




CITY OF LOVELAND
OFFICE OF THE CITY ATTORNEY

Civic Center • 500 East Third Street • Loveland, CO 80537
(970) 962-2540 • FAX (970) 962-2900 • TDD (970) 962-2620 • www.ci.loveland.co.us

Memorandum

TO: Teresa Andrews, City Clerk

FROM: John Duval, City Attorney 

RE: Centerra Metropolitan Districts Nos. 1-4
2007 Annual Report

DATE: July 1, 2008

RECEIVED
JUL 01 2008
CITY CLERKS OFFICE
LOVELAND, CO

In connection with the Centerra Metropolitan Districts Nos. 1-4, attached please find a copy of the 2007 Annual Report for these Districts that I recently received from the Districts' legal counsel. I am forwarding this Annual Report to you for your files. If you have any questions concerning the Report, please let me know.

JRD/lms
Enclosure

ec: Renee Wheeler, Assistant City Manager (*with attachment*)
Alan Krcmarik, Finance Manager (*with attachment*)

RECEIVED

JUN 30 2008

ICENOGLE • NORTON
SMITH • BLIESZNER • GILIDA • POGUE

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Charles E. Norton
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Jennifer L. Ivey
Ericka D. Olson

Of Counsel
Gordon F. Garrett
Bruce E. Deacon

June 27, 2008

John Duval, Esq.
City of Loveland
500 East 3rd Street
Loveland, Colorado 80537

Re: Annual Report for Centerra Metropolitan Districts Nos. 1 – 4

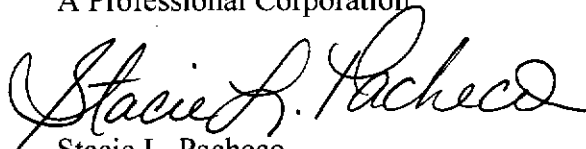
Dear Mr. Duval:

Pursuant to Section 32-1-207(3) C.R.S. enclosed please find the 2007 Annual Report for Centerra Metropolitan Districts Nos. 1 – 4.

Please contact our office with any questions regarding the Annual Report.

Sincerely,

ICENOGLE • NORTON
SMITH • BLIESZNER • GILIDA • POGUE
A Professional Corporation


Stacie L. Pacheco
Paralegal

:SLP

Enclosures

cc: Division of Local Government
Colorado State Auditor

CENTERRA METROPOLITAN DISTRICTS NOS. 1 – 4

ANNUAL REPORT TO THE CITY OF LOVELAND

Pursuant to the Consolidated Service Plan for Centerra Metropolitan Districts Nos. 1 – 4, the Districts are required to provide an annual report to the City of Loveland with regard to the following matters:

- A. Boundary changes made or proposed.
- B. Intergovernmental Agreements with other governmental bodies entered into or proposed.
- C. Changes or proposed changes in the Districts' policies.
- D. Changes or proposed changes in the Districts' operations.
- E. Any changes in the financial status of the Districts including revenue projections, or operating costs.
- F. A summary of any litigation which involves the Districts.
- G. Proposed plans for the year immediately following the year summarized in the annual report.
- H. Status of Districts' Public Improvement Construction Schedule.
- I. List of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City of Loveland.
- J. Summary of current assessed valuation in the Districts.
- K. Summary of financial information

The report is to include information concerning these matters which occurred during the prior fiscal year.

For the year ending December 31, 2007, the Districts make the following report:

- A. Boundary changes made or proposed.

An Order for Exclusion was issued on January 5, 2007 by the District Court of Larimer County for the Rocky Mountain Village Subdivision, a replat of all of Outlot A, Rocky Mountain Village Fifth Subdivision, City of Loveland, County of Larimer, Colorado to be excluded from the boundaries of Centerra Metropolitan District No. 2.

An Order for Exclusion was issued on January 5, 2007 by the District Court of Larimer County for the Rocky Mountain Village Subdivision, a replat of all of Outlot A, Rocky Mountain Village Fifth Subdivision, City of Loveland, County of Larimer, Colorado to be excluded from the boundaries of Centerra Metropolitan District No. 4.

B. Intergovernmental Agreements with other governmental bodies entered into or proposed (See attached Exhibit A).

1. Intergovernmental Agreement Concerning Preliminary Design for the Kendall Parkway/I-25 Underpass between the City of Loveland and Centerra Metropolitan District No. 1 dated July 18, 2007 regarding the submission of preliminary design plans to the State of Colorado Department of Transportation for the construction of Kendall Parkway/I-25 Underpass in Loveland, Colorado (not subject to annual appropriations).
2. Intergovernmental Agreement Concerning Final Design – I-25/Crossroads Boulevard Interchange Improvements (Roundabouts) between the City of Loveland and Centerra Metropolitan District No. 1 dated June 20, 2007 re the submission of the final design for the roundabout improvements to the I-25/Crossroads Boulevard interchange (not subject to annual appropriations).

No other intergovernmental agreements have been entered into or proposed.

C. Changes or proposed changes in the Districts' policies.

1. On March 6, 2007, the Loveland City Council adopted Resolution No. R-22-2007, which approved a material modification to the Consolidated Service Plan adjusting the commercial mill levy cap. A copy of Resolution No. R-22-2007 is attached as Exhibit B-1.
2. On June 5, 2007, the Loveland City Council adopted Resolution No. R-48-2007, which approved a material modification to the Consolidated Service Plan permitting the exclusion of real property from Centerra Metropolitan Districts Nos. 2 and 4. A copy of Resolution R-48-2007 is attached as Exhibit B-2.

D. Changes or proposed changes in the Districts' operations.

There have been no changes or proposed changes in the Districts' operations.

E. Any changes in the financial status of the Districts including revenue projections, or operating costs.

See attached Exhibit C for the 2008 Budget Resolutions.

F. A summary of any litigation which involves the Districts.

There is no litigation involving the Districts.

G. Proposed plans for the year immediately following the year summarized in the annual report.

Construction of the following public improvements:

Centerra Landscaping (Centerra East, Motorplex, Rocky Mountain Ave/Crossroads)
Centerra Parkway Underpass/Bridge
I'25 & Hwy 34, 1601 & Final Design
I'25 & Hwy 34: Construction of Safety Improvements
I'25 & Crossroads, 1601 & Final Design
MCR Landscape
Parcel 102: Detention/Landscape
Myers Group, 3rd subdivision, phases 2A & 3

H. Status of Public Improvement Construction Schedule.

Centerra East Architectural Finishes: 100% complete
Centerra East Bid Package 2B: 100% complete
Centerra 3B Landscape: 98% complete
Centerra Monument Signs: 100% complete
Centerra Motorplex Signs: 100% complete
Centerra West Streetscape Improvements: 100% complete
Myers Group, 3rd subdivision: 100% complete
High Plains Neighborhood Streetscape: 100% complete
Centerra Parkway Underpass/Bridge: 91% complete
MCR Landscape: 95% complete
I'25 & Hwy 34, 1601 & Final Design: 67% complete
I'25 & Crossroads, 1601 & Final Design: 55% complete
Parcel 102: Detention/Landscape: 77% complete

I. List of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by Loveland.

There were no improvements dedicated to the City of Loveland during 2007 and as of December 31, 2007.

J. Submission of current assessed valuation in the District.

The District has received a certification of valuation from the Larimer County Assessor that reports the following net total taxable assessed valuations for 2007:

Centerra Metropolitan District No. 1:	\$150
Centerra Metropolitan District No. 2:	\$422,861 (*)
Centerra Metropolitan District No. 3:	\$57,094
Centerra Metropolitan District No. 4:	\$422,861 (*)
(*) Gross Value of Districts:	\$71,194,190
Less: TIF Increment	<u>(70,771,329)</u>
Net total AV	\$ 422,861

K. Summary of Financial Information.

1. A summary of the Districts' assessed valuation is set forth in Paragraph J, above.
2. The total acreage in the Districts as of December 31, 2007 was 1723.922 acres.

District #1 = 14.024 acres
District #2 and #4 (overlap each other) = 1375.056 acres
District #3 = 334.841 acres

Centerra Metropolitan Districts Nos. 2 – 4 each qualify for, and will apply to the State Auditor's Office for an audit exemption for fiscal year 2007. Centerra Metropolitan District No. 1 will have an audit performed of its fiscal year 2007 financial statements. A copy of the Centerra Metropolitan District No. 1 audited 2007 financial statements and accompanying auditor's report will be forwarded to the City of Loveland upon receipt by the District.

The following items required to be included in this Annual Report per Section VI in the Districts' Consolidated Service Plan are set forth in detail in the Districts' audited financial statements for fiscal year 2007.

The Districts' indebtedness (stated separately for each class of debt).

The Districts' debt service (stated separately for each class of debt).

The Districts' tax revenue.

Other revenues of the Districts.

Public improvement expenditures.

Other District expenditures.

The foregoing Annual Report and accompanying exhibits are submitted this 27TH day of June, 2008.

Sincerely,

ICENOGLE ♦ NORTON
SMITH ♦ BLIESZNER ♦ GILIDA ♦ POGUE
A Professional Corporation

By: 
Alan D. Pogue, Esq.

EXHIBIT A

INTERGOVERNMENTAL AGREEMENTS

**INTERGOVERNMENTAL AGREEMENT
CONCERNING FINAL DESIGN – I-25/CROSSROADS BOULEVARD
INTERCHANGE IMPROVEMENTS (ROUNDAABOUTS)**

THIS INTERGOVERNMENTAL AGREEMENT is entered into this 20th of June, 2007, by and between CITY OF LOVELAND, COLORADO, a home rule municipality (the "City"), and CENTERRA METROPOLITAN DISTRICT No. 1, a quasi-municipal corporation and a political subdivision of the State of Colorado (the "District").

WHEREAS, the District is responsible for assisting with regional public infrastructure improvements that benefit certain real property situated in the County of Larimer, State of Colorado (hereafter referred to as the "Regional Improvement Area"), more particularly shown on Exhibit A, attached hereto and incorporated herein; and

WHEREAS, the District and the City have entered into that certain Centerra Master Financing and Intergovernmental Agreement dated January 20, 2004 (the "MFA") to provide, among other things, for the financing for the regional public infrastructure improvements; and

WHEREAS, the District and the City entered into an Intergovernmental Agreement dated June 6, 2006 to fund the 1601 Process Application for improvements to the I-25/Crossroads Boulevard interchange; and

WHEREAS, the District and the City, acting as the "Local Agency," desire to partner in submitting the final design for the roundabout improvements to the I-25/Crossroads Boulevard interchange ("Final Design") to the State of Colorado Department of Transportation ("CDOT") based on the findings of the 1601 Process for the improvements to the I-25/Crossroads Boulevard interchange, subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the promises of the parties hereto and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, it is agreed as follows:

1. Design Work. The City shall hire a transportation engineering consultant to complete the Final Design work ("Design Work") that would produce construction drawings that can be used for bidding. Said Design Work shall be completed in accordance with CDOT specifications. The District shall review the final scope of work and provide comments to the City prior to execution of the consultant contract.

2. Final Design Costs. The District shall pay all costs necessary to complete the Final Design including, without limitation, those costs associated with the Design Work, City administration, and CDOT review; provided, however, that said costs shall be capped at Four Hundred Ninety-Two Thousand Six Hundred Twenty-Two Dollars (\$492,622). Costs in excess of this amount shall first be approved by the parties by written amendment to this Agreement. All purchase orders related to the Final Design shall be issued by the City. Invoicing and payment of the Final Design costs shall be as follows:

a. Design Costs. The City shall review all invoices submitted for the Final Design and forward the results of this review to the District. The District shall provide payment directly to the consultant within thirty (30) days of such billing. The District shall provide evidence to the City of all payments made.

b. City Administration Costs. The District shall pay the City an administrative fee equal to Sixty-Three Thousand Six Hundred Forty-Four Dollars (\$63,644), which is part of the agreed upon total estimated costs for the Final Design. This fee shall be used to contract for project management services restricted to this project. The District shall pay such fee within thirty (30) days of receipt of a bill from the City, which billing shall not occur more frequently than monthly.

c. CDOT Review Costs. The District shall pay all costs associated with CDOT review services necessary to complete the Final Design. The City shall review all invoices submitted for the services and forward the results of this review to the District. The District shall provide payment directly to CDOT within thirty (30) days of such billing. The District shall provide evidence to the City of all payments made.

3. Project Schedule. It is anticipated that the consultant contract for the Design Work will be executed by July 1, 2007 and the Final Design will be completed by January 1, 2008. However, nothing in this Agreement shall be construed to require commencement or completion of the Final Design by these dates, or any particular date.

4. Design Work Oversight. The City and the District shall work collaboratively to provide Design Work oversight. Such collaboration will likely include regular participation in project meetings, review of relevant interim and final documents, and support for inclusion of CDOT and the Federal Highway Administration ("FHWA") in the review process.

5. Future Cooperation. The parties agree and acknowledge that other public and private entities, as well as individuals, will benefit from the improvements to the I-25/Crossroads Boulevard interchange and other regional improvements. Accordingly, the parties agree to work cooperatively to secure funding from such other public and private entities to provide for the design and construction of the improvements to the I-25/Crossroads Boulevard interchange and other regional improvements.

6. Waiver of Damages. To the extent permitted by law, the District hereby covenants and agrees to save and hold harmless the City, and its officers, employees, and agents, from any and all liability, loss, costs, charges, obligations, expenses, attorneys' fees, litigation, judgments, damages, claims, and demands of any kind whatsoever arising from or out of the City's performance under the terms of the Agreement. The District specifically agrees to hold the City harmless from any damages whatsoever that result from the timing of the performance of the hired consultants including, but not limited to, any and all consequential damages and lost revenues.

7. Multi-Fiscal Year Obligations. To the extent this Agreement constitutes a multiple fiscal year debt or financial obligation of the City, it shall be subject to annual

appropriation pursuant to the City of Loveland Municipal Charter Section 11-6 and Article X, Section 20 of the Colorado Constitution. The City shall have no obligation to continue this Agreement in any fiscal year in which no such appropriation is made.

8. Governmental Immunity Act. No term or condition of this Agreement shall be construed or interpreted as a waiver by the City or the District, express or implied, of any of the notice requirements, immunities, limitations to liability, rights, benefits, protections, or other provisions under the Colorado Governmental Immunity Act, C.R.S. §§ 24-10-101 *et seq.* or under any other law.

