

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
July 18, 2013

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 Noon on Thursday, July 18, 2013. Notice of the meeting was 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 phone)
Josh Kane, Treasurer & Assistant Secretary
Tom Hall, Secretary

Directors Absent and Excused:

Julie Den Herder, Assistant Secretary/Treasurer

Also in Attendance:

Alan Pogue, Icenogle, Seaver & Pogue
Jim Niemczyk, McWhinney
Christy Reeves, John Cutler & Associates
Uli Keeley, John Cutler & Associates
Brent Worthington, City of Loveland
Ralph Trenary, Loveland City Council
Peggy Dowswell, Pinnacle Consulting Group, Inc. (via phone)
Brendan Campbell, Pinnacle Consulting Group, Inc.
Carla Hawkins, Pinnacle Consulting Group, Inc.
Jason Woolard, Pinnacle Consulting Group, Inc.
Marty Hyde, Pinnacle Consulting Group, Inc.

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CALL TO
ORDER

The meeting was called to order at 12:06 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 within the District. 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

Prior to discussion, President Perry congratulated Mr. Worthington on the City of Loveland's receiving the Distinguished Budget Award for 2013 from the Government Finance Officers Association. The Boards reviewed the agenda. Ms. Hawkins and Mr. Pogue requested adding November 2012 minutes revision and changing the discussion order of the audit and Parkway Products third party reimbursement topics. Upon motion duly made by Director Kane and seconded by Director Hall, it was unanimously

RESOLVED to approve the agenda as amended.

PRESENTATION OF
AUDIT

Christy Reeves of John Cutler & Associates presented for review and approval the 2012 Audit for Centerra Metropolitan District No. 1 and PIF Revenue Account. She stated the audit went well and complimented Pinnacle Consulting Group, Inc. on their accounting procedures and cooperation. No journal entries had been made. The audit firm rendered an unmodified opinion. Mr. Worthington complimented Ms. Reeves and John

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Cutler and Associates noting that in his experience they were one of the best audit firms. Upon motion duly made by Director Kane and seconded by Director Hall, it was unanimously

RESOLVED to approve the Audit and PIF Revenue Account of Centerra Metropolitan District No. 1 as presented.

APPROVAL OF MINUTES

The Board discussed revisions to the November 11, 2012, regular meeting minutes. Upon motion duly made by Director Kane and seconded by Director Hall, it was unanimously

RESOLVED to approve the November 11, 2012, minutes as amended.

The minutes of the May 16, 2013, regular meeting were presented. Discussion was held to revise the wording under the Kendall Parkway Update on page 3. Upon motion duly made by Director Hall and seconded by Director Kane, it was unanimously

RESOLVED to approve the May 16, 2013, minutes as amended.

ITEMS FROM PROJECT MANAGER

Update on I25/34 Median Enhancements:

Mr. Niemczyk reported the 2013 O&M budget included additional weed control and irrigation improvements for the I25-34 interchange medians. He stated the NDC construction contract is being closed out.

Update on Kendall Parkway:

Mr. Niemczyk stated that CDOT accepted the report submitted by Wilson & Company and SEH and is looking at the project for 2014.

Update on Parcel 505 and Parcel 102:

Mr. Niemczyk reported Parcel 505 service contracts are in place but work is on hold. The contracts total approximately \$350,000. Parcel 102 will be a design build contract for sidewalk and landscape improvement along the right of way easement.

Update on Boyd Lake Improvements:

Mr. Niemczyk noted he had competitively bid engineering design services for Boyd Lake Road improvements and Lamp Rynearson is the most qualified bidder. DTJ Design Inc. provided a proposal for the landscape design improvements.

Fall River Roundabout:

Together Mr. Niemczyk and Mr. Woolard presented a rough order of

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magnitude estimate of \$300,000 based on the LCUASS mini roundabout design standard. The project would need to start immediately to meet a timeline for completion by Thanksgiving. The roundabout design considered in the past does not currently meet the City of Loveland roundabout design standard. Director Hardy stated in original discussions with the City, this was a City street, but that the District could be interested in a cost sharing arrangement. The City of Loveland does not have the CIP funds in their budget for this project. Director Hardy recommended and other board members agreed the District reengage in discussions with City of Loveland staff regarding cost sharing.

ITEMS FROM THE FINANCE DIRECTOR

Approval of Payables:

Mr. Campbell presented for approval the June Schedules of Payables in the amount of \$102,302.61; including checks 5162 through 5182. Mr. Campbell also presented for approval the July Schedules of Payables in the amount of \$92,737.35; including checks 5183 through 5205. Upon motion duly made by Director Hall and seconded by Director Kane, it was unanimously

RESOLVED to ratify the June Schedule of Payables and approve the July Schedule of Payables per the amounts and check numbers noted above.

