

APPROVED BY LMC MEMBERSHIP – APRIL 19, 2008

MINUTES OF THE ANNUAL MEMBERSHIP MEETING LUDLOW MAINTENANCE COMMISSION, INC. Saturday, April 21, 2007 – 2:00 p.m. – Bay View Room

Trustees Present: Vaughn Bradshaw, Terry O'Brien, Ian Feltham, Art Moyer, Jerry Nelson, Bruce Pyles, Amy Recht, Sonny Sanzaro, and Elizabeth Van Zonneveld.

President O'Brien welcomed the membership to the meeting at 2:00 p.m. The annual membership meeting is held in accordance with requirements of Article II Section I of the LMC Bylaws and of the WA RCW 64.38.035.

President's Report: President O'Brien started his report by talking about the people who make LMC a success. He introduced and gave special thanks to the committee chairs and members for the numerous hours they spent working on the LMC issues. He asked other members to volunteer.

He recognized the Board members for their contributions to the community and thanked them for their support.

President O'Brien reported that LMC is appealing Jefferson County Hearing Examiner's decision on the build-out of the Ludlow Bay Village and a building of Admiralty III condominiums. He took a few minutes to explain how the decision to file an appeal was made and why the Board felt the appeal was necessary to protect the property owners rights of the LMC members. In conclusions, he stated that the Board was interested in PLA being successful in their attempt to complete development of Port Ludlow. Therefore, the Board has created an ad hoc committee to meet with PLA for the purpose of trying to work out our issues and differences. That committee chaired by Vaughn Bradshaw has already had one meeting with the developer.

Determination of a Quorum: President O'Brien asked the LMC manager for a determination of the quorum. The quorum was present.

Noting that the quorum was present, President O'Brien formally called the meeting to order at 2:13 p.m. and asked if there were any nominations from the floor for the five trustee positions. Hearing no nominations from the floor, he issued a final call for ballots at 2:15 p.m.

Approval of the Minutes: By the motions duly made, seconded, and carried by a majority vote of the membership present the minutes of 2006 Annual Membership Meeting and 2007 Budget Ratification Meeting were approved as written.

Treasurer's Report: In accordance with the LMC Bylaws, Treasurer Feltham presented a full statement showing in detail the condition of the affairs of the corporation. The detailed statement for 2006 and a financial report for January through March 2007 were available upon request.

Treasurer Feltham reported current financial condition of the LMC as good except for the reserve/replacement account.

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As of 31 March 2007, the LMC had \$377,727.33 in operating funds and \$383,386.91 in replacement fund.

LMC operating funds are in a money market account at the Kitsap Bank and in a checking account and a money market account at the American Marine Bank in Port Ludlow with additional funds invested in US Treasury Bills. LMC replacement fund has about \$92,000.00 in a money market and savings accounts with the Kitsap Bank and about \$288,500.00 invested with a local broker of Edwards Jones Co. All investments have been made in accordance with the reserve fund policy adopted by the LMC Board in August 2001. Being extremely low risk investments, they have a very low rate of return, which is still higher than a savings account. A copy of LMC portfolio was available for any member to review.

As for the LMC current status, the Treasurer reported 2007 budget showing that the LMC expect to spend about 90% of its income on operating expenses. Personnel expenses are running around 51% of the total expenses. At present, the LMC employs one manager, one full-time and five part-time hostesses, and two full-time and two part-time maintenance people. As the club is open fourteen hours a day 362 days a year, the LMC is truly operating on a minimum staff.

The Treasurer reported costs in other areas being on track with expenditures running around 22% for the first quarter of the year. The LMC collected 92% of the budgeted income for the year.

Taxes are paid with PLDD assessment being \$11,202.58 of the total 2006 taxes of \$12,113.74. Total taxes for 2007 will be slightly higher with PLDD taxes being \$12,803.32.

The Treasurer reported LMC insurance coverage budget for 2007 being \$27,083.00. The 2006 insurance cost was \$23,110.00. The LMC has a one million dollar coverage for the Officers and Directors, two million per occurrence plus guaranteed replacement value for general liability and fire, guaranteed replacement cost with a \$5,000.00 deductible, and \$1.7 million earthquake coverage with a 10% deductible per building.

The LMC will go below the target of 75% funded in reserve/replacement fund when the items listed on 2007 replacement schedule are repaired or replaced. Due to the age of the Beach Club, there are many more items that need to be replaced or repaired in the next few years. The current method used to allocate money to this fund is not sufficient to maintain desired and required 75% level. This means that LMC has to consider increasing dues each year above current dues ceiling and possibly implement an assessment. Any such action has to be explained to the members and approved by 2/3 of the members participating at a membership meeting. LMC has only been building reserves for the last ten years of its nearly forty-year history.

