

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
February 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, February 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
Josh Kane, Assistant Secretary/Treasurer
Tom Hall, Secretary

Directors Absent:

Doug Hill, Treasurer & Assistant Secretary

Also in Attendance:

Jim Niemczyk, McWhinney
Wendy Messinger, McWhinney
Alan Pogue, Icenogle, Seaver & Pogue
Peggy Dowswell, Pinnacle Consulting Group, Inc.
Rich Shannon, Pinnacle Consulting Group Inc.
Carla Hawkins, Pinnacle Consulting Group Inc.
Brendan Campbell, Pinnacle Consulting Group Inc.
Bonnie Steele, City of Loveland
Frank Hempen, City of Loveland (departed meeting at 12:34 p.m.)
Phil Weisbach, SEH (Short Elliott Hendrickson, Inc. (departed meeting at 12:34 p.m.)

CALL TO
ORDER

The meeting was called to order at 12:05 p.m. by Director Kim 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 Hall and seconded by Director Hardy, it was unanimously

RESOLVED to approve the agenda without changes.

APPROVAL OF MINUTES

The Minutes of the December 16, 2010 regular meeting and December 23, 2010 continued 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 December 16, 2010 regular meeting and December 23, 2010 continued 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 & 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. Mr. Weisbach stated they continue to prepare the necessary paper work to get CDOT to approve the project. Retainage is being held and final acceptance was expected in September. Mr. Hempen remarked the I-25 & Crossroad Interchange Improvements Project has been awarded the 2010 Streets and Traffic Medium Community Public Works Project of the Year Award by the Colorado Chapter of the American Public Works Association.

I-25 & HWY 34

The majority of the construction has shutdown until April when weather permits planting of landscape materials. Work on the roadway lights and lanterns are still underway. He stated that the signage lettering has been manufactured and colors selected for the sign background. Electricity should be installed within the next month.

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He noted that the estimated surplus is now anticipated to be approximately \$310,000. The Board thanked Mr. Niemczyk, Mr. Hempen and Mr. Weisbach for their great team work on these two projects.

ITEMS FROM THE DISTRICT MANAGER

Developer Reimbursement Agreement

Mr. Shannon and Mr. Pogue requested the Board consider and approve a Resolution Approving an Amended and Restated Funding and Reimbursement Agreement, to be effective as of February 17, 2011, between Centerra Metropolitan District No. 1 and Centerra Properties West, LLC, to provide funding for the public improvements for Parcel 222 for the fiscal year 2011. Upon motion duly made by Director Hardy and seconded by Director Hall, it was unanimously

RESOLVED to approve the Amended and Restated Resolution Approving the Funding and Advance and Reimbursement Agreement, such agreement to be effective as of February 17, 2011, between Centerra Metropolitan District No. 1 and Centerra Properties West, LLC, and Issuance of Subordinate Promissory Notes as required by the Agreement and in an amount not to exceed \$1.2 million.

Consulting Services for I-25/US 34 Improvements – PKM, Hines and Landscape Construction Observation

Mr. Shannon requested the Board consider approval for the Consulting Services for I-25/US 34 landscape improvements. The consultants include PKM for design services and Hines for irrigation services. The consultant to oversee the landscape construction is yet to be awarded. Upon motion duly made by Director Hardy and seconded by Director Kane, it was unanimously

RESOLVED to approve the PKM and Hines work orders and Landscape Construction Observation work for I-25/US 34 Interchange landscape installation in an amount not to exceed a total of \$20,000.

Consulting Services for Design Services and Bid Document Preparation for the Savannah Project – Northern Engineering and Empire

Mr. Shannon requested the Board consider approval of consulting services for the Savannah project; Northern Engineering for design services, and Empire Management for bid documentation. Upon motion duly made by Director Hardy and seconded by Director Kane, it was unanimously

RESOLVED to approve the Northern Engineering Work Order for an amount not to exceed \$28,000 and the Empire Service Contract for an amount not to exceed \$8,000 for services noted above.

Real Estate Transfer Fees

Mr. Shannon mentioned there is consideration at the Federal and State levels to pass legislation stating that all real estate transfer fees paid must go back to benefit the property.

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City of Loveland

City of Loveland officials have announced that they anticipate a \$3.5 million deficit their general fund beginning in 2012. The City is asking for public input. Mr. Shannon mentioned he had been invited to participate in a group discussion on the budget and some of the participants had made comments on the Centerra development which he thought were based on lack of information.

