

**MINUTES OF THE ANNUAL MEETING OF THE
LUDLOW MAINTENANCE COMMISSION, INC.**
Saturday, April 18, 2009 – 2:00 p.m. – Bay View Room

Trustees: Jim Boyer, Vaughn Bradshaw, Ian Feltham, Hugh Jenings, Jr., Stan Kadesh, Paul Moseley, Art Moyer, Jerry Nelson, and Elizabeth Van Zonneveld.

President Boyer called the meeting to order at 2:02 p.m. All trustees were present. General Manager, Brian Belmont, was also in attendance.

President's Remarks: President Boyer discussed the accomplishments of the board during the past year, and stated there had been good headway in management changes and clarification of language difficulties in the Articles of Incorporation and Bylaws.

President Boyer announced Ian Feltham and Art Moyer would be leaving the board and thanked them for their outstanding service histories and invaluable participation to LMC. The audience in attendance bid Mr. Feltham and Mr. Moyer a fond farewell.

Quorum Requirements: General Manager, Brian Belmont, announced a quorum had been achieved by a combination of members recognized by proxy and attending in person.

Nominations from the Floor: President Boyer called for nominations from the floor for the two open positions for lot owner representatives and the one open position for a condominium representative; there were no nominations from the floor.

Final Call for Ballots: President Boyer announced if members had not yet submitted their ballot they should do so now.

Approval of Minutes of the Annual Meeting of April 19, 2008: President Boyer called for a motion from the floor. *Trustee Kadesh made a motion to approve the minutes of the Annual Meeting of April 19, 2008. The motion was seconded by Trustee Van Zonneveld and the members in attendance approved the motion unanimously. Member 09-04-01*

Trustee Nelson made a motion to approve the December 13, 2008 Budget Ratification meeting minutes. Trustee Moyer seconded the motion and the Budget Ratification meeting minutes were approved by the membership. Member 09-04-02

PRESIDENT'S REPORT:

President Boyer explained that the board's main task over the past year has been to work on the language and ratification of LMC's Policies & Procedures for all LMC committees. Each committee has done a lot of work and put a lot of effort into having those Policies & Procedures revised and in the possession of the board. The ACC and Communications Committee Policies & Procedures have one more reading before being accepted by the board. This will be accomplished at the next regularly scheduled board meeting.

President Boyer recognized and personally thanked CRC chair, Dwayne Wilcox and his committee for the large amount of work they did to bring LMC's Bylaw language into compliance with LMC's Articles of Incorporation. In addition, the CRC worked on clarification

of the percentage of votes necessary to make major decisions on behalf of the entire membership. The outcome of these ballot issues will be announced later in the meeting.

TREASURER'S REPORT:

Trustee Feltham announced LMC's current financial situation is good with the exception of the reserve replacement account which will be addressed later.

As of March 31, 2009, LMC has \$388,389.07 in operating funds and \$463,966.67 in our replacement fund. Trustee Feltham stated that although interest rates have been lower, LMC had earned a little over \$4,000 more than the budgeted amount. Our operating funds are in a Money Market account at the Kitsap Bank and in a checking account and a Money Market account at American Marine Bank. We also have a CD with Frontier Bank and we have approximately \$2,500 in the money market account with the Edward Jones stock account. The Edward Jones account was opened last year for the operating funds as it provided an opportunity to invest in higher paying CD's through Edward Jones. The replacement fund has \$37,400.24 in Money Market and savings accounts with the local Kitsap Bank and \$376,541 invested with the Edward Jones brokerage account. Most of the funds in the brokerage account are in CD's. There are some maturing this year and next year. An investment in a General Motors Acceptance Corp Smart Note for \$10,000, a little over five years ago, is due in July 2009.

LMC's current status with regard to the 2009 budget shows we expect to spend about 91% of our income on operating LMC. Personnel expenses are running around 50% of our total expenses and at present we have one manager, one fulltime hostess, five part-time hostesses, two fulltime maintenance personnel and two part-time maintenance personnel. The club is open 14 hours a day, 362 days a year. Costs in other areas are on track and overall expenditures are running around 22% for first quarter. We have collected just over 90% of our total budgeted income for the year. Taxes for the Drainage District property and excise were a little over \$11,000 for 2008. Total taxes for 2009 will be slightly lower and are estimated at approximately \$9,500 due to a reduction in Drainage District tax dollars for this year. In addition, \$3,000 has been budgeted for LMC's 2009 Federal Income Tax. LMC's cost for insurance coverage for 2009 is \$29,400, compared to the 2008 insurance cost of almost \$27,000. LMC's insurance coverage includes: \$2,000,000 coverage for officers and directors; liability coverage of \$3,000,000 property and fire coverage with guaranteed replacement costs, and a \$5,000 deductible; plus \$2,100,000 coverage for earthquake insurance with a 10% deductible per building.

