

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF TRUSTEES OF
LUDLOW MAINTENANCE COMMISSION, INC.
Saturday, May 13, 2006– 9:00 a.m. – Bay View Room**

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

President O'Brien 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: The minutes of the regular 8 April, special 8 April, special 21 April, and special 29 April 2006 meetings were approved as written.

President O'Brien welcomed the membership to the meeting. He then made an announcement that the Board of Trustees had agreed to meet with Port Ludlow Associates at 2:00 p.m. on Wednesday, May 24. The purpose of that meeting is to ask PLA questions primarily regarding their plans for the development of the Ludlow Bay Village. This special Board meeting will be open to the public. The meeting will be structured. President O'Brien asked trustees to prepare questions. A list of questions will be forwarded to the PLA prior to the meeting. Time permitting, additional questions will be taken from the Board and from the general audience.

President O'Brien announced that the LMC Board workshops would now start at 1:00 p.m.

Board Member Replacement: Trustee Michael Platt has moved from a condo to a house and, therefore, had to resign from the Board. Trustee Van Zonneveld nominated Vaughn Bradshaw to replace Michael Platt as a condo representative on the Board. Trustee Nelson seconded this nomination. This motion carried by a unanimous vote of the trustees. Vaughn Bradshaw joined the Board at the trustees' table.

Manager's Report – Brian Belmont

Community Association Institute Workshop, attended by six different associations, was a success. The manager hopes that in the future the LMC can hold other educational events on the Olympic Peninsula.

Trustees received full financial reports.

Carl Jespersen has volunteered to make scale drawings of the two RV Storage lots. The drawings will identify the location of the existing utilities and establish uniform space sizes. Once the drawings are complete, the management will work with the tenants of the two lots to coordinate time segments that the stored equipment can be moved out of the lots to measure out the spaces and mark them with traffic paint.

On April 19, the maintenance personnel discovered that a portion of the storage lot fence near Talbot gate had been cut. The management posted a notice on the gate, advising tenants to check

their stored equipment. The manager reported vandalism to the sheriff's department. There were no additional reports of vandalism. The fence has been repaired.

President O'Brien installed two new lever door handles on doors leading out to the outdoor pool. This modification was required by the Washington State pool regulations.

Trustee Sanzaro will be replacing a section of the deck handrail that is showing signs of decay.

Contractor David Riggs has repaired four out of five failing deck posts. The time and materials cost for this project was \$1,928. As time permits, Mr. Riggs will come back to repair the remaining post next to the indoor pool propane boiler. This was a very cost-effective solution.

The propane boiler for the outdoor pool has been repaired and serviced for less than \$1,000. The maintenance staff had been busy getting the outdoor pool area cleaned up in preparation for the May 26 opening.

During the last week of April the locker room heat pump was replaced by Air Flow Heating.

A blower in one of the propane hot water heaters was replaced. Another blower has been purchased for the other water heater. Since these units are not being manufactured anymore, they will have to be replaced when other problems develop.

Pickard Painting Company is making excellent progress repainting the Beach Club exterior. Weather permitting; the project should be completed by the end of next week.

The maintenance staff added topsoil and replanted a portion of the lawn area.

The manager reported inspection of the Beach Club roof. The inspection showed portions of the roof being in extremely bad shape. According to the manager, the LMC will have to look into replacing the roof sometime next year. Phil Egn is working on problem areas. Once the repainting is completed, the roof will be re-inspected for loose shingles.

The maintenance staff removed the dirt from the concrete roof on top Kehele Park bathrooms, where the old concrete sealer had become brittle and started to leak. The manager plans on removing the old material and resealing the roof. The sink drain in the men's bathroom had been reconnected. The manager is not planning to replant the roof area to keep it visible for future failures. However, he understands it might have to be covered for esthetic purposes.

Six firs, that were cracking the sidewalk asphalt in Kehele Park, have been removed. The top rail on the tennis court was bent by a falling tree and will have to be repaired or replaced. Later this summer when the LMC installs a new curtain drain around the tennis courts the manager will ask the contractor to remove the stumps. The area will then be replanted.

