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

May 1, 2008 – 9:00 a.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 Kadesh called the special board meeting to order at 9:05 a.m. Roll call was conducted by Trustee Nelson. Trustees Bradshaw and Van Zonneveld were absent. Trustee Jenings attended the meeting via speakerphone. Copies of the recorded meeting will be made available to the absent trustees.

President Kadesh explained that today's special meeting was inadvertently listed in the emailed agenda as a regular meeting rather than a special meeting of the board. Discussion followed.

Agenda Changes: President Kadesh asked if there were any changes to the Agenda. Trustee Moyer requested the addition of Responsibility and Authority of the President. President Kadesh deemed the request out of order and it was denied. Discussion followed.

Approval of Minutes: Trustee Boyer made a motion to approve the regular meeting minutes of April 19, 2008. The motion was seconded by Trustee Moyer and carried by unanimous vote.

President's Remarks: President Kadesh announced that all board meetings are routinely recorded and that the purpose of this meeting is to conduct the business of the LMC. He further explained that limited comments from the members in attendance would be welcomed at the end of the meeting, with the exception of the committee reports. Following the reports and comment by the trustees, the audience will be permitted to comment. Comments will be limited to three (3) minutes, and one (1) comment per person will be allowed per committee report. Members who wish to address the board are requested to state their name prior to addressing the trustees and to wait until recognized by the President before speaking.

As a standard practice, President Kadesh announced he will vote on all issues requiring a vote. Having been elected by his constituents, he stated they are entitled to his input in such matters. The trustees, in a like manner, will wait to be recognized before speaking.

LMC Committees - President Kadesh stated that due to personnel changes in the standing committees, there would be no committee reports at this meeting. The reports will be given at the May 17, 2008 regular board meeting.

Manager's Report – Brian Belmont

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

The April 30, 2008 LMC financial reports will be made available to the trustees prior to the next board meeting on May 17.

Mr. Belmont announced at this year's annual membership meeting the LMC members voted not to waive the audit for 2007. Last year three bids were obtained for the audit and the lowest bid

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of \$4,000 came from the auditing firm of Hurley, White & Williams. Mr. Belmont asked the board to consider using this firm's services again as they have agreed to do the 2007 audit for the same amount. This matter will be discussed under New Business.

At the April 12 Board meeting it was reported that Community Association Institute (CAI) will be conducting a training session at the Beach Club on May 30. The following board members have indicated they will be able to attend: Kadesh, Van Zonneveld, Nelson, Moyer, Feltham, Boyer and Moseley. Trustee Bradshaw had not yet responded.

Mr. Belmont reported that for more than 1 year LMC has been attempting to piece together the history of a quit claim deed from Pope & Talbot Development to Ludlow Maintenance Commission that was recorded in 1978 for parcel #990 900 020. The records on the Jefferson County website indicate that Pope & Talbot own the bluff property. LMC has a copy of the quit claim deed that transferred ownership to LMC. In previous discussions, prior boards have questioned whether LMC formally accepted the quit claim. If not, the question has been does LMC want the bluff property with the potential liability exposure that may be associated with it? Mr. Belmont recently contacted Pope Resource's employee, Sue Schuyler, a Land Records & Business Specialist, and asked for copies of anything that Pope had in their possession pertaining to the property. Unfortunately no new information was provided. Attached to this report is a copy of the quit claim, a parcel map of the property and the parcel record from the county's website.

The latest update on the men's locker room floor drains is as follows: On April 29 Budget Rooter Plumbing attempted to clean out as much of the floor drains system as possible. Because of the floor drain configuration they were only able to get approximately 35 feet into the 4 inch main line with the cleaning tools and camera. On April 30 the plumbing company returned with equipment to trace the camera as it went through the main line in an effort to visualize the layout of the main. As the camera went through the 4" main, pitted and scaled cast iron pipe was visible. There were several low spots and what may be Y connections that were incorrectly installed. The camera found an obstruction that blocks the majority of the 4" line near the toilets. The cleaning tools must have veered off in a different direction the day before because this appears to be the same obstruction that was viewed several weeks earlier by Silverdale Plumbing. Yesterday we saw several rocks in the main which could be a sign of a break in the main or the rocks could have washed in from the rusted out floor drains. The plumbing company was unable to inspect and or clean the 2-inch floor drain pipes.

Mr. Belmont recommended that we bring back the plumbing company and pull at least one toilet so the blockage can be cleared. After the blockage is cleared, he recommended we attempt to work the camera and the cleaning tools further down into the 4" main to complete the inspection. Without cutting the concrete floor around the drains the condition of the 2" drain lines will not be possible. Discussion followed.

