

APPROVED

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

Saturday, February 16, 2008 – 9:00 a.m. – Bay View Room

Trustees: Vaughn Bradshaw, Ted Buehler, Ian Feltham, Stan Kadash, Paul Moseley, Art Moyer, Jerry Nelson, Sonny Sanzaro, and Elizabeth Van Zonneveld.

President Bradshaw called the regular board meeting to order at 9:00 a.m. Roll call was conducted by Secretary Nelson. All trustees were in attendance.

Agenda Changes: President Bradshaw asked if there were any changes to the Agenda. Trustee Buehler requested an executive session to discuss personnel matters at the end of the regular meeting. There were no other agenda changes.

Approval of Minutes: Trustee Buehler made a motion to approve the regular meeting minutes of February 7, 2008. Trustee Sanzaro made a motion to postpone approval of the February 7 regular meeting minutes until the trustees have had an opportunity to review them. Trustee Van Zonneveld seconded the motion and it was carried unanimously with President Bradshaw abstaining.

President's Report: President Bradshaw reminded the audience that board meetings are routinely recorded. He further explained the meetings are held to conduct the business of LMC, but limited input from members in attendance is welcome following discussion by the trustees. Remarks from the audience are limited to once per agenda item, for a 5-minute period. President Bradshaw asked participants to state their name prior to addressing the trustees and to wait until recognized before speaking. President Bradshaw stated his intent that all points of view will be heard, but if comments become repetitive or too lengthy, he will need to interrupt to complete the business at hand. Members may make additional comments at the end of the meeting. As a standard practice, President Bradshaw announced he will abstain from voting unless there is a tie.

Manager Report – Brian Belmont

Mr. Belmont's written report is filed with these minutes. Questions and comments followed.

The trustees have been provided financial statements through January 31, 2008.

Outstanding assessments prior to 2008 remain at \$2,803.72 (including late fees). Year-to-date assessment collection is approximately 93% of the 2008 assessments.

A Sheriff's report was filed on February 7 regarding the February 6, 2008 unauthorized tree cutting in the greenbelt area north of Jackson Lane. The matter is currently under investigation.

Silverdale plumbing will inspect the men's locker room floor drains using a small camera next week. They will prepare cost estimates for repair of the floor drains.

To date the Beach Club has received \$2,490 in pledges and donations toward the purchase of a new commercial grade elliptical trainer. As previously reported, LMC members, Jay and Mimi

APPROVED

Bonds have offered to match dollar for dollar, up to \$2,500 toward the approximately \$5,000 for the new machine. Lengthy discussion followed. Following collection of data on elliptical trainers, the board will give final approval on the purchase.

COMMITTEE REPORTS:

Architectural Control –Veronica Ryan

Report not received as of 2/21/08 (cs).

Four new requests have been received since the LMC board meeting on January 19. They include a new addition, one propane tank screening, two trees, views and obstruction request. A new addition was approved, as was a tree limbing request. The two trees, views and obstruction requests were closed. The ACC has completed the fence guidelines, as requested by the board.

In regard to a request for removal of 32 trees on a lot located on the corner of Pioneer and Fleet, (#2-3-112) the ACC committee investigated the matter and requested an opinion from the Port Ludlow Drainage District (PLDD). The PLDD expressed great concerns that removal of the trees would cause additional water runoff to the homes located below and recommended an engineered drainage plan be submitted by the requesting parties to the PLDD for approval prior to any tree removal. Based on this information, and because the LMC Covenants restrict ACC from removing trees from undeveloped lots until building plans have been submitted, the request for tree removal was denied. The ACC has closed the first request. A second request for selected limbing for view improvement on the above-mentioned lot was approved by ACC and a modification to the second request was granted. The file has been closed. Lengthy discussion followed regarding this matter and other pending issues.

Trustee Moyer made a motion to send these issues back to the ACC and to send a letter to the homeowner of the corner lot at Fleet and Pioneer Dr. The motion was seconded by Trustee Sanzaro. Trustee Van Zonneveld made an amendment to the motion to also send the issue to the Operations Committee regarding the uncompleted issue of a boat in the yard (#2-3-113) of a homeowner in close proximity to the above-mentioned corner lot. (#2-3-112) Trustee Moyer seconded the amendment and it was carried unanimously with President Bradshaw abstaining. The original motion, as amended, was carried by unanimous vote with President Bradshaw abstaining.

Discussion continued.

Covenants & Regulations Committee – Trustee Moyer reporting for Catherine Garrison (interim chair)

Report not received as of 2/21/08 (cs).

