

RECORD OF PROCEEDINGS

MINUTES OF THE ORGANIZATIONAL MEETING OF

CENTERRA METROPOLITAN DISTRICT NO. 5

HELD

January 15, 2009

The Organizational Meeting of the Board of Directors of the Centerra Metropolitan District No. 5, was open to the public and held at the office of McWhinney, 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, at 12:00 Noon Thursday, January 15, 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 the District.

ATTENDANCE

Directors in Attendance:

Kim Perry, President
Dan Herlihey, Secretary
Joe Knopinski, Vice President & Assistant Secretary
Doug Hill, Treasurer & Assistant Secretary
Phil Hodgkinson, Assistant Secretary

Directors Absent:

None

Also in Attendance:

Bret Boulter, McWhinney
Jay Hardy, McWhinney
Christine Harpel, 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

CALL TO ORDER

The Organizational Meeting of the Board of Directors of the Centerra Metropolitan District No. 5 was called to order at 2:32 p.m. by Director Perry, noting that a quorum was present. Each of the Directors confirmed their qualifications to serve on the Board. Director Perry also confirmed that prior to the meeting each of the Directors had been notified of the meeting.

MEETING NOTICE

Pinnacle Consulting Group, Inc. reported that Notice of the Organizational Board Meeting had been properly posted within the District's boundary, and that Notice was sent to the Larimer County Clerk and Recorder for posting on the bulletin board. The notice also included the agenda items.

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APPOINTMENT OF OFFICERS

The Board then turned to the issue of electing Officers for the District. Upon motion duly made by Director Hodgkinson and seconded by Director Herlihey, it was unanimously

RESOLVED to elect the following slate of officers:

President	Kim Perry
Secretary	Dan Herlihey
Vice President & Assistant Secretary	Joe Knopinski
Treasurer & Assistant Secretary	Doug Hill
Assistant Secretary	Phil Hodgkinson

CONFLICT OF INTEREST DISCLOSURES

Mr. Pogue discussed the law relating to conflicts of interest. Mr. Pogue indicated that appropriate forms of disclosure had previously been sent to and completed by each of the Directors. 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.

DISTRICT ORGANIZATION AND OATHS OF OFFICE

Mr. Pogue reported that the Findings, Orders and Decrees creating the District were entered by the Larimer County District Court; and certified copies of such Decrees have been recorded with the Larimer County Clerk and Recorder, and filed with the Division of Local Government and Larimer County Assessor. He also noted that the Oaths of Office and director bonds for the District and the Board had been completed and properly filed with the District Court and Division of Local Government.

APPROVAL OF AGENDA

The Board reviewed the agenda and approved the agenda without changes.

AFFIDAVITS OF QUALIFICATION

Mr. Pogue presented the Affidavits of Qualification of Director forms for review and execution by the Board members of the District. Each member executed a form in the appropriate manner indicating their qualifications to serve on the Board of Directors for the District.

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ORGANIZATIONAL RESOLUTION

Mr. Pogue reviewed the Organizational Resolution with the Board. Upon motion duly made by Director Hodgkinson and seconded by Director Herlihey, it was unanimously

RESOLVED to adopt the Organizational Resolution for Centerra Metropolitan District No. 5.

REGULAR MEETINGS AND MEETING LOCATION

The Board determined to hold regular meetings on the third Thursday of each month at 12:00 p.m. Unless otherwise specified, all regular and special meetings will be conducted at the office of McWhinney, 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, which is located within the same county as the District and within 20 miles of the boundaries of the District.

DESIGNATED POSTING LOCATIONS

Mr. Pogue noted that it is necessary to adopt for the District, at the first meeting of each year, a Resolution identifying a "Designated Posting Place" for the 24-hour agenda notices. Upon motion duly made, seconded and unanimously carried, the Board approved the following locations as the "Designated Posting Place" for the District and adopted the Posting Location Resolution and incorporated herein by this reference:

Posting Location 1: Within 500 feet +/- of the NW corner of Rocky Mountain Avenue and East 37th Street.

Posting Location 2: NE corner of 37th Street and Boyd Lake Avenue.

Posting Location 3: NE side of Boyd Lake Avenue and NW corner of parcel.

INDEMNIFICATION RESOLUTION

Mr. Pogue presented the Indemnification Resolution for Directors and Employees of Centerra Metropolitan District No. 5. Upon motion duly made by Director Hodgkinson and seconded by Director Hill, it was unanimously

RESOLVED to adopt the Indemnification Resolutions for Centerra Metropolitan District No. 5.

FINANCIAL MATTERS

Mr. Pogue reported that the Federal Employer Identification Number (FEIN), the Colorado State Tax Exemption Numbers, and the Public Deposit Protection Act Numbers (PDPA) would need to be assigned for the District by the Federal Department of Treasury, the Colorado Tax Division, and the Colorado Department of Regulatory Agencies' Division of Banking, respectively. Upon motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

RESOLVED to authorize Director Perry, as President, to sign the applications for the FEIN and Sales Tax Exemption forms and to have Icenogle, Norton, Smith, Gilida & Pogue, P.C. file these with the appropriate parties and to apply for the PDPA Numbers on behalf of the District.