9. Force Majeure. Notwithstanding anything contained herein to the contrary, the parties agree that to the extent that fire, flood, earthquake, natural catastrophe, explosion, accident, illegality, act of God, or any cause beyond the control of the City, or strikes or labor trouble affecting the City (whether or not in the power of the City to settle the same), prevents or delays the performance by the City under this Agreement, the City shall be relieved of the consequences thereof without liability, so long as and to the extent that the City's performance is prevented by such cause; provided, however, that the City shall exercise due diligence in its efforts to resume performance within a reasonable period of time.

10. Governing Law and Enforceability. This Agreement shall be construed in accordance with the laws of the State of Colorado, and venue shall be in the District Court of the County of Larimer, State of Colorado. The parties recognize that there are legal constraints imposed upon the City by constitutions, statutes, rules, and regulations of the State of Colorado and of the United States and imposed upon it by the City Charter and the Loveland Municipal Code, and that subject to such constraints, the parties intended to carry out the terms and conditions of this Agreement.

11. Assignment. Neither party may assign this Agreement without the other party's prior written consent.

12. Waiver. No waiver by either of the parties of any term or condition of this Agreement shall be deemed to be or shall be construed as a waiver of any other term or condition of this Agreement, nor shall any waiver of a breach of any provision of this Agreement be deemed to constitute a waiver of any subsequent breach of the same provision.

13. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

14. Entire Agreement. This Agreement contains the entire agreement of the parties relating to the subject matter hereof and, except as provided herein, may not be modified or amended except by written agreement of the parties.

15. Severability. In the event a court of competent jurisdiction holds any provision of this Agreement invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provision of this Agreement.

16. Headings. Paragraph headings used in this Agreement are for convenience of reference and shall in no way control or affect the meaning or interpretation of any provision of this Agreement.

17. Notices. Other than billing invoices which may be sent by first class mail, written notices required under this Agreement and all other correspondence between the parties shall be directed to the following and shall be deemed received when hand-delivered or three (3) days after being sent by certified mail, return receipt requested:

If to the City: David Klockeman, P.E., City Engineer
City of Loveland Public Works Department
410 East 5th Street
Loveland, CO 80537

With a copy to: City Attorney's Office
Attn: City Attorney
500 East Third Street
Loveland, CO 80537

If to District: Centerra Metropolitan District No. 1
Attn: Rich Shannon
2725 Rocky Mountain Ave., Suite 200
Loveland, CO 80538

With a copy to: Alan Pogue
Pogue and Early, P.C.
821 17th Street, Suite 600-B
Denver, CO 80202

18. Construction of Agreement. This Agreement shall be construed according to its fair meaning as if prepared by both parties and shall be deemed to be and contain the entire understanding of the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.



ATTEST:

Leresa A. Andrews
City Clerk

CITY OF LOVELAND, COLORADO

By: _____

Don F. Williams
Don F. Williams, City Manager

Acting City Manager

APPROVED AS TO FORM:

Samuel L. Collins
Assistant City Attorney

CENTERRA METROPOLITAN DISTRICT NO. 1

By: Robert Scott
Name: Robert Scott
Title: President

ATTEST:

By: Daniel Healy
Name
Secretary
Title
June 12, 2007
Date

Exhibit A
 to Centerra Master Financing
 and Intergovernmental Agreement
 "Metro District Map"

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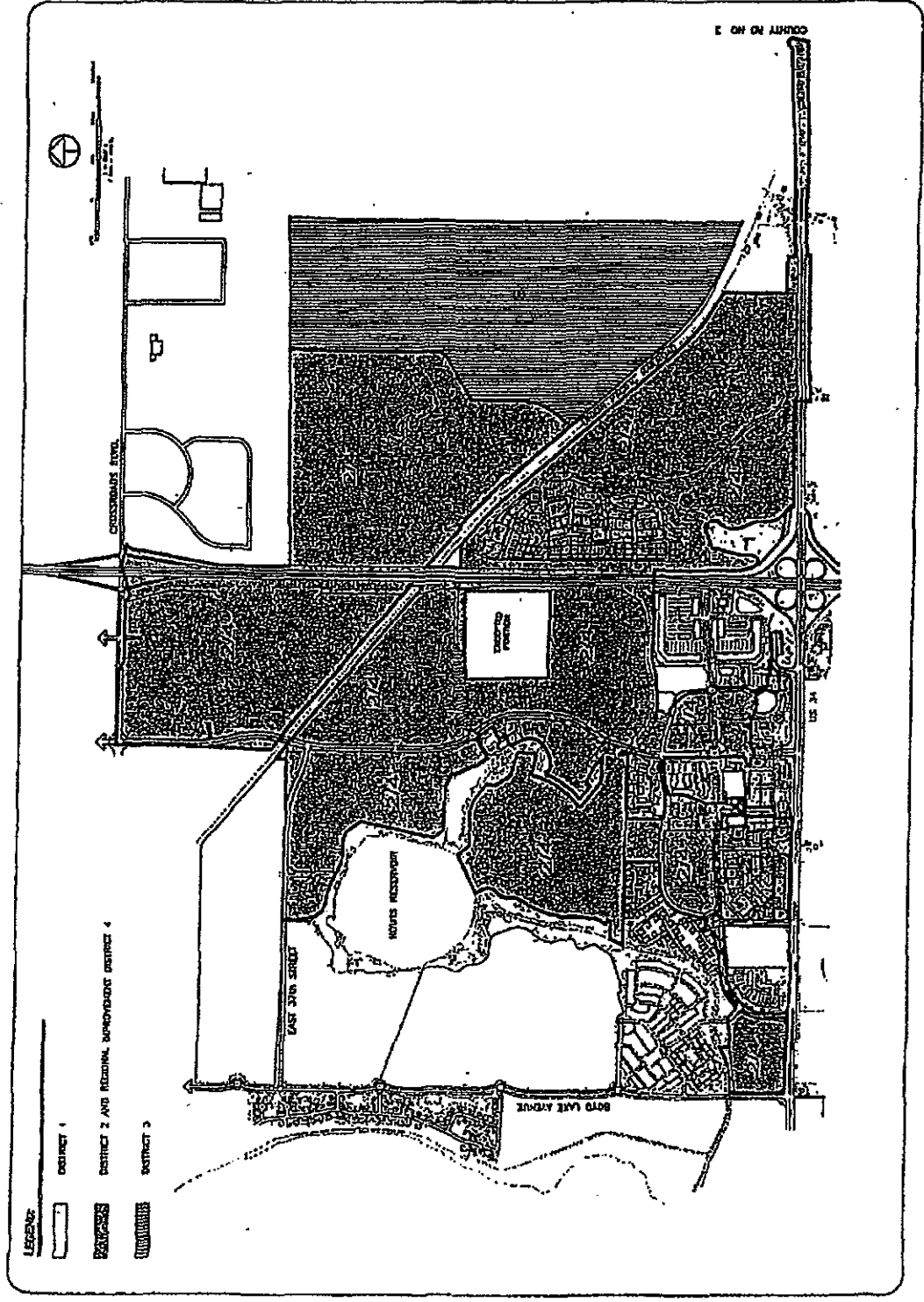


EXHIBIT A—Regional Improvement Area

**INTERGOVERNMENTAL AGREEMENT CONCERNING
PRELIMINARY DESIGN FOR THE KENDALL PARKWAY/I-25 UNDERPASS**

THIS INTERGOVERNMENTAL AGREEMENT is entered into this 18th day of July, 2007, by and between the CITY OF LOVELAND, COLORADO, a home rule municipality (the "City"), and CENTERRA METROPOLITAN DISTRICT No. 1, a quasi-municipal corporation and a political subdivision of the State of Colorado (the "District").

WHEREAS, the District is responsible for assisting with regional public infrastructure improvements that benefit certain real property situated in the County of Larimer, State of Colorado (hereafter referred to as the "Regional Improvement Area"), more particularly shown on Exhibit A, attached hereto and incorporated herein; and

WHEREAS, the District and the City have entered into that certain Centerra Master Financing and Intergovernmental Agreement dated January 20, 2004 (the "MFA") to provide, among other things, for the financing for the regional public infrastructure improvements; and

WHEREAS, the District and the City, acting as the "Local Agency," desire to partner in submitting preliminary design plans to the State of Colorado Department of Transportation ("CDOT") for the construction of the Kendall Parkway/I-25 Underpass in Loveland, Colorado ("Kendall Parkway Underpass") pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the promises of the parties hereto and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, it is agreed as follows:

1. Design Work. The City shall hire a transportation engineering consultant to complete the conceptual layout, feasibility study, environmental clearances, and preliminary design of the Kendall Parkway Underpass ("Design Work"). Said Design Work shall be completed in accordance with CDOT specifications. The District shall review the final scope of work and provide comments to the City prior to execution of the consultant contract.

2. Preliminary Design Costs. The District shall pay all costs necessary to complete the Design Work including, without limitation, those costs associated with City administration and CDOT review; provided, however, that said costs shall be capped at Two Hundred Fifty Thousand Dollars (\$250,000). Costs in excess of this amount shall first be approved by the parties by written amendment to this Agreement. All purchase orders related to the Design Work shall be issued by the City. Invoicing and payment of the costs of the Design Work shall be as follows:

a. Design Work Costs. The City shall review all invoices submitted for the Design Work and forward the results of this review to the District. The District shall provide payment directly to the consultant within thirty (30) days of such billing. The District shall provide evidence to the City of all payments made.

b. City Administration Costs. The District shall pay the City an administrative fee equal to Thirty-Five Thousand Dollars (\$35,000) which is part of the agreed upon total estimated costs for the Design Work. This fee shall be used to contract for project management services restricted to this project. The District shall pay such fee within thirty (30) days of receipt of a bill from the City, which billing shall not occur more frequently than monthly.

c. CDOT Review Costs. The District shall pay all costs associated with CDOT review and approval of the Design Work. The City shall review all invoices submitted for the services and forward the results of this review to the District. The District shall provide payment directly to CDOT within thirty (30) days of such billing. The District shall provide evidence to the City of all payments made.

3. Project Schedule. It is anticipated that the consultant contract for the Design Work will be executed by July 25, 2007 and the Design Work will be completed by December 15, 2007. However, nothing in this Agreement shall be construed to require commencement or completion of the Design Work by these dates, or any particular date.

4. Design Work Oversight. The City and the District shall work collaboratively to provide Design Work oversight. Such collaboration will likely include regular participation in project meetings, review of relevant interim and final documents, and support for inclusion of CDOT and the Federal Highway Administration ("FHWA") in the review process.

5. Waiver of Damages. To the extent permitted by law, the District hereby covenants and agrees to save and hold harmless the City, and its officers, employees, and agents, from any and all liability, loss, costs, charges, obligations, expenses, attorneys' fees, litigation, judgments, damages, claims, and demands of any kind whatsoever arising from or out of the City's performance under the terms of the Agreement. The District specifically agrees to hold the City harmless from any damages whatsoever that result from the timing of the performance of the hired consultants including, but not limited to, any and all consequential damages and lost revenues.

6. Multi-Fiscal Year Obligations. To the extent this Agreement constitutes a multiple fiscal year debt or financial obligation of the City, it shall be subject to annual appropriation pursuant to the City of Loveland Municipal Charter Section 11-6 and Article X, Section 20 of the Colorado Constitution. The City shall have no obligation to continue this Agreement in any fiscal year in which no such appropriation is made.

7. Governmental Immunity Act. No term or condition of this Agreement shall be construed or interpreted as a waiver by the City or the District, express or implied, of any of the notice requirements, immunities, limitations to liability, rights, benefits, protections, or other provisions under the Colorado Governmental Immunity Act, C.R.S. §§ 24-10-101 *et seq.* or under any other law.

8. Force Majeure. Notwithstanding anything contained herein to the contrary, the parties agree that to the extent that fire, flood, earthquake, natural catastrophe, explosion,

accident, illegality, act of God, or any cause beyond the control of the City, or strikes or labor trouble affecting the City (whether or not in the power of the City to settle the same), prevents or relays the performance by the City under this Agreement, the City shall be relieved of the consequences thereof without liability, so long as and to the extent that the City's performance is prevented by such cause; provided, however, that the City shall exercise due diligence in its efforts to resume performance within a reasonable period of time.

9. Governing Law and Enforceability. This Agreement shall be construed in accordance with the laws of the State of Colorado, and venue shall be in the District Court of the County of Larimer, State of Colorado. The parties recognize that there are legal constraints imposed upon the City by constitutions, statutes, rules, and regulations of the State of Colorado and of the United States and imposed upon it by the City Charter and the Loveland Municipal Code, and that subject to such constraints, the parties intended to carry out the terms and conditions of this Agreement.

10. Assignment. Neither party may assign this Agreement without the other party's prior written consent.

11. Waiver. No waiver by either of the parties of any term or condition of this Agreement shall be deemed to be or shall be construed as a waiver of any other term or condition of this Agreement, nor shall any waiver of a breach of any provision of this Agreement be deemed to constitute a waiver or any subsequent breach of the same provision.

12. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

13. Entire Agreement. This Agreement contains the entire agreement of the parties relating to the subject matter hereof and, except as provided herein, may not be modified or amended except by written agreement of the parties.

14. Severability. In the event a court of competent jurisdiction holds any provision of this Agreement invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provision of this Agreement.

15. Headings. Paragraph headings used in this Agreement are for convenience of reference and shall in no way control or affect the meaning or interpretation of any provision of this Agreement.

16. Notices. Other than billing invoices which may be sent by first class mail, written notices required under this Agreement and all other correspondence between the parties shall be directed to the following and shall be deemed received when hand-delivered or three (3) days after being sent by certified mail, return receipt requested:

If to the City: David Klockeman, P.E., City Engineer
City of Loveland Public Works Department

410 East 5th Street
Loveland, CO 80537

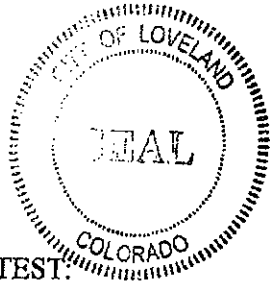
With a copy to: City Attorney's Office
Attn: City Attorney
500 East Third Street
Loveland, CO 80537

If to District: Centerra Metropolitan District No. 1
Attn: Rich Shannon
2725 Rocky Mountain Ave., Suite 200
Loveland, CO 80538

With a copy to: Alan Pogue
Pogue & Early, P.C.
821 17th Street, Suite 600-B
Denver, CO 80202

17. Construction of Agreement. This Agreement shall be construed according to its fair meaning as if prepared by both parties and shall be deemed to be and contain the entire understanding of the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.



