

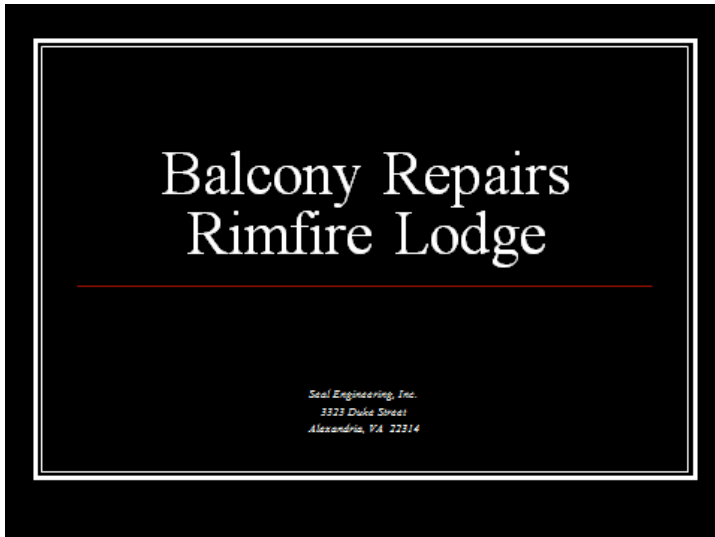
# MINUTES

## RIMFIRE LODGE ANNUAL HOMEOWNERS MEETING August 9, 2014

The meeting was called to order at 10:05 AM and a quorum was established. Board President Bob Hall, along with Board members Kevin Elvin and Amy Aubin were present in person. Property Manager, Kevin Wingfield, Financial Manager, Kandy Ramos, and Administration Assistant, Pam Turner was present. Homeowners in person were Susan Elvin, Ed and Maria Ward, Nancy and David Shifflet, and Elam Hall. On the phone were Karen Malone, Elizabeth Hoag, and Nancy Wilson, along with Junior Accountant, Tammy Roy. By proxy were Greg and Karen Malone, Tamra McAtee, Terri Justice, and Steven Cox. Seal Engineering, Inc. Project Manager, David Fyffe. The attorney representing the Rimfire HOA, Jeff Zurbuch, and Snowshoe Executive Housekeeper, Rose Brown were also present. Snowshoe President & COO, Frank DeBerry called in to give his update on the Resort Area District.

### Deck Repair Update:

Kevin then introduced Seal Engineering, Inc. Project Manager, David Fyffe to give a deck repair update. David gave the following PowerPoint presentation.



## Schedule

- Phase 1
  - Not managed well by team
  - Too many units out at one time
  - Additional damage/structural repairs encountered – we started at the location with the worst damage
  - Weather – nothing extra-ordinary – just a constant reminder of Mother Nature's impact
  - Availability of Skilled Labor
- Phase 2
  - Closely controlling number of units under construction at any one time
  - Requiring demonstration of progress before releasing additional units.

## Cost

- Initial Bids ranged from \$733k to \$1.7 million
- Original Contract Amount \$764,839
- Amendment #1 Amount \$418,169 (estimated)
- Current Projections:

Overall Project Cost Estimate 8-2-2014			
	Units	Association	Total
Phase 1	\$254,397	\$38,063	\$290,460
Phase 2	\$241,528	\$11,390	\$252,918
Phase 3	\$217,598	\$14,450	\$232,048
Phase 4	\$232,449	\$16,224	\$248,673
			\$1,024,099
		Engineering Cost	\$68,030
		Construction Contract Value	\$956,069
		Original Contract Value	\$764,839
		Estimated Contract Increase	\$191,230

## Individual Balcony Cost

- Base Costs
  - Includes portion of Engineering Cost
- Unit Priced Items Cost Elements
- Change Order Cost (rot repair, etc.) for specific unit

Unit No.	Unit Description	Base Cost	Unit Price
101	101	254,397	254,397
102	102	241,528	241,528
103	103	217,598	217,598
104	104	232,449	232,449
Engineering Cost		68,030	
Construction Contract Value		956,069	
Original Contract Value		764,839	
Estimated Contract Increase		191,230	

