

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
May 20, 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, May 20, 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
Jay Hardy, Vice President & Assistant Secretary
Josh Kane, Assistant Secretary/Treasurer
Doug Hill, Treasurer & Assistant Secretary
Tom Hall, Secretary

Also in Attendance:

Jim Niemczyk, McWhinney
Wendy Messinger, McWhinney
Alan Pogue, Icenogle, Norton, Smith, Gilida, & Pogue
Peggy Dowswell, Pinnacle Consulting Group Inc.
Carla Hawkins, Pinnacle Consulting Group Inc.
Rich Shannon, Pinnacle Consulting Group Inc.
Bonnie Steele, City of Loveland
Frank Hempen Jr., City of Loveland (departed meeting at 12:26 p.m.)
Phil Weisbach, SEH (Short Elliott Hendrickson, Inc. (departed meeting at 12:26 p.m.)

CALL TO
ORDER

The meeting was called to order at 12:07 p.m. by Director Kim Perry, President of the Boards, 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, 4, and 5.

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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 Kane and seconded by Director Hall, it was unanimously

RESOLVED to approve the agenda noting that at the end of the meeting there would be an Executives Session for discussion pertaining to the Promenade Shops at Centerra.

APPROVAL OF MINUTES

The minutes of the February 18, 2010 and the March 18, 2010 meetings were presented and reviewed. Upon motion duly made by Director Hardy and seconded by Director Hall, it was unanimously

RESOLVED to approve the Minutes of the February 18, 2010 and March 18, 2010 Meetings, as presented.

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. The rain earlier in the spring has pushed out the completion date of the Crossroad project until mid-August. Regarding expenses, heating the sub grade was the only cost overrun. The road will be closed on June 7th and 8th for pouring of the final asphalt. The Crossroads underpass will be closed June 11-18th. This closure has been coordinated as to not conflict with the major events in the area.

I-25 & HWY 34

Mr. Weisbach noted that the construction schedule had altered slightly due to the rains. Work has commenced on the drain pipes on the ramps. He remarked that he was very happy with the contractors and the progress being made. The change order on the aesthetic improvements has been sent to CDOT for their approval. He mentioned that the team still expects to have the aesthetic improvements completed by Thanksgiving. Mr. Hempen noted CDOT will need to approve the IGA and technical specifications in a timely manner to give enough lead time to design, order and fabricate the bow beam. The pole bases will be poured and coordinate with ramp work towards the end of June or early July. Mr. Wiesbach also reviewed the Construction Budget Summary and the Force Account Budget Summaries on both projects.

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ITEMS FROM THE DISTRICT MANAGER

Chapungu Lighting Contract with Gregory Electric, Inc.

Project Manager, Jim Niemczyk noted the District had contracted with Gregory Electric, Inc. to install additional lighting at Chapungu Park and that the contract was within the anticipated budget for this project. He noted that the District needed to contract with Gregory in a timely manner to allow for enough lead time to order the lights and have the project complete by the first summer event. He mentioned that the lighting installation project is slated to be completed by the end of May. Upon motion duly made by Director Hardy and seconded by Director Kane, it was unanimously

RESOLVED to ratify the Chapungu Lighting Agreement with Gregory Electric Inc. to add additional lighting at the park.

Bond Job Cost/Capital Job Cost Summary Review

Mr. Shannon presented the Bond Job Cost/Capital Job Cost Summary Review to the Board and questions were answered.

Letter to Colorado Conservation Board re: Proposed Flood Plain Regulations

Mr. Shannon noted a letter had been drafted and then signed by President, Kim Perry, on behalf the District noting the District's objection to potential flood plain regulation changes. Upon motion duly made by Director Hardy and seconded by Director Kane, it was unanimously

RESOLVED to ratify the letter to the Colorado Conservation Board regarding opposition to the proposed flood plain regulations.

ITEMS FROM THE FINANCE DIRECTOR

Financial Report and Approval of Payables

Ms. Dowswell presented the Schedule of Payables for April 15, 2010, in the amount of \$917,176.97, including Wells Fargo checks 4148 through 4177 and the Schedule of Payables for May 20, 2010, in the amount of \$613,553.15, including Wells Fargo checks 4178 through 4200. Upon motion duly made by Director Hardy and seconded by Director Hill, it was unanimously

RESOLVED to ratify the April 15, 2010 Schedule of Payables and to approve the May 2010 Schedule of Payables, in the amounts and check numbers noted above.

Ms. Dowswell reviewed the cash positions reports noting that the First National Bank account had been closed. Director Kane also noted that shares had been sold to liquidate funds and put back into the TIF account and the UNB account had a new trustee.

2009 Audit Update

Ms. Dowswell noted that auditors have been in the office doing the field report on the audit. The auditors will need to provide the Board with the draft audit on or before June 30, 2010. The deadline to file the audit is July 31, 2010. Upon motion duly made by Director Hill and seconded by Director Hall, it was unanimously

RESOLVED to select an audit committee comprising of Director Kane, Ms. Dowswell, and Mr. Pogue to review the audit and authorize filing the audit once complete on or before July 31, 2010.

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Ms. Dowswell said that due to the litigation legal expense, additional work on the URA legislation and capital fund projects, the district's 2010 budget will require a an amendment.

ITEMS FROM THE ATTORNEY

Chapungu Park Discussion regarding 2010 Operations/Procedures

Director Hardy updated the Board on the 2010 Operations at Chapungu Park noting there would be no amendments to the current management agreement. The District is continuing to conduct the courtesy patrols. Mr. Pogue noted that the District would need to contract with FLEXX Productions to install and uninstall the canopy on annual basis.

2010 Ballot Initiatives and Updates on Amendment 60 & 61

Mr. Pogue updated the Board on the 2010 Ballot initiatives that would limit the capability of Districts to issue debt. He noted there is a website: www.donthurtcolorado.com that give in depth information on the amendments 60, 61 and Proposition 101. Mr. Pogue suggested the Board consider reviewing and changing the reimbursement and acquisition agreements as a precaution to these initiatives. Also the district may possibly want to borrow additional funds prior to year end.

PUBLIC COMMENTS

The Board opened the meeting to Public Comments. Ms. Steele mentioned that her field work on the audit had been completed and she hoped to present a report to the Board at a future meeting. Upon receiving no further comments, this portion of the meeting was closed.

EXECUTIVE SESSION

Mr. Pogue advised the Board that he would need to discuss pending litigation and restructuring the Letter of Credit provider. Mr. Pogue advised the Board that it was permitted, upon compliance with requisite statutory procedures, for the Board to discuss the pending litigation 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. 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 the pending litigation.

President, Perry reported: "It is May 20, 2010 and the time is 1:10 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, Jay Hardy, Josh Kane, Doug Hill, Tom Hall, Alan Pogue, Peggy Dowswell, and Rich Shannon.

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.

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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 2:08 p.m.

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

The District meeting was reconvened and upon motion duly made by Director Hill and seconded by Director Kane, it was unanimously

RESOLVED to direct Mr. Pogue to work with US Bank and Compass to buy out the Key Bank interest without a termination fee.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:11 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