

QUESTIONS AND ANSWERS

Question- Where can I find the water plan documents that were considered and approved at last year's Annual meeting?

Answer- Those materials and other water documents are on the HOA's web site and available for review by all members.

Question- What are the most significant changes from last June's preliminary water plan and the updated water plan that we are now considering?

Answer- The updated plan includes only five wells and a cistern option has been added for those owners who want another choice. Additionally, HEI has added the locations for the pipeline and distribution systems and has included the information about the ongoing discussion with the Montana DEQ.

Question- What is the reason for so few wells?

Answer- Adjacent land owners were not willing to grant consents for wells or well control zones on their property, and the DEQ was not open to granting rule deviations for possible well sites in congested areas where septic and water tanks would be in close proximity to each other.

Question- Is there a chance that the DEQ might authorize more well sites?

Answer- HEI has advised that the answer is "no". The five wells were the only wells the local DEQ office indicated that they would recommend for approval. During meeting and discussions the DEQ made clear that rule deviations, even for one and two person wells, will not be considered in congested areas.

Question- What does this mean for the water plan?

Answer- Nothing insofar as there are sufficient groundwater options for all 47 developable sites that should satisfy the State and allow the building moratorium to be lifted. Less well sites, however, may make it financially difficult for some of the 13 existing non-compliant units to build and develop a well when ordered to do so by the DEQ in perhaps the next 3-5 years. Unless other well group members decide to also participate at that time, it's possible that some owners may opt for cisterns as a more affordable option. The BOD encourages well groups to meet with each other as soon as possible to see if they can agree upon some form of equitable cost sharing for the development of wells.

Question. When do cistern decisions need to be made?

Answer. An owner could opt for a cistern now by advising the Board in writing by April 24, 2019 (the "Notice Date"), in which event their cistern choice would be included in the present plan. Owners, however, could wait to make that decision closer to the time when the 13 existing non-compliant units are ordered by the DEQ to move to a State approved ground water source. As HEI has explained, if owners wish to opt for a cistern at a later time they could do so by amending the COSA and specifying that their unit would connect to a cistern rather than a well and to address the impacts and changes to the planned well system. HEI has indicated that the COSA amendment process is not difficult, and if done today the cost to a member would be about \$1,000.

Question- What happens if an owner does not want to be included in the water plan?

Answer- The owner would need to advise the Board of such in writing by April 24, 2019 (the "Notice Date") and they would be removed from the water plan. Please note, however, that if that occurs and the owner is one of the 13 existing COSA non-compliant units, such owner may face enforcement action from the State as noted in HEI's report. Ultimately if an existing COSA non-complaint owner, or a vacant lot owner, does not want to be included in the water plan, the DEQ will place a restriction on the property deed that states that such unit cannot be used for any purpose that requires water and sewer (i.e., a sanitary deed restriction).

Question- Do owners need to do anything to be included in the water plan?

Answer- No, if they do not withdraw from the water plan by the aforementioned Notice Date that will serve as their conclusive election to remain in the water plan.

Question- What will the water plan cost the HOA and how will it be paid?

Answer- HEI has estimated that the cost of finalizing the water plan, getting it approved by the DEQ, amending the COSA, and securing the removal of the building moratorium will cost approximately \$35,000. All participating units will be assessed a pro rata portion of those costs.

Question- Will owners need to sign a Water Well Agreement when they decide to connect to their assigned well?

Answer- Yes, and attached is the most recent update of that Agreement. It reflects changes that the HOA's attorney, Rob Erickson, has negotiated with the DEQ.

Question- Is there a need to act expeditiously?

Answer- Yes, HEI has reported that the DEQ has indicated that it is considering imminent enforcement action against the 13 non compliant units and the HOA unless a revised water plan is filed relatively soon.

Question- What action is requested of the members?

Answer- That they approve this updated water plan subject to any changes in the plan that the Board may ultimately determine are in the best interests of the Association.

Question- What are the next steps?

Answer- HEI will first make any changes to the water system plan for any of the well systems that may arise from owners who opt out of the plan or those that chose cisterns. Once the final changes are made, HEI will submit the final plan for the well locations, the request for deviations from sanitary components and well control zones, and two reports for each well called the PWS-5 and PWS-6. The PWS-5 addresses the potential for an immediate or direct surface water-groundwater connection. The PWS-6 report addresses a wells susceptibility to contamination. For example the report requires that we count up all the existing waste water treatment systems within a 1-mile radius to determine, for example, if there are any known underground fuel storage tanks and identify any and all other potential sources of contamination.

Once the deviations and PWS-5 and PWS-6 reports are approved, the THOA will have the permission necessary to drill the wells in the approved locations. HEI will then complete the engineering of the water systems for each well including but not limited to the storage, pipeline and distribution systems details and submit the design and details to DEQ for approval. Once the water systems are approved, HEI will provide the THOA with the final plans for each well system as well as the final Well Agreements and instructions for filing for water rights once the wells are put into service.

HEI's final task will be to rewrite the existing COSA to include the approved water system and detail each owners assigned well, cistern or the associated sanitary deed restriction and file the COSA with the DEQ. Once the final COSA is filed with and acknowledged by DEQ, the THOA will file the COSA at Lake County and HEI and the THOA will appeal to the Lake County Commissioners to remove the building moratorium. Once the building moratorium is lifted, HEI's contractual obligations will have been completed. From there, it will be the responsibility of the individual unit owners associated to a well system to hire the well driller and contractors to install the well and the pipeline and distribution systems according to the HEI plans and specifications. Individual unit owners will be responsible to make their own connection to the water system based on HEI details for each connection.