

**Salt Creek Homeowners Association
Board of Directors Meeting
Saturday, April 29, 2023
At Carl Bauer's Home**

Present: Carl Bauer, President; Tony Moore, Kevin Ewing, Bette Dodd, Greg Morical, Mark Fisk, Chad Huck, Pat Roche, Pete Grogg, and Diane Pfeiffer; Colleen Hittle joined via Zoom.

Note: Reports referenced in the minutes are available on the Salt Creek Estates (SCE) website.

January 7, 2023 Meeting Minutes

Motion: Greg Morical motioned, and Bette Dodd seconded that the minutes from the January 7, 2023 SCE Board of Directors (Board) meeting be approved with corrections to the following names: Pete Carlino and [REDACTED]. Passed unanimously.

Treasurer's Report

Kevin Ewing distributed and reviewed the Treasurer's Report, financial statement, General Ledger-Period Subtotals, SCE Aging Schedule-Detailed, and SCE Financial Statements.

Total Cash for the calendar quarter ending March 31, 2023 increased by \$6,181 from December 31, 2023, with Total Cash reflecting \$6,570 deposited to the Sanitation and Water Reserve Fund for the same period. There was a slight (\$389) use of net cash after adjustments for Accounts Receivables (prepaid dues) and Accounts Payable for operational purposes and most of the reserve deposits were used to supplement the Association's water and sanitary reserves. From an operational perspective, actual Total Revenues for the quarter were generally consistent with budget while overall Expenses were slightly (\$775) above budget.

Kevin noted that the \$6,570 total cash was slightly short of projections due to higher operations expenses but is much better than the past and achieved the goal of at least a \$6,100 increase. This savings will be cumulative going forward, so savings can be seen.

As expected, Water and Sewer is still high, but is doing much better. Repairs and maintenance are big and hard to budget.

Bette noted the Covenants call for reserve funds for all categories in a separate bank account that is not to be used for other purposes. Kevin is aware and is working towards this goal. Currently, we have Business Checking and Money Market accounts. It was agreed that the checking account should have at least \$10,000.

It was noted that the increase in monthly assessments seems about right and has curtailed deficits but will need to be adjusted again for sewer and water improvements.

[REDACTED] continue to have the largest balance of delinquent dues. They indicated a willingness to enter into a payment plan, but, based on past history, there is little confidence they would honor it. Their past due assessments will eventually exceed the cost of the lot. The lien filed in 2022 is now less than the amount owed in past dues and late fees, which continue to grow.

Pros and cons of various options were discussed. This included informing [REDACTED] that if they do not pay, SCE can foreclose on the property, take possession, and sell it. If they agree to a payment plan, there was consensus that they must keep paying until dues are current, and none of their debt should be forgiven, such as late fees and fees for bad checks. It was noted that SCE would be responsible for taxes if it takes possession of the property.

There was consensus that Carl will contact [REDACTED] to inform them that, unless they make a good faith effort to pay their dues, SCE will have to foreclose on their property; and that payments on new bills would increase SCE's willingness to consider a payment plan as an alternative to foreclosure. Carl will also confirm [REDACTED] have been receiving the statements from Compass Pointe. If these steps do not result in payment, the Board needs to proceed legally. Either way, Greg will oversee the increase in the lien. From there, he also will initiate whatever legal process is needed to foreclose on the property, if necessary. Bette indicated the Covenants set out a process for this. (Kevin noted that Compass Pointe may be a good resource because the [REDACTED] have communicated with them.)

[REDACTED] are substantially behind on dues. [REDACTED] is behind but will catch up. Late fees are charged as well as interest on overdue amounts.

Motion: Chad motioned to approve the Treasurer's report, and Bette seconded. Approved unanimously.

Special Utility Finance Committee Report

Carl reported on the membership, purpose, and activities of the Special Utility Finance Committee and reviewed a written report distributed to the Board. This committee, consisting of Carl, Bette, and Kevin, was charged with researching options to finance replacement and/or extensive upgrades to the SCE sewer and water treatment plants.

Loan options. SCE resident and recently retired banker Mona Mellinger reached out to several Bloomington banks to determine their interest in making a loan for improvement or replacement of SCE sewer and water treatment plans. Most were interested; two were extremely interested. Although specific loan financing details would not be available until a formal application is made, Mona believes it would be possible for SCE to obtain a commercial loan up \$1.5m with a 15-year payback term. While it is likely not a good idea to finance the entire utility costs via a loan, it appears that a loan is an option for paying part of the replacement/upgrade costs.

