

BOARD OF DIRECTORS
PINE/STRAWBERRY WATER IMPROVEMENTS DISTRICT
P.O. Box 134
Pine, Arizona 85544-0134

MINUTES

Special Meeting – January 30th 2008

Approved – February 21, 2008

1. CALL TO ORDER

Pine-Strawberry Water Improvement District meeting was called to order at: 6:33 PM by Gary Sherlock – PSWID Chair.

2. THE PLEDGE OF ALLEGIANCE

3. ROLL CALL

Board Members Present:

- | | |
|------------------------------|--------------------|
| 1. Gary Sherlock - Chairman | 4. Jim Richey |
| 2. William Haney - Secretary | 5. Wes Suhr |
| 3. Forrest McCoy – Treasurer | 6. Donald L. Smith |

Absent – Barbara Hall – Vice-Chair

There was a Quorum (*A minimum of 4 Board Members present required*)

4. EXECUTIVE SESSION

Motion to go into Executive Session for discussion or consultation for legal advice with the attorney of the public body and/or to consider its position and instruct its attorneys regarding the Joint Well Development Agreement and implementing documentation. Jim Richey, Seconded by Wes Suhr. Motion approved 5 – 0.

Motion to re-convene into open session at 7:35 PM: Forrest McCoy, Seconded by: Don Smith. Motion approved 5 – 0.

5. NEW BUSINESS

- a. Action to approve to approve Escrow Instructions under the Joint Well Development Agreement (governing the deposit and disbursement of PSWID funds) and authorizing the District’s Designated Representatives to execute a form of Escrow Instructions substantially in conformity therewith approved by the District’s Chairman.

An explanation of the proposed action was presented by Jim Richey. In brief, action would allow Pine Water Co. to move forward with K2 Well project prior to ACC action on Pine Water’s request to encumber its assets for the project.

Motion to table until February 21, 2008: William Haney; Seconded by Don Smith. Motion failed 2 - 3 (McCoy, Richey, and Suhr voting nay).

Motion to approve: Jim Richey; Seconded by Wes Suhr. Motion carried 3 – 2 (Haney and Smith voting nay).

- b. Action to approve the proposed Scope of Services of HydroSystems, Inc. (HSI) to facilitate and coordinate the test well portion of the Joint Well Project and authorizing the District Chairman or Vice Chairman to execute a non-disclosure agreement and a separate retention agreement with HIS encompassing the approved Scope of Services.

Explanation of the proposed action was presented by Jim Richey . This agreement would provide independent oversight of test well results and drilling recommendations for PSWID. The agreement would also provide for non-disclosure arrangements between PSWID and the consultant.

Motion to approve: Forrest McCoy; Seconded by Jim Richey. Motion carried 4 – 1 (Haney voting nay).

- c. Discussion regarding scheduling public presentation on goals and status of Joint Well Development Agreement

Chairman Sherlock presented a listing of items relating to the K2 project that he would like to see addressed in a series of presentations at the regular February Board meeting. Item was for discussion only and no action was taken.

6. CALL TO THE PUBLIC

There were four requests by the public to address the Board.

Vicki Randall – Called for public unity and cooperation on getting K2 drilled.

Paul B. Paul – Asked how water could be available in July if the production well is planned for completion in September 2009.

Steve Morken – Asked if any results were in on the hydrogeological survey of the K2 site.

Julie Pugel – Asked if the Board was following the ACC case between Pine Water Company and Pugel, Randall, et. al.

7. ADJOURNMENT

Motion to Adjourn at 8:45 PM made by Wes Suhr, seconded by William Haney. Motion approved 5 – 0.