

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 17, 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 regular meeting, open to the public, at 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, at 12:00 p.m., Thursday, September 17, 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
Denise Gammon, Vice President (via teleconference)
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, Dylan Engberg, Jim Worley, and Carla Hawkins; Pinnacle Consulting Group, Inc.
Will Welch, Wm T. Welch, Company
Troy Kelts, Merrick & Company

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.

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

RECORD OF PROCEEDINGS

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

RESOLVED to approve the agenda as amended.

APPROVAL OF MINUTES

The minutes of the August 6, 2015 special meeting were presented. Upon motion duly made by Director Hall, and seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to approve the August 6, 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.

Director Den Herder joined the meeting at 12:06 p.m.

RATIFICATION AND APPROVAL OF PAYABLES

Ratification of Payables: Mr. Campbell presented for ratification the Payables Listing from June 18, 2015 through September 9, 2015, in the amount of \$878,763.55; including checks 5893 through 6044 and online and EFT payments. Upon motion duly made by Director Hall, and seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to ratify the June 18, 2015 through September 9, 2015 Schedule of Payables, in the amounts and for the payments noted above.

RECORD OF PROCEEDINGS

2014 LURA AUDIT

Mr. Campbell summarized the City of Loveland's Urban Renewal Authority 2014 Audit Report for the Boards.

FINANCIAL REPORT

Financial Report: Mr. Campbell presented Financial Statements through July 31, 2015.

Director Gammon joined the meeting at 12:15 p.m.

2016 BUDGET PROCESS

Mr. Campbell noted the statutory deadlines for preparing the 2016 Budgets.

CAPITAL FUND SUMMARY

Mr. Campbell reviewed the capital fund summary with the Boards. Mr. Pogue advised the Boards that the State Dam Inspector recently sent a letter to the GLIC regarding the classification of Equalizer Dam and the need to upgrade the dam. Mr. Pogue further advised that the GLIC and District staff are working together to examine alternative options for the dam.

CAPITAL PROJECTS Parcel 505 Improvements

Site Closeout: Both Mr. Welch and Mr. Kelts updated the Boards on site close out efforts since the last meeting. Mr. Kelts noted the lift station design is approved and the application is good until May 25, 2016. The District may request a one year extension until May 25, 2017. Mr. Woolard reviewed the Project Summary Costs for Parcel 505 public improvements including the lift station and questions were answered. The Board discussed approval of additional funds for the site through the closeout stage of the project. The costs and agreements are as follows:

Professional Services Agreement - Merrick: Mr. Woolard presented modifications to the Professional Services Agreement with Merrick for public improvement design services and related scope changes. Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to approve the modifications to the Professional Services Agreement with Merrick.

Work Order – EDI: Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to approve irrigation mainline reconstruction Work Order with EDI.

Work Order – Gregory Electric: Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, it was

RECORD OF PROCEEDINGS

RESOLVED to approve the electrical lights and receptacles repairs Work Order with Gregory Electric.

Service Agreement – SWPPP: Mr. Woolard presented a Services Agreement with SWPPP for erosion control and site maintenance services. Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to approve a Service Agreement with SWPPP.

Hahn’s Peak Extension

Review Project Tracker and Org Chart: Mr. Woolard presented the project tracker and organizational chart to the Boards.

Parcel 222 –
Bid Package 1
Improvements

Service Agreement – McDonald Farms: Mr. Woolard presented the Services Agreement with McDonald Farms for sanitation pumping services. Upon motion duly made by Director Kane, seconded by Director Hall, and upon vote, unanimously carried, it was

RESOLVED to ratify the Service Agreement with McDonald Farms in an amount not to exceed \$16,000.

Parcel 222 - Bid
Package 2
Improvements

Review Project Tracker and Org Chart: Mr. Woolard presented the project tracker and organizational chart to the Boards noting bids will be solicited next week.

Kendall Parkway

Professional Service Agreement – Felsburg, Holt and Ullevig: Mr. Woolard presented a Professional Services Agreement with Felsburg, Holt and Ullevig for the underpass study report identifying project management coordination, conceptual plan refinement, capital cost estimate validation and traffic measure-based credit analysis. Upon motion duly made by Director Kane, seconded by Director Gammon, and upon vote, unanimously carried, it was

RESOLVED to approve a Professional Service Agreement with Felsburg, Holt and Ullevig, in an amount not to exceed \$42,900.

ITEMS FROM DISTRICT
MANAGER

Operations and Maintenance Report: Manager Worley updated the Boards on the operations of the Districts.

