

# 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

HELD  
November 20, 2008

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, Loveland, Colorado 80538, at 12:00 Noon Thursday, November 20, 2008. 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:

Dan Herlihey, Secretary  
Joe Knopinski, Vice President & Assistant Secretary  
Doug Hill, Treasurer & Assistant Secretary  
Phil Hodgkinson, Assistant Secretary

Directors Absent:

Kim Perry, President (Absence Excused)

Also in Attendance:

Bret Boulter, McWhinney  
Jay Hardy, McWhinney  
Jim Niemczyk, McWhinney  
Christine Harpel, McWhinney  
Wendy Messinger, McWhinney  
Alan Pogue, Icenogle, Norton, Smith, Gilida, & Pogue  
Peggy Dowswell, Pinnacle Consulting Group, Inc.  
Rich Shannon, Pinnacle Consulting Group Inc.  
Diane Lunt, Pinnacle Consulting Group Inc.  
Alan Kremerik, City of Loveland  
Dwayne Walker, Empire Management, Inc.

CALL TO  
ORDER

The meeting was called to order at 12:05 p.m. by Director Knopinski, Vice President of the Board, noting that a quorum was present. The directors in attendance confirmed their qualifications to serve.

---

# RECORD OF PROCEEDINGS

---

## 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.

---

## 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 and Director Knopinski declared the agenda was approved.

---

## APPROVAL OF MINUTES

The Minutes of the October 16, 2008 meeting were presented and approved. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

**RESOLVED** to approve the minutes from October 16, 2008 as presented.

There were no actions or representations of the District by the District Manager to ratify since the October 16, 2008 Board Meeting.

---

## FINANCIAL REPORT AND APPROVAL OF PAYABLES

Ms. Dowswell presented the Schedule of Payables for October 20, 2008, in the amount of \$1001.53 including checks 3517 through 3518, the Schedule of Payables for October 29, 2008, in the amount of \$10,800.00 including check number 3522, and the Schedule of Payables for November 20, 2008, in the amount of \$496,104.26 including checks 3523 through 3568. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to ratify the Schedule of Payables for October 20, 2008 and the Schedule of Payables for October 29, 2008, and to approve the Schedule of Payables for November 20, 2008 in the amounts and check numbers noted above.

Ms. Dowswell presented the Cash Position as of October 31, 2008 and updated as of November 17, 2008, and answered questions from the Board.

# RECORD OF PROCEEDINGS

---

## 2008 AMENDED BUDGET HEARING AND ADOPTION OF RESOLUTIONS

Director Knopinski opened the 2008 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 2008 Budget required amendments due to higher than budgeted expenses in the general, debt service, and capital funds, due mostly to the refunding of the 2004 bonds. The amended general fund appropriations need to be increased to \$1,461,600; the debt service fund appropriations need to be increased to \$68,134,997; and the capital fund appropriations need to be increased to \$110,384,433. Upon motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

**RESOLVED** to approve the Resolutions to Adopt the 2008 Amended Budget and Appropriate budgeted funds, and approve all other documents related to the 2008 budget.

---

## 2009 BUDGET HEARING AND ADOPTION OF RESOLUTIONS

Director Knopinski opened the 2009 Budget Hearing to the public. Mr. Pogue reported that notice of the hearing had been published in accordance with state budget law. There being no public input, the public hearing portion of the budget was closed. Ms. Dowswell reviewed the budget in detail and answered questions pertaining to the mill levy, estimated revenues and expenditures, possible bond issuance, and developer advances to finance projects.

District No. 1, Service District:

Mill levy is 0.00 mills.

General Fund Expenditures: \$1,974,229

Debt Service Fund Expenditures: \$6,597,382

Capital Fund Expenditures: \$31,445,145

District No. 2, Financing District

Mill levy is 42.6 mills.

General Fund Expenditures: \$443,738

District No. 2, Bond (only)

Mill levy is 6.655 mills.

District No. 3, Financing District

Mill levy is 5.00 mills.

General Fund Expenditures: \$452

District No. 4, Financing District

Mill levy is 0.00 mills.

General Fund Expenditures: \$0

# RECORD OF PROCEEDINGS

---

After further review and discussion, and upon motion duly made by Director Hodgkinson and seconded by Director Hill, it was unanimously

**RESOLVED**, for each District, to approve the Resolutions to Adopt the 2009 Budget, Set the Mill Levies and Appropriate budgeted funds upon final certification of value being received from the County on or before December 10, 2008, and approve all other documents related to the 2009 budget. The District Manager is authorized to make minor modifications that may be necessary following receipt of final assessed values.

