

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
March 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, March 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
Dan Herlihey, Secretary
Doug Hill, Treasurer & Assistant Secretary

Directors Absent:

Phil Hodgkinson, Assistant Secretary (Absence Excused)

Also in Attendance:

Jay Hardy, McWhinney
Bret Boulter, McWhinney
Christine Harpel, McWhinney
Alan Pogue, Icenogle, Norton, Smith, Gilida, & Pogue
Peggy Dowswell, Pinnacle Consulting Group, Inc.
Diane Lunt, Pinnacle Consulting Group, Inc.
Bonnie Steele, City of Loveland

CALL TO ORDER

The meeting was called to order at 12:06 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, 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 Hill and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the agenda without changes.

APPROVAL OF MINUTES

The Minutes of the February 19, 2009 meeting were presented and approved. Upon motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the minutes from February 19, 2009 as presented.

There were no actions or representations of the District by the District Manager that needed ratification since the Board Meeting on February 19, 2009.

BOARD MEMBER RESIGNATION & APPOINTMENT

There is a vacancy due to the resignation of Joe Knopinski. Mr. Pogue noted that a call for interested candidates was published on February 21, 2009. The District did not receive any additional letters of interest to serve on the Boards. Jay Hardy has agreed to serve as Vice President & Assistant Secretary and is qualified to serve on the Boards. Upon motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the appointment of Jay Hardy to serve as Vice President & Assistant Secretary on the Boards of District Nos. 1-5 to fill Mr. Knopinski's term until the next regular election in May 2010.

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

Mr. Pogue and Ms. Dowswell presented for the Board's consideration the summary of costs, prepared by Mr. Shannon, showing the separation of the URA legal fees from other expenses. Mr. Pogue and Ms. Dowswell answered questions from the Board. The Board asked Mr. Pogue for his opinion, of which he recommended submitting all costs to the PIC and placing them on a holding pattern until the right time comes to include them for approval in an MFA amendment. The Board decided to revisit this topic in a couple of months with no Board direction given at this time.

MILL LEVY DISCUSSION

Ms. Dowswell opened discussion of the District's current mill levy of 42.60 and noted that a minimum of 35.00 mills is required per the bond document when considering the mill levy in future budget years. In addition, Ms. Dowswell noted maximizing bonding during the 25 year life of the URA/MFA funding availability. The Board asked that all mill levy scenarios be presented during the next budget preparation process. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

RESOLVED to direct Ms. Dowswell to present mill levy scenarios during the 2010 budget process including the lowest possible mill levy calculations.

4TH QUARTER 2008 COMPASS QUARTERLY REPORT

Ms. Dowswell presented the 4th Quarter 2008 Compass Quarterly Report for Centerra Metropolitan District No. 1. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to ratify the 4th Quarter 2008 Compass Quarterly Report.

FINANCIAL REPORT AND APPROVAL OF PAYABLES

Ms. Dowswell presented the Schedule of Payables for March 19, 2009, in the amount of \$196,744.25 including checks 3683 through 3710. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to approve the Schedule of Payables for March 19, 2009, in the amounts and check numbers noted above.

Ms. Dowswell presented the Cash Position as of February 28, 2009, and updated as of March 17, 2009, and answered questions from the Board.

Ms. Dowswell presented the Actual vs. Budgeted expenditures with variances thru January 31, 2009, and with adopted and projected 2009 budgets.

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I-25 AND US 34
INTERCHANGE
PROJECT UPDATE
AND STATUS REPORT

Mr. Boulter updated the Board on the status of the I-25 and US 34 Interchange Project and noted that once the plans were finalized for the Crossroads Interchange Project, design would resume for the I-25 and US 34 Interchange. Mr. Boulter noted that CDOT projects require underdrains with respect to landscape and safety improvements which will result in a minor future change order.

CROSSROADS
INTERCHANGE
PROJECT UPDATE
AND STATUS REPORT

Mr. Boulter updated the Board on the status of the Crossroads Interchange Project and noted that the construction management firm was in the process of being selected. Mr. Boulter noted that CDOT projects require underdrains with respect to landscape and safety improvements which will result in a minor future change order.

LEGAL REPORT

Approval of Fourth Amendment to MFA Regarding Inclusion of District No. 5:

Mr. Pogue presented for the Board's consideration the Fourth Amendment to MFA Regarding the Inclusion of District No. 5. Upon motion duly made by Director Hardy and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the Fourth Amendment to MFA Regarding Inclusion of District No. 5 as presented above.

Approval of Acceptance of Conveyance of Real Property from Centerra Properties West, LLC:

Mr. Pogue noted that Centerra Properties West, LLC desires to dedicate to District No. 1 the landscape drainage buffer area identified as the 25' strip of property on the north side of Union Pacific Rail Road adjacent to parcel 409. Director Herlihey answered questions regarding associated easements. Upon motion duly made by Director Herlihey and seconded by Director Hardy, it was unanimously

RESOLVED to accept the conveyance of real property from Centerra Properties West, LLC and to direct Director Perry to sign the Real Property Transfer.

Discussion/Approval of Fifth Amendment to MFA Regarding Regional Improvements:

Mr. Pogue presented for the Board's consideration the Fifth Amendment to MFA Regarding Regional Improvements which will be discussed by the City Council on April 7, 2009. The Board discussed the trigger mechanisms for the first and second regional improvements. Mr. Pogue noted the First Amendment MFA provision requiring the City to encourage all parties involved to work together and to bring their fair portions of funding to support the regional improvements. Mr. Pogue noted similar

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language may be added to the MFA at the time the MFA is integrated. Upon motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the Fifth Amendment to MFA Regarding Regional Improvements subject to changes after the City Council discussion on April 7, 2009.

Crossroads IGA between the City and District No. 1:

Mr. Pogue presented for the Board's consideration an update on the Crossroads IGA funding. The Board discussed the concept of creating incentives by sharing cost savings. In addition, it was noted that stimulus funds will not be used to fund construction management. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

RESOLVED to re-approve the Crossroads IGA between the City and District No. 1 and to direct Mr. Pogue to discuss incentives and cost savings methods which do not include the elimination of landscaping.

Resolution Regarding Application of Excess PIF Revenue:

Mr. Pogue presented for the Board's consideration the Resolution Regarding Application of Excess PIF Revenue. Upon motion duly made by Director Hardy and seconded by Director Hill, it was unanimously

RESOLVED to authorize Director Perry to direct the PIC to return excess PIF funds to the District, as needed.

BOARD MEMBER
COMMENTS

Equalizer Lake Dam Hazard Classification:

Director Herlihey updated the Board on the decision by the State Engineer to raise the hazard classification of the Equalizer Lake dam from low to high with an estimated five year period to comply with safety improvements to the spillway. The Board discussed the possibility of the Equalizer Lake improvements being considered as a regional improvement; however, it was noted that the GLIC is responsible for upgrades to the dam.

PUBLIC COMMENTS


Ms. Steele updated the Board on personnel restructuring in the City Finance Department.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:32 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