

APPROVED

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF TRUSTEES OF
LUDLOW MAINTENANCE COMMISSION, INC.
Saturday, March 15, 2008 – 9:00 a.m. – Bay View Room**

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

President Bradshaw called the regular board meeting to order at 9:00 a.m. Roll call was conducted by President Bradshaw. Trustees Nelson and Kadesh were absent.

Agenda Changes: President Bradshaw asked if there were any changes to the Agenda. Attorney Contact Policy was added to Unfinished Business as item 6. f.

Approval of Minutes: Trustee Moyer made a motion to defer approval of the regular meeting minutes of March 6, 2008 until the April 12 meeting. The motion was seconded by Trustee Buehler and carried by unanimous vote. President Bradshaw abstained.

A motion was made by Trustee Van Zonneveld to adopt Draft 2 of the March 6, 2008 executive session minutes, as corrected. Trustee Buehler seconded the motion and it was passed unanimously with President Bradshaw abstaining.

President's Remarks: President

Bradshaw reminded the audience that board meetings are routinely recorded and that the purpose of this meeting is held to conduct the business of the corporation. He further explained that although comments from the audience are welcomes, they should be limited to one per person per issue. Trustees' comments and questions will be addressed first and then members will be given an opportunity to speak. When recognized, please state your name and keep comments and questions brief and to the point. If comments become repetitive or too lengthy, President Bradshaw will interrupt in order to complete the business at hand. There will be an opportunity for members to make additional comments at the end of the meeting. President Bradshaw announced as a standard practice he will abstain from voting unless there is a tie.

Manager's Report – Brian Belmont

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

The February LMC financial reports were distributed to the board last week.

Currently there are 41 properties with outstanding assessments totaling \$20,937.10.

The 2008 Annual meeting mailing packet will be mailed in a 10"x13" envelope and will include a return envelope to mail back the completed proxy/ballot to LMC. The cut-off for submitting information will be Wednesday, March 19 so that printing and copying can begin. The mailing is expected to be in the mail by March 28.

On March 12, Trustee Van Zonneveld and Mr. Belmont attended a presentation prepared by Dean Mosier and Dave Pike of the computer club. They have been researching the possibility of

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developing a Port Ludlow Digital Village. This resource would allow owners to go to a single website to obtain information from LMC, SBCA, PLVC, PLA, merchants and clubs. There are several issues that require further study, the most significant being funding. Startup costs could be several thousand dollars in addition to a monthly maintenance and service fee.

Certified swim instructor, Lynn Hovde, has been teaching swim lessons at the Beach Club for many years; she recently approached Mr. Belmont about this year's swim lesson schedule. Although this schedule is subject to change based on the number of participants, the proposed 2008 schedule is attached to these minutes in Mr. Belmont's written report. The paid instructor policy, requiring 25% member participation, remains in effect. Discussion followed.

Trustee Moyer asked for an update on the Area 5 Bluffs. Mr. Belmont reported he had recently spoken with Susan Skylar at Olympic Resource Management about securing background information particularly related to the bluff property adjacent to Port Ludlow No. 5. As requested by ORM, Mr. Belmont wrote a letter asking for any information about that parcel. The letter has been received by ORM and they are currently working on it.

Discussion followed.

COMMITTEE REPORTS:

Finance Committee – Bill Funke, Chair

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

Two accounts remain delinquent in excess of \$1,000, accounts 1-1-037 and 1-4-001. Foreclosure or other actions against these delinquent properties will be considered prior to the April 12, 2008 Trustees meeting and after determining foreclosure specifics. Appropriate recommendations will be made to the Trustees at that meeting.

Mr. Belmont will update necessary cash flow requirements to determine whether some portion of a \$70,000 CD maturing later this month can be reinvested. It is noted current CD rates pay approximately 1.5% lower than last fall and are expected to drop further after next week's Federal Reserve meeting. Our special-rate money market accounts at Kitsap bank now earns 3.05%, down from 4.8% last September. Edward Jones money market rates have dropped from 4 % to 2.48%. A significant drop in interest revenues is expected this year.

With the adoption of the new Reserve Fund policy, the Committee recognizes its responsibility to recommend additional funding proposals to the trustees to increase the Reserve Account to the mandated 100%, to insure necessary funds will be available to meet all future Component List Item replacement requirements.

