

Smugglers' Notch Homeowners' Association, Inc.

Annual Meeting

Presentations and Minutes
July 1, 2017 - Meeting House
Smugglers' Notch Resort



Minutes – Actions from 2017

Below are listed actions approved at the 2017 meeting followed by the presentations made during the meeting.

Action Items:

1. Minutes from 2016 Meeting approved
2. Financial reports by Herb Lewis as follows – approved
3. Special Motion from the floor:

Motion made by Craig Greene and seconded by John Mooney, and approved by voice vote.

“Membership support of the Board: Resolved that We, as members of Smugglers' Notch Homeowners' Association, Inc. (SNHA), in attendance at the July 1, 2017 Annual Meeting, hereby endorse and support our Board of Directors in their present effort to determine and follow a legal course of action to achieve a fair and reasonable recreational access and common area fee apportioning with Smugglers' Notch Management Company (SNMCo) on behalf of the membership of SNHA. In that effort, we specifically support SNHA retaining counsel to review the issues, and thereafter, follow counsel recommendations for achieving a resolution for recreational access and common area fee resolution that will survive asset change. We urge SNMCo to continue to engage SNHA in good faith negotiations. And further, the group of homeowners by adoption of the above resolution do not intend to give up or diminish any rights as contained within their deeds.”

Minutes – Actions from 2017

Below are listed actions approved at the 2017 meeting followed by the presentations made during the meeting.

Action Items:

4. Election of Directors

Three SNHA board seats terms ended at this meeting:

Herb Lewis – RS 48

Lucia Homick – LS 19&20 and MV 13

Florrie Paige – Hakone 13

All have agreed to be nominated and to serve for terms ending 2020. The Board has endorsed their nominations. The membership accepted the nominations and moved to close the nominations and cast one ballot for the election of the above homeowners to serve as indicated. The motion was seconded and all approved by voice vote.

There were no other actions taken at the meeting.

Meeting Agenda

Schedule - Overview

Saturday Morning July 1, 2017

8:00 – 9:00 Registration and buffet breakfast – Smugglers' Meeting House

8:00 – 8:45 Regimes are encouraged to sit together for breakfast and the meeting (see note below regarding Regime Meetings)

9:00 – 12:15 SNHA Annual Meeting

12:15 - 1:00 Lunch buffet will be served provided by Smugglers' Resort

12:30 - 1:30 Bill Stritzler and the management team will have a presentation in the Meeting House during lunch

5:00 – 7:00 PM Homeowner Picnic at Tent near Morse Lift

Agenda continued

9:00 AM Call to order – Jay Kahn - President

Introductions and Review Schedule

Committee Reports

9:10 - Budget/Audit - Herb Lewis, Treasurer

9:20 - Negotiating committee – Michele Cloke (SNHA) and Lisa Howe

(Smugglers') committee members report of activity April 2016

through Feb 2017. Jay Kahn - report of activity from March 2017 to present

9:45 - Small group discussion/presentations – Bob Oehrlein

11:00 - Housekeeping/QHP/Bedbug protocol - Florrie and Smugglers staff

11:15 - Damage Fund - Liz Waldvogel and Smugglers' staff

11:25 - Rental Balancing Lucia Homick, Liz Waldvogel, Kevin Rohrbacher and Smugglers' staff

Agenda continued

11:35 - Insurance – Joe Hester ingram

11:40 - Real Estate – Barbara McGee

11:45 - Technology/RFID – Kevin Rorhbacher and Smugglers' staff

12:00 - Nominating committee report – report and election of 3 directors

There are three board positions with terms ending at this meeting:

Herb Lewis – RS 48

Lucia Homick – LS 19&20 and MV 13

Florrie Paige – Hakone 13

All have agreed to be nominated and if elected to serve for terms to end 2020. The Board has endorsed their nominations and are placing their names on the slate for consideration at this meeting.

