

The Escape Property Owners Association, Inc.

Board of Directors Meeting

November 14, 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:** Anthony Marcantonio, Bob Brennan, Bill Donnelly, Lorraine Wolff, Diana Deloy, Moran Balanovich, and Nancy Johnson. Dennis Dougherty and Steve DeEsch were excused. We do have a quorum. Property Manager Ann Marie Miller was also present.

**APPROVAL OF MINUTES:** Minutes of the regular meeting and Executive Session from October 17, 2015, were provided to the Directors for review prior to this meeting.

**MOTION** by Lorraine Wolff, seconded by Bill Donnelly, to approve the minutes as written – unanimously approved.

**TREASURER'S REPORT:** As of October 31, 2015. Total of cash accounts -\$97,088.34

CDARS account -51,434.15

Total for CDs -76,303.03

Total for Dock accounts -21,379.90

Grand total as of 010/31/2015 -\$246,205.42

There were no transfers or write-offs since the last report.

**MOTION** by Lorraine Wolff, seconded by Bill Donnelly, to accept the Treasurer's report – unanimously approved.

**PRESIDENT'S COMMENTS:** Moran thanked everyone for coming, and said it was nice to see some new faces.

**VICE PRESIDENT'S COMMENTS:** No comments.

**MANAGER'S COMMENTS:**

☑ The budget has gone out. There are some people who said they did not receive it; you can come to the office to get another copy.

☑ The newsletter has gone out. Again the same problem, some people said they did not received it. Ann Marie will work with the publisher to straighten out the mailing list.

☑ The leaf dump is open on Southerton. You may drop off bagged leaves and maintenance will dispose of them.

☑ Houses are selling in the community. There have been 20 more resales since September 1st.

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#### COMMITTEE REPORTS:

A. Grievance and Appeals (Lorraine Wolff): No current report. There are three pending grievances to be scheduled. A tentative date of December 5 was selected to hear those grievances. Co-Chair Lorraine Wolff will attend via conference call or Skype if she is not in the area; Co-Chair Bill Hine will be available.

B. Docks (Bob Brennan): The docks are out.

C. Finance/Budget (Diana Deloy): The budget is out. Just waiting on ballot counting on December 1st.

D. Architecture (Steve DeEsch): No report.

E. Physical Plant/Roads (Dennis Dougherty): No report.

F. Community Watch (Nancy Johnson): No report.

G. Recreation (Nancy Johnson): Bingo for tonight has been cancelled. Our next event is the Thanksgiving Luncheon and we have had people sign up for that. If you want to come, please sign up so that we have a head count. Ann Marie added that you can call the office to sign up.

The Recreation Committee meeting for November 17th will need to be rescheduled, as several members are unable to attend.

H. By-Laws (Nancy Johnson): We did have a committee meeting, but some members were unable to attend. The members are reviewing the by-laws and we will discuss their ideas at our next meeting.

I. Ballot: No report. Ballots on the budget will be counted in December.

OLD BUSINESS: None

NEW BUSINESS: Moran stated that Ann Marie has put together packets of information requested by the two water companies that may wish to bid on our water and sewer company, Aqua and PA American Water. Hopefully, we will hear back from them in order to have information to present at the General Membership meeting in May. Considering the amount of money we have put into the systems may have an impact.

#### QUESTIONS FROM PROPERTY OWNERS:

Kristen Marhefka: Why wasn't Joe Williams added to the law suit or DEP? Moran stated that the attorneys felt at this time that it would do more harm than good to link Joe Williams or DEP at this time. These proceedings are just getting started, so it remains to be seen how things will go. At this point in

time, we are going on the advice of counsel and we'll have to wait and see what happens. At the present time, DEP is working very well with us and things are getting straightened out. They are even helping us on the generator issue.

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Dottie Patterson: Wanted to thank whoever is in charge regarding the water notification letters and boil water advisories. It was very helpful. Ann Marie stated that we regret the delay, but water tested had to be done twice, so there was a time delay before the boil water advisory could be lifted.

