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August 24, 2022

Dennis Largent
4980 S. Umatilla Avenue
Boise, ID 83709

Re: Terrace Lakes Water Company

Dear President Largent:

You asked that I provide you and the Board with a written opinion concerning the Subscriber Demand for Consolidated Special and Annual Subscriber Meeting which was sent to all members of the Terrace Lakes Water Company Board of Directors. The document was certified as being witnessed by Jennifer Swindell, a Terrace Lakes Water Company Subscriber.

On March 29, 2022, the Court overseeing Terrace Lakes Water Company litigation entered a number of Orders. Among the Orders entered was:

Subscribers cannot call Special Meetings until (a) the Special Master confirms that all company books and records are transferred, (b) a vote on whether to include North Ridge is made, and (c) the number of eligible voters is determined.

Findings of Fact, Conclusions of Law Following Evidentiary Hearing, page 30.

Counsel for both sides earlier agreed to the appointment of Boise attorney Bryan Nickels as Special Master. I informed you recently that Mr. Nickels notified me (and I presume opposing counsel as well) that he is unable to continue to act in the capacity as Special Master in this matter. To date, no new Special Master has been agreed upon and, consequently, discussions concerning the company books and records involving the Special Master has not occurred.

A vote to include North Ridge will require amending Terrace Lakes Water Company governing documents with 75% of existing Subscribers voting to amend. This action has not yet occurred either.

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Based upon the foregoing, until these prerequisite actions occur, any submitted Demand for Special Meeting should not be considered an action which requires a response from the directors.

I will send a copy of this letter to Defendants' counsel. I also understand that you are waiving attorney-client privilege solely concerning this communication and may post it on the company website as information for Subscribers. I also suggest a copy is personally sent to Ms. Swindell as well.

If you or another member of the Board have any questions concerning my analysis, please do not hesitate to contact me for further discussion.

Very truly yours,

A handwritten signature in black ink that reads "Michael Kane". The signature is written in a cursive, flowing style.

MICHAEL J. KANE

MJK/bbk
cc: Terri Pickens Manweiler
James Donoval