

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

HELD

September 25, 2007

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 special meeting, open to the public, at the office of McWhinney, 2725 Rocky Mountain Avenue, Suite 200, Loveland, Colorado 80538; at 10:00 a.m. Tuesday, September 25, 2007. 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:

Rocky Scott, President
Kim Perry, Vice President
Dan Herlihey, Secretary
Ken Howell, Treasurer
Phil Hodgkinson, Vice President/Assistant Secretary

Also in Attendance:

Alan Pogue, Pogue & Early, P.C.
Peggy Dowswell, Pinnacle Consulting Group Inc, District Administrator
Bret Boulter, McWhinney
Christine Harpel, McWhinney
Dwayne Walker, Empire Construction Management
Stan Myers, Northern Engineering
Carla Hawkins, Pinnacle Consulting Group, Inc.
Chad Walker, Pinnacle Consulting Group Inc.
Bonnie Steele, City of Loveland

CALL TO
ORDER

The meeting was called to order by Director Scott, noting that a quorum was present. The directors in attendance confirmed their qualifications to serve. Bonnie Steele, City of Loveland Auditor, was introduced and everyone present introduced themselves.

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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 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 and approved the agenda without changes.

APPROVAL OF MINUTES

The Minutes of the August 16, 2007 meeting were presented. Upon motion duly made by Director Herlihey and seconded by Director Perry, it was unanimously

RESOLVED to approve the minutes of the August 16, 2007 as presented.

PAYABLES

Ms. Dowswell presented the Schedule of Payables as of September 25, 2007 totaling \$625,098.43 including checks 3040 through 3066 and check 3067 totaling \$65,627.63. Director Howell asked for clarification of the Icenogle, Norton, Smith & Blieszner invoice. Mr. Pogue, counsel, noted that these expenses were for the legal services rendered for the RTA. The Board reviewed the payables and upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve the September Schedule of Payables noted above, in the amounts and check numbers noted above.

Ms. Dowswell presented the Schedule of Cash Status of August 31, 2007 and updated as of September 24, 2007 noting Clifton Gunderson had reformatted the

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report. The Board discussed the format and directed Ms. Dowswell to add material variance report, if needed, to the monthly financial report.

MONTHLY PAYMENT CERTIFICATION

Ms. Dowswell noted that it was necessary to submit a Monthly Payment Certificate to American National Bank for August 2007, to fund administrative and operation costs, in the amount of \$80,000. Upon motion duly made by Director Hodgkinson and seconded by Director Perry, it was

RESOLVED to approve the Monthly Payment Certificate in the amount noted above and authorize Director Howell, as Treasurer, to execute the Certificate.

2008 BUDGET

Ms. Dowswell discussed the 2008 Preliminary Budgets. She outlined the budget process and the timeline for adopting the budget. She also noted that the District intends to issue bonds in 2008 for Grand Station public improvements. The preliminary assessed value from Larimer County is higher than previously estimated. The budget will be presented to the Board by October 15th with review at the October board meeting. The plan is to adopt the Budgets at the November meeting to allow for the District to certify mill levies by December 15th.

Director Scott asked whether or not the District had a 25 year projection on income and expenses or a detailed two or three year projected budget. The Board directed that a two/three year projected budget be completed in the future.

BOND ISSUANCE UPDATE

Ms. Dowswell reported that BNP had toured Centerra and met with District and developer representatives. Mr. Chad McWhinney and Mr. Doug Hill gave the initial presentation with Ms. Dowswell and Mr. Shannon following with current status of development and the district revenues. Ms. Dowswell stated that the District's goal is to close on the 2007 bonds in mid-November. The bond terms are currently being negotiated with BNP.

CONSIDER APPROVAL OF 2ND AMENDMENT TO THE MFA

Mr. Pogue, General Counsel, noted the MFA 2nd Amendment had been scheduled for the October 16, 2007 Loveland City Council meeting. Mr. Pogue noted that all of the deal points would be addressed prior to that meeting. These deal points include defining Grand Station as a mix-use village center project, placing certain restrictions on the District's ability to sell parking structures or

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surface parking lots, and obligating the District to make certain additional contributions to the regional fund established by the MFA.

Mr. Pogue and Ms. Dowswell noted they were preparing a district presentation for City of Loveland representatives. The Board encouraged them to meet with City of Loveland representatives and the Council. This is to be scheduled once the new council is in place after the November election.

LEGAL REPORT

Mr. Pogue, General Counsel, reported that the City's Right of Way Ordinance had passed at 2nd Reading on September 18th. It clarified that metropolitan district road projects would be considered public projects, thus requiring utilities to be relocated at the utility providers' cost. Director Scott noted that McWhinney was currently working on a technology plan for Centerra. He suggested that Mr. Pogue meet with City Attorney, John Duval, and that there should be no more dedications until these matters were resolved.

Mr. Pogue presented a Landscape Easement for property being transferred to the District from Centerra Properties West, LLC. Director Herlihey gave a brief summary of the areas being transferred. Upon motion duly made by Director Herlihey and seconded by Director Perry, it was

RESOLVED to ratify the Landscape Easement between Centerra Properties West, LLC and Centerra Metropolitan District No. 1 and authorize Director Scott, as President and Director Herlihey, as Secretary, to execute the Agreement on behalf of the District.

Copies of landscape easements will be distributed to Director Hodgkinson and Mr. Stan Myers for tracking in the property management group and the district engineer, respectively. Mr. Myers is to include this easement on the GIS map.

Director Scott discussed construction of improvements noting that a system should be in place to provide two year maintenance and warranty contracts and these should be discussed with the metropolitan district representatives for operations and maintenance coverage. He suggested that the project manager develop these guidelines to provide a life cycle model for the District.

Mr. Pogue noted that Mr. Hardy had requested a meeting to work out details pertaining to the Chapungu Sculpture Park. The park is to open in the very near future.

The City is continuing discussions to establish a service plan model and adopt an ordinance with regards to metropolitan districts. The board agreed that Mr. Pogue should offer his assistance in developing a model for Loveland.

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Mr. Pogue pointed out that City Council had approved the Lakes Residential Metropolitan District.

The City Council will is scheduled to discuss the Street Light Agreement between the City and the District at the City Council's October 2nd meeting.

CONSTRUCTION

MANAGER'S REPORT

Mr. Dwayne Walker, Empire Management, noted that Chapungu Sculpture Park was 98% complete and he complimented Mr. Boulter for his efforts in the completion of the park. Mr. Walker stated that Centerra Parkway North was also 98% complete with signage and striping still to be done. The official opening and ribbon cutting will be held October 18th. Ms. Dowswell will consult with Mr. Shannon regarding signage depicting that the District paid for this road project.

ENGINEER'S REPORT

Mr. Stan Myers, District Engineer, noted that the GIS mapping project was moving forward. Team members are in an educational mode; identifying tools, budgets and role responsibilities. It was suggested that a sustainability plan be created for district landscaping. Project managers along with the district engineer should identify operating standards and sustainability specifications.

PUBLIC

COMMENTS

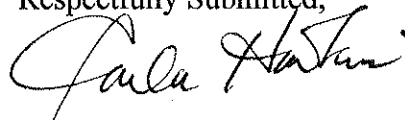
The Board opened the meeting to Public Comments. Upon receiving no further comment, this portion of the meeting was closed.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.

Respectfully Submitted,



Carla Hawkins, Secretary for the Meeting