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Re: Campground Water Issues
Our File: 4016.15076

Dear Del:

Enclosed is a copy of a letter we received recently from the firm we've consulted regarding the campground water issues. The letter recommends certain actions to protect against Public Utilities Commission inquiry and regulation if (i) the water system facilities are retained by the Association and (ii) the Homeowners Association is not formed as a mutual water company. You and I concurred that these two matters are important.

I believe the thrust of the letter is that risk of PUC interference can be reduced -- although not eliminated altogether -- by adopting certain provisions in the Homeowners' Association bylaws and following certain procedures designed to keep "a happy customer base." We can draft these provisions at the time the Homeowners Association bylaws are prepared.

Please call Alden or me if you have any questions.

Very truly yours,

HOGUE, FENTON, JONES & APPEL, INC.

By


Stephen S. McCray

SSM:ks
Enclosure