

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF TRUSTEES OF
LUDLOW MAINTENANCE COMMISSION, INC.**
Saturday, February 11, 2006– 9:00 a.m. – Bay View Room

Trustees Present: Bruce Schmitz, John Van Zonneveld, Art Moyer, Amy Recht, Sonny Sanzaro, Terry O'Brien, Michael Platt, Jerry Nelson, and Ian Feltham.

President Schmitz called the meeting to order at 9:00 a.m. and asked Secretary Moyer for a roll call. All trustees were in attendance.

APPROVAL OF MINUTES: Following brief discussion, the minutes of the regular 14 January and of the special 12 January Board meetings and of the special member meeting of January 14, 2006, were approved as corrected.

President Schmitz took a few minutes to talk about the last month hearing on the proposed change to resort area. President Schmitz, representing LMC, gave a testimony on the concerns and the problems the LMC Board has with this development. Due to the volume of data in this case, the hearing examiner ruled to extend the hearing and scheduled two additional events. An on site review of the proposed change took place on February 7. Second public hearing was scheduled for February 28. President Schmitz encouraged everybody to attend the second hearing and give testimonies. He expects to give an additional testimony representing LMC.

President Schmitz announced that the annual meeting of the LMC membership was scheduled for 2 p.m. on Saturday, April 15. A cocktail party, sponsored by the Homeowners Potluck Committee, will take place immediately after the annual meeting. Drinks are provided at no charge, a sign-up sheet for appetizers will be at the front desk. The Board will hold their regular monthly meeting at 9:00 a.m. on Saturday, April 8.

The memorial service for Grant Sharpe will be held on Sunday, February 12, starting at 2:00 p.m.

COMMITTEE REPORTS:

Manager's Report – Brian Belmont

Mr. Belmont reported that a loud bang that occurred during the Board special meeting on February 2 was separating of a copper solder joint. The pipe carries the refrigerant from the indoor furnace to the heat pump unit. The repairs have been made. The system is operational. The staff used backup heating to keep the locker rooms comfortable until the problem was isolated and the repairs could be done. The exact cause of the incident is unknown.

Mr. Belmont reported that during the past week Phil Eng was busy repairing the outdoor pool plumbing. The return line for the pool, a 4" plastic pipe, has had a constant leak. While the system is torn down the maintenance staff is replacing a cast iron "T" and making other needed repairs, which should be completed sometime next week, at which time the pool will be refilled. The pool will open, as usual, in late May.

Earlier this week, a technician from Sunshine Propane inspected the propane boiler for the outdoor pool that had broke down last summer. Having inspected the insides of the heat exchanger tubes to make a determination if they had enough life left in them to justify a boiler repair rather than a replacement, the technician recommended repairing the boiler. The repair estimate is getting updated. Once the estimate is received, Mr. Belmont will take it to the Operations and Finance Committees and will bring it to for the Board's approval in March. Mr. Belmont is estimating the repairs to cost between \$2000 and \$2500.

To date, the LMC collected approximately 80% of the 2006 assessments. Late notices will be going out within the next couple of weeks and will include late payment penalty of \$3.40 per month on an unpaid 2006 assessment. Contract membership renewal notices went out two weeks after LMC assessment notices.

Mr. Belmont reported PLA expressing interest in entering into an agreement with LMC that would allow the Admiralty Condominium units in PLA rental pool to have access to LMC facilities this year. Currently there are five units in the rental pool. This subject was further discussed under this meeting new business.

Finally, Mr. Belmont took a moment to thank John Van Zonneveld for picking up ferry tickets from the Kingston ferry terminal to be sold at the Beach Club. The program is nearing its end as the state is expected to switch to electronic ticketing this spring.

Questions followed.

Finance Committee –Bruce Pyles

Since the last LMC meeting the committee met twice. The committee reviewed the retention letter submitted by LMC CPA. The committee recommended, that it be signed by the appropriate members of the LMC Board and returned to the CPA.

The committee reviewed and approved Trustee Van Zonneveld's written response to Mrs. Meyer explaining the accounting of the ferry ticket program.

