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

November 24, 2010 – 8:30 a.m. – Bay View Room

Trustees: Elizabeth Van Zonneveld, Richard Babaian, Jim Boyer, Vaughn Bradshaw, Teddy Clark, Glee Hubbard, Stan Kadesh, Michael Larkin and Sharron Sherfick.

President Van Zonneveld called the regular board meeting to order at 8:35 a.m.

Call to Order: Trustee Larkin called the roll. All trustees were present with the exception of Trustees Boyer and Hubbard. Trustees Babaian and Bradshaw attended via electronic means. General Manager Brian Belmont was also in attendance. A quorum was present.

Changes to the Agenda: None.

Opening Remarks: All meetings of the LMC are recorded for transcription and accuracy. Meetings are not operated entirely by Roberts Rules of Order, but a general parliamentary procedure will be followed. Skype is used occasionally to allow board members to participate while out of town. It is not President Van Zonneveld's policy to vote on a matter before the board except to break a tie. Members wishing to address the board 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.

Member Comments: None

Approval of Minutes: *Trustee Babaian made a motion to approve the second draft of the regular Board minutes of October 28, 2010. The motion was seconded by Trustee Larkin and carried 6:0:1, with President Van Zonneveld abstaining. 10-11-01*

STAFF & COMMITTEE REPORTS:

Manager's Report – Brian Belmont – Mr. Belmont announced the trustees will go into executive session at approximately 9:30 a.m. to discuss employee benefits for 2011. Kristin Manwaring, insurance agent for LMC, will join the executive session by phone between 10:00 - 11:00 a.m.

The Trustees have been provided with a copy of the October financials.

Year-to-date LMC has nearly \$28,000 in outstanding assessments. Several go back several years.

LMC is not expected to have a deficit at the end of 2010. Deferring several projects and conservative spending has helped our position. By year's end we should have a small surplus.

In October the trustees approved up to \$32,000 for the RV Lots project. Winner of the bid, Bird Electric, informed LMC there has been an increase up to 10% in the cost of materials since their previous bid in June 2010. The bid, as proposed, with everything the board voted on last month,

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would be \$928 more than previously authorized. Mr. Belmont requested the trustees consider authorizing an additional \$2,000 for that project, not to exceed \$34,000.

Mr. Belmont announced he will be out of the office on November 26th and 29th.

Discussion followed. Trustee Sherfick made a motion to authorize an additional \$2,000 from reserves to cover the increased materials cost and provide for contingency expenses with regards to work for the RV storage lots. The motion was seconded by Trustee Clark. Discussion followed. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-11-02

Operations Committee (OC) – Tom Satterlee for Jim Goode, Chair –Mr. Satterlee reported the OC has been attempting to locate the proper addresses for two members in violation of the LMC Regulations. The Cressey Lane property continues to be investigated. Mr. Satterlee met with the ACC and CRC on undeveloped lot definitions and they will present their recommendations in the near future.

The OC has been reviewing LMC rental rates and the definition of what constitutes family members. This will come before the board next month.

The RV lot survey has been sent to the members by NBLOA members Bob & Jamie Bima. No further information is available at this time.

Finance Committee (FC) – Bob Bima for Ian Feltham, Chair – Mr. Bima reported the FC's big projects include review of the reserve fund policy and to consider the baseline assessment policy that limits our homeowners' assessments. The committee is seeking additional members. Patrick Shannon resigned effective December 31st.

President Van Zonneveld reported Ian Feltham, chair of the FC, has resigned. Bob Bima has agreed to accept the FC's chair position until the end of the board year.

Trustee Clark made a motion to approve Bob Bima as chair of the Finance Committee until the end of the board year. Trustee Sherfick seconded the motion and it carried 6:0:1, with President Van Zonneveld abstaining. 10-11-03

Secretary Bradshaw will send a letter to Mr. Feltham, to thank him for his many years of service and contribution as a board member and chair of the FC.

Architectural Committee (ACC) –Bill Clark, Chair – Mr. Clark reported Carol Ann Naphey has agreed to join the ACC. She has lived in Port Ludlow for several years and wants to get more involved in the community. She is a retired 6th grade schoolteacher and professes to have no background in construction but is a willing listener who certainly can apply reason to many of the issues brought before the ACC.

For the first time in quite some time we will have a full 5-member committee. We have also three approved alternate members; one who attends regularly; one who attends regularly for ½ of the year (he is a snowbird); and one who is a forester who will attend when called in on difficult cases involving trees.

