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

August 8, 2009 – 9:00 a.m. – Bay View Room

Trustees: Elizabeth Van Zonneveld, Jim Boyer, Vaughn Bradshaw, Teddy Clark, Hugh Jenings, Jr., Stan Kadesh, Michael Larkin, Paul Moseley, and Jerry Nelson,

President Van Zonneveld called the regular board meeting to order at 9:05 a.m. Roll call was called by Secretary Michael Larkin. All trustees were present with the exception of Trustees Jenings, Boyer and Nelson. General Manager Brian Belmont attended the meeting. A quorum was present.

Agenda Changes: There were no changes to the agenda.

Approval of Minutes: *Trustee Kadesh made a motion to approve the special meeting minutes of June 11, 2009. The motion was seconded by Trustee Bradshaw and carried unanimously. 09-08-01*

Trustee Bradshaw made a motion to approve the regular minutes of July 11, 2009, as corrected. The motion was seconded by Trustee Kadesh and carried unanimously. 09-08-02

President's Remarks: President Van Zonneveld announced the meetings start at 9:00 a.m. and asked the trustees to be on time. The Board of Trustees meetings and all meetings of the LMC are recorded for transcription. In matters of interest to the members attending the meeting, board discussion will be held first followed by input from the members. President Van Zonneveld stated it will be her policy not to vote as President unless it is required to break a tie. The meetings are not operated entirely by Roberts Rules of Order, but a general parliamentary procedure will be followed. Participants will wait until recognized, announce their name, and speak one at a time. Motions will be disposed of as they occur. An executive session will be held today, following the regular boarding meeting.

Manager's Report – Brian Belmont

The trustees have been provided the July 31, 2009 financial statements. The 2009 Operating expenses are within budget projections. However, year-to-date revenue is \$10,350 under budget. Assessment revenue, contract memberships, architectural fees, rental income and interest income continue to be significantly under budget through the first seven months of 2009. The Finance Committee and I discussed the financial statements in detail at last Thursday's meeting. The financial statements that I have provided this morning are not complete because LMC has not received all the July bank statements. There will be some additional interest income posted when those statements arrive.

Mr. Belmont stated he is working closely with the Finance Committee and they will be very conservative with LMC's expenses, where possible, but he is not anticipating a surge of additional revenue beyond what has already been budgeted.

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Year-to-date, we have collected more than 98% of this year's assessments. There is currently \$13,552.84 (18 units) in outstanding assessments which includes three delinquencies from previous years.

At last month's meeting I brought up the topic of LMC's fee structure for Contract Memberships, Long Term and Short Term Renters. Currently those fees are assessed on an annual basis that can be pro-rated under specific circumstances. At the July meeting I suggested that LMC may want to consider monthly fees rather than annual for 2010. I have spoken with both the Finance and Operations Committees and both support the idea of reviewing the fee structure. Today I'm asking the Board to support that review for inclusion into the 2010 budget.

Discussion followed. The board was in agreement that the Finance Committee and Operations Committee should proceed with review of the fee structure.

There are currently four LMC members delinquent in paying their RV storage fees. In accordance with Regulation IV, Article I Definitions, Section 3a and Regulation IV, Article II General, Section 2, members that have not paid all charges and fees to LMC may be designated a member not in good standing. I ask the LMC Board of Trustees to take this action against the tenants in storage spaces 21, 49, 71 and 173.

Regulation IV, Article I Definitions

3. Member In Good Standing: A "Member In Good Standing" is:

- a. A member who has paid all club payments, charges, fees, assessments, and late fees in compliance with the Covenants, Articles of Incorporation, Bylaws, and Regulations of the LMC;
- b. A member who is in compliance with the Covenants, Articles of Incorporation, Bylaws and Regulations of the Ludlow Maintenance Commission, Inc.

Regulation IV, Article II General

2. Use of the Facilities. The facilities may be used only by members and their families to whom Family Membership Cards are issued (described in Article III below), Invited Guests, and Short-Term Renter Guests. All persons using the facilities or on the facility premises are subject to this Regulation and to the facility rules. A parent or responsible adult member will accompany and supervise underage children in accordance with posted rules. Members not in good standing may be denied use of the facilities.