CITY OF LOVELAND, COLORADO

By:

Don F. Williams
Don F. Williams, City Manager

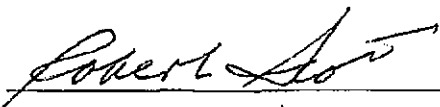
ATTEST:

Jannin M. Weaver
City Clerk Deputy

APPROVED AS TO FORM:

Don F. Williams
Assistant City Attorney

CENTERRA METROPOLITAN DISTRICT NO. 1

By: 
Name: Robert Scott
Title: President of Centerra

ATTEST:

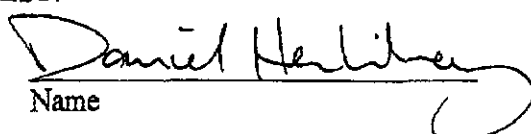
By: 
Name
Secretary
Title
July 17, 2007
Date

Exhibit A
 to Centerra Master Financing
 and Intergovernmental Agreement
 "Metro District Map"

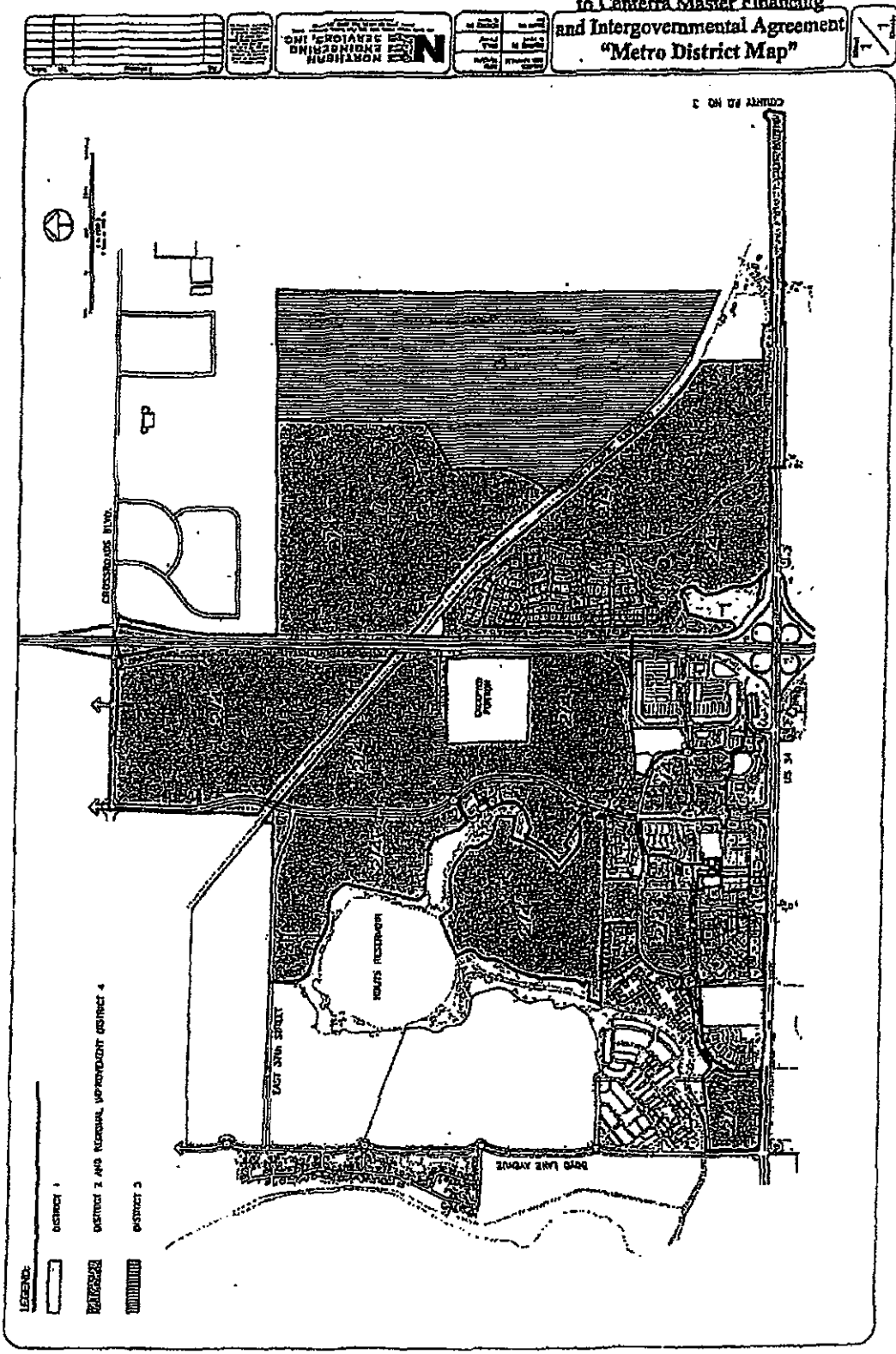


EXHIBIT B-1

RESOLUTION NO. R-22-2007

RESOLUTION #R- 22-2007

**A RESOLUTION OF THE LOVELAND CITY COUNCIL
APPROVING A MATERIAL MODIFICATION TO THE CONSOLIDATED
SERVICE PLAN FOR CENTERRA METROPOLITAN DISTRICTS NOS. 1-4
ADJUSTING THE COMMERCIAL MILL LEVY CAP**

WHEREAS, the City of Loveland (the "City") City Council (the "City Council") approved a Consolidated Service Plan for Centerra Metropolitan Districts Nos. 1 through 4 ("Service Plan") on January 20, 2004, as evidenced by City Council Resolution #R-7-2004; and

WHEREAS, the Centerra Master Financing and Intergovernmental Agreement ("MFA") was approved by the Loveland City Council on January 20, 2004; and

WHEREAS, pursuant to the terms of the MFA, the City of Loveland, through its Urban Renewal Authority, assigned to the Centerra Metropolitan District No. 1 certain tax revenues generated from the property within the Centerra development during the term of the MFA; and

WHEREAS, the projections upon which the MFA was based contemplated a total mill levy assessment against the property within the Centerra development of approximately 118 mills, all of which would be available for the public improvements identified in the MFA; and

WHEREAS, based upon changed circumstances outside of the control of either the City of Loveland or the Centerra Metropolitan Districts Nos. 1 through 4 (the "Districts"), the projected total net mill levy assessment against the property within the Centerra development has decreased significantly from the projections upon which the MFA was based; and

WHEREAS, the reduction in projected total net mill levy assessment against the property within the Centerra development will result in a significant shortfall in revenues available to finance the public improvements needed for the Centerra development; and

WHEREAS, Section V.A.3 of the Service Plan provides that the maximum mill levy that can be levied by any of the Districts in combination cannot result in a mill levy burden greater than 35 mills for any of the property within the boundaries of the Centerra Metropolitan District No. 2 (the "Commercial Mill Levy Cap"); and

WHEREAS, to address the potential shortfall in MFA revenues, and to provide the flexibility needed to address other potential changes in the financial projections upon which the MFA was based, the Boards of Directors of the Centerra Metropolitan Districts Nos. 1 through 4 have petitioned the Loveland City Council for approval of a material

modification to the Service Plan to permit an adjustment to the Commercial Mill Levy Cap; and

WHEREAS, Section II.B.3.a. of the Service Plan provides that any material modification to the Service Plan shall be made only with the approval of the City Council, in accordance with § 32-1-207, C.R.S.; and

WHEREAS, notice of a public hearing before the City Council for its consideration and approval of the material modification to the Service Plan was duly published in the *Loveland Reporter-Herald* on Friday, February 9, 2007, as required by law; and

WHEREAS, notice of the public hearing before the City Council was also duly mailed by first class mail, on Friday, February 9, 2007, to interested persons, defined as follows: (1) the owners of record of all property within the proposed Districts as such owners of record are listed on the records of the Larimer County Assessor; (2) the division of local government, and (3) the governing body of any municipality or special district which has levied an ad valorem tax within the next preceding tax year, and which has boundaries within a radius of three (3) miles of the proposed Districts' boundaries; and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., the City Council held a public hearing on the material modification of the Districts' Service Plan on March 6, 2007; and

WHEREAS, the City Council has considered the material modification to the Service Plan, and all other testimony and evidence presented at the hearing.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

1. That the hearing before the City Council was open to the public; that all interested parties were heard or had the opportunity to be heard; and that all relevant testimony and evidence submitted to the City Council was considered.

2. That the City Council hereby determines that the requirements of § 32-1-207 (2), C.R.S., relating to the approval of a material modification to the Service Plan for the Districts; the requirements of §§ 32-1-204 (1) and (1.5), C.R.S., relating to the notice of the hearing by the City Council; and the requirements of § 32-1-204.5, relating to the approval by the City Council have been fulfilled in a timely manner.

3. That the City Council hereby finds that a material modification to the Service Plan adjusting the Commercial Mill Levy Cap is in the best interests of the Districts and the City.

4. That the City Council does hereby approve the material modification to the Service Plan, as follows:

a. The last sentence of the first paragraph of Section V.A.3 of the Service Plan is stricken in its entirety, and replaced with the following:

"The maximum mill levy that can be levied by any of the Centerra Districts in combination cannot result in a mill levy burden greater than 72 mills for any of the property within the boundaries of the Commercial District (the "Commercial Mill Levy Cap")."

b. The third sentence of the second paragraph of Section V.A.3 of the Service Plan is stricken in its entirety, and replaced with the following:

"Alternatively, in the absence of an agreement with the LURA, the Service District may issue revenue bonds backed by a pledge of revenue to be paid to the Service District by the Commercial District pursuant to the Master IGA discussed herein, or, the Commercial District may issue limited tax obligations, with a tax levy not to exceed the Commercial Mill Levy Cap, as the same may be adjusted as provided for herein."

c. The second sentence of the third paragraph of Section V.A.3 of the Service Plan is stricken in its entirety, and replaced with the following:

"With the specific exception of any limitations contained in the Master IGA, there shall be no restrictions on the ability of the Commercial District to issue limited tax obligation bonds with a tax levy not to exceed the Commercial Mill Levy Cap, as the same may be adjusted as provided for herein, so long as such limited tax bonds are issued in accordance with the requirements of State law."

d. The second sentence of Section V.C.2 of the Service Plan is stricken in its entirety and replaced with the following:


"As previously provided herein, the maximum mill levy that can be levied by any of the Districts, including the Regional Improvements District, in combination cannot result in a mill levy burden greater than 72 mills for any of the property within the boundaries of the Commercial District."

5. That nothing herein limits the City's powers with respect to the Districts, the properties within the Districts, or the improvements to be constructed by the Districts.


6. That the City Council's findings are based solely on the evidence presented at the public hearing.

7. That this Resolution shall take effect on the date and at the time of its adoption by the City Council.

Adopted this 6th day of March, 2007.

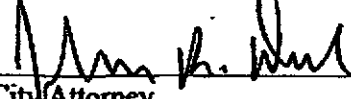


Mayor



City Clerk

APPROVED AS TO FORM:



City Attorney

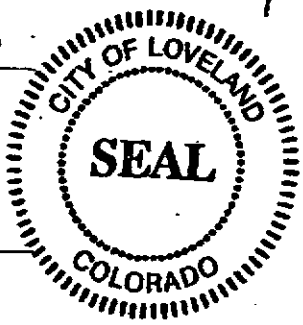


EXHIBIT B-2

RESOLUTION NO. R-48-2007

RESOLUTION #R- 48-2007

**A RESOLUTION OF THE LOVELAND CITY COUNCIL
APPROVING A MATERIAL MODIFICATION TO THE CONSOLIDATED
SERVICE PLAN FOR CENTERRA METROPOLITAN DISTRICTS NOS. 1-4
PERMITTING THE EXCLUSION OF REAL PROPERTY FROM
CENTERRA METROPOLITAN DISTRICTS NOS. 2 AND 4**

WHEREAS, the City of Loveland (the "City") City Council (the "City Council") approved a Consolidated Service Plan for Centerra Metropolitan Districts Nos. 1 through 4 ("Service Plan") on January 20, 2004, as evidenced by City Council Resolution #R-7-0004; and

WHEREAS, pursuant to Section I.A.4. of the Service Plan, any boundary adjustment which adds to or subtracts from the total acreage of the Centerra Metropolitan Districts Nos. 1 through 4 is considered a material modification of the Service Plan and shall require approval of the City Council; and

WHEREAS, McWhinney Real Estate Services, Inc., the developer of the Centerra community ("Developer"), has requested an amendment to the Millennium GDP, which amendment would permit residential use within a mixed-use development to be located on Parcel A-1 within Centerra; and

WHEREAS, to remain consistent with the original intent of the Service Plan that only commercial property be located within the boundaries of Centerra Metropolitan Districts Nos. 2 and 4, the Developer and the Districts desire to exclude the future residential units to be located on Parcel A-1 from the boundaries of Centerra Metropolitan Districts Nos. 2 and 4; and

WHEREAS, such exclusion of real property from the boundaries of Districts Nos. 2 & 4 represents a material modification of the Service Plan and requires City Council approval; and

WHEREAS, such exclusion of real property must also be approved by the Board of Directors of the Centerra Metropolitan Districts Nos. 2 and 4 and the Larimer County District Court, pursuant to Section 32-1-501, C.R.S.; and

WHEREAS, notice of a public hearing before the City Council for its consideration and approval of the material modification to the Service Plan was duly published in the *Loveland Reporter-Herald* on April 12, 2007, as required by law; and

WHEREAS, notice of the public hearing before the City Council was also duly mailed by first class mail, on April 11, 2007, to interested persons, defined as follows: (1) the owners of record of all property within the Districts as such owners of record are listed on the records of the Larimer County Assessor; (2) the division of local government, and (3)

the governing body of any municipality or special district which has levied an ad valorem tax within the next preceding tax year, and which has boundaries within a radius of three (3) miles of the Districts' boundaries; and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., the City Council opened a public hearing on the material modification of the Districts' Service Plan on May 1, 2007, and continued the public hearing to May 15, 2007; and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., the City Council opened the continued public hearing on the material modification of the Districts' Service Plan on May 15, 2007, and continued the public hearing to June 5, 2007; and

WHEREAS, notice of the continued public hearing on June 5, 2007, before the City Council for its consideration and approval of the material modification to the Service Plan was duly published in the *Loveland Reporter-Herald* on May 16, 2007; and

WHEREAS, notice of the continued public hearing scheduled for June 5, 2007, before the City Council was also duly mailed by first class mail, on May 16, 2007, to interested persons, defined as follows: (1) the owners of record of all property within the Districts as such owners of record are listed on the records of the Larimer County Assessor; (2) the division of local government, and (3) the governing body of any municipality or special district which has levied an ad valorem tax within the next preceding tax year, and which has boundaries within a radius of three (3) miles of the Districts' boundaries; and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., the City Council conducted the public hearing on the material modification of the Districts' Service Plan on June 5, 2007; and

WHEREAS, the City Council has considered the material modification to the Service Plan, and all other testimony and evidence presented at the hearing.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

1. That the hearing before the City Council was open to the public; that all interested parties were heard or had the opportunity to be heard; and that all relevant testimony and evidence submitted to the City Council was considered.

