

**Sallal Water Association  
Board of Trustees  
Minutes of Meeting  
Tuesday, January 15th, 2019**

The regularly scheduled meeting of the Board of Trustees of the Sallal Water Association was called to order on Tuesday, January 15th, 2019 at 6:02 pm by President Andy Velebir.

**Board members present:** Gerry Prior, Dave Edwards, Harold Ellebracht, Daylin Baker and Eric O'Brien (arrived @ 7pm).

**Board members absent:** Sheldon Lynne

**Consultants present:** Richard Jonson, Attorney, Warren Perkins, Engineer and Peter Kitchen from Stepherson & Associates.

**Employees present:** Ted Stonebridge, General Manager.

Guests present: Ann Herman, Jean Buckner, Ann Bailey, Andy Neff, Michael Thomas, Jack Winchester, Dean Pattermann, Rich Formisano, George Newman, Tony Kusak and Chuck Kusak.

**GUEST COMMENTS**

Dean Pattermann – The previous owner purchased a two inch meter in 2009 for 14303 436<sup>th</sup> Ave SE. This was to be used for the construction of a church. Mr. Patterman would like to exchange the two inch meter for four 5/8" meters that would be tied to four specific single family residential parcels. Mr. Pattermann is aware the two inch meter represents 8 eru's and the Association would gain four eru's by making the exchange. Further, Mr. Pattermann understands no refund will be available for this exchange. The Board requested a map of parcel and a description of the proposed subdivision plans and will have a response at next meeting. Mr. Pattermann left the meeting at 6:14 pm

Ann Herman-Bylaw Amendment. Ms. Herman inquired about the status of negotiations with North Bend over a supply contract and whether the Association was deferring action on the bylaw amendment until it could approve a supply contract. Mr. Edwards stated that there was no such intent, that the Association is still waiting for rate information and the Golder study commissioned by the City. He stated that the Association was still working through the issues with the City and that the USDA will need to review the proposed amendment, which it cannot do due to the federal government shutdown. Ms. Herman stated that the Association could call the member meeting and if the USDA later stated that the amendment was unacceptable, it could be rescinded. Mr. Edwards stated that a member meeting should not be called until the Association has complete information on the topic. He stated that if the bylaw amendment was approved by member vote and without USDA approval, the USDA would be able to declare a default and call in the loans which would be very damaging.

Jean Buckner – Ms. Buckner asked why the City said Sallal is delaying things by not providing info. Mr. Perkins stated that the Non-disclosure Agreement (NDA) was sent to Golder Associates and explained reason for the NDA. Ms. Buckner asked for the Board to share their concerns about the draft supply contract with the City. Mr. Edwards stated that yes, we will share. Ms. Buckner stated the City thinks it can extend main into our service area without completing the Golder study because it will say there is not enough water. Mr. Thomas sent comments and would like to understand our costs of water and is concerned about mixing chlorinated and untreated water. He also reiterated a privacy concern regarding his water consumption. Mr. Thomas stated if we need the Tolt, let's find out at what point is needed. Mr. Thomas requested to hold the by-law meeting with the provision that the USDA approves. Mr. Thomas asked about the G&O rate study. Mr. Perkins stated that is was complete January 18<sup>th</sup>. Mr. Thomas stated that the Association should consider reserving rights to a replacement or additional Centennial Well.

Kusak Tree Farm – Chuck, Tony Kusak and Geroge Newman requested the renewal of a conditional certificate of water availability. They are proceeding with preliminary plat and the hearing examiner requested an updated certificate. Mr. Newman asked about the process to convert to a unconditional certificate, but at they are simple asking for a renewal. Mr. Velebir told them they are on a waiting list and the Board will consider the request.

Andy Neff – Mr. Neff commented about an apparent email hack. Staff will investigate.  
The member guests left the meeting at 7:26 pm except for Ms. Herman and Mr. Neff.

**CONSENT AGENDA**

Board minutes of the December 18th, 2018 regular Board meeting, minutes of a special meeting held on January 2nd, 2019 and two consultant billing statements (amounts below) were presented.

Jonson & Jonson statement included----- \$6,971.00  
Gray & Osborne statement included-----\$15,348.60

**MOTION NO 2019-14** Motion to approve the consent agenda by Eric O’Brien and seconded by Harold Ellebracht. Passed unanimously.

**REPORTS**

**Engineer Report**

Mr. Perkins reported on the status of the Well #1 VFD, office/shop projects and Water System Plan (WSP).

**General Manager Report**

Mr. Stonebridge reported on the renewal of property and liability insurance. Limits for D&O and corresponding premiums were reviewed and discussed. He stated that an analysis of user and non-user members was underway. The Board requested him to have Mr. Scott prepare a system report for each regular meeting.

**MOTION NO 2019-2** Motion by Harold Ellebracht and seconded by David Edwards to authorize the General Manager to renew the Association’s property and liability insurance and to retain \$5M D&O coverage. Passed unanimously.

**Attorney Report**

Deferred to executive session.

**UNFNISHED BUSINESS**

Peter Kitchen from Stepherson & Associates updated the Board about the fact sheet and FAQ. Mr. Kitchen stated this will be posted on Facebook and Nextdoor by early next week. He also stated the mailer will possibly be ready.

**NEW BUSINESS**

Begin preparing for annual association meeting in March. Ms. Baker, Mr. Ellebracht, and Mr. Edwards terms expire March 2019.  
Look into Auditing and budgetary services.

**ITEMS TO TRACK**

None

**EXECUTIVE SESSION**

An executive session was convened at 8:13 pm to discuss with counsel legal and related matters pertaining to the North Bend Supply Contract, Strategy for issued conditional certificates of water, By-laws, Moratorium, Employee litigation status, data breach notification and additional compensation to staff. The Executive Session was concluded at 10:27 pm and the regular session of the meeting resumed.

**MOTION NO 2019-3** Motion by Daylin Baker and seconded by Harold Ellebracht to approve payment of \$2,500 for five months (\$500/month for the last five months of 2018) for additional compensation to Denny Scott for continuation services as Interim Operations Manager. Passed unanimously.

**MOTION TO AJOURN AT 10:36pm** – made and seconded. All voted in favor.

Submitted by:  
Ted Stonebridge, GM