The outdoor pool will be opened this year on May 17. The outdoor pool has two 8-inch lines, with butterfly valves, that bring water from the pool to the filtration pit. When cleaning the pool filters our staff closes off the two valves to prevent water from draining from the pool into the filtration pit. One of those valves has rusted out and is no longer functioning. Our pool supply company is preparing replacement cost estimates.

Due to personal reasons, one of our part-time maintenance employees, Dick Jovag, has resigned. Dick was a good employee who was well liked by the members and his co-workers. LMC is now

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looking to hire a replacement to perform building and grounds maintenance for at least 24 hours per week.

CORRESPONDENCE: No new correspondence.

UNFINISHED BUSINESS:

Committee Conflict of Interest Provision – Second Reading Status – President Kadesh reported this item is being returned to the committees for their input. It will then go back to the Covenants & Regulations Committee (CRC) for review. The second reading was deferred at this time. Copies of this provision have been provided to the trustees.

Operations Committee Tennis Report – Review and Discussion – President Kadesh announced arrangements have been made to have articles placed in the next issue of the *LOG*, showing both sides of the tennis issue. Discussion followed. Trustee Moyer made a motion to table the Operations Committee Tennis Report until the next board meeting. The motion was seconded by Trustee Feltham. Discussion followed. President Kadesh indicated he had not yet received any proposed articles to be placed in the *LOG*, but that he would forward them to the trustees for review upon receipt. Mr. Belmont will email a copy of the Operations Committee Tennis Report to the new trustees. Discussion followed. A call for the question was duly made seconded, and unanimously passed. The original motion was passed unanimously.

Utility Easement – Johnson Sewer Line Extension to LMC Lots 1-3-005 & 006 – There is no additional information at this time. Mr. Belmont reported that Mr. Johnson had provided LMC with a legal description that did not appear to be complete as it only addressed one parcel and the easement is actually crossing two parcels of LMC property. Mr. Johnson will work with his engineer to make the necessary corrections. Mr. Johnson has submitted a check for \$265 to have the easement prepared by the LMC attorney.

Board Planning Workshop and Facility Planning Ad Hoc Committee, Progress Report – Deferred to the May 17 board meeting as the final plans have not been completed.

Attorney Contact Policy Review – Trustee Moseley – Trustee Moseley proposed an attorney contact policy in line with what the trustees voted on last year. The following was submitted for First Reading:

Policy: Contact with the LMC Legal Counsel (LMC Attorney).

The LMC President shall be responsible for initial contact with legal counsel regarding any new legal matters. The President shall be authorized to contact legal counsel as directed by the LMC Board of Trustees by an affirmative vote or as needed when a clearly urgent or pressing matter exists that is of a time critical nature. In such cases, the LMC President will make contact at his own discretion and the LMC Board of Trustees will be immediately made aware of the contact nature and issue. In the absence of the LMC President, the LMC Vice President may contact the LMC attorney under the same policy procedure.

The LMC General Manager shall be responsible for interaction, clarification and correspondence with legal counsel once initiated by the LMC President or the Vice President, in the President's absence. The LMC Manager additionally may be authorized to contact legal counsel as directed

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by the LMC Board of Trustees. The LMC Committee Chairs shall not contact legal counsel directly. Chairs of LMC Standing Committees may bring concerns to the LMC Board of Trustees who will use their best judgment concerning seeking advice from legal counsel. Contact with legal counsel may be made by telephone, letter, email, or in person. The record of all contacts and opinions shall be kept in the corporate files at the Beach Club Office.

Footnote: A matter will be deemed urgent or pressing if both the LMC President and the LMC General Manager believe that it is in the best interest of the LMC to address the issue prior to the next LMC board meeting of the trustees. Best efforts are made to contact all trustees for comment and all those contacted concur with the decision.

Discussion proceeded. Trustee Nelson made a motion to accept the Contact with Legal Counsel Policy for First Reading. The motion was seconded by Trustee Feltham and carried unanimously.

NEW BUSINESS:

Banking Resolution – Ian Feltham – Trustee Feltham made a motion that the April 19, 2008 board approved Banking Resolution be rescinded. The motion was seconded by Trustee Moyer and carried unanimously.

Trustee Feltham made a motion that the following Banking Resolution #1, dated May 1, 2008, which provides for signers on the bank accounts of all trustees, be approved. The motion was seconded by Trustee Moyer and carried unanimously.

