

**CANTERWOOD DIVISION 12 STEP ASSOCIATION
ANNUAL MEETING
TUESDAY NOVEMBER 14, 2017
Canterwood Clubhouse
6:00 pm**

The annual meeting of the Canterwood Division 12 STEP Association was held on November 14, 2017 at the Canterwood Clubhouse. The meeting was called to order by President Lynn Singleton at 6:05 pm. In attendance at the meeting were Board members Lynn Singleton, Greg Piacitelli and Bruce Schmitz, Diamond Community Management (DCM) members Carol Burton and Lisa Dillon, and members of 8 homes. Considering members present and received proxies, a quorum was represented.

President Singleton presented the meeting agenda and introduced the Board members. During the meeting a special note of thanks was given to the DCM personnel for their support of the Association.

A motion was made, seconded and unanimously approved to approve the minutes from the 2016 annual meeting of the association.

President Singleton summarized the priorities for the Association Board during 2017 and reviewed the major accomplishments during 2017. The major accomplishments included:

● **Solicit New Board Members**

Accomplished--Successful in getting 4 volunteers to participate in the Board; 3 are on the ballot today

● **Records organization and Website**

Accomplished with the launch of the <http://Canterwooddiv12step.org> web site. Major thanks to Canterwood STEP, their/our web developer Steve Muretta and the STEP 12 Board for these efforts. We are working on business rhythms for document posting

● **Prepare Septic System Educational Materials**

Accomplished--See the website for system education materials under sections and Q&A

● **Prepare a New Owner Welcome Package**

Accomplished-Letter that welcomes the new neighbors and directs them to the website for information

● **Select system evaluations**

Accomplished-Looked at one previously repaired system and focused on overall system components — prompting the RFP as noted below. More planned in 2018

● **Evaluate Maintenance Schedules and Property Transfers**

Due to other priorities, the board tabled this discussion for 2017

Other accomplishments by the Board during 2017 included:

- The Board managed and refreshed/replaced all of the equipment in the Chlorine Pretreatment Facility
- Managed the Pretreatment facility — saving the community \$1,000s
- Let an RFP for O&M and ready for signature an agreement with Aadvanced Septic. Work begins in 2018
- Working with Canterwood STEP and CDC to evaluate the integrity of the wastewater conveyance system
- Re-established our relationship with the City of Gig Harbor — Post Rush Ownership
- Identified additional infrastructure security issues and initiated correction — completion in early 2018

Secretary/Treasurer Schmitz presented the financial status for the association. He stated that the association is in a very healthy financial condition. Mr. Schmitz summarized the financials projected for 2017 including income and expenses versus the 2017 budget. Overall expenses are projected to be approximately \$335 above projected income by year end. The only major expense deviation from budget was in maintenance and repair expenses where significant monies were spent for repairs and operation in the pump house where we inject bleach into the

wastewater. Mr. Schmitz pointed out that the association saved several thousand dollars in 2017 because President Singleton personally repaired pump house equipment, installed new equipment including 150 gallon tankage for bleach, and filled the bleach tanks periodically during the year. Mr. Singleton was thanked for his efforts.

Mr. Schmitz presented the Board recommended budget for 2018. This budget includes an increase in the monthly homeowner dues from \$90 to \$101 to cover contracts to be let for maintenance and operation of the pump house and for inspection of the infrastructure valving in the STEP system. This contract will be with Advanced Systems. During contract negotiations the Board was able to negotiate discount rates for homeowners who may need work done on their STEP System such as inspection or pumping of tankage. Also included in the 2018 budget is a 3.5% increase in the cost for the discharge of wastewater into the Gig Harbor City sewage collection system.

Mr. Schmitz presented the current Reserve Fund status for the association. At the end of 2017 the reserve fund is projected to have a balance of \$62,812.43. This balance is 95% of full reserve funding based on our Reserve Fund Study conducted in 2014.

Several questions were asked by homeowners during the financial presentation about the financials and about the STEP System condition. All questions were satisfactorily answered by Board members.

President presented the candidates for the three open Board positions. They are current president Lynn Singleton, Rick Meeder and John Soukup.

After counting ballots, DCM member Lisa Dillon reported that the three Board candidates had been elected to serve on the Board in 2018. She also reported that the 2018 budget was ratified by the homeowners.

Mr. Schmitz explained that a membership vote was necessary for the carryover of any excess income over expenses for 2017 in order to maintain the non-profit status of the association. He proposed that any excess of membership income over membership expenses for the year ending on December 31, 2017 be applied

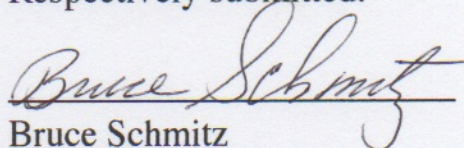
against the subsequent tax year 2018 as provided in the IRS Ruling 70-604 to maintain the non-profit status of the association. A motion was made, seconded and unanimously approved to apply any excess of 2017 income to tax year 2018.

President Singleton discussed the major Board plans for 2018. They include:

- Welcome and brief new Board members
- Complete infrastructure security corrections
- Implement records organization business rhythms
- Enhance the web site to include our Inflow and Infiltration (I&I) Program and our Hydrogen Sulfide treatment and control program.
- Prepare and implement an annual schedule for sewer system maintenance
- Select sewer system evaluations

President Singleton opened up the meeting for questions by the homeowners. There being no further questions the meeting was adjourned at 7:30pm.

Respectively submitted:



Bruce Schmitz

Secretary/Treasurer