

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 15, 2015

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 15, 2015. 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 (via telephone)
Tom Hall, Secretary
Julie Den Herder, Assistant Secretary & Assistant Treasurer
Josh Kane, Treasurer & Assistant Secretary

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 1:59 p.m.)
Will Welch, Will T. Welch Company (departed at 12:42 p.m.)
Ralph Trenary, City of Loveland, Ward IV Council Member (arrived at 12:09 p.m., departed at 1:10 p.m.)

CALL MEETING TO
ORDER

The meeting was called to order at 12:04 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

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

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DISCLOSURE

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 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.

AGENDA

The Boards reviewed the agenda. Upon motion duly made by Director Hall, and seconded by Director Den Herder, it was unanimously

RESOLVED to approve the agenda as amended.

APPROVAL OF MINUTES

The minutes of the November 20, 2014 regular meeting were presented. Upon motion duly made by Director Hall, and seconded by Director Den Herder, it was unanimously

RESOLVED to approve the November 20, 2014 minutes as presented.

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

CAPITAL PROJECTS

Parcel 505 Improvements Updates: Mr. Welch noted dirt work was 80% complete and Connell Resources had applied for the public improvements construction permit. Mr. Welch and Mr. Pogue explained delays by the City of Loveland in issuing the permit due to language in the Payment and Performance Bond. Mr. Pogue summarized his efforts working with the City Attorney, Judy Schmidt, to get the matter resolved. The District No. 1 Board directed Mr. Pogue to speak with Ms. Schmidt by the end of the day and if not resolved, to contact Director Hardy.

Centerra Parkway Median Landscape: Director Hardy asked the District No. 1 Board to consider Centerra Parkway median landscape replacements this spring in advance of other landscape improvements slated for the fall of 2015 or in 2016. The Board authorized the project team to look into the scope and expense for this work for the Board's consideration.

CAPITAL PROJECTS Parcel 601 Improvements

Reimbursement Agreement for Design and Initial Construction Costs with High Country Beverage: Mr. Pogue presented for District No. 1 Board's consideration and approval the reimbursement agreement for design and initial construction costs with High Country Beverage. Upon motion duly made by Director Hardy, and seconded by Director Kane, it was unanimously

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RESOLVED to approve the reimbursement agreement for design and initial construction costs with High Country Beverage in an amount not to exceed \$220,000.

Professional Services Agreement – Permontes Group – Initial Traffic Study: Mr. Woolard presented the Professional Services Agreement with Permontes Group for the initial traffic study for District No. 1 Board’s consideration. Following discussion, and upon motion duly made by Director Hardy, and seconded by Director Kane, it was unanimously

RESOLVED to approve the Professional Services Agreement between Centerra Metropolitan District No. 1 and Permontes Group for the Initial traffic study in an amount not to exceed \$3,500.

Professional Services Agreement – Permontes Group – Final Traffic Study: Mr. Woolard presented the Professional Services Agreement with Permontes Group for the final traffic study for District No. 1 Board’s consideration. Following discussion, and upon motion duly made by Director Hardy, and seconded by Director Kane, it was unanimously

RESOLVED to approve the Professional Services Agreement between Centerra Metropolitan District No. 1 and Permontes Group for the final traffic study in an amount not to exceed \$12,500.

Professional Services Agreement – TST Engineering - Entitlement, Civil Engineering, and Survey: Mr. Woolard presented the Professional Services Agreement with TST Engineering for entitlement, civil engineering, and survey for District No. 1 Board’s consideration. Following discussion, and upon motion duly made by Director Hardy, and seconded by Director Kane, it was unanimously

RESOLVED to approve Professional Services Agreement between Centerra Metropolitan District No. 1 and TST Engineering for entitlement, civil engineering, and survey in an amount not to exceed \$115,400.

