

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS ASSOCIATION
GENERAL MEMBERSHIP MEETING
MARCH 9, 2019
PROPERTY OWNERS LOUNGE**

Transcriber: Kelli Myers

10:00AM Bruno de Vinck calls the meeting to order and asks Ed McClary to begin the Pledge of Allegiance.

Bruno de Vinck requested a motion to waive the reading of the Minutes of the November 2018 General Membership Meeting.

Bruno stated that Bill Owens confirms that we do have a quorum to conduct the meeting.

Bruno asks for volunteers to be the chair of tellers.
Mary Appuzzo (919CF) and John Grandy (6CM) volunteer.

Motion to waive the reading of the minutes.
MAKER: 381MR Bruno de Vinck
SECOND: 775MR Ed McClary
Motion approved by visual inspection.

10:04AM Treasurers Report – Gerhard Buhler-see attached.

Questions on the Treasurer's Report:

Carlo Dianda 928RM-Regarding the reserve balances, it is meaningless seeing just the balances without knowing what our goals are to have in the reserves. A community of this size, with the amount of our buildings and assets what is the ideal amount that we should have in the reserves and how are we trending? He stated that the report doesn't give us this information, and this is the second time that he is asking for this information. Gerhard responded that in terms of the size of the communities, there is not one number that is used. It is based on the amount of assets the community has. The reserve program used give projections for 5, 10, 20 and 30 years. The projections help you to see how much money will be needed for the repair or replacements of assets. The program shows your projected spending from the reserves and projected cash flow into the reserves based on the Bylaws and what we save. The community's general reserves are looking very healthy \$1.2 million. Ski and Food and beverage reserves will be increasing over the next couple of years. Carlo asks if Gerhard could include this information to his presentation. Gerhard answered yes. Bruno adds that this community is like a small town except for education. The community has 27 miles of roadways. We escrow money for our roadway maintenance. He explains how we had to replace culverts on the Falling Waters going to the lake. That cost was over \$300,000. The money in escrow covered this expense. No assessment had to be imposed.

Bruno acknowledged that he forgot to get the approval of the minutes after the approval to waive the reading.

Motion for the approval of the November General Membership Meeting Minutes.

Maker: Brian Dooley 156MR

Second: Peter Torchio 82FW

Motion approved by visual inspection.

President's Report-Ed McClary-Most items will be covered in the Manager's Report. Gerhard covered the budget information. He explains that by law, 10% of community's budget must be in reserves. Ideally, he would like to see 50% of the budget in the reserves. This task will take a few years but we are making great strides. A lot of things are coming up in the coming years. There were three new committees formed: SKI RFP Committee to address the next long-term ski contract to manage the ski facility. The Pass Policy Committee which will be making recommendations to the membership regarding possible changes to the current pass policy. The Amenity Committee which will look into how we handle our amenities and if we need to change how we handle our amenities. They will look into possible paid versus free amenities. There will be several meetings to inform the membership what has been discussed at the committee meetings and the membership will be able to give their feedback to the Board. There are a couple big projects coming up for the community which will need to be budgeted. The waterlines will need to be replaced for the snow making system. The board meetings are being better attended. We encourage members to attend as many meetings as possible. If you have any questions, you can send them into the office, and they will get forwarded to the Board for answers. The community is financially in good shape. The restaurant continues to do well. The mountain is running well. Hopefully we continue in this direction.

Bruno explained that the committees that were formed to make recommendations for possible policy change will go to the membership for a vote if they impact the Bylaws.

Manager's Report-Randy Schmalzle-This is the first year that they fully had gone into the Capital Reserve Study. The Capital Reserves are in good shape. The Reserve Program Report that is being used, show us where we are and how we need to proceed. The community reserve is 98% funded. Ski reserve is running 58-60% funded. There is an assessment to increase this reserve. This needs to increase. The food and beverage reserve is about 50-60% funded. The Audit Committee has been very helpful. They have listed all our inventory and equipment. The equipment has been given a certain life span whether being 3 years, 5 years, etc. In some cases, we may find that some equipment may last longer than anticipated. The program constantly monitors and updates when needed. This has been a big project in the works for 4 years. We are at a good point with our reserve study. We do have a couple of projects coming up. Paving is an annual project. Last year, the road budget was reduced. This year it has increased but not to the amount that Randy would like. His goal is to have the road paving project completed by July 4th. If you have any concerns about the road you are on, send a message to the office. They will go out and take a look at all the roadways and then prioritize which ones need the most attention. This is done every year. St. Patrick's Day event is next weekend. Volunteers are needed. This community thrives on volunteers. You don't need to commit your entire day; any amount of time is appreciated. It is a great way to meet people and to give back to your community. The fine seniors help with our mailings for the General Membership Meetings. Lunch is included when stuffing envelopes. We are going to do some work around the pool and add some landscaping. We are going to put in a patio with some seating. The deer have eaten everything. There are going to be a lot of plantings and beautification things taking place. We are going to do some renovations to the lodge. It is now

