

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

MINUTES

Regular Board Meeting – May 17, 2008

1) CALL TO ORDER

Pine-Strawberry Water Improvement District meeting was called to order at 7:02 PM by Bill Haney - Chair

2) PLEDGE OF ALLEGIANCE

3) ROLL CALL

Board Members Present:

- | | |
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| 1. Bill Haney - Chair | 5. Ron Calderon |
| 2. Terry Schleizer – Vice Chair - Absent | 6. Don Smith - 8 minutes late for meeting |
| 3. Richard Dickinson - Secretary | |
| 4. Michael Greer - Treasurer | |

There was a Quorum – 5 Board Members present.
Number of public attendees not noted.

4) RESIGNATION of Barbara Hall (Discuss and take action)

Motion to accept resignation of Barbara Hall – Mike Greer
Second – Ron Calderon
Vote 5-0 Motion Carried

Mike Greer challenged quotes in Rim Country Gazette regarding PSWID 2008-09 Proposed Budget as grossly inaccurate. The 2008-09 Proposed Budget is not more that what was spent by the prior PSWID Board in the last three years combined. The current Proposed Budget is \$ 90,000 the same as last year's budget.

5) APPROVAL OF MINUTES

- a. Regular Meeting April 17, 2008
Motion to approve minutes – Don Smith
Second – Ron Calderon
Vote 5 – 0 Minutes Approved
- b. Special Meeting May 1, 2008
Motion to approve minutes – Ron Calderon
Second – Mike Greer
Vote 4 – 0 Minutes Approved (Don Smith abstention, was not at meeting)

6) TREASURERS REPORT

Mike Greer reported that current balance is \$ 133,005.66.
Motion to accept Treasurer's Report – Ron Calderon

Second – Don Smith
Vote 5 -0 Treasurer's Report Accepted.

7) DELEGATE REPORTS

Supplemental Water – Don Smith reported he met with Pine Strawberry Water Association and they do have water rights. We will continue to work with them.

Finance Committee – Ron Calderon reported the Finance Committee has met and is evaluating different methods to collateralize the acquisition of PWCo and SWCo. Will report to PSWID Board after further evaluation.

No action taken on delegate reports.
Motion to accept Delegate Reports – Richard Dickinson
Second – Mike Greer
Vote 5-0 motion carried.

8) OLD BUSINESS

- a. Discuss and take possible action regarding the K2 Escrow Account.

Bill Haney indicated that he received a letter from Pioneer Title, Mr. Gann, indicating that at time escrow account was established the decision was made by Gary Sherlock, past PSWID Chairman, not to set up an interest bearing account due to time line and costs. PSWID Board may want to re-evaluate setting up interest bearing account. Mike Greer indicated we need further clarification regarding signers on the escrow account. Mike Greer to receive further clarification from Pioneer Title, possible action to be taken at next PSWID Board meeting.

- b. Discuss and take possible action regarding request for assistance by Curtis Chaney to provide him assistance in submitting a petition to the PSWID Board requesting one of his parcels 301-22-001D be transferred to Pine Water Association Domestic Water Improvement District.

Richard Dickinson reported that all notices in newspaper and first class mailings had been done, and all is ready to go for June 5, 2008 hearing.

Bill Haney was asked if Mr. Chaney was paying for mailings and newspaper notices. Will follow up after receiving billing statements.

9) NEW BUSINESS

- a. Discuss and take possible action regarding purchase of new wireless microphones for the Cultural Center.

Motion to pay Mike Blaes not more than \$150.00 for wireless microphone system for the Cultural Center – Ron Calderon
Second – Don Smith
Vote 5 – 0 motion carried.

- b. Evaluation of Milk Ranch Well, presentation by Ray Pugel and Mike Ploughe.

Report on Milk Ranch Well regarding sustained yield, water purity testing, and issues involved in drilling the deep well in Pine by Mike Ploughe. Discussed sediment/sanding issues when well is pumped at 200gpm to 220 gpm, and how to solve issues. Question and answer session followed.

- c. Presentation by John Gliege regarding disclosure of information concerning negotiations to acquire water companies.

Presentation by John Gliege indicating PSWID Board need to decide on balance between Arizona OML Statutes and getting job accomplished. PSWID Board decided release of information would not compromise negotiation effort. Information will be published on PSWID website for public.

- d. Presentation by John Gliege regarding status of PSWID as Domestic Water Improvement District.

John Gliege delivered legal opinion, "that the Pine Strawberry Water Improvement District is a domestic water improvement district duly formed under the laws of the State of Arizona which possesses the full powers and authority of a domestic water improvement district pursuant to Title 48, Chapter 6, Articles 1 and 4 of the Arizona Revised Statutes."

Sam Schwalm and Pam Mason spoke in opposition of opinion.
Fred Krafczyk spoke in favor of opinion.

10) SCHEDULE NEXT SPECIAL MEETING DATES

Next meeting scheduled for 7:00 pm Thursday, June 5, 2008 to discuss Proposed Budget and hearing on Chaney petition to PSWID Board.

11) CALL TO PUBLIC FOR NON-AGENDA ITEMS (3 minutes per speaker)

Gary Sherlock – question regarding update on K 2 Well.
Pam Mason – question regarding scheduled 2008-2009 Proposed Budget Workshop

Move to re-open Treasurer's Report – Richard Dickinson
Second – Mike Greer
Vote 5 – 0 motion carried.

Don Smith – recommendation to continue project initiated by Wes Suhr
Mike Greer – explanation of Surplus Dollars
Motion to accept Proposed 2008-2009 Budget – Don Smith
Second – Ron Calderon
Vote 5 – 0 Motion carried.

Motion to move into Executive Session – Richard Dickinson
Second – Mike Greer
Vote 5 – 0 Motion carried.

12) EXECUTIVE SESSION

Motion to enter into Executive Session - Ron Calderon
Second – Don Smith
Vote 5 – 0 Motion carried.

- a. Discuss and take possible action regarding the K 2 Joint Well Development Agreement.

Motion to end Executive Session – Richard Dickinson
Second – Don Smith
Vote 5 – 0 Motion Carried

13) NEW BUSINESS FOLLOWING EXECUTIVE SESSION

Motion to resume Open Session – Ron Calderon
Second – Don Smith
Vote 5 – 0 Motion carried

- a. Discuss and take possible action regarding the K2 Joint Well Development Agreement.

Bill Haney explanation of current situation.

14) CALL TO ADJOURN

Motion to adjourn – Don Smith
Second - Mike Greer
Vote 5 – 0 Motion carried.

Reports Available directly from PSWID by request for April 17, 2008

1. *File # PSWID – Legal Opinion – Legal Counsel – 05172008*