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

July 28, 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 1:04 p.m.

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

Changes to the Agenda: There were no changes to the agenda.

Opening Remarks: President Clark complimented the current trustees and committee chairs on their dedication and ability to work well together and listen to each other. A recent call to President Clark from a member, commenting on the overall improved atmosphere in the community, was briefly discussed.

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 matters 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 at this time.

Approval of Minutes: *Trustee Van Zonneveld made a motion to approve draft two of the regular board meeting minutes of June 23, 2011. The motion was seconded by Trustee Babaian and discussion followed. The motion carried 6:0:1, with President Clark abstaining. 11-07-01*

Port Ludlow Village Council (PLVC) – Tom Stone, President – Mr. Stone discussed the PLVC's work and role in the Port Ludlow Community. The various committees of the PLVC and their work in the community, including preparation of the community telephone directory and the Christmas lighting at the Village Center, were discussed. The PLVC is involved with the planning for the future of Port Ludlow and they have participated in the PLVC Iron Mountain Quarry matter by forming a mitigating committee.

The PLVC seeks to identify issues of importance to the community and then tries to build consensus from the community, the developer and from local businesses in the area, to represent that consolidated opinion to the outside agencies, such as Jefferson County, etc. Mr. Stone discussed the make-up of the PLVC and the election process of the Council. This year there are three vacancies on the board from North Bay and two from South Bay. The Council

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asked for assistance in getting the word out that volunteers are needed to serve on the PLVC board.

The trustees were asked to review a power point presentation related to the future of Port Ludlow that had been prepared by the PLVC.

STAFF & COMMITTEE REPORTS:

Manager's Report – Brian Belmont – Mr. Belmont provided the trustees with copies of his Exception Report. The financial statements through June 30 were distributed to the trustees several weeks ago.

As of today, 97% of this year's assessments have been collected. A few of the delinquent assessments for multiple years have been collected. There are approximately 35 properties that are still delinquent with an overall balance of just over \$37,000 in outstanding assessments, including those from previous years. Efforts are being made to collect the remaining outstanding assessments.

Mr. Belmont discussed a summary of the recreational and non-recreational facility data usage and the chart he had provided to the trustees covering the previous 11 months. During this time over 43,000 Beach Club visitors were recorded. In June there were 677 non-recreational and 4,338 recreational Beach Club visitors, for a total of 5,015 visitors.

Discussion followed.

Mr. Belmont discussed the upcoming changes in the Americans with Disability Act (ADA) Amendment and asked the board to consider authorizing legal review of this matter for clarification on how it might affect LMC as it pertains to swimming pool access. In conjunction with the facility assessment currently underway, this information would be very useful if LMC is required to comply and if so, would the entire facility have to comply.

A legal opinion on Washington Administrative Code 246-260, as it pertains to limited use and general use swimming pools, was also requested. The WA State Department of Health regulates this and it ties in with the concept of our contract memberships and whether LMC's contract memberships keep us in the limited use facility classification as opposed to a general use facility. A general use pool is basically a public pool which requires lifeguards on duty during the hours the pools are open. A limited use pool is essentially a swim-at-your-own-risk pool with no lifeguards.

Discussion followed. Trustee Larkin stated his opinion that a legal opinion is needed with regard to shared facilities, in addition to contract memberships, so LMC can have a clear understanding of how this would impact the LMC. Discussion followed.

Trustee Larkin made a motion that the LMC Board of Trustees direct the General Manager to draft a letter to the LMC attorney, requesting the attorney's opinion regarding the sale of contract memberships, which is our current practice, and how this could impact the definition of limited or general use facilities regarding our swimming pools and facilities, and how that is impacted by the ADA regulations. Trustee Van Zonneveld seconded the motion. Lengthy

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discussion followed. The motion carried 5:1:1, with Trustee Babaian opposed and President Clark abstaining. 11-07-02

Mr. Belmont discussed the agreement LMC has had with the American Red Cross for many years, which provides access to the Beach Club as an emergency shelter in the event of a disaster. The term of these shelter agreements has been five years and the current agreement is due to expire. Mr. Belmont filled out the new agreement and sent a copy to the trustees for review and comment. He requested LMC renew the agreement for another five years.