**Ludlow Maintenance Commission, Inc.
Banking Resolution #1
May 1, 2008**

In accordance with the Bylaws of Ludlow Maintenance Commission, Inc. (LMC), at a meeting held on May 1, 2008, and by motion duly made, seconded and unanimously approved, the LMC Board of Trustees authorizes banking accounts to be maintained at the following financial institutions:

American Marine Bank	Acct	Operating Funds - Checking
American Marine Bank	Acct	Operating Funds – Money Market
Kitsap Bank	Acct	Operating Funds – Money Market
Washington Mutual	Acct	Operating CD
Kitsap Bank	Acct	Reserve Funds - Checking
Kitsap Bank	Acct	Reserve Funds – Money Market

Signers on the above accounts will be: Stan Kadesh, President
Elizabeth Van Zonneveld, Vice President
Vaughn Bradshaw, Secretary
Ian Feltham, Treasurer
James Boyer, Trustee
Hugh Jenings Jr., Trustee
Paul Moseley, Trustee

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Arthur Moyer, Trustee
Mark (Jerry) Nelson, Trustee

The Board further authorizes the LMC General Manager, Brian Belmont (Washington State Driver's License #removed for security) to conduct necessary banking transactions, including deposits and transfers of funds between accounts, and to receive account information and records of account activity. Mr. Belmont is not authorized to sign checks on any of the above accounts.

Entered into the Record of Minutes this 1st day of May, 2008.

Stan Kadesh, President
LMC Board of Trustees

Vaughn Bradshaw, Secretary
LMC Board of Trustees

Trustee Feltham made a motion that the following Banking Resolution #2, pertaining to the two Edward Jones accounts be approved. The signers on these accounts will be the officers of LMC. The motion was seconded by Trustee Moyer and carried unanimously.

Ludlow Maintenance Commission, Inc.
Banking Resolution - #2
May 1, 2008

In accordance with the Bylaws of Ludlow Maintenance Commission, Inc. (LMC), at a meeting held on May 1, 2008, and by motion duly made, seconded and unanimously approved, the LMC Board of Trustees authorizes investment accounts to be maintained at the following financial institution:

Edward Jones Acct: Operating Investment Account

Edward Jones Acct: Reserve Investment Account

Signers on the above accounts will be: Stan Kadesh, President
Elizabeth Van Zonneveld, Vice President
Vaughn Bradshaw, Secretary
Ian Feltham, Treasurer

The Board further authorizes the LMC General Manager, Brian Belmont (Washington State Driver's License (removed for security) to conduct necessary banking transactions, including deposits and transfers of funds between accounts, and to receive account information and records of account activity. Mr. Belmont is not authorized to sign checks on any of the above accounts.

The Board further authorizes the Chairman of the LMC Finance Committee, under the direction of the Treasurer, to investigate necessary investment considerations on the Edward Jones accounts and to receive account information and records of account activity. All investments are to be consistent with the LMC Reserve Fund Investment Policy. The Finance Committee Chair is not authorized to sign checks on the above accounts.

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Entered into the Record of Minutes this 1st day of May, 2008.

Stan Kadesh, President
LMC Board of Trustees

Vaughn Bradshaw, Secretary
LMC Board of Trustees

Audit Requirement Waiver Vote Failed, Bid History and Report – Brian Belmont – Trustee Feltham made a motion that LMC accept the previous auditing firm of Hurley, White & Williams to perform the required 2007 audit. The motion was seconded by Trustee Moyer. Discussion followed and the motion carried unanimously. Mr. Belmont pointed out the \$4,000 fee for the 2007 audit would be an unbudgeted operating expense this year.

New Committee Chairs to be Appointed and Approved by Board, Trustee Committee Assignments – President Kadesh reported there has been difficulty getting volunteers to serve as committee chairs. The following names were submitted by President Kadesh for consideration by the board: Barbara Berthiaume has agreed to chair the Communications Committee; Jack Rikken agreed to continue as chair as of the Greenbelt Committee until a replacement can be found; Pat Cooper has agreed to temporarily take the chair position on the Operations Committee. Other chair positions have not yet been filled. Discussion followed.

Trustee Jenings made a motion to table approval of committee chairs until the next regular board meeting on May 17. The motion was seconded by Trustee Moyer. Lengthy discussion followed. The motion carried by a majority vote of 6:1 with President Kadesh opposed.

President Kadesh announced the trustee committee assignments as follows: ACC – Trustees Bradshaw and Boyer; Communications – Trustees Van Zonneveld and Kadesh; Covenants & Regulations – Trustees Moyer and Jenings; Finance – Trustees Feltham and Moyer; Greenbelt – Trustees Van Zonneveld and Nelson; Operations – Trustees Nelson and Moseley. Discussion followed. By a motion made by Trustee Boyer and seconded by Trustee Nelson, the standing committee trustee assignments were unanimously approved.