Manager's Report – Brian Belmont

The manager's written report is filed with these minutes.

COMMITTEE REPORTS:

Finance Committee – Bill Funke

Mr. Funke's written report is filed with these minutes.

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Operations Committee – John Van Zonneveld

Mr. Van Zonneveld's written report is filed with these minutes.

Architectural Control Committee – Veronica Ryan

Ms. Ryan's written report is filed with these minutes.

Covenants & Regulations Committee – Catherine Garrison

Ms. Garrison's written report is filed with these minutes.

Greenbelt Committee – Dean Nelson

Mr. Nelson's written report is filed with these minutes.

Communications Committee – Sally Orsborn

Ms. Orsborn's written report is filed with these minutes.

Port Ludlow Drainage District Report – Commissioner Lee Amundson

Commissioner Amundson reported two major drainage improvement projects scheduled for this construction season. Foster Lane public runoff will be redirected from private property over through the community greenbelt. Condon Lane outfall will be redesigned to disperse water on the beach under the bluff in a controlled manner.

The PLDD thanked the management for their help with sending out a PLDD questionnaire. Responses are getting evaluated. Although the district cannot fund private repairs, the engineering support is always available upon request.

The largest drainage project coming is improvement of the drainage running through the Swansonville greenbelt. The GBC is kept informed.

The PLDD is working on building up the reserves to pay for the remainder of the improvement projects outlined in PLDD Comprehensive Plan.

PLDD meetings are held regularly on a second Thursday of each month. Everyone is welcome to attend.

Questions followed.

The meeting went into a recess at 3:25 p.m. and reconvened at 3:50 p.m.

Voting Results: The final count on the ballot issues will be done on Monday, April 23. Ted Buehler won the run for a one-year term, Stan Kadash and Paul Moseley were elected to serve for three years representing lot owners. Elizabeth Van Zonneveld and Vaughn Bradshaw kept their position as a condo representatives. Complete account of the voting results, that became available on Monday, April 23, is attached to these minutes.

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Public Comment Period: President O'Brien opened the floor for public comments and announcements. There were no comments.

This meeting adjourned at 3:55 p.m. Trustees retired to the Gallery to hold a meeting for election of the officers.

Respectfully submitted,

Vaughn Bradshaw, Secretary
Ludlow Maintenance Commission, Inc.

Reports:

Manager's Report – Brian Belmont

Today I am going to review some of the past and current projects as they pertain to the facility and amenities. I will also address some of our goals for the remainder of this year.

Repairs & Improvements

Many parts of the Beach Club are nearly 40 years old and as we've said before the facility is starting to show its age. Several months ago we hired contractor, David Riggs, to repair five (5) 10x10 inch deck posts whose ends had started to decay. We've replaced several windows here at the Beach Club that had fogged up and several whose wood frames had deteriorated.

Last spring LMC hired Pickard Painting Company to repaint the exterior of the Beach Club.

This past year we worked with the Port Ludlow Emergency Response Team, who asked if the Beach Club could be used as the North Bay communication center. For many years the communication center was setup at Bud Johnson's home. I've been told that the Beach Club location provides good coverage throughout most of Port Ludlow.

This past summer our staff put quite a bit of time into cleaning up the Kehele Park bathroom structure. The concrete roof was resealed, plumbing leaks and fixtures repaired. The interior was repainted and motion sensors installed on the lighting. Our staff now unlocks the bathrooms in the morning and locks them up again at night. Previously the bathrooms were only assessable if you had the key.

Last fall a new French drain was installed around the perimeter of the Kehele Park tennis courts. The original system was plugged up and installed too shallow. The new system is much deeper and designed with cleanout risers. I would like to recognize and thank the Port Ludlow Drainage District for their engineering assistance on this project.

Last September the trustees allowed us to keep the outdoor pool open through September 30 which is approximately two weeks later than usual. This spring the Board has approved opening the outdoor pool two weeks early on Saturday, May 12.

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We've had many LMC members help us throughout the year with special projects. Sonny Sanzaro replaced a portion of our deck handrail. Terry O'Brien with the help of member Carl Jespersen formed and poured concrete steps leading out to the outdoor pool. Jerry Nelson has donated a considerable amount of his time to help us troubleshoot electrical problems.