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A meeting was held with the ACC Chair, the C&R Chair and the Operations Chair to clarify the term “undeveloped lot”. A consensus was reached and the output has been reviewed with the ACC. The overriding concern from ACC’s perspective was to have a definition that is not subject to multiple interpretations. It is our understanding that C&R will come forward to the board to discuss the issue.

Trustee Sherfick made a motion the board approve Carol Ann Naphey as a member of the ACC. Trustee Larkin seconded the motion. Discussion followed. Trustee Babaian stated he could not approve this motion based on his stand related to the lack of information being provided. He said he cannot justify voting approval because of the responsibility we (the trustees) have been given and feels it has been taken away. The motion carried 5:1:1, with Trustee Babaian opposed and President Van Zonneveld abstaining. 10-11-04

Greenbelt Committee (GBC) — President Van Zonneveld for GBC chair, Karen Brattain - President Van Zonneveld stated she had previously requested the board approve a change of trustee assignments for the GBC. President Van Zonneveld will take over the GBC trustee assignment and Trustee Babaian, who is in Texas during the winter, will be relieved from that assignment.

Trustee Kadash made a motion to approve trustee re-assignment for the GBC. Elizabeth Van Zonneveld to will take over the trustee assignment and Richard Babaian will be removed. The motion was seconded by Trustee Sherfick and carried 5:1:1, with Trustee Babaian opposed and President Van Zonneveld abstaining. 10-11-05

Communications Committee (CC) – Teddy Clark for Sue Milner, Chair – Trustee Clark reported the CC has updated their newly developed chart that was designed to keep track of upcoming events and things the committee needed to attend to throughout the entire year. The chart will be presented at the next board meeting.

CC meetings will change to the second Wednesday of each month.

Covenants & Regulations Committee (CRC) – Sally Orsborn, Chair

CRC addressed the following tasks in November, 2010:

Regulation V

The committee continued work on Regulation V concerning Appeals, Non-compliance issues and Enforcement. The chair discussed the issue with Bill Clark, chair of ACC and Tom Satterlee, acting chair of Operations. They were given copies of work accomplished to date and asked for input. GBC chair will also be consulted. The work will continue at the December 3 CRC meeting at 1:30 in the Gallery. (Note change of date). The draft of the P&P on Enforcement will be considered with Regulation V issues.

Classes of Members

The LMC President requested that CRC give help to developing a survey to assess in particular the wishes of condominium owners concerning eliminating the differentiation between lot and condo owners with regard to board representation. The chair agreed to help develop the survey questions with the help of CRC members.

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Board Policies & Procedures (P&Ps)

The chair was tasked with developing a format for Policy and Procedures drafts for consistency and ease of identification. This was done during the month of November and P&Ps that were in the process of development were formatted and delivered to the board electronically. The chair met with Teddy Clark prior to the workshop to discuss format and content and was available at the workshop for questions and input.

Ad hoc Elections – Brian Belmont – Mr. Belmont reported the Ad Hoc Elections Committee met on November 19. The 2011 assessment notice and the ballot proxy were reviewed and several small changes were made to the proxy. The upcoming schedule through the April 16, 2011 Annual Meeting was discussed. On December 22nd, at 10:00 a.m., the Elections Committee will do a preliminary count of the ballots received. Only those ballots that assigned their proxy to the corporate secretary will be counted. On December 23, the expected date of the Budget Ratification Meeting, the final vote count will be done. Several additional committee members are needed. Members are invited to observe the preliminary count on December 22nd and the final count on the 23rd in the Gallery Room.

Ad Hoc Class of Members Committee – President Van Zonneveld - Art Moyer and Bill Wilson were asked to consider co-chairing this committee. Sally Orsborn will work up a survey of the condominium owners, to see whether there is support to go forward with the question of removing the separation of classes or, at least, bringing the governing documents into alignment as to how representation is chosen between the owners of lots and the owners of condos. If there is interest among the condo owners, a committee will be made up with Art Moyer, Bill Wilson and two or three condominium owner representatives, to move forward a proposal for resolving the class membership differences.

Port Ludlow Village Council (PLVC) Report – President Van Zonneveld – Two major efforts have been underway with the PLVC. One is from the Utilities Committee to the State Utility and Transportation Commission regarding a significant rate increase in water rates by OWSI, PLA's Water and Sewer Company. The study by the Utility Committee indicates a water rate increase is not justified and a letter to that effect has been sent to the State. A hearing has been set for December 16, in Olympia. Several PLVC members have been assigned to attend.