ITEMS FROM DISTRICT MANAGER

Service Agreements:

Ms. Hawkins asked the Board to consider approval of the Professional Service Agreements with Lamp Rynearson & Associates, Inc. for engineering design services in the amount of \$65,500 and landscape and irrigation improvement design services with DTJ in the amount of \$34,100 for the Boyd Lake Avenue project. Upon motion duly made by Director Hall and seconded by Director Kane, it was unanimously

RESOLVED to approve the Lamp Rynearson & Associates and DTJ agreements per the amounts and services noted above.

Operations and Maintenance Report: Ms. Hawkins noted the District had received the City of Loveland's water shares holding receipt for the 61.24 acre feet water credits negotiated by Mr. Niemczyk earlier in the year.

Ms. Hawkins noted that Director Perry had approved the first school district reimbursement request for engineering design services for the High Plains Academy school site.

She mentioned that the District is seeing the results of Chapungu marketing efforts by Celeste Smith to promote the park as a wedding venue.

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Mr. Woolard reported on the unsatisfactory landscape performance reviews by ValleyCrest in June and July. Other potential service providers will be evaluated in the future. He also noted the District was coordinating maintenance with the service contractors in preparation of the USA Pro Challenge on August 23, 2013.

ITEMS FROM LEGAL

Collection Agreement:

Mr. Pogue asked the Board to consider approval of the Amended and Restated Collection Agreement noting that the fee was \$13,500 less than the prior year's fee but that no audits would be included in the base fee amount. Following discussion and upon motion duly made by Director Kane and seconded by Director Hall, it was unanimously

RESOLVED to approve the Amended and Restated Collection Agreement.

Update on Parkway Products City of Loveland Third Party Reimbursement:

Mr. Pogue mentioned that he and Director Hardy had met with Parkway Products representatives. Additional discussion was deferred to executive session discussion.

Update on MFA Regional Improvement Designation and Authorize Legal Counsel to Proceed with City Attorney to Develop MFA Amendment:

Mr. Pogue noted that during the City study session, Council had authorized City Attorney, Mr. Duval, to amend the Master Financing Agreement to designate Kendall Parkway and Boyd Lake Avenue as regional improvements and to make a few house cleaning revisions. Following discussion and upon motion duly made by Director Kane and seconded by Director Hall, it was unanimously

RESOLVED to direct Mr. Pogue to work with Mr. Duval to amend the Master Financing Agreement as noted above.

OTHER MATTERS

Mr. Worthington reported that the City of Loveland had received information from Best Buy resolving tax collection matters. He also noted that Loveland Urban Renewal Annual Audit would be ready for presentation at the next District Board meeting.

PUBLIC COMMENTS

Ralph Trenary, Loveland City Council member, expressed his appreciation for the Board and recognized the Board members for their dedicated work and cooperation with the City.

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EXECUTIVE SESSION

Mr. Pogue advised the Board that the Board had received an offer from Parkway Products to settle the dispute arising from a required third party reimbursement for Centerra Parkway new road construction costs. Mr. Pogue stated that it was appropriate, pursuant to the Colorado Open Meetings Law, for the board convene an executive session, pursuant to Section 24-6-402(4)(b), C.R.S., to receive legal advice from general counsel on the threatened litigation and Parkway Products proposal to settle the dispute. Upon motion duly made by Director Hall and seconded by Director Kane, it was unanimously

RESOLVED to convene an Executive Session, pursuant to § 24-6-402(4)(b), C.R.S., to receive legal advice from general counsel on the threatened litigation and settlement proposal by Parkway Products to resolve the dispute.

It is the 18th day of July, 2013 and the time is 1:21 p.m. For the record, I, Kim Perry, am the presiding officer. This Executive Session is recorded pursuant to the requirements of the Colorado Open Meetings Law. Also present at this Executive Session are: Directors Kane and Hall, project manager, Jim Niemczyk, legal counsel Alan Pogue, and District Manager, Carla Hawkins.

This is an Executive Session for the following purpose: to receive legal advice from general counsel on the threatened litigation and settlement proposal by Parkway Products to resolve the dispute.

The time is now 1:42 p.m. and the Executive Session is concluded. The participants in the Executive Session at conclusion were: Directors Kane and Hall, project manager, Jim Niemczyk, legal counsel Alan Pogue, and District Manager, Carla Hawkins.

For the record, if any person participating in the Executive Session believes any substantial discussion of any matters not included in the motion to go into Executive Session occurred during the Executive Session, or any improper action occurred during the Executive Session in violation of the Open Meetings Law, I ask you to state your concerns for the record.

No objections were stated.

ADJOURNMENT

There being no further business to come before the Boards, the meeting was adjourned at 1:42 p.m.

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

Respectfully submitted,

/s/ Marty Hyde
Marty Hyde, Secretary for the Meeting