

ANNUAL MEETING OF THE MEMBERSHIP

Minutes of Meeting

Monday, March 27, 2017

Vice President Andy Velebir called the Annual Meeting of the Membership of the Sallal Water Association to order on Monday, March 27, 2017 at 7:03 PM.

This Annual Meeting had been called for the conduct of business in accordance with Article VII, Sections 1- 6 of the by-laws of the Sallal Water Association. In addition to Mr. Velebir, the presiding Board of Trustees was present to include Gwen Nagano, Gerry Prior, Eric O'Brien, David Edwards and Harold Ellebracht. Also present were Paul Tredway, Sallal General Manager; Mary Nelson, Sallal Office Manager; Denny Scott, water system superintendent; and Tree Bergman, water operator; Guests in attendance were Brent Mickelsen and Derek Moody, Auditors from Blodgett Mickelsen & Adamson, P.S. By count, a total of 15 memberships were represented in person including staff and Board members and a total of 84 via ballots cast.

Andy Velebir introduced the Sallal Board members and staff.

Mary Nelson, Office Manager, verified that notices of this Annual Meeting were sent to all members of record on Saturday, March 18, 2017.

APPROVAL OF MINUTES:

Andy Velebir requested a motion to approve the minutes of the 2016 Annual Meeting.

Motion No 2017-A1 it was moved by Kendell Dreher and seconded by Ann Reed to approve the minutes of the previous Annual Meeting held on March 28, 2016. Motion approved unanimously.

FINANCIAL REPORT:

Brent Mickelsen reported that the firm of Blodgett, Mickelsen and Naef, P.S. had completed the audit of the Association's books and records. The audit report was mailed to all members as part of the Annual Meeting notice. Brent gave a brief description of the audit and reported that the audit, conducted in accordance with U.S. generally accepted auditing standards went smoothly and presents fairly, in all material respects, the financial position of the Sallal Water Association as of December 31, 2016.

In addition to the reference made to the generally accepted auditing standards, Brent also referenced that the audit was conducted on an accrual basis and that the auditors made minor adjusting journal entries. Brent went through the financial condition of the Association, reporting on liabilities and RDA loans for completed projects. Brent also reported on cash balances, debt (long term notes), construction costs, the statement of activities, accounts payable, and a comparison of balances, this year vs. last year. Brent reported that Sallal is a healthy association with a strong ratio of assets to liabilities and that Sallal is very liquid due to cash and equivalent CD's. Brent reported that Sallal gained 17 new memberships in 2016 and that the Association has 1664 active member certificates.

Brent reported that, per the auditors report, there were no instances of non compliance nor were there any disagreements with management during the audit process. Brent gave a “clean audit” opinion. Andy fielded questions from Stuart Paulus and Jack Bauer.

PRESIDENT’S REPORT:

Vice President Andy Veleber reported on the Sallal Water Association’s activities during the past year. With regard to our budget, Sallal continued to add specific operational and capital reserves to help meet future demands. Sallal continued to operate in good shape and kept all of our members supplied with water without interruption. Sallal had a good year from an operational standpoint. Sallal had good water testing results for the entire year with two exceptions – coliform violations in the River Point area. Subsequent samples all came back with good results. For further prevention, we dived and pressure washed and disinfected the two storage tanks in the area; added a flushing station to coincide with our heavier flushing program; added an air-vac release to eliminate bacteria in high spots; and initiated a pre-test program in the area.

Major System Improvements - Added 3 sampling stations, giving us a total of 27 for our system; completed approximately 3,500 feet of replacement pipe on the Cedar Falls Road; and replaced pump, motor, casings and shafts on Well #2.

Management of the Wilderness Rim Billing System - Sallal entered into a contract with Wilderness Rim to perform all billing functions for WRA through 2017.

Rogers Group Well at Trucktown – We have completed another successful year in managing the well at Trucktown and have renewed the contract for 2017.

Contract with the City of North Bend – Mr. Velebir mentioned that Sallal is still negotiating with the City of North Bend to finish a water supply contract.

New Growth within Sallal’s System

Sallal is planning for a substantial increase in both residential and commercial growth within our system – some of which will occur in 2017.

Addition of New Full Time Water Operator

To help prepare for the new growth in our system, Sallal added a part time operator to be shared with the Ames Lake Water Association. In 2016, Sallal hired Tree Bergman to be full time instead of part time.

Addition of New Part Time Office Assistant

In 2016, Sallal added a part time office assistant to its staff. Her name is Jessica Besso and comes to Sallal with a wealth of experience.

King County Franchise Ordinance Fee

King County is proposing a new Franchise Ordinance Fee for all utilities. This fee, the amount of which has not yet been established, will be imposed based on the amount of public right of way the utility uses for its lines. Sallal has joined a number of other utilities in an attempt to block this new fee.

ELECTION OF TRUSTEES:

Andy Velebir reported that two positions on the Board of Trustees have expired. Mr. Velebir asked the candidates running for Board positions to introduce themselves and add a brief bio which they did. Mary Nelson tabulated the vote count for the trustee election. Mary announced the vote tallies based on mailed-in votes and ballots submitted by

members present. Incumbents Gerry Prior and Andy Velebir were elected to serve for three year terms to expire in March, 2020.

In addition to the two open positions, there was also a language change in the By-Law Article IV 1 regarding Trustees and Officers. This language change also passed by the membership.

UNFINISHED BUSINESS:

There was no unfinished business brought before the membership to be discussed.

NEW BUSINESS:

Mr. Velebir stated that Sallal will begin the process of updating its Comprehensive Plan in 2017. When approved, this plan will be good for 10 years.

Motion No. 2016-A2 it was moved by Kendell Dreher and seconded by Joe Eddings to adjourn the meeting at 8:15 pm, there being no further business to discuss.

Motion approved unanimously.

Respectfully submitted,
Paul Tredway, General Manager