

CENTERRA METROPOLITAN DISTRICT NO. 1



2018

Annual Budget

CERTIFIED RECORD
OF
PROCEEDINGS RELATING TO
CENTERRA METROPOLITAN DISTRICT NO. 1
LARIMER COUNTY, COLORADO
AND THE BUDGET HEARING
FOR FISCAL YEAR
2018

STATE OF COLORADO)
)
COUNTY OF LARIMER)ss.
)
CENTERRA)
METROPOLITAN)
DISTRICT NO. 1)

The Board of Directors of the Centerra Metropolitan District No. 1, Larimer County, Colorado, held a meeting at the office of McWhinney Enterprises, 2725 Rocky Mountain Avenue, Suite 200, Loveland, Colorado 80538 on Thursday, November 16, 2017 at 12:00 P.M.

The following members of the Board of Directors were present:

Kim Perry, President
Josh Kane, Treasurer & Assistant Secretary (via teleconference)
David Crowder, Assistant Secretary/Treasurer

Also in attendance were: Jon Ruberts, Jim Niemczyk and Dave Betley, McWhinney; Alan Pogue, Icenogle, Seaver & Pogue, P.C., District Counsel; Peggy Dowswell, Brendan Campbell, Shana Morgan, Jason Woolard, Kirsten Starman, and Shannon McEvoy, Pinnacle Consulting Group Inc.

Ms. Morgan stated that proper publication was made to allow the Board to conduct a public hearing on the District's 2018 budget. Director Perry opened the public hearing on the District's proposed 2018 budget. There being no public comment on the District's budget, the public hearing was closed.

Thereupon, Director Crowder moved to adopt the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES, ADOPTING A BUDGET, SETTING FORTH MILL LEVIES, AND APPROPRIATING SUMS OF MONEY TO THE GENERAL FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE CENTERRA METROPOLITAN DISTRICT NO. 1, LARIMER COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2018, AND ENDING ON THE LAST DAY OF DECEMBER 2018,

WHEREAS, the Board of Directors of the Centerra Metropolitan District No. 1 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published on November 10, 2017, in The Loveland Reporter-Herald, a newspaper having general circulation within the boundaries of the District, pursuant to statute, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 16, 2017, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CENTERRA METROPOLITAN DISTRICT NO. 1 OF LARIMER COUNTY, COLORADO:

Section 1. 2018 Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 2. 2018 Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Adoption of Budget for 2018. That the budget as submitted and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Centerra Metropolitan District No. 1 for calendar year 2018.

Section 4. 2018 Levy of Property Taxes. That the foregoing budget indicated that the amount of money necessary to balance the budget from property taxes for the 2018 Budget year is \$0. That the 2017 valuation for assessment, as certified by the Larimer County Assessor, is \$3,129.

A. Levy for General Operating Fund. That for the purposes of meeting all general operating expense of the District during the 2018 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the 2017 total valuation of assessment of all taxable property within the District.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification to County Commissioners. The District's manager is hereby authorized and directed to immediately certify to the County Commissioners of Larimer County, Colorado, the 0.000 mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form:

[Remainder of Page Left Blank Intentionally.]

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Larimer County, Colorado.

On behalf of the Centerra Metropolitan District No. 1 (taxing entity)^A

the Board of Directors (governing body)^B

of the Centerra Metropolitan District No. 1 (local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 3,542 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 3,129 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/14/2017 for budget/fiscal year 2018 (not later than Dec. 15) (mm/dd/yyyy) (yyyy)

Table with 3 columns: PURPOSE (see end notes for definitions and examples), LEVY², and REVENUE². Rows include General Operating Expenses, Temporary General Property Tax Credit/Temporary Mill Levy Rate Reduction, General Obligation Bonds and Interest, Contractual Obligations, Capital Expenditures, Refunds/Abatements, and Other. Total: 0.000 mills, \$ 0.00.

Contact person: (print) Brendan Campbell Daytime phone: (970) 669-3611 Signed: [Signature] Title: District Accountant

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution. ² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's final certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

1. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

3. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

4. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

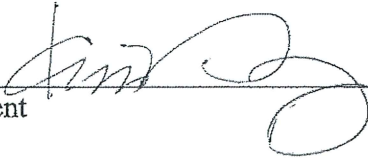
Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 8. Budget Certification. That the budget shall be certified by Director Crowder, Assistant Secretary/Treasurer of the District, and made a part of the public records of Centerra Metropolitan District No. 1.

The foregoing Resolution was seconded by Director Kane.

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ADOPTED AND APPROVED this 16th day of November 2017.