President Kadesh requested LMC members Robert Bima, Patrick Shannon and Terry Sutton be approved by the board to serve as committee members on the Finance Committee (FC). Trustee Moyer made a motion to approve Robert Bima pro tem to the FC until a chair is chosen. Trustee Boyer seconded the motion and it was carried unanimously.

Trustee Moyer made a motion to approve Patrick Shannon pro tem to the FC until a chair is chosen. Trustee Boyer seconded the motion and it was carried unanimously.

Trustee Moyer made a motion to approve Terry Sutton pro tem to the FC until a chair is chosen. Trustee Feltham seconded the motion and it was carried unanimously.

Creation of Ad Hoc Committee to Create As-Is Drawings of the Electrical and Plumbing Systems in the Beach Club – President Kadesh proposed Jerry Nelson, Steve Siegiel and John Van Zonneveld serve as member of this ad hoc committee. Discussion followed. President Kadesh deferred this matter until the May 17 regular board meeting.

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The meeting went into recess at 10:25 a.m. and reconvened at 10:34 a.m.

Experimental Two Meetings per Month in Lieu of Workshop – Results and decision of future trustee meetings – President Kadesh proposed changing the current two board meetings per month schedule to one workshop and one regular board meeting per month. Discussion followed. Trustee Jenings made a motion to hold one regularly scheduled trustee meeting per month and that any further workshop that might be scheduled only be scheduled on a one topic issue and with a 30-day notice to the public. Trustee Moyer seconded the motion. Discussion followed. A call for the question was duly made, seconded and unanimously carried. The original motion was carried by a majority vote of 6:1 with President Kadesh opposed.

Trustee Moyer made a motion to have a regularly scheduled board meeting on the third Saturday of each month except during April when there is a conflict with the members' meeting the meeting will be held on the second Saturday. The motion was seconded by Trustee Boyer and carried unanimously with the exception of Trustee Moseley who had temporarily left the meeting room.

Proposal for Ad Hoc Elections Committee for Future Elections – Brian Belmont – Trustee Jenings made a motion that Trustee Bradshaw work directly with Mr. Belmont to develop a clearer ballot and bring a template of the proposed ballot back to the board of trustees for action. The motion was seconded by Trustee Moyer. Discussion followed. The motion carried unanimously. Discussion continued on this matter.

Board Orientation Schedule, Communications Workshop and CAI Attendance – Dates for the board orientation schedule and communications workshop have not been finalized at this time.

Responsibility and Authority of the President – Trustee Moyer discussed the need to have better communication between the trustees, either by phone and/or email. President Kadesh thanked Trustee Moyer for his comments.

Public Comment Period: President Kadesh opened the floor for public comments. Mr. Dwayne Wilcox presented his view on the proposed Iron Mountain Quarry. Discussion continued. Mr. Larry Nobles presented detailed background and current status information on this matter.

President Kadesh adjourned the meeting at 11:10 a.m.

Respectfully submitted,

Vaughn Bradshaw, Secretary
Ludlow Maintenance Commission, Inc.

Prepared by Carol Shamhart
LMC Recording Secretary

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Manager's Report:

The trustees will be provided the April 30 financial reports prior to the May 17 board meeting.

At this year's annual membership meeting the LMC members voted not to waive the audit for 2007. One year ago when LMC was getting bids to conduct an audit for the 2006 financial statements three auditing firms were contacted. They were:

Hurley, White & Williams

Baker, Overby & Moore

Parker, Mooers & Cena

LMC accepted the low bid which was Hurley, White & Williams for \$4,000. Last week I contacted Larry Hurley and asked if he could perform an audit for LMC again this year for the same price and he said his firm could again do the necessary work for \$4,000. My question to the Board is – can we again hire Hurley, White & Williams to conduct the 2007 audit or does this board want two more bids? As I recall, the other two companies that bid last year came in between \$4,500 and \$5,000.

At the April 12 Board meeting it was reported that Community Association Institute (CAI) will be conducting a training session here at the Beach Club on May 30. The following board members have indicated that they will be able to attend: Stan, Elizabeth, Art, Ian, Jim and Paul. Hugh will be out of town. I haven't received a confirmation from Jerry or Vaughn yet.

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My recommendation is that we bring back the plumbing company pull at least one toilet so that we can clear the blockage. After the blockage is cleared I think we should attempt to work the camera and the cleaning tools further down into the 4" main to complete the inspection. Without cutting the concrete floor around the drains we won't be able to check the condition of the 2" drain lines.

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