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MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF LUDLOW MAINTENANCE COMMISSION, INC.

March 13, 2010 – 9:00 a.m. – Bay View Room

Trustees: Elizabeth Van Zonneveld, Jim Boyer, Vaughn Bradshaw, Teddy Clark, Hugh Jenings, Jr., Stan Kadesh, Michael Larkin, Paul Moseley, and Tom Satterlee.

President Van Zonneveld called the regular board meeting to order at 9:05 a.m. Roll call was called by Secretary Michael Larkin. All trustees were present with the exception of Trustee Bradshaw who attended via telephone. General Manager Brian Belmont was also in attendance. A quorum was present.

Member Comments: Ned Luce commented on the Heart of Service Award sponsored by the East Jefferson Rotary Club and the Peninsula Daily News. Don Cooper discussed his recommendation to change Article III of the LMC bylaws.

President's Remarks: President Van Zonneveld announced the Board of Trustees meetings and all meetings of the LMC are recorded for transcription and accuracy. The meetings are not operated entirely by Roberts Rules of Order, but a general parliamentary procedure will be followed. President Van Zonneveld stated it is her policy not to vote as President unless required to break a tie. Following Board discussion, the Trustees allows time for member comments. Participants are asked to wait until recognized, go to the podium to use the microphone, announce their name, and speak one at a time. Motions will be disposed of as they occur. The Trustees will go into executive session later today to review personnel and legal matters.

Changes to the Agenda: The procedure LMC follows to handle late assessments was added under New Business.

Approval of Minutes: *Trustee Kadesh made a motion to approve the February 13, 2010 regular meeting minutes. The motion was seconded by Trustee Satterlee and carried 7:0:2, with Trustee Boyer and President Van Zonneveld abstaining. 10-03-01*

Trustee Satterlee made a motion to accept the executive session minutes, of February 13, 2010. The motion was seconded by Trustee Kadesh and carried 5:0:4, with Trustees Boyer, Jenings, Moseley and President Van Zonneveld abstaining. 10-03-02

Manager's Report – Brian Belmont

The trustees have been provided the February 28, 2010 financial statements and delinquency list. In the Trustees' packet, Mr. Belmont included a copy of a letter he had sent to the LMC's attorney, asking for collection assistance on the 14 properties that have an outstanding balance in excess of \$1,000.

Year-to-date 91% of this year's assessments have been collected. At this time last year we had collected 93% and in 2008 we had collected 96%.

Mr. Belmont recently learned the revised Code of Washington 64.38, which regulates homeowner associations, was amended in July of last year. Two new sections were added to the

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statute. One addition was 64.38.055, which addresses governing documents and the regulation of solar panels. The other addition was 64.38.060, which addresses the operation of Adult Family Homes. Complete copies of RCW 64.38 have been distributed to the trustees.

The outdoor pool was pumped down to reduce the total dissolved solid reading in the pool water. This is in preparation for our mid May opening. While the water level is lowered, LMC is getting bids for resurfacing of the outdoor pool. In addition to the resurfacing, the water returns, perimeter drain, and water-line tile all need to be replaced. This will be a reserve funded project. Because this outdoor project is weather dependant, consideration needs be given as to when this month-long project is scheduled. Next spring is a possibility, as is this fall after the outdoor pool closes for the season.

As reported last month, Mr. Belmont will be out of the office March 18 and 19 to attend a Community Associations Institute continuing education class in Bellevue.

Mr. Belmont reported that based on documentation he had received from PLA; the date for termination of the West Parking Lot Agreement is January 1, 2013.

COMMITTEE REPORTS:

Architectural Committee (ACC) – Bill Clark, Chair & Dwayne Wilcox, Chair - CRC

Mr. Clark discussed a recent case related to installation of a solar panel and the WA State law passed last year that forbids homeowners associations from prohibiting solar panel installation.

