

**Masthope Mountain Community
Board of Directors Meeting
January 30, 2021**

Recorder: Kelli Myers
Transcriber: Kelli Myers
Teleconference

8:30 AM Meeting called to order.

Roll Call: Present Gerhard Buhler, June Murphy Carrozza, Bruno de Vinck, Anthony Falcone, Jim Fox, Tom Garrity, Herman Matfes, Ed McClary, Foster McCoy, Chris Pisani, and Eugene Principe

Bruno asks for the approval of the agenda.
The agenda was approved unanimously.

Bruno asks for the approval of the December 19th, 2020 Board of Directors Meeting Minutes.
The Minutes were approved unanimously.

Treasurer's Report- for period ending December 31st, 2020-Gerhard Buhler-see attached. Gerhard added that the number of lots with their dues paid in full is the highest it has been in years. He and management continue to monitor the food and beverage figures. He continued that he has two motions to go before the board of directors. The first motion is the remaining \$50,000 payment from the Ski loan surplus to the F&B reserves for the Top of the Mountain Project. The second one is to approve the proposed budget to be mailed to the membership for a vote at the March General Membership Meeting.

Treasurer's Report was approved unanimously.

Correspondence Report-June Carrozza-See attached.

President's Report- June Carrozza-See attached.

Manager's Report-Randy Schmalzle- See attached.

Aqua PA update-Randy Schmalzle-See attached.

Anthony asked how many people are waiting to get hooked up to the sewer system. Randy answered that he has asked for the number from Aqua but was not given an answer. He continued that you could file an appeal against Aqua however it is controlled by DEP whether

Aqua can give out any permits. DEP is not permitting Aqua to issue anymore sewer hookups until the system is expanded. Anthony clarified that Aqua is not denying the permits. They are not issuing them at this time. Randy added that service will continue just not at this time. June recommends that the members can contact the Office of Consumer Advocate. Anthony would like the membership to realize that this is not a board decision to deny sewer permits. Randy added that if anyone has questions to please call and ask the office or Aqua PA.

With respect to property owners violating the ski rules, Bruno stated that he feels it is important to protect Masthope's integrity with Recreation Management and the ski contract. Masthope members benefit from free skiing and by Recreation Management charging the public.

Ski Report-Randy Schmalzle-The compressor for snow making is repaired and operating. The RFID passes are going to become the property owner passes. They will be used at all of the amenities. Randy explains that you need to keep the RFID passes away from cell phones. They would become inactive. He encourages everyone to go online to Ski Big Bear to purchase other ski services if needed. Then you go directly to the shed at Ski and print out your ticket using your QR Code. He continued that the rental shop is operating with limited capacity. He urges you to plan ahead. You can pick up rentals the day before you plan on skiing. With the upcoming storm, ski anticipates great conditions on the mountain. It has been a very productive ski season so far.

Committee Reports-

Audit Committee-Joanne Ferentz-See attached. Randy thanks the committee for doing the fuel study. He asked Joanne that when they were comparing purchases versus use, did they take the fuel in the tanks under consideration. She answered yes. The committee started the comparison at the time of a first fill-up. Randy stated that they are going to reach out to Francis Smith and Sons to service the system. June asked if there is something that they punch in or log in when using the fuel pumps. Randy answered that there are cards that get run at the pumps and manual logs that are maintained. June asked Joanne if the committee is going to revisit the fuel logs. Joanne responded yes, they will.

ECC Committee-Peter Torchio-Nothing to report.

Financial Committee-Gerhard Buhler-There was the budget townhall last Saturday. There were 23 participants on the call. With the proposed budget for 21/22, the membership would see a decrease in their annual dues.

Document Review Committee-Tom Garrity-The Committee is still working on separating the property owner's handbook, a procedure for e-voting and an emergency plan for the community.

Ski Committee-Lisa Lawler-No report.

Strategic Planning Committee-Robin Hoose-No report.

