

**MASTHOPE MOUNTAIN COMMUNITY PROPERTY OWNERS ASSOCIATION
GENERAL MEMBERSHIP MEETING
July 7, 2018
In the Property Owners Lounge.**

Chairman: Jerry Jacobs

Transcriber: Kelli Myers

10:01AM Jerry Jacobs called the meeting to order. He announced that we do have a quorum: 252 proxies and 47 in attendance. Jerry led the Pledge of Allegiance.

Jerry stated that we have our Chair of Tellers: John Grandy, Mary Apuzzo and Leatrice Langer will serve as tellers.

Jerry requested a motion to waive the reading of the Minutes of the March General Membership Meeting.

MAKER: Leatrice Langer

SECOND: Rich Seidel

MOTION PASSES BY VISUAL INSPECTION.

Jerry requested a motion to accept the Minutes.

MOTION PASSES BY VISUAL INSPECTION.

10:04AM Treasurers Report – Gerhard Buhler
Gerhard provided the unaudited year-end financials for year-end financials for the 2017-2018 Fiscal Year as of April 30, 2018. He also gave an update on the changes of the Bylaws, which will introduce a separate Financial Section into the Bylaws and which will be voted on by the community at the November 2018 GMM.

Treasurer's Report- See attached

10:12AM Auditor's Report-Bill Owens-The firm has completed their annual audit report and has distributed drafts to the Board of Directors. At the end of the fiscal year the operating funds ended with \$2,083,000. The reserve fund owes the operating fund \$61,000 that must be transferred. The prepaid dues at the end of the fiscal year was \$2,109,000. Once you deduct the prepaid dues you are left with a small excess in the operating funds. At the end of the fiscal year, the reserve accounts had \$2,216,000. This fund is up approximately \$224,000 from last fiscal year. We also paid back \$416,000 on the loan balance. The community is very sound as of the end of the fiscal year. Total revenue for the community was \$5,840,000 total expenses for the community was \$5,630,000. Leaving an approximate surplus of \$210,000. The restricted funds had revenues of \$1,169,000 and expenses of \$449,000. Leaving a surplus of \$720,000. The auditors show the revenue on a cash basis. That shows what you collected with no margin of error.

Questions on the Treasurer's and Auditor's reports:

Virginia Colsey 528FW- Asked a question regarding prepaid dues money and why it was considered a liability. Bill Owens explained that even though the money was collected before May 1st. It is not money earned by Masthope until May 1st when the payment is due.

Carlos Dianda 928RM- Would like to know what is supposed to be in the reserve fund. Bill Owens responded there is a reserve study done that is supplementary information to the financial statements. The study shows the amounts it would take to replace buildings and all the assets in the community. The estimated total is \$12,680,000. Accumulated reserve requirement shows \$6,030,000. The reserves can be funded in various ways. There is full funding when you fund it 100% and have several million in the bank. There is threshold funding when you supplement as needed. Bill added that he feels that \$2,000,000 in the reserves is a healthy amount. Masthope is funding using the threshold method rather than full funding. Bill explained that a lot of times these studies will list what it will cost to replace an entire building which rarely happens. At some point you may replace windows, flooring etc. as opposed to an entire building.

Audit Committee Report- Maria Porter- She stated that it has been a pleasure to serve on this committee. They currently have 6 active committee members with financial backgrounds. They meet monthly. Their main focus was the issues in the Auditor's Report. The committee has made good progress. The committee created reconciliation procedures for the ATM machines and the change machine/arcade games which were not in place. While implementing the reconciliation procedures, they recovered \$3,000 dollars that was owed to Masthope from the ATM company. She thanks the members of the committee for volunteering. The Masthope staff have been very accommodating. The committee is going to review the community's fixed assets in the coming months.

Jerry Jacobs asks for a vote to approve the independent auditor's report.
MOTION PASSES BY VISUAL INSPECTION.

Jerry announces Dan Clark.

Dan explains the one motion to be voted on in this meeting is to enter into a three-year contract with Tri-State Carbonation Service.

Dan asked if there were any questions.

Robert Sierpinski 572CF- Was the proposal done with just this one company? Dan answered yes. They did a cost comparison with their current supply company. Dan does not know if Joe had contacted other companies.

