

RECORD OF PROCEEDINGS

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

HELD
December 5, 2016

A Continued Special Meeting of the Board of Directors of Waterfall Metropolitan District No. 1 was held at 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, at 11:00 a.m., Monday, December 5, 2016.

ATTENDANCE

Directors in Attendance:

Kim Perry, President & Chairman
Jim Niemczyk, Secretary/Assistant Treasurer
Mike Bergerson, Vice President/Assistant Secretary

Directors Absent and Excused:

Tammi Lau, Treasurer/Assistant Secretary

Also in Attendance Were:

Alan Pogue; Icenogle Seaver Pogue, P.C.
Brendan Campbell, Lauren Paul and Shana Morgan; Pinnacle Consulting Group, Inc.
David Crowder, McWhinney
Brooke Hutchens, D.A. Davidson (Arrived at 11:20 a.m.)
Kim Casey Reed; Kutak Rock, LLP

CALL TO ORDER

The meeting was called to order at 11:00 a.m. by Director Perry as President, noting that a quorum was present. The Directors confirmed their qualifications to serve on the Board.

MEETING NOTICE

Ms. Morgan reported that notice of the meeting 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 all 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

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be required prior to taking official action at a meeting. The Board reviewed the agenda for the meeting, following which each Board Member present 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

The Board reviewed the agenda. Upon motion duly made by Director Bergerson, seconded by Director Niemczyk, and upon vote, unanimously carried, it was

RESOLVED to approve the agenda, as amended.

APPROVAL OF
MINUTES

The Minutes of the September 15, 2016 Meeting were presented and reviewed. Upon motion duly made by Director Bergerson, seconded by Director Niemczyk, and upon vote, unanimously carried, it was

RESOLVED to approve the Minutes of the September 15, 2016 meeting, as presented.

BOARD MEMBER
RESIGNATION

Mr. Pogue reported that Cole Evans submitted a resignation letter on November 8, 2016. Following review and discussion and upon motion duly made by Director Niemczyk, seconded by Director Bergerson, and upon vote, unanimously carried, it was

RESOLVED to approve the resignation of Cole Evans.

BOARD MEMBER
APPOINTMENT

Mr. Pogue reported that a call for interested candidates to fill the Board vacancy was published on _____. The District did not receive any additional letters of interest to serve on the Boards. David Crowder has agreed to serve and is qualified to serve on the Boards. Upon motion duly made by Director Niemczyk, seconded by Director Bergerson, and upon vote, unanimously carried, it was

RESOLVED to approve the appointment of David Crowder to serve on the Board for the office of Assistant Secretary and to a term expiring May of 2018.

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

UPDATE ON 2016 FINANCING Mr. Campbell and Mr. Pogue reported on the status of the bonding process and timing noting that the offering documents are scheduled to post on December 6, 2016 and a closing date of December 27, 2016.

AUTHORIZATION OF BOND DOCUMENTS Resolution Authorizing Issuance of 2016 Series A and Series B Limited Tax General Obligation Bonds and Approving All Documentation Related Thereto: Ms. Casey Reed reviewed the Authorizing Resolution for the 2016 Series A and B Bonds, and discussed the details and purpose of the required bond documents with the Boards and answered questions.

The Boards discussed the interest rates that would be acceptable for the senior and subordinate debt. After review and discussion, the Boards authorized issuing the Bonds provided the interest rate is not greater than 6.75%. The Boards directed Director Perry to act as the authorized representative of the Boards for document execution purposes, and to set the final interest rates. Director Perry noted that she will ask the Board members to reconvene if the rates or other pertinent information changes significantly before the approval date.

Ms. Reed asked the Boards to select an appropriate person to be responsible for communicating with bond counsel about tax rules and other compliance and financial issues related to the bonds. After discussion, the Boards selected Mr. Campbell.

