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

December 23, 2010 – 9:15 a.m. – Bay View Room

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

President Van Zonneveld called the regular board meeting to order at 9:15 a.m.

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

Opening Remarks: All members and board members attending were asked to sign in at the entry to the Bay View Room. 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 and/or speaker phone 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.

Changes to the Agenda: Trustee Bradshaw discussed options for item d. under Board Business.

Member Comments: None

Approval of Minutes: *Trustee Kadesh made a motion to approve the first draft of the regular board minutes of November 24, 2010. The motion was seconded by Trustee Clark. Discussion followed. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-12-01*

Trustee Kadesh made a motion to approve the second draft of the executive session minutes of November 24, 2010. Discussion followed. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-12-02

BOARD OF TRUSTEES – Filling of Board Vacancy (resulting from resignation of Jim Boyer) – Trustee candidates Brad Newell and Jerry Purdy were introduced. Art Moyer, the third candidate, was not present but provided written responses to interview questions. Mr. Moyer's responses were read by Trustee Larkin. Questions included (1) Why do you want to serve on the Board of Trustees? (2) What are the three most important issues facing the LMC? (3) What are your hopes and concerns for the future of LMC? Discussion followed.

The trustees recessed at 9:36 a.m. for discussion in executive session.

The regular meeting reconvened at 10:00 a.m.

President Van Zonneveld discussed the paper ballot voting system and stated she would vote in the filling of the board vacancy. Trustee Babaian abstained from voting because he had not met the candidates and could not properly hear their responses on the speaker phone. Mr. Belmont

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collected the paper ballots and announced the board had voted for Jerry Purdy to fill the vacancy on the board for the remainder of the board year.

Trustee Bradshaw made a motion that Jerry Purdy be selected to fill the vacant seat left when Jim Boyer resigned. Trustee Sherfick seconded the motion and it carried 6:0:1, with Trustee Babaian abstaining. 10-12-03

Mr. Moyer will be sent a letter thanking him for his willingness to serve on the board and Mr. Newell was personally thanked. Mr. Purdy was seated with the trustees.

STAFF & COMMITTEE REPORTS:

Manager's Report – Brian Belmont – The Trustees have been provided with a copy of the November financials.

At the end of November member assessments for 2010 are approximately 97 ½%. Overall member assessments for the first 11 months are under budget by \$6,900. However, our total income is actually \$329.00 over budget for the first 11 months. Total expenses through November are \$30,476 under budget. Additional 2010 expenses will be posted with year-end journal entries which will reduce this number, e.g., prepaid Federal Income Tax which is \$4,120 in addition to other projects.

LMC is expecting a small surplus at the end of 2010, due in part to the deferred projects that were addressed earlier this year.

In mid November the heating system for the locker rooms went down. Double D Electric made temporary and permanent repairs which involved replacement of a damaged subpanel. An indoor pool dehumidifier system sensor failed and was only working at one-half capacity. Repairs were made and the systems are again operational.

The mirrors on the stage in the Bay View Room will be removed. The Fire Department conducted a recent facility walk-through. Recommendations are being addressed. Bird Electric will begin working on the RV Lot project next week, weather permitting. Tenants were notified if removal of their equipment was necessary for a two week period. The new sound system has been installed and is operational. LMC member Bob Azen, who helped with selection and installation of the new system, was thanked for his assistance. The fulltime staff will be off December 24 and December 31.

Discussion followed.

Operations Committee (OC) – Tom Satterlee for Jim Goode, Chair –Mr. Satterlee reported the OC continued to work on a list of violations. The OC has been reviewing LMC rental rates and redrafting of language pertaining to definitions. The OC is reviewing a covered storage proposal at the RV lot. There is no new information related to the RV lot survey previously sent to the members by Bob & Jamie Bima.

Finance Committee (FC) – Bob Bima Chair – No formal report at this time. See Mr. Belmont's report above.

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Architectural Committee (ACC) –Bill Clark, Chair – No new requests came before the ACC during the reporting period. There was a report of unauthorized activity and this is being investigated. ACC Policies & Procedures are being reviewed, in addition to review of the regulations that pertain to the ACC, for possible revision.