This past fall Dine and Discover donated \$500 to LMC to be used towards the purchase of a coffee brewer that is designed to fill pump-pots. It would have cost approximately \$1,100 to purchase six pump-pots and the coffee brewing system. At the time, without other donations, we elected to purchase only the pump-pots. Then in January the Lot Owners Association (LOA) donated \$300 to be used towards the purchase of the coffee brewer. With LMC paying the difference (approximately \$300) the new coffee brewer was ordered and installed. Many thanks to LOA and Dine and Discover for their generous donations.

I would also like to recognize the contribution of LMC member Corey Sattler who has provided LMC property maps of the community. We have posted three different types of Corey's maps on the LMC website (<http://lmcbeachclub.com>) under the General Information section. Because of the detail in the maps it may take a minute or two to load depending on individual connection speeds.

On April 3 LMC had a company called American Leak Detection test the spa plumbing for leaks. No leaks in the plumbing were found. However, the technician did find a significant leak in the concrete skimmer sump above the PVC skimmer pot. Maintenance Supervisor, Phil Eng, has since repaired the leak. When the plumbing was being tested the PVC drain grates had to be removed. The 24 year old PVC was too brittle and broke during the removal. Initially our pool supply company had a difficult time finding replacement parts, eventually a source was found and the parts ordered. We are hoping to get the parts next week at which point the spa can be reopened. Recently we found that the spa also had a leak in the wall that prevented us from being able to fill the spa to optimum capacity. In addition, there are several areas that water has penetrated behind the tile causing the tile to become loose. At the April 14 Trustees' meeting the Board approved funds to have the spa leaks repaired and to have the spa retiled. We haven't received specific dates from the pool contractor yet but expect that the work will take place sometime in June. The retiling work will require us to close the spa for seven to ten days. We will keep the members informed, as new information becomes available.

One of our current projects is the removal of English ivy that was growing next to the outdoor pool. The ivy had grown into a dense mat that was growing in places it should not as ivy tends to do. It is our plan to plant grass in the bare area and over time develop a long-term plan that will best serve the association and its members.

Staff

It's important to me to tell you a little bit about our staff. Kim Monroe, who is our Office Manager, has worked for LMC for more than 20 years. Her energy level, loyalty and work ethic are attributes that impress everyone that comes in contact with Kim. Kim never shy's away from anything asked of her - she jumps in and gets it done. Our hostesses Sue Bartkus, Mara Denny, Ruth Irvin, Alpha Palmer (nearly 30 years) and Carol Shamhart are the friendly faces you see when visiting the Beach Club. These ladies are asked to do so much more than just meet and greet our members they all appreciate and understand good customer service, I feel very fortunate to have each and everyone as co-workers.

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In our maintenance department, Maintenance Supervisor, Phil Eng who has worked for LMC for more than 22 years, leads our maintenance staff. Phil is a hard worker whose creativity and wide range of skills serves LMC well. Bob Carstensen who works weekday evenings has been here for 17 years. I frequently get feedback from members about how helpful Bob is when working with the evening groups using the facility. Rounding out our maintenance staff we have John Hengstebeck and Dick Jovag who work with us part time. Both John and Dick are hard workers that pitch in and help wherever needed.

I would also like to recognize and thank Olga Wilson who is our board recording secretary and also assists the Architectural Control Committee.

Goals & Future Projects

Later this summer we plan to re-roof a portion of the Beach Club. Because portions of this building were constructed at different times it's not necessary to re-roof everything at once. Because we are still exploring the possibility of expanding this room we would like to hold off on re-roofing this part of the building for another year or two.

Currently we are getting bids on asphalt repairs in the Beach Club parking lot as well as the path around the Kehele Tennis Courts and some patching on one of the courts themselves.

Once the asphalt work is completed we will schedule tennis court resurfacing at Kehele Park.

In an effort to save LMC some money we hope to complete three pending projects using a combination of LMC staff and volunteers. We would like to prep and repaint the Bridge Deck building this summer. Also at the Bridge Deck the small deck on the waterside of the building needs to be rebuilt. Of course LMC will provide necessary materials for both projects.

We are also putting together a small work party within the next couple of weeks to cleanup some unsightly native vegetation on the northwest corner of Kehele Park. If you are willing to help with any one of these three projects please give me a call here at the Beach Club.

