

Canterwood STEP System Association

5727 Baker Way

Gig Harbor, WA 98332

August 21, 2017

Dear Canterwood STEP System Association Member:

Hope everyone is enjoying our beautiful Western Washington summer. It would have been nice to escape the 90+ weather this year, but obviously that didn't happen.

The purpose of this letter is to give the STEP members an update on the status your STEP system since we last sent out a communication. This letter will provide information on the financial health of the STEP System Association, an election by mail in lieu of an Annual Meeting and an update on the steps we are taking to maintain the entire system to ensure we are meeting the requirements set by the City of Gig Harbor for our sewer effluent stream.

Note that our effluent rates and billing from the City remain relatively steady even though the City raised the sewage treatment rates again to all customers as of January 1, 2017. The City still plans yearly increases for the next three to four years ranging from 3.5 to 4.5%. Although there are no current plans to increase the STEP rates to members, this subject will be revisited on a yearly basis depending on the impact of the regular rate increases by the City and required maintenance of the STEP System.

Annual Meeting

As noted above, this letter is also being sent out in lieu of an Annual Meeting for 2017. We do have two Board members whose terms are expiring and as a result we need to have an election to reelect Ken Sadoian (current Board President) and Chuck Pruitt (current Board Secretary) to new three year terms. A ballot is attached to this letter which also includes space for a write in candidate if there is someone else you would like to see serve on the Board. Before writing in someone's name, please check with them to confirm they are interested in serving on the Board. When voting, check two boxes only, including write in candidates. Brief bios are attached for both Board members running for reelection. Instructions for returning the ballots are included with the ballot.

Financial Health

The Canterwood STEP Association is in excellent financial condition. With a reserve account of over \$200,000 we are adequately prepared for unplanned repairs and emergencies. The finances have been and are monitored closely by previous Board Treasurer Ed Caudill and our new Treasurer, Brice Bledsoe. A copy of the balance sheets for the months of May, June & July 2017 are included with this letter for your information. The monthly financials are also posted on the Canterwood STEP website (www.canterwoodstep.org.)

Operations

The Board is responsible for seeing that the entire STEP System is kept in good working order. As part of our continuing effort to meet this responsibility, we will be entering into contracts with Orenco Systems and Parametrix to perform inspections and testing work on our STEP System. As noted in our letter to members on November 16, 2016, Orenco is one of the leading designers of STEP systems in the world and provided the design for all of the homeowner STEP systems in Canterwood. They will make inspections of selected homeowner systems, prepare an Operations & Maintenance Manual, issue a Site Inspection Report, provide guidance regarding maintenance practices and include recommendations concerning odor and corrosion control. Parametrix will perform inspections of selected manholes in the main system to check for corrosion and do testing for off-gassing and odors (hydrogen sulfide) that lead to corrosion. The overall objective of the work by Orenco and Parametrix is to improve the operation and maintenance of the entire STEP system and to determine what if anything we need to do to control odors and corrosion. In addition, we plan to share this information with the City to show good faith that we are operating the system to meet their requirements.

The Board would like to again reiterate that each homeowner is responsible for maintaining the septic tanks and equipment on their property. Some typical guidelines are that the equipment should be checked for proper operation on a 2-3 year basis and the system pumped on a 3-5 year cycle depending on the number of people in the household and if it is occupied year around. The next round of inspections to check for water intrusion into the individual homeowner systems will likely be required in 1-2 years and will depend on the stability of our effluent rates to the City. For additional information on the maintenance of your system, please refer to the Canterwood STEP Website.

The Board thanks you for your continued cooperation. Please feel free to contact any of the Board members if you have any questions or require information on the STEP System. Contact information for the current Board members can be found on the website.

Sincerely,

A handwritten signature in cursive script that reads "Ken Addona for".

The STEP Association Board of Directors