

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
FOREST VIEW ACRES WATER DISTRICT
AND THE BOARD OF DIRECTORS OF THE
WATER ACTIVITY ENTERPRISE
HELD
MARCH 23, 2006

A regular meeting of the Board of Directors of the Forest View Acres Water District and the Board of Directors of the Water Activity Enterprise (referred to hereafter as "Board") was held on Thursday, the 23rd day of March, 2006, at 5:30 P.M. at the Tri Lakes Fire Department, Station No. 1, 18650 Highway 105, Monument, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Barbara Reed-Polatty, Chairman
Brian Cross
Eckehart Zimmermann
Kajetan Nowacki

Also In Attendance Were:

Deborah D. McCoy and Lisa Johnson; Special District Management Services, Inc.

Dan LaFontaine; Operations Manager

Paul C. Rufien, Esq.; Paul C. Rufien, P.C.

See attached list for others in attendance

ADMINISTRATIVE MATTERS

Agenda: Ms. McCoy distributed for the Board's review and approval a proposed Agenda for the District's Regular Meeting. Following discussion, upon motion duly made by Director Reed-Polatty, seconded by Director Cross and, upon vote, unanimously carried, the Agenda was approved, as amended.

Minutes: The Board reviewed the minutes of the February 23, 2006 special meeting. Following

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discussion, upon motion duly made by Director Zimmermann, seconded by Director Reed-Polatty and, upon vote, unanimously carried, the Board approved the minutes of the February 23, 2006 special meeting.

Appointment of Director: Upon motion duly made by Director Nowacki and seconded by Director Cross, Richard Crocker was nominated to fill the vacancy on the Board. With one director voting "yes" and three directors voting "no", the appointment of Richard Crocker to the Board was not approved at this time.

OTHER BUSINESS

Community comments: The public expressed a concern over the Unger theft. Attorney Rufien responded as follows:

Why are past Board of Directors not responsible for the Unger embezzlement?

- intent to defraud the District
- no one has sued
- governmental immunity
- contractor for the District facing criminal and civil charges

Can an individual in the District sue a past Board member?

- yes, they would need to hire their own lawyer and sue only for the amount the individual lost

Why didn't Jeff & Rich know that the embezzlement was happening and what were their positions on the Board?

- no response from the Board

Why did the rates increase?

- cost of professional management
- to balance the budget
- embezzlement, maintenance

Can the District file for bankruptcy?

- No, the District would have to prove that

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even if they raised the mill levy to 100 mills, they couldn't operate the District.

FINANCIAL MATTERS

Claims: The Board considered approval of the payment of claims for the period ending March 23, 2006, totaling \$14,571.20.

Following discussion, upon motion duly made by Director Cross, seconded by Director Reed-Polatty, and upon vote, unanimously carried, the Board approved payment of claims, for the period ending March 23, 2006, totaling \$14,571.20, as presented.

Financial Statements: The Board reviewed the unaudited financial statements of the District setting forth the cash deposits, investments, budget analysis, and accounts payable vouchers for the period ending February 28, 2006. Following review, upon motion duly made by Director Nowacki, seconded by Director Reed-Polatty and, upon vote, unanimously carried, the unaudited financial statements were accepted as presented.

District Management authorization for expenses up to \$5,000: The Board discussed authorizing the District Manager to approve expenditures that do not exceed \$5,000.

Director Cross made a motion to authorize District Management to approve expenditures up to \$5,000, Director Reed-Polatty seconded the motion. Discussion ensued and upon vote two directors voted "yes" and two directors voted "no", and the motion did not pass.

BILLING MATTERS

Billing Report: The Board reviewed the Balances Due Report as of March 17, 2006.

Wilde property water service. Attorney Rufien reported that he has reviewed the documents and recommends that Mr. Wilde should be paying for water service. The Board directed Attorney Rufien to respond to the attorney for Mr. Wilde that the

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District will continue to charge for water service in accordance with the Rules and Regulations since there is no documentation in place that would indicate otherwise.

Availability of Service ("AOS") charges: Payment plans for past due accounts. The Board discussed establishing a standard payment plan. Following discussion, upon motion duly made by Director Cross, seconded by Director Reed-Polatty and, upon vote, unanimously carried, the Board approved a standard payment plan of \$20 per month to be applied toward past due amounts and \$20 per month to be applied for current amounts.

Monthly billing. Monthly billing of AOS fees begins April 1, 2006.

LEGAL MATTERS

Agreement for Operation, Maintenance & Capital Improvement Services-2006 with Independent Water Services: Director Cross reported on discussions held with Mr. LaFontaine regarding renewal of the contract. Following discussion, upon motion duly made by Director Cross, seconded by Director Zimmermann and, upon vote, unanimously carried, the Board approved the Agreement, as presented.

Raspberry Ridge/Red Rocks Reserve development: There was nothing new to report.

May 2, 2006 Election: Ms. McCoy reported that the election was cancelled because there were not more candidates than positions open.

Imposition of out-of-district service fees: Discussion was deferred, pending conclusion of discussions with the Forest Service.

