

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
February 19, 2015

The Board 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, February 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

Julie Den Herder, Assistant Secretary & Assistant Treasurer (left meeting at 2:11 p.m.)

Jay Hardy, Vice President & Assistant Secretary

Josh Kane, Treasurer & Assistant Secretary (via telephone, left meeting at 1:45 p.m.)

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 (left meeting at 1:52 p.m.)

Wendy Messinger; McWhinney (left meeting at 12:55 p.m.)

Will Welch, William T. Welch Company (left meeting at 12:40 p.m.)

Ralph Trenary, City of Loveland, Ward IV Council Member (left meeting at 1:21 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. President Perry welcomed Councilman Trenary to the meeting.

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 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 Hardy, and seconded by Director Hall, it was unanimously

RESOLVED to approve the agenda as amended.

APPROVAL OF
MINUTES

The minutes of the January 15, 2015 regular meeting were presented. Upon motion duly made by Director Den Herder, and seconded by Director Hall, it was unanimously

RESOLVED to approve the January 15, 2015 minutes as presented.

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

PUBLIC COMMENT

There were no comments made by members of the public.

CAPITAL SUMMARY

Mr. Campbell distributed and reviewed the Capital Fund Summary as of February 10, 2015, summarizing all capital project budget and expense totals.

Ms. Dowswell noted the Capital Fund Summary, by default, had been revised to reflect appropriated funds and stated that District No. 1 is prioritizing projects on a "first come, first served" basis. The Board agreed that further discussion was warranted with the developer to assess project priorities in order to assist the Board to assess priority when committing to projects.

Director Hardy noted with the current construction within Centerra, an additional 524,000 square feet, or 10%, could potentially be added within the development by year end.

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CAPITAL PROJECTS
Parcel 505
Improvements

Mr. Welch updated the Board on the progress of construction noting that Connell Resources was advancing on the schedule due to good weather. He also mentioned Bass Pro has submitted a building permit application to the City for the 84,000 square foot building. Mr. Welch noted the second submittal for the Lift Station is currently under review and it is anticipated that bids will be solicited March through May for a construction start timeframe of June. Mr. Welch stated that site development for the hotel and retail pads had begun, with an anticipated completion and occupancy of both projects in June 2016.

Mr. Woolard noted that a meeting would be scheduled with DTJ to review the median landscape improvements on Centerra Parkway.

Addendum – Pinnacle Consulting Group – District Project Administration Services: Mr. Welch presented an Addendum with Pinnacle Consulting Group, Inc. for District Project Administration Services (construction through acceptance phases) for District No. 1 Board's consideration. Following discussion, and upon motion duly made by Director Hall, and seconded by Director Hardy, it was unanimously

RESOLVED to approve the Addendum with Pinnacle Consulting Group, Inc. for the services as noted above, in an amount not to exceed \$45,502.

CAPITAL PROJECTS
Parcel 601
Improvements

Mr. Welch updated the Board on the progress of the project noting that the infrastructure costs were trending higher than the planning estimate due to changes in the scope for the street, water line and landscaping improvements.

Addendum No. 2 – Permontes Group – Traffic Study: Mr. Woolard presented an Addendum No. 2 with Permontes Group for additional transportation link analysis based on uses ratio and Crossroads Business Park, for District No. 1 Board's consideration. Following discussion, and upon motion duly made by Director Hardy, and seconded by Director Hall, it was unanimously

RESOLVED to approve the Addendum No. 2 with Permontes Group for the services as noted above, in an amount not to exceed \$2,000.

Professional Services Agreement – William T. Welch Company – Project Management: Mr. Woolard presented a Professional Services Agreement with William T. Welch Company for project management (project initiation and design management phases), for District No. 1 Board's consideration. Following discussion, and upon motion duly made by Director Kane, and seconded by Director Den Herder, it was unanimously

RESOLVED to approve the Professional Services Agreement with William T. Welch Company for the services as noted above, in an amount not to exceed \$19,100.

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Addendum – Pinnacle Consulting Group – District Project Administration Services: Mr. Welch presented an Addendum with Pinnacle Consulting Group, Inc. for District project administration services (bidding through contracting phases), for District No. 1 Board's consideration. Following discussion, and upon motion duly made by Director Kane, and seconded by Director Den Herder, it was unanimously

RESOLVED to approve the Addendum with Pinnacle Consulting Group, Inc. for the services as noted above, in an amount not to exceed \$9,980.

CAPITAL PROJECTS
Motorplex Landscaping
Improvements

Contract – Public Landscaping and Irrigation Improvements: Mr. Woolard presented the contract with Metco Landscaping for public landscaping and irrigation improvements, for District No. 1 Board's consideration. Following discussion, and upon motion duly made by Director Hall, and seconded by Director Den Herder, it was unanimously

RESOLVED to approve the Metco Landscaping Public Landscaping and Irrigation Improvements contract, in an amount not to exceed \$25,944.

