



SOUTH TIMNATH
METRO DISTRICT

**RECORD OF PROCEEDINGS
MINUTES OF THE JOINT SPECIAL MEETING
OF THE BOARDS OF DIRECTORS OF
SOUTH TIMNATH METROPOLITAN DISTRICT NO. 1 & NO. 2**

HELD: October 13, 2016, at 9:00 a.m. at 6000 Summerfields Parkway, Timnath, CO 80547.

ATTENDANCE:

The joint special meeting of the Boards of Directors of the South Timnath Metropolitan District Nos. 1 & 2 (collectively, the "Board") was called and held as shown above and in accordance with the applicable statutes of the State of Colorado, with the following directors present and acting:

Michael J. DiTullio
Kara DiTullio
Dino A. DiTullio
Kevin Walker
Jennifer DiTullio (*via telephone*)

Also present were: David S. O'Leary of Spencer Fane LLP, Kimberly Casey Reed, Kutak Rock, LLP, Alan T. Matlosz, George K. Baum & Company, Guy Johnson and Jackie Johnson, District Managers.

CALL TO ORDER:

Director Dino DiTullio called the meeting to order at 9:00 a.m.

QUALIFICATION OF BOARD MEMBERS/OATHS OF OFFICE:

Mr. O'Leary reported that all of the Board members are registered to vote in Colorado and are residents and/or owners of taxable real or personal property within the Districts. Mr. O'Leary informed the Board that the official bonds had been obtained and that all of the Board members had been administered the Oaths of Office. Thereupon, the directors assumed their duties as members of the Board of Directors.

DISCLOSURE OF POTENTIAL CONFLICT OF INTEREST:

Guy Johnson discussed the state law requirements for disclosure of potential conflicts of interest with the directors, noting that completed disclosure statements must be filed for each of the Directors with the Secretary of State and with the District at least 72 hours prior to a meeting in which a potential conflict may arise. In addition, each director is to verbally reveal his potential conflicts of interest to the Board at the start of the meeting in which the conflict may arise. Mr. O'Leary generally discussed contracting limitations between the Directors and the District. Each of the Directors confirmed their qualifications to serve on the Boards. 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 reviewed the agenda and items for consideration at the meeting, confirmed the existing and filed conflicts of interest, and determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Board to act.

DISCUSSION OF OPEN MEETING REQUIREMENTS/POSTING REQUIREMENTS:

Guy Johnson discussed the open meeting requirements and the posting requirements for the Districts, noting that any non-social meeting of three or more of the directors constituted an official meeting, and that notice of a meeting for the Districts is to be (1) provided to each Board member, and (2) posted in at least three public places within the Districts at least 72 hours in advance of the meeting, and (3) at the same time, a copy of such notice is to be posted at the office of the County Clerk and Recorder. If possible, the posting should include specific agenda information. Mr. Johnson further noted that notice of this joint organizational meeting had been so posted.

APPROVAL OF AGENDA:

The Board reviewed the agenda as presented. Upon motion was made by Director Dino DiTullio and seconded by Director Kara DiTullio, it was unanimously resolved to approve the agenda as presented.

APPROVAL OF MINUTES:

The meeting minutes of April 19, 2016 meeting were presented and discussed. Upon motion made by Director Dino DiTullio and seconded by Director Mike DiTullio and unanimously carried, the Board approved the meeting minutes of April 19, 2016 as presented.

PUBLIC COMMENTS:

Director Dino DiTullio stated no residents were present and no public comments were presented. Mr. DiTullio closed this portion of the meeting

APPROVAL & RATIFICATION OF THE INTERGOVERNMENTAL AGREEMENT WITH SOUTHWEST TIMNATH METROPOLITAN DISTRICTS REGARDING POOL CAPITAL AND OPERATIONS:

Mr. O'Leary discussed that prior resolutions of the Boards of Directors of both Districts confirmed the initial acceptance of the capital improvements regarding the South Timnath Metropolitan District pool, community meeting center, workout facilities and related improvements and clubhouse. The warranty period had expired and the final punch list of items has been addressed by the Developer and the constructing contractors. It was discussed that no additional warranty or acceptance issues remained after the punch list items were completed and final acceptance of the pool and completion of the dedication of the capital improvements and related appurtenances was appropriate at this time. The Developer has previously provided the necessary documentation regarding proof of payment of approximately \$3,179,244.40 worth of capital costs for public improvements related to the pool and community center, provided the necessary design and engineering as built drawing and any necessary approvals or certifications of the Town. The costs have been verified and pursuant to the prior resolutions of the board of directors of the South Timnath Metropolitan Districts and the Southwest Timnath Metropolitan Districts, the capital costs of the South Timnath pool, clubhouse, workout facilities and community meeting center and the obligations to reimburse the \$3,179,244.40 in capital expenditures equally between South Timnath and Southwest Timnath Districts. These Districts have also agreed to contribute funds towards the operations of the facilities on a per lot prorata basis based upon the anticipated usage, with each District contributing a proportionate share of the operations expenses and funds for the continued operations, capital repair and replacement and administration and maintenance of the jointly funded and used facilities. After discussion and review of the final dedication, upon motion made by Director Mike DiTullio, seconded by Director Kara DiTullio and unanimously carried, the Boards approved the Intergovernmental Agreement and ratified the pool and capital improvements reimbursement and operations as outlined in such agreement.

