

July 22, 2003

Ms. Colleen Schmidt  
Rapid City Finance Office  
Rapid City SD

Dear Colleen:

Attached, please find a spreadsheet that summarizes the financial aspects of Enchanted Hills Water Association possibly making a lump sum cash payment in lieu of continuing with the payment plan. This represents a discount factor of 5.5%, a number that I ran by you a couple of months ago.

Sincerely,

Michael K. Madden  
President of Enchanted Hills Water Association  
W - 394-4959

JULY 2003

VERSION 3 (5.5% DISCOUNT RATE)

Explanation

	\$123,370	Estimated Total amount of future flow of payments as of today
	\$102,283	Present value of future flow of payments as of today
minus	\$67,235	Proposed cash payment (less the \$25,500 owed)
equals	\$35,048	
plus	\$5,053	interest owed on \$25,500 for 3yrs, 1 month @ 7%
equals	\$40,101	
	\$25,500	\$25,500 proposed cash payment on loan
	\$14,601	Balance outstanding as of July 2003
	\$14,955	Amount of future flow of payments remaining (About 7.3 months)