

RECORD OF PROCEEDINGS

MINUTES OF THE SPECIAL MEETING OF WATERFALL METROPOLITAN DISTRICT NO. 1

HELD
February 10, 2011

A Special Meeting of the Board of Director of Waterfall Metropolitan District No. 1 was held at the offices of McWhinney, 2725 Rocky Mountain Ave, Suite 200, Loveland, Colorado 80538 on February 10, 2011, at 10:00 a.m.

ATTENDANCE

Directors in Attendance Were:

Mike Bergerson
Cole Evans
Tammi Lau
Troy McWhinney
Steve Schroyer

Also in Attendance Were:

Alan Pogue, Icenogle, Seaver & Pogue, P.C.
Peggy Dowswell, Pinnacle Consulting Group Inc.
Carla Hawkins, Pinnacle Consulting Group Inc.
Josh Magden, George K. Baum Company
Kim Casey, Kutak Rock (via phone at 10:23 a.m.)

CALL TO ORDER

The meeting was called to order at 10:06 am by Director McWhinney as Chairman, noting that a quorum was present. The Directors confirmed their qualifications to serve on the Board.

MEETING NOTICE

Ms. Carla Hawkins reported that Notice of the Meetings had been properly posted within the District's boundaries, and that Notice was sent to the Larimer County Clerk and Recorder for posting. The notice also included agenda items.

CONFLICT OF INTEREST DISCLOSURE

Mr. Pogue, legal counsel, noted that notices of potential conflicts of interest for the Board Members were filed with the Colorado Secretary of State's Office, disclosing potential conflicts. Mr. Pogue advised the Board that pursuant to Colorado law, certain disclosures by the Board Members might be required prior to taking official action at a meeting. The Board reviewed the agenda for the meeting, following which each Board Member present

RECORD OF PROCEEDINGS

confirmed the contents of the written disclosures previously made stating the fact and summary nature of any matters as required under Colorado law to permit official action to be taken at the meeting. Additionally, the Board determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Board to act.

APPROVAL OF AGENDA

Upon motion duly made by Director Lau and seconded by Director Schroyer, it was unanimously

RESOLVED to approve the agenda without changes.

APPROVAL OF MINUTES

The minutes of the November 15, 2010 and December 7, 2010 Special Meeting were presented and reviewed. Upon motion duly made by Director Evans and seconded by Director Schroyer, it was unanimously

RESOLVED to approve the Minutes of the November 15, 2010 and December 7, 2010 Waterfall Metropolitan District No. 1 Special Meeting, as presented.

APPROVAL OF PAYABLES

Ms. Dowswell presented the balance sheet and revenues and expenditures statement as of December 31, 2010. Ms. Hawkins presented the Schedule of Payables as of February 7th including checks 1102 through 1116 totaling \$15,270.99 for November utilities and snow removal and December 2010 and January 2011 invoices Upon motion duly made by Director Schroyer and seconded by Director Lau, it was unanimously

RESOLVED to Ratify December and January payables and approve the February Schedule of Payable as noted above.

APPROVAL AUDIT EXEMPTION NO. 1

Upon motion duly made by Director Bergerson and seconded by Director Evans, it was unanimously

RESOLVED to approve the Audit Exemption for District No. 1.

BOND UPDATE & ENGAGEMENT OF BOND TEAM

Ms. Dowswell and Mr. Pogue gave an update on the progress of preparing the necessary documentation to allow Ms. Casey, Bond Counsel, to finalize the Preliminary Limited Offering Memorandum Questionnaire (PLOM). Ms.

RECORD OF PROCEEDINGS

Casey noted that once the PLOM is finalized, Mr. Magden can begin to talk with potential investors to purchase the bonds. Once a buyer can be found, Ms. Casey's role is to prepare the appropriate bond related documents, including finalization of the Offering Memorandum, and provide legal opinions as to compliance with state law. Adequate assurances and information is also needed to support the tax attorney's opinion that the financial forecast is reasonable. Additional lease information will also be obtained for the PLOM disclosures.

The Board discussed the bond team members indicating, Alan Pogue, Icenogle, Seaver & Pogue; Peggy Dowswell & Carla Hawkins, Pinnacle Consulting Group Inc.; Kim Casey, Kutak Rock; and Josh Magden, George. K. Baum and Company. There was discussion regarding the need for a third party to prepare a financial model. The Board noted that they were very sensitive to the costs. Upon motion duly made by Director McWhinney and seconded by Director Schroyer, it was unanimously

RESOLVED to engage the above reference bond team and to approve the hiring of an independent accountant to provide a financial model of a cost not to exceed \$5,000, payment of all upon a successful bond closing.

OTHER MATTERS

Ms. Hawkins explained her efforts on recovering money for damage of US Hwy 34 landscape from a vehicle accident back in September 2010. The District received a check in the amount of \$2,356.25 which covers the cost of replacement plant material plus the expense the District paid Pinnacle for Ms. Hawkins time on the claim. Landscape repair needs will be assessed this spring.


PUBLIC COMMENT

The Board opened the meeting to further public comments. Upon receiving no further comments, this portion of the meeting was closed.

ADJOURNMENT

There being no further business to come before the Board at this time, the meeting was adjourned at 10:53 am.

Respectfully submitted,



Carla Hawkins
Secretary for the Meeting