

FERNIE ALPINE RESORT RENT CHARGE COUNCIL
2 Timberline Crescent
Fernie, British Columbia
V0B 1M1

June 13, 2007

TO: RENT CHARGE PROPERTY OWNERS

Effective October 2, 2004, an agreement was entered into between certain Rent Charge Property Owners and Resorts of the Canadian Rockies Inc. on behalf of its Fernie Alpine Resort Division ("FAR") in respect of the legal action commenced by certain Rent Charge Property Owners (the "**Agreement**"). The Agreement came after lengthy negotiations between FAR and representatives of the Rent Charge Property Owners. The purpose of the Agreement was to fairly determine and allocate any monies assessed as a result of the Rent Charge registered on title in the context of municipal-like services (the "**Rent Charge**"). It was the intent and the agreement of FAR to apply the terms of the Agreement to any party who is subject to the Rent Charge, whether or not they were a party to the Agreement. The Agreement signed in 2004 had a term which was retroactive to the calendar years 2002 and 2003 and extended for four years from 2004 to 2007, inclusive. Since the term of the Agreement expires at the end of the calendar year 2007, FAR has offered to extend the Agreement for a five year term.

Summary of the Agreement

The Agreement applies to both *basic* resort amenities and services as well as *additional* resort amenities and services.

The *basic* resort amenities and services assessment may not be greater than 0.12% of the assessed value of all properties in the Rent Charge area, and generally consist of: (a) fire protection support in response facilities and services not already covered by local service agreements; (b) supplementary snow and ice removal, as well as salting and sanding and similar services that are not already covered by a governmental authority or strata body; (c) inspection, maintenance, repair and replacement services in respect of any free public access trails at the resort, including the public bicycle trails and the cross-country ski trails, but not including any revenue producing cross-country skier bicycle trails, revenue producing ski runs or revenue producing cat tracks; (d) inspection, maintenance, repair and replacement services for any landscaping within the Rent Charge area; (e) inspection, maintenance, repair and replacement services in respect of existing storm sewer or drainage lines; (f) provision of signage and banners at the resort which are not direct advertising in nature; (g) operation and maintenance of any public amenities listed in the Agreement, such as the tennis courts or other items that may be added with the approval of the Rent Charge Council; (h) provision of services for the collection of garbage; (i) recovery of annual general administrative expenses not to exceed 10% of the total *basic* resort amenities and services charges; and (j) inspection, maintenance, repair, replacement and operation of street lights.

Additional resort amenities and services are discretionary services that may be provided from time to time within the Rent Charge area, and may include, but not be limited to: (a) security; (b) landscaping not covered under the *basic* resort amenities and services; (c) recreational services not

included in the *basic* resort amenities and services; (d) special events; and (e) marketing. Any proposed *additional* resort amenities and services in the budget are subject to the approval of the Rent Charge Council each year.

The Rent Charge Council consists of two members appointed by FAR and three members elected annually (on the basis of one vote for each whole provincial role number) by those Rent Charge Property Owners who are party to the Agreement, or who pay the Rent Charge voluntarily. The votes of four out of five members of the Rent Charge Council are required to pass any motion. There is also provision for review and audit which provides that any three members of the Rent Charge Council have the right to review actual expenditures of FAR and to direct an audit of any expenditures made.

All assessments under the Rent Charge collected by FAR are only applied by FAR toward payment of expenses for *basic* resort amenities and services and any *additional* resort amenities and services that have been agreed to by the Rent Charge Council. FAR will not incur expenses under the Agreement except in accordance with the then current budget as approved by the Rent Charge Council.

How has the Agreement worked to Date?

The Agreement has worked well, very well. The Agreement provides for a fair and reasonable arrangement with respect to the services similar to those provided by a municipality. It sets forth the type and level of services which are to be provided, as well as provides for accountability of the funds expended. There is an annual budgetary process which must be approved by four out of five members of the Rent Charge Council, three of which members are elected by the Rent Charge Property Owners.

For your further information, the chart attached to this letter shows the actual Rent Charge billed over the last five years by FAR as well as the Rent Charge rate as a percentage of assessed value. A couple of observations that we would like to share with all Rent Charge payers:

- Since the execution of the Agreement in October of 2004 FAR has worked well and in a cooperative manner to administer the Rent Charge. Any issues that have been encountered have been resolved in a fair and reasonable manner.
- Since the signing of the Agreement the incidence of non-payment of the Rent Charge have been reduced to near zero. We believe this is an indication from the community that the rates being charged are fair for the services received. That is certainly our view.

Recommendation

It is the unanimous recommendation of the Rent Charge Council to approve a five year extension to the Agreement. It is important to note that the three members of the Rent Charge Council elected by the Rent Charge Property Owners, being Ron Bouffard, Chris Slubicki and Jay Zammit, met as an independent committee of the Rent Charge Council and unanimously approved the recommendation to extend the Agreement for an additional five year term.

As a Rent Charge Property Owner, if you agree with the recommendation to extend the Agreement for an additional five year term, please sign the enclosed Extension Agreement where indicated and return in the self-addressed return envelope also enclosed. If you have any questions or comments regarding further details in respect of the Agreement, we invite you to visit the website <http://fsvca.redtree.com>. In addition, also feel free to contact any of the members of the Rent Charge Council.

Yours truly,

**THE ELECTED MEMBERS OF THE
RENT CHARGE COUNCIL**

Per: _____
 “Ron Bouffard”
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Per: _____
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