

The Escape Property Owners Association, Inc.
Board of Directors Meeting
October 17, 2015 – 10:00 am

CALL TO ORDER:

The meeting was called to order by President Moran Balanovich at 10:00 am with the Pledge of Allegiance to the Flag.

ROLL CALL: Nancy Johnson, Bob Brennan, Lorraine Wolff, Diana Deloy, Bill Donnelly, Moran Balanovich, Anthony Marcantonio, and Dennis Dougherty. Property Manager Ann Marie Miller was also present. Steve DeEsch is away on vacation.

APPROVAL OF MINUTES: Minutes from the July 11, 2015, Executive Session, and the regular meeting minutes and minutes of the Executive Session from August 8, 2015, were provided to the Directors for review prior to this meeting.

MOTION by Anthony Marcantonio, seconded by Lorraine Wolff, to approve the minutes as written – unanimously approved.

TREASURER’S REPORT: As of September 30, 2015.

Total of cash accounts -	\$106,021.49
CDARS account -	51,434.15
Total for CDs -	76,303.03
Total for Dock accounts -	30,767.91
<u>Grand total as of 09/30/2015 -</u>	<u>\$264,526.58</u>

There were no transfers since the last report.

Write-offs: A total of five lots went into Judicial Sale and the monies owed on these properties are no longer collectable. These write-offs include:

Lot 512	19,491.76
Lot 513	26,674.97
Lot 630	14,756.07
Lot 631	12,348.67
Lot 698	9,027.85
<u>Total Write-Offs</u>	<u>82,299.32</u>

MOTION by Anthony Marcantonio, seconded by Bill Donnelly, to approve the write-off of uncollectable monies from properties that have gone into judicial sale – unanimously approved.

MOTION by Bill Donnelly, seconded by Nancy Johnson, to accept the Treasurer’s report – unanimously approved.

PRESIDENT'S COMMENTS: Moran thanked everyone for coming. He stated it was nice to see some new faces. He also stated that he had a lot to say, but would be commenting throughout the meeting.

VICE PRESIDENT'S COMMENTS: No comments.

MANAGER'S COMMENTS:

- Homeowners has been notified that if they want our staff to clean out their culverts, they should contact the office. The cost is \$25. These will be done soon.
- Fines have been levied for numerous speeding violations on Escape Way, especially during times when the school buses stop at the community. There have also been a lot of citations for failure to stop at stop signs.

COMMITTEE REPORTS:

- A.** Grievance and Appeals: Pending grievance(s) or appeal(s) will be scheduled as soon as possible.
- B.** Docks (Bob Brennan): Bob stated that on October 10th, he, Bill Hine, Joe DiRado, and Ann Marie Miller walked the docks. He then wrote up a report noting which fingers and mains needed to have boards replaced, ones that needed new hardware, some that needed to have the foam underneath checked, and three fingers that needed to be replaced, and two end mains that need to be replaced, which have been marked, and provided that report to Ann Marie. They also talked about some heavier anchors, especially for set 7 that really gets a beating. They also discussed the fact that the first section of all fingers should be power washed and painted with a non-slip paint. The group also looked into the possibility of moving set 4 over closer to set 3, and then you could align set 4 with the steps that are in the shoreline, which would probably improve the access to set 4. They also discussed replacing the missing numbers on the posts, and trimming the tops of the 4 x 4 posts as needed. Bob did note that we have one extra buoy, and they talked about putting all 7 buoys in the lake next year. They also discussed putting stakes on the shore to identify where the anchor pin locations are, which is helpful when the lake is high. Next year is when the level of the lake is scheduled to be dropped and we should continue pursuing getting work done on the ramp – extend it some and taper it. The group also made some suggestions for the Rules and Regulations. Ann Marie noted that the contractor will start taking the docks out of the water on Monday.
- C.** Finance/Budget (Diana Deloy): The committee has finalized a budget for next year that will be presented to the Board of Directors for discussion and approval.
- D.** Architecture (Steve DeEsch): No report.
- E.** Physical Plant/Roads (Dennis Dougherty): Letters went out to homeowners with clogged culverts. If they cannot clean out their culverts, we will do it and bill them for the work.
- F.** Community Watch (Nancy Johnson): The State Troopers continue to work with well our security staff and management. Ann Marie added that there was an incident at the playground, but a couple of our residents and Public Safety handled it. Another incident occurred last night and citations will be issued.

- G. Recreation (Nancy Johnson): The Halloween Party and hayride is October 24. Calendars are posted around the community. The Thanksgiving Luncheon is coming up in November. The Spaghetti Dinner went well and the breakfast went well.
- H. By-Laws (Nancy Johnson): Nancy asked that the members of the By-Laws Committee please see her after the meeting to schedule our first meeting.
- I. Ballot: Moran asked if anyone would step up and chair the Ballot Committee. Diana Deloy has offered to fill this position.