AUTHORIZE THE APPROVAL OF A BEVERAGE GAS EQUIPMENT AND SERVICE AGREEMENT FOR A TERM OF THREE YEARS WITH TRI-STATE CARBONATION SERVICE.

MOTION PASSES-PROXY, YES-233 PRESENT, YES-42
PROXY, NO-10 PRESENT, NO-0

Election of the Board Members. Jerry asks the candidates to come forward and give their final bio before the ballots are cast.

1. Foster McCoy
2. Ed McClary
3. Joe Vaiatica
4. Anthony Falcone
5. Jim Fox
6. Maria Porter
7. James Graziano
8. Eugene Principe

10:35AM

President's Report-Dan Clark-Thanks Jerry Jacobs for Chairing the General Membership Meeting. It's the first time in a long time a non-board member property owner chaired a GMM. Back in March, he mentioned a few items that he and others were working on. He would like to update the membership on the progress.

- The Document Committee has been working on the proposed revisions of the Covenants. The revisions were sent to Attorney Alan Young for review and comment. The committee is now reviewing Alan's suggestions. Once the committee is done with this review, the draft will go to the Board for approval. The draft would then be sent out to the membership for a vote. The Covenants revision has been a long process.
- The other item to address is the DMAP Program (Deer Management Program). The community does have a deer problem. Hemlock Farms has done a deer cull over the past few years and they are seeing a positive effect, but the state is taking a harder position on culling. Culling is a very expensive process. Birth control and relocation of deer does not work. Masthope has received 50 coupons through the DMAP program. The coupon allows you one antlerless deer. It only takes 3-6 years for the deer population to double. Dan has been working with Ron Tussel, a deputy game warden, on this project. Rules are being worked out. It would only allow bow hunting on weekdays. You will receive information in a mailing.

10:40AM

Management Report-Randy Schmalzle-He thanks the current Board of Directors for doing such a great job. He acknowledges how Masthope always manages to have a good productive board. He thanks the volunteers in the community. It makes managing an easier task. The lake is currently closed. The lake and pool are tested weekly by a separate company. It takes 24 hours to get the results. If levels are elevated the state closes the lake area immediately. The test for the lake was minimally elevated. It could have been a bad test, or the levels may have been slightly high. We are required to do this testing. It is a natural phenomenon that

cannot be prevented. The pool is a different entity. We can use chemicals to combat elevated levels. We work off the recommendations from the Center from Disease Control Compliance for our pool. We keep our pool level at a 3. Most public pools are at a 1-1.5. We want to keep our pool open as much as possible. Road Bids are out to several companies. We will have them back for the next board meeting. Public Safety is enforcing ATV rules. The rules are in the handbook. He recommends everyone review them. They are there to protect our members. We are lucky that no one in the community has been seriously injured. The summer attitudes have been difficult on the staff. The staff is here to enforce the rules, they do not make them. Please be kind to our staff. Summer season is in full swing. There are lots of activities and events going on this summer. Everything is advertised in the Weekly Messages.

Property Owner's Time:

Ed Barker 9MR-Do we know the fecal count of the lake and could it be caused by the Village? Randy answered the count was 250 parts per million. It was minimally elevated. He continued that he would not point a finger at the Village. Old septic systems actually work better than the new systems. Fawn Lake has a geese problem that raises the fecal level of the lake in that area.

Mike Seyfried 157MR-Regarding road maintenance, he witnessed a road being dug up and there was a manhole cover that was 6-7 inches in the road. Why isn't it raised up? Randy answered that we do raise them and doesn't know why that one was not but will look into it. It is in our contract to have the manholes raised. We started doing this 5 years ago.

Peter Torchio 82FW-The letter from Aqua about flushing the lines, stated to keep toilet lids down. Why? Randy answered that some houses have no check valves and it could back up into the house. Most houses have a grinder pump and do not need to worry about that occurring. There was one house in Woodloch Springs that had it back up into their house.

Marianne Mileno 1169FW-When the lake is getting tested, is it tested in multiple locations? Close to the edge of the beach? Randy answered that it is a single location test that is close to the edge.

