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NORTH BEACH PUBLIC DEVELOPMENT AUTHORITY
REGULAR MEETING
November 14, 2005

The meeting was called to order at 6:05 PM.

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

The minutes of October 31 were discussed and a motion was made by Ken Karch, seconded by Jim Hagen to approve the minutes. Motion carried.

RD reported on the workshop IACC Conference held in Wenatchee last week. He had contact at the conference with Bruce Lund and asked him to hold the second PWTF loan funds of \$1 million until notification from RD of the completion of the sale from Ocean Park Water.

Tom Frare presented a budget update on the reservoir improvements and the new transmission line. His first estimate (of \$94,544) was done about a year ago and included labor costs that would have been in the Olympia area. He has received bids from DPR (\$61,217.03) and from Wilkins Construction (\$195,217) of Astoria. He felt that DPR is probably a little short on experience but since their bid is so reasonable, even if he had to oversee their work and we paid him, we would still save money. Also, having him oversee the work would facilitate some other issues such as the Wash State Department of Health requirement for pressure tests and purity samples. Tom Frare has to certify the installation, so his ~~preseenee~~ presence would also facilitate this. As part of the parameters of this work, four hydrants would be installed which would enable fire suppression devices in the core area.

Ken Karch presented a map of the Surfside Home Owners Association and reported that they have had about 100 water main breaks in the last ~~year~~ six years and the estimate is that it ~~will~~ could take \$4 million to repair properly. So, he highly favored having a registered engineer on site to make sure the installation is done properly. Tom Frare reiterated that it would instantly increase flow for fire when connections are completed as well as provide a loop for fire flow to the core Ocean Park area. He ~~did caution~~ pointed out that iron and manganese ~~need to~~ would probably be flushed from the OP Water system ~~before we add water from~~ once the new reservoir is online.

RD reported that he and Tom Frare met with the Department of Health on a PrePlanning Meeting to set parameters for the required 5-year plan.

Minutes of Regular Meeting

November 14, 2005

Page 2.

Brad asked about the invoices for pipe. Frare's original estimate was \$600,000. Our original estimate on this part of the project was \$750,000. Frare's updated estimate is \$591,016.

Phil Leach presented the Board with his signed copies of the purchase agreement for Pacific Water Company. He further advised that we have received a completed employment agreement.

Discussion followed regarding the purchase agreement for Ocean Park Water and the subsequent complication of shareholders from Ocean Park Development Company (a list of them is attached). Through consultation with an attorney through Preston Gates, they advise that the PDA's exposure to the shares of Ocean Park Development should not be an issue and that there is probably no liability. After much discussion, motion made by Jim Hagen to discuss with our attorney to dispatch with reasonable speed a letter outlining our willingness to assume liability as long as we stay within our parameters of \$200,000 for all outstanding liabilities of Ocean Park Water, and to determine from our attorney what must be done to satisfy all obligations of Ocean Park Water and Ocean Park Development Company. Seconded by Brad Weatherby. MOTION CARRIED.

Phil Leach felt that this will make for good public relations, as to date any claims that have been put forward by ANY of these people have been ignored. He presented updated Cash Flow Analyses, and statements of revenues and expenses for the combined systems with the estimated rate increases. RD stated he felt we may need a contingency fund for unexpected maintenance and expansion.

RD presented information on bank loans from Shorebank Pacific, Bank of the Pacific, Bank of America and Cashmere Valley Bank.

RD called for a SPECIAL MEETING TO BE HELD on 11/21/05 at SHOA.

Meeting adjourned at 8:00 PM



R. D. Williams, President



Celsa Johnson, Secretary