Architectural Control Committee – Veronica Ryan, Chair

Ms. Ryan's written report is filed with these minutes. Questions and comments followed.

At Trustee Buehler's request, Ms. Ryan provided background in the matter related to Mr. Robert Schreyer's recent request to the board for an appeal. Discussion proceeded.

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Communications Committee – Barbara Berthiaume, Interim Chair

Ms. Berthiaume's written report is filed with these minutes. Questions and comments followed.

The Communications Committee has been in contact with Mr. Belmont and President Bradshaw to draft a board workshop on Communication Skills and Board Orientation. A survey will go out to the board on perceived needs in these areas in order to address relevant issues. The workshops will be held after the April elections with dates to be determined.

The next *Log* will come out in the spring and we are looking for articles of interest to the membership. The Committee is reviewing avenues of communication to the membership and from the membership. Brief discussion followed.

Greenbelt Committee – Larry Scott/Jack Rikken, co-chairs

Due to lack of a quorum, the last GBC meeting was limited to reviewing progress of the existing approvals. No new requests were taken in by the committee that required a decision, discussion or action.

Mr. Scott and Mr. Belmont met to review the Whitey Johnson easement request. Mr. Scott recommended a slight shifting of the angle of the proposed sewer line to the south to minimize impact on tree removal. A replanting plan for that area will be required.

In response to Port Ludlow Drainage District Commissioner, Lee Amundson's report at the March 6, 2008 regular board meeting, and a letter to the trustees from the PLDD, Mr. Scott gave a presentation to clarify the GBC's position in regard to work by the GBC in the greenbelt of the lower Rainier greenbelt area. Mr. Scott indicated the GBC had only cleared out the underbrush and opened up the natural flow line. He emphasized the GBC did not redirect the flow line.

President Bradshaw thanked Mr. Scott for his thorough explanation.

Lengthy discussion proceeded.

Trustee Van Zonneveld made a motion that the President contact the PLDD and ask them to meet with representatives from the Greenbelt Committee and LMC to organize a policy, if necessary, to achieve a cooperative effort. Trustee Sanzaro seconded the motion. Discussion followed. The motion passed unanimously with President Bradshaw abstaining.

CORRESPONDENCE:

In Secretary Nelson's absence, President Bradshaw reported five items of correspondence had been received from Huge Jennings, Jim Boyer, Kent Chesney, Kathleen Tompkins and C.J. Garrison. Correspondence related to the tennis court issue was deferred to item 7. a. in the Agenda.

Correspondence from Jim Boyer questioned LMC interpretation of an Articles of Incorporation provision that involves providing services to LMC members. Mr. Boyer took the podium and proceeded to explain his interpretation to the trustees. Lengthy discussion continued with no required action from the trustees.

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In reference to correspondence from Hugh Jenings dated March 7, 2008, President Bradshaw read a proposed response to Mr. Jenings. Discussion proceeded. Trustee Buehler made a motion to send the proposed letter, as written, to Mr. Jenings. The motion was seconded by Trustee Moyer. Discussion continued. Trustee Buehler called for the question and it was duly seconded and carried unanimously with President Bradshaw abstaining. The original motion passed 4:2:1 with Trustees Moseley and Sanzaro opposed and President Bradshaw abstaining.

UNFINISHED BUSINESS:

6. e. Architectural Control Violation on Lot #7-0-014 – President Bradshaw read a letter that had been previously mailed to Hugh Jenings by Certified, Return Receipt Requested mail and was returned unclaimed. Mr. Jenings presented his position and lengthy discussion followed. Trustee Buehler made a motion to remove all privileges from Mr. & Mrs. Jenings to use the LMC facilities, with the exception of attendance at board meetings or running for the Board of Trustees, for failure to comply with the Regulation related to house color. Trustee Moyer seconded the motion. Discussion continued. Trustee Buehler called for the question and it was seconded by Trustee Moyer. The motion to end the discussion passed 4:2:1 with Trustees Moseley and Sanzaro opposed and President Bradshaw abstaining. The original motion passed 4:2:1 with Trustees Moseley and Sanzaro opposed and President Bradshaw abstaining.