Service Agreement – Denver Commercial Coatings: Mr. Woolard presented the Services Agreement with Denver Commercial Coatings for bridge painting and repairs. Upon motion duly made by Director Den Herder, seconded by Director Hall, and upon vote, unanimously carried, it was

RECORD OF PROCEEDINGS

RESOLVED to ratify the Service Agreement with Denver Commercial Coatings for bridge painting and repair in an amount not to exceed \$23,500.

Director Hall left the meeting at 1:19 p.m.

Centerra Parkway Landscape/Irrigation System Repairs: Mr. Woolard noted EDI is currently working on landscape redesign and the proposal for the landscape/irrigation system repairs. He stated that a recommended plan will be presented at the next meeting.

ITEMS FROM LEGAL COUNSEL

Lakeview Holdings Appeal and Boyd Lake Avenue Third Party Reimbursement Agreement: Mr. Pogue advised the Boards that the deadline to certify the record of the trial court proceedings to the Court of Appeals was extended to November 27, 2015. Mr. Pogue stated that he anticipates the District's opening brief will likely be due in mid to late January. Mr. Pogue also advised that District staff and the City are continuing to work to finalize the third-party reimbursement agreement for Boyd Lake Avenue, and staff anticipates finalizing the costs and agreement within the next 30 days.

Escrow Agreement: Mr. Pogue presented the Escrow Agreement among Centerra Metropolitan District No. 1, Poudre Valley Health Care, Inc., and Fidelity National Title. Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to ratify the Escrow Agreement among Centerra Metropolitan District No. 1, Poudre Valley Health Care, Inc., and Fidelity National Title.

Temporary Construction Easement: Mr. Pogue presented the Temporary Construction Easement granted to Centerra Metropolitan District No. 1 by Poudre Valley Health Care, Inc. Upon motion duly made by Director Den Herder, seconded by Director Kane, and upon vote, unanimously carried, it was

RESOLVED to ratify the Temporary Construction Easement

IRS Audit Update: Mr. Pogue reported the IRS audit has concluded and District No.1 was issued a No Change letter.

Update on Parcel 505 Reimbursement: Mr. Pogue reminded the Boards that the District delivered a demand for payment of the reimbursement of costs associated with the public improvements installed at Parcel 505 to BPS on July 27, 2015. Pursuant to the First Amendment to the Infrastructure Agreement with BPS,

RECORD OF PROCEEDINGS

BPS is required to make the full reimbursement payment, in the amount of \$1,429,872.00, no later than 30 days following receipt of the demand for payment. Mr. Pogue further reminded the Boards that voluminous supporting documentation for the costs of the public improvements was provided to BPS in April of 2015, when the improvements were completed and the site delivered to BPS, and that the same information, as well as updates to pay applications and change orders, was provided with the July 27 letter to BPS. Mr. Pogue called the Boards' attention to an August 27, 2015 letter from BPS' legal counsel, which was distributed to the Boards upon receipt, wherein BPS asked multiple questions related to the costs of the public improvements. Mr. Pogue advised that the August 27 correspondence was the only communication he received from BPS during the 30 days following delivery of the District's demand for payment related to the documentation substantiating the costs of the public improvements. Mr. Campbell reported that he had received a request from BPS for ACH or wiring instructions immediately prior to the August 27 payment due date, but that the required funds had not been remitted by BPS.

Upon motion by Director Den Herder, second by Director Kane, the Board of District No. 1, by 4-0 vote (Director Hall having departed the meeting),

RESOLVED to direct Mr. Pogue to respond to BPS' August 27 correspondence, to include with that response all previously delivered documentation related to the costs of the public improvements even though the documentation has been provided to BPS multiple times, and to indicate that failure of BPS to remit payment in full of the required reimbursement obligation within five business days would cause the District to exercise its legal rights, including potential litigation, to collect the amounts owed it by BPS.

Upon motion by Director Den Herder, second by Director Kane, the Board of District No. 1, by 4-0 vote (Director Hall having departed the meeting),

RESOLVED to authorize filing a lawsuit in Larimer County District Court, to collect all amounts owed by BPS pursuant to the Infrastructure Agreement and the First Amendment to the Infrastructure Agreement, in the event payment is not timely received from BPS within the time limits to be set forth in Mr. Pogue's response. The Board further resolved to direct Mr. Pogue to consult with Tim Goddard of Hasler, Fonfara & Goddard, LLP, to serve as litigation counsel to the District.

OTHER MATTERS

No other matters were brought before the Boards.

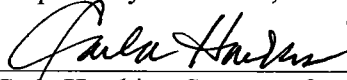
CONTINUATION

The time is now 1:33 p.m. Upon motion duly made by Director Kane, seconded by Director Gammon, and upon vote, unanimously carried, the meeting was continued to October 1, 2015 at 1:00 p.m.

RECORD OF PROCEEDINGS

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

Respectfully Submitted,



Carla Hawkins, Secretary for the Meeting