

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

July 16, 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 regular meeting, open to the public, at the office of McWhinney, 2725 Rocky Mountain Avenue, Loveland, Colorado 80538, at 12:00 Noon Thursday, July 16, 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
Doug Hill, Treasurer & Assistant Secretary
Jay Hardy, Vice President & Assistant Secretary

Directors Absent:

Dan Herlihey, Secretary (absence excused)
Phil Hodgkinson, Assistant Secretary (absence excused)

Also in Attendance:

Jim Niemczyk, McWhinney
Christine Harpel, McWhinney
Wendy Messinger, McWhinney
Josh Kane, McWhinney
Alan Pogue, Icenogle, Norton, Smith, Gilida, & Pogue
Rich Shannon, Pinnacle Consulting Group, Inc.
Peggy Dowswell, Pinnacle Consulting Group, Inc.
Diane Lunt, Pinnacle Consulting Group, Inc.
Renee Wheeler, City of Loveland
Dave Klockeman, City of Loveland (departed meeting at 12:46 p.m.)

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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 approved the agenda as presented. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

RESOLVED to approve the agenda as presented.

APPROVAL OF MINUTES

The Minutes of the June 18, 2009 meeting were presented and approved. Upon motion duly made by Director Hardy and seconded by Director Hill, it was unanimously

RESOLVED to approve the minutes from June 18, 2009 as presented.

There were no actions or representations of the District by the District Manager that needed ratification since the Board Meeting on June 18, 2009.

ITEMS FROM THE FINANCE DIRECTOR

Financial Report and Ratification and Approval of Payables

Ms. Dowswell presented for approval the Schedule of Payables for July 16, 2009, in the amount of \$ 332,127.30 including checks 3810 through 3844. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

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

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Ms. Dowswell presented the Cash Position as of June 30, 2009, updated as of July 15, 2009, and answered questions from the Board.

Budget Update and Discussion

Ms. Dowswell presented the Actual vs. Budgeted Expenditures with Variances thru May 31, 2009, with adopted and projected 2009 budgets, and answered questions from the Board. Director Perry discussed the need for a thorough review of the 2009 Budget and directed Pinnacle Consulting Group, Inc. to find ways to reduce or eliminate expenses. Savings recommendations will be presented to the Board at the August Board Meeting.

2nd Quarter 2009 Compass Quarterly Report

Ms. Dowswell presented the 2nd Quarter 2009 Compass Quarterly Report for Centerra Metropolitan District No. 1. Upon motion duly made by Director Hardy and seconded by Director Hill, it was unanimously

RESOLVED to ratify the 2nd Quarter 2009 Compass Quarterly Report.

Compass Bank Rating Update

Compass Bank, the District's letter of credit provider on the 2008 bonds, is still awaiting the result of Moody's review and possible downgrade. If their rating is downgraded, it is possible the District's debt service will increase.

ITEMS FROM THE DISTRICT MANAGER

Update on I-25/Crossroads Interchange Project

Mr. Shannon updated the Board on the I-25/Crossroads Interchange Project with respect to ongoing processes, items for approval, and cost estimates. Mr. Klockeman updated the Board on the status of the bid opening and the new project cost of \$6,880,599 up from original estimates of \$6.4 million. The new project cost reflects additional expenses in the amount of \$490,000 which includes the cost of a water tap and construction management expenses for Empire Management, Inc. The additional cost will require a transfer of funds from the I-25/US 34 Interchange Project account to the I-25/Crossroads Interchange Project account. Mr. Shannon noted that the possible presence of micro-fossils at the construction site will require a State of Colorado Paleontologist to be on-site during grading. Mr. Klockeman noted, at this time, the City of Loveland does not think the presence of micro-fossils will pose a big risk to the timeline of the project.

Update on I-25/US 34 Interchange Project

Mr. Klockeman updated the Board on the I-25/US 34 Interchange Project. Mr. Klockeman presented a summary of the direct and indirect costs and noted the requirement to construct Schedule A and the option of constructing Schedules A1, B, and C. The bid process has started with a bid opening planned for mid August. Due to the size of the project, the City of Loveland expects to see the bids coming in with a savings. Project completion is estimated to be by the end of the 2010 construction season.

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MFA Restatement Update

Mr. Pogue updated the Board on the cost of continuing with the MFA Restatement. Mr. Pogue noted continuation of the process with the same scope would cost approximately \$12,000 to \$15,000. The cost to include reimbursement for the original URA formation costs and Flex URA costs would be an additional \$0 to \$3,000. The Board tabled a final decision on continuation of the restatement until after review of the 2009 Budget.

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

Mr. Shannon presented for the Board's consideration his email dated March 10, 2009, summarizing the Reimbursement for Original URA Formation Costs and Flex URA Costs.

District Financial Policies

The Board requested a redistribution of Mr. Shannon's email dated June 11, 2009, regarding District Financial Policies. Mr. Shannon postponed discussion of District Financial Policies until a later date.