Following further discussion and review, upon motion duly made by Director Niemczyk, seconded by Director Crowder, and upon vote, it was unanimously

RESOLVED to approve the Resolution Authorizing Issuance of 2016 Series A and Series B Limited Tax General Obligation Bonds and Approving All Documentation Related Thereto, and to authorize Director Perry to execute all required documents, subject to final numbers and the availability of rates not greater than 6.75%.

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FINANCIAL ITEMS

Ratification of Payables: Mr. Campbell presented for ratification the June 14, 2016 through November 22, 2016, Schedule of Payables totaling \$47,748.33, including check numbers 1493 through 1498 and E-Pay 985002 through 985012. Upon motion duly made by Director Bergerson, seconded by Director Crowder, and upon vote, unanimously carried, it was

RESOLVED to ratify the Schedule of Payable in the amount and check numbers noted above.

Financial Report: Mr. Campbell presented the Financial Report including the statement of revenues and expenditures through September 30, 2016.

2016 Budget Amendment: Director Perry opened the 2016 budget amendment hearing for the debt service fund. Ms. Morgan reported that notice of the budget hearing had been published on November 28, 2016, in accordance with state budget law. There being no public input, the public hearing portion of the budget hearing was closed. Following discussion, and upon motion duly made by Director Crowder, seconded by Director Niemczyk, and upon vote, unanimously carried, it was

RESOLVED to amend the 2016 amended budget as presented.

2017 Budget Hearing: Director Perry opened the 2017 budget hearing to the public. Ms. Morgan reported that notice of the hearing had been published on November 28, 2016, in accordance with state budget law. There being no public input, the public hearing portion of the budget was closed. Mr. Campbell reviewed the budget and answered questions pertaining to the mill levy, estimated revenues and expenditures, and grounds maintenance fees to fund the District. The Board considered the following:

General Fund Expenditures: \$112,375
Funded by Grounds Maintenance Fees.
Capital Fund Expenditures: \$12,500
Debt Mill levy is 45.000 mills
Debt Service Fund Expenditures: \$118,242

After further review and discussion, and upon motion duly made by Director Bergerson, seconded by Director Niemczyk, and upon vote, unanimously carried, it was

RESOLVED to approve the Resolution to Adopt the 2017

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Budget and Appropriate budgeted funds with final certification of values received from Larimer County, and approve all other documents related to the 2017 Budget, including certifying a mill levy of 45.000. The District Manager is authorized to make minor modifications that may be necessary with receipt of final assessed values.

MANAGERS' REPORT

2017 Services Agreements: Ms. Morgan discussed the 2017 Operations and Maintenance service contractors with the Board, noting that all agreements were within the approved 2017 budgeted amounts.

2017 Service Agreement for Integrity Lawn Professionals: The Board considered the Service Agreement with Integrity Lawn Professionals for common area landscaping and snow removal services for 2017. Upon motion duly made by Director Niemczyk, seconded by Director Bergerson, and upon vote, unanimously carried, it was

RESOLVED to approve the 2017 Service Agreement with Integrity Lawn Professionals.

2017 Service Agreement for Fiske Electric: The Board considered the Service Agreement with Fiske Electric for 2017 lighting repairs and maintenance services. Upon motion duly made by Director Niemczyk, seconded by Director Bergerson, and upon vote, unanimously carried, it was

RESOLVED to approve the 2017 Service Agreement with Fiske Electric.

2017 Service Agreement for SWPPP Colorado: The Board considered the Service Agreement with SWPPP Colorado for 2017 stormwater management services. Upon motion duly made by Director Niemczyk, seconded by Director Bergerson, and upon vote, unanimously carried, it was

RESOLVED to approve the 2017 Service Agreement with SWPPP Colorado.

2017 Service Agreement for Affordable Pest Control: The Board considered the Service Agreement with Affordable Pest Control for 2017 pest control services. Upon motion duly made by Director Niemczyk, seconded by Director Bergerson, and upon vote, unanimously carried, it was

RESOLVED to approve the 2017 Service Agreement with

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Affordable Pest Control.