The committee reviewed financial activities through the month of December. The committee discovered that RV Storage electricity costs were significantly higher in 2005 compared to 2004. A review of charges and fees was conducted. The committee is comfortable with 2006 rates.

The committee approved an Operations Committee request to replace current computers and network with a bid from Computer Solutions of Sequim. If approved by the Board, the funds will be taken from the Reserve Fund. The committee also approved a request of the Beach Club Remodel Fundraising Committee to allocate \$3000.00 to pay for the filing of an MPR plot change request and potential attorney fees. If approved by the Board, the funds will be taken from the Capital Improvement Fund. Both subjects were further discussed under this meeting new business.

The committee will be prepared to make a recommendation on Procurement Policy at the February workshop.

Questions followed.

Operations Committee – Teddy Clark

The Operations Committee is working on a number of property maintenance issues. The committee developed a form and is working on developing a system of communications that will allow to consistently address these issues.

The committee continues to deal with requests regarding trees and views. Several cases have been resolved. Two pending cases are getting addressed.

Since the exercise room is becoming more popular, Pat Cooper will conduct an informal survey of members to help the committee to keep the equipment up to date. The committee sent a thank you note to the townhouse owners who contributed to the purchase of a flat screen television set.

The committee is designing a rental agreement form.

The committee voted to replace the Beach Club computers.

Devin Wells has resigned.

Architectural Control – Veronica Cross

Since the last LMC meeting the committee has met once. Six requests (two new houses, two tree removals, one house addition, and one request to install shutters) were approved. One fence and one shed case were closed as the petitioner failed to submit additional information needed to complete these applications. The committee is currently working on fifteen pending requests (seven houses, one addition, one new roof, four tree removals, and two fences.)

The committee met with Jerry Gilmore to discuss his fence options (the ACC was directed by the Board to work with Mr. Gilmore to see if a compromise could be reached following Mr. Gilmore's appeal of the ACC decision to deny his original application.) The Board had upheld ACC decision to deny a detached carport on Olympic Lane. Fleet Drive unauthorized fence case was sent back to the Board for further action.

Houses under construction are being monitored. Reported violations are getting addressed.

The next ACC meeting will be held on Monday, February 14, at 3:30 p.m.

Covenants & Regulations – Catherine Garrison

The committee will next meet on Tuesday, February 14. Ms. Garrison brought in the second readings of the committee recommendations for revisions to the Bylaws with regards to standing committees and to the Regulations with regards to outdoor burning, and enforcement and appeal procedures.

Ms. Garrison also brought in the first readings of the committee recommendations for revision to the Bylaws regarding special meetings, executive sessions, and power and authority of the Board of Trustees and the treasurer with regards to the annual audit. These changes are needed to bring LMC Bylaws in compliance with current RCWs. Changes to the Bylaws require an affirmative vote of the majority of the lot-owner-members and an affirmative vote of the majority of the

condominium unit-owner-members participating in person or by proxy at an annual or special membership meeting

Questions followed.

Greenbelt Committee – Jerry Nelson (for Ron Garton)

The committee received one new request and is monitoring eighteen other cases. Most of the cases monitored are the cases that require cleaning up or replanting.

The Keefe Lane group has requested modifications to their original tree removal request. There is a trail leading to the trees requested for removal. The review period started February 7.

Two trees blew out of the greenbelt during the recent windstorm. Yeoman Tree Service is being consulted. These will not be easy trees to remove.

Questions followed.

Communications – Sally Orsborn

The 7th issue of the Log was distributed to the members earlier this month by regular mail. The manager is compiling a list of members willing to receive the Log by email or read it on the web site to save postage. The newsletter was critiqued and suggestions for formatting were noted. The committee intends to expand the Log to include the space for addresses so there will be no need for envelopes. Some pullout sheets could be included to cover information such as emergency preparedness and low-growth trees that could be kept on hand. Ms. Orsborn encouraged Board members and committee chairs to submit topics for articles. The next Log is due for distribution following the Annual Meeting in April. Suggestions from the membership are also welcomed.

Recess: This meeting went into recess at 9:57 a.m. and reconvened in an open session at 10:05 a.m.

