

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF

LOVELAND MIDTOWN METROPOLITAN DISTRICT HELD October 21, 2015

The Board of Directors (collectively, "Board") of the Loveland Midtown Metropolitan District, ("District") held a regular meeting, open to the public, at the offices of Pinnacle Consulting Group, Inc., 1627 E. 18th Street, Loveland, Colorado 80538; at 10:00 a.m. on Wednesday, October 21, 2015. Notice of the meeting was duly posted with the Larimer County Clerk and Recorder and in three public places within the boundaries of the District.

ATTENDANCE

Directors in Attendance:

Blaine Rappe, President
Nathan Klein, Vice President
Randy Vinding, Director
Eric Holsapple, Director
Curtis D. Zimmerman, Secretary/Treasurer

Also in Attendance:

Deborah Early, Esq.; Icenogle Seaver Pogue, P.C.
Kammy Tinney, Kirsten Starman, Amanda Castle and Rachel Provolt;
Pinnacle Consulting Group, Inc.
Marilou Wilcoxon; Resident

CALL TO ORDER

The meeting was called to order at 10:09 a.m. by Director Rappe, noting that a quorum was present. The directors in attendance confirmed their qualifications to serve. Upon motion duly made by Director Rappe, seconded by Director Holsapple and, upon vote, unanimously carried it was

RESOLVED to continue the meeting to 1638 18th Street Loveland, CO 80538.

CONFLICTS OF INTEREST DISCLOSURE

Ms. Early noted that conflicts of interest for Directors Rappe, Klein, and Holsapple have been filed. Ms. Early 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

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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

Ms. Tinney distributed for the Board's review and approval a proposed agenda for the meeting. Following review, upon motion duly made by Director Klein, seconded by Director Vinding and, upon vote, unanimously carried, it was,

RESOLVED to approve the agenda, as amended.

APPROVAL OF MINUTES

The Board reviewed the minutes of the April 29, 2015 special meeting. Following review, upon motion duly made by Director Klein, seconded by Director Holsapple and, upon vote, unanimously carried, it was

RESOLVED to approve the April 29, 2015 minutes, as presented.

PUBLIC COMMENT ON NON-AGENDA ITEMS

Ms. Wilcoxon addressed the Board and expressed her concerns regarding the lack of front lawn landscape installation and routine maintenance to the property at 1173 Caelum Court, and inquired about the District's policies on the lack of response from home owners when provided repeated violation notices.

Ms. Early responded to Ms. Wilcoxon and provided an overview of available remedies to the District, including the filing of a lien against those properties whose owners do not respond to covenant violations and resulting fines.

Director Holsapple requested that the City of Loveland be contacted regarding required backyard maintenance and suggested that the District consider authorizing maintenance crews to clean up the front yard at the property owner's expense. Director Holsapple extended his apologies to Ms. Wilcoxon and stated the course of action would be further discussed during the public hearing to consider the District's 2016 budget.

Ms. Wilcoxon left the meeting at this time.

FINANCIAL MATTERS

Ratify Previous Claims Presented for Payment: Ms. Castle presented the check detail for the period April 24, 2015 through October 14, 2015, totaling \$85,864.80 which includes check numbers 1605 - 1631, for Board review and consideration of ratification and approval.

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Following review and discussion, upon motion duly made by Director Holsapple, seconded by Director Vinding and, upon vote, unanimously carried, it was

RESOLVED to ratify approval of the claims in the amounts and for the check numbers listed above.

Financial Report: Ms. Castle reviewed with the Board the unaudited Financial Statements setting forth the cash deposits, investments, budget analysis, and accounts payable vouchers for the period ending August 31, 2015. Following review and discussion, upon motion duly made by Director Klein, seconded by Director Zimmerman and, upon vote, unanimously carried, it was

RESOLVED to accept the unaudited financial Statements for the period ending August 31, 2015 as presented.

2016 Budget Hearing: Director Rappe opened the public hearing to consider the proposed 2016 budget. Ms. Tinney noted that publication was made in a newspaper having general circulation within the District noting the date, time and location of today's public hearing. There were no written objections made prior to the hearing, and no members of the public present. There being no public present, the public portion of the budget hearing was closed.

