

**RESOLUTION OF THE BOARD OF DIRECTORS OF
LOVELAND MIDTOWN METROPOLITAN DISTRICT**

A RESOLUTION APPROVING THE ISSUANCE OF A SUBORDINATE PROMISSORY NOTE TO LOVELAND MIDTOWN DEVELOPMENT, INC. TO REFUND AN EXISTING SUBORDINATE PROMISSORY NOTE EVIDENCING THE DISTRICT'S REPAYMENT OBLIGATION FOR FUNDS ADVANCED TO THE DISTRICT FOR OPERATION AND MAINTENANCE EXPENDITURES

WHEREAS, Loveland Midtown Metropolitan District (the "District") and Loveland Midtown Development, Inc. (the "Developer"), entered into that certain Funding and Reimbursement Agreement, dated February 1, 2006, pursuant to which the Developer agreed to advance funds to the District to pay for the District's operation and maintenance expenditures, provided that the District agreed to repay such amounts advanced in accordance with the terms therein (the "Agreement"); and

WHEREAS, pursuant to Paragraph 6 of the Agreement, the District issued a Subordinate Note, as defined therein, to the Developer, dated January 1, 2008, with a maturity date of December 31, 2008, to evidence the District's repayment obligation then existing with respect to funds advanced to the District for the District's operation and maintenance expenditures ("2008 Note"); and

WHEREAS, pursuant to Section 6 of the Agreement, if the District lacks sufficient funds to pay such Subordinate Note, or any new Subordinate Note issued thereafter, in full on the maturity date, the District must issue a new Subordinate Note to the Developer to refund the existing Subordinate Note, which new Subordinate Note shall be in an amount equal to the outstanding principal of the Subordinate Note to be refunded and any unpaid interest thereon and shall have a maturity date of December 31, of the next calendar year; and

WHEREAS, the District lacked sufficient funds to pay the 2008 Note in full on the maturity date and, therefore, on October 29, 2008, via resolution, the District's Board of Directors (the "Board") approved the issuance of a new Subordinate Note to the Developer, to be effective January 1, 2009, with a maturity date of December 31, 2009 ("2009 Note"), to refund the 2008 Note; and

WHEREAS, the District lacked sufficient funds to pay the 2009 Note in full on the maturity date and, therefore, on November 11, 2009, via resolution, the District's Board of Directors (the "Board") approved the issuance of a new Subordinate Note to the Developer, to be effective January 1, 2010, with a maturity date of December 31, 2010 ("2010 Note"), to refund the 2009 Note; and

WHEREAS, the Board has determined that it will lack sufficient funds to pay the 2010 Note in full on the maturity date and, therefore, desires to refund the 2010 Note and issue a new Subordinate Note to the Developer, with an effective date of January 1, 2011, and a maturity date of December 31, 2011.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF LOVELAND MIDTOWN METROPOLITAN DISTRICT:

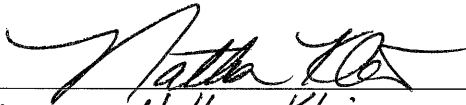
1. That, the Board does hereby approve the issuance of a new Subordinate Note, as attached hereto as **Exhibit A**, to be issued on January 1, 2011 to Loveland Midtown Development, Inc. with a maturity date of December 31, 2011, which new Subordinate Note represents a refunding of the 2010 Note and shall be issued in an amount equal to the outstanding principal of the 2010 Note plus accrued interest as of December 31, 2010.

2. That, the Board further authorizes the District's President to execute, on the District's behalf, the Subordinate Note attached hereto as Exhibit A.

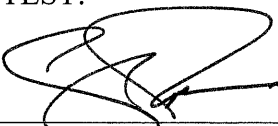
3. That, this Resolution shall take effect on the date and at the time of its adoption.

ADOPTED AND APPROVED THIS 17th DAY OF NOVEMBER, 2010.

**LOVELAND MIDTOWN METROPOLITAN
DISTRICT**


By: Nathan Klein
Its: Vice President

ATTEST:



Blaine Rappe, Secretary

EXHIBIT A

SUBORDINATE PROMISSORY NOTE

**LOVELAND MIDTOWN METROPOLITAN DISTRICT
REVENUE AND LIMITED TAX OBLIGATION
SUBORDINATE PROMISSORY NOTE**

PRINCIPAL AMOUNT: Eighty-One Thousand Three Hundred Thirty-Five Dollars and Seventeen Cents (\$81,335.17)

INTEREST RATE: Eight Percent (8%), Simple Interest

DATED: As of January 1, 2011

REGISTERED OWNER: Loveland Midtown Development, Inc. (the "Developer")

