

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
April 12, 2016

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 1:00 p.m., Tuesday, April 12, 2016. 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
Ben Kendall, Vice 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.
Chad McWhinney, Ashley Stiles, Dean Barber, Mark Witkiewicz, Mike Warren
and Jim Niemczyk; McWhinney
Peggy Dowswell, Jim Worley, and Carla Hawkins; Pinnacle Consulting Group,
Inc.

CALL MEETING TO
ORDER

The meeting was called to order at 1:07 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.

CONFLICT OF
INTEREST

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

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DISCLOSURE

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

RESOLVED to approve the agenda, as presented.

PUBLIC COMMENT

There was no public comment.

PARCEL 206 PRESENTATION

Parcel 206 Development Presentation:

Mr. Barber began the presentation stating that Parcel 206, located within the boundaries of District No. 2, is being developed as a dense mixed use project and is the heart of Centerra. Mr. Barber distributed a Centerra Parcel 206 Site Development Plan and a Parcel 206 spreadsheet comparing the projected assessed value for surface vs. garage/densified vs. less dense development options. Mr. Barber stated that there are four zones in the proposed densified option, with Zone A planned as a public gathering area, Zone B as retail and a farm to table restaurant concept, Zone C as hotel and additional retail space, and Zone D as multi-family units and office space. The objective of the design is to provide flexibility to the master plan. Ms. Stiles noted that the development supports pedestrian traffic as well as waterway amenities which support public programming within the site. The current design includes internal street parking, in addition to the site's surface parking and eventual planned structured parking. Mr. Pogue advised the Board that as per state law, all District funded improvements must serve the public and not be restricted to a single user. The Seventh Amendment to the MFA authorized approval for funding a public parking garage. At this time, the thought is to provide surface parking until such time there is enough development to support a public parking garage. The District and Developer agree that a private/public partnership is imperative to fund the infrastructure improvements. Mr. Pogue discussed the PUT concept for development supporting one user with the Board. The Board was generally in favor of the PUT concept for the initial surface parking improvements. Mr. McWhinney stated that the developer is confident the market supports the dense development and all parking will be required for use by the general public.

Mr. Mark Witkiewicz left the meeting at 1:57 p.m.

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Mr. Pogue explained House Bill 1348 related to the MFA and the possible effects on future funding and approval from the various taxing entities. The legal opinion is that the MFA, the 25-year pledge of TIF contained therein, and any MFA amendments prior to January 1, 2016 are not affected by the new legislation; however, future MFA amendment may, depending upon the nature of the amendment, implicate the provisions of 1348. Mr. Pogue continues to work with the City of Loveland's legal counsel as well as the various bank counsels to address the applicability of HB 1348 on Centerra's MFA amendments specifically associated with the Seventh Amendment.

Mr. McWhinney left the meeting at 2:30 p.m.

After further discussion and upon motion duly made by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to direct Director Kane to work with Mr. Pogue and Mr. Peltz to take the lead on mitigating the legal fees by the bank's counsel for additional District financing,

IT WAS FURHER RESOLVED, that President Perry work with staff and the land owner, Centerra Properties West, LLC, to obtain City of Loveland approval for a minor modification to the MFA's Seventh Amendment to designate public surface parking on Parcel 206 as a local improvement per the MFA.

Ashley Stiles and Mike Warren left the meeting at 2:40 pm.

Centerra Parking Garage Additional Service Authorization:

Mr. Niemczyk submitted a RNL Change Order for design of a fifth level to the parking garage for an additional 86,000 square feet of space, in the amount of \$115,900. The current amount appropriated for this project is \$844,418. Following discussion and upon motion duly made by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to approve the \$115,900 Work Order but within the current appropriations of \$844,418 total subject to the City of Loveland's approval of a minor modification to the MFA Seventh Amendment for surface parking.

