

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
January 21, 2010

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, January 21, 2010. 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
Doug Hill, Treasurer & Assistant Secretary
Jay Hardy, Vice President & Assistant Secretary
Josh Kane, Assistant Secretary/Treasurer
Tom Hall, Secretary

Directors Absent:

none

Also in Attendance:

Jim Niemczyk, McWhinney
Wendy Messinger, McWhinney
Alan Pogue, Icenogle, Norton, Smith, Gilida, & Pogue
Peggy Dowswell, Pinnacle Consulting Group, Inc.
Rich Shannon, Pinnacle Consulting Group Inc.
Carla Hawkins, Pinnacle Consulting Group Inc.
Bonnie Steele, City of Loveland
Frank Hempen Jr., City of Loveland (departed meeting at 12:19 p.m.)
Dave Klockeman, City of Loveland (departed meeting at 12:19 p.m.)
Phil Weisbach, SEH (Short Elliott Hendrickson, Inc. (departed meeting at 12:19 p.m.)

CALL TO
ORDER

The meeting was called to order at 12:04 p.m. by Director Kim 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, 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.

AGENDA

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

RESOLVED to approve the agenda without changes.

APPROVAL OF MINUTES

The Minutes of the November 19, 2009 regular meeting were presented. Upon motion duly made by Director Hardy and seconded by Director Hill, it was unanimously

RESOLVED to approve the minutes from November 19, 2009 as presented with one punctuation change.

There were no actions or representations of the District by the District Manager to ratify since the last Board Meeting.

I-25 INTERCHANGE UPDATES I-25 & CROSSROADS

Mr. Phil Weisbach, SEH, submitted a Monthly Project Progress Briefing and budget worksheets for the I-25 & Crossroads and I-25 & US Hwy 34 Interchanges, a copy of which was submitted with the board packet. He noted that the projects were progressing on time, and there had been some weather delays setting the crews back two or three weeks. Director Hardy asked whether or not the concrete slope paving under the Crossroad bridge will be upgraded. Mr. Weisbach stated that the structure will be coated with a color which alters the exterior color and is better than the standard concrete grey finish color.

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I-25 & HWY 34

The lane shift work was delayed due to weather, but the team feels optimistic that the project will remain on course and time will be able to be made up by July. The work is commencing at night and the traffic signal should be installed in May or June. The projects remain within budget.

Ms. Peggy Dowswell acknowledged the I-25 & Hwy 34 team and thanked them for their efforts in bringing these improvements to fruition. Plaques were awarded to Kim Perry, Jay Hardy, Jim Niemczyk, John Duval, Don Williams, Rich Shannon, Frank Hemen Jr., Dave Klockeman, Phil Weisbach, Dwayne Walker, JJ Wierema and Scott Waterman.

ITEMS FROM THE DISTRICT MANAGER

Mr. Shannon stated that the design footprint for the right-of-way for the roundabout at Boyd Lake was approximately 95% complete. The Board directed him to pursue dedication of land from 1st National Bank who is the receiver of the waterpark property.

He noted that and future ditch crossing on parcel 503 was eligible for PIC funds and not Metropolitan District funds.

Mr. Shannon and Mr. Niemczyk updated the Board on planning efforts for parcel 222 and storm drainage planning which would also affect parcel 206. The District plans to obtain a blanket easement from the HPEC for any future storm water or trail infrastructure work that needs to be done on HPEC property.

ITEMS FROM THE FINANCE DIRECTOR

Financial Report and Approval of Payables

Ms. Dowswell presented for approval the Schedule of Payables for December 2009 and in the amount of \$302,887.30 including checks 4036 through 4065 and for January 19, 2010, in the amount of \$570,012.93, including Wells Fargo checks 4066 through 4094. Upon motion duly made by Director Kane and seconded by Director Hardy, it was unanimously

RESOLVED to ratify the December Schedule of Payables and approve the January 2010 Schedule of Payables, in the amounts and check numbers noted above.

Ms. Dowswell presented the Cash Position as of November 30, 2009, updated as of January 21, 2010, and answered questions from the Board.

Ms. Dowswell presented the revenues and expenditures statement as of November 30, 2009 and explained the new format which outlines the general fund, debt service fund as well as the capital project funds.

Investment Fund update

Ms. Dowswell updated the board informing him that Mr. Holliday had invested 10% of the funds in US Government Agencies. These new funds were earning a 3.96 rate of return. The Board directed Ms. Dowswell to work with Mr. Holliday at running new schedules to evaluate inflation values and possible investing for a shorter period.

