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Sent: Thursday, December 08, 2011 11:13 AM
To: Yvonne Rivera
Cc: Debra Thomas; LaVonda Pearson
Subject: Blue Ribbon Water Committee
Attachments: Minutes - August 18, 2011.PDF; SPEAKER CARDS for BRWC Meetings.DOCX; Agenda for December 12, 2011 BRWC Meeting.DOC

Importance: High

Yvonne,

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MINUTES

BLUE RIBBON WATER COMMITTEE AUGUST 18, 2011

CALL TO ORDER

The meeting of the Apple Valley Blue Ribbon Water Committee ("BRWC") was called to order at 6:00 p.m. by Chairman Carl Coleman at 14975 Dale Evans Parkway, Apple Valley, CA.

ROLL CALL

The following members were present:

Chairman Carl Coleman; Vice Chairman Rick Piercy and Committee Members Ronald Barbieri; John Bernier; David Christman; Lawrence McCarthy; Bill McDaniel; Bernadette McNulty; Pat Orr; Robert Sturges; and Joseph Tartaglino. Absent: Jack Collingsworth; Wilson So; Rob Turner; and Jim Chandler.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Chairman Coleman.

PUBLIC COMMENTS

Christopher Schilling, Co-CEO of Park Water Company ("PWC"), parent company to Apple Valley Rancho Water ("AVRW") assures the BRWC that AVRW is committed to serving the Apple Valley community. Mr. Schilling takes this opportunity to explain to the BRWC what the process will be going forward to purchase AVRW. As it is no surprise that PWC is not interested in selling AVRW, it is understood that Apple Valley has the option to pursue a condemnation but that is a process that PWC will vigorously defend.

In terms of valuation cited in the Bartle Wells study, PWC does not agree, both in terms of outcome and methodology, as well as production and cost analysis. PWC has come up with completely different numbers than the Bartle Wells study and presents scenarios that PWC has experienced for liabilities and assets, as well as the costs associated with maintaining and replacing pipeline. He strongly suggests that the BRWC discuss the report with the Town of Apple Valley's ("TOAV") attorneys. In closing AVRW is committed to serving this community well and to provide safe and reliable water.

BUSINESS ITEMS

a. Approval of Minutes of the Blue Ribbon Water Committee June 13, 2011 Meeting.

MOTION

Motion by Committee Member Pat Orr and seconded by Committee Member Robert Sturges and unanimously carried, to approve the June 13, 2011 Meeting Minutes.

Vote: Motion carried 12-0-0-3

Yes: Chairman Carl Coleman; Vice Chairman Rick Piercy and Committee Members Ronald Barbieri; John Bernier; David Christman; Lawrence McCarthy; Bill McDaniel; Bernadette McNulty; Pat Orr; Robert Sturges; and Joseph Tartaglino

No: None.

Abstain: None.

Absent: Jack Collingsworth; Wilson So; Rob Turner; and Jim Chandler

b. Comprehensive Review and Discussion of: "Update to Feasibility Analysis of Acquisition of the Apple Valley Ranchos Water System," California Public Utilities Commission Proceedings Nos. A.11-01-001 and A.11-01-019, and Options for Potential Future Purchase of the Apple Valley Ranchos Water Company.

Committee Member Ron Barbieri does not agree with portions of the Bartle Wells study and has a lot of questions. He believes that those questions should be answered before finalizing any recommendation to the Town Council. One big issue he has is the discussion with respect to net revenues as he believes converting that to cash flow is questionable. Consequently the TOAV does not have six million dollars to service the debt and the process will be extremely difficult to fund.

Chairman Carl Coleman announced that he collected a lot of questions from the Committee Members. The TOAV has informed Chairman Coleman that it will not respond to any questions at this time therefore, Chairman Coleman would like to put the questions into a recommendation format and then present those recommended questions to the TOAV and the Town Council to assist with answers.

Each of the committee members were asked if they had questions regarding the Bartle Wells study and Committee Members Bernier, Orr, and McDaniel indicated they had questions. Committee Members McCarthy and Christman indicated they had none at this time.

