

Hello Neighbor,

Some additional information has become available.

1. Mr. Gliege's Response on Arbitration Clause Question

- I had asked Mr. Haney and Mr. Gliege how an arbitration clause in a contract they had just declared as not binding on the district could still be in force. Mr. Gliege responded with: "Sam Schwalm had asked a question about how we can rely upon the Arbitration clause of the K2 agreement if we have in essence rejected the agreement. There are two things which support our position of reliance, one is the applicable state statutes and the second is a long line of court decisions from the US Supreme Court on down to the Arizona Courts which have established the doctrine of separability which holds that arbitration clauses are considered a separate agreement from the agreement within which they are contained, and the denouncement or revocation or rescission of the underlying contract will not affect these clauses and they stand and are enforceable. It is the Court's way of promoting the public interest in having disputes resolved by arbitration."
- The arbitration clause basically has each side select an arbitrator and then those two arbitrators select a third arbitrator. Both sides present their case to the arbitrators and the decision of the arbitrators is binding on both parties. Loser pays the other parties legal expenses.

2. PSWID Board's Offer Letter to Brooke

- We have posted the letter with the \$2.55 million offer for PWCo and SWCo here: <http://www.waterforpinestrawberry.com/data%20pages/BrookePSWIDDocs.htm>. The letter lays out the basis for the offered price, says that they may proceed with condemnation and immediate possession. Offers to pay more if litigation is avoided. Says that Mr. Hardcastle's statement of \$3,000,000 for the two companies that was made under oath is Mr. Hardcastle's position on the value of the companies.
- Comment: We have been looking through the testimony for this statement, but haven't found it. We have found testimony where Mr. Hardcastle states that the \$4.3 million value from the 2003 petition effort was a fair price. We will provide more information after we complete our research.

3. PSWID Board's K2 Agreement "Denouncement" Letter

- We have posted the letter denouncing the K2 well agreement here: <http://www.waterforpinestrawberry.com/data%20pages/BrookePSWIDDocs.htm>. Provides PSWID's side of the story on the meeting that didn't happen. States that the district is not liable if the agreement is declared legally invalid. States that there is no evidence of compliance of Brooke's part that the contract bidding process has been followed. States that PSWID will resist any disbursement of funds from the escrow account. Lists areas where PSWID thinks that Brooke is in breach of the contract. States that PSWID is denouncing the contract and that it is no longer valid and demands the return of the escrow funds.

4. Correction to Financing Price

- The Payson Roundup had an article on 10/21, [http://www.paysonroundup.com/news/2008/oct/21/water\\_district\\_votes\\_buy\\_out](http://www.paysonroundup.com/news/2008/oct/21/water_district_votes_buy_out)

[brooke/](#), that listed the total cost at \$5.2 million. In the last PSWID summary we had it at \$4.55 million because the board only talked about \$2.55 million for the offer and an additional \$2 million for the other immediate needs. We think the difference is the inclusion of legal and finance fees in the number that was provided to the Payson Roundup.

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](mailto:WaterForPineStrawberry@hotmail.com). Emails on earlier meetings are available on our website: [www.WaterForPineStrawberry.com](http://www.WaterForPineStrawberry.com) .

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](http://www.WaterForPineStrawberry.com), for more information. The website for PSWID is [www.pswid.org](http://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.