

RECORD OF PROCEEDINGS

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

HELD
November 18, 2011

A 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 November 18, 2011 at 10:30 a.m.

ATTENDANCE

Directors in Attendance Were:

Kim Perry
Jay Hardy
Mike Bergerson
Cole Evans
Tammi Lau

Also in Attendance Were:

Alan Pogue, Icenogle, Seaver & Pogue, P.C.
Carla Hawkins, Pinnacle Consulting Group Inc.
Tom Engel, Urology Center of the Rockies

CALL TO ORDER

The meeting was called to order at 10:38 a.m. by Director Perry, 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 Meeting has 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 pursuant to Colorado law, certain disclosures by the Board Members might be required prior to taking official action at a meeting. The Board

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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 Bergerson, it was unanimously

RESOLVED to approve without changes.

BOARD MEMBERSHIP

Mr. Pogue gave a history of the District. The Board acknowledged Mr. Engel's request to serve on the Board. Director Perry stated that the Board wished to be very transparent and was open to increasing the board. Mr. Pogue noted the process and pointed out Mr. Engel is not currently a qualified elector in the District. Mr. Pogue stated the Board could pass a resolution to increase the Board to six. Mr. Engel would need to be qualified.

LANDSCAPE MAINTENANCE

Ms. Hawkins gave an update regarding District Operations and Maintenance including the landscape services currently being provided by Mill Brothers. 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. She will report back to the Board in the spring so the Board can make a decision on how to proceed with landscaping services in 2012.

COMMERCIAL ASSOCIATION

Director Perry stated that the District was given the authority by the Association to handle the day to day operations saving owners overhead costs. There is an Association easement granting site maintenance to be performed by the Association. This easement was assigned to the District. In the future, the Board can discuss if they would like this same arrangement or transfer site maintenance back to the Association allowing owners to self perform their site maintenance. Director Perry noted that

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marketability for absorption and future improvement requirements should be considered when evaluating the options. Director Hardy suggested that consideration be made to what “success looks like” for the project in 5 years and beyond. The Developer is looking at various models and reviewing the original marketing programs for the site.

LOVELAND
HOUSING
AUTHORITY

Mr. Engel asked the status of The Loveland Housing Authority lot purchase of a parcel of land in District No. 2. The property is under contract and is scheduled to close by the end of the year. The Board briefly discussed including the balance of land within Waterfall Metropolitan District No. 1 or Centerra Metropolitan District No. 2 boundaries.

2012 BUDGET

The Board discussed the approved 2012 Budget noting the Board’s decision to set the mill levy at 45 mills for repayment of the US Bank 5-year loan. Director Bergerson commented that the prior developer and First National Bank did not wish to establish a mill levy until developed sites increased to help share the burden of any repayment for capital infrastructure. The Board agreed to analyze District expenses and debt payments.

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 11:50 a.m.

Respectfully submitted,

Carla Hawkins
Secretary for the Meeting