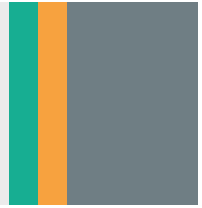


Canterwood Division 12 STEP Association

c/o Diamond Community Management
7512 Stanich Lane, Suite 6
Gig Harbor WA 98335
253-514-6638



IMPORTANT NOTICE TO

Canterwood Division 12 STEP Association Owners:

THE 2025 ANNUAL MEETING WILL BE CONDUCTED VIA

MAIL-IN BALLOT ONLY

Enclosed you will find The Annual Association Report, 2024 Annual Meeting Minutes Draft, 2025 Budget Reports, 2026 Budget, and your Ballot.

In order to establish the Quorum, you need to mail in your signed ballot form to Diamond Community Management, in the envelope provided with your packet. You may email your ballot to carol@diamondcm.net or Fax your signed ballot to the DCM office at 253-514-6639. Ballots need to be received before 5pm, November 28, 2025.

In reviewing the information, you will see that the Board is recommending no change in the 2026 dues and funding the Reserve Account. Anticipated costs for 2025 were not realized due to the problem of obtaining a new Operation and Maintenance (O&M) contractor for most of the year. As a result maintenance duties were performed by volunteers. We have now a contractor and the remaining planned biannual preventative maintenance will be conducted this quarter. Our updated 2024 Reserve Study (1/2024) noted shortfalls in the Reserve Account for 2025 and the surplus allowed additions to the Reserve Account resulting in full funding without any change in monthly homeowner fees.

Infiltration and inflow remains a significant concern and we urge all to evaluate running toilets, dripping faucets, tank lids and eliminate stormwater routed to the STEP system. Infiltration causes real impacts to you and the community.

THANK YOU

2025 CANTERWOOD DIVISION 12 STEP ASSOCIATION ANNUAL REPORT

2025 Board Members: Lynn Singleton, President; Megan Amherst, Vice President; Chad Scialabba, Treasurer; Ben Stewart, Secretary; and Scott Lane, Director

2024 Annual Meeting Minutes: Enclosed, please review and vote on the ballot.

2025 Financial Reports: Enclosed

2026 Budget: Enclosed, please review and vote on the ballot.

Board Member Election: Enclosed, please review and vote on ballot by November 28, 2025.

2025 Accomplishments

- Maintained monthly dues at 2024 levels
- Reissued Reserve Account CD at high interest rates
- Funded the Reserve Account (100%) based on the 2024 Reserve Study update for both 2024 and 2025
- Reduced community costs with volunteers; savings estimated at \$2500;
 - Steve Muretta—website support, redevelopment/migration/security and license consolidation resulting in lower costs
 - Lynn Singleton— website content, system assessment/repair/maintenance
 - Megan Amhurst—system assessment
- Selected an O&M contractor, Pettit Land Works
- Exercised the valves, serviced the aerator and inspected riser lids
- Developed/posted a paper addressing the implications of adding additional STEP connections
- Worked with Rush to assess any needed easement changes resulting from their planned development near the Baker Gate
- Verified that the terminus vault operational changes in 2024 to minimize flooding appeared successful; monitoring will continue in 2026
- Maintained parts inventory so real time repairs can be made
- Maintained transparency—a core value, by routinely updating our website:
<http://Canterwooddiv12step.org>
- Monitored frog families in the terminus vault—it is unclear, but the dry summer potentially resulted in some migration to wetter climes. Observations and communication attempts are ongoing; spiders seem happier than last year

2026 Planned Priorities

- Monitor terminus vault for flooding
- Fund the Reserve Account to 100% of need
- Complete pumphouse manifold repair-requires~4-6-hour system shut down
- Service the aerator
- Promptly address infrastructure issues
- Maintain and update website content to ensure transparency, education and accountability

Please forward questions or comments for inclusion in the 2025 Meeting Minutes.