NOTE: This topic was later discussed under New Business

Discussion followed related to the amount of funds under budget at this time.

COMMITTEE REPORTS:

Architectural Committee (ACC) – Bill Clark, Chair

Mr. Clark stated the committee had met on scheduled dates with a quorum present. Additional members are being sought. One potential member will attend ACC meetings.

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Mr. Clark reported two houses are under construction at this time.

Following the board discussion meeting on August 6, Mr. Clark stated it appears the Trees and Views Regulations will be reviewed and possibly modified. It is generally agreed there are areas in these regulations that are open to multiple interpretations, particularly in the area of trees blocking neighbors' views. The ACC welcomes trustee input to improve these regulations, to make them more straightforward for the ACC to follow and for the membership to understand.

The ACC requested a moratorium be placed on the committee with regard to committee rulings on view obstruction requests, where most of the multiple interpretations of the current regulations exist. Mr. Clark stated the ACC has a responsibility to respond to requests within 30 days. Placing a moratorium would allow the ACC to place such requests in a pending file with notification to the requester, until a clearer set of regulations to work with has been achieved. Owners of trees not dealing with view obstructions issues may continue to submit requests to remove, trim, limb-up, etc. Hazardous trees will continue to be addressed as required.

Discussion followed with Trustee Bradshaw explaining the background related to the Trees and Views Regulations that were adopted by the members in recent years and LMC's legal obligation to work with those regulations for an undefined period of time. Discussion continued.

On behalf of the ACC, Trustee Bradshaw read the following motion into the record:

TEMPORARY MORATORIUM ON VIEW OBSTRUCTION RELIEF

After struggling to enforce the Trees and Views Regulations (Regulation II, Article I, Paragraphs 2 & 3) for over two years, it has become apparent that they need further refinement. In order to allow for clear and consistent enforcement, the regulations need to address a number of issues, including:

- *Defining which trees are protected as a "scattering of tall evergreens",*
- *Identifying how to assess the impact various sizes and species of trees have on storm water absorption,*
- *Clarifying how the LMC regulations interface with the county's Critical Areas Ordinance and the State's Shoreline Management Act, and*
- *How the current regulation should be applied to vegetation that was planted or allowed to grow in compliance with the regulations that were in effect at the time.*

The Architectural Control Committee (ACC) will be working on the necessary revision of the Trees and Views Regulations, and believes that until those revisions are complete, enforcement is impractical.

The ACC would continue to approve or disapprove requests by owners of trees to remove or trim trees on their own property. The ACC would also continue to approve or disapprove the removal of hazardous trees. Trustee Clark seconded the motion. Lengthy discussion followed.

Trustee Bradshaw made an amendment to the above-referenced motion to read: "On behalf of the ACC, I therefore move that a moratorium be placed on the ACC with regard to ruling on

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View Obstruction Relief Requests until the January 2010 board meeting.” Trustee Clark seconded the amendment. The amendment to the motion carried unanimously. 09-08-03

Trustee Moseley made a motion to table Trustee Bradshaw’s amended motion until following the executive session. Trustee Larkin seconded the motion and it carried unanimously. 09-08-04

Trustee Bradshaw inquired whether the ACC chair had looked at the budget for next year. Mr. Clark reported the only budget item the committee has is for secretarial support and the committee cannot operate without it.

Covenants and Regulations Committee (CRC) – Dwayne Wilcox, Chair

Mr. Wilcox announced Leah Robinson will no longer serve on the CRC. A replacement is being sought.

The CRC has been working on streamlining the LMC construction hearings and appeal procedures. The CRC has asked for a joint meeting with the ACC to review the proposed scheduling for appeals. It is anticipated a draft will be ready for presentation to the trustees by the September board meeting.

President Van Zonneveld asked that a draft of the proposed appeals scheduling document be provided to the trustees for discussion at the discussion session prior to the regular board meeting.

President Van Zonneveld asked about several matters under review by the CRC, i.e., the Greenbelt Tree Topping Policy, etc. Mr. Wilcox indicated the committee is working on these matters.

