

RECORD OF PROCEEDINGS

MINUTES OF THE COORDINATED
REGULAR MEETING OF
CENTERRA METROPOLITAN DISTRICT NO. 1
CENTERRA METROPOLITAN DISTRICT NO. 2
CENTERRA METROPOLITAN DISTRICT NO. 3
CENTERRA METROPOLITAN DISTRICT NO. 4
CENTERRA METROPOLITAN DISTRICT NO. 5

HELD
November 20, 2014

The Boards of Directors of Centerra Metropolitan District No. 1, Centerra Metropolitan District No. 2, Centerra Metropolitan District No. 3, Centerra Metropolitan District No. 4, and Centerra Metropolitan District No. 5 held a coordinated regular meeting, open to the public, at 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, at 12:00 p.m., Thursday, November 20, 2014. Notice of the meeting has been duly posted with the Larimer County Clerk and Recorder and posted in three public places within the boundaries of each District.

ATTENDANCE

Directors in Attendance:

Kim Perry, President
Jay Hardy, Vice President & Assistant Secretary (departed 12:56 p.m.)
Tom Hall, Secretary
Julie Den Herder, Assistant Secretary & Assistant Treasurer (arrived at 12:28 p.m.)
Josh Kane, Treasurer & Assistant Secretary (arrived at 12:28 p.m.)

Also in Attendance:

Alan Pogue; Icenogle Seaver Pogue, P.C.
Brendan Campbell, Peggy Dowswell, Jim Worley, Carla Hawkins, & Jason Woolard; Pinnacle Consulting Group, Inc.
Jim Niemczyk; McWhinney (departed at 12:56)
Will Welch, Will T. Welch Company, (departed at 12:28 p.m.)
Ralph Trenary, City of Loveland, Ward IV Council Member

CALL MEETING TO
ORDER

The meeting was called to order at 12:10 p.m. by Director Perry, President, noting that a quorum was present. The directors in attendance confirmed their qualifications to serve.

COMBINED
MEETING

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 Centerra Metropolitan District No. 1, with concurrence by the Centerra Metropolitan Districts Nos. 2, 3, 4, and 5.

CONFLICT OF
INTEREST
DISCLOSURE

Mr. Pogue, legal counsel, noted that notices of potential conflicts of interest for all Board Members were filed with the Colorado Secretary of State's Office, disclosing potential conflicts as all Board Members are employees of McWhinney Real Estate Services, Inc., which is associated with the primary landowners and developer

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within the District. Mr. Pogue 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.

AGENDA

The Board reviewed the agenda. Upon motion duly made by Director Hardy, and seconded by Director Hall, it was unanimously

RESOLVED to approve the agenda as presented.

APPROVAL OF MINUTES

The minutes of the September 18, 2014 special meeting and the October 23, 2014 special meeting were presented. Upon motion duly made by Director Hall and seconded by Director Hardy, it was unanimously

RESOLVED to approve the September 18th and October 23rd minutes as presented.

There were no actions or representations of the District by the District Manager to ratify since the last Board Meeting.

CAPITAL PROJECTS Parcel 505 Improvements Updates

Additional Appropriations of Approximately \$300,000 for Parcel 505 Public Improvements with Connell Resources Inc. and Ratification of Construction Contract with Connell Resources: Mr. Welch noted the Connell Resources had mobilized. He recommended the Board consider splitting the construction in two phases and authorizing two separate notices to proceed. Following discussion, and upon motion duly made by Director Hardy, and seconded by Director Hall, it was unanimously

RESOLVED to approve the phasing approach, appropriate an additional \$300,000 and authorize a modified Phase One Notice to Proceed in the amount of \$1,722,123.91 with Connell Resources, Inc. This modification adjusts the final contract amount to \$4,597,163.25. Once Bass Pro satisfies the construction conditions in the First Amendment to Infrastructure Agreement, a Phase Two Notice to Proceed will be issued.

