SALLAL WATER ASSOCIATION
MINUTES OF May 19, 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; Cassandra Courtney (Heidelberg Materials), Mindy Blaufuss (Springbrook Software), Debbie McLeod (Springbrook Software – via Zoom), Michael Arciga (Springbrook Software), Kevin Dibbs (Express Bill Pay - via Zoom), Karyn Johnson (KLJ Financial - via Zoom), Nils Krahe (Minutes Services).

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
Ms. Michelle Catoire (member): She requested a billing adjustment due to an unexplained and significantly large meter reading. Sallal staff verified the water meter was operating correctly and there was no evidence of a leak. The Board and Ms. Catoire discussed potential reasons for the high reading and whether the Association's leak adjustment policy applied.

Motion 2026-05-19-01: by Mr. O'Brien to treat the abnormally high reading under Sallal's Leak Relief policy (Rule #42), seconded by Mr. McKone. After discussion, Mr. Costello moved to table the motion to Executive Session. The motion to table was seconded by Mr. Iverson and passed 3-2.

Ms. Becky Steidle (guest): She commented on personal identity information (PII) privacy and encouraged use of technology to assess the condition of water distribution piping.

CONSENT AGENDA
- Minutes from March 31, 2026, Special Board Meeting
- Minutes from April 21, 2026, Board Meeting
- Consultant statements:
  - Advantage Accounting - $787.50
  - Gray & Osborne - $59,632.47
  - Jonson & Jonson - $3,875.00
  - KLJ Financial - $7,869.00

Motion 2026-05-19-02: by Mr. Costello to approve the Consent Agenda, with edits to the April 21, 2026 minutes as submitted, seconded by Mr. O'Brien and passed unanimously.

- Minutes from March 31, 2026, Annual Member Meeting

Final

Motion 2026-05-19-03: by Mr. Costello to approve the March 31, 2026, Annual Member Meeting minutes, as edited, seconded by Mr. McKone and passed unanimously.

Software Proposal

- Springbrook Accounting and Billing Software – Proposal Q&A – w/ Mindy Blaufuss, Debbie McLeod, Michael Arciga, Kevin Dibbs, Springbrook/XBP-$141,595

Presentation and discussion on the capabilities and features of the Springbrook integrated suite. The discussion also addressed AquaHawk water meter integration, member bill pay options and PII security. Privacy and data security management associated with integrating Springbrook, Xpress Bill Pay and Aquahawk were discussed. Mr. Costello requested Mr. Mettler provide an example of the monthly billing process for a typical Sallal customer demonstrating what information is necessary for preparing the bill, how that information is obtained, who has access to the information, and how only that information will be exchanged between Aquahawk, Sallal, and Springbrook. Mr. Mettler recommended omitting the payroll module and pursue a different option.

Motion 2026-05-19-04: by Mr. McKone to accept the Springbrook software proposal in an amount not to exceed $141,595 and seconded by Mr. O'Brien. Motion passed 4-1 with Mr. Costello voting against.

Representatives from Springbrook exited the meeting at 7:30 pm.

Rate Study

- Rate Study – Update – Karyn Johnson, KLJ Financial

Ms. Johnson provided an update on the rate study including three capital improvement project scenarios (high, medium, low). The Board discussed the advantages & disadvantages of the scenarios presented as well as the remaining rate study tasks left to complete. Mr. Mettler will provide Karyn with a fourth CIP scenario, a hybrid, of scenarios #2 (medium) and #3 (low) including revisions to the CIP project estimates attributed to the Water System Plan update. The Board concurred with using the fourth scenario and Karyn will proceed with rate design accordingly. Preliminary result of the GFC update was discussed and noting that further refinements are required. The goal is to have new rates in place for calendar year 2027. Karyn exited the meeting at 9:18 pm.

Ms. Steidle exited at 9:25p.

