

APPROVED

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

July 12, 2008 – 9:00 a.m. – Bay View Room

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

President Kadash called the regular board meeting to order at 9:01 a.m. Roll call was conducted by Secretary Bradshaw. All trustees were in attendance except trustee Moseley who attended the meeting via speakerphone.

Agenda Changes: President Kadash asked if there were any changes to the Agenda. Trustee Bradshaw requested the addition of approval of members to the Architectural Control Committee (ACC) under new business. Trustee Moyer requested the addition of Conflict of Interest Policy revision for first reading during the Covenants and Regulations Committee (CRC) report. Trustee Van Zonneveld requested the addition of the Whitey Johnson easement for approval under unfinished business.

Approval of Minutes: *Trustee Nelson made a motion to approve the regular meeting minutes of June 21, 2008, as corrected. The motion was seconded by Trustee Van Zonneveld and the unanimously approved. 08-07-01 Trustee Van Zonneveld made a motion to approve the minutes of the executive session of June 21, 2008. The motion was seconded by Trustee Nelson and unanimously approved. 08-07-02*

President's Remarks: President Kadash announced his resignation as LMC Board President, and read a statement explaining his reasons. He will remain a member of the board. The meeting was turned over to Vice President Elizabeth Van Zonneveld.

Vice President's Remarks: On behalf of the trustees, Vice President Elizabeth Van Zonneveld thanked outgoing President Kadash for his efforts and the courage he has displayed in attempting to help pull this board back together. Vice President Elizabeth Van Zonneveld recommended the trustees hold an executive session following the meeting to elect a new president and ask Trustee Kadash for a copy of his remarks for review by the trustees for future reference. Vice President Van Zonneveld announced she would be voting as interim president. Lengthy discussion followed. *Trustee Moyer made a motion that the trustees hold a special meeting in the Bay View Room at 9:00 a.m. on Saturday, July 19, 2008, for election of officers. The motion was seconded by Trustee Feltham. Discussion continued with participation from the audience. It was noted Mr. Belmont would not be able to attend the July 19 meeting. The original motion passed 8:1 with Trustee Kadash abstaining. 08-07-03*

All LMC board meetings are routinely recorded. The monthly board meeting is held to conduct the business of the LMC. 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 committee reports and comment by the trustees, the members 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 before speaking.

APPROVED

Manager's Report – Brian Belmont

The trustees have been provided the June 30, 2008, financial statements on July 11, 2008. Once the trustees have had a chance to review them, please contact me with any questions you may have. As shown in the Late Collection Summary, dated July 11, 2008, there are currently \$7,509.66 in past due assessments and fees owed to LMC by nine property owners.

Dave Pike and Dean Mosier are not available today to present the Port Ludlow Digital Village to the Board. I will keep the board apprised of any future scheduling of this presentation.

The Homeowner Potluck organization (HOPL) has donated \$400 to LMC. The donation will be used towards the purchase of a new, larger, wall mounted projector screen for the Bay View room.

Last month I reported the clutch in the 1995 Mitsubishi pickup truck had gone out. The estimated repair cost was \$800 plus tax. LMC Maintenance Supervisor, Phil Eng, believes he can replace the clutch and the dead battery on the Mitsubishi for no more than \$300. This will give LMC more time to find a suitable replacement truck.

LMC member, Eleanor Peters, donated a used refrigerator, washing machine and dryer to LMC. Ms. Peters timing could not have been better since the day before our staff picked up the washing machine our old washer quit working. The dryer and the refrigerator are significantly better than our current appliances.

Two weeks ago, during a wedding reception, a hot pan was placed on our vinyl kitchen floor. It melted the flooring material. The party who rented the facility has met with LMC staff and is prepared to pay for the cost of replacing the flooring. McCrorie Floor and Home and Peninsula Floors are preparing proposals.

Mr. Belmont announced he will be taking three vacation days July 30th, 31st and August 1st.

Questions and comments followed.

