

THE BLUE MOUNTAIN LAKE CLUB

Board of Directors – Meeting Minutes HIGHLIGHTS

Date: August 13, 2016

Operations Office 9:00 AM

The meeting was called to order by Steve Melnick at 9:05 am.

Directors in attendance: Steve Melnick, Gary Smith, Lynn Ball, Vince Ricci; Penny Welliver, Mel Dennis. Absent: Michelle Pinnock-Harper.

Others in attendance: Preferred Management - Laurie Gonzalez, Community Manager and Amy Janiszewski, Senior Managing Partner. Bill Owens, CPA of Owens & Company. Officer Kenny Palmer of the Stroud Area Regional Police Department.

1. Minutes

- a. **081316-01: Motion** made by Steve Melnick and seconded by Gary Smith to accept the minutes of the July 9, 2016 Board of Directors meeting. All in favor.
- b. **08316-02: Motion** made by Steve Melnick and seconded by Gary Smith to accept the minute highlights of the July 9, 2016 Board of Directors meeting. All in favor.

2. Owens & Company – 2015 Financial Statement presentation

Bill Owens CPA, of Owens & Company, reviewed the 2015 financial statements (audit) with the Board of Directors and provided the following comments:

- While he was eventually provided with all the necessary information from the previous management company to perform the 2015 audit, the format of the information as well as the length of time to receive such information did create additional costs to the Association.
- Bill Owens found the following deficiencies in internal controls for 2015:
 - The previous management company collected cash at the front desk for payment of BMLC assessments, fines, etc. and used a receipt book to document these cash transactions. The previous management company also used the same cash receipt book(s) to document cash transactions for other businesses and/or communities. The previous management company would not provide Bill Owens with the cash receipt documentation his team requested for BMLC audit purposes due to the comingling of businesses/communities in the same book(s). Bill Owens strongly recommends that the Board implement and enforce a policy that indicates only checks or money orders (as well as credit cards) can be accepted as payment for any dues, fines, permits, etc.

- Invoices were being paid by the management company without prior approval of the Board of Directors. Bill Owens recommends that representatives of the Board review and approve all invoices prior to payment in order to strengthen the controls over the accounts payable process.
- The Association policy is to have two signatures for checks over \$1,000.00. Bill noted several checks over this limit were found that did not have the two signatures required.
- Adjustments to homeowners' accounts were not reviewed or approved by the Board of Directors. Bill Owens recommends that all write-off and adjustments to homeowners' account be reviewed and acknowledged by the board.
- Bill Owens indicated that the association and the previous management company had not implemented a record retention policy and recommends one be established and approved.
- During the audit process, it was noted that the Association has not updated their reserve study since 2008. Bill Owens recommends that the association update this study in order to ensure that our reserve funding is adequate.

Preferred Management reported that it is their company policy (and has always been their company policy) to not accept cash, to require an officers signature on all checks (regardless of the amount), and to provide all write-off and/or account adjustments of homeowner accounts to the Board for review and approval. It is also the policy of Preferred Management to provide the Board of Directors will full financial reports (including bank reconciliations, paid bills, corrections to owners account receivable accounts, cash disbursements, income and expense and balance sheet).

081316-03: Motion made by Steve Melnick and seconded by Gary Smith to post the final 2015 Audit report, approved by the Board, to the private website along with a President's Message. All in favor.

081316-04: Motion made by Penny Welliver and seconded by Gary Smith to approve Owens & Company providing the service of Judge of Elections on an hourly billing basis and that the ballot results are submitted to management prior to the annual meeting. All in favor.

3. Committee Reports:

Finance Committee: Gary Smith reported the committee is working with management in establishing the 2017 Operating and Capital Budgets and a draft has been provided to the Board of Directors for review. Gary also reported that he is happy with our current financial position as it relates to our income and expenses and anticipates seeing a savings for 2016 expenses over 2015 at year end.

