

MINUTES OF THE
MT. BAKER RIM COMMUNITY CLUB
ANNUAL GENERAL MEETING
JUNE 21, 2014

The Annual General Meeting of the community club was called to order at 1:00 p.m., June 21, 2014. Meeting proceedings are reported under the agenda items, as below, which agenda was published and distributed prior to the meeting.

1. Adoption of meeting order of business

The Secretary recorded there were 39 members present holding 13 proxies for a total of 52 present for voting. The 2/3rd vote required to pass would be a count of 35 votes. These attendance figures were sufficient to constitute a quorum for the meeting; that being 10% of the 364 members eligible to vote at this AGM. The necessary vote for a majority would be 27. The President outlined procedures to be followed in conducting the meeting including issues brought to the floor, and voting procedures. The membership reviewed the agenda and moved item **#8. Nomination & Election for Board of Directors** to occur after item **#5. Consideration of suggested Bylaw changes**. The membership also agreed to hear a presentation on the compactor from James Long of Solid Waste during item #4. Audit Report – Larson Gross. Al Campbell made a motion to accept the proposed order of business; the motion was seconded by Klaus Klein and approved by a majority of the voting assembly with a raised hand vote.

2. Introduction of the 2014 Board of Directors

The Board of Directors was introduced as consisting of Roy Graham, President/Member Relations Director; Troy Cooper, Vice President/Violations Director; Susanne Savery, Treasurer; Swan Bender, Secretary; Bob Jamesson, Grounds & Maintenance Director; David Hill, Property Standards Director; Brittany Sundwall, Director-at-Large.; The President announced that Debbie Whitcomb, CPA is our accountant; Philip Serka of Adelstein, Sharpe & Serka is our legal counsel; and Rod Starkenburg of Snapper Shuler Kenner agency is our insurance agent.

The President introduced the following employees: Laura Price, part-time Administrative Assistant; Amanda Stevens, part-time bookkeeper; Allison Reimer, full-time caretaker; Ken Sather, assistant caretaker; Tucker Parrish, relief part-time caretaker. He also wanted to thank the hard work of the Social Committee, Mary Van Dyken and Sandie McKinney.

3. Approval of minutes of 2013 Annual General Meeting

The minutes of the 2013 Annual General Meeting were reviewed. A spirited discussion was had regarding the proposed amendment. Al Campbell moved to approve the minutes as revised, Richard Russell seconded. The motion approving the 2013 minutes was passed by the membership with a majority show of hands.

**4. Audit Report – Larson Gross
Presentation by James Long of Solid Waste**

James Long presented information about the compactor the MBR board members were proposing to replace the community dumpster. The membership reviewed the proposed cost savings of the use of the compactor and the proposed pay back would occur after four (4) years. The recommended compactor for MBR is a twenty (20) yard compactor which has an eighty (80) yard equivalency to a dumpsters. A key card system could be adapted for its use and a timing system could also be utilized so noise can be regulated. The cameras will be used for monitoring if garbage is left outside of it. Some members spoke of experience with the compactors in their condos and how badly they smelled. This compactor offers the ability to have an odor control unit attached after its installation if MBR finds this is needed. The MBR board was asked what role the membership has in making this decision. The MBR board looks for input from the membership on this type of purchase as per our bylaws.

Presentation and review of the MBR 2013 audit by Daniel Obblink of Larson Gross

Daniel Obblink reviewed the difference between an annual review which is the procedure MBR has had performed for many years and an audit which was performed on the 2013 financial data by Larson Gross. The audit asks more questions and reviews accounts not always inspected in a review. Mr. Obblink explained the balance sheet as a snapshot in time of the finances of MBR. He reviewed the audit findings which were presented to the membership in the AGM packet mailed before the meeting. He talked about the financial reserves.

4a. Questions & discussion of Audit Report

The membership was curious about the timeline and structure of the capital budget schedule. Mr. Obblink pointed out the Capital schedule created in 1990 was not audited. Mr. Obblink was asked what a reasonable reserve percentage was for an organization like MBR. The best answer to this question is what is reasonable based on the organization's timeline for use of the capital.

5. Consideration of Bylaw changes

Article III. MEMBERSHIP. The proposed Bylaw amendment was presented allowing membership in MBR to be defined for each residential lot owned thus giving a member one vote per lot owned. The rationale is the current board members believe the intent of the existing Bylaw was to curtail developers and other personal interest groups from purchasing multiple lots and influencing policies by pooling votes. It is felt this is no longer a possibility and that a member should receive a vote per lot owned.