Kendall Parkway Underpass Study:

Jim Niemczyk gave a history of discussions with CDOT for public improvements associated with Kendall Parkway underpass and the donation of 3.25 acres of land for a bus rapid transit station. Originally CDOT requested a contribution of \$13 million, but the District's analysis supported \$8.9 million in infrastructure costs to the underpass bridge by Centerra. CDOT is asking for the District to contribute \$6 million, with an additional amount for consideration for land value. CDOT is seeking private/public partnerships to support the state and federal grant applications. The anticipated construction for the underpass bridge is slated for

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2017/2018. CDOT is also agreeing to undertake maintenance at an anticipated savings to the District of \$13,500 annually. The consensus of the District No. 1 Board was to table this discussion for further review of the sources and uses of funds.

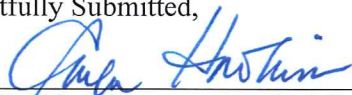
Julie Den Herder and Dean Barber left the meeting at 3:02 pm.

CONTINUATION

Upon a motion by Director Kane, seconded by Director Hall, and unanimous vote, the meeting is continued to Thursday, April 14, 2016 at 1:00 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



Centerra Parcel 206 - Site Development Summary				
Zone	Building / Use	Proposed Master Plan Phase 1		
		Count	Unit	# Parking /1000 S.F.
Agrilum Office Parking				
	Rangeview III (parking already provided)	0	S.F.	4.5
	Rangeview IV	82,381	S.F.	4.5
	Rangeview V	120,000	S.F.	5
	future	0	S.F.	4.5
	future	0	S.F.	4
	future	0	S.F.	4
	future	0	S.F.	4
	Sub Total Req'd for Agrilum	202,381		971
Mixed Use Parking Requirements				
	Multifamily			
	Approximately 505,420 S.F.	200	Keys	200
	Residential to be Self-parked	200	Keys	200
Core Programming				
Multifamily				
	Town Center Apartments	9,600	S.F.	2
	Subtotal	9,600	S.F.	14
Office				
	McWhinney Office	32,000	S.F.	4
	Incubator/Office (Cannary)	30,000	S.F.	4
	Subtotal	62,000	S.F.	248
Hospitality				
	Hotel	45	Keys	45
	Conference Space	5,000	S.F.	0
	Spa	10,000	S.F.	2
	Event parking undetermined	4,000	S.F.	5
	Subtotal	19,000	S.F.	65
Retail				
	Maker/Retail	9,000	S.F.	5
	Farm Retail	2,500	S.F.	13
	Brewery -Maker retail	6,025	S.F.	5
	Main street Retail	7,500	S.F.	5
	Subtotal	25,025	S.F.	125
Restaurant				
	Hotel Restaurant	5,000	S.F.	8
	Misc. Restaurant	1,000	S.F.	8
	Farm to Table Restaurant	8,000	S.F.	64
	Subtotal	14,000	S.F.	112
Amenity Buildings				
	Shared Fitness Building	16,000	S.F.	5
	To be Located in Town Center Office Bldg.	0	S.F.	0
	N/A	TBD	S.F.	5
	N/A	TBD	S.F.	5
	Subtotal	0	S.F.	80
Sub Total Core Parking Req'd				
	Shared parking district reduction (Core Only)	120,025	S.F.	665
	20% reduction			133
	Total Core Parking Req'd			532
Total Parking Required				
				1,502
Parking Provided:				
	Surface parking lot spaces within 600'			750
	Additional surface parking lot spaces			452
	Hotel Off Street Parking			32
	Retail Off Street Parking			14
	On Street Parking			164
	On Street Residential Parking			50
	Total Parking Provided			1502

COLOR	TYPE
	FITNESS
	HOSPITALITY
	INCUBATOR/OFFICE
	MAKER/RETAIL
	OFFICE
	RESIDENTIAL
	RESTAURANT
	RETAIL



CENTERRA PARCEL 206
MASTER PLAN PARKING
 4/6/16

Dorman Associates
 CONSULTING ENGINEERS
 214 S. GARDEN AVE.
 FULL VALLEY, CA 95119
 415.350.7314
 415.350.7315 FAX
 CD@DORMANASSOCIATES.COM