Mr. Clark provided background on the draft revision of the Trees and Views Regulation under consideration and discussed comments received by the ACC from the members. Lengthy discussion followed. Dwayne Wilcox, Chair of the CRC, stated the March 11, 2010 draft of the Trees and Views Regulation had been reviewed by the ACC and CRC and did not require further review by those committees. Lengthy discussion continued.

Trustee Jenings made a motion to remove the temporary moratorium on all cases related to trees and views pending with ACC, to allow that committee to deal with those issues whether or not the draft Trees and View Regulation is passed. Trustee Moseley seconded the motion.

Discussion followed. The vote resulted in a 4:4 tie, with Trustees Boyer, Jenings, Moseley and Satterlee in favor and Trustees Bradshaw, Clark, Kadash and Larkin against. The tie vote was broken by President Van Zonneveld with a vote against and the motion failed. 10-03-03

Discussion continued.

Trustee Moseley made a motion for the Board to reject the draft Trees and Views Regulation, as submitted by ACC and the CRC, dated March 11, 2010, and send it back to the ACC with a request for a revision that is consistent with our current regulation. Trustee Jenings seconded the motion. President Van Zonneveld stated the question had been called. The motion failed 3:5:1, with Trustees Boyer Jenings and Moseley in favor and Trustees Bradshaw, Clark, Kadash, Larkin and Satterlee against. President Van Zonneveld abstained. 10-03-04

Trustee Satterlee made a motion to accept the revised March 11, 2010 draft of the Trees and Views Regulation as a first reading, with forwarding of the document to the LMC attorney for review and comment. Trustee Kadash seconded the motion. Lengthy discussion followed with

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input by members in the audience. The motion carried 5:3:1, with Trustees Bradshaw, Clark, Kadesh, Larkin and Satterlee in favor and Trustees Boyer, Jenings and Moseley against. President Van Zonneveld abstained. 10-03-05

The meeting recessed at 10:40 a.m. and reconvened at 10:50 a.m.

Communications Committee (CC) – Barbara Berthiaume, Chair

Ms. Berthiaume stated from a volunteer standpoint she believes there are communication problems within the Board of Trustees and stressed the need for the Communication Committee to be kept informed. The development of a process or procedure by the Board when undertaking major decisions and a more formalized process of how information gets out to the community would be helpful.

Discussion followed. President Van Zonneveld stated the Board is looking out for everyone, for the best way to protect property values, protect land from erosion, and find ways to develop language that people can understand and live with and to be fair to both sides. Discussion continued.

The next CC meeting will be held on March 18, 1010. Members are welcome to attend.

Finance Committee (FC) – Ian Feltham Chair

Mr. Feltham reported bank balances: Columbia Bank (formerly American Marine) (\$225,000), Kitsap Bank (\$301,000) and Frontier Bank (\$245,000). The FC agreed to use the Bank of America for the overage of operating funds in Kitsap Bank, to lower the Kitsap deposit to \$250,000.

Trustee Jenings made a motion for the Trustees to sign a resolution for Bank of America in Port Hadlock, to open an account for operating funds and any overages in reserve funds at other banks now being used by LMC. The motion was seconded by Trustee Satterlee. The motion carried 7:1:1, with Trustee Moseley opposed and President Van Zonneveld abstaining. 10-03-06

The FC recently discussed a resolution to waive the requirement for an annual audit.

Mr. Feltham reported the Operations Committee sent a recommendation to the FC, that LMC offer a one-month contract for qualified renters and visitors for \$100 per month, plus tax, up to the maximum amount of a contract membership. The FC was in agreement and recommended the Board offer this special monthly contract membership to eligible people.

Trustee Kadesh made a motion to adopt the recommendation of the OC and FC, to allow monthly contract memberships in addition to the annual contract membership option, including long-term rentals and, where appropriate, to short-term rental guests, at \$100 per month, plus tax. Trustee Kadesh amended his motion to include sending the matter to the CRC for review and comment. The motion was seconded by Trustee Bradshaw. Discussion followed. The motion carried 8:0:1, with President Van Zonneveld abstaining. 10-03-07

Mr. Feltham reported the LMC attorney has not yet responded to a letter related to the handling of bankruptcies and foreclosures. Discussion followed.

