

**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

January 6, 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 on Thursday, January 6, 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
Dean Barber, Asst. Sec./Asst. Vice Pres.
Ken Howell, Treasurer

Directors Absent and Excused:

none

Also in Attendance:

Alan Pogue, White, Bear & Ankele, General Counsel
Peggy Dowswell, District Administrator
Rich Shannon, McWhinney Enterprises, District Manager
Stan Myers, Northern Engineering
Dwayne Walker, Empire 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.

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 landowner and developer within the District.

AGENDA

The Board reviewed the agenda and made no changes.

APPROVAL OF
MINUTES

The Minutes of the November 18, 2004 meeting were presented. Upon further discussion and upon motion duly made by Director Herlihey and seconded by Director Perry, it was unanimously

RESOLVED to approve the minutes of November 18, 2004 meeting, as presented.

PAYABLES

Ms. Dowswell presented the Schedule of Payables as of December 20, 2004, totaling \$2,163,139, including checks 1083 through 1112. However, check #1083 in the amount of \$579,375 has since been voided, so the revised total for approval is \$1,583,764. She noted that \$1,453,215 would be funded from bond proceeds and a \$112,906 capital advance was required from the Developer to fund the expenditures not included in the 2004 Bond budget. A developer operating advance of \$17,644 will fund operating expenditures. The Board reviewed the payables and upon motion duly made by Director Barber and seconded by Director Howell, it was unanimously

RESOLVED to approve the Schedule of Payables as of December 20, 2004, totaling \$1,583,764, including checks 1083 through 1112, with check #1083 voided.

FINANCIAL
STATEMENT REPORT

Ms. Dowswell presented the November 30, 2004 Financial Statements, prepared by Clifton Gunderson. Ms. Dowswell reviewed the combined Balance Sheet, containing the financial position of all of the funds, and the Statements of Revenue and Expenditures for the General Fund, Debt Service Fund, and the two Capital Project Funds.

APPROVAL OF
2004 AUDITOR

The Board deferred this item to a future meeting, as not all proposals had been received.

DEVELOPER
REIMBURSEMENT

HAHNS PEAK
RIGHT OF WAY

Mr. Rich Shannon, District Manager, presented a letter the District received from Centerra Properties West requesting reimbursement of a portion of the cost of acquiring the Rights of Way for Hahns Peak Drive. The letter outlines the request, noting that three parcels had to be acquired from unrelated parties, at a total cost of \$610,245. The District ordered an appraisal of all three parcels and two of the parcels were appraised very near the acquisition cost (Grommon and Grommon Farms). However, the third parcel, McBride, was acquired at a cost considerably higher than appraised value. The seller was not willing to negotiate for an amount closer to the appraised value, insisting that the price was the amount booked on the assessor's records of \$500,000. Due to the need to close on these properties to get the construction underway for the road, the District did not have the time to go through the condemnation process. The letter proposes that the cost of the McBride parcel be shared based on the ratio of 21% of appraised right of way to appraised total value. Mr. Shannon also noted that significant costs for legal fees and construction delays would have been incurred if the District had had the time to condemn, and, based on that, considered the \$105,000 proposed for reimbursement was a fair amount. Mr. Pogue recommended that the District be added to the instrument of dedication of those rights of way. Upon further discussion and motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

RESOLVED to approve reimbursement to Centerra Properties West for acquisition of Rights of Way for Hahns Peak Drive in the amount of \$214,929.

APPROVAL OF
BAL. OF DEVELOPER
REIMBURSEMENT

Ms. Dowswell presented a Schedule of Additional Reimbursables to the Developer for Project Costs. These were costs that were presented for reimbursement since the last Reimbursement Schedule was approved with the bond issuance in October. Ms. Dowswell and the District Manager reviewed and approved the invoices as eligible District expenses. This schedule includes the \$214,929 approved above, for Hahns Peak Rights of Way. The total to be approved per the schedule is \$270,921. Mr. Shannon noted that the \$473,000 in Organization/Formation costs, previously approved by this Board, were still being reviewed by the City. When the City gives its approval, the approved amount will be reimbursed to the Developer from bond funds. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to approve the Schedule of Additional Reimbursables to Centerra Properties West in the amount of \$270,921, for District project costs.

ACQUISITION OF
WATER RIGHTS

Mr. Shannon reported that the District is in need of water rights, most urgently in Centerra East, and within 12-18 months, water rights will be needed for Centerra West. DTJ, landscape engineers, suggested the District purchase 150 acre feet, as it will need 75-80 acre feet in the first landscape bid pack that will

go out soon. Mr. Shannon reported that the voided check, noted above, was voided because someone else was able to step in and finalize the water acquisition deal before the District could. He presented an email from Bill Wangnild, an independent water broker, of recent Water Bank sales and their prices per acre foot, which range from \$10,000 to \$11,250/af. He also presented a counter offer from the City of Loveland Water Bank of \$11,500/af, to the District's original offer of \$10,000/af. The Board discussed a fair price for the water, and decided to offer McWhinney Real Estate Services a proposal to acquire 150 acre feet at \$11,000/af, based on the information presented here. The Board directed legal counsel to draft the agreement and make the offer. Director Herlihey noted that there would be an additional \$475/af that would be due the City, as applied to the irrigation tap, and fully dedicated to the City. Upon further discussion and motion duly made by Director Barber and seconded by Director Perry, it was unanimously

RESOLVED to authorize the President of the Board to negotiate and execute an agreement with McWhinney Real Estate Services for the purchase of 150 acre feet of water rights at \$11,000/acre foot.