Parcel 206 Parking and Land Analysis	Total S.F. or # of rooms	Typical Lot Size with Surface Parking	Acres	FAR	Value of Land per s.f. for surface parking model	Total Land Value	Cost Per SF	Total Project Costs	Densified	Total Project Costs Surface
Agrlum / Rangeview 5	120,000	344,124	7.90	35%	\$ 10.00	\$ 3,441,240	\$ 259	\$ 31,080,000	\$	\$ 31,080,000
Hotel	45	174,240	4.00		\$ 10,000.00	\$ 450,000	\$ 150,000	\$ 6,750,000	\$	\$ 6,750,000
Conf Space/Spa/Rest In Hotel	20,000	80,000	1.84	25%	\$ 15.00	\$ 1,200,000	\$ 240	\$ 4,800,000		
Agrlum / Rangeview 6	120,000	342,857	7.87	35%	\$ 15.00	\$ 5,142,857	\$ 260	\$ 31,200,000	\$	\$ -
McWhinney Office	62,000	177,143	4.07	35%	\$ 12.50	\$ 2,214,286	\$ 323.75	\$ 20,072,500	\$	\$ 20,072,500
Core Office	14,000	56,000	1.29	25%	\$ 15.00	\$ 840,000	\$ 324	\$ 4,532,500	\$	\$ -
Farm to Table Restaurant	7,000	28,000	0.64	25%	\$ 15.00	\$ 420,000	\$ 320	\$ 2,240,000	\$	\$ 2,240,000
Barn	4,000	n/a	n/a		n/a	n/a	\$ 400	\$ 1,600,000	\$	\$ 1,600,000
Office Building at R.A. (east)	56,700	162,000	3.72	35%	\$ 12.50	\$ 2,025,000	\$ 324	\$ 18,356,625	\$	\$ 18,356,625
Office Building at R.A. (west)	48,600	138,857	3.19	35%	\$ 12.50	\$ 1,735,714	\$ 324	\$ 15,734,250	\$	\$ 15,734,250
Office Building North of Garage	60,000	171,429	3.94	35%	\$ 12.50	\$ 2,142,857	\$ 324	\$ 19,425,000	\$	\$ -
Brewery	6,000	17,143	0.39	35%	\$ 12.50	\$ 214,286	\$ 265	\$ 1,590,000	\$	\$ 1,590,000
Fitness	20,000	57,143	1.31	35%	\$ 12.50	\$ 714,286	\$ 260	\$ 5,200,000	\$	\$ 5,200,000
Phase 1 Retail/Restaurant	16,500	66,000	1.52	25%	\$ 15.00	\$ 990,000	\$ 320	\$ 5,280,000	\$	\$ 5,280,000
Densified Retail	29,000	116,000	2.66	25%	\$ 15.00	\$ 1,740,000	\$ 320	\$ 9,280,000		
TOTALS	583,845		25.12			\$ 12,088,383		\$ 177,140,875	\$	\$ 107,903,375

AV %	Densified AV	Surface AV
29.0%	\$ 9,013,200	\$ 9,013,200
29.0%	\$ 1,957,500	\$ 1,957,500
29.0%	\$ 1,392,000	
29.0%	\$ 9,048,000	\$ -
29.0%	\$ 5,821,025	\$ 5,821,025
29.0%	\$ 1,314,425	
29.0%	\$ 649,600	\$ 649,600
29.0%	\$ 464,000	\$ 464,000
29.0%	\$ 5,323,421	\$ 5,323,421
29.0%	\$ 4,562,933	\$ 4,562,933
29.0%	\$ 5,633,250	\$ -
29.0%	\$ 461,100	\$ 461,100
29.0%	\$ 1,508,000	\$ 1,508,000
29.0%	\$ 1,531,200	\$ 1,531,200
29.0%	\$ 2,691,200	
	\$ 51,370,854	\$ 31,291,979

Mills	42.6	42.6
RE Tax \$	\$ 2,188,398	\$ 1,333,038
	\$ 855,360	
Total Mills	117.796	117.796
RE Tax \$	\$ 6,051,281	\$ 3,686,070
Total RE Taxes	\$ 2,365,211	

