

RECORD OF PROCEEDINGS

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

HELD
April 29, 2016

The Boards of Directors of Waterfall Metropolitan District No. 1 held a special meeting, open to the public, at 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, at 11:00 a.m., Friday, April 29, 2016. Notice of the meeting has been duly posted with the Larimer County Clerk and Recorder and posted in three public places within the boundaries of the District.

ATTENDANCE

Directors in Attendance Were:

Kim Perry, President
Jim Niemczyk, Secretary
Cole Evans, Asst. Vice President & Asst. Secretary
Tammi Lau, Treasurer & Asst. Secretary
Mike Bergerson, Vice President & Asst. Secretary (Via Telephone)

Also in Attendance Were:

Alan Pogue; Icenogle Seaver Pogue, P.C. (Via Telephone)
Lauren Paul (Via Telephone), Brendan Campbell, Carla Hawkins and Shana Morgan; Pinnacle Consulting Group, Inc.

CALL TO ORDER

The meeting was called to order at 11:05 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. Hawkins 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

Mr. Pogue noted that notices disclosing all potential conflicts of interest for all Board Members were filed 72 hours in advance of the meeting with the Colorado Secretary of State's Office and with the Board. 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

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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 member's 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 Niemczyk, seconded by Director Lau, and upon vote, unanimously carried, it was

RESOLVED to approve the agenda as presented.

APPROVAL OF MINUTES

The Minutes of the October 26, 2015 Special Meeting were presented and reviewed. Upon motion duly made by Director Lau, seconded by Director Niemczyk, and upon vote, unanimously carried, it was

RESOLVED to approve the Minutes of the October 26, 2015 Special Meeting, as presented.

PUBLIC COMMENT

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

RATIFICATION OF PAYABLES

Mr. Campbell presented for ratification the Schedule of Payables for October 24, 2015 through April 25, 2016, totaling \$82,126.14, including check numbers 1446 through 1482. Upon motion duly made by Director Bergerson, seconded by Director Niemczyk, and upon vote, unanimously carried, it was

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

EXEMPTION FROM AUDIT

Mr. Campbell reported to the Board that the Application for Exemption from Audit for 2015 was previously distributed via email for review, and filed with the Office of the State Auditor on behalf of the District prior to the March 31, 2016 deadline.

Following review and discussion, upon motion duly made by Director

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Niemczyk, seconded by Director Lau and, upon vote, unanimously carried, it was

RESOLVED to ratify approval of Application for Exemption from Audit for the fiscal year ending December 31, 2015.

DEBT REFINANCE

Mr. Campbell reported that the current loan was secured through U.S. Bank in 2011 and has an interest rate of 3.6% with a term of five years ending June 28, 2016. Mr. Campbell discussed two options with the Board. One option is tax exempt financing for a seven year term that would likely be refinanced as taxable debt at maturity and the other option is to seek a long term bond issuance that would allow for tax exempt financing for the entire life of the debt.

Mr. Pogue discussed the two options with the Board noting that securing a bond would take approximately 90 days and therefore would require an extension of the current loan. Mr. Pogue reported that there is current legislation pending at the state level which is affecting the bond market and will need resolved before bonds can be issued. Mr. Pogue stated that he expects the bill to pass by May 11, 2016 at which time the District could move forward with the bond issuance.

Following discussion, upon motion duly made by Director Niemczyk, seconded by Director Evans and, upon vote, unanimously carried, it was

RESOLVED to authorize legal counsel, bond counsel, and Pinnacle Consulting to proceed with an extension on the current loan, following resolution of current legislation, it was further

RESOLVED to engage D.A. Davidson to provide underwriting services in connection with long-term refinancing of the 2011 loan with US Bank, subject to final approval of compensation by Director Perry, and form of engagement letter by Mr. Pogue, it was further

RESOLVED to engage Kim Reed of Kutak Rock, to serve as bond counsel on the refinance of the 2011 loan with US Bank, it was further

RESOLVED to authorize legal counsel, Kutak Rock, and Pinnacle Consulting to work with D.A. Davidson to prepare documents related to long term bond issuance.

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MANAGERS REPORT

JMC Maintenance: Ms. Hawkins stated that the District turned over the site maintenance duties to JMC in July. A walk through was performed as a part of the transition but due to a late irrigation startup some of the maintenance issues were not discovered until after the transition. Two additional repairs were later identified after the turnover requiring unexpected costs to JMC. Ms. Hawkins reported that JMC has requested a fee expense deduction to cover the cost of the replacement to the irrigation vacuum breaker and to the entryway uprights. Following review and discussion, upon motion duly made by Director Evans, seconded by Director Niemczyk and, upon vote, with Director Bergerson abstaining from vote, it was

RESOLVED to approve the fee expense deductions in the amount of \$1,312.80.

District Manager Update: Ms. Hawkins introduced Ms. Morgan to the Board and stated that she would be transitioning into the District Manager position.

LEGAL ITEMS

2016 Election Update: Mr. Pogue provided an update on the May 3, 2016 election, noting that there were not more candidates than vacancies and so Directors Niemczyk, Bergerson and Lau will be reelected by acclamation. Mr. Pogue noted that Oaths of Office will need to be executed within 30 days of May 3, 2016 and that his office would be contacting the newly elected Board members for completion.

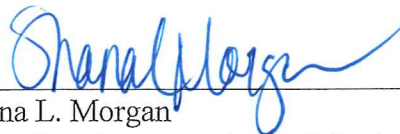
ITEMS FROM DIRECTOR

No additional items were brought before the Board.

ADJOURNMENT

There being no further business brought before the Board, the meeting was adjourned at 11:37 a.m.

Respectfully submitted,



Shana L. Morgan
Recording Secretary for the Meeting