Garden Club: Gary Smith provided a summary of the progress report that was provided to the Board by Garden Club member, Ed Cron. The community garden is on schedule with 10 raised beds installed, the Herb bed center structure is in place and ready for planting and 40% of the ground area is now covered with wood chips. Water still remains a concern. The current schedule is to complete all mulching over the entire garden by this fall as well as install the compost bins. The garden club is planting garlic this fall for next year's harvest. While new members are welcome, the current group is energetic and enthusiastic.

Kids Club: Michelle Harper (absent) provided an email summary to the Board of Directors as follows: The BML Basketball Fundamentals program was a big success. The Summer Math Bridge program did have low sign-ups, but the program did receive very positive feedback from those who participated. September is Emergency Preparedness month and the Kids Club is seeking approval for BMLC to partner with the Red Cross to offer a workshop on September 25, 2016 at the clubhouse. **081316-05: Motion** made by Steve Melnick and seconded by Lynn Ball to approve the Red Cross Emergency Preparedness event to be held at the clubhouse on Sunday, September 25, 2016. All in favor.

Events Committee: Michelle Harper asked the Board to consider a tenant of BMLC be appointed to the Events Committee. Michelle did confirm (through management) that the landlord (owner) is a member in good standing. **081316-06: Motion** made by Steve Melnick and seconded by Gary Smith to allow tenants to be a member of the Events Committee as long as the property owner is a member in good standing. Yes: Steve Melnick, Vince Ricci, Gary Smith, Mel Dennis, Penny Welliver. No: Lynn Ball. Motion carried.

Laurie Gonzalez provided the Board of Directors with an update of the Fall Festival and advised the Board that the committee is requesting this be a no charge event for residents of BMLC.

081316-07: Motion made by Steve Melnick and seconded by Lynn Ball to have the 2016 Fall Festival be a no charge event and participants must present valid BMLC badges. All in favor.

Steve Melnick offered to volunteer at the sign-in table.

Design Review Committee: Lynn Ball reported that the committee, along with management, are in the process of updating the DRC Guidelines. Lynn also provided the Board of Directors with clarification regarding the responsibilities of the DRC and advised that it is not the DRC's responsibility to enforce the rules and regulations of the association and recommended the Board to consider hiring a Rules Enforcement person whose sole responsibility would be to patrol and inspect the community to identify

properties that are not in compliance with the governing documents of the Association and follow up accordingly. The Board of Directors declined this recommendation at this time.

The DRC addressed the litter problem at the basketball courts as well as the behavior of those using the courts (i.e. profanity) with the Board. Adding lights, camera's as well as fencing at the basketball courts was discussed with no action plan recommended.

4. SARPD Report – Officer Kenny Palmer

Officer Palmer apologized for not attending the July Board meeting and provided the Board with the June and July Police Commission reports as well as the July incident reports for BMLC as follows:

- There were seven (7) calls to the SARPD by BMLC residents. Three (3) service calls (one unfounded, one for an alarm and one hang up). Two domestic disturbance calls. One call for a runaway (incorrigible female juvenile) and one suspicious persons call.

Office Palmer reminded the Board of Directors to spread the word to the residents that maintaining the exterior of their property is a good way to prevent a break in of your property. When a lawn is overgrown it appears that the property is vacated or the owners may be away.

Office Palmer is also happy to report that SARP will be a part of this year's BMLC Fall Festival and has been working with Laurie to coordinate the particulars. Officer Palmer also reminded the Board that he and Laurie are in contact with each other on a weekly and sometimes daily basis to ensure the safety of the residents of BMLC.

5. Management Report (Laurie Gonzalez)

Storm Water Issues/Update:

- The re-grading behind Archer's Mark to be completed mid-August.

Cornerstone

- Management, along with Board members Vince Ricci and Mel Dennis met with Daryl Eppley as well as Chris McDermott (Township engineer) to do a walkthrough of the Cornerstone Walking trails.

Security/Patrol Update and Violations/Vehicle Update:

- 1,437 miles of road were patrolled for the month of July 2016. Daily logs are available at the office.
- Security provides assistance with the closing of the pools M-F as well as opening (and closing) on the weekends.