Gus Boch stated that workers were walking around their property and had a map with the Boch property circled on it. He wanted to know what they were looking for. The workers did not have any identification on their truck or their shirts. Ann Marie will look into this. She noted that our maintenance staff and the Pocono Water Works Company (PWWC) staff are required to have identification on their vehicles and on their shirts or jackets, so it is unclear who these individuals were. It is possible these were people employed by the engineer doing the pressure study, but she will make sure that these workers as well have some sort of identification or a means to notify the homeowner before they walk on their property.

Rex Parks asked if the homeowner could be notified if maintenance was going to be on their property, and Ann Marie responded that she does call when that occurs, but she did not send anyone out in this instance.

Jim Hehn noted that he doesn't know any of the maintenance staff and asked if they could be introduced at a meeting. Ann Marie agreed and maintenance will be invited to the next meeting to be introduced.

Gil Clancy asked if we had one water system or more than one. Moran explained that we have one system with four wells. They each operate on their own system, but if a well goes down, water can be diverted from another well to service that area.

Glenn Morse asked if all wells were working now, and Moran said they were. Everything has been repaired. There was a leak at the Walnut Well, but it was in the old well house in the woods behind the well. That is one of the reasons they had trouble finding the leak. And that leak has now been repaired.

Glenn also stated that he never received the water notices. Moran apologized for any inconveniences or misunderstanding and said they would make sure he gets the appropriate notices in the future.

Jim Greenier asked if everyone got these notices and how are they notified, and he was advised that only those affected by the water emergency would get them. Personnel are sent out to each home affected and notices are hand-delivered to the resident. If the resident is not at home, the notice is left on their door. The notice is also posted on the web site. He also asked about leaks, and Ann Marie stated that if you have a leak on your property, she would contact you directly.

Pat O'Dougherty asked if a comparison had been done on the cost of running our own maintenance department as opposed to using a contractor. Moran responded that every community in this area has their own maintenance staff and does not use a contractor, and there must be a reason for that. When you hire a contractor to do the work, which basically means you sub everything out, we acquire nothing; we gain nothing. It's like paying rent. It's throwing away money. By building up our own maintenance department, we acquire assets, we acquire equity for the community. For 40 years, we had nothing. This year, yes, it is costing us money – there are always start-up fees. But this will save us a lot of money in the long run, because next year, we'll have none of these expenses except the maintenance. We will already have our equipment; we will have our machines; we will have a temporary shelter. We will be building up another building for maintenance and a permanent

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building to store salt for the winter, but once these expenses are done, we're done. We own it. It's an asset. Mrs. O'Dougherty asked about the vehicles we still need to buy, and Moran said by the end of this season, we will have everything we need to get us through the winter. Additionally, although a lot of people complain about the trucks, and yes, we know the trucks aren't pretty, but plow trucks aren't pretty! As long as they do their job and move snow, that's what we're looking for. We are looking at another plow truck now for \$3,500. Similar trucks are much more expensive. Two years down the road, we will probably be able to sell these trucks for just what we paid for them. In the long run, they are not going to cost us anything. And two years down the road when our financial situation improves, we can probably finance replacements and buy newer vehicles. In the meantime, we just don't have the money. A new plow truck is \$50,000 to \$60,000. We need a minimum of three, and we just don't have that kind of money to spend. We are saving a lot of money by doing it this way.

Discussion continued regarding cost comparison, and it was noted by Board members and homeowners that the labor costs when running your own maintenance employees is less than hiring a contractor. Anthony Marcantonio also noted that even the dock account has more money left over at the end of this year's boating season than in previous years. There are still some administrative fees to come out of that money, but overall costs were lower this year.