2. That the City Council hereby determines that the requirements of Sections 32-1-207 (2), C.R.S, relating to the approval of a material modification to the Service Plan for the Districts; the requirements of Sections 32-1-204 (1) and (1.5), C.R.S., relating to the notice of the hearing by the City Council; and the requirements of Section 32-1-204.5, relating to the approval by the City Council have been fulfilled in a timely manner.

3. That the City Council hereby finds that the material modification to the Service Plan is in the best interests of the property to be excluded from the Districts; the Districts, and the City.

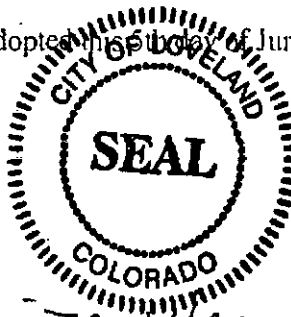
4. That the City Council does hereby approve the material modification to the Service Plan permitting the exclusion of future residential units located on Parcel A-1 in the Centerra development from the boundaries of the Districts, following approval of said exclusion by the Districts' Boards of Directors and the Larimer County District Court, pursuant to Section 32-1-501, C.R.S.

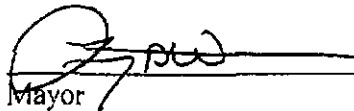
5. That nothing herein limits the City's powers with respect to the Districts, the properties within the Districts, or the improvements to be constructed by the Districts.


6. That the City Council's findings are based solely on the evidence presented at the public hearing and that the City has not conducted any independent investigation of the evidence.

7. That this Resolution shall take effect on the date and at the time of its adoption by the City Council.

Adopted this 6th day of June, 2007.




Mayor


City Clerk Deputy

APPROVED AS TO FORM:

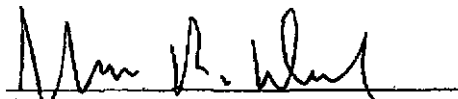

City Attorney

EXHIBIT C
2008 BUDGETS

CERTIFIED RECORD
OF
PROCEEDINGS RELATING TO
CENTERRA METROPOLITAN DISTRICT NO. 1
LARIMER COUNTY, COLORADO
AND THE BUDGET HEARING
FOR FISCAL YEAR
2008

STATE OF COLORADO)
)
COUNTY OF LARIMER)ss.
)
CENTERRA)
METROPOLITAN)
DISTRICT NO. 1)

The Board of Directors of the Centerra Metropolitan District No. 1, Larimer County, Colorado, held a meeting at the office of McWhinney Enterprises, 2725 Rocky Mountain Avenue, Suite 200, Loveland, Colorado 80538 on November 15, 2007, at 12:00 noon.

The following members of the Board of Directors were present:

Ken Howell, Treasurer
Dan Herlihey, Secretary
Phil Hodgkinson, Asst. Vice Pres. / Asst. Sec.
Kim Perry, Vice-President

Also in attendance was: Rich Shannon, McWhinney, District Manager; Bret Boulter, McWhinney; Jay Hardy, McWhinney; Christine Harpel, McWhinney; Alan Pogue, Pogue & Early, P.C., District Counsel; Peggy Dowswell, Pinnacle Consulting Group Inc, District Administrator; Carla Hawkins, Pinnacle Consulting Group, Inc; Diane Lunt, Pinnacle Consulting Group Inc ; Dwayne Walker, Empire Management, Inc; Stan Myers, Northern Engineering; Bonnie Steele, City of Loveland; Wendy Messinger, McWhinney; Marcey Mushore, Chapungu.

Mr. Alan Pogue, District Counsel, stated that proper publication was made to allow the Board to conduct a public hearing on the District's 2008 budget. Director Perry opened the public hearing on the District's proposed 2008 budget. There being no public comment on the District's budget, the public hearing was closed.

Thereupon, Director Herlihey introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES, ADOPTING A BUDGET, SETTING FORTH MILL LEVIES, AND APPROPRIATING SUMS OF MONEY TO THE GENERAL FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE CENTERRA METROPOLITAN DISTRICT NO. 1, LARIMER COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2008, AND ENDING ON THE LAST DAY OF DECEMBER 2008,

WHEREAS, the Board of Directors of the Centerra Metropolitan District No. 1 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published on November 8, 2007, in The Reporter-Herald, a newspaper having general circulation within the boundaries of the District, pursuant to statute, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 15, 2007, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CENTERRA METROPOLITAN DISTRICT NO. 1 OF LARIMER COUNTY, COLORADO:

Section 1. 2008 Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 2. 2008 Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Adoption of Budget for 2008. That the budget as submitted and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Centerra Metropolitan District No. 1 for calendar year 2008.

Section 4. 2008 Levy of Property Taxes. That the foregoing budget indicated that the amount of money necessary to balance the budget from property taxes for for the 2008 Budget year is \$0. That the 2007 valuation for assessment, as certified by the Larimer County Assessor, is \$150.

A. Levy for General Operating Fund. That for the purposes of meeting all general operating expense of the District during the 2008 budget year, there is hereby levied a tax of 0.00 mills upon each dollar of the 2007 total valuation of assessment of all taxable property within the District.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification to County Commissioners. The District's manager is hereby authorized and directed to immediately certify to the County Commissioners of Larimer County, Colorado, the zero mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form:

[Remainder of Page Left Blank Intentionally.]

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Larimer County, Colorado.

On behalf of the Centerra Metropolitan District No. 1

(taxing entity)^A

the Board of Directors

(governing body)^B

of the Centerra Metropolitan District No. 1

(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 150 assessed valuation of:

(GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of:

\$ 150

(NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/11/2007 for budget/fiscal year 2008
 (not later than Dec. 15) (dd/mm/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	0.000 mills	\$ 0.00
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	0.000 mills	\$ 0.00
3. General Obligation Bonds and Interest ^J	mills	\$
4. Contractual Obligations ^K	mills	\$
5. Capital Expenditures ^L	mills	\$
6. Refunds/Abatements ^M	mills	\$
7. Other ^N (specify):	mills	\$
	mills	\$
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	0.000 mills	\$ 0.00

Contact person: (print) Peggy Dowswell Daytime phone: (970)669-3611
 Signed: [Signature] Title: District Accountant

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's final certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

1. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

3. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

4. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

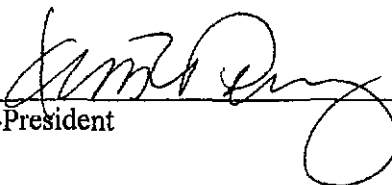
Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 8. Budget Certification. That the budget shall be certified by Director Herlihey, Secretary of the District, and made a part of the public records of Centerra Metropolitan District No. 1.

The foregoing Resolution was seconded by Director Howell.

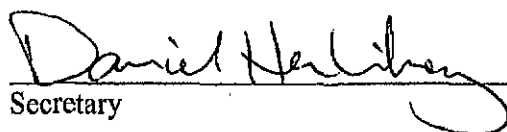
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ADOPTED AND APPROVED this 15th day of November 2007.



Vice-President

ATTEST:



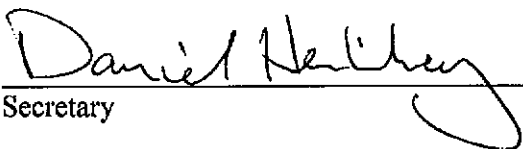
Secretary

STATE OF COLORADO)
)
COUNTY OF LARIMER)ss.
)
CENTERRA)
METROPOLITAN)
DISTRICT NO. 1)

I, Dan Herlihey, Secretary to the Board of Directors of the Centerra Metropolitan District No. 1, Larimer County, Colorado, do hereby certify that the foregoing pages numbered 1 to 9, inclusive, constitute a true and correct copy of the record of proceedings of the Board of Directors of said District, adopted at a meeting of the Board held at the office of McWhinney Enterprises, 2725 Rocky Mountain Avenue, Suite 200, Loveland, Colorado 80538 on November 15, 2007, at 12:00 noon, as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2008; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown. Further, I hereby certify that the attached budget is a true and accurate copy of the 2008 budget of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 15th day of November, 2007.

(S E A L)


Secretary



Accountant's Report

Board of Directors
Centerra Metropolitan District No. 1
Larimer County, Colorado

We have compiled the accompanying forecasted budget of revenue, expenditures, and fund balance of the Centerra Metropolitan District No. 1 for the General Fund, Debt Service Fund and Capital Projects Fund for the year ending December 31, 2008, including the forecasted estimate of comparative information for the year ending December 31, 2007, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying budget of revenue, expenditures, and fund balance or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events or circumstances occurring after the date of this report.

The actual historical information for the year 2006 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2006 as prepared by Reynolds Henrie & Associates, P.C., dated May 11, 2007, in which an unqualified opinion was expressed.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to the Centerra Metropolitan District No. 1.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 3, 2007

CENTERRA METROPOLITAN DISTRICT NO. 1
SUMMARY
FORECASTED 2008 BUDGET AS ADOPTED
WITH 2006 ACTUAL AND 2007 ESTIMATED
For the Years Ended and Ending December 31,

12/3/07

Page 2

	ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
BEGINNING FUND BALANCES	\$ 17,981,795	\$ 10,207,854	\$ 8,960,307
REVENUE			
Service Fees, District no. 2	37,797	126,863	396,278
Investment Income	701,722	408,500	620,000
Developer advance	3,745,353	4,011,699	5,635,304
Bond Proceeds	-	-	60,000,000
URA Revenues	435,876	3,438,846	8,049,829
PIF Revenues	1,586,122	2,285,878	2,617,965
Miscellaneous income	1,200	143,631	-
Total revenue	6,508,070	10,415,417	77,319,376
TRANSFERS IN	202,654	232,715	9,539,325
Total funds available	24,692,519	20,855,986	95,819,008
EXPENDITURES			
General			
Accounting	45,794	55,260	58,000
Audit	8,890	6,323	10,000
Bond issue costs	-	-	1,500,000
District Administration, Fin Consulting	133,115	194,270	272,930
District management	300,000	525,639	630,000
Election costs	-	-	10,000
Engineering expense - general	7,049	9,000	12,500
Insurance	9,825	14,098	20,000
Landscape maintenance & repairs	28,058	150,000	404,830
Legal	95,480	250,400	291,000
Engineering, Capital	1,188,678	2,400	20,000
Repayment of Developer advance	122,287	-	-
Interest on developer advance	14,597	-	-
Utilities	47,037	92,000	92,000
Office, dues & Other	8,358	9,675	9,675
Contingency	-	438,152	2,034,345
Debt Service			
City of Loveland collection fees	154,850	73,844	90,000
Remarketing and rating fees	56,922	57,000	57,000
Paying agent fees	12,794	10,461	30,000
Bond principal	-	-	1,290,000
Bond interest	1,664,872	1,771,931	2,422,506
Letter of credit fees	1,540,392	1,537,728	1,540,000
Bond Interest & LOC fees - 2007/08 issue	-	-	3,600,000
Capital outlay	8,843,013	6,464,783	59,909,364
Total expenditures	14,282,011	11,662,964	74,304,150
TRANSFERS OUT	202,654	232,715	9,539,325
Total expenditures and transfers out requiring appropriation	14,484,665	11,895,679	83,843,475
ENDING FUND BALANCES	\$ 10,207,854	\$ 8,960,307	\$ 11,975,533

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

CENTERRA METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

12/3/07

Page 3

ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
----------------	-------------------	-----------------

ASSESSED VALUATION - LARIMER COUNTY

Residential	\$ -	\$ -	\$ -
Commercial	-	-	-
State assessed	-	-	-
Vacant land	150	150	150
Personal property	-	-	-
	150	150	150
Adjustments	-	-	-
Certified Assessed Value	\$ 150	\$ 150	\$ 150

MILL LEVY

General	0.000	0.000	0.000
Debt Service	0.000	0.000	0.000
Temporary Mill Levy Reduction (pursuant to C.R.S.39-5-121)	0.000	0.000	0.000
Refund and abatements	0.000	0.000	0.000
Total mill levy	0.000	0.000	0.000

PROPERTY TAXES

General	\$ -	\$ -	\$ -
Debt Service	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refund and abatements	-	-	-
Levied property taxes	-	-	-
Adjustments to actual/rounding	-	-	-
Refunds and abatements	-	-	-
Budgeted property taxes	\$ -	\$ -	\$ -

BUDGETED PROPERTY TAXES

General	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

CENTERRA METROPOLITAN DISTRICT NO. 1
GENERAL FUND
FORECASTED 2008 BUDGET AS ADOPTED
WITH 2006 ACTUAL AND 2007 ESTIMATED
For the Years Ended and Ending December 31,