The manager met with the PLDD commissioners to ask for some engineering assistance for the new curtain drain around the park tennis courts. The commissioners approved up to \$2,000 in engineering fees for this project. The PLDD is willing to assist as they consider this a community project. Mr. Belmont reported meeting with Barry Baker, PLDD engineer, who should have some drawings ready for the LMC within a few weeks. Before starting this drainage

project, the manager will check whether the park bathrooms are connected to the sewer or are serviced by a septic tank.

Questions and comments followed.

COMMITTEE REPORTS:

Finance Committee – Bruce Pyles

Since the last LMC meeting the committee met once. The main focus of the meeting was to audit the first quarter financial records. The committee reviewed detailed LMC financial records and is comfortable with the materials presented. The committee listened to the manager's report on various issues. They reviewed small balances that remained from assessments through the month of March. They continue to monitor the RV Storage electricity usage increase, which they will be addressing in August. The committee believes the RV Storage will still pay for itself this year. The committee discussed contract memberships. They are confident that final out-of-pocket expenses for locker room renovation will not exceed the \$20,000 estimated when the project began. The committee discussed dry rot on the building and decided to address these maintenance projects on a time and materials basis.

The next meeting of the Finance Committee is scheduled for May 18.

President O'Brien asked the Finance Committee for input on the RV Storage rent expectations and adjustment in conjunction with Mr. Jespersen's redoing the layout of the lot. Trustee Schmitz clarified that with higher electrical costs it is not clear whether the RV Storage was paying for itself. He is concerned that at the rate electricity costs are increasing the rent rates are not sufficient to cover the expenses of maintaining the storage.

Operations Committee – Brian Belmont (for Carol Shamhart)

Mr. Belmont read Ms. Shamhart's report.

The Operations Committee has several unresolved trees and views issues and several related property maintenance issues. The committee is making progress slowly but surely. Recently it was noted that a member was exercising barefooted on the treadmill in the exercise room. Members are encouraged to protect themselves and LMC equipment by wearing appropriate shoes while exercising. Signs are permanently posted in the exercise room stating there is a requirement to wear appropriate shoes when using the equipment. At the recommendation of a homeowner, purchase of a tennis table was discussed. Sharing the squash court with squash players was discussed.

The next meeting of the Operations Committee will be held on Tuesday, May 16.

Architectural Control – Veronica Ryan

Since the last LMC meeting, the committee has met three times. The committee approved eighteen requests (four new houses, two garages, one house addition, one shed, four repaints, two revisions to new house construction plans, and four tree removals). Two cases were closed.

The committee is working on eleven pending requests (three houses, one garage, two fences, one deck, two tree removals, and two repaints) and is developing fence guidelines.

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

The next ACC meeting is scheduled for Monday, May 22.

Questions followed. New house construction plans for McCurdy Lane lot # 2-3-154 are under review. Drainage is an issue.

Covenants & Regulations – Catherine Garrison

Ms. Garrison agreed to serve as an interim chairperson for the committee.

Ms. Garrison was planning on bringing in the second reading of the revised Greenbelt Committee Policies and Procedures for the Board's review. However, since it was pointed out at the community association workshop that the verb "will" should not be used in documents, the document had to be corrected by replacing "will" with "shall" or "may". The document has been revised and sent to the GBC for another review. All future documents will be written without using the word "will." This project is a six-month collaborative effort of the GBC and the CRC.

Ms. Garrison brought in first reading of the revision to Regulation I, Article I: No Nuisance, Industrial and Commercial Use for the Board's review. In the 1960's when the Covenants were written, the developer inserted a statement prohibiting any lot from being utilized for industrial or commercial purposes. In the 21st century we realize that many property owners within the community are quietly engaged in labor for the creation of value in the privacy of their homes. Some of those endeavors utilize modern computer technology; others involve arts and crafts and the provision of various services. The committee did an intense research and sought legal council while crafting this revision. They feel confident the draft language submitted fits within the Board's authority; however, they recommend a review of the final draft by legal counsel before adoption. The committee was directed to consult the attorney.

