

APPROVED
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF TRUSTEES OF
LUDLOW MAINTENANCE COMMISSION, INC.
November 8, 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 regular board meeting to order at 9:00 a.m. Roll call was conducted by President Boyer. All trustees were present with the exception of Secretary Vaughn Bradshaw who attended the meeting via speaker phone. General Manager Brian Belmont was also in attendance.

Agenda Changes: President Boyer asked if there were any changes to the Agenda. Under New Business, Trustee Moyer proposed adding PLA's proposed development of 80 units in Ludlow Bay Village & Admiralty III and its affect on the LMC and its members. President Boyer added an Executive Session to follow today's meeting, to discuss legal matters related to the proposed easement application by Kevin Hunter.

Trustee Feltham made a motion to accept the revised agenda. The motion was seconded by Trustee Van Zonneveld and carried unanimously. 08-11-01

Approval of Minutes: *Trustee Nelson made a motion to approve the regular meeting minutes of October 11, 2008, as amended. Trustee Van Zonneveld seconded the motion and the motion carried unanimously. 08-11-02*

Trustee Van Zonneveld made a motion to accept the minutes of the special meeting of October 29, 2008. The motion was seconded by Trustee Kadesh. Discussion followed. President Boyer clarified a sentence in the special meeting minutes in which he stated he was not personally requesting a former Greenbelt Committee chair be added to the ad hoc committee. That responsibility was passed on to Ted Buehler, who is the chairman of that committee. The motion carried unanimously. 08-11-03

President's Remarks: President Boyer stated the largest issue facing LMC in upcoming sessions and the New Year is the condition and the future of the Beach Club. An article will be placed in the Voice and that will possibly be backed-up with an email message to LMC members on the LMC email list. President Boyer urged everyone to become interested in what will be discussed related to the Beach Club, in the hope members who have expertise in all areas from construction to finance, etc. will offer comments, opinions and ideas to the trustees.

Manager's Report – Brian Belmont

The trustees have been provided the October 31, 2008 financial statements. As shown in the Late Collection Summary, dated November 7, 2008, there are currently \$4,057.59 in past due assessments and fees owed to LMC by four property owners. Since last month's meeting LMC has collected one past due assessment. The Edward Jones statements have not yet been received for October. Interest accrued on those accounts has not been included as of this date.

LMC recently sold the 1989 Ford pickup for \$450. That money has been deposited into the LMC Reserve account.

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I have a meeting scheduled for next Tuesday with contractor Joe Thompson to discuss repairing the Beach Club down spout drainage. This matter was reviewed with the Board on October 29.

On today's agenda we have the scheduling of a special board meeting for the purpose of reviewing the 2009 Operating Budget. For planning purposes, I would like the board to also consider setting the date for the Budget Ratification Meeting. The December board meeting will be held on the 13th. Do we want to hold the special member meeting prior to the start of that meeting or hold the budget meeting on a different date?

I recently met with Port Ludlow Associates construction manager Brent Sasse to discuss floor drain replacement in the men's locker room. Mr. Sasse will bid the project two ways. One will be to just put a bill together and then give us an hourly rate if we want to do time and materials. Trustee Bradshaw is going to help rewrite the specifications so that it is from the viewpoint of a general contractor bidding on the entire project. I will be getting additional proposals in the weeks to come.

The tree roots that had grown into the Beach Club 8-inch storm drain pipe and caused a blockage have been cut out. To prevent this from happening again, I'm getting prices to remove the two adjacent fir trees.

I would like to recognize and thank Trustee Jerry Nelson who repaired an electrical problem we were having in the men's locker room. I would also like to thank Bill & Peggy Harju who recently donated a 19" computer monitor that we are using with our camera monitoring system.

COMMITTEE REPORTS:

Architectural Control Committee (ACC) – President Boyer for Chair Bill Lazarus

President Boyer reported the normal business activity of permits, covenant guidelines, disputes and an appeal hearing scheduled to follow the regular board meeting of the trustees on Saturday, November 15. Lengthy discussion followed related to Trustee Moseley's complaint about a fence that is not in compliance at 101 Fleet Dr. Trustee Van Zonneveld suggested a trustee on the ACC research the correspondence on this matter and deal with the avenues for making sure the property, if it changes hands, carries the noncompliance with it, and that the owner is then responsible for making sure it is a part of the documents. President Boyer suggested putting this matter on December's agenda under New Business – How does the board make a formal notification of findings? Discussion continued.