Trustee Moyer reported the LMC attorney has reviewed a problem related to a difference between the Articles of Incorporation and the Bylaws, specifically the difference in the Bylaws Article II, Section 7. Special Matters. The Bylaws are not in conformity with the RCW's in that they are trying to regulate the Articles of Incorporation, which they cannot do. As a result, there is a difference between the two. Following review, it was recommended by the CRC that the portion of the Bylaws which is not in conformity with the Articles of Incorporation be removed

APPROVED

and that there be three readings prior to a final decision by the trustees. That would specifically remove the requirement for an affirmative vote of members owning at least 50% of the combined number of lots and condominium units as served or authorized to be served here. Lengthy discussion followed.

Trustee Moyer made a motion to accept the CRC recommendation to correct the nonconformity between the Articles of Incorporation and the Bylaws in Section 7 under Special Matters, for first reading. The motion was seconded by Trustee Nelson. Lengthy discussion followed. Trustee Van Zonneveld called for the question and it was seconded by Trustee Nelson. By a vote of 6:2:1, the discussion was ended with Trustees Sanzaro and Moseley opposed. President Bradshaw abstained. Trustee Moyer's motion failed by a vote of 3:5:1 with Trustees Buehler, Moseley, Sanzaro, Kadash and Feltham opposed.

Trustee Sanzaro made a motion to send the issue of the 50% vote back to the CRC for reconsideration, investigation and further evaluation. The motion was seconded by Trustee Buehler. Discussion continued. Trustee Moyer made an amendment to Trustee Sanzaro's motion, to send the 50% vote issue back to the CRC with the recommendation that they insert the 50% requirement into the Articles of Incorporation, to make the Articles and the Bylaws the same. Trustee Feltham seconded the amendment to Trustee Sanzaro's original motion. Discussion continued. Trustee Sanzaro called for the question on the amendment and it was seconded by Trustee Van Zonneveld. The discussion was ended by a unanimous vote with President Bradshaw abstaining. Trustee Moyer's amendment to Trustee Sanzaro's original motion was passed 6:2:1 with Trustees Buehler and Moseley opposed. President Bradshaw abstained. Trustee Sanzaro's amended motion was passed by a vote of 5:0:4, with Trustees Buehler, Moseley, Van Zonneveld and President Bradshaw abstaining.

Finance Committee – Bill Funke, Chair

The Finance Committee's written report is filed with these minutes. Questions and comments followed.

The LMC accountant has submitted a draft for the LMC 2007 Financial Statement in preparation of filing the 2007 IRS Federal Tax Return. Mr. Belmont will review this draft with LMC accountant, Jon Froula, before finalizing the tax returns.

The in-house audit for the last quarter of 2007 has been completed by the Finance Committee.

Lengthy discussion commenced related to the Beach Club electrical system and the potential need for additional funds to cover expected repair/replacement.

Greenbelt Committee – Jack Rikken/Larry Scott

The Greenbelt Committee's written report is filed with these minutes. Questions and comments followed.

At the last GBC meeting, the draft of the cover letter for board approval and submittal to the county of the GBC Policies and Procedures for GBC management authority of our Greenbelt Areas in compliance with the Jefferson County Critical Areas criteria, the North Kehele Park

APPROVED

“Green Area” project and the tree vandalism in the Foster/Jackson Ravine Greenbelt Area was discussed.

The GBC are moving forward with the initial draft of a cover letter that, in its final form, will be submitted to the LMC Board for their approval and submittal of the GBC Policies and Procedures to the County Planning Department as an adequate management program for Greenbelt Areas that need to be in compliance with the Jefferson County Critical Areas criteria. The draft is expected to be submitted to the trustees in March 2008.

As requested, the GBC is supporting the County Sheriff’s Department in the investigation of tree vandalism in the Greenbelt ravine between Foster and Jackson Lanes in the area adjacent to Oak Bay Road. Volunteers from the GBC have removed hazardous trees in this area. Until the investigation is complete, the GBC have put a hold on any request for vegetation management action in this area.

Discussion followed.

Operations Committee – John Van Zonneveld, Chair

Report not received by 2/22/08 (cs).

Mr. Van Zonneveld’s written report is filed with these minutes. Questions and comments followed.

Port Ludlow Village Council – Larry Nobles – No report this meeting.

Trustee Feltham excused himself from the meeting at 11:15 a.m..

President Bradshaw called for a 5 minute recess at 11:25 am.
The meeting reconvened at 11:32 am.

