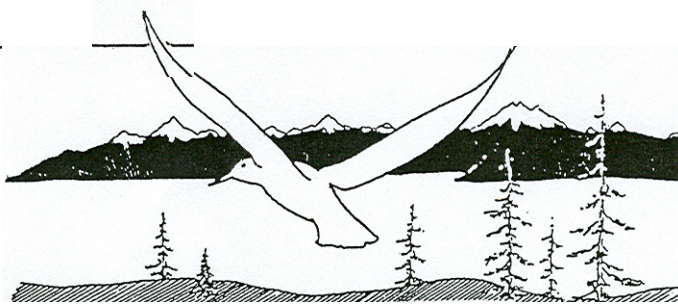


The LMC

LOG



LEADERSHIP.... OPERATIONS.... GOVERNANCE

A Publication of the Ludlow Maintenance Commission

Winter, 2005

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Veronica Cross
Covenants and Regulations:
Catherine Garrison
Finance: Bruce Pyles
Greenbelt: Ron Garton
Operations: Tim Bangle

LOG Editorial Staff

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PRESIDENT'S MESSAGE.....

by Bruce Schmitz

I hope your Christmas and holiday season was fabulous. On behalf of the Ludlow Maintenance Commission (LMC) Board of Trustees, I would like to wish you all a very happy new year and our best wishes for a prosperous 2005. The trustees look forward to serving our LMC members in 2005 and hope that we may be successful this year in planning for our long-term future.

The LMC finished 2004 in good financial condition with income over expenses of approximately \$40,000. In accordance with our governing documents, this money will be added to the Reserve Fund. In December of 2004 the Finance Committee finalized the recommended budget for 2005 and submitted it to the board for review and approval. The budget was approved by the board at its regular December meeting and it was mailed to all LMC members for ratification. An all-members meeting will be held at the Beach Club at 9:00 a.m. on February 12 to provide final approval of the budget.

At the December meeting of the Board of Trustees I announced that a lawsuit was filed against the LMC. This lawsuit, filed by three LMC homeowners on October 25, 2004, seeks a declaratory judgment and injunctive relief against the enforcement of the requirements of LMC Regulation 1, Article 1, Section 9 titled "Trees, Shrubs and Views." This regulation places restrictions on the height of trees and shrubs planted on homeowners' lots so that they do not unduly obstruct the views of adjacent homeowners. The LMC Board of Trustees intends to defend this suit vigorously. A ruling that this regulation is not enforceable would have a very negative impact on a significant number of our members. Our Directors and Officers Insurance will cover the costs of this suit, less a \$5,000 deductible. The insurance company has employed Mr. Richard Shattuck, our current LMC attorney, to defend the LMC. To the extent that our attorney advises and allows, we will keep the membership informed on the status of the lawsuit.

The men's bathroom on the main floor of the Beach Club has been repaired and remodeled. This \$11,000 project was badly needed because the water inlet to the urinals was leaking causing staining of the wall, also the existing plumbing was badly corroded. Damage had also occurred within the wall itself. The rework included installing new plumbing to each of the urinals and the sink, replacing the vinyl flooring with tile, installing wall tile behind the urinals and toilet, replacing the existing vanity and backsplash laminate with tile, and replacing the existing privacy panels between urinals. My thanks to the Operations Committee and club employees for a job well done.

The Operations Committee has plans for further improvements and repair to the Beach Club during 2005. The details of those plans will be publicized as they are formalized. Our club facilities are old. Repairs and updates are necessary to make sure that the facilities are safe and that they continue serve the needs of our members. During the month of January we will initiate two ad hoc committees to examine and recommend the facility updates and remodel efforts necessary for our long-term future. One committee will examine the facility upgrades and remodel desired and supportable by the majority of our members, and the other will examine means of financing the desired improvements. Please support these planning efforts. We want to implement what the majority of our members want, and can develop plans only with input from our entire membership.

FYI

One of the objectives of the LOG is to better inform members about our community. This is the second in a series of informational articles.

