

Smugglers' Notch Homeowners' Association, Inc.
Annual Meeting July 2, 2006
Base Lodge Smugglers' Notch Village

Being a quorum present in person and by proxy, President Florrie Paige called the meeting to order at 9:00 am. A complete attendance listing is available in the Association files.

Introductions and opening remarks:

- \$3000 was raised at the annual fundraiser on Saturday evening
- Members of the Board of Directors introduced themselves. [List of attending Board members attached for reference.]

Minutes 2005 – The minutes were approved as presented.

Real Estate Award

Herb Lewis presented the full ownership real estate award to Scott Hoffman. Scott sold 4 full ownership homes for a total resale value of \$714,500.00

David Evangelista presented Tracy Wolters with an award for the resale of Interval ownership. Tracy Wolters sold 2 resale Family Share homes for the owners totaling \$260,000.00

Nominating Committee:

David Kenley, committee chair discussed the proposed SNHA Bylaws revision to increase the Board of Directors from 12 directors to 15 directors. The committee had many good candidates willing to be on the Board of Directors.

A motion was made and seconded to amend Article 5 Section 2 of Smugglers' Notch Homeowners' Association, Inc. Bylaws as stated below.

“Article 5 Section 2 Composition. The Board shall consist of fifteen directors, five of whom shall be elected each year by the membership entitled to vote, to take office following their election and to serve for a term of three years and until his or her successor shall be duly elected or appointed and shall qualify.”

Each family or partnership that owns a home or homes at the resort has one per family, even if a family owns more than one home at Smugglers' Notch Resort. Club and interval homeowners vote is 1/50th of a vote per week owned. A simple majority vote in favor of the amendment is required.

Discussion for reasons to increase the number of Board members:

- Board of Directors work load is now greater than over the past years.
- Family share representative are now on the Board
- The Association's negotiation of contract does include club and family share homes.
- The Association structure should provide leadership representing as many home types as possible. Structure of the Association is being analyzed.

The motion was voted on.

18 votes = No

45 votes = yes.

The motion passed

Nominating Committee:

With the four current members wishing to serve again, three new members will also be elected to the Association Board of Directors.

5 will be elected for 3 years

1 will be elected for 2 years

1 will be elected for 1 year

David Kenley presented

Florrie Paige – Lonny Gee – Eric Kotch – and Bob Oehrlein to be Directors for three years.

A motion was made and seconded to accept these nominations as presented. All agreed.

David presented David Evangelista to be a director for 3 years,

Alan Kusinitz to be a director for 2 years

Steve Hoey to be a director for 1 year.

A motion was made and seconded to elect these nominations as presented. All agreed.

The Nominating committee recommended the following slate of officers to the Board of Directors. The Board will meet after the Annual meeting for elections.

President	Florrie Paige
First Vice President	Gerry Sunderland
Second Vice President	Lonny Gee
Treasurer	Herb Lewis
Secretary	Tom Sheppard
Past President	John Mooney
Past President	David Kenley

2005-2006 Annual Reports

Financial Reports – Lonny Gee: Refer to Page 22 of the Annual Report

There is no expectation to increase dues for 2007. Even with a larger Board of Directors the Association expenses are expected to be OK with the existing dues level of \$345 per home.

Water Heater report on page 16 of the report - Lonny requested that homeowners read the report carefully.

Housekeeping for Full ownership

Gerry Sunderland asked the homeowners to see the full report on page 7. Gerry recently toured homes with Andrea Miller (Director of Housekeeping) and found no major housekeeping problems in the homes.

Standardization of items in homes will be a subject of future discussion. Some of the personalizations in the homes are not easy for housekeepers to maintain, clean, and track during busy times. Ideas and recommendations from homeowners will be welcome.

Housekeeping for Family Share

Tom Sheppard – Refer to report on page 8

Family share homes have a detailed cleaning process and inventory. Carpet is deep cleaned twice a year and high traffic areas 5 times a year. Tom wants to develop a mechanism for tracking repairs for all owner types.

EZines – Refer to report on page 9. Tom Sheppard started Ezines 2 ½ years ago and now Smugglers' Notch Management Company is producing these internet magazines.

