

Dear Mr. Danzey:

Thank you very much for your recent invitation to the Town to participate in a forum regarding the Town's purchase of Apple Valley Ranchos Water Company. On the advice of legal counsel, I am afraid the Town must respectfully decline your invitation. As you know Apple Valley Ranchos Water Company (AVR) is part of a larger company that is being purchased by a regulated public utility in Canada. The Town has been repeatedly advised that AVR is not for sale to the Town. More recently the Town made a formal offer to purchase AVR as required by California law. The company has rejected the Town's purchase offer.

Currently the Town is preparing an environmental impact report under the California Environmental Quality Act with respect to the proposed acquisition of the Town of Apple Valley Water System. Because the California State Constitution guarantees the Company certain rights should the Town choose to exercise its power of eminent domain, the Town does not believe it would be fair to the Company or legally appropriate for the Town to participate in such a forum at this time.

Sincerely,

Frank W. Robinson, ICMA-CM
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