

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

July 21, 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 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, July 21, 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
Kim Perry, Vice President
Dan Herlihey, Secretary
Ken Howell, Treasurer

Directors Absent and Excused:

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
Jeff Whiton, McWhinney Enterprises
Bret Boulter, McWhinney Enterprises
Stan Myers, Northern Engineering
Ginger Dodge, McWhinney Enterprises
Jeff Barnes, City of Loveland
Dwayne Walker, Empire Construction Management

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.

RECORD OF PROCEEDINGS

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.

BOARD MEMBER RESIGNATION & BOARD APPOINTMENT

The Board accepted the resignation of Dean Barber. The Board proposed to appoint Jeff Whiton to the vacancy, who has been qualified to serve on the Board. Upon motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

RESOLVED to appoint Mr. Jeff Whiton to the Board of Directors, as Assistant Vice President/Assistant Secretary. As Conflicts for Mr. Whiton have not yet been filed, he has abstained from all voting for this meeting.

AGENDA

The Board reviewed the agenda and made no changes.

APPROVAL OF MINUTES

The Minutes of the May 19, 2005 meeting were presented. Upon further discussion and upon motion duly made by Director Hill and seconded by Director Perry, it was unanimously

RESOLVED to approve the minutes of the May 19, 2005 meeting, as presented.

PAYABLES

Ms. Dowswell presented the Schedule of Payables as of June 14, 2005 totaling 1,351,413.22, as of July 1, 2005 totaling 126,752.00, as of July 14 totaling \$10,659.00 and as of July 18, 2005 totaling \$1,933,696.82, including checks 1248 through 1386. The Board reviewed the payables and upon motion duly made by Director Hill and seconded by Director Perry, it was unanimously

RESOLVED to ratify and approve the Schedules of Payables noted above, in the amounts noted above, including checks 1248 through 1386.

RECORD OF PROCEEDINGS

LONG-TERM SWAP AGREEMENT

Mr. Pogue presented the proposed Resolution approving the long-term SWAP on the 2004 Centerra Bonds and authorizing Director Hill or Director Howell to enter into the long-term SWAP agreement with RBC Dain Rauscher, pending determination of the market rate, and review of the Agreement by legal counsel, City staff and BNP Paribas. The SWAP Agreement sets the interest rate for the life of the bonds, to become effective in 2007, when the initial SWAP expires. The Resolution gives the Board up to 60 days to execute the SWAP agreement and does include an investment grade rating requirement by 2009. Upon motion duly made by Director Herlihey and seconded by Director Perry, it was unanimously

RESOLVED to approve the Resolution and long-term SWAP Agreement and authorize Directors Hill or Howell to execute the agreement upon satisfactory review by legal counsel.

REQUEST FOR EXTENSION TO FILE AUDIT

Ms Dowswell presented the Request to extend the 2004 Annual Audit for District No. 1. Upon motion duly made by Director Hill and seconded by Director Howell, it was unanimously

RESOLVED to approve the Request for Extension to File the 2004 Audit for District No. 1.

MONTHLY PAYMENT CERTIFICATE

Ms. Dowswell presented the Monthly Payment Certificate for Centerra Metropolitan District No. 1 to American National Bank in the total amount of \$11,875.64 for May through June 2005, for administrative and operation costs. Upon motion duly made by Director Hill and seconded by Director Howell, it was unanimously

RESOLVED to approve the Payment Certificate for May-June 2005.

CLASSIFY CENTERRA PARKWAY AS REGIONAL IMPROV.

Mr. Shannon reported that there was general agreement with the City that Centerra Parkway should be classified as a Regional Improvement under the MFA. He presented a letter from Director Hill to Don Williams at the City noting such. Upon motion duly made by Director Perry and seconded by Director Herlihey, it was unanimously

RESOLVED to ratify President Hill's letter on behalf of the District in Classifying Centerra Parkway as a Regional Improvement under the MFA.

RECORD OF PROCEEDINGS

APPROVAL OF 1601 PROCESS AGREEMENT

Mr. Shannon reported that 30% of the design work was underway for I-25 and US 34, in order to initiate the 1601 Process. Bond proceeds will be used to pay this design expense. The cost is estimated at \$425,000, with a 1601 Agreement to be executed by the District and the City. The City will enter into an IGA with Colorado Department of Transportation (CDOT). Upon motion duly made by Director Herlihey and seconded by Director Perry it was unanimously

RESOLVED to approve the 1601 Process Agreement for I-25 and US Highway 34, and related expenditure.

DISTRICT MANAGER REPORT

Mr. Shannon reported that the full design of Centerra Parkway was ready to proceed. The City of Loveland will reimburse for the design costs for the portion of the Parkway that is north of District boundaries. Mr. Shannon also noted that there was the need to acquire additional water for the Districts' landscape irrigation requirements. Director Herlihey noted that two taps have been dedicated for the east side, which uses 42 acre feet of the 150 acre feet the District has on hand at the City's water bank. There will need to be three more taps dedicated for the east side in the next few weeks. Upon motion duly made by Director Herlihey and seconded by Director Perry it was unanimously

RESOLVED to authorize the acquisition of up to another \$1 million for water rights, up to a cost of \$10,500 per acre foot.

LEGAL REPORT

Mr. Alan Pogue, legal counsel, reported that it has come to the Districts attention that a 40' strip of land on the south side of Highway '34, outside of road rights of way, has been improperly included in the legal descriptions of Districts No. 2 and No. 4's boundaries and the Loveland URA. The Districts are making every effort to correct this. He reported that the District's exclusion of this 40' strip is on the City of Loveland's City Counsel agenda for August 16, 2005. After City approval, there will be an Exclusion Hearing in September for this Board, a 30 day cooling off period, a District Court order, and finally, exclusion of that strip from the URA and the Centerra Metro Districts No. 2 and No. 4.

He reported that he is still working with Bernstein's office on the District's easement near PF Chang's and working with Director Herlihey on the sewer main easement. Mr. Pogue also reported that the Inclusion/Exclusion to reconfigure Districts No. 1 and No. 2 was received by the District court and is proceeding.

ENGINEER'S REPORT

Mr. Stan Myers reported that his firm has begun the Interchange Lift design.

RECORD OF PROCEEDINGS

CONSTRUCTION
MANAGER REPORT

Mr. Dwayne Walker, Empire Management, reported that US Hwy 34 has been closed for construction, and that the US Hwy 34 and I-25 work is progressing well. The temporary signal will be operational next week, trees are being planted in the landscape areas and the streetlights are being installed on the East side.

PUBLIC
COMMENTS

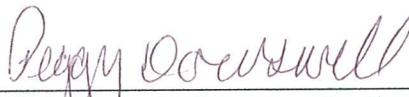
The Board opened the meeting to Public Comments. Upon receiving no comments, this portion of the meeting was closed.

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