

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

November 16, 2006

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 Enterprises, 2725 Rocky Mountain Ave., Suite 200, Loveland, Colorado 80538; at 12:00 noon Thursday, November 16, 2006. 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
Ken Howell, Treasurer
Dan Herlihey, Secretary
Phil Hodgkinson, Asst Vice President/Secretary

Absent and Excused

Kim Perry, Vice President/Acting President

Also in Attendance:

Alan Pogue, Pogue, Corbetta & O'Leary, General Counsel
Rich Shannon, McWhinney Enterprises, District Manager
Peggy Dowswell, District Administrator
Bret Boulter, McWhinney Enterprises
Sylvester Mabry, McWhinney Enterprises
Brandi Curtis, City of Loveland
Jon Erickson, Empire Construction Management
Stan Myers, Northern Engineering Service, Inc.
Carla Hawkins, Pinnacle Consulting Group, Inc.

CALL TO
ORDER

The meeting was called to order by Director Howell, noting that a quorum was present. The directors in attendance confirmed their qualifications to serve.

CHANGE OF LOCATION
FOR MEETING

Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

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RESOLVED to move the location of the meeting to The Gates Conference Room on the 4th Floor of the Rangeview One Building.

CALL TO ORDER

After a brief recess to change the meeting location, the meeting was called to order by Director Scott, 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, and 4.

CONFLICT OF INTEREST DISCLOSURE

Mr. Pogue noted that conflicts of interest for all Board Members have been filed with the Secretary of State at least 72 hours prior to this meeting, 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 Districts.

ELECTION OF OFFICERS

The Board discussed electing a President and Chairman of the Board due to the resignation of the former President and Chairman, Doug Hill. Upon motion duly made by Director Howell and seconded by Director Hodgkinson, it was unanimously

RESOLVED to elect Director Scott as the President and Chairman of the Board.

AGENDA

The Board reviewed the agenda and approved the agenda without changes.

APPROVAL OF MINUTES

The Minutes of the October 19, 2006 and October 26, 2006 meetings were presented and reviewed by the Board. Upon motion duly made by Director Howell, seconded by Director Herlihey, it was unanimously

RESOLVED to approve the minutes of the October 19, 2006 and October 26, 2006 meetings as presented.

PAYABLES

Ms. Dowswell presented the Schedule of Payables as of October 26, 2006 totaling \$195,946.11 including check nos. 1994 through 1996 and November 16, 2006 totaling \$780,930.95 including check nos. 1997 through 2030. The Board reviewed the payables and upon motion duly made by Director Howell, seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve the Schedules of Payables for October 26, 2006 and November 16, 2006 in the amounts, and check numbers noted above.

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Ms. Dowswell presented District No. 1's Financial Statements and the Collateral Revenue Fund – PIF Revenue Account Financial Statements as of September 30, 2006, as prepared by Clifton Gunderson LLP for the Board's review.

MONTHLY PAYMENT CERTIFICATION

Ms. Dowswell noted that it was necessary to submit a Monthly Payment Certificate to American National Bank for August – November 2006, to fund administrative and operation costs in the amount of \$100,000.00. Upon motion duly made by Director Howell, and seconded by Director Herlihey, it was

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

2006 AMENDED BUDGET HEARING & ADOPTION OF RESOLUTIONS

Director Scott opened the 2006 Amended Budget Hearing for District No. 2 to the public. Mr. Pogue reported that notice of the hearing had been published in accordance with state budget law. There being no public input, the public hearing portion of the budget was closed. Ms. Dowswell explained that the 2006 Budget needed to be amended to reflect additional revenue being received for specific ownership tax. The Board discussed the budget and upon motion duly made by Director Howell and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve the Resolutions to Adopt the Amended 2006 Budget and Appropriate budgeted funds, and approve all other documents related to the 2006 budget, which are attached hereto for the record.

2007 BUDGET HEARING & ADOPTION OF RESOLUTIONS

Director Scott opened the 2007 Budget Hearing to the public. Mr. Pogue reported that notice of the hearing had been published in accordance with state budget law. There being no public input, the public hearing portion of the budget was closed. Mr. Shannon, district manager, and Ms. Dowswell reviewed the budget in detail with the Board. The Budget for District No. 2 is based on a mill levy of 35 mills. Districts No. 1, No. 3, and No. 4 are based on a mill levy of zero mills each. District No. 1 as the Service District, is funded by Service Fees from District 2, investment income, developer advances, bond proceeds, URA Revenues, and PIF Revenues. The Board discussed the budgets and upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED, for District Nos. 1-4, to approve the Resolutions to Adopt the 2007 Budgets, Set the Mill Levies and Appropriate budgeted funds, and approve all other documents related to the 2007 budget, which are attached hereto for the record.