The PLVC is putting a lot of energy and attention into the issue of the Iron Mountain Quarry development. The area involved which is just outside the edge of the resort, will double a lot of large trucks, dust, noise and blasting, etc. into the resort itself. The PLVC is engaging in a fund-raising effort to hire representation so that the village is represented in the County's relationship with Iron Mountain Quarry.

Member Comments: Peggy Schafran asked Mr. Belmont what time the Budget Ratification Meeting would be held. That will be decided after today's meeting. Ms. Schafran expressed her thoughts about financial problems in the community. President Van Zonneveld stated the LMC budget for 2011 contains a \$1.26 increase in each member's dues, if approved by the membership.

Trustee Kadash made a motion to recess the regular meeting at 9:15 a.m. for a five-minute break. The trustees will go into executive session for the purpose of discussing personnel

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matters following the break. The motion was seconded by Trustee Sherfick. Note: No vote on this motion.

The regular meeting reconvened at 10:55 a.m.

BOARD BUSINESS:

- a. **Correspondence** - Secretary Bradshaw reported the following correspondence: email dated November 8 from Michael Cahn regarding a reader board; letter of resignation, dated November 21, from Jim Boyer resigning from the board. President Van Zonneveld read Mr. Boyer's letter. An email was received from Larry Scott related to one of the items before the trustees under compliance issues. Secretary Bradshaw will respond to Mr. Cahn, Mr. Boyer and Mr. Scott.
- b. **2011 Budget & Assessment Motions** – *Trustee Sherfick made a motion in accordance with Bylaw Article III, Section 8 (c) that the 2011 annual assessment for all LMC properties is set at \$463.50. Trustee Clark seconded the motion and it carried 6:0:1, with President Van Zonneveld abstaining. 10-11-06*

Trustee Sherfick made a motion that beginning January 1, 2011, the annual LMC RV storage rates be set as follows: \$200.00 per year for each non powered storage space and \$260 per year for each powered storage space. Trustee Clark seconded the motion and it carried 5:1:1, with Trustee Kadash opposed and President Van Zonneveld abstaining. 10-11-07

Trustee Sherfick made a motion to accept the proposed pay rate adjustments and pay rate increases for all non exempt LMC employees as presented in the 2011 budget packet dated October 28, 2010. The new rates are to be effective January 1, 2011. The motion was seconded by Trustee Larkin and carried 5:1:1, with Trustee Kadash opposed and President Van Zonneveld abstaining. 10-11-08

Trustee Sherfick made a motion that the 2011 contract member, long-term rental, short term rental, and resort rental program annual fee be set at \$545.31, plus State sales tax. Trustee Bradshaw seconded the motion. Discussion followed. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-11-09

Trustee Sherfick made a motion that the 2011 operating and reserve budgets, as presented in the draft dated October 28, 2010, be approved and a summary of which be mailed to all LMC members. Trustee Clark seconded the motion and it carried 5:1:1, with Trustee Kadash opposed and President Van Zonneveld abstaining. 10-11-10

The motion to adopt the budget was tabled pending the outcome of the motion regarding employee benefits – medical insurance.

Trustee Sherfick made a motion that the Board of Trustees adopt option one of our medical option proposals through Regence & Innova, in conjunction with approving a premium-only savings plan (Section 125). Trustee Larkin seconded the motion. Discussion followed. It was pointed out that this will actually lower our projected

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employee medical premiums from what was initially budgeted and it will increase the out-of-pocket costs to the employees. Discussion continued. The motion carried 5:0:2, with Trustee Babaian and President Van Zonneveld abstaining. 10-11-11

Trustee Sherfick made a motion that the 2011 operating and reserve budgets, as presented in the draft dated October 28, 2010, with amendments made this date (related to employee benefit options), be approved and a summary of which be mailed to all LMC members. Trustee Bradshaw seconded the motion. Discussion followed. The motion carried 4:1:2, with Trustee Kadash opposed and Trustee Babaian and President Van Zonneveld abstaining. 10-11-12

- c. Special Member Meeting – Schedule 2011 Budget Ratification Meeting –** *In accordance with RCW 64.38.025, paragraph 3, Trustee Sherfick made a motion that the trustees of LMC set Thursday, December 23, 2010 at 9:00 a.m. as the date and time of the Special Member Meeting, called for the purpose of ratifying the 2011 operating and reserve budgets. Trustee Bradshaw seconded the motion. Discussion followed. The motion carried 4:1:2, Trustee Kadash opposed and Trustee Babaian and President Van Zonneveld abstaining. 10-11-13*

