

APPROVED

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

November 15, 2008 – 9:00 a.m. – Bay View Room

Trustees: Jim Boyer, Vaughn Bradshaw, Ian Feltham, Hugh Jenings, Jr., Stan Kadesh, Paul Moseley, Art Moyer, Jerry Nelson, and Elizabeth Van Zonneveld.

President Boyer called the special meeting of the board of trustees to order at 9:05 a.m. Roll call was conducted by President Boyer. Trustee Bradshaw attended the meeting via speaker phone. Trustee Nelson was absent.

Appeal Hearing – President Boyer announced the primary purpose of this meeting was to hear the appeal of the Architectural Control Committee's (ACC) decision related to view maintenance on property located at the corner of Fleet Dr. and upper Pioneer Dr. The applicant in this matter was Mr. Daniels (2-3-112), and the appeal was filed by neighbors Ted Buehler (2-3-105), Mr. & Mrs. Slattery (2-3-092), Mr. & Mrs. Hubbard (2-3-103), and Mr. & Mrs. Robson (2-3-106).

ACC alternate member, Sharron Sherfick, presented for the ACC. A special ACC meeting was called on Thursday, November 13, to prepare for this appeal. Following the reading of the LMC's attorney opinion letter, the committee voted unanimously that they would change their previous decision. The following changes were to be implemented as a condition for reversal of the ACC's previous decision: (1) compliance with the drainage requirements proposed by the Port Ludlow Drainage District, (2) Mr. Daniels will agree to clean up all debris, restore excavated areas and tire marks to prevent erosion, monitor and prevent the growth of noxious weeds and invasive shrubs such as scotch broom, and (3) Mr. Daniels must agree to maintain a drainage system that is free of clogging from dirt, leaves and other debris.

ACC's rationale for this decision was that the LMC attorney had made it clear that Covenant IV can be interpreted to allow the cutting of trees on undeveloped lots after a tree-cutting plan has been approved by the ACC. The applicant is the owner of the lot in question and the lot owner has come to an agreement with his neighbors to voluntarily apply to have the trees cut on his land. Tree cutting was requested to restore photographically documented views that have been obscured by the trees proposed to be cut.

Discussion followed. Trustee Moyer asked how the LMC would be able to enforce the removal of noxious weeds and continue the removal of them in the future. Lengthy discussion continued.

Trustee Jenings made a motion that the trustees find in favor of the appellant and request the ACC notify the appellant of LMC's decision and add any agreed upon stipulations that have been discussed with the appellant related to the subject property. Trustee Moyer seconded the motion. Call for the question was made and seconded. The discussion was ended by a vote of 5:3 with Trustees Bradshaw, Kadesh and Van Zonneveld opposed.

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At this point in the appeal, Mr. Ross Robson spoke to the Trustees. Mr. Robson stated that in light of the new information from the LMC attorney, and the action by the ACC on November 13, he was withdrawing the appeal on behalf of the appellants.

President Boyer announced he will instruct the ACC to modify the conditions of this matter and will immediately send out an appropriate letter to all parties.

Motions previously made by Trustee Jenings and seconds previously made by Trustees Moseley and Moyer were withdrawn.

Mr. Robson thanked the ACC and the trustees for their participation in this matter.

Discussion followed related to the conditions of approval and how it relates to Mr. Daniels, owner of the subject property.

ACC Chair Replacement – President Boyer announced he had received a formal resignation from ACC chair Bill Lazarus. *Trustee Moyer made a motion to accept Mr. Lazarus' letter of resignation and nominated Sharron Sherfick as chair of the ACC. The motion was seconded by Trustee Jenings. The motion carried unanimously. 08-11-09*

Newly appointed ACC chair, Sharron Sherfick, stated she would draft a letter to Mr. Daniels specifying the terms and conditions under which the approval of his request has been granted. She will circulate the draft letter to all of the ACC members over the weekend, in hopes that the letter can be mailed to Mr. Daniels and the other appellants on Monday. A copy of the letter will be sent to the board.

President Boyer recessed the meeting at 9:52 a.m. and reconvened at 10.03 a.m.

LMC member, Anita Weakly, addressed the trustees and presented them with a copy of a book dealing with healing and personal relationships, community, environment, etc.

Review of 2009 LMC Budget – Brian Belmont – Mr. Belmont announced they would be working on the November 11 version of the LMC budget for 2009. A copy of the November 11, 2008 budget for 2009 was provided to each trustee. A draft of the budget had previously passed through the Operations and Finance Committees.

Mr. Belmont reported there are 1090 LMC units that will be assessed properties in 2009. The member assessment per unit for 2009 will be \$458.13, which is a 4.56 % increase over the 2008 assessment. Total funds generated from these assessments are \$499,361.70. With an anticipated 1% delinquency, the final figure is \$494,368.08

Forty contract members have been factored in the budget for 2009. The assessment for the contract members is proposed to be \$538.98. Grouped in with the contract members are the long term and any short term rental guest fees that LMC collects. These fees are currently being reviewed by the Operations and Finance Committees and may change in the near future.

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Because contract member and long and short term rental guest fees are non-member revenue, they are potentially taxable income at 15%. Washington state sales tax is also charged on non-member revenue. Because LMC may be paying 15% on this money, this type of assessment is set at a point that if LMC is taxed, we will still clear what the other homeowners are paying for their annual assessments. Discussion followed.

Six units are projected to be in the rental pool that is managed by PLA in 2009. Discussion continued.

Mr. Belmont discussed the proposed 2009 LMC budget line by line, beginning with expected revenue to LMC in 2009. Discussion was held from time to time during Mr. Belmont's presentation. It is estimated that \$49,523.72 would be transferred as a reserve allocation from the 2009 assessment revenue. Discussion proceeded.

