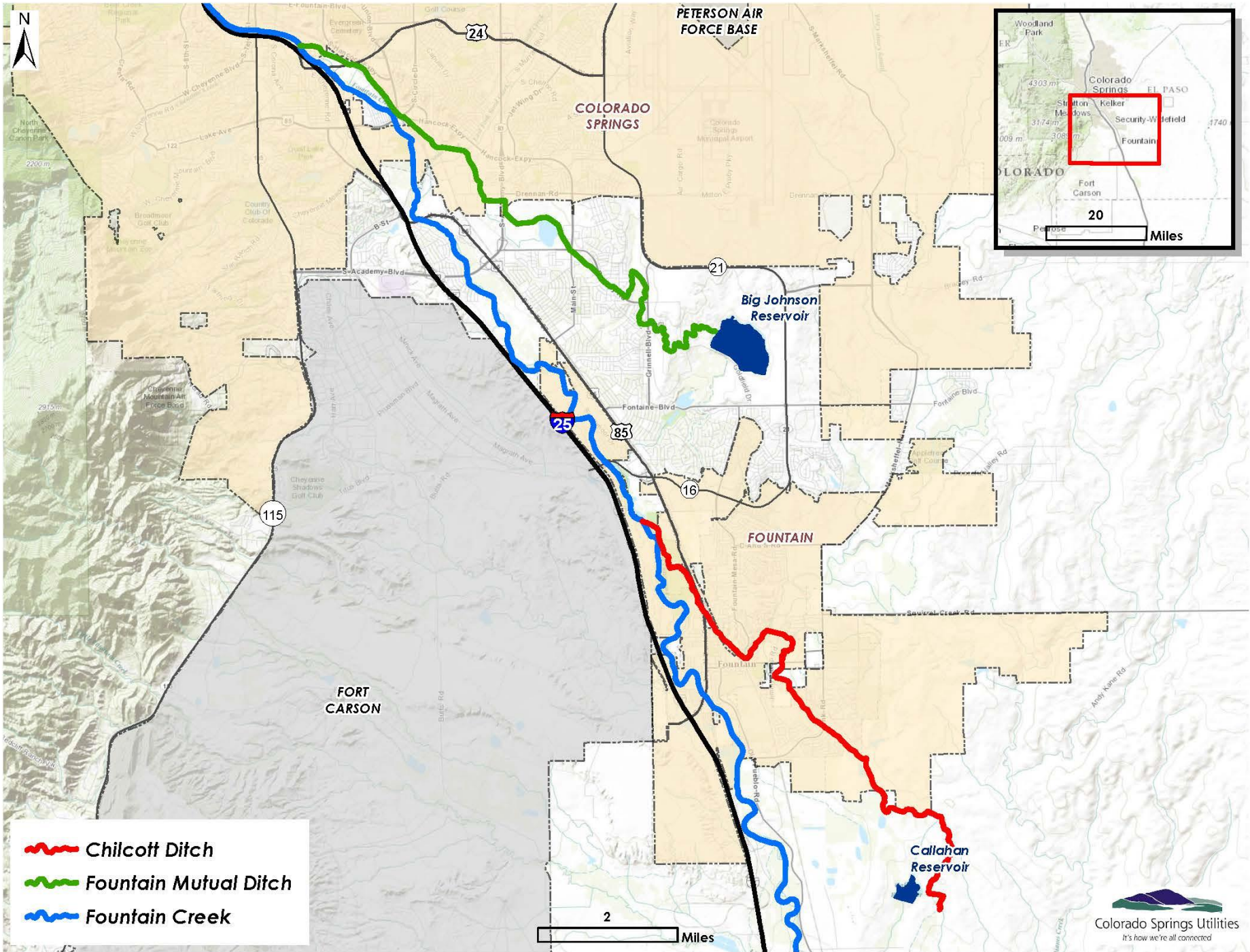


Water Rights Acquisition

Wayne A Vanderschuere
General Manager

November 25, 2014

- EL-10 states: “The CEO may not fail to protect and optimize existing water resources and aggressively seek to develop new water resources.”
- Timely opportunity



- Located just south of Colorado Springs on Fountain Creek
- Local water not from the Colorado River
- Shareholders in the company get a proportionate share of water each year
- FMIC water rights are fairly senior
- Chilcott water rights are not as senior as FMIC but are generally in priority

FMIC/Chilcott Company Shares

- 147 FMIC Shares
 - Use of ~ 100 AF/yr of reusable, renewable water
 - Offer of \$11,000 per share = \$1,617,000
- 8 Chilcott Shares
 - Use of ~200 AF/yr of reusable, renewable water
 - Offer of \$160,375 per share = \$1,283,000
- Total offer for FMIC/Chilcott Shares = \$2.9M
- Offer based on market appraisal of shares

- Recommend approval of resolution
- If approved, closing on December 10, 2014
- Use as augmentation source in the near term
- File Water Court Change case to fully utilize water