2017 Service Agreement for MRES: The Board considered the Service Agreement with MRES for 2017 maintenance services. Upon motion duly made by Director Niemczyk, seconded by Director Bergerson, and upon vote, unanimously carried, it was

RESOLVED to approve the 2017 Service Agreement between the District and MRES.

Consider designation of Board President to approve 2017 Task Orders, Work Orders, and Change Orders within approved budgets for ratification at a future board meeting: The Board considered the designation of Board President to approve the 2017 Task Orders, Work Orders, and Change Orders, within approved budgets. Upon motion duly made by Director Bergerson, seconded by Director Niemczyk, and upon vote, unanimously carried, it was

RESOLVED to designate Director Perry to approve the 2017 Task Orders, Work Orders, and Change Orders, within approved budgets, for ratification at a future board meeting.

LEGAL ITEMS

Consideration and Approval of Resolution Authorizing the Refunding of 2011 Subordinate Promissory Note and Issuance of a Revenue and Limited Tax Obligation Subordinate Promissory Note to MBL 34, LLC: The Board considered the approval of Resolution to authorize the refunding of the 2011 Subordinate Promissory Note and Issuance of a Revenue and Limited Tax Obligation Subordinate Promissory Note to MBL 34, LLC. Upon motion duly made by Director Niemczyk, seconded by Director Crowder, and upon vote, unanimously carried, it was

RESOLVED to approve the Resolution to authorize the refunding of the 2011 Subordinate Promissory Note and Issuance of a Revenue and Limited Tax Obligation Subordinate Promissory Note to MBL 34, LLC.

Consideration and Approval of Sign Easement Agreement with JMC Real Estate Company LLP: The Board considered the Sign Easement Agreement with JMC Real Estate Company LLP which would grant The Orthopedic Center of the Rockies (OCR) access to maintain their sign which is located within a District landscape bed. Upon motion duly made by Director

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Crowder, Seconded by Director Niemczyk, and upon vote, unanimously carried, it was

RESOLVED to approve the Sign Easement Agreement with JMC Real Estate Company LLP subject to final review by legal counsel.

Discuss Boyd Lake Village Conditions, Covenants and Restrictions: Mr. Pogue discussed the Conditions, Covenants and Restrictions with the Board.

Consideration and Approval of Resolution Authorizing Termination of 2008 Covenant Enforcement Agreement: Mr. Pogue stated that the new maintenance obligations left the covenant enforcement agreement ineffective and recommended terminating the agreement and dissolving the Owners Association. Upon motion duly made by Director Niemczyk, Seconded by Director Crowder, and upon vote, unanimously carried, it was

RESOLVED to approve the Resolution Authorizing Termination of 2008 Covenant Enforcement Agreement.

Consideration and Approval of 2017 Administrative Matters Resolution: Mr. Pogue presented the 2017 Annual Administrative Matters Resolution; noting that it outlines the operations of the Board, directs District's legal counsel and consultants in their administration of the District and directs them to make all necessary compliance filings. Upon motion duly made by Director Bergerson, seconded by Director Crowder, and upon vote, unanimously carried, it was

RESOLVED to approve the 2017 Annual Administrative Resolution; reaffirm the current slate of officers; appoint Icenogle Seaver Pogue, P.C. legal counsel, and appoint Pinnacle Consulting Group Inc., district manager, accountant and administrator.

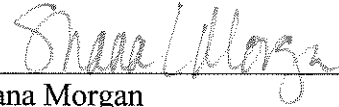
2016 Legislative Update: Mr. Pogue reviewed the 2016 Legislative Summary with the Boards.

ADJOURNMENT

There being no further business to come before the Board at this time, the meeting was adjourned at 12:03 p.m.

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Respectfully submitted,



Shana Morgan
Recording Secretary for the Meeting