

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
February 18, 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 coordinated regular meeting, open to the public, at the office of McWhinney, 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, at 12:00 Noon Thursday, February 18, 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
Josh Kane, Assistant Secretary/Treasurer

Directors Absent:

Doug Hill, Treasurer & Assistant Secretary
Tom Hall, Secretary

Also in Attendance:

Jim Niemczyk, McWhinney
Alan Pogue, Icenogle, Norton, Smith, Gilida, & Pogue
Peggy Dowswell, Pinnacle Consulting Group, Inc.
Rich Shannon, Pinnacle Consulting Group Inc.
Carla Hawkins, Pinnacle Consulting Group Inc.
Bonnie Steele, City of Loveland
Dave Klockeman, City of Loveland (departed meeting at 1:45 p.m.)
Phil Weisbach, SEH (Short Elliott Hendrickson, Inc. (departed meeting at 1:45 p.m.)
Tom Jaspers, Jaspers + Hall (departed meeting at 12:45 p.m.)
Patrick Hall, Jaspers + Hall (departed meeting at 12:45 p.m.)

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. Introductions were made.

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

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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 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 Kane, it was unanimously

RESOLVED to approve the agenda with changing order of some of the items.

APPROVAL OF
MINUTES

The Minutes of the January 21, 2010 regular meeting were presented. Upon motion duly made by Director Hardy and seconded by Director Kane, it was unanimously

RESOLVED to approve the minutes from January 21, 2010 as presented.

There were no actions or representations of the District by the District Manager to ratify since the last Board Meeting.

I-25 INTERCHANGE
UPDATES
I-25 & CROSSROADS

Mr. Phil Weisbach, SEH, submitted a Monthly Project Progress Briefing and budget worksheets for the I-25 & Crossroads and I-25 & US Hwy 34 Interchanges, a copy of which was submitted with the board packet. He outlined the upcoming lane closure schedule on the I-25 & Crossroads project. To accelerate the construction progress a decision was made to authorize additional money for blankets to heat the sub grade. He answered questions regarding the elevations of the road and curb and gutter as well as the timing to install the retaining wall spec mock ups for review and approval by the Design Review Committee. Everyone was encouraged to get the word out regarding the lane closures.

I-25 & HWY 34

The crews have started the lane shift work and it is anticipated the traffic signal will be installed in May (but not operational). The frontage road is now closed for the re-grade of drainage areas on the looped ramp areas.

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Mr. Klockeman updated the board on TIGER grant money. Colorado was awarded funds for US 36 project only. The HWY 392 project is being lead by CDOT and alternate funding is being solicited for construction of a new interchange.

ITEMS FROM THE DISTRICT MANAGER

Acceptance and Approval of Project 409-CC Infrastructure Costs

Mr. Shannon and Mr. Pogue presented for the Board's consideration and acceptance, as a result of a review and recommendation by Pinnacle Consulting Group Inc., the final costs associated with infrastructure for the 409-CC Project, totaling and payable to SMP4 Investments, Inc in the amount of \$29,218.01. Upon motion duly made by Director Hardy and seconded by Director Kane, it was unanimously

RESOLVED to accept the Developer Costs for infrastructure costs for Project 409-CC pursuant to the Second Amended and Restated Advance and Reimbursement Agreement entered into between Centerra Metropolitan District No. 1 and SMP4 Investments, Inc.

ITEMS FROM THE FINANCE DIRECTOR

2009 Audit Exemption for District Nos. 2-5

Ms. Dowswell noted District Nos. 2-5 qualify for exemption as their total expenditures and/or revenues for the year were less than \$500,000 per district. The exemptions need to be prepared and filed with the State Auditor prior to the March 31st deadline. Upon further discussion and motion duly made by Director Kane and seconded by Director Hardy, it was unanimously

RESOLVED to direct Pinnacle consulting Group Inc. to prepare the 2009 Applications for Audit Exemption for Districts 2, 3, 4 and 5.

