

APPROVED

MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF LUDLOW MAINTENANCE COMMISSION, INC.

March 24, 2011– 4:00 p.m. – Bay View Room

Trustees: Elizabeth Van Zonneveld, Richard Babaian, Vaughn Bradshaw, Teddy Clark, Glee Hubbard, Stan Kadesh, Michael Larkin, Jerry Purdy and Sharron Sherfick.

President Van Zonneveld called the regular board meeting to order at 4:05 p.m.

Call to Order: Secretary Bradshaw called the roll. All trustees were present with the exception of Trustee Sherfick. Trustees Babaian and Bradshaw attended the meeting via Skype. General Manager Brian Belmont was also in attendance. A quorum was present.

Opening Remarks: All members and board members attending were asked to sign in at the entry to the Bay View Room. All meetings of the LMC are recorded for transcription and accuracy. Meetings are not operated entirely by Roberts Rules of Order, but a general parliamentary procedure will be followed. Skype and/or speaker phone is used occasionally to allow board members to participate while out of town. It is not President Van Zonneveld's policy to vote on a matter before the board except to break a tie. Members wishing to address the board are asked to wait until recognized, go to the podium to use the microphone, announce their name and speak one at a time. Motions will be disposed of as they occur.

President Van Zonneveld announced the LMC has been seeking candidates for the upcoming vacant seats on the board. Guests Bob McQueen and Terry McCloskey from Admiralty II and Larry Scott from the Trails Committee were introduced.

Changes to the Agenda: None

Member Comments: None

Approval of Minutes: *Trustee Babaian made a motion to approve the first draft minutes of the regular board meeting of February 24, 2011. The motion was seconded by Trustee Kadesh and carried 7:0:1, with President Van Zonneveld abstaining. 11-03-01*

STAFF & COMMITTEE REPORTS:

Manager's Report – Brian Belmont – The Trustees have been provided with a copy of Mr. Belmont's exception report for this month. The February 28 financial statements were previously distributed to the trustees.

Year-to-date about 93% of the 2011 assessments have been collected. Compared to this date last year we are approximately \$7,000 ahead of last year's pace. LMC is working with several owners to work out a payment plan.

Mr. Belmont provided an in-depth explanation of the outdoor swimming pool progress. The demolition work has been completed and the plumbing, with the exception of the main drain, has been tested. No leaks were found. An additional 4-5 weeks will be required to complete the pool work. Mr. Belmont explained two addendums to the contracted work have been identified

APPROVED

and are in the process of being discussed with Master Pools. This is not expected to be a large dollar amount and pricing for this extra work is expected next week.

With the assistance of Bird Electric, the maintenance staff has been installing the in-house monitoring cameras in the Beach Club. All 16 cameras should be operational by March 28. A new addition will allow two cameras to cover the outdoor swimming pool. The additional cameras will allow better monitoring of the facility and will provide additional information in the event of an accident/injury.

Discussion followed related to usage of the Beach Club.

Operations Committee (OC) – Jim Goode, Chair – There are no issues related to property owners at this time. The OC has completed work on the Beach Club/Bridge Deck Rental and Fee Policy and recommendations for both have been submitted to the board, along with the Facility Rental Agreement amendments.

Discussion followed related to language in the rental policy.

Finance Committee (FC) – Trustee Kadesh for Bob Bima, Chair – The January LMC bank accounts were reviewed at the March 10 FC meeting by Trustee Kadesh and FC member Eve McDougall. They were found to be satisfactory.

