

**Salt Creek Estates (SCE)
Board of Directors Meeting
October 14, 2023
At Andy Morrison's Home**

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

Absent: Tony Moore

Motion: Bette moved, and Chad seconded for approval of the July 8, 2023 Board of Directors (Board) meeting minutes. Approved unanimously.

Sewer and Water Plant Project Updates

Carl learned very recently from Indiana Finance Authority (IFA) Grant Administrator Tina Henderson that, contrary to previous communication, SCE does not qualify for a small systems grant through IFA for our sewer plant because this funding is allocated to “unsewered communities” of fewer than 50 users. However, Jim McGoff at IFA is encouraging SCE, as a not-for-profit, to apply for funding from the traditional State Revolving Loan Fund (SRF) for our water and wastewater systems. Applications are due April 1, 2024.

Henderson indicated she does not have experience completing SRF applications, which are quite complex. Therefore, we will not continue to work with her on these projects, and future communication will be with McGoff.

We will get a quote from RQAW to complete our SRF application. This is not expected to be exorbitantly expensive because they completed our Preliminary Engineering Report (PER) for the wastewater system, which includes most of the information required for the SRF application. PERs are designed to support SRF applications and, because RQAW knew they would be doing the SRF proposal for the water plant, they already started researching other information required for the application, such as a cyber security threat analysis.

Bette noted that the IFA website indicates that not-for-profit water utilities are eligible for SRF, but not-for-profit wastewater is not. Clarification is needed whether we could get a small systems grant for water. Inquiries will also be made about whether SCE would qualify for any other grant money, but these funds are often designed for low-income communities.

An SRF loan would have to be paid back whereas the small systems funding that our wastewater system does not qualify for would have been a grant for up to \$1.3 million. McGoff highly recommends we apply for the SRF and believes that our extra high rates would be an advantage as they are trying to lower water costs. It is unclear whether the SRF loan would be for the full project cost or partial. It would likely be in the 2 - 2.5% interest range with 20 years to pay back. This payback period would be fair to all residents. Kevin will calculate its impact

on HOA dues.

Bette noted that the small systems grants required buy-in from the community. We need to check with IFA on the buy-in required of the community and may need to do an assessment for this purpose.

There was discussion about whether we should combine water and wastewater SRFs into one application or submit separately and/or stagger submissions for each. Our request(s) will be smaller than most.

Carl indicated that we will potentially need significant assessments and an increase in monthly rates for refurbishment of the water system and replacement of the wastewater plant. The best approach for sharing this information at the upcoming Annual Meeting on October 28th was discussed.

It was noted that RQAW's estimate of \$6 million is too high and the team will work with RQAW to assess reasonableness of cost. For example, legal fees would be lower because we would not need a bond attorney and daily supervision of the project should not be needed. The plan was also based on a high number of full-time residents, whereas currently there are only 11. Aaron (RQAW) acknowledges the costs are high but contends working with the government is expensive.

If we pursue small systems for water, there's no funding available until 2025. We need to confirm with IFA that if we postpone until 2025, we can get a small systems grant for water. Carl and Bette will ask McGoff about various grant and loan programs and report back to the Board.

Aaron/RQAW has been frustrated with slow responsiveness from the Indiana Department of Environmental Management (IDEM) Permitting Division over the past several weeks as he has been trying to get pre-approval of the Amplitone Sewer System.

The possibility of SCE becoming (or creating) a for-profit was discussed and will be further considered as a way to gain access to grant funding. Kevin will check with his colleagues on this issue.

It was noted that there is ample time to work through assessments and explore options over the next few years because SCE is not facing anything catastrophic at this time.

Treasurers Report: Kevin Ewing

Kevin distributed the Salt Creek Treasurer's Report; the Summary of 2023 Actual Operations (Draft); and the Salt Creek Services, Inc. Financial Statements – Income Tax Basis - Nine Months Ended September 30, 2023 and 2022. He reported that we're doing well on operations through the end of September. We're almost \$17,000 ahead of budget in generating cash, but most is from savings on repairs and maintenance. A caveat is that we spent \$60,000 on the RQAW

report, but that is substantially finished and paid for. Continuing to generate cash for remainder of year will be helpful.

The need for a line of credit and/or to increase reserves was discussed. Kevin reported on his conversations with a few smaller lenders. Monroe County Bank was receptive but wants to see financials and collateral. Lenders would also want assurance we can pay interest, which we can't right now.

