

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
May 15, 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, May 15, 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
Phil Hodgkinson, Asst. Vice President/Asst. Secretary

Directors Absent:

Vacancy, Treasurer

Also in Attendance:

Bret Boulter, McWhinney
Jim Niemczyk, McWhinney
Christine Harpel, McWhinney
Alan Pogue, Icenogle, Norton, Smith, Blieszner, Gilda, & Pogue
Peggy Dowswell, Pinnacle Consulting Group, Inc.
Brendan Campbell, Pinnacle Consulting Group Inc.
Diane Lunt, Pinnacle Consulting Group Inc.
John Tufte, Northern Engineering Services, Inc.
JP Mangone, Empire Management, Inc.
Bonnie Steele, City of Loveland

CALL TO
ORDER

The meeting was called to order at 12:18 pm 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, 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 Herlihey, seconded by Director Knopinski, it was unanimously

RESOLVED to approve the agenda without changes.

OATHS OF OFFICE & ELECTION OF OFFICERS

Directors Knopinski and Herlihey took their Oaths of Office for each of the Districts. Each of their terms will expire May 2012. The Oaths will be properly filed with Larimer County District Court and Colorado Division of Local Government.

The Board then turned to the issue of electing Officers for the Districts. Upon motion duly made by Director Herlihey, seconded by Director Hodgkinson and unanimously carried, the Officers were elected as follows:

President	Kim Perry
Vice President	Joe Knopinski
Treasurer	Vacancy
Secretary	Dan Herlihey
Asst. Secretary	Phil Hodgkinson

BOARD MEMBER RESIGNATION

The Board acknowledged the February 29, 2008 resignation of Director Ken Howell. Upon motion duly made by Director Hodgkinson seconded by Director Herlihey, it was unanimously

RESOLVED to accept the resignation of Director Ken Howell.

APPROVAL OF MINUTES

The Minutes of the March 19, 2008 meeting were presented and ratified upon the addition of a continued March 20, 2008 meeting time of 12:00 noon (bottom of page 3). The Minutes of the April 17, 2008 meeting were presented and approved upon the correction of "that" to "than" under Monthly Payment Certification (line 2) and the

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removal of "the" before MRES (first line item under District Manager, page 3). The Minutes of the May 2, 2008 meeting were presented and approved upon the correction of "Special" instead of "Regular" in the Minutes heading (top of page 1) and the removal of "in, and Excused" under the Directors Attendance (middle of page 1). Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was

RESOLVED to ratify the minutes from March 19, 2008 as amended, to approve the minutes from April 17, 2008 and May 2, 2008 as amended, and to ratify actions by the District Manager during the month.

PAYABLES

Ms. Dowswell presented the remaining March Schedule of Payables in the amount of \$307,057.48 including checks 3207 and 3208. Ms. Dowswell presented the current Schedule of Payables as of May 15, 2008, in the amount of \$466,163.11 including checks 3281 through 3309. The Board reviewed the payables and upon motion duly made by Director Knopinski and seconded by Director Hodgkinson, it was

RESOLVED to approve the remaining March Schedule of Payables, and to approve the current May Schedule of Payables noted above, in the amounts and check numbers noted above.

Ms. Dowswell also reviewed the "Cash Position" as of April 30, 2008 updated as of May 14, 2008 and answered questions from the Board.

MONTHLY PAYMENT CERTIFICATION

Ms. Dowswell noted that it was necessary to submit a monthly payment request to the trustee to fund April 2008 administrative and operation costs from the May Payables Schedule, in the amount of \$100,000; 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 Herlihey, it was

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

APPROVAL OF CLIFTON GUNDERSON ENGAGEMENT LETTER

Ms. Dowswell presented the 2008 Clifton Gunderson, LLP Professional Services Agreement for Districts Nos. 1-4. Upon motion duly made by Director Herlihey and seconded by Director Knopinski, it was unanimously

RESOLVED to approve the 2008 Clifton Gunderson, LLP Professional Services Agreement for Districts Nos. 1-4 noted above and executed by Director Perry.

RATIFICATION OF 2007 AUDIT EXEMPTIONS

Ms. Dowswell noted the 2007 Audit Exemptions for Districts Nos. 2-4 would need to be ratified. Upon motion duly made by Director Knopinski and seconded by Director Hodgkinson, it was unanimously

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RESOLVED to ratify the 2007 Audit Exemptions for Districts Nos. 2-4.

2007 AUDIT

Ms. Dowswell noted the 2007 Audit for District No. 1 would be presented to the Board upon completion, which is expected in June.

