

**MINUTES OF THE COORDINATED
SPECIAL MEETING OF**

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

HELD

February 18, 2005

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 special meeting, open to the public, at the office of McWhinney Enterprises, 2725 Rocky Mountain Ave., Suite 200, Loveland, Colorado 80538; at 3:30 pm on Friday, February 18, 2005. 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:

Douglas Hill, President
Dan Herlihey, Secretary
Ken Howell, Treasurer

Directors Absent and Excused:

Kim Perry, Vice President
Dean Barber, Asst. Sec./Asst. Vice Pres.

Also in Attendance:

Alan Pogue, White, Bear & Ankele, General Counsel
Peggy Dowswell, District Administrator
Rich Shannon, McWhinney Enterprises, District Manager
Bret Boulter, McWhinney Enterprises
Stan Myers, Northern Engineering
Dwayne Walker, Empire Management
Jeff Barnes, City of Loveland
Robb Williamson, DTJ Designs

CALL TO
ORDER

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

COMBINED
MEETING

The Districts are meeting in a combined board meeting. Unless otherwise noted, the matters set forth below shall be deemed to be the actions of the Centerra Metropolitan District No. 1, with concurrence by the Centerra Metropolitan Districts Nos. 2, 3 and 4.

CONFLICT
OF INTEREST
DISCLOSURE

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

AGENDA

The Board reviewed the agenda and made no changes.

APPROVAL OF
MINUTES

The Minutes of the January 6, 2005 meeting were presented. The Board noted that the minutes should be corrected from "Hahn's Peak road" to the proper name of "Hahns Peak Drive." Upon further discussion and upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to approve the minutes of the January 6, 2005 meeting, with the change noted above.

PAYABLES

Ms. Dowswell presented the Schedule of Payables as of January 27, 2005, totaling \$1,077,751, including checks 1113 through 1132; as of February 2, 2005, totaling \$2,188,865, including checks 1133 through 1140; and as of February 17, 2005, totaling \$664,073, including checks 1141 through 1164. The payables included a revised Additional Reimbursement to the Developer of \$299,752.75, which included additional amounts for reimbursement over the \$270,921 approved at the last meeting. Ms. Dowswell noted that \$76,481 would be funded from capital advances from the Developer, \$26,813 funded from operating advances from the Developer and the balance of payables would be funded from bond proceeds. The Board reviewed the payables and upon motion duly made by Director Howell and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the Schedule of Payables as of January 27, 2005, totaling \$1,077,751, including checks 1113 through 1132; as of February 2, 2005, totaling \$2,188,865, including checks 1133 through 1140; and of February 17, 2005, totaling \$664,073, including checks 1141 through 1164. **FURTHER RESOLVED** to approve the revised additional Developer Reimbursement of \$299,752.75.

APPROVAL OF
2004 AUDITOR

Ms. Dowswell reported that the District had received responses back on all three requests for 2004 audit proposal. She and Director Howell had reviewed the responses, noting that Swanhorst had estimated a maximum of \$10,000; Gordon Hughes and Banks, a maximum of \$8,000 and Reynolds Henrie, a maximum of \$6,800. Noting that the qualifications appeared equal of all the firms as to

government experience, it was recommended that Reynolds Henrie be awarded the audit. Upon further discussion and upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to approve Reynolds Henrie as the audit firm to perform the 2004 audit for District No. 1.

2004 APPLICATIONS
FOR AUDIT
EXEMPTION

Ms. Dowswell presented the 2004 Applications for Audit Exemption for Districts 2-4, noting that the Districts qualified for exemption as their total expenditures for the year were less than \$300,000. Clifton will file the completed and executed applications with the State Auditor prior to the March 31st deadline. Upon further discussion and motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the 2004 Applications for Audit Exemption for Districts 2, 3 and 4.

ACQUISITION OF
WATER RIGHTS

Mr. Pogue reported that an agreement had been reached between the District and McWhinney Real Estate Services for the purchase of 150 acre feet at \$11,000/af, per the Board's direction at the last meeting. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to ratify and direct legal counsel to draft an agreement with McWhinney Real Estate Services for the purchase of 150 acre feet of water rights at \$11,000/acre foot and authorize payment in full of \$1,650,000, which is included in the payables approved above.

ADVANCE AND
REIMBURSEMENT
AGREEMENT

Mr. Alan Pogue, legal counsel, reported that he is the process of finalizing the 2005 Advance and Reimbursement Agreement from the developer to fund 2005 projects. He also reported that he is waiting an opinion from the State Securities Commission regarding the need to file these type of agreements. He will return with the final Agreement, which was previously approved, for signature. available, advances from the Developer will be needed to fund those projects.

