawks. Deer, fox, rabbits and raccoons were everywhere.

1975 Shelter Bay welcomed the first school bus. Ownership of Shelter Bay was transferred from the Shelter Bay Company to the Shelter Bay Community, Inc. From 1970, when the first lots were sold, it was understood that Shelter Bay Company would retain ownership of the Marina. The amenities transferred were the clubhouse, pool, tennis courts, sewer and water system infrastructure, roads, playground, and parks. It would take about three years before Shelter Bay Community became self-supporting. Until that time, the Osbergs made up the shortfall and subsidized expenditures, all the while completing construction. A member of the Osberg family served on the Community’s Board of Directors through 1977. The upper pool and tennis courts were finished. A library was started. Water bills were raised from \$1.00 to \$3.00 quarterly. The Osbergs started a \$1,000 scholarship to be divided among four deserving Swinomish Tribal youths.

1976 Shelter Bay Yacht Club was formed. With donations, the Community purchased a piano. Moorage fees were \$0.40 per foot. A 65-foot flag pole and flag were given to the community by John Osberg in observance of America’s Bi-Centennial. A 150,000-gallon water tower was built on Muckleshoot, the highest point in Shelter Bay.

1977 Lots with owner moorages were sold. A new sales office was built separate from the clubhouse. The west wing of the clubhouse was occupied by our first Community Manager. Eagle’s Nest was purchased from the Eugene Dunlap estate, and subdivided into 13 large acreage tracts. Eagle’s Nest owners became non-voting associate members of the community.

1978 Cable service for television was installed.

1983 Litigation regarding the ownership of Marina and expansion of sewer system was filed against the Shelter Bay Company. The Shelter Bay Board filed an intervening suit to negate the class action portion of the suit. This was settled in 1985 in favor of the Osbergs.

1984 thru 1993 The sewer plant needed to be expanded when the number of homes reached 500. This \$750K project was funded by a special assessment of \$800 from each of the lot owners. The Shelter Bay chorus was formed. Recycling was started. The marina was expanded by the Osbergs, and a harbormaster was hired.

1995 When the sales office was closed, Shelter Bay Community purchased the former realty building, then to be occupied by the Shelter Bay Yacht Club (and now referred to as the "Annex").

1996 Shelter Bay is comprised of smaller recreation cabins as well as more elaborate homes. Young families as well as retirees live in the community. At the close of 1995, there were 705 homes occupied by approximately 1450 residents.

2004 Shelter Bay Community purchased the stock of Shelter Bay Company for \$2 million, and became the sole owner of the Company, the Master Lease, and the commercial operation of the Marina. The purchase was funded by a loan from the Channel Financial Group, LLC, comprised of a small number of Shelter Bay residents who provided the money for the purchase. The community members were then assessed \$1,886 for repayment of the 2-year loan. Ownership of Shelter Bay Company gave the Community Board of Directors the authorization to begin negotiations on an extension to the Master Lease as well as determining the 2003 10-year rent adjustment.

2005 Shelter Bay had 805 homes built or under construction, and the community census is approximately 1,800 residents. Cost of living in Shelter Bay is still modest, with annual sublease rents ranging from \$183 to \$913, depending on view and water frontage. The Community assessment to each lot is \$754 annually. There are 110 private moorage slips, in addition to a 317-slip marina. The Swinomish Tribe adopts Tribal Code, Title 19, Chapter 4 on Shorelines and Sensitive Areas, which impacts many decisions of the community. The Community is recognized as a FireWise community, and hires a goat keeper and 300 goats to eat the blackberry vines in several greenbelts as a means of fire fuels reduction.

2006 The \$2 million loan to the Channel Financial Group is paid in full. A group of members in Division 1, Fee Simple sue the community, complaining that they should not have to pay the full \$1,886 for the purchase of the Shelter Bay Company (Marina and Leasehold) because they are not subject to the leasehold. The complaint is settled outside of court, with an agreement that these 44 member lots will pay only \$829.84.

2008 Parties are unable to determine the master lease 10-year rent adjustment, and the issue goes to full arbitration. The Judge determines the land value at \$19.4 million, resulting in annual master leasehold of \$1,358,000 (7% of land value). The higher rent is due retroactive to July of 2003, resulting in a "Back Rent" plus interest owed of \$7.1 million dollars. Sublessees agree to a special community assessment for Back Rents ranging from \$5,000 to \$20,000 per lot, depending on the assessed land value of the



Mount Baker

specific subleased lot. Members are offered a 60-month payment program, if needed. A new pickle ball court is painted on the upper tennis court, and the sports court near the upper pool is renovated and fitted with a half basketball court and hoop.

2009 Members step up to the plate with payment of the Back Rent assessment, and using 'borrowed' funds internal to the organization, the Back Rent to the Swinomish Tribe and Indian landowners is paid in full – awesome! Many members are still paying on a monthly basis, and these payments are to be used to replenish the borrowed internal funds. A new billing system is implemented, and surveillance cameras are installed at the front gate entrance.

2010 Clubhouse bathrooms are completely remodeled, and ramps installed for access to the office and clubhouse. A new boat launch dock is built by community volunteers and installed adjacent to the launch ramp.

2011 The Swinomish Tribe hosts the “Paddle to Swinomish” Canoe Journey in July. Shelter Bay hosted a “Soft Landing” of 55 Tribal Canoes at the Rainbow Park beach, greeting 400 pullers/paddlers upon their arrival. Numerous Shelter Bay volunteers assisted the Tribe with various tasks throughout the week-long event. Three drainage outfall sites in the North Basin are dredged, removing 740 cubic yards of sediment. Online member account payment capability is implemented.



Canoe Journey Paddlers land their canoes at Rainbow Park on July 25, 2011.

2012 Community survey remains at about 1,800 residents, but the age distribution shows that some residents are aging-out, and younger families are moving in. There are now 836 homes built. A vibrant, new Shelter Bay sign is installed at the corner of Pioneer Parkway and Shelter Bay Drive.

2013 Shelter Bay and the Swinomish Tribe/Indian Landowners agree on the 10-year 2013 rent adjustment under the master lease. The agreement resulted from amicable discussions without the need for costly and contentious arbitration. The land value is now \$29.2 million, with annual rent at 7%, or \$2,044,000.

Today, the Shelter Bay Community would be difficult, if not impossible to duplicate. It has a proud and diverse heritage formed by thousands of volunteer hours. The far-sighted planning and vision of Axel Osberg and sons Allan and John – along with the unflagging efforts of the residents of Shelter Bay – have resulted in today's vibrant, still-growing community, the pride of Skagit County.



*“Home is the sailor, home from the sea.
and the hunter is home from the hill.”
Robert Louis Stevenson*