APPROVAL & RATIFICATION DISTRICT NO. 1 AND A RESOLUTION OF DISTRICT NO. 2:

Mr. O'Leary presented the Resolutions, agreements and supporting documentation of District No. 2 regarding the issuance of general obligation debt consisting of Limited Tax General Obligation Refunding and Improvement Bonds Series 2016 in the aggregate principal amount of up to \$17,000,000 ("2016 Bonds") requiring the imposition of ad valorem property taxes for payment of such Bond, including the approval execution, delivery and issuance of documents and agreements necessary to complete the 2016 Bond transactions. Following review and discussion, upon motion duly made by Director Dino DiTullio, seconded by Director Michael DiTullio, and unanimously carried, the Board adopted and authorized the execution and delivery of the following Agreements and Resolutions:

- Approval of the Authorizing Resolution for the 2016 Bonds.
- Custodial Agreement with the Bond Trustee, Bond Purchase Agreement, Paying Agent Agreement with George K. Baum, Continuing Disclosure Certificate and related documents and the use of a Preliminary Official Statement and Final Official Statement which are necessary to issue the 2016 Bonds in the amount of up to \$17,000,000.
- District No. 2 approval of refunding District No. 2 loan with Vectra Bank approved in 2013 (the "2013 Loan").

- Approval and Ratification of engagement of bond consultants and financial advisors necessary to facilitate the 2016 Bonds.
- Approval of the necessary updates to the Districts' Promissory Note with the Developer to reimburse and pay for a portion of the initial funded amount of the District public improvement costs and expenses incurred on behalf of the Districts.
- Such other ancillary documents and filings as necessary to complete the issuance of the 2016 Bonds.

APPROVAL & RATIFICATION OF THE AMENDED AND RESTATED RESOLUTION OF THE BOARDS OF DIRECTORS REGARDING THE IMPOSITION OF COMMUNITY CENTER, POOL, DISTRICT SERVICE FEES AND NON-DISTRICT POOL USER FEES; DISCUSSION OF ADJUSTMENT OF O & M FEES/UNIMPROVED LOT FEES:

Mr. O'Leary discussed the purpose of the original O&M Fee Resolution adopted by the Districts to pay for operations and maintenance expenses related to the District pool, community center, for capital repair and replacement and the assessment of service fees necessary to pay for the expenses incurred by the Districts in providing services to the property owners for providing covenant enforcement, design review, homeowners association type services and for provision of pool, clubhouse, community center and workout facilities services to the constituents within the Districts. Mr. Johnson discussed the estimated budget requirements and the latest acceptance of landscaping, open space and other public improvements within the District along with the anticipated operating expenditures for the Districts to provide services to its constituents.

It was determined that an amendment and update of the O&M Fee Resolution related to these expenditures to address the projected 2017 operational needs and community center and pool costs and expenses. The Boards discussed the need to raise the District Service Fees and also discussed the implementation of an Unimproved Lot Fee to help support the necessary services provided by the Districts on an annual basis. In setting the rates for the next three years, based upon projected development and additional fees the Boards determined that a rate increase was necessary.

Following review and discussion, upon motion duly made by Director Mike DiTullio, seconded by Director Dino DiTullio and unanimously carried, the Boards resolved to authorize the District Manager to update and post the updated Service Fee Resolution to raise the District Service Fees \$120 for a total of \$900 per year to be assessed in one lump sum by March 1st or in quarterly payments of \$225 per quarter dues on or before March 1, June 1, September 1 and December 1. The Districts also resolved to implement an Unimproved Lot Fee of \$300 per lot, per year to help support the necessary services provided by the Districts on an annual basis.

