

RECORD OF PROCEEDINGS

MINUTES OF THE COORDINATED SPECIAL 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
October 28, 2011

The Boards of Directors of the 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 special meeting, open to the public, at the office of McWhinney, 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, at 3:00 p.m., Friday, October 28, 2011. 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
Josh Kane, Assistant Secretary/Treasurer
Tom Hall, Secretary

Directors in Absent and Excused:

Julie Den Herder, Treasurer & Assistant Secretary

Also in Attendance:

Jim Niemczyk, McWhinney
Alan Pogue, Icenogle, Seaver, & Pogue
Peggy Dowswell, Pinnacle Consulting Group Inc.
Carla Hawkins, Pinnacle Consulting Group Inc.
Jason Woolard, Pinnacle Consulting Group Inc.
Brendan Campbell, Pinnacle Consulting Group Inc.
Bonnie Steele, City of Loveland
Frank Hempen Jr., City of Loveland (departed meeting at 3:20 p.m.)
Phil Weisbach, SEH (departed meeting at 3:20 p.m.)
Ralph Trenary, City of Loveland citizen (departed meeting at 4:30 p.m.)

CALL TO
ORDER

The meeting was called to order at 3:03 p.m. by Director Kim Perry, President of the Boards, noting that a quorum was present. The directors in attendance confirmed their qualifications to serve. Everyone in attendance introduced themselves.

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.

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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 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 Kane and seconded by Director Hall, it was unanimously

RESOLVED to approve the agenda as presented.

APPROVAL OF MINUTES

The minutes of the August 18, 2011 meeting were presented and reviewed. Upon motion duly made by Director Hardy and seconded by Director Hall, it was unanimously

RESOLVED to approve the Minutes referenced above, as presented.

I-25 INTERCHANGE UPDATE

Mr. Weisbach, SEH, gave an update stating the I25/34 contract work was complete. Details regarding landscaping warranty and maintenance are being worked out. One item to be completed is the tanker truck accident repairs. The Board discussed closing out the construction contract vs. keeping it open to allow for the accident repairs. The Board expressed that it is economically favorable to complete the repairs under the current contract; however, the District is seeking reassurance that the Regional Fund will be reimbursed for the repairs. Mr. Hempen stated that the City's risk management department has already given notice to the truck company's insurance carrier. Upon motion duly made by Director Hardy and seconded by Director Kane, it was unanimously

RESOLVED to direct the City to move forward with the repairs under the existing contract and authorizing a change order not to exceed \$90,000. In addition, the District requests that the City of Loveland seek reimbursement to the Regional Fund Project Bund balance as soon as possible.

As for Crossroads, the District has contracted with Valley Crest Landscaping effective September 15, 2011. It was commented that the improvements have improved traffic flow. This was evident when traffic was diverted to Crossroads when I25-34 was shut down due to the tanker accident.

KENDALL PARKWAY UNDERPASS

Mr. Hempen stated that the City is still waiting for a reply from CDOT on whether or not the study is finalized. The next steps would be exploring possible underpass designs.

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PARCEL 222 SAVANNA

Mr. Niemczyk stated that the buyer is scheduled to close on the property in December and is it possible that public improvements will be constructed in early 2012.

CONSTRUCTION CONTRACTS

Mr. Niemczyk stated GE Construction is installing conduit along Centerra Parkway. The original cost to install conduit was estimated to be between \$225,000 and \$250,000. The City is installing utility conduits and offered to allow the District to install conduit while there is an open trench. This significantly reduced the cost down to \$55,265.91. Upon motion duly made by Director Hall and seconded by Director Kane, it was unanimously

RESOLVED to ratify the Construction Contract with GE Construction for the installation of conduit.

ITEMS FROM THE DISTRICT MANAGER

Ms. Hawkins stated the District had reviewed the recently submitted reimbursement package. The majority of the costs are related to the Lake Vista project. While there were no district improvements to accept, there are RSF & PIC eligible expenses that can be considered and the package has been given to the RSF and PIC for consideration.

ITEMS FROM THE FINANCE DIRECTOR

Release of Loan Escrowed Proceeds.

Ms. Dowswell noted that an additional \$1.5 million of loan proceeds has been released to the District, reflecting a net amount of \$1.4 million after required reserves. She stated that this would allow the District to repay the RSF \$1,229,323.30. The balance of approximately \$200,000 could be used by the District to defer developer advances for capital projects in 2012. Director Kane acknowledged and thanked Ms. Dowswell and Mr. Pogue for their efforts on obtaining the release. Upon motion duly made by Director Hardy and seconded by Director Kane, it was unanimously

RESOLVED to direct the District to repay the RSF, in full, the amount of \$1,229,323.30.

Financial Report and Approval of Payables

Ms. Dowswell presented the Schedule of Payables for September 14, 2011, in the amount of \$99,856.40, including checks 4653 through 4676 and the Schedule of Payables for October 20, 2011, in the amount of \$105,629.06, including checks 4677 through 4700. Upon motion duly made by Director Hardy and seconded by Director Hall, it was unanimously

RESOLVED to ratify the September 14, 2011 and approve the October 20, 2011 Schedules of Payables, in the amounts and check numbers noted above.

Ms. Dowswell reviewed the cash position reports as of September 30, 2011, and updated to October 20, 2011.

Revised 2011 Budget and 2012 Budget Discussion

Mr. Campbell reviewed the Financial Statements as of September 30, 2011 along with the 2011 amended and the 2012 proposed budgets. The budget hearing for approval of the amended 2011 budgets for District Nos. 1, 2 & 5 and 2012 proposed budgets for District Nos. 1-5 will be held at the regular meeting of the Centerra Boards of Directors on Thursday, November 17th. The budgets presented show the revenues at a mill levy of 42.6 for District No. 2 and mill levy of 15 for District No. 5. The Capital Funds budget is needed for projects anticipated to be completed by the district in 2012 which was provided by Mr. Niemczyk, project manager. Director Perry gave an updated report

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of landscaping projects and expenses during 2011 and anticipated for 2012. She stated money has been budgeted for tree replacements at the Motorplex and the Centerra Parkway entry sign. She noted that the District had asked for an estimate on tree damage due to the recent snow storm. The management team will continue to review the budget and will make a recommendation at the next Board meeting.

ITEMS FROM THE
ATTORNEY

Collection Agreement

Mr. Pogue stated the Collection Agreement had been renegotiated. The primary change to the agreement is the reduction in the fees being collected. The fee being charged by the City of Loveland has been reduced from \$200,000 to \$90,000 with a slight modification in services. Mr. Pogue asked the Board for approval of the Amended and Restated Collection Agreement. The RSF, PIC and the Promenade Shops are all parties to the agreement and will also need to approve the new agreement. The City Council is scheduled to review and approve the agreement at their November 15, 2011 Council Meeting. Upon motion duly made by Director Kane and seconded by Director Hardy, it was unanimously

RESOLVED to approve the Amended and Restated Collection Agreement effective as of January 1, 2012 subject to final review and approval by City Council and District Legal Counsel.

BOARD MEMBER
COMMENTS

Ms. Bonnie Steel was congratulated on her recent appointment as Acting Finance Director at the City of Loveland.

PUBLIC COMMENTS

The Board opened the meeting to Public Comments. Upon receiving none, this portion of the meeting was closed.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 4:43 p.m.

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

Respectfully Submitted,



Carla Hawkins, Secretary for the Meeting