

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
September 21, 2017

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, September 21, 2017. 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
Josh Kane, Treasurer & Assistant Secretary (via telephone)
Tom Hall, Secretary

Directors Absent but Excused:

David Crowder, Assistant Secretary & Assistant Treasurer

Also in Attendance:

Alan Pogue; Icenogle Seaver Pogue, P.C.
Jim Niemczyk, Dave Betley and Jon Ruberts; McWhinney
Peggy Dowswell, Shana Morgan, Brendan Campbell, Kirsten Starman, Brian Doble, Chelsey Green; Pinnacle Consulting Group, Inc.

CALL MEETING TO
ORDER

The meeting was called to order at 12:04 p.m. by President Perry, 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.

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CONFLICT OF INTEREST DISCLOSURE

Alan Pogue, legal counsel, stated 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 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.

APPROVAL OF AGENDA

The Boards considered the agenda as amended to add three items:

1. III.C.i. Consider Approval of Work Order with Interwest Consulting Group, Inc. for Parcel 206 Phase 2 engineering services – NTE \$106,00,
2. III.C.ii. Consider Approval of Professional Services Agreement with Deer & Ault Consultants, Inc. for Equalizer Dam peer review services– NTE \$6,700, and
3. V.G. Consider Ratification of Interchange Lift Station Agreement with the City of Loveland, Ditesco and Centerra Metropolitan District No. 1 for Construction Management and Oversight Services of the Interchange Lift Station project.

Upon motion duly made by Director Hall, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to approve the agenda, as amended.

PUBLIC COMMENT

There were no comments made by members of the public.

CONSENT AGENDA ITEMS

The Boards considered the consent agenda items:

- A. Approval of Minutes – August 17, 2017,
- B. Ratification of Payables: August 1, 2017 through August 31, 2017,
- C. Ratification of Contract Modifications, and
- D. Capital Fund Summary.

Upon motion duly made by Director Hall, seconded by Director Kane, and upon vote, unanimously carried, it was

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RESOLVED to approve and ratify the consent agenda items, as presented.

Jim Niemczyk arrived at this time.

FINANCIAL ITEMS

Loveland Urban Renewal Authority Audit Report: Mr. Campbell reviewed the 2016 Audit Report conducted by the Loveland Urban Renewal Authority for the period January 1, 2016 to December 31, 2016.

Discussion regarding Investment Options of District Funds Market Research: Mr. Campbell reviewed the fees associated with financial asset management received from Piper Jaffrey and UMB. Following discussion and upon motion duly made by Director Kane, seconded by Director Hall, and upon vote, unanimously carried, it was

RESOLVED to approve UMB for financial asset investment management services for the 2017 Bond Debt Reserve.

Discussion regarding 2018 Budget Process: Mr. Campbell noted that per statutory deadlines a draft 2018 budget must be presented to the Boards by October 15, 2017. Pinnacle is working on the draft budgets and will present for review at the October regular meeting and present for consideration of approval at the November regular meeting.

Discussion regarding 2017 Financial Auditor: Mr. Campbell reviewed the Audit Proposals summary with the Board. Mr. Campbell noted using regional or national firms would be double the cost of the District's current auditor, John Cutler & Associates. Mr. Campbell highlighted that the financial management team is satisfied with John Cutler & Associates audit services. Following discussion and upon motion duly made by Director Kane, seconded by Director Hall, and upon vote, unanimously carried, it was

RESOLVED to approve John Cutler & Associates for 2017 audit services.

DISTRICT CAPITAL INFRASTRUCTURE REPORT

Ms. Starman presented the Capital Infrastructure report to the Boards.

DISTRICT PROJECT MANAGER UPDATE

Mr. Niemczyk provided a brief overview of ongoing Districts projects.

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BIDDING AND CONTRACTING

Parcel 206: Mr. Niemczyk presented a Work Order with Interwest Consulting Group, Inc. for professional engineering services related to the design of public infrastructure. Following discussion and upon motion duly made by Director Hall, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to approve the Work Order with Interwest Consulting Group, Inc. for professional engineering services in an amount not to exceed \$106,000.

Equalizer Dam: Mr. Niemczyk presented a Professional Service Agreement with Deer & Ault Consultants, Inc. for a peer review of the dam study. Following discussion and upon motion duly made by Director Kane, seconded by Director Crowder, and upon vote, unanimously carried, it was

RESOLVED to approve the Professional Service Agreement with Deer & Ault Consultants, Inc. for a peer review, in an amount not to exceed \$6,700.

Parcel 505 Interchange Lift Station/Public Infrastructure: Mr. Niemczyk stated that the City of Loveland waived the hydrant requirement for the Lift Station building permit but timing for the waterline may become a critical path issue and requested the Board authorize President Perry to execute a Work Order for the waterline if it becomes necessary. Following discussion and upon motion duly made by Director Hall, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to authorize President Perry to execute a Work Order with Connell Resources, Inc. Construction for a portion of the waterline in an amount not to exceed \$52,000.

