

RECORD OF PROCEEDINGS

MINUTES OF THE CONTINUED SPECIAL MEETING OF WATERFALL METROPOLITAN DISTRICT NOS. 1 & 2

HELD
April 6, 2010

The Continued Special Meeting of the Board of Directors of the Waterfall Metropolitan District No. 1 and Waterfall Metropolitan District No. 2 was held at the offices of the Orthopaedic Center of the Rockies, PC, 3470 East 15th Street, Loveland, Colorado 80538 on April 6, 2010, at 12:00 NOON.

ATTENDANCE

Directors in Attendance Were:

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

Also in Attendance Were:

Alan Pogue, Icenogle, Norton, Smith, Gilida & Pogue, P.C.
Mike Bergerson, OCR
Larry D. Wood, First National Bank
James E. Ringenberg, Ringenberg, Funk & Beller, P.C.
Karen Samuels Jones, Perkins Coie, LLP
Megan E. Wesley, Perkins Coie, LLP
Carla Hawkins, Pinnacle Consulting Group Inc.

CALL TO ORDER

The meeting was called to order at 12:05 pm by District Manager, Carla Hawkins, noting that a quorum was present. The Directors confirmed their qualifications to serve on the Boards.

MEETING NOTICE

Ms. 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 and City of Loveland 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,

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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 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 and approved the agenda with changes. These changes reflect reversing Items 4b to Item 4a, and deferring discussion on item 4c.

LEGAL UPDATES

Consent to Assignment of Agreement and Promissory Note from Boyd Lake Village, LLC to First National Bank

Mr. Pogue noted that the district had previously approved a Resolution Approving the Advance and Reimbursement Agreement and Issuance of a Subordinate Promissory Notes for the advancement and reimbursement of Capital Costs by Boyd Lake Village, LLC, of \$3,677,320. The District has been asked to consent to the assignment of the Resolution and Promissory Note, as both the Agreement and the Note are part of the collateral securing First National Bank's loan made to the developer for development of the Boyd Lake Village project. Mr. Pogue advised that pursuant to the terms of the loan documents, First National Bank intends to foreclose its interests and the property is scheduled to be soled at a Public Trustee sale scheduled for April 7, 2010 at 10:00 am. After discussion and upon motion duly made by Director Buckendorf and seconded by Director Dando, it was unanimously

RESOLVED to approve the Resolution to Consent to the Assignment of the Reimbursement Agreement and Promissory Note in the stated amount of \$3,677,320 to the successful bidder at the April 7 Public Trustee sale and to authorize the District President to execute such documents as may be deemed necessary by the District's legal counsel to further evidence such assignment.

Discussion of potential action regarding Appointment of New Board Members

Mr. Pogue stated there are three vacancies to be filled on the Boards. He noted that a call for interested candidates was published in the Reporter Herald. The District did not receive any additional letters of interest to serve on the Boards. Larry Wood, James Ringenberg and Mike Bergerson have each agreed to serve and are qualified to serve on the Boards. Upon motion duly made by Director Dando and seconded by Director Buckendorf, it was unanimously

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RESOLVED to approve the appointment of Larry Wood and Mike Bergerson to serve on the Board of District No. 1 to fill the term expiring in May 2012, and to appoint James Ringenberg to serve on the Board of District No. 1 to fill the term expiring in May 2014.

ALSO RESOLVED to approve the appointment of Larry Wood to serve on the Board of District No. 2 to fill the term expiring in May 2012, and to appoint James Ringenberg to serve on the Board of District No. 2 to fill the term expiring in May 2014.

Election of Officers

The Board turned to the issue of electing Officers for the Districts. Upon motion duly made by Director Wood, seconded by Director Dando and unanimously carried, the Officers were elected for District No. 1 as follows:

President & Chairman	Larry Wood
Vice President & Asst. Secretary	Mike Bergerson
Treasurer & Secretary	James Ringenberg
Assistant Secretary/Treasurer	Kirk Dando
Assistant Secretary/Treasurer	Larry Buckendorf

Upon motion duly made by Director Ringenberg, seconded by Director Wood and unanimously carried, the Officers were elected for District No. 2 as follows:

President & Chairman	Larry Wood
Vice President & Asst. Secretary	None
Treasurer & Secretary	James Ringenberg
Assistant Secretary/Treasurer	Kirk Dando
Assistant Secretary/Treasurer	Larry Buckendorf

Review and Consider Promissory Note for Reimbursement for 15th Street Streetscape

The District has received a letter from Orthopaedic Center of the Rockies, PC requesting reimbursement for public improvements along 15th Street. Additional review and further documentation is needed to be gathered to finish the submittal for reimbursement. The Board decided to defer discussion until a later time.

PUBLIC COMMENT

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

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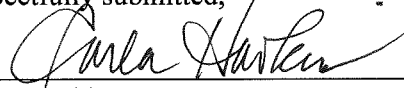
NEXT MEETING

The Board decided to the meet in early May after the May 4, 2010 election to conduct additional business as needed.

ADJOURNMENT

There being no further business to come before the Board at this time and upon a motion by Director Dando and a second by Director Buckendorf, the meeting was adjourned at 12:45 pm.

Respectfully submitted,



Carla Hawkins

Secretary for the Meeting