

RECORD OF PROCEEDINGS

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

HELD
March 24, 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 March 24, 2010, at 10:30 am.

ATTENDANCE

Directors in Attendance Were:

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

Also in Attendance Were:

Alan Pogue, Icenogle, Norton, Smith, Gilida & Pogue, P.C. (via phone)
Mike Bergerson, OCR (via phone)
Teresa Adler, Pinnacle Consulting Group Inc.
Carla Hawkins, Pinnacle Consulting Group Inc. (via phone)

CALL TO ORDER

The meeting was called to order at 10:30 am by Director Dando as Chairman, 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.

RECORD OF PROCEEDINGS

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 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. Director Martell also disclosed that he was legal counsel for the Boyd Lake Village Owners Association.

APPROVAL
OF AGENDA

The Board reviewed the agenda and approved the agenda without changes.

APPROVAL OF
PAYABLES

Ms. Hawkins presented the Schedule of Payables as of March 16, 2010 totaling \$18,562.89 for December 2009 and January 2010 payables and \$4,966.90 for payables reflecting February 2010 invoices. Upon motion duly made by Director Dando and seconded by Director Martell, it was unanimously

RESOLVED to approve the February 2010 payables and ratify approval of the December 2009 – January 2010 payables, as noted above.

2009 AUDIT
EXEMPTION
DISTRICT No. 2
AND AUDITOR FOR
DISTRICT No. 1

Ms. Hawkins presented the 2009 Applications for Audit Exemption for District No. 2. Upon motion duly made by Director Martell and seconded by Director Dando, it was unanimously

RESOLVED to approve the 2009 Applications for Exemption from Audit for District No. 2.

RECORD OF PROCEEDINGS

Upon motion duly made by Director Martell and seconded by Director Dando, it was unanimously

ALSO RESOLVED to table the selection of the 2009 Auditor for District No. 1.

LEGAL UPDATES

2010 Election Update

Mr. Pogue gave an update on the Election noting that Mr. Buckendorf's term was expiring in May 2010. A public notice was filed in the Reporter Herald that there are currently two vacancies on the Board. OCR is very interested in having two doctors qualified to serve on the Board. The board decided that this meeting would be continued for the purpose of considering appointing new members to the Board.

Discussion/Authorize legal proceedings to enforce collection of 2010 Ground Maintenance Fees

Mr. Pogue stated a letter has been sent to Boyd Lake Village, LLC stating that because the O & M fee remained unpaid after the due date of March 15, 2010 the District intends to exercise its' statutory lien rights if payment is not paid by March 26, 2010. The letter was also sent to First National Bank's attorney. Director Martell noted that he may have a conflict of interest as one of his law partners was on the board of directors of First National Bank. After discussion and upon motion duly made by Director Buckendorf and seconded by Director Martell, it was unanimously

RESOLVED to proceed with communications to attempt to collect the 2010 Ground Maintenance Fees, and to file liens against the property to secure eventual repayment.

FURTHER RESOLVED, not to go forward with a lawsuit to foreclose at this time.

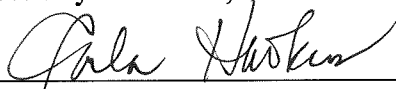
Just prior to the end of the meeting, Director Martell stated he would be resigning from the Board. He was thanked for all his efforts as was both Directors Dando and Buckendorf.

RECORD OF PROCEEDINGS

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

NEXT MEETING The Board decided to continue this meeting for Tuesday, April 6, 2010 at 12:00 Noon at Orthopaedic Center of the Rockies, PC 3470 East 15th Street, Loveland, Colorado 80538.

Respectfully submitted,



Carla Hawkins
Secretary for the Meeting