

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

MINUTES
Special Board Meeting – November 9, 2008

1) CALL TO ORDER

Pine-Strawberry Water Improvement District meeting was called to order at 2:00 PM by
Bill Haney - Chair

2) PLEDGE OF ALLEGIANCE

3) ROLL CALL (Determination of Quorum)

Board Members Present:

- | | |
|----------------------------------|---------------------------------|
| 1. Bill Haney - Chair | 5. Ron Calderon |
| 2. Tom Weeks | 6. Don Smith - absent |
| 3. Richard Dickinson - Secretary | 7. Terry Schleizer – Vice Chair |
| 4. Michael Greer - Absent | |

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

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

Sam Schwalm asked if PSWID Board had to vote each time there was a need to expend finances. Bill Haney indicated he would respond to Sam by e-mail.

Motion to move to Executive Session – Don Smith
Second – Richard Dickinson
Vote – 5-0 passed.

5) EXECUTIVE SESSION

Motion to open Executive Session – Terry Schleizer
Second – Tom Weeks
Vote – 5-0 passed.
Mr. Gliege was in attendance.

- a. Discuss the hiring of a Part-time Interim General Manager.
- b. Discuss the offer to convey to the district an option to acquire the Milk Ranch Well.
- c. Discuss the PSWID Board's "denunciation" of the Joint Well Development Agreement and the K2 Well.
- d. Discuss the acquisition of the Pine/Strawberry water systems.

Motion to close Executive session – Terry Schleizer
Second – Ron Calderon
Vote 5-0 passed.

Motion to re-open General Session – Terry Schleizer
Second – Tom Weeks
Vote 5-0 passed.

6) OLD BUSINESS FOLLOWING EXECUTIVE SESSION

- a. Discuss and take possible action regarding the hiring of a part-time interim General Manager.

Bill Haney removed himself from the discussion due to his professional relationship with all the candidates interviewed.

Terry Schleizer explained the interview process. Standard questions were prepared and four candidates were interviewed by PSWID Board members in executive session. One candidate was interviewed via telephone. The candidate responses were scored, and Harry Jones achieved the highest score. An agreement retaining Harry Jones as a contractor and not an employee of the district will be prepared and signed. Mr. Jones will be contracted for 40 hours per month at \$ 2040.00 per month plus \$ 51.00 per hour for hours worked over 40 per month. This pay rate is based on a rate of \$ 75,000.00/yr. without benefits. Mr. Jones will be working out of his own office and providing his own transportation. Allowance will be made for travel expenses that require travel out of the Payson, Pine, and Strawberry area.

Richard Dickinson indicated that Mr. Jones not only scored the highest of all interviewed candidates, but that his expected compensation was more in line with PSWID Board guidelines. In addition, as a local resident, Mr. Jones was a more economical hire for the district.

Motion to hire Harry Jones as contracted part-time interim General Manager – Ron Calderon
Second – Tom Weeks

Vote – 4 aye and 1 abstention (Bill Haney abstained due to professional relationships with all candidates). Motion passed.

- b. Discuss and take possible action regarding the PSWID Board's "denunciation" of the Joint Well Development Agreement and the K2 Well.

Bill Haney explained the Arbitration process. PWCo has requested to postpone proceedings until January, 2009. The PSWID Board is in agreement.

No further action taken.

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

Bill Haney reviewed the timeline for the last offer to acquire the Pine/Strawberry water systems. The offer letter was sent to Mr. Hardcastle on October 17, 2008 with response required in 20 days or not later than November 6, 2008. Mr. Hardcastle met in person with Mr. Haney on November 6, 2008, and during the meeting indicated that he was delivering a formal rejection of the district's offer and he indicated there would be no counter offer.

Mr. Haney asked for next action regarding the acquisition of Pine/Strawberry water systems from the PSWID Board.

Motion to authorize Mr. Gliege to move forward with all actions necessary to accomplish the acquisition of Pine/Strawberry water systems – Terry Schleizer

Second – Richard Dickinson

Vote 5 – 0 Motion passed.

7) NEW BUSINESS FOLLOWING EXECUTIVE SESSION

- a. Discuss and take possible action regarding the offer to convey to the district an option to acquire the Milk Ranch Well.

Mr. Haney explained that the district had received an offer from Mr. Pugel to convey to the district an option to acquire the Milk Ranch Well. The district, for the payment of \$ 1.00, could retain an exclusive option for 180 days to purchase the Milk Ranch Well.

Mr. Pugel made this offer so that the District could, at its expense, test, pump, or perform minor alterations to obtain optimum production from the well. Mr. Pugel indicated that the 180 day time period could be extended by request of the district.

Motion to pay \$ 1.00 to Mr. Pugel and accept the offer to convey to the district the option to acquire the Milk Ranch Well – Ron Calderon

Second – Tom Weeks

Vote 5 – 0 Motion passed.

8) CALL TO ADJOURN

Motion to adjourn – Terry Schleizer

Second – Richard Dickinson

Vote 5 – 0 Meeting adjourned.