Agenda continued

12:10 - Wrap up and hand off to resort – Reminder of BBQ in the afternoon

- Jay Kahn

12:15 – Adjourn Meeting

**12:15 - Lunch provided by Smugglers' Resort
with a presentation by management staff.**



Financial report – Herb Lewis, Treasurer

Audit Report

Nancy E. Kelly, RN, MST

Certified Public Accountant



CERTIFIED FRAUD EXAMINER

SMUGGLERS' NOTCH HOMEOWNERS' ASSOCIATION, INC.

Financial Statements

For the Years Ended December 31, 2015 and 2014

4238 Washington Street, Suite 307

Boston, Massachusetts, 02131

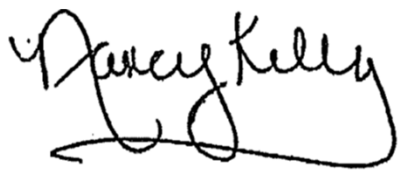
Financial report - continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Smugglers' Notch Homeowners' Association, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Omission of Required Supplemental Information about Future Repairs and replacements

Management has omitted information on future major repairs and replacements of common property and the related reserves that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.



Nancy E. Kelly, CPA, MST, RN
Boston, Massachusetts
October 20, 2016

Herb noted: that SNHA currently has no direct responsibility for planning and reserving funds for common area property. As agent for some of the associations at the resort, SNHA does assist in the development of plans and reserves for these groups.

Financial report – continued

SNHA					2016	2015
					Unaudited	Audited
Assets						
Cash and Cash Equivalents					\$162,918	\$105,185
Assessments Receivable, net					48,835	52,360
Other Receivables					2,969	3,257
Inventory					3,210	5,032
Rent Deposits					600	600
Regime trust accounts					576,164	439,354
Property and equipment, net					<u>848</u>	<u>1,062</u>
Total assets					<u>\$795,544</u>	<u>\$606,850</u>

Financial report – continued

SNHA							
Liabilities and Members' Equity							
					2016	2015	
Liabilities					Unaudited	Audited	
Accounts payable and accrued expenses					\$21,293	\$35,244	
Insurance Reserve					31,973	13,288	
Due to regimes					<u>576,164</u>	<u>439,354</u>	
Total Liabilities					<u>629,430</u>	<u>487,886</u>	
Members' Equity					<u>\$166,114</u>	<u>\$118,964</u>	
Total Liabilities and members' equity					<u>\$795,544</u>	<u>\$606,850</u>	

SNHA					2016	2015
Operating Expenses					Unaudited	Audited
Payroll and benefits					\$84,028	\$99,808
Special projects expense					155,570	129,383
Administrative and office expense					27,372	23,650
Bad debts					0	0
Payroll taxes					6,864	9,416
Accounting Fees					10,000	9,565
Board and homeowners meetings					3,320	3,253
Professional fees					10,688	3,353
Total operating expenses					<u>297,842</u>	<u>278,428</u>

Financial report – continued

Other income (expenses)				2016	2015	
				Unaudited	Audited	
Insurance premiums assessed				188,286	187,306	
Insurance premiums paid				<u>(188,286)</u>	<u>(187,306)</u>	
Total other income (expenses)				<u>0.00</u>	<u>0.00</u>	
Excess of revenues over expenses				47,004	34,432	
Members' equity beginning				<u>118,964</u>	<u>84,532</u>	
Members' equity ending				<u>165,968</u>	<u>\$118,964</u>	

Financial report – continued

Herb also reported:

- The 2016 audit is underway with the same firm as last year. The SNHA elects to perform audit after the busy tax season in order to save money on the audit cost.
- SNHA Board had considered to perform a review rather than a full audit, but after reviewing, decided to stay with full audit.
- The 2018 SNHA Basic Service Fee to be charged each home is currently projected to be \$455/home. For a complete description of what services are covered by this fee, please see the SNHA web site posting: <http://www.snha.net/> Quick Link to “SNHA Structure, Services and Fees” for a detailed description of operations and services offered to Homeowners and Regime Associations.




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Negotiating Recreational Access

Michele Cloke, Lisa Howe & Jay Kahn

2016 Negotiating Committee Report – Michele Cloke and Lisa Howe



Michele and Lisa reported on how a committee was created last year, endorsed by the homeowners at the 2016 Annual Meeting, met throughout the fall 2016 and ended in July 2017 without resolution of the issues being negotiated.