12/3/07

Page 4

	ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
BEGINNING FUND BALANCE	\$ 152,734	\$ 98,963	\$ 31,861
REVENUE			
Service Fees, District no. 2	37,797	126,863	396,278
Investment income	10,032	16,000	20,000
URA Revenues (O&M)	242,563	500,000	555,267
PIF Revenues (O&M)	142,563	200,000	250,000
Total revenue	<u>432,955</u>	<u>842,863</u>	<u>1,221,545</u>
TRANSFERS IN			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>585,689</u>	<u>941,826</u>	<u>1,253,406</u>
EXPENDITURES			
Accounting	45,794	55,260	58,000
Audit	8,890	6,323	10,000
Election costs	-	-	10,000
Engineering expense - general	7,049	9,000	12,500
Insurance	9,825	14,098	20,000
Landscape maintenance & repairs	28,058	150,000	404,830
Legal	66,677	230,000	191,000
District Administration, Fin Consulting	133,115	194,270	207,650
District management	-	100,000	150,000
Repayment of developer advance	122,287	-	-
Interest on developer advance	9,636	-	-
Utilities	47,037	92,000	92,000
Office, dues & Other	8,358	9,675	9,675
Contingency	-	39,374	34,345
Total expenditures	<u>486,726</u>	<u>900,000</u>	<u>1,200,000</u>
TRANSFERS OUT			
Capital Projects Fund	-	-	-
Debt Service Fund	-	9,965	-
Total transfers out	<u>-</u>	<u>9,965</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>486,726</u>	<u>909,965</u>	<u>1,200,000</u>
ENDING FUND BALANCE	<u>\$ 98,963</u>	<u>\$ 31,861</u>	<u>\$ 53,406</u>
EMERGENCY RESERVE	<u>\$ 13,000</u>	<u>\$ 25,300</u>	<u>\$ 36,700</u>

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

CENTERRA METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
FORECASTED 2008 BUDGET AS ADOPTED
WITH 2006 ACTUAL AND 2007 ESTIMATED
For the Years Ended and Ending December 31,

12/3/07

Page 5

	ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
BEGINNING FUND BALANCE	\$ 7,115,319	\$ 4,122,364	\$ 4,187,961
REVENUE			
Property taxes	-	-	-
Investment income	270,567	210,500	350,000
URA Revenues (Debt Service)	193,313	2,938,846	7,494,562
PIF Revenues	153,879	830,000	1,000,000
Total revenue	617,759	3,979,346	8,844,562
TRANSFERS IN			
Capital Projects Fund	10,885	-	9,189,325
General Fund	-	9,965	-
Total transfers in	10,885	9,965	9,189,325
Total funds available	7,743,963	8,111,675	22,221,848
EXPENDITURES			
County Treasurer's fees	-	-	-
City of Loveland collection fees	154,850	73,844	90,000
Remarketing and rating fees	56,922	57,000	57,000
Paying agent fees	12,794	10,461	30,000
Bond principal	-	-	1,290,000
Bond interest	1,664,872	1,771,931	2,422,506
Letter of credit fees, incl fronting fee	1,540,392	1,537,728	1,540,000
Bond Interest & LOC fees - 2008 issue	-	-	3,600,000
Contingency	-	250,000	1,000,000
Total expenditures	3,429,830	3,700,964	10,029,506
TRANSFERS OUT			
Capital Projects Fund	191,769	222,750	350,000
General Fund	-	-	-
Total transfers out	191,769	222,750	350,000
Total expenditures and transfers out requiring appropriation	3,621,599	3,923,714	10,379,506
ENDING FUND BALANCE	\$ 4,122,364	\$ 4,187,961	\$ 11,842,342
DEBT SERVICE RESERVE	\$ 4,117,300	\$ 4,117,300	\$ 10,117,300

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

CENTERRA METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
FORECASTED 2008 BUDGET AS ADOPTED
WITH 2006 ACTUAL AND 2007 ESTIMATED
For the Years Ended and Ending December 31,

12/3/07

Page 6

	ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
BEGINNING FUND BALANCE	\$ 10,713,742	\$ 5,986,527	\$ 4,740,485
REVENUE			
Investment income	421,123	182,000	250,000
PIF Revenues	1,289,680	1,255,878	1,367,965
Developer advance	3,745,353	4,011,699	5,635,304
Bond Proceeds	-	-	60,000,000
Miscellaneous income	1,200	143,631	-
Total revenue	<u>5,457,356</u>	<u>5,593,208</u>	<u>67,253,269</u>
TRANSFERS IN			
Debt Service Fund	191,769	222,750	350,000
General Fund	-	-	-
Total transfers in	<u>191,769</u>	<u>222,750</u>	<u>350,000</u>
Total funds available	<u>16,362,867</u>	<u>11,802,485</u>	<u>72,343,754</u>
EXPENDITURES			
Legal	28,803	20,400	100,000
District Administration, Fin Consulting	-	-	65,280
District management	300,000	425,639	480,000
Bond issue costs	-	-	1,500,000
Engineering Costs	1,188,678	2,400	20,000
2004 Bond Projects			
Transportation	18,070	9,245	48,100
Park and recreation	3,609,298	351,186	250,000
Sanitary sewer and storm drainage	1,947,150	245,095	-
Water	66,412	-	-
Streets	2,941,914	2,344,852	394,088
Repayment of developer advance	260,169	-	-
Interest on developer advance	4,961	-	-
Developer Advanced Projects - 2007/2008			
Myers 3rd Infrastructure, signs, landscape	-	536,915	1,000,000
Kendall Parkway, west of Rocky Mtn	-	-	384,000
Kendall Pkwy underpass design	-	4,267	433,333
Kendall Pkwy construction (2 sections)	-	-	1,360,375
Kendall - Twin Peaks Design	-	3,253	268,502
Parcel 102 Detention & landscape	-	313,231	92,633
Water purchases	-	71,294	150,000
Waterline payment to City	-	169,000	161,200
High Plains/Boyd Lake related projects	-	-	400,000
Offsite right-of-way	-	2,002,195	-
Park & Rec, Trails, Other	-	-	442,395
Street Design Conceptual	-	-	198,000
Chapungu	-	-	544,866
PIF Funded Projects			
I25 & Crossroads Interchange improvements	-	-	2,209,593
Offsite right-of-way	-	414,250	-
2007 Bond Projects			
Major Infrastructure projects	-	-	10,000,000
2008 Bond Projects			
Mixed Use major infrastructure projects	-	-	41,372,279
Contingency	-	148,778	1,000,000
Total expenditures	<u>10,365,455</u>	<u>7,062,000</u>	<u>63,074,644</u>
TRANSFERS OUT			
Debt Service Fund	10,885	-	9,189,325
Total transfers out	<u>10,885</u>	<u>-</u>	<u>9,189,325</u>
Total expenditures and transfers out requiring appropriation	<u>10,376,340</u>	<u>7,062,000</u>	<u>72,263,969</u>
ENDING FUND BALANCE	<u>\$ 5,986,527</u>	<u>\$ 4,740,485</u>	<u>\$ 79,785</u>

**CENTERRA METROPOLITAN DISTRICT NO. 1
2008 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, was organized to provide construction, installation, financing and operation of public improvements, including streets, traffic safety controls, landscaping, water, sanitary sewer, storm drainage, television relay, transportation, and park and recreation facilities, primarily for single family residential development within the District. The District was organized in conjunction with three other related districts, Centerra Metropolitan District No. 2 (commercial) Centerra Metropolitan District No. 3 (residential), and Centerra Metropolitan District No. 4 (public improvement). The District's service area is located entirely within the City of Loveland, Larimer County, Colorado.

The District was formed with its election held on May 4, 2004, with the Court Order from the State of Colorado issued May 20, 2004. The election approved general obligation indebtedness of \$350,000,000 for streets, \$350,000,000 for traffic and safety, \$350,000,000 for water, \$350,000,000 for sanitary sewer, \$350,000,000 for parks and recreation, \$350,000,000 for public transportation, \$350,000,000 for television relay and translation facilities, \$350,000,000 for mosquito control, \$350,000,000 for fire protection, \$50,000,000 for operations and maintenance contracts, \$700,000,000 for bond refunding, \$500,000,000 for intergovernmental agreements between districts, \$500,000,000 for contract debt, \$400,000,000 for reimbursement agreement with a private entity, and \$50,000,000 for construction management. The election also approved an annual increase in taxes of \$7,250,000 for operations.

The District has entered into a master financing and cooperating agreement with the City of Loveland, the Loveland Urban Renewal Authority (LURA), and the Centerra Public Improvement Corporation (PIC) that outlines the imposition, collection, and distribution of revenues including property tax revenue, specific ownership tax, public improvement fees, and retail sales fees.

The District prepares its budget on the modified accrual basis of accounting.

Revenue

Developer Advances

The Developer is anticipated to advance expenditures necessary for the District's administration and for capital projects.

Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 4%.

**CENTERRA METROPOLITAN DISTRICT NO. 1
2008 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

(Continued)

Revenue (continued)

PIF Revenue

The PIC imposes a public improvement fee (PIF) on all retail sales within the Commercial District. The PIFs are collected by the PIC and distributed to the District as outlined in the master financing agreement and the cooperation agreement. The PIF is assessed and collected at a rate of 1.25%.

Intergovernmental Agreement

Centerra Metropolitan District No. 1 has entered into an intergovernmental agreement with Centerra Metropolitan Districts No. 2 – 4 under which those Districts are to transfer their net property taxes and specific ownership taxes to Centerra Metropolitan District No. 1 for services that are provided to the other Districts.

Bond Proceeds

The District anticipates issuing bonds during 2008. This budget assumes that bonds in the amount of \$60 million will be issued in 2008 at an approximate interest rate of 4%, and approximate letter of credit fees of 2%.

Expenditures

Administrative Expenditures

Administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses.

Debt Service

The debt service expenditures for interest payments are related to the October 15, 2004 \$57,000,000 Variable Rate Revenue Bonds. Interest payments totaling \$2,422,506 and letter of credit fees totaling \$1,540,000 are anticipated in 2008.

Capital Outlay

Anticipated Capital Project Fund expenditures are represented on page 6 of the Budget.

**CENTERRA METROPOLITAN DISTRICT NO. 1
2008 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

(Continued)

Debt and Leases

Variable Rate Revenue Bonds, Series 2004, were issued on October 15, 2004, in the original amount of \$57,000,000. The bonds are term bonds due on December 1, 2029 with mandatory redemption principal payments starting at \$1,290,000 on December 1, 2008 and increasing annually thereafter.

The bonds are subject to redemption prior to maturity at the option of the District at certain dates depending upon the interest rate mode. The bonds are currently marketed in the weekly mode.

Interest is payable on the first business day of each calendar month. The District may effect a change in mode to a daily, monthly, semi-annual, annual, or flexes pricing mode by giving proper notice in accordance with the provisions in the Indenture.

Concurrently with the issuance of the bonds, the District established an irrevocable direct pay Letter of Credit with BNP Paribas (BNP) in the amount of \$57,637,151. The Letter of Credit expires October 25, 2009 unless extended and subject to certain acts of default as defined in the Indenture and the Reimbursement Agreement. Letter of Credit facility fees are paid quarterly at an annual rate of up to 4.0% per annum on the daily average undrawn Stated Amount of the Letter of Credit. The Facility Fee Rate is currently 2.50% per annum and thereafter the Facility Fee Rate will be determined by the debt service coverage ratio for the immediately proceeding fiscal year as follows:

Coverage Ratio	Facility Fee Rate
<1.50%	1.50%
1.51% - 1.75%	1.25%
>1.75%	1.00%
Default	4.00%

Flow of Funds

Pursuant to the Indenture, the Trustee has established a Revenue Bond Fund. Pursuant to the Custodial Agreement, the District is to deposit the following pledged revenues into the Revenue Bond Fund: i) Tax Increment Financing (TIF) Revenues; and ii) property tax revenues levied by Centerra Metropolitan Districts No. 2, 3 and 4 (defined as District Tax Revenue). Also, the Custodial Agreement requires that the following Bank Collateral Revenues are to be deposited in the following subaccounts of the Revenue Bond Fund: i) into the PIF Revenue Account all Public Improvement Fee Revenues (PIF); ii) into the S/O Tax Revenue Account, all specific ownership tax revenues; and iii) into the RSF Revenue Account, all Centerra Retail Sales Fee (RSF) Revenues. The revenues deposited into the Revenue Bond Fund and the Collateral Revenue Fund are to be used as set forth below.

**CENTERRA METROPOLITAN DISTRICT NO. 1
2008 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

(Continued)

Debt and Leases (continued)

Revenue Bond Fund

Amounts deposited into the Revenue Bond Fund are to be applied to the following purposes in the following order of disbursement priority, provided that such transfers are to be made first from the TIF Revenue Account, second, from the District Tax Revenue Account, and third, from the PIF Bond Account.

- i) Payment of Letter of Credit Fees due to the Letter of Credit Bank
- ii) Payment for operations of the District, not to exceed 25% of the District's annual operating budget in any one month and not to exceed \$600,000 for fiscal years 2005 and 2006, or \$900,000 for 2007, or \$1,200,000 for 2008 and for each fiscal year thereafter.
- iii) Payments on debt service on the 2004 Bonds.
- iv) Payments to replenish the Debt Service Reserve Funds to the extent that the Debt Service Fund Requirement is not being met. The Debt Service Reserve Fund Requirement is \$4,117,300.
- v) Payments on the swap agreements with BNP and RBC Dain Rauscher, Inc.
- vi) Payment to the Loveland Urban Renewal Authority (LURA) as the Regional Allocation pursuant to the terms of the Master Financing Agreement.

Collateral Revenue Fund

Amounts deposited into the Revenue Bond Fund are to be applied to the following purposes in the following order of disbursement priority, provided that such transfers are to be made first from PIF Revenue Account, second from the S/O Tax Revenue Account, and third from the RSF Revenue Account:

- i) From the amount on deposit in the PIF Revenue Account and the RSF Revenue Account to the City for any unpaid fees or expenses due under the terms on the Collection Agreement.
- ii) From amounts on deposit in the PIF Revenue Account to the PIF Bond Account of the Revenue Bond Fund, Pledged PIF Revenues.
- iii) To the Letter of Credit Bank from any Collateral Revenue Fund for amounts remaining due under the Reimbursement Agreement.
- iv) ~~On and before December 31, 2012, to the Supplemental Bank Reserve Fund to the extent that the amount on deposit is less than the Supplemental Bank Reserve Requirement of \$3,000,000. The RSF Corporation has a letter of credit for \$3,000,000 to satisfy this obligation.~~
- v) Solely from the amounts on deposit in the PIF Revenue Account to the LURA or otherwise as directed by the District.