Assessment option. Bette Dodd researched IN state laws regarding an HOA's ability to levy an assessment to pay for utility upgrades. Her work indicated that we are not required to follow current IN HOA laws on assessments that the IN legislature passed in 2009 because we were incorporated in 1967. Specifically, we (the HOA) have not voted to adopt the 2009 laws as part of our Covenants. Instead, we are grandfathered into earlier regulations, which basically means that all we need to do is follow the rules of "Special Assessment" as described by our Covenants (sec 13G on page 20). Hence, no meeting with homeowners or vote of homeowners is required for this purpose.

(It was noted that SCE by-laws and covenants are not interchangeable. Pete subsequently sent the by-laws to all Board members. Currently, the covenants are on the SCE website, but by-laws are not.)

Colleen mentioned that at the annual meeting, it seemed like there was an expectation to go back to the owners. Carl learned from Ed Kopecky that the Owners did not vote for the last assessments (\$7,500 and \$2,000, which occurred in 2004 and 2005). Rather, the Board voted to approve them following community-wide meetings where options were shared with Owners. Bette noted that having the Owners vote could be considered a violation of the Covenants. Bette will re-check the by-laws to confirm the proper procedure.

It will be important to be transparent and to give the community a voice, but Carl recommended delaying the meeting with Owners about utility upgrades until this fall when we know exactly what we're going to do based on an engineering report. There was consensus that there should be on-going communication with Owners about the issues and related activities, and it was suggested that complete information be sent to Owners 30 days prior to the meeting with them. Bette reminded the group that Owners were supportive of the presentation about water and wastewater issues made at the 2022 annual meeting.

State funding. Carl reported that IDEM referred SCE to the Indiana Finance Authority (IFA) to determine what state programs are available to help finance our utility improvements. On SCE's behalf, IDEM arranged a meeting with Carl, Bette, Kevin and IFA subcontractor Tina Henderson, who works for IFA as a grant administrator. Based on the meeting and her visit to our facilities, Tina indicated that SCE would be eligible to submit a "Small Systems" grant/loan proposal to IFA. Small Systems grants are available for developments of less than 50 homes; SCE has 46. Each utility would require a separate proposal. Tina would help with the proposal and recommended that we submit one proposal this June and another in June 2024.

Tina stressed that we needed to hire an engineering firm quickly so they can provide her with the necessary documents needed to submit an IFA proposal. With Tina's guidance, Mark Fisk wrote a "Request for Qualifications" (RFQ) announcement that was recently sent to two engineering firms (Wessler Engineering and RQAW Engineering) that specialize in sewer and water plant engineering needs. RQAW is most interested and will be visiting SCE facilities on May 2. Wessler is not interested due to its current workload. The RFQ will also be sent to RLM. Mark learned that engineers in this field are extremely busy because of the amount of funds being distributed by the federal government at the state level.

It appears to be a good time to apply because IFA has substantial federal funds and SCE utilities are considered "close to end of life." Because of our terrain challenges, we could never install septic because of slope. Small Systems grants would pay for complete or partial costs of sewer plant and water plants. A sewer proposal could also include new lift stations. The grant could also cover the cost to demolish old buildings and build new. We will need to identify which system (wastewater or water treatment) for which we wish to submit the first proposal, get bids, and submit as a packaged proposal by June. Tina submitted five proposals last year, but only one got funded.

The RFQ asks for the engineering companies' qualifications. Once the RFQ response is received then several members of Board will review submissions, meet with candidates, and decide who to hire. We will then stipulate what help we want the engineering firm to provide

and they would then tell us what it would cost. Greg suggested asking firms if they have capacity to source alternative funding options for us. The team will also seek information about the scoring guidelines for IFA grants. Tina suggested that we submit a proposal for whichever system the engineers recommend.

Carl suggested that between now and mid-summer, we identify an engineering firm and work with them on getting funds. As a Board we need to identify all methods of raising funds. We are not at a crisis level now, but need to explore how to obtain as much money as we can from other sources.

Tina stressed key cost IFA is targeting is \$64 per 4,000 gallons of water. If costs are higher than that, IFA would consider a loan and/or grant to lower the cost per gallon. SCE is charging over \$300 per home for 4,000 gallons, which is much higher due to our old, inefficient plant. Cutting this cost would help us lower assessments. It's good that Tina is pushing us to consider these factors.

