

SALLAL WATER ASSOCIATION

MINUTES OF April 21, 2026, BOARD OF TRUSTEES' MEETING

Board members present: Bill Iverson (President), Shawn McKone (Vice President), Larry Costello (Treasurer), Rich Formisano (Secretary), Eric O'Brien.

Consultants present: Richard Jonson, Attorney; Mike Johnson, Engineer; Karyn Johnson, KLJ Financial (Remote)

Employees present: Devin Mettler, General Manager; Tree Bergman, Water Superintendent.

CALL TO ORDER

Mr. Iverson opened the meeting at 6:00 p.m.

VISITORS COMMENTS

No visitors were present

CONSENT AGENDA

- Minutes from March 17, 2026, Board Meeting
- Minutes from April 4, 2026, Board Work Study (removed from consent agenda upon request)
- Consultant statements:
 - Advantage Accounting - \$1,537.50
 - Gray & Osborne - \$44,403.43
 - Jonson & Jonson - \$5,625.00
 - KLJ Financial - \$3,751.50

Motion 2026-04-21-01: Mr. O'Brien moved to approve the Consent Agenda with edits to the March 17, 2026 minutes as submitted (not including omitted item). Seconded by Mr. Formisano and passed unanimously.

- Minutes from April 4, 2026, Board Work Study
 - The Board discussed the level of detail to include in future work study meeting minutes and edits were made to the April 4, 2026 minutes.

Motion 2026-04-21-02: Mr. O'Brien moved to approve the minutes of the April 4, 2026, work study meeting as amended. Seconded by Mr. McKone and passed unanimously.

ENGINEERING REPORT (Mike Johnson G&O)

North Bend Intertie – Anvil Builders: Mr. Johnson reported that the project is complete and acceptance recommended subject to conditions as set forth in G-O's January 15,

2026 letter to Sallal posted to Dropbox; Anvil has filed its last affidavit of wages paid and G&O is currently working on the notice of public works completion form for submission to the Washington Department of Labor and Industries (“L&I”). Retainage can be released upon issuance of clearance forms by L&I, and Departments of Revenue and Emp. Sec. and expiration of the lien filing period

Motion 2026-04-21-03: Mr. Costello moved to accept the North Bend Intertie and Booster Station project as complete and approve release of the contract retainage in the amount of \$99,644.80, subject to the conditions set forth in the engineer's recommendation letter. Seconded by Mr. O’Brien and passed unanimously.

- Mt. Si Roundabout Pipe Replacement - SLE – Update
 - Mr. Johnson stated that SLE is making progress on this project and reported that new water main has been installed on North Bend Way; paving has begun.
 - New water main has been installed at the Mt. Si Road and 128th Street intersection and the contractor has started tie-ins and restoration. There have been issues with water pressure testing with Schedule B work.
 - There are two-and-a-half weeks left for substantial completion of this project which includes five additional days provided in proposed change order #1.
 - Change Order #1 (\$16,588.75) and Progress Estimate #1 (\$312,652.28 including CO #1):
 - CO #1 represents negotiated additional compensation and time extension for lowering the new main in order to avoid other utilities that were deeper than anticipated and was recommended for approval.
 - The progress estimate has been reviewed and recommended for approval.
 - Project on track to be completed by the substantial completion date as modified. Expect other change orders before the project is completed.

Motion 2026-04-21-04: Mr. Costello moved to approve the addition of SLE Change Order #1 in the amount of \$16,588.75. Seconded by Mr. McKone and passed unanimously.

Motion 2026-04-21-05: Mr. McKone moved to approve payment of SLE Progress Estimate #1 in the amount of \$312,652.28. Seconded by Mr. Formisano and passed unanimously.

Motion 2026-04-21-06: Mr. Costello moved to ratify and approve G&O proposal to engage Equinox Research and Consulting International Inc. as a subconsultant to perform cultural

monitoring services for the Mt Si Rd Roundabout Water Main Replacement project in the amount of \$6,240.00. Seconded by Mr. O'Brien and passed unanimously.

