

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

August 16, 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 Biaggi's, 5929 Sky Pond, Loveland, Colorado 80538; at 12:00 noon Thursday, August 16, 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
Dan Herlihey, Secretary
Phil Hodgkinson, Vice President/Assistant Secretary

Directors in Absent and Excused:

Ken Howell, Treasurer

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
Dwayne Walker, Empire Construction Management
Stan Myers, Northern Engineering
Carla Hawkins, Pinnacle Consulting Group, Inc.
Chad Walker, Pinnacle Consulting Group Inc.
Jeff Barnes, City of Loveland

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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 July 19, 2007 meeting were presented. Kim Perry pointed out language in the MFA paragraph on page 3. Mr. Pogue noted that the MFA 2nd Amendment had been revised by City Attorney, Mr. John Duval, to add commercial lodging regarding parking. Upon motion duly made by Director Hodgkinson and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the minutes of the July 19, 2007 as amended.

PAYABLES

Ms. Dowswell presented the Schedule of Payables as of August 16, 2007 totaling \$640,097.12 including checks 3000 through 3036. The Board reviewed the payables and upon motion duly made by Director Herlihey and seconded by Director Perry, it was unanimously

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

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FINANCIAL REPORT

Ms. Peggy Dowswell, CPA, presented the Financial Statements as of June 30, 2007. Ms. Dowswell reviewed the General Fund Annual Budget, Year to Date Budget and Actual amounts for General Fund Revenues and Expenditures Year to Date and their variances. The Board discussed the variances in revenue as well as differences in legal and landscaping expenses. Director Scott asked staff to periodically forecast the expenses through the end of the year. Ms. Dowswell noted this will be done in the near future during 2008 budget preparation. Ms. Dowswell reviewed the Capital Funds and noted that expenditures are under budget. Discussion ensued and upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve the Financial Statements as of June 30, 2007.

MONTHLY PAYMENT CERTIFICATION

Ms. Dowswell noted that it was necessary to submit a Monthly Payment Certificate to American National Bank for July 2007, to fund administrative and operation costs, in the amount of \$122,000. Upon motion duly made by Director Hodgkinson and seconded by Director Perry, it was

RESOLVED to approve the Monthly Payment Certificate in the amount noted above and authorize Director Herlihey, as Secretary, to execute the Certificate.

BOND ISSUANCE UPDATE

Mr. Shannon, District Manager stated that BNP would be touring Centerra on September 19th. He also stated that King & Associates would have a report verifying the square footage and revenues from taxes anticipated in the future. Rus Heise had relayed to Mr. Shannon that BNP's downgrading does not mean a lot in their overall financial situation. Director Scott mentioned that the cost of borrowing money and tightening credit requirements in global markets could skew absorption schedules.

CONSIDER APPROVAL OF 2ND AMENDMENT TO THE MFA

Mr. Pogue, General Counsel, noted the MFA 2nd Amendment had been put on hold and would likely be re-written.

DISTRICT MANAGER REPORT

Rich Shannon, District Manager, recognized Jeff Barnes noting he was leaving the City and would become the Financial Director for the new Library District. Mr. Barnes was thanked for his involvement in Centerra Metropolitan District.

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Mr. Shannon mentioned that the State of Colorado Water Board issued their water and storm water quality report to the District. The District has put ERS on notice of their responsibility to correct storm drainage issues. The State of Colorado feels it is the responsibility of ERS and Centerra Metropolitan District to resolve the issues. Mr. Shannon, Mr. Pogue, ERS and the State of Colorado will work together for a resolution. Mr. Shannon noted that the District will hire an independent contractor to monitor contractors' performance on construction projects in progress.

LEGAL REPORT

Mr. Pogue, General Counsel, reported that City Council would be approving the Street Light Intergovernmental Agreement at their next meeting. The District had reviewed and approved this agreement back in May 2005. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to ratify the final Street Light Intergovernmental Agreement with the City of Loveland upon approval by the City of Loveland.

Mr. Pogue reported that the City of Loveland's right of way ordinance was tabled by the City Council for future consideration in September. Mr. Pogue will discuss the proposed language with consultants hired by McWhinney. Mr. Boulter is working on a map that will identify locations of the right of way areas within Centerra that will be affected.

City Attorney, John Duval, plans to turn over service plan review to Sharon Citino, assistant attorney. In addition, the city plans to establish a service plan model. The board agreed that Mr. Pogue should offer his assistance in developing a model for Loveland.

Mr. Pogue pointed out that City staff is reviewing the Centerra residential development service plan.

WATER PURCHASES

Mr. Pogue noted there was a need for the District to acquire 6.45 additional acre feet of water for irrigation use, for landscaping along the west side of Rocky Mountain Ave north of the railroad tracks. 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 Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to authorize the purchase of water from McWhinney Property Group, LLC (3.87 acre feet) and McWhinney Real Estate Services, Inc. (2.58 acre feet) in the amount of \$37,926 and \$25,284, respectively. A developer advance from Centerra Properties West, LLC of \$12,790 will be paid to the District to cover the system impact fee required on this water transfer.

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Supporting documents for this transaction will be signed by Director Scott as President and Director Herlihey as Secretary.

Mr. Boulter noted that WAPA had agreed to provide the water for landscape improvements on the northern boundary of Crossroads Boulevard. The District has agreed to install the landscape and provide ongoing maintenance. This project will be added to the list of capital projects when developing future budgets for the District.

CONSTRUCTION

MANAGER'S REPORT

Mr. Dwayne Walker, Empire Management, complimented Mr. Boulter for his efforts in the completion of Phase 1 of Chapungu Sculpture Park. Mr. Shannon also recognized Director Perry for establishing the relationship with the artists, working with team members on design efforts and working with GLIC.

Mr. Walker reported Centerra Parkway north is progressing well. Asphalt is being installed and there is a ribbon cutting scheduled for November 2nd.

Regarding landscape maintenance, Mr. Walker reported that they were meeting with ValleyCrest on a weekly basis. Parcel 102 landscaping is complete and a final walk thru will take place in the near future. Director Perry noted that when sculpturing the landscaping along I-25 frontage at the Motorplex, Northern Engineering should check for accurate shaping of the berms. The berms should match those installed along the Promenade Shops I-25 frontage. Northern Engineering completed as-built drawings for the east side and should do so for the Motorplex side.

ENGINEER'S REPORT

Mr. Stan Myers, District Engineer, noted that the Interchange Lift Station had received site application approval. The Agreement requires that construction commence by October 6, 2008. The 2008 budget should include construction costs for this project. Grand Station construction will also affect the timeline for work to commence on the Interchange Lift Station. Mr. Myers had stated that he had not heard of any issues with the district retention areas during the recent rainstorms. He noted that outlet structures need to be cleaned out on a regular basis.

PUBLIC

COMMENTS

The Board opened the meeting to Public Comments. Mr. Jeff Barnes stated he had enjoyed working with the Board and team members associated with Centerra Metropolitan District. Upon receiving no further comment, this portion of the meeting was closed.

NEXT MEETING

The Board discussed dates for the September board meeting. The usual date conflicts with the Special District Association (SDA) Annual Meeting. Ms.

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Dowswell will be attending that meeting and the Board was asked for approval of Ms. Dowswell being designated the District Representative for voting purposes as this meeting. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to award the Districts' proxies to Ms. Dowswell for voting at the SDA Conference and to schedule the September special meeting for Tuesday, September 25th at 10:00 am.

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