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August 15, 2006

CARTEEN  
262.0  
31-18-02  
STATE WATER RESOURCES  
CONTROL BOARD  
ROD A. BAYDALINE  
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DIV. OF WATER RIGHTS  
SACRAMENTO

Sent Via Facsimile (916)341-5400 and U.S. Mail

Charles NeSmith  
Engineering Geologist  
State Water Resources Control Board  
1001 I Street, 14<sup>th</sup> Floor  
Sacramento, CA 95814

**Re: *Hidden Lakes Estates Homeowners Association  
Alleged Water Seepage From Pond  
363:CEN:262.0(31-18-02)***

Dear Mr. NeSmith:

We represent the Hidden Lakes Estates Homeowners Association ("Association") and have been asked to respond to your letter dated July 13, 2006. Please note that your letter was addressed to attorney Chris Egan. Mr. Egan no longer represents the Association in this matter and all further correspondence regarding this matter should be addressed to the undersigned.

The allegation that the Association's pond is leaking is a complex matter that is being taken very seriously by the Association. Please be aware that the opinions reached by the experts during the pendency of litigation were far from unanimous. Unfortunately, the experts hired by the Association were unable to reach a conclusive opinion regarding whether or not the water on neighboring properties is the result of lake seepage. Instead, they were of the opinion that more testing is needed to conclusively determine the origin of the water. The Association is currently working with the San Juan Water District to resolve these same issues.

The Association understands the importance of protecting our water resources and is in the process of funding a study of the ponds located within the community

to determine whether in fact they are leaking, and if so to prepare and implement a plan of action to remedy the situation promptly. Regrettably, this cannot be done within the time-frame indicated in your letter. However, we can offer the following anticipated time-frame:

1. Hidden Lakes Estates' Pond Evaluation Project opened for competitive bidding by contractors within the next two weeks.
2. Selected Contractor submits assessment of seepage and estimated work schedule (if necessary) by October 1, 2006.
3. Any necessary work completed within the following 90 days, weather permitting.

Based on this time-line, we anticipate the study to be completed and a report submitted to the Association by October 1<sup>st</sup>. We then hope to have any work recommended in the report completed by the following January. The Association is asking for bids based on a possible three phase project. The first phase is the study and report of findings and recommendations. The second phase would be implementation of recommendations if there are any. The third and final phase would focus on a long-term management plan.

The Association intends to be thorough and diligent in its treatment of this matter. For that reason, adequate time must be taken to provide for a comprehensive, quality study and excellent work. Your continued flexibility and patience is essential to this process and greatly appreciated by the Association.

Charles NeSmith  
State Water Resources Control Board  
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Please feel free to contact me should you have any questions or concerns. We look forward to resolving this matter to the satisfaction of all parties involved and thank you in advance for your cooperation.

Very truly yours,

STEIN & BAYDALINE LLP



Rod A. Baydaline

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