

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

May 17, 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 offices of McWhinney, 2725 Rocky Mountain Ave., Loveland, Colorado 80538; at 12:00 noon Thursday, May 17, 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:

Rocky Scott, President
Kim Perry, Vice President
Ken Howell, Treasurer
Dan Herlihey, Secretary
Phil Hodgkinson, Vice President/Assistant Secretary

Also in Attendance:

Alan Pogue, Pogue, Corbetta & O'Leary, P.C.
Rich Shannon, McWhinney, District Manager
Peggy Dowswell, Pinnacle Consulting Group Inc, District Administrator
Bret Boulter, McWhinney
Sylvester Mabry, McWhinney
Jay Hardy, McWhinney
Jeff Barnes, City of Loveland
Dwayne Walker, Empire Construction Management
Carla Hawkins, Pinnacle Consulting Group, Inc.
Jason Carroll, Clifton Gunderson LLP

CALL TO
ORDER

The meeting was called to order by Director Scott, 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.

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.

AGENDA

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

APPROVAL OF MINUTES

The Minutes of the April 19, 2007 meeting were presented. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve the minutes of the April 19, 2007 as presented.

PAYABLES

Ms. Dowswell presented the Schedule of Payables as of April 23, 2007 totaling \$141,995.34 including checks 2196 through 2197, April 30, 2007 totaling \$977,216.34 including check 2198, May 9, 2007 totaling \$787,522.00 including check 2199 and as of May 17, 2007 totaling \$369,630.12 including checks 2200 through 2225. The Board reviewed the payables and upon motion duly made by Director Howell and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the May Schedule of Payables noted above, in the amounts and check numbers noted above.

Mr. Carroll, CPA with Clifton Gunderson, presented the Schedule of Cash Status as of April 30, 2007 and updated as of May 17, 2007. He reviewed the cash balances in each of the Districts' accounts and explained the revenue

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sources. Mr. Carroll agreed to check on the current interest rate on the Debt Service Fund and agreed to report back to the Board.

MONTHLY PAYMENT CERTIFICATION

Ms. Dowswell noted that it was necessary to submit a Monthly Payment Certificate to American National Bank for April 2007, to fund administrative and operation costs, in the amount of \$30,000. Upon motion duly made by Director Hodgkinson, and seconded by Director Perry, it was

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

OPERATING CHECKING ACCOUNT

Director Howell suggested the District consider moving their operating account to First National or Wells Fargo. Upon motion duly made by Director Howell, and seconded by Director Herlihey, it was

RESOLVED to approve closing the Home State Bank and opening a new operating account at First National Bank at Centerra.

FINANCIAL REPORT

Mr. Jason Carroll, CPA, presented the Financial Statements as of March 31, 2007. Mr. Carroll reviewed the General Fund Annual Budget and Year to Date Actual amounts for General Fund Revenues and Expenditures. Director Scott suggested attaching additional footnotes explaining any material variances for items not within budget. Ms. Dowswell and Mr. Carroll noted that many of the variances were due to timing, as the comparison is done for year-to-date against the full-year budget. District Manager, Rich Shannon, suggested that adding time and resources to produce this report would not be effective as a tool. Discussion ensued and upon motion duly made by Director Howell and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the Financial Statements as of March 31, 2007.

2006 AUDITED FINANCIAL STATEMENTS

Mr. Carroll presented the 2006 Audited Financial Statements for District No. 1. He noted that the auditors, Reynolds Henrie & Associates, had completed their field work and rendered a clean opinion. Upon motion duly made Director Herlihey, and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve the 2006 audited financial statements subject to final review by the District Treasurer and general counsel. Clifton Gunderson LLP is directed to submit the finalized audit on or before July 1, 2007.

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Director Hodgkinson asked about the Capital Assets of the District. Ms. Dowswell noted that these were the improvements built in 2005 and 2006 that were turned over to the City in 2006. These improvements were listed on Note 4 – Capital Assets on page 14 of the audited financials.

DISTRICT MANAGER REPORT

Rich Shannon, District Manager gave update on the RTA noting that the RTA, if formed, would provide money for funding regional transportation projects.

Director Scott commented that the City of Loveland was currently working with Comcast to be the City's cable franchise. This places limitations in providing a higher level communication network within Centerra. General Counsel, Alan Pogue, relayed information regarding franchise agreements with municipalities. The outcome of this discussion was to agree that all rights-of-way and easement agreements need to be drafted in a manner to permit the Districts to exercise their television translator and replay powers. All transfers to the City of Loveland should also be reviewed and discussed with the City's attorney, John Duval.

RIGHT OF WAY ACQUISITIONS

Mr. Pogue noted that several of the acquisitions for the Centerra Parkway North rights-of-way would close in early June while Director Scott was out of town. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve execution of the documents by Kim Perry, as vice-president, and Dan Herlihey, as secretary, in President Scott's absence.

Director Herlihey noted that two of the closings had been completed and the Resurrection Fellowship and Home State Bank closings would take place in the near future. Closing on the 2nd takedown of the PITA, LLC property had been completed.

Mr. Pogue relayed negotiations with Parkway Products regarding modifications to the underground drain system. They are requesting an indemnification clause in the temporary construction easement. Mr. Pogue noted that governmental entities do not indemnify private parties and the Board instructed Mr. Pogue to not agree to an indemnification clause in the easement.

LEGAL REPORT

Mr. Pogue requested the Board approve dedication of the permanent storm drainage easement to the City of Loveland for the triangle section of Parcel 411 south of Byrd. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

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RESOLVED to approve the Storm Easement Agreement.

Mr. Pogue noted that comments on the Operation and Management Plan for the Chapungu Sculpture Park had been gathered and he would consolidate everyone's comments and would send the document back out to the parties for further review.

Director Herlihey noted the Interchange Lift Station agreement was being finalized and suggested a review of any language pertaining to rights-of-way and telecommunication concerns noted above.

CONSTRUCTION MANAGER REPORT

Mr. Dwayne Walker, Empire Management, reported that the bridge for the Centerra Parkway Railroad Underpass was nearly complete. He is waiting on certification from Union Pacific Railroad to finish the track work. He stated that a lighting mock up for the sculptures had been done. He noted Chapungu Sculpture Park was progressing on schedule with Phase 1. He had also talked with Valley Crest regarding construction and maintenance. Director Hodgkinson also noted that the property management team had also met with Valley Crest to express their concern with the condition of the landscaping throughout Centerra. Valley Crest has apologized and agreed to take corrective action.

PUBLIC COMMENTS

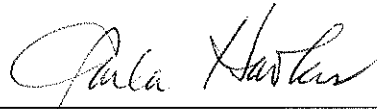
The Board opened the meeting to Public Comments. Mr. Jeff Barnes, City of Loveland, noted that the TIF revenues received in May had been sent to American National Bank. He noted the URA's administrator fee and the School Increment had been deducted prior to sending the revenues. Upon receiving no further comments, this portion of the meeting was closed.

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,



Carla Hawkins, Secretary for the Meeting