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2010 Bond Compliance

Ms. Dowswell asked for approval to be appointed as the District's representative to handle all the 2010 bond trustee and compliance issues. Upon motion duly made by Director Kane and seconded by Director Hardy, it was unanimously

RESOLVED to designate Ms. Dowswell, CPA, as district accountant, to execute and file all 2010 Bond Compliance matters and business with the bond trustee and to designate Director Hill, as the district treasurer to sign off on annual release certifications.

2009 Annual Release Certificate and Quarterly Reporting

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

RESOLVED to approve the 2009 Annual Release and the 4th Quarter 2009 Compass Quarterly Report.

Term Sheet for Primary Letter of Credit Provider Discussion Update

Ms. Dowswell noted we were still waiting for a term sheet from U.S. Bank. Discussion ensued regarding debt ratios to obtain favorable financing in years to come. The debt service ratio goal is 1.35 by 2014. In order to achieve this, it is possible that the mill levy will need to increase in the future if assessed value decreases significantly. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

RESOLVED to direct Director Kane to negotiate the term sheet with U.S. Bank.

2010 SERVICE AGREEMENTS

Landscape Inspection Management – OLM

Ms. Kim Perry presented for the Board's consideration and approval the 2010 OLM Agreement to provide landscape maintenance inspections. This service was not considered when the 2010 budget was approved. She stated that thru efforts of bidding landscaping services, there was additional capacity to include OLM's contract amount and not go over the landscaping expense allotted budget in 2010. Upon motion duly made by Director Kane and seconded by Director Hardy, it was unanimously

RESOLVED to approve the 2010 OLM Landscaping Inspection Agreement, subject to final review by Director Perry.

Ms. Perry presented and reviewed with the Board the IMS irrigation report. She will come back with plan of action for irrigation management after further investigation of options.

Chapungu Park Maintenance Addendum – 2010

The 2010 Chapungu Park Maintenance Addendum between the district and MRES was presented for the Board's consideration. Upon motion duly made by Director Hill and seconded by Director Kane, it was unanimously

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RESOLVED to approve the 2010 Chapungu Park Maintenance Addendum, subject to final review by Director Perry.

ValleyCrest Landscaping Maintenance Agreement – 2010

The 2010 ValleyCrest Landscaping Maintenance Agreement was presented for the Board's consideration and approval. Upon motion duly made by Director Hill and seconded by Director Kane, it was unanimously

RESOLVED to approve the 2010 ValleyCrest Maintenance Agreement, subject to final review by Director Perry.

HPEC Landscaping Maintenance Addendum – 2010

Mr. Pogue presented for the Board's consideration and approval the 2010 HPEC Landscaping Maintenance Addendum. Upon motion duly made by Director Hill and seconded by Director Kane, it was unanimously

RESOLVED to approve the 2010 HPEC Landscape Maintenance Addendum, subject to final review by Director Perry.

Empire Management Maintenance Addendum – 2010

Ms. Hawkins presented for the Board's consideration the 2010 Empire Maintenance Addendum. Upon motion duly made by Director Hill and seconded by Director Kane, it was unanimously

RESOLVED to approve the 2010 Empire Maintenance Addendum, subject to final review by Director Perry.

Gregory Electrical & Lighting Maintenance Addendum – 2010

Ms. Hawkins presented for the Board's consideration and approval the 2010 Gregory Electric Addendum. Upon motion duly made by Director Hill and seconded by Director Kane, it was unanimously

RESOLVED to approve the 2010 Gregory Electric Addendum, subject to final review by Director Perry.

Project Management Addendum – 2010

Ms. Hawkins presented for the Board's consideration and approval the 2010 Project Management Addendum between the district and MRES. Upon motion duly made by Director Hill and seconded by Director Kane, it was unanimously

RESOLVED to approve the 2010 MRES Project Management Addendum, subject to final review by Director Perry.

ITEMS FROM THE
ATTORNEY

2010 Election Update

Mr. Pogue updated the Board on the 2010 Election noting that the deadline for nominations is February 26, 2010. Each board member is running for re-election. Ms. Perry, Mr. Hill and Mr. Kane's terms are expiring, and each will be on the ballot for full four year terms while Mr. Hardy and Mr. Hall were appointed to fill out the

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unexpired portion of four year terms ending in May, 2012, and pursuant to state law, these positions are on the ballot for the remaining two years of each respective term.

Exclusion

Mr. Pogue reported that the Board has received a petition for exclusion from the District No. 2 and District No. 4 boundaries from Centerra 209, LLC for the parcel being planned for a residential project (Lake Vista). Director Perry opened the Exclusion Hearing to the public. Mr. Pogue confirmed that notice of the hearing had been published in the Reporter Herald in accordance with state law. Upon receiving no comments, the public hearing was closed. Upon review of the exclusion petition, and upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

RESOLVED to adopt the Resolution to exclude parcel 209's approximate 14.92 acres from District No. 2 and District No. 4, and direct Mr. Pogue to file a motion with Larimer County District Court to exclude this property from the boundaries of District No. 2 and District No. 4, subject to notice from Director Hill that the financing for the proposed residential project was in place and that the property would be developed for residential purposes.