Bond Issuance Update

Ms. Dowswell and Director Kane gave an update on the progress of the bond issuance. Director Kane stated that a term sheet has been presented by BVAA Compass Bank to supplement US Bank's \$20 million offering to the District. Ms. Dowswell, Mr. Pogue and Director Kane reviewed the US Bank's letter of credit and the Compass Bank tax free loan options. Another possible option is to convert all debt to a \$130 million tax free loan with a maturity date of 5 years. The District would like to close on a bond deal in early April. Upon motion duly made by Director Kane and seconded by Director Hardy, it was unanimously

RESOLVED to direct Ms. Dowswell, Mr. Pogue and Director Kane to pursue the direct tax free loan option.

ITEMS FROM THE FINANCE DIRECTOR

Financial Report and Approval of Payables

Ms. Dowswell presented for ratification the Schedule of Payables from December 17, 2010 through February 14, 2011, in the amount of \$1,388,792.16, including checks 4400 through 4426 and approval of the Schedule of Payables for February 17, 2011, in the amount of \$755,191.80, including checks 4427 through 4452. Upon motion duly made by Director Hardy and seconded by Director Kane, it was unanimously

RESOLVED to ratify the January 2011 Schedule of Payables, and approve the February 2011 Schedule of Payables, in the amounts and check numbers noted above.

Ms. Dowswell presented the Cash Position as of January 31, 2011, updated as of February 17, 2011, and answered questions from the Board. She also presented the financial statements as of December 31, 2010.

2010 Audit Exemption for District Nos. 2-5

Ms. Dowswell noted District Nos. 2-5 qualify for exemption as their total expenditures and/or revenues for the year were less than \$500,000 per district. The exemptions need to be prepared and filed with the State Auditor prior to the March 31st deadline. Upon further discussion and motion duly made by Director Kane and seconded by Director Hardy, it was unanimously

RESOLVED to direct Pinnacle Consulting Group, Inc. to prepare the 2010 Applications for Audit Exemption for Districts 2, 3, 4 and 5.

ITEMS FROM THE ATTORNEY

Exclusion

Mr. Pogue reported that the Board has received a petition for exclusion from the District No. 2 and District No. 4 boundaries for Block 1, Lot 3, Outlot B, Rocky Mountain 16th Subdivision for the parcel being planned for a residential project.

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Director Perry opened the Exclusion Hearing to the public. Upon motion duly made by Director Hardy and seconded by Director Hall, it was unanimously

RESOLVED to continue the Exclusion Hearing to the Regular Board Meeting on March 17, 2011 at noon.

Repeal Identity Theft Prevention and Identity Prevention Program Procedures

Mr. Pogue stated the Federal Trade Commission (FTC) has ruled that the Identity Theft Prevention Policy and Identity Theft Prevention Program Procedures may not be needed as the amended legislation may not apply to special districts. The FTC is working on a clarification statement, which should be available in the coming months. Upon motion duly made by Director Hardy and seconded by Director Hall, it was unanimously

RESOLVED to repeal the Identity Theft Prevention Policy and Identity Theft Prevention Program Procedures that was originally approved in November of 2008 pending release of the FTC's clarification statement.

Public Improvement Fee (PIF)

Mr. Pogue advised the Board on a recently decided Eagle County case concerning the collection of PIF. Mr. Pogue state that the Court's Order compared PIF to Sales taxes. Mr. Pogue stated he would continue to monitor the implications of the case and report back to the Boards with any new developments.

PROJECT MANAGER UPDATES

Mr. Niemczyk stated the Kendall Parkway Traffic Study is in progress with the final findings anticipated by March 31, 2011.

BOARD MEMBER & OTHER COMMENTS

There were no comments made at this time.

PUBLIC COMMENTS

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

EXECUTIVE SESSION

Mr. Pogue advised the Board that he would need to discuss pending litigation. 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 Hardy, seconded by Director Kane, 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 February 17, 2011 and the time is 1:23 p.m. I am the presiding officer of the Regular Meeting of the Board of Directors of the Centerra

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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, Tom Hall, Alan Pogue, Peggy Dowswell, Rich Shannon, Brendan Campbell and Carla Hawkins

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.

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 1:36 p.m.

Present at the Executive Session: Kim Perry, Jay Hardy, Josh Kane, Tom Hall, Alan Pogue, Peggy Dowswell, Rich Shannon, 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.

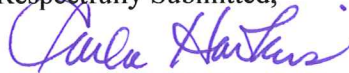
No objections were stated.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:37 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