

LION MOUNTAIN OWNERS ASSOCIATION



NOTICE OF 2013 WATER FEE INCREASE

P.O. Box 734
Whitefish, MT 59937

To All LMOA Members:

Effective with the Water Service Fee billing to LMOA Members dated June 1, 2013 (due date of 7/1/13), the annual fee for water service will increase from \$300 per year to \$500 per year. This increase is necessitated by the need to fund two significant maintenance projects (to be described in greater detail later in this letter) and to build a reserve balance for future water system maintenance requirements. The projected total cost of these two repairs is approximately \$50,000.

As outlined in a letter sent to all Members in December of last year describing changes to the Billing and Collection Procedures, water service billings will be made on a semi-annual basis combined with semi-annual billing for the annual Homeowner's Association fee. The total amount of this billing due 7/1/13 is \$575 and breaks down as follows:

(A) = HOA Annual Fee (unchanged for fiscal year 2014) = \$650

(B) = Annual Water Service Fee = \$500

(A+B) = Total 2014 Annual Fees for Water System Users of LMOA = \$1150

½ payment due 7/1/13 (billed 6/1/13) = \$575

½ payment due 1/1/14 (billed 12/1/13) = \$575

The two water system maintenance items previously discussed are required to maintain the proper function and administration of our communal water system. The first project will replace non-functioning flow monitoring and information telemetry equipment within our three well houses. Without compensation, our former Board President, and incredibly talented electrical engineer, Don Feldman, created and maintained a custom designed monitoring and telemetry system for LMOA. Unfortunately, Don's health has declined to the point where he is no longer able to continue these (non-compensated) services for the Association.

This equipment is no longer functional and cannot be maintained, serviced or upgraded by commercial contractors. After significant evaluation by our professional water system administrator (a professional engineer in his own right) and with input from telemetry professionals, your Board has determined that this monitoring and telemetry system must be modernized and replaced. The Board has accepted the proposal of Industrial Process Controls, Inc. to provide, install and maintain this new equipment for us. Installation of this equipment package should be complete by the end of July 2013.

The second project is the replacement of a major flow valve and the vault in which this valve is housed. The Board has determined that replacement of this valve and vault is necessary to provide reliable water service. This equipment is located along the shoulder of Lion Mountain Drive a bit uphill from the lower

intersection of Lion Mountain Drive and Four Wheel Drive. This valve is over 40 years old and, given the expected useful life of the valve components, is nearing the end of its useful life. If it were to fail, water service to approximately 25 homes and several undeveloped properties would be interrupted for an extended period of time. Service of this valve is extremely difficult given the small size of its vault and replacement of the valve within the current vault is impossible. Further, this project will include the installation of bypass plumbing that will allow maintenance of the valves in this vault without interruption of service. Projected completion for this project is also by the end of July 2013.

None of us relish the prospect of incurring higher water service rates. However, these major repairs are absolutely necessary. The system as a whole has served the community quite well, but it is old and costly to maintain. We must build up a significant dedicated reserve fund to help offset the costs of both expected and unexpected future maintenance. This fee increase will allow us to achieve these multiple objectives without a special assessment to fund these two particular projects. Hopefully, the fact that our annual water service fee has not been increased in at least the last 17 years (the length of this writer's ownership tenure within Lion Mountain Subdivision) will help soften the sting of this increase.

As mentioned previously, the due date of this billing is 7/1/13. Any payments received after this date will incur a \$25 late fee.

The date for the 2013 Annual Meeting has been tentatively set for Wednesday evening 7/31/12 at 6:30 PM. The meeting will be held at the Rocky Mountain Lodge (across from McDonald's). Your Board encourages all owners to attend and looks forward to visiting with you in person at that time.

Bill Adams, President

LMOA Board of Directors