12 years old and could use some sprucing up. We are getting our summer staff in place. We have a lot of returning lifeguards. They did a really good job last year. It is always tough at the end of the summer with kids going off to college. Many of the guards came back from school to work on the weekends. We greatly appreciated that. He compliments maintenance and their efforts in snow removal. It was a difficult winter. We didn't know what was next. It would snow, then rain and ice which made road maintenance challenging. There is a storm coming in tonight. We are going to upgrade one of our maintenance trucks and replace another in the coming year.

Ron Schmalzle-Ski Report-He was really excited yesterday that it was 6 degrees. They love winter and love the snow. He is very proud to say that they were the first mountain in the region to be 100% open. He thanks the community and the board for continuing to invest in snow making equipment. Christmas week was a challenge. There were some record-breaking days and some rainy warm days. It was a below average Christmas week. Martin Luther King Weekend was a disaster. The big group which comes every year was cancelled. The blizzard hit at the wrong time. That was all made up with a record-breaking Presidents' Week. The weather was perfect. There are three holidays in a ski season. If you have two good holidays, you will have a pretty good ski season. The best skiing on the mountain is right now. It is the best conditions now. They should be able to be open another 2 weeks. They have validated the most number of property owner passes. When they began ski, they validated approximately 1,000 passes. Now they validate approximately 4,500 passes. That is wonderful news for the community and ski. The biggest customer for ski is the property owner's guests. Your guests are spending money on tickets, rentals, and at the restaurant. Without the guests, members would be paying a lot more in dues to keep ski operating.

Bruno comments how Masthope's roads are in amazing condition compared to outside roads such as Westcolang.

Property Owner's Time:

Tom Brown 701CM-Asks for an update on deer management and if it will be done next year. Ed explains that it was the first year that Masthope has done the DMAP program. This allows up to 50 permits to be given out to hunters. The Committee and Management worked together to come up with designated hunting areas and rules and regs for the program. There were about 27 deer harvested. There were no complaints or injuries. The hunting took place only Monday-Thursday. We will apply again to do this next year. Ed clarified that there are only 50 deer allowed to be harvested with this program. This needs to get approved by the state on an annual basis for the hunt to take place.

Janet Davis 3MR-She asks if it is a separate vendor that takes care of the game room. Randy explains that it is separate vendor and we split the income with them. She asks who oversees that and continues that there are 2 identical machines as you first walk in. (inaudible) Randy explains that it is the vendor's discretion what machines they put in the room. The size of the room is a definite factor. They do put some machines at the beach house and they may put more machines in there. It is a difficult business to operate. For Masthope to own and maintain the arcade machines would be astronomical. He asks that parents supervise their children when they are in the game

room. We have had several incidents of vandalism. It has gotten to a point where the vendor has contemplated pulling their equipment. Randy continued that he has seen kids come out of the room with handfuls of prizes. Masthope does get income from the machines. It is about a \$22,000 income line in the budget. Bruno added that this vendor is a huge improvement from the previous vendor that Masthope had.

Brian Dooley 156MR-Asks that when utility companies come out to work do they notify the community when they are doing work. Randy answered no, that the public utility companies have a right of way to do work when needed. Brian saw someone on a pole near his house doing work in the evening. He called the local companies and none had any crews out. Randy answered that public utility companies use subcontractors and it is possible that employee being questioned was not aware of work being done. He continued that he should call public safety if something seems suspicious. Brian would like some type of controls to be in place. He doesn't feel that he should have to question anyone about what they are doing. Other communities have the utility companies check in before they begin working. He used Hemlock Farms as an example. Randy explained that Hemlock Farms is a gated community, Masthope is not gated. Brian thinks that maybe Masthope should become a gated community.