Addendum – Pinnacle Consulting Group – District Project Administration Services: Mr. Woolard presented an Addendum with Pinnacle Consulting Group, Inc. for District project administration services (contract administration and acceptance), for District No. 1 Board's consideration. Following discussion, and upon motion duly made by Director Kane, and seconded by Director Hardy, it was unanimously

RESOLVED to approve the Addendum with Pinnacle Consulting Group, Inc. for services as noted above, in an amount of \$2,490.

CAPITAL PROJECTS
Hahn's Peak Extension
Improvements

Professional Services Agreement – Interwest Consulting Group – Engineering Design and Construction Administration Services: Mr. Niemczyk presented a Professional Services Agreement with Interwest Consulting Group for engineering design and construction administration services, for District No. 1 Board's consideration. Following discussion, and upon motion duly made by Director Den Herder, and seconded by Director Hardy, it was unanimously

RESOLVED to approve the Professional Services Agreement with Interwest Consulting Group, for the services as noted above, in an amount not to exceed \$90,350.

Professional Services Agreement – Earth Engineering Consultants – Geotechnical Exploration and Preliminary Pavement Design Services: Mr. Niemczyk presented the Professional Services Agreement with Earth Engineering Consultants for geotechnical exploration and preliminary pavement design services, for District No. 1 Board's consideration. Following discussion, and upon motion duly made by Director Kane, and seconded by Director Hall, it was unanimously

RESOLVED to approve the Professional Services Agreement with Earth

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Engineering Consultants for the services as noted above, in an amount not to exceed \$2,600.

CAPITAL PROJECTS Parcel 222 Updates

Mr. Woolard updated the Board on the project noting that substantial completion of the project is anticipated for the end of May with final completion in June.

Mr. Niemczyk discussed future improvements for two additional industrial buildings adjacent to the storage facility. The total public improvements are estimated to be \$1.4 million. Efforts are underway to determine if budgeting and construction of the public improvements can be completed in phases.

CAPITAL PROJECTS Parcel 206 Updates

Mr. Niemczyk gave a brief report on the status of Parcel 206 public infrastructure design noting that the engineer is designing the sewer main that could be constructed to serve the Parcel 222 mini storage facility and the future industrial buildings at Parcel 222.

WATER METER VAULT RELOCATION

Mr. Niemczyk noted that comments on the final design from the City of Loveland are anticipated and once received a cost estimate will be generated and presented to the Board.

ITEMS FROM THE FINANCE DIRECTOR

Ratification of Payables: Mr. Campbell presented for ratification the Payables Listing from January 3, 2015 through January 31, 2015 in the amount of \$524,969.67; including checks 5731 through 5771. Upon motion duly made by Director Den Herder, and seconded by Director Hall, it was unanimously

RESOLVED to ratify the January 3, 2015 through January 31, 2015 Schedule of Payables, in the amounts and the check numbers noted above.

Mr. Campbell presented the unaudited financial statements through December 31, 2014.

Bill Payment Process: Ms. Dowswell requested District No. 1 Board consider the approval of a new bill payment process using First Bank's online bill pay. Upon motion duly made by Director Den Herder, and seconded by Director Hardy, it was unanimously

RESOLVED to authorize opening an account with First Bank for the Operating Account, process payables through the First Bank online payment portal, and appoint Director Perry as the District representative and Director Hardy as the alternate to approve payments online with First Bank, after the Board has had time to review the payables packet.

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EXECUTIVE SESSION

Executive Session pursuant to Section 24-6-404(4)(b), C.R.S. for the purpose of receiving legal advice from general counsel on specific questions related to pending IDR on 2008 Bonds and the Lakeview Condemnation.

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 § 24-6-404(4)(b), C.R.S., for the purpose of receiving legal advice from general counsel on specific questions related to the pending IDR on 2008 Bonds and the Lakeview Condemnation. Upon motion duly made by Director Hall and seconded by Director Den Herder, it was unanimously

RESOLVED to convene an Executive Session, pursuant to § 24-6-404(4)(b), C.R.S., to receive legal advice from legal counsel on specific legal questions.

It is the 19th day of February, 2015 and the time is 1:22 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 Kim Perry, Jay Hardy, Tom Hall, Josh Kane (via telephone) and Julie Den Herder; Legal Counsel Alan Pogue; District Manager, Jim Worley; District Finance Manager, Peggy Dowswell; and Project Manager, Jim Niemczyk.

This is an Executive Session for the following purpose: for receiving legal advice from legal counsel on specific legal questions related to the Centerra Metropolitan Districts.

The Executive Session was adjourned at 2:08 p.m. by a motion from Director Hall, a second by Director Hardy, and with a unanimous vote. The participants in the Executive Session at adjournment were Kim Perry, Jay Hardy, Tom Hall, Julie Den Herder, Alan Pogue, Jim Worley, and Peggy Dowswell. Director Kane left the meeting at 1:45 p.m. and Mr. Niemczyk left the meeting at 1:52 p.m.