LMC will be below the new target of being 100% funded in the reserve replacement fund when we repair or replace the items listed on this year's replacement schedule. Due to the age of this facility, there are many more items that need to be replaced or repaired in the next few years. For example, the electrical system needs to be brought up to current code and that is a very expensive item. The current method that is used to allocate money to the fund is not sufficient to maintain our desired or required 100% level. Implementation of a special assessment or an increase in the annual assessment may be required, but this will require two-thirds of the members participating in a membership meeting to vote in favor of any increase. LMC has only been building reserves for the past 13 years in our 40-year history, and this has not been adequate to reach the 100% level.

Questions were taken from the audience.

COMMITTEE REPORTS:

Architectural Control Committee (ACC) – Eve McDougall for Sharron Sherfick, Chair

Ms. McDougall announced the five members on the ACC. They include Trustee Boyer, Trustee Bradshaw, Bill Clark, Eve McDougall and Sharron Sherfick. The committee meets twice a month and is open to all LMC members. Minutes of ACC meetings are posted on the LMC website and the Beach Club bulletin board.

ACC has seen a decrease in the number of new homes being built in our community. There are currently four requests for new homes. Two have declined building and one contractor requested a delay in building due to a downturn in his business. ACC received eight requests for relief of view obstruction, 22 house paint requests, two shed applications, 20 requests for new roofs, six fence requests, five hazardous trees removal applications, one remodel application, one porch enclosure application, one application for an exterior house appearance change, one staircase railing application, three deck applications, five tree removal requests and one application for a stairway to the beach.

Ms. McDougall stated the ACC works very hard in their decisions and often thorough investigation requires additional time. LMC member, Steve Siegiel was thanked for his role as chair in the past. ACC is looking for new volunteers at this time. LMC members interested should contact any member of the committee.

Covenants & Regulations – Art Moyer for Dwayne Wilcox, Chair

Trustee Moyer reported LMC is organized under State law, which is the revised Code of Washington. LMC was founded on May 8, 1968, under RCW 24.04. Within approximately one year, that was revised to RCW 24.03 and our governing documents were all based on the writings of Pope & Talbot. Nothing was done to the governing documents for many years. In 1995 RCW 64.38, which refers to homeowner associations, became law, but this was not addressed by LMC. Trustee Moyer provided detailed background on the CRC and their work, including the many changes that have been voted on by the membership in the past. For LMC to be in compliance with State law, the CRC has tried to go through the governing documents and locate and correct any inconsistencies.

On the current ballot presented to the membership, members were asked to vote on two changes, one to the Articles of Incorporation and the other one to the Bylaws. The two requested changes are the result of CRC's work, under the direction of Catherine Garrison, former chair of the CRC, to correct the inconsistencies in the language between the Articles of Incorporation and the Bylaws.

Finance Committee (FC) – Ian Feltham, Acting Chair

The primary responsibility of the FC is to support the Treasurer. They also monitor LMC compliance with LMC financial policies, preparation of the proposed annual budget, with the help of the standing committees and General Manager, Brian Belmont. They report any spending variances with respect to the budget directly to the trustees. They serve as a consultant to the Board of Trustees in all matters involving investments and expenditure of LMC funds, and other financial matters of interest to the board.

The General Manager's monthly and year-to-date financial statements are reviewed and discussed in detail with him at each regular monthly meeting. Committee members also conduct a quarterly review of the financial records and the delinquent account balances, and discuss action to be taken on delinquent accounts. Committee members review spending requests from the Operations Committee. Following decision to approve or disapprove, the FC signs off and the matter goes to the General Manager and the board for action. Items on the reserve list that are to be replaced this year are reviewed to ensure adequate funds have been set aside for their use. Future costs for other items have yet to be determined. The FC is trying to determine what funds will be required in the reserve fund for the next four or five years, but because the costs of the items listed may change, this make it very difficult to come up with a good number.

There is no FC chairman at this time and the committee was saddened when the late John Van Zonneveld had to resign as chair due to health reasons. Current committee members include Art Moyer, as trustee, Robert Bima, Patrick Shannon, Eve McDougall, and Ian Feltham. Volunteers to serve on the FC are being sought. Interested members should contact the LMC President.

