

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF TRUSTEES OF
LUDLOW MAINTENANCE COMMISSION, INC.
Saturday, March 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, Jerry Nelson, Michael Platt, 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.

President Schmitz added PLVC Trails Committee Report to the agenda.

APPROVAL OF MINUTES: The minutes of the regular 11 February and special 2 February and 28 February 2006 meetings were approved as corrected.

President Schmitz reported that the resort expansion hearing continuation originally scheduled for March 7 was changed to April 4, 2006. He encouraged everyone to attend and give testimony.

President Schmitz also reported that the date for the Superior Court appeal hearing on the Trendwest Development has not yet been set. Port Ludlow Associates are also in a process of requesting a modification to the development agreement, which would modify the zoning in that particular area to allow Trendwest to build their facility.

Finally, President Schmitz reminded the membership that at their regular February meeting the Board voted to approve taking first action modifying the MPR code to allow the potential for selling of some reserve properties to fund the remodel of the Beach Club. Subsequent to that approval, trustees B. Schmitz, T. O'Brien and J. Van Zonneveld met with the county to go over the details of the process. At that meeting, the county laid some additional requirements, which brought the trustees to a conclusion that selling of the reserve properties would be impossible. Subsequently, the Board held a special February 28 meeting at which time they have terminated any further action on possibly selling LMC reserve property.

COMMITTEE REPORTS:

PLVC Trails Committee – Doris Monti (for Mike Potter)

Mike Potter, a new chairperson of the Trails Committee, asked Ms. Monti to give this report for him. Marge Carter has retired. Ms. Monti inquired to a reason for a large number of trees to be marked on the lower part of the Rainier Loop. Ron Garton explained that the trees were marked by a survey crew hired last year by the Port Ludlow Drainage District (PLDD). The PLDD is planning a large drainage improvement project that will affect the greenbelt presently hosting the Lower Rainier Loop. The project is in a design stage. The LMC is monitoring the progress very closely. Last month the Board sent a letter to the PLDD expressing their concerns and asking for an assurance that the impact on the greenbelt be as minimal as possible. No work is expected this year. The Trails Committee has the same concerns as the LMC. However, they are also

concerned with the drainage problems effecting the trail. Ms. Monti was encouraged to contact PLDD Chairman Richard Regan to further discuss this issue.

Ms. Monti continued by showing pictured of trees fallen down during this winter's windstorms and inquired to the GBC plans for the maintenance of the community trails. Ron Garton responded that the GBC is willing to meet with the Trails Committee to discuss this subject. The LMC makes an annual contribution of \$1000 from the GBC budget to the Trails Committee for trail maintenance.

Manager's Report – Brian Belmont

Two new computers, approved by the Board last month, were installed. The computer network was established and all LMC data was loaded. The installation of the wireless internet access for the Bay View and Gallery rooms is still to come. The old office computer will eventually be added to the computer network to create a workstation for the maintenance. This project's expenditures to date are \$4,534.

The lockers, the cubby boxes, and one mirror were installed in the lady's dressing room. Unfortunately, one mirror was broken in shipment (this happened two times). The manager hopes to have the replacement next week. As the final invoice is being prepared, the LMC is awaiting the final pay-out on the insurance claim.

The manager is obtaining cost estimates for replacing several rotting 8x10 and 10x10 posts. He has contacted Mike Warren, the contractor who did work for the LMC in 2005.

Men's showers will be closed Wednesday March 15 through Friday March 17 to replace soap dispensers, re-grout the tile area, and possibly look at the showerheads to increase water pressure. The deck side showers will be open.

The water line for the outdoor pool circulation system has been repaired. The outdoor pool pump will be serviced next week.

The Board was given copies of the February 28 financial statements. Year to date 2006 assessment collection is at 91%. The manager has had an inquiry regarding one of LMC accounts passed due by more than \$2,500. The property is in a process of being sold.

PLA has signed the 2006 facility agreement that allows five (5) condo units managed by the PLA to have access to the LMC facilities. The stipulated \$2,551.28 payment has been paid.

Questions followed. Trustee Recht suggested having the remodeled locker room close for use and open for the membership to see at the time of the annual members meeting in April. The Operations Committee will consider this suggestion at their next meeting.

Finance Committee –Bruce Pyles

Since the last LMC meeting the committee met twice. In connection with the revised late assessment collection policy the committee conducted a review of the LMC current status. Since that meeting, late fees were applied on the late notices that went out the third week of February.

The committee addressed the outdoor pool boiler, which was further discussed under this meeting new business.

The committee assessed the general manager's level of comfort with investing the short term operating funds in the LMC's treasury direct account. The committee agreed that the general manager is in a better position to assess the short term cash flow needs of the LMC and invest those funds in Treasury Bills to meet expected needs.

The committee directed the general manager to deposit \$37,772.99 into the reserve fund at Edward Jones. This transaction has been since done.