Background – April 2016 to February 2017

- ❑ Resort announced last year replacement of Fun Zone with a more elaborate free standing building with multiple more sophisticated activities to appeal to a broad audience in place of the inflated indoor tennis court converted the year round fun zone targeting young children.
- ❑ Michele Cloke and Jay Kahn were selected by the SNHA Board to engage the resort in conversation for homeowner access to the enhanced upgraded fun zone. Lisa Howe and Sarah Juzek participated for the resort.



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Background (cont.)

- ❑ The village fee has been in dispute for years without full transparency of the expenses being charged by Smugglers' to maintain common areas. There was in 2016 and currently continues, a litigation between a family and the resort regarding village fees in which the court has issued orders.
- ❑ The Fun Zone permit was issued but open issues still remained to be resolved.
- ❑ In 2008 the resort cancelled Homeowner contracts that had been in place since the late 1980's. Agreements of 2009 left multiple open issues.



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Background (cont.)

- During the spring of 2016, Michele Cloke, Jay Kahn and Lisa Howe met 1-2 times per week to create a process to resolve long term issues associated with common land use, access and associated expenses.
- Prior to the 2016 Annual Meeting they agreed to a process to negotiate all of these issues.
- This process was presented at the 2016 SNHA Annual Meeting and endorsed by the homeowners present.



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Background (cont.)

- ❑ It became apparent as the discussions continued into the fall of 2016 that the broader unresolved issues existed surrounding:
 - what is common land,
 - what is the cost to maintain common land,
 - how is access to use common land defined, and
 - the use of facilities located on common land
-all needed to be resolved.



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Objectives of the 2016 Committee

The following were agreed objectives for the 2016 Committee:

- ❑ Build a committee and find a facilitator to work through the challenges/issues associated with defining regime property/common property and resort property based on deeds, plats and the like that yields recreational use throughout the resort for all full owners and their immediate families.
- ❑ A sharing of all of the operating costs of maintenance, property and village fee with full disclosure and agree to proper apportioning. All information to be shared would be treated as strictly confidential and not for distribution outside of the committee until the entire committee agrees to disclose it.

Objectives of the 2016 Committee - continued

- ❑ Recognize that this arbitration/planning process could not interfere with resolving Fun Zone or Village Fee current process activities, however members of the committee would not use information gained from this arbitration/planning process to influence the Fun Zone or Village Fee current process activities without the consent of the entire committee.
- ❑ Create a reasonable meeting location and schedule for the committee members to participate.



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Objectives of the 2016 Committee - continued

- ❑ Set a timeline to complete the process, ideally by the July Annual Meeting of 2017, that would ultimately be presented to a VT court to ensure obligations into the future for sale of homes or resort assets, as well as minimize all party legal costs associated with this activity.
- ❑ Create penalties to ensure negotiating in good faith, either financial or non-financial.



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Objectives of the 2016 Committee - continued

- ❑ The SNHA Board and Smugglers' Management Team empowered the committee to represent the constituencies present in a good faith binding fashion. This did not state we would reach a conclusion, but if we did come to a consensus and make recommendations, it couldn't be vetoed by the board or management. Individual owners would continue to have rights that they could exercise in any way they wanted.
- ❑ Separate agreements for access to facilities for Owners and their immediate families from any access that Owner-procured renting guests would have.



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Objectives of the 2016 Committee - continued

- ❑ Binding for both the resort and board members, not individual Homeowners
- ❑ Limited time to complete the process with results to be announced at 2017 annual Homeowner meeting
- ❑ The Board formed a committee and recruited interested volunteers from the outside the Board homeowner group
- ❑ The disputes regarding VF (court decision) and FZ (Act 250 commission) would continue to evolve outside of the process.



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The 2016 negotiating process continued thru the Fall and then stalled and ended in the winter.

Why did the process stall?