President

ATTEST:



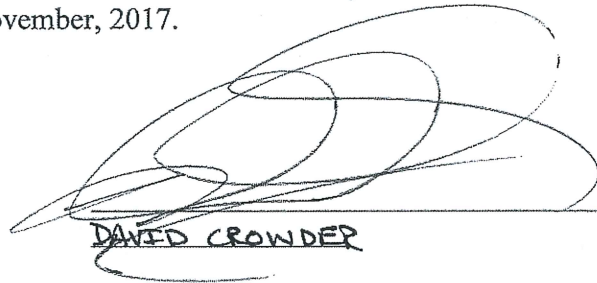
DAVID, CROWDER, ASSISTANT SECRETARY

STATE OF COLORADO)
)
COUNTY OF LARIMER)ss.
)
CENTERRA)
METROPOLITAN)
DISTRICT NO. 1)

I, DAVID CROWDER, ~~ASSISTANT SECRETARY~~ of the Board of Directors of the Centerra Metropolitan District No. 1, Larimer County, Colorado, do hereby certify that the foregoing pages numbered 1 to 9, inclusive, constitute a true and correct copy of the record of proceedings of the Board of Directors of said District, adopted at a meeting of the Board held at the office of McWhinney Enterprises, 2725 Rocky Mountain Avenue, Suite 200, Loveland, Colorado 80538 on Thursday, November 16, 2017, at 12:00 p.m., as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2018; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown. Further, I hereby certify that the attached budget is a true and accurate copy of the 2018 budget of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 16th day of November, 2017.

(S E A L)



DAVID CROWDER



Accountant's Report

BOARD OF DIRECTORS
CENTERRA METROPOLITAN DISTRICT NO. 1

I have prepared the accompanying forecasted budget of revenues, expenditures and fund balances of Centerra Metropolitan District No. 1 for the year ending December 31, 2018, including the forecasted estimate of comparative information for the year ending December 31, 2017. I have not audited, reviewed or compiled the accompanying forecast and, accordingly, do not express an opinion or provide any assurance about whether the forecast is in accordance with accounting principles generally accepted in the United States of America.

The actual historical information for the year 2016 is presented for comparative purposes only.

Substantially all of the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

A handwritten signature in blue ink, appearing to read "B. Campbell", is positioned above the printed name.

Brendan Campbell, CPA
January 26, 2018

Centerra Metropolitan District No. 1
Statement of Revenues and Expenditures with Budgets
From 01/01/2017 Through 09/30/2017

General Fund
(In Whole Numbers)

	Actual Through 12/31/2016	2017 Adopted Budget	2017 Projected Actual	2018 Adopted Budget
Beginning Fund Balance	<u>1,068,672</u>	<u>1,046,425</u>	<u>988,195</u>	<u>1,421,019</u>
Total Beginning Fund Balance	<u>1,068,672</u>	<u>1,046,425</u>	<u>988,195</u>	<u>1,421,019</u>
Revenue				
Service Fees, District 2	402,861	425,069	453,177	401,287
Service Fees, District 3	299	176	-	122
Service Fees, District 5	595	1,623	383	590
Interest & Other Income	9,334	1,500	40,805	10,000
URA Revenues	927,010	1,060,738	1,341,568	2,278,820
Chapungu Revenue	<u>5,550</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Total Revenue	<u>1,345,650</u>	<u>1,495,106</u>	<u>1,841,933</u>	<u>2,696,818</u>
Expenditures				
Accounting & Financial Management	126,956	157,607	157,607	162,065
Audit	16,500	32,500	16,750	20,000
Director Fees	2,691	3,000	3,000	13,200
District Management	179,150	182,972	182,972	229,433
Election Costs	2,000	-	-	2,500
Engineering & Other Prof. Services	4,671	2,000	2,000	10,000
Insurance and Bonds	29,778	31,267	33,393	35,063
Legal Services	118,474	160,000	130,000	160,000
Office, Dues & Other	6,699	8,000	8,000	8,000
Utilities	122,183	126,000	126,000	132,300
Facilities Maintenance and Repairs	817,025	-	-	-
Landscaping	-	373,070	349,598	469,952
Hardscapes	-	82,875	62,918	85,253
Undeveloped Public Land	-	15,540	10,000	20,000
Storm Water Facilities	-	42,725	51,576	57,031
Amenities	-	188,450	193,919	251,717
Miscellaneous Facilities Services	-	19,100	15,100	27,100
Repairs and Replacement	<u>-</u>	<u>70,000</u>	<u>66,275</u>	<u>254,505</u>
Total Expenditures	<u>1,426,127</u>	<u>1,495,106</u>	<u>1,409,109</u>	<u>1,938,118</u>
Ending Fund Balance	<u>988,195</u>	<u>1,046,425</u>	<u>1,421,019</u>	<u>2,179,719</u>

