

DRAFT

Smugglers' Notch Homeowners' Association, Inc.

2007 Annual Meeting

Lower Level Meeting House

Smugglers' Notch Village

July 1, 2007

Meeting called to order at 9:10 am

Each member of the Board of Directors introduced themselves by telling the type of homeowner (renting, non renting, self renting, and interval ownership type) and length of time they owned a home at Smugglers'.

Membership is requested to make all comments using the portable microphone

Fundraiser – A wonderful turnout at the fundraiser Saturday evening provided the Cambridge Rescue Squad about \$3000.00 The squad wants to purchase a new carbon monoxide detection unit at an approximate cost of \$4000. CRS will continue to accept checks. Thanks to Peter Brown and his staff for their work on behalf of the fund raiser

Approval of 2006 annual meetings – Tom Sheppard

A motion as made and seconded to accept the 2006 minutes as presented. By voice vote - approved

Real Estate Award - Full Ownership - Herb Lewis There is a robust real estate market at Smugglers'. There are no studios for sale at this time and the average asking price per home is \$280,000

The award for full ownership sales goes to Jane Kiley. Jane sold 5 full ownership homes for total value of 1,067,500.

Real Estate Award - Interval Owners - David Evangelista There were 10 interval owner resale's in 2006. There is a big secondary market for interval owners. The award for interval resales goes to Jane Kiley. Jane sold 2 homes for a value of 312,000.

Bob Mulcahy accepted each award on behalf of Jane Kiley.

Financials - Herb Lewis

2006 Audit Report – A clean 2006 audit report was received and reviewed. The Balance sheet is healthy with a fund balance of 140,000

A motion made and seconded to accept the 2006 Audit Report – all approved

2008 budget – There is a slight increase (4.5 %) of additional revenue and the same on the expenses. There is no plan to increase dues for 2008. The Association will keep a lean budget.

A motion made and seconded to accept 2008 budget as presented. With one opposed all approved

Committee Reports

Housekeeping - Gerry Sunderland – Gerry reviewed the Housekeeping report on page 7 of the 2006-2007 annual report.

Each year someone from the Board of Directors does an inspection of random homes. The homes inspected were not to par and the homes were recleaned.

Concerns: cleanliness of housekeeping closets and common areas. There is a staff person assigned to keep these closets clean as well a schedule and group doing common area cleans. If there is dissatisfaction contact Peter Delaney

Rental Administration - Marc Barnett - See report page 8. Congratulations to the reservations staff for their work on the computer system conversion that has taken place in the past year.

Rental Balancing system is designed to make sure all homes in rental program generates fair level of income based on home type within building group. Some imbalances can be over ridden with staff intervention

Profile of home – represents how reservations see each home. Each homeowner will receive a copy of their home profile with their second quarter statement. It will include what other homeowners have within each regime. Instructions will be included on how and who to return profile too.

What is considered “in balance”?

A discussion of rental balancing took place.

Rental balance - homes to be = +/- 10% with same type homes and if not then a manual intervention takes place. Per winter season and summer season peer group = bldg group compared to average of all home in bldg

All homeowner use is counted as part of the rental balance formula.

Lisa Howe stated that the Rental Balance policy could be sent to homeowners – we can send out the policy

Margret Evangelista – status of interval owners’ last change to by-laws 1994

Discussion and thoughtful conversation will bring all owners under one umbrella

Insurance - John Mooney introduced Jim Wilson and Rob Spratt of Associates of Glens Falls the insurance agent for the Master Policy.

Damage Fund - Jon Donahue see report page 10

Working with Gerry Sunderland, Joe Ingram, Kimberly Paradee, Phil Rogers, and Steve Hoey to see if the process is working well and concluded that is.

Regime Relations – Alan Kusnitz See report page 12-13

This past year has been for data gathering. What are building group services. Policies need to be clarified.

Working with Peter Delaney of Smugglers' Notch Management Company – What is the resort receiving from the association relative to projects?

Can Smugglers' Notch Homeowners' Association, Inc. spend regime funds?

Please volunteer or email the office with questions.

Is there a list of services for family share owners?

Contract Negotiating Committee – Steve Hoey

The negotiating committee has met with Bill Stritzler and made progress – They agreed to set a firm deadline and Bill Stritzler will provide an outline by 10-15-07.

This contract can not involve club owners as legally the contract involves only full owners.

Florrie Paige Election of Directors

Review of voting process. Take nomination from the floor for Board of Directors

The first 5 vote getters will be for the current positions and 6th vote getter will fill a one year vacancy for a Director who recently resigned.

Ballots will be given to each homeowner who will then check in with their ballot.

Volunteer from the floor to act as a teller. Lloyd Truax

The following names were placed for nomination. Each nomination was also seconded.

Steve Hoey

David Ritchie

Maura Rutkin
Kevin Rohrbacher
Herb Lewis
Tom Sheppard
Christina Gill
Tom Gangi
Jim Mazur
Craig Green
Jon Donahue
Margaret Evangelista

A motion was made and seconded that nominations be closed. Accepted

A motion was made to accept slate of nominations - seconded all approved

Each candidate spoke briefly

Prior to voting each member of the Board stated their renting or non renting status and home type ownership.