The meeting went into recess at 11:35 p.m. and reconvened at 11:42 p.m.

7. a. Operations Committee Tennis Report – Review and Discussion - Trustee Van Zonneveld thanked the Operations Committee and the Tennis Sub Committee for their work on this project. Trustee Van Zonneveld made a motion to accept the LMC Tennis Court Policy and Recommendations report as submitted by the Operations Committee for review and that the board reviews their recommendations to see whether changes in policy are required. Trustee Moseley seconded the motion. Lengthy discussion followed. Catherine Garrison, Interim Chair, Covenants and Regulations Committee, presented her personal opinion to the trustees, not as Interim Chair. Discussion continued. Trustee Moseley made an amendment to strike Paragraph 3 page 2 – Frequency of Invited Guests in the Tennis Court Policy and Recommendation and leave that up to the discretion of the LMC members as to how many times they would like to invite one guest. Trustee Van Zonneveld seconded Trustee Moseley’s amendment to the motion. Discussion continued with Michael Cahn, a member of the Operations Committee and Tennis Sub Committee, explaining how the sub committee arrived at their recommendations. Trustee Buehler called for the question and it was seconded by Trustee Moyer. The discussion was ended by unanimous vote with President Bradshaw abstaining. By a vote of 0:6:1 Trustee Moseley’s amendment failed. President Bradshaw abstained.

Discussion continued between the trustees and members of the audience.

Trustee Moseley made an amendment to Trustee Van Zonneveld’s original motion to change Paragraph 3 page 2 – Frequency of Invited Guests in the Tennis Court Policy and Recommendation to twice a week. For lack of a second, the amendment failed. Discussion continued.

Trustee Moyer made an amendment to Trustee Van Zonneveld’s original motion to receive the Operations Committee LMC Tennis Court Policy and Recommendations report for further

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review by the board. Trustee Buehler seconded the motion and the motion passed 4:2:1 with Trustees Van Zonneveld and Moseley opposed. President Bradshaw abstained.

Discussion continued.

The motion to formally receive the Operations Committee Tennis Report for further review by the board was carried by unanimous vote with President Bradshaw abstained.

Trustee Moyer made a motion that the LMC Board of Trustees rejects the Operations Committee recommendations on the use of the LMC tennis courts. This report basically provides the use of the LMC tennis courts by the Port Ludlow Racquet Club at no charge. It is also a restriction on the use of the LMC facilities by LMC members, in violation of our bylaws; specifically Article II, Section 7, Special Matters. Further, that the following LMC facilities are not to be considered as reciprocal facilities for use between the LMC and SBCA: exercise equipment, Kehele Park, RV parks, swimming pools, and pickle ball, squash and tennis courts. All non LMC members in the MPR that wish to use these LMC facilities must become LMC contract members. Further, that only those functions approved by the LMC Board of Trustees are to be eligible to be reciprocal functions between the LMC and SBCA using LMC facilities. Further, that invited guests be limited to family members or houseguests of the LMC members. These changes to the LMC Regulations are to be immediately enforced by the LMC General Manager. The C&R Committee is instructed to prepare the required changes to the LMC Regulations, to incorporate these changes and to bring them to the LMC Board of Trustees for their approval after at least two public readings. The LMC board will then submit these changes to the membership for a vote at the next LMC membership meeting. Trustee Moyer further moved that this motion be considered at the same time as the board review of the Operations Committee Tennis Report. The motion failed for lack of a second.

Trustee Buehler made the following motion: 1) Both side of the issue be presented to the members in the form of a ballot or survey at the earliest possible date; 2) The CRC be asked to determine whether the OPS Committee proposal would be considered a restriction in use of the facilities and require a formal vote and/or legal opinion; 3) in the interim the current regulations regarding use of the tennis courts will be in force; and 4) an ad-hoc committee be formed to frame the issues and make a recommendation to the trustees as to how the above items be facilitated. Trustee Moyer seconded the motion. Discussion continued. The motion carried by unanimous vote with President Bradshaw abstaining. Note: Trustee Van Zonneveld was not present at this vote.

The meeting went into recess at 1:20 p.m. and reconvened at 1:25 p.m.

