

NORTH BEACH PUBLIC DEVELOPMENT AUTHORITY

Minutes of regular meeting held July 11, 2005 at Pacific County Fire District. The meeting was called to order at 4:03 PM, a special time because of a conflict with the use of the meeting room later that day.

Present: NBPDA Board Members Present:
 R. D. Williams Tom Downer Ken Karch
 Jim Hagen
Absent:
 Brad Weatherby

The minutes of the June 11 meeting were distributed for a later motion.

Receipt of PWT Funds: RD distributed copies of the check from the State of Washington, Community, Trade and Economic Development Public Works Trust Fund Loan in the amount of \$750,000. He explained that the Treasurer's Office receives all funds and the Auditor's Office pays out all expenses.

Correspondence: RD distributed copies of the Public Works Board Contract. We have received a statement from Chuck Mayhew for \$3,200 for his work on the PWTF loan application. MOVED by Jim Hagen and seconded by TomDowner that we pay \$2500 now for the work on the PWTF Loan to Chuck Mayhew with the balance to be forthcoming. RD distributed copies of the "Value of Water," a newly published synopsis of "what it means, why it's important, and how utility managers can use it." RD encouraged all board members to become familiar with its contents, published by the American Water Works Association.

Acquisition Update: The proposed draft for acquisition of the Ocean Park Water Company is being completed. There was some discussion as to whether our becoming an LLC could wash some of the tax liabilities. These are legal hurdles that must be cleared with the help of our attorneys. Currently David Thompson is advising on these matters. RD feels we should pattern our efforts much like Thurston County PUD since many aspects of our project are similar to theirs.

New Business: RD presented a proposed budget for the entire project – the purchases of the combined water company stock and the anticipated revenues. Bank of Pacific and Shorebank have agreed in principal to loan of \$1,250,000 each with an expected interest rate of about 5%. We will receive a loan from Phil and Virginia Leach, Pacific Water company of \$800,000 at the same rate as the bank. And, we will receive PWTF Loans totaling \$2 million. Expenses are harder to project. There is a firm price for Ocean Park Water for all their shares for \$2,993,984. Pacific Water will sell their shares for \$1 mil.

Attorney fees could get as high as \$150,000 and RD would prefer to have that amount as an estimation, rather than be over budget at a later time. Phil Leach has a bill for \$10,000 for legal fees at this time. Preston Gates has quoted \$70,000 to \$80,000.

Discussion followed as to the eventual forming of a water district and its ensuing costs. It will be important to have lots of public input and we have support from the Fire District, the School District, the Chamber of Commerce and the North Peninsula Improvement Association. There was consensus that \$50,000 should cover the organizational costs of putting the issue on the ballot.

It will be necessary to obtain insurance to protect all NBPDA Board from liabilities, as well as protect all involved in the water production during the transition time. An estimate was made based on experience from Ken Karch and the Surfside Homeowners. Jim Hagen expressed concern that there will probably be additional expenses for due diligence, such as auditors to itemize assets of both companies, including equipment and automobiles.

Pacific Water rates are currently higher than Ocean Park Water. We will need to increase Ocean Park Water rates an additional \$4.50/month. In reality we are buying water rights from Pacific Water. The 12-inch inter-tie will provide hydraulics for Ocean Park Water.


MOTION made by Jim Hagen, seconded by Tom Downer that we go forward with the loan requests for \$1,250,000 each from Bank of Pacific and Shorebank. Carried.

MOTION made by Jim Hagen, seconded by Tom Downer that we authorize engagement of Preston Gates as legal team to prepare documents for the purchase of Pacific Water Company stock, the purchase of Ocean Park Water Company stock, and the eventual stock purchase by the North Beach Public Development Authority of the combined water company. Carried.

MOTION by Jim Hagen, seconded by Tom Downer that we accept the minutes for June 13 meeting after correction in spelling. Carried.

RD announced a workshop to be held on Tuesday, July 12 with the County Commissioners to go over all that has occurred to date. Attending will be RD, Ken Karch and Celsa Johnson. A SPECIAL MEETING IS CALLED FOR MONDAY, JULY 18 at 4 PM to discuss results of investigations into several areas including the need to be an LLC and other urgent issues.

Meeting adjourned at 5:40 PM.


R. D. Williams, President


Celsa Johnson, Secretary