

SMUGGLERS' NOTCH HOMEOWNERS' ASSOCIATION, INC.
Annual Meeting – Saturday July 2, 2005

John Mooney called the Annual Meeting to order at 9:10am with an introduction of the Board of Directors and Staff of the Association.

New Homeowners'

TE 04	Thea Howard
LS 03 & VS 12	Barbara and Richard Sargent
MV 09	John and Patricia Morely
RS 57	John DiNofrio
TE 05	Norman and Cherise Coleburn
VS 15	Frank and Petra Conte
H 04	Robert and Karen Siegel
RS 60	Sean Ritchie
RS 59	Kevin and Amy Morrissey
SS 38	Craig and Debra Green
N 27	Janette Hansen
Eagles	Goldberg

Bill Stritzler presented Jim Hillis a homeowner for 30 years and board member for 25 years a Stueben Glass crystal bridge for endearing friendship and "bridge building" between the Association and Smugglers' as Mr. Hillis is a "gentle man" and the voice of reason. Mr. Hillis recently sold his Nordland home.

Real Estate Awards

Herb Lewis presented an Award to Janet Writer for the most homes sold and the highest dollar value of homes sold for full owner ship in 2004. Janet sold 3 homes for a total of \$603,000.00

David Evangelista presented an Award to Jane Hurd Kiley for the most familyshare homes sold and highest dollar value of homes sold on behalf of Family share owners in 2004. Jane sold 2 familyshare homes for a total of \$232,900.00

Secretary - Dennis Heberlein A motion was made and seconded to accept the 2004 Annual Meeting minutes as presented in the September 2004 issue of Notch Watch.
All approved.

Lonny Gee – Treasurer. Lonny referred to page 20 of the Annual Report. The Association received a clean opinion from Angela Norder and Company, Inc. for the 2004 audit. The draft of the 2006 Association budget is \$4634 revenue over expense. The Budget will be finalized at the Fall 2005 Board Meeting. Dues are not expected to increase for 2006. The 2005 Budget to actual is on target.

Executive Director - Joe Ingram

Jim Hillis is a mentor for a lot of us. We are the family of the resort business here to talk about the business of the family resort. Joe thanked John Mooney board president for his three years as President, Board of Directors, Homeowners and Association Staff. We need to rally, recognize differences, respect, listen carefully and move forward.

Reports from Committee Chairs – See Annual Report 2004-05 for details

Nominating Committee Report – Florrie Paige

With no nominations received from the floor a motion was made seconded to accept the following names from the Nominating Committee Report to serve as Board of Directors for terms of three years, ending 2008.

John Mooney
Ernie Simuro
Marc Barnett
Gerry Sunderland

New Business

New Business Arrangement

At 1:15 pm after the Annual Meeting David Kenley will present an overview of the New Business Arrangement and receive ideas from homeowners on the process going forward. In 1995 the Board of Directors suggested changes to the rental agreement. At that time Smugglers' was happy with the structure and the process stopped. Bill Stritzler, Lisa Howe and Bob Mulcahy representing Smugglers' Management and David Kenley and John Mooney from the Association Board have held meetings to develop concepts for a New Business Arrangement.

Board Structure - John Mooney

Refer to handout. As a follow up from 2004 Annual Meeting. The Board of Directors has a committee working on the Association By-laws and structure of the Board. The Board would like to affirm the direction of the Association within six months.

John Mooney asked the Association membership to affirm the appointment of Familyshare homeowners Tom Sheppard and David Evangelista to the Board of Directors. A motion was made and seconded to affirm the appointments. All approved

A sign up sheet will be placed at the back of the meeting area for homeowners to volunteer to assist the Board of Directors.

John Mooney presented a plaque to Mr. Jim Hillis for his continued work on the Board of Directors. John also recognized David Wilson for taking care of the insurance *forever* for the Association and as Telemark Regime Director. Mr. & Mrs. Wilson will be selling their home in December.

Smugglers' Notch Management Report – Bill Stritzler

(Note for a full transcript of Bill's address see a copy of the Meeting transcript in the SNHA Office) Bill thanked the Board of Directors, Association Staff, and Members of Smugglers' staff, in particular Bob Mulcahy President for his special contributions to homeowners and Smugglers'.