Communications Committee (CC) –Barbara Berthiaume, Chair

The committee met on Thursday, August 6th 3:00 in the Gallery. Present were Barbara Berthiaume, Amy Recht, and Teddy Clark.

The meeting began with a couple of relaxation exercises to help focus and keep in tune with the meeting. Communication skills exercises are a regular feature on the agenda at the beginning of each meeting.

The fall Navigator is scheduled to come out in September. To date, articles include a Question of the Quarter, an aspect of the governing documents, a summary of the Communications Committee Workshop, President’s message, Manager’s report, and a staff highlight. The Board is invited to add to this list.

The deadline for articles will be Tuesday, September 1 and a draft will be sent to the trustees for review by the 5th. With the Labor Day weekend on the 5, 6, and 7th, we ask that your input be back to us by Thursday, September 10th. As the board meeting is the 12th, a draft of the Navigator may not be ready for board review at that time as proofing the final document takes some time. We would therefore like to be able to send the trustees a copy of the final draft by e-mail for review and be ready to mail the week of the 14th.

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Action item: We ask for your approval with this process. Discussion followed. Following review of the draft Navigator by the trustees, final printing will be delayed until there is a consensus of the board to proceeding with printing.

The committee is still exploring electronic communication resources for offsite board participation. Barbara Berthiaume will co-ordinate with Brian Belmont and current users of Skype to do a trial run at the Beach Club, to see if this is a viable resource. All committee members present will research other teleconferencing outlets and present their findings at the next meeting.

The next Communications Committee meeting will be Thursday, September 10th at 3:00. The membership is welcome to attend.

Finance Committee (FC) – Ian Feltham, Chair

At the last meeting of the FC, the financial reports were reviewed and discussed.

The need to have tempered glass in the indoor pool windows was discussed by the FC.

The FC discussed the current CPI. Mr. Belmont researched the matter and found it to be slightly positive. Changing fees for contract members and rental guests were also discussed in depth.

Investments and reserve funds – it was recommended that the current money market funds be put in a five-year CD at the Kitsap Bank earning 3.95%. If the money is needed before the end of the term, LMC can take the money out and pay a three-month interest fee.

The LMC budget for 2010 was discussed. The budget inputs will be addressed when the information has been received from the other committees.

Review of the financial records for the past quarter was held. It was decided to increase this review to a monthly basis with a member of the Finance Committee meeting with Mr. Belmont to do a spot check on different items. A definite procedure will be set-up and the monthly review will begin in September.

Mr. Feltham reported the GMAC note had matured in July and the funds were received.

Discussion followed.

Greenbelt Committee (GBC) – Ted Buehler, Chair

Mr. Buehler discussed the replanting procedure following tree removal in the greenbelt and the need to make replanting of the affected areas more enforceable. Various ideas were discussed and will be presented to the trustees in the near future.

Peggy Manspeaker was recommended to serve as an alternate on the GBC.

Trustee Bradshaw made a motion to approve Peggy Manspeaker as an alternate member on the GBC. The motion was seconded by Trustee Kadesh and carried unanimously. 09-08-05

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Discussion followed concerning a projecting branch limb on Swansonville Road in North Bay. Mr. Buehler will investigate. Discussion continued related to a work-in-progress on Baldwin Lane that had been previously approved.

Operations Committee (OC) – Jim Goode, Chair

In response to the trustees request to the OC to investigate the pros and cons of hiring a lifeguard for the outdoor pool during peak times, the Operations Committee does not feel hiring a lifeguard would be in the best interests of the Beach Club. A detailed report will be provided to the trustees.

The OC and Mr. Belmont have decided to remove the lap lane rope in the outdoor pool at noon during the busiest days during the summer. The lap lane rope is not used on Saturday and Sunday. This schedule will be adjusted from time to time.

Violations within the community are being addressed by the committee.

As requested by the trustees, Mr. Goode read the following recommendation from the OC regarding the employment of a lifeguard during peak hours by membership of the outdoor swimming pool.

