SALLAL WATER ASSOCIATION

MINUTES of October 20, 2026 BOARD OF TRUSTEES MEETING

Board Members Present: Bill Iverson (President), Shawn McKone (Vice President), Larry Costello (Treasurer), Rich Formisano (Secretary), Eric O'Brien, Ann Bailey, Emilie Moore

Consultants: Richard Jonson, counsel; Mike Johnson, Engineer; Karyn Johnson, KLJ Financial (remote); Shannon Sparks, Robert Half Co.

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

CALL TO ORDER (Quorum Present)
Mr. Iverson called the meeting to order at 6:00 p.m. at the Association's business office located at 47230 SE 144th St, North Bend, WA 98045.

APPROVAL OF THE AGENDA
The agenda was reviewed and the Finney Neill Invoice was removed from the Consent Agenda.

VISITOR COMMENTS
None

CONSENT AGENDA

- Minutes from Sept. 15, 2026, Board Meeting
- Consultant statements:
  - Advantage Accounting – $2,850.00
  - Finney Neill - $13,980.00 (removed from consent agenda)
  - Grey & Osborne - $17,410.95
  - Grey & Osborne - $1,964.43
  - Jonson & Jonson - $3,837.50
  - KLJ Financial - $5,307.00

Motion 2026-10-20-01: by Mr. Costello moved to approve the Consent Agenda with the Finney Neill statement withdrawn for separate consideration, seconded by Mr. O'Brien and passed unanimously.

- Mr. Mettler recommended and the Board discussed raising the previous Finney Neill engagement letter ceiling from $44,500 to $47,000 to accommodate the portion of the latest invoice received for $2,350.00 related to the 2025 tax filing.

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Motion 2026-10-20-02: by Mr. Costello moved to approve increasing the price of the Finney Neill 2025 Audit and Tax Preparation Engagement Letter to $47,000.00 to accommodate the $2,350 portion of the submitted invoice by Finney Neill, seconded by Mr. O'Brien and passed unanimously.

Motion 2026-10-20-03: by Mr. Costello moved to approve the Finney Neill invoice #55252 in the amount of $13,980.00, seconded by Mr. O'Brien and passed unanimously.

RATE STUDY Presentation – *Karyn Johnson, KLJ Financial*

Ms. Johnson presented a recap of the proposed rate design as discussed in the September 2026 Board meeting, proposed rate structure and membership fee options. Discussion resulted in direction to Ms. Johnson to calculate amortization, base rates and water usage rates for single family, multi-family, commercial and irrigation members. Next month's Board meeting will include final review of rates, membership fees and draft 2027 master rate schedule.

Ms. Johnson left the meeting at 8:08 p.m.

ACTION ITEMS

- DEA – Matt Steel Development property – Phase 1 DEA
    - Prior to Board President & Secretary signatures staff will revise the DEA to include the appropriate tax parcels.

Motion 2026-10-20-04: by Mr. McKone moved to approve the Matt Steel Phase 1 DEA, direct management to insert the correct tax parcels into the agreement and authorize the Board President and Secretary to sign the agreement on behalf of the Association, seconded by Ms. Moore and passed unanimously.

- Review Matt Steel Phase 2 Development CWA application for tax parcel 1523089045 dated October 19, 2026
    - After review and discussion, it was determined that the CWA was missing information needed for Board approval. Staff will follow up with Mr. Steel to resubmit the CWA with the missing information.

- Mountain States (MSPS) Invoice # INV36388 – 300 5/8"x3/4" Diehl Meters – $44,952.11
    - Management recommended payment. Staff was directed to create an AMI project plan to track installation schedule and compare budgeted cost to actuals for review at Board meetings.

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Motion 2026-10-20-05: by Mr. O'Brien moved to approve payment of Mountain States Invoice #INV36388 for 300 5/8"x3/4" Diehl Meters in the amount of $44,952.11, seconded by Mr. Costello and passed unanimously.

- SCADA - Tanner Booster Station RTU Panel - Systems Interface Invoice # 35238 – $44,792.09
    - Panel complete and delivered to shop (does not include installation). Mr. Bergman recommended payment.

Motion 2026-10-20-06: by Mr. Costello moved to approve payment of Systems Interface Invoice #35238 – Tanner RTU Panel - $44,792.09, seconded by Mr. O'Brien and passed unanimously.

- SCADA – Tanner Booster Station RTU Panel Installation
    - Mr. Bergman recommended award to MT Electric based on its qualifications and having submitted the lowest proposal.

Motion 2026-10-20-07: by Mr. O'Brien moved to approve MT Electric Proposal for the Tanner Booster Station RTU Panel Installation in the amount of $5,500.00 and authorize signing documents, seconded by Mr. McKone and passed unanimously.

- Springbrook Invoice # INV-011848 – Finance Module – Set Up and Training - $7,812.50
    - Mr. Mettler recommended payment.

Motion 2026-10-20-08: by Mr. McKone moved to approve payment of Springbrook Invoice #INV-011848 in the amount of $7,812.50, seconded by Mr. Costello and passed unanimously.

- USDA Loan Reports 2025 442-2 & 442-3
    - Reports posted to Dropbox and require Board approval.

Motion 2026-10-20-09: by Mr. Costello moved to accept USDA Loan Reports 2025 442-2 & 442-3 and authorize Board President and Secretary to sign the forms, seconded by Ms. Moore and passed unanimously.

- Accept DWSRF Loan 2025-4610 loan terms and authorize Board President to sign the forms.
    - After discussion, the Board deferred this action to the November 2026 Board meeting pending review and inquiry to DOH to include a lien parity clause.

