



SOUTH TIMNATH  
METRO DISTRICT

**RECORD OF PROCEEDINGS  
MINUTES OF THE JOINT ORGANIZATIONAL MEETING  
OF THE BOARDS OF DIRECTORS OF  
SOUTH TIMNATH METROPOLITAN DISTRICT No's. 1 & 2**

**HELD:** Tuesday, November 08, 2016, at 10:30 a.m. at 6000 Summerfields Parkway, Timnath, CO 80547.

**ATTENDANCE:**

The joint organizational 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, Jennifer DiTullio, Dino A. DiTullio, Kara DiTullio was absent and excused.

David S. O'Leary of Spencer Fane LLP, Debra A. Landers with D.R. Horton and Guy Johnson and Jackie Johnson from the District and several homeowners, please see attendance sheet in the Meeting Notebook as to who was present.

**CALL TO ORDER:**

Dino DiTullio called the meeting to order at 10:30 a.m.

**QUALIFICATION OF BOARD MEMBERS/OATHS OF OFFICE:**

Mr. Johnson 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. Johnson 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:**

Mr. 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.

**DISCUSSION OF OPEN MEETING REQUIREMENTS/POSTING REQUIREMENTS:**

Mr. 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,

Upon motion was made by Mike DiTullio and seconded by Jennifer DiTullio and unanimously carried to approve the agenda.

**APPROVAL OF MINUTES:**

The meeting minutes of April 16, 2015 meeting was presented and discussed,

Upon motion made by Mike DiTullio and seconded by Jennifer DiTullio and unanimously carried to approve the meeting minutes of April 16, 2015.

**PUBLIC COMMENTS:** This is normally open form/topic and the boards let residents interjected to all questions and we try very hard to get all questions and comments noted. The Board opened the floor for Public Comments:

The board recognized Jen & Chuck Vesley of 5937 Quarry St, Mrs. Vesley asked about the progress of the dirt road to the north of the neighborhood. Dino DiTullio stated that the road in questions was the responsibility of the developer to the north of STMD; however, Dino DiTullio knew that the developer had turned over the funds for improvements to the Town of Timnath to take responsibility of the construction of the road and bridge. Dino stated he had heard that the Town of Timnath would start spring of 2016.

Mr. Vesley stated he thought the pond aerators were working great, but had a question about the duckweed. Mr. Johnson stated that the duckweed issue had been addressed with a chemical product and seemed to be keeping the duckweed at bay. Mr. Johnson also stated that the aerators had been broken by some kids but had been fixed and all issues resolved.

Mr. Vesley asked if there were any plans to expand the County Roads to go toward Windsor. Dino DiTullio stated there was no plan for that expansion at this time.

The board recognized Jennifer Machado of 6448 Cloudburst Avenue she was concerned with the pink "X's" on the walks on her street and wanted to know what work would be happening. Mr. Johnson stated the he was not positive what they were for but the possibility for water or sewer work, survey markers and/or street repairs by the Town. Mr. Johnson stated he would go over and take a look to see if he could figure out what work the marks were for.

Mrs. Machado also stated she would like to see the pool open early for adult swimming/fitness time. Dino DiTullio state that this was not the first request and he understood the interest of opening the pool early however, being a Metro District we had to follow the state rules and guidelines for the pool, which consist of not opening the pool until the temperatures were 65 degrees and rising and that there was to be lifeguards on duty during business hours and opening early would cost additional dollars that just were not in the budget.

The Board recognized Cliff Buchholz of 5634 Quarry Street; he asked if there was any plan to raise Operations & Maintenance fees again. Dino DiTullio stated that at this time there was plan to raise O & M fees for the 2016 Budget; however, this did not mean that the fees would not be raise in the future.

Mr. Buchholz asked about Out of District Pool Memberships, Dino DiTullio stated that Out of District Memberships had to be offer per the Service Plan with the Town of Timnath and they were to be sold at a rate of \$650.00 for a family membership. At this time we have not sold any memberships. Dino also stated that \$650.00 would more than likely be the rate for 2016.

The Board recognized Gary Gehrig of 5824 Quarry Street; he was requesting an update on the development of new construction especially Multi-family dwellings. Dino DiTullio stated that currently there was a contract with Meritage Homes for an additional 78 single family lots and the developer would have 29 Semi-custom single family lots to offer local builders, in reference to the Multi-family units nothing has been set in stone at this time, D R Horton is building to the west in SWTMD also, known as Summerfields Estes.

Mr. Gary Gehrig asked about the Commercial lot at the corner of Fall River Road and Three Bells Pkwy, Dino DiTullio stated that currently nothing has been planned for that area at this time.

