

RECORD OF PROCEEDINGS

MINUTES OF THE SPECIAL MEETING OF

LOVELAND MIDTOWN METROPOLITAN DISTRICT HELD October 25, 2017

The Board of Directors (collectively, "Board") of the Loveland Midtown Metropolitan District, ("District") held a special meeting, open to the public, at the offices of Pinnacle Consulting Group, Inc., 550 W. Eisenhower Boulevard, Loveland, Colorado 80537; at 10:00 a.m. on Wednesday, October 25, 2017. 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
Eric Holsapple, Director (via teleconference)
Curtis D. Zimmerman, Secretary/Treasurer (via teleconference)

Also in Attendance:

Deborah Early, Esq.; Icenogle Seaver Pogue, P.C.
Tom Flock, Amanda Campbell, Brian Doble and Darcy Chilton; Pinnacle Consulting Group, Inc.

CALL TO ORDER

The meeting was called to order at 10:02 a.m. by Director Rappe, noting that a quorum was present. The directors in attendance confirmed their qualifications to serve.

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 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

Mr. Flock 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 Holsapple and, upon vote, unanimously carried, it was,

RESOLVED to approve the agenda, as amended.

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APPROVAL OF
MINUTES

The Board reviewed the minutes of the March 29, 2017 regular meeting. Following review, upon motion duly made by Director Klein, seconded by Director Zimmerman and, upon vote, unanimously carried, it was

RESOLVED to approve the March 29, 2017 minutes, as presented.

MEETING
LOCATION
RESOLUTION

Ms. Early asked the Board to consider approval of a new meeting resolution changing the meeting location to Pinnacle's new office at 550 West Eisenhower Boulevard, Loveland CO 80537. Upon motion duly made by Director Holsapple, and seconded by Director Klein, it was unanimously

RESOLVED to approve the meeting location resolution to 550 West Eisenhower Boulevard, Loveland CO 80537.

PUBLIC COMMENT
ON NON-AGENDA
ITEMS

There were no members of the public in attendance.

FINANCIAL
MATTERS

Ratify Previous Claims Presented for Payment: Ms. Castle presented the check detail for the period March 22, 2017 through October 19, 2017, totaling \$95,609.89 which includes check numbers 1736 - 1772, for Board review and consideration of ratification and approval. Following review and discussion, upon motion duly made by Director Zimmerman, seconded by Director Holsapple 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 for the period ending September 30, 2017. The Board discussed the increase in costs from utilities and water usage. The Board suggested having a discussion regarding a rain gage proposal. Following review and discussion, upon motion duly made by Director Zimmerman, seconded by Director Holsapple and, upon vote, unanimously carried, it was

RESOLVED to accept the unaudited Financial Statements for the period ending September 30, 2017, subject to changes in utilities projection.

Public Hearing to Consider Amendment to 2017 Budget: Mr. Flock opened the public hearing on the 2017 amended budget. Mr. Flock noted that publication of a Notice stating that the Board would consider amending the 2017 Budget following the public hearing and the date, time and place of the public hearing was made in

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a newspaper having general circulation within the District. There being no public input, the public hearing portion of the budget discussions was closed.

Ms. Castle presented the Resolution to Adopt 2017 Amended Budget.

District No. 1, Service District:
General Fund Expenditures: \$97,978

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

RESOLVED to approve the Resolution to Adopt the Amended 2017 Budget and appropriate budgeted funds.

2018 Budget Hearing: Director Rappe opened the public hearing to consider the proposed 2018 budget. Mr. Flock 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 with the Board the proposed 2018 budget in detail and responded to questions from the Board. Ms. Castle reviewed with the Board the increase in budgeted expenditures for Pinnacle Consulting Group noting that the biggest cause of the increase results from covenant enforcement. The Board discussed the possibility of implementing a volunteer HOA Committee of residents who are concerned with covenant violations. Ms. Early indicated that she would review options allowed under the covenants.