The membership discussed this Bylaw change; asking what is the largest amount of lots owned by one individual at this time? The answer is twelve (12) lots are owned by one individual who has owned them for over twenty (20) years. A member suggested this connected money to votes for MBR. Another member understands the logic but pointed out we could each only vote for the governor once no matter how much land we owned in WA State. One other member noted other HOA have this type of membership/voting. A member made a strong argument against this proposed Bylaw amendment noting MBR is based on membership; the current Bylaw has worked well for many years without any repercussions and changing it in this manner could set an unforeseen precedent for the future.

The vote was called and the majority count indicated the vote against this proposed Bylaw amendment. FAILED

Article VI. DIRECTORS. Section 4. The proposed Bylaw amendment was presented adding the clause; "Each member of the Board of Directors shall possess one (1) in matters coming before the MBR Board; ...in person and voting by proxy shall not be allowed." There was no discussion. The vote was called and the majority count indicated the vote for this proposed Bylaw amendment. PASSED

Article VII. OFFICERS. The proposed Bylaw amendment was presented indicating the current Bylaw does not allow the position of President to hold any other position while in practice this is often necessary and required since the Board members are forced to double up on positions.

The discussion included a strong opinion that the President's role was important enough to MBR that the person holding it should not be required to take another position. In the past the President has had to take on the role of interim director until another member has been found to fill the position. The vote was called.

The count for this proposed Bylaw amendment was 23; the count against this proposed Bylaw amendment was 22. The 2/3 vote to pass a proposed Bylaw amendment for this meeting was 35. FAILED

Article VI. DIRECTORS. The proposed Bylaw amendment was presented to the membership for review and discussion. It was noted this same proposed Bylaw amendment was brought before the membership at the 2009 AGM and failed. A spirited discussion was had regarding the proposed amendment. A board member stated anything a board member votes on, for example, a capital expenditure, the board members have a vested interest in and this proposed Bylaw amendment seems to tie the hands of the workings of the MBR Board of Directors. The member who proposed the Bylaw amendment pointed out it only refers to any issue or motion that is not common to all members in which the board director has a direct financial or pecuniary interest. One other board member felt it can be hard to define what is 'not common to all members' when the MBR board members are presented with all the diverse issues we encounter throughout the year. Another board member added the rationale does not include the whole sentence in Robert's Rules of Order which ends with "...but even then he or she cannot be compelled to refrain from voting." If this proposed Bylaw amendment was approved the act of recusing him or herself from a vote by a board member would alter the actual quorum for the vote at a board meeting. The vote was called. The count for this proposed Bylaw amendment was five (5); the count against this proposed Bylaw amendment was forty (40). FAILED

8. **Nomination & Election for Board of Directors**

The floor was opened for the nominations to the 2014 Board of Directors. Al Campbell nominated Phil Hobman to the open position of Legal and Insurance Director. The MBR Board of Director positions open are: Property Standards (2014 – 2017), Member Relations (2014 – 2017), Legal and Insurance (2014 – 2017).

The members running for the open direction positions introduced themselves to the membership. David Hill, Property Standards Director; Roy Graham, Member Relations Director; Phil Hobman, Legal and Insurance Director. Al Campbell moved to accept the nominees; Swan Bender seconded the motion.

The membership discussed the election for Board of Directors. One member was curious about Roy's election to the position of Member Relations and whether he would continue as President. There would be no President as a result of the proposed Bylaw amendment failing. Another member thanked the current board for their ethical and excellent work. One member asked about MBR using a property management firm, if this had ever been pursued. The pricing would be very expensive and have to be passed on to the membership in the annual dues. The Board of Directors does not always retain an influence in the daily operations when a property management firm steps in and takes over.

The vote was called and the majority count approved the election of the nominees to the MBR Board of Directors.

6 **Standing committee & Directors' reports**

These 2014 AGM minutes provide a summary of the Director verbal reports at the meeting. More detailed Directors' reports may be on file in the MBR office.

Treasurer. The Treasurer introduced herself and gave her education and work history as an accountant with an MBA. The Treasurer provided a written report which is on file in the office with these minutes.

