

MINUTES OF THE SNOWLINE A.G.M.

2005 AGM Minutes.doc

DATE: October 15, 2005 12:00 p.m.

President, Chris Mullaney Sundlie, called the meeting to order at 12:00 p.m.

The parliamentarian, John Haley was introduced. John welcomed the members to the 36th AGM of Snowline Community Club. On behalf of the membership, John thanked the board for all the work they have done over the past year and special thanks to Chuck Soles for keeping Snowline a place that we want to come to. John encouraged the membership to take an active part in the administration of Snowline. John also thanked the registration team.

QUORUM ESTABLISHMENT: 44 members are needed to establish a quorum. As of 12:05 p.m., 72 members were present, 45 represented by proxy and 15 spoiled proxies. Registration will be open until 12:30 p.m.

ANNOUNCEMENTS: John explained the use of the colored voting cards. John addressed the issue of orderly conduct. When asked to speak, please stand, give your name and lot # and keep comments to the issues at hand. Presentation will be limited to 3 minutes. Any rebuttal to those comments will be a maximum of 3 minutes. You cannot speak a second time until all parties wishing to speak have spoken. If a member wishes to make a motion from the floor, 5 minutes will be allotted to present a motion. If the motion is seconded, 7 minutes will be allotted to present and then speaking rules will apply.

MINUTES: The minutes of the October 16, 2004 AGM were approved as presented.

INTRODUCTION OF CURRENT BOARD MEMBERS:

Chris Mullaney Sundlie introduced the current board members:

- Don Larsen – Vice President, Publications, Rules and Regulations
- Joe Crisafulli – Operations, Roads and Grounds
- Ed MacKinnon – Architectural
- Madelaine Schottko – Treasurer
- Chris Mullaney Sundlie – President
- Bev Albinet – Secretary
- Linda Ramirez – Special Projects
- Phil Racanelli – Past Social
- Carmelo Villella – Past Social

COMMITTEE REPORTS

President's Report – Chris Mullaney Sundlie

- 1) Proceeding with foreclosures on 2 properties.
- 2) Closed legal action that was against Snowline.
- 3) Clubhouse floor was completed.
- 4) Snowline is in good financial shape.
- 5) Almost at build out which leads to additional work for Chuck and his staff, the board and use of the facilities.

Architectural – Ed MacKinnon

- 1) 7 approvals and starts this year.
- 2) 10 or 12 vacant lots remain.
- 3) Dick Porter, Lot #251 asked why copies of all plans are required by Snowline. Architectural requires site plan, floor plans, elevations and proof of county permits.
- 4) Bob Ingrisano, Lots #181,153 asked if a surveyor provides the board with a copy of a lot survey. No.
- 5) Pat Westling, Lots #38,39,40 asked if the board reviews construction. The board does a general review. County conducts inspections. Specific questions should be directed to Architectural. Pat asked about a building time line. Per Rules & Regulations, expect exterior to be complete in 12 months.

Social – Report presented by Chuck Bucklar and Pat Eelnurme

- 1) Fishing derby was a great success with 40 children in attendance.
- 2) Sport's Day was attended by 30 children and also a great success.

Publications – Don Larsen

- 1) There was one newsletter and the AGM package sent out this year.
- 2) Thanks to Madelaine and the board for their help in getting the AGM package out this year.
- 3) Also exploring other means of communication with the membership.

Roads & Grounds – Joe Crisafulli

- 1) Thanks to Chuck and his staff, everything looks great.
- 2) Harold Smith, Lot #306 asked for an update on the creek cleanup. Snowline is still negotiating with the State and hopefully will be resolved this year.
- 3) Chris Huber, Lot #31 asked if the large container that used to be brought in could be brought in again. The cost then was approximately \$500 for the container. Requested \$5-\$10 as a donation towards the rental fee and at the end of the time the container was there, received about \$80 and a full container. Didn't feel that it is fair to the membership to incur the cost.