Trustee Van Zonneveld made a motion that LMC adopt and send the continuation agreement to the American Red Cross. Trustee Purdy seconded the motion. Lengthy discussion followed. The motion carried 5:1:1, with Trustee Babaian opposed and President Clark abstaining. 11-7-03

Operations Committee (OC) – Tom Satterlee, Chair – OC member Marti Lewis has resigned from the OC. She will remain on the Greenbelt Committee.

There were three new yard and house violations submitted in July. Three old violations remain in progress. One old house violation has been resolved. The committee has attempted to tighten up and make the process of dealing with the violations better. Letters are now sent out with a compliance date. A total of three letters are sent before the matter is turned over to the board for final resolution. The committee is developing a spreadsheet presentation to be able to track when a violation comes on and when the first, second and third letters are sent. This will provide an electronic record and better picture of how things are moving along. Several old violations are still pending due to lack of a good current address for the property owner.

The committee is reviewing language in the Regulations dealing with houseguests using LMC facilities. It was discovered several home owners are renting their property and claiming the renters are “houseguests.” Mr. Belmont will bring a working paper to the OC at their next meeting, for review and comment before the matter is presented to the board.

Mr. Satterlee stated LMC needs to take a hard look at a fine schedule and what parameters we may have. The OC will discuss this further.

Architectural Control Committee (ACC) –Bill Clark, Chair – The ACC met on July 18. There is one tree and view issue that has gone beyond the first two steps in LMC’s revised regulations. Those steps are (1) discussing with your neighbor and (2) mediation. Neither has worked in this case. On the property in question there have been three professional studies, one by a geotechnical engineer, one by a botanist and one by an arborist. The ACC is accumulating their reports and will study them before making a determination. A site visit has been performed.

Another case involves a request for a tree removal to maintain a neighbor’s view. The ACC will discuss that matter at their next meeting.

In another case, upon referral by the ACC, the board sanctioned the property owner for limbing-up several trees without prior ACC authorization. The matter was then referred back to the ACC to determine how the property owners could come into compliance. ACC requested a geotechnical report to determine the possible effect of such limbing-up on bank erosion and the property owner did not comply with that request, but planted several Arborvitae trees which they

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felt should mitigate the damage done by the illegal limbing-up. At the July 18 ACC meeting, the owner requested the ACC recommend to the board that the sanctions be lifted. A vote was taken and passed that ACC would request the sanctions be lifted for the property owner. Since that ACC meeting, a neighbor has complained that the same property owner placed a rather large decorative street light on their property. This matter will be taken up at the next ACC meeting on August 1.

There was a request to build a greenhouse, which is under investigation by the ACC.

Lengthy discussion followed related to removing the sanctions on the property owner discussed above. Homeowners Rosemary Schurman, Verba Abbott and Jean Westbrook, all residents of Condon Lane, were in attendance. Ms. Abbott and Ms. Schurman separately addressed the board and explained their positions. The board requested the ACC provide a background report on this issue to the trustees and Trustee Bradshaw will check the date the sanctions were imposed. The matter will be placed on a board workshop in August.

Communications Committee (CC) – Sue Milner, Chair – A Summary Report was previously submitted to the trustees. A presentation at the CC meeting by David Pike, founder and creator of the Port Ludlow website, was very valuable. Blending the LMC website into the Port Ludlow Today website has been considered and is being investigated. Mr. Belmont discussed the bells and whistles in the Port Ludlow Today website that would be useful for LMC members, such as quick surveys. The CC will investigate this further.

The next issue of the Navigator is scheduled to be published towards the end of September. Information concerning to the Long-Range Plan, the board goal this year, the assessment of the facility and reserve funding study is being gathered for publication in this issue.

