

Local Government Law Group ^{PC}

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June 1, 2016

James R. Blasius
Hills of Neskowin Owners Association
P. O. Box 382
Neskowin, OR 97149

Re: Hills of Neskowin and Neskowin Regional Sanitary Authority

Dear Mr. Blasius:

I represent the Neskowin Regional Sanitary Authority (Authority). The Authority Board asked me to respond to your correspondence that you sent to Attorney General Rosenblum dated May 1, 2016.

If the Hills Homeowners are working with an attorney on this matter, please let me know and I will address future contacts to your attorney.

I understand that you have attended most all of the Authority's recent Board meetings, so I suspect that none of what I have to say here will come as any surprise. Indeed, I understand that the Authority Board has addressed your issues in these recent meetings.

Your letter raises three issues. I will address each issue in turn.

First, you have questions about the Authority's tax rate established in 2005. As you point out, the establishment of the tax rate was proposed to help the Authority pay down its long-term debt. However, the tax rate was established pursuant to Oregon law and is not restricted to only paying long-term debt. Permanent tax rates are governed by the Oregon Constitution and the Authority's rate was adopted by a public vote as required by Oregon Constitution Article XI, Section 11. As a result, the Authority does not subscribe to your position that revenue collected from its permanent tax rate is limited to the payment of long-term debt. The revenues collected from its permanent tax rate are general tax revenues and may be applied by the Authority to any lawful public purpose.

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You also question the Authority's ability to raise tax revenue from assessments on Hills Homeowners' properties because you believe these properties are not receiving "direct" benefits from the Authority. The Authority disagrees with your assessment of benefits and also disagrees with your interpretation of the statutes that govern the Authority. The Authority has made, and continues to make, facility improvements. These improvements are to the benefit of the Hills Homeowners, as the Authority will be extending services to the properties within the Hills development.

I also note, as you already know, that the Authority's budget for the 2016-2017 fiscal year includes no assessment of ad valorem taxes against any properties with the Authority.

Your final question addresses your expressed wish to withdraw the Hills Homeowners' properties from the Authority's territory. In response to this request, the Authority Board wants me to clarify that the Authority wishes to maintain its territory and foresees being able to connect properties within the Hills Homeowners to the Authority's system in the coming years. The Authority is making facility improvements that will make this possible and therefore benefit all properties in and around Neskowin, including the Hills Homeowners.

The Authority Board has no present intention of seeking to withdraw the Hills Homeowners properties from the territory of the Authority. However, as you surely know, there is a statutory process available for property owners to request withdraw. Thus, you and your fellow property owners may seek withdrawal from the Authority by petitioning the County.

The Authority Board is hopeful that this correspondence will start a fruitful dialog between the Authority and the Hills Homeowners. The Authority Board is made up of your neighbors and it wishes to resolve any disputes in a neighborly fashion.

Sincerely,



Ross M. Williamson

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RMW:cad

cc: client