ATTENTION MEMBERS AND PROPERTY OWNERS OF TERRACE LAKES RESORT

This is to give you an update and the project summary status from our engineer regarding the Terrace Water district of Lakes water system.

1. Management at Terrace Lakes is working on the formation of a nonprofit corporation to operate the water system.

2. SPF Water Engineering is finalizing plans for upgrades to the system and should submit them to IDEQ, Idaho Department of Environmental Quality, in April.

- 3. IDEQ will review and provide comments within 42 days from time of submittal.
- 4. SPF will revise plans and request approval for construction within 60 days of submittal.
- 5. Details of the new operating company will be discussed in future public
- 6. The funding for the proposed water facilities will be obtained by acquiring a long term loan.
- 7. Terrace Lakes water system will not be interconnected with the water system in the new subdivision called North Ridge at Terrace Lakes.
- Once plans and specifications have been approved by IDEO a public meeting will be held to discuss funding and construction issues.
- More test wells may be drilled to locate and identify new groundwater supplies. Additional issues will be addressed as they occur and property owners will be kept up to date.

FROM MANAGEMENT

It has been brought to our attention that IDEQ has been getting a few calls from Terrace Lakes property owners and John Cottingham. He has expressed a concern about the new subdivision known as North Ridge at Terrace Lakes and that it will impact Terrace Lakes water system. He has been told that it will not, but he persists.

The North Ridge Subdivision, although it will adjoin the North side of the back nine, is not or ever will be part of Terrace Lakes Subdivisions. It will have its own water system and its own Homeowners Association for maintenance.

The few people complaining to IDEQ is an unorganized group and they need to know that IDEQ has a job to do, they are very busy and their job is not to spend their time answering questions and/or complaints, based on rumors and hearsay, about Terrace Lakes Resort, its management, or its Board of Directors. If any property owner or member has a question or complaint about Terrace Lakes Recreation Ranch, Inc., DBA Terrace Lakes Resort, please feel free to call me anytime. It is important to us that our people here understand that this place is here for their enjoyment, not to disturb their happiness and peace of mind.

Yours Truly,

Terrace Lakes Recreation Ranch, Inc.

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Board Member, Secretary/Treasurer