



Hillview Water and Sewer Co-op

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December 22, 2004

Dear Water and Sewer User,

Thank you for your May/June and July/August bill payments. Enclosed you will find your September/October bill, charged at the same rates as the last one. The November/December bill will be mailed during the first full week of January 2005.

We are sorry for the delay in this bill, but we wanted to properly answer a few questions from our users and bring our charges in line with existing laws and contracts. We regret to report that most people will experience an increase, but these higher rates are necessary to pay ongoing sewer and utility bills, and to repair old and defective sewer and water pipes.

What authorizes us to charge for water and sewer services?

One of our users asked the above question. Here is the rather long, but accurate answer:

1. On November 9, 1992, a 40-year contract was signed between the Port Austin Area Sewer and Water Authority and the 754th, a Michigan corporation—requiring the 754th to provide service to the former-airbase units and pay for sewer flowing to the Port Austin Area Sewer and Water Authority.
2. On November 6, 1997, a maintenance agreement was recorded (Liber 712, page 195, as recorded by the Huron County Register of Deeds—copies are \$1 per page at the court house) between the 754th, Hillcrest Condominiums of Port Austin Association, Pleasant View Condominium Association, and the owners of Outlot "A" ("gym", "Windy Hill Lodge" and "bowling alley") and the owners of Outlot "B" ("3 dorms and baseball field"). This agreement states in section 2: "Water billings shall be based on a rate structure comparable to the Village of Port Austin's."
3. On July 27, 1999, a Land Contract (Liber 777 page 362) recorded between the 754th and Arthur Hawkins passed the water responsibilities on to Arthur Hawkins.
4. On December 14, 1999, the above land contract was assigned (Liber 791, page 220) to Eternal Life Bible Institute, doing business as Port Austin Bible Center, assuming all responsibilities.
5. On April 28, 2004, an Assignment of Land Contract was recorded (Liber 1048, page 233) between Eternal Life Bible Institute and Port Austin Sabbatarian Church Community Sacred Purpose Trust (PASCCSPT), which was later replaced by an updated Assignment of Land Contract (Liber 1073, page 62) on September 17, 2004; both contracts specifying that the water and sewer responsibilities were transferred to PASCCSPT.
6. On October 19, 2004, a contract was signed between PASCCSPT and ourselves, the Hillview Water and Sewer Co-op (HWSC), to continue the water and sewer responsibilities of PASCCSPT.
7. The Port Austin Area Sewer and Water Authority has never taken over the maintenance of the sewer or water within the condominium areas. The above contracts are the means whereby services are provided.
8. It is not yet possible to utilize Port Austin water and sewer services. The water pipe recently installed along M-53 is controlled by Bad Axe, but the only sewers accessible to the hill are controlled by the Port Austin Area Sewer and Water Authority. At present, they do not have an operational agreement providing services in this situation. Also, the internal pipes of each user would need to be upgraded before connecting to an external water supply.

What are the new rates?

The new rates will be the same as the rates used by the Village of Port Austin. The contract in point 2, above, says: "Water billings shall be based on a rate structure comparable to the Village of Port Austin's". We intend

to bring all of our charges completely in line with the Village of Port Austin's charges beginning January 1, 2005. These will result in increased billing for most users. While HWSC would like to find a way to avoid charging more, these higher rates are necessary to pay ongoing sewer and utility bills, and to repair old and defective sewer and water pipes. The first bill that will be affected by these changes will be the January/February 2005 bill, mailed in early March 2005. The rates will be:

1. Metered water and sewer rates will continue to be charged at the same rate as before. The meters are read by the Port Austin Area Sewer and Water Authority every two months. The charges are:
 - a. Water charge: \$3.60 per 1000 gallons of metered water usage
 - b. Sewer charge: \$6.04 per 1000 gallons of metered water usage
2. A minimum "Ready to Serve" water charge of \$44.72 every two months will be added in addition to the metered water charge. Users of larger quantities of water with 1.25" or 1.5" meters pay \$156.52 and those with 2" meters pay \$299.62 every 2 months.
3. The minimum sewer charge is \$24.16 every two months (based on 4000 gallons minimum usage). If the sewer charge in point 1, above, is less than \$24.16, a minimum sewer charge will be added to make the total sewer charge equal to \$24.16.
4. Turn-on and turn-off charges for delinquent accounts are \$10 each. Any turn-on or turn-off requests outside of business hours will be charged \$15.
5. Freeze plate repairs to meters will be charged at \$50 each. These are caused by water users allowing their water meters to freeze without draining out the water beforehand.
6. A 10% late charge will be added to all bills that become past due. Bills are due on the 15th of the second month after the close of the billing period. Water and sewer users are responsible to keep us informed of their correct billing address. If a bill is still unpaid when the next bill is due, a shut-off warning notice is sent. If the first bill is not paid by the time the second bill is due, then service will be shut off. In summary, users typically have about 40 to 45 days to pay their bills before the 10% penalty is assessed, and 100-105 days to pay before service is shut off. Once service is shut off, it will not be restored until all outstanding bills, including turn-on and turn-off fees have been paid. Property liens, debt collection and civil infraction laws may also be invoked in the process of collecting past-due bills for services rendered.

Late Bill Payment Example

A person used \$110 worth of water and sewer during January/February. He received a bill for \$110 in early March. If this bill is not paid by April 15, a 10% late charge of \$11 will be added. If this bill remains unpaid when the bill for March/April is mailed in early May, a shutoff notice will be given with the bill. If payment is not received by June 15, the second bill due date, service will be shut off. Service will not be restored until all bills, turn-off and turn-on fees are paid.

~~Users that do not have meters will be charged the minimum \$69.88 for two months. We hope to install meters in all units as time permits.~~

The \$44.72 "Ready to Serve" water charge and the \$24.16 minimum sewer charge applies in the same conditions as in the Village of Port Austin. All units that have at one time been connected to our water and sewer lines, and do not have an alternate water and sewer source, are required to pay these charges. The one exception to this is for units where the building(s) with service have been destroyed. Such units will, however, be required to pay a one-time connection fee of \$3900 if a new building is built that requires service.

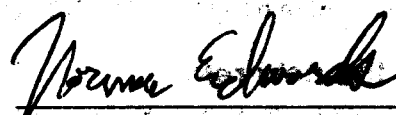
The September/October and November/December bills will use the same rates as the May/June and July/August bills: the metered rates as outlined in point 1, above, with a \$30 minimum "Ready to Serve" charge. In every case, these are less than the new rates.

Thank you very much for your cooperation. Please write or call if there are any questions.

Signed,



William Buckman, President



Norman Edwards, Secretary Treasurer