Committee Member Bernadette McNulty, asking as a taxpayer, would like to know how much money was paid to Bartle Wells for their study. She does not believe the study addressed the infrastructure issues at all and secondly she strongly believes that the study suggests if the TOAV is going to go eminent domain that the BRWC will need to include Golden State Water Company and Bartle Wells will want additional money to perform another study. She does believe the study should have done a better job with addressing all issues.

Vice Chairman Rick Piercy believes the Bartle Wells study is a shotty report.

Committee Member Robert Sturges does not see where the report gives some of the answers the BRWC is looking for and is lacking good information.

Committee Member John Tartaglino would like to see a statement that was delivered to Bartle Wells defining their scope of work and wants to know what the cost of the report is. He states there is no way the BRWC we can make a recommendation at this time without clear cut answers to its questions.

David Mueller, HighDesertPolitics.org is not in favor of purchasing the water. He questions the deal all the way down the line starting with the PUC. He makes his comments and opinions known to the BRWC with respect to the Bartle Wells study and believes it is not worth the paper it is written on. He strongly believes the powers that be and some of the committee members will push the deal through.

Chairman Coleman received a report from Ms. McNulty on water rights.

Ms. McNulty informs the BRWC it has been determined that there is 27,129 acre feet of water rights within the Alto Basin that serve the TOAV and its economic sphere of influence. This includes 13,233 acre feet of water rights that were awarded by adjudication for free to AVRW and that is what we are discussing here. If The Carlyle Group is allowed to purchase AVRW and they have precluded this 13,233 as part of the deal, we want assurances that these water rights will not be traded on the open water market.

Chairman Coleman wants to appoint additional committees to get the report written for the Town Council.

Mr. Orr would like to ask the TOAV's attorneys to approach The Carlyle Group on the issue of first right of refusal with respect to the subsequent sale.

Chairman Coleman would like to ask if The Carlyle Group would you be willing to provide the TOAV with a first right of refusal to purchase the water company before selling to any other company and can you provide the TOAV with a time frame for when they would be willing to negotiate a sale of AVRW.

Mr. Schilling indicated that the shareholders are not interested in selling the company in pieces. Any conditions that are placed on the sale would need to be agreeable to all parties and he tells the BRWC that the shareholders would not be agreeable.

Mr. Sturges corrects Mr. Schilling and informs him that the BRWC is talking about posing the question to The Carlyle Group (not PWC) seven or eight years down the road and they might possibly change their mind at that time. It might be more profitable to sell the water company piece by piece. Today the answer might be no but if The Carlyle Group had it in writing from the TOAV in the future he would like to let The Carlyle Group make that decision.

Ms. McNulty would like to know when the PUC judge is going to make his decision on whether or not the transaction will go through. She asks Mr. Schilling if he knows when the judge is going to make his decision.

Mr. Schilling indicated that the judge is still in the processing of writing his decision.

Vice Chairman Piercy poses the question to Mr. Schilling if someone is buying your company how he guarantee the TOAV will be taken care of.

Mr. Schilling's personal commitment to the TOAV will not change as long as he is in his position to do so. He has it on good authority by the Park Water Company Board of Directors that his job will change from Co-CEO to CEO of Park Water Company.

Leigh Jordan has been Executive Vice President of Park Water Company for years and has the responsibility of the regulatory function. One thing that needs to be made clear and understood by the BRWC is the California Public Utilities Commission has the authority to approve or deny a proposed sale. It cannot tell a water company who to sell to or when to sell it.

Chairman Coleman advises the BRWC in order to respond to the TOAV 's request to provide a draft report within 60 days he wants to appoint a couple of committees to put together that draft. First of all one committee is to prepare a draft report concerning the purchase options and he would like to appoint Mr. Barbieri as chairman and Mr. Tartaglino and Mr. So to assist him.

Chairman Coleman also requests that a second committee prepare a draft report summarizing alternate funding/purchase solutions. He would like to appoint Mr. Orr as chairman and Ms. McNulty and Vice Chairman Piercy will assist.

The target date for these reports is September 12, 2011.

Ms. McNulty has provided the BRWC with information relative to the Mojave Water Agency, water rights, etc. and contained in the BRWC's report to the Town Council it is important that a portion of that report address methods and procedures for the TOAV to follow in obtaining adjudicated water rights developed in the TOAV. Chairman Coleman informs the BRWC that he will chair that committee and requests Mr. McDaniel and Ms. McNulty to assist.