**DRAFT Canterwood Division 12 STEP Association
2024 Annual Meeting
--Minutes--**

Pursuant to a decision by the Board of Directors and in accordance with state law, the 2024 Annual Meeting of the Canterwood Division 12 STEP Association was conducted via Mail-in Ballot only.

Notice of the Meeting: Members of the Association received an information packet that included an Annual Report with 2024 Accomplishments and 2025 Planned Priorities, a DRAFT of the 2023 Annual Meeting Minutes, an Estimated End-of-Year (2024) Financial Synopsis, the proposed 2024 Budget, a Financial Summary across all financial accounts, and Reserve Account Summary and Projections, and the Ballot.

Ballot results compiled and reported by Diamond Community Management:

Participation: 41 ballots were returned or postmarked by the 5pm deadline on November 29, 2024, meeting the requirements for a quorum (minimum of 24 homeowners).

2023 Annual Meeting Minutes

41 Approve

0 Do Not Approve

The Minutes of the 2022 Annual Meeting were approved.

Election of Board members (two-year terms)

41 Lynn Singleton

38 Ben Stuart

No write-in candidates were provided.

The two candidates were elected to the Board.

2025 Budget

40 I vote to ratify the budget

0 No, I do not ratify the Budget

The 2025 Budget was ratified.

Questions or Comments Submitted: None

Respectfully submitted,
Dan Riley, Secretary

CANTERWOOD DIVISION 12 STEP ASSOCIATION RESERVE FUND SUMMARY AND PROJECTIONS

2019 -2023 Summary Values Based on 2019 Reserve Study

2025 Projections Based on 2024 Reserve Study and EOY Estimates

Balance as of 12/31/24	\$ 75,090.57
2025 Contributions (Projected interest with CD's)	\$ 2,932.60
2025 Expenses -Reimbursed	\$ 0.00
2025 Reserve Fund Contribution	\$ 13,715
Projected Reserve Fund Total EOY 2025	\$ 91,738.17

2024 Reserve Study Projections				
100% Funded Amount*	Total EOY % Funded	Total Fund Deficiency	Deficiency/Lot /Year /Month	Comment
2019: \$73,351	\$73,692 / 100%	\$0.00	\$0 / \$0	Funded 100% per 2019 Reserve Study Projections
2020: \$79,387	\$75,835 / 96%	\$3,552	\$50 / \$4	Contributions: CD interest 1 lot hook-up fee (\$1,500)
2021: \$92,739	\$73,201 / 79%	\$19,538	\$1,628 / \$23	** Contribution: CD Interest
2022-\$102,619	\$73,461 / 72%	\$29,158	\$2,430 / \$34	** Contribution: CD Interest
2023-\$103,012	\$74,877 / 73%	\$28,135	\$2,345 / \$33	** Contribution: CD Interest
2024-\$ 78,959	\$75,091 / 95%	\$ 0.00	\$0 / \$0	*** See Summary Above
2025-\$ 86,746	\$91,738 / 106%	\$ 0.00	\$0 / \$0	*** See Summary Above

* The 2019 & 2024 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 Study projected replacement of the sump grate (\$577) in 2018 and pump house flow meter (\$4,000) in 2019. The expenditure of (\$40,186) was projected in 2020 for pipe replacement. The pipe replacement will not be necessary; pipe life should exceed 30 years and we have not had any problems to date. The above Components were not replaced in 2018, 2019 or 2020. The funds reserved for these 2018 and 2020 replacements will continue to be held in Reserves until replacement is needed. The flow meter was replaced in 2021. The 2021 Reserve expenses of (\$3,707.52) include pump, pump house flow meter installation, plumbing and electrical work. The 2022 Reserve expense was projected to be (\$393.00) Treatment building

Heater. The 2023 Reserve expense was projected to be (\$5,374.00) for replacement of the terminal vault flow meter.