Centerra Metropolitan District No. 1
Statement of Revenues and Expenditures with Budgets
From 01/01/2017 Through 09/30/2017

Debt Service Fund
(In Whole Numbers)

	Actual Through 12/31/2016	2017 Amended Budget	2017 Projected Actual	2018 Adopted Budget
Beginning Fund Balance	<u>10,101,854</u>	<u>10,101,854</u>	<u>10,184,670</u>	<u>17,394,398</u>
Total Beginning Fund Balance	<u>10,101,854</u>	<u>10,101,854</u>	<u>10,184,670</u>	<u>17,394,398</u>
Revenue				
Service Fees, District 2	24,662	23,964	69,086	83,455
Service Fees, District 3	-	-	176	122
Service Fees, District 5	-	-	1,630	4,204
Interest & Other Income	11,246	15,153	130,000	139,000
Public Improvement Fees	1,165,274	1,369,311	1,373,074	65,120
URA Revenues	<u>10,170,848</u>	<u>8,322,281</u>	<u>10,362,350</u>	<u>10,630,500</u>
Total Revenue	<u>11,372,029</u>	<u>9,730,709</u>	<u>11,936,316</u>	<u>10,922,401</u>
Expenditures				
Loan Interest - 2014 Loan	6,622,147	2,633,026	2,154,155	-
Loan Principal - 2014 Loan	-	131,510,000	131,510,000	-
Bond Interest - Series 2017	-	5,144,062	5,545,286	9,250,705
Bond Principal - Series 2017	4,417,500	1,500,000	1,275,000	1,340,000
Collection Fee - PIF	58,882	61,528	61,528	65,120
Annual Admin Fee	17,500	11,667	11,363	-
Annual Syndication Fee	170,434	68,453	67,987	-
Trustee & Paying Agent Fees	2,750	5,500	5,500	5,500
Contingency	-	<u>1,000,000</u>	-	-
Total Expenditures	<u>11,289,213</u>	<u>140,934,236</u>	<u>140,630,819</u>	<u>10,661,325</u>
Transfer In (Out)				
Transfers from Other Funds	-	<u>135,906,057</u>	<u>135,904,231</u>	-
Total Transfer In (Out)	-	<u>135,906,057</u>	<u>135,904,231</u>	-
Ending Fund Balance	<u>10,184,670</u>	<u>14,804,384</u>	<u>17,394,398</u>	<u>17,655,474</u>
Required Reserve			<u>13,887,199</u>	<u>13,887,199</u>

Centerra Metropolitan District No. 1
Statement of Revenues and Expenditures with Budgets
From 01/01/2017 Through 09/30/2017

Capital Projects Fund
(In Whole Numbers)

	Actual Through 12/31/2016	2017 Amended Budget	2017 Projected Actual	2018 Adopted Budget
Beginning Fund Balance	18,897,985	14,015,583	13,657,710	41,389,987
Total Beginning Fund Balance	<u>18,897,985</u>	<u>14,015,583</u>	<u>13,657,710</u>	<u>41,389,987</u>
Revenue				
Capital Advances	288,270	-	-	-
Interest & Other Income	61,329	5,000	180,000	125,000
Loan Proceeds	-	195,984,276	192,864,026	-
Capital Reimbursement	19,645	-	-	-
Total Revenue	<u>369,244</u>	<u>195,989,276</u>	<u>193,044,026</u>	<u>125,000</u>
Expenditures				
District Management	16,158	35,000	20,000	35,000
District Engineering	8,193	75,000	147,956	75,000
District Planning/Engineering Mgmt	-	25,000	-	25,000
Major Repair & Replacement	401,464	500,000	673,013	1,288,625
Cost of Issuance	148,087	18,678,000	20,435,621	-
Repay Capital Advance	-	-	1,438,481	-
Interest Expense - Capital Advance	-	-	120,358	-
Boyd Lake Ave (Lost Creek to Long Pine)	91,219	-	3,590	-
Hahns Peak Extension	210,302	30,000	4,071	-
Savanna Parcel 222 BP1 Infrastructure	5,874	8,311	500	-
Savanna Parcel 222 BP2 Infrastructure	633,729	17,467	-	-
Parcel 102 Treelawn	35,190	65,000	65,648	-
Savanna 2nd Subdivision Infrastructure	757,607	2,000,000	1,408,730	35,506
Savanna 3rd Subdivision Infrastructure	-	-	-	-
Parcel 505 Infrastructure	2,794	27,000	355,000	670,960
Interchange Lift Station	-	-	800,000	921,325
Parce 505/Hwy 34 Frontage	-	-	-	392,000
Parcel 504 Infrastructure	7,027	250,000	250,000	9,260,000
Parcel 206 Ph 1 Infrastructure	2,166,601	2,000,000	900,000	42,490
Parcel 206 Ph 1 Surface Parking	973,534	1,500,000	1,725,604	41,031
Parcel 206 Garage	151,742	-	151,742	-
Parcel 206 Ph 2 Infrastructure	-	-	407,138	5,800,000
McWhinney Blvd Streetscape	-	-	45,000	555,000
Kendall Pkwy (Main St to Rocky Mt)	-	-	34,955	2,849,045
Boyd Lake Ave North (Long Pine to Yucca)	-	-	321,530	1,428,470
Boyd Lake Ave South (Hwy 34 to GLIC)	-	-	35,000	2,189,000
Kendall Pkwy/I-25 Underpass	-	2,000,000	-	2,000,000
Waterline Reimbursements	-	-	63,581	65,000
Motorplex Treelawns	-	-	-	59,000
Parcels 219/222 Roadway	-	-	-	1,202,500
Contingency	-	5,000,000	-	-
Total Expenditures	<u>5,609,519</u>	<u>32,210,778</u>	<u>29,407,518</u>	<u>28,934,952</u>
Transfer In (Out)				
Transfers to Other Fund	-	(135,906,057)	(135,904,231)	-
Total Transfer In (Out)	<u>-</u>	<u>(135,906,057)</u>	<u>(135,904,231)</u>	<u>-</u>
Ending Fund Balance	<u>13,657,710</u>	<u>41,888,024</u>	<u>41,389,987</u>	<u>12,580,035</u>