Greenbelt Committee (GBC) — President Van Zonneveld for GBC chair, Karen Brattain - President Van Zonneveld stated she and Karen Brattain had discussed putting the training into place for volunteers or anyone working on the LMC reserve properties and the greenbelts. Ms. Brattain has contacted Trustee Sherfick and will be working toward that. There was nothing unusual to report related to the GBC progress reports. The board was asked to appoint new board member Jerry Purdy to the GBC, replacing Jim Boyer’s appointment to that committee.

Trustee Bradshaw made a motion to appoint Trustee Purdy as the trustee on the GBC. Trustee Kadesh seconded the motion and it carried 5:0:3, with Trustees Babaian and Purdy and President Van Zonneveld abstaining. 10-12-04

Communications Committee (CC) –Sue Milner, Chair – A summary report was submitted to the board. There were no questions. At the November meeting, the CC reviewed the LMC map that was created last summer. The committee is discussing community forums and preplanning of the forums. The committee is also addressing the need to develop board candidates in a timely manner, meet and engage new members of the community, and help to tap those resources throughout the year. A community forum to address the Long Range Community Plan is being considered.

Trustee Bradshaw left the meeting at 10:34 a.m.

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

CRC addressed the following tasks in December, 2010:

Regulation V

The committee continued work on Regulation V concerning Appeals, Non-compliance and Enforcement. The draft of the Policies and Procedures on Enforcement will be considered with Regulation V issues.

Classes of Members

LMC president Van Zonneveld suggested that Bill Wilson and Art Moyer of CRC act as a sub-committee to study all issues having to do with changing bylaws to remove differences between classes of members and suggest ways to move forward. At the CRC meeting, chair Orsborn presented suggestions for questions to include in a survey should one be designed. She asked Mr. Wilson and Mr. Moyer to suggest a bylaw change that would cover, at the very least, the discrepancy in condo board replacements. Nominations of board members do not limit nominees to a particular class, whereas replacement of board members limits candidates to a particular class.

Introduction to Regulations 5. Definitions

This topic concerns terminology for various states and conditions of lots. The language was developed by Bill Clark (ACC), Tom Satterlee (OC), Sally Orsborn (CRC) and Brian Belmont

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(GM) and was presented to the committee for consideration. Mike Larkin, board representative to both CRC and OC, will take the proposed changes to OC for further consideration. After getting his feedback, the CRC will take to the definitions to the other enforcement committees before suggesting their inclusion in the definitions section of the Regulations.

Trustee Sherfick made a motion that the CRC continue discussions on the topic of condo and lot owner association members, the member classification discrepancy in the bylaws and draft a proposed change for presentation to the board at the January 2011 Board of Trustees meeting as a first reading. Trustee Kadash seconded the motion. Discussion followed. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-12-05

Ad hoc Elections – Brian Belmont – Mr. Belmont reported the Ad Hoc Elections Committee met on December 22. Items discussed included common errors made on ballots, what determines a valid or not valid ballot. The final count on the Budget Ratification ballots will be done next week and the count will be posted on the website and Beach Club bulletin board. Following the April 2011 election, a debriefing will be held to discuss what worked well and what needs improvement.

Port Ludlow Village Council (PLVC) Report – President Van Zonneveld – Iron Mountain Quarry won a round in Court against the County related to why an environmental impact statement was required. The Jefferson County Department of Community Development was ordered to substantiate their findings.

The PLVC is paying attention to the Utilities Committee's concern about the rate increase Olympic Water & Sewer (OWSI) has requested and which would have been put into effect this week if approved. PLVC has submitted a considerable amount of cost analysis to the State, from the financial information that OWSI supplies to the State. Because they are a privately held corporation, it is hard to get information about their financial affairs. They were requesting a rate increase of between 25 and 35 percent, depending on water usages. It is the position of the Utility Committee that their financials do not justify a rate increase, as there was a rate increase two years ago. They currently have a profit rate of slightly above what the State allows. The Commission in Olympia found OWSI had not responded properly and this request was moved to a different status, one that requires them to provide justification within 60 days. They may be audited by the State for their records, and at the end of 60 days this will either go to Court or be dismissed. At this point the Utilities Committee has two additional issues to look into and communicate to the State.