Chairman Coleman informs the BRWC that the next Town Council meeting is scheduled for September 13, 2011. He gives the BRWC the option of completing their reports either by Friday, September 9, 2011 or Monday, September 12, 2011.

Frank Robinson, Town Manager, Town of Apple Valley informs the BRWC that they must have their item for the September 13, 2011 agenda to the Town Clerk's office the week prior to September 13, 2011. Law requires that the TOAV's agenda must be posted 72 hours in advance of the Town Council meeting.

Discussion ensued regarding the type of information that will be contained in the BRWC's report and information that will be presented to the Town Council, along with their opinions on the Bartle Wells study at the September 13, 2011 Town Council meeting.

Committee Member Wilson So arrived at 6:48 p.m. in an attempt to attend the BRWC meeting.

AD HOC SUBCOMMITTEE REPORTS

None.

SCHEDULING OF FUTURE MEETINGS

Monday, September 12, 2011 at 6:00 p.m. – Town of Apple Valley Conference Center

ADJOURNMENT

Motion by Committee Member John Bernier seconded by Committee Member Robert Sturges and unanimously carried, to adjourn the meeting of the Blue Ribbon Water Committee at 6:54 p.m.

Secretary

Chairman

BLUE RIBBON WATER COMMITTEE REQUEST TO SPEAK CARD

(To Comment on any item on the agenda or during Public Comments, please complete this card and deposit it with the Committee's Chairperson. All comments and questions will be directed to the Chairperson. The information contained in this card is for the use of the Blue Ribbon Water Committee for the purpose of recording the meeting minutes.)

Meeting Date: _____

I wish to comment:

Under Public Comments

To comment on Agenda Item _____

In favor of the Item

In opposition to the Item

Name: _____

Address: _____ (Optional)

Telephone: _____ (Optional)

Affiliation: _____ (Optional)

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In favor of the Item

In opposition to the Item

Name: _____

Address: _____ (Optional)

Telephone: _____ (Optional)

Affiliation: _____ (Optional)



**TOWN OF APPLE VALLEY
BLUE RIBBON WATER COMMITTEE AGENDA**

December 12, 2011

6:00 p.m.

The Apple Valley Blue Ribbon Water Committee will hold a public meeting in the Development Services Building Conference Center, South Room, 14975 Dale Evans Parkway, Apple Valley, California 92307 on Monday, December 12, 2011 at 6:00 p.m.

PUBLIC PARTICIPATION IS INVITED. Any member of the public may speak on any matter within the subject matter jurisdiction of the Blue Ribbon Water Committee. If you wish to be heard on any item on the Committee's agenda, including matters not on the agenda but within the subject matter jurisdiction of the Committee, please so indicate by filling out a **REQUEST TO SPEAK** form and turn it in to the Town staff at the beginning of the meeting or before the item or matter is heard. No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of the Committee or Town staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Government Code section 54954.3. Public Comments are limited to three (3) minutes per speaker.

The Town of Apple Valley recognizes its obligation to provide equal access to those individuals with disabilities. Please contact the Town Clerk's Office at (760) 240-7000, ext. 7800 at least two working days prior to the scheduled meeting for any requests for reasonable accommodations.

Materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet are available for public inspection in the Town Clerk's Office at 14955 Dale Evans Parkway, Apple Valley, CA during normal business hours.

1. **CALL TO ORDER – 6:00 p.m.**
2. **ROLL CALL**
3. **PLEDGE OF ALLEGIANCE**
4. **PUBLIC COMMENTS – 3 MINUTE LIMIT**
5. **BUSINESS ITEMS**
 - a. **Approval of Minutes from August 18, 2011 Meeting (See Attachment 5a)**

Potential Action: Consider and approve the August 18, 2011 Meeting Minutes.

6. **CLOSED SESSION**

- a. Conference With Legal Counsel Regarding Anticipated Litigation – Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(b) (One Potential Case)

7. **ADJOURNMENT**

AFFIDAVIT OF POSTING

I, LA VONDA M-PEARSON, Town Clerk, Town of Apple Valley, do hereby affirm that a copy of the foregoing agenda was posted at DSB Conference Center 72 hours in advance of this meeting.

La Vonda M-Pearson, Town Clerk