

APPROVED

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

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

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

President Van Zonneveld called the regular board meeting to order at 9:02 a.m. Roll call was called by Secretary Michael Larkin. All trustees were present with the exception of Trustees Boyer and Jenings. General Manager Brian Belmont was also in attendance. A quorum was present.

Member Comments: None at this time.

Changes to the Agenda: The Long-Range Planning report will be moved to follow the General Manager's report.

Approval of Minutes: *Trustee Kadash made a motion to approve the January 9, 2010 regular meeting minutes, as corrected. The motion was seconded by Trustee Bradshaw and carried 6:0:1, with President Van Zonneveld abstaining. 10-02-01*

Trustee Bradshaw made a motion to accept the executive session minutes, as corrected, of January 9, 2010. The motion was seconded by Trustee Kadash and carried 6:0:1, with President Van Zonneveld abstaining. 10-02-02

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. The Board allows time for member comments, but 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 legal matters.

Manager's Report – Brian Belmont

The trustees have been provided a DRAFT January 31, 2010 Balance Sheet. There are still year-end journal entries to be made by our CPA that will affect the Balance Sheet. The Profit & Loss Budget Performance report is complete.

To date LMC has 31 contract memberships, which is ahead of estimates for this year.

Year-to-date, 75% of this year's assessments have been collected. This time last year we had collected 80%, and in 2008 we had collected 90%. On February 15th a late payment penalty will be added to the accounts of the 250 plus owners who have not paid their assessments this year.

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The Trustees are aware the Talbot RV storage lot was broken into again on January 30. Several storage lot tenants reported thefts and vandalism.

The RV tenants have been notified that the Operations Committee is sponsoring a meeting to discuss storage lot security on February 26. The meeting is scheduled to start at 6:30 p.m. and will be held at the Beach Club in the Bay View Room. Jefferson County Sheriff, Tony Hernandez, will be attending. The Sheriff is a contract member and is a tenant in the Rainier lot.

Mr. Belmont met with Double D Electric and Hi-Tech Electronics of Port Angeles, in an attempt to gather information regarding possible security improvements for the storage lots. Because the Talbot lot is 1.2 acres and the Rainier lot is 1.57 acres in size, full camera monitoring would be difficult and could be very expensive. However, several alternatives are being explored.

As has been discussed in previous meetings, LMC is accepting donations for the purchase of a digital projector to be used in the Bay View room. Donations have been received from Dine & Discover, Barbara Berthiaume, and Marilynne Gates. \$203.14 was recently received from the Homeowner Potluck Steering Committee. The Port Ludlow Computer Club and Peter Joseph have pledged \$600. The current total collected and pledged is \$1,183.14. Discussion followed.

From October 28, 2009 through January 5 of this year LMC purchased 371 gallons of propane for the indoor pool. During the same period a year ago LMC purchased 1,842 gallons of propane, a difference of 1,470 gallons. Using the average price per gallon paid in 2009, and including sales tax, this is a \$2,677 reduction.

The indoor pool was closed January 20 – 23 due to cloudy water. According to our in-house testing, the pool chemistry was well within acceptable ranges. A water sample was sent to the pool supply company for additional testing. Their results also indicated good water chemistry. At this point we do not know what caused the sudden clarity change.

I will be out of the office March 18 and 19 to attend a Community Associations Institute continuing education class in Bellevue.

The four fulltime employees will be off February 15 in observance of President's Day.

COMMITTEE REPORTS:

Long-Range Planning Committee –Michael Cahn, Chair: Mr. Cahn reported there was an approximately 26% response received from the recent survey to the members. The survey results have been tabulated and the committee will make recommendations based on the survey. The committee met with Port Ludlow Associates (PLA) to discuss their plans and how LMC would possibly interact with PLA. The committee has discussed major issues facing LMC and a first draft report is being prepared for submission to the Board.

Architectural Committee (ACC) – Bill Clark, Chair

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Mr. Clark reported several view relief requests were received and placed in the pending view file until the moratorium is removed. Two requests involving trees on vacant lots were denied with the recommendation the tree owners be contacted to make a request for tree removal. Other requests received this month have been few in number and minimal in complexity.

Several joint meetings with the Covenants & Regulations Committee (CRC) have been held to review and discuss a draft of the View Relief Regulation. On January 28, the ACC met with Carol Reichstetter, a member of the CRC with a legal background, to review and improve the draft. Following the February 1st ACC meeting, the committee met with the CRC to discuss the revised draft.

Mr. Clark thanked the CRC for expediting work on the revised draft of the View Obstruction Regulation. The ACC believes the revised regulation will encourage voluntary compliance and will be clearly and consistently interpreted by the LMC membership.