## Quality Assurance/Quality Control

- Periodic Site Inspections of Work in Progress and Work in Place
- Preparation of Field Reports
- Direction to Contractor on Changed Conditions
- Preparation of Change Requests
- Review of Change Pricing
- Review of Payment Applications
- Preparation of Punch List and Final Sign off
- NOTE: Installed Work is Good Quality

### **Recommendations on the Balcony Issue:**

Kevin then introduced the attorney representing the Rimfire HOA, Jeff Zurbuch, to give recommendations on the balcony issues.

Jeff, an attorney with a private law firm in Elkins, Busch, Zurbuch & Thompson, was here last year and spoke then about two issues, the assessment issue concerning the balcony repairs and a potential claim being made for repairs based on design or construction defects for the balconies. Not much has changed from his analysis of these issues. The biggest problem with pursuing litigation over this is the amount of time that has elapsed. Rimfire was completed in 1999, which is more than 10 years ago. After the meeting last year, as directed by the Executive Board, he wrote to the developer, architect and contractor to put them on notice about the repairs that were going to be undertaken so they could have the opportunity to inspect the balconies ahead of time so there would be no concern of spoliation of evidence in the event a lawsuit is pursued. No one took us up on it that he knows of. He did receive letters back from counsel for Intrawest, who was the developer, and an attorney for the contractor out of Virginia, Branch and Associates. Both emphasized, the amount of time has elapsed and asserted that any claims made would be barred by the statute of limitations, which he anticipated would be the response. He did not hear back from Omni, the architect firm, that was involved. The attorney for Branch and Associates also mentioned there was a letter back in 1998 from the architect to the developer pointing out some short comings in the design that they did not agree on and which were included as cost saving measures that Intrawest suggested; some of those related to the balconies. A copy of the 1998 letter was previously provided. That letter is potentially helpful to the case in that they are pointing fingers at each other, but it is still going to be difficult to get around the time lapse. There are different types of claims you could assert such as negligence, breach of warranty, or breach of contract, and the statute of limitations for these are different. In the state of West Virginia, there is also a statute of repose that protects architects and contractors from stale claims and that time limit is 10 years. There is no discovery rule associated with that, which means if the work truly was completed in 1999, any suit would have had to been brought before 2009, and that did not happen. The glimmer of hope that you might have is reportedly there was work done in 2005 on about 19 decks that Intrawest was involved in setting up with the original contractor, Branch and Associates. There are other limitation periods that factor in this as well, such as Breach of contract where the statutes of limitation is 10 years and a negligence claim, which may be the most viable here, is a 2-year statute. In order to file for this one, the Homeowner Association would have to assert the claim based on the discovery rule and suggest that it brought this case now because within the last two years we have discovered these defects of the building. This could be based on the Seal Engineering report from September 18, 2012 or problems noticed since then. He is not enthusiastic or optimistic of making a recovery on this case on behalf of the association, but with the underlining merits of the case if you take the timeliness out of the picture then there is potentially a strong case or a chance of all the parties coming together and working out some type of settlement. Of course, their initial response is going to

be that it is too late as stated in the letter he received. This is the biggest hurdle and he cannot make the decision for us to pursue a claim or not. Going into this could be very expensive to pursue litigation like this because it will require hiring an expert(s) to back up the design and construction defects claims that we would be making. Plus we will have attorney fees as an expense too. You have to sue them in Pocahontas Circuit Court instead of Federal Court, and you can anticipate that all parties are going to state the statutes of limitation as a defense. The main problem he sees is the timeframe. So the Executive Board needs to decide fairly soon if they are going to pursue a negligence-claim since the Seal Engineer report was dated September 18, 2012. As the statute of limitations for negligence is 2 years, it would make sense to bring any suit before the two year anniversary of that report. However, the statute of limitations may have already expired.