Professional Services Agreement – Earth Engineering - Geotechnical Engineering and Materials Testing: Mr. Woolard presented the Professional Services Agreement with Earth Engineering for geotechnical engineering for District No. 1 Board’s consideration. Following discussion, and upon motion duly made by Director Hardy, and seconded by Director Kane, it was unanimously

RESOLVED to approve Professional Services Agreement between Centerra Metropolitan District No. 1 and Earth Engineering for geotechnical engineering in an amount not to exceed \$2,700.

Professional Services Agreement – Planning and Landscape Architecture: Mr. Woolard presented the Professional Services Agreement with The Birdsall Group for planning and landscape architecture services for District No. 1 Board’s

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consideration. Following discussion, and upon motion duly made by Director Hardy, and seconded by Director Kane, it was unanimously

RESOLVED to approve Professional Services Agreement between Centerra Metropolitan District No. 1 and The Birdsall Group for planning and landscape architecture, in an amount not to exceed \$31,790.

CAPITAL PROJECTS Parcel 222 Updates

Notice to Proceed – Gerrard Construction: Mr. Woolard requested District No. 1 Board issue the Notice to Proceed authorizing Gerrard to begin construction January 26, 2015. Following review and discussion, and upon motion duly made by Director Kane, and seconded by Director Den Herder, it was unanimously

RESOLVED to issue the Notice to Proceed authorizing Gerrard Construction to begin construction January 26, 2015, contingent on site work commencing by the storage facility owner.

Professional Service Agreement – CWC Consulting Group: Mr. Woolard presented a Professional Services Agreement for engineering support during construction with CWC Consulting Group for District No. 1 Board's consideration. This agreement is in replacement of the Northern Engineering Agreement approved in November 2014 but is for the same not to exceed amount of \$15,000. Following review and discussion, and upon motion duly made by Director Kane, and seconded by Director Den Herder, it was unanimously

RESOLVED to ratify the Professional Services Agreement for engineering support during construction between Centerra Metropolitan District No. 1 and CWC Consulting Group, in an amount not to exceed \$15,000.

CAPITAL PROJECTS

Review of Capital Funding Summary: Mr. Campbell presented the Capital Fund Summary as of January 13, 2015, summarizing all capital project budget and expense totals. Mr. Campbell noted changes to the report showing the total approved appropriations and contract amounts as requested by the Boards. Directors Perry and Kane each remarked that this was a good reporting tool. Director Kane noted the developer is in initial discussion with DA Davidson to explore favorable borrowing options that could also benefit the Districts.

ITEMS FROM THE FINANCE DIRECTOR

Ratification of Payables: Mr. Campbell presented for ratification the Payables Listing from November 18, 2014 through January 2, 2015 in the amount of \$1,119,176.45; including checks 5647 through 5730. Upon motion duly made by Director Kane, and seconded by Director Hall, it was unanimously

RESOLVED to ratify the November 28, 2014 through January 2, 2015 Schedule of Payables, in the amounts and the check numbers noted above.

Loan Update: Director Kane asked the Boards' to consider approving an additional

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\$5,000 payment to Ballard Spahr LLP as a good faith payment for additional work not originally anticipated contingent on Compass Bank agreeing to match the District's payment. Upon motion duly made by Director Kane, and seconded by Director Hall, it was unanimously

RESOLVED to approve a payment of \$5,000 to Ballard Spahr LLP if Compass Bank matches the \$5,000 payment and the balance is written off.

Procedures for Debt Post-Issuance Compliance and Remedial Action: Ms. Dowswell presented written procedures for debt post-issuance compliance and remedial action procedures to the Boards. Upon motion duly made by Director Den Herder, and seconded by Director Kane, it was unanimously

RESOLVED to approve the written procedures for debt post-issuance compliance and remedial action procedures.

President Perry expressed an appreciation for all of the efforts of Director Kane, Ms. Dowswell and Mr. Pogue for the successful closing on the bank loan.

