

RECORD OF PROCEEDINGS

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

HELD
May 12, 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 May 12, 2011, at 11:00 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. (via phone at 11:00 a.m.)
Peggy Dowswell, Pinnacle Consulting Group Inc.
Carla Hawkins, Pinnacle Consulting Group Inc.
Josh Magden, George K. Baum Company (via phone at 11:00 a.m.)

CALL TO ORDER

The meeting was called to order at 11:08 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 and Loveland Clerk and Recorders 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

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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 February 10, 2011 Special Meeting were presented and reviewed. Upon motion duly made by Director Schroyer and seconded by Director Lau, it was unanimously

RESOLVED to approve the Minutes of the February 10, 2011 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 March 31, 2010. Ms. Dowswell presented the Schedule of Payables as of May 4th including checks 1117 through 1129 totaling \$10,401.24 for February and March 2011 invoices and the Schedule of Payables as of May 11, 2011 including checks 1130 through 1133 totaling \$3,180.45 for April 2011 invoices. Upon motion duly made by Director Schroyer and seconded by Director Bergerson, it was unanimously

RESOLVED to ratify the May 4th Schedule of Payables and approve the May 11th Schedule of Payable as noted above.

US BANK TERM SHEET

Mr. Magden reviewed the US Bank letter of interest with the Board. Ms. Dowswell summarized the borrowing finances based on Larimer County's preliminary assessed values as of May 2nd. It is anticipated net proceeds will be \$1.585 million. It is customary for the District to pay the lender's legal fees. Because US Bank and the District use Kutak Rock as legal counsel, we have agreed to waive the conflict of interest. Mr. Pogue noted that Ms. Kim Casey, Kutak Rock, bond counsel, would be reviewing the loan agreement and the custodial agreement. The closing is anticipated to happen within 30-40 days. Upon motion duly made by Director Schroyer and seconded by Director Evans, it was unanimously

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RESOLVED to approve the terms contained in the letter of interest and direct consultants, Mr. Magden, Mr. Pogue and Ms. Dowswell to clarify language regarding 1) developer debt, 2) audit requirements, 3) prepayment and default clauses and 4) locking in the rate.

OTHER MATTERS

Director Bergerson stated that he had no complaints or concerns regarding landscaping services to-date. Director McWhinney gave a brief update on the water park site, mentioning the Housing Authority is currently negotiating a contract to purchase this parcel. Mr. Pogue and Ms. Hawkins agreed to review the Commercial Association covenants to ensure that only District 1 was subject to the CCR's.

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 11:37 am.

Respectfully submitted,



Carla Hawkins
Secretary for the Meeting