**CENTERRA METROPOLITAN DISTRICT NO. 1
2008 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

(Continued)

Debt and Leases (continued)

- vi) Amounts on deposit in the Collateral Revenue Fund which have not otherwise been transferred as described above shall be released from the Collateral Revenue Fund and PIF revenue shall be disbursed to the PIF Revenue Account, specific ownership taxes shall be disbursed to the District for any lawful purpose, and RSF Revenue shall be disbursed to the RSF Corporation.

Moneys held in the Collateral Revenue Fund are recorded as a payable at year end since these amounts are due to the PIC Corporation and RSF Corporation under the flow of funds outlined above.

The District entered into two separate swap agreements during 2004 for the purpose of creating a synthetic fixed interest rate on their 2004 Bonds of 2.89% for 2008.

The District has no operating or capital leases.

Reserves

Debt Service Reserve

The Debt Service Reserve Fund Requirement is \$10,117,300.

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2008, as defined under TABOR.

This information is an integral part of the accompanying forecasted budget.

CENTERRA METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2007

\$57,000,000 Variable Rate Revenue Bonds
Series 2004
Dated October 15, 2004
Principal due December 1
Variable Interest Rate (Weekly Mode)
Paid 1st Business Day of Subsequent Month

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest **</u>	<u>Annual Debt</u> <u>Service</u>
2008	\$ 1,290,000	\$ 2,422,506	\$ 3,712,506
2009	1,595,000	2,367,681	3,962,681
2010	1,655,000	2,299,893	3,954,893
2011	1,735,000	2,229,555	3,964,555
2012	1,915,000	2,155,817	4,070,817
2013	2,015,000	2,074,429	4,089,429
2014	2,105,000	1,988,791	4,093,791
2015	2,200,000	1,899,328	4,099,328
2016	2,300,000	1,805,828	4,105,828
2017	2,400,000	1,708,078	4,108,078
2018	2,510,000	1,606,078	4,116,078
2019	2,625,000	1,499,403	4,124,403
2020	2,745,000	1,387,840	4,132,840
2021	2,865,000	1,271,177	4,136,177
2022	2,995,000	1,149,414	4,144,414
2023	3,130,000	1,022,126	4,152,126
2024	3,275,000	889,101	4,164,101
2025	3,420,000	749,913	4,169,913
2026	3,575,000	604,563	4,179,563
2027	3,740,000	452,625	4,192,625
2028	3,910,000	293,675	4,203,675
2029	3,000,000	127,500	3,127,500
	<u>\$ 57,000,000</u>	<u>\$ 32,005,321</u>	<u>\$ 89,005,321</u>

** Estimated average weekly rate through November 1, 2007 2.89%

** Estimated average weekly rate for November 2, 2007 through maturity 4.25%

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

Centerra Metropolitan District

January 28, 2008

Mr. Scott Olene
Colorado Division of Local Government
1313 Sherman Street, Room 521
Denver, CO 80203

RE: Centerra Metropolitan District Nos. 1-4 Budgets for 2008

Dear Mr. Olene:

Attached are true and accurate copies of the adopted 2008 Budgets and mill levy certifications for the Centerra Metropolitan District Nos. 1-4 in Larimer County, Colorado, submitted pursuant to C.R.S. Section 29-1-113. The Budgets were adopted on November 15, 2007.

If there are any questions on the budget, please contact our office at (970) 669-3611

Sincerely,
CENTERRA METROPOLITAN
DISTRICT NOS. 1-4



Pinnacle Consulting Group Inc.
District Administrator

Enc.

Managed by Pinnacle Consulting Group, Inc.
5110 Granite Street, Suite C
Loveland, CO 80538
Phone: (970) 669-3611 * Fax: (970) 669-3612

CERTIFIED RECORD
OF
PROCEEDINGS RELATING TO
CENTERRA METROPOLITAN DISTRICT NO. 2
LARIMER COUNTY, COLORADO
AND THE BUDGET HEARING
FOR FISCAL YEAR
2008

STATE OF COLORADO)
)
COUNTY OF LARIMER)ss.
)
CENTERRA)
METROPOLITAN)
DISTRICT NO. 2)

The Board of Directors of the Centerra Metropolitan District No. 2, Larimer County, Colorado, held a meeting at the office of McWhinney Enterprises, 2725 Rocky Mountain Avenue, Suite 200, Loveland, Colorado 80538 on November 15, 2007, at 12:00 noon.

The following members of the Board of Directors were present:

Ken Howell, Treasurer
Dan Herlihey, Secretary
Phil Hodgkinson, Asst. Vice Pres. / Asst. Sec.
Kim Perry, Vice-President

Also in attendance was: Rich Shannon, McWhinney, District Manager; Bret Boulter, McWhinney; Jay Hardy, McWhinney; Christine Harpel, McWhinney; Alan Pogue, Pogue & Early, P.C., District counsel; Peggy Dowswell, Pinnacle Consulting Group Inc, District Administrator; Carla Hawkins, Pinnacle Consulting Group, Inc; Diane Lunt, Pinnacle Consulting Group Inc ; Dwayne Walker, Empire Management, Inc; Stan Myers, Northern Engineering; Bonnie Steele, City of Loveland; Wendy Messinger, McWhinney; Marcey Mushore, Chapungu

Mr. Alan Pogue, District Counsel, stated that proper publication was made to allow the Board to conduct a public hearing on the District's 2008 budget. Director Perry opened the public hearing on the District's proposed 2008 budget. There being no public comment on the District's budget, the public hearing was closed.

Thereupon, Director Herlihey introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES, ADOPTING A BUDGET, SETTING FORTH MILL LEVIES, AND APPROPRIATING SUMS OF MONEY TO THE GENERAL FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE CENTERRA METROPOLITAN DISTRICT NO. 2, LARIMER COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2008, AND ENDING ON THE LAST DAY OF DECEMBER 2008,

WHEREAS, the Board of Directors of the Centerra Metropolitan District No. 2 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published on November 8, 2007, in The Reporter-Herald, a newspaper having general circulation within the boundaries of the District, pursuant to statute, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 15, 2007, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CENTERRA METROPOLITAN DISTRICT NO. 2 OF LARIMER COUNTY, COLORADO:

Section 1. 2008 Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 2. 2008 Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Adoption of Budget for 2008. That the budget as submitted and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Centerra Metropolitan District No. 2 for calendar year 2008.

Section 4. 2008 Levy of Property Taxes. That the foregoing budget indicated that the amount of money necessary to balance the budget from property taxes for the 2008 Budget year is \$22,242.49. That the 2007 valuation for assessment, as certified by the Larimer County Assessor, is \$422,861.

A. Levy for General Operating Fund. That for the purposes of meeting all general operating expense of the District during the 2008 budget year, there is hereby levied a tax of 0.00 mills upon each dollar of the 2007 total valuation of assessment of all taxable property within the District.

B. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all general obligation bond and interest approved at election of the District during the 2008 budget year, there is hereby levied a tax of 35.00 mills upon each dollar of the 2007 total valuation of assessment of all taxable property within the District.

C. Levy for Contractual Obligations. That for the purposes of meeting all general contractual obligations approved at election of the District during the 2008 budget year, there is hereby levied a tax of 17.60 mills upon each dollar of the 2007 total valuation of assessment of all taxable property within the District.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification to County Commissioners. The District's manager is hereby authorized and directed to immediately certify to the County Commissioners of Larimer County, Colorado, 52.60 mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form:

[Remainder of Page Left Blank Intentionally.]

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Larimer County, Colorado.

On behalf of the Centerra Metropolitan District No. 2,

(taxing entity)^A

the Board of Directors

(governing body)^B

of the Centerra Metropolitan District No. 2

(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 71,194,190 assessed valuation of:

(GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of:

\$ 422,861

(NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/11/2007 for budget/fiscal year 2008
(not later than Dec. 15) (dd/mm/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	_____ mills	\$ _____
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< _____ > mills	\$ < _____ >
SUBTOTAL FOR GENERAL OPERATING:	_____ mills	\$ _____
3. General Obligation Bonds and Interest ^J	35.000 mills	\$ 14,800.14
4. Contractual Obligations ^K	17.600 mills	\$ 7,442.35
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	0.000 mills	\$ 0.00
7. Other ^N (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	52.600 mills	\$ 22,242.49

Contact person: (print) Peggy Dowswell Daytime phone: (970)669-3611
Signed: Peggy Dowswell Title: District Accountant

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's final certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- | | | |
|----|-------------------|---|
| 1. | Purpose of Issue: | Repay Centerra Metropolitan District No. 1's Series 2004 Revenue Bond issue to fund District No.2's infrastructure improvements |
| | Series: | 2004 |
| | Date of Issue: | 10/01/2004 |
| | Coupon Rate: | \$57,000,000 |
| | Maturity Date: | 12/01/2029 |
| | Levy: | 35.000 |
| | Revenue: | \$14,800.14 |
| | | |
| 2. | Purpose of Issue: | _____ |
| | Series: | _____ |
| | Date of Issue: | _____ |
| | Coupon Rate: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

CONTRACTS^K:

- | | | |
|----|----------------------|--|
| 3. | Purpose of Contract: | Fund Construction, Operations & Maintenance costs with payment to Centerra Metropolitan District No. 1 |
| | Title: | District Facilities Construction and Service Agreement |
| | Date: | 7/29/2004 |
| | Principal Amount: | None stated |
| | Maturity Date: | None stated |
| | Levy: | 17.600 |
| | Revenue: | \$7,442.35 |
| | | |
| 4. | Purpose of Contract: | _____ |
| | Title: | _____ |
| | Date: | _____ |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

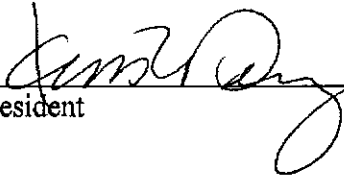
Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 8. Budget Certification. That the budget shall be certified by Director Herlihey, Secretary of the District, and made a part of the public records of Centerra Metropolitan District No. 2.

The foregoing Resolution was seconded by Director Howell.

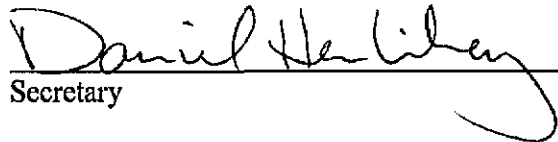
[Remainder of Page Left Blank Intentionally.]

ADOPTED AND APPROVED this 15th day of November 2007.



Vice-President

ATTEST:



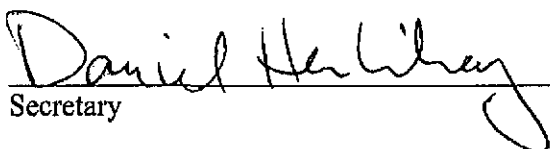
Secretary

STATE OF COLORADO)
)
COUNTY OF LARIMER)ss.
)
CENTERRA)
METROPOLITAN)
DISTRICT NO. 2)

I, Dan Herlihey, Secretary to the Board of Directors of the Centerra Metropolitan District No. 2, Larimer County, Colorado, do hereby certify that the foregoing pages numbered 1 to 9, inclusive, constitute a true and correct copy of the record of proceedings of the Board of Directors of said District, adopted at a meeting of the Board held at the office of McWhinney Enterprises, 2725 Rocky Mountain Avenue, Suite 200, Loveland, Colorado 80538 on November 15, 2007, at 12:00 noon, as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2008; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown. Further, I hereby certify that the attached budget is a true and accurate copy of the 2008 budget of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 15th day of November, 2007.

(SEAL)


Secretary



Accountant's Report

Board of Directors
Centerra Metropolitan District No. 2
Larimer County, Colorado

We have compiled the accompanying forecasted budget of revenue, expenditures, and fund balance of the Centerra Metropolitan District No. 2 for the General Fund for the year ending December 31, 2008, including the forecasted estimate of comparative information for the year ending December 31, 2007, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying budget of revenue, expenditures, and fund balance or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events or circumstances occurring after the date of this report.

The actual historical information for the year 2006 is presented for comparative purposes only. Such information is taken from the application for exemption from audit of the District for the year ended December 31, 2006.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to the Centerra Metropolitan District No. 2.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 3, 2007

CENTERRA METROPOLITAN DISTRICT NO. 2
GENERAL FUND
FORECASTED 2008 BUDGET AS ADOPTED
WITH 2006 ACTUAL AND 2007 ESTIMATED
For the Years Ended and Ending December 31,

12/3/07

Page 2

	ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Property taxes	10,121	13,963	22,242
Specific ownership tax	28,244	113,000	374,481
Investment income & Other	-	500	100,000
Total revenue	38,365	127,463	496,723
TRANSFERS IN			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers in	-	-	-
Total funds available	38,365	127,463	496,723
EXPENDITURES			
County Treasurer's fees	303	600	445
Payment of Services to District No. 1	38,062	126,863	396,278
Contingency	-	-	100,000
Total expenditures	38,365	127,463	496,723
TRANSFERS OUT			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	38,365	127,463	496,723
ENDING FUND BALANCE	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

CENTERRA METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

12/3/07

Page 3

ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
----------------	-------------------	-----------------

ASSESSED VALUATION - LARIMER COUNTY

Residential	\$ 21,160	\$ 12,970	\$ -
Commercial	5,704,880	33,668,270	65,284,520
Industrial	124,980	51,700	69,940
Agricultural	29,500	26,360	71,580
State assessed	-	21,180	21,410
Vacant land	4,264,330	5,197,070	5,746,740
Personal property	-	-	-
	10,144,850	38,977,550	71,194,190
Adjustments	(9,770,100)	(38,578,590)	(70,771,329)
Certified Assessed Value	\$ 374,750	\$ 398,960	\$ 422,861

MILL LEVY

General	0.000	0.000	0.000
Debt Service	0.000	0.000	0.000
Contractual Obligation	35.000	35.000	52.600
Temporary Mill Levy Reduction (pursuant to C.R.S.39-5-121)	0.000	0.000	0.000
Refund and abatements	0.000	0.000	0.000
Total mill levy	35.000	35.000	52.600

PROPERTY TAXES

General	\$ -	\$ -	\$ -
Debt Service	-	-	-
Contractual Obligation	13,116	13,964	22,242
Temporary Mill Levy Reduction	-	-	-
Refund and abatements	-	-	-
Levied property taxes	13,116	13,964	22,242
Adjustments to actual/rounding	319	493	-
Refunds and abatements	-	(494)	-
Budgeted property taxes	\$ 13,435	\$ 13,963	\$ 22,242

BUDGETED PROPERTY TAXES

General	\$ 13,435	\$ 13,963	\$ 22,242
Debt Service	-	-	-
	\$ 13,435	\$ 13,963	\$ 22,242

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

**CENTERRA METROPOLITAN DISTRICT NO. 2
2008 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, was organized to provide construction, installation, financing and operation of public improvements, including streets, traffic safety controls, landscaping, water, sanitary sewer, storm drainage, television relay, transportation, and park and recreation facilities, primarily for single family residential development within the District. The District was organized in conjunction with three other related districts, Centerra Metropolitan District No. 1 (control district), Centerra Metropolitan District No. 3 (residential) and Centerra Metropolitan District No. 4 (regional improvement). The District's service area is located entirely within the City of Loveland, Larimer County, Colorado.