Lengthy discussion followed.

Covenants and Regulations Committee (CRC) – Dwayne Wilcox, Chair – The Jefferson County Attorney was contacted to discuss the short term lease restrictions. The cost to receive a written opinion from the County on this matter would be \$500 and will not be requested. The Jefferson County Planning Department explained the Unified Development Code states a transient lease is limited to thirty (30) days and is prohibited. Enforcement has been lax due to lack of personnel, etc.

Mr. Wilcox discussed at length the recently held joint meetings with ACC related to the Draft View Relief Regulation and explained in detail the rationale for the document.

Trustee Bradshaw made a motion the Draft Revised Regulation II, Article I, Paragraph 3, be sent to all LMC members, by a special mailing, with a cover letter, explaining the rationale for the revision, summarizing the salient changes and inviting member comments, to be received before the next Board meeting on March 13, 2010. The motion was seconded by Trustee Larkin. Lengthy discussion followed. Trustee Clark made an amendment to Trustee Bradshaw's motion, to request the membership respond within a two week period or no later than March 5th. The amendment was seconded by Trustee Larkin. The amendment passed 3:2:2, with Trustees Bradshaw, Clark and Larkin in favor, Trustees Moseley and Satterlee opposed and Trustee Kadash and President Van Zonneveld abstaining. 10-02-03

Discussion followed. Trustee Moseley's stated his opinion that Trustee Clark should recuse herself from voting on the above-mentioned draft revision brought before the Board by her husband, ACC chair Bill Clark. Trustee Clark expressed her views and discussed the rationale why Trustee Moseley should also recuse himself.

Discussion continued. Trustee Bradshaw called the question. Trustee Bradshaw's original motion, as amended, carried 3:1:3, with Trustees Bradshaw, Kadash and Larkin in favor, Trustee Satterlee opposed, and Trustees Clark and Moseley and President Van Zonneveld abstaining. 10-02-04

The meeting went into recess at 10:05 a.m. and reconvened at 10:15 a.m.

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Communications Committee (CC) – Barbara Berthiaume, Chair

The committee met on Thursday, February 11, 2010 at 3:00 in the Gallery. Present were Evelyn Fett, Barbara Berthiaume, Teddy Clark, Paul Moseley, Brian Belmont and Michael Cahn.

In anticipation of the coming board election and the resignation of a number of volunteers, there needs to be a very proactive effort from the board, chairs, and committee members to enlist new volunteers to fill positions for 2010. Teddy Clark put a possible nominee for the Communications Committee forth and Barbara Berthiaume will follow up on this. The committee needs a North Bay Editor as well and a few names were mentioned as possible candidates. Barbara will follow up on this as well.

The need for more writers and perhaps adjunct members of the committee to fill this role was noted. Writers could interview some board and chair members for Navigator articles to ease the stress on all concerned.

To encourage more member input, let the membership know highlights of the board meeting, and give board members a chance to articulate their concerns, positions, reason for their vote, an e-mail summary following the LMC board meeting was suggested.

One or two motions that are not unanimous will be highlighted with the vote count and board member voting. After the meeting, an e-mail will go around to the board members inviting them to comment on a formatted sheet re the motion. Word count would be around 40 words per comment for ease of reading. The end of the e-mail would be an invitation for member comment and also serve as a volunteer.

There will be a more detailed process and format that will come out before the next board meeting. The committee suggests that this format be tried for 3 months at which time; there could be a review to see if this is an effective method of communication to members.

The next Navigator will come out after the Annual Board Meeting with the target date of April 26th depending on staff duties. April 7 is the deadline for all articles to be sent to Barbara Berthiaume who will forward them on to a proofer before being sent to David Goudie.

Articles for the Spring Navigator include: Board election & officer results (Brian), Outcome of audit waiver (Brian), Manager report (Brian), % of long range survey respondents (Michael), Trees and Views Update (Bill Clark), Volunteers needed (Barbara), Covenants and Regulations (Duane), New E-mail board highlights (Paul), Operations (Jim/Teddy), President's report (Elizabeth), Greenbelt (Ted), Communications (Barbara).

Due to the upcoming absence of Ms. Berthiaume, the next Communications Committee meeting will be Thursday, March 18th at 3:00 p.m. instead of the normal meeting time on March 11th. The membership is welcome to attend.

Finance Committee (FC) – Ian Feltham. Chair

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Mr. Feltham reported Columbia Bank, who recently took over the American Marine Bank, lowered their interest rates. The FC is looking into trying to get a higher rate. Mr. Feltham discussed the problem that 25% of the membership have not yet paid their 2010 dues and how this would impact LMC operation. The FC recommended the LMC attorney send a letter to any member who owes over \$1,000, advising them further action will be taken unless the delinquency is paid. Attorney advice is also needed on how to handle foreclosures.