COMMITTEE REPORTS:

Architectural Committee (ACC) – Trustee Bradshaw for Chair Bill Lazarus

The ACC has not held a meeting since the last board meeting. The June 23rd meeting was cancelled due to lack of a quorum.

The committee has the following pending requests: 3 new houses, 1 house addition, 1 stairway to the beach, 7 tree, view and obstruction requests by neighbors and 4 tree removals. Houses under construction are being monitored. Reported violations are being addressed.

Covenants and Regulations (CRC) – Trustee Moyer

Trustee Moyer reporting as a trustee on the C&R committee, announced he had prepared a revision to the Conflict of Interest Policy that includes language in the March 6th motion by

APPROVED

former Trustee Ted Buehler. Trustee Bradshaw stated he has not forwarded this matter to the CRC for review and comments because this committee has no chair at this time. He will do so when the committee has been chaired. Further discussion on this matter will follow in unfinished business.

Communications Committee (CC) - Barbara Berthiaume, Chair

Ms. Berthiaume reported David Goudie is the new editor of the *LOG*.

The spring/summer edition of the *LOG* is ready to be sent to the membership. A draft has been provided to the trustees. The next issues of the *LOG* will be published in September and December.

Ms. Berthiaume stated the Communications Committee would like the board to consider changing the name of LMC's publication from the *LOG* to the *NAVIGATOR*. The committee feels the name Navigator connotes charting a course, movement and planning and would be a good metaphor for LMC business.

Teddy Clark, Evelyn Fett and Ms. Berthiaume are working on the policies and procedures for the CC. They are in the rough draft stage. The CC monthly meeting has been changed from the Wednesday following the board meeting to the second Thursday of each month.

Discussion followed. Ms. Berthiaume offered the services of the CC to the board as a resource in any kind of communication issues. The committee has several professional facilitators and people who have worked in board training, and they are available to help the trustees get through meetings and issues, work together, and come out with a result that has the community's best interest at heart.

Finance Committee (FC) – John Van Zonneveld - Chair

The Finance Committee requested board action on referral of the past due account for Lot #1-1-037 to the LMC attorney for collection. The current balance on this account is \$1,238.71 and although the owner has set up a payment schedule, he has not made any payments.

Trustee Feltham made a motion to refer the past due account for Lot #1-1-037 to the LMC attorney for collection. The motion was seconded by Trustee Moyer. Discussion followed.

Trustee Moseley rejoined the meeting via speakerphone.

Trustee Feltham's motion was carried 8:1 with Trustee Moseley abstaining. 08-07-04

Mr. Van Zonneveld presented background related to selection and purchase of a monitoring system for the Beach Club. Based on the recommendation of General Manager Mr. Belmont and the Operations Committee, the FC recommends to the board of trustees that the sum of up to \$2,250 be authorized for the purchase of an upgraded monitoring system.

APPROVED

Trustee Moyer made a motion to approve the spending up to \$2,250 for the security system camera upgrade by the General Manager and the Operations Committee. The motion was seconded by Trustee Kadash. Discussion followed. The motion carried unanimously. 08-07-05

Mr. Van Zonneveld reported the audit of the 2007 LMC books is now in progress by the accounting firm of Hurley, White & Williams. A report is expected in August 2008.

The FC has conducted its internal quarterly audit. No discrepancies were noted.

Greenbelt Committee (GBC) – Jerry Nelson

There is no current chair for this committee. Trustee Nelson reported the committee has received two new applications in the past month and two monitoring requests for maintenance in the greenbelt. Vice President Van Zonneveld indicated letters will be sent to a number of people regarding maintenance and clean-up of their projects. There is one new reported dead-fall that is being pursued immediately. Discussion followed. Pursuant to a question by Trustee Boyer, Mr. Belmont discussed the primary responsibility of the GBC from the LMC bylaws. Brief discussion continued.

Operations Committee (OC) – Jim Goode, Chair

Mr. Goode reported the Operations Committee is continuing to write letters and make phone calls to members who are in violation of our regulations. They have had good response to all of their contacts and there are no cases requiring board action at this time.

