

Canterwood STEP Association

Board Meeting – 6/29/17 – 12:30 PM

Proposed Agenda

- I. Additions To The Agenda
- II. Approval of Meeting Minutes from April 27, 2017
- III. Financials
 - a. Review of May 2017 Financials
 - b. Treasurer's Report
- IV. Final Approval of Updated 2017 Budget
- V. Administrative
 - a. Review of Delinquent Accounts & Actions
- VI. Expiring Terms of Office/Annual Meeting
- VII. Operations
 - a. Status of Updated Orenco Proposal
 - b. Approval of Parametrics Sampling/Testing Proposal
 - c. Additional Service Companies (Chuck Pruitt)
 - d. Schedule for Exercising of Valves – August/September 2017 Timeframe
- VIII. Status of As-Builts for Existing Properties
- IX. Joint Meeting with Division 12 Board
 - a. August 2017?
- X. Other Business

CANTERWOOD STEP SYSTEM ASSOCIATION

Minutes of Meeting of the Board of Directors

Date: June 29, 2017

Board Members Present: Ed Caudill, Brice Bledsoe, Dan Lott, Charles Pruitt and Ken Sadoian (Chairman)

Also present: Eva Hill (Consultant)

The meeting was called to order by Chairman Ken Sadoian at 12:30 p.m.

Approval of Minutes. The minutes of the meeting held on April 27, 2017 were approved.

Financials.

Treasurer Brice Bledsoe discussed the May 2017 financial report and 2017 Approved Budget (copy attached) and Chairman Ken Sadoian reported that the last bill from the City of Gig Harbor was not materially different from prior billings from the City. The financial report lists the names of members who have not paid assessments due and owing to the STEP Association. The board authorized Mr. Sadoian to invite attorney Scott Alexander to attend a future board meeting in order to inform the board of its options for dealing with delinquent members

Mr. Bledsoe reported that Kalles, the STEP Association's business manager, wants to change the Association's bank from Mutual of Omaha to Alliance Assn., an Arizona based bank that primarily provides services to HOAs and other common interest communities. The board instructed Mr. Bledsoe to investigate Alliance before agreeing to the change.

The Board also authorized Mr. Bledsoe to investigate whether the Association should have its financial records audited and to report back to the board with his recommendations.

Administrative. The board acknowledged that it should not automatically renew Kalles management contract but should review the contract's terms and consider other options. Certain board members are particularly concerned that Kalles charges members what appear to be unreasonably high fees to provide information about the status of the members' STEP Association account in connection with property transfers.

Expiring Terms of Office / Annual Meeting. The board determined that there are no pressing issues that would justify the expense of holding a formal annual meeting of the members. The terms of Messrs. Pruitt and Sadoian expire at the end of June 2017, although they may serve until their successors are elected. Both men stated that they are willing to

serve for an additional 3-year term. The board then resolved to authorize Mr. Sadoian to prepare a report to the members that includes a mail-in ballot to elect 2 board members -- Messrs. Pruitt and Sadoian or write-in candidates -- to each serve a 3-year term on the board.

Operations.

Ms. Hill reported that she is collecting as-built plans for the STEP system that ultimately can be posted on the STEP Association's website.

After discussing the current status of the Orenco and Parametrics proposals described in previous minutes, the board resolved to authorize Mr. Sadoian to continue negotiations with those providers and to execute on behalf of the STEP Association appropriate contracts for their respective inspection and testing services. When those providers have completed their work, the board will consider whether the STEP Association should, at its expense, hire a firm to inspect the entire system, including those portions located on the property of its members, on a regular basis.

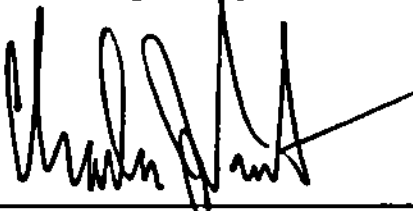
The Club Homes and Division 12 STEP have started using A ^{*Advanced*} Advantage Septic & Sewer Service for some of their service and maintenance work with good results. The plan is to invite them to our next Board meeting to make a presentation on their experience with septic and STEP systems. Mr. Sadoian will arrange. Exercising of the valves will not be scheduled until after their presentation.