The Operations Committee has a concern about the additional liability to the LMC membership if we are to employ a lifeguard. In the past applicants for the job of lifeguard have been teenagers and they are relatively ineffective in controlling the behavior of the young adults. Scheduling of a lifeguard would be more problematic than the ability to be more flexible with hostess' scheduling. Additionally, the expectation on the part of the membership that a lifeguard will always be present would be a liability when the lifeguard is at any time absent to take a break, eat lunch, whatever. Further, a lifeguard's duty is to provide safety, not necessarily to enforce LMC rules. The committee is in agreement that the LMC membership would be better served by using a second hostess during holidays and peak hours of outdoor pool use. A hostess is trained in CPR and use of the defibrillator, and is also knowledgeable about the Beach Club rules and LMC regulations concerning the Beach Club. Also, a hostess can go to any area of the Beach Club should the need arise. Our Operations Committee recommends that the LMC membership would be better served from a financial, safety, and enforcement of rules prospective by scheduling a second hostess during peak hours/times of use of the outdoor swimming pool. Therefore, the Operations Committee does not recommend employing a lifeguard.

Discussion followed. Mr. Belmont explained the scheduling of an additional hostess during the summer weekends and on holidays, when warm weather is anticipated.

Discussion followed.

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Long-Range Planning Committee – Elizabeth Van Zonneveld - In the absence of chair Michael Cahn, President Van Zonneveld recommended the trustees adopt Mr. Cahn's proposed members as follows: Bryan Diehl, Joan Dragnich, Adele Govert, Bill Hanson, Hugh Jennings, Richard Matheny, Amy Recht, Elizabeth Van Zonneveld and Art Zoloth.

Trustee Bradshaw made a motion to approve Bryan Diehl, Joan Dragnich, Adele Govert, Bill Hanson, Hugh Jennings, Richard Matheny, Larry Nobles, Amy Recht, Elizabeth Van Zonneveld and Art Zoloth as members of the Long-Range Planning Committee. The motion was seconded by Trustee Clark and carried unanimously. 09-08-06

North Bay Lot Owners Association (NBLOA) – Roger Oster – Mr. Oster reported the NBLOA does not meet in August. They are having a concert and BBQ from 5:30-8:30 p.m. on August 27, on the lawn. Everyone is invited.

Mr. Oster discussed the possible community garden. The NBLOA has written a plebiscite that will be mailed out to all lot owners. To include the condo owners, Mr. Oster suggested the Navigator include the plebiscite because the NBLOA does not have an email list that includes condo owners.

Elections Committee Ad-hoc Committee – Brian Belmont – Not active at the present time.

Port Ludlow Village Council (PLVC) – Larry Nobles –Mr. Nobles discussed the following issues:

Shoreline Management Program - A public hearing is scheduled before the County Commissioners on September 10. At their next meeting at 3:00 p.m. on September 3, at the Beach Club, the PLVC will discuss the effects of the Shoreline Management Program on the Port Ludlow community and whether they will take a stand. Interested LMC members are encouraged to attend, particularly those who live on Montgomery and Condon Lanes. Mr. Nobles questioned whether the LMC should take a stand on this matter and testify at the hearing. Discussion followed.

East Jefferson Land Exchange - No activity is expected before mid September.

Tala Point Development – Pope has filed to develop a site for 50 single family home sites in a area on Tala Point, largely on the top side of the point. Deadline for comments on that development is August 19. Discussion related to sewer and water rights have not been settled. The County has told Pope they cannot drill any further wells on Tala Point. Discussion continued.

Iron Mountain Issue – A preliminary meeting was held with the County Community Development Department (CCDD), in regard to the proposed quarry just off Hwy. 104. A public meeting will be held in early September. Iron Mountain and Pope will make presentations.

Resource Network – No action at this time.

CORRESPONDENCE:

Trustee Larkin reported a letter was received from Art Moyer on the appeals process. On July 30, a letter was received from an attorney concerning trees and views. A letter from a member

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on Explorer Lane concerned trees and views. A letter was received from David Goudie on July 26 regarding the swimming pool. Another letter related to trees and views was received July 27 from member Grace Allen of Foster Lane. A confidential letter was received from the LMC attorney to the board. Mr. Belmont stated on July 18 Art Moyer sent an email to all the trustees regarding security cameras. Discussion followed. A referral letter dated July 20 to the trustees from ACC chair Bill Clark discussed a case that had been decided previously by the LMC board.