Exclusion

Mr. Pogue reported that the Board has received a petition for exclusion from the District No. 2 and District No. 4 boundaries from Park Regency, LLC for their approximate 17.63 acre parcel with a senior living facility. Director Perry opened the Exclusion Hearing to the public. Mr. Pogue confirmed that notice of the hearing had been published in the Reporter Herald in accordance with state law. Upon receiving no comments, the public hearing was closed. Upon review of the exclusion hearing, and upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

RESOLVED to adopt the Resolution to exclude parcel 102 from District No. 2 and District No. 4 and direct Mr. Pogue to move forward with filing a motion with Larimer County District Court to exclude this property from the boundaries of District No. 2 and District No. 4.

PROMENADE SHOPS

Mr. Pogue advised the Boards that pursuant to the Colorado Open Meetings Law, the discussion related to the status of legal actions related to the Promenade Shops was appropriate for executive session and suggested that this discussion be deferred until the end of the meeting when an executive session could be called.

BOARD MEMBER & OTHER COMMENTS

Mr. Niemczyk mentioned that mylar's for parcel 222 have been signed. This parcel is slated for an industrial site.

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Mr. Shannon mentioned an article in the Denver Post stating that legislation was being introduced regarding Urban Renewal Areas and Agriculture land. Within those, he will be tracking this bill being sponsored by Representative Randy Fischer.

PUBLIC COMMENTS

The Board opened the meeting to Public Comments. Upon receiving no comments, this portion of the meeting was closed.

EXECUTIVE SESSION

Mr. Pogue advised the Board that it was permitted, upon compliance with requisite statutory procedures, for the Board to discuss the status of legal actions related to the Promenade Shops in Executive Session for the purpose of receiving legal advice on specific legal questions, pursuant to Section 24-6-402(4)(b), C.R.S., and for the purpose of determining a position relative to matters that may be subject to negotiations, developing a strategy for negotiations, and instructing negotiators, pursuant to Section 24-6-402(4)(e), C.R.S.

Upon motion by Director Kane, seconded by Director Hardy, it was unanimously

RESOLVED to convene an Executive Session, pursuant to Section 24-6-402(4)(b), C.R.S., for the purpose of receiving legal advice on specific legal questions related to legal actions concerning the Promenade Shops; and, pursuant to Section 24-6-402(4)(e), C.R.S., for the purpose of determining a position relative to matters subject to negotiations, developing a strategy for negotiations, and instructing negotiators, all with respect to legal actions related to the Promenade Shops.

President Perry reported: "It is January 21, 2010 and the time is 1: 36 p.m. I am the presiding officer of the Regular Meeting of the Board of Directors of the Centerra Metropolitan Districts Nos. 1-5. As required by the Colorado Open Meetings Law, the Executive Session is being recorded."

Present at the Executive Session:

Kim Perry, Doug Hill, Jay Hardy, Josh Kane, Tom Hall, Alan Pogue, Rich Shannon, Peggy Dowswell.

This is an Executive Session for the following purposes:

To receive legal advice on specific legal questions pursuant to Section 24-6-402(4) (b), C.R.S., and to determine positions relative to matters subject to negotiations, to develop a strategy for negotiations, and to instruct negotiators, pursuant to Section 24-6-402(4)(e), C.R.S., all related to legal actions concerning the Promenade Shops.

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The Board was advised to confine all discussions to the stated purpose of the Executive Session. The Board was further advised that if at any point in the Executive Session, any participant believes that the discussion is beyond the proper scope of the Executive Session, such participant should interrupt the Executive Session and make an objection.

The Executive Session was recorded, pursuant to the Colorado Open Meetings Law.

The Executive Session concluded at 2:06 p.m.

Present at the Executive Session at conclusion: Kim Perry, Doug Hill, Jay Hardy, Josh Kane, Tom Hall, Alan Pogue, Rich Shannon, Peggy Dowswell.

Mr. Pogue advised the Board that if any person who participated in the Executive Session believes that any substantial discussion of any matters not included in the motion to convene the Executive Session occurred during the Executive Session, or that any improper action occurred during the Executive Session in violation of the Colorado Open Meetings Law, that such participant should state their concerns for the record.


No objections were stated.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:10 p.m.

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

Respectfully Submitted,



Carla Hawkins, Secretary for the Meeting