Interim Funding Agreement: The Board discussed the need to obtain interim funding for up to \$300,000 for Parcel 505 Phase One improvements until such time that District No. 1 receives the proceeds from its pending 2014 loan. Centerra Properties West, LLC has agreed to provide such funding to the District. Mr. Pogue recommended that District No. 1 and Centerra Properties West, LLC enter into an Interim Funding Agreement to set forth the funding and reimbursement obligations

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of Centerra Properties West, LLC and District No. 1. Following discussion, and upon motion duly made by Director Hardy, and seconded by Director Hall, it was unanimously

RESOLVED to approve an Interim Funding Agreement between Centerra Properties West, LLC and Centerra Metropolitan District No. 1 for Centerra Properties West, LLC to advance up to \$300,000 in funds for Parcel 505 Phase One improvements.

CAPITAL PROJECTS Parcel 601 Improvements

Professional Service Agreement for Project Management: Director Hardy presented Will T. Welch Company's scope of services for project management for Parcel 601 public improvements. Following review and discussion, and upon motion duly made by Director Hardy, and seconded by Director Hall, it was unanimously

RESOLVED to approve the Professional Services Agreement for Project Management between Centerra Metropolitan District No. 1 and Will T. Welch Company in an amount not to exceed \$20,000, it was

FURTHER RESOLVED to approve an addendum with Pinnacle Consulting Group for project administration for bidding and contracting services, in an amount not to exceed \$10,000.

Preconstruction Expenditures: The Board discussed the necessary design work needed for the construction of public improvements on Parcel 601. Centerra Commercial, LLC is the owner of property in Parcel 601, which property has been or will be sold to a third party. It is anticipated that the buyer will place \$100,000 on deposit with Centerra Commercial for design work for public and private improvements on the property. Centerra Commercial is willing to initiate the design work for the public improvements if District No. 1 agrees to reimburse Centerra Commercial for its initial design costs associated with the public improvements and agrees to accept and complete the design work from Centerra Commercial in the future and construct the needed public improvements. Mr. Pogue recommended that the District enter into a Design Reimbursement Agreement with Centerra Commercial to set forth each party's responsibility with regard to the design work to be conducted for the public improvements on Parcel 601 and the reimbursement of such costs associated with such work. Upon motion duly made by Director Hall, and seconded by Director Hardy, it was unanimously

RESOLVED to approve a Design Reimbursement Agreement between Centerra Commercial, LLC and Centerra Metropolitan District No. 1 to set forth each party's obligation for conducting design work on Parcel 601 and the funding of such costs.

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CAPITAL PROJECTS Parcel 222 Updates

Presentation of Parcel 222 Bid Results: Jim Niemczyk noted that he had met with the property owner and they have contracted with Wayne Construction to begin construction on the site work. Mr. Woolard presented the project budget for Parcel 222. Following review and discussion, and upon motion duly made by Director Den Herder, and seconded by Director Hardy, it was unanimously

RESOLVED to approve the Construction Agreement between Centerra Metropolitan District No. 1 and Gerrard Excavating, Inc. in an amount not to exceed \$825,161, subject to the District closing its financing on December 4. Notice to proceed will be issued upon the site developer initiating site construction.

Professional Service Agreement for Project Administration Services: Mr. Woolard presented a professional services agreement for project administration services with Pinnacle Consulting Group, Inc. Following review and discussion, and upon motion duly made by Director Hardy, and seconded by Director Hall, it was unanimously

RESOLVED to approve the Professional Services Agreement between Centerra Metropolitan District No. 1 and Pinnacle Consulting Group Inc. for project administration services in an amount not to exceed \$21,400, subject to the District closing its financing on December 4.

Professional Service Agreement for Construction Management Services: Mr. Woolard presented a professional services agreement for construction management services with McWhinney Real Estate Services. Following review and discussion, and upon motion duly made by Director Hall, and seconded by Director Den Herder, it was unanimously

RESOLVED to approve the Professional Services Agreement between Centerra Metropolitan District No. 1 and McWhinney Real Estate Services Inc. for project management in an amount not to exceed 4% of the total project costs, subject to the District closing its financing on December 4.

Professional Service Agreement for Engineering Bidding Services: Mr. Woolard presented a professional services agreement for bidding support services with Lamp Rynearson for the Board's consideration. Following review and discussion, and upon motion duly made by Director Hardy, and seconded by Director Hall, it was unanimously

RESOLVED to approve the Bidding Services Service Agreement between Centerra Metropolitan District No. 1 and Lamp Rynearson in an amount not to exceed \$6,900, subject to the District closing its financing on December 4.

