

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
July 17, 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, July 17, 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:

Kim Perry, President
Dan Herlihey, Secretary
Phil Hodgkinson, Assistant Secretary
Doug Hill, Treasurer & Assistant Secretary

Directors Absent:

Joe Knopinski, Vice President & Assistant Secretary (Absence Excused)

Also in Attendance:

Bret Boulter, McWhinney
Jim Niemczyk, McWhinney
Jay Hardy, McWhinney
Christine Harpel, McWhinney
Wendy Messinger, McWhinney
Alan Pogue, Icenogle, Norton, Smith, Blieszner, Gilida, & Pogue
Tom Jaspers, Jaspers + Hall, P.C.
Peggy Dowswell, Pinnacle Consulting Group, Inc.
Rich Shannon, Pinnacle Consulting Group Inc.
Diane Lunt, Pinnacle Consulting Group Inc.
Dwayne Walker, Empire Management, Inc.
Bonnie Steel, City of Loveland

CALL TO
ORDER

The meeting was called to order at 12:09 p.m. by Director Perry, President of the Board, 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, 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 Hill, seconded by Director Herlihey, it was unanimously

RESOLVED to approve the agenda with an addition to Agenda Item 11 of consideration of change order for a deceleration lane within Centerra.

ELECTION OF OFFICERS

The Board turned to the issue of re-electing Officers for the Districts. Upon motion duly made by Director Hodgkinson, seconded by Director Herlihey and unanimously carried, the Officers were re-elected as follows:

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

APPROVAL OF MINUTES

The Minutes of the June 19, 2008 meeting were presented and approved, subject to the addition of (via phone) after Dan Herlihey under attendance on page 1. Upon motion duly made by Director Hodgkinson and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the minutes from June 19, 2008, as presented, subject to the addition of (via phone) after Dan Herlihey under attendance on page 1.

The ratification of actions and representation of the District by the District Manager for the month were reviewed and approved. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

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RESOLVED to ratify the actions and representation of the District by the District Manager as presented.

FINANCIAL REPORT AND APPROVAL OF PAYALBES

Ms. Dowswell presented the Schedule of Payables as of July 17, 2008, in the amount of \$293,377.28 including checks 3345 through 3375. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to approve the July 17, 2008 Schedule of Payables as noted above, in the amounts and check numbers noted above.

Ms. Dowswell reviewed the "Cash Position" as of June 30, 2008 updated as of July 16, 2008 and answered questions from the Board.

Ms. Dowswell noted that it will be necessary to amend the budgets for the District due to the bond issuance and additional landscape and utility expenses over the adopted budgets.

MONTHLY PAYMENT CERTIFICATION

Ms. Dowswell noted that it was necessary to submit a monthly payment request to the trustee to fund June 2008 administrative and operation costs from the July Payables Schedule, in the amount of \$167,000; although this amount is more than is needed for the month, the addition allows for a reserve for the summer months when expenses will likely be greater than the \$167,000/mo. cap. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

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

2007 AUDIT APPROVAL FOR DISTRICT NO. 1

Mr. Tom Jaspers presented the audit opinion of the 2007 Audit for District No. 1 and the Collateral Revenue Fund PIF Revenue Account, noting they were clean opinions. He discussed the need to add disclosure language, with respect to the 2008 bond and swap termination payment, in order for the audit to be filed by July 31, 2008. Upon motion duly made by Director Hodgkinson and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the 2007 Audit for District No. 1 and the Collateral Revenue Fund PIF Revenue Account, subject to approval by Director Hill and Mr. Pogue of the additional disclosure language.

CHAPUNGU SECURITY SERVICES AGREEMENT

The Board considered the reduction of day patrols from six to three and the addition of night patrols between the hours of 11:00p.m.-5:00a.m. starting on Monday, July 21, 2008. IPC Security Services will continue to provide the day patrols and Union Colony will provide the night patrols. The possible introduction of security cameras is being considered. In addition, an electronic check-point monitoring system is being

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considered. Upon motion duly made by Director Herlihey and Director Hodgkinson, it was unanimously

RESOLVED to authorize MRES to investigate the installation of an electronic check-point monitoring system and to engage IPC Security Services for day patrols and Union Colony for night patrols.

The Board discussed the need for property insurance to cover the Chapungu Park sculptures. Pinnacle will inquire with Flood and Peterson about the availability of such coverage.

DISTRICT MANAGER'S REPORT

Mr. Rich Shannon presented for the Board's consideration details of an agreement with the Thompson Valley Health Services District to provide a portion of the funding needed for construction costs of an Ambulance Bay Facility. Mr. Shannon asked the Board for a formal action to authorize Mr. Pogue and the representing attorney for the Thompson Valley Health Services District to draft a written agreement to be executed by the parties prior to the Loveland City Council meeting scheduled for August 19, 2008, and to authorize the Board President and Secretary to execute the approved agreement. Upon motion duly made by Director Herlihey and Director Hill, it was unanimously

RESOLVED to authorize Mr. Pogue to work with counsel for Thompson Valley Health Services District on the final form of the agreement, and to authorize the Board President and Secretary to execute the agreement.

PROJECT MANAGER'S REPORT

Mr. Bret Boulter noted he continues to work to define maintenance roles and budgets. He is also working with Empire Management to finalize 3rd party reimbursement agreements with respect to Centerra Parkway North and Hahn's Peak. In addition, Mr. Boulter noted the results of a mid-year water use evaluation showed a significant reduction in expense and gallons of water used for landscape maintenance.

Mr. Jim Niemczyk noted the stage cover at Chapungu Park was being installed soon, is under budget, and should be ready for the next concert.

Mr. Boulter presented for the Board's consideration a change order, with respect to the Myers Group 3rd Subdivision CW-808MP2 construction contract, for a public deceleration lane along Rocky Mountain Avenue to service traffic flow for a new tenant called Constant Contact and other properties in the area. Upon motion duly made by Director Hill and Director Hodgkinson, it was unanimously

RESOLVED to approve the change order not to exceed \$100,000 as noted above, subject to ratification of the final amount to be presented at the next Board Meeting.

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ITEMS FROM BOARD MEMBERS

Director Hill opened discussion of a proposal from the Promenade Shops asking for funding from the District to operate and maintain an ice skating rink. Due to District funding priorities and because the Promenade Shops did not have an ice skating rink last year, the Board declined to consider the proposal for funding.

LEGAL REPORT

Mr. Pogue presented the Resolution approving the SEP (Supplemental Environmental Program) payment agreement between CPW and Centerra Metropolitan District No. 1, pursuant to which, Centerra Metropolitan District No. 1 will pay HPEC the amount of \$49,200 required by the Compliance Order on Consent – No. SC-080520-1. Upon motion duly made by Director Herlihey seconded by Director Hill, it was unanimously

RESOLVED to adopt the Resolution approving the SEP (Supplemental Environmental Program) payment to HPEC as presented.

CONSTRUCTION MANAGER'S REPORT

Mr. Dwayne Walker, construction manager, noted that bridge maintenance was underway and specified lighting replacement was being researched to provide options beyond the single source supplier. The two year warranty has expired on the Centerra Parkway construction contract from south of the UPRR Bridge to Hwy 34.

PUBLIC COMMENTS

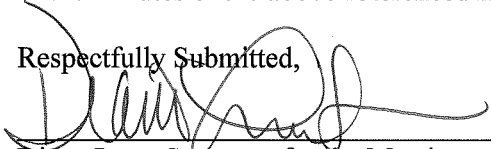
Ms. Bonnie Steel, City of Loveland, reported that the City's audit of the District and MFA was complete and that she is currently working on the LURA Report.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:35 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