In addition, the committee suggests aligning No. ii with language consistent with Regulation II, Article III (14) regarding noise control. The committee also recommends deleting language regarding the discharge of air guns, slingshots, etc. Port Ludlow is within Jefferson County's No Shooting Zone. Any weapons violations should be reported to law enforcement. The LMC has no enforcement authority for such violations.

Ms. Garrison brought in definitions for reserve property, common property, and greenbelt property. All of the above properties are shown on the Plat Map as "reserve" thus causing some confusion. The term "reserve" property is used exclusively in the Covenants; "common" property appears for the first time in the Articles of Incorporation; "greenbelt" is first mentioned in the Bylaws. For the purpose of clarity, the CRC recommended including definitions in the Introduction to the Regulations. By a motion duly made by Trustee Moyer, seconded by Trustee Feltham, and carried by a unanimous vote of the trustees this recommendation was accepted.

Finally, Ms. Garrison on behalf of the CRC recommended that the Board implement a policy for retaining minutes of committee meetings. RCW 24.03.135 is clear in stating that each corporation shall keep at its registered office minutes of the proceedings of the members, the

board, and committees. It is required by law that corporate records, including committee proceedings, be open at any reasonable time to inspection by any member. Ms. Garrison recommended that a system be developed and implemented to retain hard copies of minutes for the purpose of maintaining historical record. She further stated that CRC was ready to assist the management and the secretary in implementing this policy. In addition, Ms. Garrison will meet with the manager to look at the LMC retention policy for documents. This document will be brought to the Board for adoption at a later date.

Having said all that, Ms. Garrison formally recommended that it be resolved that all board committees, both standing and special, shall maintain a record of their proceedings. In compliance with RCW 24.03.135, the board secretary shall implement a system for retaining a permanent record of the proceedings of all board-appointed committees at the Beach Club Office.

Responding to a question from the Board, the manager clarified that changes to Bylaws and Regulations did not have to be recorded with the county, that amendments to the Covenants had to be recorded with the county, and that amendments to the Articles of Incorporation have to be recorded with the secretary of state. The LMC has implemented a system of recording all changes to Bylaws and Regulations within the LMC office. There were no changes ever made to the Covenants.

A recommendation was made that all motions coming before the board should be in writing. The board will try to do so whenever possible.

The next CRC meeting is scheduled for June 13.

Greenbelt Committee – John Van Zonneveld (for Dean Nelson)

After having been informed that several trees had been cut on the shoreline greenbelt property along the north Montgomery Lane, it was determined that the county tax records showed PLA as owner of the property in question. Trustee Schmitz will check his records for a quitclaim deed against the bluff property.

About a year ago, the GBC implemented a policy to have homeowners that are requesting tree removal for purposes of restoring view to plant lower growing vegetation to replace the taller trees. A group of homeowners from Keefe Lane is currently planting in excess of thirty plants replacing seventy seven trees removed from the greenbelt for Keefe Lane view enhancement.

A group of deciduous trees removed from the greenbelt area along the Oak Bay Road will be replaced with lower growing vegetation. The case, where the Greenbelt Committee was requested to remove a group of alders and a few wild cherries from the area along Pioneer Drive between Harms Lane and Kehele Park, was forwarded to the Operations Committee. This area was determined to belong to Kehele Park, which is not a greenbelt.

Communications – Penny Sanzaro (for Sally Orsborn)

The committee devoted the last meeting to discussions on how to make the LOG better by changing the format and making it an eight-page newsletter. The committee considered a schedule insert. Next LOG issue is due in June.

President O'Brien stressed the importance of communication and thanked the committee for their work.

Lot Owners Associations – Karl Barden

The LOA Board has elected new officers. The Gallery art exhibit has been changed. Easter party was a success with over a thousand eggs hidden. The Marine Swap took place. The Garage Sale will be held on Memorial Weekend. Yard Waste Pick-up is scheduled for June 10. A volunteer with a truck is needed for this event. Movie nights will resume in September. Kid's Club Family Picnic is scheduled for June 24. Clean Sweep will take place in July.