Steven Cammer 887FW-He had a friend use one of his family member's pass to ski and they got caught. He had to pay a \$250 fine. He asked why is the fine so high? Why isn't it a sliding scale? Randy stated that this was a decision by the Board of Directors. It is a major problem of property owners taking advantage of the system. People intentionally hand out their passes to whomever they want. This is difficult to monitor during ski season when everyone is bundled up. This hurts the community. Steven asked where do the funds go? Randy stated it goes in the general fund. Steven reiterated that he thinks that fine is too severe.

Matthew Ferris 684FW-How many passes can renters get? Randy explained renters register with the office and can receive up to 8 people with no additional fee. They can get 4 more with additional fees. Matthew stated the owners only get 4 guest passes. Randy responded that owners get up to 12 owner passes and 4 guest passes. Some properties have more owners passes because they are grandfathered. The pass policy will be getting reviewed and major decisions will have to be made with revising the policy.

Robert Sierpinski 572CF-Has there been a request for proposal for an independent auditor recently? When was the last time that happened? Dan answered before his time. Bill Owens has always been the independent auditor that he knows of. Bill added he is not sure how many years he has been Masthope's auditor.

Anthony Falcone 229FW-There was a recent motion for pool repair. The first weekend the pool was open, there were many tiles that came out. Is there a warranty in place? Randy answered yes there is a 5-year warranty. He was very disappointed by the condition of the pool. The company did comeback to reset those tiles and they will be out in the fall or spring to redo the job.

Jerry Ferraiuolo 861FW-Some ride their ATV's to the fireworks. They will be leaving after dark. Will they get a warning? Randy answered that they will be leaving with a citation. Jerry asked if we could give them a notice when they arrive? Randy answered we cannot do individual policing. It is part of the rules. ATV rules are enforced with zero tolerance.

Ivy Chait-Skow 651FW-How many citations are issued before someone loses their privileges? Randy explains that the fine structure is spelled out in the handbook.

John Grandy 6CM-Can the community do something for seniors in the community? Almost everywhere you go there is some type of discount for seniors. Dan will address this at the next board meeting.

Herman Matfes 207FW-There seem to be a lot of complaints at meetings. People moved into the community because of things they liked. He feels that some time should be spent talking about what we like about the community and new ideas to keep improving the community at these meetings. He has seen other communities offer driving ranges, frisbee golf, mountain bike trails, open up a lift, etc. Dance parties are very popular. Randy said yes, we could look into other ideas for the community. There is no room for a driving range. Frisbee golf could be a possibility. Opening a lift is difficult due to the expensive inspections needed before operation. New ideas are important. Ideas led to mini golf course and the cornhole and horseshoe pits. We are doing more dance parties and entertainment events.

Michele Torre 908MR-Nice to see so many people at the meeting. It is important to find something nice about the community to contribute at meetings. It is hard to be a volunteer when you are berated with complaints. Masthope needs more volunteers. More hands mean less work for all.

Mike Seyfried 157MR-The fireworks are set off about 400 feet from his house. His dogs have issues with the noise. Can Masthope consider relocating the fireworks display to share the noise with other parts of the community? Dan responded, point noted.

John Schulken 533FW-What is the status of the new water tower? Randy answered that it will be open sometime in July. He continued that the property owners will not realize when it is switched over. John asked if it will increase water pressure. Randy answered that it could increase water pressure.

Virginia Colsey 528FW-She explains that she is opposed to the proposed hunt but understands it. She wants to know where it will take place. Dan responded that they are looking at the shale pit and ski mountain, but a decision has not been made. The hunt will only take place on specified days. Dan continued that we have a deer problem in the community and it will only get worse. Randy added that Hemlock Farms did a deer cull. They took out 500 deer and the meat goes to food pantries. People greatly appreciate the donations. What Masthope is proposing is completely different than a cull. Dan explained that the applicants will have to pass a proficiency test before they will be given a coupon.

Jim Lynch 575CM-How many deer are in the community? Dan stated that studies can't count deer but studies are done on the effect of the community from deer. Discussion ensued.

