

# RECORD OF PROCEEDINGS

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## 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

HELD

November 15, 2007

The Boards of Directors of the Centerra Metropolitan District No. 1, Centerra Metropolitan District No. 2, Centerra Metropolitan District No. 3 and Centerra Metropolitan District No. 4, held a coordinated regular meeting, open to the public, at the office of McWhinney, 2725 Rocky Mountain Avenue, Suite 200, Loveland, Colorado 80538; at 12:00 Noon Thursday, November 15, 2007. 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, Vice President  
Dan Herlihey, Secretary  
Ken Howell, Treasurer  
Phil Hodgkinson, Vice President/Assistant Secretary

Directors in Absent and Excused:

Rocky Scott, President

Also in Attendance:

Rich Shannon, McWhinney, District Manager  
Bret Boulter, McWhinney  
Jay Hardy, McWhinney  
Christine Harpel, McWhinney  
Alan Pogue, Pogue & Early, P.C.  
Peggy Dowswell, Pinnacle Consulting Group Inc, District Administrator  
Carla Hawkins, Pinnacle Consulting Group, Inc.  
Diane Lunt, Pinnacle Consulting Group Inc.  
Dwayne Walker, Empire Management, Inc.  
Stan Myers, Northern Engineering  
Bonnie Steele, City of Loveland  
Wendy Messinger, McWhinney  
Marcey Mushore, Chapungu

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## CALL TO ORDER

The meeting was called to order by Director Perry, 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, and 4.

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## CONFLICT OF INTEREST DISCLOSURE

Mr. Pogue noted that notices of potential conflicts of interest for all Board Members were filed, 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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## AGENDA

The Board reviewed the agenda and approved the agenda without changes.

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## APPROVAL OF MINUTES

The Minutes of the October 18, 2007 meeting were presented. Corrections were noted under the Manager's and Engineer's Reports. Upon motion duly made by Director Howell and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to approve the minutes of the October 18, 2007 as amended.

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## ADVANCE & REIMBURSEMENT AGREEMENTS AND EXTEND PROMISSORY NOTES

Mr. Pogue stated that there was a need to extend the Promissory Notes and Advance and Reimbursement Agreements for SMP4 Investments Inc, Centerra Properties West, LLC, Rocky Mountain Village II, LLP and Centerra Residential, LLC. Upon motion duly made by Director Howell and seconded by Director Herlihey, it was unanimously

**RESOLVED** to extend the Promissory Note and Advance and Reimbursement Agreement with SMP4 Investments Inc. through the end of fiscal year 2008 to fund certain District capital expenditures, in an amount not to exceed \$10.8 Million,

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**RESOLVED** to extend the Promissory Note and Advance and Reimbursement Agreement with Centerra Properties West, LLC through the end of fiscal year 2008 to fund certain District capital expenditures, in an amount not to exceed \$9.26 Million,

**RESOLVED** to extend the Promissory Note and Advance and Reimbursement Agreement with Rocky Mountain Village II, LLP through the end of fiscal year 2008 to fund certain District capital expenditures, in an amount not to exceed \$500,000,

**RESOLVED** to extend the Promissory Note and Advance and Reimbursement Agreement with Centerra Residential, LLC through the end of fiscal year 2008 to fund certain District capital expenditures, in an amount not to exceed \$3 Million.

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## PAYABLES AND FINANCIAL REPORT

Ms. Dowswell presented the Schedule of Payables as of November 15, 2007, totaling \$212,466.36 including checks 3100 through 3121. The Board reviewed the payables and upon motion duly made by Director Herlihey and seconded by Director Howell, it was unanimously

**RESOLVED** to approve the November 15, 2007, Schedule of Payables noted above, in the amounts and check numbers noted above.

Ms. Dowswell presented a Finance Report dated November 12, 2007 illustrating the financial status and variances related to the Financial Statements for District No. 1 as of September 30, 2007, which were prepared by Clifton Gunderson LLP.

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## MONTHLY PAYMENT CERTIFICATION

Ms. Dowswell noted that it was necessary to submit a Monthly Payment Certificate to American National Bank for October 2007, to fund administrative and operation costs, in the amount of \$43,713.00. Upon motion duly made by Director Hodgkinson and seconded by Director Herlihey, it was

**RESOLVED** to approve the Monthly Payment Certificate in the amount noted above and authorize Director Howell, as Treasurer, to execute the Certificate.