Fire-Jim Fox-No report.

ID Committee-Gerhard Buhler-No report.

Technology Committee-Herman Matfes-The Committee is reviewing the community website and its need to be updated. Discussion continued regarding the new software system, website and RFID scanning system.

WLA-Gerhard Buhler-The quarterly meeting was held on January 17th. There is concern about the needed repair work on the bridge over the dam. They are getting some cost estimates. There is also concern about an invasive fish, snakehead, that is infiltrating some waters in the Northeast.

Old Business:

Gerhard explains that there will be a motion to move forward to sign a contract with Caliber HOA System.

DMAP-Peter Torchio-He explains that there were 40 deer harvested. He added that there is interest in having an archery range in the community.

June addressed the Powderhorn Property that sold for \$138,000. Recreation Management will be reimbursed \$125,000. There are two Masthope properties that are going to be sold to members so that they can be combined with their original property. Anthony asked for clarification about the two Masthope properties that are being sold. June explained that the property owners inquired about the lots that are adjacent to their improved lots. They want to combine the adjacent property with their improved lot. Masthope does not sell lots for developing. They must combine with the original properties. Bruno added that this will result in larger assessments income for the community also.

New Business:

June addresses the dues penalty that a member received due to late payment. Herman asked for more information. Kelli explained that the property owner was 2 months late on a payment plan. The owner was notified that the \$350 was going to be applied by a certain date if dues were not paid in full. All owners in arrears were notified about the late payment fee. June added that the property owner has asked to have the fee waived. The board agreed unanimously not to waive the fee.

June explains about a trespassing issue. Randy added that there is video of the gentleman trespassing onto another homeowner's property. The man trespassing said he was on the property to take care of his cats. The cats are feral. At first, it was believed that the man trespassing was a property owner's guest, but he does have a property owner pass. The deeded homeowner is out of the country and unreachable. Public Safety has been involved to try to rectify the situation. Randy continued that there is a limited amount that public safety can do. The property owner who raised the trespassing issue was advised to call state police if the trespassing continues. June continued that the homeowner also complained that the feral cats were destroying her property. June consulted with Karen Spano who traps feral cats and gets them neutered. Karen explained that she was on that property and 14 of those cats were neutered. If a homeowner does not want the cats on their property, they would need to trap them and take them to a shelter. Further explanation continued regarding feral cats.

Bruno addressed the need for a motion to move forward with the purchase of a new public safety vehicle. Randy explained that the vehicle would be a Ford F150 with a police package. June explains that she called an executive meeting pertaining to the abuse of passes. During that session, they voted to add that the property owner's passes would be shut off as well as pay a fine.

June addressed the voting procedure that will be put in place for the March General Membership Meeting due to COVID precautions. Anthony reads the procedure. See attached. Discussion continued regarding COVID and emergency procedures.

Bruno explains that the financial audit conducted by William Owens and Associates will be presented in a motion for board approval. Bruno asked about the comment made by the accountant pertaining to the high bank account balances (over the \$250,00 cap) that Masthope carries that does not fall under FDIC requirements. Gerhard explains that regarding our operational accounts that there is nothing that can realistically be done. They have diversified the reserves. Masthope now invests in brokered CDs through Fidelity and CDARS. All are under the \$250,000 threshold. Randy added that another investment strategy that was implemented last year is every evening our funds are rolled out of our accounts and into overnight investments and then rolled back into the accounts in the morning. This is not FDIC insured but it is guaranteed by the bank. To fall under the FDIC insurance, we would need at least eight different bank accounts. This is an item that the accountants write up every year. It is not a manageable situation to have multiple bank accounts. It could be more of a liability.

MOTION: 01:01:30:21

Whereas Masthope's Auditor has submitted the annual report for 2019-2020 in draft form awaiting board approval

Therefore, be it resolved that the Masthope Mountain Community Board of Directors approves the annual financial report for 2019-2020.

