

**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

July 29, 2004

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 11:30 a.m. on Thursday, July 29, 2004. 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
Kim Perry
Ken Howell
Dean Barber

Directors Absent and Excused:

Dan Herlihey

Also in Attendance:

Alan Pogue, White, Bear & Ankele, General Counsel, via phone
Peggy Dowswell, District Administrator
Dwayne Walker, Empire Management
Jon Erickson, Empire Management
Jeff Barnes, City of Loveland

CALL TO
ORDER

The meeting was called to order Mr. Alan Pogue, general counsel to the Districts, 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.

MASTER IGA'S

Mr. Pogue presented the District Facilities Construction and Service Agreement (Master IGA) between Districts No. 1 (Service District) and No. 2 (Taxing District). The agreement sets forth District No. 1 as constructing and owning the improvements made in District No. 2 and allows debt to be issued to fund this obligation. To repay the debt, a mill levy cap of up to 35 mills will be assessed by District No. 2. This mill levy revenue, along with other revenues, will afford the necessary capital improvements as contemplated in the Service Plan and MFA (Master Financing Agreement). District No. 2 covenants in this Master IGA that it will assess not less than 35 mills as long as the Service District requests, or bond-related documents require. Upon further discussion and motion duly made by Director Hill and seconded by Director Perry, it was unanimously

RESOLVED to approve the District Facilities Construction and Service Agreement between Districts No. 1 and No. 2. by both Boards.

CAPITAL FUNDING
AGREEMENT

Mr. Pogue presented the Advance and Reimbursement Agreement between the Developer, Centerra Properties West, LLC, and the District (No. 1) for Capital Costs. The Agreement recognizes the need for the District to be able to fund its construction projects, in advance of the District receiving bond proceeds. The pertinent points are that the agreement allows advance for the 2004 and 2005 budget years (although funding may actually take place in 2006), with a maximum principal amount to be advanced of \$23,270,000, and includes repayment with simple interest at 2 percent over Prime. Mr. Pogue explained that the process includes a "Fill-Up" Promissory Note, where each advance is added to the Note as made, and interest calculated thereon. The Agreement

does cover reimbursement for expenditures on behalf of the District prior to execution of the Agreement. The Promissory Note is expected to be repaid upon receipt of the 2004 Bond proceeds. Upon motion duly made by Director Hill and seconded by Director Barber, it was unanimously

RESOLVED to approve the Advance and Reimbursement Agreement (Capital Costs).

AWARD MYERS/
HESKA CONTRACT

Mr. Jon Erickson, Empire Management, presented the Bid Summary for the Myers Group/Heska public infrastructure project. Empire recommended to the Board that the bid be awarded to Connell Resources in the amount of their bid of \$635,321.90, which was the lowest bid. 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 upon motion duly made by Director Hill and seconded by Director Perry, it was unanimously

RESOLVED to award the Myers/Heska Contract to Connell Resources, as the lowest responsible bidder, direct Empire to issue the Notice to Proceed and authorize Empire and consultants to finalize the Contract documents.

AWARD I'25
BORES CONTRACT

Mr. Dwayne Walker, Empire Management, presented the Bid Summary for the I'25 Bores public infrastructure project. Empire recommended to the Board that the bid be awarded to BT Construction in the amount of their bid of \$581,720, which was the lowest bid. 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 upon motion duly made by Director Hill and seconded by Director Perry, it was unanimously

RESOLVED to award the I'25 Bores Contract to Connell Resources, as the lowest responsible bidder, direct Empire to issue the Notice to Proceed and authorize Empire and consultants to finalize the Contract documents.

PUBLIC
COMMENTS

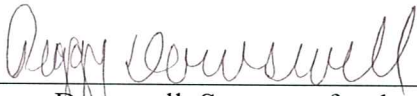
The Board opened the meeting to Public Comments. Upon receiving no comments, this portion of the meeting was closed.

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