

NORTH BEACH PUBLIC DEVELOPMENT AUTHORITY
SPECIAL MEETING
JANUARY 30, 2006

The meeting was called to order at 6:05 PM by President RD Williams at the SHOA Office.

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

Others: Pete Johnson

The minutes of the January 9 meeting were reviewed. After some discussion, motion by Brad Weatherby, second by Tom Downer, to accept the minutes of January 9, 2006.
Motion carried.

RD gave a Treasurer's Report. He stated that we received \$4,937.79 in interest on 12/31/05. He reported that he had filed the quarterly reports for PWTF Loans #117 and #129 as required. Brad inquired about the balance of the loans. Upon closing the purchase of the water companies, the balance will be forthcoming. Loan #117 is tied to the Pacific Water Company purchase; Loan #129 is tied to the purchase of both companies.

Tom Downer reported that he delivered the purchase documents for Ocean Park Water Company to Pete Christoson this afternoon. Pete wanted to review them with his attorney and it is expected that we will have the signed documents very soon. RD reported that he has a signed agreement with Pacific Water Company's Phil Leach today and that he will be stopping in South Bend tomorrow morning to obtain Virginia Leach's signature.

Jim Hagen inquired about the value on Water Rights? Assumingly, the water supply is constantly replenished. No information about value is at the Washington State internet site on Water Rights. RD indicated that there are certificates of the water rights included in the closing for PWC.

RD presented the letter of intent between the NBPDA and Mark Redwine CPA for him to perform an audit of Ocean Park Water Company as outlined in Appendix A, attached. His fee for this service will be \$1,500. As part of this work, he will be filing the final corporate tax report. Brad felt that an independent analysis of Pacific Water Company would be worthwhile. Motion by Jim Hagen, seconded by Ken Karch to have an accounting review done of Pacific Water Company. Motion Carried. Moved by Brad Weatherby, seconded by Jim Hagen to insure that payroll taxes and any other issues are disclosed and that Mark Redwine CPA do the work. Motion Carried.

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Jim Hagen expressed concern over the need to do an inventory of assets, including valves, pipe, everything. Ken Karch will contact the company doing the SHOA valuations (Schwindt and Associates) to get an estimate of costs. American Title is handling the escrow agreement. The inventory could be done while the deal is in escrow.

Motion by Jim Hagen, seconded by Tom Downer, to secure the services of an independent source to do an inventory verification. Motion Carried.

RD presented the proposal letter from Cashmere Valley Bank dated January 26, 2006.
Moved by Brad Weatherby, seconded by Jim Hagen to accept the offer from Cashmere Valley Bank as outlined in their letter, attached. Motion carried.

Motion by Braad Weatherby, seconded by Jim Hagen, to approve Resolution 01-2006 authorizing the issuance of a water revenue bond in the principal amount of \$3,600,000 to cover the acquisition and costs of improvements to the facilities, repealing Resolution #07-2005. Motion Carried.

Motion by Ken Karch, seconded by Jim Hagen to authorize R. D. Williams to act as the sole member of Ocean Park Acquisitions LLC to execute any such instruments, documents and certificates necessary for the stock purchase of Ocean Park Water Company . Motion Carried.

Motion by Jim Hagen, seconded by Brad Weatherby to pay Mark Redwine CPA for the work performed in the Due Dilligence work at Ocean Park Water Company in the amount of \$1,500.00. Motion carried.

Motion by Brad Weatherby, seconded by Ken Karch to accept the two revised purchase agreements for Ocean Park Water Company and Pacific Water Company as submitted on January 30, 2006. Motion carried.


Tom Downer advised the Board that Neil and Barbara Emond will be putting their property up for sale in the near future. This property is highly desirable for the PDA and its future development. This couple can be very accommodating in terms of realizing the betterment of the community and we need to be aware of this potential sale. The Hills also seem to be willing to work with the PDA in resolving issues of an easement for a water line in the area too. These things will need to be looked at after closing.

RD reported that after looking at the rate structure and consulting with the CPA, the review group's thinking changed with regard to the monthly rate. The rate increase will be shown as an increase to \$24.50 per month so that later a capital improvement charge could be added. This gives a lot more flexibility to raise the rates in the future.

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RD did encourage the Board to consider the future need for publicity for the entire project. It will be very important to put the best foot forward for these changes to the community.

The meeting adjourned at 7:30 PM.



R. D. Williams, President



Celsa Johnson, Acting Secretary