

## **STEP Board Meeting July 24, 2013 Minutes**

The meeting was called to order at 3:58 pm.

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

There were no additions to the agenda.

The first item on the agenda was the approval of the July minutes. Finding no typographical errors Mr. Sadoian made a motion to approve, seconded by Mr. Williams, and unanimously approved.

The next item for discussion was the July financial report. Mr. Caudill stated that the financial report was in order and that Ms. Rench was doing a good job of putting the information together. Mr. Caudill stated that we had more than sufficient balances in the operating and reserve accounts. He went on to say that we were taking in over \$60,000 dollars each two months and paying the city approximately \$40,000, so our balance will continue to grow under the present circumstances.

Mr. Caudill stated that he felt that we should write off (P.S.) from the arrears list since we have recouped \$3445.65 from Dueche Bank and the property is now owned by the bank and up for sale. Regarding (J.S.), Mr. Caudill stated that he believes that he is living out of state and now in bankruptcy. (J,A K ) are in bankruptcy. Mr. Weiss stated that he made contact with (T,K. W.) and turned his email address and his residence address in California over to Scott Alexander. Additionally, Mr. Weiss signed off on a petition for judgment against (T,K. W.)

Mr. Weiss added that he sent Scott the list of non-compliant members and he will be sending them a letter addressing the mandate to inspect and repair their septic systems. The letter will state that the Board intends to hire a vendor enter their property to do the work and he is asking if they will object to this happening. If they object or do not respond to his letter he will seek a court order and will begin legal action against the parties. Mr. Weiss asked for a motion to accept the financial report. Mr. Pruitt made the motion, seconded by Mr. Caudill and passed unanimously approved.

The next item on the agenda was a discussion about the accelerated schedule for imposing liens, judgments, and foreclosures and a recap regarding the meeting with Scott Alexander. Mr. Weiss stated that he and Mr. Pruitt had a meeting with Scott and that we layed the issue on the table for him. We have sent many letters to these people and they have not responded, so we want him to take over the process. Mr. Sadoian asked what the costs would be to get a court order. Mr. Pruitt stated that it would cost several thousand dollars. He also state that Scott would attempt to get a blanket order. Mr. Caudill added that we were under pressure from the city to get this done so they really do not have a legal defensive position. He went on to say that Division 12 has contracted with DrainPro to inspect all of their systems for \$75.00 for each home. It was generally agreed that we should do the same thing. (This action would cost the Association \$20,550 per year.) He added that since we have \$137,000 in the reserve account, we have more than enough money to do the work and pay for the legal expenses.

The next item on the agenda was a report of the number of inspections to date. At present, there are 15 members who have not had an inspection and three that are bank owned or in bankruptcy. Mr. Pruitt stated that we should notify the bank owned properties that we are going to have the work performed, because they are the most likely to reimburse us. Mr. Weiss stated that he had Susan Anderson work with the three vendors to find any members who had done the work. As a result, the list was purged and turned over to Scott.

The next item on the agenda was a discussion regarding developing a fine schedule. Mr. Weiss stated that if the September bill from the city is approximately \$40,000; we should consider a rate reduction from \$220 to \$180 per two months. He went on to say that per the by-laws we are not permitted to have a differentiated rate schedule. He said that he did not feel that it was appropriate to give the non-compliant members the same reduction without applying a fine. Mr. Sadoian stated that we have to impose a fine that will have real meaning.

Mr. Pruitt asked who are we fining? Mr. Weiss responded stating that it would be everyone on the list who has not complied. Mr. Pruitt stated that he felt we were getting ahead of ourselves. Mr. Sadoian stated that the fine should be in place and that it should help to offset our future legal fees. Mr. Pruitt added that if we come up with a fine, we have to get it out to the members and not do it retroactively. Mr. Weiss stated that in communications with the members, we stated that we could fine members for not complying with the mandate. So the members have already been notified. He added that any action by Scott is not going to happen overnight. It could take as much as a year. He said that he is looking at this issue politically. When the Board made the decision to move forward, we promised the members that as a result of the action we would be able to lower the bimonthly rates.

Mr. Pruitt stated that reducing the rate is not a reward rather the STEP is a utility and we are simply passing on a modification of our expenses based on the reduction of our costs. It is not a matter of reward and punishment. Mr. Weiss stated that he was back to his original position. The non-compliant members should not enjoy the same rate reduction as the members who did comply. Mr. Sadoian asked if we would charge the non-compliant members the same as the members who had the work done? Mr. Weiss stated that he would, because of the language in the bylaws, but he would add a fine on top of the billable amount. Mr. Pruitt stated that the members who did comply should not (as members of the Association) pay the legal fees to get the non-compliant members to do the work.

Mr. Sadoian stated that based on the draft letter, it is a good starting point. They should be fined. Mr. Weiss added that we have to remember that all of the individual legal fees will be charged against the member, just as we have done in the past. The purpose of the fine is to demonstrate to all of the members that compliance is not an option, rather it is a responsibility. Furthermore, we will have the expense of having the work done which will be offset by the collection of fines.

Mr. Caudill recommended that we get an average estimate for how much it will cost to have the 15 systems inspected and repaired, add it to the average legal cost from Scott and divide it by 15.

Mr. Weiss said he would contact Scott to get the average legal fee and look at 50 member's costs to repair.

There was some further discussion regarding the annual fee for inspecting the 274 systems. Mr. Caudill recommended that we contract with DrainPro and add the \$75.00 to the member's bill. Several

Directors asked if we had to do it every year and Mr. Caudill stated that with the soils we have it is going to be an on-going bases each year. Mr. Weiss agreed that we should do this. Mr. Weiss stated that if we installed flow meters we could get to Mr. Pruitt's original thought that we use the meters to create a stepped billing process based on the amount of water passing out of their system into the STEP lines.

Mr. Caudill stated that there will be a large spread in costs to install the meter. Mr. Weiss stated that based on a conversation with Andy from Drain Pro, they would try to place the meter as close to the ball valve as possible. The variable is how far from the street is the ball valve. It could be anywhere within the 15 foot easement and at different depths in the ground.

Mr. Sadoian added that if we used Penn Light's water meter readings, we can bill based on water consumption. Mr. Weiss added that we would only use the months when we were not watering the lawns. However, if 10 to 15 percent of the members are not here in the winter, they will not be using any water.

Mr. Pruitt stated that it was good that we began the discussion on this issue.

Mr. Weiss asked if there was any other issues to discuss. Hearing none he asked for a motion to adjourn, Mr. Williams made the motion seconded by Mr. Sadoian. Approved unanimously. The meeting ended at 5:20pm.