

RECORD OF PROCEEDINGS

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

HELD
October 27, 2011

The Regular 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 27, 2011 at 10:00 a.m.

ATTENDANCE

Directors in Attendance Were:

Cole Evans
Tammi Lau
Troy McWhinney (via phone)

Directors Absent and Excused:

Mike Bergerson

Also in Attendance Were:

Kim Perry, McWhinney
Jay Hardy, McWhinney
Alan Pogue, Icenogle, Seaver & Pogue, P.C.
Brendan Campbell, Pinnacle Consulting Group Inc.
Carla Hawkins, Pinnacle Consulting Group Inc.

CALL TO ORDER

The meeting was called to order at 10:05 a.m. by Director McWhinney as Chairman, noting that a quorum was present. The Directors confirmed their qualifications to serve on the Boards.

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

RECORD OF PROCEEDINGS

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 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 with the addition of Consider Approval of Election Resolution.

APPOINTMENT OF NEW BOARD MEMBERS

Mr. Pogue stated Mr. Schroyer presented his resignation and the Board acknowledged and accepted his resignation. He noted that a call for interested candidates was published in the Reporter Herald. Kim Perry and Jay Hardy each expressed their interest to serve on the Board. Each has been qualified to serve on the Board. Upon motion duly made by Director McWhinney and seconded by Director Evans, it was unanimously

RESOLVED to approve the appointment of Kim Perry to serve on the Board to fill the term expiring in May 2014.

Director McWhinney stated he would like to turn in his resignation and the remaining Board agreed to accept his resignation. Upon motion duly made by Director Evans and seconded by Director Lau, it was unanimously

RESOLVED to approve the appointment of Jay Hardy to serve on the Board to fill the term expiring in May 2012.

ELECTION OF OFFICERS

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:

RECORD OF PROCEEDINGS

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 June 22, 2011 Special Meeting were presented and reviewed. Upon motion duly made by Director Lau and seconded by Director Evans, it was unanimously

RESOLVED to approve the Minutes of the June 22, 2011 Waterfall Metropolitan District No. 1 Special Meeting, as presented.

APPROVAL OF PAYABLES

Mr. Campbell presented the Schedule of Payables updated as of October 20, 2011 totaling \$30,473.36 including check numbers 1138 through 1156 for June through September 2011 invoices. Upon motion duly made by Director Lau and seconded by Director Evans, it was unanimously

RESOLVED to ratify the Schedule of Payable as noted above.

2011 AUDIT

Mr. Campbell reported that an audit will need to be prepared for the District and filed with the State Auditor by July 31, 2012. Upon motion duly made by Director Hardy, seconded by Director Lau, it was unanimously

RESOLVED to authorize Pinnacle Consulting Group to prepare the 2011 audit workpapers and to engage John Cutler & Associates to perform the 2011 audit.

2011 AMENDED BUDGET HEARING & ADOPTION OF RESOLUTIONS

Director Perry opened the Amended 2011 Budget Hearing to the public. Mr. Pogue reported that notice of the hearing had been published in accordance with state budget law. After further general discussion, the public hearing portion of the budget was closed. Mr. Campbell reviewed the budget and answered questions pertaining to estimated year end

RECORD OF PROCEEDINGS

revenues and expenditures, and operation and maintenance assessments to finance the district. With that the board considered the following:

Capital Fund Expenditures: \$10,816

Debt Service Fund Expenditures: \$1,698,138

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

RESOLVED, to approve the Resolutions to Adopt the Amended 2011 Budget and Appropriate budgeted funds and approve all other documents related to the Amended 2011 Budget.

2012 BUDGET
HEARING
& ADOPTION OF
RESOLUTIONS

Director Perry opened the 2012 Budget Hearing to the public. Mr. Pogue reported that notice of the hearing had been published in accordance with state budget law. There being no public input, the public hearing portion of the budget was closed. Mr. Pogue gave a brief history of the District and the Property Owners Association. He noted that the Property Owners Association had been established for maintenance of the common areas of which the Association would establish an assessment to cover the expenses. The District was formed to pay for public infrastructure within the development. The District has maintained the common areas pursuant to an agreement with the Property Owners Association. 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: \$102,396

Funded by Operation and Maintenance Assessments.

Capital Fund Expenditures: \$0

Debt Service Fund: \$116,209

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

RESOLVED to approve the Resolutions to Adopt the 2012 Budget and Appropriate budgeted funds with final certification of values

RECORD OF PROCEEDINGS

received from Larimer County, and approve all other documents related to the 2012 budget including 1) certifying a 45 mill levy, 2) support being provided to the Board regarding accounting and finance costs 3) changing the audit expense to \$5500, 4) changing the legal expense to \$7500 and 4) increasing the developer repayment by \$50,000; thus reducing the Ending Debt Service Fund amount to \$69,130. The District Manager is authorized to make minor modifications that may be necessary with receipt of final assessed values.

MANAGER'S UPDATE

Ms. Hawkins gave an update regarding District Operations and Maintenance. She stated she was soliciting competitive insurance proposals due to the fact the Special District Association Directors' and Officers' Liability expense is increasing by 100%. She is also soliciting landscape proposals for plant replacements and for 2012 landscaping maintenance services. She noted that Mill Brothers had a one year warranty on the landscaping recently installed at Urology Center of the Rockies.

LEGAL UPDATE

ANNUAL ADMIN RESOLUTION

Ms. Hawkins presented the 2012 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 filings. Upon motion duly made by Director Hardy and seconded by Director Lau, it was unanimously

RESOLVED to approve the 2012 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. Calendars will be consulted to come up with a regular meeting date and time that works with all board members' schedules.

TRANSPARENCY NOTICE

Ms. Hawkins noted the District is required to publish transparency notices annually. The notice will be published on the SDA Website prior to January 15, 2012. Upon motion duly made by Director Lau and seconded by Director Hardy, it was unanimously

RECORD OF PROCEEDINGS

RESOLVED to approve the 2012 Transparency Notices.

ELECTION
RESOLUTION

Mr. Pogue presented for the Board's consideration and approval the 2012 Election Resolution. He noted that Directors Bergerson, Hardy and Lau's four year terms are up for election. Due to Board member replacements Directors Perry and Evans two year terms are also up for election. Director Lau stated that in prior meetings the discussion of increasing the Board from 5 to 7 was mentioned. The Board agreed to consider increasing the Board. After further discussion and upon motion duly made by Director Hardy and seconded by Director Evans, it was unanimously

RESOLVED to approve the 2012 Election Resolution.

DEVELOPMENT &
BLV OWNERS ASSOC
UPDATE

Directors Perry noted the Board had received an email from Director Bergerson regarding the mill levy and site maintenance by Mill Brothers. The Board acknowledged his comments. It was decided to call a work session meeting with Director Bergerson and Mr. Engel to discuss the following: 1) board membership, 2) landscape maintenance, 3) commercial association, 4) district and, 5) O & M fee.

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 11:10 a.m.

Respectfully submitted,



Carla Hawkins
Secretary for the Meeting