As requested by the trustees, the FC was seeking ideas to raise money for the LMC, primarily to improve the Beach Club, build a new building, or undertake major improvements. Ideas discussed consisted of the following: taking out a loan; use the information generated by the 2004 homeowners' survey as a basis for discussion with the membership about the need for additional revenue at town hall meetings and forums; provide ways for members to leave money to the LMC in their wills and to be able to bequest monies to the LMC; sell the name and rights for rooms and buildings; set up an ad hoc committee specifically charged to generate ideas and ways to generate funds for the LMC; sell bricks and plaques to recognize people and groups; investigate the potential for using long term bonds for financing; consider the potential for renting out various LMC facilities, including a new clubhouse; investigate the potential for joint use agreements with other local organizations like schools and Boy Scouts; sell some of the LMC common property; sell the logging rights to LMC selected trees; investigate the tax benefits for a donation to the LMC; change the bylaws of the LMC to generate revenue by increasing the annual assessment on a one-time basis and consider imposing use fees on various activities not used by all members, such as the swimming pools.

The LMC will be paying an additional \$2,700 in Federal Income Tax for 2010.

John Erickson, a former superintendant of the Vancouver School System in Vancouver, WA, was proposed to join the Finance Committee.

Trustee Kadesh made a motion to appoint John Erickson to serve as a member of the Finance Committee. The motion was seconded by Trustee Clark and carried 7:0:1, with President Van Zonneveld abstaining. 11-03-02

Discussion followed related to increasing revenue.

APPROVED

Beach Club/Bridge Deck Rental and Fee Policy – The trustees were provided with copies of the Beach Club/Bridge Deck Rental and Fee Policy draft, as amended, dated January 6, 2011 and the Facility Rental Agreement, dated January 25, 2011.

Mr. Belmont stated at a workshop, it was the consensus of the trustees to remove the sentence that referred to the General Manager having the discretion to expand the definition of immediate family on a case-by-case basis.

Trustee Hubbard made a motion to adopt the Beach Club/Bridge Deck Rental and Fee Policy, as amended, dated January 6, 2011. Trustee Clark seconded the motion and it carried 7:0:1, with President Van Zonneveld abstaining. 11-03-03

Facility Rental Agreement – Mr. Belmont discussed the minor changes to this agreement. An updated price sheet was also included in this document.

Trustee Kadash made a motion to adopt the Facility Rental Agreement draft dated January 25, 2011, as amended. Trustee Larkin seconded the motion and it carried 7:0:1, with President Van Zonneveld abstaining. 11-03-04

Covenants & Regulations Committee (CRC) – Sally Orsborn, Chair

The Covenants and Regulations Committee met twice in March. Business included a revision of the Bylaw on filling Board Vacancies and the associated Rationale. Recommended language was presented to the board.

CRC continued to work on Regulation V at both the March 1 and March 18 committee meetings. Particular attention was given to the need for a Review Board as defined in the current Regulation. Discussion also centered on whether or not new evidence (that not heard by the enforcement committee) could be presented by the appellant during the appeals hearing. Enforcement proceedings were also touched upon. A flow chart for the entire process is being developed. Considerable attention is being paid to proper nomenclature. It has been found that some words are confusing the meaning of what the committee is trying to convey in Regulation V. More details were sent out with the minutes of the March meeting for clarification.

CRC recommended that Regulation V be the topic of an entire LMC workshop soon after the April membership meeting. With the changes CRC sees as being required, it is imperative to get further board and committee chair input before proceeding definitively beyond flow chart development and drafted language.

The next CRC meeting will take place April 5 at 9:30 in the Gallery Room.

ACTION ITEM: A proposed amendment to the Bylaws concerning filling vacancies on the Board of Trustees: CRC recommended that the revised amendment be sent for member vote. The board agreed on the Bylaw language but requested changes be made to the Rationale for further clarification. The committee chair made the suggested changes and the board accepted the revised language.

The line-in/line-out version, with all the italics removed, was read to the board and members in attendance as follows: “Except as otherwise provided by law or in these Bylaws, vacancies on

APPROVED

the Board of Trustees, whether caused by resignation, death or other cause, shall be filled as soon as possible by a vote of the trustees at a regularly scheduled monthly meeting of the board. The board shall act to maintain the representation of the affected class of owners, i.e., condominium owners or lot owners. If the board is unable to elect a candidate from the affected class, a candidate from the other class may be elected. If the unexpired term so-filled extends beyond the date of the next annual membership meeting, the remaining term shall be subject to nomination and voting at that meeting in accordance with the Bylaws, Article III, Sections 1. and 2.”