*** 2024 updated Reserve Study resulted in a decrease of our 100% funding level from that projected in 2024 from our 2019 study. This update included a full reconciliation of all components actually installed in the system along with an updated evaluation of their remaining useful life, pragmatic probabilities of component failure, and detailed estimates of current cost for repair/replacement of components. Due to engagement of the reserve study practitioner with the Board, it is expected that the quality and accuracy of the update will provide confidence in future reserve fund contributions to ensure our Association can cover future obligations with limited risk for a special assessment. Proposed 2026 annual budget includes a contribution to the Reserve Fund in accordance with the 2024 Reserve Study recommended full funding level. Note that our current reserve funding is above 100% due to higher than anticipated interest income. The 2024 reserve contribution did not occur until February 2025 resulting in both the 2024 and 2025 contribution occurring in fiscal year 2025 accounting for the difference in reserve funding from the prior year.

2025 Estimated (E) End Of Year Financial Synopsis

CW Division 12 STEP Association
30 September 2025 (Data Date)

	Budget	E(Actual)	E(Variance)
Revenue			
4000 Dues Assessment	80,940.00	80,940.00	0.00
4100 Late Fees	0.00	385.00	385.00
Total Revenue	80,940.00	81,325.00	385.00
Operating Expenses			
5005 Annual Corp. Registration	(20.00)	(20.00)	0.00
5010 Management Fees	(6,120.00)	(6,120.00)	0.00
5106 Coping & Printing	(250.00)	(250.00)	0.00
5130 Postage	(225.00)	(225.00)	0.00
5200 Repair & Maintenance	(12,584.00)	(2,785.00) ²	9,799.00
5300 Electricity	(405.00)	(445.00)	(40.00)
5315 Sewer Expense	(54,836.00)	(55,790.00)	(954.00)
5441 Taxes Preparation	(200.00)	(195.00)	5.00
5500 Taxes Due	(245.00)	(401.00)	(156.00)
5520 Insurance	(2,000.00)	(1,997.00)	3.00
5525 Reserve Study	-	-	-
5570 Website	(500.00)	(397.50)	102.50
8000 Reserve Fund Contribution	(6,959.00)	(13,715.00) ⁴	(6,756.00)
Total Operating Expenses	(84,344.00)	(82,340.50)	2,003.50
Net Operating Income	(3,404.00)	(1,015.50)³	2,388.50
**** Prior Year Income Carryover	21,460.00	27,883.55 ⁴	6,423.55
2025 Operating Income Carryover	18,056.00	26,868.05¹	8,812.05
Reserve Income & Expenses			
9017 Reserve Fund Expenditures	0.00	0.00	0.00
4162 Reserve Fund Interest Income ⁶	0.00	2,932.60	2,932.60
8000 Reserve Fund Contribution	6,959.00	13,715.00	6,756.00
Total Reserve Income & Expenses	6,959.00	16,647.60	9,688.60
Net Income (Loss)	\$3,555.00	\$15,632.10	\$12,077.10

Asset & Liability Accounts	Balance as of		
	1/1/2025	E(12/31/2025)	E(Variance)
Operating Account (Asset)	52,140.97	50,734.47 ⁵	(1,406.50)
Prepaid Assessments (Liability)	4,199.00	3,808.00	(391.00)
Current (Assets - Liabilities)	\$47,941.97	\$46,926.47	(1,015.50)³
Reserve Accounts (Asset)	75,090.57	91,738.17	16,647.60
Total (Assets - Liabilities)	\$123,032.54	\$138,664.64	\$15,632.10

Notes: ¹ 2025 anticipated operating income carryover utilized to stabilize assessment rate (thru 2028)

² Board member volunteer efforts reducing expected R&M expenses - See Annual Report
Deferral of 2026 valve manifold replacement due to solicitation lack of interest

³ Net Operating Income due to lower than anticipated Sewer/Maintenance Expenses

⁴ Includes 2024 Reserve Fund Contribution made in FY 2025

⁵ Balance includes resident pre-pays and funds to cover bi-monthly sewer charges.

