

RECORD OF PROCEEDINGS

MINUTES OF THE COORDINATED SPECIAL MEETING OF

WATERFALL METROPOLITAN DISTRICT NO. 1
WATERFALL METROPOLITAN DISTRICT NO. 2

HELD

December 18, 2008

The Coordinated Special Meeting of the Boards of Directors (collectively, "Board") of the Waterfall Metropolitan District No. 1 and Waterfall Metropolitan District No. 2 was held at the offices of the Pinnacle Consulting Group Inc., 5110 Granite Street, Suite C, Fort Collins, Colorado, 80538 on December 18, 2008, at 10:00 am.

ATTENDANCE

Directors in Attendance Were:

Kirk A. Dando (via phone)
James A. Martell (via phone)
Larry S. Buckendorf (via phone)

Also in Attendance Were:

Alan Pogue, Icenogle, Norton, Smith, Blieszner, Gilida & Pogue, P.C. (via phone)
Steve Hanson, Pinnacle Consulting Group Inc.
Carla Hawkins, Pinnacle Consulting Group Inc.

CALL TO ORDER

The meeting was called to order at 10:05 am by Director Dando as Chairman, noting that a quorum was present. The Directors confirmed their qualifications to serve on the Boards.

COMBINED MEETINGS

The Districts are meeting in a combined board meeting. Unless otherwise noted, the matters set forth below shall be deemed to be the actions of the Waterfall Metropolitan District No. 1, with concurrence by the Waterfall Metropolitan District No. 2.

RECORD OF PROCEEDINGS

MEETING NOTICE

Ms. Carla Hawkins reported that Notice of the Meetings had been properly posted within each 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 indicated that appropriate forms of disclosure had previously been sent to and completed by each of the Directors, and completed written forms of disclosure had been filed with the Secretary of State's office at least 72 hours in advance of the meeting as required by statute. Director Martell also disclosed that he was legal counsel for the Boyd Lake Village Owners Association.

APPROVAL OF AGENDA

The Board reviewed the agenda and approved the agenda without changes.

JOINT OPERATING RESOLUTION

Mr. Pogue presented the Joint Operating Resolution between Waterfall District No. 1 and No. 2. This Resolution establishes the following:

- 1) Until development activity commences within District No. 2, the Board of Directors for District No. 1 agrees to engage and compensate any and all consultants to provide certain administrative services for District No. 2 to ensure District No. 2 adheres to any and all statutory and Service Plan requirements.
- 2) The Boards of Directors anticipate that the compensation of consultants by District No. 1 shall be minimal, and it is the Districts' intent that at such time as development activity commences within District No. 2, the Districts will enter into an agreement pursuant to which District No. 2 shall be required to reimburse District No. 1 for all consultant costs incurred by District No. 1.

Upon motion duly made by Director Martell and seconded by Director Dando, it was unanimously

RESOLVED to approve the Joint Operating Resolution.

FOUNDATIONS

RECORD OF PROCEEDINGS

MAINTENANCE RESOLUTION

Mr. Pogue presented the Grounds Maintenance Resolution for Waterfall District No. 1. This Resolution establishes a Grounds Maintenance Fee to defray the District's costs of maintaining and operating the Common Areas, Common Facilities, and Improvements, which includes such expenses for maintenance, mowing, and irrigation of all Landscaped Areas; removal of trash, rubbish, and debris from the Common Areas, Common Facilities, and Lots; removal of snow and ice from sidewalks, porches, walkways, streets, driveways, and parking lots; maintenance and repair of Common Facilities; acquisition of casualty, public liability, and other insurance; legal and accounting fees; operational fees, expenses, and liabilities; payment of any deficit remaining from a previous period; the creation of a reasonable reserve fund; and other sums declared to be Common Expenses.

Upon motion duly made by Director Martell and seconded by Director Buckendorf, it was unanimously

RESOLVED to approve the Grounds Maintenance Resolution.

COVENANT ENFORCEMENT AGREEMENT

Mr. Pogue presented the Covenant Enforcement Agreement between the Waterfall Metropolitan District No. 1 and the Boyd Lake Village Owners Association. The Boyd Lake Village Owners Association would like to designate the District as the enforcer of the covenants set forth in the Declaration. The agreement outlines that the District shall be responsible for performing all duties and responsibilities of the Association, as described in the Declaration, including, but not limited to, maintaining, operating, repairing, replacing, and improving the Common Areas, Common Facilities, and Association Improvements, which shall include by example and not limitation, maintenance, mowing and irrigation of all Landscaped Areas; removal of trash, rubbish and debris from the Common Areas, Common Facilities, and Lots; maintenance, repair, replacement and improvement of the Common Facilities; removal of snow and ice from sidewalks, porches, walkways, streets, driveways and parking lots; adopting and, from time to time, amending landscape standards for the Landscaping of all Lots and Common Areas; and imposing assessments on each Owner as set forth in the Declaration. Upon motion duly made by Director

RECORD OF PROCEEDINGS

Buckendorf and seconded by Director Dando with an abstention by Director Martell, it was

RESOLVED to approve the covenant Enforcement Agreement subject to the Boyd Lake Owners Association and its legal counsel's review and approval.

PUBLIC COMMENT

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

NEXT MEETING

Regular meetings will be held the fourth Thursday of each month at the offices of the Pinnacle Consulting Group Inc., unless otherwise noted or unless the Boards have elected to call special meetings when necessary to conduct District business.

ADJOURNMENT

There being no further business to come before the Board at this time, the meeting was adjourned at 10:25 am.

Respectfully submitted,



Carla Hawkins

Secretary for the Meeting