

SOUTHWEST TIMNATH METRO DISTRICTS

RECORD OF PROCEEDINGS MINUTES OF THE JOINT ORGANIZATIONAL MEETING OF THE BOARDS OF DIRECTORS OF SOUTHWEST TIMNATH METROPOLITAN DISTRICT NOS. 1-4

HELD: Tuesday, November 08, 2018, at 9:00 a.m. at 6000 Summerfields Parkway, Timnath, Colorado 80547

ATTENDANCE:

The joint organizational meeting of the Boards of Directors of the Southwest Timnath Metropolitan District Nos. 1-4 (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, Dino A. DiTullio, Jennifer DiTullio, and Kara DiTullio

Director Michael D. DiTullio was not present, absence excused.

Guy Johnson and Jackie Johnson from the District, and one homeowner Lisa Florin of 5726 River bluff Drive was in attendance and David O'Leary, of Spencer Fane attended via phone.

CALL TO ORDER:

Director Dino DiTullio called the meeting to order at 9:01 a.m.

QUALIFICATION OF BOARD MEMBERS/OATHS OF OFFICE COMBINES MEETING AND NOTICES:

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 stated that all of the Board members had been administered the Oaths of Office. The Districts are meeting in a combined board meeting. Unless otherwise noted, the matters set forth below shall be deemed to be the actions of the Southwest Timnath Metro District No. 1, with concurrence by the Southwest Timnath Metro District No. 2, 3, & 4. Mr. Johnson stated that the notice of the meeting was properly posted in 3 public places in District No. 1, 2, 3 & 4 boundaries at least 72 hours prior to this meeting. Notice of meeting and agenda were sent to the Larimer County Clerk and Recorder for posting as required by law.

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 the Secretary of 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.

APPROVAL OF AGENDA:

The Board reviewed the agenda,

Dino DiTullio stated he felt that the order of #12 f & g should be reversed. He would like to discuss the Potential increase prior to approving the 2019 Budget, therefore,

Upon motion was made by Mike DiTullio and seconded by Dino DiTullio and unanimously carried to approve the agenda with the change to item number 12 f &g.

APPROVAL OF MINUTES:

The meeting Minutes of March 8, 2018 meeting was presented and discussed.

Upon motion was made by Mike DiTullio and seconded by Kara DiTullio and unanimously carried to approve the meeting minutes of the March 8, 2018 Meeting.

PUBLIC COMMENTS:

One homeowner was in attendance, Lisa Florin of 5726 River bluff Dr., she stated she was new to the neighborhood and was just curious as to how the Districts ran.

With no other Public comment and no other residents present Dino DiTullio closed this portion of the meeting.

DISCUSS RESIGNATION OF DEBRA HELLSER:

Mr. Johnson present the Board the letter of resignation from Debra Hessler,

Upon motion was made by Dino DiTullio and seconded by and unanimously carried to approve the letter of resignation from Debra Hessler.

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 Michael J. DiTullio and unanimously carried to approve the annual posting locations for Southwest Timnath Metropolitan Districts 1-4.

CONSIDER APPROVAL & RATIFICATION OF THE EXECUTIONS OF LOANS DOCUMENTS:

Mr. Johnson opened the discuss with the Board that Bond Counsel had suggested that for future bond/refinancing/and additional draws that the Board approval the District to obtain and make agreements

Upon motion was made by Dino DiTullio and seconded by Michael J. DiTullio and unanimously carried to approve the Consider Approval & Ratification of the Execution of certain documents and certificates deemed necessary or convenient in connection with such Additional Loans/Bonds/Refinancing/Draws; making determinations and findings as to matters related to such transactions; Authorizing incidental actions; and repealing prior inconsistent actions for the extension of existing Loan Authorization or for new Loans/Bonds/Refinancing/Draws to November 08, 2019 and Consider Approval for District to Approve Interest Rate lock.

COMMUNITY CENTER/POOL RATES AND SCHEDULE:

Guy Johnson presented the cost split of the Community Center/Pool with STMD. Mr. Johnson also presented the cost for Out of District pool memberships, the need for the lost FOB and FOB Disconnect and Re-connect fee for outstanding O & M fees, covenant violations, and Mr. Johnson presented the need for Out of District room rental fees and governmental agency rental fees.