- e. Approval of Member Meeting Mailing Packet Contents– Mr. Belmont –** *The member mailing packet will contain the following: Budget summaries of the operating and reserve budgets for 2011; assessment notice; ballot proxy form (with updated changes) and a President's letter. Mr. Belmont requested approval from the board. Discussion followed.*

Trustee Kadash made a motion to approve the member meeting mailing packet, with changes as noted on the explanation and assessment letter, the operating budget summary, which will be slightly revised and with the President's letter enclosed. Trustee Bradshaw seconded the motion and it carried 6:0:1, with President Van Zonneveld abstaining. 10-11-14

- f. Proxy Substitution for Corporate Secretary – Mr. Belmont –** *In the event the Corporate Secretary is not available to attend the Budget Ratification Meeting, the board was asked to consider substituting the President for the Corporate Secretary, to handle those proxies assigned to the Corporate Secretary. If the President is not available, the duty would be passed to the Vice President, then to the Treasurer. Discussion followed. The Elections Committee will undertake this task and prepare a recommended motion at the next board meeting.*

Trustee Clark made a motion that the members be allowed to, as a proxy substitute, have the Secretary of the LMC and, in the event that the Secretary of the LMC Board of Trustees is unable to attend, that proxy be assigned to the President, and if they are unable to attend, it be assigned to the Vice President and, in the absence of the above, that it be assigned to the Treasurer. The motion was seconded by Trustee Bradshaw and carried 5:1:1, with Trustee Babaian opposed and President Van Zonneveld abstaining. 10-11-15

- g. LMC Board 2010-11 Goals progress report – President Van Zonneveld – Spring Social –** *The Communications Committee will assist with public relations,*

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advertising, etc. for this project. Discussion followed related to holding the event in February.

Strategic Plan Update – Trustees Clark & Sherfick – A workshop with the trustees and committee chairs is planned in the near future, preferably early in 2011, to bring the membership onboard. A number of recommendations from the Long Range Planning Committee have been undertaken and the foundation is being set to be ready to move ahead in areas that would seem advisable for the entire community. Members are welcome to join in this project. Discussion followed. Trustees Clark and Sherfick will meet again next week.

h. Non Compliance Cases

Lots #1-2-022 & 1-2-023 – Trustee Larkin – Adverse weather has prevented the board and parties involved from a site visit to clarify the issues. The matter was deferred to the December board meeting. Because Mr. Fessler is leaving town again, permission was requested to walk his property. Motions will be made based on a tree-by-tree examination. When permission from Mr. Fessler has been received, a new date for a site visit will be made.

Lot #1-2-038 – Trustee Sherfick & ACC Chair Bill Clark – Background on this case was provided by Mr. Clark. The matter was forwarded to the board for enforcement.

Trustee Sherfick made a motion that the owners of Lot #1-2-038 are out of compliance with Regulation II, Article I, Paragraph 2, and request a letter of reprimand be mailed to the lot owners along with a copy of the Regulations of the Ludlow Maintenance Commission (LMC). The letter will also state that any further willful violations of LMC Regulations will not be tolerated and shall result in sanctions that could include loss of use of facilities such as the pool and RV lots or legal action. The motion was seconded by Trustee Kadash. Lengthy discussion followed. The motion failed 1:4:2, with Trustee Sherfick in favor, Trustees Bradshaw, Clark, Kadash and Larkin opposed and Trustee Babaian abstaining with comment and President Van Zonneveld abstaining. 10-11-16

Discussion continued.

Trustee Larkin made a motion that the owners of Lot #1-2-038 be sanctioned and lose their Beach Club facility privileges until such time as they have complied with LMC Regulations. Trustee Kadash seconded the motion. Discussion followed. Trustee Kadash called for the question. The motion carried 5:0:2, with Trustee Babaian and President Van Zonneveld abstaining. 10-11-17

Secretary Bradshaw will send a letter to the owners of Lot #1-2-038, outlining the decision of the board as noted in the above-mentioned motion.

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Lot #1-4-002 – Trustee Kadesh provided background on this issue. This is a foreclosure property and the owner has not been located.

