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Minutes - April 23, 2011

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MINUTES

BLUE RIBBON WATER COMMITTEE APRIL 14, 2011

The meeting of the Apple Valley Blue Water Committee was called to order at 6:05 p.m. by representatives of Best, Best and Krieger at 14975 Dale Evans Parkway, Apple Valley, CA.

The following members were present:

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

Charity Schiller, Best Best & Krieger, discussed the purpose of the Blue Ribbon Water Committee (BRWC). She stated that the Committee was established to assist the Town Council in evaluating all feasible alternatives with respect to public ownership and control of the privately owned water company presently selling water to the citizens and taxpayers of the Town of Apple Valley. The ratepayers of the Apple Valley Ranchos Water Company pay some of the highest water rates in Southern California.

She explained that the parent company of Apple Valley Ranchos Water Company has made application to the California Public Utilities Commission to sell itself to a multi-national alternative asset management firm based in Washington, D.C. known as the Carlyle Group. Investors in the group acquiring the Apple Valley Ranchos Water Company would include pension funds, unions and high wealth individuals around the world hoping to achieve a high rate of return on their investments.

The Town Council has hired a consultant to prepare a feasibility report regarding the possible purchase or acquisition by the citizens and ratepayers of the Town of the assets, including water rights, of the Apple Valley Ranchos Water Company.

Attorney Schiller announced that because this was primarily the organizational meeting for the BRWC, the Committee would need to elect a Chairman, Vice-Chairman and Secretary for the BRWC. First went through the organizational committee.

Committee Member McNulty expressed concern regarding electing officers without first knowing information about each member of the Committee.

It was the consensus among the Committee Members to elect interim officers at this time.

Committee Member McDaniel nominated Committee Member Rick Piercy as Interim Chairman of the BRWC.

Committee Member Jack Collingsworth nominated Committee Member Carl Coleman as Interim Chairman of the BRWC.

Attorney Schiller called for a vote on the two nominations for Interim Chairman. It was a unanimous vote to appoint Carl Coleman and Interim Chairman for the BRWC.

Interim Chairman Carl Coleman nominated Rick Piercy as Interim Vice-Chairman. It was a unanimous vote to appoint Rick Piercy as Interim Vice-Chairman for the BRWC.

Attorney Schiller called for nominations for Secretary.

Committee Member McCarthy nominated Committee Member McNulty as Interim Secretary.

Committee Member McNulty declined the nominations. There were no additional nominations made.

Attorney Schiller informed the committee of the need to select a Secretary to take notes for the meeting. She recommended that they each consider this position and be prepared to make nominations at the next meeting.

Attorney Schiller provided a summary of the Brown Act. The Committee Members asked questions regarding potential violations of the Brown Act.

Discussion ensued regarding the agenda and the need to allow for public comments during each meeting of the BRWC.

MOTION

Motion by Committee Member McDaniel, seconded by Committee Member McNulty, and unanimously carried, to set the first item on each agenda as the time for public comments with a three (3) minute speaking time limit.

Attorney Cwiertny presented a PowerPoint presentation which discussed the Carlyle Merger application. Questions were asked by the Committee regarding Apple Valley Ranchos Water, the water rates and fees charged to consumer.

Interim Chairman Coleman asked if there were any questions from the public at this time. There was no one wishing to speak.

Committee Member McNulty recommended that the committee seek input from the public regarding the water issues.

Committee Member Sturges questioned how the Town of Apple Valley would be able to pay for taking over the water district due to the high cost.

Attorney Schiller announced that at the next meeting, a bond attorney as well as representatives from Bartle Wells would be present to answer questions of the Committee.

It was the consensus of the Committee Members that presentations be given at the next meeting from various stakeholders; and that Ranchos Water also be invited to participate in the discussion.

Attorney Schiller recommended, with the consensus of the Committee, that the next meeting be reserved for input from the bond attorneys. She recommended that the Committee set the third BRWC meeting agenda as the time to hear from the stakeholders.

Attorney Cwiertny reiterated that the Town facility would be used for public participation hearings; however, the Town is not hosting the meetings.

Committee Member McNulty questioned an item that was on the Town Council agenda dated July 25, 2006 regarding a Bartle Wells Report. She recommended that Best Best & Krieger review the information contained in that report.

Attorney Schiller stated that the next meeting of the BRWC would be held on Saturday, April 23, 2011 at 11:00 a.m. – 1:00 p.m. She stated that the following items would be discussed:

- Eminent Domain/Condemnation
- Public Financing/Bond Arrangements
- Engineering Report
- Bartle Wells Feasibility Study
- Public Participation Hearings

Attorney Schiller also announced that the PUC Hearings would be held on May 3 at 1:00 p.m. and 7:00 p.m. to discuss the merger; and June 1 at 1:00 p.m. and 7:00 p.m. to discuss the rate increase.

Attorney Schiller requested the Committee Member to review the Bartle Wells Feasibility Study document and to also bring a calculator for reference. She stated that it would be appropriate to send questions to the Interim Chairman regarding items on the agenda.

Interim Chairman Coleman recommended that introductions be given by each Committee Member present.

Interim Chairman Coleman commented on future sub-committees that he would like to establish. His list for sub-committees included committees to:

1. Study the value of the information in detail
2. Understanding the Carlyle Group
3. Water Rights
4. Study PUC rules and oversight
5. Study the operating cost in a public water company as opposed to a private water company

ADJOURNMENT

Motion by Interim Chairman Coleman, seconded by Committee Member Christman, and unanimously carried, to adjourn the meeting of the BRWC at 7:45 p.m. Council at 7:52 p.m.

Interim Secretary

Interim Chairman