- ❑ The historical definitions in deeds and basis for homeowner access to the Resort facilities held by SNHA and those held by SNMCo respectively remained too far apart to resolve within the 2016 committee. Essentially the parties currently prefer:
 - ❑ Agreements for these open issues
 - ❑ SNHA – exist as a separate declaration tied to existing property deeded rights and covenants, and not be tied to contracts subject to cancellation, and as deeded declaration would exist and survive intact any change in Resort Ownership.
 - ❑ Smugglers – be included in rental, non-renter, and self renter agreements subject to change in the future.

The 2016 negotiating process – February to Present – Jay Kahn reported and led discussions

- ❑ Village Fee Open Issues
 - ❑ Cost allocation between Smugglers business operations and the Homes
 - ❑ Cost allocation between services to Resort Common Property and services to Regime owned property
 - ❑ Transparency of the “bucket of costs”
 - ❑ Relationship to past agreements - cancelled
- ❑ Jay reviewed a Village Fee presentation made by Smugglers’ at the 2013 SNHA Annual Meeting: see following slides.



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VILLAGE FEE DISCUSSION

2013



OBJECTIVES

- * TRANSPARENCY
- * METHODOLOGY
- * MYTHOLOGY
- * EXPLAIN VS. DEBATE

BACKGROUND

- * 20 YEARS PROPERTY MANAGEMENT AND VILLAGE FEES COMBINED
 - > SINGLE MANAGEMENT SYSTEM
 - > SINGLE CHARGE
- * SINCE 2009 SEPARATE FEES-SINGLE MANAGEMENT SYSTEM
- * PROPERTY MANAGEMENT SERVICES PROVIDED INSIDE THE DEEDED FOOTPRINT AND SPECIFIC TO THE HOMES.

VILLAGE FEES-COMMON SERVICES

PROVIDED OUTSIDE THE DEEDED FOOTPRINT OF THE HOMES

- * SNOW REMOVAL
- * ROAD MAINTENANCE AND REPAIR
- * COMMONLY USED LANDS
- * LAWN AND GARDEN CARE
- * COMMON AREA TRASH
- * STORM WATER MAINTENANCE AND REPAIR
- * SECURITY, SAFETY

PAYROLL, EQUIPMENT, SUPPLIES FOR THE ABOVE

TOTAL MANAGED COSTS SERVICED BY COMBINED OPERATIONS

\$3,074,000

- * INCLUDES VILLAGE FEE SERVICES AND PROPERTY MANAGEMENT FEE SERVICES FOR ALL CLUB HOMES, FAMILY SHARE HOMES FULL OWNER HOMES AND SMUGGLERS' OWNED PROPERTY.
- * THIS IS THE TOTAL AMOUNT TO BE ALLOCATED AND CHARGED.

STEP 1

- * ISOLATE THE WORK EXCLUSIVELY FOR SMUGGLERS'
 - EX: >BASE LODGE PARKING
 - >MAIN PARKING LOTS
 - >VILLAGE OPERATIONS CENTER LANDSCAPE
- * TREASURES ROAD
- * AMOUNT \$1,347,000

STEP 2

- * SEPARATE REMAINING \$1,727,000 COMBINED SERVICES INTO PROPERTY MANAGEMENT, VILLAGE SERVICES. 2009.
- * USED ROADS AND PARKING SQUARE FEET, ACTUAL MILEAGE OF SERVICE VEHICLES, TIME STUDIES, BEST PROFESSIONAL ESTIMATES.
- * PROPERTY MANAGEMENT : \$877,070
- * VILLAGE FEES: \$ 855,704

STEP 3

* APPLY 2012 GRAND LIST VALUES TO SMUGGLERS' SHARE

FRACTIONAL	\$26,977,400	15.1%
CLUB	\$77,862,100	43.5%
FULL OWNERS	\$56,338,200	31.5%
COMMERCIAL	\$17,831,500	9.9%
	<hr/>	
	\$179,009,200	100%

* REMAINING PROPERTY MANAGEMENT TO BE DISTRIBUTED TO FULL OWNERS AND FAMILYSHARE/CLUB OWNERS BASED ON REMAINING GRAND LIST: \$792,048