Jim Greenier asked how many plow trucks we currently own. Moran responded that we have two, but are looking to purchase two more. One of the trucks we currently own is a 1-ton dump truck with a sweeper on the front. Mr. Greenier stated that just the street sweeping alone should save us money, and Moran responded that it paid for itself the first week we had it. Discussion continued comparing previous costs to sweep the roads and how much less it is now that we own the equipment. Moran again stated that when you hire a contractor, you are not only paying for labor, but you are basically renting his equipment. Since we now own the equipment, our costs will be much less.

Discussion continued to clarify the trucks we now have (a pickup and a 1-ton dump with plows) and that we wanted to buy two more pickups with plows. That way, we will have one vehicle on standby in case one of the plow trucks goes down. Discussion also included that fact that in previous years, we paid \$5,000 to \$10,000 every time the roads needed to be plowed, because we were paying labor and an

hourly fee for each truck (basically renting the plow truck). This year, we will own our vehicles and only paying labor for our maintenance staff, which is much less than the hourly labor charge through a contractor.

In the past, we paid \$90 per hour for one man and one truck to plow. This is not unusual when contracting out this service. Those who do plowing this year that have their own truck are charging \$100 to \$110 per hour. However, with our own trucks, we will only be paying gas and labor, again at a much lower rate, which will be a huge cost savings for us.

The subject of salt was also discussed. The EPOA at one time was asked to limit the use of salt. However, we did contact PPL a couple of years ago and we were told that the use of salt is okay. Last year, we did use a salt mix where needed, as well as cinders. In previously, though, individual bags of salt were purchased and we plan on getting a truckload this year, which will be much less expensive.

Bill Hine wanted to clarify that the dock funds are separate from the general operating account. He wanted to make sure the homeowners understood that whatever savings were realized in the dock accounts does not go back into general operating – it remains in the dock account only and can be

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used to upgrade the docks and continue to pay the dock portion of the administrative expenses, surveillance cameras, etc. Diana Deloy assured him that the dock accounts are totally separate.

Another discussion ensued describing just what the dock owners owned and how that has changed over the years – in the early years, ownership of a slip was actually on the homeowner's deed, but that changed several years ago, However, dock owners pay an additional fee each year that covers maintenance of the docks.

Glenn Morse asked how much the surveillance cameras cost and whether they were beneficial. He also said that they had it set up so that a certain number of fingers were replaced each year and this year, none were replaced. What is happening with that?

Bob Brennan (Dock Chair) stated that they did try that years ago, but got to a point where the fingers did not need to be replaced. Now, they walk the docks at the end of the season and decide which fingers need to be replaced. This year, a group of several Dock Committee members walked the docks with Ann Marie and identified three fingers and two mains that need to be replaced (in addition to new chains and anchors) – our Maintenance Department will prepare these over the winter. Moran also stated that if a cost savings can be realized over the next few years, the dock fund may acquire enough money to replace a complete set each year over a seven-year period. Bill Hine also noted that the time our maintenance department spends on dock repairs should come out of the dock budget.

Later in the meeting, Mr. Morse received a response to his question about the cameras. Regarding the cameras at the dock area, no one had the exact cost available, but Ann Marie stated that they have been beneficial and she has given out citations for infractions at the dock area. Moran also stated that the peace of mind of the boat owners is a large benefit.

A question was raised about the sale of homes in the community – were there really 20 homes sold since September 1st? Moran stated that there have actually been closer to 50 homes sold in the community this year. A homeowner asked if these were homes purchased by people who will live in here or for resale or rentals, and Ann Marie said most were new homeowners.

Nancy Lemin asked if there were any plans in the near future to address problems with our roads. Moran responded that there are a few areas marked with paint that will be patched before winter, but until we address all the issues we need to with DEP, major road repairs are on hold. Until we have the money to do these road repairs right, we are not going to any more.

Ms. Lemin also asked how the sewer plant was working now that we've done work on it. Moran responded that so far, the tank that they refabricated is up and running, they are doing the tested on it, they put new sledge in there, they have to repair a part on the No. 1 tank, but other than that, everything seems to be working good down there. Ms. Lemin asked if our maintenance department was able to handle this, and she was advised that although our maintenance department assists from time-to-time, PWWC is responsible for the water and sewer systems.

