

RECORD OF PROCEEDINGS

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

HELD
October 28, 2010

The 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 Pinnacle Consulting Group Inc. 5110 Granite Street, Suite C, , Loveland, Colorado 80538 on October 28, 2010, at 10:30 am.

ATTENDANCE

Directors in Attendance Were:

District No. 1:
Mike Bergerson
Larry D. Wood
James E. Ringenberg (via phone)

District No. 2:
Larry D. Wood
James E. Ringenberg (via phone)

Also in Attendance Were:

Alan Pogue, Icenogle, Seaver & Pogue, P.C.
Carla Hawkins, Pinnacle Consulting Group Inc.
Troy McWhinney, McWhinney (via phone)
Steve Schroyer, McWhinney
Cole Evans, McWhinney
Tammi Lau, McWhinney
Tom Engel, Urology Center of the Rockies
Karen Samuels Jones, Perkins Coie, LLP (via phone)

CALL TO ORDER

The meeting was called to order at 10:40 am 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.

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CONFLICT OF INTEREST DISCLOSURE

Mr. Pogue, legal counsel, noted that notices of potential conflicts of interest for Directors Wood and Ringenberg were filed by Karen Samuels Jones, attorney and Director Bergerson was filed by Mr. Pogue's office all of which 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 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 Wood and seconded by Director Bergerson, it was unanimously

RESOLVED to approve the agenda without changes.

APPROVAL OF MINUTES

The minutes of the May 20, 2010 Special Meeting were presented and reviewed. Upon motion duly made by Director Bergerson and seconded by Director Wood, it was unanimously

RESOLVED to approve the Minutes of May 20, 2010, as presented.

APPROVAL OF PAYABLES AND FINANCIAL REPORT

Ms. Hawkins presented the Schedule of Payables as of October 12, 2010 totaling \$28,513.72 for May through August 2010 and \$6,314.93 for September 2010 invoices. Upon motion duly made by Director Wood and seconded by Director Bergerson, it was unanimously

RESOLVED to ratify the May through August payables and approve September payable as noted above.

2009 AUDIT

Mr. Pogue noted at the direction of the Board, the 2009 Audit had been finalized and reviewed by district counsel and accounting staff prior to submittal by September 30, 2010 with the State Auditors' office. Upon motion duly made by Director Bergerson, seconded by Director Wood, it was unanimously

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RESOLVED to ratify the 2009 audit for District No. 1.

BOARD MEMBER APPOINTMENT

There are two vacancies to be filled on the Board for District No.1. Notice of the vacancies was published in the Loveland Reporter Herald on October 9, 2010 and no other qualified and interested persons expressed a desire to fill those vacancies. Accordingly, Troy McWhinney and Steve Schroyer have each agreed to serve and have been qualified to serve on the Boards. Upon motion duly made by Director Wood and seconded by Director Bergerson, it was unanimously

RESOLVED to approve the appointment of Troy McWhinney to serve on the Board of District No. 1 to fill the term expiring in May 2014, and to appoint Steve Schroyer to serve on the Board of District No. 1 to fill the term expiring in May 2012.

There are three vacancies to be filled on the Boards for District No.2. Notice of the vacancies was published in the Loveland Reporter Herald on October 9, 2010 and no other qualified and interested persons expressed a desire to fill those vacancies. Accordingly, Troy McWhinney and Steve Schroyer have each agreed to serve and are qualified to serve on the Boards. Upon motion duly made by Director Wood and seconded by Director Bergerson, it was unanimously

RESOLVED to approve the appointment of Troy McWhinney to serve on the Board of District No. 2 to fill the term expiring in May 2014, and to appoint Steve Schroyer to serve on the Board of District No. 2 to fill the term expiring in May 2012.

OATHS OF OFFICE

Directors McWhinney and Schroyer took their Oaths of Office for Districts No.1 and No.2. Director McWhinney's term will expire May 2014. Director Schroyer took his Oath of Office for District No. 1 and No. 2. Director Schroyer's term will expire May 2012. The Oaths will be properly filed with Larimer County District Court and Colorado Division of Local Government.