CORRESPONDENCE:

Trustee Nelson reported no new correspondence this week. Mr. Belmont reported an email had been received that was addressed to him and all members of the board and ACC. Trustee Sanzaro made a motion that the board take notice of this email letter and forward it to ACC for further action. The motion was seconded and amended by Trustee Van Zonneveld that the secretary responds. Trustee Kadash seconded the amendment. Discussion followed. The amendment to Trustee Sanzaro’s motion and the original motion were unanimously passed with President Bradshaw abstaining.

UNFINISHED BUSINESS:

Policy for Contacting the Attorney– Originally presented at the 2/6/08 regular meeting by **Trustee Moseley**: This matter was tabled. Trustee Moseley will compile data to be presented on the subject at a later date. Discussion followed.

Status of the Area 5 Bluffs – Presented by **Trustee Moyer**: The search for documentation that LMC had accepted ownership of the property in question has not been located to date. Mr.

APPROVED

Belmont has been in contact with Pope Resources and is awaiting their decision on releasing any records to LMC. This matter will be tabled until next month.

Announcement of the Voice Agreement – Presented by Trustee Buehler: A Letter of Agreement has been signed by the Voice staff and LMC. This information will be posted in the Voice. No further action required.

Status Report on PLA Resort Revision Plans – Presented by Trustee Van Zonneveld: At the last meeting it was reported by Trustee Van Zonneveld that it was believed there were to be two legal actions resulting from this matter. The only action that has gone to a board above the County is by Les Powers. PLA was not believed to have filed in this matter. At this point LMC's participation in this is finished until there is a binding site plan and application on any part of the project, but there is both a Shoreline Hearing Board Appeal and a Land Use Procedures Act Appeal to the Superior Court. Discussion continued.

Announcement of LMC for Long Range Planning Meeting: A workshop format meeting to discuss LMC long range planning has been set for Wednesday, February 20, 2008 at 1:00 p.m. at the Bridge Deck. The meeting is open to all LMC members.

NEW BUSINESS:

Amendment to Records Access Policy – First Reading: Trustee Nelson made a motion that all correspondence between the board requires a signature from each board member that they received the correspondence. (NOTE: No second or further discussion on this motion – cs)

Trustee Moyer stated the reason for the revision is to delete the personal email addresses that are in the LMC records at the present time. The revision did not delete telephone numbers. The RCW states that we shall not release unlisted telephone numbers so they are going to treat email addresses the same as unlisted telephone numbers and personal email addresses would not be released. It did not address releasing regular phone numbers. Trustee Moyer made a motion to accept the Amendment to LMC Records Access Policy, as proposed for, first reading. The motion was seconded by Trustee Van Zonneveld. Discussion followed. By a majority vote of 7:1:1, Trustee Moyer's motion to accept the Amendment to LMC Records Access Policy as proposed for first reading was passed with Trustee Moseley opposed. President Bradshaw abstained.

Trustee Moseley made a motion to send the Amendment to LMC Records Access Policy back to the CRC for first reading, and to develop an option for members to opt out of having their email addresses released by LMC. Trustee Buehler seconded the motion. Discussion followed. Trustee Van Zonneveld called for the question and it was seconded by Trustee Moyer. The discussion was ended by unanimous vote with President Bradshaw abstaining. Trustee Moseley's motion was passed by unanimous vote with President Bradshaw abstaining.

Regulation II, Article I, 2.d. – Licensed Registered Washington State Arborist: Trustee Van Zonneveld made a motion to send Regulation II, Article I, 2.d. which refers to licensed registered Washington State arborists, to the ACC, for review of all of section d., dealing with hazardous trees and the specification of who is authorized to certify a tree's condition. The motion was seconded by Trustee Moyer. Discussion followed. Trustee Van Zonneveld amended the original motion to include sending the above-mentioned Regulation and the Trees and Views

APPROVED

Policy and Procedures back to ACC. The amendment was seconded by Trustee Moyer. Trustee Buehler called for the question and it was seconded by Trustee Moseley. The discussion was ended by unanimous vote with President Bradshaw abstaining. The original motion, as amended, was passed by unanimous vote with President Bradshaw abstaining.

Planning for April Election Ballot: Mr. Belmont reported on the on-going planning for the April ballot. The Annual Meeting will be the third Saturday of April 2008. LMC members will have all information sent to them approximately three weeks prior to the Annual Meeting.

Public Comment Period: President Bradshaw opened the floor for public comments. There was one question from the audience.

By a motion made by Trustee Buehler seconded by Trustee Moyer and carried unanimously, the meeting was recessed to Executive Session at 12:35 p.m., to discuss personnel matters. President Bradshaw abstained.