**FIRST: BRUNO DEVINCK
SECOND: FOSTER MC COY**

MOTION PASSES: FOR 11, AGAINST 0

Anthony reads the motions.

Property Owners' Time: Herman announces that there are 33 people on the call.

Robin Hoose 121FW-She asked if the board had the opportunity to review Strategic Planning Committee's suggestions regarding ATV riders. June answered no they have not discussed that yet. June explained that at the next board meeting the Strategic Planning Committee will have a presentation to go before the board. The committee has been studying the different trails in the community and possible areas for more trails. Gerhard added that it would be good to have a comprehensive plan of the trails to avoid future deficiencies. June explained that Matt Spalding has been doing that. He has been using Google maps of the community and will have a presentation ready for the next meeting.

Robin Hoose 121FW-She brings up the idea of an archery range. The committee would like to meet with Peter Torchio to discuss this idea.

MOTION: 02:01:30:21

Whereas in a motion dated February 6, 2016, the Masthope Mountain Board of Directors proposed the borrowing of US \$100,000 from the Capital Reserves to fund, in part, the expansion of the skiing area, and

Whereas the Masthope Mountain Community approved a motion regarding that Board proposal at the March 2016 General Membership Meeting, and

Whereas the approved membership motion stipulated that the borrowed funds needed to be repaid from the ski funds by the 2019-2020 and 2020-2021 budget years, and

Whereas the first repayment for budget year 2019-2020 was approved by the Board with Motion 04:09:21:19 at the September 2019 regular board meeting,

Therefore, be it resolved that the Masthope Mountain Community Board of Directors approves the transfer of \$50,000 from the Ski Loan Surplus to the Restricted Reserve Account-Food and Beverage to repay the second and final installment of the funds borrowed for the Ski Area Expansion Project.

FIRST: BRUNO DEVINCK

SECOND: FOSTER MC COY

MOTION PASSES: FOR 11, AGAINST 0

MOTION: 03:01:30:21

Whereas the Masthope Financial and Community Management System is in need of replacement, and

Whereas a thorough comparison of five software vendors' products was conducted between July and December of 2020

Therefore, be it resolved that the Masthope Mountain Community Board of Directors approves Caliber Software, a subsidiary of Community Investors, Inc., dba Frontsteps, to provide the new community software. The new software will be installed as a Software as a Service (SaaS) package at a cost of \$0.75 per unit per month, an annual portal fee of \$625, plus \$300 for installation, training, certificate and data transfer.

FIRST: GERHARD BUHLER

SECOND: HERMAN MATFES

MOTION PASSES: FOR 11, AGAINST 0

MOTION: 04:01:30:21

Whereas the 2021 Masthope Annual Budget Meeting is scheduled for March 13, 2021, and

Whereas our Bylaws require the mailing of the proposed annual budget and associated motions a minimum of 30 days in advance by February 11, 2021, and

Whereas community input to the proposed annual budget has been obtained through a budget town hall meeting on January 23, 2020,

Therefore, be it resolved that the Masthope Mountain Community Board of Directors approves to mail the proposed budget including the proposed motions for a vote by the membership at the March Budget Meeting.

FIRST: BRUNO DEVINCK

SECOND: JIM FOX

MOTION PASSES: FOR 11, AGAINST 0

MOTION: 05:01:30:21

Whereas Article III of the Masthope Mountain Community Bylaws addresses the attendance requirement for the Board of Directors at regular monthly board meetings, and

Whereas, the Commonwealth of Pennsylvania has issued various mandatory and recommended restrictions to combat the effects of the ongoing COVID-19 pandemic, and

Whereas, the Pennsylvania Nonprofit Corporation Law (NCL), Section 5509, provides a board of directors of a nonprofit corporation certain emergency powers,

Therefore, be it resolved that the Masthope Mountain Community Board of Directors in order to stay in compliance with COVID-19 restrictions and recommendations will conduct its business with proper social distancing, via teleconference or other means, until the normal order of business as prescribed in our Bylaws can be followed with consideration of the health, safety and welfare of all participants.

