

DRAFT

May 5, 2016

Dear [WBCCI Trustee],

The Sierra Nevada Unit respectfully request that Mr. Smithson's proposed motion to vacate the SNU charter be set aside and that, if the matter is to be pursued, the processes, procedures, and requirements described in Article XI of the WBCCI Constitution be followed. In particular, *sec.4 ... "All rules, regulations and qualifications for a Unit Charter shall be fixed and determined by the Board of Trustees"* should be the basis for any request or requirement of the SNU and any deficiencies or delinquencies that appear to exist be discussed and supported in the manner similar to the example provided by the supporting documents the SNU provided with its bylaws and in the good faith of prudent persons with a common interest of what is best for the WBCCI.

Mr. Smithson does raise a valid concern in his motion regarding the tax exempt status but his focus on supervision is misplaced and missing the proper scope. See IRS Publication 557 page 9. The IRS concern is about congruence of purposes and activities between the WBCCI and its subordinate units. The SNU noted this issue and its bylaws were revised, in part, to provide a suggestion to WBCCI to improve its regulatory compliance and facilitate the management and supervision of that compliance. However, rather than work in partnership with the SNU on a common problem, the WBCCI, as illustrated in Mr. Smithson's proposed motion, has undertaken a confrontational and threatening approach. This is, in the view of the Sierra Nevada Unit, not beneficial to the WBCCI in any way.

Sincerely

SNU Executive committee