Ongoing projects involving the OC include the men's locker room floor drains, the slippery tile problem in the ladies' locker room, risk management issues and the Beach Club security system. Discussion followed.

Lot Owners Association – No report.

Condominium Associations – No report for Admiralty I or North Bay Lane. Vice President Van Zonneveld reported the Admiralty II Association will be holding a board meeting this week and during that meeting they will be discussing further maintenance and additional plantings of the bluff along the property which is owned by LMC, but is maintained by agreement between the GBC and the Admiralty II group. This LMC property has been put under the Hood Canal Coordinated Council's bluff restoration and salmon habitat restoration and will be replanted beginning this fall.

Port Ludlow Village Council (PLVC) – Vice President Van Zonneveld

Vice President Van Zonneveld reported there was no PLVC meeting the first part of July and there is no report at this time.

CORRESPONDENCE: Secretary Bradshaw read correspondence addressed to the Board of Trustees, dated July 10, 2008, from the attorney representing LMC member Walter Cairns. The letter expressed concerns of Mr. Cairns related to enforcement of the LMC restrictive and protective covenants. Trustee Moyer recommended this matter be turned over to the Operations Committee with the request that the secretary send a letter acknowledging receipt of this letter.

APPROVED

Trustee Feltham concurred. Operations Chair Jim Goode provided additional background on this matter, and discussion followed related to the OC being proactive in regard to violations of the LMC regulations when the committee has secured sufficient members.

The meeting went into recess at 10:18 a.m. and reconvened at 10:27 a.m.

Trustee Bradshaw provided background to previously received correspondence from the Jefferson County Department of Community Development and read the following letter: This letter is in response to a letter I received from Michael Fessler, dated May 11, 2008 (attached) who resides at 31 Condon Lane. After some research of the critical areas along that portion of Condon Lane, I have concluded that the critical area buffer extends landward of the ordinary high water mark 150 feet. This includes a buffer for the high land slide hazard area, which extends landward 30 feet from the top bank and a fish and wildlife habitat conservation buffer that begins at the ordinary high water mark and extends landward 150 feet. In other words, any vegetation management, including tree trimming, topping or removal within 150 feet of the ordinary high water mark along that portion of Condon Lane would require review and permit approval from Jefferson County. Let me know if you have any questions. Signed: David Wayne Johnson.

Discussion followed regarding the Critical Areas Ordinance that defines hazardous areas and the Shoreline Management Act that requires that any action taken along the shoreline be approved by the jurisdiction which is Jefferson County. Vice President Van Zonneveld explained LMC is an overlay to that in that we have CC&Rs on top of those two land use acts. Trustee Nelson further explained the GBC has submitted a complete package, including pictures, to the County for review, for identification of critical areas within North Bay. Vice President Van Zonneveld further explained that individuals are responsible for their individual properties. LMC is seeking to have a comprehensive management plan approved by the County so that we do not have to go through this on an individual basis related to the greenbelt.

Discussion continued.

UNFINISHED BUSINESS:

Appointment of Committee Chairs – Vice President Van Zonneveld – *Trustee Kadesh made a motion to defer the appointment of the two remaining chairs, CRC and GBC to a meeting following the election of a new president. The motion was seconded by Trustee Boyer. Discussion followed. The motion carried 7:2 with Trustees Moyer and Moseley opposed. 08-07-06*

Board Goals – Status Report – Stan Kadesh – Trustee Kadesh read the 2008-2009 goals of the Board of Trustees as follows

1. Establish and review policies and procedures for the Board of Trustees and all standing committees. In addition, a description of the duties of each committee chair shall be established.
2. Review the current long-range plan and assess progress made on implementation of the plan. In the process, the board shall assess and determine whether there is need for updating the long-range plan.

