

**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 CAPITAL EXPENDITURES

WHEREAS, Loveland Midtown Metropolitan District (the "District") and Loveland Midtown Development, Inc. ("LMD"), entered into that certain Advance and Reimbursement Agreement, dated February 1, 2006, pursuant to which LMD agreed to expend funds on the District's behalf and/or advance funds to the District to fund costs associated with the District's construction of public improvements and the District agreed to repay such funds to LMD in accordance with the terms therein (the "Agreement"); and

WHEREAS, in accordance with Paragraph 6.A. of the Agreement, the District issued a Subordinate Note to LMD, in the principal amount of Four Hundred Fifty-Three Thousand Twenty-Nine Dollars and Sixty-One Cents (\$453,029.61), dated January 1, 2014, with a maturity date of December 31, 2014, to evidence the District's repayment obligation then existing with respect to funds expended on behalf of the District and advanced to the District for capital expenditures ("2014 Note"); and

WHEREAS, pursuant to Paragraph 6 of the Agreement, if the District lacks sufficient funds to pay such Subordinate Note in full on the maturity date, the District shall issue a new Subordinate Note to LMD 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, plus any unpaid interest thereon, and shall have a maturity date of December 31, of the next calendar year; and

WHEREAS, the Board has determined that it will lack sufficient funds to pay the 2014 Note in full on the maturity date and, therefore, desires to refund the 2014 Note and issue a new Subordinate Note to LMD, in similar form as attached hereto as Exhibit A, with an effective date of January 1, 2015, and a maturity date of December 31, 2015.

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

1. The Board hereby approves and authorizes the issuance of a new Subordinate Note, as attached hereto as Exhibit A ("2015 Note"), to be issued on January 1, 2015, to Loveland Midtown Development, Inc. with a maturity date of December 31, 2015, which new Subordinate Note represents a refunding of the 2014 Note and shall be issued in an amount equal to the outstanding principal of the 2014 Note as of December 31, 2014, and include all unpaid accrued interest thereon. The Board further authorizes the District's President and Secretary to execute the 2015 Note.

2. This Resolution shall take effect on the date and at the time of its adoption.

ADOPTED AND APPROVED THIS 29th DAY OF OCTOBER, 2014.

**LOVELAND MIDTOWN METROPOLITAN  
DISTRICT**

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Blaine Rappe, President

ATTEST:

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Curtis D. Zimmerman, Secretary

**EXHIBIT A**

**SUBORDINATE PROMISSORY NOTE**

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

PRINCIPAL AMOUNT: \_\_\_\_\_ Dollars and  
\_\_\_\_\_ Cents (\$ \_\_\_\_\_)

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

DATED: As of January 1, 2015

REGISTERED OWNER: Loveland Midtown Development, Inc. (“LMD”)

MATURITY DATE: December 31, 2015

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 pursuant to that certain Advance and Reimbursement Agreement entered into by and between the District and LMD, dated February 1, 2006, the terms of which are hereby incorporated by reference, and has been executed and delivered to evidence the repayment obligation of the District now existing with respect to funds expended on behalf of the

District and advanced to the District as provided under said Agreement. This Note represents a refunding of an existing promissory note from the District to LMD dated January 1, 2014, which remained unpaid at the date of its maturity of December 31, 2014 (“2014 Note”). This Note is issued in an amount equal to the outstanding principal on the 2014 Note and reflects all unpaid accrued interest thereon.

If the District lacks sufficient funds to pay this Note in full on the Maturity Date, the District shall issue a new subordinate promissory note to LMD to refund this Note, which new subordinate promissory note shall be issued in an amount equal to the outstanding principal of this Note and reflects all unpaid accrued interest thereon, and shall have a new maturity date of December 31, 2016. Similarly, until such time as the District is able to pay in full the amount of any subordinate promissory note then outstanding, the District shall issue a new subordinate promissory note to refund such existing subordinate promissory note which, at the date of its maturity, remains unpaid. Each new subordinate promissory note issued by the District shall be issued in an amount equal to the outstanding principal of the subordinate promissory note being refunded and reflect all unpaid accrued interest thereon.

Pursuant to said Advance and Reimbursement Agreement, the District is obligated to repay both the principal amount of this Note and all interest accrued thereon, in the manner specified therein and herein, 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, bond proceeds, and any other legally available revenues of the District. 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 and electoral authorization; provided, however, that any repayment hereunder shall also be subject to the terms and conditions of, and such repayment obligations shall be subordinate to, the issuance of any bonds and any refundings thereof, the provisions of any bond resolution, indenture or other document related thereto, including the District’s limited tax general obligation bonds in the amount of \$1,100,000 issued in 2011 and the District’s subordinate limited tax general obligation bonds in the amount of \$250,000 issued in 2011 and any further refunding thereof, and all other applicable laws; and further provided that any mill levy certified by the District for the purpose of repaying advances made hereunder shall not exceed 40 mills.

Failure by the District to repay LMD 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 LMD, including mechanic’s liens, arising out of the District’s nonperformance of its payment obligation. 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 LMD 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 ADVANCE AND REIMBURSEMENT AGREEMENT. THIS NOTE SHALL NOT CONSTITUTE A DEBT OR OBLIGATION OF THE STATE OF COLORADO OR LARIMER COUNTY, COLORADO. LMD 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, LMD 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 LMD enforces this Note upon default, the District shall pay or reimburse LMD 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 LMD in connection therewith), the District shall issue a new promissory note to

LMD 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.

(Signatures Begin Next Page.)

IN WITNESS WHEREOF, the District has caused this Note to be executed, in its name and on its behalf, by its President and by attestation of its Secretary.

**LOVELAND MIDTOWN METROPOLITAN  
DISTRICT**

(S E A L)

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Blaine Rappe, President

ATTEST:

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Curtis D. Zimmerman, Secretary

SCHEDULE A