

STEP Board Meeting

July 24, 2013

Minutes

The meeting was called to order at 4:02 pm.

In attendance were Directors Mr. Caudill, Mr. Pruitt, Mr. Sadoian, Mr. Weiss, and Mr. Williams. Absent were Ms. Hill, and Mr. Tanner.

Mr. Weiss asked if there were any additional items for the agenda. Hearing none the first order of business was the acceptance of the June minutes. Mr. Sadoian noted a typo which Mr. Weiss said he would correct. Mr. Williams made a motion to accept, Mr. Sadoian seconded the motion and it was unanimously approved.

The next item on the agenda was a review of the June financials. Mr. Caudill indicated that the statements were in order, but felt that the operating and reserve accounts were too high due to the fact that we are collecting over \$60,000 for two months and we are paying approximately \$38,000 to the city. Mr. Caudill stated that he did not think we had to do anything at the present time however, if we decide to adjust the bimonthly rates in September, we can then decide if we want to return some of these funds to the members in the form of a rebate.

Mr. Weiss raised the issue of installing flow meters on every member's system. I recalled that DrainPro had stated that it would probably cost about \$700 per home. This would mean that the total cost of installing the meters would be approximately \$177,000, but we most probably could do better getting bids. Mr. Caudill stated that we would have to get a consensus from the members to move forward. Mr. Sadoian stated that we should consider macerator pumps, but the cost would be much too high. Mr. Caudill stated that one advantage of having too much in the operating account is that if we decide to take legal action against the members who have not complied, we have the funds to do so. Mr. Caudill said that several members related to him that they felt a bit raw about how we went about getting compliance, but all agreed that every member needed to do their part. He went on to say that we should finally remove those individuals from the arrears list who no longer live in Canterwood and have had the bank take over their home.

Mr. Caudill went on to say that in speaking to Steve Tyson of the Division 12 STEP system, Steve told him that they are charging all of their members a yearly fee of \$75.00 to have DrainPro conduct a yearly inspection of the septic systems. He also stated that 90% of the installed septic systems were improperly installed and they are preparing to begin a class action suit against RUSH Construction.

Mr. Weiss asked if we should foreclose on those members that we now have judgments against. Mr. Pruitt stated that we should only do so if there is a good chance that we can recover enough money to offset the legal costs.

The next item on the agenda is the operations report regarding the number of members who still have not had their systems inspected. Mr. Weiss stated that there are nine members who have not made any contact at all. However one member owns two homes so it is really eight. There are six who are either in bankruptcy or they have been continually in the arrears. There are nine who have contacted us stating that they are having the work done, but still have not completed the inspection process. Mr. Caudill stated that we should send a registered letter to those who have not contacted. Mr. Pruitt stated that we had discussed sending these members a letter asking them if they will object to the Board having the inspection done. Mr. Pruitt stated that we should tell Scott what we want to accomplish and let him determine how the letter should be composed. Mr. Weiss stated that he would set up an appointment with Scott for him and Mr. Pruitt to discuss the matter.

The next item on the agenda was administrative issues. Mr. Weiss stated that he had wanted to discuss lowering the bimonthly assessment to members based upon the last two bills from the city. Ms. Hill stated that she had developed a spread sheet to determine what the City's bill will be based upon the daily ccf readings. Presently we are averaging approximately 52 ccf's per day. She stated that she read the meter today and we are approximately 50 ccf's per day. She stated that the last two bills were so low because they are now billing us on a new winter water average which keeps our bill lower. Mr. Sadoian stated that our summer bills should be higher because everyone is home in the summer and many are living in the south during the winter.

Ms. Hill stated that after a conversation with Lisa Krasas at the city, the next billing will be based upon the actual readings and not the winter water average. Mr. Sadoian stated that most of the bill is based upon fixed charges which we have no control over. Ms. Hill stated that by her calculations, the bills should average about \$40,000 for 60 days. Mr. Caudill and Ms. Hill stated that we should wait until at least the end of September to consider a rate reduction. Mr. Weiss stated that based upon the past two bills, he felt that we could drop the fees to \$175.00. He went on to say that his original thought was that if we could get to \$180.00.

Mr. Weiss then stated that going back to Mark Robert's letter, we need to be developing a fine schedule to deal with the non-compliant members. Essentially, you cannot charge members different amounts, but you can fine members for not having done the work. Mr. Caudill stated that we need to provide notification that we are going to issue a fine. Mr. Weiss pointed out that in our previous notifications to members, we stated that we were going to apply fines in the April 1, 2014 letter to members.

Mr. Caudill stated that he felt we should not do anything until we are sure that the meter readings are going to continue to be constant. Mr. Weiss stated that he is willing to wait

until September to take some action, but we told the membership that all of this work to reduce the incursion would result in lower bimonthly bills. He went on to say that the members expect some type of reduction and we don't want to appear to be lying to them. Mr. Pruitt suggested that we could develop a fine schedule equal to the amount that we reduce the compliant member's bimonthly bill.

There was no additional business to discuss. A motion to adjourn was made seconded and unanimously approved.

The meeting ended at 5:03pm.