

WATER PROJECT UPDATE JUNE 2020

The purpose of this document is to provide the members with a brief overview of the status of the water project. Please note that on the HOA's web site there are a number of important water plan documents including the following that will be referred to in this report: April 15, 2020 MDEQ approval of groundwater wells (hereinafter "Well Approval Letter"); June 15, 2019 HEI Water System Development Progress Report (hereinafter "June 2019 HEI Report"); May 24, 2018 letter agreement between HOA and HEI (hereinafter "HEI Contract"); and June 2019 Questions and Answers (hereinafter "Questions and Answers").

As you know, on April 15, 2020, the MDEQ approved well sites 4, 5, 6 and 9 but did not approve well site 8. What this means is that Timbrshor will be proceeding with the water well plan that was outlined in the June 2019 HEI Report and that Well Groups will be as follows: Well 4- Units 401, 402, 406, 408, 409, 410, 411, 412, 416, 417, 421, 422, 424, 426, 427, 428, 429, 430, 403/404 and 418/419; McCarthy Well- Units 317, 318, 320 and 414; and Combined Wells 5&9- all other units. HEI has advised that it will shortly be filing with the MDEQ the final design plans (hereinafter "Final Design") and providing us with updated construction cost estimates. Those items will be added to this briefing as soon as they are received.

Next steps in the process are as follows: HEI will be working with the MDEQ to answer any questions and/or provide whatever additional information may be needed on the Final Design (time estimate per HEI Contract is 100 days); once the Final Design is approved HEI will revise the COSA and obtain all necessary approvals (time estimate per HEI Contract is 44 days); and once the COSA is approved HEI will work with the MDEQ and County to have the building moratorium lifted (time estimate per HEI contract is 27 days). HEI has advised that Emily Gillespie will be leaving the MDEQ and that another employee will be supervising the final details of our water plan.

HEI also advised that its founder, Kurt Hafferman, will be retiring in the near future but will bring this project to a conclusion before that occurs. Please note that once the water project is completed that it will be the responsibility of unit owners to comply with it. For example, if a unit owner decides to construct a cistern rather than connect to a well, he/she may do so but will need to hire an engineer to amend the COSA (See, Questions and Answers, p. 2). Well Groups may also need to hire an engineer to resubmit well plans and specifications if a well is not constructed by April 15, 2023 (See, Well Approval Letter, p. 3).

While the water project is far from over and further unanticipated issues may arise as the final pieces of this project are completed, we are nonetheless encouraged that we are at least entering the final stages. One important issue that remains unknown is the time frame within which the MDEQ may require the existing 13 non-compliant units to connect to an approved groundwater source. While HEI has advised that it will continue to advocate for the longest period possible, it is simply unknown what the MDEQ will do. Thus, we encourage the Well

Groups to begin to get organized so that they are able to move expeditiously once all approvals are received. Water has always been the most valuable resource in the West and we are hopeful that grandfathered and undeveloped lot owners will choose to participate as early as possible in the construction of wells. It's an investment in the future.