

# ANIMAS CONSOLIDATED DITCH COMPANY

February 05, 2014

Hello Shareholder,

It's that time of year when we begin to plan for ditch use, needs and concerns. Ditch cleanup will begin in March, weather permitting.

I am still attempting to have all shareholder records accurate. Accuracy is important because only the name of the water certificate holder has **legal right** to the water. If you are the person designated to be responsible for paying all expenses related to the water certificate(s) listed on your invoice, this does not ensure that you are the legal owner of the water certificate(s). So again, if there has been a change in the status of ownership (ie: marriage; death; divorce; sale of property; change of entity; etc.) please contact me so I may assist you in having valid water ownership.

Jim Mead, our long serving, top notch ditch walker is retiring!! We sincerely thank Jim for his many fine years of service to our ditch and to you our shareholders. We wish Jim and his wonderful wife Mary a joyful and relaxing retirement. If you would like to contact Jim to wish him well, he can be reached at this address: 33291 US Hwy. 550 North, Durango, CO 81301.

We have an excellent ditch with very good water rights. Our operating costs are much lower than most other ditches. This is primarily because we allow each shareholder the right to monitor their own water use out of the ditch. If everyone is responsible and works well with each other, we can continue to use this low cost system in lieu of having shareholder water usage monitored by the ditch walker. Remember, water from the Animas Consolidated Ditch Company is a BARGAIN!!

All of us have a part to play in keeping our collective costs down. Be careful to only take the water you are entitled to. If you would like a refresher on how to measure the water you own, visit our website or feel free to call Jud, our ditch walker. Basically, one share is 1/16<sup>th</sup> of 1 cubic foot per second. In layman's terms, one share will fill a five gallon bucket in eleven seconds.

Another means of keeping our costs down is to remember *THE DITCH IS NOT A PLACE FOR TRASH OR TREE CUTTINGS!!* We have stepped up our efforts to identify the sources of the trash and cuttings we regularly find in the ditch. When the source is identified, they receive a bill for the extra expense involved to maintain the ditch.

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The ditch company has an easement along both sides of the ditch, which provides access for maintenance of the ditch. Encroachment into the ditch easement by fences, yards, gardens, playgrounds, out buildings, etc., makes maintenance both more difficult and more costly. If you have any questions about what can and can't be done within our easement, visit the website or call Jud, the ditch walker, for a site visit. Although we appreciate the ditch bank looking nice, our first priority is keeping the ditch open and free of obstructions.

In 2013 the Animas Consolidated Ditch Company began working with several other local ditch companies to acquire a grant to receive Colorado State funding. The use of the funding was to establish baseline data at the Animas River diversion. The grant was received, and the project has been in full swing. If this diversion should ever require any major repairs, we will be better positioned to attract grant monies for those repairs. Ed Zink, ACD Board Secretary / Treasurer, has worked diligently on this project and will provide a report at the annual shareholders meeting.

As you know, over the last year, the Board of Directors has been working on the preparation of the Rules and Regulations. A copy of their efforts will be provided at the annual shareholders meeting and will also be available online through the website.

There have been some changes made in the by-laws. Most of the changes involved standardizing the language throughout. Some other changes included clarification of the language. A copy of the updated by-laws will be available both at the meeting and online through the website.

Two board member terms expire this year. Both Dan James and Tim Holt have agreed to be nominated for retention of their board positions. Other nominations will be received from the assembly at the annual shareholders meeting. Please complete the enclosed proxy if you are not planning to attend, or are unsure if you will be attending the annual shareholders meeting. Return the proxy to me no later than March 01, 2014. Please call with any questions you may have.

Again, thank you for allowing me to be of service to you. If I don't have the answer to a question or have the information you might need, be assured I will be seeking out the counsel of those much wiser than myself.

Sincerely,  
MEME ☺

Meme Eberspacher