- Well #1 Replacement Drilling – Holt – Update:
 - Work has commenced; timeline for completion of this project is approximately two months.
 - The crew has drilled down to 250 feet where hard materials were encountered; there is good water bearing material in the primary water production zone.
 - Waiting on Sensor Interface Box (SIB) analysis results for a better assessment of the thickness of production zone and well depth.
 - Once the SIB analysis is completed, sizing the screen for the well will be determined and a pump and water quality test will be performed.
 - Payment of progress payment #1 in the amount of \$152,577.15 was recommended.

Motion 2026-04-21-07: Mr. Costello moved to approve payment of Holt Services Progress Estimate #1 in the amount of \$152,577.15. Seconded by Mr. Formisano and passed unanimously.

- Wilderness Rim Intertie #3 – Update
 - The preliminary plan for this project is currently being revised. Mr. Bergman reported that he met with Mike Kenyon and that he and Mr. Mettler will be working with Mr. Kenyon to develop terms for a contract addendum.
 - KLJ Financial is not looking at the wholesale rate for Wilderness Rim as part of the current scope of work for the Rate Study.
- Water Use Projection Analysis: Work continues on the analysis with a draft to be sent to the Board by the May Board meeting.
- Drinking Water State Revolving Funds (DWSRF) 2025-4610 Application – Rattlesnake Tank #3 – Update: Waiting for formal notification from the Washington Department of Health (DOH) and that the actual agreement will likely be provided in July or August.
- Water System Plan (WSP) Amendment – CIP Projects – Update: An updated draft CIP project list will be ready for the May Board meeting.

OPERATIONS REPORT (Tree Bergman)

- Water System:
 - The crew is working on valve maintenance and flushing.

- Carlos passed the Water Distribution Manager/Operator Level 2 (WDM2) exam and is now a certified water operator. He will be put on the on-call schedule after he completes training.
- Water production has been consistent with last year's production and 16% of Sallal's water right has been used year-to-date.
- DSL tracking for this month is approximately 11% and about 11% year-to-date; leak detection is paused and options are still being investigated.
- Chlorine residuals are within normal limits.
- SCADA – Middle Fork Tank Control Panel – Update: Project is complete.
- Well #2 Surge Protection – Emergency Repairs – Ashford – Update: Project is complete.
- Well #4 Variable Frequency Drive (VFD)- Emergency Repairs - Ashford – Update: Project is complete.
- SCADA Ignition HMI Software – Update: Thomas has been working on this project, and the majority of the SCADA system architectural work is complete. The crew had to manually activate new SIM cards for the HMI software at all of Sallal's sites other than Riverpoint.
- Ichijo housing development update: project has not started laying pipe.
- Triple 60 Partners update: have completed work on their project, and we are waiting on submission of dev. ext. close-out documents.
- Tanner Booster Station revision project update: is in the design stage and Tree will submit a design proposal to the Board once it is completed.
- North Bend has provided approximately half of Sallal's banked water needs at 41.57 acre-feet.

BUSINESS REPORT

Treasurer's Report (Larry Costello)

- Financial Investments: Sallal's budget spreadsheet presented; Treasurer's Report posted to Dropbox.
- North Bend reimbursement for the Well #2 VFD project is in process.
- FDIC insurance issue is being addressed. Mr. Mettler has provided a report in Dropbox.
- There has been a \$400,000 drop in Sallal's operating account, and he proposed to transfer funds from the Fidelity account to maintain a \$1,000,000 reserve threshold.
- Finney Neil reports that Sallal will have no federal income tax obligation for 2025 and will file Sallal's 1120 tax form after completion of the 2025 audit.
- Board approval is needed for Finney & Neill to perform the 2025 audit. Mr. Mettler stated that Finney Neil has submitted a draft and is working on a revision to submit to the Board.

