

CANTERWOOD STEP SYSTEM ASSOCIATION

Minutes of Meeting of the Board of Directors

Date: December 8, 2017

Board Members Present: Ed Caudill, Brice Bledsoe, Dan Lott, Ken Sadoian (Chairman)
Chuck Pruitt (via phone)

Other: Scott Alexander, Attorney

The meeting was called to order by Chairman Ken Sadoian at 1:00 PM

Additions to the Agenda: None

Scott Alexander – Review of Delinquent Accounts and Policies: Mr. Alexander reviewed the major delinquent accounts and the current status of our attempts to collect the outstanding balances on the large and long standing accounts (the largest being over \$10,000). Mr. Alexander has filed all the necessary paperwork and liens which is about the most he can do. When asked about the possibility of filing for foreclosure, Mr. Alexander replied that the danger is we are not first in line and may not get anything for our efforts while incurring significant fees for filing the paperwork. We can threaten foreclosure, but are limited somewhat by Washington State Law. For the property at 5110 Bridle Path, Mr. Caudill will check with the HOA whether the property is being rented or not.

We have made some progress on collecting from some of our habitual delinquent accounts through Mr. Alexander's efforts. It remains to be seen if these accounts will now stay current (not optimistic).

Fees charged by Mr. Alexander for his services are (1) 15% added to the amount collected if not in litigation and (2) 30% added to the amount collected if litigation has started. Mr. Alexander will develop wording to put in the Fee Agreement that the delinquent party will also be responsible for any attorney fees involved in the collection process.

Mr. Bledsoe is to follow-up with Kalles to include on billing statements that accounts are in collection and that we continue to send out the bi-monthly invoices.

Approval of Minutes: The minutes of the meeting held on November 14, 2017 were approved as submitted.

Financials. Treasurer Brice Bledsoe reviewed the most recent Financial Reports and reported that the Association's finances remain in good order. Per Kalles, we currently have 279 STEP members in our association.

Mr. Bledsoe stated that he completed his audit of the Bellevue firm of Joseph H. Vandal, CPA and that they will now perform annual audits of the Association's financial accounts and also prepare its tax returns. Total cost for this service is expected to be about \$1900 per annum. It was also recommended that we add the Association's tax returns to the Director's Page of our website. Currently, this information is not up to date.

Operations:

Orenco Inspections: The Orenco Report is due to be sent out next week. The hard copy will be sent to Susan in the CDC Office for circulation to the Board Members for review. Per Orenco, the Report is not amenable for electronic transmittal.

Parametrix: The interim report for the first phase of their inspection and testing work completed the week of 10/2/17 is due to be sent out by December 22. Mr. Sadoian will forward copies to all Board Members when received. The second phase of the work will be completed in January or February 2018.

Next Steps: The Board is to review the reports and follow-up on recommendations (to be discussed at the next meeting). We also need to specifically review and follow-up on the Parametrix recommendations on the combined sewer line that flows to the City line under Canterwood Blvd.

Insurance: For Liability, our current coverage is \$2 Million and for D&O it is \$1 Million (reduced from \$2 Million from the previous term). We will put off further study of insurance coverage and carriers until Mr. Pruitt returns in May, except, Mr. Caudill will contact American Family Insurance to see if they can provide the type of business insurance we require.

New STEP Connections: Per Susan Anderson, we have 8 connections remaining including the one (or two?) being sought for the Harnish Lots 15 & 16. These are unreserved connections available to home sites with reasonable access to the STEP sewer lines.

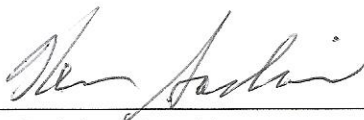
HOA Emergency Preparedness Committee: Representing the STEP Board, Mr. Caudill will attend the next meeting scheduled for January 10 in Mr. Sadoian's absence.

New Business: Over the first half of 2018, Canterwood Development Co. (CDC) will be phased out and transition to Canterwood Commercial. The Board needs to review the impact this will have on the STEP System and its operation and maintenance. Who will own the property that encompasses the STEP lines/valves/and other equipment? Per Mr. Pruitt, we have an easement for this property per our Declaration with CDC. More follow-up on this issue is required to develop a path forward the STEP Association .

Other Business:

STEP System Homeowner Letter: Mr. Lott is working on the letter and will issue a draft shortly for review by the Board members.

The meeting was adjourned at 2:55 PM.



Ken Sadoian, President