

# RECORD OF PROCEEDINGS

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## 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  
October 23, 2009

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 special meeting, open to the public, at the office of McWhinney, 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, at 1:00 pm Friday, October 23, 2009. 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  
Doug Hill, Treasurer & Assistant Secretary  
Jay Hardy, Vice President & Assistant Secretary

#### Also in Attendance:

Josh Kane, McWhinney  
Tom Hall, McWhinney  
Jim Niemczyk, McWhinney  
Alan Pogue, Icenogle, Norton, Smith, Gilida, & Pogue  
Rich Shannon, Pinnacle Consulting Group, Inc.  
Peggy Dowswell, Pinnacle Consulting Group, Inc.  
Carla Hawkins, Pinnacle Consulting Group, Inc.  
Jim Worley, Pinnacle Consulting Group, Inc.  
Bonnie Steele, City of Loveland  
Frank Hempen Jr., City of Loveland (departed meeting at 1:35 p.m.)  
Dave Klockeman, City of Loveland (departed meeting at 1:35 p.m.)  
Phil Weisbach, SEH (Short Elliott Hendrickson, Inc. (departed meeting at 1:35 p.m.)

### CALL TO ORDER

The meeting was called to order at 1:04 p.m. by Director Perry, President of the Board, noting that a quorum was present. The directors in attendance confirmed their qualifications to serve.

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## 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 District. Mr. Pogue advised the Board that pursuant to Colorado law, certain disclosures by the Board Members might be required prior to taking official action at a meeting. The Board 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 Board determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Board to act.

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## APPROVAL OF AGENDA

The Board reviewed the updated agenda. A new item was suggested: Consider Approval of the I-25/US 34 construction contract with New Design. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

**RESOLVED** to approve the agenda with changes noted above.

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## BOARD MEMBER APPOINTMENT

There two are vacancies to be filled on the Boards. Mr. Pogue noted that a call for interested candidates was published on September 12, 2009. The District did not receive any additional letters of interest to serve on the Boards. Josh Kane and Tom Hall have each agreed to serve and are qualified to serve on the Boards. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

**RESOLVED** to approve the appointment of Josh Kane to serve on the Boards of District Nos. 1-5 to fill the term expiring in May 2010 and the appointment of Tom Hall to serve on the Boards of district Nos. 1-5 to fill the term expiring in May 2012.

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## ELECTION OF OFFICERS

The Board turned to the issue of electing Officers for the Districts. Upon motion duly made by Director Hardy, seconded by Director Hill and unanimously carried, the Officers were elected as follows:

President & Chairman	Kim Perry
Vice President & Asst. Secretary	Jay Hardy
Treasurer & Asst. Secretary	Doug Hill
Secretary	Tom Hall
Assistant Secretary/Treasurer	Josh Kane

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## APPROVAL OF MINUTES

The Minutes of the August 20, 2009 and October 6, 2009 meetings were presented. Upon motion duly made by Director Hardy and seconded by Director Hill, it was unanimously

**RESOLVED** to approve the August 20, 2009 and October 6, 2009 minutes as presented.

There were no actions or representations of the District by the District Manager that needed ratification since the Board Meeting on August 20, 2009.

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## I-25 INTERCHANGE UPDATES

Mr. Phil Weisbach, SEH, submitted a Monthly Project Progress Briefing for the I-25 & Crossroads and the I-25 & US Hwy 34 Interchanges, a copy of which was submitted with the board packet. Mr. Dave Klockman and Mr. Frank Hemen, City of Loveland, answered questions regarding federal criteria being followed by CDOT and contracting to cap the cost for supplies such as asphalt and concrete. Director Kane suggested that the progress briefing also include a summary financial status of expenses against the project's entire budget. Director Perry asked about the de-icing line item. Currently the City of Loveland is negotiating the final cost for the project which would include the installation of the conduit now. The plan is to install the de-icing system at the roundabouts as well as under the bridge at a future date at the cost to the City of Loveland. Mr. Klockman reported that the City had been successful in reducing the cost of the installation of the traffic light by approximately \$25,000 after re-bidding the project. Director Perry asked whether the project will be complete prior to the 2010 holiday season to minimize impact on the retailers. Mr. Klockman said he would expect the majority of the work to be done by November 2010. Director Hardy noted that throughout all his various interactions with various groups and the public, he had not heard of any negative concerns expressed regarding the initial phases of construction at Crossroads. Mr. Weisbach mentioned there is a citizen's issue hotline and those interested in receiving email updates on citizens comments can notify Mr. Weisbach and be added to the list.

