

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
CENTERRA METROPOLITAN DISTRICT NO. 5

HELD
April 30, 2009

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 special meeting, open to the public, at the office of McWhinney, 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, at 12:00 Noon Thursday, April 30, 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 each District.

ATTENDANCE

Directors in Attendance:

Kim Perry, President
Jay Hardy, Vice President & Assistant Secretary
Dan Herlihey, Secretary
Doug Hill, Treasurer & Assistant Secretary
Phil Hodgkinson, Assistant Secretary

Directors Absent:

Also in Attendance:

Bret Boulter, McWhinney
Wendy Messinger, McWhinney
Christine Harpel, McWhinney
Josh Kane, McWhinney
Celeste Smith, McWhinney
Maggie Carson, 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 Steele, City of Loveland
Kristin Baumgartner, Clifton Gunderson LLP
Pat Hall, Jaspers + Hall, P.C.

RECORD OF PROCEEDINGS

CALL TO ORDER

The meeting was called to order at 12:04 p.m. by Director Perry, President of the Board, 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.

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.

APPROVAL OF AGENDA

The Board reviewed the agenda and decided to add item 7) c. Discuss District Cash Flow, Bonding, and Borrowing. Upon motion duly made by Director Herlihey and seconded by Director Hardy, it was unanimously

RESOLVED to approve the agenda with the addition noted above.

APPROVAL OF MINUTES

The Minutes of the March 19, 2009 meeting were presented and approved, subject to the following revisions:

Located on page 5, section Board Member Comments – the Equalizer Lake heading was revised to read Equalizer Lake Dam Hazard Classification and the first sentence was revised to read “Director Herlihey updated the Board on the decision by the State Engineer to raise the hazard classification on the Equalizer Lake dam from low to high with an estimated five year period to comply with safety improvements to the spillway”.

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

RESOLVED to approve the minutes from March 19, 2009 as presented, subject to the revisions noted above.

RECORD OF PROCEEDINGS

There were no actions or representations of the District by the District Manager that needed ratification since the Board Meeting on March 19, 2009, other than those noted below.

CHAPUNGU SCULPTURE PARK MARKETING PLAN

Celeste Smith, McWhinney, updated the Board on the Chapungu Sculpture Park Marketing Plan. Ms. Smith reviewed the marketing plan with respect to the overall marketing goals and identification of the target audience; bookings and collaboration with local and regional organizations, event planners, and hotels; and the development of a tri-fold brochure and advertisements to attract a variety of events.

2008 AUDIT APPROVALS FOR DISTRICT NO. 1, THE PIF REVENUE ACCOUNT, AND THE PIC CORPORATION

Mr. Pat Hall, Jaspers + Hall, P.C., presented the 2008 Audit for District No. 1, discussed the audit rules and requirements and answered questions from the Board. Mr. Hall also presented the 2008 PIF Revenue Account and the 2008 PIC Corporation audits, noting that they gave a clean audit opinion of all three 2008 audits. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to approve the 2008 Audits for District No. 1, the PIF Revenue Account, and the PIC Corporation, subject to final review by Mr. Pogue.

ITEMS FROM THE FINANCE DIRECTOR

Financial Report and Ratification of Payables

Ms. Dowswell presented the Schedule of Payables for April 16, 2009, in the amount of \$1,561,084.21 including checks 3711 through 3744. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to ratify the Schedule of Payables for April 16, 2009, in the amounts and check numbers noted above.

Ms. Dowswell presented the Cash Position as of March 31, 2009, and updated as of April 14, 2009, and answered questions from the Board.

Ms. Dowswell presented the Actual vs. Budgeted Expenditures with variances thru March 31, 2009, and with adopted and projected 2009 budgets.

Mr. Shannon discussed the expenditures that have been paid from the O&M Contingency (General Contingency), which is tracked on the Actual vs. Budgeted report.

