



Terrace Lakes Water Company

A Member Owned Non-Profit Corporation

Setting the Record Straight

As your duly elected Board of Directors, we have been busy with the work of running YOUR subscriber owned Water Company. There is still significant work to be done to provide the full disclosure necessary to put Water Company subscribers mind at ease. Ilene, in her efforts to get back what she deems to be her and Terrace Lakes Recreational Ranch revenue from the Water Company is playing fast and loose with the truth. We as a Board find it very unfortunate that in their efforts to get back what they consider “their” revenue that they would promote division and derision among neighbors, friends and golfing partners. There is no hidden agenda other than operating and hopefully improving the water system to the benefit of the homeowners. A good water system is critical to not only the enjoyment of your property but also to retaining and hopefully improving the value of one of the biggest investments we all make.

Here are some excerpts from the Judge concerning the management of the Water Company by the previous board. You can read the full Order on our newly created website at

www.terracelakeswater.com :

- *Johnson testified that since the Company’s incorporation, there have been “at least” six annual or special meetings. However, the records of such meetings are spotty, incomplete, and reflect that Johnson has been mismanaging the Company since its inception by failing to hold proper meetings and document them.*
- *Given the Defendants’ superior knowledge of the Company and their role as purported Officers and members of the Board, it would be unconscionable to allow them to acquiesce in a legitimate voting process and then seek to invalidate it.*
- *It is not surprising given the shoddy record-keeping that the Articles were never properly amended and filed.*

We will address the accusations in the recently circulated letter one at a time:

1. There is not a plan at this moment to substantially raise your water rates. The fact that TLRR has never paid a water bill and is now being invoiced would make it seem like water rates are being raised substantially only to Ilene. They are the biggest consumer of our water but have never paid a dime in water fees.
2. The money from the \$1M grant has been committed to Terrace Lakes Water Company according to USDA. The well as part of the plan will likely be drilled. The fact that we were awarded that grant speaks more to how bad our water system is than how the water company was run. It is after all, based on need.
3. Northridge Subdivision has never been added to the Terrace Lakes Water Company. As a subscriber owned Water Company you can’t add a new subdivision just because you want to. It takes a 2/3 majority vote of the subscribers to add a new subdivision. Does anyone remember that vote?
4. Ron Sneed and Mark Iverson are water subscribers but are not on the Board of Directors. We are not sure how or why that material is relevant to how the current Board is operating.

5. There have been no accusations from the Board as to what has and has not been done with Terrace Lakes Water Company Funds. Until we have an audit completed we will not comment on how the funds were used. At that time there will be full disclosure as to where the money has gone. The Board has yet to receive all of the records for the operation of the Water Company from formation in 2006 until present, although the previous board has been ordered by the court to do so. We have requested and are awaiting loan documents from Mountain America Credit Union.
6. All Board members can read and comprehend what they read.
7. Mountain Water Works and Tim Farrell are still in consideration to remain the engineer of record for Terrace Lakes Water Company. Naturally when a new Board is put in place there is a period of adjustment for the engineer. The engineer cannot just resign, the Board must terminate him according to USDA and that has not been done.
8. The introduction of the three board members in Ilene's letter does not really dignify a response. The Board is of one mind as it relates to the desire to communicate in a professional manner.
9. Although the previous Board has signed a Letter Stipulating to the fact that the current Board of Directors is legitimate and agreed to cooperate and provide all documents, they are clearly in violation of that letter which has been recorded with the court. The current Board has revised the billing system, constructed a website for participation by members and have made significant progress in improving on what was a very poorly operating subscriber owned Water Company.
10. When the election was held the ballots were counted twice and Lonnie Bramon counted the votes along with others. Lonnie personally signed every ballot so if there is fraud, Lonnie participated in that fraud.
11. Three current Board members paid their own attorneys fees out of their pocket to force a fair election of YOUR Water Company and they didn't pay \$30K. Those Board members have not been reimbursed. The only one to pay attorney fees out of your Water Company proceeds is Ilene.
12. It is hard to understand how someone can claim to be slandered and defamed after doing precisely that in written communication regarding select community members.

Now that we have that out of the way the Board's only intention is to continue to operate and improve the Terrace Lakes Water Company to the benefit of the subscribers while providing complete transparency and full disclosure of Water Company operations and financials. The Board needs to get on with that mission and we need to quit choosing up sides and creating division and hard feelings.

Sincerely,

Your Terrace Lakes Water Company Board Members

"Whoever is careless with the truth in small matters cannot be trusted with important matters"
– **Albert Einstein**



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