Trustee Kadash recommended sending a letter to the PLVC Utilities Committee thanking them for their efforts on behalf of the community.

Trustee Babaian made a motion that the Secretary send a letter from the LMC to the Utility Committee of the PLVC in appreciation of their work representing the residents of the community. Discussion followed. The motion was seconded by Trustee Clark. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-12-06

The meeting was recessed at 10:50 a.m. and reconvened at 11:02 a.m.

BOARD BUSINESS:

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- a. Correspondence** – President Van Zonneveld for Secretary Bradshaw - The following correspondence was received: email dated December 1 from Art Moyer stating interest in the vacant board seat; letter on December 2 from Brad Newell stating interest in the vacant board seat and providing his biographical summary; email on December 7 from John Chamberlain suggesting a mutually beneficial arrangement to allow PLA guests to use the Beach Club facilities at times when the club is lightly used; email on December 8 from Jerry Purdy stating interest in vacant board seat; email on December 21 transmitting Mr. Purdy’s biographical summary; note on or about November 21 from Shirley Pappas regarding her concerns about the assessment and budget (copies provided to the board). The secretary will respond to each of the above correspondents.
- b. Board non compliance cases – Lot #1-2-022 & #1-2-023** – Trustee Larkin provided background on this matter. Recommendations: In regard to Lot #1-2-022 (the undeveloped lot), Mr. Fessler has agreed to trim and shape the ornamental tree. The trees on Lot #1-2-023, where his house is located, may be retained although Mr. Fessler is encouraged to window and limb these to enhance the neighbor’s views.

Trustee Larkin made a motion that the Fesslers be instructed to reduce the height of the oak tree in their courtyard on Lot #1-2-023 and maintain this tree at or below roof height. Any new plants on Lot #1-2-023 shall be selected from tree and shrub varieties which will not grow to exceed the roof line height of the residence on this lot. Trustee Clark seconded the motion. Lengthy discussion followed with participation by LMC member Dale Williams. Trustee Clark read from 2009 LMC minutes in which "Trustee Hugh Jenings made a motion to notify the homeowner of Lot #1-2-022 and Lot #1-2-023 that the Board of Trustees will hear or receive his best science solutions. Failure to comply may result in sanctions. The motion was seconded by Trustee Nelson. Lengthy discussion followed. The motion carried unanimously." Discussion continued. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-12-07

Trustee Clark made a motion that the board accepts the Fessler’s agreement to comply with the recommendations they received from Coastal Geologic Services, Inc. This applies specifically to cutting the hemlock tree on the vacant lot that is nearest to Condon Lane on Lot #1-2-022; and also the trimming of the ornamental pine tree located on Lot #1-2-022 by their driveway, as stated in their letter dated August 29, 2010. The motion was seconded by Trustee Larkin. Discussion followed. A letter to the LMC from the Fesslers, dated August 29, 2010 read as follows: In reference to the geologic report of July 9, 2010 - "the large tree next to the parking area serves to reduce water run-off by providing a canopy. The tree expert has looked at the tree and assures us that the tree is sound. The ornamental tree on the opposite side of the driveway will be trimmed and shaped." In regard to the oak tree he also stated that "he would not top it." Lengthy discussion continued. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-12-08

Trustee Kadash made a motion that the Fesslers be instructed to provide copies to the LMC of the applications submitted to the County and ACC, for the removal and tree trimming of the above-mentioned trees (Oak tree, Ornamental Pine tree and Hemlock tree), within sixty (60) days of the letter from the LMC. Trustee Clark seconded the

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motion. Discussion followed. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-12-09

Discussion continued. Correspondence to the Fessler's related to the motions above will be drafted by Secretary Bradshaw.

Non compliance case Lot #1-4-002 – Mr. Belmont provided background on this property that is currently owned by Fannie Mae. To date, no response has been received.