Trustee Larkin made a motion to approve language changing the trustee vacancy procedure, as presented to the trustees, for placement on the ballot in the April 2011 election. Trustee Hubbard seconded the motion. Discussion followed. The motion carried 7:0:1, with President Van Zonneveld abstaining. 11-03-05

Discussion continued related to the rationale for the above-referenced language change to Bylaw Article III, Section 1. & 2.

Greenbelt Committee (GBC) — Acting Chair & Trustee Jerry Purdy – No new requests were received since the last board meeting. There are currently nine cases pending. Two hazardous trees across from Snug Harbor were removed. The committee discussed the request from the Admiralty II Condo Association to share in the cost of a site assessment of the bluff area below the condominiums. The association believes that the property belongs to LMC, but LMC does not have a deed for that property. Research done at the County by Roger Oster appears to confirm that the property was deeded to LMC in 1985 on a Quit Deed from Pope for \$5.00, along with the deed for the Beach Club. There is no indication LMC accepted the gift, but Mr. Oster’s research indicated in 1985 there was no law that required LMC to accept the quit claim gift.

Discussion followed related to Mr. Oster’s opinion of what was causing the problems with the bluff area. The GBC recommended the board grant permission to Admiralty II to have a geologic survey done in that area but without LMC sharing in the cost. The GBC recommends this matter be placed on the agenda for a workshop to allow review of the considerable background information before any board decision is made.

Discussion followed.

Trustee Purdy made a motion that the board authorize the Admiralty II Condominium Association to proceed with a geologic study of the bluff area adjacent to their property at their own expense. A copy of the report will be provided to LMC. Trustee Kadash seconded the motion. Discussion followed. The motion carried 6:0:2, with Trustee Bradshaw and President Van Zonneveld abstaining. 11-03-06

Discussion continued related to the Admiralty II bluff area matter. President Van Zonneveld will notify Skip Rasmussen, President of the Admiralty II Board, by email, that the board has agreed their association may proceed with the geologic study of the bluff area.

Trustee Purdy made a motion the board appoint Roger Oster and Kim Wright to serve on the GBC. President Van Zonneveld seconded the motion and it carried 6:1:1, with Trustee Babaian opposed and President Van Zonneveld abstaining. 11-03-07

APPROVED

Discussion followed related to a tree limb extending across the street on the open side of the road into the condominium area. Mr. Belmont will investigate the matter.

Communications Committee (CC) – Trustee Clark for Sue Milner, Chair – The committee is involved with designing and developing a format for the annual members' meeting. The CC proposed Claudia Robbins as a new member of the CC.

Trustee Clark made a motion to appoint Claudia Robbins to serve on the CC. Trustee Purdy seconded the motion and it carried 6:0:2, with Trustee Babaian and President Van Zonneveld abstaining. 11-03-08

Ad hoc Elections Committee (AHEC) – Brian Belmont – The committee met once since the last board meeting. A meeting is scheduled for Friday, April 15 at 10:00 a.m. in the Gallery Room, for the AHEC to count the ballots of the proxies that were assigned to the Corporate Secretary for the 2011 annual members meeting. On Saturday, April 16, the committee will also be working on concluding the 2011 annual meeting ballot counting. On Monday, April 18, the committee will again meet in the Gallery Room and hold a debriefing of the election process. The committee will be working to develop policies and procedures for the board's review. During the annual meeting on the 16th of April, Mr. Belmont will join the committee in the Gallery and, prior to the counting of the ballots, he will be part of the process to determine which ballots are valid and which are not. Committee members Kim Monroe, Gene Carmody, Peggy Manspeaker and Bill Hansen will count the ballots. Mr. Belmont will recruit three additional people to help with the counting at this year's annual meeting.

