

**NORTH BEACH WATER DISTRICT
PACIFIC COUNTY, WASHINGTON**

RESOLUTION NO. 05-2008

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF NORTH
BEACH WATER DISTRICT, PACIFIC COUNTY, WASHINGTON,
APPROVING A CONTRACT FOR LEGAL SERVICES.**

WHEREAS, the Board of Commissioners desires to appoint legal counsel to serve the District; now, therefore


BE IT RESOLVED by the Board of Commissioners of North Beach Water District, Pacific County, Washington, as follows:

Section 1. The Board of Commissioners approves the letter agreement for legal services between the District and Inslee, Best, Doezie & Ryder, P.S., attached to this Resolution, and authorizes the President of the Board to sign it on behalf of the District.

Section 2. Any acts and services that are consistent with but performed prior to the Agreement approved in Section 1 of this Resolution are ratified and confirmed.

ADOPTED by the Board of Commissioners of North Beach Water District, Pacific County, Washington, at a special meeting held on March 17, 2008.

NORTH BEACH WATER DISTRICT

By 
Commissioner

By 
Commissioner

By 
Commissioner

I N S L E E B E S T
INSLEE, BEST, DOEZIE & RYDER, PS

Attorneys at Law

Jerome D. Carpenter
Don E. Dascenzo
Eric C. Frimodt
Henry R. Hanssen, Jr.
Anneliese E. Johnson
Rod P. Kaseguma
Kenneth M. Kilbreath
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Michael P. Ruark
Milan Gail Ryder
Adam G. Snyder
John F. Sullivan*
Andrew L. Symons
Katherine F. Weber
Brett N. Wiese

*Also Admitted in Alaska
**Also Admitted in California

March 18, 2008

North Beach Water District
P.O. Box 618
Ocean Park, WA 98640

Re: Legal Services

Dear Commissioners:

Congratulations on the formation of the District, and further congratulations on your election as District Commissioners. We look forward to working with you and the District staff to transition successfully the water supply system from the North Beach PDA to the District, and to get the District up and running.

This letter serves as the Agreement between the District and our firm for the performance of legal services, which we will perform at the request of the District at the following hourly rates:

1. Senior Municipal Group Partners (Partners who have practiced for 20 or more years: currently Rod Kaseguma, John Milne and Mike Ruark) -- \$230.00 per hour.
2. Junior Municipal Group Partners (Partners who have practiced for less than 20 years: currently Rosemary Larson and Dawn Reitan) -- \$215.00 per hour.
3. Associates, Paralegals and Law Clerks -- Regular firm hourly rates, or special municipal hourly rates if applicable.

4. Non-Municipal Group Partners and Contract Attorneys -- 10 percent less than regular firm hourly rates, rounded to the next lowest \$5.00 increment, or special municipal hourly rates if applicable.

As you are aware, the District will not have revenues until the water system is acquired from the PDA and (1) customer rates are paid to the District, or (2) the District issues optional interim financing in anticipation of system acquisition, whichever occurs first. We will perform legal services for the District, deferring submittal of our first invoice until after receipt of District revenues from customer rate payments or District fund borrowing. There will be no interest or other charges for the services rendered prior to invoice submittal.

The municipal partner rates will remain in effect for the years 2008 and 2009. The associate, contract attorney and other partner rates will increase at the beginning of each year in accordance with general firm hourly rates increases. The municipal partner rates will be adjusted in 2010 to take into account any increases in the consumer price index and our cost of providing services.

The District will be responsible for third party costs (e.g., expert witness fees). Except for unusual cases, the firm will not advance funds to pay third party costs, and invoices for those costs will be forwarded to the District for payment. We will bill the District monthly for legal services and out-of-pocket expenses incurred on the District's behalf, including court fees, deposition costs, photocopying, long distance telephone, special mailing or courier, telecopying, telex, travel expenses and computerized legal research. The monthly invoices will summarize the date and extent of legal services performed and the charge for such services, and will itemize the expenses. A one percent per month service charge will be assessed on any monthly invoice not paid within 60 days after the invoice date.