- Opened and closed clubhouse for rental events (i.e. Zumba, Meditation, party rentals, etc.).
- Two inoperable cameras at the clubhouse were replaced. (Outside front entrance and inside front entrance).
- Alarm keypad at clubhouse not functioning properly (due to age and normal wear and tear). New key pad installed.
- The Toyota Highlander received the following service:
 - Full detail
 - Tire rotation
 - New wipers
 - New rear wheel bearing (covered under warranty)

Maintenance

- Pools and Spray Park maintenance provided daily.
- Community and property inspections performed weekly. Issues reported to Community Manager for follow up with homeowners.
- Watering of all annuals at entrances/amenities weekly.
- Tree and permit request inspections.
- Lock cages installed around all thermostats in clubhouse.
- Met with Royal Alarm regarding security camera options at the Gazebo. We are awaiting proposals.
- Parking lines were painted at the mail pod and clubhouse.
- Old piping and filter system for the “old” kiddie pool has been removed from the pump house.
- Met with additional contractors regarding the painting and/or siding of clubhouse and pump house as well as the painting of the gazebo. We would like to recommend moving forward with the painting of the gazebo prior to the October 22, 2016 Fall Festival.
- Repaired pot holes at exit of guard house (2nd time this year).
- Motion sensor lights have been purchased to replace the flood lights at the pole barn area (to include the light that stays on 24hr/7 at the salt bin).

Common Areas/Amenities:

- Communitywide Roadside cutting and weed whacking (additional work approved by Board on a trial basis) was completed the week of July 25th. Due to the cost of the additional work to the roadsides, the Board has agreed they will provide only the standard road side cutting moving forward.
- Daniel’s Tree Service has completed 50% of the common area dangerous and diseased tree removal and pruning as submitted and approved.
- The litter problem at the basketball courts continues.
- The fireplace gate at the gazebo was vandalized and will need to be replaced.
- The basketball program has been a great success. Greg has provided his assistance to the program on a weekly basis and where needed.

- The math tutoring program has begun and the clubhouse is opened at 9:45 am every Monday and closed at noon.
- We have been able to identify the owners of all boats (except one) that are being stored at the dock area. We are awaiting a decision from the Board regarding the annual fees. It is the recommendation of management that these fees be lowered from \$60.00 to \$30.00 and billed on January 1st of each year.

Spray Park/ Pools:

- Spray Park: the misting nozzles under the umbrellas have been repaired and are now operational.
- When the pools were being opened this year we were advised by Strand Pool that the L-Pool cover would not be usable to close the pools as it has deteriorated to the point of failure. Strand had advised us they had recommended to the previous management company two seasons ago that this would need replacing. Unfortunately, this was not reported and the replacement of this item was not budgeted for. As this is a necessary item for the maintenance of our amenity, a new pool cover has been ordered at an estimated cost of \$2,337.52.
- Strand Pool also reported that the sand and gravel of both pool filters will need to be replaced this year prior to the pools being closed for the season. This maintenance had been recommended in past years.
- Strand Pool is very happy with the condition of the pool this year. They have advised us that this is the cleanest the pools have been in years and they have received 50% less calls for service and or treatment than past years. We have also received similar comments from residents throughout this summer season.
- The summer season is winding down and Labor Day is fast approaching. We are losing our college aged pool attendants the week of 8/15 and our high school aged attendants will be returning to school the week prior to Labor Day (8/27/16). With that said, the week of 8/27 the pools will be open from 4pm – 7pm (Monday – Thursday) and 11-7 for the long weekend (Friday, Saturday, Sunday and Monday). The pool will close for the season at the close of business Monday, September 5, 2016.

General

- The new “owner’s” website (www.bluemountainlake.org) has been launched and login requests are being received and processed.
- Candidates for the Board packets/forms will be available on the website as well as at the office on August 15, 2016. All packets must be returned to the office no later than the close of business on September 15, 2016. Notification was also placed at the mail pod and Facebook.
- We are beginning work on the October/Election Edition of the BMLC Courier. If anyone is interested in submitting an article, the deadline for submission is September 20, 2016. This edition will include the Candidate Resumes and photos.

