

RECORD OF PROCEEDINGS

MINUTES OF THE COORDINATED
SPECIAL 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
November 19, 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 special meeting, open to the public, at 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, at 11:30 a.m., Thursday, November 19, 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
Tom Hall, Secretary
Josh Kane, Treasurer & Assistant Secretary
Julie Den Herder, Assistant Secretary & Assistant Treasurer

Also in Attendance:

Alan Pogue; Icenogle Seaver Pogue, P.C.
Brendan Campbell, Jason Woolard, Peggy Dowswell, Jim Worley, and Carla Hawkins; Pinnacle Consulting Group, Inc.
Ben Kendall (via teleconference), Ashley Stiles, and Jim Niemczyk;
McWhinney
Voneen Macklin; McWhinney (departed at 11:55 a.m.)
Terry Tyrrell and Micah Giardetti; AECOM (departed at 11:55 a.m.)
Richard Christy and Myron Hora; CDOT (departed at 11:55 a.m.)
Ralph Trenary; Citizen

CALL MEETING TO
ORDER

The meeting was called to order at 11:30 a.m. by Director Perry, President, noting that a quorum was present. The Directors in attendance confirmed their qualifications to serve. All in attendance introduced themselves.

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

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Metropolitan Districts Nos. 2, 3, 4, and 5.

CONFLICT OF
INTEREST
DISCLOSURE

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 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 Kane, and seconded by Director Hall, and upon vote, unanimously carried, it was

RESOLVED to approve the agenda, as amended.

CROSSROADS
INTERCHANGE
PRESENTATION

Mr. Niemczyk gave a brief introduction of the Crossroads Interchange project team including representatives from CDOT and AECOM. Mr. Hora, with CDOT, noted that funding for the project was coming from CDOT with contributions from the North Front Range Metropolitan Planning Organization. Mr. Hora noted the infrastructure improvements will address safety and operational deficiencies at the interchange and has been identified as a priority for improvements. Mr. Tyrell, with AECOM, gave an overview of the project and reported that improvements are slated to be bid in the Spring of 2016 with an anticipated completion date of December 2017. The project team asked the Board whether or not the District wished to add funds to the project for aesthetic improvements of the retaining walls. The Board agreed to discuss and render a decision at their December Board meeting. The Board thanked the members of the project team for their presentation and the team left the meeting at 11:55 a.m.

BOARD MEMBER
APPOINTMENT

There is a vacancy to be filled on the Boards. Mr. Pogue noted that a call for interested candidates was published on November 5, 2015. The District did not receive any additional letters of interest to serve on the Boards. Ben Kendall has agreed to serve and is qualified to serve on the Boards. Upon motion duly made

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by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to approve the appointment of Ben Kendall to serve on the Boards of District Nos. 1-5 to fill the term expiring May 2016.

PUBLIC COMMENT

Mr. Trenary stated that he was in attendance to continue hearing what great things the Districts were doing on the eastside of Loveland.

2016 BUDGET HEARING AND ADOPTION OF RESOLUTIONS

Director Perry opened the 2016 Budget Hearing to the public. Ms. Hawkins reported that notice of the hearing had been published on November 12, 2015 in accordance with state budget law. Mr. Campbell reviewed the budget in detail and answered questions pertaining to the mill levy, and estimated revenues and expenditures. The budgets by District and fund are as follows:

District No. 1, Service District:

Mill levy is 0 mills.

General Fund Expenditures: \$1,508,464

Debt Service Fund Expenditures: \$11,462,126

Capital Fund Expenditures: \$1,746,234

District No. 2,

Financing District Mill levy is 42.6 mills.

Bond Only:

2004 Bond Series Mill levy is 6.655 mills.

2008 Bond Series Mill levy is 35 mills.

General Fund Expenditures: \$472,171

District No. 3, Financing District

Mill levy is 5 mills.

General Fund Expenditures: \$401

District No. 4, Financing District

Mill levy is 0 mills.

General Fund Expenditures: \$0

District No. 5, Financing District

Mill levy is 15 mills.

