

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

October 18, 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 the office of McWhinney, 2725 Rocky Mountain Avenue, Suite 200, Loveland, Colorado 80538; at 12:00 Noon Thursday, October 18, 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:

Kim Perry, Vice President
Dan Herlihey, Secretary
Ken Howell, Treasurer
Phil Hodgkinson, Vice President/Assistant Secretary

Directors in Absent and Excused:

Rocky Scott, President

Also in Attendance:

Alan Pogue, Pogue & Early, P.C.
Peggy Dowswell, Pinnacle Consulting Group Inc, District Administrator
Bret Boulter, McWhinney
Christine Harpel, McWhinney
Stan Myers, Northern Engineering
Carla Hawkins, Pinnacle Consulting Group, Inc.
Bonnie Steele, City of Loveland
Wendy Messinger, McWhinney

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CALL TO ORDER

The meeting was called to order by Director Perry, 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 September 25, 2007 meeting were presented. Director Herlihey clarified that the residential district approved by City Council was The Lakes Residential Metropolitan District. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve the minutes of the September 25, 2007 as amended.

PAYABLES

Ms. Dowswell presented the Schedule of Payables as of October 10, 2007 totaling 63,210.00 including checks 3068 & 3069 and October 18, 2007 totaling \$223,081.96 including checks 3070 through 3097. The Board reviewed the payables and upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

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

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Ms. Dowswell presented the Schedule of Cash Status of September 30, 2007 and updated as of October 17, 2007. She also presented and summarized the Finance Report.

MONTHLY PAYMENT CERTIFICATION

Ms. Dowswell noted that it was necessary to submit a Monthly Payment Certificate to American National Bank for September 2007, to fund administrative and operation costs, in the amount of \$55,000. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was

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

BNP QUARTERLY COMPLIANCE CERTIFICATE

Ms. Dowswell presented the BNP Quarterly Compliance Certificate for the 3rd Quarter 2007 for Centerra Metropolitan District No. 1. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve the BNP Quarterly Compliance Certificate for the 3rd Quarter of 2007 and authorize Director Howell to execute the Certificate.

2008 BUDGET

Ms. Dowswell reviewed the 2008 Preliminary Budgets page by page, discussing the General Fund, Debt Fund and the Capital Project Fund Budgets with the Board. The total mill levy for properties within the district is anticipated to be 128 mills. The Board briefly discussed the mill levy revenue and the impact on future bonding capabilities. Mr. Shannon stated that potential capital projects include work along Crossroads Boulevard, Myers 3rd and Kendall Parkway. Total Revenues received are higher than the approved 2007 Budget, therefore; the 2007 Budget will need to be amended at the next meeting. The plan is to adopt the Budgets at the November meeting to allow for the District to certify mill levies by December 15th.

ADVANCE & REIMBURSEMENT AGREEMENTS AND EXTEND PROMISSORY NOTES FOR CAPITAL

Mr. Pogue stated that the Promissory Notes that correspond with the Advance and Reimbursement Agreement for SMP4 Investments Inc, Centerra Properties West, LLC, Rocky Mountain Village II, LLP and Centerra Residential, LLC will need to be

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updated to appropriate funds anticipated for the 2008 Budget. These notes may need to be revised to increase the amount for anticipated capital expenditures for 2008.

BOND ISSUANCE UPDATE

Ms. Dowswell stated efforts on negotiations regarding bonding include defending the revenue stream anticipated by taxes and bond terms. Director Howell noted that the District's goal is to close on the 2007 bonds by year-end.

CONSIDER APPROVAL OF 2ND AMENDMENT TO THE MFA

Mr. Pogue, General Counsel, noted Loveland City Council would consider the MFA 2nd Amendment at their special meeting on October 23, 2007.

MANAGER'S REPORT

Mr. Rich Shannon, District Manager, mentioned that the State of Colorado Storm Water Board continues to feel it is the responsibility of ERS and Centerra Metropolitan District to resolve the issues regarding the storm water project. Mr. Shannon, Mr. Pogue, ERS and the State of Colorado will continue to work together for a resolution. He also thanked everyone for their participation in the Centerra Parkway North ribbon cutting; this was a very successful event.

LEGAL REPORT

Mr. Pogue, General Counsel, requested the Board approve ratification of the Acquisition Agreement and Easement for Pedestrian Access, which includes an obligation for sidewalk maintenance and snow removal along McWhinney Boulevard and Hahns Peak. Upon motion duly made by Director Herlihey and seconded by Director Howell, it was

RESOLVED to ratify the Acquisition Agreement and Easement between Loveland RV Central Group, LLC and Centerra Metropolitan District No. 1.

Mr. Pogue stated the Right of Way Dedication for Centerra Parkway North would be put on hold until the telecommunication easement was resolved. The Title Company has agreed to place an endorsement for the City of Loveland.

Director Herlihey reported that the City Council had approved the Street Light Agreement between the City and the District at their October 2nd meeting.

Mr. Pogue noted that a meeting had been set for mid-November to discuss Chapungu Sculpture Park management agreement terms.

Director Herlihey noted that the City of Loveland had changed the fees on water dedications. The fee was adjusted \$500 per share which will change the value of each share to approximately \$10,900.

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ENGINEER'S REPORT Mr. Stan Myers, District Engineer, noted that Centerra Parkway North was not lit. The street however does have reflective delineators. Mr. Shannon stated that Centerra Properties West budget would include approximately \$25,000 for concrete deconstruction for the west spoke of the roundabout adjacent to Jared's at Sky Pond Drive.

CONSTRUCTION
MANAGER'S REPORT Mr. Bret Boulter thanked Mr. Dwayne Walker, Empire Management, and his team for their efforts in the completion of the Centerra Parkway North.

PUBLIC
COMMENTS The Board opened the meeting to Public Comments. Upon receiving no further comment, this portion of the meeting was closed.

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