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- Accept Interim Water System Planning Assistance, Amendment 1 Request in an amount not to exceed $27,810.00 and authorize signing of the amendment.
    - During discussion, it was determined that G&O will review the proposed amendment to ensure it includes all the action items from the August 2026 work study and resubmit Amendment 1 for the November 2026 Board meeting.

- Customer Service – Formal Complaint to the Board per Rule #30.
    - The Board received and reviewed the complaint from Mr. Powell with regard to Backflow Prevention Device testing, Rule #33.
    - A draft letter to Mr. Powell was reviewed and changes recommended by the Board. The letter will be revised by Mr. Formisano and submitted to the Board President for signature.
    - Additionally, the Board and Staff will undertake a comprehensive review of Sallal's Cross-Connection Control Plan and Rule #33. Mr. Mettler expressed concerns related to timing and time commitment of this project in relation to other mission critical priorities and emphasized that the program is currently successful.

UNFINISHED BUSINESS

- Rule 42 – Draft Rule Changes:
    - Mr. O'Brien offered to rewrite the draft rule. The Board discussed and provided input on several key issues in order for Mr. O'Brien to develop a new draft. He'll send the new draft to the Board for their review and subsequent discussion at the November 2026 Board meeting.

- Mini Excavator – Mr. Bergman requested the Board to consider approving the purchase of a mini excavator for small in-house jobs. Discussion included questions about the business case including the historical record of events where a track hoe was needed for repairs, as well as the recurring costs such as fuel, training, maintenance & parts, other peripheral equipment, traffic control and insurance. Mr. Bergman will investigate the business case and recurring costs and report his findings at the November 2026 Board meeting.

ENGINEERING REPORT – *Mike Johnson, Gray & Osborne (G&O)*

- Well #1 Replacement Drilling – Holt – Update: Final video and disinfection have been delayed but are scheduled this week.
- Wilderness Rim Intertie #3 – Update: DOH comments have been addressed, and plans have been submitted. DOH requires review of signed Wilderness Rim Agreement for the

new intertie before providing approval. Mr. Johnson anticipates that the final progress estimate and plan for next steps will be ready for the November 2026 Board meeting.

- Water System Plan Amendment - CIP Update: Revised documentation has been submitted to DOH. King County UTRC reviewed and approved the amendment. Currently waiting on DOH final approval.
- Rattlesnake Tank #3 – Update: Work on preliminary design has started. The surveyor is scheduled to be onsite within the next two weeks.
- Golder Study – North Bend Mitigation Report – No update, pending additional information from WSP.

OPERATIONS REPORT – *Tree Bergman*

- The Superintendent's Report is in Dropbox. Mr. Bergman provided the following highlights:
    - Water production & consumption:
        - Approximately 75% of Sallal's annual water rights have been pumped so far this year compared to 74% at this point in 2025.
        - Distribution system leakage was 8.85%.
        - Water production was 611,000 gallons per day in September.
        - Sallal is providing mitigation water to the City of North Bend, approximately 250,000 gallons per day.
    - Water testing:
        - Chlorine residuals remain within specs.
        - Bacteriological testing satisfactory through October.
    - Operations Maintenance, Sallal Projects and Ops Staff training:
        - Fire hydrant relocation due to sidewalk construction on Cedar Falls Rd. Waiting on permit approval from City of North Bend
        - Installed new reader boards on reservoirs.
    - Development Projects:
        - Ichijo development: work continues.
        - Triple60 Partners / Gravity Marine: no change, waiting for closeout documents for project completion.
        - NBW Properties: waiting for final set of plans in order to issue DEA.

BUSINESS REPORT

Treasurer's Report – *Larry Costello*

- Financial Investments – Financial reports posted to Dropbox were summarized.
    - Sallal has a growing balance in our Short-Lived Asset account which is available to use for repair or replacement projects, such as Well #1 pump.

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GM Report – *Devin Mettler*

- Emergency Response Plan (ERP) – Certification Due Date 12/31/2026: updates to the plan are in progress and will include a cyber security component.
- Q3 Financial Report: the report is in Dropbox. Mr. Mettler reported the budget to actual results for the O&M, Amortization and Capital Improvement Project categories.
- 2027 Budget Draft is in progress. Mr. Mettler will notify the Board via email once the draft is placed in Dropbox for the November 2026 Board Meeting.
- Springbrook Update: Two training sessions have taken place, and Staff is preparing for the Finance module to go live in late October/November. Staff will run both QuickBooks and Springbrook finance module in parallel through end of year closeout. Once Springbrook finance module is in place, work will commence on the Springbrook billing module.
- Online Payment Portal Alert posted on Sallal website: Until portal technical issues are corrected, staff will continue to accept members credit card payments by phone.

ATTORNEY REPORT – *Richard Jonson, Jonson & Jonson, PS (J&J)*

- National Guard site: the City of North Bend will release the National Guard site back to Sallal. Recommend Sallal communicate with King County UTRC to confirm the return of the site to Sallal's Water Service Area.
- PFAS litigation is entered a second round of class action litigation against four new defendants along with a proposed claim settlement. With no PFAS detection in Association wells, the conservative approach is to opt out of the settlement in order to preserve rights to litigate if detections subsequently appear. The opt-out period ends in December. The Board concurred that opting out of the proposed settlement is appropriate. Status and final actions moved to November 2026 Board meeting.

NEW BUSINESS None

EXECUTIVE SESSION None

ADJOURNMENT

Motion 2026-10-20-10: by Ms. Bailey to adjourn the Board Meeting at 10:57 p.m., seconded by Ms. Moore and passed unanimously.

Next scheduled meetings:
Board Meeting: Tuesday, November 17, 2026, at 6:00 p.m.

Submitted by: Shannon Sparks, Robert Half Co.

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