Mike Seyfried 157MR-He acknowledges that the board works hard. 30 years ago, the dues were 6 times less than today. He stated that he is not sure that the community is 6 times better than it was 30 years ago. Is there any end to the increase? Bruno answered that you need to take into consideration the cost of living increase. The Board tries to get to a zero-line budget as close as possible. There is a significant amount of staff and you have to factor in pay raises. One of the biggest expense is insurance. Insurance has gone up tremendously. Once we figure out what amount of money, we need to operate in the fiscal year that basically gets divided by the number of billable units that gives us the amount of dues for the year. This year there is a \$22 increase. When looking at the breakdown for the fiscal year some lines increased and some had a significant decrease. We could leave a flat amount for dues but then down the road we would have to impose a significant assessment. Dues will always increase by the cost of living. Alan Young added that state and federal regulations can also ramp up costs regarding environmental regulations. Environmental regulations were much different 30 years ago compared to now. He uses stormwater management as an example. It is a hot topic in local municipalities and will creep into private communities.

Fred Suljic 162MR-He announced that the township supervisors have proposed to fix Westcolang Road, from the Cuckoo's Nest to Masthope Plank Road. Masthope Plank Road is the worst road in the state of Pennsylvania. He recommends that you stay in contact with PennDot. Randy added that John Grandy forwarded him an email that Masthope Plank Road is going to be repaired from Lackawaxen to the bottom of Westcolang hill this year. We all need to continue to push to make sure that this does not fall off of their schedule. Next year, they are supposed to repair from under the trellis to the end of the road. The state is doing a different paving process. They are using millings and reoiling the millings. It is less expensive for the state to do. They are first going to replace several of the cross drains. This is important because we need the water away from the roadways. Randy reiterates to the membership to send a quick email to the state to keep them moving forward in repairing these roadways. The state is responding. John Grandy's response was the first one he saw. We will post the states email for the membership. Jim Fox asks if the new process of milling was used on Satellite Road (Kimble Road). Randy answered no that was a

full pave job. He explains what poor condition Kimble Road was in from PPL doing their power line work. PPL had the road paved due to the damage that they caused.

Jerry Ferraiuolo 861RF-Asks if there is any update on the Aqua rate increase? He would like to know the status of the house that Masthope is selling. Randy answered that the Aqua case is done. We will post the results on the website. The rates did increase but not as drastically as they had proposed. The sewer charge on unimproved lots was eliminated which will be a significant savings for Masthope. The house has not sold. This is an item that will be addressed in executive session next board meeting. The house was shown about 10 times. The realtor is suggesting that we lower the asking price slightly.

Peter Skow 651FW-He asks about the rules regarding the ski/atv trails in the winter. Ed and Bruno responded that ATVs are not permitted on the trails during ski season. Peter asked how is this enforced. Randy answered that it is almost impossible to enforce. We don't have a way to police the trails. Ed explained that they tried blocking the entranceway. Rules say that ATVs are not permitted in the wintertime but unfortunately people don't listen. Peter explained that if you hike it in the winter it is like taking your life in your hands. He asked if we could put up more signs. Randy answered that we could put more signs up. Bruno explained that public safety is not on ATVs. Public safety would have to wait for them to come out of the trails. Ed stated that there might be a couple of options that they could explore. He will talk to Randy about them and see what option would be the best. Hopefully they would be able to catch at least the repeat offenders. Peter asked what the percentage of renters is compared to homeowners. He asked if there is a cap of permitted rentals at one time. Randy answered no there is no cap on rentals. It ranges from anywhere from 0-90 rentals on holiday weekends. Peter asks is this a community or a resort. He asked if the renters have to check in when they rent so we know who is in the community. Randy answered yes, they check-in with the office to get their renters passes. There is a fee for rentals. One renter gets a picture pass for access to the compactor. We get a list of all the renters in the house and we have rental forms on the houses that are being rented. Alan Young adds that short term rentals are a national issue in communities. This is a recreational community that relies on the transient renter to turn into the new homeowner. This is an issue that your Strategic Planning Committee should address. You need to figure out what direction you want your community to go. This is a recreational community that is amenity driven. The ski area is unique to the community. The ski area attracts more renters. The responsibility of the rentals lies with the owners of the houses. Getting ahead of the rental issue is difficult. Policing the issue is not the answer. It is a problem for the community to address. One successful community does more long-term rentals and eliminated the short-term rentals. This is their marketing tool to attract new homeowners. Bruno adds that the renters bring in a lot of revenue to the community. Property owners benefit from the renters, without them, the dues would increase. Randy explains that his friend is a realtor in the area. One community she works with has banned rentals. This new community rule has taken 40 houses off the list from showing interested buyers. Randy points out that the renters in Masthope are not bad. The owner needs to educate the renters on the basic rules in Masthope. Our public safety has more run ins with homeowners than with renters. Alan Young adds that the original governing document created by the original developer states that the amenities are open to the public. That is a major difference from Masthope to Hemlock Farms. This is part of a Strategic issue that should be addressed to see where this community wants to be 5 or 10 years down the road. The governing documents should be updated. Peter asks does the community check the occupancy of the houses based on its size. Randy answered that is a township issue. Masthope

