

Hello Neighbor,

This summary is for the PSWID meeting that was held on November 20th. I was traveling for the Thanksgiving holiday and was not able to attend the meeting. The material below was taken from a recording of the meeting.

It took longer than I had hoped to get this out. I have a big project at work to finish by the end of the year and that has been absorbing a lot of my time and attention.

November 20, 2008 PSWID Meeting

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

1. Presentation of Economists.com Cash-Flow Analysis

- The bulk of the meeting was Mr. Dan Jackson presenting the cash-flow analysis that Economists.com put together. The slides that he presented are posted here: <http://www.waterforpinestrawberry.com/data%20pages/PurchasePSWIDDocs.htm>.
- Mr. Jackson's presentation did not address the errors with the cash-flow analysis that he and I were discussing. During the presentation he said that he is confident that the numbers are valid. Comment: I had been optimistic that we could come to an understanding on the four errors that I pointed out and get a corrected report that the whole community could stand behind. My optimism was misplaced. Mr. Harry Jones, the new interim general manager for the future water district, sent an email saying that there would be no more answering of questions. I posted his email and my reply on the website here: <http://www.waterforpinestrawberry.com/PSWID.htm>.
- The errors in the numbers aside, the presentation was straight-forward and informative. A couple of problems that I saw with the slide package and Mr. Jackson's presentation:
 - Slide 8: Shows the borrowing for the capital improvement costs in 2011 and 2016. The cash-flow analysis shows payment on the borrowing starting in 2012 and 2017. So it is a bit misleading to show the money as available in 2011 and 2016.
 - Slide 11: When speaking to slide 11, Mr. Jackson mis-spoke when he stated that the rate increase in 2011 was due to the capital improvement borrowing. Based on the cash-flow analysis report, the 2011 rate increase is to cover the start of paying principal on the initial borrowing of \$4.5 million and to start building a reserve for the loan. The 2012 rate increase is to cover the initial interest only payments for the first capital improvement borrowing.
 - Slide 12: This slide is misleading for the Pine rate increase in 2011. It shows no increase for Pine that year. That statement is based only on the summer rates. In 2011, the Pine winter rates will be increased to match the summer rates. Blended across the year, a 3000 gallon per month user will see an increase of \$3.58 per month.

2. Filed for Revocation of Brooke's CC&N with the ACC

- It was stated that the board had filed a request with the ACC to have them revoke Brooke's CC&N for providing poor service.
- If the ACC were to do such a thing, the result would be to shut-off the water to all of Brooke's customers. Revoking the CC&N does not transfer the water system assets, it would just prevent Brooke from sending water through the pipes. My understanding is that the ACC has never taken an action like that.
- Comment: It is hard to understand why the board is spending money asking for an action that would have a catastrophic affect on the community if they were actually successful. I see several possible motivations:
 - Talk of revoking Brooke's CC&N is always a big crowd pleaser at the meetings, so this may be a move to keep their backers fired up.
 - They may think that the action will somehow lower the value of the companies. Not clear why this would change the value much. Certainly not worth the pain of not having water for weeks or months.
 - This would give them cover to take immediate possession.
 - They aren't thinking about what they are doing.

3. K2 Agreement Arbitration

- Mr. Gliege said that there would be a preliminary hearing in December to set the ground rules for the arbitration hearing in February.
- Mr. Gliege would like to have the February arbitration hearing open to the public.
- Comment: There was some discussion of the upcoming December ACC meeting and Brooke's withdrawal of the encumbrance action. Mr. Haney spoke like the results of the ACC meeting would remove the need for the arbitration. I think that Mr. Haney is confused on that point. The ACC would be ruling on the request by Pine Water Co. to take on debt, not on the validity of the K2 agreement itself.

4. Approved Task 4

- The cash-flow analysis produced by Economists.com was Task 4 of a set of tasks that were laid out at a board meeting last summer. The board gave Economists.com the go-ahead informally to produce the report. The board formally approved going ahead with the task so that Economists.com can get paid.

5. PSWID Fall Newsletter

- PSWID board put out a newsletter that lists the significant things that they have done. I have posted it here:
<http://www.waterforpinestrawberry.com/data%20pages/MiscPSWIDDocs.htm>.

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.

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.