Members Comments – None

The meeting went into recess at 10:30 and reconvened at 10:38.

Trustee Larkin left the meeting.

UNFINISHED BUSINESS:

ACC Non Compliance Referral - Lots # 2-3-196 & 2-3-197 – Deferred until after Executive Session.

ACC Non Compliance Referral - #1-2-022 & 1-3-023 – Deferred until after Executive Session.

Trustee Larkin rejoined the meeting.

Review Facility Guest Policies – Vaught Bradshaw – Trustee Bradshaw was asked to prepare a motion to express the will of the board at the August 5, 2009 discussion session.

The following motion, as prepared by Trustee Bradshaw, was read into the record by Trustee Bradshaw as follows:

RESOLUTION

BOARD POLICY ON GUEST USE OF LMC FACILITIES

Whereas:

- *The Ludlow Maintenance Commission (LMC) Governing Documents define a member as the person (or if more than one, then collectively) entitled by deed or real estate contract to ownership of one or more lots or condominium units within the platted land subject to LMC authority.*
- *The LMC Governing Documents further state that the term “owner” includes natural persons, corporations, partnerships, associations and other entities, and that each owner has one membership regardless of the number of lots or condominium units owned.*
- *The LMC Governing Documents also state that a husband and wife holding a lot or condominium unit as community property, or two or more persons holding one property jointly in common are entitled collectively to one membership, although another adult living with the member is entitled to a second membership card.*

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- *LMC Regulations restrict the use of LMC facilities to 1) members (owners of property within the LMC area, contract members upon payment of a usage fee, and long-term renters upon payment of a usage fee) and 2) their families to whom Family Membership Cards are issued, 3) Invited Guests, and 4) Short-Term Renter Guests upon payment of a usage fee.*
- *LMC Regulations provide for family membership cards which may be issued as a courtesy to each qualified family member living in the member's household upon the written request of the member.*
- *LMC Regulations define two categories of "invited guests": 1) Those that are issued a guest card (houseguests); and 2) Those without guest cards accompanied by a member. Possession of a guest card excludes the privilege of bringing other guests. The Regulations allow for guest privileges to be extended without the issuance of guest cards to not more than five invited guests accompanied by a member.*
- *LMC Regulations state that members are responsible for the actions and conduct of their family members and guests while using the facilities.*

Be it resolved that:

1. *It is the board's intent that holders of a family membership card collectively be granted the same access privileges to LMC facilities as members. Such family membership card holders are thus permitted to invite up to a total of five guests per membership at a time, and the guests must be accompanied by a family membership card holder.*
2. *The Operations Committee shall draft a revision of the LMC Regulations to clarify the language in accordance with the board's intent, and to incorporate all pool and clubhouse rules. The Covenants and Regulations Committee shall then review the draft in preparation for a first reading of the proposed changes by the board.*

*The motion was seconded by Trustee Kadesh. Lengthy discussion followed. Trustee Bradshaw proposed to amend the word **family** to read **membership** in item #1., line three of the Resolution. Trustee Clark seconded the amendment to the motion. Discussion followed. The amendment to the motion carried unanimously. 09-08-07*

Trustee Bradshaw's original motion to approve the Resolution passed 4:1:1, with Trustee Kadesh opposed and President Van Zonneveld abstaining.

Insurance Risk Management Recommendations (policy changes) – 2nd Reading – Pending CRC review. President Van Zonneveld asked Mr. Belmont to email her a prioritized list of outstanding matters before the CRC. Items e. through h. of today's agenda was deferred pending review by the CRC.

2009 Board Goals – Status Report – E. Van Zonneveld – Beginning next week, the Long-Range Planning Committee will be moving ahead. Unresolved recommendations from the last Long-Range Plan will be reviewed, and the committee plans to work toward a survey to be

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included in the Navigator in the next quarterly issue. President Van Zonneveld stated she is very pleased with the committee and is looking forward to working with them.