Discussion followed related to the board's previous request to the CC to review the Voice's editorial policy, based on a complaint by a member. The CC stated they do not feel the CC or the board should be involved in the operations of an independent organization. It was recommended the board send a letter to the complainant advising him of LMC's position on this matter. Discussion followed. Trustee Bradshaw will respond to the complainant and advise him of the LMC's position.

Trustee Van Zonneveld made a motion that the LMC respond to Mr. Gregory in the same vein as the recommendation of the Communications Committee. Trustee Hubbard seconded the motion and it carried 6:0:1, with President Clark abstaining. 11-07-04

Finance Committee (FC) – Ned Luce, Chair – Mr. Belmont reported the FC met this morning. They have decided not to have a committee meeting in August. The next meeting will be on September 8.

The FC reminded the trustees that when signing checks they should look at the accompanying supporting information that is prepared with all checks.

Mr. Belmont discussed the audit proposal from Cagianut and Company. Their estimated charge for the audit is \$4,250. The FC is recommending the board authorize up to \$5,000 and we sign an agreement with Cagianut and Company for the audit of the 2010 financial statements.

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Trustee Van Zonneveld made a motion that the board accept the recommendation of the Finance Committee and authorize a contract with Cagianut and Company for the audit for 2010 in the amount of \$4,250. If there is an excess, then the General Manager has the authority to approve that excess and report it to the board. Trustee Hubbard seconded the motion. Discussion followed. The motion carried 6:0:1, with President Clark abstaining. 11-07-05

Covenants & Regulations Committee (CRC) – Carol Shamhart - The committee met on July 5, 2011.

In regard to Regulation I, Article I, Restrictions & Requirements, 6. Parking & Storage of Vehicles, the trustees were asked to accept and approve the second reading of draft two of an amendment to this regulation. The amendment was for the sole purpose of switching paragraphs b. and c. There was no additional language change.

Trustee Hubbard made a motion to accept the second reading of the second draft of the amendment to Regulation I, Article I, Restrictions & Requirements, 6. Parking & Storage of Vehicles. Trustee Van Zonneveld seconded the motion and it carried 6:0:1, with President Clark abstaining. 11-07-06

Trustee Van Zonneveld made a motion that the board adopts the changed regulation as proposed and as read. Trustee Hubbard seconded the motion and it carried 6:0:1, with President Clark abstaining. 11-07-07

The CRC is continuing to work on Regulation V, which deals with the appeals process and the language for a potential legal opinion on whether the board has the authority to write regulations on private property.

The CRC will not meet in August and will resume on Tuesday, September 6.

Greenbelt Committee (GBC) – Jerry Purdy, Acting Chair – The Greenbelt Committee met on July 12 and five members were present. Guests Barrie Gustin and Bill Wilson were present with regard to an issue before the committee. During the month there were seven new requests, eight pending requests, four closed requests and one hazardous tree.

Mr. Belmont inquired if the GBC had received any feedback from the 21-day letters the committee had sent out regarding the alder trees around the Talbot RV Lot. None was received.

The committee is still seeking a permanent chair for the GBC.

Lot Owners Association – Condominium Associations – Port Ludlow Village Council (PLVC) – The Village Council will have a booth at the Festival By The Bay, and the Trails Committee will have a large map of their proposed trails. That map is not going to coincide with the trails recommended by the GBC and approved and disapproved by the LMC, but Larry Scott wanted to leave the map as is. The board may receive some questions from members about which parts of the trail the board approved. Mr. Scott was told these are the trails the board feels are workable according to what the members of the community want to see and once those are in place, the Trails Committee can come back with additional proposals.

President Clark thanked Trustee Van Zonneveld for sitting on the PLVC board.

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Trustee Van Zonneveld reported Admiralty Two condos have been recently painted and new light fixtures have been installed. Reseal coating of their parking lot is also being done.

