

# RECORD OF PROCEEDINGS

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## 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  
December 16, 2010

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 regular meeting, open to the public, at the office of McWhinney, 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, at 12:00 Noon Thursday, December 16, 2010. 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:

Jay Hardy, Vice President & Assistant Secretary  
Doug Hill, Treasurer & Assistant Secretary  
Josh Kane, Assistant Secretary/Treasurer  
Tom Hall, Secretary

Directors Absent and Excused:

Kim Perry, President

Also in Attendance:

Jim Niemczyk, McWhinney  
Alan Pogue, Icenogle, Seaver & Pogue (attended via phone until 1:00 p.m.)  
Peggy Dowswell, Pinnacle Consulting Group, Inc.  
Rich Shannon, Pinnacle Consulting Group Inc.  
Brendan Campbell, Pinnacle Consulting Group Inc.  
Carla Hawkins, Pinnacle Consulting Group Inc.  
Bonnie Steele, City of Loveland  
Rus Heise, RBC Capital Markets (departed meeting at 1:11 p.m.)

CALL TO  
ORDER

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The meeting was called to order at 12:03 p.m. by Director Jay Hardy, Vice-President of the Board, noting that a quorum was present. The directors in attendance confirmed their qualifications to serve.

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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.

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## AGENDA

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

**RESOLVED** to approve the agenda with change to the order of business to allow for Mr. Pogue to participate in the meeting for the first hour.

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## APPROVAL OF MINUTES

The Minutes of the November 18, 2010 regular meeting were presented to the Board. Upon a motion duly made by Director Hill and seconded by Director Kane, it was unanimously

**RESOLVED** to approve the minutes as presented.

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

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## ITEMS FROM THE ATTORNEY

### Update on Promenade Shops Tax Protest Litigation

Mr. Pogue stated that a settlement agreement in the pending tax protest and related litigation was approved by the court with jurisdiction over the receiver appointed to oversee the Promenade Shops. The settlement will require the tax protest to be withdrawn by the receiver and formally dismissed by the State Board of Assessment of Appeals. This matter should be resolved in the next three to four weeks.

### Developer Reimbursement Agreement

Mr. Pogue mentioned that the notes and development reimbursement agreements approved at the November meeting would need to be revised and he would bring revised documents to the next meeting for Board consideration.

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## BOND ISSUANCE UPDATE

Director Kane introduced Mr. Rus Heise from RBC Capital Markets. Mr. Heise presented two options for the Board's consideration. One bond option is to issue an additional \$9 million bond secured by the existing U.S. Bank letter of credit and the

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other is a \$20 million tax free direct loan from Compass Bank. Mr. Heise and the Board discussed each option. After further discussion, the Board developed a list of questions for Compass Bank and instructed Mr. Kane to pursue funding options with Compass, and report back to the Board at the continuation of the December 16, 2010 Board meeting to be held on December 23, 2010.

## ITEMS FROM THE FINANCE DIRECTOR

### Approval of Annual Release Certificate

Ms. Dowswell presented for the Board's consideration the Annual Release Certificate, which outlines the funds needed to pay the balance of 2010 debt service and excess Pledged Revenues. Upon a motion duly made by Director Kane and seconded by Director Hill, it was unanimously

**RESOLVED** to approve the 2010 Annual Release Certificate

### Approval Release of Excess Pledged Revenues

Ms. Dowswell noted that the available excess Pledged Revenues consisted of \$2.4 million of PIF Revenue and \$2.5 million of TIF revenue, and would still leave about \$2.5 million of TIF revenue for cash flow. Upon a motion duly made by Director Hill and seconded by Director Kane, it was unanimously

**RESOLVED** to approve the release of \$2.4 million of PIF excess Pledged Revenues to the PIC Corporation, as current debt service has been satisfied.

Upon a motion duly made by Director Hill and seconded by Director Kane, it was unanimously

**RESOLVED** to release the \$2.5 million in TIF revenues to Centerra Properties West, LLC for payment on the developer note.

### Quarterly Bond Compliance Certificates

Ms. Dowswell presented the Quarterly Bond Compliance Certificates. Upon a motion duly made by Director Kane and seconded by Director Hall, it was unanimously

**RESOLVED** to ratify the Quarterly Bond Compliance Certificates for the 1<sup>st</sup>, 2<sup>nd</sup> & 3<sup>rd</sup> Quarters of 2010.