Schreyer Request for Appeal – Mr. Schreyer presented his request for clarification related to the height of his neighbor's vegetation on a property line fence. Trustee Buehler made a motion to honor Mr. Schreyer request for an appeal and schedule one in accordance with our guidelines. Trustee Moyer seconded the motion. Discussion proceeded with pertinent input provided by Frank Siler, a former LMC President. Trustee Sanzaro called for the question and it was duly seconded. The discussion was ended by unanimous vote with President Bradshaw's abstention. The original motion was carried by unanimous vote. President Bradshaw abstained.

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Trustee Moyer moved to hear the Schreyer Appeal following the April 12, 2008 regular board meeting. Trustee Buehler seconded the motion and it was carried by unanimous vote. President Bradshaw abstained.

NEW BUSINESS:

Utility Easement – Sewer Line Extension to LMC lots 1-3-005 & 006 (Authorization for LMC Attorney to Draft Easement at Applicant’s Request) – An engineering survey has been received from Anderson Civil Engineers & Surveyors for the subject property proposed easement. Trustee Van Zonneveld discussed the background in this matter and made the following motion: If requested, the LMC Board of Trustees will consider providing Olympic Water & Sewer or (OWSI), a utility easement to construct, improve, repair and maintain a sanitary sewer line over, under, and across the two tax lots that include the RV Lot road, which are owned by LMC as common properties. The extension of the sanitary sewer line is to provide a sewer connection to Paul Whitey Johnson who owns two undeveloped properties on Ames Lane. Those two properties are identified as 1-3-005 and 1-3-006. In order to bring this issue before the trustees for consideration, complete and accurate legal easement and property description documents are necessary. Therefore, it is moved that the LMC President be authorized to request the preparation of a utility easement by LMC legal counsel. LMC will be identified as the grantor and the grantee will be Olympic Water & Sewer. The proposed easement to be recorder will include restoration and replanting provisions to be identified by the LMC Greenbelt Committee and the LMC Operations Committee, where appropriate. This work by LMC’s attorney is authorized only under the condition that property owner Mr. Johnson agrees in advance to pay all legal costs associated with the preparation of the easement. In addition, Mr. Johnson will be responsible for the preparation of the complete legal description of the subject property at his own expense. The easement will stipulate that Olympic Water & Sewer will be granted a 20 foot wide strip easement for construction of the sanitary sewer line and a 10 foot perpetual easement in order to repair and maintain the sewer line.

The President is authorized to contact the LMC attorney for an estimate of legal fees required to prepare the legal documents for the utility easement. If Mr. Johnson is willing to pay the legal fees in writing, we will then have a legal easement drawn in his favor, at his expense. Trustee Moyer seconded the motion and it carried by unanimous vote with President Bradshaw abstaining.

Committee Conflict of Interest Provision-Second Reading -- By a motion made by Trustee Feltham, seconded by Trustee Sanzaro, and carried unanimously, the second reading was deferred to the April 12 meeting, to allow the committee chairs time to review this matter. President Bradshaw abstained Trustee Moseley was absent from the vote.

2008 Annual Meeting Packet – There were no recommendations or changes.

2008 Swim Lessons – By a motion made by Trustee Feltham, seconded by Trustee Van Zonneveld, and carried unanimously, Mr. Belmont will work with swim instructor, Lynn Hovde, to develop an appropriate schedule for swim lessons. As per the LMC Paid Instructor Policy.

Public Comment Period: President Bradshaw opened the floor for public comments. There were no comments from the floor.

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By a motion made by Trustee Buehler, seconded by Trustee Sanzaro and carried unanimously, the meeting was adjourned at 2:10 p.m. President Bradshaw abstained.

Respectfully submitted,

Jerry Nelson, Secretary
Ludlow Maintenance Commission, Inc.