General Fund Expenditures: \$728

There being no public input, the public hearing portion of the budget was

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closed. After further review and discussion, and upon motion duly made by Director Den Herder, seconded by Director Kane, and upon an affirmative vote by four Board members, with Director Kendall abstaining, it was

RESOLVED to approve the Resolution to Adopt the 2016 Budgets, Set the Mill Levies and Appropriate budgeted funds upon final certification of value being received from the County on or before December 10, 2015, and approve all other documents related to the 2016 budgets. Pinnacle Consulting Group Inc., as District Manager, is authorized to make minor modifications necessary following receipt of final assessed values.

2015 AUDITOR

Approval of 2015 Auditor: Mr. Campbell reported John Cutler & Associates has submitted a proposal to prepare the 2015 audit for District No. 1 and that DerivActiv has submitted a proposal to prepare the 2015 swap audits for District No. 1. Upon motion duly made by Director Kane, seconded by Director Hall, and upon an affirmative vote by four Board members, with Director Kendall abstaining, it was

RESOLVED to engage John Cutler & Associate and DerivActiv to prepare the District No. 1 2015 Audits.

Parcel 206 Improvements

Professional Service Agreement – Interwest Consulting: Mr. Niemczyk requested the Board consider the Professional Services Agreement with Interwest Consulting for Parcel 206 engineering services. Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon an affirmative vote by four Board members, with Director Kendall abstaining, it was

RESOLVED to ratify the Professional Service Agreement between District No. 1 and Interwest Consulting, in an amount not to exceed \$192,000, subject to amending the 2015 capital budget.

Professional Service Agreement – Permontes Group: Mr. Niemczyk presented a Professional Services Agreement with Permontes Group for the Parcel 206 traffic study. Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon an affirmative vote by four Board members, with Director Kendall abstaining, it was

RESOLVED to approve a Professional Service Agreement between District No. 1 and Permontes Group, in an amount not to exceed \$11,100, subject to amending the 2015 capital budget.

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Kendall Parkway

Professional Service Agreement – CWC Consulting Group: Mr. Niemczyk asked for approval of the Professional Services Agreement with CWC Consulting Group for Kendall Parkway engineering services. Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon an affirmative vote by four Board members, with Director Kendall abstaining, it was

RESOLVED to approve a Professional Service Agreement between District No. 1 and CWC Consulting Group, in an amount not to exceed \$228,035, subject to amending the 2015 capital budget.

Professional Service Agreement – Permontes Group: Mr. Niemczyk presented a Professional Services Agreement with Permontes Group for the Kendall Parkway traffic study. Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon an affirmative vote by four Board members, with Director Kendall abstaining, it was

RESOLVED to approve a Professional Service Agreement between District No. 1 and Permontes Group, in an amount not to exceed \$3,500, subject to amending the 2015 capital budget.

GLIC

Mr. Niemczyk asked the Board to retain a third party consultant to evaluate the proposal and design from GLIC for Equalizer Reservoir improvements. Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon an affirmative vote by four Board members, with Director Kendall abstaining, it was

RESOLVED to approve District No. 1 engaging a third party consultant to evaluate the proposal and design from GLIC for Equalizer Reservoir improvements.

CAPITAL FUND SUMMARY

Mr. Campbell reviewed the capital fund summary with the Boards.

PROPOSED AMENDED 2015 BUDGET HEARING

Director Perry opened the 2015 Budget Hearing to the public. Ms. Hawkins reported that notice of the hearing had been published on November 12, 2015 in accordance with state budget law. Mr. Campbell reviewed the projected budget and answered questions.

District No. 1, Service District:
Capital Fund Expenditures: \$7,414,937

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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 Hall, seconded by Director Kane, and upon an affirmative vote by four Board members, with Director Kendall abstaining, it was

RESOLVED to approve the Resolutions to Adopt the Amended 2015 Budget for District No. 1 and appropriate budgeted funds.

ITEMS FROM LEGAL COUNSEL

Approval of 2016 Administrative Matters Resolution: Mr. Pogue presented for the Boards' consideration and approval the 2016 Administrative Matters Resolution. Upon motion duly made by Director Kane, seconded by Director Hall, and upon an affirmative vote by four Board members, with Director Kendall abstaining, it was

RESOLVED to approve the 2016 Annual Administrative Matters Resolution.

