

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
March 17, 2011

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, March 17, 2011. 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
Tom Hall, Secretary
Doug Hill, Treasurer & Assistant Secretary
Josh Kane, Assistant Secretary/Treasurer

Also in Attendance:

Jim Niemczyk, McWhinney
Wendy Messinger, McWhinney
Alan Pogue, Icenogle, Seaver & Pogue, P.C.
Peggy Dowswell, Pinnacle Consulting Group, Inc.
Carla Hawkins, Pinnacle Consulting Group, Inc.
Brendan Campbell, Pinnacle Consulting Group, Inc.
Bonnie Steele, City of Loveland
Jonathan Heroux, Piper Jaffray & Co.
Tom Lafleur, Piper Jaffray & Co.
Jonnie Westerop, Boyd Lake Shores – 3611 Yaupon Pl, Loveland, CO
Sherry Ankrum, Boyd Lake Shores – 3612 Yellow Pine Pl, Loveland, CO

CALL TO
ORDER

The meeting was called to order at 12:05 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

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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.

AGENDA

The Board reviewed the agenda. Upon motion duly made by Director Kane and seconded by Director Hardy, it was unanimously

RESOLVED to approve the agenda moving bond discussion to the executive session part of the meeting.

APPROVAL OF MINUTES

The Minutes of the February 17, 2011 regular meeting were presented. Upon motion duly made by Director Hardy and seconded by Director Kane, it was unanimously

RESOLVED to approve the minutes from the February 17, 2011 regular meeting as presented.

There were no actions or representations of the District by the District Manager to ratify since the last Board Meeting.

I-25 INTERCHANGE UPDATES I-25 & US 34

Mr. Phil Weisbach, SEH, submitted the 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. Mr. Niemczyk, project manager, gave a brief update. The Loveland lettering has been installed on the monument sign and electrical wiring has been installed. Landscape improvements are anticipated to begin the second week of April. Total expenses are estimated to be \$288,000 under budget. These regional funds can be released once the project is substantial complete. The warranty period on the Crossroad project will be up in September. Substantial completion for the I 25/US 34 project is anticipated in July.

SAVANNA PARCEL (#222)

Mr. Niemczyk noted that Northern Engineering and Empire were completing the pre-bid services for the Savanna parcel project. It is anticipated that the construction contract could be awarded in April.

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ITEMS FROM
THE DISTRICT
MANAGER

Motorplex Entry Addition/Public Hearing

Notice was received that the planning commission's annexation public hearing is scheduled for 6:30 p.m. on March 28, 2011 and the City Council meeting will be on May 3, 2011 at 6:30 p.m.

Chapungu Park

Ms. Hawkins noted that Directors Hardy & Perry, district manager, Mr. Shannon, and she met with Ms. Mushore and Mr. Guthrie regarding Chapungu Park operations. Ms. Mushore agreed to provide additional information on programs provided by Chapungu Heritage Trust over the past several years.

ITEMS FROM THE
FINANCE DIRECTOR

Financial Report and Approval of Payables

Ms. Dowswell presented for ratification the Schedule of Payables from March 16, 2011, in the amount of \$369,145.11, including checks 4453 through 4492. Ms. Dowswell stated that the IRS and State are requiring the district to pay FICA and Medicare taxes on director fee income for 2009 and 2010 calendar years. Upon motion duly made by Director Kane and seconded by Director Hall, it was unanimously

RESOLVED to ratify the March 16, 2011 Schedule of Payables, in the amounts and check numbers noted above.

Ms. Dowswell presented the Cash Position as of February 28, 2011, and updated as of March 17, 2011. She also presented the financial statements as of January 31, 2011.

Mr. Campbell reported on the progress of the 2010 Audit for District No. 1. Mr. Hall, Jasper & Hall, and Ms. Steele, City of Loveland started the field work on the audit. Ms. Steele noted that she had finished the field work and was waiting on the annual report and the financial report.

2010 Audit Exemption for District Nos. 2-5

The exemptions have been prepared for the Boards' approval. Upon further discussion and motion duly made by Director Hall and seconded by Director Kane, it was unanimously

RESOLVED to approve the audit exemptions and direct Pinnacle Consulting Group, Inc. to file the 2010 Applications for Audit Exemptions for Districts 2, 3, 4 & 5.

ITEMS FROM THE
ATTORNEY

Exclusion

Mr. Pogue reported that the Board has received a petition for exclusion from the District Nos. 2 and 4 boundaries for Block 1, Lot 3, Outlot B, Rocky Mountain 16th Subdivision (4730 Hahns Peak Dr) for the parcel being planned as a residential project. Director Perry opened the Exclusion Hearing to the public. Hearing no input the public hearing was closed. Upon motion duly made by Director Kane and seconded by Director Hardy, it was unanimously

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RESOLVED to approve the Exclusion contingent on filing the appropriate document with the court just prior to transfer of ownership on this parcel.

BOARD MEMBER
& OTHER COMMENTS

There were no comments made at this time.

PUBLIC COMMENTS

The Board opened the meeting to Public Comments. Upon receiving none, this portion of the meeting was closed.

EXECUTIVE SESSION

Mr. Pogue advised the Board that he would need to discuss the loan term sheet being proposed by US Bank and Compass Bank as well as pending litigation. Mr. Pogue advised the Board that it was permitted, upon compliance with requisite statutory procedures under the Colorado Executive Session Laws, for the Board to discuss a strategy relative to negotiations, pursuant to Section 24-6-402(4)(e), C.R.S. and the pending litigation 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 Perry, seconded by Director Hill, it was unanimously

RESOLVED to convene an Executive Session, pursuant to Sections 24-6-204(4)(e) and 24-6-402(4)(b), C.R.S., for the purpose of receiving legal advice related to strategy relative to the term sheet negotiations and specific legal questions related to pending litigation.

President Perry reported: "It is March 17, 2011 and the time is 12:23 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, Doug Hill, Jay Hardy, Josh Kane, Tom Hall, Jonathan Heroux, Tom Lafleur, Alan Pogue, Peggy Dowswell, Brendan Campbell and Carla Hawkins.

This is an Executive Session for the following purpose:

To receive legal advice on specific legal questions pursuant to Section 24-6-402(4)(e), C.R.S.

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.

Mr. Heroux and Mr. Lafleur left the meeting at 1:40 p.m.

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The second part of the Executive Session was for the following purpose:

To receive legal advice on specific legal questions pursuant to Section 24-6-402(4)(b), C.R.S.

The Executive Session concluded at 1:57 p.m.

Present at Adjournment of the Executive Session: Kim Perry, Doug Hill, Jay Hardy, Josh Kane, Tom Hall, Alan Pogue, Peggy Dowswell, Brendan Campbell and Carla Hawkins.

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.

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

RESOLVED to engage with Piper Jaffary & Company as a financial advisor at a fee not to exceed \$100,000.

The Board was in consensus not to amend the complaint to include recovery of legal fees.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:04 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