APPROVED

3. Develop a corporate organizational chart. Additionally, define the LMC relationship (if any) with various community groups.
4. Establish a committee to develop and maintain a resource base of volunteers in order to identify skills and availability to serve on various committees.
5. Follow-up on creating a committee to develop election procedures and ballot materials. Include consideration of changes to Bylaws, Articles III to allow condominium owners to vote for lot-owner trustee representatives and lot owners to vote for condominium trustee representatives.

Vice President Van Zonneveld announced the board goals were adopted at the June 21, 2008 board meeting. The Board Conduct Policy will be reviewed and discussed in the near future.

Long Range Planning – Elizabeth Van Zonneveld – Each trustee was provided a copy of the notes from the February 2008 workshop held by the board regarding the prior long range plan and the need for facility remodeling. Vice President Van Zonneveld stated the trustees need to look at what the previous long range plan suggested, see what responses have been made to it in the last 3-4 years, and then judge how much effort is needed to make changes and survey the membership for their view of the changes, etc. Work will continue on this matter in the next few weeks.

Port Ludlow #5 Bluff Ownership – Brian Belmont – Mr. Belmont contacted Jefferson Title regarding a preliminary title report. Cost for a report is \$300 plus tax. Following discussion of the history of this parcel with Susan at Jefferson Title, she indicated she would like to do some research on her own at no charge to LMC. She would also work with representatives from the Assessor's Office to research this further. At this time Susan is waiting to hear back from two representatives from the Assessor's Office. She expected to hear from them Monday or Tuesday of next week. Depending on the information they provide, and the records they have on file, LMC can decide whether they want to spend \$300 for a preliminary title report. Discussion followed.

Board Member Conduct Policy – 2nd Reading – Vice President Van Zonneveld – Vice President Van Zonneveld reported there have been no redrafts or questions from the board on this subject. Lengthy discussion followed. *Trustee Kadash made a motion to send the Board Member Conduct Policy to a 3rd reading and, during the interim, if the trustees wish to make any changes, they should be brought to the attention of the Secretary or Vice President. Trustee Jenings seconded the motion. Discussion followed with Vice President Van Zonneveld reading the proposed Board Member Conduct Policy (see below). The motion carried unanimously.*
08-07-07

LUDLOW MAINTENANCE COMMISSION

DRAFT - BOARD MEMBER CONDUCT POLICY

First Reading: June 21, 2008 Regular Board Meeting

Second Reading: July 12, 2008

Trustees shall:

APPROVED

- Recognize that the board must comply with the Revised Code of Washington, Chapters 64.38 Homeowners' Association and 24.03 Washington Nonprofit Corporation Act, and only has authority to make decisions at official board meetings;
- Respect the right of the membership to attend and be heard at board meetings;
- Respect the right of the membership to be informed about board decisions and LMC operations;
- Recognize that the General Manager is the board's advisor and should be present at all meetings, except when the board is considering the manager's evaluation, contract or salary;
- Understand the chain of command and refer problems or complaints to the manager or to the responsible committee;
- Work from open, agreed-upon agendas with time to gather information and reflect on issues;
- Actively pursue opportunities to give and receive feedback regarding board member performance as responsible communicators;
- Communicate openly and honestly;
- Resolve issues directly with one another;
- Respect differences and listen with positive intent;
- Listen well;
- Support the will of the majority.

Whitey Johnson Easement Over Both Greenbelt (GB) and Operations Properties – Brian Belmont - Mr. Belmont provided background on this easement application. Mr. Johnson owns two properties in North Bay. He applied for an easement to have Olympic Water and Sewer run a sewer line through the GB area adjacent to the Rainier RV storage area. Because part of the area goes through the RV driveway, the OC was involved in this matter. At this time, Mr. Johnson has met the specific requirements as set forth by LMC, and the easement has been prepared by the LMC attorney at Mr. Johnson's expense. Discussion followed regarding the need for adequate compaction (95%). *Trustee Moyer made a motion to grant Mr. Johnson's easement subject to the inclusion of the words 95% compaction. The motion was seconded by Trustee Nelson. Discussion continued. The motion carried unanimously. 08-07-08*

