



Canterwood Division 12 STEP Association

Annual Meeting

Tuesday, November 14th 2017

Canterwood Clubhouse

6:00 p.m.

Agenda Items

- ◆ ***Approve 2016 Annual Meeting Minutes – copy enclosed***
- ◆ ***Recap the Year 2017***
- ◆ ***2018 Budget - Review – copy enclosed***
- ◆ ***Board Election - Ballot enclosed***
- ◆ ***Looking Ahead to 2018***

We look forward to seeing you there!

STEP Board of Directors, Lynn, Bruce and Greg

**CANTERWOOD DIVISION 12 STEP ASSOCIATION
ANNUAL MEETING
TUESDAY NOVEMBER 15, 2016
Canterwood Clubhouse
6:00 pm**

The annual meeting of the Canterwood Division 12 STEP Association was held on November 15, 2016 at the Canterwood Clubhouse. The meeting was called to order by President Lynn Singleton at 6:04 pm. A quorum was declared allowing the meeting to proceed.

President Singleton introduced the other Board members Bruce Schmitz, Greg Piacitelli, Steve Tyson and Larry Fleming and the representatives from Diamond Community Management Carol Burton and Laura Perry and outlined the agenda for the meeting. A special note of recognition and thanks was offered regarding the work and dedication provided by both Steve Tyson and Larry Fleming for their efforts to move the HOA from a Declarant (Rush Residential) to a homeowners managed HOA.

A motion was made, seconded and unanimously approved to approve the minutes from the 2015 annual meeting of the association.

President Singleton reviewed the highlights of the Association during CY 2016. They included:

- Worked with Rush Residential and an independent legal counsel to amend the CC&R's and look at options to position the community for the future
- Turnover of the STEP Association to the Community

- Elected three new Board members that took office upon the turnover of the Association to the Community
- Evaluated leaking septic tank repair
- Worked with Rush Residential to obtain \$5,000 in monetary resources to further assist with STEP 12 systems
- Community reached the recommended funding level for the Reserve Account and the Board recommending reducing the rate of Reserve Funding

Secretary/Treasurer Bruce Schmitz presented the financial status for the Association. He stated that the association is in a healthy financial condition. The Reserve Fund is projected to have a balance at the end of 2016 of \$63,691.50. The Reserve Study conducted in 2014 and published in May 2015 projected the Reserve Fund to be 100% funded at \$49,683 for the end of 2016 so the Association is over 100% funded currently and is projected to be fully funded through 2018 without any further monies allocated to the fund. This is a very healthy financial condition for the association.

Mr. Schmitz presented the recommended budget for the association for CY 2017. The budget projects income and expenses of \$74,520. Since the Reserve Fund is projected to be fully funded through 2018 the Board recommended that the monthly fee for the association be reduced from the current rate of \$101 to \$90 by eliminating further additions to the Reserve Fund for 2017. A motion was made, seconded and unanimously approved to pass the recommended budget for 2017.

President Singleton explained a membership vote that is necessary for any excess income over expenses during 2016. Any excess of membership income over membership expenses for the year ending on December 31, 2016 is to be applied against the subsequent tax year 2017 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 2016 income to tax year 2017.

President Singleton discussed the major Board plans for 2017. They include:

- Solicit new Board members as Steve Tyson and Larry Fleming will retire from the Board at the end of the year and no replacements have yet been found so the Board will enter 2017 with three Board members
- The Board plans to organize the association records so that they are readily available for future Boards
- Work with the Canterwood HOA and the Canterwood STEP to have a web presence for the association
- Prepare septic system educational materials to be available for homeowners
- Prepare a new owner welcome package
- Select several homes in the association for system evaluations
- Evaluate STEP maintenance schedules and how to handle property transfers due to home sale

President Singleton opened the meeting to questions from the members. A question was asked about a recommended company for STEP system maintenance by the homeowners. Mr. Singleton replied that at this time the Board does not have a recommendation but hopes to be able to recommend a company(s) during 2017.

The meeting was adjourned at 6:45 pm.