Trustee Kadesh made a motion to authorize the General Manager to contact the LMC attorney for assistance with a collection letter effort and for information regarding LMC rights on properties that are in foreclosure or bankruptcy. The motion was seconded by Trustee Bradshaw. Discussion followed. The motion carried 5:0:2, with Trustee Moseley and President Van Zonneveld abstaining. 10-02-05

Three CD's in the Edward Jones Account will mature before the end of March. These funds will probably be taken out and moved to a local bank. State Farm Bank in Port Townsend is being considered and was researched by Trustee Bradshaw.

Trustee Bradshaw reported Mr. Belmont had prepared a banking resolution to open an account at State Farm Bank. A banking resolution is required when opening a new business account at a financial institution.

Trustee Bradshaw made a motion to approve the banking resolution (read aloud by Mr. Belmont) to open an account at State Farm Bank. Trustee Clark seconded the motion. Lengthy discussion followed. The motion failed 1:5:1, with Trustee Bradshaw in favor, Trustees Clark, Kadesh, Larkin, Moseley and Satterlee opposed and President Van Zonneveld abstaining. 10-02-06

Discussion followed.

Review of the LMC financial records by two members of the FC is continuing each month. A permanent record of that review is being made each month and is available for member review.

Greenbelt Committee (GBC) – Trustee Satterlee reporting for Ted Buehler, Chair – Mr. Satterlee discussed the LMC attorney's recommendations related to the Liability Waiver & Release, which is proposed to become part of the GBC Policies & Procedures. The GBC is proposing the Board accept the Liability Waiver & Release.

Trustee Satterlee made a motion to adopt the revised Liability Waiver & Release as part of the GBC's Policies & Procedures. President Van Zonneveld seconded the motion and it carried 6:0:1, with President Van Zonneveld abstaining. 10-02-07

Trustee Satterlee discussed language changes in the revised GBC Policies & Procedures. Discussion followed.

Trustee Satterlee made a motion that the Board accept for first reading the revised Policies & Procedures of the GBC, with the insertion of proposed language and notification of the Port Ludlow Drainage District (PLDD). The revised Policies & Procedures will then be referred to the

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CRC for review and comment. President Van Zonneveld seconded the motion. Lengthy discussion followed. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-02-08

Mr. Satterlee and President Van Zonneveld provided background on a letter of understanding between the LMC and the Port Ludlow Village Council (PLVC) in regard to the trails agreement. No further action is required by LMC until an undated trails agreement has been received by the PLVC.

The GBC asked the Board about getting a legal opinion as to whether it is possible to draft a hold harmless agreement that would be structured between volunteers. Lengthy discussion followed. The Board did not have any recommendations in this matter. Trustee Satterlee will report back to the GBC.

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

It was the unanimous decision of the OC not to allow marina or hotel guests use of the Beach Club facilities at this time. Although it would generate additional income, the committee felt it would be a problem for the members. Increasing contract members is being studied.

The recent break-in at the Talbot RV lot has been discussed and options for better security are under review.

In response to a request by the Board, the OC has discussed offering monthly contract memberships, beginning June 2010, in the amount of \$100 plus tax per month. Telephone calls to previous contract members indicated introducing a monthly fee that would not exceed the annual fee would generate new business. Current annual contract members contacted indicated they would not change to a monthly membership. Discussion followed.

Trustee Clark made a motion that the recommendation from the OC for a monthly contract membership be forwarded to the FC for review. The motion was seconded by Trustee Satterlee. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-02-09

Item f. – Unfinished Business – Inn & Marina Access to Beach Club – Discussion proceeded. No action at this time.

The meeting went into recess at 11:40 a.m. and reconvened at 11:50 a.m.

CORRESPONDENCE: Secretary Larkin

During the past month several letters were received from attorneys Smith & O'Hare regarding an issue with trees and fence height. The matter will be discussed at executive session later today. Member Bill Smith submitted a letter in regard to the policy related to renters and the LMC dues for short-term rentals. Four different people have submitted letters with recommendations for the Big John Award. Jeff Jelinek sent a letter related to the short-term rental policy. Art Moyer sent an email regarding trees and views, Helen Cotta sent a letter related to the upper parking lot and Dale

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Williams sent a letter dealing with trees on lots 22 and 23 of Port Ludlow 1 Area 2. Discussion followed related to follow-up on the correspondence.