FULL OWNERS:	35%	\$277,216
FRACTIONAL AND CLUB:	65%	\$514,831

* VILLAGE FEE TO BE DISTRIBUTED TO FULL OWNERS AND FAMILYSHARE/CLUBOWNERS VASED ON NUMBER OF UNITS. \$769,450

FULL OWNERS:	286 UNITS OR 44.8% OR	\$344,713
FAMILYSHARE/CLUB	353 UNITS OR 55.2% OR	\$424,738

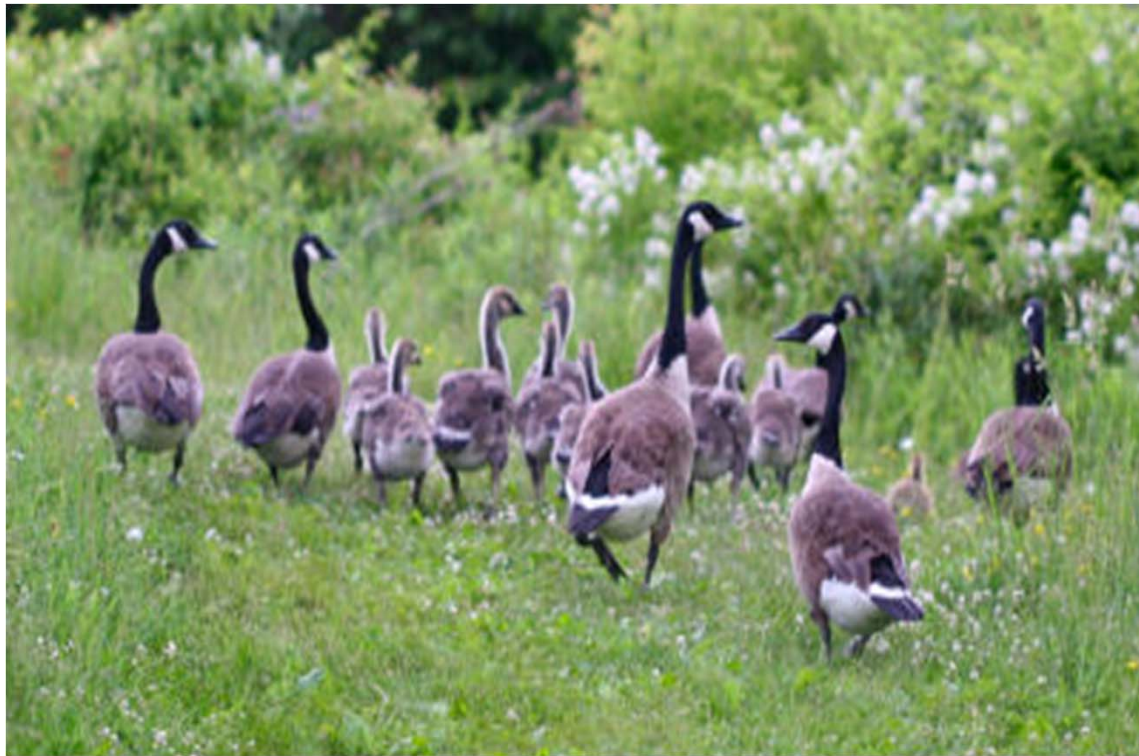
STEP 4

- * DISTRIBUTE VILLAGE FEES TO INDIVIDUAL OWNERS BASED ON EVEN DISTRIBUTION.
- * APPROXIMATE \$1200 PER OWNER OR .1%.

SUMMARY

* START	\$3,074M
* AFTER SMUGGLERS' EXCLUSIVE	\$ 1,727M
* AFTER PROPERTY MANAGEMENT	\$ 856M
* AFTER SMUGGLERS' GRAND LIST	\$ 763M
* AFTER CLUB OWNERS	\$ 344M
* AFTER FINAL DISTRIBUTION	\$ 1,200

NO MORE POOP!



Jay Kahn – report continued

- The 2013 presentation of the Village Fees (Resort Common property) and Regime property services fees (specific to deeded Regime and Homeowner property) is understandable, but the basis used by Smugglers to calculate the homeowners portion of the fees and the services themselves included in the “bucket of services” come straight out of the past agreements that ended in 2008 and fall short of a desired level of transparency and fairness as the SNHA Board and consultants find to be clearly stated in the chain of deeds, and therefore fundamental in defining Homeowner obligation to support these services.