ADVANCE & REIMBURSEMENT AGREEMENTS AND

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EXTEND PROMISSORY NOTES

Mr. Pogue stated that there was a need to extend the Promissory Notes that correspond with the Advance and Reimbursement Agreement for SMP4 Investments Inc, Centerra Properties West, LLC, Rocky Mountain Village II, LLP and Centerra Residential, LLC. Mr. Pogue discussed the Advance and Reimbursement Agreement with Rocky Mountain Village II, LLP with the Board noting that it may need to be revised to increase the amount for anticipated capital expenditures for 2007. The Board determined to take no action at this time. Upon motion duly made by Director Herlihey and seconded by Director Scott, it was unanimously

RESOLVED to extend the Promissory Note with SMP4 Investments Inc., to fund certain District capital expenditures through 2007, in an amount not to exceed \$10.8 Million,

RESOLVED to extend the Promissory Note with Centerra Properties West, LLC, to fund certain District capital expenditures through 2007, in an amount not to exceed \$9.26 Million,

RESOLVED to extend the Promissory Note with Rocky Mountain Village II, LLP, to fund certain District capital expenditures through 2007, in an amount not to exceed \$500,000,

RESOLVED to extend the Promissory Note with Centerra Residential, LLC, to fund certain District capital expenditures through 2007, in an amount not to exceed \$3 Million.

CONSIDER APPROVAL OF MFA ADDENDUM & IGA AMENDMENT

Mr. Shannon, District Manager, noted that City Council will review the MFA Addendum at their November 21st meeting. Upon further discussion regarding the documents and a motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve the MFA Addendum and IGA Amendment designating Centerra Parkway as a regional arterial, subject to Loveland City Council's approval.

MANAGER'S REPORT

Mr. Shannon, District Manager, outlined services provided by McWhinney Real Estate Services, as District Manager, over the two years. Costs for services are higher than previous years due to increased manpower needs and additional projects which were greater than originally anticipated. Mr. Pogue also noted that the District Management Contract expires at the end of each year, unless extended by the parties by written extension agreement for successive annual periods. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve extending the District Management Contract through the end of December 2007, with McWhinney Real Estate Services, Inc. with a monthly fee not to exceed \$48,000 per month.

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Mr. Shannon reported on the various projects the developer will construct on behalf of the District due to the District reaching its MFA funding cap. These projects include Centerra Parkway North, Sculpture Park and improvements along Boyd Lake Avenue and US Hwy 34. Non-binding reimbursement agreements will be put into place for these projects. Mr. Bret Boulter noted that design efforts are underway with Wilson Design to develop a conceptual plan for Kendall Parkway Underpass under I-25. This will be a City of Loveland project, paid with district funds. It is anticipated that the conceptual plan will cost approximately \$30,000.

LEGAL REPORT

Mr. Pogue, legal counsel, noted that the Division of Local Government as well as the insurance pool is requiring that a Resolution to Exclude from Worker's Compensation be adopted by the District if the Board elects not to have worker's compensation coverage on the board members. Upon motion duly made by Director Herlihey and seconded by Director Hodgkinson, it was unanimously

RESOLVED to approve the Resolution to Exclude from Worker's Compensation and the State of Colorado Worker's Compensation Exclusion and direct Pinnacle Consulting Group Inc. to file them with the appropriate parties.

Mr. Shannon noted that November 7th election Colorado voters supported Amendment 41 prohibiting public officials from receiving gifts of over \$50. Additional information will be provided to Ms. Dowswell for distribution to the Board at a later date.

EXCLUSION HEARING

Mr. Pogue updated the board on petition to exclude Lennar's eight acre parcel representing their second phase of their condominium project. The City of Loveland will review the request for amendment to the service plan for this exclusion at their December 5, 2006 meeting.

CONSTRUCTION MANAGER'S REPORT

Mr. Jon Erickson, Empire Management, noted that initial acceptance of the Motorplex roads was being processed and that the roads should be open later this month. He noted that efforts on the Centerra Parkway Railroad Underpass were progressing with the anticipated completion date still being early April. Mr. Boulter noted that Mr. Erickson and Mr. Tuft, Northern Engineering, had done a terrific job completing major milestones to see these projects to completion and he thanked them for their efforts. Mr. Boulter noted that there would be a one year warranty on the landscaping being installed along Rocky Mountain Avenue and this would allow the District to make sure the plant material currently being planted survives through a growing season. Mr. Boulter thanked Director Herlihey for his efforts with the Visual Arts Commission to ensure approval of the Open Road Sculpture at the Motorplex. He also thanked Kirsten Starman, Pinnacle Consulting Group Inc., for her coordination efforts on this project. A dedication ceremony is planned for this sculpture after installation.

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ENGINEER'S REPORT Mr. Stan Myers, Northern Engineering, noted that efforts were underway to obtain City of Loveland approval on the lift station design that is to be built on the east side of I-25. Once the lift station is completed, this will be a City of Loveland facility.

PUBLIC
COMMENTS

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

MEETINGS

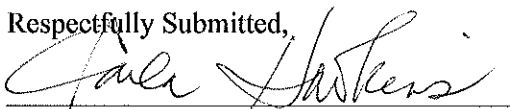
The next regular board meeting is scheduled for Thursday, December 21, 2006 at noon at the office of McWhinney Enterprises. It is anticipated that the December meeting will be cancelled. Regular meetings are to be held monthly on the third Thursday of each month at McWhinney Real Estate Services Inc., 2725 Rocky Mountain Avenue, Loveland, Colorado.

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