A description of the Ludlow Maintenance Commission (LMC) membership, common properties and governing documents was given in the last issue of the *LOG*. Now, briefly, here is the LMC governmental structure. A democratically elected Board of Trustees governs our corporation. Trustees, themselves, elect officers of the board following the annual meeting on the third Saturday in April each year. The president then appoints committee chairs for the standing committees and for any ad hoc committees that are needed for special duties. Committee chairs select members to serve for the year, subject to the approval of the board. All LMC members are encouraged to become involved with the work of the board and committees in which they have interest and expertise. No monetary rewards, only the appreciation of members for the hours of service rendered.

SPOTLIGHT ON LMC RESERVES

by Dick Smith, LMC Business Manager

Reserve funding is an association's way of putting aside money for future repair and replacement of its major assets. Done properly, reserve funding allows the association to perform anticipated repairs or replacements on time without requiring special assessments or loans. The IRS, however, has very specific rules about how associations handle their reserves. First, reserve funds should be kept separate from operating funds. Second, once funds are transferred into reserves, they may not be used for ordinary operating expenses. Assessments collected in excess of operating expenses are considered taxable income to the association, and require special treatment under IRS Ruling 70-604. This is why LMC members now vote to transfer any operating surplus into reserves as part of their annual meeting process.

I refer to the basics of reserve spending as "the three D's". The first is determine what your reserve components and funding needs are; the second is disclose this to the membership, through the budget or board action; and the third is "do it!" While a reserve fund normally includes components such as pools, paving, and major equipment and repairs, it may also be used for capital improvements, so long as the membership is made aware of the project, the money required to accomplish it and when it is to be completed. You must also remember that even with the addition of a capital improvement project in your reserve fund, you still need to ensure that adequate funds are maintained for all its other components.

How does reserve funding work? In a nutshell, let's assume that you have a new component that needs to be replaced in ten

years at a cost of \$1,000, so you budget to set aside \$100 each year. At the end of the first year, your fully-funded balance would be \$100; at the end of the second year, your fully-funded balance would be \$200... and so on. At the end of ten years, your fully-funded balance would be \$1,000 and you would have the money in the account to pay for the replacement. Currently, LMC has a reserve component list of 38 items with useful lives ranging from 5 to 35 years. You can see that our fully-funded balance figure will change from year to year, depending on where we are in the replacement or repair cycle of each item.

Over the years, LMC has accumulated a significant amount of money in its reserves, but we can't look only at the dollar amount in the bank. In 2001, LMC commissioned a professional reserve study that included extensive on-site inspection and analysis. It was determined that our fully funded reserve balance was slightly over \$350,000. At the time, we had \$285,000 in our reserve accounts, meaning we were approximately 81% funded. According to industry experience, we had little or no risk of needing a special assessment to meet projected repair or replacement needs. Associations that have at least 50% of a fully-funded balance have a 6% or less risk of a special assessment in their future. This risk significantly increases as the fully-funded balance percentage decreases. In 2003, the LMC board adopted a policy that mandates maintaining our reserves at a minimum of 75% of a fully-funded balance. Each year's budget includes a contribution to our reserves that maintains at least that level of funding. It also

THE BEACH CLUB

Hours

Monday - Sunday 7 a.m. - 9 p.m.

(All Members: Present a valid membership card or pass to be admitted to the Beach Club).

Indoor Pool Hours

Monday - Sunday 7 a.m. - 8:30 p.m.

(See the detailed schedule posted on the Beach Club Bulletin Board)

Age Limitations

Pool and Jacuzzi: Anyone 16 and under must be accompanied by an adult.

Exercise Room: Anyone 17 and under must have direct adult supervision.

requires a professional review of our reserve study every three years, with in-house updates in between. Reserve account balances may go up and down as needs dictate, but it is more important to pay attention to their adequacy to meet future needs than to their actual dollar amount.