ACC Fees – Jim Boyer – No report at this time.

Member Comments: Mr. Oster discussed donation solicitations and providing services to the membership to raise revenue.

NEW BUSINESS:

Delinquent RV Storage Fees – Brian Belmont – Mr. Belmont asked the board to consider declaring four owners who are delinquent in their RV fees as members not in good standing for the reason of nonpayment of fees. Their right to use the LMC amenities will be suspended until the delinquent fees have been paid.

Trustee Moseley made a motion to declare the four members occupying storage spaces 21, 49, 71, and 173 as members' not in good standing, and to sanction those members for nonpayment of their storage fees for this year. Those fees should be paid in full before the sanction is lifted. Letters to the delinquent members will be generated by the President and General Manager, to notify the members of the board's action. Trustee Kadash seconded the motion. Lengthy discussion followed. Trustees Moseley and Kadash agreed to amend the language to read "as members not in good standing (second line of the motion)." Discussion continued. The original motion with the added language carried unanimously. 09-08-08

Trees & Views – Interpretation – Trustee Bradshaw – Deferred until after the Executive Session.

NBLOA Community Garden – Roger Oster – Mr. Oster provided background on the idea of a community garden. Survey results are expected in approximately one week. Mr. Oster discussed using LMC property for the garden and suggested a good way to structure the project would be for the NBLOA to take a long-term lease on a garden spot and pay rent to LMC. Lengthy discussion followed. Mr. Belmont will discuss possible locations and other considerations related to the project with Mr. Oster.

Member Comments - None

President Van Zonneveld recessed the meeting to executive session for the purpose of discussing a legal matter at 11:25 a.m.

The regular meeting of the board reconvened from executive session to general session at 12:29 p.m.

President Van Zonneveld stated the board had contacted the LMC attorney regarding LMC's authority to limit height of vegetation on private property to maintain it to protect views. The attorney responded that, in his opinion, the LMC has the legal authority to enforce its regulations relating to trees, hedges and shrubs located on a members' private property that impair views.

Trees & Views – Interpretation – Vaughn Bradshaw - This previously tabled matter was again read into the record by Trustee Bradshaw. *For full context of the original motion, see*

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pages 3-4 of this document. Lengthy discussion proceeded. By a majority vote of 4:1:1, with Trustee Moseley opposed and President Van Zonneveld abstaining, the motion, as proposed on behalf of ACC by Trustee Bradshaw, to place a temporary moratorium on the ACC with regard to ruling on View Obstruction Relief Requests until the January 2010 board meeting passed. 09-08-09

The Trees & Views Regulation, as it relates to view obstruction, will be the topic of discussion at the trustee's next discussion session to be held prior to the September board meeting. The trustees have proposed a joint meeting with the ACC at the next discussion session, to give the trustees a good sense of the problem the ACC is encountering. Lengthy discussion followed. It was the consensus of the trustees that a special meeting of the board will be scheduled by President Van Zonneveld within the next two weeks.

Secretary Larkin will notify members who have ACC applications in process, to let them know the trustees have placed a moratorium on view obstruction requests and that the board plans to meet in the near future with regard to the regulation.

Member Comment – A member inquired whether the moratorium involved cases that were pass ACC and had been referred to LMC. President Van Zonneveld stated the moratorium would not apply in any cases that were at the board level.

A member questioned whether correspondence received from the LMC attorney will be shared with the membership. President Van Zonneveld stated that because the attorney's opinions are part of the confidential relationship LMC has with the attorney, written correspondence is not shared with the membership. Lengthy discussion followed.

ACC Non Compliance Referral - Lots # 2-3-196 & 2-3-197 – Deferred until the Trees & Views Regulation is clarified.

ACC Non Compliance Referral - #1-2-022 & 1-3-023 – Deferred until the Trees & Views Regulation is clarified.

There being no further business to come before the board, President Van Zonneveld adjourned the meeting at 1:05 p.m.

Respectfully submitted,

Michael Larkin, Secretary
Ludlow Maintenance Commission, Inc.

Prepared by Carol Shamhart
LMC Recording Secretary