



Canterwood Division 12 STEP Association

Annual Meeting

Tuesday, November 13th 2018

Please note the NEW location for this meeting:

***Canterwood Homeowners Association Office
4026 Canterwood Drive NW (Peacock Hill entrance)
Gig Harbor, WA 98332***

6:00 p.m.

Agenda Items

◆ ***Approve 2017 Annual Meeting Minutes – copy enclosed***

◆ ***Recap the Year 2018***

◆ ***2019 Budget - Review – copy enclosed***

◆ ***Board Election - Ballot enclosed***

*****Please mail your signed proxy (included) if you cannot attend the meeting***

◆ ***Looking Ahead to 2019***

We look forward to seeing you there!

STEP Board of Directors, Lynn, Rick and John

**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

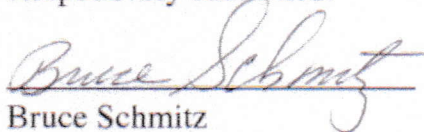
against the subsequent tax year 2018 as provided in the IRS Ruling 70-604 to maintain the non-profit status of the association. A motion was made, seconded and unanimously approved to apply any excess of 2017 income to tax year 2018.

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

CW Division 12 STEP Association
2019 Budget

GL#		BUDGET 2019	BUDGET 2018	Actual as of 9/30/18	2019 Explanation
	REVENUE				
4000	Monthly Dues	84,840	84,840	\$ 62,900.00	\$ 101.00 per month
4100	Late Charge	-	-	\$ 515.00	
4160	Interest Income	-	-	\$ 172.44	
	Total Income	84,840	84,840	\$ 63,587.44	
	EXPENSES				
5005	Annual Registration	10	10	\$ 10.00	
5010	Management Fees	6,000	6,000	\$ 4,500.00	
5130	Postage	50	60	\$ 23.67	
5190	Administrative Expense	225	225	\$ -	
5200	STEP System Rpr & Maint	8,860	9,269	\$ 4,370.99	Testing, Treatment & Valves
5220	Grounds Maintenance	250	250	\$ -	
5300	Electricity	350	350	\$ 322.67	
5315	Gig Harbor Sewer Fee	66,500	66,326	\$ 53,481.34	3.50 % Increase 2019
5441	Tax Preparation	195	180	\$ 175.00	
5520	Insurance	2,000	2,000	\$ 1,742.00	Possible Inc on Renwl
5525	Reserve Study	-	-	\$ 655.00	
5570	Website	400	170	\$ -	
8010	Reserve Fund Transfers	-	-	\$ -	
	Total Expenses	84,840	84,840	\$ 65,280.67	
	Excess/(Shortfall)	-	-	\$ (1,693.23)	

CANTERWOOD DIVISION 12 STEP ASSOCIATION

2018 AND 2019 BUDGET ALLOCATION PER HOME BY

CATEGORY

MONTHLY DUES ALLOCATION CATEGORY	PER MONTH COST PER HOME, 2018	PER MONTH PER HOME COST, 2019
Sewer Fees	78.96	80.31
Management Fee	7.15	7.15
Home Sewer Inspection	0	0
STEP System M&R	11.03	10.70
Legal	0	0
Insurance	2.38	2.38
Reserve Study	0	0
Allocation to Reserves	0	0
Other	1.48	.46
Total Monthly Dues Cost Per Home	\$101.00	\$101.00

**CANTERWOOD DIVISION 12 STEP ASSOCIATION
RESERVE ACCOUNT SUMMARY AND PROJECTIONS
2018 Summary Values Based on 2014 Reserve Study
2019 Projections Based on 2019 Reserve Study***

Balance As of 12/31/2017	\$62,814.38
2018 Contributions (Interest)	\$ 386.94
2018 Expenses	\$ 0.00
Projected Reserve Fund Total End 2018	\$63,201.32

2018 Projections (2014 Reserve Study) and Balance				
2018 Recommended 100% Funding Amount*	2018 Actual Funding/% Funded	Total Fund Deficiency	Deficiency /Lot/Year and /Month	Comment
\$66,338	\$63,201/95%	\$3137	\$44/\$4	Deficiency does not meet RCW 64.90.550 requirements
2019 Reserve Study Projections				
100% Funded Amount*	Actual Funding/% Funded	Total Fund Deficiency	Deficiency /Lot/Year and /Month	Comment
2019- \$73,351	\$63,201/86%	\$10,150	\$143/\$12	BOD will transfer excess 2018 operating. funds to mitigate shortfall
2020-\$79,338	TBD	TBD	TBD	
2021-\$47,976	TBD	TBD	TBD	
2022-\$57,856	TBD	TBD	TBD	

*The 2014 Reserve study was updated for 2019 by the Reserve Study Group, Seattle Washington. The 2019 Study update meets the requirements of WUCIOA RCW.64.90.525 enacted on July 1 2018. Reserve Study Reports are available at www.canterwooddiv12step.org

The reserve fund study projects replacement of the flowmeter (\$4000) and sump grate (\$577) in 2019. An expenditure of \$40,186 is projected in 2020 for pipe replacement. It is highly unlikely the pipe replacement will be necessary as pipe life should exceed 30 years and we have not had any problems to date. If pipe is not replaced in 2020, the funds reserved for replacement will continue to be held in reserve until pipe replacement is needed.

Proposed homeowner monthly charges for 2019 will not include any contributions to the Reserve Fund. Any 2018 operating surplus will be transferred to the Reserve Fund to mitigate the 2019 shortfall.

CANTERWOOD DIVISION 12 STEP ASSOCIATION

Annual Meeting

Tuesday, November 13, 2018

****Canterwood Homeowners Association Office****

4026 Canterwood Drive NW, Gig Harbor

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 _____ Rick Meeder _____ John Soukup 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 13, 2018 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

Board Member Terms Continuing for another year: Rick Meeder and John Soukup

Please vote for one (1) Board Member

Lynn Singleton

2019 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 12th, 2018, OR bring your ballot with you if you plan to attend.

Proxies count toward a quorum – 24 owners.