

BOARD REACHES DECISION ON NEW LAKES

At its January meeting the Board decided that it had acquired sufficient information to determine that new lakes were no longer viable. Glenn Buckley's motion to suspend further expenditures on evaluating new lake viability due to the combination of increasing construction and operating costs and limitations on water supply was passed unanimously by the Board. While some of these issues were raised earlier by several property owners, the Board felt that it had an obligation to obtain input from licensed experts and to have a firmer handle on the regulatory environment to insure that it had made its best effort to deliver what the Bankruptcy monies were obtained for.

Reasons for the decision included:

- Potential costs associated with the resolution of FC1 permit violations (number 1 priority).
- Construction cost increases due to changes in the design requirements for high hazard dams.
- Dramatically increasing cost of water necessary to keep Fish Creek 1 and proposed lakes full (\$.07 to \$2.00/1000 gallons within a few years).
- Cost estimates by retained engineering firm on constructing the proposed new lakes.
- Limited funds obtained and expected from the bankruptcy vs. construction costs.
- Proposed rule changes by the Lone Star Groundwater District limiting the size of new lakes that can use groundwater to replace loss.

Given the overwhelming evidence that new lake construction would create a tremendous financial burden, the Board is confident that this decision is in the best interest of the both the property owners along the proposed lakes as well as the Association as a whole.

This leaves open the question as to how the lands allocated for the new lakes will be managed. Since they will be an asset of the Association they have been included in a Land Planning Study that will be used to develop a strategic plan for the type and priority order of future amenity development. This will be used to guide how any monies from the bankruptcy are spent once we resolve the remaining issues in Bankruptcy Court and permit violations in the Fish Creek 1 Lake area.