The Executive Board asked the homeowners for their thoughts. Some thought it would cost more in the long run to recovery a little because the entire amount would not be recoverable since some items would be deemed as maintenance. While others thought, it would be a good idea to start the litigation to see if it would get past the timeframe issue; the claim could always be dropped. The Executive Board will need to decide and let Jeff know, but would like for the homeowners to voice their opinion due to the uncertainty of pursuing a suit.

**Resort Area District Update:**

Kevin then introduced Snowshoe President & COO, Frank DeBerry by phone to give a Resort Area District update.

Frank explained they have gotten to the point of pursuing a Resort Area District with a group of representatives that will come out of the Homeowner Association Presidents and different delegates there. The idea is to be able to take better care of resort infrastructure such as roads, shuttle system, address some short falls in Public Safety, the inability to really rely on getting law enforcement on a constant basis and to handle these type of community issues in a way that is slightly different than a municipality. In a municipality you must be a resident in order to have a say in what happens, whereas in a Resort Area District it is the owners of the property regardless of residence, so it is not a political subdivision so to speak. Instead, a public corporation has a board of directors elected by the various stakeholders. What we hope to achieve is the two primary objectives, one being able to charge a resort service fee that is currently being proposed at 2% on items such as lift tickets, retail, food and beverage, and rentals. Things that guests would pay for so that this additional money would enable the resort to handle these services without increasing the cost of homeownership through mountain top assessment increases or special assessments. Frank thinks this is a win-win for all the stakeholders here at the resort. The other piece is, over time these services would be turned over to an organization that is run by the community as opposed to the current relationship that exists today where everyone pays Snowshoe and Snowshoe decides how to spend the money. The information process has gone on now for a couple of years. More than a year ago legislation was passed that would allow for a resort area district. In April, we submitted the petition to the County Commission so that Snowshoe could have a resort area district. We went through the public information period, at which time people could protest against the district and if 25% of the unique owners protested then it would kill the petition, and that did not happen. So it is in front of the County Commission and they have the authority to create this district. They have agreed to take it up on their meeting of August 19, 2014 and we should get a decision from them. We are working through some of the concerns they have such as they are worried this district would take away the hotel/motel tax from the county and we know anything that would take this away would fail. The county would always have the right to approve these things. The next piece is it has been a proposal put out there about district homeowner voting and the idea there is to break the three different homeowner areas into three districts and everybody votes for their district. This has been put out there more so from the homeowners of the West Ridge Road area and Frank's response to the County Commission is this is an issue that should be decided by the homeowners through the initial election of the board and that board can setup the by-laws to have districting or not. The third concern they have is how to properly shutter the organization if for some reason it was found by the membership that it is not acting in the best interest of the community. Some language has been put forth for them to consider using in an amendment to the petition to say that if there was a petition of 25% of owners

asking to shutter the district then it would be put to vote to the membership and if 51% of the members asked to shutter, then it would be shuttered and would no longer operate. These concerns have been addressed with the County Commission, and if it passes, then we are looking to late fall to hold elections and give people the opportunity to announce their interest and express they intention on different issues and provide forums so owners could ask questions of those candidates who would like to run, then have elections in December.

If anyone has questions or concerns about the Resort Area District, they can contact Frank directly at [FDeBerry@snowshoemountain.com](mailto:FDeBerry@snowshoemountain.com) or 304-572-5990.

**Starbucks Coupon Update:**

Kevin then introduced Snowshoe Executive Housekeeper, Rose Brown, for a Starbucks coupon update.

The numbers pulled from this past winter showed there were 8,042 total room nights with 662 Starbucks coupons issued, so an average of 8% were used. This program has saved owners a total of \$13,240 since it was started.

The Executive Board requested the Starbucks Information Card be placed on the inside of the doorknob instead of others areas in the room. Rose stated she would relay this information to her staff.

The owners also stated they are very happy with the sheet replacement, better towels, and the larger soap.

**Board Elections:**

The first official business was to elect the new Board. For the three available positions, the candidates were the current Board members: Bob Hall, Kevin Elvin, and Amy Aubin. There were no new nominations from the floor or the phone, and the three candidates were re-elected by acclamation.

