

APPROVED

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

May 26, 2011– 1:00 p.m. – Bay View Room

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

President Clark called the regular board meeting to order at 1:20 p.m. The meeting was delayed due to technical difficulties.

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

Opening Remarks: President Clark discussed the May 12 orientation for the Board of Trustees and the Standing Committee Chairs, to focus on the goals for the year. The goals will be finalized at the June 9 workshop. Diane Campo facilitated the orientation and worked with the group to encourage a voice for everyone. At the end of the day the group had a clearer road forward to gain information and an evaluation of the sustainability of the LMC assets. Guests Jim Milner and Ron Campo provided valuable information related to operations and finance. President Clark expressed her appreciation for everyone who had worked on the orientation.

President Clark commented on the newly renovated outdoor swimming pool and announced the grand opening celebration planned for 4:00-6:00 p.m. on June 9. All North Bay families and friends are invited.

All members and board members attending were asked to sign in at the entry to the Bay View Room and read the Vision and Mission Statement. 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 Clark'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.

Member Comments: None.

Changes to the Agenda: Kevin Hunter and David Goldsmith from the Grace Christian Church will discuss issues related to the Greenbelt Committee.

Approval of Minutes: *Trustee Van Zonneveld made a motion to approve the second draft minutes of the regular board meeting of April 28, 2011. The motion was seconded by Trustee Purdy. Discussion followed. The motion carried 6:0:1, with President Clark abstaining. 11-05-01*

Trustee Bradshaw made two corrections to draft one of the minutes of the Annual Meeting on April 16, 2011. On the second page under Unfinished Business the following sentence was

APPROVED

deleted: “The members had no comments at this time.” On page seven Mr. Belmont asked if there were any questions regarding the presentations by Trustee Van Zonneveld, Trustee Sherfick and himself. The sentence “Comment and discussion followed.” was changed to read “Questions and comment by Art Moyer followed.”

Trustee Van Zonneveld made a motion to accept the minutes of the Annual Meeting, with the above corrections. The motion was seconded by Trustee Sherfick and carried 6:0:1, with President Clark abstaining. 11-05-02

STAFF & COMMITTEE REPORTS:

Architectural Control Committee (ACC) –Bill Clark, Chair – Mr. Clark referred to his previously submitted Exception Report and asked if there were any questions. There were no questions.

Mr. Clark asked the trustees to approve the following members of the ACC: Carol Ann Napheys and Noble Nilsen as regular members and Jeff Beres, Charlie Jackson and Joe Murray as alternate members. The two board representatives are Vaughn Bradshaw and Sharron Sherfick.

Trustee Bradshaw made a motion the board approve the above-references members of the ACC. Trustee Van Zonneveld seconded the motion and it carried 6:0:1, with President Clark abstaining. 11-05-03

Greenbelt Committee (GBC) — Acting Chair & Trustee Jerry Purdy – The committee met on May 10. Since the last board meeting two requests were received. There are six pending requests. No cases were closed and no hazardous trees were removed. Representatives from the Grace Christian church made a presentation to request a storm water infiltration system easement onto the greenbelt near the corner of Osprey Ridge Dr. and Oak Bay Rd. The proposed structure has a roof surface area of slightly over 2,100 square feet. The proposed retention system on their property would not be able to support that much drainage. To reduce the direct run off from the site onto the roadside ditch or into a nearby stream, they are proposing an infiltration dispersion system that would consist of a ditch on the greenbelt approximately 30 feet long, two feet deep and the width of a backhoe shovel. Perforated pipe will be placed in the ditch, it will be back-filled and the greenbelt will be restored as close as possible to its previous condition.

The GBC voted to recommend the LMC Board approve the easement, with language specifying that Grace Christian Church pay to have the easement prepared and for any legal fees LMC may incur regarding the easement. Liability of any damages would rest with Grace Christian Church, with specificity as to how the damage to the greenbelt would be handled. A letter from the GBC was sent to the LMC Board setting forth the above recommendations.

The GBC addressed the PLVC Trails Committee’s proposal for additional trails in the North Bay. This matter is under study by the GBC. A recommendation to the board is not expected to be ready for several months. Twenty five responses have been received from letters sent out to homeowners in close proximity to the proposed trails. Twenty four letters are in opposition to the trails. A recommendation will be made when the study has been completed.