Ms. Castle reported that Pinnacle's increase is 50% higher from prior years due to the increase in cost structure from covenant control. Ms. Castle noted that in her opinion, an appropriate operating cash reserve would contain at least 25% of the budget or \$25,000-30,000. The Board directed Pinnacle Consulting Group to provide a long-term schedule of capital needs at the next regular meeting in March. After further discussion, the Board agreed to defer approval of the 2018 Budget to a continued special meeting on November 28, 2017.

MANAGEMENT MATTERS

Architectural/Covenant Control Committee Update: Mr. Flock reviewed with the Board the Architectural/Covenant Violation Tracker noting that 233 properties were contacted concerning violations to date, including the filing of a lien against one property, and one lien released.

Review and Discuss Changes to Covenant Violation Enforcement Policy: Mr. Flock addressed the Board and Ms. Early for solutions regarding the amount of time it is currently taking for District Administration to create and distribute violation and fine notices to violators. Mr. Flock proposed reducing site

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inspections to a monthly basis during winter months to efficiently reduce covenant control costs. Ms. Early informed the Board that the current Covenant Enforcement Policy will need to be updated to reflect the change to section 3.a,(2) of the District Covenant Enforcement Policy for Violation, as it currently states the covenant enforcement of a 14 day cycle of late fee letters to be sent to violators who have cured the violation and have outstanding fines.

2017 Landscape Maintenance/Irrigation Maintenance services and coordination. Mr. Doble reviewed with the Board various routine maintenance items completed to date.

LEGAL MATTERS

2017 Legislative Update: Ms. Early provided a brief update on proposed legislation currently pending before the Legislature that may have an impact on the District.

DIRECTOR'S ITEMS

Work Order No. 1 – Integrity Lawn Professionals – Bush and Tree Trim: Mr. Doble presented Work Order No. 1 with Integrity Lawn Professionals for Bush and Tree Trim Services. Following review and discussion and upon motion duly made by Director Klein, seconded by Director Zimmerman, and upon vote, unanimously carried, it was

RESOLVED to approve Work Order No. 1 with Integrity Lawn Professionals for Bush and Tree Trim Services, in an amount not to exceed \$2,019.

Work Order No. 2 – Integrity Lawn Professionals – Dog Station Repairs: Mr. Doble presented Work Order No. 2 with Integrity Lawn Professionals for Dog Station Repair Services. Following review and discussion and upon motion duly made by Director Klein, seconded by Director Zimmerman, and upon vote, unanimously carried, it was

RESOLVED to approve Work Order No. 2 with Integrity Lawn Professionals for Dog Station Repair Services, in an amount not to exceed \$330.

Work Order No. 3 – Integrity Lawn Professionals – Lock Installation: Mr. Doble presented Work Order No. 3 with Integrity Lawn Professionals for Lock Installation Services. Following review and discussion and upon motion duly made by Director Klein, seconded by Director Zimmerman, and upon vote, unanimously carried, it was

RESOLVED to approve Work Order No. 3 with Integrity Lawn Professionals for Lock Installation Services, in an amount not to exceed \$350.

OTHER BUSINESS

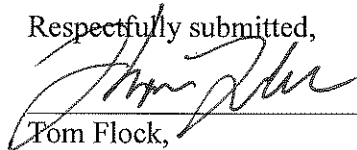
There was no other business brought before the Board for consideration.

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CONTINUATION

Upon a motion by Director Klein, seconded by Director Holsapple, and unanimous vote, the meeting is continued to Thursday, November 2, 2017 at 10:00 a.m.

Respectfully submitted,



Tom Flock,
Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL MINUTES OF THE OCTOBER 25, 2017 SPECIAL MEETING OF THE LOVELAND MIDTOWN METROPOLITAN DISTRICT BOARD OF DIRECTORS, BY THE DIRECTORS SIGNING BELOW:

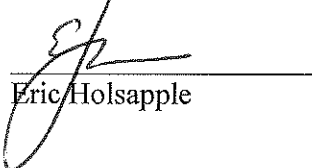


Blaine Rappe



Nathan Klein

Curtis D. Zimmerman



Eric Holsapple