Trustee Kadesh made a motion that a letter be sent to Fannie Mae requesting they make arrangements to clean up the site in question of any and all debris, junk and unsightly vegetation. Trustee Larkin seconded the motion and it carried 6:0:1, with President Van Zonneveld abstaining. 10-11-18

Lot #2-1-021 – Mr. Belmont provided background on this issue. This is a home that is currently being rented and the owner refuses to put any pressure on the tenant. Discussion followed.

Trustee Clark made a motion to contact the property owner of Lot #2-1-021 and notify them that they are out of compliance, listing the specific regulation, and that their LMC privileges will be removed if they do not correct the situation within 30 days of the date of the letter. Trustee Sherfick seconded the motion. Discussion followed. Trustee Kadesh amended the original motion to include sending a copy of the letter to the tenant. The amendment died for lack of a second. Discussion continued. The original motion carried 6:0:1, with President Van Zonneveld abstaining. 10-11-19

k. Review of Regulation II, Article I (3) – President Van Zonneveld – A summary of the comments from the Trees & Views Forum was sent to the trustees. The trustees were asked to review those comments and the matter will be taken up at a workshop to give this regulation a fair review. The workshop will be held near the end of the year.

j. Board Member Replacement Policy – 1st Reading of a Revision (draft three) –

Trustee Clark made a motion that the board accept for first reading the November 18, 2010 draft three on the policy for filling vacancies on the LMC Board of Trustees. Trustee Kadesh seconded the motion. Discussion followed. President Van Zonneveld read CRC chair Sally Orsborn's comments on this matter as follows: "First, I request that this go to CRC before adoption. Filling vacancies is a board issue. This board need not cast a wide net and ask for candidates. The board knows previous board members and committee members who could step in knowledgably and effectively. Trustees should make that determination and not be locked into a procedure set in stone. Discussion continued. The motion carried 5:0:1, with President Van Zonneveld abstaining. 10-11-20

Trustee Larkin left the meeting at 12:30 p.m.

l. Board Vacancy – President Van Zonneveld – With Trustee Boyer's resignation, which was received at this meeting, there is a vacancy on the board. The trustees have until the December meeting to fill the vacancy. President Van Zonneveld proposed the board follow the steps they used the last time, including notification of the membership. Secretary Bradshaw will write a letter of appreciation to Mr. Boyer

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and President Van Zonneveld will meet with Mr. Belmont to begin the process to fill the vacancy. Discussion followed.

- m. Motion by Trustee Babaian for 1st Reading** – *Trustee Babaian made a motion that the following be submitted for a 1st reading. The LMC President shall require that prospective committee chairs and committee members complete and submit a form giving biographical information. The preferred method of transmission is by email, document attached, sent to the LMC Beach Club at their email address. The form shall include spaces for the following information: Port Ludlow address, phone number, email address, educational background and training, other occupational experience or relevant expertise, knowledge or hobbies as relates to committee function, a statement of what the member believes he or she can contribute to the community by serving and a philosophical perspective regarding the issues facing the committee. The form may be distributed electronically and filled out on a computer and returned similarly. There is a deadline, which is four (4) days before the next scheduled board meeting. The rationale for the policy is the LMC President appoints committee chairs and chairs, in consultation with the President, select the remaining members of his or her committee, ordinarily from outside the Board of Trustees. All appointments are reported to and approved by the Board of Trustees, to ensure that the board members are advised of candidate qualifications prior to giving their approval. A systematic and uniform method of acquiring this information should be followed. Lengthy comments followed. Trustee Kadash seconded the motion. The motion failed 2:3:1, with Trustees Babaian and Kadash in favor, Trustees Clark, Sherfick and President Van Zonneveld (voting to break a tie) against. Trustee Bradshaw abstained. 10-11-21*

Closing Remarks – Evaluation – Discussion focused on the technical difficulties that are surmounting the advantages of being able to have absent trustees on the Skype program. A better way needs to be found or it should be limited. The new sound system is expected to be installed by the December meeting and there may be an improvement in sound quality. Trustee Clark stated that overall the board moved through the lengthy agenda rather well. The need for preliminary work on matters requiring action should be done prior to the regular board meeting, to save time. The next workshop will be December 9 from 1:00-4:00 p.m. One three hour workshop, once a month, is being tried.

There being no further business to come before the Board of Trustees, President Van Zonneveld adjourned the regular meeting at 1:05 p.m.

Vaughn Bradshaw, Secretary
Ludlow Maintenance Commission, Inc.

Prepared by Carol Shamhart
LMC Recording Secretary