Ms. Lemin also asked what we were going to do with the property next to the sewer plant that we purchased. Moran responded that down the road, we will actually join that to the sewer plant, because in case they require us to put in a division tank, we'll have the property for it. We plan on putting a maintenance building there and getting rid of the cinder pile up by the mailboxes, but again, that's a year or two down the road, because everything has to be engineered, considering water shed

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issues – it is so close to the sewer plant and the lake. It is probably going to take 6 to 9 months to do the plans, and cost about \$10,000–\$15,000 just for the plans. So that's not in the near future. But the key was to get the property so we had it, because if someone else bought it and then DEP said we had to put that tank in there, we would be in trouble.

Bruce Gneuhs discussed the vehicle equipment, maintenance on the equipment, liability insurance, health insurance for employees, insurance to cover any damages that might occur during plowing or other tasks, and the potential of bonding all the officers of the Board of Directors. He discussed the amount of money we take in each month and protecting that money from embezzlement. He noted that a few years ago, we did have an embezzlement and we never got that money back.

He was assured that we are fully insured for liability issues, and that we believe that the officers are bonded, but Ann Marie will check with our insurance company to make sure we are. We all agree that the officers should be bonded. Ann Marie also added that the office does not accept any cash payments – everything must be done by check or money order.

Bob Brennan also added that we were insured for the embezzlement a few years ago and received full payment, and the accused also paid back the insurance company for the amount taken.

Another homeowner asked how checks were paid to help protect us from these kinds of problems. It was noted that Ann Marie makes out the check, and then two Board members review the payments to make sure they are valid before signing them. Two signatures are required on all checks, so there is a process in place to guard against embezzlement. Additionally, any homeowner is welcome to come to the office and review all of our records to see what has been paid for. There are also yearly audits and those reports are available to any homeowner.

Rex Parks asked if we have a safe place to store the equipment. Moran stated that right now, the equipment is stored at the sewer plant. We have cameras there and the sewer plant is fenced in and locked.

Glenn Morse asked who was in charge of maintenance, how many maintenance staff do we have, and who decides and approves purchases? The response was that we currently have three maintenance staff; the property Manager, Ann Marie Miller is in charge of the maintenance staff; and the manager along with the Board of Directors decides what needs to be purchased.

Kristen Marhefka asked if, after the next seven years of rebuilding, can we expect to see the maintenance fees going down? Moran responded no. What most people do not understand is that most communities in our area with lower maintenance fees also pay separately for water and/or sewer. Our fees include water and sewer, so they aren't just for maintenance. Some other community maintenance and utility fees were discussed, and Moran stated that we did check with several other communities; the only one that is higher than we are is Indian Rocks, and that is just by a couple hundred dollars. He also noted that our utilities are included in our maintenance fee and it is not supposed to be. Once you add the utilities to the maintenance fee in other communities, the total is about \$250, which is half what we pay. No Board wants to be the bad guy and raise the dues, but we are so far behind, we have no choice. This is why there is never any money left over to put back into capital improvements to do repairs. Our water and sewer system is 40 years old. How do we expect to pay for that or maintain it or do improvements or upgrades if we don't have the money? So dues will never go down.

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Mrs. Marhefka asked if we would ever get more amenities; will the other pool ever be opened again? Moran responded that yes, we hope so; within the next year or two, absolutely. Last year when the pools were winterized, it was not done correctly. Strand Pools came in and found all the lines were broken. We fixed the larger pool and let the smaller pool sit this year. By doing that, we saved \$14,000. Granted, the smaller pool does get used, but not enough to justify the \$14,000.