No decisions or actions were taken in the Executive Session.

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 Colorado Open Meetings Law, I ask you state your concerns for the record.

No objections were stated.

PROPOSED AMENDED 2015 BUDGET HEARING

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

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District No. 1, Service District:
Capital Fund Expenditures: \$4,293,458

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 Hardy, and seconded by Director Hall, it was unanimously

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

ITEMS FROM LEGAL COUNSEL

Rescind Approval of Reimbursement Agreement for Design and Initial Construction Costs with High Country Beverage: Mr. Pogue noted that the District No. 1 Board should rescind the Reimbursement Agreement with High Country Beverage, which was approved at the January meeting, due to the fact that High Country Beverage has entered into a similar agreement with Centerra Commercial, LLC. Upon motion duly made by Director Hardy, and seconded by Director Den Herder, it was unanimously

RESOLVED to rescind the Reimbursement Agreement, for design and initial construction costs, with High Country Beverage.

Amendment to Reimbursement Agreement for Parcel 601 Design Work: Mr. Pogue presented for District No. 1 Board's consideration and approval an Amendment to the Reimbursement Agreement, for design work for Parcel 601 with Centerra Commercial, LLC. Upon motion duly made by Director Den Herder, and seconded by Director Hardy, it was unanimously

RESOLVED to approve the Amendment to the Reimbursement Agreement for Parcel 601 design work, with Centerra Commercial, LLC, in an amount not to exceed \$220,000.

District Facilities Services Agreement: Mr. Pogue presented for District No. 1 and District No. 5 Boards consideration and approval the District Facilities Services Agreement, between Centerra Metropolitan District No. 1 and Centerra Metropolitan District No. 5. Upon motion duly made by Director Hardy, and seconded by Director Hall, it was unanimously

RESOLVED to approve the District Facilities Services Agreement, between Centerra Metropolitan District No. 1 and Centerra Metropolitan District No. 5.

Advance and Reimbursement Agreement – Hahn's Peak Drive Design: Mr. Pogue presented for the District No. 1 Board's consideration and ratification the Advance and Reimbursement Agreement with Poudre Valley Health Care, Inc. for design of Hahn's Peak Drive extension improvements. Upon motion duly made by Director Hardy, and seconded by Director Hall, it was unanimously

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RESOLVED to ratify the Advance and Reimbursement Agreement between Centerra Metropolitan District No. 1 and Poudre Valley Health Care, Inc., for design of Hahn's Peak Drive extension improvements.

Advance and Reimbursement Agreement – Hahn's Peak Drive Construction: Mr. Pogue presented for the District No. 1 Board's consideration and ratification the Advance and Reimbursement Agreement with Poudre Valley Health Care, Inc. for construction of Hahn's Peak Drive extension. Upon motion duly made by Director Hardy, and seconded by Director Hall, it was unanimously

RESOLVED to ratify the Advance and Reimbursement Agreement between Centerra Metropolitan District No. 1 and Poudre Valley Health Care, Inc., for construction of Hahn's Peak Drive extension.

ITEMS FROM DISTRICT MANAGER

O&M Services Agreement – High Plains Environmental Center – Chapungu Park and Open Space Area Management: Mr. Worley presented the O&M Services Agreement with High Plains Environmental Center for Chapungu Park and open space area management, for the Board's consideration. Following discussion, and upon motion duly made by Director Hall, and seconded by Director Hardy, it was unanimously

RESOLVED to approve the O&M Services Agreement between District No. 1 and High Plains Environmental Center, for Chapungu Park and open space area management.

Addendum – OLM, Inc. – Landscape Inspection Services: Mr. Worley presented the Addendum to the Services Agreement with OLM, Inc. for landscape inspection services, for the Board's consideration. Following discussion, and upon motion duly made by Director Hall, and seconded by Director Hardy, it was unanimously

RESOLVED to approve the Addendum to the Services Agreement between District No. 1 and OLM, Inc., for landscape inspection services.

Addendums – McWhinney Real Estate Service: Mr. Worley presented the Addendums to the Service Agreements with McWhinney Real Estate Service for Chapungu Park operations and marketing, Centerra public facilities operations and public project management services, for the Board's consideration. Following discussion, and upon motion duly made by Director Hall, and seconded by Director Hardy, it was unanimously

RESOLVED to approve the Addendums to the Service Agreements between District No. 1 and McWhinney Real Estate Service for Chapungu Park operations and marketing, Centerra public facilities operations and public project management services.

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OTHER MATTERS

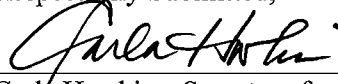
No other matters were brought before the Board.

ADJOURNMENT

There being no further business to come before the Boards, the meeting was adjourned at 2:20 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