Architectural Committee (ACC) – Bill Clark, Chair – Mr. Clark referred to his previously submitted Exception Report and asked if there were any questions. Mr. Clark discussed the request by a townhome owner to enlarge their decks. Two parts of the ACC Regulations applied to this project. Notifying neighbors within 300 feet was one and the second part was that a structure cannot be built closer than five feet from the property line. The ACC approved the request and recommended they contact their townhome association before they begin construction. A building permit had been obtained prior to the ACC application.

Discussion followed.

Covenants & Regulations Committee (CRC) – Sally Orsborn, Chair – Continued from above – The statement that will accompany the Bylaw on the ballot was read as follows:
Rationale: According to the Bylaws of Article III. Section 2. Election & Tenure. Candidates for the LMC Board of Trustees, during a vote at the Annual Members Meeting, must be nominated and elected by a particular class of owners; i.e., condominium owners or lot owners. The Bylaw does not stipulate that nominees must come from that class. However, when vacancies occur on the board, the current Bylaw states that vacant positions must be filled from the corresponding class. The proposed amendment corrects the inconsistency by correlating the replacement Bylaw with the Nominations and Voting Bylaw. Also, under the proposed Bylaw when a vacancy occurs, the board shall replace the trustee as soon as possible. This provision allows for the flexibility to balance the need for proceeding carefully with the need for expediency in searching for a replacement candidate.

Trustee Kadash made a motion that the board accept the above Rationale for the proposed

APPROVED

amendment to Bylaw Article III. Section 2. Election & Tenure. Trustee Larkin seconded the motion and it carried 6:0:2, with Trustee Hubbard and President Van Zonneveld abstaining. 11-03-09

Lot Owners Association – Condominium Associations – Port Ludlow Village Council (PLVC) – No reports.

The meeting went into recess at 5:30 p.m., reconvened at 5:40 p.m. and recessed at 5:42, to discuss recently received legal advice in executive session.

The regular meeting reconvened at 6:14 p.m.

President Van Zonneveld suggested the board hold a special workshop for two specific issues: (1) revise the vacancy procedure that the board developed and (2) deal with the issue of changes and deductions in insurance rates for the liability insurance.

Trustee Hubbard left the regular meeting at 6:15 p.m.

BOARD BUSINESS

Correspondence: Trustee Bradshaw – Letter dated 2/22/11 from Dale Williams voicing his disapproval of the board handling of the tree and view complaint concerning trees on Lots #1-2-022 and #1-2-023. He stated he and the other complainants would be pursuing other options to resolve the problem. Email dated 3/6/11 from Trustee Glee Hubbard giving notice of her resignation from the board effective the end of March and follow-up email dated 3/24/11 from Glee Hubbard rescinding her resignation from the board. Letter dated 3/18/11 from Michael Fessler, requesting an extension of the 60-day time limit for his compliance with the board's decision letter of 1/21/11, because he has been away for most of the time since the letter was sent and is still working toward getting a special permit from the County to cut in a critical area. Email dated 3/22/11 from Ned Luce informing the board of the success of the Sock Hop at the Beach Club 3/19/11 and complimenting the Beach Club staff for their help, positive attitude and professionalism. He suggested a change in the pricing policy to better support such events which are of benefit to the entire community. Amended email dated 3/23/11 from Ned Luce adding the name of another LMC employee he wanted to recognize. Another email was received from Tom Stone asking LMC to publicize the April 7 PLVC meeting. Jack Westerman, the County Assessor, will be speaking at that meeting at the Bay Club.

Discussion followed. Mr. Belmont read the following letter from Mr. Fessler, dated March 23, 2011, addressed to LMC, attention Vaughn Bradshaw, Secretary, regarding the letter of January 21, 2011, trees and views Lots #1-2-022 and #1-2-023. "Dear Vaughn: Enclosed please find a copy of our application to Jefferson County per your request. Sincerely, Michael C. Fessler." Accompanying the application copy was a copy of a check from the Fesslers payable to the County for \$213.00 and a receipt made out to the Fesslers from the County for \$213.00.

Lengthy discussion followed related to the Williams/Fessler correspondence. Dale Williams and the Fesslers will receive a copy of any correspondence LMC receives from either party.