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 – The Board has adopted several of the policies and procedures the standing committees were asked to review. The Long-Range Planning project is proceeding and a new long-range plan will be available in the near future for member consideration. President Van Zonneveld appointed Trustees Bradshaw and Clark to draft a Board Mission Statement that will be discussed at the March Board discussion session.

Temporary Moratorium on View Obstruction Relief – No action at this time

County Ordinance Regarding MPR – single family zoning – The Board will discuss during executive session.

Greenbelt Committee Security Deposit – Pending CRC review.

Inclusion of Facility Rules into Regulation IV – Pending CRC review.

PLVC Trail Maintenance Agreement – Waiting for response from PLVC.

NEW BUSINESS:

West Parking Lot Agreement – Mr. Belmont – The West Parking Lot Agreement, signed in 1989, has expired. Mr. Belmont presented a letter he had prepared to Port Ludlow Associates (PLA), explaining LMC believes this agreement has expired and is no longer in effect.

Trustee Satterlee made a motion to direct the General Manager to send the prepared letter to PLA in regard to the West Parking Lot Agreement. Trustee Bradshaw seconded the motion. Discussion followed. The motion passed 5:0:2, with Trustee Moseley and President Van Zonneveld abstaining. 10-02-10

RV Storage Break-in – Mr. Belmont - The GBC and Mr. Belmont are working together to remove some of the vegetation that is extremely close to the RV parking lot fence. Removal of hanging limbs and other vegetation would improve visibility in the area. The Operations Committee has scheduled a meeting on February 26 at 6:30 p.m. for RV tenants and nearby homeowners. Sheriff Tony Hernandez, Mr. Belmont and members of the Operations Committee will attend. A notification letter will be sent to RV tenants and homeowners who live near the RV lots next week. Discussion followed.

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Trustee Kadesh made a motion to send a letter notify the RV tenants and the residents in the immediate surrounding streets, of a planned meeting with the OC and the Jefferson County Sheriff, on February 26, at 6:30 p.m. at the Beach Club in the Bay View Room, to discuss the RV lot matter. The motion was seconded by Trustee Clark. Lengthy discussion followed. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-02-11

Suspension of Facility Privileges – Delinquent Members – Trustee Bradshaw – The numerous delinquent assessments, both from this year and several carry-overs, were discussed. There is currently approximately \$140,000 in outstanding assessments.

Trustee Bradshaw made a motion that, in accordance with Regulation IV, Article II, sections 2 and 3, LMC members whose assessments have not been paid in full be declared not in good standing and shall have their privilege to use the LMC facilities, amenities and common areas suspended, effective February 15, 2010, until such time as the owner has paid all assessments, penalties and fees in full. The LMC General Manager is instructed to communicate this Board action to the delinquent members in the February late payment notice. Trustee Kadesh seconded the motion. Discussion followed. The motion carried 6:0:1, with President Van Zonneveld abstaining. 10-02-12

2010 Annual Meeting Preparation – Brian Belmont – The annual meeting will be on April 17, 2010. By law, April 2nd is the last date to mail the material to the membership (no less than 14 days prior to the meeting). Mr. Belmont would like to do the mailing on March 26, which allows three weeks, to give the member time to review the material. At the next regular Board meeting on March 13, the Trustees will receive a draft packet, for their approval, of the contents of that packet. Mr. Belmont has requested the NBLOA send potential candidate biographies, limited to 300 words, to him electronically by March 9 for inclusion in the Board packet. Discussion followed.

The general meeting was recessed and the Board proceeded into executive session at 12:53 p.m. to discuss legal matters.

The general meeting reconvened at 2:32 p.m. Trustee Moseley left prior to the executive session and Trustee Clark left the executive session at 2:15 p.m.

President Van Zonneveld stated there were two matters before the Board

Trustee Satterlee made a motion to respond to Dale Williams' letter of January 11, 2010. The letter will be drafted by Mr. Belmont, President Van Zonneveld and the Secretary. Trustee Larkin second the motion and it carried 4:0:1, with President Van Zonneveld abstaining. 10-02-13

In response to Mr. Belmont's request for clarification regarding short-term rentals, the following motion was made.

Trustee Kadesh made a motion to instruct the General Manager to only offer short-term rental guest privileges where permitted by the Jefferson County Port Ludlow Master Plan Resort (MPR) Code. Trustee Bradshaw seconded the motion. The motion carried 4:0:1, with President Van Zonneveld abstaining. 10-02-14

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By a motion duly made, seconded, and unanimously carried 4:0:1, with President Van Zonneveld abstaining, the meeting was adjourned at 2:40 p.m.

Respectfully submitted,

Michael Larkin, Secretary
Ludlow Maintenance Commission, Inc.

Prepared by Carol Shamhart
LMC Recording Secretary