OLD BUSINESS:

None

NEW BUSINESS:

- A. Letter of Engagement from Bill Owens – Renewal of accountant services for the following tax year. **MOTION:** By Bill Donnelly, seconded by Anthony Marcantonio, to accept the Letter of Engagement from Bill Owens – unanimously approved.
- B. Dime Bank Line of Credit – Moran stated that obviously with all the work going on, the amount of money we are putting into the sewer and water system, starting our own maintenance crew – we do not have any equipment on hand. Everything has to be purchased. Therefore, instead of raising the dues so high or doing assessments, we are looking into grants, loans, and/or possibly getting a line of credit from the bank.

MOTION: By Bill Donnelly, seconded by Lorraine Wolff, to look into approval of a line of credit with Dime Bank – including the best type and the amount of the line of credit – unanimously approved.

- C. Walnut Well – Moran stated that we have been experiencing a lot of issues with the water and sewer system. He also stated that no one is to blame for these issues – the system is 40 years old and it has been neglected – there has been no money put back into the system. It is just at a point where things are going. This past winter was the first time we had a freeze-up in 40 years. Again, these issues are being handled, they are being taken care of, it is costing a lot of money that was never planned on and never included in the budget. Years ago, KB Engineering was hired to review they system and make recommendations, but nothing has been done since then. Moran noted that unfortunately this has fallen on the current Board to fix these issues. Complaints regarding cashing in CDs, etc., are unfounded – we have no choice but the address these issues with the water and sewer system, or we will all be homeless.

Bob Brennan noted that years ago, the Board did raise the dues and set aside 6% of the income each month for reserves, which was deposited into the “Operating Savings Account.” He noted that about \$40,000 or \$50,000 was put aside, but that money has since been used (no one could recall exactly what the funds were used for, but the records can be checked to determine that).

On the subject of what funds we have, Anthony also noted that we are still paying off a loan from the last time we did new tar and chip on part of our roadways, which was obtained with 6% interest. He stated that when people ask about working on our roads, it needs to be noted that we still haven’t finished paying for the last tar and chip job. He also stated that our capital reserve accounts are very low at this time.

Regarding the Walnut Well, Moran stated that our recent problems have been centered on the Walnut Well caused by a lack of rain and the water level dipping too low, causing a lack of pressure. Then when a leak occurred, it would literally drain the system. Our contractor, Pocono Water Works, has proposed installing pressure-reducing boxes to divert water from the Long Court well down to this area – this estimate is for \$3,382.78. DEP has advised us that this is necessary and they approve the proposed solution.

MOTION: By Lorraine Wolff, seconded by Anthony Marcantonio, to accept the estimate from PWWC – unanimously approved.

- D.** Pressure Study – RKR Hess has provided us with an estimate to perform a pressure study on our water system, which DEP has advised us we must do at this time. The estimate is for \$4,900 to \$5,200 for time costs and includes some dig-ups, and it is anticipated that the work will be completed within 12 months. It is suggested in the estimate that we budget approximately 7% to 9% more to cover reimbursable expenses. RKR Hess is also working with DEP on the issue of how many generators we may need in accordance with current zoning and regulations, and they are attempting to find potential grant money available to us.

Bue-Morris Associates also provided an estimate of \$2,000 to \$3,000, but does not include dig-ups.

NOTE: If some of these pressure issues are addressed, we may not need to have a generator on each well.

A discussion followed regarding financing. It was noted that we have more expenses this year to get our system in working order and in line with current regulations. The Board chose to cash in CDs that had very low rates of return rather than take out a loan with higher interest rates, in order to save the community money.

During these discussions, it was also noted that when the water mains froze up this winter, Mountain Top Construction (not Board President Moran Balanovich) contact Kobalt Construction to dig up the road and address the problem (which cost approximately \$40,000), because Mountain Top did not have the equipment needed.

Moran also noted that no one is being blamed for the problems we have experienced this year. We had an extremely cold winter and the freeze-ups put undue stress on our 40-year old system. It was also noted that no drawings for specifications for this system could be located in the office, so our current contractor, PWWC, is working at a disadvantage. It has taken months, but the office was finally able to track down copies of the drawings and specifications from the company that installed the system.

MOTION: By Diana Deloy, seconded by Bill Donnelly, to accept the estimate from RKR Hess – unanimously approved.

- E.** Well House Fencing – Moran stated that DEP has also stated that we need to put fencing up around the Walnut Well and the Long Court Well, preferably by the end of the month. Ann Marie stated that we have only received one estimate (for \$7,900 for both) – she has not yet received the second estimate that was requested, but expects to receive it soon.