Trustee Van Zonneveld discussed the request by the Grace Christian Church and the need for LMC’s detail and attention. LMC will require an understanding with Grace Christian Church (Kevin Hunter) that the proposed easement language will have to go to the LMC attorney for

APPROVED

review, and of course, LMC will ask the church to bear the costs of the attorney's work. In regard to the easement construction, LMC will want to be sure the greenbelt will be restored.

Trustee Van Zonneveld made a motion the board provisionally approve the easement, as recommended by the Greenbelt Committee, in favor of Grace Christian Center, for storm water dispersal, subject to review by the LMC attorney and acceptance of the expenses by the church. The motion was seconded by Trustee Purdy. Lengthy discussion followed, with participation by David Goldsmith, Consulting Planner for the church project. Mr. Goldsmith indicated the engineering measurements of the easement are 10 feet wide and 45.75 feet long. Discussion continued. The motion, as amended, carried 6:0:1, with President Clark abstaining. 11-05-04

Communications Committee (CC) – Sue Milner, Chair – Ms. Milner stated she had previously submitted a Summary Report to the board and asked if there were any questions. There were no questions.

The Possibilities Poster used at the Annual Meeting and the evaluation by the CC indicated significant interest for member input by the members who attended the meeting. It indicates the need for a people pool, where we can gather information, resources and special niches that people have who live in our community.

Ms. Milner asked the board to approve the following CC members for this year: Chair – Sue Milner; Members - Barbara Berthiaume, Michael Cahn, David Goudie, Ron Racki, Claudia Robbins, Carol Shamhart and Eva Van Buren; trustee members are Teddy Clark and Glee Hubbard.

Trustee Bradshaw made a motion to approve the above-listed members of the Communications Committee. Trustee Van Zonneveld seconded the motion and it carried 6:0:1, with President Clark abstaining. 11-05-05

Ms. Milner thanked participants who work on the recent Navigator, to make it an exceptional newsletter filled with good information for the members.

Covenants & Regulations Committee (CRC) – Sally Orsborn, Acting Chair – Covenants and Regulations met Tuesday May 3, 2011. In addition to CRC members present, Ted Buehler and Roger Oster attended and contributed to the discussions.

Regulation I, Article 1 - Restrictions & Requirements, 6. Parking and Storage of Vehicles.

As requested by the board, CRC considered this Regulation change to include a 72-hour cumulative limit. Suggestion for rewording of the Regulation and other questions were forwarded to the Operations committee. With further direction, CRC will reconsider the amendment at the next meeting.

Regulation V, Enforcement and Appeals Procedures. CRC reached a consensus that certain information currently in Regulation V addressing what takes place prior to the Appeal process would best be located in the three regulatory committee Regulations (ACC, Operations and GBC) but language should be as nearly identical as possible in each. The rationale is that ACC is given specific authority in particular lot-owner covenants and may need more detailed or exclusive wording. Regulation V would then be only for Appeals and Enforcement. Bill Wilson presented a flow chart that is helpful in laying out the structure of the entire issue from

APPROVED

committee Regulations through Regulation V. The chart gives credence to keeping committee requirements separate from requirements that are the domain of the board. Chairs of ACC, Operations and GBC were given copies of the suggested wording and were asked for comment and further direction.

Contract Membership Options

The committee discussed the implications of the Americans with Disabilities Act (ADA) on homeowner associations. The topic will be on hold until more information is received.

Board Policy and Procedure on Filling Midterm Vacancies on the LMC Board of Trustees

Committee members were asked to review the board-approved policy and procedure on filling vacancies and send comments to the acting chair. A uniform format for the entire body of Policies and Procedures will be considered in the coming year by the board. The CRC task will be to see that each document does not exceed the authority of the governing documents.

Mrs. Orsborn asked the board to approve Carol Shamhart as chair of the CRC.

Trustee Orsborn made a motion to approve Carol Shamhart as chair of the CRC. Trustee Bradshaw seconded the motion. Discussion followed. The motion carried 5:0:2, with Trustee Babaian and President Clark abstaining. 11-05-06

Manager's Report – Brian Belmont – Mr. Belmont provided the trustees with a copy of his Exception Report.

Assessments continue to come in. About 96% of the 2011 assessments have been collected. This is close to the same percentage collected last year. A bit more of delinquent assessments from prior years have been collected. Overall LMC is about \$4,000 ahead of last year. With 4% delinquency being budgeted in the 2011 budget, at 96% any additional assessments received will put us ahead of budget.

