

RECORD OF PROCEEDINGS

MINUTES OF THE CONTINUED 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
December 23, 2010

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 continued coordinated regular meeting, open to the public, at the office of McWhinney, 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, at 12:00 Noon Thursday, December 23, 2010. 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
Jay Hardy, Vice President & Assistant Secretary
Doug Hill, Treasurer & Assistant Secretary
Josh Kane, Assistant Secretary/Treasurer (via phone)
Tom Hall, Secretary

Also in Attendance:

Alan Pogue, Icenogle, Seaver & Pogue
Peggy Dowswell, Pinnacle Consulting Group, Inc.
Rich Shannon, Pinnacle Consulting Group Inc.
Brendan Campbell, Pinnacle Consulting Group Inc.
Carla Hawkins, Pinnacle Consulting Group Inc.
Renee Wheeler, City of Loveland
Rus Hiese, RBC (via phone)

CALL TO ORDER

The meeting was called to order at 12:02 p.m. by Director Kim Perry, President of the Board, 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 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

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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.

AGENDA

The Board reviewed the agenda. Upon motion duly made by Director Hardy and seconded by Director Hall, it was unanimously

RESOLVED to approve the agenda without changes.

SMP4 SECOND AMENDED & RESTATED ADVANCE & REIMBURSEMENT AGREEMENT

Second Amended and Restated Advance and Reimbursement Agreement – SMP4 Investments, Inc.

Mr. Pogue presented the Board a Second Amended and Restated Advance and Reimbursement Agreement with SMP4 Investments, Inc., to refund and consolidate all prior advance and reimbursement agreements between the District and SMP4. The Second Amended and Restated Agreement requires the issuance of two subordinate promissory notes to SMP4, effective as January 15, 2011, to refund promissory notes issued pursuant to the “2009 Advance and Reimbursement Agreement” and the “Amended and Restated Advance and Reimbursement Agreement,” both entered into by and between the District and SMP4. Upon motion duly made by Director Hardy and seconded by Director Hill, it was unanimously

RESOLVED to approve the Resolution Approving the Second Amended and Restated Advance and Reimbursement Agreement with SMP4 Investments, Inc., dated and effective as of January 15, 2011, and authorizing the issuance of two subordinate promissory notes in favor of SMP4 Investments, Inc., as required by the Second Amended and Restated Advance and Reimbursement Agreement.

ITEMS FROM THE ATTORNEY

2011 Reimbursement Agreements

Mr. Pogue noted at the November Regular Meeting the Board approved the Advance and Reimbursement Agreements, to be effective as of January 1, 2011, between Centerra Metropolitan District No. 1 and two developer entities: Centerra Properties West, LLC and SMP4 Investments, Inc. The purposes of the Agreements are to provide funding for certain capital projects planned for fiscal year 2011. However, these documents were not executed by the developer entities. Mr. Pogue noted that the developer entities preferred to wait to execute the Agreements until projects are definite.

Consent to Assignment of Reimbursement Agreement and Subordinate Notes

Mr. Pogue advised the Board that SMP4 Investments, Inc., the holder of certain promissory notes issued by the District pursuant to the Second Amended and Restated Advance and Reimbursement Agreement between the District and SMP4 Investments, Inc., had requested the District’s consent to the assignment of said promissory notes and Reimbursement Agreement to

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Centerra Properties West, LLC. Upon motion duly made by Director Hardy and seconded by Director Hill, it was unanimously

RESOLVED to approve a Resolution evidencing the District's consent to the assignment of SMP4 Investment, Inc.'s rights under the Second Amended and Restated Advance and Reimbursement Agreement and the Subordinate Promissory Notes issued pursuant thereto, to Centerra Properties West, LLC, such consent to be effective as of January 15, 2011.

BOND ISSUANCE UPDATE

Ms. Dowswell gave an update on the progress of the bond issuance and presented a worksheet showing the analysis of bond scenarios and estimated costs of debt for the Board's consideration. The Board discussed the cost related to 1) extending the maturity of the current debt, 2) extending the letter of credit term, 3) amendment fee for new debt, either letter of credit or direct loan, 4) issuing an additional \$9 million in letter of credit backed debt with each of the three banks approving \$3 million each, or 5) issuing an additional \$20 million in direct loan structure with Compass. The Board noted that they were very sensitive to the cost of re-structuring the deal and concerned about the timeline for approval if Compass does not get approval of the direct loan. It appears that Compass Bank should have their final loan commitment approval the week of January 17th. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

RESOLVED to direct Director Kane, Mr. Pogue, and Ms. Dowswell to negotiate with Compass and US Bank to: pursue the \$20 million direct loan with Compass, with \$9 million available upon close and drawdown of \$11 million with non-use costs of no more than 25 basis points; extend the maturity of the current bond to 2040; request an option from US Bank to extend the letter of credit for two years at no more than an increase of 50 basis points effective on the new term; request Compass get approval from Spain for both the \$20 million direct loan and their increase in letter of credit participation; and request US Bank get approval from participants simultaneously.

Director Kane thanked Mr. Pogue and Ms. Dowswell for all of their efforts on the bond deal, particularly this week.

PUBLIC COMMENTS

The Board opened the meeting to Public Comments. Upon receiving none, this portion of the meeting was closed.

MEETING

There being no further comments, the meeting adjourned at 12:44 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