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## 2007 AMENDED BUDGET HEARING & ADOPTION OF RESOLUTIONS

Director Perry opened the 2007 Amended Budget Hearing to the public for Centerra Metropolitan District No. 1. Mr. Pogue reported that notice of the hearing had been published in accordance with the state budget law. There being no public input, the public hearing portion of the budget was closed. Ms. Dowswell reviewed the budget in detail with the Board and explained the 2007 Budget required amendments due to higher than budgeted legal and snow removal expenses in the general fund. Upon motion duly made by Director Herlihey and seconded by Director Howell, it was unanimously

**RESOLVED** to approve the Resolutions to Adopt the 2007 Amended Budget and Appropriating budgeted funds, and approve all other documents related to the 2007 budget, copies of which are attached hereto for the record.

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## 2008 BUDGET HEARING AND ADOPTION OF RESOLUTIONS

Director Perry opened the 2008 Budget Hearing to the public. Mr. Pogue reported that notice of the hearing had been published in accordance with the state budget law.

Marcey Mushore, representing Chapungu, asked to address the Board. Ms. Mushore presented a proposal requesting funds to sponsor and promote future events, activities, tours, and a 20 page catalog. Mr. Shannon, District Manager, commented that the District will be expected to fund all of the grounds maintenance at Chapungu which could be significant. Director Howell commented that the District could possibly work with Chapungu on future funding, pending approval of a Management/Operations Agreement. Director Perry thanked Ms. Mushore for her detailed proposal.

There being no further public input after the presentation from Ms. Mushore, the public hearing portion of the budget hearing was closed.

Ms. Dowswell reviewed the budget in detail and answered questions pertaining to expenditures.

The mill levy for Centerra Metropolitan District No. 2 is anticipated to increase to 52.6. Mill Levies for Districts No. 1, No. 3 and No. 4 will remain at zero. The General Fund Expenses in District No. 1 are at the 1.2 million cap imposed by the 2004 Bond Covenants. The Debt Service Fund expenditures are \$13,029,506 and the Capital Projects Fund are \$63,074,644 for District No. 1. With the General Fund expense being capped, there are no funds available to put into the Chapungu Sculpture Park programming or events at this time. Director Perry suggested that an operations agreement be drafted to outline responsibilities between the District and Chapungu Gallery representatives, and that the operations agreement would be reviewed after the first year of operation. It is anticipated that an agreement can be finalized and brought to the Board for their review at the December meeting. Mr. Jay Hardy stated it may be possible to work collectively to fund programming with additional revenue sources offsetting the costs.

Director Hodgkinson expressed his concern that setting the mill levy at 52.6 and an increase in CCOA dues for the additional costs of landscape maintenance may effect leasing ability.

Upon motion duly made by Director Herlihey and seconded by Director Howell, it was unanimously

**RESOLVED** to approve the Resolutions to Adopt the 2008 Budget for Centerra Metropolitan Districts Nos. 1-4, Certifying Mill Levies, and Appropriating budgeted funds, and approve all other documents related to the 2008 budget, copies of which are attached hereto for the record.

## BOND ISSUANCE UPDATE

Ms. Dowswell stated the District has not yet received approval from BNP Pariba's North American office, and is awaiting this prior to beginning bond documentation.

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## RATIFICATION OF MASTER FINANCING 2ND AMENDMENT

Mr. Pogue reported that the City of Loveland had approved the Second Amendment to the Master Financing Agreement at their Council Meeting on October 23, 2007. Mr. Pogue asked that the Board ratify approval of this agreement. Upon motion duly made by Director Howell and seconded by Director Hodgkinson, it was

**RESOLVED** to ratify the Second Amendment to the Master Financing Agreement and authorize Director Scott, as president, and Director Herlihey, as secretary, to sign the Amendment.

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## LEGAL REPORT

Mr. Pogue, legal counsel, noted that the Division of Local Government as well as the insurance pool is requiring that a Resolution to Exclude from Worker's Compensation be adopted by the District if the Board elects not to have worker's compensation coverage on the board members. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to approve the Resolution to Exclude from Worker's Compensation and the State of Colorado Worker's Compensation Exclusion and direct Pinnacle Consulting Group Inc. to file them with the appropriate parties.

Mr. Pogue requested that the Board consider granting an easement to McWhinney for installation of telecommunication improvements along Centerra Parkway North. Upon motion duly made by Director Hodgkinson and seconded by Director Howell, it was unanimously

**RESOLVED** to approve an easement for telecommunication improvements for Centerra Parkway North pending final document review by legal counsel.

Mr. Pogue noted that Centerra Properties West, LLC owns the Chapungu Sculpture Park and is in need of transferring title to the District. Once bond proceeds are available, the \$3.5 million improvement will be accepted by the District.

Upon motion duly made by Director Howell and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to approve the acceptance of the land transfer to the District.

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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.

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

Respectfully Submitted,



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Carla Hawkins, Secretary for the Meeting