Bruce Gneuchs asked Moran, based on his time in office on the Board and everything he's looked at, and if we pay \$150 in maintenance fees, what is his 5-year plan? What does he think our maintenance fees will look like then, including our sewer and water? Moran responded that with this increase and looking at the way things are right now, he doesn't think another increase will be necessary in the next five years, unless we have a major catastrophe. There is a new company out that instead of digging up the sewer lines, they re-wall the lines; there is actually no digging up of the lines. They feed a sleeve through and reline the pipes. Bill Donnelly is actually doing this at his job in New York. Further discussion was

held on this new technology and the hundreds of thousands of dollars it would save since digging up the pipes is not required. This is something we are actively looking into. But with the understanding that having our own maintenance staff doing do much of the work in here now, we are saving a lot of money, so we do not expect the dues to increase in the next five years.

There was an additional discussion regarding the financial benefits of using the money we have been saving on which we can a fraction of a return as opposed to taking out a loan at 6% interest. It does not make sense.

Mrs. Marhefka asked if the budget was turned down and we had to do an assessment, could the assessment be paid quarterly, and Moran said that was up to the Board, but he thinks it would have to be paid quarterly. She also asked if it would have to be paid in one year, or could it be spread out over more than one year. Moran responded that it would have to be one year. He also noted that we actually had to hire someone to do collections because there are so many people who owe us money.

A discussion continued on properties that are in arears. It was noted that we do still turn off water to homes that have not paid within a specified time period. It was also noted that liens are placed on properties that owe us back maintenance fees. Some other homes were discussed, and for one in particular, it was noted that it has just gone into judicial sale, which means that all liens on that property are forgiven and we will never see that money owed. Homes in a state of disrepair were also discussed, and the homeowners were advised that we have been working with the township authorities to try to condemn these properties and get them removed. One has been taken away, another one has been purchased and the new owners will be doing something with it shortly. Also, a couple of those homes are currently included in the judicial sale.

Ann Marie also stated that a couple of homes were purchased during an upset sale, and the buyers are required to pay the liens on those properties, so we will get some of that back.

Additional discussion were held regarding what other options we might have to collecting these monies owed, but there are not a lot of options available. Right now, if a homeowners falls three months in arrears, they water is shut off and a lien is placed on their home. The lien must be paid or payment arrangements made, and a fee to have the water turned back on is required.

It was also noted that some issues might benefit from being a gated community. Ann Marie stated that we are now citing trespassers to the community – the constables are actually ticketing them;

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some have paid and our collections personnel is going after some others. She also stated that she is still trying to address the drug problems. Bill Hine mentioned that he still sees a lot of homeowners without stickers or hang tags, and Ann Marie noted that they are being fined. One option to help with these issues would be to become a gated community. The Board is looking into that option, but it is expensive.

A homeowner asked if we get an assessment, where does that money go, and Diana advised it would go into the operating account.



Skip Clapp stated that years ago when he purchased his property, he wasn't aware that the community was in bankruptcy. Anyway, he initially received two bills per month – one for maintenance, which was about \$85, and one for water and sewer, which they mailed in. About six or seven months later, no one could determine where that money went to. The company wasn't even in existence. The homeowners then got together and purchased the property along with the water and sewer from the bank, and from that time on, things progressed. Mr. Clapp says he has been here when budgets were turned down and he has been assessed \$2,000. Personally, he does not want to be assessed even \$300. Mr. Clapp stated that he was here to speak in favor of this budget. He stated that the Board has done a great job – he has never gotten a letter that good from any association ever. He is in favor of this budget. Taxes, food, healthcare costs are all going up; \$25 is not a lot of money. Mr. Clapp thanked this Board and our manager. He stated that since the Board and this manager took over, he has seen the changes, and he stated he can only see better things happening.

Another homeowner added that they feel safer now, as well.

A question was also raised about school children from outside our community getting picked up at our bus stop. Ann Marie advised that she has already taken care of that issue, but she will check to make sure no other children from out of the community are getting on the bus here.

There were no further questions.

MOTION: to adjourn by Bill Donnelly, seconded by Anthony Marcantonio – unanimously approved.

Meeting adjourned at 11:16 am.

Respectfully submitted,

Nancy S. Johnson, Secretary