

SALLAL WATER ASSOCIATION

MINUTES OF BOARD OF TRUSTEES WORK STUDY SESSION (In-person & Video)

April 4, 2026

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

Employees present: Devin Mettler, General Manager

Consultants present: Mike Johnson, Engineer

Mr. Iverson convened the work study at 9:06 am. Purpose of the work study was for the Board to develop guidance for Ms. Johnson (KLJ Financial) to complete the Financial Analysis phase of the Rate Study.

Work Study Topics covered were:

1. Financial Guiding Principles
 - a. Rate Sourced Contributions vs Loan Funding for Capital Improvements
 - b. Cost Recovery for NB purchased drinking water. Follow-on discussion needed to evaluate and select cost recovery procedure.
2. Risk Tolerance
 - a. Discussion led to a general practice to help guide rate decisions.
 - b. Growth Plan – Metered Capacity Equivalents
 - i. MCE growth plan was discussed.
3. Pipe Replacement Strategy
 - a. Discussion centered around methodology for determining if specific pipe segments should be replaced.
 - b. Staff were asked to investigate advanced technical tools and contractors who sell or specialize in leak detection and remaining life of pipe segments.
4. CIP List Revisions for the Rate Study
 - a. The Board discussed several variations of the CIP List and Staff is going to convey these to Ms. Johnson.

MOTION TO ADJOURN: Upon motion made by Mr. Costello, seconded by Ms. Moore and unanimously passed, the meeting adjourned at 12:00 pm.

Minutes submitted by Richard Formisano (Secretary).

Final