In closing, I've enjoyed working with our Board and the committees throughout this past year – there is a tremendous amount of talent in this community. Their dedication and commitment is admirable. Having said that, we can't depend on the same people year after year to carry the volunteer work load – I encourage you members that have some free time on your hands to get involved. We are always looking for members to serve on committees but if you don't have the time for a long term commitment let us know your interests and we can help find short term projects that you can help on.

Finance Committee – Bill Funke

The primary function of the Finance Committee, as set forth by the LMC Bylaws, is to assist the treasurer in carrying out the duties of his office including:

- monitoring LMC compliance with LMC financial policies;
- preparation of proposed annual budget, and further to
- report directly to the trustees and spending variances with respect to the budget and to

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- serve as a consultant to the board of trustees in all matters involving investment or expenditure of LMC funds and other financial matters of interest to the Board.

In that the Treasurer's annual report included the corporation's financial situation and fiscal assets, this report summarizes the discussion topics and actions of the Financial Committee in carrying out its primary function and duties during the past year. Reports of all committee activities, discussion topics and actions were reported at the monthly trustee workshops and meetings.

Financial Statements: The manager's monthly and year-to-date financial statements were reviewed and discussed in detail with him at all regular monthly meetings.

Operating income and expenses were compared to the prior year and the current year budget. Members reviewed the register of checks issued in major expense centers during the prior month, checking for unusual expense and income variances. The year to date LMC Assets and Liabilities and Equity Balance Sheet was reviewed, as were delinquent account balances, collections, and foreclosure action updates.

Every three months committee members conducted an "in-house" audit. Committee members reviewed all LMC bank, money market, credit card and brokerage statements as well as the American Marine Bank check register checks.

Next year, as an additional check, a designated committee member, together with the manager will open all banking statement envelopes and check the statements.

Operations Projects and Other Expense Requests: Project financing requests are considered at most meetings. Under the committee's consultant to the board authority, all spending requests from the Operations Committee and/or manager for new and replacement items and projects must be submitted to the Finance Committee for its consideration and recommendation to the trustees.

In practice, this represents an additional evaluation and debate of expense necessity, particularly for projects not funded in the current budget and which must be financed from the reserve account. To facilitate communication and financial understanding the committee has extended an open invitation to the chairman of the Operations Committee or his representative to attend all Financial Committee meetings.

Delinquent Accounts: In accordance with the LMC Delinquent Assessment Collection Policy the committee recommended trustee approve filing liens on all remaining delinquent accounts and initiate foreclosure intent notices to four delinquents. The LMC attorney has initiated formal foreclosure action against the one non-responding account.

2007 Budget: The proposed 2007 budget worksheet prepared by the manager and Operations Committee Chair was received in October, starting the review process and debate over inclusion of projects in the budget rather than by separate presentation, staff salaries and other budget issues. A special November meeting was necessary to reach an agreement. The treasurer accepted the committee's final recommendations, which were presented to the board.

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Outside Financial Audit: Four potential candidates to conduct a full scale outside audit for 2006 were contacted and three of these were interviewed individually by at least one committee member. The Bremerton CPA firm of Hurley, White & Williams will perform the audit for \$4,000 commencing May 7, 2007. The last outside audit was in 2003.

Tax Returns: The committee met with the LMC accountant John Froula in January who reviewed the Home Owner Association taxes applicable to the corporation and made recommendations with respect to bad debt allocations and tax considerations for non-member income.

Investment Actions: A study of local money market account interest rates and of LMC month-to-month operating cash-flow requirements resulted in the committee's recommendation to open a new money market account at Kitsap Bank to hold operating fund not invested in government bonds. This account generates higher interest return than our commercial bank while having funds immediately available to transfer to the LMC commercial checking account with American Marine Bank.

Reserve funds are invested in a separate money market account at the Kitsap Bank and with Edward Jones brokerage in money market, CDs and bonds. CDs, bonds and surplus money market funds maturing the first quarter were reinvested in a one year CD paying 5.2% per annum.

Insurance Coverage: The current LMC insurers have not responded to date with next year's proposals and question whether to expect significant rate increases due to the ladies locker room fire. Placement of next year's insurance will be considered by the committee as soon as quotations are received.

Reserves/Replacement Fund: As Treasurer Ian Feltham pointed out in his annual report, the current reserves and projected future dues assessments will be insufficient to finance expected replacement requirements for the aging Beach Club facilities, and that the membership must be informed of the possible need to increased dues assessments. The manager is updating the replacement requirements and the committee is studying assessment increase possibilities. A report explaining the replacement/reserve account funding and future requirements will be published in the LOG.