For the month of April, LMC had 3,365 visitors, both recreational and non-recreational. These numbers are expected to increase as we move into the summer months.

The outdoor pool opened as expected on May 20. The board authorized \$110,000 for that project. The final price, including the change orders, came in \$511.72 under what the board authorized.

The insurance for directors and officers has been finalized. LMC renewed again with Traveler's Insurance. There will be a 5% increase in the premium. The annual deductible is being increased from \$5,000 to \$7,500.

Jared Mahoney has been hired as a part-time maintenance employee. Jared will work approximately 16 hours per week through the summer months, as well as provide vacation and sick time coverage for other maintenance employees.

Mr. Belmont and the Operations Committee recently discussed two trees near the Beach Club on the water side. One, a big elm is near the corner of the Bay View Room and the other is a big leaf maple on the lawn. The trees were examined by arborist Richard Hefley. He felt the trees were in good condition and did not feel any action is required at this time. He will prepare an assessment for LMC to keep on file.

APPROVED

Mr. Belmont reported all the signature card information has been passed on to the banks and most of the trustees have updated the signature cards at the banks. The Peninsula Credit Union and Bank of America signers have not changed. Mr. Belmont discussed the strict requirements at the Union Bank.

Trustee Sherfick made a motion to close the money market account at Union Bank and transfer those funds to one of LMC's other existing accounts. The motion was seconded by Trustee Van Zonneveld. Discussion followed. The motion carried 6:0:1, with President Clark abstaining. 11-05-07

Operations Committee (OC) – Tom Satterlee, Chair – Mr. Satterlee asked Mr. Belmont for an update on the locker rooms heat pump. The contract has been signed and the heat pump for the locker rooms will be installed June 2.

The green couch in the Bay View Room will be removed as soon as the room scheduling will allow, perhaps in a few weeks.

The celebration for renovation of the outdoor swimming pool will be held on June 9 from 4:00-6:00 p.m. Kim Monroe will assist the OC and will do the buying for the event.

Mr. Satterlee asked the board to approve the following OC members for 2011: Monica Brown, Shelia Brunstad, Jimmy Goode, Marti Lewis and Carol Shamhart. Trustees for the committee are Teddy Clark and Michael Larkin.

Trustee Van Zonneveld made a motion to approve the above-listed members of the Operations Committee. Trustee Bradshaw seconded the motion and it carried 6:0:1, with President Clark abstaining. 11-05-08

Nine violations were discussed at the last OC meeting. Mr. Satterlee reported he had received a serious complaint by phone. The complaint related to an unresponsive family with younger kids coming and going and the yard a mess. Mr. Satterlee explained LMC's lack of leverage to go after offenders in these matters is difficult and denying use of the Beach Club is not effective. The OC will continue to address this matter and try to move ahead to take care of the problem.

Trustee Orsborn asked Mr. Satterlee for an update on the matter involving parking of vehicles. The OC is not concerned about the language of the regulation, only that the 72 hour time limit is cumulative in one month. Mr. Belmont explained the process the OC follows to be proactive in managing this issue.

Finance Committee (FC) – Trustee Sherfick for Ned Luce, Chair – The FC meeting minutes for May 18 were emailed to the trustees for their review prior to today's meeting. There were no questions.

The LMC bank statements were reviewed by John Erickson and Sharron Sherfick on May 24.

Trustee Sherfick made a motion to approve the following as members of the Finance Committee for 2011: Bob Bima, John Erickson, Stan Kadash and Eve McDougall. Trustees serving on the

APPROVED

FC are Richard Babaian and Sharron Sherfick. Trustee Van Zonneveld seconded the motion and it carried 6:0:1, with President Clark abstaining. 11-05-09

Elections Committee (EC) – Brian Belmont – The trustees were provided with copies of a draft revision, dated May 23, for the Election Committee’s Policies & Procedures.

Mr. Belmont provided background and discussed the previous board-adopted policy and procedure for LMC’s first elections committee and the new above-mentioned draft, with minor corrections suggested by EC member Gene Carmody. The draft revision was presented for the board’s consideration.

Trustee Bradshaw made a motion the board approve the set of Policies & Procedures submitted by the Elections Committee. Trustee Van Zonneveld seconded the motion and it carried 6:0:1, with President Clark abstaining. 11-05-10

Mr. Belmont asked the trustees to approve the trustee representatives for the EC for 2011.