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2008 BUDGET HEARING AND ADOPTION OF RESOLUTIONS

Director Perry opened the 2008 Budget Hearing to the public. Mr. Pogue reported that notice of the hearing had been published in accordance with state budget law. There being no public input, the public hearing portion of the budget was closed. Ms. Dowswell presented the Board of Directors with the proposed budget for 2008. Ms. Dowswell noted that the budget for District No. 5 was zero. District No. 5's 2008 budget detailed \$0 in total general fund expenditures and \$0 in capital expenditures. Upon motion duly made by Director Hill and seconded by Director Hodgkinson, it was unanimously

RESOLVED, for the District, to approve the Resolution to Adopt the 2008 Budget and to approve all other documents related to the 2008 budget.

2009 BUDGET HEARING AND ADOPTION OF RESOLUTIONS

Director Perry opened the 2009 Budget Hearing to the public. Mr. Pogue reported that notice of the hearing had been published in accordance with state budget law. There being no public input, the public hearing portion of the budget was closed. Ms. Dowswell reviewed the budget and answered questions from the Board.

District No. 5
Mill levy is 0.00 mills.
General Fund Expenditures: \$100,000

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

RESOLVED, for the District, to approve the Resolution to Adopt the 2009 Budget and approve all other documents related to the 2009 budget.

2008 AUDIT EXEMPTION APPLICATIONS

Ms. Dowswell noted to the Board that a 2008 Audit Exemption Application would need to be prepared. Upon motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

RESOLVED, to approve the preparation of the 2008 Audit Exemption Application.

INSURANCE COVERAGE

Mr. Pogue reported that the District needs to bind insurance coverage for Public Official's Liability and General Liability. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

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RESOLVED to approve action to obtain the Directors' and Treasurer's Bonds for the district and to file them with the District Court and Division of Local Government as required by law.

Mr. Pogue presented the SDA Insurance IGA and Resolution. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson and unanimously carried, it was

RESOLVED to adopt the SDA Insurance IGA and Resolution and to have Pinnacle Consulting Group, Inc. coordinate the application, resolution and Intergovernmental Agreement execution and filing of appropriate forms and filings with the Special District Association to obtain district membership for the district as required to obtain insurance coverage through the Special District Association insurance pool; and it was

FURTHER RESOLVED, to have Pinnacle Consulting Group, Inc. request coverage for the General Liability coverage through Flood & Peterson who will bind coverage through the Special District Insurance Pool.

WORKER'S COMPENSATION RESOLUTION

Mr. Pogue noted that the Division of Local Government as well as the insurance pool is requiring that a Resolution to Exclude from Worker's Compensation if the Board elects not to have worker's compensation as a board member. Upon motion duly made by Director Knopinski and seconded by Director Herlihey, and unanimously carried, it was

RESOLVED to approve the Resolution to Exclude from Worker's Compensation and the State of Colorado Worker's Compensation Exclusion form and direct Icenogle, Norton, Smith, Gilida & Pogue, P.C. to file them with the appropriate parties.

APPOINTMENT OF CONSULTANTS

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

RESOLVED to approve the engagement of Icenogle, Norton, Smith, Gilida & Pogue, P.C. as general counsel to the District and approve the engagement of Pinnacle Consulting Group Inc. as accountant, manager and administrator and Northern Engineering as district engineer for the District.

LEGAL REPORT

Record Retention and Inspection Policy:

Mr. Pogue presented for the Board's consideration the Records Retention and Inspection Policy Resolution. Upon motion duly made by Director Knopinski and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the Records Retention and Inspection Policy Resolution.

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Identity Theft Prevention Policy:

Mr. Pogue presented for the Board's consideration and approval the Identity Theft Prevention Policy and Identity Theft Prevention Program Procedures. Upon motion duly made by Director Knopinski and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the Identity Theft Prevention Policy and Identity Theft Prevention Program Procedures and to approve Mr. Shannon as the FACT Officer.

Amended and Restated Service Plan:

Mr. Pogue advised the Board that an Amended and Restated Service Plan must be approved by Loveland City Council before the District could exercise all of its authorized powers. The Board directed Mr. Pogue and Pinnacle Consulting Group, Inc. to proceed with the submittal of the Amended and Restated Service Plan.

Discussion of Master Financing Agreement with Centerra Metropolitan District No. 1:

Mr. Pogue advised the Board that an amendment to the Centerra Master Financing Agreement should be processed with all partners to the MFA to bring the District under the terms of the MFA. The Board directed Mr. Pogue and Pinnacle Consulting Group, Inc. to proceed with the amendment and bring back to the Board for formal discussion and approval.

Discussion of Advance and Reimbursement Agreement (Operations & Maintenance):

Mr. Pogue advised the board that following approval of an Amended and Restated Service Plan and MFA Amendment, the District would enter into a long-term operations and maintenance agreement with Centerra Metropolitan District No. 1.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:49 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