ADVANCE AND
REIMBURSEMENT
AGREEMENT

Mr. Alan Pogue, legal counsel, reported that last July the Board approved two agreements with the Developer, Centerra Properties West, LLC, – one for the funding and reimbursement of Operating and Maintenance costs, and one for the advance and reimbursement of Capital costs. The Operating and Maintenance agreement was originally capped at \$1 million and is in effect for 2004 through 2006. The Board did not see a need to revise that agreement. However, the Capital advance and reimbursement agreement contemplated mainly projects begun in 2004. As there are numerous projects slated for construction in 2005 for which there are no bond funds available, advances from the Developer will be needed to fund those projects. The 2004 agreement also made provision to refund the existing Note and issue a new Note with a maturity date of December 31, 2005 for any unpaid principal and interest. The Board directed staff to revise Exhibit A to the Agreement, to include any project contemplated by the Service Plan and approved by the Board. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to direct staff to finalize the 2005 Agreement per the Board's direction above. **FURTHER RESOLVED** to approve the 2005 Advance and Reimbursement Agreement (Capital Costs) and authorize its execution and the execution of a new Note by the Board.

DISTRICT
MANAGER REPORT

Mr. Rich Shannon, District Manager, reported that there is one project with the potential for change orders, and that is Centerra East Bid Pack 1. At the time the bid was done, the full design of the architectural finishes was not complete. A portion of the bridges was installed with Bid Pack 1; however, the design element lacked at the time. As the design has been complete, the District bid the architectural finishes. However, only one bid was received and it was \$1 million over the budget. The District cannot accept that bid, as it does not have an additional \$1million in funds appropriated for that work. After review by the construction manager, it was recommended that the architectural finishes be completed as originally anticipated with Bid Pack 1, through change order, in order to meet budget constraints. Mr. Walker noted that the plans for the boundary markers and monuments, also a part of the original design, were still being revised and would be added at a later date. Upon further discussion and motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

RESOLVED to authorize the President of the Board to negotiate and finalize a change order for the architectural finishes to the bridges to Centerra East Bid Pack 1.

ADMINISTRATIVE
RESOLUTION

Mr. Pogue presented the annual Administrative Matters resolution, noting that it sets forth the operations of the Board, directs District's legal counsel and consultants in their administration of the District and directs them to make all necessary filings; and sets forth meeting dates, posting notices, elections and other general issues. Upon further discussion and motion duly made by Director Hill and seconded by Director Perry, it was unanimously

RESOLVED to approve the annual Administrative Matters Resolution, attached hereto, which includes setting the regular meetings of the Districts on the 3rd Thursday of every month, to be held from 12noon to 2:00pm in the McWhinney offices.

LEGAL
REPORT

Mr. Pogue reported that he had heard back from John Duval, City Attorney, that the only signatures required on a plat are those that have an interest in any property to be eventually dedicated to the City, and stated, then, that the Greeley Loveland Irrigation Co. (GLIC) would not need to sign the plat related to the Lifestyle Center. Mr. Pogue also noted that he is waiting on the City's approval of the revised Traffic Signal Agreement before it is finalized.

ENGINEER
REPORT

Mr. Stan Myers, Northern Engineering, reported that he has scheduled kick-off meetings for the two underpass projects, and will be able to revise cost estimates after those meetings. He also noted that WAPA has appealed, with the City, the approval of the plans on Crossroads Blvd, in the Myers

subdivision. This adds a 60-day delay to the approval process, but City approval is expected by March 1st.

CONSTRUCTION
MANAGER
REPORT

Mr. Dwayne Walker, Empire Management, reported that Bid Pack 2A is approximately 98% complete. There were several items originally in the 2A budget that have been deferred to Bid Pack 2B. Bid Pack 2B will be bid early next month, and is in the process of getting City approvals. He requested approval from the Board to bid 2B and the Centerra East Landscape Package. Upon further discussion and motion duly made by Director Hill and seconded by Director Howell, it was unanimously

RESOLVED to authorize and direct Empire Management to bid Centerra East 2B and the Centerra East Landscape Package.

Mr. Walker then reported on the bid results for relocating the Little Thompson waterline in order to build Hahns Peak Drive. J&L Pipeline was the lowest bidder at \$177,000. Mr. Walker has reviewed their bid and is satisfied they have met all bid and District requirements. He reminded the Board that the budgets include an allowance for soft costs such as engineering, and requested approval from the Board to ratify the contract with J&L Pipeline. Upon further discussion and motion duly made by Director Perry and seconded by Director Howell, it was unanimously

RESOLVED to authorize the Contract for Relocating the Little Thompson waterline to J&L Pipeline for \$177,000.

Mr. Walker reported that the Myers 2nd subdivision would go out to bid in early February for roads, water and sewer for the area around the Motorplex, for which he requested board action. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Howell, it was unanimously

RESOLVED to authorize and direct Empire Management to bid Myers Group #949, 2nd Subdivision.

Mr. Walker also reported that the current Bid Pack around the Heska site has additional road, water and sewer that is required by the City as additional lots have been approved. He noted that the cost is approximately \$300,000, and proposed a change order to the Myers Group #949, 1st Subdivision Phase I Contract, to complete this additional phasing now required. He will return to the Board with a final cost estimate from Connell. He also noted that the next lot to be approved will trigger the requirement for the landscape and detention pond improvements, to be included in a future phase. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Howell, it was unanimously

RESOLVED to authorize the Change Order of approximately \$300,000 to the Myers Group #949, 1st Subdivision Phase I Contract.

PUBLIC
COMMENTS

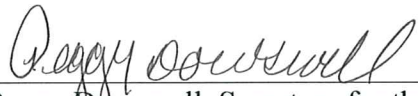
The Board opened the meeting to Public Comments. Upon receiving no comments, this portion of the meeting was closed.

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