AWARD CENTERRA
2B CONTRACT

Mr. Dwayne Walker, Empire Management, reported that Bid Pack 2B has been bid, and the lowest responsible bid received was from Coulson, at \$4.6 million. The 2B Bid Pack is for all of the improvements at Highway 34, curb, gutter and paving at Centerra East. Empire has reviewed the bid and noted that the Bid

Bond, Bidder's Qualification Statements, Schedule of Work and all necessary attachments were submitted and are in good order. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to award the 2B Contract to Coulson, as the lowest responsible bidder, direct Empire to issue the Notice to Proceed and authorize Empire and consultants to finalize the Contract documents.

LANDSCAPE
CONTRACT

Mr. Robb Williamson, DTJ Designs, reported that the Centerra Landscape Bid Pack had been bid and 6 bids were received. The bids received were: Hall Irwin \$2.25 million; Bath \$2.6 million, Valley Crest \$2.8 million, All Phase, \$2.9 million, AJI \$3.23 million, and Mill Brothers \$3.69 million. The Bid Pack was estimated at \$2.8 million. Mr. Williamson noted that this bid does not include the costs of raw water, irrigation water taps, or electrical work, which were all originally included the bond budget. These items will be covered by other bids. Mr. Williamson reported that he had just received the bids today, and needed time to analyze the bids against the bid requirements. A major bid requirement was the experience of the bidder in satisfactorily performing jobs of similar size, as the timing and quality of completion on this job is critical. Mr. Williamson noted that he does need to award the contract soon, in order to get the job started, but needs time to analyze the bids. The Board discussed this and decided to continue this meeting until February 25, 2005, in order to give the engineers and consultants time to analyze the bids and report back to the Board with their recommended lowest responsible bidder. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to continue this meeting to Friday, February 25, 2005 at 3:00pm at this same location.

AWARD MYERS
GROUP CONTRACT

Mr. Walker reported that the Myers Group #949, 2nd subdivision had been bid and the lowest responsible bidder was Connell at \$730,000. This bid is for roads, water and sewer for the area around the Motorplex. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to award the Myers Group #949, 2nd subdivision Contract to Connell, as the lowest responsible bidder, direct Empire to issue the Notice to Proceed and authorize Empire and consultants to finalize the Contract documents.

CONSTRUCTION
MANAGER REPORT
AND UPDATE ON
CONSTRUCTION

Mr. Dwayne Walker, Empire Management, reported that only one bid had been received for the Architectural Finishes, and that was \$1 million over budget. Mr. Walker noted that the District has a right to reject all bids, similar to CDOT's process of rejecting all bids if only one is received or the bids are more than 25% over budget. As the base structures had been built by Schmidt in Bid Pack #1, the District negotiated with Schmidt to complete the structures and finish work. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to approve the Change Order to Bid Pack #1, for Schmidt to complete the Architectural finishes work.

Mr. Walker also reported that the additional scope of roads, water and sewer contemplated in the Myers/Heska bid needs to be completed. Originally, eight bids had been received on that job, with Connell being awarded the bid. For the additional scope, Connell will honor their bid prices. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to approve the Change Order to Myers/Heska Bid Pack, for Connell to complete the scope of roads, water and sewer required now to be completed, at the same unit prices originally bid.

Mr. Walker also reported that Concrete Structures had completed several bridges in Bid Pack #1, similar to the box culvert needed for Hahns Peak Drive. As the box culvert needs to be installed while there is no water running in the ditch, and Concrete Structures will honor their bid prices in Bid Pack#1, Mr. Walker recommended a change order to Bid Pack #1 for this work. Upon further discussion and motion duly made by Director Howell and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the Change Order to Bid Pack #1 for completion of the Hahns Peak box culvert by Concrete Structures, at an estimated cost of \$70,000.

STREET
SLEEVING

Mr. Walker reported on the sleeving needed to install conduits for street crossing. He reported the City of Loveland uses a sole source contract, which they bid every few years. That contractor is GE Electric, who installs all of the City utilities, and uses only City approved parts. Mr. Walker strongly recommends the District use the same contractor, in order to comply with City standards and enhance City acceptance of the work. He has met with GE, and they will honor the same pricing they bid to the City. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to the contract for street sleeving with the City's authorized contractor, GE Electric, for sleeving for street crossings in Centerra, per the same unit prices bid to the City, and direct Empire and consultants to finalize the Contract documents.

HAHNS PEAK
ROW DEDICATION

Director Herlihey reported that the dedication of Hahns Peak Right of Way was in process, and that documents may need to be executed in Director Hill's absence over the next few weeks. Mr. Pogue recommended the Board authorize execution of all conversion of property interest documents by Director Kim Perry, Vice President. Upon further discussion and motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

RESOLVED to authorize execution of all necessary conveyance documents by Director Perry and authorize any board member and the secretary to execute necessary contract related documents.