RECORD OF PROCEEDINGS

1st Quarter 2009 Compass Quarterly Report

Ms. Dowswell presented the 1st Quarter 2009 Compass Quarterly Report for Centerra Metropolitan District No. 1. Upon motion duly made by Director Hodgkinson and seconded by Director Herlihey, it was unanimously

RESOLVED to ratify the 1st Quarter 2009 Compass Quarterly Report.

Discuss District Cash Flow, Bonding, and Borrowing

Director Hill asked Pinnacle Consulting Group, Inc. to prepare on a monthly rolling basis a "total cash-flow forecast" to include a two year projection. Director Hill opened discussion of the District borrowing funds to repay the Developer (SMP4 and Centerra Properties West, LLC). Further discussion identified products to be brought back to the Board such as: debt criteria, and hypothetical categories and availability. Upon motion duly made by Director Hill and seconded by Director Hodgkinson, it was unanimously

RESOLVED to direct staff to return to the Board with possible funding products and funding availability as noted above.

ITEMS FROM THE DISTRICT MANAGER

Combined updates on the I-25 and Crossroads / I-25 and US 34 Interchange Projects

Mr. Shannon updated the Board on the status of the I-25 and Crossroads Interchange Project and noted the project is projected to be out to bid on May 22, 2009, it would be opened on June 12, 2009, and it would be awarded on July 7, 2009. In addition, Mr. Shannon noted the I-25 and US 34 bid process was generally one to two months behind that of the Crossroads bid process. Mr. Shannon outlined the bid process including standard practices for handling public information and public relations throughout the duration of both projects. Due to concerns about the possibility of additional funding needs, the Board has asked for further discussions with the City of Loveland to identify additional funding sources in the event the bids are higher than estimated or the change orders exceed the budgeted amounts. Director Hardy will represent the Board during further discussions with the City of Loveland.

Status of Reimbursement for Original URA Formation Costs and Flex URA Costs

Mr. Shannon postponed discussion of reimbursement for Original URA Formation Costs and Flex URA Costs until a later date.

IPC International Corporation Service Agreement for Security Services in the Chapungu Sculpture Park

Mr. Shannon presented for the Board's approval the 2009 IPC International Corporation Service Agreement for security services in the Chapungu Sculpture Park in the amount of \$105 per week. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RECORD OF PROCEEDINGS

RESOLVED to approve the 2009 IPC International Corporation Service Agreement for security services in the Chapungu Sculpture Park in the amount of \$105 per week.

Gregory Electric, Inc. Service Agreement

Mr. Shannon presented for the Board's approval the 2009 Gregory Electric, Inc. Service Agreement in an amount not to exceed \$2,000 per month without prior written approval from the District. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to approve the 2009 Gregory Electric, Inc. Service Agreement in an amount not to exceed \$2,000 per month without prior written approval from the District.

Bath, Inc. Agreement for the Landscape and Irrigation Installation at Parcel 412

Mr. Shannon presented for the Board's ratification the 2009 Bath, Inc. Service Agreement for landscape and irrigation installed at the ROW NW and SW sides of Parcel 412 adjacent to Rocky Mountain Avenue and UPRR in the amount of \$22,784. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to ratify the 2009 Bath, Inc. Service Agreement for landscape and irrigation installed at the ROW NW and SW sides of Parcel 412 adjacent to Rocky Mountain Avenue and UPRR in the amount of \$22,784.

DOHN Construction, Inc. Service Agreement for the Force Main at Parcel 503

Mr. Shannon presented for the Board's ratification the 2009 DOHN Construction, Inc. Service Agreement for the installation of a force main at Parcel 503 in the amount of \$31,309. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to ratify the 2009 DOHN Construction, Inc. Service Agreement for the installation of a force main at Parcel 503 in the amount of \$31,309.