Professional Service Agreement for Engineering Construction Services: Mr. Woolard presented a professional services agreement for engineering construction support services with Northern Engineering for the Board's consideration. Following review and discussion, and upon motion duly made by Director Hall, and seconded by Director Hardy, it was unanimously

RESOLVED to approve the Engineering Construction Services

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Agreement between Centerra Metropolitan District No. 1 and Northern Engineering in an amount not to exceed \$15,000, subject to the District closing its financing on December 4.

Professional Service Agreement for Geotechnical Testing Services: Mr. Woolard presented a professional services agreement for geotechnical testing services with Earth Engineering Consultants, LLC. Following review and discussion, and upon motion duly made by Director Hall, and seconded by Director Hardy, it was unanimously

RESOLVED to approve the Professional Services Agreement for geotechnical testing services between Centerra Metropolitan District No. 1 and Earth Engineering Consultants, LLC in an amount not to exceed \$18,590.20, subject to the District closing its financing on December 4.

CAPITAL PROJECTS Parcel 206

Professional Service Agreement for Geotechnical Testing Services: Mr. Woolard presented a professional services agreement for Geotechnical Testing Services with Kumar & Associates, Inc. Following review and discussion, and upon motion duly made by Director Hardy, and seconded by Director Kane, it was unanimously

RESOLVED to approve the Professional Services Agreement for geotechnical testing services between Centerra Metropolitan District No. 1 and Kumar & Associates in an amount not to exceed \$2,200.

Review of Capital Funding Summary: Mr. Campbell presented the Capital Fund Summary as of November 17, 2014, summarizing all capital project budget and expense totals. The Boards discussed the various projects and timing of the projects for the remaining of 2014 and into 2015. Director Kane suggested the summary include a column to show the total approved appropriation amounts.

FINANCIAL MATTERS

2014 Loan Update: Mr. Pogue updated the Boards on the status of the loan negotiations and noted the loan will close on December 4, 2014.

Ratification and Approval of Loan Authorizing Resolution and Financing Documents: Mr. Pogue requested the Boards ratify and affirm the October 23, 2014 Loan Authorizing Resolution and all Financing Documents related to the Loan. Mr. Pogue advised the Boards of the following revisions to the Loan Agreement, made subsequent to the October 23, 2014 Authorizing Resolution: 1) A determination of taxability is no longer an event of default, rather, the interest rate converts to a taxable rate based on LIBOR; 2) A determination of taxability would entitle the lenders to terminate future advances under the Loan Agreement; and 3) No advances will be available until a favorable conclusion of the IDR is rendered. Following review and discussion, and upon motion duly made by Director Kane, and seconded by Director Den Herder, it was unanimously

RESOLVED to ratify and affirm the Authorizing Resolution, the issuance of the Promissory Note securing payment of the Loan, and the execution and delivery of all Financing Documents, Closing Certificates, and related

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documentation.

ITEMS FROM THE FINANCE DIRECTOR

Approval of 2014 Auditor: Mr. Campbell reported John Cutler and Associates has agreed to provide the 2014 Audits for the same amount as last year's audit (\$9,000) and DerivActiv will provide SWAP auditing services in the amount of \$5,000. Upon motion duly made by Director Den Herder and seconded by Director Kane, it was unanimously

RESOLVED to engage John Cutler and Associates and DerivActiv to prepare the 2014 Audits.

Financial Report and Approval of Payables: Mr. Campbell presented for approval the Payables Listing from September 24, 2014 through November 13, 2014 in the amount of \$294,219.14; including checks 5615 through 5646 and the November 20, 2014 Schedule of Payables Listing in the amount of \$167,827.80; including checks 5652 through 5683. Upon motion duly made by Director Hardy and seconded by Director Den Herder, it was unanimously

RESOLVED to approve the October and November Schedule of Payables, in the amounts and the check numbers noted above.

PROPOSED AMENDED 2014 BUDGET HEARING

Director Perry opened the 2014 Budget Hearing to the public. Ms. Hawkins reported that notice of the hearing had been published on November 13, 2014 in accordance with state budget law. Mr. Campbell reviewed the projected budget and answered questions.

District No. 1, Service District:
General Fund: \$1,495,237
Debt Service Fund Expenditures: \$131,375,960
Capital Fund Expenditures: \$127,753,410

District No. 2, Funding District:
General Fund: \$393,844

There being no public input, the public portion of the budget hearing was closed. After further review and discussion, and upon motion duly made by Director Den Herder and seconded by Director Kane, it was unanimously

RESOLVED to approve the Resolutions to Adopt the Amended 2014 Budget for District No. 1 and appropriate budgeted funds.

