

ANNUAL MEETING OF THE MEMBERSHIP
Minutes of Meeting
Monday, March 30th, 2020

President Eric O'Brien called the Annual Meeting of the Membership of the Sallal Water Association to order on Monday, March 30th, 2020 at 7:02 PM in accordance with Article III, of the by-laws. Based on a proclamation by Governor Inslee, the Association utilized a computer/ telephone conferencing service by Zoom and all attended by electronic means.

In addition to Mr. O'Brien, the following members of the Board of Trustees were present: Daylin Baker, Ann Reed, Larry Costello, Rich Formisano and Joyce Hibma. Also present were Ted Stonebridge, General Manager; Denny Scott, Operations Superintendent; Lisa Hagen, Utility Customer Administrator; Richard Jonson, counsel; Warren Perkins, engineer; and Brent Mickelsen and Derek Moody, Auditors from Blodgett Mickelsen & Adamson, P.S., By count, a total of 11 memberships were attending through Zoom in addition to the Board members and a total of 121 ballots had been received through mail or delivery.

Board members, staff and consultants were introduced.

Lisa Hagen verified that notices of this Annual Meeting were timely sent to all members of record.

APPROVAL OF MINUTES:

Mr. O'Brien requested motions to approve the minutes of the March 25, 2019 Annual Meeting, June 11, 2019 Special Meeting and September 25, 2019 Special Meeting as presented.

Motion No 2020 A1- it was moved by Daylin Baker and seconded by Ann Reed to approve the minutes of the previous Annual Meeting held on March 25, 2019 as presented. Motion approved unanimously.

Motion No 2020 A2- it was moved by Ann Reed and seconded by Daylin Baker to approve the minutes of the Special Meeting held on June 11, 2019 as presented. Motion approved unanimously.

Motion No 2020 A3- it was moved by Shawn McKone and seconded by Mike Kenyon to approve the minutes of the Emergency Meeting held on September 25, 2019 as presented. Motion approved unanimously.

FINANCIAL REPORT:

Derek Moody reported that the firm of Blodgett, Mickelsen and Naef, P.S. completed the 2019 audit of the Association's books and records. Mr. O'Brien stated that the year-end financial statement will be posted on the Association's website. Derek gave a brief description of the audit and reported that the audit, conducted in accordance with 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, 2019. He reported that Sallal is a financially healthy association with a strong ratio of assets to liabilities and an audit opinion was issued without exceptions.

PRESIDENT'S REPORT:

Mr. O'Brien reported on the Sallal Water Association's activities during the past year. He stated that as a result of the special meeting in which a bylaw amendment was submitted, the Association formed a member advisory committee, upgraded its website and instituted a monthly newsletter to better inform the members of Association activities. As a result of the E. coli event, the Association is chlorinating its water supply and is investigating the feasibility of discontinuing chlorination. The Washington State Dept. of Health has strict water quality requirements that must be met to protect public health. To revert to untreated water, the entire system would have to be subject to a boil water notice for thirty days while water quality is intensively reviewed. He stated that the Board was obtaining engineering advice and welcomed input from the members on the issue. He described improvements to telemetry and security systems. He added that design and permitting work is underway for construction of office and shop facilities on an existing five acre parcel owned by the Association east of Trucktown. He stated that he was aware of a write-in candidate for a Board position and requested a nomination motion.

<p>Motion No 2020 A4- Matt McManus moved to nominate himself and was seconded by Jean Buckner.</p>

Mr. O'Brien then requested Mr. McManus to identify which position he wishes to seek. McManus stated that he did not designate a person to run against and assumed he would be voted in if his vote count exceeded a named candidate. Matt initially advised that he would run against Ann Reed. Questions were raised regarding the length of terms remaining for the trustee seats being elected. Matt inquired on whether he could run for the vacant seat. It was stated that Shawn McKone was running for that seat. Matt reconfirmed his intention to run against Ann Reed. Ann Herman advised that she had already voted and requested whether she could change her vote. Mr. O'Brien advised that she could not change her vote. Comments followed concerning the fact that the ballot did not designate positions – this matter was not resolved. Lisa Hagen then stated that the votes had been counted by her and Mr. Scott and stated the following tallies: Joyce Hibma 102; Ann Reed 100; Rich Formisano 103; Larry Costello 99; Shawn McKone 102; Matt McManus 10. Discussion followed concerning chlorination and the status of negotiations concerning a water supply contract with North Bend. Michael Thomas made a suggestion about in-home chlorination systems and Ms. Buckner inquired about the location of Sallal's wells at Rattlesnake in relation to the WRIA 7 and

8 boundary. Mr. Perkins addressed the location of the wells. Mr. Stonebridge stated that presently, contract negotiations with the City have not resumed but if they do and a draft contract results, it will be made available to the members for review. Ms. Buckner requested information on water testing samples and Mr. Stonebridge responded that the information had been previously provided.

Questions followed about the need for a new office and shop and concerns about cost of the project. Suggestions were made by Ann Herman and Jean Buckner to consider options such as phased build out, renting, and scaling the project down as means to reduce the cost. Mr. O'Brien explained the present rental situation and the need to keep operations and office staff consolidated. A question was raised about what the board is doing to obtain new water rights. Mr. O'Brien advised that our 2001 Water Right application is ongoing and currently being looked at with DOE. Mr. Jonson explained the status of King County's attempt to charge water utilities with franchise rent and noted there could be a retroactive payment demanded as a condition of obtaining a new franchise. Mr. O'Brien stated that the Board was considering charging the members to cover the contingent and contested liability for franchise rent.

ELECTION OF TRUSTEES:

Based on the vote count announced by Lisa Hagen; Joyce Hibma, Ann Reed, Rich Formisano, Larry Costello and Shawn McKone were elected as Trustees with the following terms:

Expires	
March-22	Joyce Hibma
March-22	Ann Reed
March-23	Rich Formasino
March-23	Larry Costello
March-21	Shawn McKone

UNFINISHED BUSINESS:

None

NEW BUSINESS:

Mr. Stonebridge reviewed COVID 19 emergency steps currently being taken by the Association.

Mr. Perkins summarized the status of the updated water system plan. Ms. Buckner requested that the draft WSP be presented and explained to the members at a meeting and inquired about the number of uncommitted Certificates of Availability presently available. Ted advised this number to be between 100 and 150, and Mr. Perkins explained that the figures were in flux in part due to water use efficiency. Mr. Thomas stated that the Association should not reduce water usage in order to make more connections available and emphasized the importance of having water available during summer months for outdoor use. This sentiment was reinforced by Matt McManus and Jean Buckner. Matt questioned the legal authority of the City of North Bend to control

water use by Association customers by way of a new ordinance being considered by the city.

It was moved by Anne Herman and seconded by Matt McManus to adjourn the meeting at 9:05 pm, there being no further business to discuss.

Motion approved unanimously.

Respectfully submitted,
Richard Jonson, counsel

DRAFT