does not have the authority to do that. The occupancy is based on sewer and water usage. Since Masthope has central sewer and water it is not an issue.

Mike Seyfried 157MR-To continue with the rental issue, he is a full time resident of Masthope. He understands that renters become owners and spend money in the community. Is there anyway that the dues structure could be restructured to impose a higher rate on those owners who rent their property on a regular basis. Bruno answered that the owners do pay an administrative fee per rental. Randy explains that the fee imposed has to be justified. It cannot be for profit business on the rentals. There is a very few homes that would be considered renting their house as a business. Most rent to supplement their mortgage or dues. Gerhard added that there are approximately 15 rentals that would be considered renting at a business rate. During President's Week there were 4 properties that were turned over 4 times in 8 days. Mike asks why shouldn't Masthope benefit from the property owners that are running a business by renting their home? He uses commercial rents compared to residential rents as an example. Gerhard explains that there are two committees looking at this issue from different angles, The ID Pass Review Committee and the Amenities Committee. The committees will be making recommendations to the board as to how the community should move forward in the future. He reiterates that the office collects \$50 administrative fee for all rentals. This is something that is getting reviewed in the committees. Alan Young adds that the Supreme Court is arguing the use of single-family homes. Air BNB and other companies like them are lobbying for regulations to protect short-term rentals. This is a national issue not just a community issue. Pennsylvania legislation is looking into a statewide law to impose on short-term rentals to register and pay a tax on all rentals.

Susan Costomeris 1MR-She rents her house. She asks how much does Masthope make on the administrative fees? Randy answers nothing. She paid \$700 this past year. Randy explains that this fee covers costs: printing passes, staffing, etc. The fee covers expenses. Susan states that the fee is expensive. If we didn't have renters there wouldn't be as many skiers. There are no affordable hotels in the area. She continues that we don't charge full time residents more and they use the amenities more often than part time residents. Renting brings in important revenue to the community. We need to think about what renting brings to the community. Randy clarified that administrative fees budgeted income is \$60,000.

John Grandy 6CM-Pertaining to roadwork, are you going to address shoulders? Can it be done first before trucks begin coming into the community. Randy answered that last year; they started to do shoulders in the road bids. Prior years the shoulders were a separate project. Any road that got paved last year got 18 inches of shoulder put on it. There is approximately \$10,000 budgeted for shoulder work this spring. Any roads that don't have shoulders will be getting shoulders added as they get paved. We will be going into a road weight ban starting next Friday. Only essential delivery trucks will be permitted. Trucks must be under 10 ton. John mentioned the pond. (Inaudible)

Tom Brown 701CM-Has there been a study to widen the road from ski to the lake? Many walk that road and there is no shoulder or sidewalk. Can we widen that so there can be a pedestrian lane? Randy explained that was addressed many years ago before he was manager. He can look into this possibility again. Some areas may be a right of way issue.

Mike Seyfried 156MR-He is not anti-renter. He just feels that the community should receive more compensation from the rentals. The trees that are down along Westcolang to Masthope Plank road, can something be done about them? It looks awful. He asks if something can be with a generator and electrical panel that looks awful on Lower Independence. He has to hide everything on his property, why don't they? Randy answered that he just spoke with Skip LaVigna regarding the downed trees. They have talked to Jeff Shook, township supervisor. The township is not going to do anything about the trees. Masthope does have permission to remove them. That is on our project list. At Lower Independence, that is a sewer pump station. Aqua did a major upgrade to that station. Randy will reach out to Aqua to see if they could put some type of screening in place.

