



To: FOWD Ratepayers / General Public
From: Tom R. Gray, General Manager
Date: December 09, 2005
Subject: Public Disclosure of Legal Filing

On Friday December 09, 2005 the Fair Oaks Water District filed a Civil Complaint in the Superior Court of the State of California against four former management employees. This filing was based on the results of a District initiated internal investigation and independent audit completed on August 26, 2005. The intent of the filing is to recover every ratepayer dollar interpreted as inappropriately handled by prior District management.

This legal filing is not a part of the ongoing criminal investigation of prior District management being led by the Federal Bureau of Investigation.

The goal of the District is to address this situation in a clear and transparent manner. A Special Board Meeting has been scheduled for December 19, 2005 to listen to public comments on the legal filing and to answer any questions not related to the criminal investigation. The current FOWD team, including the entire Board of Directors, management and staff, are committed to full disclosure and to this course of action.