⁶ Contributions based on Full Funding Recommendations of 2024 Reserve Study

2025 Estimated (E) and 2026 Proposed (P) Budget

CW Division 12 STEP Association

30 September 2025 (Data Date)

	Budget 2025	E(Actual) 2025	P(Budget) 2026
Revenue			
4000 Dues Assessment	80,940.00	80,940.00	80,940.00 ¹
4100 Late Fees	0.00	385.00	0.00
Total Revenue	80,940.00	81,325.00	80,940.00
Operating Expenses			
5005 Annual Corp. Registration	(20.00)	(20.00)	(20.00)
5010 Management Fees	(6,120.00)	(6,120.00)	(6,240.00)
5106 Coping & Printing	(250.00)	(250.00)	(250.00)
5130 Postage	(225.00)	(225.00)	(225.00)
5200 Repair & Maintenance	(12,584.00)	(2,785.00) ⁴	(11,675.00) ⁵
5300 Electricity	(405.00)	(445.00)	(495.00)
5315 Sewer Expense	(54,836.00)	(55,790.00)	(57,700.00)
5441 Taxes Preparation	(200.00)	(195.00)	(200.00)
5500 Taxes Due	(245.00)	(401.00)	(400.00)
5520 Insurance	(2,000.00)	(1,997.00)	(2,150.00)
5525 Reserve Study	-	-	-
5570 Website	(500.00)	(397.50)	(500.00)
8000 Reserve Fund Contribution ⁷	(6,959.00)	(13,715.00) ⁶	(7,157.00)
Total Operating Expenses	(84,344.00)	(82,340.50)	(87,012.00)
Net Operating Income	(3,404.00)	(1,400.50)	(6,072.00)
**** Prior Year Income Carryover	21,460.00	27,883.55	26,483.05 ²
Income Carryover	18,056.00	26,483.05	20,411.05³

Monthly Dues Per Home Allocation by Category	Per Month 2025
Sewer Expense	67.72
Repair & Maintenance	13.70
Management Fees	7.32
Insurance	2.52
Reserve Fund Contribution	8.40
Other	2.45
Total Monthly Dues	102.13
Carry Over Credit	(7.13)
Net Monthly Dues Per Home	95.00¹

Notes: ¹ Dues maintained at \$95/mo per home (71) due to 2025 operating income carryover credit

² 2025 anticipated operating income carryover utilized to stabilize assessment rate (thru 2028)

³ 2026 anticipated operating income carryover utilized to stabilize assessment rate (thru 2028)

⁴ Volunteer efforts from Board members reducing R&M expenses - See Annual Report
Deferral of 2026 valve manifold replacement due to solicitation lack of interest

⁵ Valve manifold piping replacement upgrade (Deferred 2025) + Annual R&M

⁶ Includes 2024 Reserve Fund Contribution made in FY 2025

⁷ Contributions based on Full Funding Recommendations of 2024 Reserve Study

Canterwood Division 12 STEP ASSOCIATION

Annual Meeting via Mail

Return Date: November 28, 2025

BALLOT

ONLY ONE VOTE PER UNIT

I, the undersigned owner of address _____, _____, WA
do hereby vote for the following:

BALLOT

2024 Annual Meeting Minutes - Enclosed

☐

Approve

☐

Do not Approve – Correction: _____

Board Members remaining: Lynn Singleton and Ben Stewart

Board Members with expiring terms: Megan Amhurst, Chad Scialabba, and Scott Lane

Vote for 3 Board Members:

☐

Megan Amhurst

☐

Chad Scialabba

☐

Scott Lane

☐

Write-in _____

2026 Budget - Enclosed

☐

Yes, I vote to ratify the 2026 Budget

☐

No, I do not ratify the Budget

Your Name Print	
Your Signature	

(MUST be SIGNED to be VALID)

Please return to:

Diamond Community Management

7512 Stanich Lane, Suite 6

Gig Harbor, WA 98335

**Ballots must be emailed, mailed, faxed or delivered to the Diamond Community
Management office**

NO LATER THAN 5 p.m. November 28, 2025.

Note: A signed ballot counts toward a quorum - 24 Owners