Prepared by Carol Shamhart
LMC Recording Secretary

LMC Standing Committee Reports:

Finance Committee: Bill Funke, Chair

Committee Members Present: Trustee Art Moyer, David Pendergast, Ted Wright & Bill Funke

Others Present: Brian Belmont, General Manager & John Van Zonneveld, Operations
Committee Chairman

Minutes Approval:

The minutes of the February 14, 2008 meeting were approved

Manager's Report:

Financial Reports: Manager Belmont reviewed the January 1 through February 29, 2008 Financial Report noting all receipt and expense categories are within budget estimates, allowing for expected seasonal variances. He advised the Committee of pending water rate increase which, if approved, will increase the 2008 LMC water expense by approximately \$3,000 this year. He further noted that the cost of propane is 30 cents per gallon higher than budgeted.

Delinquent Accounts: The two accounts remain delinquent in excess of \$1,000, accounts 1-1-027 and 1-4-001.

Foreclosure or other collection actions will not be considered by the Committee until County property tax status of both properties and ownership of account 1-4-001 is determined.

Note: After adjournment of today's meeting the County was contacted by phone for the following information:

Litigation before Jefferson County Superior Court Judge Craddock Verser to determine the ownership the account 1-4-001 property ended January 28, 2008. The judge has taken the

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matter under consideration but has not reached a decision to date. He must do so within 90 days from the close of the trial.

The County Treasurer's office advised: 1) account 1-1-027 is current with tax payments and 2) account 1-4-001 has not paid property tax in four years. Unless the minimum required tax payment to cover all taxes due for the first unpaid tax year is received by March 31, 2008 the County will foreclose account 1-4-001 on April 30, 2008 and sell the property in December 2008. The foreclosure sale will wipe out all liens against the property.

Timing for the LMC to foreclose or take other actions to protect the LMC lien interests could not be determined from speaking with the County clerks.

Foreclosure or other actions against these two delinquent properties will be considered prior to the April 12, 2008 Trustees meeting and after determining foreclosure specifics. Appropriate recommendations will be made to the Trustees at that meeting.

Unplanned Expenses: Manager Belmont reported preliminary inspection of the Club drainage system indicates the actual drain pipes may still be usable after installation of new drain traps. He is waiting professional determination of this and of additional cost estimates should concrete and other work and replacement be required. He hopes to have a complete report in the near future.

Reserve Investments: Committee reviewed all cash and investments in the Reserve and the Operating accounts as well as current interest rates received in the LMC Money Market accounts and rates of FDIC insured CDs available through E. Jones brokerage and local banks. The Committee agreed to invest the funds now in the Edward Jones money market in new FDIC insured CDs maturing between one and two years, earning between 3.7 and 3.85% and advised Treasurer Feltham to make these investments.

The Manager will update necessary cash flow requirements to determine whether some portion of a \$70,000 CD maturing later this month can be reinvested. It is noted current CD rates pay approximately 1.5% lower than last fall and are expected to drop further after next week's Federal Reserve meeting. Our special-rate money market accounts at Kitsap bank now earn 3.05%, down from 4.8% last September.

E. Jones money market rates have dropped from 4 % to 2.48%.

Asset Replacement Reserve Policy: With the adoption of the new Reserve Fund policy, the Committee recognizes its responsibility to recommend additional funding proposals to the trustees to increase the Reserve Account to the mandated 100% which will insure necessary funds will be available to meet all future Component List Item replacement requirements. The remainder of today's meeting time was spent continuing the Committee's previous deliberations on this issue and, in particular, considering and discussing a funding proposal submitted to the Committee by member David Pendergast

The Pendergast proposal is specifically structured to make the Reserve Fund whole, i.e. funded to 100%, within a reasonable period of time. His proposal also addressed additional funding to purchase the new equipment requested by the manager and the annual set asides that will be required for future replacement of any new equipment.

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Unknown major replacement requirements such as the needed major overhaul of the Beach Club electrical system, are also addressed in this proposal.

The Committee will continue to evaluate the Pendergast proposal at our April 10, 2008 meeting.

There being no further business to come before the Committee it adjourned at 11:50 AM.

Bill Funke

Note: The next regular monthly Finance Committee meeting will be held on April 10, 2008 at 9 AM in the Beach Club Gallery Room.

Manager's Report:

February financial reports have been distributed to the Trustees are there any questions pertaining to these reports? Currently there are 41 properties with outstanding assessments totaling \$20,937.10

After receiving the March 6 Board authorization to purchase a Cybex 630A Total Body Arc Trainer I'm in the process of placing the equipment order. I would like to recognize those members that made donations towards the purchase of this exercise equipment.