Robert Sierpinski 572CF-500 deer taken from Hemlock, we are talking about 50 deer taken here. That won't make a difference. Randy explained that Hemlock property owners did not realize when the cull occurred. The community has noticed a positive change in the amount of foliage. The statistic about deer doubling in population is factual. By doing the DMAP Program we would be moving in a positive direction toward deer population control. Robert feels that the community should approach this on an educational level.

Peter Skow 651FW-He asked who owns the McCaskey lots. Randy responded that Masthope does. Peter asked what is planned for that property. Randy answered nothing at this time. Peter asked is there a way to stop ATVs from riding on that property. Randy answered that part of the ATV trail goes through the McCaskey lots. Is there a way to stop them from coming down his road? Randy said yes, and they have put a public safety officer in that area on a more regular basis. That is a difficult area for us. Randy continued how Sheldon and Jim Porter built the ATV training center. ATVs get back there, and they rip it up. Sheldon and Jim put it back together and they come and rip it up again. That is why we have zero tolerance for the breaking of ATV rules.

Old Business-Nothing

New Business-Nothing

Election Results in order of votes received:

Foster McCoy	178 proxies	48 present, total of 226
Ed McClary	158 proxies	31 present, total of 189
James Graziano	153 proxies	30 present, total of 183
Jim Fox	143 proxies	36 present, total of 179
Anthony Falcone	134 proxies	37 present, total of 171
Eugene Principe	131 proxies	31 present, total of 162
Maria Porter	133 proxies	28 present, total of 161
Joe Vaiatica	58 proxies	7 present, total of 65

Meeting Adjourned: 11:41am

Treasurer's Report

Masthope Mountain Community
General Membership Meeting
July 07, 2018

Treasurer's Report

Actuals (unaudited) as of April 30, 2018 (End of FY 2017-18)
New Bylaws Finance Section
Outlook for FY 2018-19

Actuals (Unaudited) April 2018

Collections - YTD

	Apr 17	Mar 18	Apr 18
Total	2047	2043	2043
Billable	1748	1745	1745
Paid in Full	1606	1615	1621
Percent	91.9%	92.6%	92.9%
Outstanding	142	130	124
Total Bad Debt Lots	53	53	53

Unrestricted Income and Expense - YTD

	Apr 17 YTD	Mar 18 YTD	Apr 18 YTD
Revenues to date	\$2,597,130	\$2,605,493	\$2,649,485
Expenses to date	\$2,530,028	\$2,459,829	\$2,599,399
Net Surplus (deficit)	\$67,102	\$145,664	\$50,085
Margin (Net/Revenue)	2.6%	5.6%	1.9%

The Summit - YTD

Revenues to date	\$1,509,163	\$1,495,781	\$1,540,226
Expenses to date	\$1,358,797	\$1,357,087	\$1,418,338
Net Surplus (deficit)	\$150,366	\$138,694	\$121,889

The Market Place - YTD

Revenues to date	\$429,083	\$450,861	\$472,668
Expenses to date	\$446,328	\$477,778	\$497,570
Net Surplus (deficit)	(\$17,245)	(\$26,917)	(\$24,902)

Summit/Market Net Surplus (Deficit)

	\$133,121	\$111,777	\$96,987
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New Bylaws Finance Section – Vote in November!

- Goal: Provide more consistent and simpler rules to define and manage Capital Reserves
- Timeline:
 - April - Draft new Bylaws language DONE ✓
 - May - Feedback from Document Review Committee DONE ✓
 - June - Feedback from Board of Directors DONE ✓
 - July - Board decision and vote on submitting new language to community for vote DONE ✓
 - August - 90 day notification requirement for bylaw changes
 - November – Target community vote on new bylaws

New Bylaws Finance Section – Highlights

- Consolidated all financial rules into one new section: *Article VII – Finances and Funding*
- Standardized usage of Reserves across all accounts
- Structured planned and unplanned spending from Reserves
- Documented how operational shortfall may be borrowed from Capital Reserves
- Specified that future Capital projects need to define acquisition cost, operational cost, and Reserves cost as part of the approval process.

Outlook

Continued focus for FY 2018-19:

- Reserve Study / Asset Planning
- Safe investment strategies
- Outstanding dues