

**SALLAL WATER ASSOCIATION
MINUTES FOR NOVEMBER 15, 2022 BOARD OF TRUSTEES MEETING**

CALL TO ORDER (QUORUM PRESENT) 6:02PM

Board members present: Ms. Denise Smutny (President), Ms. Daylin Baker (Vice President), Ms. Joyce Hibma (Treasurer), Mr. Shawn McKone, Mr. Eric O'Brien, Mr. Larry Costello and Mr. Richard Formisano (Secretary).

Consultants present: Mr. Richard Jonson, Attorney, Mr. Mike Johnson, G&O, and Ms. Leslie Sesser, CPA (for the audit presentation only).

Employees present: Ms. Kristina Parker, Director of Finance & Administration, Mr. Denny Scott, Water Superintendent and Mr. Tree Bergman, Water Operator.

Guests present: Ms. Pauline Lee, Sallal member; Mr. Don Deberg, City Engineer, North Bend

VISTOR COMMENTS (Limit time to 3 minutes)

- Ms. Pauline Lee requested Board consideration to waive separate membership and meter for a planned, stand-alone ADU on her lot in the Uplands. She presented an architectural sketch showing the main structure and the ADU. Board discussion was deferred to executive session. Ms. Lee exited the meeting at 6:15 pm.

CONSENT AGENDA

Vote to approve minutes for the October 18, 2022 meeting

Vote to approve consultant statements:

- Jonson & Jonson - \$13,760.00
- Ahlers Cressman Sleight - \$3,937.50
- Finney, Neill & Company - \$4,062.50
- Hellsell Fetterman - \$15,165.00
- Westwater - \$1,143.75
- Gray & Osborne - \$1,874.91

Motion 2022-089: Motion by Ms. Baker and seconded by Mr. McKone to approve the consent agenda consisting of the Board's Oct 18, 2022 monthly meeting minutes and all the consultant statements shown above. Motion carried.

CONSULTANT STATEMENTS:

Akana - \$18,315.80: This invoice exceeds the current contract amount. New amount totals \$645,398.93 and,

Lawhead - \$9,089.58: This invoice exceeds the current contract amount. New amount totals \$495,201.64.

Motion 2022-090: Motion by Mr. Costello and seconded by Mr. Formisano to approve raising the limit on Akana's service contract to \$645,398.93 and authorize payment to Akana for invoice no. 20017-026 in the amount of \$18,315.80 and to approve raising the limit on Lawhead's service contract to \$495,201.64 and to authorize payment to Lawhead for invoice no. 5451 in the amount of \$9,089.58. Motion carried.

REPORTS

ENGINEERING REPORT *Gray & Osborne/Mike Johnson*

Mr. Johnson reported on:

- Continuing review of water production and consumption data for 2019 - 2021. Once completed the results will be peer reviewed and then presented to the Board.
- Created 2 asset management spreadsheets for water system major equipment & piping. Next step is to populate maintenance dates and replacement costs by Mr. Johnson and Mr. Scott.
- Created a table that displays the water system piping by size, type of material and length of pipe. For comparison, Mr. Formisano added a similar table for North Bend's water system using data from the City's 2020 Water System Plan. The comparison shows that Sallal's system has approximately 50% more pipe and less asbestos cement pipe than North Bend's water system. It was noted that this comparison together with Sallal's water quality reports show that statements by NB Mayor, City Council and KC Councilperson Perry about Sallal having a failing system and unsafe asbestos levels in the water are incorrect.
- Standby GENSET for well pumps, 1, 2 and 4 estimated delivery date is April 2023.

ATTORNEY REPORT *Jonson & Jonson/Dick Jonson*

No report – all items deferred to executive session.