### 2010 Amended Budget Hearing and Adoption of Resolutions

Director Hardy opened the continued 2010 Amended Budget Hearing for Centerra Metropolitan District No. 1. Ms. Dowswell reviewed the amended budget with the Board and explained the required amendments due to higher than budgeted expenses in the general, debt service and capital projects funds. The funds are as follows:

District No. 1, Service District:  
General Fund Expenditures: \$1,781,811  
Debt Service Fund Expenditures: \$8,203,421  
Capital Fund Expenditures: \$12,569,164

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There being no public comment, the public hearing portion of the 2010 budget amendment discussion was closed. Upon motion duly made by Director Hill and seconded by Director Kane, it was unanimously

**RESOLVED** to approve the supplemental appropriations in all 3 funds for District No. 1 and approve the Resolution to Adopt the 2010 Amended Budget and approve all other documents related to the 2010 Amended Budget for District No. 1.

## 2011 Amended Budget Hearing and Adoption of Resolutions

Director Hardy opened the 2011 Amended Budget Hearing to the public. Mr. Pogue reported that notice of the hearing had been published on December 9, 2010 in accordance with state budget law. Ms. Dowswell reviewed the amended budgets in detail and answered questions pertaining to the mill levy, estimated revenues and expenditures, possible bond issuance, and developer advances to finance projects. The budgets by district and fund are as follows:

District No. 1, Service District:  
Mill levy is 0.00 mills.  
General Fund Expenditures: \$1,333,769  
Debt Service Fund Expenditures: \$9,290,965  
Capital Fund Expenditures: \$11,426,039

There being no public input, the public hearing portion of the 2011 budget amendment discussion was closed. After further review and discussion, and upon motion duly made by Director Kane and seconded by Director Hill, it was unanimously

**RESOLVED** to approve the Resolution to Adopt the 2011 Amended Budget and Appropriate budgeted funds and approve all other documents related to the 2011 Amended Budget for District No. 1.

## Financial Report and Approval of Payables

Ms. Dowswell presented for approval the Schedule of Payables as of December 15, 2010, in the amount of \$1,613,090.98; including checks 4380 through 4399. Upon motion duly made by Director Kane and seconded by Director Hill, it was unanimously

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

## I-25 & HWY 34 INTERCHANGE UPDATE

Mr. Weisbach's monthly update was included in the board packet. Jim Niemczyk updated the Board on the progress of the I-25/US 34 Interchange noting upcoming closures for the 21<sup>st</sup> and 22<sup>nd</sup> from 9:00 p.m. to 5:00 a.m. Guard railings, concrete slopes, and lantern work will commence in January. Once those items are complete the detours will be taken down and construction will shut down until April when weather permits planting of landscape material. He noted that now the estimated surplus is anticipated to be approximately \$205,000.

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## ITEMS FROM THE DISTRICT MANAGER

### Kendall Parkway/I-25 Underpass Update

Mr. Shannon noted that the District has an existing IGA with the City of Loveland in the amount of up to \$250,000 for the Kendall Parkway/I-25 Underpass feasibility study. Only a small portion of the amount has been spent. Upon motion duly made by Director Kane and seconded by Director Hall, it was unanimously

**RESOLVED** to ratify the IGA and to approve the City of Loveland proceeding with the traffic study for this project funded jointly by the City and the District.

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## 2011 SERVICE AGREEMENTS

### Landscape Inspection Management – OLM

Ms. Hawkins presented for the Board's consideration and approval the 2011 OLM Service Agreement Addendum for landscape maintenance inspections. The addendum reflects a slight increase in the compensation schedule which was included in the 2011 budget. The scope of services has not changed. Upon motion duly made by Director Hill and seconded by Director Kane, it was unanimously

**RESOLVED** to approve the 2011 OLM Landscaping Inspection Agreement Addendum.

### Chapungu Park Maintenance Addendum – 2011

The 2011 Chapungu Park Maintenance Addendum between the district and MRES was presented for the Board's consideration. Upon motion duly made by Director Kane and seconded by Director Hill, it was unanimously

**RESOLVED** to approve the 2011 Chapungu Park Maintenance Addendum.

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## PUBLIC COMMENTS

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

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## NEXT MEETING

There being no further comments, the meeting was continued to Thursday, December 23, 2010, at 12:00 noon.

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

Respectfully Submitted,



Carla Hawkins, Secretary for the Meeting