

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

MINUTES
Regular Board Meeting – November 20, 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 - Led by Terry Schleizer

3) ROLL CALL

Board Members Present:

- | | |
|-------------------------------|--------------------------------|
| 1. Bill Haney - Chair | 5. Ron Calderon |
| 2. Tom Weeks | 6. Don Smith(acting Secretary) |
| 3. Richard Dickinson - Absent | 7. Terry Schleizer |
| 4. Michael Greer - Treasurer | |

There was a Quorum – 6 Board Members present.
Number of public attendees not noted.

4) APPROVAL OF MINUTES

a. Regular Meeting October 16, 2008

Motion to approve minutes – Ron Calderon

Second – Mike Greer

Vote 6 -0 approved

b. Special Meeting October 18, 2008

Motion to approve minutes – Ron Calderon

Second – Don Smith

Vote 5 – 0 approved

Abstention- Tom Weeks who was not at the meeting.

c. Special Meeting November 9, 2008

Motion to approve minutes – Ron Calderon

Second – Terry Schleizer

Vote 4 – 0 Approved

Abstention – Don Smith and Mike Greer who were not at meeting.

5) TREASURERS REPORT

Mike Greer presented Treasurer's Report. As of October 31, 2008, beginning balance was \$9,583.65.

Transfers in totaled \$11,504.00 and deposits totaled \$30,192.39. Warrants redeemed (6) totaled \$13,139.70 for an ending balance of \$38,140.34. Reserve account activity included deposits of \$51.13 with \$11,504.00 transferred out, leaving an ending balance of \$19,320.64.

Motion to approve Treasurer's Report – Don Smith

Second – Ron Calderon

Vote 6 – 0 approved

6) OFFICER AND DELEGATE REPORTS

a. Supplemental Water Committee-

Don Smith reported that the committee has met and determined that there are millions of gallons of water available to the district. The supply and demand letters and verbal confirmations have validated this fact.

b. Finance Committee-

Ron Calderon has reported that within 2 weeks the financial availabilities for the purchase of the water companies will be prepared. He has met with Mark Reider for these financial resources.

c. Chairman's Report-

Bill Haney congratulated the 4 board candidates, all members of the current board, upon their re-election in this month's election. Bill welcomed Harry Jones as the new interim manager for the PSWID.

7) OLD BUSINESS

- a. Presentation by Dan Jackson of Economists.com. Development of Water Rates and Long-Term Financial Plans Related to the PSWID Acquisition of Pine and Strawberry Water Systems.

Mr. Jackson gave a Power Point presentation which described the monies required to purchase the Pine and Strawberry Water Companies and the effect this will have on the consumer rates. He stated that all water companies in Arizona have an expected 5 – 6 % increase in operational costs yearly. The years of 2009 – 2011 will have no rate increases. In 2011, all water consumer base rates under PSWID will be equalized and until 2016 will increase by slight incremental amounts. In 2016, the Board will determine the need for further improvements and possible rate increases.

- b. Discuss and take possible action regarding the acquisition of the Pine and Strawberry water systems.

Bill Haney, Board Chair, described the progression of the PSWID in acquiring the companies. The Board and its lawyers are on task for the acquisition in the near future.

- c. Discuss and take possible action regarding the Joint Well development Agreement (JWDA) and K2 Well.

John Gliege stated that the arbitration is scheduled on February 9, 2009. He further stated that Brooke Utilities is requesting a postponement of the Dec 16th ACC hearing. Don Smith stated that we should proceed as scheduled with the Dec 16th 2008 ACC hearing as well as allow all of those suing Brooke Utilities to complete their tasks. Gliege also stated that he has filed the Acquisition of the companies with the ACC, and filed to condemn and revoke Brooke Utilities CCN. This revocation is based upon Brooke's inability to supply water to the communities of Pine and Strawberry.

8) NEW BUSINESS

- a. Discuss and take possible action regarding the Development of Water Rates and Long-Term Financial Plans related to the PSWID acquisition of Pine and Strawberry water systems. (Task 4 of the CVL Agreement; Rates and Financial Analysis).

Bill Haney explained the reasoning for addressing Task 4 now. It would be needed for discussions with potential lenders for water system acquisition as well.

Terry Schleizer read Task 4 of CVL Agreement.

Motion to pay CVL the agreed upon \$13,000.00 for the financial plan which was presented tonight – Don Smith

Second – Ron Calderon

Vote – 6 -0 Motion passed.

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

Fred Krafczek – Comments of appreciation to the Board

John Brenninger – Questions related to loans or bonds and anticipated PSWID Board action.

10) CALL TO ADJOURN

Motion to adjourn – Terry Schleizer

Second – Ron Calderon

Vote 6 – 0 Meeting adjourned.

Reports Available directly from PSWID by request for November 20, 2008

1. *File # PSWID – Treasurer’s Report – Treasurer – 11202008*
2. *File # PSWID – Long-Term Rate and Financial Plan– Economist.com - 11202008*
3. *File# PSWID – Notice of Public Meeting – Supplemental Water Committee - 11202008*