FIRST: CHRIS PISANI

SECOND: EUGENE PRINCIPE

MOTION PASSES: FOR 11, AGAINST 0

MOTION: 06:01:30:21

Whereas a previous motion dated December 8, 2020 addressed the repair of one of the snowmaking compressor motors and the rental of a diesel powered air compressor with the final cost to be determined at a later date

Therefore, be it resolved that the Masthope Mountain Community Board of Directors approves the final cost of the repair/rental described, to be as follows:

- 1) Compressor motor repair-\$37,255.82 funded through the Capital Contingency Fund.**
 - 2) Compressor rental & expense-\$30,732.20 funded through the Operation Contingency Fund.**
- See attached invoices.**

FIRST: JIM FOX

SECOND: HERMAN MATFES

MOTION PASSES: FOR 11, AGAINST 0

MOTION: 07:01:30:21

Whereas a General Membership Meeting is scheduled for March 13, 2021, AND whereas an alternative voting option must be utilized due to the various mandatory and recommended restrictions related to the COVID-19 pandemic.

Therefore, be it resolved that the Masthope Mountain Community Board of Directors upon advice of counsel, approves an alternative method of voting similar to the method utilized at the previous two General Membership Meetings held March 14, 2020 and July 11, 2020. The procedure for this voting will be announced through further communications (Constant Contact, mailing, etc.)

**FIRST: JUNE CARROZZA
SECOND: EUGENE PRINCIPE**

MOTION PASSES: FOR 11, AGAINST 0

MOTION: 08:01:30:21

**Whereas, a public safety vehicle was declared a total loss after an accident, and
Whereas a new vehicle is needed**

Therefore, be it resolved that the Masthope Mountain Community Board of Directors approves the purchase of a new public safety vehicle (2020 Ford F150) at a cost not to exceed \$40,000, including tax, registration, accessories, and including insurance claim payout of \$14,500, for a net impact on General Reserves account of \$25,500.

**FIRST: GERHARD BUHLER
SECOND: HERMAN MATFES**

MOTION PASSES: FOR 11, AGAINST 0

Meeting adjourned: 10:16am.

Treasurer's Report for Period Ending December 31, 2020

Unaudited

Collections - YTD

	Dec 19	Nov 20	Dec 20
Total	2035	2033	2033
Billable	1715	1713	1713
Paid in Full	1597	1597	1622
Percent	93.1%	93.2%	94.7%
Outstanding - Lots	118	116	91
Outstanding - Dues	\$188,140	\$178,429	\$166,410
Total Bad Debt Lots	31	31	31

Unrestricted Income and Expense - YTD

	Dec 19 YTD	Nov 20 YTD	Dec 20 YTD
Revenues to date	\$2,789,163	\$2,774,594	\$2,817,499
Expenses to date	\$2,081,387	\$1,774,322	\$1,986,793
Net Surplus (deficit)	\$707,776	\$1,000,272	\$830,706
Margin (Net/Revenue)	25.4%	36.1%	29.5%

The Summit - YTD

Revenues to date	\$1,169,412	\$781,038	\$871,626
Expenses to date	\$1,123,479	\$784,646	\$898,477
Net Surplus (deficit)	\$45,933	(\$3,607)	(\$26,851)
Inventory	\$53,757	\$31,039	\$45,090

The Market Place - YTD

Revenues to date	\$373,596	\$343,878	\$387,514
Expenses to date	\$374,459	\$331,574	\$384,085
Net Surplus (deficit)	(\$863)	\$12,304	\$3,428
Inventory	\$10,305	\$20,297	\$16,123

Summit/Market Net Surplus (Deficit)

	\$45,070	\$8,696	(\$23,423)
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Correspondences

The Board has received 36 correspondences this month. Most of the topics have been placed on the agenda to discuss in today's meeting. Here is a summary:

- Questions and updates from committees continue.
- People trespassing
- Cars parking in ATV and UTV area
- Cross country ski trails
- Questions on rental capacities
- Update on Aqua with requests for septic permit.
- Reports of Abuse of RFID passes
- Clean air system
- Lodge capacity and condition

President's Report

With the rollout of the Covid 19 vaccine, we are hoping that we can meet in person, perhaps even already next month. For the safety of all, we will not be meeting in person, but will continue to teleconference this month.

