

RECORD OF PROCEEDINGS

MINUTES OF THE COORDINATED

REGULAR MEETING OF

CENTERRA METROPOLITAN DISTRICT NO. 1
CENTERRA METROPOLITAN DISTRICT NO. 2
CENTERRA METROPOLITAN DISTRICT NO. 3
CENTERRA METROPOLITAN DISTRICT NO. 4

HELD

October 19, 2006

The Boards of Directors of the Centerra Metropolitan District No. 1, Centerra Metropolitan District No. 2, Centerra Metropolitan District No. 3 and Centerra Metropolitan District No. 4, held a coordinated regular meeting, open to the public, at the office of McWhinney Enterprises, 2725 Rocky Mountain Ave., Suite 200, Loveland, Colorado 80538; at 12:00 noon Thursday, October 19, 2006. Notice of the meeting has been duly posted with the Larimer County Clerk and Recorder and posted in three public places within the boundaries of each District.

ATTENDANCE:

Directors in Attendance:

Ken Howell, Treasurer
Dan Herlihey, Secretary
Phil Hodgkinson, Asst Vice President/Secretary

Absent and Excused

Kim Perry, Vice President/Acting President

Also in Attendance:

Alan Pogue, Pogue, Corbetta & O'Leary, General Counsel
Rich Shannon, McWhinney Enterprises, District Manager
Peggy Dowswell, District Administrator
Bret Boulter, McWhinney Enterprises
Sylvester Mabry, McWhinney Enterprises
Ginger Dodge, McWhinney Enterprises
Dwayne Walker, Empire Construction Management
Jon Erickson, Empire Construction Management
Carla Hawkins, Pinnacle Consulting Group, Inc.

CALL TO
ORDER

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

COMBINED
MEETING

The Districts are meeting in a combined board meeting. Unless otherwise noted, the matters set forth below shall be deemed to be the actions of the Centerra Metropolitan

RECORD OF PROCEEDINGS

District No. 1, with concurrence by the Centerra Metropolitan Districts Nos. 2, 3, and 4.

CONFLICT OF INTEREST DISCLOSURE

Mr. Pogue noted that conflicts of interest for all Board Members have been filed with the Secretary of State at least 72 hours prior to this meeting, disclosing potential conflicts as all Board Members are employees of McWhinney Real Estate Services, Inc., which is associated with the primary landowners and developer within the Districts.

APPOINTMENT OF BOARD MEMBER

Mr. Pogue noted that notice had been published seeking possible candidates to fill the vacancy created by Doug Hill. There was one candidate submitting their interest which was Mr. Rocky Scott. Upon motion duly made by Director Hodgkinson, seconded by Director Herlihey, it was unanimously

RESOLVED to appoint Mr. Rocky Scott to fill the vacant position, whose term will expire in May 2008.

ELECTION OF OFFICERS

The Board turned to the issue of electing Officers for the Districts and decided to table this matter until the next meeting, with Kim Perry to continue to serve as Acting President until the Regular November meeting.

AGENDA

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

APPROVAL OF MINUTES

The Minutes of the September 28, 2006 meeting were presented and reviewed by the Board. Upon motion duly made by Director Hodgkinson, seconded by Director Herlihey, it was unanimously

RESOLVED to approve the minutes of the September 28, 2006 meeting as presented.

PAYABLES

Ms. Dowswell presented the Cash Status Report as of October 19, 2006 and the Schedule of Payables as of October 9, 2006 totaling \$104,294.25 including check nos. 1951 through 1957 and October 19, 2006 totaling \$1,287,554.73 including check nos. 1958 through 1993. The Board reviewed the payables and upon motion duly made by Director Hodgkinson, seconded by Director Howell, it was unanimously

RESOLVED to approve the Schedules of Payables for October 9, 2006 and October 19, 2006 in the amounts, and check numbers noted above.

Ms. Dowswell presented the Financial Statements as of August 31, 2006, as prepared by Clifton Gunderson LLP for the Board's review. Director Howell suggested, and the other Director's concurred, that the Financials be put into the board packets only on a quarterly basis to be discussed in detail at the end of each quarter.

RECORD OF PROCEEDINGS

Ms. Dowswell presented a letter from RBC Capital Markets, Rus Heise, a copy which is attached hereto. District Manager, Rich Shannon, summarized the letter noting the bonding capacity supported the expected net amount of \$34 million. Based on this information, the Board suggested proceeding with a bond issuance in 2007.

2007 BUDGETS

Ms. Dowswell presented the revised 2007 Preliminary Budgets and reviewed them page by page outlining the budgets for all four Districts as well as the Property Tax Summary Information for each of the Districts. Mr. Pogue noted that the District's contract with McWhinney Real Estate Services for management services would need to be renewed prior to December 31, 2006 to address issues such as an increase in fees. It is anticipated that the Board will adopt the Budgets at the November meeting. Pinnacle Consulting Group was directed to publish notice of the Budget Hearing in the Reporter Herald.

MFA ADDENDUM

Mr. Shannon, District Manager, noted that the City is supportive of designating Centerra Parkway as a regional arterial once certain preconditions are satisfied. A draft of the MFA Addendum was completed by Mr. Pogue and has been submitted to the City of Loveland in anticipation the MFA addendum be placed on the City Council's November meeting agenda. Upon further review of the document and a motion duly made by Director Herlihey and seconded by Director Howell, it was unanimously

RESOLVED to approve the MFA Addendum designating Centerra Parkway as a regional arterial, subject to the City of Loveland City Council approving the addendum.

LEGAL REPORT

Mr. Pogue updated the Board on efforts with Macy's regarding easement for access to the Sculpture Park noting that they have acknowledged they were reviewing it. He also explained the initial declaration of easement that had been signed with the Lifestyle owners against the property prior to the sale of the land to the initial owner, Foley's.

EXCLUSION HEARING

Mr. Pogue noted that Districts 2 & 4 had received a petition to exclude Lennar's eight acre parcel representing their second phase of their condominium project. He suggested that the Board call a special meeting to have an exclusion hearing for the District to approve this request. Any exclusion is an amendment to the service plan, so it will also need to be approved by the City of Loveland. The Board agreed and Pinnacle will coordinate the scheduling of a meeting as soon as possible.

CONSTRUCTION MANAGER'S REPORT

Mr. Jon Erickson, Empire Management, noted that invoices from the UP Railroad had been sent to the City of Loveland in error and will be forwarded to the District. He noted that efforts on the Centerra Parkway Bridge were progressing well with work on drilling caissons and fabricating steel. Mr. Boulter noted that the Motorplex roundabout sculpture was under fabrication. The installation of asphalt is anticipated at the Motorplex the following week with landscaping being installed along Byrd Avenue yet this year. The landscaping adjacent to I-25 will be pushed out until 2008 due to

RECORD OF PROCEEDINGS

weather conditions and construction on the dealers' individual sites. The car dealers are scheduled to open beginning in late November through April of next year.

PUBLIC
COMMENTS

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

MEETINGS

The next regular board meeting is scheduled for Thursday, November 16, 2006 at noon at the office of McWhinney Enterprises. Regular meetings are to be held monthly on the third Thursday of each month at McWhinney Real Estate Services Inc., 2725 Rocky Mountain Avenue Suite 200, Loveland, Colorado.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned.

The foregoing constitutes a true and correct copy
of the minutes of the above-referenced meeting.

Respectfully Submitted,

Carla Hawkins, Secretary for the Meeting