ENGINEERING REPORT (Mike Johnson G&O)

- Wilderness Rim Intertie #3 – Update:
    - Mr. Johnson reported that he is working with vendors on selecting a flow meter and the project plans are approximately 90% complete. Management and counsel are working on a contract addendum with Wilderness Rim.
- Water Use Projection Analysis/Interim Water System Planning – Update:

Final

    - Mr. Johnson stated that he planned on providing the Board with a revised water use projection analysis at next month's Board meeting.
- DWSRF Loan 2025-4610 Application – Rattlesnake Tank 3 – Update:
    - Mr. Johnson is waiting for Department of Health (DOH) documentation.
- Mt. Si Roundabout Pipe Replacement – SLE – Update:
    - Mr. Johnson reported that substantial completion has been achieved. G&O and contractor are developing the punch list. Two outstanding change order requests are being negotiated. Mr. Johnson confirmed that G&O construction management fees have reached their limit, and he will submit an amendment to G&O's construction management services contract.
    - Progress Estimate #2 - $314,310.84: Mr. Johnson recommended payment of Progress Estimate #2.

Motion 2026-05-19-05: by Mr. Costello to approve payment of SLE Progress Estimate #2 in the amount of $314,310.84, seconded by Mr. McKone and passed unanimously.

- Well #1 Replacement Drilling for Well #1a – Holt – Update: Mr. Johnson stated drilling reached a depth of 315 feet and is complete to a similar depth as Well #1. Additionally, two water-bearing zones were discovered. He expects these two zones to produce the necessary water for Well #1a and recommended screening for both zones. Board concurred. He recommended payment of Progress Estimate #2.

Motion 2026-05-19-06: Mr. McKone moved to approve payment of Holt Services Progress Estimate #2 in the amount of $143,667.73, seconded by Mr. O'Brien and passed unanimously.

- Draft WSP Amendment – CIP Projects – For review and possible decision: Mr. Johnson stated that this amendment adds four projects to the 2020 Sallal Water System Plan CIP list. Two projects will replace the Cedar Falls water distribution main, one project to equip Well #1a, and one project to replace the water distribution pipe coming across I-90. DOH needs to approve this amendment in order to add these projects to the CIP and Water System Plan.

Motion 2026-05-19-07: Mr. Costello moved to approve the Draft WSP CIP Amendment Memorandum dated May 15, 2026, and authorize its submission to DOH, seconded by Mr. Formisano and passed unanimously.

OPERATIONS REPORT (Tree Bergman)

- CWA Application – Cadman/Heidelberg Materials: Sallal received a CWA request from Heidelberg Materials formerly Cadman. Ms. Courtney gave an overview of the application. The purpose of the CWA is for Sallal to provide make-up water for Heidelberg's North Bend Quarry operations. The CWA requests Sallal provide 9,000 to 14,000 gallons of water per day. The quarry operates 5 days a week. She stated that an engineering study will provide a better estimate for the amount of water needed.

Final

The Board took no action on the application and requested additional information to consider it including:

- PE stamped set of plans including water usage calculations.
- Number of years Heidelberg requires water service from Sallal.
- Daily water service requirements such as continuously throughout the day, only during certain hours, minimum pressure.
- Consideration of interruptible water supply provisions.
- Confirmation that Heidelberg's quarry is within Sallal's water service area.
- Confirmation that quarry operations are for a lawful municipal water supply purpose.

Ms. Courtney exited the meeting at 9:38 pm.

- End of Life Meters/Endpoints – Update: Mr. Mettler reported that the Board provided approval via email of an invoice for 100 endpoints. Ratification was requested.

Motion 2026-05-19-08: Mr. Costello moved to ratify the email vote on April 28, 2026, to approve payment of Mountain States Invoice #INV142149 in the amount of $21,159.05, seconded by Mr. O'Brien and passed unanimously.

Motion 2026-05-19-09: Mr. O'Brien moved to approve the payment of Mountain States Invoice #INV35355 in the amount of $15,213.63, seconded by Mr. McKone and passed unanimously.