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Greenbelt Committee (GBC) –Ted Buehler, Chair

Mr. Buehler discussed the previously planted trees in the greenbelt area near the RV lots. Problems with these 30' - 40' trees were discussed by the GBC and it was their recommendation that all these trees be removed and replanted with low shrubs to give privacy without the hazards.

The previously maintained greenbelt area at the corner of Swansonville and Oak Bay Road was discussed. Many small red cedar trees are available for transplanting to anyone interested.

The GBC continues to work on clarifying a recommendation for guidelines for volunteers working in the greenbelt areas. Placement of the previously Board approved Liability Waiver and Release for GBC Volunteers in the GBC Policies & Procedures was discussed. President Van Zonneveld stated that before deciding on placement, the matter should go to the CRC for review and comment.

Operations Committee (OC) – Jim Goode, Chair

Mr. Goode discussed the recent break-ins at the Talbot RV Lot and the electrical problem, mainly in the Rainier RV Lot. Large trees along the RV fence line are becoming a problem.

On February 26, 2010, a meeting was held at the Beach Club. RV tenants, homeowners in the surrounding area of the RV lots and members of the OC attended. Jefferson County Sheriff Tony Hernandez was the featured speaker and provided input about how thieves work in our area.

The OC is investigating options that will make the RV lots more secure. On March 16, Double D Electric will give a presentation to the OC.

Required repairs to the outdoor swimming pool will be discussed as more information becomes available.

NBLOA: No report.

PORT LUDLOW VILLAGE COUNCIL (PLVC) – President Van Zonneveld

President Van Zonneveld stated it was important to LMC to be apprised of any conversations the PLVC might have with Jefferson County, etc. The PLVC is short one representative from the North Bay. Interested parties should contact PLVC President Tony Simpson, or PLVC members Jim Boyer, Elizabeth Van Zonneveld or Larry Nobles.

LONG-RANGE PLANNING COMMITTEE – President Van Zonneveld for Michael Cahn, Chair – To be included in President Van Zonneveld's Board Goals Report.

CORRESPONDENCE: Secretary Larkin

Letters received since the previous LMC Board meeting included: 13 letters related to trees & views were received from: Ron Gregory, Dr. & Mary Babaian, Jim Schamadan, Dea Houghton,

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Mike & Olga Wilson, Jim Wilkerson, Willard Rose, Maelyn McKinnley, Irene White, Pat Herbig, Bruce Eddy, Dave Williams and Ted Buehler.

One letter was received with a nomination for the Big John Award.

UNFINISHED BUSINESS:

Rules & Regulations – Appeal Time Limits – Pending CRC review.

ACC Policies & Procedures – Pending CRC review.

2009-2010 Board Goals – Status Report – President Van Zonneveld – One of the major Board goals this year included review and updating of the policies and procedures of each of the various standing committees with recommendations to the Board. A Long-Range Planning Committee was set up. This committee has been meeting regularly all winter, but they do not expect to complete their draft proposal prior to the annual meeting in April. Mr. Cahn stated one of the most important things the Trustees can do is establish a long-term goal and that, along with the Board Mission Statement currently in development, seemed to be a high priority going forward.

Mr. Belmont discussed the need to include long-term planning for the Beach Club and recreational facilities.

President Van Zonneveld reported she had received a verbal request from the South Bay Club President about a way in which the two clubs might be open to each other for a year as a pilot project. Discussion followed. The matter will be discussed further at a Board discussion session.

Reporting on the recent 2020 Group meeting, Trustee Boyer stated 42 people attended this meeting to brainstorm the direction and the future of the Port Ludlow Community as a whole. How cooperation with PLA might influence the final build-out and completion of both the commercial center area and areas around the southern border of LMC was discussed. Community unification and stronger governance for the entire community was a top goal amongst the discussion groups. Future discussion groups will be held.