Kandy Ramos and Kevin Wingfield then presented the following PowerPoint presentation concerning the recent financials with the Board-adopted budget for the coming fiscal year and the maintenance update.

**Financial Update:** by Kandy Ramos

FINANCIAL REPORT THROUGH APRIL 2014 (preliminary year-end subject to audit)

REVENUES EXCEEDED BUDGET BY \$10,300

- Parking revenues over budget by \$4,300
- Resale fees - Collected \$1,500, under budget by \$500
- Late fees – Collected \$7,000, over budget by \$6,500

EXPENSES

TOTAL EXPENSES BELOW BUDGET BY \$33,500

Common: Below Budget by \$4,000

Due to savings on:

- \$4,200 on Alarm System Monitor & Maintenance
- \$1,000 on Hardscaping
- \$2,800 on Landscaping
- \$5,400 on Loan Interest
- \$1,400 on Snow Removal

Offset by overages on:

- \$2,300 on Building Maintenance

- \$4,000 on Insurance
- \$3,000 on Sprinkler Maintenance
- \$ 600 Meeting Expense
- \$1,000 on Legal Expense

Shared: Below Budget by \$28,600

Due to savings on:

- \$ 3,700 on Building Maintenance
- \$ 5,500 on Cleaning & Janitorial
- \$ 4,700 on Emergency Light Inspection
- \$17,000 on Major Repair & Maintenance

Offset by overages on:

- \$ 1,900 on Carpet Cleaning
- \$ 500 on Electricity

Residential only by Percentage: Under Budget by \$5,800

Due savings on:

- \$4,900 on Bad Debt Expense
- \$4,500 on Building Maintenance
- \$5,600 on Major Repair & Maintenance
- \$ 300 on Health Club Maintenance

Offset by overages on:

- \$4,500 on Garage Repairs and Maintenance
- \$6,000 on Hot Tub Expense

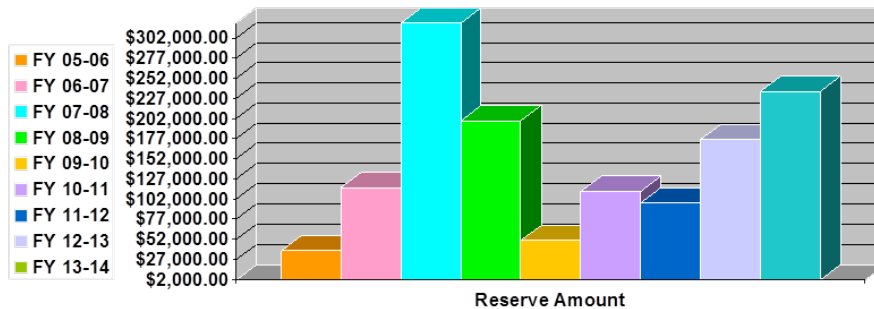
Residential only split Equally: Over Budget by \$5,000

Due to overages on:

- \$5,000 on Propane

**BALANCE SHEET**

Reserves at \$235,537.38



Market Value of Reserves as of June 30, 2014

- Prime Money Market at \$219,720.12
- International Stock at \$9,926.66
- Total Stock at \$5,890.60

**LOAN BALANCE UPDATE**

OBTAINED LOAN FOR \$733,846.00

DRAW OF \$67,578.39 – JULY 2014

\$73,045.33 – August 2014

PRINCIPAL BALANCE AVAILABLE \$593,222.30

ASSESSMENTS RECEIVABLE

5 units over 90 days delinquent  
4 Properties with Liens

BUDGET FOR 2014 – 2015 New Fiscal Year October 1<sup>st</sup> – September 30<sup>th</sup>