Kendall Parkway Underpass

District Discussion, 4/12/16

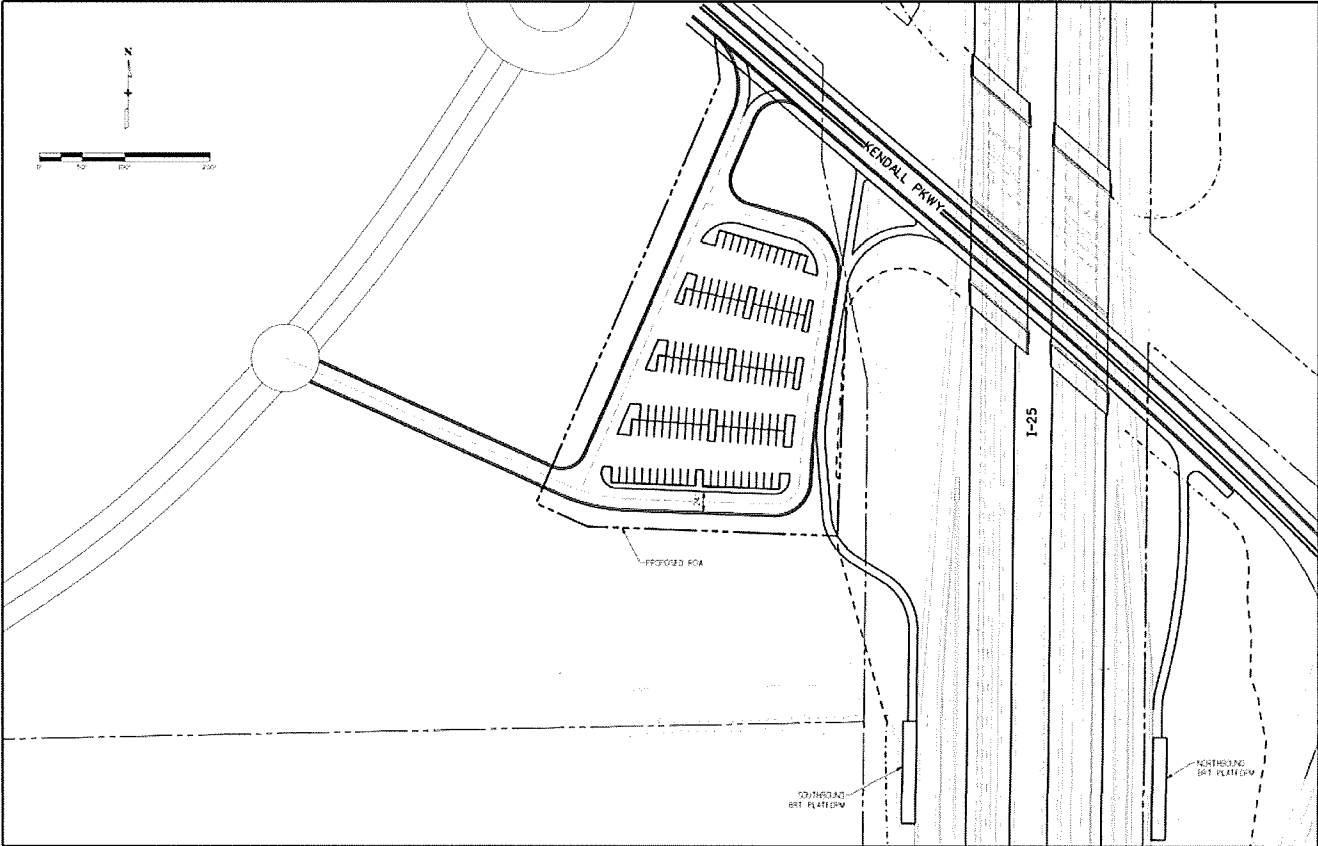
History of Discussions with CDOT

- 2Q 2015- Discussions between CDOT and Centerra about pending CDOT improvements to I-25 at Crossroads and the UPRR Underpass as part of the 3rd Lane expansion initiative.
- 3Q 2015- CDOT approached the District for discussions to share funding, CDOT advised on a (ROM) estimate of a \$13M cost share for a widened UPRR bridge section when CDOT commissions. This would effectively widen the UPRR crossing to also accommodate the lane needs for Kendall Parkway. Centerra advised CDOT that they believed a standalone cost for a separate Kendall Parkway Crossing was \$4-6M.
- Note that CDOT also wishes to locate a Bus Rapid Transit Station west of I-25 (at this UPRR crossing) with a slip ramp for their Bustang Service and Express Transit to Wyoming/Denver. CDOT has expressed a willingness to make a property purchase part of the discussion for Cost Sharing.

