

Hello Neighbor,

This email is from the group Water For Pine Strawberry. We will be sending out an email after each of the PSWID meetings with a summary of what the board did, additional facts that are relevant to what went on, and some commentary. Please forward this email to friends and neighbors that are interested in the local water issues. If you would like to be added to or removed from the list for these emails, please reply to WaterForPineStrawberry@hotmail.com. Emails on earlier meetings are available on our website: www.WaterForPineStrawberry.com .

The PSWID board had a short notice meeting just before I left for vacation, which is the reason for the delay in sending this out.

In related news, Star Valley has backed away from the condemnation of their water company (See Payson Roundup story: http://www.paysonroundup.com/section/frontpage_lead/story/35728). Appraisal documents from Brooke indicated that the price was going to be much higher than what Star Valley had originally offered. The Star Valley Mayor, Chuck Heron, and the town council decided that it was more than Star Valley can afford at this time. Comment: The sense that I get from the PSWID board's actions is that they don't really care whether the price for PWCo and SWCo are affordable or not. If they did, they wouldn't have been making offers before knowing that cost and they wouldn't be pursuing immediate possession which takes away the ability of the board to walk away if the cost is too high.

For those of you who are interested in voting in the PSWID board election on November 4th, you must register to vote by October 6th. If you are a property owner in the PSWID district, live out of town, and are registered to vote somewhere in Arizona, Gila County will send you a PSWID ballot. To get that ballot you need to:

Call David Rogers 1-800-304-4452. This number gets you to the Gila County Court House. Then enter Mr. Rogers ext. 8750. Mr. Rogers will need the following information:

1. Name/Address
2. Where caller is registered
3. Address of PSWID property
4. What county the caller is registered in

The ballot must be received by Gila County by 7 p.m. on November 4th. Therefore, it would be best to request the ballot before October 17.

August 30, 2008 PSWID Meeting

Next regular PSWID Meeting: Thursday September 18, 2008 7:00 PM at the Pine Cultural Center

1. Retention of a Financial Advisor

- We have obtained a copy of the letter that Municipal Leasing Credit Corporation (MLCC) sent to the board and it is posted here: <http://www.waterforpinestrawberry.com/data%20pages/BrookePSWIDDocs.htm>.
- The letter talks about how PSWID's situation will make it very difficult to obtain money from traditional sources like bond issues and banks. The difficulty comes from the litigation that will be going on to determine the final price and that Pine/Strawberry are not incorporated. The letter talks about how MLCC can be used to avoid the need for voter approval and can provide the money quickly with less legal scrutiny than the other ways of obtaining financing.
- There is no mention of the terms or who would actually hold the title to the water companies. When doing a municipal lease deal, the leasing company is the one that buys the asset and then leases it back to the government entity. Sometimes the leasing company retains the title to the assets. Other times the title is given to the government entity when a solid lien against tax revenues can be established by the leasing company.
- There were three financial advisors that the board considered. One was a financial advisor that MLCC offered to provide. The other two are Stone and Youngberg and then Peacock, Isloff, Stanley, and Givens (not sure on the spellings).
- Typically, the board members have already decided the issues prior to the meeting and there is very little discussion of an issue before the vote is taken. This meeting was different in that the board had a real discussion during the meeting. Without having seen the proposals that they were discussing, it seemed to be a reasonable discussion of the merits of the three proposals.
- The board voted to select Stone and Youngberg as the financial advisor. It is Stone and Youngberg's practice to only get paid if the deal closes. Fees are yet to be negotiated, but Mr. Haney indicated that he thought they would be in the range of \$40,000 to \$80,000.

2. Public Comment

- In the public comment portion of the meeting, I brought up the \$250,000 missing from the Coe and Van Loo (CVL) operations budget and the \$2,000,000 in the CVL capital budget estimate that we feel are missing or not properly accounted for. I offered to work with the board to come up with a set of numbers that both sides could agree on.
- There was a spirited discussion on whether depreciation should be included in the operations budget. Mr. Haney says no, but I pointed out that it was included in the forecasted operations budget in the 2003 purchase evaluation and also in the evaluation done for the City of Florence when they were considering purchasing their water company.
- Mr. Calderon asked if someone was helping with the rate impact analysis and whether anyone was paying me. No one is paying for the effort that I put in on this. At the time I took Mr. Calderon's question about whether I am getting help to mean is Brooke telling me what to do, so I answered no. On further thought, I do get help researching issues and reviewing what has been written from other members of Water For Pine Strawberry group, none of which are associated with Brooke. I also get ideas and information from folks on this email list. I do ask Brooke questions when I need to fill in information that they would have.

Sometimes they provide it, sometimes they don't. Brooke in no way directs the content of these emails or the website.

Water For Pine Strawberry is a group of residents who are concerned about the communities water issues and how they can best be resolved. Visit our web site, www.WaterForPineStrawberry.com, for more information. The website for PSWID is www.pswid.org .

Clarifications can be submitted by anyone who is explicitly named, implicitly identifiable, or a board member to items in this email. Clarifications will be posted on our website. We reserve the right to post a response. Clarifications must deal with the topics discussed in the email that relate to the individual or the board. They must be in family friendly language and be non-abusive. When the clarification is accepted, it will be posted to the website and notice of that posting will be added to the next email.