So, where do we stand now? At the beginning of 2004, our reserve study was updated by Association Reserves, Inc. Our fully-funded balance was determined to be \$332,780. At the time, we had \$280,500 in our reserve accounts, or 84% funded. During 2004, we spent only \$16,650 from reserve funds. The proposed budget for 2005 includes a reserve contribution of \$35,000, to be supplemented by surplus operating funds at the end of the year, which are estimated to be approximately \$30,000. As we begin 2005, LMC will be quite near 100% of a fully-funded balance in its reserve fund. During the first two months of 2005, the Operations Committee will review the reserve component list, making recommendations for changes and additions. After review by the Finance Committee, the updated component list will be sent to the trustees for approval.

An old proverb states: "Forecasting is difficult, especially about the future." Every reserve plan is destined to be inaccurate, since future events are out of our control, and never occur exactly as planned. Designing and maintaining a healthy reserve fund provides a healthy margin of protection for our members through stability in our budgeting and through adequate maintenance and repair of our common facilities.

A CALL FOR NOMINATIONS FOR THE LMC BOARD OF TRUSTEES

It's time to think about nominations for the Ludlow Maintenance Commission (LMC) Board of Trustees. Six of the nine trustees of LMC represent the owners of North Bay lots (with or without houses on them), and the town homes. Two of those six trustees are elected each year by the lot and town home owners for overlapping three-year terms. Nominations may be made for those two spots through the North Bay Lot Owners Association (LOA) at their February 7 meeting, or they may be made in writing directly to the LMC Board of Trustees. The Admiralty and North Bay condo associations nominate and elect one person each year for an overlapping three-year term.

Biographical information will be sent to the membership with the ballots at the end of March, so potential nominees are urged to declare their candidacy early. Qualified LMC members in good standing who choose to run for vacant board positions should agree to serve if elected. The annual members meeting occurs this year on April 16. All LMC members are encouraged to complete ballots, attend the meeting, and also enjoy the cocktail party later in the afternoon. Specific information will be sent with ballots.

What makes a good candidate for LMC?

The candidate:

- Is knowledgeable about the community and its governing documents;
- Has prior management experience and skills;
- Is open-minded and fair;
- Has served on one or more of the LMC committees;
- Is an active volunteer in the community.

What makes a good LMC member voter?

The informed voter:

- Attends LMC meetings and learns how the association functions;
- Plans to attend the LMC Candidates' Forum on March 16;
- Questions nominees about their vision for LMC and the Beach Club;
- Learns candidates' views on specific management and business issues;
- Expects candidates to support the LMC governing documents;
- Assesses what experience candidates would bring to the board.

LMC Committee Notices.....

Architectural Control Committee (ACC)

Did you know that ACC received nearly forty plans for new houses in North Bay in 2004? By year's end, the ACC had approved all but a few of them. Veronica Cross, chair of the committee, said, "I guess that makes us pretty busy!" She's right about that. The average number of house plans approved in prior years has been about twelve.

Finance Committee

Bruce Pyles, chair of Finance, thanks you for prompt payment of assessments. Note the new option to submit payment in two installments. He also encourages you to return ballots for ratification of the 2005 budget. His committee worked diligently with the LMC treasurer to prepare a plan for best use of our funds.

Greenbelt Committee (GBC)

At the request of the Greenbelt Committee the LMC Board of Trustees approved a minor change to the *Greenbelt Guidelines* to make treatment of Douglas-fir, western redcedar, hemlock and other conifers more consistent. The new paragraph now states that, "Mature conifer removal is discouraged and will be considered on

a case-by-case basis. Pruning of lower branches, thinning, or windowing may be permitted. Pruning shall not exceed fifty percent of tree foliage. Further pruning shall not take place until the tree has had a chance to recover and after further application and approval by the GBC. Although smaller trees may be topped to form hedges, or to forestall loss of view, topping of large evergreens is discouraged but shall be considered on a case-by-case basis."

GBC chair, Ron Garton, said that copies of the revised *Greenbelt Guidelines* are available in the Beach Club. If your copy does not have "revised" on the front cover, it is not the current version.

Operations Committee

The Operations Committee regularly receives complaints about pets, particularly about loose dogs, barking dogs, and dog "deposits" in neighboring yards. LMC regulations require pet owners to ensure that their animals do not become a "nuisance or detriment to the neighborhood." Multiple complaints over a period of time will result in the committee taking enforcement action. In the interest of maintaining neighborhood harmony, members are encouraged to make sure that their pets are good neighbors, too!

