

MEETING MINUTES OF THE SPECIAL MEETING/WORKSHOP

NORTH BEACH WATER DISTRICT

December 8, 2008

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|------------------------|---|--|--------------------------------|
| Commissioners Present: | Brian Sheldon | Gwen Brake | RD Williams |
| PDA Directors Present: | William Grennan Marshall Tate | Mike McNatt Frank Logan | John Adams |
| Others Present: | David Burke Nancy Bell Dick Schroeder | Mike Berlien Tom Morrow Rob Richmond | Tia Crisifulli Deb Richmond |

The meeting was opened at 6:00 PM by President Sheldon. A quorum was present.

President Sheldon recognized Mike Berlien, General Manager of North Beach Water and representative of the newly formed North Beach Public Development Authority. Mike opened the North Beach Public Development Authority meeting with an election of officers. Marshall Tate, Chairman, John Adams, Vice Chair, Bill Grennan, Treasurer, Mike McNatt, Secretary, and Frank Logan, Parliamentarian were elected. Marshall Tate appointed Nancy Bell as recording secretary.

Chairman Tate reminded the audience that the function of the newly appointed board is to transfer the assets and liabilities to the North Beach Water District. He thanked the former board members for their efforts on behalf of the water user community.

The North Beach PDA then adopted Pacific County Resolution 2008-052 and 2008-053 and the North Beach Water District Resolution 18-2008.

Chairman Marshall Tate turned the meeting back to President Sheldon.

President Sheldon asked Mike Berlien to present the 2009 Budget.

Mike Berlien stated that revenues were consumer based but that his expense estimates were conservative and likely to be over budgeted.

He explained that North Beach Water had a \$6k loss in 2008, less than expected, because of the mid-year rate increase. Meter replacements are an objective for 2009. An automated meter reading system would be labor saving in the future. An additional truck is the budget for 2009. Having 3 trucks and 4 people isn't

efficient. \$2500 is needed for a shop compressor and \$25k for replace the ozone machine at the south well field.

Mike made budget assumptions on the rate increase in 2009, enrolling employees in PERS, COLA, and transition costs. Although budgets can't anticipate everything.

The floor was opened for questions from both boards. The next meeting of the North Beach Public Development Authority will be a public hearing on the 2009 budget.

Commissioner Williams stated that we need to build capital reserves over the next two or three years to give us a rating that will make it easier to restructure the Cashmere Valley Bank loan.

Transfer Agreement Report Chairman Tate reviewed the latest set of changes to the Transfer of Assets and Liabilities Agreement and led the question and answer session that followed.

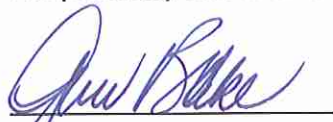
Comments from the public included a recommendation for a formal audit prior to the transfer. This sentiment was repeated among several audience members.

The PDA board adjourned to an Executive Session to discuss a legal issue for 20 minutes. No action was taken. The North Beach Water District board was invited into the executive session at 7:50. No actions were taken.

The North Beach Public Development adjourned their meeting at 8:15PM.

The North Beach Water District meeting was adjourned at 8:16PM.

Respectfully submitted


Gwen Brake, Secretary

Attest:


Brian Sheldon, President


RD Williams, Commissioner