Respectively Submitted:



Bruce Schmitz
Secretary

CANTERWOOD DIVISION 12 STEP ASSOCIATION 2017 AND 2018 BUDGETS

ITEM	Year-to-Date Thru 9/2017	Projected 2017 Totals	Budget for 2017	Budget for 2018
INCOME				
Monthly Dues Assessments	56,711	75,881	74,520	84,840
Late Charges	836	836	0	0
Interest	42	56	0	0
Total Income	57,589	76,773	74,520	84,840
EXPENSES				
Annual Registration	10	10	10	10
Management Fee	4,750	5,700	5,700	6,000
Postage	43	57	50	60
Administrative Expense	0	0	225	225
STEP Pre-Treatment Contract	0	0	0	5409
Valving Inspection Program	0	0	0	2360
Maintenance, Repair, & Test	3,627	5,979	2,237	1,500
Grounds Maintenance	0	0	250	250
Electricity	248	331	300	350
Gig Harbor Sewer Fee	52,593	63,112	62,928	66,326
Bank Charges	0	0	150	0
Legal	0	0	500	0
Tax Preparation	175	175	170	180
Insurance	1,744	1,744	2,000	2,000
Website	367	367	0	170
Total Expenses	63,190	77,108	74,520	84,840
Net Income		(335)	0	0

CANTERWOOD DIVISION 12 STEP ASSOCIATION 2018 BUDGET ALLOCATION PER HOME BY CATEGORY

MONTHLY DUES ALLOCATION CATEGORY	PER MONTH COST PER HOME 2017	PER MONTH COST PER HOME 2018
Sewer Fees	\$76.00	\$78.96
Management Fee	\$6.88	\$7.15
STEP System Maintenance and Repair	\$2.70	\$11.03
Legal	\$0.60	0
Insurance	\$2.41	\$2.38
Reserve Study	0	0
Allocation to Reserves	0	0
Other	\$1.41	\$1.48
Total Monthly Dues Cost Per Home	\$90.00	\$101.00

**CANTERWOOD DIVISION 12 STEP ASSOCIATION
2018 RESERVE ACCOUNT FORECAST**

Balance as of 12/31/2016	\$63,713.51
2017 Contributions (Interest)	\$56
2017 Expenses	\$957.08
Projected Reserve Fund Total End 2017	\$62,812.43
Fully Funded Reserve Balance For Next Five Years*	
2017	\$57,524
2018	\$66,338
2019	\$74,138
2020	\$83,882
2021	\$53,572
2022	\$62,456

*Reserve Study Conducted in 2014 by Reserve Study Group, Seattle WA. Report available to homeowners upon request.

No Significant Reserve Fund Expenditures Projected in Reserve Fund Study Until 2021 When Expenditures of \$39,391 is Projected For Piping Replacement. Highly Unlikely This Expenditure Will Be Necessary as Pipe Life Should Exceed 30 Years

No Reserve Fund Contributions Budgeted For 2018. Reserve Fund Study to be Reviewed in 2018

CANTERWOOD DIVISION 12 STEP ASSOCIATION

*Annual Meeting
Tuesday, November 14, 2017
Canterwood Clubhouse – 6:00 P.M.*

YOU MAY VOTE IN PERSON, BY MAIL OR BY PROXY

I, the undersigned, the owner of street address _____ do hereby submit my ballot below or appoint: _____ Lynn Singleton _____ Greg Piacitelli _____ Bruce Schmitz or _____ (please place an **X** next to one of these Board Members who will be attending the meeting – OR name another homeowner as the proxy who will attend the meeting) with full power to act as my proxy to attend the HOA Annual Meeting of the Canterwood Division 12 STEP Association to be held November 14, 2017 and/or any adjournments and continuations thereof, with full power to vote and act for me in the same manner and to the same extent that I might were I personally present at the meeting. My proxy shall have full power to substitute another person as my proxy. If no one is named, the Board Secretary or any Board Member present will act as Proxy. This proxy expires 30 days after the date of the Annual Meeting.

Please print Your Name	
Signature	

**Board Member Terms Expiring: Lynn Singleton, Greg Piacitelli, and Bruce Schmitz
Please vote for 3**

Lynn Singleton

Rick Meeder

John Soukup

2018 BUDGET – copy enclosed

YES - I vote to ratify the Budget

NO - I vote to not ratify the Budget

Proxy-Ballots may be mailed to:

Diamond Community Management, 7512 Stanich Lane, Suite 6, Gig Harbor, WA 98335

Proxy-Ballots may be mailed or delivered to the DCM office NO LATER THAN 5 P.M.

Monday, November 13th, 2017, OR bring your ballot with you if you plan to attend.

Proxies count toward a quorum – 24 owners.