

RECORD OF PROCEEDINGS

MINUTES OF THE COORDINATED SPECIAL MEETING OF

CENTERRA METROPOLITAN DISTRICT NO. 1
CENTERRA METROPOLITAN DISTRICT NO. 2
CENTERRA METROPOLITAN DISTRICT NO. 3
CENTERRA METROPOLITAN DISTRICT NO. 4

HELD

June 21, 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 special meeting, open to the public, at the offices of McWhinney, 2725 Rocky Mountain Ave., Loveland, Colorado 80538; at 1:00 pm Thursday, June 21, 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

Directors in Absent and Excused:

Dan Herlihey, Secretary
Phil Hodgkinson, Vice President/Assistant Secretary

Also in Attendance:

Alan Pogue, Pogue & Early, P.C.
Rich Shannon, McWhinney, District Manager
Peggy Dowswell, Pinnacle Consulting Group Inc, District Administrator
Bret Boulter, McWhinney
Sylvester Mabry, McWhinney
Trae Rigby, McWhinney
Christine Harpel, McWhinney
Jeff Barnes, City of Loveland
Dwayne Walker, Empire Construction Management
Stan Myers, Northern Engineering
Carla Hawkins, Pinnacle Consulting Group, Inc.

RECORD OF PROCEEDINGS

Chad Walker, Pinnacle Consulting Group Inc.

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.

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 May 17, 2007 meeting were presented. Upon motion duly made by Director Howell and seconded by Director Perry, it was unanimously

RESOLVED to approve the minutes of the May 17, 2007 as presented.

PAYABLES

Ms. Dowswell presented the Schedule of Payables as of June 6, 2007 totaling \$28,370.00 including check 2227, June 13, 2007 totaling \$107,310.00 including checks 2228 and 2229, and June 21, 2007 totaling \$477,422.55 including checks 2230 through 2265. The Board reviewed the payables and upon motion duly made by Director Perry and seconded by Director Howell, it was unanimously

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

RECORD OF PROCEEDINGS

Ms. Dowswell presented the Schedule of Cash Status of May 31, 2007 and updated as of June 19, 2007. Ms. Dowswell reviewed the cash balances in each of the Districts' accounts. Ms. Dowswell noted that the yield on the ColoTrust account is 5.29% and is noted on the cash report.

MONTHLY PAYMENT CERTIFICATION

Ms. Dowswell noted that it was necessary to submit a Monthly Payment Certificate to American National Bank for May 2007, to fund administrative and operation costs, in the amount of \$80,000. Upon motion duly made by Director Howell 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.

DISTRICT MANAGER REPORT

Rich Shannon, District Manager, stated that there would be a kick-off meeting next week forming the team and a structure for issuing bonds this fall.

Mr. Bret Boulter remarked that documents had been filed with the City of Loveland requesting reimbursement to the District in the amount of \$143,000 for the regional drainage project.

FINAL DESIGN OF I-25 AND CROSSROADS ROUNDAABOUTS

Mr. Rich Shannon, District Manager, noted that City of Loveland had approved the final design for the I-25 and Crossroad Boulevard Roundabouts and requested that the District ratify the IGA with the City regarding design. Upon motion duly made by Director Perry and seconded by Director Howell, it was unanimously

RESOLVED to ratify the execution of the Intergovernmental Agreement with the City of Loveland for the final design of the roundabouts at I-25 and Crossroads Boulevard.

KENDALL PARKWAY UNDERPASS PRELIMINARY DESIGN IGA

Mr. Shannon noted that efforts were underway for preliminary design of the Kendall Parkway Underpass. Upon motion duly made by Director Perry and seconded by Director Howell, it was unanimously

RECORD OF PROCEEDINGS

RESOLVED to ratify the Intergovernmental Agreement with the City of Loveland for the preliminary design of the Kendall Parkway Underpass.

CONSIDER APPROVAL
OF 2ND ADDENDUM
TO THE MFA

Mr. Shannon, District Manager, noted that City Council will review the MFA 2nd Addendum at their July 17th meeting. Mr. Shannon reported that there remains some discussion regarding possible conversion of surface parking lot to other uses, and the City Attorney and Mr. Pogue will finalize that language prior to the July 17th council meeting. Mr. Shannon reported that the 2nd Addendum would be brought back to the board at the July meeting.

WATER PURCHASES

Mr. Shannon noted there was a need for the District to acquire 10.95 additional acre feet of water for irrigation use, for Parcel 102. The recommended price is the same price the District paid in the last several purchases and is \$9,800 per acre foot (this includes the native storage fee). Upon motion duly made by Director Howell and seconded by Director Perry, it was unanimously

RESOLVED to authorize the purchase of water from McWhinney Property Group, LLC (6.57 acre feet) and McWhinney Real Estate Services, Inc. (4.38 acre feet) in the amount of \$64,000 and \$42,000, respectively.

LEGAL REPORT

Mr. Pogue, General Counsel, reported that the City Council approved the District's service plan amendment for permitting the future exclusion of residential units planned for Parcel A-1 from District Nos. 2 and 4.

Mr. Pogue reported that negotiations continue with the City of Loveland regarding telecommunication franchise concerns. Mr. Pogue and the City Attorney are working on a solution that would benefit both the City and the District.

RIGHT OF WAY
ACQUISITIONS

Mr. Pogue noted that negotiations with Parkway Products had been finalized and the contract documents should be executed within the next 2 weeks.

CONSTRUCTION
MANAGER'S REPORT

Mr. Dwayne Walker, Empire Management, reported that the railroad tracks had been repositioned on the Centerra Parkway Railroad Underpass project. He stated work was being completed on the ballast and the shoofly would be removed. The ring walls were being completed with dirt being relocated to Grand Station site. He agreed to present final costs on this project showing actual vs. budget comparisons.

RECORD OF PROCEEDINGS

ENGINEER'S REPORT Mr. Stan Myers reported that the Interchange Lift Station approval from the State of Colorado is anticipated within a few weeks. This project will be bid in early 2008.

PUBLIC
COMMENTS

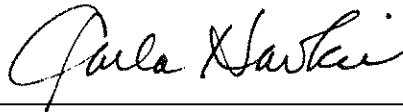
The Board opened the meeting to Public Comments. Ms. Dowswell acknowledged that the City of Loveland had transferred TIF revenues to the district's American National Bank account as noted by Mr. Jeff Barnes at the May meeting. Upon receiving no further comments, this portion of the meeting was closed.

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