Greenbelt Committee (GBC) –Ted Buehler, Chair

Mr. Buehler introduced the members of the GBC. They are: Steve Siegiel (Vice Chair), Trustee Elizabeth Van Zonneveld, Trustee Jerry Nelson, Jimmy Hendricks, Ross Robson, Skip Rasmussen, and Jack Slattery. Former GBC member Joan Dragnich was very helpful during her service, keeping the minutes, and was a major factor in assisting the committee in their accomplishments this year.

Mr. Buehler provided background on the GBC and their role in trying to identify any trees that are a threat to a home or highway. One of the major responsibilities of the GBC is to try to be a mediator, to get a balance between the members who desire cutting of trees due to loss of view and other members who do not like to see trees cut until they are hazardous. The GBC tries to take a middle road in this matter, and tries to reach an agreement with both sides.

There are 57 acres of LMC greenbelt, and, as stated by Mr. Buehler, it is one of LMC's most valuable assets. Various modalities for care and control of the greenbelt trees were discussed.

During the past year the GBC reviewed their Policies & Procedures, with the assistance of experts from forestry, arborists, and the local Fire Chief in regard to fire safety. Mr. Buehler addressed current regulations, and proposed changes that the GBC will recommend to the board. Tree topping and how to handle fallen trees and brush in the greenbelt were discussed

Mr. Buehler stated what happens to the greenbelt in the future will depend on the LMC members. Volunteers are needed and member input would be appreciated. The GBC meets once a month.

President Boyer stressed the importance of volunteers to our community, to obtain a balance in matters related to the greenbelt.

Volunteer Recognition – President Boyer

Volunteers serving LMC during the past year include: Bob Bima, Pat Shannon, Ted Buehler, Jimmy Hendricks, Skip Rasmussen, Joan Dragnich, Jack Slattery, Steve Siegiel, Ross Robson, Sheila Brunstad, Terry Mesa, Teddy Clark, Jim Goode, Pat Cooper, Eve McDougall, Jamie Bima, Art Moyer, Ian Feltham, Jerry Nelson, Sharron Sherfick, Bill Clark, Bill Lazarus, Dwayne Wilcox, Catherine Garrison, Lia Robinson, Anthony Monti, Jan Richings, Mike Larkin, Dick Durand, Caron Mesa, Barbara Berthiaume, Evelyn Fett, David Goudie and Carol Shamhart.

Participating trustees on the standing committees, not previously mentioned, include Hugh Jenings, Paul Moseley, Stan Kadesh, Elizabeth Van Zonneveld, and Jim Boyer.

Member Comments: Several members addressed the board. Items discussed included tree issues on lots and in the greenbelt.

Communications – Barbara Berthiaume

Members of the Communications Committee are Carol Shamhart, Teddy Clark, Evelyn Fett, David Goudie, and Barbara Berthiaume. Trustee Van Zonneveld and Trustee Kadesh are the liaison to the board and Brian Belmont sits in as an ex-officio member.

The Committee completed the draft of the Policies and Procedures and submitted it to the Covenants and Regulations Committee for review before being presented to the board for approval.

The newsletter name was changed with board approval from the Log to the Navigator with the rationale that the Navigator connotes charting a course, movement, and planning which are positive metaphors for LMC business. The layout of the Navigator has been streamlined and has met with positive feedback from the membership. David Goudie is the editor and has done an excellent job in this regard.

The Communications Committee was asked to create a Resource Network to develop a list of potential volunteers to fill LMC positions as they come up. This was approved by the board and is now an ad hoc committee under the direction of the President.

The Election Ad Hoc Committee has asked the Communications Committee for input into the election process in developing a more user-friendly ballot to insure that all votes can be counted. This effort will carry on into the New Year.

Bob Reasoner and Barbara Berthiaume conducted a Communication Skills Workshop as part of the board orientation and training on June 11, 2008. Mr. Reasoner was thanked for his work on the workshop.

The Committee is in the process of a training series with the goal of becoming a communication skills resource to the broader organization. Two workshops have been conducted on Listening Skills and Conflict Resolution. Ongoing training will be a regular part of every committee meeting.

A member in the audience inquired about the new community website (Port Ludlow Today). Mr. Belmont explained he plans to meet with the creators of the website and will report on this in the future.