---

COMPASS  
QUARTERLY  
REPORT APPROVAL  
AND CERTIFICATE  
OF ANNUAL RELEASE

Ms. Dowswell presented the Compass Quarterly Report for Centerra Metropolitan District No. 1. Upon motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

**RESOLVED** to ratify the Compass Quarterly Report.

Ms. Dowswell presented the Certificate of Annual Release for Centerra Metropolitan District No. 1. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

**RESOLVED** to approve the Certificate of Annual Release.

---

MONTHLY PAYMENT  
CERTIFICATION

Ms. Dowswell noted the standard procedure of submitting a monthly payment request to the trustee to fund October 2008 administrative and operation costs from the November Schedule of Payables, in the amount of \$153,000. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

**RESOLVED** to approve the monthly payment request in the amount noted above and authorize Ms. Dowswell to execute the Certificate.

The Board encouraged Ms. Dowswell to bring forward a motion for the January 2009 Board Meeting to authorize all of the monthly payment requests for administration and operational costs in 2009.

---

APPROVAL FOR  
2008 AUDITOR

Ms. Dowswell proposed to use Jaspers + Hall, P.C. for the completion of the 2008 Audit for District No. 1 in the amount not to exceed the 2009 Budget. Upon motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

**RESOLVED** to engage Reynolds, Henrie & Associates, P.C. to prepare the 2008 Audit contingent upon consent of the District Treasurer and in an amount not to exceed the 2009 Budget.

---

# RECORD OF PROCEEDINGS

---

## ACCEPTANCE OF CAPITAL COSTS

Mr. Shannon presented for the Board's consideration and acceptance, as a result of a review and recommendation by Pinnacle Consulting Group Inc., the Developer Costs for design of public improvements at Grand Station and addition to the Note to the Developer in the amount of \$610,088.26. Upon motion duly made by Director Hill and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to accept the Developer Costs for Grand Station design related work and reimburse CPW under the existing reimbursement agreement up to \$610,088.26.

Mr. Shannon presented for the Board's consideration and acceptance, as a result of a review and recommendation by Pinnacle Consulting Group Inc., the Developer Costs for HPEC Ponds and Trails (Parcel 216) and addition to the Note to the Developer in the amount of \$31,511.70. Upon motion duly made by Director Hill and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to accept the Developer Costs for HPEC Ponds and Trails (Parcel 216) design related work and reimburse CPW under the existing reimbursement agreement up to \$31,511.70.

Mr. Shannon presented for the Board's consideration and acceptance, as a result of a review and recommendation by Pinnacle Consulting Group Inc., the Developer Costs for Boyd Lake Avenue & Hwy 34 and addition to the Note to the Developer in the amount of \$211,139.71. Upon motion duly made by Director Hill and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to accept the Developer Costs for Boyd Lake Avenue & Hwy 34 and reimburse CPW under the existing reimbursement agreement up to \$211,139.71.

Mr. Shannon presented for the Board's consideration and acceptance, as a result of a review and recommendation by Pinnacle Consulting Group Inc., the Developer Costs for Kendall Parkway (west of Rocky Mountain Avenue) and addition to the Note to the Developer in the amount of \$22,421.64. Upon motion duly made by Director Hill and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to accept the Developer Costs for Kendall Parkway (west of Rocky Mountain Avenue) and reimburse CPW under the existing reimbursement agreement up to \$22,421.64.

Mr. Shannon presented for the Board's consideration and acceptance, as a result of a review and recommendation by Pinnacle Consulting Group Inc., the Developer Costs for Boyd Lake Avenue North Design and addition to the Note to the Developer in the amount of \$53,767.85. Upon motion duly made by Director Hill and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to accept the Developer Costs for Boyd Lake Avenue North Design and reimburse CPW under the existing reimbursement agreement up to \$53,767.85.

# RECORD OF PROCEEDINGS

---

2009 CHAPUNGU  
SCULPTURE PARK  
MAINTENANCE  
AGREEMENT WITH  
MRES

Mr. Shannon presented for the Board's approval the 2009 Amended and Restated Chapungu Sculpture Park Maintenance Agreement with MRES. MRES will be responsible for coordinating all programming and scheduling of activities at the Chapungu Sculpture Park. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to approve the 2009 Amended and Restated Chapungu Sculpture Park Maintenance Agreement MRES.