- 4) John Porter, Lot #103 asked if a few members wanted to get a container could they bring it in. Yes.
- 5) William Kiss Lot #200 asked for an update on the left turn lane into Snowline. Board has received nothing for the State.
- 6) Rosemary Maulden, Lot #33 suggested that members give their guests the code to call to enter Snowline to save time at the gate.
- 7) Christie Denholm, Lot #150 asked about recycling. In the past recycling didn't work as material was mixed in the containers, it became fowl and attracted animals and insects. It became a large cleanup mess for Chuck and Joe. The board stressed to the membership to take recycling home.
- 8) Jeremy Standen, Lot #35 would like to revisit recycling next year. He would be willing to help.
- 9) Gary Sullivan, Lot #30 asked when road sweeping is done. The roads are swept once after things thaw out.
- 10) William Kiss, Lot #200 asked for an update on the petition for a cell tower. Verizon Wireless has an interest, but nothing concrete.
- 11) Larry Ocnas, Lot #165 asked for an update on the petition to subscribe for cell phone service. It was started by Mt Baker Chamber of Commerce. Waiting to hear back.

Special Projects – Linda Ramirez

- 1) The website has been set up with links to calendar of events, newsletter, etc.
- 2) Ed Murphy, Lot #141 will minutes be posted on the website. Yes, looking into making that available.
- 3) Dick Porter, Lot #251 – can information be sent by email rather than mail? Don is working on having an email on the website. The other option is providing updated contact information by leaving a message at the website. Bylaws stipulate that AGM material is sent by mail.

Motion to accept the Board reports was made by Dick Porter, Lot #251, seconded by Ray Bernier, Lot #115. All in favor.

REGISTRATION: At 12:30 pm registration was declared closed. There were 94 members present, 45 proxies and 15 spoiled proxies.

ELECTION OF NOMINEES

- 1) John explained the election of new board members.
- 2) John asked for nominations for the floor.
- 3) Alan Walker, Lot #178 motion that nominees to the board declare whether they rent out their cabins or not and if they use a rental company or not. Seconded by Rosemary Maulden, Lot #33.
- 4) Chris responded that discussions to be held later in the day have nothing to do with trying to limit rentals in anyway. If this is a concern, no board member is concerned with eliminating member's ability to rent out their cabins whether managed by a third party or not.
- 5) Joan Wissman, Lot #230 stated the board could only enforce the Rules and Regulations therefore it doesn't matter.
- 6) John Haley called for a vote. In favour – 61 Against – 78. Motion defeated.
- 7) John called for nominations from the floor for a second time.
- 8) John called for nominations from the floor for a third time.
- 9) Don Schumaker, Lot #257 nominated Steve Sarich, Lot #180. Sarich accepted the nomination.
- 10) No further nominations, John declared nominations were closed. John asked the membership to add Sarich, Lot #180 to the ballot and to vote.

Treasurer's Report – Madelaine Schottko

2005 Actual vs. Budget

- 1) Projected cash balance of approximately \$230,246 at the end of 2005 compared to a budget of \$233,000.
- 2) Revenues are down slightly due to a decrease in the rental fees collected. This has been offset by an increase in interest income as a result of investment strategy.
- 3) Operating expenses in 2005 have followed what was budgeted.
- 4) Administration costs have been reduced this year but this savings has been eaten up by an increase in utilities.
- 5) Forecast for major repairs to the clubhouse floor was understated by approximately \$5,000.

2006 Budget

- 1) Recommending a modest increase in dues of about 2.6% for 2006 (\$545 to \$559). This is a substantial increase over last year's assessment due to the fact that membership fees were set below the CPI index (1% increase instead of 3.5%).
- 2) Overall operating expenses are planned at about 2.6% over the 2005 actual costs.
- 3) Utilities have been budgeted to increase by 11% due to the uncertain fluctuation in this market.
- 4) Repairs and maintenance have also been increased due to the fuel price increases.
- 5) In the process of foreclosure proceedings, but have not allocated additions to legal expenses. Planning on expending \$10,000 in legal costs next year related to lien foreclosure activities. Intention is that we will only incur these costs when certain of recovery at the completion of the foreclosure process.
- 6) Major capital expense this year is for the replacement of the clubhouse roof.
- 7) Also included in the capital forecast is to refurbish the exterior of the lodge facility.
- 8) Cliff McKinney, Lot #192 – going back to 1992, dues have not increased higher than CPI.