Tina inquired about regionalization. IFA currently has a strong interest in this because they don't want all small communities to have their own systems. In the past when SCE researched the possibility of obtaining water from East Monroe Water Company (EM), costs were prohibitive, terms were untenable, and EM was strongly opposed to running lines to SCE. Mark indicated that what EM previously offered SCE does not qualify as regionalization. Tina indicated we need to have a Plan A on our own and Plan B to hook up to EM.

There was consensus that we need to talk with EM soon to explore this possibility for the purposes of the grant. It was noted that there has been a leadership change at EM since SCE's last conversations with them.

Water and Sanitary Utilities Committee-Pat

Pat presented *Estimated Costs of Four Different Scenarios to Upgrade the Utilities at Salt Creek Estates*:

- Low: Water Treatment Plant (WTP) and Waste Water Treatment Plant (WWTP) upgrades to satisfy IDEM and increase water production to 40 gpm—\$295,000.
- Med #1: Replace WWTP, lift stations upgrade plus WTP upgrade—\$1,268,300.
- Med #2: Replace WTP plus WWTP upgrades—\$1,653,000.
- High: Replace WTP and WWTP—\$3,599,600.

Engineers are needed to get solid bids for equipment and installation. They would know which companies would do a good job as well as costs.

Motion: Chad motioned, and Bette seconded that SCE Inc. hire a qualified engineering group to guide the water and sewer project and provide information needed for grant submission to IFA. Passed unanimously.

Carl indicated that RQAW is trying to coordinate with Tina for a late 2023 grant submission.

Mark, Carl, Pat, and Greg will conduct interviews with engineering firms. A Zoom meeting will be held and/or findings will then be communicated to the Board via email. The Board will then vote on who to hire.

Pat discussed continued concerns about a water leak and Bynum Fanyo's (BF) lack of responsiveness and failure to read the water meters. The owner of BF, Jeff Farmer, only recently concurred there is a leak. An email will be sent to Jeff indicating the board expects the leak to be found and addressed quickly.

It was suggested that the proposal to IFA could include replacing lines and meters. Mark indicated that the work of the engineers will translate into bid packages, so if Jeff wants to bid, he can. However, with the engineer in charge, he'll just be another bidder.

Pat indicated that a hydrant/valve inventory is needed to identify every valve and determine what type of tool is needed to exercise it. Tools and valves should then be color-coded, and the valves should be exercised monthly. Pat has a map with all the valves. This is something Seth Trinkle could do.

There is continued dissatisfaction with Jeff and BF, which is under a three-year contract that could be cancelled at any time. A decision is needed as to whether we should continue to do business with BF. Dan, the operator is disorganized and does not follow Pat's instructions for work and documenting his work. Consideration will be given to inviting Jeff Farmer to a Board meeting to discuss these concerns.

Pat will develop a list of tasks that Seth or others can do, such as reading meters and flushing valves.

Mark noted that IDEM reports tag Gary Ramage and BF as our operator. Carl has recently notified IDEM that he should be copied on everything.

Boat Dock Committee Report (Mark and Pete)

The docks are in good shape, but there was considerable damage from winter storms. Most repairs have been made at a cost of \$3,800.

Work planned for May includes replacing the steel cable on the south side of the shore bridge, replacing rotted finger deck boards, adding additional dock cleats, repairing edge boards and rubber rub rail, and repairing remaining broken dock frame bolts.

Other 2023 projects include continuing to address UTV parking for individuals with mobility challenges; electrical system repair in areas damaged by winter storms; and float replacement.

Road and Grounds (Chad)

Chad reported the Monroe County Sheriff came on April 28, 2023 to discuss mailbox theft and initiate a more formal investigation. They will forward necessary information to the postal inspector to continue the investigation.

The Sheriff suspects this is an organized effort and it's become more subtle. Packages are also being stolen from other areas.

Architectural (Tony)

Hook's granddaughter will be replacing siding on their house, which looks nice.

Greg cleared the Board of Zoning Appeals process. They have not yet decided on exterior plans.

John Schutzmann will probably be replacing the siding on his house. Mark told him to check with Tony.

Salt Creek Annual Summer Picnic

The next Board meeting and the annual picnic will be held on July 15th. Pfeiffers will host the picnic and Jane Anne Grogg will be asked to send a notice out. Pete will also check with Jane Anne about whether she is still interested in organizing socials.

Minutes recorded by Diane Pfeiffer, Secretary