Ms. Castle reviewed the 2016 budget in detail and responded to questions from the Board. Ms. Castle reported that the District's assessed valuation increased from \$3,472,190 to \$3,874,620 resulting in an increase in property tax revenue of \$15,675. Ms. Castle reminded the Board that, based on the 2011 bond documents, the mill levy in the Debt Service Fund is scheduled to increase by 1.000 mill in 2016 for a total of 17.000 mills certified towards the Debt Service Fund, with a corresponding decrease of 1.000 mill in 2016 for a total of 23.000 mills certified towards the General Fund for operations in 2016. The District's budget by fund are as follows:

Operating Mill levy is 23.00 mills.
General Fund Expenditures: \$101,333

Debt Service Mill levy is 17.00 mills.
Debt Service Fund Expenditures: \$70,809

Ms. Castle further explained that the District's bonds were issued in two series, "Series A" and "Series B", with Series B being subordinate to Series A, and are only paid per the debt service schedule if there are sufficient funds available from the mill levy certified for that year. Interest will accrue on the Series A bonds until such time as the District

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has the funds available from property tax revenues.

Following review and discussion and upon motion duly made by Director Vinding, seconded by Director Holsapple and, upon vote, it was unanimously

RESOLVED to approve the Resolution to Adopt the 2016 Budget, Certify the Mill Levies, Appropriate budgeted funds, and approve all other documents related to the 2016 budget.

MANAGEMENT MATTERS

Architectural Control Committee Update: Ms. Tinney introduced Ms. Provolt to the Board and recognized her efforts in performing routine site visits, covenant control, architectural review, and communication with property owners and residents of the District. Ms. Tinney reviewed with the Board the Architectural Control Review report, noting that the majority of the property owners are maintaining their landscape and adhering to the Covenants, with the exception of a handful of property owners.

The Board directed legal counsel to proceed with filing notice of lien on properties with fourth notice violations whose owners ignore the District's requests and do not pay the resulting fines, and requested that the Administrative Matters Resolution, to be considered by the Board as Agenda, Item V. A. approved be amended to include the District's policy for filing a lien on property with fourth notice violations.

2015 Landscape Maintenance Status/2016 Landscape Maintenance Contract: Ms. Tinney presented a Bid Evaluation worksheet detailing the status of the 2016 Landscape Maintenance Services to the District. Ms. Tinney reported Mill Brothers is doing a great job.

The District's Facilities Manager, Ms. Starman reviewed the Bid Evaluation with the Board and reported that the District's landscape needs include tree pruning. Following review and discussion, upon motion duly made by Director Zimmerman, seconded by Director Vinding and, upon vote, unanimously carried, it was

RESOLVED to accept the Landscape Management Bid Evaluation for 2016 as presented.

2015 Fence Maintenance Services: Ms. Starman reported that seven fence posts had been replaced by the District and general maintenance completed in 2015.

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DIRECTOR'S ITEMS There were no additional items brought by the Directors for consideration.

LEGAL MATTERS Consideration and Approval of 2016 Annual Administrative Matters Resolution: Ms. Early presented the 2016 Annual Administrative Matters Resolution, which sets forth certain annual administrative obligations to be performed in 2016 by the District or its designees, and provides for the annual election of officers.

Upon motion duly made by Director Vinding, and seconded by Director Zimmerman, it was unanimously

RESOLVED to elect the following officers for the District as set forth in the 2016 Annual Administrative Matters Resolution:

Blaine Rappe, President
Nathan Klein, Vice President
Curtis Zimmerman, Secretary/Treasurer
Eric Holsapple, Director
Randy Vinding, Director

As previously discussed, the Board requested that the Administrative Matters Resolution be amended to include the District's policy for filing a lien on property upon the fourth notice of a violation with unpaid fines. Upon motion duly made by Director Holsapple, seconded by Director Zimmerman, it was unanimously

RESOLVED to approve the 2016 Administrative Matters Resolution, as amended.

Resolution Calling the May 2016 Regular Election: Ms. Early presented the 2016 Election Resolution to the Board. Upon motion duly made by Director Holsapple, seconded by Director Klein and, upon vote, unanimously carried, it was

RESOLVED to approve the 2016 Election Resolution.

Ms. Early indicated that Directors Rappe, Klein, and Holsapple filed conflicts of interest with the Secretary of State disclosing that they are either employees and/or own a financial interest in Loveland Midtown Development, Inc., which is the holder of the 2015 Promissory Notes for Capital Advances and Operation and Maintenance Advances ("Notes"). As set forth in the agenda, the Board is to consider and approve the refunding of these Notes and the issuance of 2016 Promissory Notes for Capital Advances and Operation Advances, as described below.