MAKING THINGS HAPPEN AT THE BEACH CLUB

Envision yourself on a cruise ship with everything provided for you. Everything is available from food to entertainment. Wonderful, relaxing...and very expensive. Then there's the "bare boat" adventure. The boat and instruction are provided but you take supplies needed for the venture, make your own itinerary and create your own entertainment. Wonderful also. More work... but certainly less pricey.

Think of our Beach Club as the latter on-land, hands-on, bare-boat experience. Owners past and present have said they want low yearly assessments, and our fees are about as low as you could find given the amenities we have. We offer the facilities, you plan the events you want, and you schedule them. North Bay groups and individuals have done this successfully throughout the years.

It's easy. Get together with a group of friends and plan an event, a series of events, or a class. Many LMC members use the Bayview room for family reunions, weddings and memorial services, too. When you have something in mind, check the schedule with Kim Monroe at the Beach Club between 7 a.m. and 2 p.m., Monday-Friday, for the dates you're considering. Fill out the required forms and learn about your responsibilities, room rental charges that might apply, and what supplies are available for purchase.

If you and a group of friends want a certain class taught, identify the instructor, have him or her arrange with the Beach Club to offer the instruction. LMC collects the fees from participants and pays the instructor.

Remember that the request must come from an LMC member, and that any class or event you plan must be self-supporting. Let other members know about your offering by getting a notice in the *Voice* and posting flyers at the Beach Club.

Covenants and Regulations (CRC)

CRC continues to review the governing documents for consistency and clarity. Changes proposed will be included with the LMC ballot for vote of the membership. CRC and ACC are currently working on updating the ACC regulations. CRC chair Catherine Garrison said that there will be a complete update on revisions in the spring issue of the LOG.

LMC Members may attend committee meetings as observers. See the Beach Club bulletin board for schedules, and contact the chair for other information. Specific issues to address must be submitted in writing prior to the meeting.

Who, What, When and Where in North Bay.....Some of the Groups that Make Things Happen

LOA

The North Bay Lot Owners Association (LOA) was formed in 1975 by the homeowners living here at the time. LOA is not incorporated and owns no property, but throughout its long history, the organization has been involved in the complex dynamics of Port Ludlow development.

LOA continues to be an active force in the community in many ways. Its varied committees welcome newcomers, offer opportunities for social interaction and the arts, plan family events, send out an electronic bulletin, provide forums for discussion, and take on service projects. LOA meetings are held at the Beach Club on the first Monday of the month at 9:30 a.m. Call Melanie Lewis, president of LOA for more information, 437-9088.

LOA notices appear monthly in the *Port Ludlow Voice*. Read the current issues for full information about the North Bay Art Group, Port Ludlow Players, Readers' Theater Club, Clean Sweep and others. Note, in particular, that nominations for LOA directors and lot owner representatives to LMC should be referred to Bryan Diehl, 437-0602, prior to the February 7 LOA meeting. LOA will sponsor the LMC Candidates Forum on March 12.

The LOA Welcoming Committee would welcome more volunteers. Call Frances Wright at 437-0627. *LOA Bulletin* editor Ted Wright asks that you send current e-mail addresses to him if you are not already receiving the LOA electronic bulletin. <graycap@cablespeed.com>.

PLA Resort Development Update

by Bruce Schmitz

Many in the community remain concerned about the Port Ludlow Associate (PLA) resort development alternatives, including a new PLA plan presented in December 2004. You are urged to read all material related to the resort development, in particular the Ludlow Bay Village Committee report recently sent to you by the Port Ludlow Village Council (PLVC). The report presents history of the resort development back to 1993, summarizes unresolved problems from development to date, and states standards that should be met for any development plan to be considered for the resort area.