Condominium Associations – Jerry Nelson

Construction of the buildings burnt in the late 2004 is supposed to be finished by the end of the month. Once both the interior and the exterior of the buildings are completed, they will be landscaped.

Lot Owners Association -- Karl Barden

The LOA has not met since the last LMC meeting. The gallery display has been changed. The Nominations Committee report is expected at the next LOA meeting. An art reception is scheduled for the afternoon.

Port Ludlow Village Council – Bruce Schmitz

The next PLVC meeting is expected to be attended by three PSE representatives to explain and answer questions regarding recent power outage.

At the last PLVC meeting, the county presented a map of the proposed changes to the Paradise Bay Road in the area of the village. The map is now posted on the Beach Club bulletin board. The project is out for bids.

The council voted to do a survey of the Port Ludlow community on the Trendwest Resort. Trendwest Development was declared a non-permissible use by the appellant judge. That decision was appealed to the Superior Court. The court date has not been set. Trendwest is also in a process of deciding on filing for amendments or changes to some of the governing documents regarding the resort development. The survey will come out sometime in March.

The Utility Committee had been reformed to further study water and sewer utilities and what should be done with them once the development of the community is complete. Recommendations on whether a utility district should be formed are expected at a later date.

CORRESPONDENCE:

The Board received PLDD response to the LMC Board letter of concern with the PLDD project in the Swansonville Road greenbelt between Rainier Lane to Oak Bay Road. PLDD letter will be posted on the Beach Club bulletin board for the membership's information.

UNFINISHED BUSINESS:

Second Reading Bylaws Revision Article V (1): Standing Committees: By a motion made by Trustee Nelson, seconded by Trustee Van Zonneveld, and carried by a unanimous vote of the Board, this revision incorporating Communications Committee as a standing committee within the LMC was approved. This approved change will be posted on the Beach Club bulletin board, filed with these minutes, and submitted for the membership vote in April.

Second Reading Regulation Revision – Regulation I Article I (9): Outdoor Burning: By a motion made by Trustee Nelson, seconded by Trustee Recht, and carried by a unanimous vote of the Board, this revision adding outdoor burning requirements to the current regulations was approved. This approved change will be posted on the Beach Club bulletin board and filed with these minutes.

Second Reading Regulation Revision – Regulation I Article I (10): Outdoor Burning: By a motion made by Trustee Nelson, seconded by Trustee Recht, and carried by a unanimous vote of the Board, this revision reinforcing LMC requirement that all lot clearing materials are removed from the site and not burnt on site was approved. This approved change will be posted on the Beach Club bulletin board and filed with these minutes.

Second Reading Regulation Revision – Regulation V: Enforcement and Appeals Procedures: By a motion made by Trustee Recht, seconded by Trustee Moyer, and carried by a unanimous vote of the Board, this revision adding language describing appeals by any interested member of the community was approved. This approved change will be posted on the Beach Club bulletin board and filed with these minutes.

Approval of the Mediation Agreement under CR2(a): Trustee Moyer made a motion that the Board approves a legalized version of the mediation agreement that was handwritten and signed

at the late January mediation session with the plaintiffs in the lawsuit which was filed against LMC regarding trees and views. Trustee Recht seconded this motion. Following brief discussion, this motion carried. The agreement will be posted on the Beach Club bulletin board and filed with these minutes.

NEW BUSINESS:

Approval of a New Member of the Operations Committee: By a motion made by Trustee Van Zonneveld, seconded by Trustee Nelson, and carried by a unanimous vote of the Board, Ms. Clark's request to approve Paul Moseley as a new Operations Committee member to replace resigning Devin Wells was granted.

First Reading Bylaws Revision Article II, Section 2: Special Meetings: By a motion made by Trustee Recht, seconded by Trustee Moyer, and carried by a unanimous vote of the Board, this revision was approved. This approved change will be posted on the Beach Club bulletin board, filed with these minutes, and submitted for the membership vote in April. This change was made to bring LMC governing documents in compliance with Washington State RCW 64.38.