Service Agreement with the United States Forest Service: Attorney Rufien distributed a draft of the Agreement. The Board is to provide comments to Attorney Rufien by Monday.

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Spiegelberg agreement and Sundance Estates saddle repairs: Mr. Spiegelberg reported that he had sent a flyer to the remaining residents and received two responses.

Insurance claim for Variable Frequency Drive: Ms. Johnson reported that the claim was denied. Mr. LaFontaine will discuss the cause of the failure with the claims adjuster. He feels that the failure was due to flood or humidity and should be covered. Ms. Johnson will participate in the call with Mr. LaFontaine and the adjustor.

OPERATIONS REPORT

Water Operator report: Mr. LaFontaine reviewed the Operational Report and Production Report for February 2006.

Water loss/leaks: Mr. LaFontaine reported that a leak was repaired on Sandstone Drive and Stoneview.

Capital Projects Planning and Budget: Discussion was deferred to April.

Access to District facilities: Director Nowacki will have all facilities re-keyed.

EXECUTIVE SESSION MATTERS

Unger civil case and Wells Fargo: EXECUTIVE SESSION: Pursuant to §24-6-402(4)(b) and (e), C.R.S., Director Cross moved that the regular public meeting of the Board adjourn and, upon an affirmative vote of at least two-thirds of the quorum present, that the Board reconvene in Executive Session for the purpose of receiving from the Board's attorney legal advice on specific legal questions as authorized by §24-6-402(4)(b).

Furthermore, pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S., no record will be kept of those portions of the executive session that, in the opinion of the District's counsel, constitutes privileged attorney-client communication pursuant to §24-6-402(4)(b), C.R.S.

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The Board reconvened in regular session at 8:10 p.m.

It was noted that the criminal trial for Unger has been postponed to April 18th and the civil trial will lag behind that trial.

Recourse against Wells Fargo Bank is being pursued.

OTHER BUSINESS

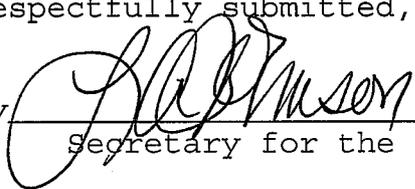
Appointment of Secretary: The Board accepted the resignation of Deborah D. McCoy as Secretary. Following discussion, upon motion duly made by Director Cross, seconded by Director Reed-Polatty and, upon vote, unanimously carried, the Board appointed Lisa Johnson as Secretary to the Board.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made and seconded and, upon vote, unanimously carried the meeting was adjourned.

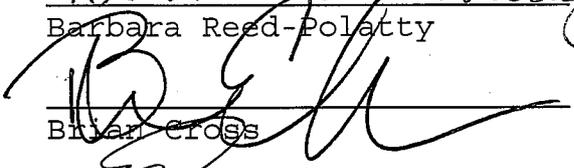
Respectfully submitted,

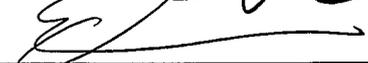
By

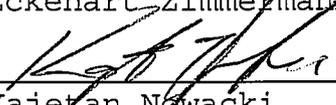

Secretary for the Meeting

THESE MINUTES APPROVED AS THE OFFICIAL MARCH 23, 2006 MINUTES OF THE FOREST VIEW ACRES WATER DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

 04-27-06
Barbara Reed-Polatty


Brian Cross


Eckehart Zimmermann


Kajetan Nowacki

Please print your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

NAME	ADDRESS	TELEPHONE	ISSUE(S) TO BE ADDRESSED
John Heiser	OCN PO Box 1742 Monument	488-3455	None
Jeff Walker	4835 Albo Ln.	481-9128	None
Andreas Coel	17710 St. Louis Pines	488-1667	
Rich Caselden	3885 SUMMIT	481-2313	None
Penny Downs	18870 Spring Valley Rd	649-9540	Please send me letters and any e-mail None GRP.Nevins@Del.Conn
Debra Lee	4758 Remstone Rd.	481-9665	None
Susan Devuot	4635 Lewstone	303 987846	WHY IS THE BOARD NOT Liable FOR OUR WATER LOSSER?
Jim R. Vega	37203 Range View Blvd	481-0773	None
DANIE CURRA	49 LUXURY DRIVE	487-0371	None
DAN SPIEGELBERG	18230 SWIMBOEST DR	487-1994	?
Judy Michals	18795 Rockbrook Rd	487-8814	I want Rich and Jeff to tell us why they did not know about ->

Please print your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

NAME	ADDRESS	TELEPHONE	ISSUE(S) TO BE ADDRESSED
SASAD GATES	18235 SWIMBURY LN	319 887 1604	add my email Fmalnstrom@earthlink.net ↓
FREDERICK MALMSTROM	"	"	
JEFF DALL	2745 S Rancho Way	481 9167	add my email jimd@adelphia.net
TEA THESNBUTHER	18015 Red Rock Ave		add my email TISH@AOL.com

Don't forget to bring a letter with you