The committee conducted a review of charges, checks written, bills and invoices, and bank statements for the months of October, November, and December 2005. The committee is comfortable with the record keeping and finances of those months.

The committee recommended that surplus operating funds from the calendar year 2005 be transferred into the reserve/replacement account. The exact amount will be determined upon completion of the LMC federal income tax return. This recommendation needs to be approved by the Board to be placed on the membership ballot in April.

At the special meeting, the committee reviewed and approved several items brought by the Operations Committee: pool boiler repair, heat pump replacement, and repainting of the Beach Club. These items were brought to the Board's approval under this meeting new business.

The committee has also made a commitment to the Operations Committee that the proceeds from the sale of the pool table would be used this year to purchase new exercise equipment. Any difference between the proceeds and the costs will be covered by the reserve funds. Trustee Recht strongly recommended allocating some of those funds to purchase recreational equipment for the use of the community youth. This recommendation, supported by the audience and several trustees, will be considered by the Operations Committee.

Questions and comments followed.

Operations Committee – Teddy Clark

The Operations Committee's agenda is full. A final draft of the facilities rental agreement should be discussed at the next committee meeting.

The committee addresses an increasing number of property maintenance issues according to their newly developed property maintenance issue consideration policy. There will be an article in the Log regarding property maintenance.

The committee continues to deal with requests regarding trees and views. Two pending cases are being considered.

In addition, the committee addressed one beach access case.

Two hazardous tree cases have been resolved with owners' cooperation. There will be an article in the Log regarding dangerous trees.

There will be no assigned lockers in the locker rooms due to the high volume of pool users.

The committee has no plans to convert squash court into a multipurpose room.

The Committee meets on the first and fourth Tuesdays of each month at 4 p.m.

Architectural Control – Veronica Cross

Since the last LMC meeting the committee has met twice. Sixteen requests (four new houses, seven tree removals, one house addition, two fences, one revision to the new house design, and one new roof) were approved. One new house construction application was withdrawn. The committee is currently working on seventeen pending requests (six houses, three repaints, two new roofs, four tree removals, one carport, and one fence.)

The committee is developing new fence guidelines. Houses under construction are being monitored. Reported violations are getting addressed.

The next ACC meeting will be held on Monday, March 13, at 3:30 p.m.

Covenants & Regulations – Catherine Garrison

Since the last LMC meeting the committee met once. The committee did a preliminary review of the items for the April ballot.

Ron Garton, Sally Orsborn, Brian Belmont, and Catherine Garrison met on February 28 to review Greenbelt Committee Guidelines for consistency with the corporation governing documents. A draft recommendation is expected to be ready for the Board's approval in April. Liability issues were among the topics discussed. The Operations Committee has requested that and, if approved by the Board of Trustees, this committee will work on revision of Regulation I Land Use Article I Restrictions and Requirements 3(B), which relates to commercial use of property

Greenbelt Committee – Ron Garton

To date, the committee has considered 148 cases, including requests to trim or cut trees, greenbelt violations, and easements through the greenbelt. Only 33 cases are now active and most of them are those monitored for completion.

The sewer line has been installed along Rainier Lane, which caused the removal of a large number of trees. Only eleven of the trees removed were in the greenbelt where the line crossed the Walker Way. Most of those trees were not large and LMC compensation for stumpage was only \$175. Olympic Water and Sewer Inc. (OWSI) has agreed to replant the damaged greenbelt according to the restoration plan prepared by the GBC. Unfortunately, the LMC has no control over vegetation restoration on private property.

The committee plans to do some cleanup of dead and fallen trees this spring, starting with the greenbelt on Montgomery Lane and along Pioneer Drive near Kehele Park. The trees that went down in greenbelt at the intersection of Swansonville Road and Pioneer Drive are not hazardous

and, therefore, do not require immediate attention. The committee is waiting for the owners of the adjacent property to return to Port Ludlow as those trees have partially landed on that private property.

Mr. Garton will set up a meeting with the trails committee regarding maintenance of trees along the community trails.

The committee is looking for new members. Interested parties were asked to contact Mr. Garton.

Questions followed.

Communications – Sally Orsborn

The communications committee did not meet this month, communicating by email concerning topics for the next Log. The committee is also reviewing the web site current information for corrections that need to be made and for suggested topics.

The next Log will be distributed following the members' annual meeting in April. All trustees and committee chairs were asked to submit topics they would like to see appear in the next Log. Topics may be submitted through the end of March. Articles are due by Wednesday, April 4, so that the newsletter can be ready for a final review at the April workshop preceding the April monthly Board meeting. Membership suggestions are also welcomed.

Lot Owners Associations – Karl Barden

As usual, Mr. Barden commented on the past community events and gave a list of the upcoming events. The LOA is looking into possibilities of getting older tennis players teach children to play the game. No candidates' forum was scheduled this year as all six candidates are running unopposed. Trustee Recht was commended for her work on LOA newsletter.