The Artist Group will hold children's workshops at the Bridge Deck on Monday, Tuesday, and Wednesday, July 10 through 12, between 9 a.m. and noon. The workshops will be open to up to ten children each day.

Questions and comments followed.

Condominium Associations – Jerry Nelson

The two buildings demolished by the fire have been restored and received occupancy permits. General contractor is doing a final finish work.

Port Ludlow Village Council – Bruce Schmitz

All legal issues associated with the Olympic Terrace II development have been resolved. The PLA is now putting in infrastructure for this development, expecting to complete building within five months.

Trendwest and PLA had applied to the county to change the wording in development agreement to allow timeshare units as a part of allowable uses in Ludlow Cove. The Village Council CDC plans to meet on this issue and develop an opinion for submittal to the county.

Friday Market has started and will continue through the summer. The planning of the Funfest is well underway for September 16 and 17.

Elizabeth Van Zonneveld added that Ludlow Cove project is part of the mediation going on with the appellants. The PLA is seriously intending to withdraw and revise their current application for the final resort development. The hearing examiner ruled to keep the file open for additional input until May 22. Therefore, she stressed the importance of asking PLA questions about their future plans, not the current application.

Questions and comments followed.

CORRESPONDENCE:

The Board received a suggestion of appeal of the ACC decision to deny a house on Explorer Lane lot # 2-3-148. This application has since been withdrawn. The case is back with ACC.

The Board also received a letter from Richard Durling, 11 Foster Lane, regarding Greenbelt Policies and Procedures document, which is currently under review. Trustee Moyer moved to send a letter to Mr. Durling stating that the Board is referring his comments to the GBC in addition to some other comments. Trustee Van Zonneveld objected to the letter as written. He requested that the letter simply acknowledged the receipt of the Durling's letter and stated its transfer to the GBC. All other comments, written in by Trustee Moyer, in Trustee Van Zonneveld's opinion, do not belong in the Board's response. Trustee O'Brien seconded Trustee Moyer's motion for the purpose of discussion. He believes that a reason for a more extended response is that the letter addresses the issues that extend beyond the greenbelt. Trustee Schmitz found it was more appropriate to refer the Durling's letter to the GBC and wait until their comments were in before commenting on this letter as a whole since there are other questions in this letter that deal with issues not related to the greenbelt. Those questions should be answered by the Board. Trustee Schmitz stated that it should be appropriate to withhold all comments and make them all at one time once the GBC has a chance to respond to GBC related issues raised in the Durling's letter. Following discussion, Trustee Recht made a motion to amend the letter to Mr. Durling by omitting the last paragraph. Trustee Schmitz seconded this motion. Following further discussion, this motion carried by a vote of 7:1, opposed by Trustee Moyer. Trustee Bradshaw abstained. Trustee Moyer then made a motion to amend his original motion to send the Durling's letter to the GBC and the CRC. Trustee Feltham seconded this amendment. Trustee Van Zonneveld objected by stating that the GBC was capable of asking for the CRC advise, when needed, without direct direction from the Board. Trustee Schmitz stated that the other questions raised by the Durling's letter had to be addressed by the Board not CRC, therefore, making CRC involvement unnecessary. Following further discussion, this amendment failed by a vote of 6:2, supported by Trustee Moyer and Feltham. Trustee Bradshaw abstained. Trustee Moyer's original motion as amended and approved carried by a vote of 7:1, opposed by Trustee Moyer. Trustee Bradshaw abstained.