Motion to accept the Treasurer's report for 2005 and operating and capital budget for 2006 made by Mark Sundlie, Lot #81, seconded by Ton Doughty, Lot #32. All in favor.

OLD BUSINESS

No further old business for discussion.

NEW BUSINESS

- 1) Chris asked the membership how they feel about having the attorney representing the Sarich's during discussions regarding the Sarich B&B.
- 2) Joan Wissman, Lot #230 stated that this is a discussion between the membership and the board. Other members do not have their legal council present. Doesn't understand why we need legal people here.
- 3) Rod Andrew, Lot #308 moved that S. Alexander be allowed to stay and represent the members that he holds proxies for. Seconded by Karen Nychay, Lot #246.
- 4) Mark Sundlie, Lot #81 called point of issue. Moved to amend that S. Alexander cannot represent Sarich's and unable to speak, defend or present case for Sarich. Seconded by John Carpenter, Lot #169.
- 5) Dick Porter, Lot #251 – S. Alexander is wearing 2 hats. He is here representing his client and on the other hand he represents 12 members. In my judgment, he should not be here.
- 6) John Porter, Lot #103 – S. Alexander holds proxies to vote on owner's behalf. Has the proxy and per the bylaws, can exercise that vote.
- 7) Mark Sundlie, Lot #81 – there is a distinction between voting and presenting or speaking.
- 8) Chris stated as per the bylaws, anyone can vote with a proxy. The bylaws don't state that proxy holders can speak on behalf of the member they represent, nor does it say that they can't.
- 9) John called for a vote on the amendment. For – 71 Against – 68. Amendment to motion passes.
- 10) John called for a vote on the motion. For – 103 Against – 36. Motion passes.
- 11) Chris presented the issue regarding the Sarich Bed & Breakfast. Chris said that it is up to the membership to decide this issue. There was a B&B in the past that doesn't exist today as the cabin has been sold. Prior boards did not enforce the bylaws or rules and regulations. Based on recent Washington State case law over the past few years, judgment has ruled against Associations that have not enforced their bylaws historically such that if a specific bylaw has not been enforced, the bylaw becomes unenforceable and null to the Association. Chances of winning if Snowline took this issue to court is very small with court costs of upwards of \$10,000. The board is asking the membership to vote today to permit the Sarich's to continue to operate their B&B as a single non-confirming use that can exist only as long as it runs continuously under the same ownership. This will allow the Sarich's to continue to run their B&B until such time as they sell their cabin. At this point the membership can decide if B&B's are wanted or not wanted in Snowline. This would reinstate the bylaws around the operation of a commercial business in Snowline going forward. The membership can also vote to permit the operation of B&B's in Snowline as commercial businesses and can try to limit other commercial businesses that are not B&B's from operating in Snowline. This will require changes to the bylaws. The major issues to be addressed are:
 1. Operating each sleeping unit of the B&B as a rental property and in compliance with Section 2: Rental Properties of current and future versions of the Snowline Rules and Regulations.
 2. Obtaining a commercial liability insurance policy for the B&B, which provides liability protection for all perils including personal injury and property damage, naming Snowline Community Club, Inc. as an additional insured under the policy.