We truly appreciate the opportunity to serve the District. If this letter meets with your approval, please have the President of the Board sign below and on the enclosed duplicate original letter, returning one to us for our records.


North Beach Water District
March 18, 2008
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Very truly yours,

INSLEE, BEST, DOEZIE & RYDER, P.S.

Rod P. Kaseguma

Enclosure
ACCEPTED:

By 
President, Board of Commissioners
North Beach Water District

N.B.P.D.A.

North Beach Water

25902 Vernon Ave, Ste. C P.O. Box 618, Ocean Park, WA 98640

PHONE: (360) 665-4144 FAX: (360) 665-4641 EMAIL: northbeachwater@centurytel.net

March 21, 2008

Mr. Brian Sheldon, President
North Beach Water District
Ocean Park, WA 98640

Dear President Sheldon:

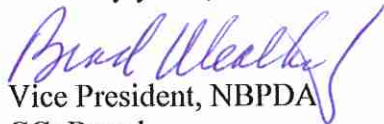
We are in receipt of your email communication dated March 19, 2008 that requests a joint meeting of North Beach Public Development Authority (NBPDA) and North Beach Water District (NBWD). Members of the NBPDA board will be pleased to meet with you at the time and place, preferably Fire District #1 Meeting Room.

To ensure that our meeting is as productive as possible, we ask that you submit to our office all materials that are associated with the agenda topics you have enumerated so that our board members have adequate opportunity to review them prior to the time of the meeting. Of particular importance to members of the NBPDA board is that you explain the first of your requested agenda items, which is the suggestion that there are financial reporting problems. This placing of a dark cloud over the actions of the NBPDA board must be cleared, one way or the other, before any movement can take place. Be assured that we are committed to providing full and complete public disclosure to resolve any problems or misconceptions that could impede the intended transfer of ownership and operation of North Beach Water from the NBPDA to the NBWD.

We would also like to assure you that any issues added to the agenda by NBPDA will be appropriately documented for review by the commissioners of NBWD prior to our meeting. We do not feel that it would be appropriate to ask General Manage Berlien to perform the tasks you requested. We will direct office staff to prepare additional packets of information for this meeting and make that material available to any member of the public who comes to the office and requests a copy.

We believe that it would be premature to be represented by counsel at this meeting but the NBPDA board respects your decision for NBWD to have an attorney present.

Sincerely yours,



Vice President, NBPDA

CC: Board

Counsel

File

N.B.P.D.A.

North Beach Water

25902 Vernon Ave, Ste. C P.O. Box 618, Ocean Park, WA 98640

PHONE: (360) 665-4144 FAX: (360) 665-4641 EMAIL: northbeachwater@centurytel.net

March 28, 2008

Mr. Brian Sheldon, President
North Beach Water District
P.O. Box 1039
Ocean Park, WA 98640


President Sheldon,

At a Special Meeting held March 20th, the Board of Directors of the North Beach Public Development Authority (NBPDA) authorized the formation of a transition team to facilitate the transfer of North Beach Water to the newly formed North Beach Water District (NBWD). The committee consists of Treasurer Tom Downer and me. Our goal is to complete this transfer in a manner consistent with generally accepted business practices and Washington State Law, specifically those regarding open public meetings. We have agreed to meet with your board on April 7, 2008 at your regular meeting.

The beginning of this transition should start with NBWD performing customary due diligence. In your proposed agenda item #1, dated March 24, 2008, you wrote "Potential discrepancies in financial reporting between PDA records and Pacific County Treasurer". The first step should then be for the NBWD to perform an independent financial audit of our records. Our financial records may be examined at our office during regular business hours. Please have your financial professional make an appointment so that we will have our financial advisor available as well, to provide them with all of the information they require. The expenses incurred in bringing in our financial consultant, should also be covered by the NBWD.

We request any information regarding specific discrepancies you may have discovered be provided to us, so that we may take appropriate action.

Regards,



Brad Weatherby
Vice President, NBPDA

CC: Board

Counsel

File