

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY  
MINUTES OF THE WORK SESSION OF  
THE BOARD OF COMMISSIONERS  
JULY 9, 2010

A work session of the Board of Commissioners of Public Utility District No. 1 of Clallam County was held at the Port Angeles Office, 2431 East Highway 101, on the above date commencing at 9 a.m. The purpose of the work session was to discuss the Carlsborg Wastewater Treatment and Reuse Project

Commissioners present: W.E. Purser, President; Hugh Haffner, Vice President; Hugh E. Simpson, Jr., Secretary

Staff present: Doug Nass, General Manager; Joshua Bunch, Treasurer-Controller; David Papandrew, District Auditor; Mike Kitz, Water & Wastewater Systems Superintendent; Tom Martin, Water & Wastewater Systems Assistant Superintendent

Others present: Steve Tharinger; John Miller; Steve Gray; Carol Creasey; Nancy Neraas, District Bond Counsel (by teleconference)

Staff reviewed potential financing scenarios and associated assessments. At a 50 percent level of grant funding, the total monthly cost to property owners would be approximately \$100 including the estimated operations and maintenance service charge. The Commission considered the goal of 50 percent grant funding to be a reasonable condition for LUD formation. The District's bond counsel, Nancy Neraas, commented on the possibility of forming a conditional LUD. While it is legally possible, the conditional elements must be detailed in the conditional LUD formation documents.

The LUD formation process was discussed. The Commissioners agreed to an advisory petition process and a series of steps for formation of a conditional LUD was agreed upon by all attendees. Final assessments would be determined after construction is complete and the final costs are known.

Ms. Neraas discussed the LUD Assessment repayment conditions. LUD laws limit the repayment to twenty annual installments, which is less than the repayment term for Public Works Board and USDA-Rural Development loans. This difference could cause the monthly assessments to rise above the estimated \$100 amount, therefore, further grants may be required. The Commissioners considered options for interim financing to keep the assessment cost down. The work session adjourned at 11:30 a.m.