Trustee Sherfick made a motion to approve Trustees Bradshaw and Van Zonneveld to serve as the trustee representatives on the Elections Committee for 2011. The motion was seconded by Trustee Bradshaw and carried 6:0:1, with President Clark abstaining. 11-05-11

Mr. Belmont proposed Gene Carmody, Bill Hansen and Peggy Manspeaker to serve as members on the Elections Committee. Vic and Sharon Draper had been previously approved by the board and will continue to serve on the EC.

Trustee Bradshaw made a motion to approve the above-listed people to serve as members on the Elections Committee. Trustee Van Zonneveld seconded the motion and it carried 6:0:1, with President Clark abstaining. 11-05-12

Lot Owners Association – Condominium Associations – Port Ludlow Village Council (PLVC) – President Clark reported the Lot Owners Association’s recent Bulletin included the outdoor pool opening celebration on June 9.

Member Comments: None at this time.

Discussion proceeded relating to comments and information provided to the trustees by Ron Gregory. The Communications Committee has agreed to work on this matter and will consider setting a meeting with Voice Editor Bev Browne.

The meeting went into recess at 2:45 p.m. and reconvened at 2.57 p.m.

BOARD BUSINESS

Correspondence: Trustee Bradshaw –Letter dated May 2 from Mike & Beth Bishop, addressed to the GBC with a copy to the trustees. The letter was negative in regard to the trails proposal; letter dated May 13 from Bill & Elizabeth Hubbard, with negative comments on the proposed trail changes; letter dated May 16 from Mike Fessler, with an update on the progress of his application to the County for a permit to trim his trees. The Fessler letter read as follows: “Last week we contacted Colleen of the Jefferson County Department of Community

APPROVED

Development, regarding the status of our permit processing. She informed us that our request is in a queue behind nine or 10 building plans. She could not give us any idea of how long it will be until our request is reviewed.”

A letter dated May 16 was received from Peggy Manspeaker, forwarding the GBC’s recommendation related to the easement request by the Grace Christian Center; letter dated May 25 from Doris Monti, commenting on the trails.

President Clark announced the concerns about the trails proposal in the greenbelt will be addressed by the trustees during a brief part of the workshop on June 9. Trustee Van Zonneveld asked if Larry Scott and the Greenbelt Committee members could be invited to attend the workshop. The trails proposal may require a separate workshop that would include Larry Scott and the GBC members. Discussion followed with several suggestions being made. Future scheduling for meetings and/or workshops to address this matter will be worked out at the June 9 workshop.

Trustee Bradshaw requested direction related to the correspondence received. A letter will be sent to Mr. Fessler, to thank him for keeping the board updated and to ask him to keep working on his permit. A copy will be sent to Dale Williams. All letters received relating to the trails proposal will be acknowledged with an explanation that the trails proposal from PLVC is still being studied by the Greenbelt Committee and recommendations have not yet come before the LMC Board.

Discussion followed relating to the trails proposal.

Strategic Plan Update – T. Clark, V. Bradshaw, & S. Sherfick – President Clark - Trustee Bradshaw is leading the facilities evaluation group, which is being called Task Force I. The task force team consists of Vaughn Bradshaw, General Manager Brian Belmont, OC members Tom Satterlee, Jimmy Goode and Mike Larkin and Teddy Clark, as trustees on the OC. They are tasked with developing a scope of work which will get our facilities evaluated so we know just where we stand and what our sustainability is over the next 10 years. Ron and Diane Campo joined the team meeting that was held the Tuesday following the orientation, to assist with the project. Ron Campo’s background and hard work, in coordination with Diane in a consultant role, has produced a draft of the scope of work. An overview was presented, but at the June 9 workshop the trustees will go over the draft line-by-line and details will be addressed.

Trustees Van Zonneveld and Sherfick will be working together to lead the financial and trends team. This will be Task Force II. In addition to Trustees Van Zonneveld and Sherfick, the members of this team will include Ned Luce (Chair of the Finance Committee), Trustees Babaian and Purdy, and Bill Clark (Chair of the ACC).

The work of the two task forces will be completed by late September or early October, to allow time to obtain valid information to develop the budget for next year, as well as information for each task force to share with the members about the future of our shared assets.