- Letters have been mailed to all properties that rented their homes in 2015 that we have not received renewals or registrations for (as well as fees). We are receiving responses (and payments).

2017 Budget

- The first draft of the 2017 Operating and Capital budget has been submitted to the Finance Committee for review. We anticipate a second draft to be submitted in September with a final draft submitted to the Board for approval at the October Board meeting.

Fall Festival 2016

- Management and the Events Committee has begun organizing the BMLC annual Fall Festival. The date will be October 22, 2016 (with a potential rain date of October 29, 2016).
- Sponsor letters and emails have been sent out to the following:
 - Erb's Landscaping (donating pumpkins, hay bales, and corn stalks)
 - NatureWorks (donated \$50.00)
 - Strand Pool
 - UAS (Security)
 - Pennsylvania American Water (approved \$275.00 plus booth to hand out water).
 - Pocono Spray Patch
 - Preferred Management (donating the Face Painter)
- This year the event will not have a "safety" focus. However, SARPD will be present with their SWAT vehicle as well as a booth providing a wealth of information to the BMLC residents.
- Volunteers are needed!

6. Financial Reporting

The following financial reports for period ending 7/30/16 were provided to the Board for review:

- Balance Sheet
- Income/Expense Statement
- Homeowner Deposit Summary
- Cash Disbursements
- General Leger Trial Balance

Laurie provided the Board with a collections report.

7. Old Business

Town garbage & recycling program: Update

Steve Melnick provided the Board of Directors with an email update from Ed Cramer, Township Supervisor, answering questions that were submitted to him by members of the Board.

Credit Card Fees

Laurie and Amy reported that the Association pays approximately \$12,000 per year in merchant fees (credit card transaction fees). It is the recommendation of management that the Association not be responsible for these fees and recommend that the account owner choosing to pay their dues by credit card pay the transaction fee charged by the merchant. **081316-08: Motion** made by Steve Melnick and seconded by Lynn Ball to charge the account owner merchant fees (a percentage to be determined) per credit card transaction effective January 1, 2017 with an announcement at the annual meeting on November 12, 2016. All in favor

Cornerstone Walking Trails

A presentation was provided to the Board of Directors showing where these trails will be located, etc. The Board unanimously approved the recommendations of Stroud Township. Laurie will advise Daryl Eppley of this approval.

Road Study Proposals

Amy provided the Board of Directors with a spreadsheet that outlined the proposals received from engineers from the RFP.

081316-08: Motion made by Gary Smith and seconded by Steve Melnick to accept the proposal by Kiley Associates to conduct the road study as specified in the RFP. The cost for the study to come from reserves. All in favor.

8. New Business

Record Retention Policy

081316-10: Motion made by Mel Dennis and seconded by Vince Ricci to accept and approve the Records Retention Policy as presented. All in favor.

Request for Information Form

Gary Smith and Laurie Gonzalez provided the Board with an updated Request for Information Form. The Board will review the form and provide any comments to Laurie by August 20, 2016.

Vince Ricci left meeting at 1:45 pm

Clubhouse Rental Forms

Gary Smith provided updated Clubhouse Rental forms provided by Laurie. The Board will review the forms and provide any comments to Laurie no later than August 20, 2016.

Draft 2017 Budget

Gary Smith along with management (Amy and Laurie) provided the draft 2017 Operating and Capital budget to the Board for review. A budget workshop will be established for the Board and Management.

Gazebo - Painting

081316-11: Motion made by Steve Melnick and seconded by Mel Dennis to accept and approve the proposal provided by Grecco Painting in the amount of \$6,384.00 for the painting of the Gazebo prior to the Fall Festival with the cost to be paid from reserves. All in favor.

September OPEN Meeting

The Board set the date of the next OPEN meeting of: Friday, September 16, 2016 at 7:00 pm. An agenda will be established and strictly followed.

9. **Adjournment:** Steve Melnick, President, adjourned the meeting at 2:05pm.