Member Comments: Rosemary Schurman questioned whether Trustee Babaian was acting appropriately with regard to a property matter on Condon Lane. Discussion followed.

The meeting went into recess at 2:59 p.m. and reconvened at 3:15 p.m.

Trustee Babaian was able to hear the board meeting via Skype, but the trustees were no longer able to hear Trustee Babaian. From this point Trustee Babaian was no longer voting on motions before the board.

BOARD BUSINESS

Correspondence: Trustee Bradshaw – Letter dated June 30 was received from Sylvia Brooks, opposing the proposal trail addition along the west side of Oak Bay Road between Swansonville Road and the Fire Station. Discussion followed. Mrs. Brooks will be advised that this was a disapproved trail.

An email dated July 26 from Paul Moseley was satisfied by a response from Trustee Hubbard.

An email dated July 28 from Tom Stone, President of the PLVC, made recommendations about the results of the PLVC future of Port Ludlow committees, surveys and meetings. Discussion followed. Secretary Bradshaw will respond and advise Mr. Stone the trustees will be addressing that topic in a workshop in the near future.

Adoption of the 2011-2012 Board Goals – President Clark - President Clark discussed the work accomplished to date by the board, committee chairs and some members of the community.

The previously adopted Board Vision reads as follows: The Board of Trustees serves to develop a community whose members can pursue diverse activities and opportunities in an interactive and harmonious environment that reflects integrity, creativity and respect.

The previously adopted Board Mission Statement reads as follows: The Board of Trustees manages the assets of the LMC, upholds community standards and promotes a harmonious community environment for the membership as a whole through the efforts of the staff, volunteer committees and effective board leadership.

Our 2011-12 over-arching goal is to establish a Strategic Long Range Plan for the management of LMC assets by March of 2012. That statement ties in with the Mission Statement, as well as the Vision, specifically the Mission Statement. The Board goals and updates are as follows:

1. *Complete a baseline assessment in order to maintain the current level of operation of the Beach Club, Bridge Deck and RV Park, following completion of a third-party evaluation as recommended by the 2009 Long Range Planning Committee. This project is currently underway. The facility assessment results are expected by the August 25 board meeting.*
2. *Utilizing the baseline assessment data above, evaluate the financial assets available to sustain the existing facilities and services into the future. Analyze that data and develop*

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a strategic plan by November 2011. Part of that includes evaluation of the financial assets available. The Task Force II Committee is getting underway and will have that information available by the August 25 meeting. Another part of the second goal is to join the results of the facilities assessment together with the financial analysis, accounting for future trends and creating a financial forecast.

3. *Define the available options based on the obtained data and the strategic plan by February of 2012.* The target for this goal is a tentative all-day workshop on October 13, 2011, to begin pulling all the pieces together.
4. *Formalize a report and present it to the membership at the 2012 annual members meeting.*

President Clark announced that the community will have an opportunity to be involved in the goal process, to plan our future together and take a proactive look at where we are going and what our options are.

Update on Facility Assessment - Mr. Belmont reported a mechanical and electrical engineer were recently on-site for a walk-through. A civil engineer was here last week. A structural engineer is scheduled to come in next Tuesday and the electrical engineer is coming back to do some additional work.

Early this week Mr. Belmont met with a representative from Reserve Associates who are doing the reserve study for LMC. A first walk-through was done earlier this week. The target for the reserve study is to have the final report before the board at the September board meeting.

With regard to the facility assessment, as the engineers complete their reports, they will be sending them to us as they are completed. This will allow review and study of each report rather than receiving all reports at one time.

Discussion followed. Trustee Bradshaw questioned whether the pest control report had been completed and provided to the consultants. Mr. Belmont affirmed the completion and forwarding to the consultants. Trustee Hubbard asked about the pest control report. Mr. Belmont stated there was some concern about powder post beetles in the structure. Discussion continued related to a moisture ant problem in the Admiralty II area.