The regular meeting of the February 16, 2008 Board of Trustees reconvened at 1:43 p.m.

There were no motions made in executive session:

By a motion made by Trustee Moyer seconded by Trustee Buehler, and unanimously approved, the meeting was adjourned at 1:44 p.m. President Bradshaw abstained.

Respectfully submitted,

Jerry Nelson, Secretary
Ludlow Maintenance Commission, Inc.

Prepared by Carol Shamhart
LMC Recording Secretary

LMC Standing Committee Reports:

Manager's Report:

The Trustees have been provided financial statements through January 31, 2008. If the Trustees have questions I would be happy to answer them now. And as always if you think of questions in between Board meetings please contact me. We currently have two (2) properties with outstanding assessment balances prior to 2008 that total, with late fees, \$2,803.72. Year to date we have collected approximately 93% of the 2008 assessments.

As requested by the Board, I filed a Sheriff's report regarding the unauthorized tree cutting that occurred in the greenbelt area north of Jackson Lane on February 6. The Sheriff's department is reviewing the information that has been provided by community members.

APPROVED

Next week Silverdale Plumbing will inspect the men's locker room floor drains using a small camera. With this information Silverdale Plumbing will prepare cost estimates on the floor drain repairs.

At the February 7 meeting I reported that LMC members Jay & Mimi Bonds had offered to match dollar for dollar, up to \$2,500, donations for the purchase of a new commercial grade elliptical trainer. The cost of a new elliptical trainer is approximately \$5,000. To date, we have received pledges and donations in the amount of \$2,490 towards that match.

Because Monday, February 18 is President's day Kim, Phil, Bob & I will be off for the holiday.

ACC: No report received as of February 22, 2008.

Communications Committee: No report received as of February 22, 2008.

CRC: No report received as of February 22, 2008.

Finance Committee:

LMC Finance Committee

MINUTES

Thursday, February 14, 2008

9:00 AM, Beach Club GazeboRoom

Committee Members Present: Trustee/ Treasurer Ian Feltham, Trustee Art Moyer, David Pendergast, Ted Wright & Bill Funke

Others Present: Brian Belmont, General Manager, Vaughn Bradshaw, LMC President, John Van Zonneveld, Operations Committee Chairman

MINUTES APPROVAL: The January 17, 2007 meeting minutes were approved as submitted.

OPERATIONS COMMITTEE FUNDING REQUEST: John Van Zonneveld advised that matching donations for the initial \$2,500 donation to purchase an elliptical trainer for the exercise room have been received and Reserve funds will not, as previously expected, be required.

TREASURER'S REPORT: Ian Feltham reminded the Committee of our responsibility to schedule operating funds availability to meet all operating cash requirements, coordinating the various Money Market funds and CD maturities for this purpose while insuring all funds are protected by FDIC coverage.

MANAGER'S REPORT:

APPROVED

1. 2007 Tax Return: The LMC accountant has submitted a draft for the LMC 2007 Financial Statement in preparation of filing the 2007 IRS tax returns. Brian will review this draft with accountant, John Froula before finalizing the tax returns.
2. January 2008 Financial Statement: The Committee reviewed the January 2008 Financial Statement with the Manager. Information included a separate accounting of January legal and greenbelt expenditures. It was noted that January propane costs had increased to \$2.29 per gallon, 29 cents per gallon higher than budgeted, but that the bulk of LMC propane purchases are during the summer months when prices normally are lower.
3. Delinquent Properties Foreclosure Update: Two properties remain delinquent. As previously reported, the manager is awaiting a court ruling on the legal ownership of one property. As of February 15, 2008 the second property will be also be delinquent in excess of the \$1,000 threshold making it subject to LMC policy foreclosure action. The Committee agreed to postpone action until April.
4. Emergency Funding Requirement: The Manager reported investigative measures to determine the extent of the failed Beach Club drainage system, and that he expects to receive repair and/or replacement cost estimates by next week.

LMC PROPERTIES REPLACEMENT AND REPAIR FUNDING SITUATION: The Committee recognizes the drainage system emergency underscores the need to complete the cost and replacement schedules for all depreciable LMC assets identified on the recently updated Replacement Component Item List as soon as possible, to more accurately determine full (100%) funding amounts for all scheduled replacement requirements.

John Van Zonneveld anticipates the Operations Committee will complete this pricing task by the end of March. Also, in this week's email President's message to the membership, Vaughn Bradshaw reported this undertaking and requested help from knowledgeable members willing to assist in pricing.

