

RECORD OF PROCEEDINGS

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

HELD
October 24, 2013

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 24, 2013 at 2:00 p.m.

ATTENDANCE

Directors in Attendance Were:

Kim Perry
Mike Bergerson
Cole Evans
Jay Hardy

Directors Absent and Excused:

Tammi Lau

Also in Attendance Were:

Brendan Campbell, Pinnacle Consulting Group, Inc.
Alex Estevez, Pinnacle Consulting Group, Inc.
Carla Hawkins, Pinnacle Consulting Group, Inc.
Alan Pogue, Icenogle, Seavers & Pogue, P.C.

CALL TO ORDER

The meeting was called to order at 2:06 p.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. Carla Hawkins reported that notice of the meeting 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

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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. Upon motion duly made by Director Hardy, and seconded by Director Evans, it was unanimously

RESOLVED to approve the agenda as amended.

APPROVAL OF MINUTES

The Minutes of the October 25, 2012 Special Meeting were presented and reviewed. Upon motion duly made by Director Bergerson and seconded by Director Evans, it was unanimously

RESOLVED to approve the Minutes of the October 25, 2012 Special Meeting as presented.

RATIFICATION OF PAYABLES

Mr. Campbell presented for ratification the schedule of payables updated as of October 21, 2013 totaling \$129,053.20 including check numbers 1238 through 1303 for November 2012 through October 2013 payments. Upon motion duly made by Director Hardy, and seconded by Director Evans, it was unanimously

RESOLVED to ratify the Schedule of Payable as noted above.

2013 BUDGET AMENDMENT

Director Perry opened the 2013 Budget Amendment Hearing for Waterfall Metropolitan District No. 1. Ms. Hawkins reported that notice of the budget hearing had been published 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 Hardy, and seconded by Director Evans, it was unanimously

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RESOLVED to amend the 2013 Budget as presented.

2014 BUDGET
HEARING
& ADOPTION OF
RESOLUTIONS

Director Perry opened the 2014 Budget Hearing to the public. Ms. Hawkins reported that notice of the hearing had been published on October 17, 2013 and 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 operation and maintenance assessments to finance the District. The Board considered the following:

Mill levy is 45.000 mills.

General Fund Expenditures: \$109,050

Funded by Operation and Maintenance Assessments.

Capital Fund Expenditures: \$0

Debt Service Fund: \$118,545

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

RESOLVED to approve the Resolutions to Adopt the 2014 Budget and Appropriate budgeted funds with final certification of values received from Larimer County, and approve all other documents related to the 2014 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.

MANAGERS
UPDATE

Consideration of Service Agreement with Concept Signs and Graphics

Ms. Hawkins presented for the Board's consideration a Service Agreement between the District and Concept Signs and Graphics for entry sign repairs to both the east and west sides of the sign. She noted that ValleyCrest Landscape Maintenance damaged the sign on the east side and has agreed to reimburse the District for that cost. Upon motion duly made by Director Evans and seconded by Director Hardy, it was unanimously

RESOLVED to approve the Concept Signs and Graphics Service Agreement.

Operations and Maintenance Updates

Pinnacle Consulting Group provides a monthly manager's report with the monthly payables listing to keep the Board informed on District operations

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and maintenance each month. The Board agreed the report was informative and beneficial. The Board discussed the process for approving work orders. Upon motion duly made by Director Hardy and seconded by Director Bergerson, it was unanimously

RESOLVED to authorize President Perry to approve service work orders, as needed throughout the year, within the approved budget amounts.

LEGAL UPDATE

Annual Administration Resolution

Mr. Pogue presented the 2014 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 Hardy and seconded by Director Evans, it was unanimously

RESOLVED to approve the 2014 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.

Election Resolution

Mr. Pogue presented for the Board's consideration and approval the 2014 Election Resolution. After further discussion and upon motion duly made by Director Hardy and seconded by Director Evans, it was unanimously

RESOLVED to approve the 2014 Election Resolution as presented.

Meeting Resolution

Mr. Pogue presented the Meeting Resolution for the Board's consideration. After further discussion and upon motion duly made by Director Hardy and seconded by Director Evans, it was unanimously

RESOLVED to approve the Meeting Resolution as presented.

Records Retention Resolution

Mr. Pogue presented the Records Retention Resolution for the Board's consideration. After further discussion and upon motion duly made by

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Director Hardy and seconded by Director Evans, it was unanimously

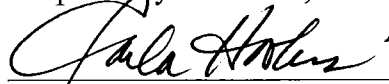
RESOLVED to approve the Meeting Records Retention Resolution as presented.

OTHER MATTERS No other matters were brought before the Board. Upon receiving no further comments, this portion of the meeting was closed.

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 2:59 p.m.

Respectfully submitted,



Carla Hawkins
Secretary for the Meeting