EACH LINE ITEM OPERATIONALLY REVIEWED

INCREASES

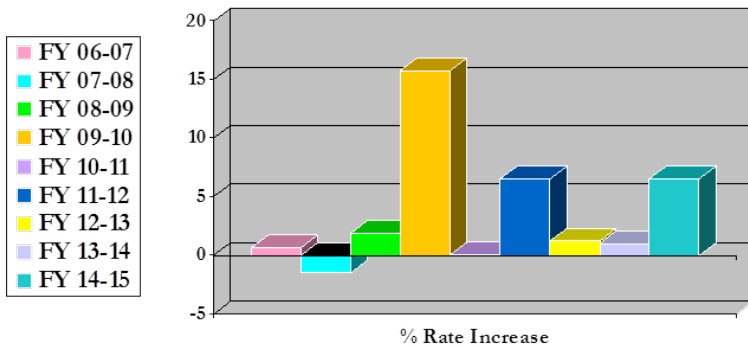
- \$ 8,900 Insurance
- \$ 1,000 Legal Expense
- \$15,000 Maintenance Reserve Replenishment
- \$67,000 Major Repairs – Common
- \$ 3,000 Sprinkler Maintenance
- \$ 4,500 Garage Repair & Maintenance
- \$ 6,000 Hot Tub Expense
- \$ 1,100 Internet Service
- \$ 5,000 Propane
- \$ 1,000 Satellite TV

DECREASES

- \$ 1,000 Landscaping
- \$ 6,300 Loan Interest Expense
- \$ 2,000 Shared Building Maintenance
- \$ 2,000 Carpet Cleaning
- \$19,500 Shared - Major Repairs & Maintenance
- \$20,500 Residential by % - Major Repairs & Maintenance

History of Rimfire Assessment Rate Change

2014 – 2015 AVERAGE RESIDENTIAL RATE INCREASE OF 6.5%



10 YEAR - AVERAGE RESIDENTIAL RATE INCREASE OF 3.34%

The ratification of the budget for fiscal year '14-'15, a motion was made to accept the budget, it was seconded and the majority voted for the budget. It was noted that there was no increase in the fee during the short fiscal year from May1 to September 30 because we changed our fiscal year to be from October 1 to September 30. This made the new rate increase look larger. Also, funds will be needed to cover the Association's portion of the deck repairs that relate to the building itself and there are some areas of the building shell that will require replacement of siding and painting. The Board hopes that by raising the fee by 6.5% we can avoid the need for an assessment to do this extra work on the building.

**Maintenance Update:** by Kevin Wingfield

Completed

- Inspections – Elevator / Alarm System / Backflow Preventer / Fire Extinguisher
- Emergency And Exit Lighting – Monthly and annual inspections and subsequent repairs and replacement. New Agreement Executed In November 2013
- Common area slate cleaning, repairs, and sealing - Ongoing
- Garage pressure wash and cleaning.
- Elevator Repairs – 2 After Hour Service Calls – 7/12/13 & 5/9/14
- Garage Door Repairs and Regularly Scheduled Preventative Maintenance – Upgraded electrical service and replaced door controller and safety pad.
- Health Club Equipment Preventive Maintenance
- Common Area Painting – Hallways and Stairwells
- Common Area Carpet Replacement – Elevator Landings / Hallway From Upper Lobby To South Elevator Landing / Rimfire South 1st Floor Hallway
- Common Area Carpet Cleaning - Ongoing
- Roof Repairs – Missing Shingles
- Lightning protection system inspection and repairs
- Sprinkler system repairs & maintenance
- Hot tub tile and coping flagstone repairs
- Installed new video surveillance camera recorder
- Miscellaneous heating / cooling system repairs
- Replaced coin laundry washing machine – north building

In Process

- Replace Stairwell #3 Exit Door (Exit By Portico)
- Replace bad slate in upper and lower lobby and elevators
- Adding luggage carts – 6
- Expanding AT&T cell phone service

Under Review

- Surface treatment and painting west side of building – All accent color on west side of building – Red / Yellow / Green / Dark Brown (Excludes Siding)
- Refurbish ski lockers – sand, prime, and paint bottom of lockers and metal exterior trim along bottom of lockers
- Upgrades to internet and telephone service

**Other Business:**

The meeting adjourned at 1 PM