Trustee Bradshaw provided background on previous recommendations by the Long Range Planning Committee and the report they submitted to LMC in June of 2010. Based on those recommendations, the LMC Board adopted a Long Range Strategic Plan to insure the long-term sustainability of the LMC assets. In December 2010, the board voted to retain the services of a

APPROVED

professional consultant to analyze our facilities and to determine their life expectancy, and provide cost estimates for correcting any deficiencies. Task Force I was assigned to obtain the facilities evaluation. They interviewed two qualified architectural firms and plan to request bids from both firms. Using input from the May 12 workshop, a scope of work was drafted and emailed to all trustees, and will be provided to the two bidders. The rest of the project plan is still being formalized. The next steps are to issue the scope of work and request a proposal tomorrow (May 27) and review the project plan at the June 9 workshop. Bids are expected to be received by June 6, in time to review for approval of the contract at the June 23 board meeting and awarding of the contract on June 24.

Lengthy discussion followed relating to the Strategic Plan. Trustee Van Zonneveld questioned whether there needed to be a review of compliance with the Americans with Disabilities Act (ADA) or whether LMC is basing our feasibility on a private membership operation. Discussion continued relating to whether contract memberships would affect LMC's position with regard to the ADA and our ability to stay within the limited use category. These questions will require a legal opinion before any decisions are made. Discussion continued with Mr. Belmont providing information about the need to comply with ADA requirements by March 2012. Because we are developing a baseline based on existing conditions at this time, it was not felt to be feasible to learn how much it would cost to make the facility ADA compliant at this time. Discussion continued.

Trustee Sherfick reported the financial reports Mr. Belmont had prepared for Task Force II were emailed to the Task Force II team. Further work will be on hold until receipt of the evaluation reports from the architects and completion of the reserve study.

Records Access Policy – proposed changes – Mr. Belmont – Mr. Belmont provided background on a draft records access policy dated November 5, 2008 that was originally adopted in January 2007. The trustees were provided with a copy of the 2008 document, along with legal correspondence dated December 26, 2007, that addressed some of the proposed changes in the 2008 policy draft. Mr. Belmont requested the trustees review these documents for discussion by email. Discussion followed.

PLVC 's Proposed Changes to Representation on the PLVC Board – Trustee Van Zonneveld – President Clark thanked Trustee Van Zonneveld for being LMC's representative on the PLVC.

At the last PLVC workshop, President Tom Stone brought up three issues. One was whether or not the council would endorse a proposal from Forests of the Future that would be taking a position on whether or not the Department of Natural Resources (DNR) land swap with Pope would go through as proposed by DNR. That would move a lot of forest ownership of DNR into a cluster along the mountains and giving Pope quite a bit of small patches of forest closer to us than East Jefferson Co. This has impact on the junior taxing districts of East Jefferson Co. because the DNR is responsible for managing our forests for timber income stream. Discussion by the PLVC Board was a moot point because the time limit passed and the decision will be up to the State to determine whether they make that land swap without the village telling them what we think.

The second issue concerned the economic viability of Port Ludlow, its marketability and appearance. The group involved with this matter has been meeting to determine what can be

APPROVED

done in a positive light, together with PLA. PLA has limited funds for marketing other than a very limited program they are undertaking in regional advertising. The quarry project and its impact continues to be worrisome to the community.

The third issue involved the possible reduction in the size of the PLVC due to a lack of volunteers to serve on the council. It was recommended the geographic representation of the different areas of the village be stricken from the PLVC Bylaws so that any member could be elected at large. Another recommendation from the PLVC Bylaws Committee involved the two master associations who are represented on the PLVC Board. They would still have a seat on the board but would not vote. Discussion followed on the voting issue. It was the consensus of the trustees that LMC needs to have a vote on the PLVC Board.

Member Comments: None at this time.

Meeting Evaluation - Ms. Milner stated the timing and efficiency produced a great meeting. Tom Satterlee agreed the meeting went well. Trustee Purdy expressed his appreciation for guidance and support regarding the GBC. Trustee Orsborn thanked President Clark for her support and Trustee Sherfick stated she was very pleased with today's meeting. Trustee Bradshaw was very impressed with the timing of the meeting. Trustee Babaian stated the board needs to be a little more time sensitive and they can learn from Bill Clark on how to maximize to be efficient. Mr. Belmont said he feels the board is getting things fine-tuned and every meeting seems to be a little bit better. A sound check prior to the start of the meeting would be helpful.

There being no further business to come before the Board of Trustees, President Clark adjourned the regular board meeting at 4.01 p.m.

Vaughn Bradshaw, Secretary
Ludlow Maintenance Commission, Inc.

Prepared by Carol Shamhart
LMC Recording Secretary