White case – Recent Developments

Class Certification – Jay Kahn

- ❑ Smugglers Notch Resort Plaintiff – filed a collections action against the White Family – owners of Commons unit 4.
- ❑ White family as defendants pushed back with counter claims stating that fees charged were not proper.
- ❑ Collections suit for payment of village fees has now expanded to include issue of Village Fee basis and allocation between Homeowners and Smugglers' management.
- ❑ Case approximately 4 years old (2013)
- ❑ Hans Huessy, Murphy Sullivan Kronk defendant attorney

White case - class certification (cont.)

- ❑ January 2016, Judge Pearson declared that the apportioning based on the Cambridge Town Grand List Values (real estate assessments.) bears no discernable relationship to the parties benefits of the common services provided.
- ❑ June 2017, Judge Carlson certified a class for all owners, full, fractional and timeshare to be included and impacted by judgements that may develop and follow from this case.
- ❑ SNMCo will/or has appealed this ruling
- ❑ The Court, working with the White Parties will develop a detailed notice about the Class Action and that notice should issue in the next 30 days. (July 2017 – Please be watchful for this notice)

Homeowner Break-Out Groups – Bob Oehrlein

Discussion of open issues

- Bob introduced a series of questions to be reviewed and discussed in small group table discussions at the meeting today.
 - Volunteer Group facilitator – One person from each table was selected/volunteered
 - Facilitator guides review of open issues – handout with questions to discuss
 - The group at each table discussed the questions and completed the Survey and listed questions on Post Its notes to return to be reviewed by SNHA Board

Homeowner Break-Out Groups – continued

9:45-9:50

- Facilitator reads through packet. Participants were encouraged to fill out the survey that has been passed around.

9:50-10:00

- Everyone introduced themselves (names, where from, condo, number of years they have owned, and reason why they purchased a condo at Smugglers Notch as noted in Question #1 on the survey).



Homeowner Break-Out Groups – continued

10:00-10:15

- Discussion of Question #2: How is the use of your Smuggs home consistent/ different with the reasons you originally purchased your home?
- Additional questions:
 - How has your use evolved over time? Why has your use changed?
 - Are you satisfied with the evolution?
 - How do you see your use changing into the future?

Homeowner Break-Out Groups – continued

10:15-10:30

- Discussion at tables - people's thoughts on recreational access being tied to rental agreements vs. the cancelled club agreement (question #3A). Make sure everyone explains how strongly they feel about this issue and the reasons why it matters to them.

- Some related questions:
 - How many people at your table are in the rental program?
 - How many people plan to always be in the rental program for the rest of the time they own their home?
 - How important is access to Smugglers recreational activities to making Smuggs home ownership worthwhile?

Homeowner Break-Out Groups – continued

10:30-10:45

- Discussion of common area fee apportioning (question #3B and #3C)
 - How well do people at your table understand the fee structure
 - Is the fee structure clear and intuitive?
 - How would they like the resort to communicate with them about changes in fees or the fee structure?
 - What level of transparency do people expect the resort to have with homeowners about fees and the fee structure?
 - What ideas do people have about how to improve fee transparency?

Homeowner Break-Out Groups – continued

10:45-11:00 am

- Encourage people to update their surveys with additional thoughts and write additional questions for the SNHA Board on post-it notes.
- Both the surveys and questions will be collected at the end of the session.

