

**SALLAL WATER ASSOCIATION
SPECIAL MEETING OF THE MEMBERSHIP
Minutes of Meeting
Tuesday, July 17, 2018**

Vice President Andy Velebir called to order a special meeting of the membership on Tuesday, July 17, 2018 at 7:08 pm at the Association's business office located at 44021 SE Tanner Road, Suite E, North Bend, WA 98045.

This meeting was called pursuant to a petition signed by more than ten percent of the members pursuant to Article III, Section 2 of the Bylaws of Sallal Water Association.

In addition to Mr. Velebir, Trustees Gerry Prior, Eric O'Brien, David Edwards, Sheldon Lynn and Harold Ellebracht were present. Also present were Denny Scott, Sallal Operations Manager; Mary Nelson, Sallal Office Manager; Jessica Besso, office accountant, Richard Jonson, counsel, Warren Perkins, engineer and Jill Van Hulle and Peter Schwartzman, hydrogeologists from Pacific Groundwater Group.

By count, a total of 128 memberships were represented in person including staff and Board members, and a total of 271 ballots were cast including proxy votes.

PROOF OF NOTICE. Mr. Velebir confirmed issuance of the meeting notice and Ms. Nelson verified that a quorum was present.

Pursuant to member request, items 3 and 4 were reversed on the meeting agenda as contained in the meeting notice.

HYDROGEOLOGIST PRESENTATION. Ms. Van Hulle and Mr. Schwartzman reviewed their work on behalf of the Washington State Department of Ecology in connection with the North Bend Centennial Well water right permit and the stream flow mitigation provisions contained in the permit. Questions and discussion followed.

MEMBER COMMENTS. Many comments were made concerning the significant growth in the City of North Bend and whether the Association should decline to serve that growth, water supply contract negotiations between the City and the Association, the viability of the mitigation plan contained in the Centennial Well water right permit, the Association's ability to provide mitigation water to the City, and the Association's practice of issuing conditional certificates of water availability. Several members requested that the mitigation provisions of the Centennial Well permit be re-analyzed given climate change and the substantial growth occurring in the City.

MEMBER VOTE. The members then casted their votes in an advisory capacity on the two matters stated in the meeting notice:

- a. Whether Sallal should continue to issue conditional water permits;
- b. Whether Sallal should enter into any new agreements to provide water to the City of North Bend without proof satisfactory to a majority of the Members that such action will have no deleterious effects upon the availability of water to the Members; the quality of fish habitat in the Snoqualmie River system and the rates payable by Members.

At 9:48 pm, it was moved and seconded to adjourn the meeting. Motion approved unanimously.

Vice-President Andy Velebir announced the vote totals. On issue A, 88 voted yes and 188 voted no. On issue B, 45 voted yes and 226 voted no.

Respectfully submitted,
Richard Jonson, counsel