- Water System Update
  - Mr. Bergman reported that Well #4 mag-meter failed, cause of failure unknown. Technician coming out tomorrow to inspect, determine repairs needed and cost to repair or replace the meter.
  - Mr. Bergman stated that the crew is doing well with training and that they are currently working on hydrant maintenance and flushing.
  - DSL measurement was 10.25% in April.
  - Sallal's average daily production is 400,000 gallons per day. Year to date, 16% percent of Sallal's water rights have been pumped from our wells.
  - Year to date, approximately 70.9 acre-feet of drinking water has been transferred from NB to Sallal via the intertie. On track for 85 acre-feet by the end of May.
  - Consumption, which includes NB intertie drinking water is 22% of Sallal's water right. Consumption is on track with yearly projections.
  - Water samples were good for April; samples still need to be taken for May. Chlorine residuals have been consistent.

- SCADA- Tanner Booster Station RTU Panel – Proposal: The RTU panel is part of the Tanner Booster Station upgrade project. Mr. Bergman reported that a new 30x30 RTU panel will be built since the existing panel cannot be modified. The estimate from System Interface (SI) does not include tax or installation of the panel. Once SI designs and builds the RTU panel, Mr. Bergman will request proposals from electrical

Final

contractors to install it. Mr. Bergman will provide a new Tanner Booster Station upgrade project cost estimate for the next Board meeting.

Motion 2026-05-19-10: Mr. Costello moved to accept the proposal from Systems Interface to produce the Tanner Booster Station RTU Panel in an amount not to exceed $75,000.00, including tax, seconded by Mr. O'Brien and passed unanimously.

- SCADA Ignition HMI Software – Update: Mr. Bergman reported that Systems Interface has begun implementing the new SCADA Ignition software on several water system components. Next month, he will provide the Board with a live demo of the new Ignition software.

BUSINESS REPORT

Treasurer's Report (Larry Costello)

- Financial Investments: Mr. Costello reported a transfer of funds from Sallal's Fidelity account to Sallal's operating account was performed this month in order to maintain a $1,000,000 operating reserve.
- Per plan, Sallal's total cash assets have been reduced by $800,000 year-to-date. Some of these funds were used on O&M and CIP projects.
- Mr. Costello reported the reimbursement package for the Well #2 VFD project has been submitted to the City of North Bend.
- Mr. Mettler is working with Columbia Bank to establish another insured cash sweep account.

GM Report (Devin Mettler)

- Finney Neill – FY 2025 Accounting Audit and Tax Preparation
    - 2025 Finney Neill Engagement Letter
        - Audit - $28,000 - $32,000 (Time and Expenses)
        - Form 1120 Tax Preparation - $12,500 (to include research work conducted to determine tax status and possible depreciation)

Mr. Mettler explained the engagement letter providing background, including costs previously paid and invoices to date.

Motion 2026-05-19-11: Mr. Formisano moved to accept the Engagement Letter from Finney Neill for the FY 2025 Annual Financial Audit ($32,000) and for Tax Preparation ($12,500), in an amount not to exceed $44,500, seconded Mr. Costello and passed unanimously.

- 2025 Member Sourced Income Test/2025 Tax Extension Filing

Motion 2026-05-19-12: Mr. McKone moved to approve the payment of the Finney Neill invoice in the amount of $4,015, seconded Mr. Formisano and passed unanimously.

Final

- Board Vacancy – Update: Mr. Mettler thanked Ms. Moore for her work on the flier and the Board for their input. Flier has gone to the printer and should be to members shortly. Sallal currently has one member interested in the vacant Board position.
- Consumer Confidence Report sent to the printer and soon to be mailed to members. Also includes a bookmark with Sallal conservation tips.

ATTORNEY REPORT (Richard Jonson J&J)
No report.

UNFINISHED BUSINESS
No report.

NEW BUSINESS
No report.

EXECUTIVE SESSION
The chair declared an executive session at 10:33 pm for the purpose of discussing Sallal's Rules & Regulations with counsel. The executive session ended at 10:52 pm and the regular session of the meeting continued.

The Board returned to pending **Motion 2026-05-19-01.** After discussion, Mr. Costello moved to table the motion to next month's Board Meeting, seconded by Mr. McKone and passed unanimously.

Motion 2026-05-19-13: Mr. O'Brien moved to adjourn the Board meeting at 10:52 pm, seconded by Mr. Costello and passed unanimously.

Submitted by: Minutes Services

Next Scheduled Board Meeting
Board Meeting: Tuesday, June 16, 2026, at 6:00 pm.

Final