Other Activities: Committee members spent considerable individual time to research and gather information for the committee, including investigating investment and banking alternatives, checking county records and property values of delinquent members in connection of foreclosure recommendations, interviewing candidates to conduct the 2006 financial audit, developing replacement fund schedules and funding alternatives, investigating state and county comparative wage standards, pre-meeting studies of financial and other reports and many individual procedure and record educational discussions with the general manager.

Active Committee Members: Ken Schneider, David Pendergast, Ed Wilkerson, Ted Wright, Chairman Bill Funke, Trustee and previous committee chairman Bruce Pyles, and Trustee and Treasurer Ian Feltham.

Members Leaving During the Year: Brian Diehl and Mike Platt

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Member Absent on Military Service: Michael Wilson

Operations Committee – John Van Zonneveld

2006 has been, at once, a very busy, difficult yet harmoniously successful year for the committee. It started out with a lady chairperson and a gentleman secretary. The year started with Teddy Clark as chair, and includes Jerry Nelson and Vaughn Bradshaw as Trustee representatives, Brad Newell, Carol Shamhart, Paul Moseley, Pat Cooper, Eve McDougall, and Sharon Sorenson, Michael Cahn, Recording Secretary and General Manager Brian Belmont, ex officio. John Van Zonneveld joined the committee originally as a trustee, later moving to chair. Teddy did a wonderful job of recognizing the committee into work teams to handle the growing number of issues that came before it. Issues that occupied the committee focused on trees that grow and keep growing, cars, boats, trailers, etc. and trees that fall or are about to do so. Splitting the committee into teams of 2 or 3 members has made it easier to follow these numerous issues.

In addition to field visits, the committee met twice each month. We have developed written standards for property maintenance, proper use of exercise equipment, rental agreement for Beach Club facilities, swim lesson policies, Operations Committee standards, and procedures to be followed with hazardous tree removal. A lot of our success was due to Brian who made us tackle tough jobs and has become a strong influence on our team.

Operations Committee also wants to recognize Jerry Nelson for the donation of an emergency power generator to the LMC. A very sincere thanks to Jerry for this very generous gift.

The committee was deeply involved with Mr. Belmont in the development of 2007 budgets. LMC is indebted to Brian and the members of this committee who have given many hours of effort to the North Bay. I am pleased to have had a chance to work with this harmonious and productive group as a trustee, a member, and recently as its chair.

Greenbelt Committee – Dean Nelson

I'd like to express my appreciation to the members of the GBC. This has been a good committee to work with and they have been most responsive in carrying out activities of the GBC. New committee members during the past year are Dick Campbell and Jerry Purdy. Continuing from 2005 are Dale Allen, Joan Dragnich and Jack Rikken. LMC Board representatives on the committee are Jerry Nelson and Elizabeth Van Zonneveld, who replaced John Van Zonneveld, during the year. Elizabeth, John and Jerry serve as regular team members, getting their shoes dirty like rest of the committee.

The last year will be remembered, at least by the GBC, as the year of the windstorms. We had several wind storms that resulted in downing a large number of trees. We were most fortunate there were no personnel injuries or serious property damage. GBC members spent considerable time responding to requests regarding fallen or hazardous trees. It is hard to put a value on the work done by committee members but had it been contracted out to a tree service it would have amounted to several thousand dollars.

The GBC budget has been \$4,000 the last couple year, which included a \$1,000 contribution to the PLVC Trails Committee for trails development and maintenance. Because we under spent

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our budget last year, we prepaid the 2007 contribution from the 2006 budget. GBC expenses to date, including outstanding bills, are about \$3,600. As you can see, the trails contribution for 2008 cannot be prepaid from this years budget.

During the past year the GBC received about 50 written requests in addition to countless telephone calls regarding GB tree issues as a result of the windstorms.

Some of the lessons learned as a result of the windstorms are:

- (1) trees in the Greenbelt continue to grow, some, especially the deciduous trees are reaching the end of their life cycle and are in poor condition. Additional funding should be included in the 2008 budget to carry on a continuing program to remove and replace dead and dying trees.
- (2) many trees, both conifers and deciduous, have been topped in the past and are now becoming a problem. Topping causes branches that sprout near the top to have very little support plus rotting eventually occurs making the tops more unstable.
- (3) people became suddenly very conscious of trees and considered any tree near their house a hazard. An arborist will tell you that any tree can be blown down under the right conditions. On the other hand these trees have been standing here for many years. The GBC does not have funds to hire an arborist to assess the condition of every trees.
- (4) people need to be aware when they buy a home surrounded by trees that they accept a certain level of risk that a tree may under the right conditions fall down. It is not reasonable to assume the GBC will remove all the trees because someone suddenly becomes aware of the risk they accepted.
- (5) many trees that fell in the Greenbelt contained salvageable timber but there is no way to readily access it for removal.
- (6) constructing access trails into the Greenbelt should be investigated. In addition to providing access for removing downed timber, they could also provide valuable access for fire fighting equipment in case of a forest fire.
- (7) the fire load in the GB is especially high as a result of the windstorms.
- (8) many homeowners do not know where their property lines are. It is not the responsibility of the GBC to do a survey to find them. If they do not know, we will conservatively determine property lines, which will not usually work in their favor.
- (9) the GBC needs to take a more proactive role in managing the Greenbelt. This will require an increase in budget.

Last summer the county forwarded two anonymous letters apparently prepared by a member of the Olympic Breach Tract, Inc. expressing concern about cutting that was done last winter in the Greenbelt area below Keefe Lane. The county indicated that it may have been a situation that required a storm water drainage abatement permit. Therefore, the Greenbelt Committee has had a number of conversations with Jefferson County Community Development Department personnel regarding the implementation of Permits for Tree Removal Requests. Effective January 1, 2007 a Master Permit Application and accompanying information is required for any such work which falls within certain areas identified as lying within Interim Critical Areas described by Jefferson County Ordinances for Geologically Hazardous Areas, Fish and Wildlife Habitat Areas and Wetlands. The intent of this permitting process is for the county to review all requests for tree trimming or removal in areas determined to be within three types of critical or sensitive areas (those that involve land slide hazard, fish & wildlife habitat, or wetlands) to assure that nothing is done to worsen the condition. Implementation of this new permit process will significantly impact the time required to process requests for tree pruning or removal in critical areas, not only within the Greenbelt but also on private property that falls within areas

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classified as Critical Areas. The county's requirements include completion of application forms, description of work to be done, photographs, storm water drainage calculations, geotechnical reports, and a review fee (\$154 minimum). If they find additional permits are required or if review time is greater in some instances, these will have an additional cost. The LMC Board intends to set up a meeting with county staff to clarify the process and explore ways the process might be accelerated. Persons seeking further information about the Ordinance (JCC 18.15.275(6)(d), 315(5) c and 330(5) c can find the information at Jefferson County website: www.co.jefferson.wa.us.

Covenants & Regulations Committee – Catherine Garrison

The Covenants and Regulations Committee meets on the second Tuesday of the month at 9:30 a.m.: the full committee did not meet during July and August; however, sub-committees continued to meet during the summer months to work on special projects.

The committee members are: Catherine Garrison, Chair, Sally Orsborn, Bill Harju, Stephanie Buehler, Trustee Art Moyer, Trustee Vaughn Bradshaw, and Brian Belmont, Ex Officio Member.

The charge to the committee from the Board of Trustees was to 1) continue to review the association's governing documents for consistency throughout and for compliance with the law; and 2) to review the policies and procedures of the LMC standing committees for conformity with the governing documents.

Without proper board and committee policies and procedures and formal board-adopted processes, the association may find itself in trouble. Inconsistency leads to confusion. Consistent and appropriate application of the governing documents and adherence to board-adopted policies and procedures go a long way with respect to resolving potential disputes and claims against the association.

Before adoption, each amendment to the Regulations went through at least two public readings at regularly schedule meetings of the Board of Trustees. Likewise all policy recommendations were subject to at least two public readings prior to adoption (it should be noted that some went through more than two readings). In September of 2006 the committee began work on the five amendments to the Bylaws that appear on this year's ballot. In February 2007 the board gave the committee authorization to place the items on the ballot for your consideration: a culmination of six months of committee review and discussion.

The Bylaw recommendations on this year's ballot had two public readings and have been posted on the bulletin board for four months.