ITEMS FROM DISTRICT MANAGER

Chapungu Park Operations and Marketing – McWhinney Real Estate Services: Mr. Worley presented service addendums between Centerra Metropolitan District No. 1 and McWhinney Real Estate Service for Chapungu Park operations and marketing, Centerra public facilities operations and Centerra project management services. This matter was tabled.

Discussion regarding Landscape and Snow Removal Services: Mr. Worley informed the Boards that after receiving a 30-day termination notice from Brickman on December 31st, Pinnacle contacted Metco to see if they would be willing to update their 2013 landscape maintenance proposal and submit it to the Districts for consideration for 2015 services. Metco will submit by the end of January. Metco has also agreed to work with Director Perry on the 2015 flower design. Pinnacle also contacted Environmental Designs to inquire if they would be interested in submitting a 2015 proposal and they said they would. Due to the short timeframe, Mr. Worley requested that District No. 1 Board authorize Director Perry to work with Pinnacle to review and secure a landscape contractor for 2015. The Boards so directed.

Mr. Worley requested that the District No. 1 Board approve snow removal services contracts with Integrity (West of I-25) and Dry Ground (East of I-25) for the remainder of snow removal effective February 1st through this spring. Each contract is on a Time & Materials basis. Upon motion duly made by Director Hall, and seconded by Director Kane, it was unanimously

RESOLVED to approve contracts with Integrity and Dry Ground for snow removal as noted above.

Director Kane thanked Pinnacle for their quick action on this very important issue.

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ITEMS FROM LEGAL COUNSEL

Reimbursement Agreement for Design Costs with PVHS: Mr. Pogue presented for District No. 1 Board's consideration and approval the reimbursement agreement for design costs with PVHS. Upon motion duly made by Director Kane, and seconded by Director Hall, it was unanimously

RESOLVED to approve the reimbursement agreement for design costs between Centerra Metropolitan District No. 1 and PVHS, subject to final adjustments by general counsel.

Reimbursement Agreement for Construction Costs with PVHS: Mr. Pogue presented for District No. 1 Board's consideration and approval the reimbursement agreement for construction costs with PVHS. Upon motion duly made by Director Kane, and seconded by Director Hall, it was unanimously

RESOLVED to approve the reimbursement agreement for construction costs between Centerra Metropolitan District No. 1 and PVHS, subject to final adjustments by general counsel.

First Amendment to Development Agreement – Millennium NW 4th: Mr. Pogue presented for the District No. 1 Board's consideration and approval the first amendment to development agreement at Millennium NW 4th. Upon motion duly made by Director Kane, and seconded by Director Hall, it was unanimously

RESOLVED to approve the first amendment to development agreement at Millennium NW 4th.

Intergovernmental Agreement for Meter Vault Relocation: Mr. Pogue presented for District No. 1 Board's consideration and approval the intergovernmental agreement for meter vault relocation between the City of Loveland, Centerra Metropolitan District No. 1, and Little Thompson Water District. Upon motion duly made by Director Kane, and seconded by Director Den Herder, it was unanimously

RESOLVED to approve the intergovernmental agreement for meter vault relocation between the City of Loveland, Centerra Metropolitan District No. 1, and Little Thompson Water District.

Lakeview Condemnation: Mr. Pogue updated the Boards on the condemnation noting depositions had taken place the last two weeks. Mr. Pogue asked the District No. 1 Board to consider mediation as an attempt to settle the matter. The District No. 1 Board was in consensus to direct Mr. Pogue to instruct Attorney Malcolm Murray to proceed with mediation under the following conditions: 1) the mediation is binding; 2) a decision for mediation is decided by January 31, 2015.

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OTHER MATTERS

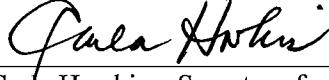
Director Hall updated the Board on the Fall River Drive traffic control plan during the holidays, noting while it was an improvement over 2013, numerous calls were received expressing concern for traffic stacking up within the Marketplace.

ADJOURNMENT

There being no further business to come before the Boards, the meeting was adjourned at 2:14 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