2015 BUDGET HEARING AND ADOPTION OF

Director Perry opened the 2015 Budget Hearing to the public. Ms. Hawkins reported that notice of the hearing had been published on November 13, 2014 in

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RESOLUTIONS

accordance with state budget law. Mr. Campbell reviewed the budget in detail and answered questions pertaining to the mill levy, and estimated revenues and expenditures. Mr. Worley answered questions regarding the Operations and Maintenance budget. The budgets by district and fund are as follows:

District No. 1, Service District:

Mill levy is 0 mills.

General Fund Expenditures: \$1,449,284

Debt Service Fund Expenditures: \$10,879,837

Capital Fund Expenditures: \$3,144,750

District No. 2,

Financing District Mill levy is 42.6 mills.

General Fund Expenditures: \$421,866

Bond Only:

2004 Bond Series Mill levy is 6.655 mills.

2008 Bond Series Mill levy is 35 mills.

District No. 3, Financing District

Mill levy is 5 mills.

General Fund Expenditures: \$477

District No. 4, Financing District

Mill levy is 0 mills.

General Fund Expenditures: \$0

District No. 5, Financing District

Mill levy is 15 mills.

General Fund Expenditures: \$175

There being no public input, the public hearing portion of the budget was closed. After further review and discussion, and upon motion duly made by Director Kane and seconded by Director Hall, it was unanimously

RESOLVED to approve the Resolutions to Adopt the 2015 Budgets, Set the Mill Levies and Appropriate budgeted funds upon final certification of value being received from the County on or before December 10, 2014, and approve all other documents related to the 2015 budgets. Pinnacle Consulting Group Inc., as District Manager, is authorized to make minor modifications necessary following receipt of final assessed values.

Mr. Pogue advised the Board that based on the capital items included in the approved 2015 budget, the 2015 Advance and Reimbursement Agreement with Centerra Properties West, LLC, was not needed, and that item was removed from the agenda and no action was taken by the Boards.

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ITEMS FROM DISTRICT MANAGER

Snow Removal Service Addendum: Mr. Worley presented an Addendum to the Brickman Group Snow Removal Services Agreement. Following review and discussion, and upon motion duly made by Director Hall, and seconded by Director Kane, it was unanimously

RESOLVED to approve the Brickman Group Addendum for 2014 – 2015 snow removal services.

ITEMS FROM LEGAL COUNSEL

Approval of 2015 Administrative Matters Resolution: Mr. Pogue presented for the Boards' consideration and approval the 2015 Administrative Matters Resolution. Upon motion duly made by Director Kane and seconded by Director Hall, it was unanimously

RESOLVED to approve the 2015 Annual Administrative Matters Resolution.

Condemnation: Mr. Pogue asked for District No. 1 Board to consider an expenditure of up to \$5,500 for service from Chase and Company to prepare an appraisal rebuttal report for use at trial in the pending Lakeview condemnation proceeding for a portion of the Boyd Lake Avenue right-of-way. Upon motion duly made by Director Den Herder and seconded by Director Hall, it was unanimously

RESOLVED to direct Mr. Pogue to proceed in authorizing engagement of Chase and Company in an amount not to exceed \$5,500 through Murray Dahl Kuechenmeister & Renaud LLP for the rebuttal report, and further authorized and directed Mr. Pogue to sign the engagement letter on the District's behalf.

BOARD MEMBER COMMENTS

Director Hall mentioned that the City of Loveland denied a request to install a stop sign at Fall River Drive. He noted the City of Loveland has approved a traffic control plan for efficient traffic flow and to prevent traffic from backing up during the upcoming heavy shopping season.

OTHER MATTERS

No other matters were brought before the Boards.

PUBLIC COMMENTS

There were no comments made by the public present.

ADJOURNMENT

There being no further business to come before the Boards, the meeting was adjourned at 2:00 p.m.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.

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Respectfully Submitted,

A handwritten signature in blue ink that reads "Carla Hawkins". The signature is written in a cursive style with a prominent initial "C".

Carla Hawkins, Secretary for the Meeting