Condominium Associations -- Jerry Nelson and John Van Zonneveld

No report

Port Ludlow Village Council – Bruce Schmitz

Mr. Schmitz reported that the last PLVC meeting was attended by the representatives of the Puget Sound Energy who had been invited to the meeting to discuss and explain recent power outage. They explained that currently, there is no redundancy in the power lines coming into Port Ludlow. This situation is going to be changed in the near future once two additional switching systems are installed.

The other item discussed was proposed improvements to the stretch of Paradise Bay Road going through the village. The map showing proposed improvements is posted at the back of the Bay View Room. The bids are due next week. Assuming the bids are within the county budget, the work should start in May.

OWSI has announced a sewer rate increase and a sewer hook up rate increase starting May 1. They are also expected to petition the state to allow water rate increase some time this summer.

Community Development Committee is working on a survey on the community feelings regarding Trendwest. The survey is expected to come out next month.

Questions and comments followed.

CORRESPONDENCE:

None noted

UNFINISHED BUSINESS:

Volunteer Recognition: Michael Platt moved to rescind the motion he had made at the February 28 special Board meeting authorizing the expenditure of up to \$1000 for a volunteer appreciation party. Trustee Recht seconded this motion. This motion carried by a vote of 7:1 opposed by Trustee Van Zonneveld and Trustee Schmitz abstaining.

NEW BUSINESS:

Beach Club Exterior Painting Bids: The manager reported receiving three bids to repaint the exterior of the Beach Club this spring. The lowest bid of \$16000 came from Pickard Painting. The manager received a recommendation of the Finance and the Operations Committees for an amount up to \$18000, which is \$2000 over the lowest bid to make sure that any unexpected problems can be taken care of once the work starts. Signed paperwork was passed on to the trustees. The manager has worked with this contractor before, the company has good reputation and is bonded and insured. Trustee Platt made a motion to authorize the expenditure of up to \$18000 from the reserve budget for the repainting of the Beach Club exterior as approved by the Operations and the Finance Committees. Seconded by Trustee Feltham, this motion carried following brief discussion.

Outdoor Pool Propane Boiler Repairs: The manager reminded the Board and the membership that when the pool boiler failed last summer, the decision was made to hold off on repairs until this spring at which point an assessment would be made to determine whether the boiler should be repaired or replaced. The Sunshine Propane assessed the boiler and recommended repairs at a cost of \$980. The manager received a recommendation of the Operations and the Finance Committees to spend up to \$2000. The additional funds are requested to pay for replumbing of the pool heat system to connect the boiler and electric heat pump in series, with the heat pump being the primary source of heat. The manager feels that the new configuration will be more efficient given the current price of propane. Trustee Platt made a motion to allocate up to \$2000 from the operating budget to repair the pool boiler and to plumb it in series with the heat pump. Trustee Recht seconded this motion. Following brief discussion, this motion carried by a unanimous vote of trustees.

Locker Room Heat Pump Replacement: The manager reported that the eighteen year old four ton heat pump that is used to heat both locker rooms has a malfunctioning reversing valve. The approximate repair cost is \$800. The manager received an estimate for a new heat pump from Air Flow Heating for \$3013.12. The new unit will have a five-year parts and compressor warranty and a one-year labor warranty. Both the Operations and the Finance Committees have recommended an amount of up to \$3100. Taking into account the age of the unit, the manager

recommended that the pump be replaced. Trustee Platt made a motion to authorize the expenditure of up to \$3200 from the reserve budget to replace the locker room heat pump as approved by the Operations and the Finance Committees. Trustee Feltham seconded this motion. Trustee Moyer made an amendment to the motion requiring the manager to obtain two more bids before proceeding with the project. Trustee Recht seconded this motion. Following brief discussion, the amendment passed by a vote of 5:4 opposed by Trustees Schmitz, Platt, Van Zonneveld, and O'Brien. The amended motion then carried by a unanimous vote of the trustees.

RV Storage Rental Agreement: The manager brought in a final draft of the RV Storage Rental Agreement. Trustee O'Brien made a motion to approve the agreement as modified. Trustee Nelson seconded this motion. Following brief discussion, this motion carried by a unanimous vote of the trustees.

Discussion Regarding Home Businesses: The LMC current governing documents state that no home businesses are allowed in the North Bay since the regulations have been written before the modern technology allowed for a wide range of computer-based home businesses. President Schmitz asked for a motion to direct the C&Rs Committee to look at the current language and to recommend language that may be appropriate in today's environment. The Board certainly does not want to authorize any home businesses that will be disturbing to the community and the neighborhood. However, they would like to properly authorize the many computer-based home businesses that already exist in this community. Trustee Van Zonneveld made this motion, seconded by Trustee Sanzaro. Following brief discussion, this motion carried.

Reserve Property Sales Potential: Trustee Feltham made a motion to rescind the 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. Seconded by Trustee Recht, 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 10:55 a.m.

Respectfully submitted,

Art Moyer, Secretary
Ludlow Maintenance Commission, Inc.