The report covers year end 12/31/2013 and up to May 31, 2014. The cash on hand at the end of 2013 increased by \$20,553 over 2012. \$10,286 of the improvement was related to decreased accounts receivable and the balance to an increase in accrued liabilities and prepaid dues.

-The major capital expenditures in 2013 include: the clubhouse windows, a deposit for the pool electrical panel replaced in January 2014; the gatehouse apartment bathroom remodel; a deposit on the deck replacement for the gatehouse apartment completed January 2014.

-The main driver of the increased expenses of \$16,027 in 2013 over 2012 is \$18,678 increased wages as a result of hiring an additional part-time relief caretaker, slightly offset by spending in other areas.

-As a result of the audit in 2013, the board members made the decision to write-down the \$58,576 of lot and open space costs related to property either washed away by the creek flooding or undevelopable wet lands.

-As of May 31, 2014 expenses are tracking slightly above the planned budget. This is related for the most part to road paving done earlier rather than later in the year. At this time the board members do not foresee any large unanticipated operating expenditures and anticipates being on plan by year-end.

-The slight increase in accounts receivable over last year is related to a \$1,190 unpaid fine.

-The acceptance of credit cards (Visa, MasterCard and Discover) for payments of dues and other sundry charges effective July 1, 2013 has proved to be convenient to members at a cost of \$956 year-to-date.

-Capital improvements budgeted for 2014 include: \$11,935 to upgrade electrical panel for the swimming pool to meet code and insurance requirements; \$20,757 to complete the balance of the gatehouse apartment improvements; \$3,000 to replace the sauna heating element. As of May 31, 2014 all planned capital improvements have been completed with the exception of the sauna.

-The board members made a decision to upgrade the existing trash area and install a trash compactor. The compactor is estimated to have a pay back of less than four (4) years as a result of garbage hauling savings and will reduce the costs over an estimated fifteen (15) to twenty (20) year life of between \$65,000 and \$100,000 net of the additional cost of upgrading the enclosure estimated at approximately \$20,000. Upgrading the trash will allow us to meet the upcoming County ordinance restricting open garbage; reduce the smell and unsightliness of the trash area; and mitigate animal control issues related to open trash.

-The board members are proposing that starting in 2015; we ratify the current year annual budget as per our normal practice and present a draft of the next year's budget to the membership. The board members feel this will be informative to the membership and will also provide an explanation for any dues increase. The board members do expect to increase dues in 2015 by 5% to \$625 as a result of the flowing capital expenditures identified as being critical:

1995 Work Truck Replacement – estimated at \$50,000

Pool Fence – estimated at \$10,000 to \$15,000 including new lights, the current fence does not meet code

Clubhouse Windows – estimated at \$10,000 to \$20,000, the mezzanine windows are all blown and need replacing

The dues increase allows the membership to continue to meet annual operating costs while funding the reserve to an amount prudent should a major, unplanned capital cost surface.

Violations Director. The Director explained to the membership the MBR Board of Directors do not budget for fines nor look for generating money through fining. In fact the board members view fines for violations as a last-ditch effort to communicate, educate and inhibit poor or undesirable behavior. The Director is very thankful for our fine employees and the role they play in communicating, educating and working with our membership.

The previous year saw similar violations as previous years: accidental or intentional gate breaks, improper dumping; dogs running off-leash; noise violations; illegal tree removals; improper or no rental form registration. The board members reviewed twelve (12) appeals.

The Director reiterated every member is responsible for their tenants, guests and family members knowing the MBR rules and the member is, ultimately, responsible for any violation and fine.

Grounds & Maintenance. The Grounds & Maintenance Director reported his goal as Director on the MBR board has always been to keep costs to members down but leave the grounds & maintenance in better condition each year. His efforts have been to upgrade when cost effective and reasonable. He wanted to thank the hard work and dedication of the MBR grounds employees, Allison Reimer, Kenny Sather, and Tucker Parrish.

He reported the major projects since last year have been:

-A number of dangerous trees were removed, including ones close to the playground.

-Repairs and remodeling of the Caretaker's residence and gatehouse included the removal of five layers of old flooring unearthing a layer of newspapers from 1970 and replacing with tile; removal and replacement of rotten deck; 1970 paneling removed from living room, insulation and drywall installed; the replacement of two sliding doors with one door and two windows cutting down the headlights from the front gate shining into the residence's living room; the carpet replaced with laminate.

-Pool room power panels replaced. The old panels were corroded and located in the pool chemical room. MBR now has modern distribution panels.