Recent staff changes:

Lisa Howe Director of Information Technology at Smugglers' is the driving force for wireless Internet that has been installed in a majority of the homes at Smugglers'
Iris Dixon Wood is remembered for her work at Treasures. Elizabeth Skypeck is the current Director of "Treasures". Patricia Roper is director of Aquatics. Nancy McRae long time director of safety left Smugglers' and Les Burns is Safety Director. If anyone sees anything unsafe at Smugglers' they are encouraged to call Les Burns. Sara Eastman is Senior Accountant. Sara started at the guest service desk and after completing college joined the Accounting department.

All are urged to read *Explorer* A Smugglers' magazine completely written by Smugglers staff.

Everyone is invited to pick up a Disk at the Guest Service desk to participate in Disk Golf.

Lamoille Family Center is the recipient at the annual fundraiser. Gerry Garvey started this tradition of donations to local area charities in 1997.

Bill as homeowner was official negotiator of current contract.

David Kenley presented an overview of the status of the new business arrangement we all are trying hard and there is a good chance we'll get there and hope it lasts another 20 years.

Bill presented an overview of statistics from recent surveys taken by Smugglers Notch Management Company. Of the 200 owner responses there is no significant difference in the familyshare and full ownership responses to the surveys. *Participants of the survey may request survey results via e-mail.*

Overview of full ownership responses

Why did you buy at Smugglers'? 55% bought purely for family enjoyment, 40% bought both for family enjoyment and financial, leaving only 5% buying solely for financial reasons.

Non-financials reasons to own at Smugglers'

1. Winter experience
2. Family atmosphere
3. Children's programs with the correlation related to the number of children in a responding family

Financial benefit

1. Homeowner ski pass in winter
2. Free access to summer and tennis facility
3. Free participation in summer camps

What was the most important financial consideration in ownership?

1. Growth in equity
2. Value of personal use of home to exceed cost (not including capital improvements) to own the home
3. All other options on the survey fell way below the above answers.

In the last five years equity growth ranges from 20,000 to 200,000 based on home size.

Data shows that 1-2-3 bedroom homes the value of personal use significantly exceeds in total the cost to own.

With this information the Board and management need to keep these two important objectives (equity growth and value of personal use) in communicating with homeowners.

Where would you like Smugglers' to invest?

1. Increased snowmaking
2. High speed lift on sterling
3. New indoor facility – large water park – expanded fun zone - year round access to water.

Club owners responded with same answers. Employees who work with customers received same answers. Guests survey answers depended on the time of their visit to Smugglers'

Do you think Smugglers' direction and vision is correct? The best resort for family fun anywhere. 90% stated this the correct vision for Smugglers' Notch.

Comments from the 10% indicated not enough to do. (Grandparents without grandchildren)

Should full ownership homes be Gold Crown standard?

2/3 of owners said yes to Gold Crown standard. Currently 3/4 of owners are at 5 Star rating. *2/3 of family share owners believe fullowners should be Gold Crown standard.*

Do you think Smugglers' guest should pay different rental rates for different levels of home quality? 80% responded yes. This should be a subject of the New Business Arrangement.

How much do you think you should spend each year on capital improvements?

One bedroom owner's estimate of what should be spent is exactly to the dollar what is spent on a club home. (\$2700) Two and Three bedroom homeowners were also close with their estimates.

Why are homeowners discouraged by the amount of money spent? Timing of the amount invested in each home is important. A reserve funds is helpful as some years cost more than other.

70% of respondents intend to be owners for an indefinite period of time. Of the remaining 30% half might sell in the next 5 to 10 years. So 15% of owners plan to sell in the next five years.

Guest survey comments

The most important element of offering to guests is the packages. More packages will be offered.

Club owners, Full owners, and guests were asked: What is the single most important thing about a vacation at Smugglers' Notch?

Relaxation and stress relief.

Conclusion:

1. Stay the course – concentrate on being the best family resort anywhere.
2. Reinvest capital in winter projects
3. Focus marketing on value of packages and making vacation stress free
4. Keep relationship with homeowners strong. Unique partnership that creates a competitive edge - Direction to move in

Bill answered homeowner questions.

Bill Stritzler presented Ruth Brewster with a plaque and framed photo of Smugglers'. Ruth recently sold her home after 30 years. Ruth will be moving south at the end of the summer to be closer to her family.

John Mooney invited homeowners to sign up as volunteers for the Board.

Meeting adjourned at 11:42

Respectfully submitted,

Herb Lewis, Secretary