

NORTH BEACH PUBLIC DEVELOPMENT AUTHORITY

Minutes of a special meeting held July 18, 2005 at Pacific County Fire District. The meeting was called to order at 4:03 PM.

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

The minutes of the July 11 meeting were discussed and changes noted. Tom Downer commented that the White Paper dated May 2005 needs to be changed where references to Pioneer Road should be Cranberry Road. So noted.

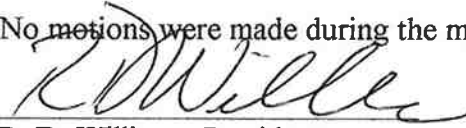
RD reported that the packages for the loan committees should be complete within the next couple of weeks. He had what he felt was a very positive meeting with Bank of Pacific and Shorebank. RD reported on the meeting the previous Tuesday with the County Commissioners. All commissioners were present as was Bryan Harrison from the Public Works Department and Erickson from the Auditor's Office. RD reported that John Kaino stated that this project is the right thing for the north end of the peninsula and public ownership is best for all. Tom Downer stated that the project is part of the common good that all could benefit from.


RD reported that it could cost as little as \$500 for an LLC which could have tax advantages if the PDA as a public corporation does acquire stock. Phil Leach of Pacific Water Company could incur legal fees of between \$40 and \$50,000. Tom Downer felt that two people from the board should be present for negotiations to make us comfortable to cover all points.

Since Pacific Water Company has only 400 customers, it could be easier to form a public water district there first. Ownership of Pacific Water Company is key to the success of this entire project. Brad Weatherby felt we should move to a position of strength by acquiring Pacific Water Company as soon as possible.

RD asked all board members to become familiar with the RCW's regarding the formation of water districts. He will ask David Thompson to draw up papers for the purchase of Pacific Water. We will receive the balance of the \$1 million after proof of construction from the \$750,000. At that time, the 5-year loan will convert to a 20-year loan.

No motions were made during the meeting. Meeting adjourned at 5:00 PM.


R. D. Williams, President


Celsa Johnson, Secretary