

RECORD OF PROCEEDINGS

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

HELD
October 25, 2012

The Special Meeting of the Board of Directors of the Waterfall Metropolitan District No. 1 was held at the offices of McWhinney, 2725 Rocky Mountain Ave, Suite 200, Loveland, Colorado 80538 on October 25, 2012 at 1:00 p.m.

ATTENDANCE

Directors in Attendance Were:
Kim Perry (arrived at 1:14 p.m.)
Mike Bergerson
Cole Evans
Tammi Lau

Directors Absent and Excused:
Jay Hardy

Also in Attendance Were:
Peggy Dowswell, Pinnacle Consulting Group Inc.
Carla Hawkins, Pinnacle Consulting Group Inc.

CALL TO ORDER

The meeting was called to order at 1:05 p.m. by Director Bergerson, as Vice-President, 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 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, 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

RECORD OF PROCEEDINGS

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 Lau and seconded by Director Evans it was

RESOLVED to approve the agenda as presented.

ELECTION UPDATE
& ELECTION OF
OFFICERS

Mr. Pogue stated the District had conducted an election in May 2012. Directors Perry was elected for a two year period, while Directors Bergerson, Hardy and Lau were each elected to a four year term. All oaths were taken by the Board Members and filed with the Larimer County District Court and the Colorado Division of Local Government. The Board turned to the issue of electing Officers for the Districts. Upon motion duly made by Director Lau, seconded by Director Evans and unanimously carried, the Officers were elected as follows:

President & Chairman	Kim Perry
Secretary	Jay Hardy
Vice President & Asst. Secretary	Mike Bergerson
Vice President & Asst. Secretary	Cole Evans
Treasurer & Asst. Secretary	Tammi Lau

APPROVAL OF
MINUTES

The Minutes of the October 27, 2011 Regular Meeting and the November 18, 2011 Special Meeting were presented and reviewed. Upon motion duly made by Director Evans and seconded by Director Bergerson, it was unanimously

RESOLVED to approve the Minutes of the October 27, 2011 Regular Meeting and the November 18, 2011 Special Meeting, as presented.

RECORD OF PROCEEDINGS

APPROVAL OF PAYABLES

Ms. Hawkins presented the Schedule of Payables updated as of October 19, 2012 totaling \$109,040.19 including check numbers 1157 through 1237 for October 2011 through September 2012 invoices. Upon motion duly made by Director Lau and seconded by Director Bergerson, it was unanimously

RESOLVED to ratify the Schedule of Payable as noted above.

2011 AUDIT

The 2011 Audit was completed by John Cutler & Associates and was filed with the State of Colorado. Pinnacle will send to the Board of Directors for their review.

2013 BUDGET HEARING & ADOPTION OF RESOLUTIONS

Director Bergerson opened the 2013 Budget Hearing to the public. Ms. Hawkins reported that notice of the hearing had been published on October 18, 2012 and in accordance with state budget law. There being no public input, the public hearing portion of the budget was closed. Ms. Dowsell reviewed the budget and answered questions pertaining to the mill levy, estimated revenues and expenditures, and operation and maintenance assessments to finance the District. The Board considered the following:

Mill levy is 45.000 mills.
General Fund Expenditures: \$107,255
Funded by Operation and Maintenance Assessments.
Capital Fund Expenditures: \$0
Debt Service Fund: \$118,299

After further review and discussion, and upon motion duly made by Director Evans and seconded by Director Perry, it was unanimously

RESOLVED to approve the Resolutions to Adopt the 2013 Budget and Appropriate budgeted funds with final certification of values received from Larimer County, and approve all other documents related to the 2013 budget including certifying a 45 mill levy. The District Manager is authorized to make minor modifications that may be necessary with receipt of final assessed values.

MANAGER'S UPDATE

Landscape Updates

Ms. Hawkins gave an update regarding District operations and maintenance

RECORD OF PROCEEDINGS

and warranty items. Valley Crest Landscaping was the 2012 landscape contractor and the District is bidding landscaping services for 2013. Fees are paid only when the district receives savings in the annual cost. She noted that Mill Brothers had completed the installation of all the warranty items for both OCR and the Urology Center. In addition, L & M had re-seeded a few areas that did not have adequate coverage in the native area south of the Urology Building. The District added additional drip system to the trees in the native areas south of OCR that did not originally have drip installed.

Snow Removal

Ms. Hawkins solicited snow removal pricing from Valley Crest Landscaping for the upcoming season. Overall, their snow removal pricing is very competitive and are less than the prior snow removal contractor. She reviewed the specification criteria for snow removal. Upon motion duly made by Director Perry and seconded by Director Lau, it was unanimously

RESOLVED to approve a Service Agreement between Waterfall Metropolitan District No. 1 and Valley Crest Landscaping.

Management Services

Ms. Hawkins noted that in prior years the District's service contract with Pinnacle Consulting Group Inc. also included Waterfall Metropolitan District No. 2. She asked that the Board to consider the District approving a Management Services Agreement with Pinnacle Consulting Group Inc. Upon motion duly made by Director Evans and seconded by Director Bergerson, it was unanimously

RESOLVED to approve a Service Agreement between Waterfall Metropolitan District No. 1 and Pinnacle Consulting Group, Inc.

LEGAL UPDATE

Annual Administration Resolution

Ms. Hawkins presented the 2013 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 Lau and seconded by Director Perry, it was unanimously

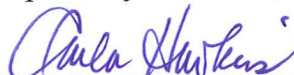
RECORD OF PROCEEDINGS

RESOLVED to approve the 2013 Annual Administrative Resolution; reaffirm the current slate of officers; appoint Icenogle, Seavers & Pogue, P.C. legal counsel, and appoint Pinnacle Consulting Group Inc., district manager, accountant and administrator.

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 1:35 p.m.

Respectfully submitted,



Carla Hawkins
Secretary for the Meeting