Upon motion duly made by Dino DiTullio and seconded by Michael J. DiTullio and unanimously carried, the Board approve the Resolutions for cost split of the Community Center/Pool with STMD, at roughly \$170.00 per lot (197 lots) for a total due to STMD of \$33,490.00. Also giving permission to sale Out of District pool memberships to be sold at \$550.00 for the pool season, FOB Disconnect and Re-connect fee along with lost FOB replacement fee of \$25.00. District residents' room rental fee stay's the same at \$60.00 per hour with a 3 – hour minimum and Out of District room rental fees of \$80.00 per hour with a minimum of 3 hours, and no charge of governmental agency room rentals. Governmental agencies are Federal Government, State, County, Cities, Towns, and Districts.

Rates and Schedule presented to the Board

1. \$550.00 Out of District Pool membership rate, for 2019 season (limit 40), with no guest pass.
2. In-District Pool Memberships are no charge for District members, but District member must be in good standing with the District, no outstanding O & M fees, taxes and/or any outstanding covenant violations.
3. District Resident receive a 20-guest punch pass with 20 free punches. (Subject to change)
4. District residents Guest Pass fee of \$4.00 per guest, after guest punch card is used up, per visit and must be accompanied by a District resident.
5. Nanny pass are \$50.00 per season.
6. Lost fob and replacement Fee are \$25.00 per occurrence.
7. Disconnection fee due to outstanding O and M fees or outstanding covenants violations is \$25.00 per occurrence.
8. Room rental rates for residents would remain the same at \$20.00 per hour with a minimum of 3-hours, which is \$60.00 including set up and clean up time.
9. Room rental rates for Out of Districts rentals would be \$80.00 per hour with a minimum of 3-hours, which is \$240.00 including set up and clean up time.
10. Room Rental rates for governmental agencies; no charge. (Governmental agencies are Federal Government, State, County, Cities, Towns, Districts)

RESOLUTION CONCERNING ANNUAL ADMINISTRATIVE MATTERS 2019:

Mr. Johnson presented a Resolution Concerning Annual Administrative Matters for 2019 for the Districts.

Upon motion was made by Dino DiTullio and seconded by Kara DiTullio and unanimously carried, the Board approved the Resolution Concerning Annual Administrative Matters for 2019, 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.

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, 2019. These notices will also be provided to the Division of Local Government and appropriate state agencies as required by law.

Upon motion duly made by Dino DiTullio and seconded by Mike DiTullio and unanimously carried to approve the 2019 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.

Upon motion duly made by Dino DiTullio and seconded by Kara 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 2019 DISTRICT SERVICE AGREEMENTS:

Mr. Johnson presented and discussed engagement letters and/or proposals for service agreements for District Management, Landscape Maintenance Agreements, Pool Management, 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 Michael J. DiTullio and unanimously carried to approve the District service agreements and make changes if needed for District 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 2019.

AUDIT AND AUDIT EXEMPTION:

Mr. Johnson reviewed with the Board preparing for the 2018 audits and/or exemptions. It was noted that if revenues or expenditures for a district are less than \$750,000 in 2018, the district may file application for Exemption from Audit on or before March 31st.

Upon motion duly made by Dino DiTullio and seconded by Jennifer DiTullio and unanimously carried to authorize Mr. Johnson to prepare for 2018 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.

PAYABLES:

Mr. Johnson presented the Schedule of Payables for March 2018 through October 2018 with a total of \$567,167.08. After further review:

Upon motion duly made by Dino DiTullio and seconded by Jennifer DiTullio and unanimously carried to approve and ratify payables for March 2018 through October 2018 with a total of \$567,167.08.

2018 BUDGET HEARING:

Dino DiTullio opened the Public Hearing of the 2018 Amended Budget and Mike DiTullio second, Mr. Johnson stated that the 2018 Budget at this time would not need to be amended, however, since the budget was so close that if we had any major snow storms or any issues for repairs that we would go over the approved budgeted amount and we would need to have another meeting to approve an Amendment. Therefore, Mr. Johnson ask the Board to approve him to amend the Budget up \$3,000 for any unforeseen issues. With no further discuss from the Board and the homeowner at the meeting Dino DiTullio closed the Public Hearing to amend the 2018 Budget and seconded by Mike DiTullio.

Upon motion duly made by Dino DiTullio and seconded by Mike DiTullio and unanimously carried, the Board: (1) approved and amend 2018 budget 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, 2019.

2019 BUDGET HEARING:

Upon motion made by Dino DiTullio, seconded by Dino DiTullio and seconded by Mike DiTullio and unanimously carried, the public hearing was opened on the proposed budgets for fiscal year 2019 for Southwest Timnath Metropolitan District Nos. 1-4.