Temporary Moratorium on View Obstruction Relief – Trustee *Jenings* made a motion to end the temporary moratorium on view obstruction relief cases already before the Board. The motion was seconded by Trustee *Moseley*. The motion carried 7:0:2, with Trustee *Bradshaw* and President *Van Zonneveld* abstaining. **10-03-08**

Trustee Jenings made a motion to end the temporary moratorium on view obstruction relief cases that are pending with the ACC. The motion was seconded by Trustee *Moseley*. Lengthy discussion followed. The vote resulted in a 4:4 tie, with Trustees *Boyer, Jenings, Moseley* and *Satterlee* in favor and Trustees *Bradshaw, Clark, Kadash* and *Larkin* against. The tie vote was broken by President *Van Zonneveld* with a vote against and the motion failed. **10-03-09**

Discussion continued.

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County Ordinance Regarding MPR – single family zoning – Trustee Kadesh provided background on this County Ordinance. The following is proposed to be added as a note to Regulation I, Article I, Restrictions & Requirements: “Jefferson County Port Ludlow Master Plan Resort Code dictates which properties are permitted to conduct transient accommodations for periods of less than 30 days. Only Admiralty I, Admiralty II, Townhomes and the Pin Tail House are permitted to have transient accommodations for periods less than 30 days. Contact the Jefferson County Department of Community Development for additional information.”

The addition of the above-referenced note is to inform LMC members of the Jefferson County Code that relates to short-term rentals within the Master Plan Resort (MPR).

Trustee Kadesh made a motion that the proposed amendments to Regulation I, Article I, Restrictions & Requirements, in the form of a note, and proposed amendment to Regulation IV, Article I, items 5. & 6., be amended as proposed in the March 2, 2010 draft. Trustee Satterlee seconded the motion. Lengthy discussion followed. The motion carried 8:0:1, with President Van Zonneveld abstaining. 10-03-10

The meeting recessed at 12:30 p.m. and reconvened at 12:45. Trustee Boyer left the meeting during the break.

Communications Chair Barbara Berthiaume addressed the meeting and suggested the Trustees consider handling controversial issues, including trees, views, etc., in a way that would allow the community to hear Board positions on issues and allow community input on multiple levels and to have clear discussions on items of interest to the community. Ms. Berthiaume offered to include this subject on the agenda of the next CC meeting at the Bridge Deck at 3:00 p.m. on Thursday, March 18. The Trustees were invited to attend.

Inclusion of Facility Rules into Regulation IV - Mr. Belmont provided background and discussed incorporation of the previously Board approved Facility Rules into Regulation IV of the LMC regulations document. Newly developed rules related to the tennis courts and exercise equipment was discussed. Initially the Operations Committee had prepared a draft of the proposed inclusion and the draft was then sent to the CRC for review and comment. Mr. Belmont explained the inclusion process and any final changes recommended by the CRC.

Trustee Larkin made a motion that the revisions for Regulation IV, as reviewed by the CRC, be adopted by the LMC Board. The motion was seconded by Trustee Kadesh. Discussion followed. The motion carried 7:0:1, with President Van Zonneveld abstaining. 10-03-11

PLVC Trail Maintenance Agreement – President Van Zonneveld reported this matter is in process with the Greenbelt Committee. Discussion followed. Greenbelt Policies & Procedures have been sent to the CRC.

President Van Zonneveld asked Trustee Jenings and Mr. Belmont to meet with CRC chair, Dwayne Wilcox, to review the list of open items with the CRC.

President Van Zonneveld, with Trustee approval, asked Secretary Larkin to respond and thank the members who took the trouble to review and write about the draft of the Trees and Views Regulation.

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NEW BUSINESS:

2010 Annual Meeting Preparation – Mr. Belmont – Mr. Belmont provided a thorough explanation of the annual packet material that will be sent to the membership prior to the Annual Meeting in April. The packet includes a President's Letter, Notice of Annual Membership Meeting, a form to the five owners who own a condominium and a lot (to decide whether they vote as a condo or lot owner), Lot Owner Proxy Ballot, Annual Audit Ballot, Condominium Proxy Ballot, and Ballot Information including biographies of candidates.

