

**WATER LINE PROJECT AND DISTRICT UPDATE
OCTOBER 2008**

The Timber Lakes Water Special Service District desires to provide a general project update on our water line and tank project and to address issues of general concern. We have chosen to provide this update in the following question and answer format.

Q. What is the status of the pipeline construction project?

A. Construction crews started working in the uppermost sections of the development in August. They will continue to work in upper areas as long as weather permits, then move to lower elevations and continue with construction as long as possible. If halted due to weather conditions, construction will begin next year as soon as the contractor can efficiently resume work.

Q. When will the bond assessment be finalized?

A. The assessment will be finalized when construction is complete. It is anticipated that construction will be finished in the fall or early winter of 2009, however, the bond allows construction to continue into 2010 if required due to project delays or difficulties.

Q. Will system improvements currently being made decrease operating costs, and if they do, what impact will that have on rates?

A. We anticipate decreases in winter repair and pipeline replacement costs which will have a direct impact on annual operating costs. The Board commits to review these costs annually as part of our budget review and reduce operating rates if appropriate.

Q. What impact are increasing energy costs having on budgets?

A. During our 2009 budget review process we discovered that fuel costs in 2007 were approximately \$15,000. These have increased in 2008 to \$32,000. These costs will certainly have an impact on our annual budgets. It appears now that we will need an increase to meet inflationary demands. If you will recall, during our 2007 rate hearings the Board indicated that a rate increase had not been requested for many years, and that an \$11/mo increase would have been required then just to keep up with inflation.

Q. What is the status of the financial assistance program discussed by the County Council during the final hearing?

A. TLWSSD Board members and legal council have drafted a preliminary financial assistance program that is essentially a deferral of payment program. Although the full and final details will be forthcoming, it is anticipated that to qualify for this program the lot owner must be a full-time resident on a limited fixed income. The program will not be a grant to those who qualify but instead provide a deferral of payments tailored to the individual resident involving a lien against the property that would be paid back over an extended period upon the sale or transfer of the property if that were to occur before final payout. The deferral program accomplishes two objectives (1) it will help residents who may be financially stressed and (2) it will ameliorate default on the bonds, which would involve the bond trustee and further legal costs.

Q. Are there open Board positions and when will they be filled?

A. The District is operated under the oversight of the Wasatch County Council which now oversees and appoints all Board positions. At least two current positions will open effective December 31, 2008. Anyone interested in volunteering their time and serving on the Board must obtain, fill out, and submit an application to the County. Applications can be obtained from either the County or through the District offices in Heber City.

Q. When and where does the District Board meet?

A. The District meets each Third Tuesday in the County Council meeting room at 25 North Main, Heber City. Meetings begin at 6:00 pm and last approximately 2 hours. Attempts are made at the board meetings to address guest issues within the first portion of the meeting following a review of prior minutes and approval of financial issues.

The Board appreciates the support received over the past several months from so many Timber Lakes property owners and thank you in advance for your continued support as we struggle to meet ongoing demands. We invite all to participate in board meetings and welcome your insight and suggestions as we work through management and physical issues related to our water system.