APPROVED

Trustee Larkin made a motion that the board instruct the Corporate Secretary to write Michael Fessler stating we are in receipt of his March 18 and March 23 letters. The board will extend the deadline an additional sixty (60) days and advise him that LMC expects to be appraised of any actions he has taken and copied on all agency correspondence. A copy of LMC's letter to Mr. Fessler will be sent to Mr. Williams. Trustee Babaian seconded the motion and it carried 6:0:1, with President Van Zonneveld abstaining. 11-03-10

The Secretary will appropriately respond to the above correspondence.

LMC Board 2010-11 Goals progress report –Strategic Plan Update – President Van Zonneveld – President Van Zonneveld stated she has written an article for the Voice that summarizes some of the progress that has been made on the long range plan issues. Mr. Belmont will begin getting bids for the reserve study, independent of the architects. The consensus of the board was to break this out into phases, the first phase being an assessment of the existing facility. Items to be considered include what will be required for repairs and maintenance in the next 10-15 years. The electrical system needs to be addressed in the Beach Club assessment as well as drainage issues around the building.

Discussion followed.

Approval of 2011 Annual Meeting Mailing Packet Contents – Mr. Belmont – There are two three-year lot owner positions open. Jerry Purdy has agreed to run as a candidate, but there is no candidate for the other position. Condo owner Glee Hubbard has rescinded her resignation. Vaughn Bradshaw's three-year term is open and he has agreed to go on the ballot for that position.

Mr. Belmont discussed various changes that need to be made in several documents in the mailing packet. Mr. Belmont will make the necessary changes. The deadline for changes is 1:00 p.m. on 3/25/11.

Trustee Babaian made a motion to adopt the 2011 Annual Meeting Mailing Packet, with changes, for presentation to the owners. Trustee Clark seconded the motion and it carried 6:0:1, with President Van Zonneveld abstaining. 11-03-11

Lengthy discussion followed. The trustees unanimously agreed to cancel the Candidates Forum as there is no uncontested seat. Using the Beach Club email list, Mr. Belmont will prepare an email to notify members that the forum has been cancelled.

Annual Meeting Update – Trustee Clark/Mr. Belmont - The annual meeting design team members are Trustee Hubbard, Mr. Belmont, Diane Campo, Barbara Berthiaume, Sue Milner, Trustee Purdy and Trustee Clark. They have been working toward making the annual meeting interactive, informative, respectful and fun. Trustee Clark and Mr. Belmont discussed the room design and meeting draft agenda. The social reception following the annual meeting will begin at 4:30 p.m. Kim Monroe, with the aid of members in attendance, will rearrange the room to prepare for the reception. A dry run for the meeting will be on April 7. In lieu of a workshop on April 14, a second dry run will be held with board members and committee chairs participating. Discussion followed.

APPROVED

Mr. Belmont discussed a book recommended by facilitator Diane Campo, entitled *Community, the Structure of Belonging*, written by Peter Block. As a contribution to LMC, copies of this book were provided to the trustees by Ron and Diane Campo. Any trustee leaving the board following the annual meeting was asked to turn in their copy of the book.

Workshop Schedule – Trustee Clark – There is no pressing business that requires a trustee workshop prior to May 2011. Trustee Clark will prepare a schedule for the months to follow.

Big John Award – President Van Zonneveld – Ian Feltham and Sally Orsborn have been nominated as candidates for the Big John Award. Discussion followed.

Trustee Babaian made a motion to present the Big John Award to Ian Feltham. Trustee Larkin seconded the motion and, by a unanimous vote of 7:0:0, that included President Van Zonneveld, Ian Feltham will be the recipient of the Big John Award this year. 11-03-12

Member Comments - None

There being no further business to come before the Board of Trustees, President Van Zonneveld adjourned the regular meeting at 7:45 p.m.

Vaughn Bradshaw, Secretary
Ludlow Maintenance Commission, Inc.

Prepared by Carol Shamhart
LMC Recording Secretary