Trustee Bradshaw made a motion that the LMC Board recommends to the membership the annual audit for 2009 be waived. The motion was seconded by Trustee Kadash and carried 7:0:1, with President Van Zonneveld abstaining. 10-03-12

Discussion followed. Trustee Moseley stated he would like to become candidate for the Board of Trustees representing the condominiums. Lengthy discussion continued.

Trustee Bradshaw made a motion that the Board establish a service committee to investigate whether there is enough support from condo owners to go forward with a proposed proposal to eliminate the separate classes of the condominium and lot owner members, and what language would be require in order to change the Bylaws and Articles of Incorporation. The motion was seconded by Trustee Larkin. Discussion followed. The motion carried 4:3:1, with Trustees Bradshaw, Clark, Kadash and Larkin for and Trustees Jenings, Moseley and Satterlee opposed. President Van Zonneveld abstained. 10-03-13

Trustee Satterlee made a motion that the Board announce it is in favor of pursuing the elimination of the two classes of membership in the LMC. The motion was seconded by Trustee Jenings. Discussion followed. Trustee Boyer rejoined the meeting by telephone at 1:55 p.m. The motion carried 6:1:2, with Trustees Boyer, Jenings, Kadash, Larkin, Moseley and Satterlee for, Trustee Bradshaw against and Trustee Clark and President Van Zonneveld abstaining. 10-03-14

Trustee Boyer discontinued his participation in the meeting following the preceding vote. *Trustee Moseley made a motion to put to the members a straw vote in the ballot package, to inquire if they would be in favor of amending the LMC bylaws, specifically Article III, Board of Trustees, to allow all Board members to be elected by an at-large vote of the membership regardless of class. The motion was seconded by Trustee Jenings. Discussion followed. The vote resulted in a 3:3:1 tie, with Trustees Jenings, Moseley and Satterlee in favor and Trustees Clark, Kadash and Larkin against. The tie vote was broken by President Van Zonneveld with a vote against and the motion failed. Trustee Bradshaw abstained. 10-03-15*

Trustee Jenings made a motion that all biographies be submitted in #12 font and single-spaced. Trustee Moseley seconded the motion. Discussion followed. The motion failed 2:4:2, with Trustees Jenings and Moseley in favor, Trustees Bradshaw, Clark, Kadash and Larkin against and Trustee Satterlee and President Van Zonneveld abstaining. 10-03-16

Trustee Bradshaw made a motion to accept the packet for the Annual Meeting, as amended. Trustee Clark seconded the motion and it carried 7:0:1 with President Van Zonneveld abstaining. 10-03-17

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LMC Mission Statement – T. Clark & V. Bradshaw – This matter will be discussed under Old Business at the next Board meeting.

Late Assessment Policy – Trustee Moseley discussed his views related to the late assessment policy. Mr. Belmont explained the handling of delinquent accounts, as set forth in the Delinquent Assessment Collection Policy adapted by the Board of Trustees on May 9, 2009. Discussion continued.

The general meeting was recessed and the Board proceeded into executive session at 2:25 p.m. to discuss personnel and legal matters.

The general meeting reconvened at 3:10 p.m.

Trustee Jenings made a motion to select Peggy Schafran for the Big John Award. The motion was seconded by Trustee Kadash and carried 7:0:1 with President Van Zonneveld abstaining.
10-03-18

President Van Zonneveld stated that because the Board had lifted the moratorium on cases before the Board, the Secretary should write to the parties involved and inform them that the Trustees have lifted the moratorium and intend to resume resolving those cases through negotiation, which had been underway previously. Lengthy discussion followed related to the two cases before the Board.

There being no further business to come before the Board, President Van Zonneveld adjourned the meeting at 3:20 p.m.

Respectfully submitted,
Michael Larkin, Secretary
Ludlow Maintenance Commission, Inc.

Prepared by Carol Shamhart
LMC Recording Secretary