The surveys will be reviewed and used for guidance by the SNHA Board in formulating future actions and positions in their efforts to resolve the open issues as discussed and outlined:

- Village Fees – basis for calculation and allocation among homeowners and between Smugglers' Resort business operations and homes
- Regime Association and Townhouse Homeowner property service fees
- Access to recreational facilities by homeowners – basis and fees
- Contracts vs. Deeded declarations – pros and cons of each as a means for resolution of agreements

Committee Reports – the meeting continued with reports as follows:

- 11:00 - Housekeeping/QHP/Bedbug protocol - Florrie and Smugglers staff
- 11:15 - Damage Fund - Liz Waldvogel and Smugglers' staff
- 11:25 - Rental Balancing Lucia Homick, Liz Waldvogel, Kevin Rohrbacher and Smugglers' staff
- 11:35 - Insurance – Joe Hester ingram
- 11:40 - Real Estate – Barbara McGee
- 11:45 - Technology/RFID – Kevin Rorhbacher and Smugglers' staff
- 12:00 - Nominating committee report – report and election of 3 directors
- 12:10 - Wrap up and hand off to resort – Reminder of BBQ in the afternoon - Jay Kahn
- 12:15 – Adjourn Meeting – Lunch follows provided by Smugglers'



Housekeeping – Quality Home Program

Florrie Paige

- ❑ Housekeeping – Report Florrie and Smugglers Staff
- ❑ Bed Bug protocol – report
- ❑ Quality Home Program - Update

Damage Fund

Liz Waldvogel

George Belansek

Report on 2016 data

What is the Damage Fund

- The Fund is unique to Full owners who rent through SNMCo rental program
- Fund is to socialize small expense items associated with rentals
 - \$500/occurrence limit
- Contributions are 5% of gross HO rental
 - 2.5% come from SNMCo portion
 - 2.5% come from the HO portion

Fund Amounts

	2017 YTD 5/31/2017	2016	2015	2014
Planned Expense	\$142,001	\$200,247	\$225,202	\$230,894
Actual Expense	\$69,578 *	\$213,376	\$271,533	\$117,419
Y-T-Y Expense Increase/(Decrease)	NA	(\$58,157)	94,114	(\$87,160)
Gross HO Rental	\$2,842,006	\$4,004,935	\$4,504,030	\$4,617,880

* 2017 Expense to Date was reported at \$100,303, on gross rent \$2,020,560

Use of Funds 2016

Top-12 Items for 2016 Fund expense

Vacuum	\$3,789.31
Shower Curtain -Hookless	\$3,577.09
Encasement Mattress Twin	\$3,039.10
Bed - King-Mattress-Serta	\$2,981.25
Encasement Mattress King	\$2,962.06
Mattress Pad - Twin Part	\$2,852.57
Encasement Box Spring Twin	\$2,553.53
Bed - Twin Mattress-Serta	\$2,504.25
Blanket - Twin	\$2,463.68
Furni - 6 Drawer Dresser	\$2,235.94
Wastebasket - Large	\$2,215.24
Furni - 1 Drawer Night Stand	\$2,085.05

Observations

- 2017 expense to date about 70% of 2016 with a 40% higher rental rate – Very Good !
- Discovered a Damage Fund Summary Report issue in prior reports, corrected with this report
 - No billing errors ! Just in Summary Reporting
 - Previously Service orders with multiple items only identified the first item listed as carrying the total expense in the Damage Fund Summary report
 - Summary report corrected
 - This is why it may have previously looked like we were selling \$150 flashlights in the summary reports, which was never the case, a reporting error
 - All billing has always been accurate, just a Damage Fund Summary reporting issue

Rental Balancing – Lucia Homick

RENTAL BALANCING Committee- Goals

- Update of Regimes' Website Presence on Smuggs.com
Need new photos and descriptions that represent present quality of homes. Regime Directors will be contacted to assist with this project
- Rental Balancing – SNHA Committee reviews data
- Rental Rates – SNHA Committee reviews data according to rental agreement

Rental Balancing – continued

- What is Rental Balancing Review?
 - It is a review – a Snap Shot of income data 2 times a year
 - Reports show cumulative \$ for 10 years
 - System and report uses and reports HO use (\$ value) + Rental Income (\$ value) together are compared home to home by Regime.
- Balanced By Regime, By Like Size unit within the Regime – Homes are not balanced resort wide.

Rental Balancing – continued

Summary of current data

- Homes Above the average
 - + 10% outliers (28 homes)
 - Reasons
 - Five Star Plus
 - Lots of HO use
 - @10%
 - Misc – issues are looked at to see if they are justified or not.