Parcel 206 Public Parking Lot Resurface: Mr. Niemczyk reviewed options for repairs to the Parcel 206 parking lot with the Boards. The Boards discussed the costs and benefits of the various options. The Board directed staff to complete the crack sealing of the old parking lot area and research the mill and overlay work further. Following discussion and upon motion duly made by Director Kane, seconded by Director Hall, and upon vote, unanimously carried, it was

RESOLVED to approve a Service Agreement with Apex for Parcel 206 public parking lot crack seal, in an amount not to exceed \$5,000, and directed staff to work with the developer of Parcel 206 on a potential cost-sharing arrangement for a mill and overlay of the public parking area to be considered in Spring, 2018.

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ITEMS FROM LEGAL COUNSEL

CDOT Notice of Intent to Acquire: Mr. Pogue reviewed Colorado Department of Transportations' Notice of Intent to Acquire noting that the 5 parcels requested total approximately 2 acres of land.

CDOT IGA for I25 Project: Mr. Pogue presented a final Intergovernmental Agreement between the Colorado Department of Transportation and Centerra Metropolitan District No. 1 for the I25 Project. Following discussion and upon motion duly made by Director Kane, seconded by Director Hall, and upon vote, unanimously carried, it was

RESOLVED to approve the final form of the Intergovernmental Agreement between Colorado Department of Transportation and Centerra Metropolitan District No. 1 for the I25 Project, subject to non-material modifications, approved by President Perry and Mr. Pogue.

Consider Ratification of a Professional Service Agreement with National Valuation Consultants, Inc. for appraisal services: Ms. Morgan presented a Professional Service Agreement with National Valuation Consultants, Inc. for appraisal services in relation to CDOT's Notice of Intent to Acquire. Mr. Pogue noted the District is entitled to reimbursement for the appraisal services cost from CDOT once the appraisal has been submitted. Following discussion and upon motion duly made by Director Hall, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to approve the Professional Service Agreement with National Valuation Consultants, Inc. for appraisal services, in an amount not to exceed \$10,500.

Consider Approval of Parcel 206 Maintenance Agreement with CCOA: Mr. Pogue presented a Parking and Landscaping Improvements Maintenance Agreement between Centerra Commercial Owners Association, Inc. and Centerra Metropolitan District No. 1. Following discussion and upon motion duly made by Director Hall, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to approve the Parking and Landscaping Improvements Maintenance Agreement between Centerra Commercial Owners Association, Inc. and Centerra Metropolitan District No. 1, subject to non-material modifications, approved by President Perry and Mr. Pogue.

Consider Approval of First Amendment to Parcel 206 Easement Agreement: Mr. Pogue presented the First Amendment to Easement Agreement between CP 206, LLC. and Centerra Metropolitan District No. 1. Following discussion and upon motion duly made by Director Hall, seconded by Director Kane, and upon vote, unanimously carried, it was

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RESOLVED to approve the First Amendment to Easement Agreement between CP 206, L.L.C. and Centerra Metropolitan District No. 1.

Interchange Lift Station Agreement: Mr. Pogue presented the Interchange Lift Station Agreement between Ditesco, the City of Loveland, and Centerra Metropolitan District No. 1. Following discussion and upon motion duly made by Director Kane, seconded by Director Hall, and upon vote, unanimously carried, it was

RESOLVED to ratify the Interchange Lift Station Agreement between Ditesco, the City of Loveland, and Centerra Metropolitan District No. 1.

ITEMS FROM
DISTRICT MANAGER

Manager's Report: Ms. Morgan provided a summary of current operations throughout the District. She noted that inspections were conducted on August 23rd and all areas passed. September inspections took place yesterday and the scores were: Chapungu Park, 91%, Boyd Lake 95%, and General District Areas 90%.

Ms. Morgan reported that Pinnacle met with Dave DeBaere at the City of Loveland on September 12th to discuss the City's maintenance program related to City assets located within the District focusing on truncated domes, streets, and curb and gutter. Truncated domes will be the highest priority for the City, especially areas with "real users". Streets that were highlighted as an area of concern are currently not scheduled in the City's 5-year plan, but Mr. DeBaere will attempt to work them in, if the budget allows. Mr. DeBaere clarified that curb and gutters along medians, islands and corners are the City's responsibility. Other locations are the responsibility of adjacent property owners. The Board directed Ms. Morgan to seek further clarification, as it is not common for property owners to have responsibility over any curb and gutter maintenance.

Ms. Morgan reported that a sculpture pin at Chapungu Park was bent due to a falling tree. She noted the repairs are underway and the District is filing an insurance claim.

Ms. Morgan reported on the status of the Winter Wonderlights event and discussed adding holiday lighting to the roadway near the event area. Following discussion and upon motion duly made by Director Hall, seconded by Director Kane, and upon vote, unanimously carried, it was

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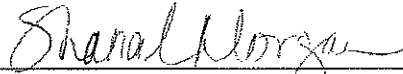
RESOLVED to approve the reallocation of currently owned resources and labor costs up to \$6,000, subject to The Promenade Shops at Centerra contributing two dollars for every one dollar the District contributes.

ADJOURNMENT

There being no further business to come before the Boards and upon motion and second, the meeting was adjourned at 2:02 p.m.

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

Respectfully Submitted,



Shana L. Morgan, Secretary for the Meeting