

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
June 19, 2008

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 regular meeting, open to the public, at the office of McWhinney, 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, at 12:00 Noon Thursday, June 19, 2008. 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
Joe Knopinski, Vice President
Dan Herlihey, Secretary (via phone)
Phil Hodgkinson, Asst. Vice President/Asst. Secretary

Directors Absent:

Vacancy, Treasurer

Also in Attendance:

Doug Hill, McWhinney
Bret Boulter, McWhinney
Jim Niemczyk, McWhinney
Christine Harpel, McWhinney
Wendy Messinger, McWhinney
Alan Pogue, Icenogle, Norton, Smith, Blieszner, Gilida, & Pogue
Jason Carroll, Clifton Gunderson LLP
Peggy Dowswell, Pinnacle Consulting Group, Inc.
Rich Shannon, Pinnacle Consulting Group Inc.
Diane Lunt, Pinnacle Consulting Group Inc.
John Tufte, Northern Engineering Services, Inc.
Dwayne Walker, Empire Management, Inc.

CALL TO
ORDER

The meeting was called to order at 12:23 p.m. by Director Knopinski, Vice President of the Board, noting that a quorum was present. The directors in attendance confirmed their qualifications to serve.

RECORD OF PROCEEDINGS

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, legal counsel, 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. Upon motion duly made by Director Hodgkinson, seconded by Director Herlihey, it was unanimously

RESOLVED to approve the agenda without changes.

BOARD MEMBER APPOINTMENT

There is a vacancy due to the resignation of Ken Howell. Mr. Pogue noted that a call for interested candidates was published on Friday, June 6, 2008, in the Loveland Reporter Herald. The District did not receive any additional letters of interest to serve on the Boards. Doug Hill has agreed to serve and is qualified to serve on the Boards. Upon motion duly made by Director Hodgkinson, seconded by Director Herlihey, it was unanimously

RESOLVED to approve the appointment of Doug Hill to serve as on the Boards of District Nos. 1-4 to fill Mr. Howell's term expiring in May 2010.

APPROVAL OF MINUTES

The Minutes of the May 15, 2008 meeting were presented and approved. The Board requested a list of important items approved by the District Manager. Ms. Dowswell noted there were no major contractual or other obligations approved by the District Manager over the last month. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was

RESOLVED to approve the minutes from May 15, 2008, as presented and to ratify representations by the District Manager during the month.

RECORD OF PROCEEDINGS

FINANCIAL REPORT AND APPROVAL OF PAYALBES

Ms. Dowswell presented the Schedule of Payables as of June 19, 2008, in the amount of \$520,978.14 including checks 3310 through 3344. Upon motion duly made by Director Hodgkinson and seconded by Director Hill, it was

RESOLVED to approve the June 19, 2008 Schedule of Payables as noted above, in the amounts and check numbers noted above, subject to approval of the Pinnacle Consulting Group Inc. invoice by Director Perry.

Ms. Dowswell reviewed the "Cash Position" as of May 31, 2008 updated as of June 18, 2008 and answered questions from the Board.

Director Knopinski requested an earlier cut-off date for the submittal of monthly invoices to allow for a longer period of review prior to approval, if possible.

At 12:42 p.m., Director Herlihey ended his attendance of the meeting by phone.

Director Hill inquired about the investment policy for funds with respect to CT-4317-14. Ms. Dowswell will attempt to increase the yield of interest if the available options are allowed by the legal bond parameters and limitations.

At 12:55 p.m., Director Perry joined the meeting.

Mr. Jason Carroll reviewed the 2008 financials through April and answered questions from the Board.

Ms. Dowswell noted that it will be necessary to amend the budgets for District No. 1 due to the 2008 bond issuance and additional operating expenses over the adopted budget.

MONTHLY PAYMENT CERTIFICATION

Ms. Dowswell noted that it was necessary to submit a monthly payment request to the trustee to fund May 2008 administrative and operation costs from the June Payables Schedule, in the amount of \$167,000; although this amount is more than is needed for the month, the addition allows for a reserve for the summer months when expenses will likely be greater than the \$167,000/mo. cap. Upon motion duly made by Director Hodgkinson and seconded by Director Hill, it was

RESOLVED to approve the monthly payment request in the amount noted above and authorize Ms. Dowswell to execute the Certificate.

