

Exactly what is the Stonycreek Valley Development Corporation?

(SVDC)

Over the coming year I'm going to try to produce some briefs for the Lot Owners/Members so they can better understand the SVDC and its role in managing the Lake.

What is the Stonycreek Valley Development Corporation?

Lake Stonycreek was imagined in 1958/59 by Jim McIntyre; who brought together a group of a dozen local landowners to form the Stonycreek Valley Development Corporation (SVDC) a For-Profit Pennsylvania Corporation. Those farmers pooled/transferred ownership of their properties to the SVDC in exchange for SVDC stock. Subdivision and land use regulation was simpler, in fact barely existent in rural Somerset County Pennsylvania in the late 1950s. Over just a couple of years, the Dam was built and the lake filled; lots laid out and sold ; our community formed around its shores.

Lake Stonycreek is a private manmade lake, open only to Members and their guests; it is not part of any "navigable" waterway system. The Eastern Continental Divide lays just a few miles east of the Lake, up Boone Run and there are 5 miles of Class III & IV whitewater rapids downstream on the Stonycreek River. Members and the Lake are subject to Pa. Boat Registration and Fish & Boat Commission oversight.

That 1950s SVDC organization worked for 45 years , but by 2005 things were changing. All or almost all of the property around the Lake had been sold. The original stockholders had taken their profits for the risks taken back in the 1950s in incorporating and building "the Lake", and they had "move on".

In 2005, by actions approved by the Lot Owners and Stockholders , the SVDC was transformed into what we have today; a **Pennsylvania Non-Profit Cooperative Corporation**. It filed for and received Federal Tax exempt status as a 501(C)(7) "Social or Recreational Organization" much like a Country Club around a golf course or Community Association around a pool and/or clubhouse.

Pennsylvania Non-profit Cooperative Corporations are regulated under Title 15 of the Pa. Consolidated Statutes. With special provisions for Non-profits and Co-ops in Chapters 51 and 71. Voting rights, of a Corporate Co-op are set forth by statute in Sec 7111; "...**each member shall have one vote, unless [the Non-profit Cooperative Corporation]is organized on the basis of interests in real property,.... In which case the bylaws may provide for voting on the basis of units of useful property...**" Which in SVDC's case translates to the "one lot one vote" structure codified in, Sec 5.02, of the Bylaws as revised in 2020. [It should be noted that Voting was conducted by lots [acclimation or a show of hands] from 2005 to 2017,voting by shares was a onetime anomaly that only occurred in 2018]

Today the SVDC's main purpose is to manage the "residue" of the properties acquired in the 1950s, and held by the corporation after the sale of approximately 280 "lots" to its members. The residue is

all the land under the lake, the dam, Boat launch and storage building. See Section 4.01 of the SVDC Bylaws posted on the website.

The Corporation is an independently recognized lawfully established legal entity with "...the same powers as an individual to do all things necessary or convenient to carry out the purposes as set forth in the Articles of Incorporation and [the] Bylaws." These include maintaining the dam, regulating the use of the lake by members, their watercraft and guests. Matters of safety on the lake and maintenance of the lake itself, such as dealing with issues involving fish, weeds and silt. SVDC maintains a "Safety Patrol" with safety rules over and above the Fish & Boat Commissions Boating Regulations. Beyond just the day to day safety on the lake, the work of the Safety Patrol helps Lake Stonycreek maintain its "Grandfathered" status [By the Fish and Boat Commission] to allow members/lot owners to operate powered watercraft with motors larger than 9.9 hp.

The Lake is financially supported by annual lot assessment established in 1959 of \$1.50 per foot of lake shore, or a small per square foot assessment on back lots. This is in the deed covenants, and has not changed since 1959. [adjusted for inflation it would be \$15.83/ft; or \$1,583.00 per year for a typical lot with 100ft of lake frontage] A secondary source of revenue are the Boat fees; \$100 for the "first" power craft and \$5 for non-powered watercraft.

"Members" of the Corporation are those individuals who" have an ownership interest in one or more lot(s) located within the [SVDC]" boundaries. Lot Owners are not "owners" of the SVDC but "members"; like one would be at a Country Club. One loses their membership rights when they sell their lot(s) or don't pay their annual assessments, or otherwise may be terminated by operation of law or the Bylaws.

The Members elects an 11 member Board of Directors at the Annual Lot Owners meeting held each Memorial Day weekend. The Board is empowered to; "preform all duties necessary for the transaction of the affairs of the corporation." and "... will have the power to promulgate administrative rules and regulations which it deems necessary or appropriate to ensure compliance with the law, financial integrity, or proper functioning of the corporation [and lake]".

It needs to be recognized that all Board members, and all lot owners, have an inherent conflict of interest based on their ownership of property around the lake. All Board decisions, or actions by the Membership, could affect property values. For example, if the Lake was restricted to 9.9hp motors, it would have a serious impact on the marketability of lakefront lots and have a major impact on property values. The Bylaws contain a conflict of Interest policy in Sec. 7.04(b)

Due to the current Lawsuit the Corporation was unable to renew or purchase substantive D&O Insurance(Sec 7.13) in 2022. But Directors(past and present) still have protection and will be held harmless by the Corporation under the Indemnification clause in Sec 7.12 of the Bylaws, as required by Pennsylvania's Non-profit Corporations Act.

Under Sec. 9.03 of the Bylaws Members have the right "examine" specified Corporate records. The scope and process to inspect records is controlled by State law; which can be found at Pa. CS 15 Sec. 5508. [As amended effective Jan.3, 2023].

The Lot Owners/ Members adopted a comprehensive set of revised Bylaws in May of 2020 which better reflect the SVDC as a Pennsylvania Non-Profit Cooperative Corporation . The Bylaws are available on the SVDC's Website.

All members are encouraged to visit and sign up for the Lake Stonycreek website at; www.lakestonycreek.com. The "About" section contains additional information about our Lake in text and pictures. Please take a few minutes to read the full Bylaw, and review the Lake regulations and Safety information.

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