MOTION: By Diana Deloy, seconded by Anthony Marcantonio, to approve spending up to \$9,000 to have the fencing put up around the two wells.

QUESTIONS FROM PROPERTY OWNERS:

Bill Hine (Lot 135A): Regarding the culvert clean-outs: Will maintenance clean out the entire area on my property, or just what is in the actual culvert pipe? Ann Marie stated that the entire culvert area on the property will be cleaned out – not just the pipe.

Mr. Hine also stated that back in the 1970s and into the 1980s, they used to attach hoses to some of the well taps and open them in the winter so they wouldn't freeze. Moran stated that those wells are no longer online, and the new ones have circulating pumps that keep the water moving.

Larry Marhefka asked if we had 'clean-outs' that we could open up and clean out the lines, and Moran responded that we just got the maps showing the locations of those clean-outs for future use. Moran also stated that when they put in this water system, they did not do any shortcuts. Now that we have the maps that were previously missing, we are uncovering shut-off valves that have been buried for 20 years. Once we uncover everything and figure out what areas they control, we will be able to blow out all the lines, because these lines have not been blown out in 20 years. Once we do that, it will take care of a lot of the brown water issues some people are experiencing.

Joe DiRado asked about the write-offs. Is there any way we can go after this money? Ann Marie explained that these are from 2013 and the properties are now going into Judicial Sale. Once that happens, the State wipes out all liens on the properties, which means we are unable to collect these monies due. Further discussion was held regarding whether or not we could purchase and resell these properties to try to make up for some of these lost funds. Moran stated that we are speaking to the lawyers about options, but to purchase and resell these properties, we would need to establish another corporation. The properties in question involved in the upcoming sale all have homes on them, and they will be sold for very little money. If we purchased them now, we would be responsible for clearing the land and the only thing we could do with the properties would be to turn them into green space; we could not resell the property unless we established another corporation to do that. It was also noted that if we did turn these properties into green space, we then lose the maintenance fees for them. We will continue to work with the lawyers to see what our options are to open a separate corporation and see if it would be to our benefit to do so. This would also entail addressing by-law changes, as a certain percentage of the membership must vote to resell any property. There are many issues that need to be investigated.

Moran added that it would be helpful if more property owners got involved in the committees to help make these decisions. As an example, he noted that there were only two property owners on the Budget Committee – the rest of the Committee was made up of Board members and the Manager. We need more people to get involved and help rebuild this community to the way it once was, instead of sitting back and complaining about the current status.

He also stated that the negative attitudes are chasing people away, and if people do not start taking an interest and start joining to committees to help, things will not change. We need more homeowners getting involved in the Committees and coming out to meetings.

Mr. DiRado stated that we also need to look into other ways to try and improve things and to generate funds. He used educational institutes as an example, and said that one of the recent fundraising efforts that seems to be very profitable is selling gift cards. He feels that many of the businesses in the Poconos will give back 50% of the purchase price of gift cards, which could be a good source of income. Discussion continued regarding that possibility and we will look into the

option further, including whether or not we need to establish exactly what the monies will be used for.

Further conversations ensued regarding how the community spirit has declined since the 1980s, and how negative treatment of homeowners has contributed to this. People need to come out and get involved, and stop the negative treatment of others. We need to all work together to rebuild this community.

Issues regarding the “blog” were discussed, including all the negative comments, the personal attacks, etc. Moran noted that the EPOA has nothing to do with the “blog,” and unfortunately, we have no control over it. The only thing you can do is ignore it – do not read it, do not post on it, do not even go on it. Vicki Boch noted that when she was on the Board, Board members were told they were not permitted to go on the blog, but we now have Board members who do post on it. Moran stated that one of his first orders of business when becoming President was to put all of the talk of the blog to bed.

A heated discussion continued, including how long the blog was in existence, accusations of who is writing on the blog, etc. Moran stopped the discussion and said again that we are not going to discuss the blog. No one forces you to go on the blog. If you don’t go on it, you don’t you’re your comments on it, there is nothing for people to come back at you with, then there’s no fuel to the fire. It’s done. But the more people go on it and complain, the fuel you add to the fire, and the more it continues.

Moran also stated that people call him up to tell him about the negative comments made about him on the blog, and he stated that he doesn’t care. He then addressed some of those comments and cleared the air about inaccurate or incomplete information being circulated about him. He again stated that if you want to be actively involved and do something positive, get on the Board, get on a Committee, and help. Don’t just sit in the background whining and crying and talking trash.

He noted that when people were active and cared, you would have 100 people out at a General Membership meeting. Now we’re lucky if we have 30 out of 411 homes. How many people do we have at this meeting, 10? How are we going to get together to make things better if we can’t get people to even come out to the General Membership meeting? There has been so much negativity, complaints about previous Boards, etc. With that and the amenities not being kept up, this community is falling apart; it just needs to stop and we need to start moving forward.