- c. LMC Board 2010-11 Goals progress report – President Van Zonneveld** – Trustee Larkin provided background on the proposed LMC social event. Further discussion at a workshop, with participation of the Communications Committee and committee chairs, will be scheduled to discuss the image, visibility and acceptance of the LMC in the area. The matter will be placed on the agenda for the January 2011 board meeting. Discussion followed.
- d. Strategic Plan Update – Trustee Clark** – The strategic plan was the subject of the December workshop. The critical strategic business statement that came out of that was “How do we ensure the long term (as in 10 years) sustainability of the LMC assets within the reality of our financial constraints?” The Stage I Assessment (baseline) was reviewed and discussed at the workshop. Three components, including the operations component, the financial component and being aware of the members’ needs and projecting that into the future are priorities. Part of these components includes a third-party evaluation of the Beach Club facility, as recommended by the 2009 Long Range Planning Committee, and completion of the 2011 authorized reserve study as soon as possible.

Trustee Sherfick presented a motion previously drafted by Trustee Bradshaw, as follows:

One of the LMC Board of Trustees 2010-11 goals is to “adopt an appropriate strategic action plan and priorities of long range plans based on recommendations from the Long Range Planning Committee, community input and board vision statement.” To that end the board held a workshop on December 9, 2010, to work on a long range strategic plan. We agreed that the strategic business issue before us is how to ensure the long term (greater than 10 years) sustainability of the LMC assets within the current financial constraints, including maintaining and protecting the LMC assets, assessing and planning for the long term facility needs, ensuring long term financial stability and maintaining member services. We identified three directions in which the planning should proceed and a task force for each..... (1) facility evaluation headed by Trustee Bradshaw with the assistance of Brian Belmont and the Operations Committee, (2) financial planning headed by Trustee Sherfick with the support of the Finance Committee and (3) future membership needs and numbers headed by President Van Zonneveld and Vice President Clark, with help from the Communication Committee.

I therefore move that the board formally consent to establish the three task forces described above. The scope of the facility evaluation will be specifically to determine

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the condition of the Beach Club and Bridge Deck, assess the projected useful life of these facilities, project approximate cost to (a) repair, (b) remodel and (c) replace the facilities; recommend corrections of specific deficiencies and assess the electrical systems at the RV lots. Trustee Larkin seconded the motion. Discussion followed. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-12-10

Trustee Sherfick presented the following motion that was previously drafted by Trustee Bradshaw:

Following review of the report and recommendations made by the Long Range Planning Committee, *Trustee Sherfick made a motion that the Board of Trustees retains the services of a licensed professional architectural and engineering agency to complete an analysis of the Beach Club facility, to determine its life expectancy, the feasibility of a remodel and cost estimates. I move the board approve funding up to \$6,000 from the surplus 2009 operating funds, to cover the cost of this professional assessment. Trustee Babaian seconded the motion. Discussion followed. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-12-11*

- e. **Policy & Procedures for LMC Meetings – President Van Zonneveld** – Trustee Bradshaw previously sent a draft of policies and procedures to the trustees. In the interim he had received several comments. Several recommendations, including sending the draft to the CRC for comment and review were made earlier by Trustee Bradshaw. President Van Zonneveld recommended sending the draft to the CRC.

Trustee Sherfick made a motion that the Board of Trustees forward the draft revision of the Policy & Procedures for LMC Meetings, dated December 16, 2010, along with all comments that have been submitted by members, to CRC for discussion and drafting of a first reading, to be presented to the Board of Trustees at the January 2011 meeting. Trustee Clark seconded the motion. Discussion followed. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-12-12

- f. **Board Member Replacement Policy** – To be placed as an open item on the board's agenda.

Closing Remarks – Evaluation – President Van Zonneveld welcomed new trustee Jerry Purdy and expressed her appreciation to the board for their assistance in moving things along on the agenda.

Member Comments – Jerry Purdy thanked everyone for their support and pledged to strive to show that their support was not misplaced.

There being no further business to come before the Board of Trustees, President Van Zonneveld adjourned the regular meeting at 12:32 p.m.

Vaughn Bradshaw, Secretary
Ludlow Maintenance Commission, Inc.

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Prepared by Carol Shamhart
LMC Recording Secretary