Mr. Johnson presented the proposed 2019 budgets to the Board with an increase of the Operation & Maintenance fees to \$1,000.00 yearly (\$250.00 quarterly)

Following discussion as to the reason for the increase being that Fort Collins Loveland Water District has raised the rates in the 2018 year 12% and is projecting to raise the rates 43%- 46% in the 2019 year, the district does not have any other recourse than to raise the Operations & Maintenance Fees to cover the cost of the water increase. Dino DiTullio stated SWTMD budget was very tight and with this increase from FCLWD and just the cost of living increases from contractors and minimum wage increase the Board would need to discuss and consider additional increases (possible another \$100.00 per year) in 2020 and 2021.

Homeowner Lisa Florin of 5726 River bluff Drive, asked why the budget at SWTMD was considered to be tight.

Dino DiTullio stated that SWTMD was a small District (only 197 lots) and the cost for general operations for management, legal items, insurance, Special District memberships, along with the Community Center & Pool cost, maintain all of the greenbelts, open spaces, surface drainage, drain pans, detention ponds, fencing, monuments, and lighting that these Districts just did not have enough funds at the current Operations and Maintenance fees rates. Due to the low number of lots (197) in the community and then spreading these costs out over this low number of lots unfortunately increases the cost per house hold.

With no further Public Comment and discuss the public hearing was closed by Dino DiTullio and seconded by Kara DiTullio and unanimously carried.

APPROVAL & RATIFICATION OF OPERATIONS & MAINTENANCE FEE INCREASE:

With no further discuss or question from the Board in reference to the need of an Operation & Maintenance Fee increase

Upon motion duly made by Dino DiTullio and by seconded Jennifer DiTullio and unanimously carried to increase the Operation & Maintenance Fees per lot to \$1,000.00 yearly, billed quarterly at \$250.00 per quarter.

ADOPT THE 2019 BUDGET:

Mr. Johnson again presented the Board with the proposed 2019 Budget with the increase of Operations & Maintenance fees to \$1,000.00 yearly,

Upon motion duly made by Dino DiTullio and by seconded Mike DiTullio and unanimously carried, the Board: (1) approved and adopted the 2019 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, 2019.

APPROVAL OF PROMISSORY NOTES:

Mr. Johnson stated the Promissory notes required renewal yearly, Mr. Johnson noted the changes were just interest applied, 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 2019.

LEGAL COUNSEL REPORT:

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

MANAGERS REPORT:

1. General District items:

- a. Must have replacement cost for District property in new budgets and reserves.
- b. Have been invoicing residents, online system is set up.
- c. Several calls to replace dead trees. We have 32 dead trees at this time.
- d. Fence stain. Several calls to re-stain district fence.
- e. Talk on O and M fees to cover actual cost of O and M. Need to raise above \$1000.00

2. Site Work:

- a. Cleaning drains, pans and detention ponds, monthly.
- b. Builder added trees in ROW's, added a few trees on site along with replacements.
- c. Working on playground areas, had inspected last fall. Added new mulch, tighten and or replacement of bolts.
- d. Playground and tables, Power wash once a month. Will be on hold.
- e. 2020 will stain north side of project, if funds are available.
- f. Front monument lights were vandalized and replace.

3. Web Site:

- a. Setting up.

4. Community Center & Pool:

- a. Up-dating records.
- b. Talk on sale of pool memberships, will sale 40 memberships in 2019.

APPROVAL OF MEETING MINUTES:

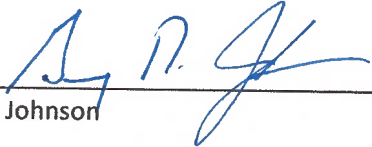
Mr. Johnson stated that the board had agreed to take a few minutes recess to allow the minutes of this meeting to be completed and review, Mr. Johnson stated that the minutes must be approved by the Board of Directors in order to be made public and posted to the website, and with the increase of the Operation and Maintenance fees Mr. Johnson felt it was best to have the minutes public as soon as possible. After review of the meeting minutes

Upon motion duly made by Dino DiTullio and seconded by Kara DiTullio and unanimously carried, the Board approved the meeting minutes of November 08, 2018.

ADJOURNMENT:

Following discussion and upon motion duly made by Dino DiTullio seconded by Kara DiTullio and unanimously carried, the Board adjourned the joint organizational meeting of the Board of Directors of the Southwest Timnath Metropolitan District Nos. 1-4 at 9:40 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 Southwest Timnath Metropolitan District Nos. 1-4.



Guy D. Johnson