---

2009 PROJECT  
MANAGEMENT  
AGREEMENT WITH  
MRES

Mr. Shannon presented for the Board's approval the 2009 Second Amended and Restated Project Management Agreement with MRES. MRES will assist the District in managing the design and construction of capital improvements. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to approve the 2009 Second Amended and Restated Project Management Agreement with MRES.

---

2009 EMPIRE  
MANAGEMENT, INC.  
SERVICE AGREEMENT

Mr. Shannon presented for the Board's approval the 2009 Empire Management, Inc. Service Agreement. Empire provides construction management, cost estimating, and maintenance services for the District. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to approve the 2009 Empire Management, Inc. Service Agreement.

---

2009 HIGH PLAINS  
ENVIRONMENTAL  
CENTER (HPEC)  
SERVICE AGREEMENT

Mr. Shannon presented for the Board's approval the 2009 High Plains Environmental Center (HPEC) Service Agreement. The HPEC will be responsible for the physical maintenance of the Chapungu Sculpture Park, detention ponds, and other natural areas in Centerra. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to approve the 2009 High Plains Environmental Center (HPEC) Service Agreement.

---

# RECORD OF PROCEEDINGS

---

2009 CLIFTON  
GUNDERSON  
PROFESSIONAL  
SERVICES  
AGREEMENT

Ms. Dowswell presented for the Board's approval the 2009 Clifton Gunderson, LLP Professional Services Agreement for Districts Nos. 1-4. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to approve the 2009 Clifton Gunderson, LLP Professional Services Agreement for Districts Nos. 1-4.

---

2008/2009  
INTEGRATED  
RESOURCE  
SYSTEMS, INC.  
SNOW REMOVAL  
SERVICE AGREEMENT

Mr. Shannon presented for the Board's approval the 2008/2009 Integrated Resource Systems, Inc. Service Agreement for snow removal services. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to approve the 2008/2009 Integrated Resource Systems, Inc. for snow removal services.

---

CHAPUNGU  
SCULPTURE PARK  
SECURITY UPDATE

Director Hodgkinson noted that Mr. Pogue and Mr. Hardy presented and discussed security strategy findings with Mr. Roy Guthrie, Chapungu Heritage Trust. The parties agreed to continue with the current security strategy of foot patrols and the installation of the Pulse Star data collection system. Additional security measures may be reconsidered in 2009. Mr. Guthrie asked, if at the expense of Chapungu Heritage Trust, signage could be added throughout the sculpture park redirecting park visitors to the relocated sculpture gallery. The Board authorized sign verbiage listing the appropriate contact for more information and authorized Mr. Bret Boulter and Mr. Jay Hardy to determine a final outcome with the DRC.

---

DISTRICT MANAGER

Mr. Shannon discussed a bid timeline of January or February of 2009 for the I-25/US 34 Interchange project and the options to reduce the cost of enhancements based on the available budget.

---

LEGAL REPORT

Mr. Pogue advised the Boards of Centerra Metropolitan District Nos. 2 and 4 that Poudre Valley Health Care, Inc. d/b/a Poudre Valley Health Systems, Centerra Properties West, LLC, and Centerra Metropolitan District No. 1 each have petitioned Centerra Metropolitan District Nos. 2 and 4 for inclusion of real property owned independently by each of the petitioners into the boundaries of District Nos. 2 and 4. Mr. Pogue reported that notice of the hearing on the petitions had been published in accordance with the state budget law. Director Knopinski then opened the public hearing on the petitions to include real property. There being no public input, the

## RECORD OF PROCEEDINGS

---

public hearing was closed. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

**RESOLVED** to approve the inclusion into the boundaries of District Nos. 2 and 4 of certain real property owned by Poudre Valley Health Care, Inc. d/b/a Poudre Valley Health Systems, Centerra Properties West, LLC, and Centerra Metropolitan District No. 1 as noted above and subject to the approval of the Loveland City Council as an amendment to the District's Service Plan allowing 1.628 acres owned by Poudre Valley Health Care to be so included. Mr. Pogue was directed to file a motion with the Larimer County District Court requesting the court enter an order including the real property into the boundaries of Centerra Metropolitan District Nos. 2 and 4 and to record the order in the Larimer County Clerk and Recorder's office.

Mr. Pogue presented for the Board's consideration and approval the Identity Theft Prevention Policy and Identity Theft Prevention Program Procedures. Upon motion duly made by Director Hodgkinson and seconded by Director Hill, it was unanimously

**RESOLVED** to approve the Identity Theft Prevention Policy and Identity Theft Prevention Program Procedures and to approve Mr. Shannon as the FACT Officer.