Marketing - Refer to report on page 10 Tom Sheppard is working with members of Smugglers' Notch Management Company marketing staff. Tom would like to bring a competitive tennis program back to the resort with a possible 2007 fall tournament. Semi-pro tennis might help improve rental occupancy.

Association Restructure

John Mooney – Margret Evangelista - Refer to reports on page 13, 21 and 19. Margret and John are working on the SNHA By-laws to include all owner types. They expect to have Bylaws completed for 2007. A clarification of the structure of the Association will be part of this process.

- Is the Association to be Regime based or neighborhood based? If there is to be a representation on the Board of these groups, what is the ideal size of a group? 60 homeowners vs. 6 or 8 homeowners.
- Club home issues go to Smugglers' Notch Management for resolution. The management of interval ownership homes is in the hands of Smugglers' Notch Management Company.
- This is an opportunity to rethink and be thoughtful in preparation for SNHA going forward.

Real Estate – Herb Lewis Refer to report on page 11

First quarter homeowner statements included a listing of home sales showing an equity increase overall.

Security - Refer to Page 12. Peter Delaney and Mike Spaulding are proactive in providing a safe and secure village for the more than 1000 guests per day and homeowners at Smugglers' Notch.

- Key cards are changed periodically during the year for the card activated locks.
- Contact your Regime Director if you are interested in Key cards for your building or hotel type safes in the homes for guest's valuables
- How soon after a guest leaves is a home inspected? Homes with a group are inspected prior to departure of group. Other homes are looked at within 24 hours and then following that cleaned and inspected as can be scheduled.

Damage Fund – Joe Ingram Refer to report on page 17 The damage fund expense reports are inspected for trends. The following suggestions were taken from the floor and points made:

- Better monitoring of items removed from a home is needed.
- Standards could be considered for sheets and spreads to decrease these as missing items.
- Homeowners need to label items and maintain photographs to be helpful to cleaners in placing things correctly.
- The damage fund covers the first 200.00 of a loss. Some insurance may cover losses if greater than 200.00. Contact Association office.
- When circumstances dictate Smugglers' management would pursue payment for repairs due to malicious damage.

Insurance Refer to report on page 14-15

Former homeowner David Wilson was the insurance guide for the Association. Renting homeowners can have HO6 insurance (contents) as an endorsement to the Master Insurance Policy.

The Association is working to obtain a carrier to cover HO6 insurance for non renting homeowners.

Water Heaters - If a hot water heater is older than 10 years at the end of September of any year, and the water heater causes damage due to leaking, the cost for repairs may be significant for a homeowner as the loss will not be covered by the Association self insured fund between the deductible of \$1,000 and the Master policy deductible of \$5,000. The current Master insurance deductible is \$5000.00 and the first \$5,000 of a loss will be the responsibility of a homeowner if a 10+ year hot water heater leaks and causes damage. The SNHA Self Insurance Fund will not be applied to any damage caused by a 10+ year hot water heater. In addition:

- All appliances should be checked regularly to verify they are in good condition.
- The Association needs to reduce loss to obtain a better rate with insurance company.
- Check with the Association office for the required codes and specifications for hot water heater replacement installations.

Travis Gas Fireplace There were two explosions of a Travis gas fireplace in a home this Spring. This was a serious situation.

- Smugglers' staff identified all homes with the same type of fireplace and shut them off.
- Letters have gone to all homeowners who have this type of fireplace.
- Smugglers' management and members of the Board will continue to work with Travis Industries to determine the cause and develop a solution.

Quality Home Program – Florrie Paige Refer to page 6

- Homeowners are encouraged to develop a business plan for their home.
- Kimberly Paradee QHP Coordinator will use this plan with her inspections
- The Association office will provide assistance in a homeowner business plan if needed.
- Homeowners are asked to share information on products. For example, "Does a particular fabric wear well or not?"
- Purchase plans could be set up if enough interest in articulated for a particular item.
- Discussion followed for adding DVD players in each unit as part of Star rating criteria. VHS-VCR should be kept in homes for the time being as the transition to DVD will take some time and children like their VHS tapes.

A motion was made, seconded and was approved to have each **rentable component have a DVD by December 2006**. These units can be obtained for about \$50.00

Air Conditioning Requirements for a home There has been a continuing discussion of what exactly constitutes an Air Conditioned home.