RESIGNATION

At this point in the meeting, Directors Wood and Ringenberg submitted their resignation from each Board. Upon motion duly made by Director Schroyer and seconded by Director Bergerson, it was unanimously

RESOLVED to accept the resignation from Mr. Wood and Mr. Ringenberg from District No. 1, and

Upon motion duly made by Director Schroyer and seconded by Director McWhinney, it was unanimously

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RESOLVED to accept the resignation from Mr. Wood and Mr. Ringenberg from District No. 2.

ELECTION OF CHAIRMAN

The Board turned to the issue of electing an Acting Chairman. Upon motion duly made by Director Schroyer, seconded by Director Bergerson and unanimously carried, to Appoint Director McWhinney as Acting Chairman for District No. 1.

Upon motion duly made by Director Schroyer, seconded by Director McWhinney and unanimously carried, to Appoint Director McWhinney as Acting Chairman for District No. 2.

BOARD MEMBER APPOINTMENT

There are two vacancies to be filled on the Boards for District No. 1, as a result of the resignations of Directors Wood and Ringenberg. Tammi Lau and Cole Evans have each agreed to serve and are qualified to serve on the Boards. Upon motion duly made by Director Schroyer and seconded by Director McWhinney, there was additional discussion. Director Bergerson requested that Mr. Engel be considered as a board member. He mentioned he was working on efforts to become qualified. Mr. Pogue noted that the next election was in 2012 and if lawfully qualified as an eligible elector; he could run for election at that time or be appointed at a later date. Director Bergerson requested that one seat be left vacant and assuming Mr. Engel is lawfully qualified as an eligible elector, the Board consider appointing him to fill the vacancy. Director Bergerson mentioned that this would go a long way in relations with the group of doctors. After discussion, with the vote being two to one in favor and Director Bergerson opposing

RESOLVED to approve the appointment of Cole Evans to serve on the Board of District No. 1 to fill the term expiring in May 2014, and to appoint Tammi Lau to serve on the Board of District No. 1 to fill the term expiring in May 2012.

There are three vacancies to be filled on the Boards for District No. 2, two of which result from the resignations of Directors Wood and Ringenberg. Tammi Lau and Cole Evans have each agreed to serve and are qualified to serve on the Boards. Upon motion duly made by Director Schroyer and seconded by Director McWhinney, it was unanimously

RESOLVED to approve the appointment of Cole Evans to serve on the Board of District No. 2 to fill the term expiring in May 2014, and to appoint Tammi Lau to serve on the Board of District No. 2 to fill the term expiring in May 2012.

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OATHS OF OFFICE

Directors Evans and Lau took their Oaths of Office for Districts No.1 and No.2. Director Evan's term will expire May 2014. Director Schroyer took his Oath of Office for District No. 1 and No. 2. Director Lau's term will expire May 2012. The Oaths will be properly filed with Larimer County District Court and Colorado Division of Local Government.

ELECTION OF OFFICERS

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

President & Chairman	Troy McWhinney
Vice President & Asst. Secretary	Mike Bergerson
Secretary	Steve Schroyer
Treasurer & Asst. Secretary	Tammi Lau
Asst. Vice President & Asst. Secretary	Cole Evans

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	Troy McWhinney
Vice President & Asst. Secretary	Cole Evans
Secretary	Steve Schroyer
Treasurer & Asst. Secretary	Tammi Lau

NEXT MEETING PUBLIC HEARING ON BUDGET

Mr. Pogue mentioned a special meeting of the Boards needed to be scheduled to review and approve the proposed budgets to District Nos. 1 & 2. The Districts are required to publish for the budget meeting and hold a public hearing. Scheduling was discussed and the Board instructed management to prepare for a budget meeting on November 15, 2010 at 5:30 pm at Orthopaedic Center of the Rockies.

LEGAL UPDATES

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

The District has not received the promissory note from Orthopaedic Center of the Rockies, PC. Director Bergerson said he was working with JMC legal counsel, Mr. Hasler, to finalize the note to be submitted to the District.

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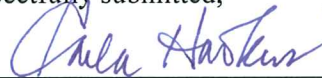
PUBLIC COMMENT

The Board opened the meeting to Public Comments. Upon receiving no 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 11:15 am.

Respectfully submitted,



Carla Hawkins
Secretary for the Meeting