Rental Balancing – continued

Summary of Current Data

- – Homes falling below average
 - < 10% outliers (32 homes)
 - Reasons
 - QHP issues – identified and homes notified
 - 5 Star impact – homes may be marginal with noticeable differences
 - @10%
 - Misc – issues are looked at to see if they are justified or not.

Rental Rates – Kevin Rohrbacher – unable to attend presented the written report

RATE INCREASE METHODOLOGY Winter: Renter contract

- ❑ “Winter rates will remain in effect until the relationship between the total package rate (including lodging, lifts, lessons, and entertainment) and the rates paid owners reaches 30% or 5 years, whichever comes sooner. When the percentage reaches 30% or 5 years, then the subsequent average increases in winter season package rates will be accompanied by an equal increase in rates paid owners.”

Rental Rates – Kevin Rohrbacher

KRG 5/17/2017			
History Retail Package: Winter Only			
Revenue vs. Homeowner Payments			
Summary			
REVENUE			9 Yr. Change
Total Package Revenue for: Retail Vacations			-12.4%
LODGING			
Total HO Payments for:		Retail Vacations	-13.7%
LDG /REV RATIO			
%			-1.4%
Occupancy Volume			
Total Guest Nights for:		Retail Vacations	-29.0%
Vacation Pkgs Rev /GN			23.3%
HO Payment / Gn			21.6%

Rental Rates – Kevin Rohrbacher

Summer:

Renter contract

- “Summer rates starting in 2009 will be increased annually by the average summer season brochure package rate (including lodging, children's programs, and entertainment) increase. Summer does not require a waiting period for Owner rates to increase and the planned approach is consistent with Owner surveys on this subject.”

Rental Rates – continued

History Retail Package : Summer Only			
Revenue vs. Homeowner Payments			
Summary			
REVENUE			8 Yr. Change
Total Package Revenue for: Retail Vacations			7.3%
LODGING			
Total HO Payments for: Retail Vacations			-4.7%
LDG /REV RATIO			
%			-11.1%
Occupancy Volume			
Total Guest Nights for: Retail Vacations			-12.4%
Vacation Pkgs Rev /GN			22.4%
HO Payment / Gn			8.8%

Insurance – Joe Hester Ingram

2017-18 Program

- Level Premiums this year
- Good record – limited losses
- Water leaks & losses - biggest issue
- Homeowner Unit Policy to compliment Master Policy – BE SURE YOU HAVE A UNIT POLICY
- See web: <http://www.snha.net/> Insurance Program Link on Home Page
- Questions – Email Joe joe@snha.net

Real Estate – Barbara McGee

Review

- Sales – increase in number of sales from 2015 – Year to Date 2017
- Cambridge Town reappraisal of Smugglers homes – adjusted values to recent market sales
- State of Vermont reliance on property taxes to fund education will keep property taxes high in the near future.
- Questions – email joe@snha.net



Technology – Kevin Rohrbacher – Unable to attend. Report delivered by Lisa Howe, Smugglers

Review

- Telephone – Smugglers service to homes – recent rate increase
 - RFID – Radio Frequency Identification – Transition to means to access facilities
 - WiFi – Current service and plans for future
-
- Edit to here as of 7/3/17

Nominating Committee Report - Election

Nomination and election of 3 directors.

There are three SNHA board positions with terms ending at this meeting:

- Herb Lewis – RS 48
- Lucia Homick – LS 19&20 and MV 13
- Florrie Paige – Hakone 13

All have agreed to be nominated and if elected, to serve for terms ending 2020. The Board has endorsed their nominations and are placing their names on the slate for consideration at this meeting.

Open floor for other Nominations

Close nominations

Vote

Meeting Wrap – Jay Kahn

- ❑ Summary
- ❑ Other business
- ❑ Reminder of BBQ – Picnic Saturday July 1st at 5:00 PM at tent near Morse Mt Lift. Watch the weather – Event may have to be cancelled.
- ❑ Adjourn Meeting
- ❑ Lunch provided by Smugglers Notch Resort with presentation by Smugglers' Staff

Thank You for Attending

...and for your continuing support of the
Smugglers' Notch Homeowners' Association, Inc.

