

MINUTES OF

NORTH BEACH WATER DISTRICT

July 7, 2008

Water Commissioners

Present: Brian Sheldon Gwen Brake RD Williams

Others Present: David Tellvik Sandra Tellvik
David Burke Diana Thompson

The meeting was opened at 6 PM by President Sheldon. A quorum was present.

The minutes of June 2 were presented for approval. MOTION BY COMMISSIONER WILLIAMS TO APPROVE. SECONDED BY PRESIDENT SHELDON. MOTION CARRIED.

The minutes of June 25 prepared by Celsa Johnson were presented for approval. MOTION BY COMMISSIONER BRAKE TO APPROVE. SECONDED BY PRESIDENT SHELDON. MOTION CARRIED. (Amended later in the meeting when it was noted that the date of the meeting was incorrect; meeting was held on June 14.)

President Sheldon opened the meeting for presentations from the audience. Audience member asked why minutes were not read at the meeting. President Sheldon said they were reviewed by board members prior to the meeting, opened for discussion at the meeting, and then adopted into the formal record.

Budget status – President Sheldon stated that the district has no budget but had received a bill from Pacific County for the election costs associated with forming the district. The NBPDA said that this was not an obligation of the NBPDA, but rather an obligation of the new Water District; therefore, the NBPDA could not pay the bill, as they had no basis under state audit rules.

Reports – Transition status. President Sheldon explained that as a member of the transition team, he had been working with PDA Directors Weatherbee and Downer. He asked Rod Kaseguma, the district's attorney, to prepare a draft transfer document. The district board made minor edits to that document and presented the document to the PDA board. The response from the PDA was, "We regard the conditions that you set forth to be a non-starter." Essentially the formal agreement was rejected and an informal agreement focused on liabilities and responsibilities was proposed by the PDA transition team.

President Sheldon mentioned that the county had an interest in the transfer. He asked David Burke, the county attorney, who was present, what the county might be interested in. David Burke said that he couldn't speak for the commissioners but he thought the county was interested in an orderly transfer, in a timely manner, and with only a minor interface with the county treasurer.

Attorney Burke suggested that the PDA document looked like a 'here's what we want' not the exact language of a transfer agreement. It focused primarily on liability without a more important reference to insurance. There should be a continuity of insurance between the PDA and the district.

Commissioner Williams asked if the document presented from the attorney had input from the transfer committee. He stated that the language needed to be worked out together.

Attorney Burke suggested that at some point one document is settled on and negotiated. He said the best way to start negotiations is to get agreement on particular parts of an agreement...then leave the difficult parts for last.

Attorney Burke reminded the district board of the attempt to hold a workshop with the County Commissioners originally set for July 1, the tentative transfer date for the district. The offer to hold a workshop is still open.

President Sheldon will try to meet again with the transition team.

Reports – Due Diligence. President Sheldon reminded the board that Attorney Kaseguma had recommended the district board members do their due diligence by reviewing: the minutes of the PDA meetings, resolutions adopted, financial statements, debt agreements, the system acquisition agreements, speak with board members, tour facilities, check with regulatory agencies, and inquire about pending lawsuits. President Sheldon stated that both he and Commissioner Brake split the due diligence work. He submitted a written report and recommended that the district adopt his findings and consider them complete. Commissioner Brake submitted due diligence reports of the facilities, minutes, and financials. Neither commissioners found anything unusual; both agreed the PDA has done a good job.

Old Business:

Resolution 04-2008 Adopting Official Seal for the District. Commissioner Brake presented a rubber stamp design. She proposed a round seal with State of Washington on the top ring, Pacific County on the bottom, and North Beach, Water District, Est. 2008 on three separate lines. MOTION BY PRESIDENT

SHELDON TO ADOPT THE WORDING AND SEAL AS PROPOSED. SECONDED BY COMMISSIONER BRAKE. MOTION CARRIED.

President Sheldon stated that any expenses incurred by commissioners be compiled and be reimbursed after the district is formed. COMMISSIONER BRAKE MOVED THAT RECEIPTS BE COLLECTED AND AT THE TIME OF THE TRANSFER BE REIMBURSED. COMMISSIONER WILLIAMS ADDED THAT EXPENSES BE WITHIN REASON. COMMISSIONER BRAKE ADDED THAT VOUCHERS BE APPROVED. PRESIDENT SHELDON SECONDED THE MOTION AS AMENDED. MOTION CARRIED.

Resolution 12-2008 Establishing Service Charges, Connection Charges and Service Regulations. President Sheldon stated that this resolution was approved at the June 2 meeting but needed to be signed. COMMISSIONERS SIGNED THE AGREEMENT.

Resolution 13-2008 Establishment of Funds with County Treasurer. Commissioner Williams submitted the wording for this resolution. PRESIDENT SHELDON MOVED TO ADOPT THE RESOLUTION. COMMISSIONER BRAKE SECONDED THE MOTION. COMMISSIONER WILLIAMS OPPOSED. THE MOTION CARRIED.

Commissioner Brake asked if all North Beach Water banking was done at the Bank of the Pacific. Commissioner Williams said that the Pacific County Treasurer uses the Bank of the Pacific. All deposits are to this account.

Resolution 17-2008 Indemnity and Defense of District Commissioners. President Sheldon stated that this resolution was passed at the last meeting but the document needed to be reformatted. Commissioner Williams reformatted it and made a grammatical correction. THE RESOLUTION WAS SIGNED.

New Business:

Resolution 18-2008 DUE DILIGENCE REVIEW. President Sheldon read the resolution stating that the North Beach Water District Commissioner had completed a due diligence review of the North Beach Water Utility. He stated that the due diligence reports discussed earlier would be attached. Commissioner Williams said he would not support this resolution because we began the process of conducting a formal financial due diligence of the utility and never completed it. Commissioner Brake asked what specifically could be provided by HDR for \$10-\$15k. PRESIDENT SHELDON MADE A MOTION TO ADOPT THE RESOLUTION. COMMISSIONER BRAKE SECONDED THE MOTION. COMMISSIONER WILLIAMS ABSTAINED.

Correspondence: President Sheldon stated that we had received an invitation to meet with the county to work on the transfer. He will continue to try and make progress on this.

Meeting was adjourned at 7:18 PM.

Respectfully submitted



Gwen Brake, Secretary

Attest:



Brian Sheldon, President

not present

RD Williams, Commissioner