Covenants and Regulations Committee (CRC) – Dwayne Wilcox, Chair

Mr. Wilcox reported the CRC has had three work sessions since the joint meeting with the board. Major topics have been covered, including the requirement for the realignment of the conflict of interest between the bylaws and the Articles of Incorporation. The CRC is in the process of wording that at the present time and this may be placed on the December agenda. The CRC has also worked on the policy related to contacting the LMC attorney. Recommendation pertaining to that matter will be sent to the trustees prior to the next board meeting. The CRC has also been working on recommendations from the LMC insurance company. Mr. Wilcox met recently with Mr. Belmont and Bill Hubbard, an insurance specialist, and Mr. Hubbard has several suggestions and recommendations, along with the names of companies that can issue special event insurance and ways to approach it. Mr. Hubbard has agreed to work with the CRC on those matters.

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The CRC is also looking at the language in the governing documents related to the number of members on the Architectural Control Committee.

Communications Committee (CC) - Barbara Berthiaume, Chair

Ms. Berthiaume announced the committee is looking at articles that will be included in the December publication of the LOG and encouraged the trustees to submit articles to the CC that are of concern to them. The goal is to publish the newsletter the second week in December. An email will be sent to the trustees detailing the time frame for articles to be submitted, but a rough draft should be prepared no later than December 1. The CC will provide a hard copy of the newsletter to the trustees for their review prior to the December board meeting.

Ms. Berthiaume stated the March issue of the newsletter will be very important, to get information to the members related to budget considerations, finances, and any other information that needs to get to the membership prior to the annual meeting. Discussion proceeded. President Boyer stated the ad hoc committee that is dealing with the easement issue on Osprey Ridge Dr. will submit their preliminary findings and issue a statement for publication in the December issue of the LOG.

Finance Committee (FC) – John Van Zonneveld, Chair

Mr. Van Zonneveld reported the FC will meet on November 11, to further discuss the LMC budget for 2009 that was submitted to the FC by the Operations Committee. The November 11 FC meeting will be a closed meeting due to discussion of staff wages.

Mr. Van Zonneveld reported Mr. Belmont and the Operations Committee have studied the equipment and costs connected to heating the indoor and outdoor swimming pools and spa. They recommend that LMC switch to heat pumps for primary pool water heating. Currently LMC uses propane boilers to heat the indoor pool and spa and a combination of propane and a heat pump to heat the outdoor pool. The average cost of propane this year is in excess of \$2.30 per gallon, 30 cents more per gallon than budgeted. The general manager has obtained four bids to install electric heat pumps as follows:

3 single-phase heat pumps for indoor pool and spa	
3 three-phase heat pumps for the outdoor pool	
Removal of the old equipment, installation of electrical connections, disconnect and remove old wiring and connections, miscellaneous pipe, fittings, etc. and including WSST at 8.4%	
Completed Job Total	\$40,790

Other bids obtained varied from \$41,039 to \$61,950. This equipment will result in a savings from propane cost that will, by conservative estimates, pay for this equipment in about four years.

The Finance Committee recommended the LMC Trustees approve this purchase at this time. Lengthy discussion followed.

Trustee Feltham made a motion to buy the heat pumps for the minimum bid of \$40,790 from Smith & Jones Technologies. The motion was seconded by Trustee Moyer. Discussion continued. Trustee Feltham called for the question and Trustee Nelson seconded. The discussion was ended by a vote of 7:2 with Trustees Kadesh and Moseley opposed. The original motion carried 7:2 with Trustees Kadesh and Moseley opposed. Trustee Bradshaw voted via speaker phone. 08-11-04

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Greenbelt Committee GBC) – Ted Buehler, Chair

Mr. Buehler reported he had provided the trustees with his monthly report earlier in the week. The GBC has been discussing offering free fire wood to members who would assist the GBC in dealing with the greenbelt trees on a more proactive basis.

As chair of the newly formed ad hoc committee, Mr. Buehler provided background on a request by Kevin Hunter from the Door of Grace Church. The greenbelt property involved is approximately 6,000 square feet and is located at the corner of Osprey Ridge Dr. and Oak Bay Road. Because the County would not allow access from Oak Bay Road to the subject property, an ingress/egress easement and a drainage easement would be required on greenbelt property. The ad hoc committee met November 7, and their recommendation is to sell not only the easement property, but the entire stretch of the greenbelt (about 250 feet) to the developer. Their rationale for this decision is that the committee felt the easements would diminish use to LMC, but it might become more valuable to the developer in the future. The committee requires further direction from the trustees as to how they wish to utilize the ad hoc committee and, because Mr. Hunter is anxious to move forward, a meeting with him needs to be scheduled as soon as possible. Because selling any LMC property would require a vote of the members, the members need to be involved in the pros and cons of such a sale. Discussion will also need to be held to come up with a fair market price. Lengthy discussion followed.