 3. Indemnifying Snowline Community Club, Inc. and its members against any claims for all damages, costs. Losses and expenses (including reasonable attorney's fees) arising from any B&B renters' usage of facilities, violation of Snowline Rules and Regulations, or any other cause.
 4. Releasing Snowline Community Club, Inc. and its members from any and all liability for any economic (i.e., damages for loss profits or revenue, business interruption), consequential, special, incidental, indirect, or punitive damages that either you or any B&B renters incur as a result of the presence and operation of the B&B in the Snowline Community.
 5. Prohibiting members who rent, lease, give or otherwise permit occupancy of their property by other, in whole or in part, and their agents (if any), from advertising or otherwise promoting the Snowline facilities or usage of the facilities in any manner (e.g., on websites, in newspapers, flyers, or other materials).These are recommendations based on discussions with legal council and insurance companies.
- 12) Dick Porter, Lot #251 – is there a process by which someone who wants to operate a commercial business receives permission from the Association? Could this be incorporated into the bylaws?
- 13) Jarka Jarolim, Lot #214 is in support of B&B's opposed to rentals. The owner is present at a B&B.
- 14) Joan Wissman, Lot #230 – not concerned with setting up a B&B, but concerned if someone sets up a furniture shop or gift shop. It is the commercial aspect of this issue that is of concern rather than a B&B or rental.
- 15) Steve Sarich, Lot #180 – stated that a B&B of their size is not considered a commercial entity by the County. It is considered a home occupation.
- 16) Jeremy Standen, Lot #35 – what harm is a B&B, i.e. what is the liability to the Snowline Community of a bunkhouse versus a B&B?
- 17) Cathy Winjum, Lot #262 asked for clarification on the issues. Also asked the Sarich's why they didn't agree to the temporary agreement offered by the board. Sarich stated they didn't agree to 2 or 3 conditions outlined in the agreement – ie can't use the facilities. Chris responded that the Board never asked the Sarich's to agree not to allow their renters to use the facilities.
- 18) Ed Murphy, Lot #141 felt that everyone had their heels dug in when they walked into the room but now there may be some wiggle room. Chris replied that the board is not against or for a B&B. Whether the Sarich's signed the agreement or not, this issue would still be in front of the membership requiring the subject to be discussed and a vote taken as per our bylaws.
- 19) Pat Westling, Lot #39 asked if the liability being asked for applies to rental too. Also asked if the current B&B has broken other rules & regulations. It has, violation of parking rules, use of Snowline property without permission.
- 20) Karen Nychay, Lot #246 feels that liability is the biggest issue. An owner or owner's guest injured on Snowline property would fall under Snowline. But a guest of the B&B – requesting something different. Chris responded that yes, the reason being is the Sarich's have a commercial business license and therefore that changes Snowline insurance status of what we are protected for. Snowline would not be protected in the same way that we are protected even with renters.
- 21) Lance Harwell, Lot #151 – is Snowline's exposure greater with a B&B or not. Chris can't answer the question of greater or not, but can answer that the Insurance agency has told the board that we are not protected in a way under our current policies nor could