11:30 ballots are completed by @ homeowner

Voting closed 11:55am

Meeting resumed 11:57am

Joe Ingram (During the voting process) Introduced Jim Wilson and Rob Spratt of Associates of Glens Falls. Jim Wilson and Rob Spratt presented an brief overview of the policy and answered questions from membership

Joe Ingram expressed thanks to Mike Conte and John Mooney for their assistance with the insurance program. Joe explained about the HO6 (contents) tied to the Acadia policy and the transition to Kemper. Each homeowner is encouraged to talk with Associates of Glens Falls or insurance agent of your choice to review contents coverage.

Smugglers' Notch Management Company - Bill Stritzler

Bill Stritzler introduced Smugglers' employees Tom Davis - special advisor, Marclay Davis, Phil Rogers, Peter Delaney, Butch Whittemore, and Ann Messier - Chief of everything, Nancy Illeman, Shawna Hanley and Lisa Howe.

(Before Bill's report) **Bob Mulcahy, President of Smugglers' Notch Management Company** and right hand man that Bill turns to will talk about **Whets new at Smugglers'**. A slide presentation with assistance/input from Ron Carter and Barbara Thomke.

See Resort information guide with details of times of programs in presentation

Birds and bloomers walk with children on Monday - Native Vermont birds and flowers

Trash or no trash Tuesday part of family program with duct tape sculpture contest on Thursday

Living machine tour process 40% of waste water at Smugglers'

Storm water run off is a Vermont problem - Rain garden

Sterling historical wike to 1800s site of Sterling Village

Mountain Grille expansion – Peter Brown and staff do a terrific job

Three Mountains Outfitters and new outlet store with winter inventory at substantial discounts

New reservation system - fully integrated program for the resort.

WiFi 2 new T1 lines dedicated to condo homes

Segway rentals how to operate course required

Golf cart rentals – experimenting with this program

Friendly pirate rain gutter regatta family ties – boat

Goodtime trivia – Charley here for 30 years

Steve Van Zandt – comedy

Marko here for many years Tuesday and Wednesday

Bootlegger's basin – using with camp program outside the village core.

Smuggs' fun finder desk and info cart – near the pool and other areas

Stanley the Frisbee dog – brought him to Smuggs' during the winter. Back for the summer on Tuesday

Learn to swim American Red Cross

Environmental issues posted throughout the resort see arrival kit

*Reusable canvas tote bags

*Storm water walk

*Living machine tour

*In home recycling bins

* No idling policy particular in winter

*Solar hot water on Tamaracks building

*Environmental leader designation

*Existing practices on web site with web address

Bill Stritzler:

Fortunate that Smugglers' began with emphasis on environmental issues as it positions the resort in the minds of guest in a positive way

Thank you to the Board of Directors who have an extremely cooperative and balanced view and agree on the big items, all in an effort to help Smugglers' Notch be successful. Thanks Joe Ingram and his team.

This the 28th year as a homeowner owner, 20 years as an employee and 10 years as owner.

If Smugglers' Notch Management Company were a publicly owned company this would be the toughest meeting to report.

This winter was the worst in any ones memory in the ski business. One bright spot no January thaw. February with big snow and locals started to come back but it did not improve for guests coming overnight.

Empty lifts, lots of cancellations, and for guests who did come Smugglers' employees worked hard to have them enjoy their vacation. Most number of guest expressing their displeasure.

Staff shortage – not a lot of unemployment in Vermont - Housekeepers were needed. Ski school instructors live on tips and their income was affected. Decline in real estate of all types. These factors equaled huge amounts of staff stress.

Cash drain. Early in year thinking of difficult winter staff salaries were frozen and at the end of January tough decisions were made. You can not lay off employees and expect to get them back.

Management decisions were as follows; acquire bank assistant without doing layoffs. It didn't feel different if you worked here for a long time.

Chief Financial Officer might be changing beds and Tom Davis was teaching young children how to ski. Managing structure did jobs needed to take care of guests.

Stowe lost a lot of people from such a terrible winter and went down to staff levels equal to April. Their employees left

Smugglers' 15-18 senior management group - Take off the pay freeze and senior group would continue with pay freeze to assist others the pay raise they would have received earlier. Bet on principal investment philosophy invest in Smugglers' people – no cut in staff – increase staff in critical areas

Emphasize guest experience like one can not experience any where else.

Change recruitment and increase training

Seventh level

Orient people – spending a lot more on the people at s n

We believe success compete on the people at s n – invest in people not things

Summer for three weeks – you've seen difference – camp structure – grounds

Counselor stays with their group for the complete week. Counselors are not sent home

This really is the best resort for family fun

Real Estate is making a comeback. Recently a Liftside 2 bedroom home sold for 285,000

The contract was negotiated 23 years ago – Smugglers' Notch Management Company is currently living with this contract negotiated by Bill Stritzler from the other side of the table

The current agreement can not sustain this business as it is now.

As you observe and experience it can not be sustained with the current contract

Draconian things, adjustments will have to be made to maintain the environment at Smugglers' Notch today.

I want a negotiate to make this fair and balanced

Survey has helped to help understand what homeowners want

Long term is essential very easy to get caught up in short term – think long term preserve unique environment

First they dug in and then dug us out

You would think we would have a large number of homes for sale but homeowner's look to Smugglers' Notch Management Company with a positive view

Thank you – as we go forward we can continue, we can compete by staying together management, homeowners, and employees to preserve these precious things

Being the best family resort for family fun.

Results of elections

Jon Donahue

Tom Gangi

Craig Greene

Steve Hoey

Herb Lewis

Kevin Rohrbacher

Florrie Paige Thanked the Association staff for working on 9th or 10th day in a row.

All are encouraged to attend 2008 Annual Meeting.

Meeting adjourned 1:07pm