Mr. Buehler recommended Steve Siegiel be added to the ad hoc committee. *Trustee Moyer made a motion to approve Steve Siegiel as a member of the ad hoc committee. The motion was seconded by Trustee Nelson and the motion carried unanimously. 08-11-05*

Mr. Belmont addressed his concern about people entering the greenbelt property to cut wood and the potential liability involved. Bill Hubbard, an insurance specialist and LMC member, spoke with Mr. Belmont and suggested the GBC prepare a classified ad stating LMC has greenbelt property and are looking to enter into an agreement with a tree service or someone with liability insurance. The ad would state that in exchange for removing and clearing out dead, disease, dying and downed timber in the greenbelt areas, they would get the wood. Mr. Belmont asked Mr. Buehler to consider this opinion. Lengthy discussion followed.

Operations Committee (OC) – Mr. Belmont for Jim Goode, Chair

Mr. Belmont reported the OC has been working on the 2009 budget and the pros and cons of purchasing new heat pumps and the three bids that have been submitted.

The OC continues to deal with facility issues, namely the floor drains, downspout drainage and other problems in the Beach Club. Discussion followed related to the purchase of new carpet for the Bay View Room, hall, offices and stairs. Discussion continued.

North Bay Lot Owner's Association – No report.

Condominium Associations – Trustee Nelson reported Admiralty I continues to have problems with maintenance. Trustee Van Zonneveld reported Admiralty II intends to meet with the developer regarding the drainage concerns they have with the upcoming resort development. LMC will be kept up-to-date on this matter.

Port Ludlow Village Council (PLVC) – Trustee Van Zonneveld

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Trustee Van Zonneveld reported the new PLVC officers took their seats. The PLVC has adopted a very comprehensive plan for managing the action of the committees that they are involved in.

The meeting went into recess at 10:38 a.m. and reconvened at 10:47 a.m.

CORRESPONDENCE:

President Boyer reported receiving letters from Kevin Hunter (copy to ad hoc committee), and Robert Schreyer responding to LMC's correspondence on September 13. Mr. Schreyer pointed out the conflict between the LMC Board of Trustees and Mr. Lambe, in that Mr. Lambe is continuing his defiance of the LMC regarding the chain link fence and the bushes growing above it. This matter will be discussed pending ACC clarification.

President Boyer reported on a letter received from Joan M. Bergren regarding dual assessments. In a letter from the LMC attorney, the LMC is not violating the law and can revise their policies if it becomes necessary. Further discussion will be held under New Business.

On November 4, 2008, Mr. Belmont sent a letter to the LMC attorney requesting clarification related to the cutting of trees on undeveloped property. A response to that letter is expected before an appeal hearing scheduled for November 15. Discussion followed.

A letter dated November 4, 2008, from Terry and Shelly O'Brien, addressed noncompliance with LMC regulations, specifically Regulation II, Article I, Paragraph 3. This matter deals with an ongoing issue with properties involving Mr. Wood and Mr. and Mrs. John Henderson, Lot #PL2-1-59 and 60. President Boyer read Mr. and Mrs. O'Brien's letter and announced this matter will be further discussed under New Business.

Mr. Belmont reported on a letter dated October 7, 2008, written to President Boyer by Michael Fessler. This letter was regarding a follow-up letter that Trustee Bradshaw had written on behalf of the board dated September 8, 2008. This matter involved either removal or trimming of trees by Mr. Fessler for view maintenance and potential drainage problems on the Fessler property. Mr. Belmont questioned whether a response letter had been sent to Mr. Fessler. Lengthy discussion followed. Trustee Van Zonneveld recommended President Boyer respond to Mr. Fessler's letter, stating he has sent the 10/7/08 letter to the Greenbelt Committee related to the drainage issue. It should be pointed out again that if Mr. Fessler wants to appeal the ACC issue, there is a deadline on that and he should be asked if the 10/7/08 letter was intended to be a request for an appeal.

Member Comment Period – Terry O'Brien addressed the meeting regarding noncompliance issues and potential ramifications for property sellers in violation of LMC regulations. Lengthy discussion followed. Trustee Jenings suggested filing a document, not a lien, on noncompliant properties. This document would be on the public record and would show up on a title search and suggest the property is not in compliance with LMC regulations. Discussion continued.

