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| Agenda  | The agenda was reviewed and approved.   |
| Minutes   | The minutes of the October 28, 2010, November 18, 2010 and December 28, 2010, meetings were submitted to the boards for approval. A motion was made by Director Rhodes, and seconded by Director Holtsclaw, to approve the minutes as presented. The motion passed unanimously.   |
| Director Appointment  | Director Holtsclaw reported that soon he would no longer be a resident of Colorado, and therefore would no longer be able to serve on the boards of directors. Mr. Allen noted that thirty days after Mr. Holtsclaw moves out of state he would lose his ability to be on the boards of directors, but that the Special District Act permits a non-director to be the Secretary, while the Treasurer must be a member of the board of directors. It was determined that as of June 7, 2011, Mr. Holtsclaw would continue as a non-director Secretary of the Districts. Discussion concerning appointment of Kim Lytle to the boards of directors as of June 7, 2011. Motion by Director Lee, second by Director Holtsclaw to appoint Kim Lytle to the boards as an eligible elector of the Districts coinciding and effective with Director Holtsclaw's June 7, 2011 directorship resignation. Motion passed unanimously. |
| Annual Administrative Resolution                                      | Mr. Allen presented the 2011 Annual Administrative Matters Resolution to the boards for their consideration. Mr. Allen noted that the Resolution covered various administrative matters that were required to be attended to by District consultants throughout the year. After further discussion of the Resolution, a motion was made by Director Rhodes, and seconded by Director Holtsclaw, to approve the resolution. The motion passed unanimously.   |
| 2011 Hourly Rates for Construction Management and Accounting Services | The construction management and accounting services call for hourly rates to be determined, and Director Holtsclaw presented the 2011 hourly rates indicating the rates were the same as 2010. After a discussion, a motion was made by Director Lee, and seconded by Director Holtsclaw to accept the 2011 rates and continued provision of service to the Districts. The motion passed unanimously.   |
| Construction  | No new construction contract activity to report.  |
| Financial Matters and Payables  | Director Holtsclaw presented six months (October 2010 to March 2011) financial statements and payables for approval. After further discussion of the statements and payables, a motion was made by Director Holtsclaw, and seconded by Director Rhodes to   |

accept the financial statements, and approve the payables as presented. The motion passed unanimously.

2010 Audit

Discussion about and approval of the audits for District Nos. 1 and 2 and the exemption for District No. 3.

Capital Loan Agreement

Discussion about need for continued capital advances and that outstanding amounts are accruing until such time as the amount warrants the issuance or demand for issuance of a reimbursement/debt instrument. Motion by Director Lee, second by Director Holtsclaw to extend the Loan Agreement as discussed. Motion passed unanimously.

Directional Drilling

Director Lee noted that incremental directional drilling costs are being incurred by the developer as advances under the loan agreement which are subject to reimbursement. Mr. Allen mentioned that the Special District Act authorizes the Districts to finance incremental directional drilling costs.

Adjournment

There being no further business to come before the boards, and following discussion and upon motion duly made, seconded and unanimously carried, the boards determined to adjourn the meeting. The foregoing minutes were approved by the boards of directors on October 27, 2011. The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.



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Secretary for the Meeting