President Boyer announced he had received a request from Helen Cotta, a member of the Port Ludlow Village Council (PLVC), to use LMC's mailing list to send out an email about the Department of Natural Resources (DNR) and Pope Resources proposed land exchange. Discussion proceeded. President Boyer suggested LMC inform LMC members where to get this information. Discussion continued. *Trustee Kadesh made a motion to not include the LMC email for distribution of the DNR information. President Boyer seconded the motion and it carried by a vote of 7:1 with Trustee Bradshaw abstaining. 08-11-10*

Mr. Belmont will notify Ms Cotta of the board's decision.

Mr. Belmont resumed discussion of the LMC 2009 budget, with trustee participation.

In the 2009 budget, under operating items, the trustees directed Mr. Belmont to add \$500 to the proposed \$500.00 for the Gazebo furniture, bringing the total to \$1,000.

Following a straw vote of the trustees, it was decided that the board did not need to recess to executive session for additional discussion related to employee payroll. The special meeting continued.

Trustee Feltham made a motion that in accordance with Bylaws Article III, Section 8 (c), the 2009 annual assessment for all LMC properties is set at \$458.13. The motion was seconded by Trustee Moyer and carried by a majority vote 8:0. 08-11-11

Trustee Feltham made a motion that the LMC 2009 operating budget, as presented in the draft dated November 11, 2009, be approved as amended and a summary of which be mailed to all LMC members. The motion was seconded by Trustee Moyer and carried by a majority vote 8:0. 08-11-12

Trustee Feltham made a motion that the 2009 contract member assessment, long term rental assessment and the resort assessment be set at \$538.99 plus state sales tax for a total of \$584.27. The motion was seconded by Trustee Moyer. Discussion followed. The motion carried by a majority vote 8:0. 08-11-13

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Trustee Feltham made a motion to accept the proposed pay rate increases for all non-exempt LMC employees, as presented in the 2009 budget packet dated November 11, 2008. The new pay rates are to be effective January 1, 2009. The motion was seconded by Trustee Moyer. The motion carried by a majority vote 8:0. 08-11-14

Trustee Feltham made a motion to accept the proposed salary increase for the General Manager, as presented in the 2009 budget packet dated November 11, 2008. The General Manager's new salary is to become effective January 1, 2009. The motion was seconded by Trustee Moyer and carried by a majority vote 8:0. 08-11-15

Mr. Belmont discussed the contents of the upcoming mailing to the LMC members. This includes the Assessment Notice, Letter from the President, Budget Ratification Proxy Ballot, Budget Summary, and Delinquent Assessment Policy. Also included with the Budget Summary are variance notes to explain to the members why there are some significant variances on the 2009 budget and also the significant differences between 2008 and 2009. Mr. Belmont asked the trustees to review these documents. Discussion about the Budget Ratification Proxy Ballot followed. Trustee Van Zonneveld stated the proxy ballot needs to state a member must be represented in person or by proxy for your vote to count. If you assign a proxy, your proxy-holder must be in attendance. Mr. Belmont will add that language to the proxy ballot above the instructions in bold letters. Lengthy discussion continued. The CRC will review the proxy ballot language for further clarification prior to the 2009 LMC annual meeting.

Discussion continued with the recommendation that in the President's Letter, the members should be informed that as a result of last year's member vote, an audit of the 2007 budget year, at a cost \$4,000, was completed with no major problems identified. The final auditor's report will be published in the winter issue of the LOG. Discussion continued.

President Boyer discussed a proposed survey to the members, requesting their input related to a request for two easements on greenbelt property owned by LMC at the corner of Osprey Ridge Dr. and Oak Bay Rd. Options include granting an easement, selling an easement, or selling the property and what those different options entail and what it might take to get any of them finalized. Discussion followed about the survey and the pros and cons of the sample survey provided by the ad hoc committee.

Trustee Moyer made a motion to delete from the page titled Land Use, "We do not recommend this option." from statement #1 and to add, in parenthesis, "The ad hoc committee recommends this option." in statement # 5. The survey would then be sent out as is with these two deletions in the budget package. The motion was seconded by Trustee Jenings. Discussion followed. The motion carried 4:3:1 with Trustees Boyer, Van Zonneveld and Kadesh opposed and Trustee Bradshaw abstained. 08-11-16

Trustee Kadesh made a motion to hold a community forum at the Beach Club for this topic, using a question and answers format to openly discuss this subject, along with photographs and diagrams available at that time. The forum is to be scheduled as soon as possible. President Boyer seconded the motion. Discussion proceeded. The motion carried unanimously. 08-11-17

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Discussion continued.

Trustee Kadesh made a motion that the survey is not to be mailed to the membership until after the community forum. The motion was seconded by Trustee Van Zonneveld. Discussion followed. Trustee Kadesh called for the question. The motion failed with Trustees Kadesh and Van Zonneveld voting for and the remaining trustees voting against. Trustee Bradshaw voted via speaker phone. 08-11-18

Trustee Jenings made a motion that the survey be sent out with the mailing that includes the budget packet. The motion was seconded by Trustee Moyer. The motion carried by a majority vote 6:2 with Trustees Kadesh and Van Zonneveld opposed. Trustee Bradshaw voted via speaker phone. 08-11-19

Trustee Moyer made a motion to adjourn the special meeting. The motion was duly seconded, and the motion carried unanimously. The meeting was adjourned at 12:45 p.m.

Respectfully submitted,

Vaughn Bradshaw, Secretary
Ludlow Maintenance Commission, Inc.

Prepared by Carol Shamhart
LMC Recording Secretary