I would like to thank our office staff and the Ski Big Bear staff for the rollout of the new RFID ski passes. There have been some challenges and I like to thank our property owners for their patience. The disappointment to the BOD was that property owners had been reported using their passes for others. Ski privileges are nontransferable. The BOD held an executive meeting to discuss theft of services. New rules and regulations were put in place. We will be receiving an update from RMC during our Board meeting.

The ski swap raised \$1600 for the Lackawaxen Township Volunteer Ambulance.

At the Lackawaxen Township meeting, the Rental policy was pushed to the February meeting.

Thanks to everyone for phoning in, please continue to be safe, wear your mask and observe Covid 19 guidelines. We will continue to keep you updated on any changes and we all need to work together to keep our friends and family safe.

Managers Report

January 30, 2021

Projects

1. Pool Project – Equipment is ordered and building projects well underway.

Department reports

Public Safety – In the December storm one of the patrol vehicles was damaged in a storm. The insurance carrier has totaled the vehicle. This vehicle was scheduled to be replaced in 2022 reserves. Replacement will be approximately 1 year early. Payout on vehicle is \$14,500.

Staff are working in the lodge to enforce Covid rules. Tables and chairs have been removed so there is only seating for building capacity. People may remove their masks when seated and eating, all others please wear your mask and social distance.

We have received concerns that people are not complying, please understand that enforcing these restrictions is not a easy task. Please comply.

Food and Beverage – With reduced seating and not being able to congregate in the bar area our numbers are off from previous years. Staff has done a great job working within the restrictions and with limited staff.

Please remember that take out drinks may not be consumed in the lodge, you are welcome to use the patio areas.

Thank you to all who continue to support our food and beverage operations.

Administration

Pass abuse – There have been 12 property owners who have been fined \$250 and had passes turned off for allowing others to use their passes. Lift operators have access to pertinent identification information and will continue to monitor passes.

Next week an additional gate will be installed at the bottom of the Magic carpet.

Please continue to comply with the pass policy. Your pass is best kept in a pocket on your left side, it can also be worn in a armband for easiest use.

The office will continue with limited access, please call when you are at the door for service.

Maintenance

We are prepared for the incoming storm, it would be great to have a forecast better than 3" to 3'. Whatever it is they are ready to go. Please do not park cars in the road right away, it is dangerous for our operators, your vehicle and does not allow the road to be properly plowed.

Aqua update.

January 29, 2021

In late October we were notified by Aqua that they would not be issuing hook-up permits in Masthope. Their representative was in contact with management, at that time they were working with DEP to determine how they would move forward.

Without a permit from Aqua the township could not issue building permits. They were able to issue permits to projects that were already underway.

Management and the BOD President participated in a zoom meeting with Aqua, PA DEP and Lackawaxen Township officials. At that meeting we learned that the sewage treatment plant was operating over its design capacity of 100,000 gallons per day. With the onset of Covid and many people moving to Masthope on a semi-permanent or permanent basis there were times when the flow was more than 250,000 gallons per day. Aqua did use temporary mitigation equipment to treat the effluent so there was no damage to the environment and no violations issued by DEP. What became very apparent is that the treatment plant was built to service a community of second homes and as Masthope grew the plant should have also been expanded.