The Board recognized Debbie Launder with D R Horton, it had been brought to her attention by the sales team that they had had several complaints about not be able to use the kitchen area when renting the multipurpose room. When brought up, other people in the meeting agreed. Guy Johnson stated that the kitchen area was leased out during the summer to a business to operate a snack bar for the pool area. Since the kitchen was being used and stocked with supplies, the residents could not use that area. It would be too difficult to move everything out for every rental. Guy stated he would make the kitchen area available Mid-September through Mid-May while the pool was not open.

With no further Public comments this section of the meeting was closed.

#### **DESIGNATION OF OFFICIAL POSTING LOCATIONS:**

Mr. Johnson presented the annual posting locations and discussed sites and locations with the Board.

Upon motion was made by Dino DiTullio and seconded by Mike DiTullio and unanimously carried to approve the annual posting locations for South Timnath Metropolitan Districts No. 1 & No. 2.

#### **APPROVAL OF REIMBURSEMENT OF PUBLIC IMPROVEMENT COST AND EXPENSE:**

Mr. Johnson presented to the board a Resolution to accept the Community Center & Pool located at 6000 Summerfields Parkway within Tract M at Timnath Ranch and Phases 4A through 4G.

Following discussion and upon motion duly made by Dino DiTullio and seconded by Mike DiTullio and unanimously carried to approve to accept the Community Center & Pool located at 6000 Summerfields Parkway within Tract M at Timnath Ranch, accepting the Community Center & Pool with all landscaping, structures & playground and with the debit which is the amount of three million, one hundred seventy nine thousand two hundred forty four and

40/100 dollars (\$3,179,244.40) this amount is the cost to construct the Community Center & Pool and this amount will be split with Southwest Timnath Metropolitan Districts No. 1. The Districts will be responsible for the operation and maintenance of the Community Center & Pool from this date forward, splitting the cost for operations and maintenance as agreed, cost will be split out per permit ready lot.

At this time the STMD board is also accepting Phases 4A – 4G which is the amount of six million seven hundred twenty two thousand five hundred eight dollars and thirty nine cents (\$6,722,508.39).

Upon motion duly made by Dino DiTullio and seconded by Mike DiTullio and unanimously carried to approve to accept all Cost for the infrastructure in Phases 4A, 4B, 4C, 4D, 4E and 4G.

**APPROVAL AND RATIFICATION REIMBURSEMENT OF COST OF CC/P AND OPERATIONS AND MAINTENANCE AGREEMENT WITH SWTMD:**

Mr. Johnson presented to the board the expenditures of the Community Center and Pool and the average cost per lot for these expenditures, for STMD and SWTMD whose residents will have access to the Community Center and Pool and what the amount should be to contribute and/or permit ready lots.

Following discussion and upon motion made by Dino DiTullio and seconded by Mike DiTullio and unanimously carried to approve South Timnath Metropolitan District No. 1 and Southwest Timnath Metropolitan District No. 1 to pay the actual cost of the operations and maintenance of the jointly owned Community Center & Pool located at 6000 Summerfields Parkway \* Timnath \* Colorado \* 80547 which is in Tract M. The costs shall be apportioned on a pro-rated basis based on the number of permit ready lots in each District as of October 1st of each calendar year and approved in the budgets under the Community Center & Pool expense for each District.

**RESOLUTION CONCERNING ANNUAL ADMINISTRATIVE MATTERS 2016:**

Mr. Johnson presented a Resolution Concerning Annual Administrative Matters for 2016 for the Districts.

Following discussion and upon motion duly made, seconded and unanimously carried, the Board approved the Resolution Concerning Annual Administrative Matters for 2016, including: the contact person (s) for the District; the designated posting location (s) for the District; and the location for meetings of the Board of Directors.

**APPROVAL OF RESOLUTION REGARDING REGULAR ELECTION IN MAY 2016:**

Mr. O'Leary presented to the board that Regular elections will be held in even years (2016), after further discussion on the matters and;

Upon motion duly made by Dino DiTullio and second by Jennifer DiTullio and unanimously carried to approve the Resolutions Concerning Regular Election to be held May 2016 including appointing of the Election Judge and three (3) four (4) -year terms shall be open at the regular election held on May 3, 2016, by the District.

**TRANSPARENCY NOTICES:**

Mr. Johnson presented the Transparency Notices and discussed that these will need to be posted on the District's website on or before January 15, 2016. These notices will also be provided to the Division of Local Government and appropriate state agencies as required by law. After further discussion on the matters and;

Upon motion duly made by Mike DiTullio and seconded by Jennifer DiTullio and unanimously carried to approve the 2016 Transparency Notices for each of the Districts and to authorize District Management to post the notices and provide them to the Division of Local Government as required by statute in compliance with statutory requirements.