MATURITY DATE: December 31, 2011

Loveland Midtown Metropolitan District (the "District"), a body corporate, politic, and a political subdivision organized under the laws of the State of Colorado, for the value received, hereby promises to pay, but solely and only from, and contingent upon receipt of, the sources hereinafter described, the principal sum stated above (or such lesser amount as may be shown as advanced hereunder as set forth in Schedule "A" attached hereto) together with interest at the rate stated above, which interest shall accrue on said principal sum from and after the date hereof to the maturity date hereof, in lawful money of the United States of America to the registered owner named above, or registered assigns, on the maturity date stated above unless this Note shall be prepaid in full, in which case on such payment date.

In any case where the date of maturity for payment of interest on or principal of this Note or the date fixed for prepayment hereof shall be a Saturday or Sunday, a legal holiday or a day on which banking institutions in the city or town of payment are authorized by law to close, then payment of interest or principal or prepayment price shall be made on the immediately following business day with the same force and effect as if made on the date of maturity or the date fixed for prepayment. Prior to the Maturity Date, and at such time as the District has available funds, this Note may be prepaid in whole or in part, at any time, without redemption premium or other penalty, but with interest accrued on the principal amount prepaid, up to and including the date of prepayment. Any and all prepayments shall first be applied to accrued, unpaid interest, then to the principal. This Note shall be paid in full from the sources hereinafter described prior to the payment of any other obligation of the District which may have a claim on any revenues thereof that would otherwise be available for the payment of this Note, other than current operation and maintenance expenses of the District and current debt service on any outstanding bonds of the District.

This Note is executed at the request of the Developer pursuant to that certain Funding and Reimbursement Agreement between the District and the Developer, dated February 1, 2006, the terms of which are hereby incorporated by reference, and has been executed and delivered to pay for certain indebtedness incurred on its behalf as set forth therein. This Note represents a refunding of an existing promissory note from the District to the Developer dated January 1,

2010, which remained unpaid at the date of its maturity of December 31, 2010 ("2010 Note"). Pursuant to the terms of the Funding and Reimbursement Agreement, the District is issuing this Note in an amount equal to the outstanding principal of the 2010 Note plus accrued interest. If the District lacks sufficient funds to pay this Note in full upon the Maturity Date, the District shall issue a new promissory note to the Developer to refund this Note, which new note shall be in an amount equal to the outstanding principal of this Note, plus accrued interest, to be refunded and shall have a new Maturity Date of December 31, 2011. Similarly, until such time as the District is able to pay in full the amount of any promissory note then outstanding, the District shall issue a new note to refund any existing note which, at the date of its maturity, remains unpaid. Each new promissory note issued by the District shall include all outstanding principal, plus accrued interest, being refunded.

Pursuant to said Funding and Reimbursement Agreement, the District is obligated to repay both the principal amount of this Note and any and all interest accrued thereon, in the manner specified therein, contingent upon the receipt of funds from certain revenue sources as specified in the Agreement including, but not limited to, revenues resulting from the imposition of an ad valorem tax levy and any other legally available revenues. The obligation of the District to levy ad valorem taxes to provide for the payment of this Note is subject to restrictions provided in the District's Service Plan, electoral authority of the District, the provisions of any bond resolution, indenture or other document related to the District's issuance of bonds to fund capital improvements now or hereafter, including any refunding thereof, and any applicable laws. Pursuant to the District's Service Plan, the maximum mill levy the District may impose for the payment of this Note is 40 mills, which mill levy shall be subject to adjustment if the laws of the State change with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation changes, or other similar changes occur. **However, in no event shall the District impose a mill levy in excess of 50 mills for the repayment of this Note.**

Failure by the District to repay the Developer as a result of insufficient funds shall not constitute a default hereunder, nor subject the District to any claims and/or causes of action by the Developer, including mechanic's liens, arising out of the District's nonperformance of its payment obligation. A failure to make a payment of principal or interest due on the Note shall not cause or permit acceleration thereof; rather, the Note shall continue to bear interest at the rate and manner specified herein.

The District and the Developer agree that any accrued interest and any payments made by the District on the Note shall be evidenced on Schedule "A" hereto.

Neither the Board of Directors of the District, nor any person executing this Note, shall be personally liable hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

This Note is issued pursuant to and in full compliance with the Constitution and laws of the State of Colorado. All issues arising hereunder shall be governed by the laws of Colorado.

This Note is issued pursuant to the Supplemental Public Securities Act, Section 11-57-201, *et seq.*, C.R.S., as amended.