2007 AUDIT APPROVAL FOR DISTRICT NO. 1

Mr. Jason Carroll reviewed the 2007 Audit for District No. 1 and discussed the audit rules and requirements and requested that the audit be approved in order to be filed by July 31, 2008. Director Knopinski requested the opinion letter from the auditor and that a representative from Jaspers Hall also gives a presentation of the audit at the next Board Meeting scheduled for July 19, 2008. In addition, the Board requested audit approval by legal counsel and by a sub-committee made up of Ms. Dowswell and

RECORD OF PROCEEDINGS

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

RESOLVED to approve the 2007 Audit for District No. 1, subject to presentation of the auditor's opinion and legal and sub-committee approval.

For the 2008 Audit, Ms. Dowswell and Mr. Carroll will strive to complete and present the audit earlier, in May of 2009.

AGREEMENT WITH MRES FOR CHAPUNGU PARK OPERATIONS

Mr. Pogue presented the agreement with MRES for Chapungu Park operations. The Board reviewed the terms of the agreement and requested changes to the scope. The Board discussed an annual cap of \$50,000 to be reviewed on an annual basis. Upon motion duly made by Director Perry and seconded by Director Hill, it was unanimously

RESOLVED to approve the agreement with MRES for Chapungu Park operations, subject to finalization of the scope by Directors Perry and Hodgkinson.

PINNACLE AGREEMENT

Ms. Dowswell presented the Pinnacle Consulting Group Inc. Agreement. The Board reviewed the agreement and asked for a list of various entities performing maintenance. Upon motion duly made by Director Hodgkinson and seconded by Director Knopinski, it was unanimously

RESOLVED to approve the Pinnacle Consulting Group Inc. agreement.

MRES AGREEMENT

Mr. Pogue presented the amended MRES Agreement. The Board reviewed the agreement and decided that a cap of \$300,000 was appropriate for the remainder of the year. However, Mr. Boulter noted that there may be revisions to the final scope. Upon motion duly made by Director Perry seconded by Director Knopinski, it was unanimously

RESOLVED to approve the MRES Agreement, subject to final approval of the scope by Director Perry.

IPC SECURITY SERVICE AGREEMENT

Ms. Dowswell presented the IPC Security Services Agreement. The Board discussed the security needs of Chapungu Park. The Board authorized Director Hodgkinson to obtain additional security service quotes and postponed consideration of the IPC Security Services Agreement.

The Board noted McWhinney has offered a \$7500 reward to find and arrest the parties involved in the recent Chapungu Park vandalism. The Board felt the publicized reward was adequate and that the District should put its efforts toward enhanced security. As an additional step, the Board directed district management to increase patrols and monitoring of the park.

RECORD OF PROCEEDINGS

LEGAL REPORT

Mr. Pogue noted the Board had previously accepted the roadway asset and costs for Centerra Parkway North. He requested the Board accept the road only and revoke its acceptance of \$6.3 million in costs, due to the fact that the costs were paid by the RSF Corporation. Therefore, the District has no financial obligation for the cost of constructing the road north of the railroad. Upon motion duly made by Director Hill seconded by Director Hodgkinson, it was unanimously

RESOLVED to revoke prior approval of the Centerra Parkway North costs of \$6.3 million.

ENGINEER'S REPORT

Mr. John Tufte, District Engineer, noted that a presentation of the GIS results and capabilities had been made to the District Manager and McWhinney, per the Board's direction.

OTHER MATTERS

Mr. Bret Boulter noted that Roy Guthrie would sign the Chapungu Park operating agreement, and that Roy felt the park could be utilized at a greater level.

PUBLIC COMMENTS

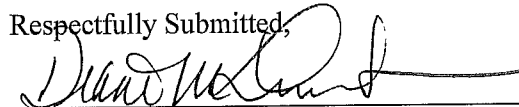
The Board opened the meeting to Public Comments. Upon receiving no comment, this portion of the meeting was closed.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:15 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