The District was formed with its election held on May 4, 2004, with the Court Order from the State of Colorado issued May 20, 2004. The election approved general obligation indebtedness of \$350,000,000 for streets, \$350,000,000 for traffic and safety, \$350,000,000 for water, \$350,000,000 for sanitary sewer, \$350,000,000 for parks and recreation, \$350,000,000 for public transportation, \$350,000,000 for television relay and translation facilities, \$350,000,000 for mosquito control, \$350,000,000 for fire protection, \$50,000,000 for operations and maintenance contracts, \$700,000,000 for bond refunding, \$500,000,000 for intergovernmental agreements between districts, \$500,000,000 for contract debt, \$400,000,000 for reimbursement agreement with a private entity, and \$50,000,000 for construction management. The election also approved an annual increase in taxes of \$7,250,000 for operations.

The District prepares its budget on the modified accrual basis of accounting.

Revenue

Property Taxes

The calculation of the taxes levied is displayed on page 3 of the budget at the adopted total mill levy of 52.600 for operations. These taxes are then distributed to Centerra Metropolitan District No.1 as required under an intergovernmental agreement.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the District's share will be equal to approximately 10% of the property taxes collected by the General Fund.

Interest

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 4%.

**CENTERRA METROPOLITAN DISTRICT NO. 2
2008 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

(Continued)

Expenditures

Administrative

With the exception of County Treasurer's fees and Intergovernmental Expenditures, the District does not anticipate any General Fund expenditures in 2008.

Intergovernmental Expenditures

The intergovernmental expenditures are transfers to District No 1 from District Nos 2 - 4 to provide funding for the overall administrative and operating costs for all of the Districts.

Debt and Leases

The District has no outstanding debt. It has no operating or capital leases.

Reserves

Emergency Reserve

The District transfers all of its revenue to Centerra Metropolitan District No. 1 as provided for in an intergovernmental agreement between Centerra Metropolitan District Nos. 1-4. Therefore no emergency reserve has been provided for in Centerra Metropolitan District No. 2. The emergency reserve related to their revenue stream is captured in Centerra Metropolitan District No. 1.

This information is an integral part of the accompanying forecasted budget.

Centerra Metropolitan District

January 28, 2008

Mr. Scott Olene
Colorado Division of Local Government
1313 Sherman Street, Room 521
Denver, CO 80203

RE: Centerra Metropolitan District Nos. 1-4 Budgets for 2008

Dear Mr. Olene:

Attached are true and accurate copies of the adopted 2008 Budgets and mill levy certifications for the Centerra Metropolitan District Nos. 1-4 in Larimer County, Colorado, submitted pursuant to C.R.S. Section 29-1-113. The Budgets were adopted on November 15, 2007.

If there are any questions on the budget, please contact our office at (970) 669-3611

Sincerely,
CENTERRA METROPOLITAN
DISTRICT NOS. 1-4



Pinnacle Consulting Group Inc.
District Administrator

Enc.

Managed by Pinnacle Consulting Group, Inc.
5110 Granite Street, Suite C
Loveland, CO 80538
Phone: (970) 669-3611 * Fax: (970) 669-3612

CERTIFIED RECORD
OF
PROCEEDINGS RELATING TO
CENTERRA METROPOLITAN DISTRICT NO. 3
LARIMER COUNTY, COLORADO
AND THE BUDGET HEARING
FOR FISCAL YEAR
2008

STATE OF COLORADO)
)
COUNTY OF LARIMER)ss.
)
CENTERRA)
METROPOLITAN)
DISTRICT NO. 3)

The Board of Directors of the Centerra Metropolitan District No. 3, Larimer County, Colorado, held a meeting at the office of McWhinney Enterprises, 2725 Rocky Mountain Avenue, Suite 200, Loveland, Colorado 80538 on November 15, 2007, at 12:00 noon.

The following members of the Board of Directors were present:

Ken Howell, Treasurer
Dan Herlihey, Secretary
Phil Hodgkinson, Asst. Vice Pres. / Asst. Sec.
Kim Perry, Vice-President

Also in attendance was: Rich Shannon, McWhinney, District Manager; Bret Boulter, McWhinney; Jay Hardy, McWhinney; Christine Harpel, McWhinney; Alan Pogue, Pogue & Early, P.C., District Counsel; Peggy Dowswell, Pinnacle Consulting Group Inc, District Administrator; Carla Hawkins, Pinnacle Consulting Group, Inc; Diane Lunt, Pinnacle Consulting Group Inc ; Dwayne Walker, Empire Management, Inc; Stan Myers, Northern Engineering; Bonnie Steele, City of Loveland; Wendy Messinger, McWhinney; Marcey Mushore, Chapungu

Mr. Alan Pogue, District Counsel, stated that proper publication was made to allow the Board to conduct a public hearing on the District's 2008 budget. Director Perry opened the public hearing on the District's proposed 2008 budget. There being no public comment on the District's budget, the public hearing was closed.

Thereupon, Director Herlihey introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES, ADOPTING A BUDGET, SETTING FORTH MILL LEVIES, AND APPROPRIATING SUMS OF MONEY TO THE GENERAL FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE CENTERRA METROPOLITAN DISTRICT NO. 3, LARIMER COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2008, AND ENDING ON THE LAST DAY OF DECEMBER 2008,

WHEREAS, the Board of Directors of the Centerra Metropolitan District No. 3 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published on November 8, 2007, in The Reporter-Herald, a newspaper having general circulation within the boundaries of the District, pursuant to statute, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 15, 2007, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CENTERRA METROPOLITAN DISTRICT NO. 3 OF LARIMER COUNTY, COLORADO:

Section 1. 2008 Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 2. 2008 Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Adoption of Budget for 2008. That the budget as submitted and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Centerra Metropolitan District No. 3 for calendar year 2008.

Section 4. 2008 Levy of Property Taxes. That the foregoing budget indicated that the amount of money necessary to balance the budget from property taxes for the 2008 Budget year is \$0. That the 2007 valuation for assessment, as certified by the Larimer County Assessor, is \$57,094..

A. Levy for General Operating Fund. That for the purposes of meeting all general operating expense of the District during the 2008 budget year, there is hereby levied a tax of 0.00 mills upon each dollar of the 2007 total valuation of assessment of all taxable property within the District.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification to County Commissioners. The District's manager is hereby authorized and directed to immediately certify to the County Commissioners of Larimer County, Colorado, the zero mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form:

[Remainder of Page Left Blank Intentionally.]

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Larimer County, Colorado.

On behalf of the Centerra Metropolitan District No. 3

(taxing entity)^A

the Board of Directors

(governing body)^B

of the Centerra Metropolitan District No. 3

(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 57,094 assessed valuation of:

(GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

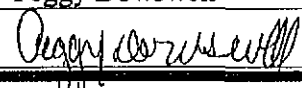
Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of:

\$ 57,094

(NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/11/2007 for budget/fiscal year 2008
(not later than Dec. 15) (dd/mm/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	0.000 mills	\$ 0.00
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	0.000 mills	\$ 0.00
3. General Obligation Bonds and Interest ^J	mills	\$
4. Contractual Obligations ^K	mills	\$
5. Capital Expenditures ^L	mills	\$
6. Refunds/Abatements ^M	mills	\$
7. Other ^N (specify):	mills	\$
	mills	\$
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	0.000 mills	\$ 0.00

Contact person: (print) Peggy Dowswell Daytime phone: (970)669-3611
Signed:  Title: District Accountant

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's final certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

1. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

3. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

4. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 8. Budget Certification. That the budget shall be certified by Director Herlihey, Secretary of the District, and made a part of the public records of Centerra Metropolitan District No. 3.

The foregoing Resolution was seconded by Director Howell.

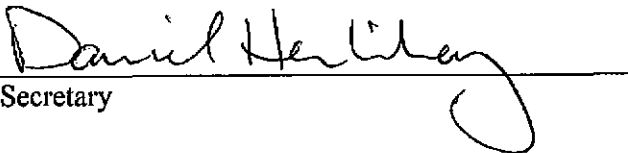
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STATE OF COLORADO)
)
COUNTY OF LARIMER)ss.
)
CENTERRA)
METROPOLITAN)
DISTRICT NO. 3)

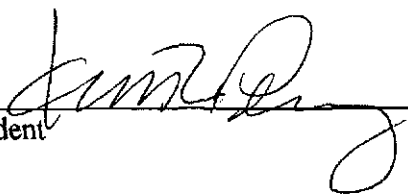
I, Dan Herlihey, Secretary to the Board of Directors of the Centerra Metropolitan District No. 3, Larimer County, Colorado, do hereby certify that the foregoing pages numbered 1 to 9, inclusive, constitute a true and correct copy of the record of proceedings of the Board of Directors of said District, adopted at a meeting of the Board held at the office of McWhinney Enterprises, 2725 Rocky Mountain Avenue, Suite 200, Loveland, Colorado 80538 on November 15, 2007, at 12:00 noon, as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2008; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown. Further, I hereby certify that the attached budget is a true and accurate copy of the 2008 budget of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 15th day of November, 2007.

(SEAL)

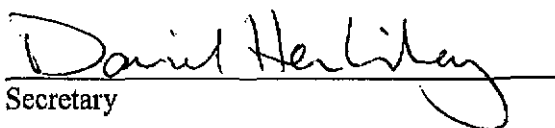

Secretary

ADOPTED AND APPROVED this 15th day of November 2007.



Vice-President

ATTEST:



Secretary



Accountant's Report

Board of Directors
Centerra Metropolitan District No. 3
Larimer County, Colorado

We have compiled the accompanying forecasted budget of revenue, expenditures, and fund balance of the Centerra Metropolitan District No. 3 for the General Fund for the year ending December 31, 2008, including the forecasted estimate of comparative information for the year ending December 31, 2007, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying budget of revenue, expenditures, and fund balance or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events or circumstances occurring after the date of this report.

The actual historical information for the year 2006 is represented for comparative purposes only. Such information is taken from the application for exemption from audit of the District for the year ended December 31, 2006.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to the Centerra Metropolitan District No. 3.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 3, 2007

**CENTERRA METROPOLITAN DISTRICT NO. 3
GENERAL FUND
FORECASTED 2008 BUDGET AS ADOPTED
WITH 2006 ACTUAL AND 2007 ESTIMATED
For the Years Ended and Ending December 31,**

12/3/07

Page 2

	ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Property taxes	-	-	-
Specific ownership tax	-	-	-
Investment income	-	-	-
Developer advance	-	-	-
Bond proceeds	-	-	-
Total revenue	-	-	-
TRANSFERS IN			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers in	-	-	-
Total funds available	-	-	-
EXPENDITURES			
Accounting & District Administration	-	-	-
Bond issue costs	-	-	-
County Treasurer's fees	-	-	-
Director fees	-	-	-
Election costs	-	-	-
Payment of Services to District No. 1	-	-	-
Miscellaneous	-	-	-
Contingency	-	-	-
Total expenditures	-	-	-
TRANSFERS OUT			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

CENTERRA METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

12/3/07

Page 3

ACTUAL	ESTIMATED	ADOPTED
2006	2007	2008

ASSESSED VALUATION - LARIMER COUNTY

Residential	\$ -	\$ -	\$ -
Commercial	-	-	-
Agricultural	8,320	8,320	6,850
Oil & Gas	6,507	6,346	7,414
State assessed	-	42,370	42,830
Vacant land	-	-	-
Personal property	-	-	-
	<u>14,827</u>	<u>57,036</u>	<u>57,094</u>
Adjustments	-	-	-
Certified Assessed Value	<u>\$ 14,827</u>	<u>\$ 57,036</u>	<u>\$ 57,094</u>

MILL LEVY

General	0.000	0.000	0.000
Debt Service	0.000	0.000	0.000
Temporary Mill Levy Reduction (pursuant to C.R.S.39-5-121)	0.000	0.000	0.000
Refund and abatements	0.000	0.000	0.000
Total mill levy	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>

PROPERTY TAXES

General	\$ -	\$ -	\$ -
Debt Service	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refund and abatements	-	-	-
Levied property taxes	<u>-</u>	<u>-</u>	<u>-</u>
Adjustments to actual/rounding	-	-	-
Refunds and abatements	-	-	-
Budgeted property taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BUDGETED PROPERTY TAXES

General	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

**CENTERRA METROPOLITAN DISTRICT NO. 3
2008 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, was organized to provide construction, installation, financing and operation of public improvements, including streets, traffic safety controls, landscaping, water, sanitary sewer, storm drainage, television relay, transportation, and park and recreation facilities, primarily for single family residential development within the District. The District was organized in conjunction with three other related districts, Centerra Metropolitan District No. 1 (control district), Centerra Metropolitan District No. 2 (commercial) and Centerra Metropolitan District No. 4 (regional improvement). The District's service area is located entirely within the City of Loveland, Larimer County, Colorado.