Approval of 2016 Election Resolution: Mr. Pogue presented for the Board's consideration and approval of the 2016 Election Resolution. Upon motion duly made by Director Kane, seconded by Director Hall, and upon an affirmative vote by four Board members, with Director Kendall abstaining, it was

RESOLVED to approve the 2016 Annual Election Resolution.

Infrastructure Construction Agreement with CIndustrial One, LLC: Mr. Pogue asked the Board to approve the final agreement drafted by Mr. Fonfara and himself. Upon motion duly made by Director Kane, seconded by Director Hall, and upon an affirmative vote by four Board members, with Director Kendall abstaining, it was

RESOLVED to ratify the Final Infrastructure Construction Agreement between District No. 1 and CIndustrial One, LLC.

Reimbursement Agreement Guarantee From MHC, LLLP: Mr. Pogue asked for the Board to approve the final reimbursement agreement between District No. 1 and MHC, LLLP. Upon motion duly made by Director Kane, seconded by Director Hall, and upon an affirmative vote by four Board members, with Director Kendall abstaining, it was

RESOLVED to approve the District No. 1 Reimbursement Agreement with Guarantee From MCH, LLLP.

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The Boards took a five minutes recess at 12:46 p.m.

Ms. Stiles, McWhinney, joined the meeting at this time and gave a presentation to the Boards related to anticipated development at Parcel 206.

EXECUTIVE SESSION

Executive Session pursuant to Section 24-6-402(4)(b), C.R.S. for the purpose of receiving legal advice from general counsel on specific questions related to the development in Parcel 206.

Mr. Pogue advised the Boards that it was permitted, upon compliance with requisite statutory procedures under the Colorado Open Meetings Law, for the Boards to convene an executive session, pursuant to § 24-6-402(4)(b), C.R.S., for the purpose of receiving legal advice from general counsel on specific questions related to Parcel 206. Upon motion duly made by Director Kane, seconded by Director Hall, and upon vote, it was

RESOLVED to convene an Executive Session, pursuant to § 24-6-402(4)(b), C.R.S., to receive legal advice from legal counsel on specific legal questions related to the Parcel 206 and the Master Financing Agreement implications of that development.

It is the 19th day of November, 2015 and the time is 1:08 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 Hall, Kane, Den Herder, and Kendall (via telephone); Alan Pogue, Jim Worley, and Peggy Dowswell.

This is an Executive Session for the following purpose: for receiving legal advice from legal counsel on specific legal questions related to the development in Parcel 206 and the Master Financing Agreement implications of that development.

The Executive Session was adjourned at 1:55 p.m. by a motion from Director Den Herder, second by Director Hall, by a four to zero vote, with Director Kendall abstaining. The participants in the Executive Session at adjournment were Directors Perry, Hall, Kane, Den Herder, and Kendall; Alan Pogue, Jim Worley, and Peggy Dowswell.

No decisions or actions were taken in the Executive Session.

Mr. Pogue stated for the record, "if any person participating in the Executive Session believes any substantial discussion of any matters not included in the

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motion to go into Executive Session occurred during the Executive Session, or any improper action occurred during the Executive Session in violation of the Colorado Open Meetings Law, I ask you state your concerns for the record”.

No objections were stated.

OTHER MATTERS

The Board discussed an amendment to the Master Financing Agreement (MFA) to designate structured parking at Parcel 206 as a “local improvement”, eligible for construction with MFA revenues. The Board discussed the possible impacts on the District of densifying development on Parcel 206, including increasing office space, attracting primary jobs, enhancing assessed values, and increasing retail sales and sales tax revenues. Upon motion duly made by Director Kane, seconded by Director Den Herder, and upon an affirmative vote by four Board members, with Director Kendall abstaining, it was

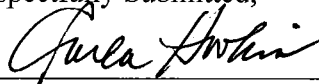
RESOLVED to support an MFA Amendment authorizing structured parking for densification of Parcel 206 and directed Ms. Perry and Mr. Pogue to work with the City of Loveland, LURA, and CPW on the specific language for the amendment.

ADJOURNMENT

There being no further business to come before the Boards, the meeting was adjourned at 1:59 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