

**NORTH BEACH PUBLIC DEVELOPMENT AUTHORITY**  
**SPECIAL MEETING: August 29, 2005**

The meeting was called to order at 6:00 PM. By RD Williams.

Present: NBPDA Board Members Present:  
R. D. Williams      Tom Downer      Ken Karch  
Brad Weatherby  
Also Present: Phil Leach

Tom Downer move to accept the minutes of August 8, 2005. Seconded by Brad Weatherby. Carried. RD reported that the PUD Commissioners in a meeting this afternoon will entertain a proposal to purchase both the Ocean Park Water and Pacific Water companies. Although our price is more, if we can create a positive cash flow to service the debt, the banks are generally favorable of the approach.

Phil Leach reported that he had a meeting with Pete Christoson of Ocean Park Water Co. He objected to the clause regarding other shareholders. The Board felt that since Pete owns 90% of the stock, this could be reworked to satisfy his concerns. Tom Downer commented that even though we are adding \$162,000 to the total amount to be paid, the Bank would be aware of where we are at all times.

Tom stated "To me, the question is not if, it's how and when." He reported that he had spoken to Bud Cuffel regarding the purchase price. We need to get a document signed on the dotted line, period. With the local match, our interest rate for the \$2 million PWTF loan will be 1/2 of 1%.

RD distributed a spread sheet for cash flows. Phil Leach emphasized that time is of the essence. The Board went over some of the points on the purchase agreement between Phil Leach and Ocean Park Water. As of 8/1/05, the debt is \$162,037 which will be less than that figure at the final closing. Tom Downer asked that we call a special meeting for Monday, September 5, 2005 at 6 PM. All agreed to be available for this meeting.

Ken Karch reported that Surfside Board members hold a liability insurance contract for \$3 million and that the cost was \$6,297. Tom asked that Ken contact the agent to cover all Board members and to get a quote for \$5 million. Tom also suggested that we contact Strand Insurance for a local estimate.

Meeting adjourned at 7:12 PM.

  
R. D. Williams, President

  
Celsa Johnson, Secretary