President Boyer reported on the newly formed commemorative recognition of outstanding volunteer service that LMC will award for the first time next year. This award is in memory of John Van Zonneveld, who passed away recently. John was a dedicated supportive member of our community since moving to Port Ludlow. The award will be known as the John Van Zonneveld "Big John" Award and will be presented each year for outstanding and dedicated volunteer service to the community. It is anticipated that nominations for this award will come from the community-at-large. Additional information will be provided at a later time.

MANAGER'S REPORT – Brian Belmont

Good afternoon. Today I will review some of the past and current projects as they pertain to the facility and amenities. I will also talk a little bit about some of our upcoming projects.

I would like to start by recognizing the generosity of some individuals and groups over the course of this past year. LMC has received several donations of supplies and equipment that have made a significant difference in our operation.

The Port Ludlow Computer Club donated a computer to the Beach Club. The computer has been set up in the Gazebo as a public computer and has wireless internet access. LMC member Pete Becker donated the flat screen monitor that is attached to the computer.

Vaughn Bradshaw donated a new heater that is designed to fit under a desk work station. The new heater was installed under the hostess's desk.

LMC also received two cash donations that were put to good use. Dine and Discover made a \$400 donation to LMC that was used for the purchase of 2 lapel microphones for the Beach Club. With the help of LMC member Bob Azen, we researched and selected a good quality microphone system. We appreciate Dine and Discover's generous donation.

The Homeowner Potluck organization (HOPL) donated \$400 to LMC. Their donation was used toward the purchase of a new, larger, wall-mounted projector screen for the Bay View room.

LMC members Jerry Nelson and Steve Siegiel have contributed many volunteer hours assessing the overall condition of our 40-year-old Beach Club electrical system. Once Jerry and Steve have completed their assessment, LMC will obtain bids for the needed system repairs.

Steve Siegiel also helped assess Beach Club lighting. Where feasible, incandescent bulbs have been replaced with fluorescent lighting. Over time this should be a good cost saving measure.

Last fall LMC replaced a 20 year old pickup truck with a 2006 Ford F-150.

During the past year we have encountered several drain line problems in and around our facility. We had tree roots growing into and blocking one of our catch basin drain lines which required LMC to hire a contractor to cut through the root mass. The offending trees were then removed.

There were several roof downspouts that did not drain correctly because the connecting underground drain line had become partially blocked by dirt and roots. In one case the blockage was significant enough that a portion of the original drain line had to be abandoned and new pipe installed.

Our biggest challenge this year involved the replacement of the men's locker room floor drains which was completed earlier this month. The 40-year-old cast iron drain traps in the four floor drains had rusted out. The repairs required cutting and removal of approximately 160 square feet of concrete floor. The contract price for this project was \$14,463. Including permit fees and a few change orders the total cost to LMC was \$16,270.

I want to again thank Vaughn Bradshaw who prepared the bid specifications on this project. Your good work made my job significantly easier.

This spring, one of two compressors used in the indoor pool dehumidifier system was replaced.

Our maintenance staff recently replaced the outdoor pool filter grid system which normally last 15 years. Our old system had been in place for more than 20 years.

In March of this year, Jefferson County completed the removal of the communication tower and equipment in the RV storage area. Recently the county had relocated its communication equipment to a new site near Teal Lake. The amateur radio club gave LMC the building that they used to store their equipment which is located next to the tower site.

Next month the outdoor swimming pool will open on Friday, May 22.

We plan to install new heat pumps this spring that will provide the primary heat source for the two swimming pools and spa. Jerry Nelson and Steve Siegiel have been helping plan the needed electrical changes to accommodate the heat pumps.

Plans are in place to replace carpeting in the Beach Club. With the exception of the Gallery and Gazebo rooms all upstairs carpeting will be replaced. At the same time, subfloor deficiencies will be corrected.

Later this spring the small back deck on the Bridge Deck building will be rebuilt by our staff.

LMC member Bob Azen is assisting LMC in the selection of a new mixer/amplifier to be used with our microphone system here in the Bay View room. In addition to the new equipment we plan on re-wiring the stage microphone jacks.

We are planning to close the indoor pool for a week starting on June 15th. During the closure we will drain and acid wash the pool. The mild acid wash should remove the stains on the plaster surface. During the closure, our maintenance staff will also repair water-line tiles that have fallen off.

This fall, after the outdoor pool is closed, we hope to replace the outdoor pool plexi-glass supports and panels that are on the east side of the outdoor pool. The wood supports are decaying.