GM Report (Devin)

- Q1 Financial Report: Mr. Mettler reported on Sallal's Q1 2026 Financials.
- Banking Plan – 2026: Mr. Mettler recommended transferring approximately \$500,000 out of Sallal's Fidelity account into the operating account.

Motion 2026-04-21-08: Mr. Formisano moved to authorize the transfer of \$500,000.00 from the Fidelity Investment account into Sallal's operating account. Seconded by Mr. O'Brien and passed unanimously.

- Mr. Mettler presented the 2026 Banking plan and suggested that the Board combine Sallal's restricted accounts into an Insured Cash Sweep (ICS) accounts as presented in the 2026 Banking Plan.

Motion 2026-04-21-09: Mr. Iverson moved to approve Option #2 of the Banking Plan, as presented by Mr. Mettler. Seconded by Mr. Costello and passed unanimously.

- Banking and Signatories – Add Bill Iverson – President

Motion 2026-04-21-10: Mr. McKone moved to add William Iverson as signatory, trustee, and/or agent to any and all of Sallal Water Association's financial institutions and assets. Seconded by Mr. O'Brien and passed unanimously.

- 2025 Member Sourced Income Test / 2025 Tax Extension Filing: Finney Neill has completed a preliminary assessment of taxes for 2025 and has submitted an initial invoice of \$4,245 for this work. Mr. Mettler stated that he is expecting an additional invoice from Finney Neill for work on this issue. He recommended approval.

Motion 2026-04-21-11: Mr. Costello moved to approve payment of the Finney & Neill invoice in the amount of \$4,245.00 for additional services. Seconded by Mr. O'Brien and passed unanimously.

- Finney Neill – FY 2025 Accounting Audit and Tax Preparation – Engagement Letter: Mr. Mettler stated that the 2025 accounting audit seemed reasonable but noted that the tax preparation amount was uncapped. The start of audit work for Sallal's 2025 financial year will be moved up to the beginning of July 2026. The letter is being worked on and will be presented at a later date.
- Springbrook – Proposal - \$141,595.00:

- Staff supports this proposal. Sallal will benefit from moving toward integrated billing and accounting software, especially in conjunction with the Aquahawk system. There is a proposed \$115,000 cost to implement the basic cost of the Springbrook billing and financial software with additional costs for a payroll program. The annual cost for three modules will be approximately \$26,000 per year. It will take approximately nine to 11 months to implement changeover to the new software. Further discussion ensued. The proposal was tabled to a future meeting.
- Sallal Conservation Policy and Strategy – Updates and Conversation: Sallal’s Conservation Policy was discussed. The Board will revisit the policy in 2027 or when Sallal’s water system plan is updated.
- Rate Study – Update: Work on the Rate Study continues to progress. Presentation in May is TBD.
- Board Vacancy – Update - 2 Flyers: Ms. Moore’s proposed flyers regarding the Board vacancy for distribution to the membership were reviewed. Mr. Mettler reported that he received an application for the open Board position. The Board concurred in setting aside a portion of the June Board meeting for candidate interviews beginning at 6 pm.

ATTORNEY REPORT (Richard Jonson, J&J)

Mr. Jonson reported on recent State and County legislation and King County’s continuing efforts to negotiate franchise compensation with other utilities.

UNFINISHED BUSINESS

No report.

NEW BUSINESS

No report.

EXECUTIVE SESSION

The chair declared an executive session at 9:30 pm for the purpose of discussion with counsel water usage data information requests from the City and Project 34, a proposed real estate development project in the area of the Cadman gravel pit east of Trucktown. The executive session ended at 10:08 pm and the regular session of the meeting continued.

Motion 2026-04-21-12: by Mr. Costello and seconded by Mr. McKone to adjourn the Board meeting at 10:09 pm. Motion passed unanimously.

Submitted by: Minutes Services

Next Scheduled Board Meeting

Board Meeting: Tuesday, May 19, 2026, at 6:00 pm.