Records Access Policy – Proposed Changes – Mr. Belmont – Mr. Belmont discussed a draft copy dated July 18 that had been previously discussed at the July 14 workshop. Following the workshop, the board and Mr. Belmont fine-tuned what they thought were Trustee Orsborn's comments, which were then incorporated into the July 18 draft.

In the Records Access Request Form, there was a recommendation to include a request complete date and an LMC representative signature, identifying any additional charges that were applied to this request. This was part of the workshop discussion and incorporated into the document.

Trustee Van Zonneveld made a motion the board adopt the Records Access Policy, as policy. Trustee Hubbard seconded the motion and it carried 5:0:1, with President Clark abstaining. 11-07-08

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Lot 1-2-023 Tree Removal Status Report – President Clark provided background on this matter and discussed a permit from the County the Fesslers had forwarded to the LMC. The permit, dated June 30, 2011, contained the following comments on Page 2, item 8: This approval is for topping of an oak tree on Lot 23, with the understanding that the tree should be replaced with a more suitable native species, as recommended in the submitted arborist report, and removal of hemlock and trimming of ornamental tree on Lot 22 only. The report continues with information about this particular parcel and so forth.

Bill Clark, ACC chair, stated that yesterday he had received a Property Owner's Tree Removal Request from Michael and Liz Fessler. The Fesslers attached a copy of the report from Jefferson County, along with a sketch. The request stated that the tree on the undeveloped lot (22) is too close to a utility cable to be removed, the decorative tree would be trimmed, and oak tree will not survive topping and thus needs to be removed. Discussion followed.

Member Comment – Jean Westbrook asked if Mr. Fessler was ever given a date by which he was to comply or is the time still open. Trustee Bradshaw stated that because LMC had no idea how long the County process would take; the Fesslers were only given a deadline for applying to the County. It was recommended ACC follow through with the application and, if it does not seem that Mr. Fessler is following through with the presumed ACC approval in a reasonable time, then the board will take further action. Discussion followed. Secretary Bradshaw will acknowledge the Fesslers submissions, and state the board will be monitoring the actions of the Fesslers and the ACC.

Meeting Evaluation – President Clark stated she was thrilled to be working with this group of trustees, committee chairs, the committees themselves and the members that are involved. We are making progress and the work is beginning to pay off.

Trustee Larkin, as temporary timekeeper, announced it was 3:50 p.m. and complimented everyone on keeping to the agenda and on time. His only concern is that the board continues working on communications with the out-of-area trustees who want to and need an ability to participate. Trustee Bradshaw agreed with Trustee Larkin. Trustee Purdy commented it was a very proficient and well run meeting. Trustee Van Zonneveld commented she was delighted both the workshop and the board meeting had been changed to 1:00 p.m., as it is a much more efficient use of time. She further commented on Sue Milner's providing strength in the community through the CC.

Mr. Belmont stated he felt the meeting went very well, but he has concerns about the electronic communication issues addressed by Trustee Larkin. We need to find a way to make it better or follow what the bylaws say, regardless. If everyone cannot hear each other all the time, it is not efficient for any of the meeting participants to continue to try to struggle through this the way Skype has been working. If it cannot be improved, maybe we need to think about not doing it because it is a distraction, both for Trustee Babaian and the board.

Trustee Van Zonneveld asked Mr. Belmont to convey to the staff, and especially to Don, how wonderful the Bay View Room looks following removal of the green couch. Mr. Belmont stated the staff has been working hard to make improvements within the budget constraints we have. Don and the maintenance staff and the hostesses have done a good job in that respect.

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Sue Milner, Chair of the CC, stated this meeting was excellent, with a lot of business taken care of today. The board was thanked for having workshops prior to the board meeting because it allows the committee chairs to have a better understanding of the matters the board is dealing with, especially the communications committee.

There being no further business to come before the board, the meeting adjourned at 3:57 p.m.

Vaughn Bradshaw, Secretary
Ludlow Maintenance Commission, Inc.

Prepared by Carol Shamhart
LMC Recording Secretary