

**SALLAL WATER ASSOCIATION  
ANNUAL MEETING OF THE MEMBERSHIP  
Minutes of Meeting  
Tuesday, March 28, 2023**

President Denise Smutny called the Annual Meeting of the Membership of the Sallal Water Association to order on Tuesday, March 28, 2023, 6:08 pm at the Sallal Water Association business office located at 47230 SE 144<sup>th</sup> Street, North Bend, WA 98045.

In addition to Ms. Smutny, the following members of the Board of Trustees were present: Eric O'Brien, Daylin Baker, Larry Costello, Rich Formisano, Shawn McKone and Joyce Hibma. Also present were Kristina Parker, Director of Finance & Administration; Denny Scott, Operations Manager; Tree Bergman, System Operator; Office Manager Shawn Hamerly; Administrative Assistant Andrea Laffey; Richard Jonson, counsel; Mike Johnson, engineer with Gray & Osborne; and Leslie Sesser, CPA with Finney, Neill & Co.

Members in attendance are listed in the attached sign-up sheet. Board members, staff and consultants were introduced.

**PROOF OF NOTICE**

Ms. Parker announced that notice of this annual meeting was timely sent to all members of record and a quorum was present due to the number of ballots having been received.

**APPROVAL OF MINUTES:**

Ms. Smutny requested a motion to approve the minutes of the March 29, 2022, Annual Meeting as presented in the meeting notice.

<p><b>Motion No 2023 A1-</b> it was moved and seconded to approve the minutes of the March 29, 2022 Annual Meeting as presented. Motion was approved unanimously.</p>
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**FINANCIAL REPORT:**

Ms. Sesser presented results from the audit of the Association's December 31, 2021, financial statements. She stated that the Association received a clean opinion but the notes to the financial statements reflected a material weakness that was subsequently resolved. She reviewed an accounting adjustment made to reflect contributions in aid of construction from 2015 to 2020.

**PRESIDENT'S REPORT:**

Ms. Smutny reported on the Association's activities during the past year. She noted that a new well and reservoir at Rattlesnake and the headquarters project have been completed. Mr. Costello responded to questions concerning construction cost increases. Mr. Formisano responded to questions concerning the Association's attempts to obtain additional water rights and to purchase water from the City of Seattle.

**ELECTION OF TRUSTEES:**

Ms. Smutny invited the candidates for Trustee to speak. Candidate presentations followed from Larry Costello, Rich Formisano, Marcus Morissette, Nancy Jones and Don Wise. Ms. Smutny

announced that counting of ballots would soon begin and requested all members that have not yet voted to do so as voting will be closed at 6:30 pm.

**UNFINISHED BUSINESS:**

Michael Thomas posed questions concerning levels of distribution system leakage. Mike Johnson responded.

Marcus Morissette posed questions and comments about the status of State legislation to pay costs of connecting Sallal's water system to the City. Ms. Baker responded. He made additional comments about how Sallal should not cooperate with the City with regard to water supplies.

Jean Buckner commented on the proposed National Guard project, City take-over of Sallal, and issues concerning the proposed water supply contract between the City and Sallal.

Ann Bailey reminded the Board to hold two-member informational meetings regarding a proposed water supply contract.

Lengthy discussion followed with requests by some members to not cooperate with the City regarding stream flow mitigation.

Ms. Parker stated that if Sallal is forced to stop growing, then the costs of water facilities replacement would be borne solely through the water rates. She stated that simple math indicated that monthly water rates could increase by as much as \$80 per month in order to pay for capital costs.

Ms. Baker reviewed proposed terms of a water supply agreement presently being negotiated with the City. In response to a member inquiry, Ms. Baker advised that the February 7, 2023 version of the agreement posted to the Sallal website is the version agreed to by both parties.

Discussion followed.

Ms. Parker announced that 247 total ballots were received. She reviewed ballots rejected due to errors in submission - 6 such ballots were invalidated. Based on that result, the majority threshold was 121 votes. She announced that Larry Costello received 133 votes. None of the other candidates received a majority vote and so a run-off election would be necessary to fill the second expired seat. The other candidates received votes as follows: Rich Formisano 113, Marcus Morissette 109, Don Wise 86, and Nancy Jones 56.

**NEW BUSINESS:**

None

It was moved and seconded to adjourn the meeting at 7:42 pm, there being no further business to discuss.

Motion approved unanimously.

Respectfully submitted,  
Richard Jonson, counsel