CENTERRA METROPOLITAN DISTRICT NO. 1

2018 BUDGET MESSAGE

Centerra Metropolitan District No. 1 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established as the “Service District” as part of a “Multiple District Structure” for the mixed-use development known as “Centerra” located in the City of Loveland, Colorado. Along with its companion Districts No.2, No.3, No.4, and No.5 (“Financing Districts”), this District was organized to provide construction, installation, financing and operation of public improvements, including streets, traffic safety controls, landscaping, water, sanitary sewer, storm drainage, television relay, transportation, and park and recreation facilities.

The District has no employees at this time and all operations and administrative functions are contracted.

The budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

General Fund

Revenue

Service Fees: The District receives service fees from the Financing Districts through the Revised and Restated Capital Pledge Agreement. In 2018, the District budgeted to receive \$401,999 in service fees.

URA Revenue: The District receives tax increment financing revenue from the Loveland Urban Renewal Authority (URA) through the Master Financing and Intergovernmental Agreement. The URA funds are used for operations and debt service. In 2018, the District budgeted to receive \$2,278,820 of URA Revenue for operations.

Expenses

The District budgeted expenditures for 2018 in the amount \$1,938,118. This is an increase of \$443,082 from 2017 and is primarily due to an increase to repairs and replacements of amenities and district landscaping.

Fund Balance/Reserves

The District has provided for an emergency reserve fund equal to 3% of the fiscal year spending for 2018, as defined under TABOR and holds the TABOR reserve for the District Nos. 1-5. The total budgeted ending fund balance in 2018 is \$2,179,719.

Debt Service Fund

Debt

On April 15, 2017, the District issued \$187,975,000 of Series 2017 Special Revenue Refunding and Improvement Bonds which were used to repay the 2014 Loan and provide additional funds for construction, debt issuance costs, and increased debt service reserve.

Revenue

URA Revenue: The primary source of revenue for debt service is URA Revenue, which is discussed under General Fund. The amount budgeted for URA debt service revenue is \$10,630,500.

PIF Revenues: PIF Revenue is a public improvement fee (PIF) on all retail sales within the Commercial District. The PIF's are imposed and collected by the Public Improvement Corporation (PIC) and distributed to the District as needed for operations and debt service. PIF and URA Revenue are recognized as needed for operations and maintenance and debt service. The District has budgeted to utilize \$65,120 in PIF revenues in 2018.

Expenses

Expenditures for principal, interest and other payments are related to the Series 2017 Bonds. The District's budgeted 2018 debt service expenditures are \$10,661,325.

Fund Balance/Reserves

The District has budgeted to end 2018 with \$17,655,474 of fund balance. This exceeds the required debt service reserve of \$13,887,199.

Capital Projects Fund

The District is in the process of constructing various public improvements which are budgeted at \$28,934,952 for 2018. The District received debt proceeds from the Series 2017 Bonds which will be used to fund the capital projects.