There was consensus that the best approach is to replenish cash for emergency reserve through a modest special assessment and by increasing dues. A line of credit could be considered in the future. There was extensive discussion about the need and appropriate amounts for a special assessment and an increase in dues. \$180,000 is the desired amount to hold in reserve.

Kevin discussed the proposed 2024 Operating and Capital Budget, which he based on 2023 experience through September and expectations for 2024.

- There was discussion about dock expenses and the possibility of addressing future major repairs through a special assessment of dock owners, but extraordinary expenses are not foreseen at this time.
- It is assumed that insurance will significantly increase in 2024.
- Asset purchases were budgeted at \$23,000 for miscellaneous items.

Bette noted that the Covenants require that the budget be distributed to Owners with announcement of Annual Meeting. This will be done through the website.

Motion: Chad moved, and Mark seconded the motion for a \$750 special assessment per lot in January 2024. Passed unanimously.

Motion: Mark moved, and Chad seconded a motion to increase dues by \$30 for 2024. Passed unanimously.

Owners will be informed of the special assessment and dues increase at the Annual meeting on October 28, 2023.

Outstanding Dues

Greg Morical reported on his on-going efforts to collect outstanding dues of approximately \$7,600 from the [REDACTED]. He further reported that the [REDACTED]'s lot was recently sold at a Monroe County tax lien sale for \$4,005. Although the [REDACTED] have repeatedly promised to pay their dues, there is no confidence that they will, and their checks have bounced. Working with local attorney Mike Carmen, SCE filed a small claims lawsuit for a total of \$10,000, which is the jurisdictional maximum. This includes attorney fees. An initial hearing is scheduled for November 28, 2023. If the [REDACTED] don't participate, we'll get a default judgement. Greg will continue to keep the Board updated.

Since the last Board meeting, Carl contacted all Owners with outstanding dues exceeding \$1,500. One owner apologized and paid both his outstanding and upcoming dues; others apologized and indicated they would bring their dues up to date.

The Board requested that Greg draft an updated SCE collection policy regarding delinquent fees, communication, and enforcement in the context of the By-laws and Covenants. The By-laws will be considered for modification, if needed. Greg plans to draft a policy for the Board to consider in January.

It was noted that under the By-laws, members who are delinquent with their dues and assessments have no right to vote.

Water/Wastewater Report 4th Quarter 2023

Pat reviewed his report, indicating that the main water tank needs to be emptied and pressure washed at an approximate cost of \$5K. He will get an estimate and request approval for the funds if they exceed his budget.

There was consensus that as long as repairs, maintenance, and/or purchases are within the current year's budget, it is not necessary to seek Board approval, but if there is not enough money in the budget, it should be brought to the Board's attention and come out of the reserve fund.

The main water tank emptied on September 24, leaving the community without water. It appeared that the operator erroneously thought he had enough water for the weekend. It was noted that he has access to a remote tank monitor but has not been using it. He seems to keep the tank between empty and halfway full, but it should be kept between halfway and full.

There is continued frustration with Bynum Fanyo and their operators, but it would be difficult to replace them.

Daryl Poerr's very high water usage has been addressed, and he has fixed the leak.

The current policy eliminates the 1st time grace period for excessive water use but consideration will be given to amending the policy to charge Owners for overuse. Incentives are needed for appropriate use of water. Bette will draft a policy in consultation with Pat on how to address these situations.

Roads and Grounds

Carl and Chad reviewed their report, indicating that the roads are in good shape.

- Seth Trinkle is prepared to blow leaves off the roads once the trees are bare.
- Cutting and removal of some fallen trees continues to be a problem.
- Jennifer Barry who owns the large plots of land near the second mailbox and down Dianne Street has been asked to pay for the cost of removing her tree that fell across Dianne Street in July. Because she didn't respond, she was recently sent a formal bill.

Architectural Review

There was a brief discussion about Jim Myer's request and the Watson's driveway.

- Mark will follow-up with Myer.
- Mark corresponded with Watsons but has not heard back.

Boat Dock Committee Report

The docks are in good shape. The report summarized current status, work planned for this fall, and long-term repairs needed.

Board of Directors appointments

The following action is needed at the Annual Meeting

- Greg Morical must be officially elected by the Members since he was originally appointed by the Board to fill a vacancy.
- Pete Grogg, Bette Dodd, Pat Roche, Tony Moore, Diane Pfeiffer and Mark Fisk need to be re-elected to two year terms.

Annual Meeting

The Annual Meeting will be held at Andy Morrison's home. The Board will pay for the main course and residents will pitch in the remainder.

Minutes recorded by: Diane Pfeiffer, Secretary