

MINUTES OF A JOINT MEETING OF THE BOARDS OF
DIRECTORS OF SWEETGRASS METROPOLITAN DISTRICT
NOS. 1, 2 AND 3

Held: 11:30 a.m., October 27, 2011, at 2500 Arapahoe Avenue,
Suite 220, Boulder, Colorado.

Attendance/ Qualification The meeting referenced above was held in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve, were in attendance:

Jon R. Lee
David G. Rhodes

Kim Lytle excused absence

Also present for the District: Lewis G. Holtsclaw, Secretary to the Board and accountant; Sean Allen, Esq., White, Bear & Ankele, Professional Corporation, District General Counsel.

Call to Order A quorum of the boards was present and the directors confirmed their qualification to serve, and therefore, the meeting was called to order.

Combined Meeting The districts are meeting in a combined board meeting. Unless otherwise noted below, the matters set forth below shall be deemed to be the action of Sweetgrass Metropolitan District No. 1 (the "District" or "District No. 1") with concurrence by the Sweetgrass Metropolitan District Nos. 2 and 3 ("District No. 2" and "District No. 3" respectively).

Disclosure Matters Mr. Allen advised the boards that, pursuant to Colorado law, certain disclosures by the directors may be required prior to taking official action at the meeting. The agenda for the meeting was reviewed, following which each director confirmed that nothing appeared on the agenda for which disclosure certificates had not been filed. The disclosure certificates had been reviewed and were ordered to be made part of the official minutes of the meeting by reference. Additionally, the boards determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the boards to act.

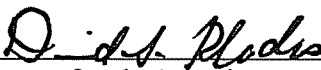
Agenda The agenda was reviewed and approved.

Minutes	The minutes of the April 28, 2011, meeting were submitted to the boards for approval. A motion was made by Director Lee, and seconded by Director Rhodes, to approve the minutes as presented. The motion was approved unanimously.
Financial Matters and Payables	Mr. Holtsclaw presented nine months ended financial statements (September 30, 2011) and payables through September 2011 for approval. After further discussion of the statements and payables, a motion was made by Director Lee, and seconded by Director Rhodes to accept the financial statements, and approve the payables as presented. The motion passed unanimously.
2011 Budget Amendments	Mr. Holtsclaw presented 2011 budget amendments for District Nos. 1, 2 and 3 indicating that additional appropriation is needed in the general funds. Director Lee opened the public hearing on the year-2011 budget amendments for public comment. There being no public comment, the public hearing was closed. Motion was made by Director Lee, and seconded by Director Rhodes, to approve the year-2011 amended budgets appropriating revenues sufficient for the expenditures noted therein. Motion passed unanimously.
2012 Budget Hearings	<p>Mr. Holtsclaw presented the proposed District No. 1 year-2012 budget for consideration. Director Lee opened the public hearing on the year-2012 budget for public comment. There being no public comment, the public hearing was closed. After further discussion, a motion was made by Director Lee, and seconded by Director Rhodes, to approve the year-2012 budget and appropriate the revenues sufficient for the expenditures noted therein. The motion passed unanimously.</p> <p>Mr. Holtsclaw presented the proposed District Nos. 2 and 3 year-2012 budgets for consideration. Director Lee opened the public hearing on the year-2012 budgets for public comment. There being no public comment, the public hearing was closed. Mr. Holtsclaw noted that due to a decrease in assessed valuation in District No. 3, the budget reflects a slight increase in the mill levy. After further discussion, a motion was made by Director Lee, and seconded by Director Rhodes, to approve the year-2012 budgets, certify the mill levy, and appropriate revenues sufficient for the expenditures noted therein. The motion passed unanimously.</p>
Capital and Incremental	Mr. Holtsclaw indicated that the developer has incurred

Directional Drilling Costs approximately \$440,000 so far in costs associated with incremental directional drilling within District No. 2, which are subject to future reimbursement.

Tract A, Filing No. 1 Discussion about Tract A, Filing No. 1 located west of rail road
Underdrain Construction tracts which is a future gas well site, but currently a landscaped
Easement and open space entry area. Director Lee reported that the plat shows this Tract to be dedicated to the City of Dacono, however City previously indicated that the City won't take ownership of tracts subject to oil and gas production activity. Director Lee further reported that Richmond American Homes desires to install a trench drain/underdrain on portions of property owned by the HOA and Districts for which temporary construction easements are being requested. Richmond American Homes will draft the easement and indemnification agreement, which Director Lee will forward to Mr. Allen for review and comment.

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 April 26 2012, and the foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.


Secretary for the Meeting