The committee's accomplishments this year:

Amendments to the LMC Regulations:

- Introductions to Regulations (6) and (7) - amended
- Regulation IV, Article II – Lending Keys Prohibited – new language added
- Regulation IV, Article I – Definitions – reordered and revised
- Regulation II, Article II, Design Consideration (16) Fences – amended

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- Regulation II, Article III (14) Constructions Standards – amended and brought into conformity with Regulation I, Article I.
- Regulation I, Article I – No Nuisance, Industrial and Commercial Use – amended
- Definitions of Reserve, Common and Greenbelt Property – added to the introduction to the Regulations

Policies Adopted:

- Greenbelt Policies and Procedures were approved in June 2006 – culmination of one year of cooperative work between the Greenbelt Committee and the Covenants and Regulations Committee
- Records Access Policy
- Conflict of Interest Policy
- Record-Keeping Policies and Procedures
- Assisted in the creation of an official Document Retention Schedule

Committee Reports and Opinions:

At the board's request, the committee researched and developed official reports and opinions on the following subjects:

- Reciprocal Use Agreements
- Reduced Rental Fees for Charitable Events
- Inconsistencies between the Articles of Incorporation and the Bylaws

A Resolution was crafted and adopted making the LOG the official medium for informing the membership of amendments to the Governing Documents (October 14, 2007)

In addition, the committee reviewed ACC fence guidelines and a homebuilder packet and made recommendations: those items remain on the agenda for the upcoming year. To date none have been presented to the board for approval. We are currently working with the Operations Committee on a parking regulation.

None of this work could have been accomplished without the dedication and commitment of the committee members. The work is sensitive and detail-oriented and each committee member has demonstrated an ability to scrutinize each word and nuance of the items before them: it is very difficult work and they all bring a unique talent to the table. I wish to express my sincere gratitude to the committee members for their dedication and support throughout the year. I'm the one who stands before you but I have six gifted individuals standing behind me.

In closing, I wish to thank the Board of Trustees for their confidence in me and for allowing me to chair the committee for the past three years.

I also wish to thank the board for their hard work and dedication to the corporation and I wish you well in the future.

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Architectural Control Committee – Veronica Ryan

Since the last members' annual meeting, ACC received and acted on more than 170 requests, most of which were considered and approved. Among those approved were requests for 17 new houses, 3 house additions, 1 garage, 6 decks, 10 fences, 29 repaints, 7 propane tanks, 12 new roofs, 2 sheds, and 46 tree and brush removals. The committee made site visits for every tree removal request, some requests were modified before approval, several requests were forwarded to the GBC, several were referred to the Operations Committee, and four were denied. Also denied were 5 fences and 1 plastic shed. Several committee decisions were appealed to the Board of Trustees, all were upheld.

The committee has acted on a number of complaints regarding open trenches, unscreened propane tanks, unauthorized tree removals, and wire fences. Most of the owners responded by complying with the regulations and correcting the situation. However, there were violation cases that had to be referred to the Board of Trustees for their action. Those situations are getting resolved.

Besides addressing membership's requests and complaints (ACC has 12 pending cases at this time), the committee completed second revision of new fence guidelines and is presently working on shed guidelines.

We meet regularly on the second and the fourth Monday of each month starting at 3:30 PM. Our meetings are open to the public.

Communications Committee – Sally Orsborn

The Communications Committee is the standing committee of the Ludlow Maintenance Commission (LMC) that is given the following charge in the bylaws:

The primary function of this committee is to oversee communication efforts on behalf of the LMC Board of Trustees, committees and management of the corporation. The Communications Committee shall assure that corporation business, including operations and management information, is regularly conveyed to all members in a factual and clear manner; that both written and electronic means are employed (e.g., newsletter, web site); and that avenues for member input are publicized. The committee shall consist of at least five (5) members.

In concurrence with the above charge, a four-pronged approach to written communications was utilized making information available to the membership on a quarterly, a monthly, a "need-to-know", and even on an immediate basis.

- The quarterly *LOG* has covered business and operations of the corporation along with schedules of upcoming North Bay events since the Fall of 2004.
- The monthly *Port Ludlow Voice* carried articles about LMC as well as announcements from organizations and social groups.
- The *North Bay Bulletin* was sent electronically by the North Bay Lot Owners Association to all lot and condominium owners who requested to be on that list. LMC has utilized

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that bulletin frequently to get information out promptly to over 300 LMC members. The General Manager and staff have also developed an e-mail list of about 600 LMC member addresses, and that means will be used more frequently in the future.

- The redesigned LMC web site at lmbeachclub.com is the immediate source to LMC information for those who are online. On the site are board, committee and Beach Club contacts; governing documents; forms, policies and procedures of the various committees; minutes of past LMC meetings; Beach Club schedules; all past copies of the LOG; Frequently Asked Questions (FAQs); and links to other sites such as the Port Ludlow *Voice* and Port Ludlow Trails.