First Reading Bylaws Revision Article II, Section 3: Executive Sessions: By a motion made by Trustee Recht, seconded by Trustee Moyer, and carried by a unanimous vote of the Board, this revision was approved. This approved change will be posted on the Beach Club bulletin board, filed with these minutes, and submitted for the membership vote in April. This change was made to bring LMC governing documents in compliance with Washington State RCW 64.38.

First Reading Bylaws Revision Article III, Section 8(h): Power and Authority of the Board of Trustees: By a motion made by Trustee Recht, seconded by Trustee Moyer, and carried by a unanimous vote of the Board, this revision was approved. This approved change will be posted on the Beach Club bulletin board, filed with these minutes, and submitted for the membership vote in April. This change was made to bring LMC governing documents in compliance with Washington State RCW 64.38.

First Reading Bylaws Revision Article IV, Section 6(d): Treasurer: By a motion made by Trustee Recht, seconded by Trustee Moyer, and carried by a unanimous vote of the Board, this revision was approved. This approved change will be posted on the Beach Club bulletin board, filed with these minutes, and submitted for the membership vote in April. This change was made to bring LMC governing documents in compliance with Washington State RCW 64.38.

LMC/PLA Facilities Usage Agreement: The manager presented a draft 2006 agreement with PLA which would allow renters of the PLA managed condominium units use LMC facilities. The terms of the agreement are the same as last year's with an exception of the amount of the fees. Michael Platt made a motion to approve the contract as presented. Trustee Moyer seconded this motion. Following prolonged discussion, motion carried by a unanimous vote of the Board.

During the discussion of the original motion, President Schmitz pointed out that the agreement was not very specific on the language of prorating of the fees if the same apartment belonged to the pool in the previous year. The language stating that these apartments will have to pay a full

annual fee even if they do not sign up for the program until later in the year will be added as addendum 4.5. Trustee Recht made a motion to approve the facilities agreement with addendum 4.5. Seconded by Trustee Moyer, this motion carried by a unanimous vote of the Board.

Office Computer Acquisition: Mr. Belmont asked the Board to authorize purchase of two new computer workstations for the amount not to exceed \$5000. The computers will be networked together for file sharing. The computer from the manager's office will be set up downstairs at Phil Eng's office for the maintenance part research. Trustee Platt made a motion to authorize an expenditure of up to \$5600 from the reserve fund to purchase two new computer workstations for the Beach Club. Trustee Feltham seconded this motion. A written bid was submitted to the trustees upon Trustee Sanzaro's request. This motion then carried by a unanimous vote of the Board. An internet policy for the employees will be developed at a later time. Discussion of the data backup options followed.

Remodel Finance Committee Report & Request: Trustee Van Zonneveld reported that Remodel Finance Committee has been meeting for almost a whole year. He stated that 69.3 % of the members responded to the committee's survey asked that LMC try to sell property to finance the remodel. Having met earlier this month, the committee decided to ask the Board to allow taking the first step in this process of filing for changing certain reserve properties into residential lots. The first out of five steps involves requesting an MPR code change, which has to be filed by March 1. Trustee Van Zonneveld assured the Board that before any other steps are taken the Board will be informed of the outcome of the previous step. He proceeded by explaining all five steps. The costs for step one should not exceed \$3000 between the filing fee and the potential attorney fees. The committee made a list of fundraising potentials but is convinced that the only way to raise enough remodel funds is through the sale of residential properties. Trustee Van Zonneveld then asked for a motion to approve step one. This request has been approved by the LMC Finance Committee. LMC property sale, if proved possible, will have to be approved by the super majority of the voting LMC members

Trustee Platt made a motion to authorize an expenditure of up to \$3000 from the Capital Improvement Fund to file for a change in the MPR to allow the sale of identified reserve plats in order to begin the process to finance Beach Club remodel. Trustee Nelson seconded this motion. Following prolonged discussion, this motion carried by a unanimous vote of the Trustees.

Public Comment Period: President Schmitz opened the floor for public comments. Several members spoke on items of concern to them. Trustees responded.

This meeting adjourned at 11:30 a.m.

Respectfully submitted,

Art Moyer, Secretary
Ludlow Maintenance Commission, Inc.