

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
January 21, 2016

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, January 21, 2016. 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.

<u>ATTENDANCE</u>	<p><u>Directors in Attendance:</u> Ben Kendall, Vice President (via telephone) Tom Hall, Secretary Josh Kane, Treasurer & Assistant Secretary (via telephone) Julie Den Herder, Assistant Secretary & Assistant Treasurer</p> <p><u>Directors Absent but Excused:</u> Kim Perry, President</p> <p><u>Also in Attendance:</u> Alan Pogue; Icenogle Seaver Pogue, P.C. Jim Niemczyk; McWhinney (via telephone) Brendan Campbell, Jason Woolard, Peggy Dowswell, Jim Worley, and Carla Hawkins; Pinnacle Consulting Group, Inc.</p> <hr/>
<u>CALL MEETING TO ORDER</u>	<p>The meeting was called to order at 12:02 p.m. by Manager Worley, noting that a quorum was present. The directors in attendance confirmed their qualifications to serve.</p> <hr/>
<u>COMBINED MEETING</u>	<p>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.</p> <hr/>
<u>CONFLICT OF INTEREST</u>	<p>Alan 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</p>

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<u>DISCLOSURE</u>	<p>employees of McWhinney Real Estate Services, Inc., which is associated with the primary landowners and developer within the Districts. Mr. Pogue advised the Boards that pursuant to Colorado law, certain disclosures by the Board Members might be required prior to taking official action at a meeting. The Boards 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 Boards determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Boards to act.</p> <p>_____</p>
<u>AGENDA</u>	<p>The Boards reviewed the agenda. Upon motion duly made by Director Hall, seconded by Director Den Herder, and upon vote, unanimously carried, it was</p> <p style="text-align: center;">RESOLVED to approve the agenda, as amended.</p> <p>_____</p>
<u>APPROVAL OF MINUTES</u>	<p>The minutes of the December 17, 2015 regular meeting and December 21, 2015 continued regular meeting were presented. Upon motion duly made by Director Hall, seconded by Director Kendall, and upon vote, unanimously carried, it was</p> <p style="text-align: center;">RESOLVED to approve the December 17, 2015 and December 21, 2015 minutes as presented.</p> <p>There were no actions or representations of the Districts by the District Manager to ratify since the last Board Meeting.</p> <p>_____</p>
<u>PUBLIC COMMENT</u>	<p>There were no comments made by members of the public.</p> <p>_____</p>
<u>HAHN'S PEAK EXTENSION IMPROVEMENTS</u>	<p>Mr. Niemczyk noted the Hahn's Peak extension project is on hold through winter. This project is approximately 80% complete with construction commencing this spring to complete final landscaping and paving work. He noted this project is anticipated to be under budget.</p> <p>_____</p>
<u>PARCEL 222 BID PACKAGE 2 IMPROVEMENTS</u>	<p>Mr. Niemczyk noted Parcel 222 Bid Package 2 is on hold through the winter and construction will commence this spring to complete the paving work. He noted that the contracted project budget was approximately 15% more than the preliminary budget estimate due to increases in scope.</p> <p>_____</p>

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<p><u>PARCEL 206 SEWER MAIN IMPROVEMENTS</u></p>	<p><u>Public Bid Results:</u> Mr. Niemczyk summarized the project with updates on the sewer main infrastructure scope. Mr. Woolard summarized the bid results noting Premier Earthwork and Infrastructure was identified as the lowest, most responsive and qualified bidder.</p> <p><u>Construction Contract with Premier Earthwork and Infrastructure:</u> Mr. Woolard presented the Construction Contract with Premier Earthwork and Infrastructure for Parcel 206 Sewer Main. Upon motion duly made by Director Kane, seconded by Director Hall, and upon vote, unanimously carried, it was</p> <p>RESOLVED to ratify the Construction Contract with Premier Earthwork and Infrastructure for Parcel 206 Sewer Main, in an amount not to exceed \$293,385.77.</p> <p><u>Service Agreement with Pinnacle Consulting Group:</u> Mr. Woolard presented the Service Agreement with Pinnacle Consulting Group Inc. for project administration services. Upon motion duly made by Director Kane, seconded by Director Hall, and upon vote, unanimously carried, it was</p> <p>RESOLVED to ratify the Service Agreement with Pinnacle Consulting Group Inc. for Project Administration Services, in an amount not to exceed \$7,650.</p> <p><u>Service Agreement with King Surveyors:</u> Mr. Woolard presented the Service Agreement with King Surveyors for Construction Staking Services. Upon motion duly made by Director Kane, seconded by Director Hall, and upon vote, unanimously carried, it was</p> <p>RESOLVED to ratify the Service Agreement with King Surveyors for Construction Staking Services, in an amount not to exceed \$7,321.</p> <p><u>Service Agreement with Earth Engineering Consultants:</u> Mr. Woolard presented the Service Agreement with Earth Engineering Consultants for Materials Testing Services. Upon motion duly made by Director Kane, seconded by Director Hall, and upon vote, unanimously carried, it was</p> <p>RESOLVED to ratify the Service Agreement with Earth Engineering Consultants for Materials Testing Services, in an amount not to exceed \$16,705.</p> <hr/>
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PARCEL 206 IMPROVEMENTS