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2016 Subordinate Promissory Note (Capital Advances): Ms. Early informed the Board that the District's Subordinate Promissory Note, issued on January 1, 2015, to Loveland Midtown Development, Inc. for the repayment of capital costs advanced to the District, matures on December 31, 2015, and that it is anticipated that the District will have insufficient funds to pay such Note in full at maturity. Therefore, Ms. Early presented the Board with a new Subordinate Promissory Note and advised the Board that, in accordance with the District's Advance and Reimbursement Agreement dated February 1, 2006, the District is required to issue a new Subordinate Promissory Note to Loveland Midtown Development, Inc., with an effective date of January 1, 2016 and a maturity date of December 31, 2016, to refund the existing Subordinate Promissory Note. Upon motion duly made by Director Zimmerman, and seconded by Director Klein, it was unanimously

RESOLVED to approve the issuance of a new Subordinate Promissory Note to Loveland Midtown Development, Inc. for the repayment of capital costs advanced to the District, with an effective date of January 1, 2016 and a maturity date of December 31, 2016.

2016 Subordinate Promissory Note (Operations & Maintenance): Ms. Early informed the Board that the District's Subordinate Promissory Note, issued on January 1, 2015, to Loveland Midtown Development, Inc. for the repayment of operations and maintenance costs advanced to the District, matures on December 31, 2015, and that it is anticipated that the District will have insufficient funds to pay such Note in full at maturity. Therefore, Ms. Early presented the Board with a new Subordinate Promissory Note and advised the Board that, in accordance with the District's Advance and Reimbursement Agreement dated February 1, 2006, the District is required to issue a new Subordinate Promissory Note to Loveland Midtown Development, Inc., with an effective date of January 1, 2016 and a maturity date of December 31, 2016, to refund the existing Subordinate Promissory Note. Upon motion duly made by Director Vinding, and seconded by Director Klein, it was unanimously

RESOLVED to approve the issuance of a new Subordinate Promissory Note to Loveland Midtown Development, Inc. for the repayment of operations and maintenance costs advanced to the District, with an effective date of January 1, 2016 and a maturity date of December 31, 2016.

2015 Legislative Update: Ms. Early reviewed the Summary of 2015 Legislation with the Board.

Amend Loveland Midtown Metropolitan District Meeting Resolution: Ms. Tinney proposed that the Board change the location of District meetings to

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1638 S. 18th Street, Loveland CO 80538. Upon motion duly made by Director Holsapple and seconded by Director Zimmerman, it was unanimously

RESOLVED to approve an amendment to the District's Meeting Resolution to change the meeting location to 1638 S. 18th Street, Loveland, CO 80538.

Workers Compensation Waiver Resolution: Ms. Early discussed with the Board workers compensation coverage and the ability to waive said coverage if the District's directors do not receive compensation. Ms. Early suggested the Board consider adopting a Resolution to Waive Workers' Compensation coverage. Upon motion duly made by Director Holsapple and seconded by Director Zimmerman, it was unanimously

RESOLVED to approve the waiver of workers' compensation coverage and the proposed Workers Compensation Waiver Resolution.

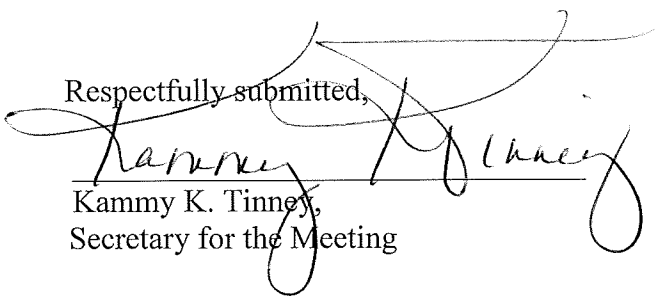
OTHER BUSINESS

There was no other business brought before the Board for consideration.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Zimmerman, seconded by Director Holsapple, and upon unanimous vote, the meeting was adjourned at 11:35 a.m.

Respectfully submitted,


Kammy K. Tinney,
Secretary for the Meeting

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THESE MINUTES ARE APPROVED AS THE OFFICIAL MINUTES OF THE OCTOBER 21, 2015 REGULAR MEETING OF THE LOVELAND MIDTOWN METROPOLITAN DISTRICT BOARD OF DIRECTORS, BY THE DIRECTORS SIGNING BELOW:


Blaine Rappe


Nathan Klein


Randy Vinding

Eric Holsapple


Curtis D. Zimmerman