OPERATIONS REPORT *Mr. Denny Scott*

Mr. Scott reported on:

- Well #4 pump back on line with new VFD.
- Overflow at Uplands tank due to equipment malfunction.
- Chlorine residuals remain stable.
- SCADA improvement work by SI is ongoing.
- While changing out space heaters, inspection of Well # 2 transformer indicates a larger transformer would improve performance. Ashford Electric will provide a quote to upgrade the transformer.
- Wells #1 & #2 meters removed and sent to lab for inspection and calibration. Estimated return in 2 to 3 weeks.
- Staff investigating upgrading the remote reading system for member meters. Anticipate review over the next month and recommendation at the December Board meeting.
- PACE Engineering: Prepared and finalized watermain design and construction documents for the Sallal watermain extension along 436th Ave between SE Cedar Falls Way and SE 136th St in the vicinity of the new River Run development and roundabout. The work by

PACE included additional time charged to address different existing conditions, construction staking and project coordination. All work with the exception of a final set of as-built drawings has been completed.

Motion 2022-091: Motion by Mr. Costello and seconded by Mr. O'Brien to approve PACE Engineering invoices 83755 and 84103 for a total of \$9,409. Motion carried.

- New Office Project - Discussion deferred to Executive Session

BUSINESS REPORT *Ms. Kristina Parker*

- USDA Loan: Ms. Parker is working with USDA representatives to close the permanent loan.
Motion 2022-092: Motion by Mr. McKone and seconded by Ms. Baker authorizing Ms. Denise Smutny, Sallal Board of Trustee President, to execute all necessary and appropriate documents on behalf of the Association to close the permanent loan with the United States of America, acting through the United States Department of Agriculture, in the approximate amount of \$6,528,500. Motion carried.
- Tax Form 990 submitted to IRS
Motion 2022-093: Motion by Ms. Baker and seconded by Ms. Hibma to ratify the Board's approval of IRS Form 990 for 2021 and prior submission by Ms. Parker in time to meet IRS deadline. Motion carried.
- 2021 Audit Presentation by Ms. Leslie Sesser from Finney, Neill & Co, CPAs: Ms. Sesser entered the meeting and presented an overview of the 2021 audited financial statements. She stated that the audit was performed during August to October 2022, and the financial statements received an unmodified opinion meaning the financial statements fairly reflect the Association's financial condition. She noted three auditor comments:
 - Transaction and Account Balance Testing- no exceptions noted in test of internal controls. Considered excellent;
 - Audit adjustments - There were no material deficiencies; and
 - There were 2 material weaknesses of internal control over compliance to Federal statutes. Ms. Parker has already begun corrective action. Discussion followed.
- Open House; Discussed preparations for the Nov 17th Open House

EXECUTIVE SESSION

Ms. Smutny called the Board into Executive Session at 7:15 pm for the purpose of discussing the Emergency Interim Moratorium, new CWA request, New Office & Shop matters, the City's desire to acquire the water system, and other legal issues with counsel. All guests and Mr. Tree Bergman exited the meeting. Mr. Johnson and Ms. Sesser exited part way through the executive session. Ms. Smutny closed the executive session and returned to regular session at 8:30pm.

Upon exiting Executive Session, the following motions were made:

Motion 2022-094: Motion by Mr. McKone and seconded by Mr. Costello for the Board to unilaterally approve Substantial Completion Certificate effective Oct 4, 2022, the date the King County Inspector performed an inspection of the building and premises and issued the Temporary Certificate of Occupancy. Motion carried.

Motion 2022-095: Motion by Mr. O' Brien and seconded by Ms. Hibma to approve HMCI Change Order #28, in the amount of \$560.00 as presented. Motion carried.

Motion 2022-096: Motion by Mr. Costello and seconded by Mr. McKone to approve HMCI Pay Estimate 16R1 in the amount of \$21, 049.57. Motion carried.

UNFINISHED BUSINESS - Nothing to report

NEW BUSINESS - None

ITEMS TO TRACK & COME BACK TO IF THERE IS ACTIVITY

COMMITTEE REPORTS

MEMBER ADVISORY COMMITTEE *Ms. Kristina Parker*

Vote to approve 11-08-2022 MAC meeting minutes

Motion 2022-097: Motion by Mr. McKone and seconded by Ms. Hibma to approve for publication the MAC minutes as submitted. Motion carried.

CONSERVATION COMMITTEE *Ms. Kristina Parker*

No update

MOTION TO ADJOURN: Motion to adjourn meeting at 8:32 pm was made by Ms. Hibma and seconded by Mr. O'Brien. Motion carried.

Next scheduled meeting:

Board Meeting: Tuesday, December 20, 2022 at 6 pm