**EXCLUSION OF WORKERS COMPENSATION INSURANCE:**

Mr. Johnson noted that it was time to renew the Resolution for the Board to be excluded from Worker's Compensation, if the Board elects to continue not having worker's compensation coverage for the board members. After further discussion on the matters and;

Upon motion duly made by Mike DiTullio and seconded by Jennifer DiTullio and unanimously carried to approve the Resolution to Exclude the Board from Worker's Compensation Insurance and to file the Resolution along with the State of Colorado Worker's Compensation Exclusion form with the appropriate parties.

**APPROVAL OF RESOLUTION REGARDING REGULAR ELECTION IN MAY 2016:**

Mr. O'Leary presented to the board that Regular elections will be held in even years (2016), after further discussion on the matters and;

Upon motion duly made by Dino DiTullio and second by Jennifer DiTullio and unanimously carried to approve the Resolutions Concerning Regular Election to be held May 2016 including appointing of the Election Judge and three (3) four-year terms shall be open at the regular election held on May 3, 2016, by the District.

**APPROVAL OF RESOLUTION TO TRANSFER FUNDS AT ZION/VECTRA BANK:**

Mr. Johnson present to the Board a Resolution where that there was \$1,000.00 remaining in the Project Fund account at Zion/Vectra bank from the closing of the loan in 2014 and a resolution was needed to direct Zion/Vectra to transfer these funds to Loan Payment Account. After further discussion on the matters and;

Upon motion duly made by Dino DiTullio, seconded by Mike DiTullio and unanimously carried, the Board approved the Resolution to transfer funds from the Project Fund Account at Zion/Vectra Bank to the Loan Payment Account at same bank.

**APPROVAL OF 2016 DISTRICT SERVICE AGREEMENTS:**

Mr. Johnson presented and discussed engagement letters and/or proposals for service agreements for District Management, Pool Management, Landscape Maintenance Agreements, Annual Audit and Exemption Agreements, Internet and Phone contracts and Engagement of District Counsel to the Board of Directors. Mr. Johnson discussed the renewal and/or engagement of service providers for the District and reviewed the proposed costs and expenditures related to these service agreements with the Board. After further discussion on the matters and;

Upon motion duly made by Dino DiTullio and second by Mike DiTullio and unanimously carried to approve the District service agreements for District Management, Pool Management, Landscape/Maintenance, Annual Audit and Exemption Agreement, Internet and Phone contracts and District Counsel. Also authorized Guy Johnson to finalize any negotiations and execution of the service agreements for 2016.

**APPROVAL & RATIFICATION OF THE PROMISSORY NOTE:**

Mr. Johnson stated the Promissory note required renewal yearly, Mr. Johnson noted the changes were the cost for Tract M, the Phases in 4A through 4G, the addition of interest for the prior year and the Developer Advances received earlier in the year, With further discussion the Board agreed that the interest of 8% was not realistic and agreed to make the interest Prime plus 2 retroactive to the beginning of the Promissory Notes, After further discussion on the matters and;

Upon motion duly made by Dino DiTullio, seconded by Mike DiTullio and unanimously carried, the Board approved the Promissory Note for 2016.

**PAYABLE:**

Mr. Johnson reviewed with the Board the expenditures for April 2015 through October 2015, the April payables were \$44,010.05, the May payables were \$60,806.65, June payables were \$77,638.83, the July payables were \$81,109.27, the August payables were \$71,892.30, the September payables were \$49,119.89 and the October payables were \$103,094.15 for a grand total of \$384,576.99, After further discussion on the matters and;

Upon motion duly made by Dino DiTullio, seconded by Mike DiTullio and unanimously carried; the Board approved the payable for April 2015 through October 2015 for \$384,576.99.

**AUDIT AND AUDIT EXEMPTION:**

Mr. Johnson reviewed with the Board preparing for the 2015 audits and/or exemptions. It was noted that if revenues or expenditures for a district are less than \$500,000 in 2015, the district may file application for Exemption from Audit on or before March 31st. After further discussion on the matters and;

Upon motion duly made by Dino DiTullio and seconded by Jennifer DiTullio and unanimously carried to authorize Mr. Johnson to prepare for 2015 audits and or fill out application for exemptions from audits as appropriate and to take such further action as necessary to complete and file these documents with the necessary state agencies.

**PUBLIC HEARING FOR 2015 AMENDED BUDGET:**

Dino DiTullio made a motion to open the 2015 Budget Hearing to the public, Mike DiTullio seconded. Notice of the hearing had been published in the Fort Collins Coloradoan in accordance with state budget law. There was no public input; the public hearing portion of the budget was closed upon motion duly made by Mike DiTullio and seconded by Dino DiTullio, After further discussion on the matters and;

The board reviewed the proposed 2015 budgets for District No. 1 and No. 2, which detailed estimated revenues and expenditures for each District in a coordinated, consolidated budget as follows:

**District No. 1**, The Operating District, has budgeted to collect \$607,905 in general fund revenues, coming from: \$425,713 Operation and Maintenance, \$3,515 in Pool Fees, along with \$11,067 in Interest and Admin/Transfer fee revenue; the expenditures consist of administrative and operations cost of \$607,905, however, due to unforeseen expenditures of the additional expense of the pool, irrigation repairs, and the increased cost of the irrigation utilities the budget expenditures for 2015 was exceeded by \$27,239. After further discussion on the matters and;

Upon motion duly made by Dino DiTullio, seconded by Mike DiTullio and unanimously carried, the Board approved the Amended 2015 Budge as presented.

