

MINUTES

Rimfire Lodge Condominium Association Annual Meeting of the Members April 28, 2007

The meeting was called to order at 4:00 P.M. Bob Elwood, Director of Association Management, thanked those owners who were present, acknowledged those who had sent in proxies, and recognized those participating by teleconference. A quorum was established.

BOARD ELECTION

Bob explained that Board member and candidate, David Walters, had just sold his unit and had withdrawn his candidacy, leaving Ali Carr-Chellman as the only candidate for the two available positions. Bob thanked David for his several years of service on the Board, and asked those present if there were any other volunteers. There being none, Bob explained that the other Board members would try to fill the vacant position by appointment. A motion carried to close the nominations and by acclamation Ali Carr-Chellman was re-elected to the Board.

RATIFICATION of the 2007/2008 BUDGET

The second order of business was to ratify the budget already approved by the Board. Bob first gave the updated financial highlights through March 31, 2007.

Revenues exceed the year-to-date budget by \$ 26,000, due mainly to parking revenues, by \$20,000, and investment income, by \$5,500.

Expenses are below budget by \$43,000, including garage repairs & maintenance by \$6,000 (prior to sealing and re-striping), water & sewer by \$16,000, due to sewer rate increases not going into effect, and insurance by \$7,000, also a real savings.

Expenses over budget include propane by \$13,000, parking lot expense by \$3,700, and federal income tax by \$13,500, due mostly to the parking revenues.

Overall, net income exceeds budget by \$70,000.

From the balance sheet, Bob summarized how the available funds are invested:

- Sweep Account at \$90,000
- Vanguard Prime Money Market at \$116,000
- Vanguard Total Bond Market at \$163,000
- Vanguard 500 Index Fund at \$265,000

He explained that these consist of both reserve and surplus operating funds.

The General Operating Reserve stands at \$121,000. This reserve was initially funded by original purchasers paying at closing 25% of the then-current annual assessment. The Maintenance Reserve stands at \$509,000.

Bob happily shared that the assessments receivable are very well managed by the accounting staff and are exceptionally low.

Bob stated that one of the highlights to the proposed budget is that the residential assessment rates are flat to slightly lower than last year. Commercial unit rates are up 4% overall.

Bob explained that the presentation of the Maintenance Reserves in the budget had been made clearer, and that the budget calls for a net zero after funding operations and the reserve. Additionally, the amount to be set aside in the maintenance reserve was increased from \$61,665 to \$70,000 to better reflect the recommendations of the reserve study. The Board had earlier decided that interest earned in each reserve account, after taxes, will roll over into those accounts to help guard against inflation.

Bob explained two new line items in the budget. One is for a new Preventive Maintenance Program based on detailed studies of the systems of the building, which has proven highly effective in discovering and preventing primarily technical problems for buildings. The other is for a Safety Services contract to take care of regular inspections and maintenance of fire alarms and emergency lighting, as well as safety inspections of the building by OSHA-qualified staff, and with professional assistance with insurance claims and lawsuits on an as-needed basis.

Bob summarized an investment report prepared by David Walters. It showed annualized returns for the three non-sweep account investments (sweep account currently at 4.25% interest) for the last one year, three years and five years respectively:

Vanguard Prime Money Market Fund: 5.11%; 3.36%; 2.46%
Vanguard Total Bond Market Index Adm.: 6.65%; 3.29%; 4.98%
Vanguard 500 Index Fund Adm.: 11.77%; 10.01%; 6.23%

RENTAL PROGRAM 2006-2007

Ron Cadrette, Snowshoe's Vice President of Lodging, summarized last year's performance.

For the 4-month period December thru March, Snowshoe Mountain experienced approximately 13,000 fewer room nights than the same period prior year. This represented roughly an 11% decline in rental nights from prior year. The months of January and March accounted for the significant variances.

Poor weather conditions were responsible for the lower than expected room night activity. However, due to successfully aggressive room rate strategies, the resort and most complexes saw flat or slightly higher gross revenues.

The Rimfire-Highland House 2006-07 rental story parallels the Snowshoe Mountain experience. That is to say, overall rental nights were down, however, gross revenues per unit were either slightly up or flat. The performance of individual units will vary based on owner usage, rating, and attributes.

Rimfire and Highland House were grouped together because they were treated as the same multi-property code during the 06-07 seasons. Beginning April 1, 2007, Rimfire and Highland House have been separated and will be tracked independently.

Group activity is very strong this summer, due in part to the Expo, one of only three facilities in West Virginia that can seat more than 250 persons. In May, the Rotary group will be back generating up to 500 room nights and in June, the Grand National Cross Country motorcycle event will be here. This event is expected to attract 2,500 people. Groups are on the books through mid-September and into October as well.

The resort recently announced the addition of 2 new ski trails as part of a joint effort with the developers of Sawmill Village. The one advanced and one intermediate new slope will be adjacent to the new Soaring Eagle Express lift.

The annual deep cleaning program is in process and a letter will be sent to owners stating that housekeeping and maintenance rates will be increased by about 5% in order to help offset increases in the cost of linen and other housekeeping supplies.

FACILITY UPDATE

Kevin Wingfield, Property Manager, gave an update on a host of interior and exterior projects both completed and in progress, noting that a major improvement has recently been accomplished in the garage with power washing, sealing and re-stripping the floor and dusting the overhead pipes. Many had also complimented the newly refinished lobby floors. Significant exterior weatherproofing and roofing and siding repairs will be undertaken this summer.

Bob explained that Time Warner has taken over Adelphia Cable and they are dedicated to upgrading all of the infrastructure to improve reception. Ron and Bob will meet with the Regional General Manager next week to discuss everything in detail. He further explained that digitized systems will be offered on an individual optional basis.

OLD BUSINESS

Bob stated that Public Safety has been more active in watching the garage recently along with Kevin actually placing stickers on cars parked illegally in the garage. Permanent homeowner parking tags are now available and were being distributed at the meeting.

Bob shared that recently he completed an evaluation of affected parking spaces that Foxfire has encroached into and he has forwarded to Foxfire representatives parameters for them to make an offer to the Association to lease space they actually need.

NEW BUSINESS

Compliments were given on everything looking great in the building. Kevin stated that the treadmill is un-repairable and recommends removing and or replacing it. A commercial grade treadmill will cost upwards of \$6,000.00. The sauna floor will be replaced. It was commented that the hearth room could use some new décor.

ADJOURN

There being no further business, the meeting was adjourned at 6:00 P.M. Door prizes were awarded and a cocktail reception followed at the new South of the Sycamore Restaurant.