

RECORD OF PROCEEDINGS

MINUTES OF THE COORDINATED ORGANIZATIONAL MEETING OF

WATERFALL METROPOLITAN DISTRICT NO. 1
WATERFALL METROPOLITAN DISTRICT NO. 2

HELD

JUNE 26, 2008

The Coordinated Organizational Meeting of the Boards of Directors (collectively, "Board") of the Waterfall Metropolitan District No. 1 and Waterfall Metropolitan District No. 2, (collectively, "Districts") was held at the offices of the Pinnacle Consulting Group Inc, 5110 Granite Street, Suite C, Loveland, Colorado, 80538 on Thursday, June 26, 2008 at 4:00 p.m.

Attendance

Directors in Attendance Were:

Kirk A. Dando
James A. Martell
Larry S. Buckendorf

Directors Absent and Excused Were:

N/A

Also in Attendance Were:

Alan Pogue, Icenogle, Norton, Smith, Blieszner, Gilida & Pogue, P.C.
Carla Hawkins, Pinnacle Consulting Group Inc.

Call to Order

The Coordinated Organizational Meeting of the Boards of Directors of the Waterfall Metropolitan District Nos. 1 and 2 was called to order at 4:06 p.m. by Director Dando, noting that a quorum was present for each of the Boards. Each of the Directors confirmed their qualifications to serve on the Boards. Director Dando also confirmed that prior to the meeting each of the Directors had been notified of the meeting.

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Combined Meetings

The Boards of Directors of the Districts determined to hold joint meetings of the Districts and to prepare joint minutes of action taken by the Districts at such meetings. Unless otherwise noted herein, all official action reflected in these minutes shall be deemed to be action of all of the Districts. Where necessary, action taken by an individual District will be so reflected in these minutes.

Meeting Notice

Ms. Carla Hawkins reported that Notice of the Organizational Board Meetings had been properly posted within each District's boundaries, and that Notice was sent to the Larimer County Clerk and Recorder for posting on the bulletin board. The notice also included the agenda items.

District Organization & Oaths of Office

Mr. Pogue reported that the Findings, Orders and Decrees creating each District were entered by the Larimer County District Court; and certified copies of such Decrees have been recorded with the Larimer County Clerk and Recorder, and filed with the Division of Local Government and Larimer County Assessor. He also noted that the Oaths of Office and director bonds for each of the Districts and the Boards had been completed and properly filed with the District Court and Division of Local Government.

Appointment of Officers

The Boards then turned to the issue of electing Officers for the Districts. Upon motion duly made by Director Dando, seconded by Director Martell and unanimously carried, it was

RESOLVED to elect the following slate of officers:

President & Chairman	Kirk A. Dando
Vice Chairman & Secretary/Treasurer	James A. Martell
Vice Chairman & Asst. Secretary/Treasurer	Larry S. Buckendorf

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Approval of Agenda

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

Conflicts of Interest

Mr. Pogue discussed the law relating to conflicts of interest. Mr. Pogue indicated that appropriate forms of disclosure had previously been sent to and completed by each of the Directors, and completed written forms of disclosure had been filed with the Secretary of State's office at least 72 hours in advance of the meeting as required by statute.

Qualifications

Mr. Pogue presented Affidavit of Qualification of Director forms for review and execution by the Board members for each of the Districts. Each member executed the forms in the appropriate manner indicating their qualifications to serve on each of the Board of Directors for each of the Districts.

Organizational Resolution

Mr. Pogue reviewed the Organizational Resolution with the Boards. Upon motion duly made by Director Martell, seconded by Director Buckendorf and unanimously carried, it was

RESOLVED to adopt the joint Organizational Resolution for Waterfall Metropolitan District Nos. 1 & 2.

Regular Meetings & Meeting Location

The Boards have determined to set regular meeting dates the fourth Thursday of each month. Unless otherwise specified, all regular and special meetings will be conducted at the offices of Pinnacle Consulting Group Inc, 5110 Granite Street, Suite C, Loveland, Colorado, 80538. The

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Board has determined to meet at this location noted above because there is no convenient location to meet within the District boundaries.

Designated Posting Locations

Mr. Pogue noted that it is necessary to adopt for each District, at the first meeting of each year, a Resolution identifying a “Designated Posting Place” for the 24-hour agenda notices. Upon motion duly made, seconded and unanimously carried, the Board approved the following locations as the “Designated Posting Place” for each District and adopted the Posting Location Resolutions and incorporated herein by this reference:

District 1 – Southwest corner of E. 15th Street of Lot 1, Block 1, Waterfall Fourth Subdivision

District 2 – Northwest corner of Boyd Lake Avenue and E. 15th Street on Lot 1, Block 1, Waterfall Subdivision

Indemnification Resolution

Mr. Pogue presented the Indemnification Resolutions for Directors and Employees of Waterfall Metropolitan District Nos. 1, & 2. Upon motion duly made by Director Dando, seconded by Director Buckendorf and unanimously carried, it was

RESOLVED to adopt the Indemnification Resolutions for Waterfall Metropolitan District Nos. 1 & 2.