UNFINISHED BUSINESS:

Trail Development History: At the last Board meeting Mike Potter, PLVC Trails Committee Chairman, presented a summary of the PLVC Trails Committee work and their plans for the future. A question was raised about LMC approval of Rainier Loop Trail. The manager was assigned to research the past minutes to find when this approval was done. Trustee Schmitz had researched his records and found that the motion was made before the Board to approve the Rainier Loop Trail in May of 2003. The manager responded by pointing out that there were two motions made with regards to the Rainier Loop Trail: one for the trail itself and one for its extension. The manager asked for a motion to permit the PLVC Trails Committee to develop and maintain a trail system through the LMC reserve properties, authorized by the LMC Board of Trustees for the use and enjoyment of Port Ludlow residents and their guests, since previous motions had not gotten into this kind of specifics. President O'Brien responded that he wanted the Board to continue to deal with trails and trail modifications and extensions on a case by case basis. Trustee Schmitz pointed out that trails through the North Bay were started as a result of a greenbelt survey that was done several years ago. That survey included recommendations for location of several trails. Rainier Loop Trail and extension were the top two trails recommended by the survey. Trustee Schmitz stated that at this point it might be appropriate for the GBC to make recommendations to the Board for other trails in the North Bay and coordinate their plans with the PLVC. Trustee Van Zonneveld will take this task to the GBC.

Elizabeth Van Zonneveld presented other questions raised by Mr. Potter, who wondered whether the trails could be marked for bicycle use and wherein lied the liability insurance responsibility for trail users. The PLVC will be checking on their insurance with regards to this issue.

NEW BUSINESS:

Trustee Assignments: President O'Brien made the following assignments: Trustees Sanzaro and Bradshaw to serve on the ACC, Trustees Van Zonneveld and Nelson to serve on the Operations Committee, Trustees Van Zonneveld and Nelson to serve on the GBC, Trustees Feltham and Schmitz to serve on the Finance Committee, Trustees Moyer and Schmitz to serve on the CRC, and Trustees Recht and O'Brien to serve on the Communications Committee.

Committee Chair Appointments: President O'Brien asked for the Board's approval of the following committee chair appointments: Carol Shamhart as a chair of the Operations Committee, Veronica Ryan as a chair of the ACC, Bruce Pyles as a chair of the Finance Committee, Dean Nelson as a chair of the GBC, Sally Orsborn as a chair of the Communications Committee, and Catherine Garrison as a temporary chair of the CRC. Trustee Nelson made a motion to this effect. Seconded by Trustee Sanzaro, this motion carried by a unanimous vote of the trustees.

Appointment & Confirmation of the Committee Members: President O'Brien asked the committee chairs for the lists of their committee members.

Finance Committee: Mr. Pyles asked the Board to approve Mike Platt, Bill Funke, Ken Schneider, and Mike Wilson as Finance Committee members. A motion duly made, seconded, and carried by a unanimous vote of the trustees granted this request.

ACC: Ms. Ryan asked the Board to approve Corey Sattler, Steve Siegiel, and Eve McDougall as ACC members. A motion duly made, seconded, and carried by a unanimous vote of the trustees granted this request.

CRC: Ms. Garrison asked the Board to approve Jerry Sutton, William Harju, and Sally Orsborn as CRC members. A motion duly made, seconded, and carried by a unanimous vote of the trustees granted this request.

GBC: Trustee Van Zonneveld referred Mr. Nelson's request to the Board to approve Dale Allen, Joan Dragnich, Jack Riggen, and Jerry Purdy as GBC members. A motion duly made, seconded, and carried by a unanimous vote of the trustees granted this request.

Banking Resolutions: Following brief introduction of the documents in question, banking resolutions #1 and #2 dated May 13, 2006 were approved by a motion duly made by Trustee Feltham, seconded by Trustee Schmitz, and carried by a vote of 8:1 opposed by Trustee Sanzaro.

Minutes Retention: Trustee Van Zonneveld made a motion that it be resolved that all board committees, both standing and special, shall maintain a record of their proceedings, and that in compliance with RCW 24.03.135 the board secretary shall implement a system for retaining a permanent record of the proceedings of all board-appointed committees at the Beach Club Office. Seconded by Trustee Sanzaro, this motion carried by a unanimous vote of the trustees. The CRC will help the management and the chairs to set up a record keeping system.

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

This meeting adjourned at 11:10 a.m.

Respectfully submitted,

Art Moyer, Secretary
Ludlow Maintenance Commission, Inc.