Secondary Fiber Network Update

The Board was briefed on the status of the Secondary Fiber Network Project. The project is on schedule and will be jointly managed by Director Hardy and Mr. Niemczyk. The estimated cost for the District is \$99,000. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

RESOLVED to authorize a Board Member to sign the service contract subject to review by Director Hardy and Mr. Pogue.

Ratify/Approve Parcel 503 Chapungu Detention Pond Contracts and Work Orders

Mr. Shannon presented for the Board's ratification the Centerra Metropolitan District No. 1 Contract with Crescent Moon Fine Grading, LLC in the amount of \$13,852 to provide shaping, grading, and storm pipe placement at the detention pond in parcel 503 adjacent to the Chapungu Sculpture Park. Upon motion duly made by Director Hardy and seconded by Director Perry, it was unanimously

RESOLVED to ratify the Centerra Metropolitan District No. 1 contract with Crescent Moon Fine Grading, LLC in the amount of \$13,852 as noted above.

Mr. Shannon presented for the Board's ratification the Centerra Metropolitan District No. 1 Contract with Bath, Inc. in the amount of \$10,000 to provide irrigation installation at the detention pond in parcel 503 adjacent to the Chapungu Sculpture Park. Upon motion duly made by Director Hardy and seconded by Director Perry, it was unanimously

RESOLVED to ratify the Centerra Metropolitan District No. 1 contract with Bath, Inc. in the amount of \$10,000 as noted above.

Mr. Shannon presented for the Board's ratification the Centerra Metropolitan District No. 1 Work Order with Empire Management, Inc. in the amount of \$9,231.34 to provide soft trail installation at the detention pond in parcel 503 adjacent to the

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Chapungu Sculpture Park. Upon motion duly made by Director Hardy and seconded by Director Perry, it was unanimously

RESOLVED to ratify the Centerra Metropolitan District No. 1 Work Order with Empire Management, Inc. in the amount of \$9,231.34 as noted above.

Mr. Shannon presented for the Board's ratification the Centerra Metropolitan District No. 1 Work Order with High Plains Environmental Center in the amount of \$21,516 to provide landscape design and installation at the detention pond in parcel 503 adjacent to the Chapungu Sculpture Park. Upon motion duly made by Director Hardy and seconded by Director Perry, it was unanimously

RESOLVED to ratify the Centerra Metropolitan District No. 1 Work Order with High Plains Environmental Center in the amount of \$21,516 as noted above.

ITEMS FROM THE ATTORNEY

Amended and Restated Funding and Reimbursement Agreement for Centerra Properties West (CPW)

Mr. Pogue postponed discussion of the Amended and Restated Funding and Reimbursement Agreement for Centerra Properties West (CPW) until a later date.

Amended and Restated Funding and Reimbursement Agreement SMP4

Mr. Pogue postponed discussion of the Amended and Restated Funding and Reimbursement Agreement SMP4 until a later date.

Approve Second Amendment to I-25/US 34 Construction IGA

Mr. Pogue presented for the Board's consideration the Second Amendment to the I25/US 34 Construction IGA reducing the I-25/US 34 Interchange Project Construction budget by \$490,000 from 12 million to 11.51 million. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

RESOLVED to approve the Second Amendment to the I25/US 34 Construction IGA in the amounts noted above.

Approve First Amendment to I-25/Crossroads Construction IGA

Mr. Pogue presented for the Board's consideration the First Amendment to the I-25/Crossroads Construction IGA increasing the I-25/Crossroads Interchange Project Construction budget by \$490,000 from 1.3 million to 1.79 million. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

RESOLVED to approve the First Amendment to the I-25/Crossroads Construction IGA in the amounts noted above.

Consideration and Approval of First Supplement to the Master Indenture of Trust and Transfer of Funding from I-25/US 34 Construction Budget to I-25/Crossroads Construction Budget

Mr. Pogue presented for the Board's consideration the First Supplement to the Master Indenture of Trust and Transfer of Funding from I-25/US 34 Construction Budget to I-25/Crossroads Construction Budget. Upon motion duly made by Director Hill and seconded by Director Hardy, it was unanimously

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RESOLVED to approve the First Supplement to the Master Indenture of Trust and Transfer of Funding from I-25/US 34 Construction Budget to I-25/Crossroads Construction Budget as noted above.

ITEMS FROM THE
PROJECT MANAGER

Mr. Niemczyk updated the Board on the Supplemental Environmental Program Completion Report completed by Centerra Properties West (CPW) and the High Plains Environmental Center which CPW submitted to the State of Colorado Department of Public Health and Environment Water Quality Control Division, in compliance with a 2008 Consent Order related to storm water violations dating back to 2005 on property that is now within the Centerra Metropolitan District. Mr. Niemczyk noted the report was well received by the State, and he expects to receive a Division letter acknowledging compliance with all provisions of the Compliance Order on Consent Number: SC-080520-1.

BOARD MEMBER
COMMENTS

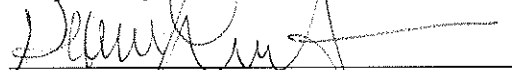
Director Hardy updated the Board on staffing changes and the transfer of responsibilities within McWhinney. The Board discussed Board Member replacement and the potential reduction of Board Meetings from every month to every other month.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:47 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