

Tahoe Swiss Village Homeowner's Association
P. O. Box 326
Homewood, CA. 96141
Report to Homeowner's - TSVU v. TSVHA #2
October 22, 2010

Dear Tahoe Swiss Village Homeowners:

Your Board of Directors recently met to review the options open to the Association regarding protection of the Homeowner's rights to the beach property now that the Tahoe Swiss Village Utility, owned and operated by Mr. Steven Glazer, has withdrawn from the previously agreed to mediation process and is continuing the court action against the Association. After meeting with the Association's legal counsel and weighing the validity of the action by TSVU, the Board found no other option than to defend the Association against the egregious demands of the Utility.

Tahoe Swiss Village Utility asserts that it has:

- An existing easement on the TSVHA beach property.
- A right to take as much additional TSVHA property as it deems necessary for its operations now and in the future.
- No obligation to compensate the Homeowner's for the property it takes for its purposes.
- No obligation to reveal the intended use of the water nor where and how the water taken from the lake and/or proposed well will be distributed.
- The right to charge the individual Homeowners to pay for the expenses incurred in the relocation of the present pump house.

We now understand that TSVU and four other water companies, including Madden Creek (Homewood) and others have entered into a Memorandum of Understanding (MOU) with TRPA that gives those water companies wide latitude in expansion without going through the permit process which could possibly result in water taken and processed on the TSVHA beach property being sent to other subdivisions. Most importantly no mention has been made of upgrading the fire suppression capabilities nor of making needed improvements to the entire for Tahoe Swiss Village water distribution system.

Consequently, your Board of Directors finds that the Association has no alternative but to defend its rights by determining if:

1. TSVU has a legal easement to the TSVHA beach property?

2. TSVU is found to have a legal easement, what are the limits to the size of that easement both now and in the future?

There is little question that these issues could have been resolved in the mediation process, but the Utility elected to withdraw from that process and seek a court resolution. Unfortunately, that unilateral action will require the Association to raise additional funds for its defense. Accordingly, the Board of Directors has approved an incremental Assessment to cover the estimated costs of this anticipated litigation. While we hope that the cost will be substantially less (dependent on the length of the trial), we have established a preliminary estimate of \$80,000 or \$1,000 per household to be assessed incrementally, as needed. These funds will be properly segregated for this legal defense. We promise to be as parsimonious as possible without jeopardizing our case. Unused monies will be returned to the individual homeowners at the conclusion of the litigation

Your Board of Directors is dismayed and at a loss to explain why the Utility is continuing this affront to the Homeowner's of Tahoe Swiss Village. There are a number of constructive alternatives that the Association has proposed that would meet the stated requirements of the Utility.

We realize that this is an unprecedented financial burden on all of us. However, the Board does not believe there is an acceptable alternative.

Sincerely,

Tahoe Swiss Village Board of Directors