McWhinney Real Estate Services Agreement for Storage of Sculpture Molds and the Chapungu Sculpture Park Canopy

Mr. Shannon presented for the Board's ratification the 2009 McWhinney Real Estate Services Agreement for storage of sculpture molds and the Chapungu Sculpture Park canopy in the amount of \$1,575. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to ratify the 2009 McWhinney Real Estate Services Agreement for storage of sculpture molds and the Chapungu Sculpture Park canopy in the amount of \$1,575.

RECORD OF PROCEEDINGS

Signing Authority for District Manager and Project Managers

The Board asked to have additional language added to the District's financial policies detailing the signing authority for the District Manager and Project Managers with respect to contracts and agreements. Mr. Pogue and Mr. Shannon will bring language recommendations to the next Board meeting.

Transfer of CE-3B-05 LAND Developer Advance (SMP4) Expense to the District

Mr. Shannon noted the District would assume the balance of the financing from the Developer for the cost of the remaining warranty maintenance and final acceptance expenses for the landscape and irrigation installation for the CE-3B-05 LAND project, in the approximate amount of \$13,500.

LEGAL REPORT

Discuss Telecom Conduit

Mr. Pogue updated the Board on discussions with the City Attorney related to the District's conduits located within certain public utility easements located adjacent to City rights-of-way. Mr. Pogue advised that the initial research and discussions reflect that the public utility easements are not exclusive to the City, and the District can seek additional easement rights from the underlying property owners. Mr. Pogue also advised that the City Attorney believes the City can grant a revocable license to the District for those areas where the District's conduits cross a City right-of-way. Mr. Pogue was directed to continue discussions with the City Attorney and to update the Board as to the specific terms of the proposed revocable licenses.

Discuss Repayment to the PIC

Mr. Pogue presented for the Board's consideration repayment of funds to the PIC from the District with respect to the \$1.145 million PIC transfer to the District for the I-25 and Crossroads Interchange Project payment. The District agrees to repay the funds provided that the I-25 and Crossroads Interchange Project is brought into the URA area and provided that District cash flow is available. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

RESOLVED to approve the District's repayment of \$1.145 million to the PIC once the I-25 and Crossroads Interchange Project is brought into the URA area and once District cash flow is available.

Consider Amending and Restating the MFA

Mr. Pogue presented for the Board's consideration amending and restating the MFA to bring the first four amendments into one document and making clear the District's Regional Improvement commitment was complete. Mr. Pogue was given direction from the Board to move forward with this project.

RECORD OF PROCEEDINGS

Discuss Amendment 54

Mr. Pogue restated for the Board's consideration the Amendment 54 guidelines with respect to sole source contracts and political contributions.

Rescind Approval of Fifth Amendment to the MFA

Mr. Pogue acknowledged that the Fifth Amendment to the MFA had been withdrawn including the Board's prior approval on March 19, 2009. Upon motion duly made by Director Herlihey and seconded by Director Hardy, it was unanimously

RESOLVED to approve the withdrawal of the Fifth Amendment to the MFA and the prior Board approval.

Consider Amendment to CPW and SMP4 Reimbursement Agreements

Mr. Pogue presented for the Board's consideration the current CPW and SMP4 Reimbursement Agreements with the District. The Board discussed the payment approval process, changing from simple interest to compound interest on the advances, and the remaining projects for 2009. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

RESOLVED to amend and restate the CPW and SMP4 Reimbursement Agreements with the District as of May 1, 2009, with a revised cap, compound interest, and a list of remaining projects for 2009 all of which will be brought back to the Board.

PUBLIC COMMENTS

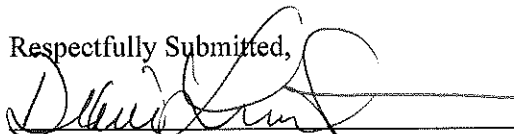
Ms. Steele updated the Board on the status of the 2008 City of Loveland audit of District No. 1. Ms. Steele plans to present the audit at the next Board Meeting.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 3:02 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