

CANTERWOOD STEP SYSTEM ASSOCIATION

Minutes of Meeting of the Board of Directors

Date: September 20, 2017

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

The meeting was called to order by Chairman Ken Sadoian at 10 a.m.

Approval of Minutes. The minutes of the meeting held on August 1, 2017 were approved.

Financials. Treasurer Brice Bledsoe reviewed the August 31, 2017 financial report and opined that the Association's finances are in order.

Administrative. The Board discussed what actions might be taken with regard to the Association members listed in the financial report who have not paid assessments due and owing to the Association. The Board also authorized Mr. Sadoian and Mr. Bledsoe to review and approve payment of invoices to be submitted to the Association by Orenco and Parametrix for their inspection services.

Mr. Bledsoe reported that the Association would be able to save money if it changed its accounting firm to the Bellevue firm of Joseph H Vandal, CPA. Subject to Mr. Bledsoe completing a "due diligence" investigation of that firm to his satisfaction, he was authorized by the Board to engage the accounting firm to henceforth conduct annual audits of the Association's financial accounts and to prepare its tax returns.

Annual Meeting. Based on the mail-in ballots returned to the Association's office, Messrs. Pruitt and Sadoian were each re-elected to a 3-year term on the Board. The Board re-elected Mr. Sadoian as President, Mr. Bledsoe as Treasurer and Mr. Pruitt as Secretary of the Association.

Operations.

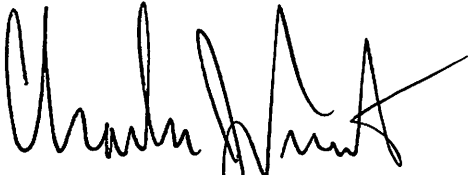
Mr. Sadoian discussed the current status of the Orenco and Parametrics contracts. There was further discussion about Mr. Sadoian inviting A Advanced Septic & Sewer Service to make a presentation to the Board concerning how they could provide ongoing inspection and maintenance services to the Association and homeowners.

Insurance. The Board held a general discussion concerning what insurance coverage the Association should purchase and delegated Mr. Pruitt to contact the Association's insurance agent regarding this matter.

Status of As-Built Drawings. Mr. Lott reported that of the 278 homes included in the STEP system, the Association has located/acquired as-built drawings showing the location of STEP infrastructure for 135 of those homes. The Board discussed strategies for obtaining additional drawings.

Department of Ecology Policy. The Washington Department of Ecology has adopted a regulation (WAC 173-240-104) which expresses a policy that certain “domestic sewage systems” such as STEPs should be owned and operated by a “public entity” such as a city. The Board concluded that the regulation did not appear on its face to apply to older systems such as our STEP, but that, if it did apply, our system was probably covered by one of the exceptions listed in the regulation. In any event, the regulation would, if it applied, require the City of Gig Harbor to take over our system and the Board could think of no reason why it would be opposed to that development.

The meeting was adjourned at noon.

A handwritten signature in black ink, appearing to read 'Charles J. Pruitt', written over a horizontal line.

Charles J. Pruitt, Secretary