Mr. Pogue presented for the Board's consideration and approval a Resolution Approving a Second Amended and Restated Advance and Reimbursement Agreement and Issuance of a Subordinate Promissory Note with respect to the advancement and reimbursement of Capital Costs for Centerra Properties West, LLC. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

**RESOLVED** to approve the Resolution Approving a Second Amended and Restated Advance and Reimbursement Agreement and Issuance of a Subordinate Promissory Note with respect to the advancement and reimbursement of Capital Costs for Centerra Properties West, LLC with a not to exceed amount of \$9.26 million.

Mr. Pogue presented for the Board's consideration and approval the Resolution Approving a Second Amended and Restated Advance and Reimbursement Agreement and Issuance of a Subordinate Promissory Note with respect to the advancement and reimbursement of Capital Costs for SMP4 Investments, Inc. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

**RESOLVED** to approve the Resolution Approving a Second Amended and Restated Advance and Reimbursement Agreement and Issuance of a Subordinate Promissory Note with respect to the advancement and reimbursement of Capital Costs for SMP4 Investments, Inc. with a not to exceed amount of \$10.8 million.

Mr. Pogue presented for the Board's consideration and approval the Resolution Approving a Minor Modification to the Third Amendment to the Centerra Master Financing and Intergovernmental Agreement for purposes of including an inadvertently omitted 1.628 Acres within the Cloverleaf Dog Track Parcel to the legal description of the Flex URA Modification Area. Upon motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

## RECORD OF PROCEEDINGS

---

**RESOLVED** to approve the Resolution Approving a Minor Modification to the Third Amendment to the Centerra Master Financing and Intergovernmental Agreement for purposes of including the 1.628 Acres to the legal description of the Flex URA Modification Area.

Mr. Pogue presented for the Board's consideration and approval the Resolution Approving a Minor Modification to the First Amendment to the Declaration of Covenants Imposing and Implementing the Centerra Public Improvement Fee for purposes of correcting a previous recorded legal description and subjecting an inadvertently omitted 1.628 Acres within the Cloverleaf Dog Track Parcel to the terms and conditions of the PIF Covenant. Upon motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

**RESOLVED** to approve the Resolution Approving a Minor Modification to the First Amendment to the Declaration of Covenants Imposing and Implementing the Centerra Public Improvement Fee for purposes of correcting a previous recorded legal description and subjecting the 1.628 Acres to the terms and conditions of the PIF Covenant.

Mr. Pogue presented for the Board's consideration and approval the Resolution Approving the Amendment to the Intergovernmental Agreement Regarding the US 34/Crossroads Corridor Renewal Plan for purposes of including an inadvertently omitted 1.628 Acres within the Cloverleaf Dog Track Parcel to the legal description of the Flex URA Modification Area. Upon motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

**RESOLVED** to approve the Resolution Approving the Amendment to the Intergovernmental Agreement Regarding the US 34/Crossroads Corridor Renewal Plan for purposes of including the 1.628 Acres to the legal description of the Flex URA Modification Area.

Mr. Pogue advised the Board that it was necessary to proceed with a Service Plan Amendment regarding the Flex URA Legal Description Error to allow the 1.628 Acres located within the Cloverleaf Dog Track Parcel to be included within the boundaries of Centerra Metropolitan District Nos. 2 and 4. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to direct Mr. Pogue to proceed with the Service Plan Amendment regarding the Flex URA Legal Description Error.

Mr. Pogue presented for the Board's consideration and approval the Encroachment Agreement with Big Beaver, LLC to encroach on a small portion of the Chapungu Sculpture Park detention pond. Upon motion duly made by Director Hill and seconded by Director Hodgkinson, it was unanimously

**RESOLVED** to approve the Encroachment Agreement with Big Beaver, LLC to encroach on a small portion of the Chapungu Sculpture Park detention pond.

---

## RECORD OF PROCEEDINGS

---

OTHER MATTERS

Mr. Pogue noted that the judge had signed the Order and Decree organizing Centerra Metropolitan District No. 5.

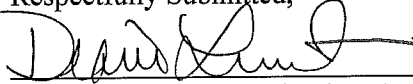
---

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:09 p.m.

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

Respectfully Submitted,



\_\_\_\_\_  
Diane Lunt, Secretary for the Meeting