-1994 Dodge repaired instead of shopping for a replacement.

-Sauna repaired, wood sanded, painted trim and researching a heater element that won't fail from people pouring water on it.

-Per a member's research we added one more cardboard dumpster and took away three of the paper recycling blue bins to make room.

-Hired a relief part-time caretaker. MBR used to have three grounds and maintenance staff and without the third one, maintenance issues were piling up or simply not getting done.

-Proposal: TO REMOVE THE ROCK AT THE FRONT GATE

This would allow for a wider gate access for those frequent times when we have car jams at the gate.

Legal and Insurance Director. This position is currently open but all legal and insurance issues are being monitored and handled by other board members.

Property Standards Director. The Director reported the past year as a busy and exciting one for MBR. With the upturn in the general economic activity in the past two years, MBR has seen more construction and project activity.

The Director believes the focus of property standards is maintaining the general look and feel of the natural environment of MBR; preserving and increasing the value of the MBR community as a whole; providing guidelines for the development & maintenance of property within MBR.

-Moving forward, Property Standards will work on improving the following items, which are all focused on making the Standards easier to understand and follow:

-Rationalize the guidelines around noise as a disturbance; what is acceptable and unacceptable and what times to limit

-Further clarification in the Minimum Property Standards documentation around lot development and maintenance in order to make them easier to understand and follow

-Further enhancements to be made to the Construction Guidelines/Checklist

Member Relations. The Director described his position as one to reach out to new members to answer questions as to the rules, procedures and issues of MBR and to answer questions for any member when problems occur. His position is one to educate the membership when new rules are instituted or old rules are changed. The Member Relations Director is the link between the Social Committee and the board. He wants to thank Mary Van Dyken and her family for all the time she spent organizing social events this past year and Sandie McKinney for her consistent support of MBR, our community and our social events. The Director made note of some of the areas of interest members have spoken to him about over the past year: the dog park; the gatehouse construction; credit cards; WeSnip Organization; front gate; dumpster and recycling. Our dumpster is an attraction to feral cats, raccoons and other critters. The Director contacted the WeSnip program who came to MBR; picked up the feral cats; neutered them and returned them.

Director-at-Large. The Director did not have a report.

(The meeting adjourned for a fifteen minute break at this point.)

7. Questions & discussion of Directors' reports

Treasurer: Sandie McKinney asked if replacing or upgrading the clubhouse dance floors were on the budget. This was not an item presented in the budget making process.

Mark Flexer asked if MBR was going to increase the rental fee to offset costs. The MBR board members are looking at raising the rental fee but it isn't a revenue MBR counts on.

Grounds & Maintenance: Carrie Flexer asked if the back gate could be hooked up to a key pad and utilized. This would require an extensive amount of wiring and technology and is not an expense MBR has budgeted.

Richard Russell asked what the projected costs to upgrade the front gate were. The Director explained the various aspects, licensing, permits and costs of the front gate upgrade.

Laurie Russell donated a rug for the clubhouse.

Paul Freitag asked if there was any chance of getting the Department of Transportation to add a turn-in lane to Mt. Baker Rim. The Director said "We can always ask."

Phil Hobman made a motion to move to the next agenda item; Swan Bender seconded the motion. The voting assembly passed the motion with a majority vote by a raise of hands.

6a. Ratification of Operating and Capital Budgets.

The Treasurer presented the 2014 Operating and Capital Budgets as presented in the AGM packet to the membership for ratification. Phil Hobman moved to ratify the 2014 Operating and Capital budgets; Paul Freitag seconded the motion. The voting assembly approved the ratification of the 2014 Operating and Capital budgets with a majority vote of hands.

9. Waiver of Audit. The President reviewed the recommendation from the Treasurer that the audit of MBR be waived for 2014. Swan Bender moved to waive the audit for 2014; Phil Hobman seconded the motion. The voting assembly approved the waiver of the audit for 2014 with a majority vote of hands.

10. Unfinished business. The President called for identification of any items of unfinished business. Phil Hobman thanked the board members for all their work and dedication.

11. Open Forum/New Business. The President called for identification of any items of new business

12. Adjournment. The annual general meeting was adjourned at 4:00 p.m.

Signed this __ day of _____, 2015 by:

Phil Hobman, President
MBRCC Board of Directors

Swan Bender, Secretary
MBRCC Board of Directors