We are putting out a lot of money right now into the water and sewer system; everything is going through DEP. When all that is done and taken care of, we are still going to get information from the water companies. At one point, the water and sewer system was an asset to the community; now it is nothing but a liability. It is costing us a fortune. Everyone complains that our dues are too high. The dues are not high, because your sewer and water are included in your dues, which no other community does. We’re paying \$125 a month, and another community may be paying \$100 per month, but they are also paying \$80 a month for their water and \$60 a month for their sewer, so they’re actually paying over \$100 more per month than we’re paying. We are behind the times; things have not been kept up the way they are supposed to be, and that’s why we’re always short on money. Moran stated it will change, and he makes no qualms about it. Dues will go up; sewer and water will be split from maintenance, and maintenance will be run the way it is supposed to be run.

Things will change and this community will be ten-times better for it. It may take five years, but this place will be like it was back in the 1980s. You're going to have black-top roads, you're going to have new amenities, you're going to have large, nice events going on; it's going to happen – it's just going to take time.

Moran stated that tar and chip does not last. His plan is to start section-by-section putting in black top. Once the roads are blacktopped, their done. Tar and chip is too expensive and does not last. Discussion ensued regarding the differences between tar and chip and blacktop and examples of each in the Escape. Moran then explained the preparation process and how the road would be raised slightly with the proper grading on the sides of the road for water runoff.

Pat O'Dougherty raised a question about a check written to case for \$6,450. It was explained that this was the money used to purchase the two used trucks for the Maintenance Department. She asked who the checks were made out to, and Moran explained that they were purchased off of Craig's List and the individuals wanted cash payments. Although this appears on the financial report as "Maintenance" expense, the office has the particulars in the files as to exactly what the purchase was and how much was spent on each truck. Any homeowner can go to the office and request to see these (and other) expenditures.

She also asked about the credit card purchases. Mrs. O'Dougherty stated that she believed the credit card was to be used for emergencies, and she questions the \$18,000 in purchases in April. Ann Marie explained that we had to buy everything this year, right down to the nuts and bolts. All the items we needed for the well houses per DEP were put on the credit card. We had to buy almost everything after Mountain Top Construction left. OSHA required us to install eye-wash stations in the well houses and sewer plant, all the fire extinguishers were missing – we had to buy everything. Ann Marie also stated that all the receipts are available in the office and Mrs. O'Dougherty is welcome to come in and review them.

Nancy Lemin asked if we would be extending the Pocono Water Works Contract into the next year, and Ann Marie stated that the PWWC contract runs through March of 2016. Moran added that the question may not be if we will or will not propose extending the contract, but if PWWC will want to extend it, due to the degraded condition of our system. We will be looking at other available companies just in case, but the last time we went looking for a company to handle our water and sewer system, PWWC is the only company (out of eight companies contacted) that got back to us. Our system is too old and no one wants to get involved; and we're still having that problem. Also, there are only so many companies in this area and they are all working at other communities, so availability is also an issue. It is a problem.

Additional statements were made regarding homeowners asking to see bills and such. It was stressed again that any homeowner has the right to go to the office and ask to see any bill or ask questions about anything except for issues regarding specific homeowners that would violate the Privacy Act laws. You as a homeowner have the right to see anything. There is nothing being hidden.

Moran also stated that the termination of the contract with Mountain Top Construction was unavoidable. It was not planned; it was unexpected; it caught us all by surprise, but it was an action we had to take or we would have been held liable and considered accomplices if we had not. Moran also stated that this was extremely difficult for him, because he has been friends with Ed Sennefelder for over 20 years, and even lived with him for a while – they are family to Moran. This was very

hard for him, but it was the only action that he could take for the community – and the community comes first - period.

Another question was raised asking why we could not keep Mountain Top on until they could train the new water company, and Moran reiterated that the man was stealing from us and if we continued to employ him, we could be considered accomplices. Mountain Top's experience with our system was also discussed, and it was pointed out that of course they would know the system better – they have been working it for 20 years – and it was difficult for the new company to get a grasp of everything, especially since all the drawings and specifications were missing. Now that we have a copy of those things, PWWC is better able to work the system.

Moran again said this has all taken time, but we now have the drawings we need, the system is being fixed, we're working with DEP and they are happy with us, and they are even helping us find what we need and checking on financing.

There were no further questions.

MOTION: to adjourn by Bill Donnelly, seconded by Diana Deloy – unanimously approved.

Meeting adjourned at 11:16 am.

Respectfully submitted,



Nancy S. Johnson, Secretary

Approved: November 14, 2015