

**STEP Board Meeting
November 24, 2013
Minutes**

The meeting was called to order at 4:30 pm.

In attendance were Directors Mr. Pruitt, Mr. Sadoian, Mr. Weiss, and Mr. Williams. Also in attendance were Ms. Hill, Ms. Rench, Mr. Keith Terrano, and Mr. Bobby Holstein. Absent was Mr. Caudill.

Before the meeting began the board allowed Mr. Keith Terrano to address the board. Mr. Terrano stated that he was concerned about a \$50.00 assessment that Kalles charged, because he had a balance in the arrears. His concerns revolved around the way he was treated and the fact that he views the late fee assessments as usurious. Ms. Rench explained how the late fees are applied and that she would look into the issue and contact Mr. Weiss who would call Mr. Terrano with a decision. Mr. Terrano went on to comment on the board's authority to levy the assessment of \$270.00 and his concerns that we will be adding additional levies if we move forward with the LOSS. The Directors and Ms. Hill attempted to explain to Mr. Terrano all of the issues that the board was dealing with and what our present state was regarding lowering the costs to our members.

The meeting officially began at 4:30 pm. Mr. Weiss asked Mr. Holstein to discuss the STEP website with the board. Mr. Weiss told the board how he came to contact Mr. Holstein and why he felt that the board needed a professional to manage the site due to the fact that Steve Muretta was now living in Phoenix and have a difficult time managing the site.

Mr. Holstein reviewed what he could provide to the board regarding the website. Mr. Weiss indicated that every time we send out an all member letter it costs the association about \$126.00 so being able to communicate through batch email would save the members money. Mr. Holstein stated that this could be easily accomplished if we had everyone's email address. Ms. Rench indicated that she was not receiving many new email addresses. Mr. Weiss stated that he would draft a letter to include in the next billing asking the members to send in their email address. Mr. Terrano suggested that we include a privacy statement in the letter and stated that he would forward a draft statement to Mr. Weiss.

There was a general discussion regarding what the board wanted to include on the website and Mr. Holstein stated that he would contact Steve Muretta in order to gain full access to all of the sections of the site.

Mr. Weiss asked Mr. Terrano to leave, because the next item on the agenda is the financial review.

Mr. Weiss asked if there were any questions regarding the minutes from the October meeting. He stated that while Director Sadoian was officially the secretary, Mr. Weiss would continue to prepare the minutes. Mr. Sadoian was elated. A motion was made to approve the minutes, there was a second, and the minutes were unanimously approved.

The next item on the agenda was the October financial review, but since Mr. Caudill was absent, the item was tabled until the next meeting.

The next item on the agenda was a discussion of legal matters. The next item on the agenda was a discussion of legal matters. Mr. Weiss stated that he and Mr. Pruitt met with Scott Alexander the previous week. At that meeting, Mr. Alexander reported on the status of several pending lawsuits in which he, on behalf of the Association, was seeking a judgment against certain members who are seriously in the arrears. Mr. Weiss stated that, with Mr. Pruitt's concurrence, he signed the documents that Mr. Alexander had prepared in order for him to proceed with those legal actions. Mr. Pruitt recommended that, going forward, we not file lawsuits against members except in special cases, because we are presently incurring legal expenses with minimal return. Mr. Williams asked if we could file lawsuits without employing an attorney. Mr. Pruitt stated that there are several steps involved in obtaining a judgment against a member, different judges require different documentation and that it is important to employ an attorney familiar with collection procedures and the requirements of the individual judges in our county. Mr. Pruitt expressed his opinion that Scott Alexander is a very competent lawyer and that we should continue to use him whenever we decide it is appropriate to engage an attorney to collect a debt owed to the Association. Mr. Weiss stated that when he reviewed the arrears list he got confused. Ms. Rensch explained what the list was showing and how it came to be presented in this manner. Mr. Sadoian stated that he felt that the only names that should be on the list are the ones actually in the arrears. Mr. Weiss stated that he would contact Mr. Caudill to concur that he was in agreement that only those actually in the arrears should be reported in the financials.

Mr. Weiss stated that he was always shocked to see some of the names on the arrears list, because they are active in the country club, playing golf and eating in the dining room. He went on to state that he just did not understand why they could not pay their STEP bill.

Mr. Weiss now asked Ms. Rensch to present two new budgets for 2014. Ms. Rensch explained what the differences were, indicating that one included a 3% increase. Mr. Weiss stated that he was hopeful that the sewage charges for 2014 would be about

\$240,000. He went on to say he was a bit concerned about the depreciation amounts. Ms. Rench stated that she was operating on what Mr. Hondorp had asked her to do.