ENGINEER
REPORT

Mr. Stan Myers, Northern Engineering, reported that he is working on the Permanent Access Permit at Highway 34 with CDOT and is trying to finalize the language. He reported that the contract with HDR for the 30% Railroad Underpass design package is moving quickly and requested authorization from the Board for 100% completion, at a cost of approximately \$157,000. Upon further discussion and motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the 100% Railroad Underpass design work to be completed by HDR, with Northern Engineering to return with the verification of cost.

SIGNAL
AGREEMENT

Mr. Pogue and Mr. Shannon recommended the Board take action to approve the Signal Agreement with the City of Loveland. Mr. Pogue noted that the Agreement should be approved by the City at their March 1st meeting, which he will attend. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to approve the Signal Agreement with the City of Loveland for four signals to be installed within Centerra.

PUBLIC
COMMENTS

The Board opened the meeting to Public Comments. Mr. Jeff Barnes, City of Loveland Accounting Supervisor, noted that now that the District has retained an auditor for 2004; the City would like to work with the District and its auditor to include compliance on MFA issues. He will work with Ms. Dowswell to define a scope for these services, which will likely require additional audit time

and fees. Upon receiving no further comments, this portion of the meeting was closed.

CONTINUATION

As the business of the District was not yet complete, and by motion of the Board above, this meeting was continued to Friday, February 25, 2005, at 3:00 pm, at this location.

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

Respectfully Submitted,



Peggy Dowswell, Secretary for the Meeting

**MINUTES OF THE CONTINUED
FEBRUARY 18, 2005
COORDINATED SPECIAL MEETING OF**

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

HELD

February 25, 2005

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, continued the February 18, 2005 coordinated special meeting, open to the public, at the office of McWhinney Enterprises, 2725 Rocky Mountain Ave., Suite 200, Loveland, Colorado 80538; to 3:00 pm on Friday, February 25, 2005.

ATTENDANCE:

Directors in Attendance:

Kim Perry, Vice President
Dean Barber, Asst. Sec./Asst. Vice Pres
Dan Herlihey, Secretary
Ken Howell, Treasurer

Directors Absent and Excused:

Douglas Hill, President

Also in Attendance:

Alan Pogue, White, Bear & Ankele, General Counsel, by phone
Peggy Dowswell, District Administrator
Dwayne Walker, Empire Management
Robb Williamson, DTJ Designs

CALL TO
ORDER

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

COMBINED
MEETING

The Districts are meeting in a combined board meeting. Unless otherwise noted, the matters set forth below shall be deemed to be the actions of the Centerra Metropolitan District No. 1, with concurrence by the Centerra Metropolitan Districts Nos. 2, 3 and 4.

CONFLICT
OF INTEREST

Mr. Pogue noted that conflicts of interest for all Board Members have been filed

DISCLOSURE

with the Secretary of State at least 72 hours prior to the February 18, 2005 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 District.

LANDSCAPE
CONTRACT

Mr. Robb Williamson, DTJ Designs, reported that he and other District consultants were still performing due diligence in review of the Centerra Landscape bids submitted, investigating past projects and reviewing the bid details. The Board directed the consultants to continue their review and bring a recommendation to the Board. The Board directed this meeting be continued until that can be done. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Perry, it was unanimously

RESOLVED to continue this meeting to Monday, February 28, 2005 at 5:00pm at this same location.

PUBLIC
COMMENTS

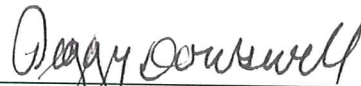
The Board opened the meeting to Public Comments. Upon receiving no comments, this portion of the meeting was closed.

CONTINUATION

As the business of the District was not yet complete, and by motion of the Board above, this meeting was continued to Monday, February 28, 2005, at 5:00 pm, at this location.

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

Respectfully Submitted,



Peggy Dowswell, Secretary for the Meeting

DISCLOSURE

with the Secretary of State at least 72 hours prior to the February 18, 2005 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 District.

LANDSCAPE
CONTRACT

Mr. Robb Williamson, DTJ Designs, reported that he and the other District consultants had completed their review of the bid tabs for the Landscape Bid Pack. Their process included investigating past projects of the bidders and reviewing the bid details. The consultants recommended the Centerra Landscape Bid be awarded to Valley Crest, who demonstrated satisfactory completion of similar sized jobs and were in full compliance with the bid pack. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Perry, it was unanimously

RESOLVED to award the Centerra Landscape Contract to Valley Crest, as the lowest responsible bidder, and direct consultants to issue the Notice to Proceed and finalize the Contract documents.

PUBLIC
COMMENTS

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

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,



Peggy Dowswell, Secretary for the Meeting