

**BOARD OF DIRECTORS
PINE/STRAWBERRY WATER IMPROVEMENT DISTRICT**

P.O. Box 134 - Pine, Arizona 85544-0134

MINUTES

Special Board Meeting – June 5, 2008

1) CALL TO ORDER

Pine-Strawberry Water Improvement District meeting was called to order at 7:00 PM by Bill Haney - Chair

2) PLEDGE OF ALLEGIANCE

3) ROLL CALL

Board Members Present:

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

There was a Quorum
Number of public attendees not noted.

4) OLD BUSINESS

- a. Public Hearing and take possible action regarding the transfer of parcels 301-22-001D from the Pine-Strawberry Water Improvement District to Pine Water Association Domestic Water Improvement District by Curtis Chaney.

Curtis Chaney explained reason for his petition to remove his parcel from the PSWID water district. Having two adjoining parcels each in a different water district has limited the utilization of his land. There were questions from public regarding how adjoining parcels could be aligned to different water districts, how removal of his parcel would impact tax revenues, and setting precedence. Chairman Bill Haney explained that parcel is land locked and could never be served with a water main by the district. As such, there is little value to the district to keep it in the PSWID boundary.

Move to accept and allow parcel # 301-22-001D to be removed from the boundary of the PSWID water district – Don Smith

Second – Richard Dickinson

Vote – 6 – 0 motion carried.

- b. Discuss and take possible action regarding confirmation of Chairperson for Elections Committee.

Ron Calderon nominated by Terry Schleizer.

Second – Don Smith

Vote 6 – 0 Motion carried.

- c. Discuss and take possible action regarding the interest earning status of the Joint Well Development Escrow Account.

Discussion lead by Mike Greer. There was confusion over cost and interest rate to establish interest bearing account.

Motion to Table discussion until next regular meeting – Richard
Second – Terry

Vote 6 – 0 motion carried. Discussion of interest bearing account for JWDA tabled until next regular PSWID Board meeting.

5) NEW BUSINESS

- a. Discuss and take possible action regarding appointment of new PSWID Board Member to replace Barbara Hall.

The PSWID Board received resumes and letters of interest from three candidates. Tom Weeks, Ron Sigars, and Sam Schwalm each presented their reasons for desiring a position on the Board and why they felt they were qualified. PSWID Board members submitted confidential written ballots. Tom Weeks was appointed to the PSWID Board by vote of the current PSWID Board members.

Motion to destroy the submitted ballots – Terry
Second – Richard

Vote 6 – 0 Motion carried, ballots were destroyed.

- b. Discuss and take possible action regarding approval of contract for consulting services with Coe and Van Loo L. L. C. of Phoenix, Arizona for the appraisal of the Pine Water Company and Strawberry Water Company assets.

Bill Haney explained process for RFQ sent to five consultant companies, and decision to go with Coe and Van Loo LLC. out of the four companies that responded. Coe and Van Loo has teamed with Economist.com (Dan Jackson) who has considerable experience with similar projects. CVL submitted a proposal for scope of work comprised of four tasks. 1. Assess acquisition value of the assets of the water companies - \$ 31,150. 2. Determine estimate of cost of construction for phased improvements to the system necessary for proper operation - \$ 6,000. 3. Determination of operation and maintenance costs – \$ 1,500. 4. Rate and financial analysis for 10 year capital program - \$ 13,000.

Mike Greer explained that Gila County Treasurer advised him of District's available surplus dollars and that these funds should be placed into a reserve account to make them available. Mike Greer indicated we had \$ 144,000 currently available for a reserve account. Although, he did not recommend we put all funds into reserve.

Questions from the public ensued. Mr. Gliege explained condemnation process and potential time line.

Motion to approve Coe and Van Loo LLC., consulting engineers, for task one to assess the acquisition value of Pine and Strawberry water companies for a fee of \$ 31,150 – Terry Second – Don
Vote 7 – 0 motioned carried.

- c. Discuss and take possible action regarding moving surplus District funds to a reserve account.

Mike Greer lead discussion. Terry pointed out that spending of reserve dollars would require a Board decision. Don pointed out that it would also require that it be assigned a specific line item in the Budget.

Motion to write memo to Gila County Treasurer transferring \$ 100,000 to a reserve account - Mike Greer
Second – Don
Vote 7 – 0 motion carried.

6) SCHEDULE NEXT SPECIAL MEETING DATES

Next meeting is Regular Meeting scheduled for June 19, 2008.

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

Sam Schwalm – Responded to Mike Greer’s question as to what are Sam’s goals and objectives. Sam expressed his views on the actions of the current PSWID Board.

Bernice Winandy – Question regarding 11 page proposal from PSWID Board to Brooke Utilities. Wanted clarification – it was explained as typo as previously reported.

Motion to move to Executive Session – Terry Schleizer, second – Don Smith.
Motion carried 7-0.

8) EXECUTIVE SESSION

Motion to open Executive Session – Terry, second – Don.
Motion carried 7-0.

- a. Discuss and take possible action concerning the acquisition of the Pine/Strawberry water systems.
- b. Discuss and take possible action regarding the Joint Well Development Agreement and the K2 Well.

Motion to end Executive Session – Terry Schleizer, second – Mike Greer
Motion carried 7-0.

9) NEW BUSINESS FOLLOWING EXECUTIVE SESSION

Motion to return to Open Session – Terry Schleizer, second – Richard Dickinson
Motion carried 7-0.

- a. Discuss and take possible action concerning the acquisition of the Pine/Strawberry water systems.

No action taken.

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

Bill Haney read the last paragraph of the proposed letter of response to Mr. Shapiro, attorney for Mr. Hardcastle, regarding correspondence from Mr. Hardcastle to the PSWID dated May 27, 2008. This paragraph was to serve as public disclosure and summary of the PSWID Board's intent and position.

Motion to direct Mr. Gliege to send letter of response from PSWID Board to Mr. Shapiro -
Terry
Second – Don
Vote 7 – 0 Motion carried

10) CALL TO ADJOURN

Motion to adjourn – Terry, second – Richard
Motion carried 7-0.
Meeting adjourned.