

February 20, 1997

Dear Board Members,

After hearing Mr. Browns plead his case at our board meeting of 2-6-97. I am concerned that possibly Mr. Brown is confusing the issues.

He choose to do the subdivision in phases. Phase #1 would consist of 18 lots but not continous to one another (reason unknown).

A 6" P.V.C. water line was already in place to serve all 37 lots. Mr. Brown was allowed to connect his 6" line to our existing 4" line for testing purposes only. He was then allowed to give the Oak Hills Well in exchange for sourcing of 18 lots, was also allowed to put in booster and new 6"line by booster leaving appoximately 900' of existing 4" P.V.C. connecting the two 6" lines, of which I recomended that it be upsized to 6" P.V.C., Mr. Brown said he would when phase #2 was approved. A pay back line extension was agreed upon but not finalized for costs incured by Mr. Brown to connect Oak Hills Subdivision to Mayer Water District System of which Mr. Brown has reported that figure to be appoximately \$28,000.00. It was not until then that Mr. Brown started to put a value to the already existing line in Oak Hills. Now in the agreement that value has jumped to \$108,500.00 which includes the well.

Page 1 Paragraph 1.1(a) Mr. Brown did not put in a 4" main extension. Page 2 Paragraph 1.3(a) How was the sourcing paid on lots 1-7, 9-11, 18-23, 77,78? Page 2 Paragraph 1.3(c) How did Mr. Brown come up with \$2,381.00? Of which we have documents of this being paid \$2,381.00 x 3= \$7,183.00 which should be deducted from the \$28,000.00 that Mr. Brown spent in real dollars.

The way I see it Mr. Brown is buying a well for \$25,000.00 and selling it to the District for \$25,000.00. He spent in real dollars \$28,000.00 of which he was reimbursed \$7,813.00 leaving a balance of \$20,817.00. Mr. Brown has not yet paid \$18,000.00 for sourcing for the first 18 lots so \$20,817.00 minus \$18,000.00 equals \$2817.00 divided by 34 lots equals \$82.85 per lot. I feel Mr. Brown's comment that he has given more than his share is not true, and that he should be willing to pay his portion of the customary escrow fee.

If Mr. Brown is going to put a value of \$108,500.00 to the water system, what would be the value to the already existing roads? Is Mr. Brown wanting someone to pay him for puting in the subdivision? I belive Mr. Brown paid \$160,00.00 for all 34 lots to start with. The average lot sells for \$23,000.00 x 14 lots already sold equals \$322,000.00. Plus he has 20 lots left!!!

I recommend that no futher negotiations with Mr. Brown be done with out legal counsel.

Sincerely;