NEW BUSINESS:

Insurance Risk Management Recommendations – Brian Belmont – Mr. Belmont reported on the risk management assessment provided by the LMC insurance Company. Of the four recommendations made by the risk management branch of the insurance company, two have

APPROVED

been completed. One additional recommendation would require a certificate of liability insurance, naming LMC as additionally insured, for between \$500,000 and \$1,000,000. This insurance requirement would not apply to LMC members, but would apply to nonmember renters of LMC property, professional organizations, and professional vendors providing services for any function on LMC property. The other recommendation addressed the placement of age appropriate signs near the playground equipment at Kehele Park.

Mr. Belmont stated if the above recommendations are implemented, the LMC Facility Rental Policy would require modification. Discussion followed. Mr. Belmont will research options to comply with the insurance liability recommendation.

Discussion continued regarding age appropriate signage at Kehele Park. It was the general consensus of the trustees that a simple sign indicating adult supervision is recommended and use of the equipment is at one's own risk is preferred.

Request by Greenbelt Committee for Attorney's Advice Regarding Easements – Trustee Nelson – LMC has a potential easement for commercial property that has two items on it and is adjacent to LMC greenbelt on both sides. One is an exit across greenbelt and the other is a water runoff collection easement (near Osprey Ridge and Oak Bay Road). The GBC wants to make sure they have the proper information to make a rational recommendation to the board. The GBC requested the LMC attorney be contacted to clarify what the LMC can give and what kind of restrictions LMC can impose on an easement. Lengthy discussion followed with participation by Realtor Kevin Hunter, on behalf of Grace Christian Church. Mr. Belmont, along with the two trustee representatives on the GBC will compile a list of questions to present to the LMC attorney, for clarification of the issues involved in this type of easement as well as the cost. The matter will be further discussed at the special meeting of the trustees scheduled for Saturday, July 19, 2008.

Reconsideration of the Board Member Conflict Policy – Trustee Moyer - On March 6, 2008 the trustees passed a motion for a first reading on this subject. Subsequently, there were several motions referring the matter to the CRC, but no action has been taken due to an incomplete CRC at this time. In the interim Trustee Moyer made several revisions to the original conflict of interest policy and proposed the trustees take this revision as a first reading. The proposed revisions are as follows:

- Add members of committees to the policy. At the present time it covers trustees, the manager, employees, and chairs of committees. The text would be changed to read chairs and members of committees.
- Add the portion recommended on March 6, 2008 as item 7 – any committee member making the initial request, complaint or having a vested interest in the decision shall not participate in the voting process. When conducting onsite visits or meeting with consultants, at least two committee members shall be present. Neither committee members shall be the requester, complainant, or have a vested interest in the outcome. LMC committee members shall not use their official position to obtain personal benefit.

Trustee Moyer made a motion that the board accepts the proposed changes to the existing Conflict of Interest Policy for first reading. The motion was seconded by Trustee Jenings

APPROVED

Lengthy discussion followed. Vice President Van Zonneveld requested any changes and/or revisions to the draft be sent to the secretary. The motion carried unanimously. 08-07-09

Approval of ACC Members – Trustee Bradshaw - As requested by ACC chair Bill Lazarus, Trustee Bradshaw made a motion to approve Eve McDougall and Bill Clark as regular members of the ACC. The motion was seconded by Trustee Kadesh. The motion carried unanimously. **08-07-10**

Public Comment Period: Vice President Van Zonneveld opened the floor for public comments. LMC member, Helen Cotta, expressed her opinion related to item #5 of the 2008-2009 Board of Trustee Goals. Discussion followed.

Trustee Moseley recommended at least two agenda items when special meeting notices are published.

There being no further business, Vice President Van Zonneveld adjourned the meeting at noon.

Respectfully submitted,

Vaughn Bradshaw, Secretary
Ludlow Maintenance Commission, Inc.

Prepared by Carol Shamhart
LMC Recording Secretary