Mr. Shannon requested the Board consider approving the I-25/US 34 construction contract with New Design. Upon motion duly made by Director Hill and seconded by Director Kane, it was unanimously

**RESOLVED** to approve the I-25/US 34 Construction Contract with New Design subject to final review and approval by Mr. Pogue, legal counsel.

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## ITEMS FROM THE DISTRICT MANAGER

### Secondary Fiber Network Update

Mr. Niemczyk updated the Board on the secondary fiber network noting that service has been provided to all buildings. A few of the buildings are currently ordering equipment to allow them to hook up to the system.

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## Chapungu Sculpture Park Appraisal Update

Ms. Hawkins updated the Board on the Chapungu Sculpture Park appraisal which has been received. With the data RPAA received from Mr. Guthrie during the initial site tour, the district saved over \$2800 on the estimated appraisal fee. The replacement value is \$3.27 million and the estimated annual insurance premium is estimated at \$6,000. Once the property coverage is in place, the amount of security patrols will be revisited.

Director Hardy noted that negotiations had been completed with Embassy Suites to use Chapungu Park as their exclusive venue for exterior weddings. Four weddings have already been scheduled for 2010.

## Consider Approval of First Amended and Restated Collections Agreement Relating to PIF Revenues and RSF Revenues in the Centerra Retail Development

Mr. Shannon presented for the Board's consideration the First Amended and Restated Collections Agreement Relating to PIF Revenues and RSF Revenues in the Centerra Retail Development. Upon motion duly made by Director Hardy and seconded by Director Hill, it was unanimously

**RESOLVED** to approve the First Amended and Restated Collections Agreement.

## Approval of Snow Removal Services – ValleyCrest Landscape Maintenance

Ms. Hawkins presented for the Board's consideration the ValleyCrest Landscape Maintenance Agreement for snow removal services for October 2009 and through May 2010. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

**RESOLVED** to approve the ValleyCrest Snow Removal Services Agreement as noted above.

## Approval of Construction Management Services – Larry Bromfield & Associates, Inc.

Ms. Hawkins presented for the Board's consideration the Construction Services Agreement for landscaping installation management services. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

**RESOLVED** to approve the Larry Bromfield & Associates, Inc. Landscape Improvement Construction Management Services Agreement.

Director Perry gave an update on the status of the landscaping in Centerra. She noted that one set of specifications has been drafted for all projects (private as well as public) within Centerra. These specifications have been sent to four landscape contractors to solicit bids. Bids are to be returned no later than November 10<sup>th</sup>, and will be brought back to the Board for review and approval of the landscaping maintenance provider for 2010.

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## ITEMS FROM THE FINANCE DIRECTOR

### Finance Report and Ratification and Approval of Payables

Ms. Dowswell presented for ratification the Schedule of Payables for September 23, 2009, in the amount of \$214,997.76 including checks 3882 through 3936 and for

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approval of the Schedule of Payables for October 20, 2009, in the amount of \$239,691.27 including checks 3937 through 3963. Upon motion duly made by Director Hardy and seconded by Director Kane, it was unanimously

**RESOLVED** to ratify the September 2009 Schedule of Payables and approve the October 2009 Schedule of Payables, in the amounts and check numbers noted above.

Ms. Dowswell presented the Cash Position as of September 30, 2009, updated as of October 20, 2009, and answered questions from the Board.

