

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 19, 2009

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 19, 2009. 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
Vacancy, Vice President & Assistant Secretary
Dan Herlihey, Secretary
Phil Hodgkinson, Assistant Secretary

Directors Absent:

Doug Hill, Treasurer & Assistant Secretary (Absence Excused)

Also in Attendance:

Josh Kane, McWhinney
Jay Hardy, 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.
Bonnie Steel, City of Loveland
Dave Klockeman, City of Loveland
Phil Weisbach, SEH (Short Elliott Hendrickson, Inc.)
Scott Waterman, Wilson & Company

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CALL TO ORDER

The meeting was called to order at 12:10 p.m. by Director Perry, President of the Board, 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, 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.

APPROVAL OF AGENDA

The Board reviewed the agenda. Upon motion duly made by Director Hodgkinson and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the agenda without changes.

APPROVAL OF MINUTES

The meeting minutes from CEN 1-4 December 18, 2008; CEN 1-4 January 15, 2009; and CEN 5 January 15, 2009 were presented and approved, subject to the following revision:

CEN 1-4 January 15, 2009, located on page 2, section GLIC Boring License Agreement - the third line was revised to read "sanitary force main".

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

RESOLVED to approve the minutes from CEN 1-4 December 18, 2008; CEN 1-4 January 15, 2009; and CEN 5 January 15, 2009 as presented, subject to the revision noted above.

There were no actions or representations of the District by the District Manager that needed ratification since the Board Meeting on January 15, 2009.

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BOARD MEMBER RESIGNATION

The Board acknowledged the January 30, 2009, resignation of Director Joe Knopinski. Upon motion duly made by Director Hodgkinson seconded by Director Herlihey, it was unanimously

RESOLVED to accept the resignation of Director Joe Knopinski.

I-25 AND US 34 INTERCHANGE PROJECT UPDATE AND ADDITIONAL SERVICES FOR WILSON CONTRACT

Mr. Shannon updated the Board on the I-25 an US 34 Interchange project with respect to the Wilson & Company Additional Services Request #3 in the amount of \$39,081. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve the Wilson & Company Additional Services Request #3 in the amount of \$39,081.

ADDITIONAL SERVICES FOR WILSON CONTRACT AT CROSSROADS

Mr. Shannon updated the Board on the Crossroads Interchange project with respect to the Wilson & Company request for additional services in the amount of \$88,184. Director Perry emphasized the current state of the economy and the need to maintain strong budgetary discipline. Both Director Perry and Mr. Shannon expressed appreciation to Mr. Klockeman for positioning the project to receive stimulus funds. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve the Wilson & Company request for additional services in the amount of \$88,184.

FINANCIAL REPORT AND APPROVAL OF PAYABLES

Ms. Dowswell presented the Schedule of Payables for January 21, 2009, in the amount of \$2,536 including checks 3643 through 3648; the Schedule of Payables for February 3, 2009, in the amount of \$46 including check number 3649; and the Schedule of Payables for February 19, 2009, in the amount of \$237,710.51 including checks 3650 through 3682. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to ratify the Schedule of Payables for January 21, 2009, and February 3, 2009, and to approve the Schedule of Payables for February 19, 2009, in the amounts and check numbers noted above.

Ms. Dowswell presented the Cash Position as of January 31, 2009, and updated as of February 17, 2009, and answered questions from the Board.

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Ms. Dowswell noted that preparation for the 2008 audit was two months ahead of last year's schedule and that the audit would take place in March/April.

FARMERS DITCH AGREEMENT FOR I-25 AND US 34

Mr. Pogue presented for the Board's consideration the status of the Farmers Ditch Agreement for I-25 and US 34 which involves the installation of an irrigation line that would crossover an existing box culvert. Mr. Pogue identified both CDOT and the Ditch Company as parties involved with ownership and maintenance of the box culvert. Mr. Pogue noted that the City's preference would be to have CDOT acknowledge in writing their responsibility to maintain the culvert within their right-of-way. Mr. Klockeman discussed the possibility of covering one of the box culvert inlets and relocating the other inlet to maintain the existing water intake. The Board's main concern is to ensure the decision process regarding the box culvert does not slow down the overall progress of the construction project. At this time, it does not appear that the District will need to be a party to this IGA.

CROSSROADS CONSTRUCTION AND MAINTENANCE IGA

Mr. Shannon updated the Board on the Crossroads Construction and Maintenance IGA between District No. 1 and the City of Loveland. The IGA identifies the City of Loveland as the manager and also identifies three funding sources. The District will be responsible for the installation and maintenance of the landscaping on both sides of I-25. Director Herlihey expressed appreciation to the project team for early recognition of the stimulus funding opportunity. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve the Crossroads Construction and Maintenance IGA as noted above.

STATUS OF REIMBURSEMENT FOR ORIGINAL URA FORMATION COSTS AND FLEX URA COSTS

Mr. Pogue updated the Board on his discussions with the City Attorney regarding the reimbursement of original URA and Flex URA costs. Mr. Pogue noted that several of the costs associated with the creation or modification of the URA would legally be eligible for reimbursement from the PIC with an amendment of the MFA. However, the City Attorney advised that reimbursement for legal expenses may be objectionable to the City Council. Mr. Shannon was asked to provide the Board with a summary of costs separating the legal from other. The Board could then decide if they thought an amendment to the MFA was worth pursuing.

DISCUSSION OF MILL LEVY

Mr. Shannon deferred discussion of the mill levy until a later date.

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2009 LARRY
BROMFIELD AND
ASSOCIATES, INC.
SERVICE AGREEMENT

Mr. Shannon presented for the Board's approval the 2009 Larry Bromfield and Associates, Inc. Service Agreement for landscape operations and maintenance services in the amount of \$75,000 and water management services in the amount of \$17,000 for a total of \$92,000. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve the 2009 Larry Bromfield and Associates, Inc. Service Agreement in the total amount of \$92,000.

LEGAL REPORT

Legislative Update:

Mr. Pogue updated the Board on current legislation and noted that lawsuits had been filed with respect to Amendment 54.

Update on CMD 5 Service Plan Amendment/MFA Amendment:

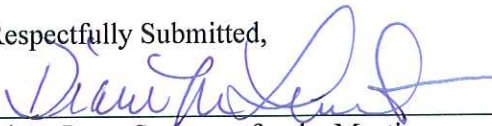
Mr. Pogue noted that both the CMD 5 Service Plan Amendment and the 4th Amendment to the MFA would be submitted to the City of Loveland for consideration at the March 24, 2009, City Council Meeting. Mr. Pogue noted that a possible future restatement would be needed to simplify the MFA document as a result of numerous amendments. Director Herlihey noted that the first plat for District No. 5 would be ready in the next couple of months, that the easements would be dedicated to District No. 1, and that the Director parcel will remain in the same location.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:00 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