The Board also authorized the District Manager to review and meet with Director Walker or Director Dino DiTullio to review and analyze the projected capital repair and replacement funds and reserves and bring back a recommendation for any changes to the projected operational, administration and service fees of the Districts on an annual basis. Following review and discussion, upon motion duly made by Director Mike DiTullio, seconded by Director Dino DiTullio and unanimously carried, the Boards resolved to authorize the District Manager to increase the Service Fee Resolution to reflect an increase for 2017, 2018, and 2019 to reflect the projected administration and operational needs based upon the projected lot absorption and development projected as well. Such three year projected fee resolution initially will be authorized at \$900 per year for 2017, \$980 for 2018, and \$1,060 for 2019 but will be updated should review of the District Manager and either Director DiTullio or Director Walkers analysis of the capital repair and replacement needs be greater than initially estimated. Any changes to this projected three year increase will be presented to the Boards for their review and approval at a future board meeting based upon a validly prepared District budget and capital analysis is completed.

CONSIDER & AUTHORIZE DISTRICT TO PREPARE 2014 & 2015 AUDITS:

Mr. O'Leary discussed the need for the STMD No. 2 2014 & 2015 Audits in order to obtain the best rate possible for the new bond. The District has been compiling information and reports for this audit. Following review and discussion, upon motion duly made by Director Dino DiTullio, seconded by Director Jennifer DiTullio and unanimously carried; the Board authorized the District consultants and officers to coordinate, review and finalize the preparation of the STMD No. 2 2014 & 2015 Audits and to take such further action as necessary to file the audits with the necessary state agencies after final review.

PAYABLES:

Mr. Johnson reviewed with the Board the expenditures for April 2016 through September 2016 totaling \$ 396,652.20. Following review and discussion, upon motion duly made by Director Dino DiTullio, seconded by Director Kevin Walker District No. 2 and by Director Jennifer DiTullio and unanimously carried, the Board approved the payables for April 2016 through September 2016 totaling \$ 396,652.20.

FINANCIALS:

Mr. Johnson reviewed with the Board the actual expenditures to date and the budgeted amount. The budget is in balance at this time. Following review and discussion, it was discussed that the updated financials would be presented next month at the budget meeting of the District to consider their approval at that time. This portion of the meeting was closed.

APPROVAL & RATIFICATION OF THE PROMISSORY NOTE:

Mr. Johnson stated that the Promissory note for the District regarding Capital Advances and Reimbursements from the Developer required renewal on an annual basis, Mr. Johnson noted the only change was the addition of interest for the prior year. Following review and discussion of the matter, upon motion duly made by Director Mike DiTullio, seconded by Director Dino DiTullio and unanimously carried, the Board resolved to approve the updated Promissory Note for 2016.

DISTRICT LEGAL COUNSEL REPORT:

Mr. O'Leary indicated that many of the legal matters were already addressed in the other Board actions taken. He had nothing additional to add at this time.

DISTRICT MANAGERS REPORT:

Mr. Johnson stated:

1. General District items:

- a. All of the Fence stain is completed. Will start again in 2018.
- b. Getting bid for dead trees this spring of 2017 and will arrange for R and R.
- c. Spray trees for insects in 2017 has been set up.
- d. Detention ponds working as designed.

- e. Detention ponds: Aquatron and sludge remover are now being added to the detention ponds, starting the third year of this maintenance program. Seems to work, very expensive. Also added State Licensed person to place product several times a year. (Under Recovery Inc.)
- f. Mosquito medication is part of the Town of Timnath responsibility; per our District service plan.
- g. Letters did go out on homeowner owned trees in tree lawns that need to replace. Sending letters again.
- h. Working with developer on new Filing for 107 homes. Building 78 lots at this time.
- i. Flower contractor did a great job in 2016. Have re-signed contractor for 2017.

2. Web Site:

- a. The District continues to update and keep the District website up.

3. Community Center & Pool:

- a. Residents were concerned as the Community grows that the work out area (Fitness room) will be too crowded, thoughts are to do away with rental room and make part of the fitness area.
- b. Pool hours are the same times 10:30 am to 8:00 pm summer hours, until school starts fourth week of August, then moves to fall hours opening at 3:00 pm to 8:00 pm weekdays and normal time on the weekends.

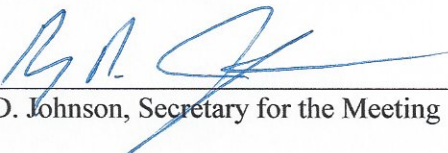
OTHER MATTERS:

The Board noted there were no other matters at this time.

ADJOURNMENT:

Upon motion duly made by Director Dino DiTullio, seconded Director Mike DiTullio and unanimously carried, the Boards adjourned the joint special meeting of the Board of Directors of the South Timnath Metropolitan District Nos. 1 & 2 at 9:57 a.m.

The foregoing minutes constitutes a true and correct copy of the minutes of the above-referenced meeting and was approved by the Boards of Directors of South Timnath Metropolitan District Nos. 1 & 2.



Guy D. Johnson, Secretary for the Meeting