UNFINISHED BUSINESS:

Volunteer Resource Committee – Barbara Berthiaume – Ms. Berthiaume reported the Communications Committee had presented a two paragraph recommendation to the board and concluded

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their role in this matter. Trustee Van Zonneveld stated the Communication Committee's recommendation included the formation of a resource team. Discussion continued.

Board Goals – Status Report – Brian Belmont –President Boyer stated the development of a Volunteer Resource Committee is one of the board goals. The organizational chart will be discussed at a future meeting.

Ms. Berthiaume announced the deadline for the Voice is November 10, and requested permission to write a summary on the Volunteer Resource Committee for publication in the December Voice. Permission was granted.

Scheduling of the 2009 Budget Review- President Boyer reported the budget review for the 2009 LMC budget will be added to the agenda following the scheduled appeal hearing on November 15. Discussion followed. Mr. Belmont will prepare budget summaries for the benefit of the membership.

Scheduling of Budget Ratification Meeting - Mr. Belmont announced that prior to the Thanksgiving break, and assuming the trustees approve the 2009 budget on November 15, LMC will send out a packet to the membership that will contain the annual assessment notice, budget summary, a letter from the President, a ballot proxy for the members to vote on the budget and a meeting notice stating there will be a special meeting on December 13, 2008 for the purpose of voting on the budget.

At the member meeting on December 13, 2008, the meeting for ratification of the 2009 budget will begin at 9:00 a.m. Following adjournment of that meeting, the board will call their regular board meeting to order at approximately 10:00 a.m. There is no quorum requirement for the budget ratification meeting and, if no one attends, the budget is approved.

Trustee Kadesh made a motion that the 2009 budget ratification member meeting will be held at 9:00 a.m. on December 13, 2008, prior to the normal board meeting. The motion was seconded by Trustee Van Zonneveld and carried unanimously. 08-11-06

Trustee Nelson stated that last year there were a large number of members who did not understand that if they signed a proxy, and that person did not attend the meeting, the vote did not count. This problem is being addressed by the CRC.

Trustee Van Zonneveld stated one of the goals the board set this year was to establish an elections committee that would only be operative during the period between mid November through April. Mr. Belmont stated he and Trustee Bradshaw have been appointed to that committee by President Boyer. This matter will be added to the December board meeting agenda.

Question of PLA Permits and How LMC Members are Affected – Ludlow Bay Village and Admiralty III Expansion – Trustee Moyer reported PLA has received approval to proceed with their development in Ludlow Bay Village and Admiralty III. He stated LMC needs to review what has been approved by the County and to firm up any unfinished items that were left over from the mediation with PLA. Whether or not the proposed 80 units will become members of LMC will need to be addressed.

Trustee Van Zonneveld recommended the board have a study session and hold a briefing on all the activities that have occurred to date, to enable LMC to be clear on what the County records show. Impact on LMC would also need to be addressed. Lengthy discussion followed.

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President Boyer stated that because PLA will be dealing with the shoreline issues for quite some time, there will be sufficient time for the trustees to individually review the County Examiner's report and share comments via email, to select the most important issues to LMC. Discussion continued. A copy of the hearing examiner's full report will be made available to each trustee for their review. Early in 2009 President Boyer will contact PLA and schedule a meeting with them to discuss issues of concern to LMC.

President Boyer recessed the meeting to executive session at 12:16 p.m.

President Boyer reconvened the regular meeting at 2:35 p.m.

President Boyer announced the trustees had discussed giving the Operations Committee the directive to define a prorated basis to sort out LMC fees for long term and short term rentals.

Trustee Jenings made a motion that the trustees pass the information discussed in executive session to the Operations Committee as well as the Finance Committee, asking them to come up with what they believe is a fair cost approach to determining the value of a short term and long term rental agreement fee. The motion was seconded by Trustee Nelson and carried unanimously. 08-11-07

Trustee Kadesh made a motion that the ad hoc committee be authorized to discuss with Kevin Hunter the possibilities of selling an easement or selling the subject property, and suggest that he negotiate with the County regarding using the existing means of ingress and egress. If no settlement is possible, he would return to the LMC. In either event, the topic must be submitted to the membership for a vote. The motion was seconded by Trustee Van Zonneveld and carried unanimously. 08-11-08

President Boyer recessed the meeting at 2:38 p.m., to return to executive session to discuss personnel financial matters.

President Boyer reconvened and adjourned the regular meeting at 2:45 p.m.

Respectfully submitted,

Vaughn Bradshaw, Secretary
Ludlow Maintenance Commission, Inc.

Prepared by Carol Shamhart
LMC Recording Secretary