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|--------------------|-------------------|
| Mr. & Mrs. Babaian | Mr. & Mrs. Bonds |
| Mr. & Mrs. Irvin | Mr. & Mrs. Joseph |
| Mr. & Mrs. Krumme | Mr. & Mrs. Milner |
| Mr. & Mrs. Riggen | Mr. & Mrs. Wall |

LMC also received one significant anonymous donation for the new equipment.

At the March 6 Board meeting I distributed the first draft of the 2008 Annual meeting mailing packet. Are there any suggested changes to that packet other than updating candidate information as it comes in? The cut-off for submitting information will be Wednesday, March 19 so that we can begin printing and copying. The packet will be mailed in a 10"x13" envelope and will include a return envelope to mail back the completed proxy/ballot to LMC.

On March 12, Elizabeth and I attended a presentation prepared by Dean Mosier and Dave Pike of the computer club who have been researching the possibility of developing a Port Ludlow Digital Village. As presented, the online village could have information from LMC, SBCA, PLVC, PLA, merchants and clubs. This resource would allow owners to go to a single website to obtain Port Ludlow information. There could be community wide event calendars and interactive features that would allow members of various associations or groups to provide online input. There are several issues that need further study the most significant being funding. Startup costs could be several thousand dollars in addition to a monthly maintenance and service fee.

Last week Lynn Hovde, who is the certified swim instructor who has been teaching swim lessons here for many years, approached me about this year's swim lesson schedule. Although this schedule is subject to change based on the number of participants this is the proposed 2008 schedule.

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Tuesday and Thursday classes 3:30 – 5 p.m., with 4 or 5 students per class

April – 15, 17, 22, 24, & 29

May – 1, 6, 8, 13, 15, 20, 22, 27, & 29

June – 3, 5, 10, & 12

Monday – Thursday classes 12 – 1:30 p.m., with 4 or 5 students per class

June – 16 – 19, 23 – 26, & 30

July – 1 – 3, 7 – 10, 14 – 17, 21 – 24, 28 – 31

August – 4 – 7

According to Lynn, to be cost effective for her, class sizes need to be 4 or 5 students. This year Lynn intends to cut way back on private lessons. LMC requires Lynn to have insurance that costs her approximately \$1,000 annually of which \$400 is due upon renewal. Lynn will need to make sure there is enough interest in swim lessons to justify renewing her policy this year. As you know LMC has a paid instructor policy that limits non-member participation to 25% annually.

ACC:

Since the LMC Board Meeting of Saturday, 02/16/2008, the ACC has held 2 regular meetings and has received 18 new requests, 1 homeowner correspondence and 2 LMC Board requests. The ACC requests received are as follows:

2 new constructions, 2 sheds, 1 deck modification, 1 privacy fence, 4 tree removals, 4 roofs, 4 paints, & 1 appeal request received from LMC Board and 1 correspondence research request received from the LMC Board.

The ACC approved: 2 house additions, 1 tree removal, 4 roofs, and 4 paints.

The ACC is discussing proposed policies & procedures.

The next ACC Meeting is scheduled for Monday, 03/24/2008, @ 3:30 pm here at the Beach Club.

Communications Committee:

The Communications Committee has been in contact with Brian Belmont and Vaughn Bradshaw to draft a board workshop on Communication Skills and Board Orientation. A survey will go out to the board on perceived needs in these areas in order to address relevant issues. The workshops will be held after the April elections with dates to be determined.

The next Log will come out in the Spring and we are looking for articles of interest to the membership. If the board has any items they wish to highlight, please contact a member of the Communications Committee. The Committee is reviewing avenues of communication to the membership and from the membership and we are open to any ideas in this regard.

The Committee is actively seeking more members and if you have anyone who may have an interest and skill in this area, please call Barbara Berthiaume at 437-0423.

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The next Communications Committee meeting will be Wed. March 19th at 2 PM and is open to community members.

Thank you,

Barbara Berthiaume, Interim Chair

CRC: No written report for March 15th meeting.

Greenbelt Committee: No written report for March 15th meeting.

Operations: No written report for March 15th meeting.