#### **2016 BUDGET HEARING:**

Upon motion made by Dino DiTullio, seconded by Mike DiTullio and unanimously carried, the public hearing was opened on the proposed budgets for fiscal year 2016 for South Timnath Metropolitan District Nos. 1 & 2. Mr. Johnson reported that notice of the public hearing had been published in accordance with statutory requirements. Mr. Johnson presented the proposed 2016 budgets to the Board.

Following discussion the public hearing was closed by Dino DiTullio and seconded by Jennifer DiTullio and unanimously carried.

Upon motion duly made by Dino DiTullio and by seconded Mike DiTullio and unanimously carried, the Board: (1) approved and adopted the 2016 budgets as presented; (2) authorized the appropriation of funds for the expenditures set out in the budgets; (3) authorized the President and the Secretary to sign the necessary documentation; and (4) directed the District Manager to file the budgets with the Division of Local Government prior to January 31, 2015.

#### **DISTRICT LEGAL COUNSEL REPORT:**

Mr. O'Leary stated he had nothing to report at this time.

#### **DISTRICT MANAGERS REPORT:**

Mr. Johnson stated:

##### **1. General District items:**

- a. No Social committee in place at this time.
- b. Fence stain; completed a portion of Summerfields and all of The Preserve. Remaining fence will be stained in 2016. Fence should be stained about every 4 years.
- c. Will check site for dead trees next spring (2016) and arrange for R and R if approved.
- d. Developer place and paid for trees along Summerfield's Park way to be placed.
- e. Shrubs need to be replaced in 2016; cost around \$2,500.00 for 40 shrubs.
- f. Spray trees for insect in 2016 has been set up.
- g. Detention ponds working as designed.
- h. 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.
- i. Detention ponds: Have placed power meter ped and aeration. System up and working, major issues with duck weed. Have placed chemicals in detention ponds to handle duck weed, sprayed 3 times. Spraying is limited to every 30 days. EPA rules.
- j. Detention pond outlets jammed with leafs this fall and need to be cleaned monthly.
- k. Mosquito medication is part of the Town of Timnath responsibility; per our District service plan.
- l. Letters did go out to homeowners about trees in tree lawns that need to replace. Sending letters again.
- m. Letters on fence stain going out, some residents using clear which is not clear.
- n. Drainage issues around site at fence areas, water runoff from homeowners watering. (Working on)
- o. Working with developer on new Filing for 107 homes.
- p. Flower contractor doing a great job.

**2. Web Site:**

- a. Keeping site up

**3. Community Center & Pool:**

- a. Community Center and Pool ownership has been transferred over. Need to add money yearly to reserves for maintenance and replacement cost.
- b. Pool IGA's and or other agreements to be set up with SWTMD as needed.
- c. Pool hours per resolution to be the same 10:30 am to 8:00 pm, until school starts fourth week of August, then moves to open at 3:00 pm weekdays and normal time on the weekends.
- d. Maintenance has been set up on all fitness equipment.
- e. Still working out a few bugs at the Community Center and Pool, working on electric issues on one breaker. Issues with shower heads, someone has broken several times, getting a timer placed on the fire place. People have left fire place on overnight several times.
- f. Room Rentals going well, several people have asked about using kitchen. Will set up for all to use when pool is closed.
- g. Most residents like the fitness center hours, some would like for the fitness center to be open later, but with rentals in the evening later fitness center hours do not work with parties, and we are trying to keep the hours consistent as not to close in the evenings during rentals. Plus we have the cleaning person come in later and during the summer we fill the pool during the late hours, which may cause low water pressure.

**OTHER MATTERS:**

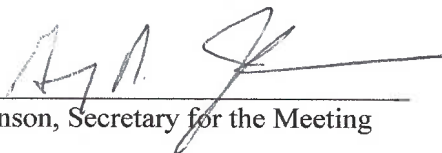
The Board noted there were no other matters at this time.

**ADJOURNMENT:**

Following no further discussion,

Upon motion duly made by Director Dino DiTullio, seconded Director Mike DiTullio and unanimously carried, the Board adjourned the joint organizational meeting of the Board of Directors of the South Timnath Metropolitan District Nos. 1 & 2 at 11:42 a.m.

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

  
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Guy D. Johnson, Secretary for the Meeting