Mr. Woolard summarized the service agreements needed to start design of the Parcel 206 public infrastructure.

Service Agreement with studioINSITE: Mr. Woolard presented the Service Agreement with studioINSITE for Public Site Amenities and Streetscapes Design Services. Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to ratify the Service Agreement with studioINSITE for Public Site Amenities and Streetscapes Design Services, in an amount not to exceed \$100,242.50, subject to developer guaranteeing funding for up to \$1.3 million.

Amend the Existing Service Agreement with Interwest Consulting Group: Mr. Woolard presented the Amendment to the existing Service Agreement with Interwest Consulting Group for Engineering Design Services. Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to approve the Amend the existing Service Agreement with, Interwest Consulting Group for Engineering Design Services., in an amount not to exceed \$ 87,000, subject to developer guaranteeing funding for up to \$1.3 million.

Service Agreement with RNL Design: Mr. Woolard presented the Service Agreement with RNL Design for Parking Garage Architectural Design Services. Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to approve the Service Agreement with RNL Design for Parking Garage Architectural Design Services, in an amount not to exceed \$761,200, subject to developer guaranteeing funding for up to \$1.3 million.

Service Agreement with Kumar: Mr. Woolard presented the Service Agreement with Kumar and Associates, Inc. for Geotechnical Engineering Services. Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to approve the Service Agreement with Kumar and Associates, Inc. for Geotechnical Engineering for Services, in an amount not to exceed \$6,218, subject to developer guaranteeing funding for up to \$1.3 million.

Reimbursement Agreement: Mr. Pogue asked District No. 1 Board to consider approving a reimbursement agreement with McWhinney Holding Company to reimburse up to \$1.3 million of expenses related to design and initial planning for the Parcel 206 parking garage, which may be incurred

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	<p>by District No. 1 through May 31, 2016 or the ground breaking of construction of the office building at Parcel 206. Upon motion duly made by Director Den Herder, seconded by Director Hall, and upon vote, unanimously carried, it was.</p> <p>RESOLVED to approve a reimbursement agreement with McWhinney Holding Company to reimburse up to \$1.3 million of expenses incurred by District No. 1 through May 31, 2016 or ground breaking of construction of the office building at Parcel 206.</p> <p>_____</p>
<u>KENDALL PARKWAY/MAIN STREET IMPROVEMENTS</u>	<p>Mr. Niemczyk updated the Boards on design efforts for Kendall Parkway from Rocky Mountain Avenue westbound. He noted the first submittal to the City of Loveland is anticipated for end of January.</p> <p>_____</p>
<u>CAPITAL FUND SUMMARY</u>	<p>Mr. Campbell reviewed the capital fund summary with the Boards.</p> <p>_____</p>
<u>ITEMS FROM LEGAL COUNSEL</u>	<p><u>Seventh Amendment to Master Financing Agreement:</u> Mr. Pogue updated the Boards on the Seventh Amendment to Master Financing Agreement approvals noting City Council and the Loveland Urban Renewal Authority had approved the agreement.</p> <p><u>Approval of Final Form of Seventh Amendment to Master Financing Agreement:</u> Mr. Pogue presented the final form of the Seventh Amendment to the Master Financing Agreement for Centerra Metropolitan District No.1. Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, it was</p> <p>RESOLVED to approve the final form of the Seventh Amendment to the Master Financing Agreement for Centerra Metropolitan District No. 1.</p> <p><u>2014 Resolution Approving the Formation of Parcel 508 Subdistrict:</u> Mr. Pogue noted the 2014 Resolution District No. 1 approved to form a subdistrict for Parcel 508, was no longer needed. Upon motion duly made by Director Den Herder, seconded by Director Hall, and upon vote, unanimously carried, it was</p> <p>RESOLVED to approve rescinding the 2014 Resolution Approving the Formation of Parcel 508 Subdistrict of Centerra Metropolitan District No. 1.</p> <p>_____</p>