Approval of 2009 Auditor

Ms. Dowswell proposed to engage Jaspers + Hall, P.C. for the completion of the 2009 Audit for District No. 1, due their experience in completing all of the prior year audits. Jaspers & Hall presented a proposal to complete the audit for the same cost as 2008 and agreed to complete the audit within a specified time schedule to comply with the July 31, 2010 state deadline. Mr. Jaspers gave background on the company and the PCOB inquiry and mentioned that during their 2008 peer review they were given a clean opinion. Upon motion duly made by Director Kane and seconded by Director Hardy, it was unanimously

RESOLVED to engage Jaspers + Hall, P.C. to complete the 2009 Audit for the Centerra Metropolitan District No. 1, which includes the audit for the Public Improvement Collections Corporation and the PIF Revenue account.

Financial Report and Approval of Payables

Ms. Dowswell presented for approval the Schedule of Payables for February 18, 2010, in the amount of \$259,569.49, including Wells Fargo checks 4095 through 4117. Upon motion duly made by Director Kane and seconded by Director Hardy, it was unanimously

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RESOLVED to approve the February 2010 Schedule of Payables, in the amounts and check numbers noted above, subject to final review of the invoices.

Ms. Dowswell presented the Cash Position as of January 31, 2010, updated as of February 18, 2010, and answered questions from the Board.

Ms. Dowswell presented the revenues and expenditures statement as of January 31, 2010 and explained the new format which details the actual vs. budget for the general fund, debt service fund as well as the capital project fund.

Term Sheet for Primary Letter of Credit Provider Discussion Update

Ms. Dowswell noted we were still waiting for a term sheet from U.S. Bank that was currently going through their credit committee. It is anticipated it would be a 45 day review and could possibly be brought to the Board for consideration at the April board meeting. Discussion ensued regarding debt ratios to obtain favorable Letter of Credit rates in future years.

ITEMS FROM THE ATTORNEY

Consideration and Approval of Change Order to Construction Contract to Add Enhancements and Consideration and approval of Third Amendment to Construction and Maintenance IGA for 25-34 Interim Improvements

Director Hardy noted that there are not a lot of projected development opportunities being forecast in the next 24 months. Director Hardy stated that the Board should consider consenting to release funds from the regional sub account for enhanced improvements for I-25 and US 34. This would require a 3rd Amendment to the IGA and a change order to the construction agreement with New Design. After further discussion, and upon motion duly made by Director Hardy and seconded by Director Kane, it was unanimously

RESOLVED to authorize Director Hardy, staff and Mr. Pogue to proceed with the process to determine the feasibility to fund revisions to the design plans at I-25 and US 34 to allow construction of architectural enhancements and to work with the City of Loveland to expedite this process for consideration at the City Council meeting on March 23, 2010. These improvements are subject to the funding available in the project reserve account and subject to Board approval of the final design and revisions to current agreements with the City of Loveland.

2010 Election Update

Mr. Pogue updated the Board on the 2010 Election noting it is anticipated that the election will be cancelled.

Consideration and Approval of Amendment to Facilities Operations & Maintenance Agreement to include Centerra Metropolitan District No. 5

At this time, this matter was deferred.

Chapungu Park 2009 Review and Discussion of 2010 Operations/Procedures

The Board discussed the Management Agreement between Centerra Metropolitan District No. 1 and Chapungu Heritage Fund. Courtesy patrols are being conducted throughout the day. There will be no income distribution from non-party events until which time it covers all the park's overhead expenses.

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2010 Ballot Initiatives and 2010 Proposed Legislative Changes

Mr. Pogue notified the Board of new potential legislation to change TABOR. Amendments 60 and 61 and Proposition 101 change regulations with regards to debt. If passed, this could eliminate potential financing mechanisms for the District. Mr. Pogue agreed to keep the Board apprised as to developments of the potential changes so that if it was necessary the board could develop an optimal debt strategy.

BOARD MEMBER & OTHER COMMENTS

There were no comments made at this time.

PUBLIC COMMENTS

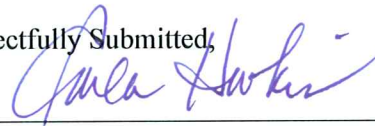
The Board opened the meeting to Public Comments. Upon receiving no comments, this portion of the meeting was closed.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:04 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