John Grandy 6CM-Is there any update on the ski contract? Ed answered that the contract for next year is with legal. Once legal returns the contract, it will be brought to the board. Then the RFP/RFI Committee will begin working on laying the ground work for the next long-term contract. Is there any information on the pass issue? The Committee just gave their proposal to the board. The board will review and then discuss it at the next board meeting. Then it will be brought to the membership for discussion. Gerhard added that the recommendations are with the board and then the committee will set up a townhall for property owners.

Brian Dooley 156MR-He asks Randy, with him running for Magistrate, how will it affect his position here. Randy answered that it will not affect his position here. This will still be his full time job. The management contract is with Recreation Management. They will do some restructuring that will be in the best interest of the community. Brian Dooley asked for clarification of who the management contract is with. Randy clarified that the contract is with the corporation, Recreation Management. Brian asked when did this change. Randy responded that it has always been that way. Brian argued that it was not that way when Rocco was here. Randy explained that this has been this way since Recreation Management replaced Rocco over 10 years ago.

Anthony Falcone 229FW-He wants the membership to know that the 3 new committees consist of only one board member per committee. The rest of the members are volunteers from the community. Any recommendations made are coming from property owners not the board. The members will present their proposal to the board. They have dedicated their time to attend meetings and to come up with proposals to be presented. It is a lot of work by the committees.

Skip LaVigna 150MR-When there are big weekends, does it put any strain on the septic? Randy answered no. The system is designed to handle the capacity of all house being full at any given time.

11:22am Budget Presentation-Gerhard Buhler-see attached.

Questions on the budget:

Jerry Ferraiuolo 861RF-He asks if the 3 loans are up in 2023. Gerhard explains that the 3 loans were combined a few years ago. The end date for the consolidated loan is 2023. Jerry asked that theoretically the dues could decrease. Gerhard answered that theoretically he is correct but with the appetite for new facilities and improvements, he doubts that would be the case. Ed addressed the pipeline for snowmaking that will need to be replaced. Gerhard explains this is the pipeline that runs from the snowmaking pond up the mountain. When it was put in place it was roughly \$80,000

at that time. The cost just to do an environmental study on this would be many times that amount. Randy added that a big portion of this is included in the capital reserve on the ski side. It is a project already being planned for.

Brian Dooley 156MR-Why is the ECC Officer payroll up 40%? What is his job? Years ago they used to patrol and look at properties. They would make suggestions on cleaning up properties, etc. He has not seen that done in quite awhile. With this increase, he would like to see someone going out and doing something. That is a lot of money. Gerhard explains that the ECC Officer is technically the enforcer of the rules. The committee drives around the community and makes their observations of rule infractions. They relay their findings to the officer. Randy stated that he will make a note of Brian's concerns. The officer's hours are increased to address these issues. He continued that if anyone has concerns to bring it to the office and ECC will look into those concerns as well.

Bruno makes a motion to vote on the budget as presented.

Maker: Brian Dooley

Second: Leatrice Langer

MOTION: 01:03:09:2019

Preamble: Whereas there are existing contractual capital assessments for the ski loan, lodge loan, and beach/river park loan in the amount of \$332, and Whereas our Bylaws prescribe a mandatory Minimum Annual Assessment of two percent (2%) of the previous year's total Operating Budget for the Restricted Reserve Account-General, corresponding to an amount of \$53, and Whereas money is needed for funding the Capital Asset Reserves for community owned ski assets in the amount of \$50, therefore be it resolved,

Approve the addition of \$50.00 to each 2019-20 dues assessment for the capital ski asset in the restricted reserve account.

Maker: 57FW John Perrotta

Second: 458MR Sheldon Langer

Vote Taken: 39 Yes - Present

2 No - Present

153 Yes – Directed Proxy

107 No – Directed Proxy

TOTAL: 192 Yes

109 No

Motion passed.

MOTION: 02:03:09:2019

Preamble: Whereas the continuing operation of the Masthope Community requires an increase of \$83 for single improved lots and single unimproved lots over the prior year operating budget, therefore be it resolved,

Approve an increase of \$83.00 to 2019-2020 dues assessment for a single improved lots and single unimproved lots

**Maker: 775MR Ed McClary
Second: 458MR Sheldon Langer**

Vote Taken: 36 Yes – Present
 3 No – Present
 154 Yes – Directed Proxy
 106 No – Directed Proxy
TOTAL: 190 Yes
 109 NO
Motion passed.

Bruno asks for a motion for adjournment.

Maker of the Motion: 458MR Sheldon Langer
Second: 3MR Janet Davis

Motion passes by visual inspection.

Meeting adjourned 11:41am.