Financial Matters

Mr. Pogue reported that Public Deposit Protection Act Numbers (PDPA), Federal Employer Identification Number (FEIN) and the Colorado State Tax Exemption Numbers would need to be assigned for each District by the Colorado Department of Regulatory Agencies’ Division of Banking, the Federal Department of Treasury, and the Colorado Tax Division, respectively. Upon motion duly made by Director Dando, seconded by Director Buckendorf, and unanimously carried, it was

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RESOLVED to authorize Director Martell, as treasurer, to sign the applications for the FEIN and Sales Tax Exemption forms and to have Icenogle, Norton, Smith, Blieszner, Gilida & Pogue, P.C. file these with the appropriate parties and to apply for the PDPA Numbers on behalf of each district.

Once the tax numbers are received, Pinnacle Consulting Group Inc. was instructed to open a checking account at First National Bank.

2008 Budget Hearings and Discussion

Mr. Pogue noted that the board will review and approve a 2008 Budget at a future meeting once publication of proper notice of the public meetings and public hearings for the budgets has been published in the Loveland Reporter Herald in accordance with law. It is anticipated that the 2008 Budget will be adopted along with 2009 Budget.

Insurance Coverage

Mr. Pogue reported that each District needs to bind insurance coverage for Public Official's Liability and General Liability. Upon motion duly made by Director Martell, seconded by Director Dando, and unanimously carried, it was

RESOLVED to ratify action to obtain the Directors' and Treasurer's Bonds for each district and to file them with the District Court and Division of Local Government as required by law, and it was

FURTHER RESOLVED, to have Pinnacle Consulting Group, Inc. coordinate the application, resolution and Intergovernmental Agreement execution and filing of appropriate forms and filings with the Special District Association to obtain district membership for all three districts as required to obtain insurance coverage through the Special District Association insurance pool; and it was

FURTHER RESOLVED, to have Pinnacle Consulting Group, Inc. request coverage for the General Liability coverage through Flood & Peterson who will bind coverage through the Special District Insurance Pool.

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Approve Worker's Compensation Resolution

Mr. Pogue noted that the Division of Local Government as well as the insurance pool is requiring that a Resolution to Exclude from Worker's Compensation if the Board elects not to have worker's compensation as a board member. Upon motion duly made by Director Buckendorf, seconded by Director Dando, and unanimously carried, it was

RESOLVED to approve the Resolution to Exclude from Worker's Compensation and the State of Colorado Worker's Compensation Exclusion form and direct Icenogle, Norton, Smith, Blieszner, Gilida & Pogue, P.C. to file them with the appropriate parties.

Appointment of Consultants

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

RESOLVED to approve the engagement of Icenogle, Norton, Smith, Blieszner, Gilida & Pogue, P.C. as general counsel to the Districts and approve the engagement of Pinnacle Consulting Group Inc. as accountant, manager and administrator and TST Engineering as district engineer for the Districts.

Funding & Reimbursement Agreement for Operations & Maintenance

Mr. Pogue then reviewed the Funding and Reimbursement Agreement for Operations and Maintenance with the Board. Following discussion, and upon motion duly made by Director Martell, seconded by Director Buckendorf, and unanimously carried, it was

RESOLVED to approve the Advance and Reimbursement Agreement for Operations and Maintenance between District No. 1 and Boyd Lake Village, LLC, with a cap of \$100,000 at an interest rate of prime plus 2% through December 31, 2009.

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Acquisition Agreement

Mr. Pogue discussed the acquisition of the District facilities and noted that an Acquisition Agreement was needed to document the agreement of the District to acquire public improvements constructed by the Developer on the District's behalf. Upon motion duly made by Director Dando, seconded by Director Martell, the Board unanimously

RESOLVED to enter into an Infrastructure Acquisition Agreement with Boyd Lake Village, LLC.

Next Meeting

Regular meetings will be held the fourth Thursday of each month at the offices of the Pinnacle Consulting Group Inc., unless otherwise noted or unless the Boards have elected to call special meetings when necessary to conduct District business.

Adjournment

There being no further business to come before the Board at this time, the meeting was adjourned at 4:35 p.m.

Respectfully submitted,



Carla Hawkins
Secretary for the Meeting