- we be protected under our current policies against anything that should happen relating to commercial businesses including B&B's in Snowline.
- 22) Steve Sarich, Lot #180 would like to stress that they are not considered a commercial entity. They have B&B insurance. They are considered a home occupation in their insurance policy.
 - 23) Todd Schuh, Lot #70 what is considered a commercial business? He is a contractor who lives in Snowline full time and uses his Snowline address for his contractor address.
 - 24) Ana Wagner, Lot #116 – the board's job is to protect our investment. The board would like to protect our investment based on recommendations received from the Snowline lawyer and insurance agent.
 - 25) John Porter, Lot #103 – in answer to what is considered a commercial business operating from the home – refer to IRS rules.
 - 26) Sarah Casey, Lot #133 – concerned about the insurance issue. If we agree to accept the B&B issue as presented and our insurance premiums go up, who is going to pay for it?
 - 27) Mark Sundlie, Lot #81 there is the issue of advertising property that doesn't belong to the B&B.
 - 28) Kathy Scheideman, Lot #126 has the board received legal advice if we agree to the Sarich B&B what if other B&B's start up? Chris replied that after receiving legal advice, we believe that in a court situation with another owner who wishes to open a B&B, if we showed a recent owner vote, that after making past mistakes, we will accept the Sarich B&B, but we do not want B&B's in our community, it should stand up in court.
 - 29) Don Larsen, Lots #135, 136 speaking as an owner, there appears to be more interest in the insurance issue. Proposed that Snowline look into a rider on our policy and charge back the cost as an extra fee.
 - 30) Ray Bernier, Lot #115 – our bylaws state no commercial businesses. If we allow this B&B, we will open a Pandora's box.
 - 31) Chris received information that Mt Baker Lodging has taken steps to require owners that rent to get commercial liability insurance and also has taken action to indemnify Snowline.
 - 32) Motion made by Rosemary Maulden, Lot #33, seconded by Tamara DeWilde, Lot #331 to permit a variance to require Sarich, Lot #180 to:
 1. Operate each sleeping unit of the B&B as a rental property and in compliance with Section 2: Rental Properties of current and future versions of the Snowline Rules and Regulations.
 2. Obtain a commercial liability insurance policy for the B&B, which provides liability protection for all perils including personal injury and property damage, naming Snowline Community Club, Inc. as an additional insured under the policy.
 3. Indemnify Snowline Community Club, Inc. and its members against any claims for all damages, costs. Losses and expenses (including reasonable attorney's fees) arising from any B&B renters' usage of facilities, violation of Snowline Rules and Regulations, or any other cause.
 4. Release Snowline Community Club, Inc. and its members from any and all liability for any economic (i.e., damages for loss profits or revenue, business interruption), consequential, special, incidental, indirect, or punitive damages that either you or any B&B renters incur as a result of the presence and operation of the B&B in the Snowline Community.
 - 33) Lance Harwell, Lot #151 asked for clarification of indemnification.
 - 34) Ron Kessler, Lot #60 is in favor of the liability insurance issue being resolved.
 - 35) Rosemary Maulden, Lot #33 asked if the Sarich's are present when operating their B&B. The assumption is yes.
 - 36) Mark Sundlie, Lot #81 – learned today that Mt Baker Lodging has a clause in their policy that indemnifies Snowline. Recommends that we add this requirement to the bylaws first.
 - 37) Dick Porter, Lot #251 stated that his insurance policy doesn't list Snowline, as an additional insured not indemnifies Snowline. If I vote for this motion, will all owners who rent have to do the same thing? Assumption is in time, yes.
 - 38) Ray Bernier, Lot #115 suggested putting a time limit on implementation if the motion passes.
 - 39) Vote was called by secret ballot. For – 116 Against – 8. Motion passes.
 - 40) Don Larsen, Lot #135 clarification that vote does not allow any other business operation within Snowline –yes that's true.
 - 41) Jeremy Standen, Lot #35 motion to have the Board present recommendations on commercial businesses to the membership. Seconded by John Porter, Lot #103.
 - 42) William Kiss, Lot #200 if the motion passes, will the membership vote on the board recommendations in 2006? Yes.
 - 43) Ray Bernier, Lot #115 the existing bylaws and rules & regulations state no businesses.
 - 44) Vote was called. For – 122 Against – 2. Motion passes.
 - 45) Greg Baker, Lot #228 feels the exercise is wasting the board's time. Snowline is a recreational community – business has no place in Snowline.
 - 46) Mark Sundlie, Lot #81, motion to amend the bylaws to include rentals as per items 1 – 4 of the President's message of October 2005 and as it pertains to the passed motion re Sarich's B&B. Motion by Dave Porter, Lot #251 to table this motion until the board has the opportunity to review and present their recommendations to the membership. Seconded by John Goodland, Lot #161.
 - 47) Vote was call. For – 117. Against – Nil. Motion passes.

ELECTION RESULTS

Jeremy Standen	109 votes – elected	Joe Crisafulli	121 votes – elected
Chuck Bucklar	105 votes – elected	Bev Albinet	97 votes – elected
Patrick Eelnurme	119 votes – elected	Madelaine Schottko	121 votes – elected
Ed MacKinnon	127 votes – elected	Steve Sarich	55 votes – defeated

At 3:40pm John Porter moved to adjourn the AGM.

President

Secretary