

MERIDIAN LAKE PARK CORPORATION

P. O. BOX 504 - (970) 349-2002 - CRESTED BUTTE, COLORADO 81224

July 17, 2008

Bill Racek
Chairman
Mt. Crested Butte Water & Sanitation District
P.O. Box 5740
Mt. Crested Butte, CO 81225-5740

Dear Bill,

I am writing in regard to the various communications between the Board of Meridian Lake Park Corporation (MLP) and the Mt. Crested Butte Water & Sanitation District (MCBW&S) about a proposed fire suppression system. The Board of MLP is concerned with the direction the fire suppression system project is taking based on feedback from our members. These concerns reflect the following:

- In July 2007, we were told the budget for the Water Treatment Plant (WTP) upgrade was approximately \$500,000; it is now approximately \$750,000.
- In July 2007, we were told the budget for the pump station was approximately \$725,000; it is now estimated at in excess of \$930,000.
- Despite a new WTP, MLP experienced nearly two months of water discoloration, which only through the excellent efforts of MCBW&S staff was corrected in June. We understand that this is due primarily to the staging of installation and placing on line a "vault" which is to be used to precipitate out natural substances. We also were led to believe that the old filtration system would be kept as a back-up, but this does not seem to be the case.
- Despite a new WTP designed, among other things, to produce more water for the system, MLP is under watering restrictions until the "vault" is fully on-line.
- These developments with both the WTP and the pump station raise concerns in our minds for future projects with:
 - Budgeting;
 - Project management; and
 - Possibly the breadth of technical analysis brought to support the projects
- The cost over-runs versus last year's estimates, we are told, will likely place MLP's fund balance with MCBW&S in deficit by an excess of \$500,000, at the end of 2008, prior to any fire suppression system project
- The current economic downturn is having an adverse effect on many of MLP's residents and lot owners. They are aware of these cost over-runs and are concerned where the funds will be coming from to cover these cost over-runs.

As a consequence of the above points, we have had further discussions with Ric Ems of the Crested Butte Fire Protection District (CBFPD). Our conclusion from these initial discussions is that there may not be a need to implement as comprehensive and ambitious a fire suppression plan as originally thought.

In view of the points discussed above, MLP would appreciate it if MCBW&S would ask Stantec to hold off with any further design work for the time being in connection with the fire suppression system. At this point we are not asking for any further analysis or explanations with regard to the issues raised above.

HOMEOWNER'S ASSOCIATION

We will be forming a water committee to work with the Board of MLP and the CBFPD in formulating a new approach to the fire suppression requirements. Over the course of the next several months, we hope to return to the MCBW&S with alternative framework requirements for your consideration.

We would expect, once a new plan is developed, we will be requesting that an independent project manager become involved. In addition, the MCBW&S might want to consider retaining an independent engineering firm to provide a second opinion of the design work undertaken so far.

In the meantime, we anticipate requesting a test of all fire hydrants in MLP, once the WTP is completed and fully on-line, The CBFPD has also suggested that a leak check be made of the fire water piping and hydrants at a reasonable cost, which we will consider.

While we do not anticipate a lengthy delay in this process, should you wish to discuss any issues this may create with regard to the current deficit of MLP please let us know.

I appreciate your understanding and patience in this matter.

Sincerely,

Bill Ronai
President
Board of Meridian Lake Park Corporation

cc: Ric Ems, CBFPD