The District was formed with its election held on May 4, 2004, with the Court Order from the State of Colorado issued May 20, 2004. The election approved general obligation indebtedness of \$25,000,000 for streets, \$25,000,000 for traffic and safety, \$25,000,000 for water, \$25,000,000 for sanitary sewer, \$25,000,000 for parks and recreation, \$25,000,000 for public transportation, \$25,000,000 for television relay and translation facilities, \$25,000,000 for mosquito control, \$25,000,000 for fire protection, \$10,000,000 for operations and maintenance contracts, \$50,000,000 for bond refunding, \$40,000,000 for intergovernmental agreements between districts, \$40,000,000 for contract debt, and \$35,000,000 for reimbursement agreement with a private entity. The election also approved an annual increase in taxes of \$1,450,000 for operations.

The District prepares its budget on the modified accrual basis of accounting.

Revenue & Expenditures

The District does not anticipate any financial activity in 2008.

Debt and Leases

The District has no outstanding debt. It has no operating or capital leases.

Reserves

Emergency Reserve

The District transfers all of its revenue to Centerra Metropolitan District No. 1 as provided for in an intergovernmental agreement between Centerra Metropolitan District Nos. 1-4. Therefore no emergency reserve has been provided for in Centerra Metropolitan District No. 3. The emergency reserve related to their revenue stream is captured in Centerra Metropolitan District No. 1.

This information is an integral part of the accompanying forecasted budget.

Centerra Metropolitan District

January 28, 2008

Mr. Scott Olene
Colorado Division of Local Government
1313 Sherman Street, Room 521
Denver, CO 80203

RE: Centerra Metropolitan District Nos. 1-4 Budgets for 2008

Dear Mr. Olene:

Attached are true and accurate copies of the adopted 2008 Budgets and mill levy certifications for the Centerra Metropolitan District Nos. 1-4 in Larimer County, Colorado, submitted pursuant to C.R.S. Section 29-1-113. The Budgets were adopted on November 15, 2007.

If there are any questions on the budget, please contact our office at (970) 669-3611

Sincerely,
CENTERRA METROPOLITAN
DISTRICT NOS. 1-4



Pinnacle Consulting Group Inc.
District Administrator

Enc.

Managed by Pinnacle Consulting Group, Inc.
5110 Granite Street, Suite C
Loveland, CO 80538
Phone: (970) 669-3611 * Fax: (970) 669-3612

CERTIFIED RECORD
OF
PROCEEDINGS RELATING TO
CENTERRA METROPOLITAN DISTRICT NO. 4
LARIMER COUNTY, COLORADO
AND THE BUDGET HEARING
FOR FISCAL YEAR
2008

STATE OF COLORADO)
)
COUNTY OF LARIMER)ss.
)
CENTERRA)
METROPOLITAN)
DISTRICT NO. 4)

The Board of Directors of the Centerra Metropolitan District No. 4, Larimer County, Colorado, held a meeting at the office of McWhinney Enterprises, 2725 Rocky Mountain Avenue, Suite 200, Loveland, Colorado 80538 on November 15, 2007, at 12:00 noon.

The following members of the Board of Directors were present:

Ken Howell, Treasurer
Dan Herlihey, Secretary
Phil Hodgkinson, Asst. Vice Pres. / Asst. Sec.
Kim Perry, Vice-President

Also in attendance was: Rich Shannon, McWhinney, District Manager; Bret Boulter, McWhinney; Jay Hardy, McWhinney; Christine Harpel, McWhinney; Alan Pogue, Pogue & Early, P.C., District Counsel; Peggy Dowswell, Pinnacle Consulting Group Inc, District Administrator; Carla Hawkins, Pinnacle Consulting Group, Inc; Diane Lunt, Pinnacle Consulting Group Inc ; Dwayne Walker, Empire Management, Inc; Stan Myers, Northern Engineering; Bonnie Steele, City of Loveland; Wendy Messinger, McWhinney; Marcey Mushore, Chapungu

Mr. Alan Pogue, District Counsel, stated that proper publication was made to allow the Board to conduct a public hearing on the District's 2008 budget. Director Perry opened the public hearing on the District's proposed 2008 budget. There being no public comment on the District's budget, the public hearing was closed.

Thereupon, Director Herlihey introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES, ADOPTING A BUDGET, SETTING FORTH MILL LEVIES, AND APPROPRIATING SUMS OF MONEY TO THE GENERAL FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE CENTERRA METROPOLITAN DISTRICT NO. 4, LARIMER COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2008, AND ENDING ON THE LAST DAY OF DECEMBER 2008,

WHEREAS, the Board of Directors of the Centerra Metropolitan District No. 4 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published on November 8, 2007, in The Reporter-Herald, a newspaper having general circulation within the boundaries of the District, pursuant to statute, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 15, 2007, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CENTERRA METROPOLITAN DISTRICT NO. 4 OF LARIMER COUNTY, COLORADO:

Section 1. 2008 Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 2. 2008 Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Adoption of Budget for 2008. That the budget as submitted and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Centerra Metropolitan District No. 4 for calendar year 2008.

Section 4. 2008 Levy of Property Taxes. That the foregoing budget indicated that the amount of money necessary to balance the budget from property taxes for the 2008 Budget year is \$0. That the 2007 valuation for assessment, as certified by the Larimer County Assessor, is \$422,861.

A. Levy for General Operating Fund. That for the purposes of meeting all general operating expense of the District during the 2008 budget year, there is hereby levied a tax of 0.00 mills upon each dollar of the 2007 total valuation of assessment of all taxable property within the District.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification to County Commissioners. The District's manager is hereby authorized and directed to immediately certify to the County Commissioners of Larimer County, Colorado, the zero mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form:

[Remainder of Page Left Blank Intentionally.]

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Larimer County, Colorado.

On behalf of the Centerra Metropolitan District No. 4,

(taxing entity)^A

the Board of Directors

(governing body)^B

of the Centerra Metropolitan District No. 4

(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 71,194,190 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 422,861 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/11/2007 for budget/fiscal year 2008
(not later than Dec. 15) (dd/mm/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	0.000 mills	\$ 0.00
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	0.000 mills	\$ 0.00
3. General Obligation Bonds and Interest ^J	mills	\$
4. Contractual Obligations ^K	mills	\$
5. Capital Expenditures ^L	mills	\$
6. Refunds/Abatements ^M	mills	\$
7. Other ^N (specify): _____	mills	\$
_____	mills	\$
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	0.000 mills	\$ 0.00

Contact person: (print) Peggy Dowswell Daytime phone: (970)669-3611
Signed: [Signature] Title: District Accountant

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's final certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^L:

1. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

3. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

4. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 8. Budget Certification. That the budget shall be certified by Director Herlihey, Secretary of the District, and made a part of the public records of Centerra Metropolitan District No. 4.

The foregoing Resolution was seconded by Director Howell.

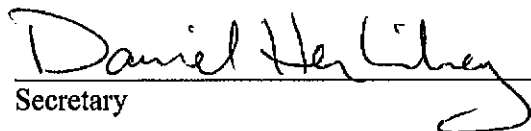
[Remainder of Page Left Blank Intentionally.]

STATE OF COLORADO)
)
COUNTY OF LARIMER)ss.
)
CENTERRA)
METROPOLITAN)
DISTRICT NO. 4)

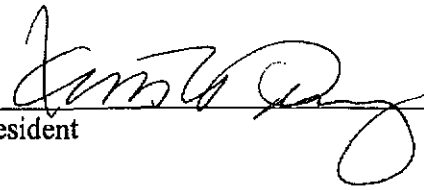
I, Dan Herlihey, Secretary to the Board of Directors of the Centerra Metropolitan District No. 4, Larimer County, Colorado, do hereby certify that the foregoing pages numbered 1 to 9, inclusive, constitute a true and correct copy of the record of proceedings of the Board of Directors of said District, adopted at a meeting of the Board held at the office of McWhinney Enterprises, 2725 Rocky Mountain Avenue, Suite 200, Loveland, Colorado 80538 on November 15, 2007, at 12:00 noon, as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2008; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown. Further, I hereby certify that the attached budget is a true and accurate copy of the 2008 budget of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 15th day of November, 2007.

(S E A L)

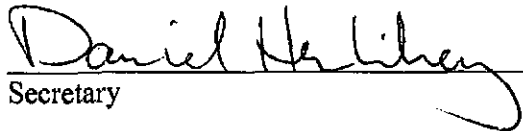

Secretary

ADOPTED AND APPROVED this 15th day of November 2007.



Vice-President

ATTEST:



Secretary



Accountant's Report

Board of Directors
Centerra Metropolitan District No. 4
Larimer County, Colorado

We have compiled the accompanying forecasted budget of revenue, expenditures, and fund balance of the Centerra Metropolitan District No. 4 for the General Fund for the year ending December 31, 2008, including the forecasted estimate of comparative information for the year ending December 31, 2007, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying budget of revenue, expenditures, and fund balance or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events or circumstances occurring after the date of this report.

The actual historical information for the year 2006 is represented for comparative purposes only. Such information is taken from the application for exemption from audit of the District for the year ended December 31, 2006.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to the Centerra Metropolitan District No. 4.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 3, 2007

CENTERRA METROPOLITAN DISTRICT NO. 4
GENERAL FUND
FORECASTED 2008 BUDGET AS ADOPTED
WITH 2006 ACTUAL AND 2007 ESTIMATED
For the Years Ended and Ending December 31,

12/3/07
Page 2

	ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Property taxes	-	-	-
Specific ownership tax	-	-	-
Investment income	-	-	-
Developer advance	-	-	-
Bond proceeds	-	-	-
Total revenue	-	-	-
TRANSFERS IN			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers in	-	-	-
Total funds available	-	-	-
EXPENDITURES			
Accounting & District Administration	-	-	-
Bond issue costs	-	-	-
County Treasurer's fees	-	-	-
Director fees	-	-	-
Election costs	-	-	-
Payment of Services to District No. 1	-	-	-
Miscellaneous	-	-	-
Contingency	-	-	-
Total expenditures	-	-	-
TRANSFERS OUT			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

CENTERRA METROPOLITAN DISTRICT NO. 4
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

12/3/07

Page 3

ACTUAL 2006	ESTIMATED 2007	ADOPTED 2008
----------------	-------------------	-----------------

ASSESSED VALUATION - LARIMER COUNTY

Residential	\$ 21,160	\$ 12,970	\$ -
Commercial	5,704,880	33,668,270	65,284,520
Industrial	124,980	51,700	69,940
Agricultural	29,500	26,360	71,580
State assessed	-	21,180	21,410
Vacant land	4,264,330	5,197,070	5,746,740
Personal property	-	-	-
	<u>10,144,850</u>	<u>38,977,550</u>	<u>71,194,190</u>
Adjustments	(9,770,100)	(38,578,590)	(70,771,329)
Certified Assessed Value	<u>\$ 374,750</u>	<u>\$ 398,960</u>	<u>\$ 422,861</u>

MILL LEVY

General	0.000	0.000	0.000
Debt Service	0.000	0.000	0.000
Temporary Mill Levy Reduction (pursuant to C.R.S.39-5-121)	0.000	0.000	0.000
Refund and abatements	0.000	0.000	0.000
Total mill levy	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>

PROPERTY TAXES

General	\$ -	\$ -	\$ -
Debt Service	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refund and abatements	-	-	-
Levied property taxes	<u>-</u>	<u>-</u>	<u>-</u>
Adjustments to actual/rounding	-	-	-
Refunds and abatements	-	-	-
Budgeted property taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BUDGETED PROPERTY TAXES

General	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.

**CENTERRA METROPOLITAN DISTRICT NO. 4
2008 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, was organized to provide construction, installation, financing and operation of public improvements, including streets, traffic safety controls, landscaping, water, sanitary sewer, storm drainage, television relay, transportation, and park and recreation facilities, primarily for single family residential development within the District. The District was organized in conjunction with three other related districts, Centerra Metropolitan District No. 1 (control district) Centerra Metropolitan District No. 2 (commercial), and Centerra Metropolitan District No. 3 (residential). The District's service area is located entirely within the City of Loveland, Larimer County, Colorado.

The District was formed with its election held on May 4, 2004, with the Court Order from the State of Colorado issued May 20, 2004. The election approved general obligation indebtedness of \$350,000,000 for streets, \$350,000,000 for traffic and safety, \$350,000,000 for water, \$350,000,000 for sanitary sewer, \$350,000,000 for parks and recreation, \$350,000,000 for public transportation, \$350,000,000 for television relay and translation facilities, \$350,000,000 for mosquito control, \$350,000,000 for fire protection, \$50,000,000 for operations and maintenance contracts, \$700,000,000 for bond refunding, \$500,000,000 for intergovernmental agreements between districts, \$500,000,000 for contract debt, \$400,000,000 for reimbursement agreement with a private entity, and \$50,000,000 for construction management. The election also approved an annual increase in taxes of \$50,000,000 for operations.

The District prepares its budget on the modified accrual basis of accounting.

Revenue & Expenditures

The District does not anticipate any financial activity in 2008.

Debt and Leases

The District has no outstanding debt. It has no operating or capital leases.

Reserves

Emergency Reserve

The District transfers all of its revenue to Centerra Metropolitan District No. 1 as provided for in an intergovernmental agreement between Centerra Metropolitan District Nos. 1-4. Therefore no emergency reserve has been provided for in Centerra Metropolitan District No. 4. The emergency reserve related to their revenue stream is captured in Centerra Metropolitan District No. 1.

This information is an integral part of the accompanying forecasted budget.

Centerra Metropolitan District

January 28, 2008

Mr. Scott Olene
Colorado Division of Local Government
1313 Sherman Street, Room 521
Denver, CO 80203

RE: Centerra Metropolitan District Nos. 1-4 Budgets for 2008

Dear Mr. Olene:

Attached are true and accurate copies of the adopted 2008 Budgets and mill levy certifications for the Centerra Metropolitan District Nos. 1-4 in Larimer County, Colorado, submitted pursuant to C.R.S. Section 29-1-113. The Budgets were adopted on November 15, 2007.

If there are any questions on the budget, please contact our office at (970) 669-3611

Sincerely,
CENTERRA METROPOLITAN
DISTRICT NOS. 1-4



Pinnacle Consulting Group Inc.
District Administrator

Enc.

Managed by Pinnacle Consulting Group, Inc.
5110 Granite Street, Suite C
Loveland, CO 80538
Phone: (970) 669-3611 * Fax: (970) 669-3612