THIS NOTE IS A SPECIAL LIMITED OBLIGATION OF THE DISTRICT AND SHALL BE PAYABLE SOLELY FROM CERTAIN REVENUES SPECIFIED IN THE FUNDING AND REIMBURSEMENT AGREEMENT. THIS NOTE SHALL NOT CONSTITUTE A DEBT OR OBLIGATION OF THE STATE OF COLORADO OR LARIMER COUNTY, COLORADO. THE DEVELOPER SHALL HAVE NO RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OF COLORADO OR LARIMER COUNTY TO PAY THIS NOTE OR THE INTEREST THEREON, NOR TO ENFORCE PAYMENT OF THE SAME AGAINST THE PROPERTY OF THE STATE OF COLORADO OR LARIMER COUNTY, NOR SHALL THIS NOTE CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE STATE OF COLORADO OR LARIMER COUNTY.

BY ITS ACCEPTANCE HEREOF, THE DEVELOPER ACKNOWLEDGES THAT THE DISTRICT AND ITS OFFICERS, ATTORNEYS, EMPLOYEES OR AGENTS NEITHER MAKE, NOR HAVE MADE, ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE PROPER TREATMENT FOR FEDERAL, STATE AND/OR LOCAL INCOME TAX PURPOSES OF THE INTEREST PAYABLE HEREUNDER.

The District waives demand, presentment, and notice of dishonor and protest with respect to any payment due hereunder. No waiver of any payment or other right under this Note shall operate as a waiver of any other payment or right, including right of offset. If the Developer enforces this Note upon default, the District shall pay or reimburse the Developer for reasonable expenses incurred in the collection hereof or in the realization of any security hereof, including reasonable attorney's fees.

Notwithstanding any provision herein, or in any instrument now or hereafter securing the obligation of the District specified herein, the total liability for payments in the nature of interest shall not exceed the limit now imposed by the usury laws of the State of Colorado. By signing in the space provided below, the District hereby acknowledges and agrees that this Note shall be irrevocable for all purposes and shall be binding upon the District and its respective permitted successors, unless otherwise provided herein. This Note may not be terminated orally, but only by payments in full or by a written discharge signed by the owner and holder of this Note.

This Note shall not be offered, sold, or transferred to third parties.

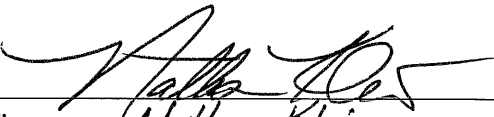
If, for any reason, this Note is determined to be invalid or unenforceable (except in the case of fraud by the Developer in connection therewith), the District shall issue a new promissory note to the Developer that is legally enforceable. Said new promissory note shall evidence the District's obligation to repay all amounts due hereunder.

It is hereby certified, recited and declared that all conditions, acts and things required to exist or occur by the Constitution or statutes of the State of Colorado, currently exist and either occurred prior to, or in connection with, the issuance of this Note.


IN WITNESS WHEREOF, the District has caused this Note to be executed in its name and on its behalf by its President, an imprint of its seal affixed hereon and by attestation via the signature of its Secretary.

LOVELAND MIDTOWN METROPOLITAN DISTRICT

(S E A L)


By: Nathan Klein
Its: Vice President

ATTEST:



Blaine Rappe, Secretary

SCHEDULE A

ACCRUED INTEREST AND PAYMENTS BY MAKER

SCHEDULE A

Loveland Midtown Metropolitan District - Operating
 Payable to Loveland Midtown Development, Inc.

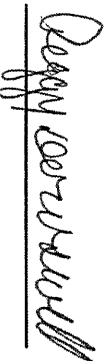
Rate Period: Annual

Nominal Annual Rate: 8.000%

AMORTIZATION SCHEDULE - U.S. Rule (no compounding)

Date	Loan	Payment	Interest Accrued	Interest Paid	Principal Paid	Balance Due Principal	Interest	Total
1/1/10 Beginning Balance						22,055.54	122,267.59	144,323.13
4 11/1/2010		17,500.00	8,173.50	17,500.00	0.00	12,729.04	122,267.59	134,996.63
5 12/8/2010		54,653.00	991.54	13,720.58	40,932.42	0.00	81,335.17	81,335.17
6 12/31/2010		0.00	410.02	0.00	0.00	410.02	81,335.17	81,745.19
2010 Totals	0.00	87,153.00	9,575.06	31,220.58	4,855.92			
Grand Totals	122,267.59	87,153.00	46,630.60	46,220.58	40,932.42			

Signature of Authorized
 Representative of Maker



An open balance of 118,003.55 still remains.