Vaughn further advised Jerry Nelson and Steve Siegiel have undertaken the task of tracing and plotting the existing Beach Club electric wiring system so that a complete system update in compliance with current Codes and requirements can be developed and priced. It is anticipated this work will be complete by June.

The Committee firmly endorses a "pay as you go" obligation to maintain, replace and repair our mutually owned LMC facilities so that funds necessary for this purpose will always be available without undue future assessments, particularly on future new members. This philosophy is reflected in the proposed reserves policy now before the trustees that requires these funds be dedicated only to replace identified items. We further recognize the current less than 100% reserve funding requirement is a result of the failure to set aside any monies dedicated for replacement purposes until 1994 (after 26 years use), the failure to initially identify all depreciable items requiring future replacement and the past failure to restrict use of these funds for their intended purpose.

The Committee concludes that anticipating replacement dates for items originally expected to last indefinitely, including the now failed drainage system and the Club electric system, cannot

APPROVED

be logically included in reserve funding and should appropriately be funded by special assessment.

In the coming weeks an effort will be made to put together a comprehensive and detailed report of current and future facilities maintenance and replacement requirements and proposals to put this information before the membership.

In the meantime, the Committee appreciates the individual membership donations for the exercise equipment. In connection with this, the proceeds from the sale of the pool table which had been previously earmarked for exercise equipment replacement, are no longer needed nor appropriate, in light of the current need for drainage repair funds. Accordingly, the Committee has withdrawn its March 2006 recommendation for this earmark.

LMC Reserve Policy: Bill Funke related member and trustee comments in response to the Feb 7, 2008 first reading of the proposed new Reserve Policy, including a suggestion from member Doug Henderson that "Replaced items must be equal quality" and arguments from Larry Nobles against the necessity of 100% reserve funding and of "in-house" component list item identification and pricing. The committee acknowledges the validity of these comments, but concluded the proposed policy as written serves its purpose.

Quarterly In-House audit by Committee. The in-house audit by the Committee for the last quarter of 2007 was completed. These audits Would like to sit down with you and Dave sometime in the short future to explore or at least channel thinking about just how major expenses, particularly the unforeseen, e.g., drains and electric, should be treated by the committee on a long-term basis. The board, in their collective wisdom, won't have a clue and with the sharpshooters out there I anticipate some really goofy arguments with all of the usual ill-feeling and backbiting. supplemented the Treasurer's monthly review of all bank statements.

There being no further business to come before the Committee, the meeting was adjourned at 12:15 PM

Bill Funke

Greenbelt Committee:

The Greenbelt Committee (GBC) met on its regularly scheduled meeting date of Tuesday, February 12, 2008. Currently there are 10 open requests to the GBC being evaluated and/or monitored for tree removal and required replanting in Greenbelt areas. During the past month one new request was received and 5 were closed. Other items addressed at the meeting included access to the Lower Rainier Greenbelt and the start of cleanup of storm damage in that area, the draft of the cover letter for board approval and submittal to the county of our Policies and Procedures for GBC management authority of our Greenbelt Areas in compliance with the Jefferson County Critical Areas criteria, the North Kehele Park "Green Area" project and the tree vandalism in the Foster/Jackson Ravine Greenbelt Area.

Further review of the area at the North end of Helm Lane has shown that the assumed access to the Greenbelt at this point is not practical through the easement wedge at this location due to terrain and considerable plant growth, including large evergreen trees. However, a path adjacent to the easement on an undeveloped lot provides a very good access to the lower Rainier

APPROVED

Greenbelt area where most of our cleanup work for this greenbelt exists. We are working with the lot owner to allow a temporary maintenance access. We will also take a closer look at a potential access through the easement wedges at the North end of Cascade and Cressey Lanes.

We are moving forward with the initial draft of a cover letter that, in its final form, will be submitted to the LMC Board for their approval and submittal of the GBC Policies and Procedures to the County Planning Department as an adequate management program for Greenbelt Areas that need to be in compliance with the Jefferson County Critical Areas criteria. We hope to have this letter to the board in March.

During the spring and summer we will be working with the Operations Committee and the WSU Extension Service to develop clearing and planting documents to support a fall planting schedule at the north end of Kehele Park.

The GBC is supporting, as requested, the county Sheriff's department in the investigation of tree vandalism in the Greenbelt ravine between Foster and Jackson Lanes in the area adjacent to Oak Bay Road. We are currently putting a hold on any request for vegetation management action in this area until the investigation is complete.

Operations: No report as of February 22, 2008.