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FINANCIAL ITEMS

Ratification of Payables: Mr. Campbell presented for ratification the Payables Listing from November 10, 2015 through December 31, 2015, in the amount of \$1,160,145.17; including checks 5896 through 6117 and online and EFT payments. Upon motion duly made by Director Kane, seconded by Director Hall, and upon vote, unanimously carried, it was

RESOLVED to ratify the November 10, 2015 through December 31, 2015 Schedule of Payables, in the amounts and for the payments noted above.

Financial Report: Mr. Campbell presented Financial Statements through November 30, 2015. Upon motion duly made by Director Hall, seconded by Director Den Herder, and upon vote, unanimously carried, it was

RESOLVED to approve the financial report as presented.

Update on 2016 Financing and Consider Approval of Term Sheet: Ms. Dowswell and Mr. Kane updated the Boards on term sheet negotiations and are working with Mr. Sam Sharpe to explore various financing options. The team anticipates receiving a term sheet by the end of the month. Mr. Pogue noted there will be a need for additional financing consultants other than the District team of Ms. Dowswell, Director Kane and Mr. Pogue. He noted Tom LaFluer and Jonathan Heroux of Piper Jaffray are identified as the SWAP advisor and financial advisor, respectively. Upon motion duly made by Director Kane, seconded by Director Den Herder, and upon vote, unanimously carried, it was

RESOLVED to approve Pinnacle Consulting Group, Peggy Dowswell; Icenogle Seavers Pogue, Alan Pogue; and McWhinney Real Estate Services, Inc., Josh Kane to continue working on financing services, and

FURTHER RESOLVED to approve the Piper Jaffray, Tom LeFluer, as Swap Advisor in an amount not to exceed \$75,000, and

FURTHER RESOLVED to approve the Piper Jaffray, Jonathan Heroux, as Financial Advisor in an amount not to exceed \$40,000.

Mr. Pogue requested the Board consider approving a reimbursement resolution for the District to reimburse expenses related to debt refinancing incurred prior to closing with loan proceeds upon loan closing. Upon motion duly made by Director Kane, seconded by Director Den Herder, and upon vote, unanimously carried, it was

RESOLVED to approve the Debt Reimbursement Resolution.

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	<p>It was further noted the finance team will be working on the cost of issuance budget incorporating all expenses including third party legal fees for Boards' review and discussion at a later date.</p> <p><u>2016 Budget Amendment</u>: Manager Worley opened the 2016 Amended Budget Hearing to the public. Ms. Hawkins reported that notice of the hearing had been published on January 14, 2016 in accordance with state budget law. Mr. Campbell reviewed the projected budget for District No. 1, as noted on the Capital Summary, and answered questions.</p> <p>District No. 1, Service District: Capital Fund Expenditures: \$2,981,640</p> <p>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, seconded by Director Kane, and upon vote, unanimously carried, it was</p> <p style="text-align: center;">RESOLVED to approve the Resolution to Adopt the Amended 2016 Capital Budget for District No. 1 and appropriate budgeted funds.</p>
<u>ITEMS FROM DISTRICT MANAGER</u>	<p><u>Operations and Maintenance Report</u>: Manager Worley gave a brief update noting operations primarily consist of snow removal this time of year.</p> <p><u>Possible Date Change for February Meeting</u>: Manager Worley reported that several Board members have scheduling conflicts for the regular February Board meeting. The Board was agreeable to changing the meeting date. Manager Worley will send out possible dates for rescheduling February's meeting.</p> <p>_____</p>
<u>OTHER MATTERS</u>	<p>No other matters were brought before the Boards.</p> <p>_____</p>
<u>ADJOURNMENT</u>	<p>Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, the meeting was adjourned at 1:42 p.m.</p> <p>_____</p>

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

Respectfully Submitted,



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Carla Hawkins, Secretary for the Meeting