These are the people who have used the above means of keeping you informed during the past year:

- **Sally Orsborn**, committee chair and editor of the *LOG*;
- **Catherine Garrison**, contributor and editorial advisor to the *LOG*;
- **Penny Sanzaro**, *LOG* editorial advisor and proof-reader;
- **Carol Shamhart**, Lenetta Johnson, and Barbara Berthiaume each serving successively as North Bay editors for the *Voice*.

Trustees assigned to the committee were:

- **Amy Recht** editor of the electronically sent *North Bay Bulletin* and editorial advisor to the *LOG*; and
- **Terry O'Brien**, LMC board president and a regular contributor to the *LOG*.

Acting as an ex officio member of the committee was General Manager **Brian Belmont** who provided articles for the *LOG*. Brian and LMC employee **Sasha Coffey**, are responsible for web site improvements and updating.

My heartfelt thanks to these hardworking and much valued committee members, and also to the several committee chairs and members who submitted articles for the *LOG* throughout the year.

Voting Results:

Condominium Board Candidates

3 year term – Vote for one

Elizabeth Van Zonneveld	38 votes
Mary Vernon	31 votes

1 year term – Vote for one

Vaughn Bradshaw	65 votes
Write In: Kent Foreman	1 vote

Lot Owner Board Candidates

3 year term – Vote for two

John Henderson	115 votes
Stan Kadash	139 votes

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Gary Martin	85 votes
Paul Moseley	131 votes
Bruce Pyles	112 votes

1 year term – Vote for one	
Ted Buehler	214 votes
Rae Watkins	84 votes

Ballot Item #1:

Resolution: IRS 70-604 Election (Transfer of excess 2007 operating funds to reserves)

Condo:
FOR: 66 votes
Against: 3 votes

Lots:
FOR: 295 votes
Against: 9 votes

Total:
FOR: 361 votes
Against: 12 votes

Resolution #1 Passed (majority of total votes cast required)

Ballot Item #2:

Resolution: That LMC Regulation I, Article I Section 9 Trees and Views be replaced in its entirety by the Regulation proposed by the ad hoc Trees and Views Committee.

Condo:
FOR: 62 votes
Against: 8 votes

Lots:
FOR: 203 votes
Against: 101 votes

Total:
FOR: 265 votes (70.86%)
Against: 109 votes

Resolution #2 Passed (66 2/3% majority of total votes cast required)

Ballot Item #3:

Resolution: That Bylaws, Article III, Board of Trustees, Section 1, Composition and Function be amended.

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Condo:

FOR: 71 votes (98.61%)

Against: 1 vote

Lots:

FOR: 257 votes (86.24%)

Against: 41 votes

Total:

FOR: 328 votes

Against: 42 votes

Resolution #3 Passed (affirmative vote of a majority of both the participating lot and condo owner members attending in person or by proxy is required)

Ballot Item #4:

Resolution: That Bylaws, Article III, Board of Trustees, Section 7, Removal of Trustees be amended.

Condo:

FOR: 69 votes (97.18%)

Against: 2 votes

Lots:

FOR: 256 votes (85.33%)

Against: 44 votes

Total:

FOR: 325 votes

Against: 46 votes

Resolution #4 Passed (affirmative vote of a majority of both the participating lot and condo owner members attending in person or by proxy is required)

Ballot Item #5:

Resolution: That Bylaws, Article V, Section 4, Appointment and Tenure of Committees be amended.

Condo:

FOR: 70 votes (97.22%)

Against: 2 votes

Lots:

FOR: 262 votes (87.33%)

Against: 38 votes

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Total:
FOR: 332 votes
Against: 40 votes

Resolution #5 Passed (affirmative vote of a majority of both the participating lot and condo owner members attending in person or by proxy is required)

Ballot Item #6:

Resolution: That Bylaws, Article IV, Officers (3) President be amended.

Condo:
FOR: 71 votes (98.61%)
Against: 1 vote

Lots:
FOR: 259 votes (86.05%)
Against: 42 votes

Total:
FOR: 330 votes
Against: 43 votes

Resolution #6 Passed (affirmative vote of a majority of both the participating lot and condo owner members attending in person or by proxy is required)

Ballot Item #7:

Resolution: That Bylaws, Article IV, Officers (4) Vice President be amended.

Condo:
FOR: 71 votes (98.61%)
Against: 1 vote

Lots:
FOR: 267 votes (88.70%)
Against: 34 votes

Total:
FOR: 338 votes
Against: 35 votes

Resolution #7 Passed (affirmative vote of a majority of both the participating lot and condo owner members attending in person or by proxy is required)