In that meeting alternative or temporary measures to address the problem were also discussed including the use of holding tanks for new construction, this is not permissible. We also discussed the use of on-lot disposal systems. As we all know Masthope is governed by multiple documents with the most senior being the covenants/declarations. This document may only be changed by a 67% positive vote of all members of the community. Very specifically addressed in this document is the fact that all homes in the community be attached to the central water and sewer system. The Board has been asked by members to waive this requirement, they cannot, it would be a violation which could bring legal scrutiny to the Board and community.

Conversations have been had with the PA Public Utility Commission who governs public utilities, they would not get involved in this matter unless Aqua flat refused to service the community. They believe that Aqua is

acting in good faith to find a viable solution and will return to normal service as quickly as possible.

A conversation was also had with the PA Consumers Advocates office who offered similar sentiment as the PUC. Individuals can reach out to both agencies to express their concerns.

Communications continue with Aqua, they recently attended a Lackawaxen township planning commission meeting where they discussed amending their operating permit. This is a long process that must first be approved by the township prior to submission to DEP, once at DEP there will be a period of public notice then review and hearings prior to approval. Aqua has had engineers working on this problem since the day they realized they had a problem.

Aqua has also been given permission to do soil testing in the area surrounding the Sewage Treatment Plant in an effort to explore other types of disposal systems.

Aqua has provided service in the community for approximately 10 years, during that time we have seen many improvements to both the water and sewer facilities. They have installed miles of new watermains, replaced the leaking water tower, upgraded the many pump stations in the community and have participated in road resurfacing projects upon completion of their projects.

We understand this situation has caused hardship to some members, but we also believe that Aqua is working diligently to improve the system and return to full service for the entire community.

Masthope Audit Committee Report
January 30, 2021

The audit committee has been working on the review of the vehicle/equipment fuel usage, for both regular gas and diesel fuel. The period we looked at was from January 2020 through September 2020. Over the past several months, we met and talked with multiple employees from Maintenance, Public Safety, and Office Staff. We reviewed control procedures, manual logs, computer generated reports, and invoices for fuel purchased during that period, and performed analytical procedures on the information. We also looked at the operation of the fuel pumps.

Following is a report of our findings and recommendations.

1. The meters at the gas pumps appear to be broken. They are reporting the incorrect time, and the numbers on the meters are not clear, making it difficult for the employees to accurately record gallons pumped. There is a computer-generated report from the system for the regular gas, which shows gallons pumped by department, but the report for diesel shows that diesel fuel was pumped, but does not record gallons pumped. Based on the payments made to the company who maintains the system, the last time there was maintenance on the system was early in 2019.

We recommend that the pumps be repaired to accurately monitor and control the fuel usage.

2. Manual fuel usage logs are kept by employees of both the Maintenance Department and the Public Safety Department. Information on the logs includes the date and time of use, the employee's name, the gallons pumped and the vehicle and/or purpose of the fuel use.

We recommend that the department heads be given a copy of the computer-generated report to compare to manual logs. Based on the period we reviewed, the computer report showed fuel usage on multiple occasions that was not recorded on the manual logs. By providing the computer information to the department heads, they would have a means to monitor and control the fuel usage, reinforce the accurate completion of the manual logs, and identify possible unauthorized fuel usage.

3. We compared the gallons reported as used on the computer-generated report to the gallons of fuel purchased from Highhouse Energy for the period under review. We found that over the nine-month period reviewed, we purchased approximately 644 gallons of regular gas in excess of what our report showed as being used. Although we do not have a computer-generated report for the diesel usage, we compared the gallons of diesel pumped from the manual logs to the gallons purchased from Highhouse Energy and found that we purchased approximately 422 gallons in excess of what was recorded as used. Based on the average price of regular and diesel fuel over the period reviewed, approximately \$1,900 in purchases were unaccounted for.

While records show we purchased more gas/diesel fuel than we used, without a properly working system, accurate capture of the gallons pumped, and regular calibration of the pumps, there is no way to be sure of the reason for the differences, or if there actually is a difference.

Respectfully Submitted,

JoAnn Ferentz
Audit Committee Chair