History of Discussions with CDOT


- 4Q 2015- The Centerra Metropolitan District commissioned a diligence study to arrive at costs of a standalone underpass (if the district were to build on their own)
- Key Findings of this study:
 - FHU analyzed 4 alternatives in design, including 2 alignments each of a standalone bridge and arch culvert
 - Lowest cost alternative: \$8,981,000 with Traffic Control for a Arch Culvert under the highway (not a bridge)
 - Maintenance costs of \$13,500 per year and full replacement at 70 years
 - Savings in trip time and deferral of ultimate improvements at 25/34 and 25/Crossroads
 - Construction of this underpass also created a \$5M value to CDOT for their planned expansion of a Bus-Rapid Transit Station, and that value should be evaluated with any cost sharing negotiations with CDOT

Current Plan for BRT/Park and Ride

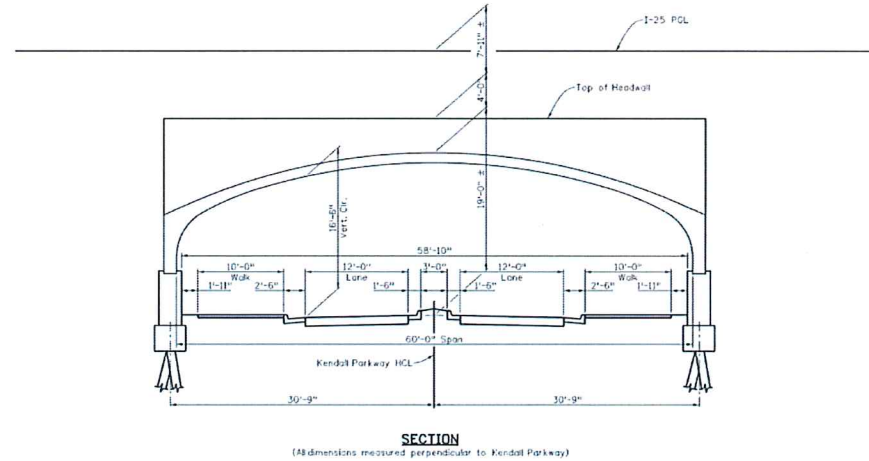


Low Cost Alternative, Arch Culvert

Table 4. Cost Estimate – Perpendicular Alignment – Arch Option

Kendall Parkway Underpass Study				 <small>connecting and enhancing communities</small>	
Conceptual Estimate of Project Costs				Date Prepared: December 2, 2015	
Perpendicular Alignment Alternative - Arch Structure Option					
Item	Unit Cost	Quantity	Extended Cost	Notes	
• Clearing and Grubbing	AC	\$5,000.00	1.3	\$6,500	includes lay back slopes and structure length
• Removal of Asphalt Mat	SY	\$5.00	1,250	\$6,250	1/2" width x 24" each direction (150' long)
• Unclassified Excavation (CIP)	CY	\$14.00	29,600	\$417,200	includes lay back slopes and structure length
• Retaining Walls	LS	\$200,000.00	1	\$200,000	1/2" width at each end of arch structure
• Arch Structure	LF	\$10,850.00	312	\$3,395,200	includes arch structure alternative
• Aggregate Base Course (Class 6) - HP	Ton	\$18.00	0	\$0	not construction not part of project
• Aggregate Base Course (Class 6) - I-25	Ton	\$18.00	370	\$6,660	includes 1/2" depth under 150'
• Hot Mix Asphalt - Kendall Parkway	Ton	\$90.00	0	\$0	not construction not part of project
• Hot Mix Asphalt - I-25	Ton	\$90.00	960	\$86,400	includes 1/2" depth under a 1.25' width
• Concrete Sidewalk	SY	\$44.00	0	\$0	not construction not part of project
• Curb and Gutter Type 2 (Section I E)	LF	\$19.00	0	\$0	not construction not part of project
• Curb and Gutter Type 2 (Section II E)	LF	\$22.00	0	\$0	not construction not part of project
• Median Cover Material (Patterned Concrete)	SF	\$43.50	0	\$0	not construction not part of project
			\$4,109,210		
		% Range	% Used	Cost	
Project Construction Bid Items		Project Dependent	N/A	\$4,109,210	(A)
Traffic-ITS-Communications		0% - 10% of (A)	0.0%	\$0	(B)
Rites		0% - 20% of (A)	0.0%	\$0	(C)
Drainage and Erosion Control		4% - 8% of (A)	5.0%	\$205,411	(D)
Signing and Striping		1% - 5% of (A)	2.0%	\$82,164	(E)
Construction Phasing and Traffic Control		See Detour Phase Cost Estimate		\$1,839,000	(F)
Lighting and Landscaping		1% - 10% of (A)	1.0%	\$14,892	(G)
Other Minor Items		0% - 20% of (A)	5.0%	\$205,411	(H)
Mobilization		1% - 20% of (A+B+C+D+E+F+G+H+I+J+K+L)	5.0%	\$324,014	(M)