The December 2004 plan represents a slightly scaled down alternative to the 2003 Preferred Alternative Plan presented in their Draft Supplemental Environmental Impact Statement (SEIS) submitted to the community for comment in April 2004. Both of these plans are modifications of a development plan for the resort approved by Jefferson County and the Port Ludlow Community in 1994. The 2003 plan increases the residential density of the Ludlow Bay Village by 31 units, or 53%

HOPL

The Homeowner Potluck (HOPL) group has been in existence almost since the beginning of the North Bay development. At the time of its inception there were few homes, and the Admiralty condos were mostly in the rental pool. Many owners only vacationed here or were non-resident lot owners. A few of the permanent residents started the monthly potlucks, meeting in homes. When the homeowners increased in number, the group met at the Beach Club.

Over the years HOPL became formalized with a steering committee and policy. Thanks to its dedication to community spirit, all Beach Club members are welcomed to the social events from September through June on the third Saturday of the month. Volunteers are still needed for some events. Virginia Moyer, chair of the steering committee asks that you call 437-7962 or 437-0670 if you can help. Mark your calendars for the following events and see the *Port Ludlow Voice* for further information.

- Febr. 19** Presidents' Day Dinner
- Mar. 19** Irish Dinner
- April 16** Annual Cocktail Party following the annual meetings of the various community boards.
- May 21** Ports of Call Dinner
- June 12** Sunday Brunch

Our deepest concern for all of the losses suffered by the victims of the Admiralty fire on December 2. Thanks to all friends and neighbors who responded so generously to the immediate needs of the people who were displaced.

over the approved 1994 plan. The Admiralty Condominiums are increased by 39 units or by 61%. The 2004 plan reduces the Ludlow Bay Village residential units and Admiralty Condominium units from the 2003 plan, but only by 7 units each. The residential density is still increased by 42% in Ludlow Bay Village and by 50% for the Admiralty Condominiums over the approved 1994 plan.

Jefferson County Community Development Department recently released a hold on the preparation and publication of the Final SEIS for the resort development. The Final SEIS is expected to contain both the 2003 and the 2004 plans for the resort area development. It is expected that this document will be published in late January or February of 2005. Following permitting procedures, a public hearing will be scheduled and public comment sought. You are strongly urged to monitor the process and express your opinions. The outcome will affect the character and esthetics of not only the resort area but also the residential community for years to come.

Trail Stewards

Adele Govert reports that volunteers have installed new signage on existing trails, cleared truckloads of noxious weeds in conjunction with the Greenbelt Committee, and maintained existing trails in North Bay. Trail Stewards and their backups monitor trails for needed repairs or other problems.

North Bay trails are: Montgomery/Condon/Libby Court, the Rainier Loop, and the Around-the-Bay Trail (ABT) from the Marina to the Village. Local firefighters have begun working with us on trail maintenance and will attempt to eliminate the slippery moss on the asphalt trail across from and near the North Bay Condos by using blowtorches instead of noxious chemicals.

Master trail maps and hand-outs about each trail have just been completed and are now available in the Beach Club. Questions? Call Adele Govert at 437-8090.

The New Name at the Club

The decision has been made. No longer simply "the new room", the **Gallery** now joins the Gazebo, Cove, and Bayview rooms in the Beach Club with its own official moniker.

And what's in a name? A great deal it appears, as evidenced by research into the many meanings for the name chosen by LMC Trustees at the January board meeting. There is something for nearly everyone to be found in over twenty dictionary definitions for the word "gallery".

For the nautical among us a gallery is "a projecting balcony or structure on the quarter or stern of a vessel." For a general name that would denote its frequent use for meetings or otherwise describe the room and its function: "a long, relatively narrow room, especially one for public use."

But for the North Bay artists who were the most vocal in favor of the new name, the dictionary supports them by defining gallery by its more familiar usage as a room devoted to the exhibition of works of art. True to those words the North Bay Art Group loyally keeps an ever-changing stream of visual delights hung for our viewing pleasure throughout the year. They now have the name they long supported and well deserved.

Not satisfied that your wishes have been fulfilled? Check the dictionary for other definitions. Chances are you'll find another meaning for "gallery" which might convince you that it's a good, all-purpose, serviceable name.