### Ratify Exhibit C Quarterly Compliance Certificate

Ms. Dowswell presented the Compass Compliance Certificate for the third quarter of 2009 ended September 30, 2009. Upon motion duly made by Director Hill and seconded by Director Kane, it was unanimously

**RESOLVED** to ratify the 3<sup>rd</sup> Quarter 2009 Compass Quarterly Report.

### Acceptance of Formation and Organization Costs for Centerra Metropolitan District No. 5.

Mr. Shannon presented for the Board's consideration and acceptance, as a result of a review and recommendation by Pinnacle Consulting Group Inc., the Developer Costs for formation and organization expenses for Centerra Metropolitan District No. 5 in the amount of \$79,261 and issue a Note to the Developer in the same amount of \$79,261. Upon motion duly made by Director Kane and seconded by Director Hill, it was unanimously

**RESOLVED** to accept the Developer Costs for Centerra Metropolitan District No. 5 and to add those costs to the existing promissory note made by CPW to Centerra Metropolitan District No. 1 securing repayment of items advanced or spent on the Districts' behalf pursuant to reimbursement agreements entered into between the District and CPW.

### Revised 2009 Budget and 2010 Budget Discussion

Ms. Dowswell presented the proposed 2010 Budgets for all five districts. The budget hearing for approval of the 2010 Budgets will be held at the regular meeting of the Centerra Boards of Directors on Thursday, November 19<sup>th</sup>. The budgets presented show three different revenue scenarios at mill levies of 42.6; 38 and 35 mills for District No. 2. The developer advances noted in the Capital Funds budget is needed for capital projects to be completed by the district in 2010 and this number will be confirmed with Mr. Niemczyk, project manager. Director Perry plans to have final numbers for landscaping services and has requested that the HPEC include maintenance of Parcel 503 on their 2010 schedule. Director Perry stated that after several site visits to review landscaping needs, she suggested that the Board consider completing some of the corrective measures prior to year end instead of deferring to 2010. These items include mulch replacement, Toro sentinel system analysis and deep root tree fertilizing. The costs for these items are within the current budget. While no formal action was required for approval of these items the Board gave direction that they should be completed in 2009. Ms. Dowswell recommended the mill levy for

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District No. 2 remain at 42.6 mills due to operating and debt demands and financial stability of the District.

## Consideration to Change Bank for Operating Checking Account

Ms. Dowswell suggested transferring the District's general fund checking account from First National Bank to Wells Fargo due to direction from the Board to look at Wells Fargo for investments. Upon motion duly made by Director Kane and seconded by Director Hill, it was unanimously

**RESOLVED** to open an operating account with Wells Fargo and authorize all board members to be signors on the account, and close the First National Bank account.

## 2009 Audit Discussion

Ms. Dowswell suggested that RFP's be sent to prospective audit firms to prepare the Audit for 2009. Upon motion duly made by Director Hill and seconded by Director Kane, it was unanimously

**RESOLVED** to direct Pinnacle Consulting Group Inc. to solicit request for proposals from auditors to prepare the 2009 Audit.

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## ITEMS FROM THE ATTORNEY

### First Amendment to Amended and Restated Chapungu Sculpture Park Maintenance Agreement

Mr. Pogue presented for the Board's consideration and ratification the Amended and Restated Chapungu Sculpture Park Maintenance Agreement. Upon motion duly made by Director Hardy and seconded by Director Hill, it was unanimously

**RESOLVED** to ratify the Amended and Restated Chapungu Sculpture Park Maintenance Agreement and direct the Board to sign the document.

### Second Supplemental Indenture of Trust with American National Bank

Mr. Pogue presented for the Board's consideration the revised Second Supplemental Indenture of Trust Agreement between Centerra Metropolitan District No.1 and American National Bank, making certain changes to the Indenture related to the original 2008 Series Regional Improvement Subaccount. City Council approved a resolution consenting to this Second Supplemental Indenture of Trust at its October 6, 2009 meeting. Upon motion duly made by Director Hardy and seconded by Director Kane, it was unanimously

**RESOLVED** to approve the Second Supplemental Indenture of Trust Agreement between Centerra Metropolitan District No.1 and American National Bank, as noted above

Mr. Shannon reported that City Council voted unanimously to approve a modification of the Districts' Service Plan that will permit the exclusion of all future residential development from Centerra Metropolitan District Nos. 2 & 4 at their October 16, 2009 meeting.

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PUBLIC COMMENTS

The Board opened the meeting to Public Comments. Upon receiving no comment, this portion of the meeting was closed.

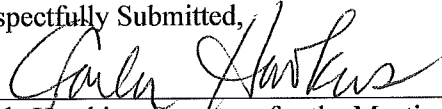
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ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:41 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