

ANNUAL MEETING OF THE MEMBERSHIP
Minutes of Meeting
Monday, March 30, 2015

President Sheldon Lynne called the Annual Meeting of the Membership of the Sallal Water Association to order on Monday, March 30, 2015 at 7:06 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. Lynne, the presiding Board of Trustees was present to include Gerry Prior, Andy Velebir, Eric O'Brien and David Edwards. Not present was Don Klausung. Also present were Paul Tredway, Sallal General Manager; Mary Nelson, Sallal Office Manager; Denny Scott, Water System Superintendent; Tree Bergman, Sallal's new water operator; and Richard Jonson, counsel. Guests in attendance were Brent Mickelsen, Auditor from Blodgett Mickelsen & Naef, P.S.; Ernest Henrie, Joyce Jansen and Jessica Besso from Wilderness Rim Homeowner Association; and Catherine Bath. In addition, there were also Captain Harold Ellebracht and Gwen Nagano who were running for a seat on the Board, present. By count, a total of 10 memberships were represented in person including staff and Board members and a total of 118 via ballots cast.

Sheldon Lynne 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 Wednesday, March 18, 2015.

APPROVAL OF MINUTES:

Sheldon Lynne requested a motion to approve the minutes of the 2014 Annual Meeting.

Motion No 2015-A1 it was moved by Eric O'Brien and seconded by Andy Velebir to approve the minutes of the previous Annual Meeting held on March 31, 2014.
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, 2014.

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, construction costs, the statement of activities, 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 14 new memberships in 2014 and that the Association has 1638 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. No questions arose regarding the 2014 audit.

PRESIDENT'S REPORT:

President Sheldon Lynne 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 during another hot and dry summer 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 one exception – in October of 2015 we had one coliform violation. Subsequent samples all came back with good results. Sallal maintains a very high quality of water without the need for treatment. Sallal continued to monitor for HPC's (Heterotropic Plate Count), which gives the association another early warning of possible contamination.

General System Improvements - Added 3 sampling stations, giving us a total of 24 for our system. We completed the process of wireless communication of all of our storage tanks and wells in order to access data on a moment's notice from anywhere.

Sallal continues to deal with main breaks and repairs within our system and is preparing to replace a long section of main line on the Cedar Falls road.

Rock behind Uplands Reserve Tank

We discovered that a large rock had the potential of dislocating from its present position and possibly damaging our reservoir in the Uplands Reserve. We added another layer of chain link fencing around the rock area for better fortification.

Management of the Wilderness Rim System - We have completed another successful year in managing the WRA system and have renewed the contract for 2015.

Rogers Group Well at Trucktown – We have completed another successful year in managing the well at Trucktown and have renewed the contract for 2015.

Contract with the City of North Bend – Mr. Lynne mentioned that Sallal is still waiting for the City of North Bend to finish contract negotiations with Sallal regarding future water supplies.

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 2015.

Harold Ellebracht asked the question of whether or not there would be a draw-down of water in our wells due to the lack of mountain snow this year. The answer was that it appears that the water tables are expected to be sufficient this year for normal water use.

ELECTION OF TRUSTEES:

Sheldon Lynne reported that three positions on the Board of Trustees have expired. In addition, there is one unexpired position due to the resignation of one of our Board members. Mr. Lynne 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 Sheldon Lynne, Eric O'Brien and Don Klausing were elected to serve for three year terms to expire in March, 2018. In addition, Harold Ellebracht was elected to fill the unexpired term.

UNFINISHED BUSINESS:

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

NEW BUSINESS:

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

Motion No. 2015-A2 it was moved by Gerry Prior and seconded by Harold Ellebracht to adjourn the meeting at 7:42 pm, there being no further business to discuss.
Motion approved unanimously.

Respectfully submitted,
Paul Tredway, General Manager