

MEETING OF THE EXECUTIVE BOARD  
OF THE  
AGATE CREEK PRESERVE HOMEOWNERS' ASSOCIATION  
NOVEMBER 30, 2007

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A meeting of the Executive Board of the Agate Creek Preserve Homeowners' Association was duly called and held beginning at 9:30 a.m. on Friday, November 30, 2007.

All Board members were present, Russ Atha, Ted Swain and Rick Dowden. Also present were Nancy Jarchow, a member of the Association; Erin C.H. Light, P.E., Division Engineer for the State of Colorado Department of Natural Resources; and Andrew Poirot, District Engineer, Water Quality Control Division, Colorado Department of Public Health and Environment.

The basic purpose of the meeting was to discuss some of the water issues facing the Association, and in particular:

1. Water quality.
2. Necessary filing to preserve our water rights;
3. Getting the water rights and the water system itself actually transferred from Humble Ventures to the Association; and

On Item 1, As background, Mr. Poirot reminded us that:

- If and when we reach either 15 taps or 25 regular water consumers (measured over a period of months) our water system will at that time become a public water system we will have to contact his department to so advise it. At the time our system becomes a public water system, it will become subject to increased regulation regarding testing and having the system run by a licensed professional. (Note: Bruce Thompson [DO I HAVE THIS NAME RIGHT?], who currently runs our system, already holds the necessary license.)
- The iron and manganese which we have in excess in our water involve "secondary standards" as they involve appearance and/or taste rather than affecting health, and thus are not regulated.

Mr. Poirot discussed that the treatment for iron and manganese essentially constituted precipitating out those elements and he discussed the various approaches, as well as recommending that we have a program of flushing out the system regularly to clean the pipes of precipitate.

We discussed the pending proposal to have CDC prepare a treatment plan for us, and it was the consensus of the Board that prior to committing to that we should also get "second opinions" and we discussed other engineering resources which might be available for discussions including JVA, of Denver, which is being used by Alpine Mountain Ranch; Stantek, from Ft. Collins; whichever firm is assisting the Timbers Water and Sand District, and whoever helped at Sidney Peak Ranch. These possible resources were singled out as they are already working in the Steamboat area. We had already reached the conclusion that CDC was the only Steamboat based resource available. It was agreed that we would begin to contact these other sources.

On Item 2, filing to preserve our rights, Ms. Light advised us that prior to January 30, 2008, it would be necessary to file a due diligence form—that is, a form showing actual use. Without that filing, we would lose our water rights. Ted Swain advised that he had been in touch with our attorney, Bob Weiss, and that Mr. Weiss has undertaken to get that filing done. At the same time as we file due diligence, we can if we wish also file to transform a part of our current "conditional" rights into "absolute" rights, that part being the amount of water we can demonstrate we have actually been

using. There is no requirement to file for absolute rights, but it was the strong consensus of the Board that we should do so. Also, there is no limit to how often we can move to make conditional rights absolute as our water use increases, up to the permitted maximum.

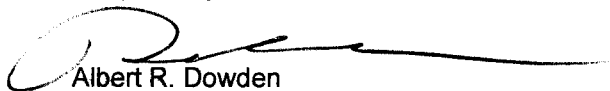
We then moved on to Item 3, the actual transfer of water rights and the actual water system to the Association. According to an agreement dated June 25, 1999, between Humble Ventures LLC and the Association, Humble Ventures agrees that the water system shall be owned by the Association. Ted Swain reported that he, together with our counsel, Bob Weiss, are working on getting the actual transfer from Humble Ventures accomplished, and will press forward with that work. We were advised that once that transfer has formally taken place, we will need to file a Form 9 with the Court, evidencing that transfer.

The following Action Items emerged from this meeting:

1. Ted Swain will continue to work with Bob Weiss on our necessary filing and on getting the water rights formally transferred to the Association.
2. Russ Atha will check with Bruce Thompson to see whether his equipment in our pump house can give us authoritative information on total water use for purposes of moving to make a part of our rights absolute.
3. Rick Dowden will work to get a count of the current taps and of the current number of people regularly drinking water from our system; will discuss with Rod Hanna from Sydney Peak Ranch what their water system experience has been; and will follow up with plumbers, already contacted several times, about installing water meters in all the houses so far constructed.

There being no further business to come before the Board, the meeting was duly adjourned.

Respectfully submitted,

  
Albert R. Dowden  
Secretary

Attachments:

1. Court Order establishing the water system.
2. Agreement of June 25, 1999, referred to in the minutes.
3. Design Review letter from the State of Colorado dated November 11, 2005.
4. Fact sheet on Iron and Manganese in Household Water.