Other Matters.

It was decided to postpone a joint meeting with the Division 12 STEP Board until after the testing work is done by Parametrix.

The next meeting will be held the end of July or early August.

The meeting was adjourned at 2:45 PM.



Charles J. Pruitt, Secretary

**Canterwood Step
Sewer Association
2017 APPROVED Budget**

Effective			2017 Budget		
	2016 Actuals	2016 Budget	Cost Per Unit Per Month	Monthly	YTD Budget
Income					
Assessment					
4016 Regular Assessments	\$298,980.00	\$343,239.00	\$90.00	\$24,930.00	\$299,160.00
4025 Hook Up Fees	\$7,500.00	\$1,500.00	\$1.35	\$375.00	\$4,500.00
General					
4130 Late Fees	\$3,756.43	\$6,000.00	\$1.81	\$500.00	\$6,000.00
4145 NSF Fee	\$25.00		\$0.00	\$0.00	
4200 Interest - Operating	\$47.77	\$100.00	\$0.03	\$8.33	\$100.00
4205 Interest - Reserve	\$357.03	\$300.00	\$0.09	\$25.00	\$300.00
4950 Planned Use of Rsvs			\$4.19	\$1,162.00	\$13,944.00
TOTAL Income	\$310,666.23	\$351,139.00	\$97.47	\$27,000.33	\$324,004.00
Expense					
Administrative					
5005 Admin Expense	\$3,853.82	\$3,500.00	\$1.20	\$333.33	\$4,000.00
5010 Mgmt/Agent Fees	\$8,297.50	\$8,280.00	\$2.50	\$692.50	\$8,310.00
5015 Bank Charges		\$75.00	\$0.02	\$4.17	\$50.00
5020 Annual Meeting		\$500.00	\$0.15	\$41.67	\$500.00
5030 Annual Corp Renewal	\$10.00	\$10.00	\$0.00	\$0.83	\$10.00
5055 Licenses/Permits	\$49.00	\$48.00	\$0.01	\$4.08	\$49.00
5080 Postage/Misc	\$1,162.58	\$1,500.00	\$0.45	\$125.00	\$1,500.00
5096 Website	\$59.00	\$0.00	\$0.02	\$5.00	\$60.00
Insurance					
5300 Insurance-Liability	\$1,030.92	\$1,200.00	\$0.36	\$100.00	\$1,200.00
5310 Insurance-D & O	\$3,366.96	\$3,650.00	\$1.10	\$304.17	\$3,650.00
Maintenance & Repairs					
Maint/Repair-General	\$741.81	\$10,000.00	\$3.01	\$833.33	\$10,000.00
Other Expense					
5460 Collection Lgl Fee	\$763.14	\$2,000.00	\$0.60	\$166.67	\$2,000.00
Professional Services					
5400 Audit/Tax Prep	\$535.00	\$520.00	\$0.16	\$44.58	\$535.00
5410 Legal Fees & Other		\$16,000.00	\$3.01	\$833.33	\$10,000.00
5420 Consultant Services		\$2,900.00	\$0.87	\$241.67	\$2,900.00
Taxes					
5200 Federal Taxes	\$49.00	\$125.00	\$0.04	\$10.42	\$125.00
5215 Sales Tax Expense	\$46.13	\$3,500.00	\$0.45	\$125.00	\$1,500.00
Utilities					
5515 Utilities/Sewer	\$266,937.81	\$261,250.00	\$83.52	\$23,134.58	\$277,615.00
5530 Electricity		\$225.00	\$0.00	\$0.00	
TOTAL Expense	\$286,902.67	\$315,283.00	\$97.47	\$27,000.33	\$324,004.00
Excess Revenue / Expense	\$23,763.56	\$35,856.00		\$0.00	\$0.00