REVIEW OF CAPITAL COSTS

Mr. Pogue informed the Board that there would be no need for the Board of District No. 2 to review the Capital Costs incurred by Centerra Properties West, LLC, in the construction of Centerra Parkway.

DISTRICT MANAGER

Ms. Dowswell noted that a Pinnacle Consulting Group Inc. proposal would be brought to the Board with scope revisions to include the District management role and revisions to the MRES scope would also be brought back to the Board. In addition, Ms. Dowswell noted that Pinnacle's financial duties would be supported by Brendan Campbell, Pinnacle, and the roles for Jim Niemczyk, McWhinney, and Bret Boulter, McWhinney, would continue as project management. Furthermore, Ms. Dowswell noted that contracts would be brought to the Board for security patrol and for MRES management of Chapungu Park.

LEGAL REPORT

Mr. Pogue updated the Board on the status of the proposed Management Plan for the Chapungu Sculpture Park at Centerra. Mr. Pogue advised that he had communicated with legal counsel for Chapungu and was waiting on a response from Chapungu as to its willingness to proceed with the Districts' version of the Management Plan.

Mr. Pogue advised the Board that discussions continue with the City of Loveland and Larimer County concerning a "Flex URA" concept, which would allow additional acreage to be added to the Centerra Urban Renewal Area, while limiting the use of tax increment financing within the expanded Urban Renewal Area such that the total amount of acreage developed with tax increment financing would not exceed the amount of acreage within the original Urban Renewal Area. Mr. Pogue further advised that the boundaries of District No. 2 would be expanded, in the future, to include the Flex URA area, and that a portion of the Flex URA area, which currently is within the boundaries of District No. 3, could be excluded from District No. 3 and included into District No. 2.

Mr. Pogue advised the Board on the status of the Centerra RSF Corporation's bond issue. Mr. Pogue stated that the bonds were expected to close in late May or early June, and that the RSF Corp. was considering using a portion of the proceeds of the bond issue to reimburse Centerra Properties West for costs incurred in the construction of Centerra Parkway. Mr. Pogue stated that if the RSF Corp. did reimburse Centerra Properties West for those costs, District No. 1's acceptance of those costs as a potential developer reimbursement would need to be rescinded. Mr. Pogue advised the Board that he would bring the matter back for additional consideration at the June Board meeting.

Director Herlihey and Mr. Pogue updated the Board on the status of a pending land transfer to Poudre Valley Health Services. Mr. Herlihey described that the transaction

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would include the granting of a landscape easement from PVHS to District No. 1. Mr. Pogue advised that he had prepared the easement documents and they were being reviewed by PVHS. Mr. Pogue and Mr. Herlihey described that the Board should take formal action to accept the granting of the easement from PVHS. Upon motion duly made by Director Hodgkinson and seconded by Director Herlihey, it was unanimously,

RESOLVED to accept the landscape easement from Poudre Valley Health Services.

CONSTRUCTION MANAGER

Mr. JP Mangone, Empire Management, updated the Board on the Myers 3rd (Motorplex) installation of sanitary sewer, discussed the two Chapungu Park ponds that had been drained and are in the process of being lined, and noted that the foundations had been poured for the Chapungu Park bathrooms.

ENGINEER'S REPORT

Mr. John Tufte, District Engineer, is currently working on a GIS project to map and layer District properties and District easements. Ms. Dowswell requested a copy of the GIS results/report. Ms. Carla Hawkins, Pinnacle, is working with Mr. Tufte on utilizing the GIS results to ensure insurance compliance.

Mr. Bret Boulter, McWhinney, discussed the potential for an IGA between the District and the city on regulatory signs. Ms. Dowswell and Mr. Boulter will work on the regulatory sign agreement.

OTHER MATTERS

Mr. Bret Boulter recognized and thanked Ms. Christine Harpel, McWhinney, and Ms. Maggie Carson, McWhinney, for their participation in the very successful MS Walk which was the first event to take place in Chapungu Park.

Directors Perry and Hodgkinson discussed the communications with Macy's regarding use of the public parking area on Macy's lot for events held at Chapungu. Mr. Pogue advised that Macy's predecessor in title, May Companies, had consented to the recording of the public improvement easement on that property. Mr. Pogue advised that the public improvement easement was in the process of being assigned by the developer of the Lifestyle Center to District No. 1.

PUBLIC COMMENTS

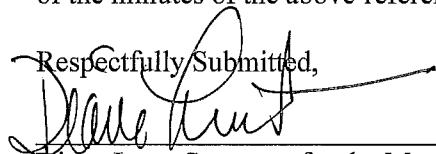
The Board opened the meeting to Public Comments. Upon receiving no comment, this portion of the meeting was closed.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:29 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