Total of Construction Bid Items (A+B+C+D+E+F+G+H+I+J+K+L+M)				\$6,804,000	(N)
Engineering and Construction					
Final Design		6% - 15% of (N)	10.0%	\$680,400	(O)
Construction Engineering		7% - 22% of (N)	22.0%	\$1,496,880	(P)
Total Environmental & Engineering (O+P)				\$2,177,280	(Q)
Right of Way					
Right of Way and Permanent Easements	Pay that	Unit Cost	Quantity		
Temporary Easements	SF	TBD	0	\$0	(R)
Temporary Easements	SF	TBD	0	\$0	(S)
Total ROW (R+S)				\$0	(T)
Total Project Cost (N+Q+T)				\$9,981,280	
Options of Probable Construction Costs					

In providing opinions of probable construction cost, the Client understands that Felsburg Holt & Ullevig has no control over costs or the price of labor, equipment or material, or over the Contractor's method of pricing, and that the opinions of probable construction costs provided herein are to be made on the basis of our qualifications and experience. FHU makes no warranty, expressed or implied, as to the accuracy of such opinions as compared to bid or actual costs.



Negotiations with CDOT in Spring 2016

- Several Meetings/Discussions have been held with CDOT through the beginning of 2016, aimed at solving this sharing proposal prior to the final funding of the system improvements is authorized by the State.
- CDOT has advised that their costs to build a separate pedestrian crossing (for the BRT) is in the range of \$2M, and is willing to credit that amount to Centerra.
- CDOT has proposed a \$7M funding commitment from Centerra to fund the expanded Bridge over the UPRR (down from \$13M), based on the savings they would receive from the pedestrian underpass functionality. This does not include any offset from land dedication by the adjacent landowner for a transit station.
- The state is going for grant applications for both FASTLANE and TIGER (Federal) grants in the month of April to shore up all 2016-2018 corridor work.

CDOT's Overall Request/ Board Questions

With further discussion last week, CDOT Requests that the Centerra Metro Board commit a funding amount of up to \$6M from the Centerra Metropolitan District Board for their immediate application for State and Federal Funds. Further discussions of cost sharing would be worked out with the District, including how a land contribution from Centerra may offset the amount advanced by the District, and this would likely be done with an IGA between the Developer, District and CDOT.

General Points to consider:

In a standalone (District Builds an Arch Culvert Scenario)

Standalone District liability (if costs are not shared by CDOT) : \$8.9M

Standalone Maintenance costs within a 40 year span: \$540k, Plus replacement reserve of \$4M

Continued Disturbance of Traffic in the corridor through 2020.

Alternate District Costs with CDOT partnership:

Committed funding of \$6M (subject to finalization of IGA)

No Maintenance costs borne by the Centerra Metro District or City of Loveland through life of Project

All corridor improvements related to bridge improvements done by 2018.