Is a home considered Air Conditioned if:

- There is AC in each bed room and a fan in the living room, or
- AC in all bed rooms and living area

Points of concern:

- Not all homes can have AC installed in every bed room and not all bed rooms require AC because of their location in the building.
- Guest concern and perception

The group agreed to measure guest comfort from HDYLU guest surveys and review at the end of summer. A motion was made and seconded to table the Air Conditioning definition to Fall. All Agreed. A special meeting to discuss via mail and on line could take place prior to next summer season

A motion was made, seconded and all agreed [with no discussion] to add WiFi service to Five Star criteria.

Rental Balance – David Kenley New reservation software is being installed at Smugglers' Notch. Winter reservations will start with the new system in September. Each home is receiving a list of all components currently in their home and Homeowners are asked to examine and note any changes on the list and return to Kimberly Paradee at the Association office. Going forward, this component update will take place once each year. Exact date for the update is to be determined. At that time, Smugglers' Notch reservationists will update the information in their data base.

For rental balance each home will be assigned a point value. Each home will have history and rating.

- The new reservations system will be orderly and not random.
- **Complimentary days – The new system does not currently have the ability to control the assignment of comp days.**
- There is currently no rental balance applied in the Spring and Fall seasons
- **Rental Balance Criteria will be studied to understand how the process can be introduced into the new system.**

Smugglers' Notch Management Report - Bill Stritzler

Bob Mulcahy – The training film used for employees was presented to the members.

Bill Stritzler addressed the homeowners. Bill said he has been a homeowner over 25 years. He made the following points during his address:

- NBC, as well as a CBS affiliate were in the village this summer.
- The ID band guests are wearing monitors facilities use.
- There is now a Skate park on the berm for 9-18 year range. The music for the skater is provided thru iPod rentals
- Hearth and Candle is undergoing a renovation. Mountain Grill now has a second floor kitchen and the upstairs deck will be covered.
- Sound and Stage is successful and now has a song of the week and season
- Smuggs Hugs – Treasures has a program for parents and infants to age three to help parents and their children be comfortable and safe in the care of Treasurers.
- Nordic walking is on the activities program for the summer.
- Village green now have internal sprinkler system and the walkway was removed.
- Segway rentals – See Burlington Free press article.
- A Thank You from management to Jay Kahn, Director and the Poolside Homeowners for a very nice Poolside renovation.

Bill presented a film made by Smugglers Employees

He extended a thank you to the Board of Directors, Smugglers' Employees and Joe Ingram Executive Director of Smugglers' Notch Homeowners' Association, Inc. When friends ask Bill why he works at Smugglers' he responds with pride and love for Smugglers'. Smugglers' employees are different in how they operate and behave and think about the world. Ski magazine listed Smugglers' with some of the best ski instructors in North America. Peter Ingvolsted is director of SSU and a Smugglers' employee longer than Bill Stritzler. Peter has served eight years as Board chair of Lamoille Union High School, as well. Thanks to all at Smugglers' for making Peter I. available to the community. Bob Mulcahy received the Sherman Adman award for his significant contribution to furthering the ski industry. Hugh Johnson is the voice on the film. Barbara Thomke received the Bob Gillen award as outstanding public relations in North America. A ski instructor suggested that safety bucks be turned into dollars for contributions to the Katrina relief effort. With matching contribution from Smugglers' Notch Management, \$15,000 was donated to Katrina relief. Bill is the current chairman of the Nature Conservancy of Vermont. This organization uses sound science and business practices to acquire and conserve land.

Smugglers' has been number one in Ski Magazine for seven years in a row. People come to study how Smugglers' does it. Under the surface it is not the business that wins the awards but the people taking care of the children. Peter Delaney works to develop a culture of safety with guests and employees. The resort is 30 days from being one year with out a loss time accident. The goal was reached. Smugglers' employee goal is to take the stress from the guests.

Bill expressed pride in his daughter Lisa Howe.

Nate Bunor, a Smugglers' employee emailed Bill from Iraq where he was stationed to let all know that he was looking forward to coming home to Vermont and get back to the Snow guns at Smugglers'. Smugglers' is more than a business and thanks to all who help keep it that way.

Meeting adjourned 1:00pm

Respectfully Submitted,

Herb Lewis, Secretary