There was some general discussion regarding several areas of the budget and Ms. Rench answered all of the concerns. Mr. Weiss asked what was the board's pleasure regarding the adoption of the budget? Ms. Hill added that there was nothing in the budget to set aside funds if the board decided to move forward with the Loss. There was some discussion regarding the LOSS costs and how we might sell our hook ups back to the city. Ms. Hill spoke about estimated costs for the LOSS and the ramifications of financing.

Mr. Williams stated that he felt more comfortable with the budget reflecting the 3% increase. There was a general discussion regarding depreciation and a contingency line for unforeseen circumstances. Ms. Rench stated that most associations transfer some funds monthly to a reserve fund. Mr. Weiss restated what Lisa Krasas at the city said regarding her willingness to bill us on total water consumption, which should significantly reduce our sewage.

Mr. Pruitt raised a question about billing members based upon a tiered scale using a fixed volume as the basis for moving between steps. Mr. Weiss responded that this would be step two in our efforts to reduce charges. He stated that once we eliminated the ground water intrusion, we could then begin to develop a new tiered billing plan. Mr. Pruitt stated that we should make this a goal for 2014.

Mr. Weiss suggested that we adjust the proposed utilities/sewage line to \$290,000 and create a contingency line of \$25,000. He went on to ask Ms. Rench to make the changes and sent it back to be approved at the next meeting.

Mr. Sadoian asked if we had any information regarding inspections. Mr. Weiss responded that Ed Caudill had his done and there was a leak which was repaired. He also related that Dave Rink called to tell him about one customer who had a bad pump and original concrete lids which were leaking. He stated that Flo Hawks added new risers.

Mr. Weiss asked Ms. Rench to describe what normally happened at the annual December meeting? She stated that Kalles usually attended the meeting. She stated that the new budget which was approved would be presented at that meeting. She went on to say that it was very poorly attended. Last year there were two members in attendance. Mr. Weiss responded that we had 83 members in attendance so we must be doing something good. Mr. Weiss asked the board if we should have Ms. Rench to attend the December meeting. Several directors stated that they would not be available in December and it was agreed that we would meet on January 23 and skip the December meeting.

Ms. Rench asked about how she should bill the \$270.00 assessment? She recommended that they could pay it in one lump sum, but tell the members that they could pay it out over that bill plus the next two billing cycles.

Mr. Weiss observed that some members of the Association may question the Board's authority to go into a member's yard to perform an inspection and, if necessary, make repairs when the member refuses to comply with the inspect/repair mandate. In the course of the general discussion, Mr. Weiss asked Mr. Pruitt to comment. Mr. Pruitt stated that he believes the Association's organizational documents give the Board that authority, but that we need to make sure that all of the directors constituting the current Board have been duly elected as required by those documents. This generated comments concerning whether the organizational documents need to be amended to, for example, have the annual membership meeting held at a time of year when more members will be at home in Canterwood. The Board agreed to defer further discussion of this issue to a later meeting. Ms. Hill agreed to go back to the individuals who prepared the organizational documents in order to refresh her recollection concerning what they intended and to report back to us what she learns..

The meeting then shifted to a discussion about possible annexation of Canterwood by the city and the need to set up a meeting where the STEP Association Directors could discuss issues with the city. Ms. Hill stated that we would probably meet with a small group of staff consisting of Jeff Langhelm, Steve Misiurak, Darrell Winans, and Lisa Krasas. She went on to state that we should discuss the billing, what are the chances of annexation, and if there is not going to be any movement in that direction, we have another idea, the LOSS, which we could discuss at a later time. Mr. Weiss asked if the STEP street lines are equivalent to regular city sewage lined, in terms of specifications. Mr. Hill stated that our lines are only 4 inch and regular sewage lines are 12, 18, and 24 inch concrete pipes. She stated that one of her fears is that the city after annexation requires the Canterwood residents to either hook up to new sewage lines paid for by the residents or minimally require all STEP residents to install grinder pumps.

Ms. Hill asked if the board needed to authorize funds for her consulting work. There was some general discussion and it was agreed that unless we moved forward on the LOSS, the line item for consultant services of \$2500 should be fine at this point and we can authorize additional funds if needed.

Mr. Weiss made a motion to retroactively accept Ms. Anne Hankins resignation. The motion was seconded by Mr. Williams and unanimously approved.

The meeting was adjourned at 5:50 pm.