LMC Board of Trustees accepted on 6-13-09 Membership will vote April 17, 2010

Last but certainly not least, I want to thank and recognize our staff. Most of you know our Office Manager, Kim Monroe, who has worked for LMC for nearly 23 years. Anyone that has had the pleasure of working with Kim knows how hard she works at her job and how dedicated she is to this community. Our front desk hostesses Sue Bartkus, Melissa Denny, Ruth Irvin, Alpha Palmer and Carol Shamhart do a great job taking care of our members and their guests that use this facility. I've said before, I'm very fortunate to have each and every one as co-workers.

Our maintenance department is going through a transition. Maintenance Supervisor, Phil Eng who has worked for LMC for more than 24 years is retiring at the end of April. Phil's creativity and problem solving skills have clearly benefitted our community. He has left a lasting legacy. I would like to remind everyone that at this year's homeowner cocktail party, which starts today at 5:30, we will also be celebrating and recognizing Phil's upcoming retirement. I encourage everyone to stop by and thank Phil and wish him good luck.

LMC has hired Don Baker as Phil's replacement in the maintenance department. Don has a good background in construction, building maintenance and grounds maintenance. Don has been training with Phil full time since the first of March.

Bob Carstensen, who works weekday evenings, has been here for nearly 20 years. I'm sure that those of you who use the Beach Club during the evening appreciate all Bob does to take care of and accommodate our facility guests. Rounding out our maintenance staff we recently hired Chris Storm as a part-time employee. Chris normally works Saturday and Sunday mornings.

Mr. Belmont thanked the members for their attendance at today's member meeting and for supporting LMC.

Trustees Moyer and Feltham provided background on the hiring of Brian Belmont almost four years ago, to serve as LMC's General Manager. Mr. Belmont was complimented and thanked for his excellent management skills.

Mr. Belmont thanked all the volunteers who put in effort in this community and stressed the importance of those volunteers to a community association.

ELECTION RESULTS (Complete results will be posted on the Beach Club Bulletin Board)

Condominium Board Candidates

3 year term – Vote for one

Jerry Nelson	43 votes	Elected
Write In:		
Teddy Clark	1 vote	
Steve Cross	1 vote	
James Laker	1 vote	
Mike Larkin	2 votes	

Lot Owner Board Candidates

3 year term – Vote for two

Teddy Clark	216 votes	Elected
Mike Larkin	168 votes	Elected
Steve Cross	132 votes	

LMC Board of Trustees accepted on 6-13-09 Membership will vote April 17, 2010

James Laker	112 votes
Write In:	
Ted Buehler	1 vote
Jerry Nelson	1 vote

Ballot Item #1:

Resolution: That the audit of 2008 LMC financial statements be waived.

Condominiums:

FOR:	45 votes
Against:	3 votes

Lots:

FOR:	245 votes
Against:	76 votes

Total:

FOR:	290 votes (78.59%)
Against:	79 votes

Ballot Item #1 Passed (67% majority of total votes cast required)

Ballot Item #2:

Resolution: That Article IV of the Articles of Incorporation be amended.

Condominiums:

FOR:	45 votes (93.75%)
Against:	3 vote

Lots:

FOR:	284 votes (89.31%)
Against:	34 votes

Total:

FOR:	329 votes
Against:	37 votes

Ballot Item #2 Passed (Requires approval of 2/3's of participating lot owner and 2/3's participating condominium owner members attending in person or by proxy)

Ballot Item #3:

Resolution: That Article II, Section 5 of the Bylaws and Article II, Section 7 of the Bylaws, be amended.

Condominiums:

FOR:	45 votes (93.75%)
Against:	3 vote

Lots:

FOR:	284 votes (89.31%)
Against:	34 votes

Total:

FOR:	329 votes
Against:	37 votes

Ballot Item #3 Passed (Requires an affirmative vote of a majority of both the participating lot and condominium owner members attending in person or by proxy)

382 LMC members (39% of the membership) were represented in person or by proxy

All three ballot items passed. By doing so, the 2008 audit will be waived and the Articles of Incorporation and the Bylaws will be amended.

President Boyer introduced new trustee Mike Larkin. Newly elected trustee Teddy Clark was not present.

Member Comments: Comments addressed yard maintenance and rental of property. Discussion followed.

By a motion made, duly seconded and unanimously carried, President Boyer adjourned the 2009 Annual Member's Meeting at 3:43 p.m. Member 09-04-03

Respectfully submitted,

Vaughn Bradshaw, Secretary
Ludlow Maintenance Commission, Inc.

Prepared by Carol Shamhart
LMC Recording Secretary