

**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

November 17, 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, November 17, 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:

Kim Perry, Vice President
Jeff Whiton, Vice President/Assistant Secretary
Dan Herlihey, Secretary
Ken Howell, Treasurer

Directors Absent and Excused:

Douglas Hill, President

Also in Attendance:

Alan Pogue, White, Bear & Ankele, General Counsel
Peggy Dowswell, District Administrator
Bret Boulter, McWhinney Enterprises
Sylvester Mabry, McWhinney Enterprises
Ginger Dodge, McWhinney Enterprises
Stan Myers, Northern Engineering
Jeff Barnes, City of Loveland
Dwayne Walker, Empire Construction Management
Carla Hawkins, Pinnacle Consulting Group, Inc.

CALL TO
ORDER

The meeting was called to order by Director Whiton, 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 October 20, 2005 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 the October 20, 2005 with one clarification on page four that the lift station should be named Interchange Lift Station.

PAYABLES

Ms. Dowswell presented the Schedule of Payables as of November 11, 2005 totaling \$29,967.75, and November 17, 2005 totaling \$1,820,558.89 including checks 1520 through 1566. It was clarified that on all construction projects, 10% retainage was withheld up to 50% of the job completion, for a 5% retainage total over the entire job. The Board reviewed the payables and upon motion duly made by Director Perry and seconded by Director Howell, it was unanimously

RESOLVED to approve the Schedules of Payables noted above, in the amounts noted above.

2006 BUDGET
HEARING &
APPROVAL

Director Whiton opened the 2006 Budget Hearing to the public and reported that notice of the hearing had been published in accordance with the state budget law. There being no public input, the public hearing was closed. The Board reviewed the 2006 budgets presented by Ms. Dowswell. After discussion, the Board recommended that no mill levies be established for District No. 3 (Residential), as there is no activity at this point in time, nor for District No. 4 (as the cap of 35 mills has been reached with District No. 2's mill levy). Districts No. 1 and No. 2 Budgets were reviewed and the Board noted it

will assess a mill levy of 35 mills for District No. 2, as required to satisfy bond and revenue requirements. Ms. Dowswell noted that all revenues and expenses flow through District No. 1 as the operating district. The capital funding projects in 2006 are estimated to be \$27 Million, with approximately \$3.7 million to come from available bond funds and the balance from developer advances. Upon motion duly made by Director Herlihey and seconded by Director Perry, it was unanimously

RESOLVED to approve the Resolutions to Adopt the 2006 Budgets; Set the Mill Levies and Appropriate budgeted funds, and approve all other documents related to the 2006 budgets all for Districts Nos. 1, 2 3 and 4, attached hereto for the record.

ADVANCE &
REIMBURSEMENT
AGREEMENTS

Mr. Pogue stated that there was a need for four separate advance and reimbursement agreements for the years 2006 through 2007. Upon motion duly made by Director Herlihey and seconded by Director Whiton, it was unanimously

RESOLVED to approve the Advance and Reimbursement Agreement with CPW, to fund certain District capital expenditures during calendar years 2006 and 2007, in an amount not to exceed \$9.26 Million.

Upon motion duly made by Director Herlihey and seconded by Director Howell, it was unanimously

RESOLVED to approve the Advance and Reimbursement Agreement with SMP4 Investments Inc., to fund certain District capital expenditures during calendar years 2006 and 2007, in an amount not to exceed \$10.8 Million.

Upon motion duly made by Director Herlihey and seconded by Director Howell, it was unanimously

RESOLVED to approve the Advance and Reimbursement Agreement with RMV II, LLP, to fund certain District capital expenditures during calendar years 2006 and 2007, in an amount not to exceed \$500,000.

Upon motion duly made by Director Herlihey and seconded by Director Howell, it was unanimously

RESOLVED to approve the Advance and Reimbursement Agreement with Centerra Residential, LLC, to fund certain District capital expenditures during calendar years 2006 and 2007, in an amount not to exceed \$3 Million.

BNP COMPLIANCE
CERTIFICATES

Ms. Dowswell stated that the District was required to file annual and quarterly compliance certificates with BNP, the 2004 Bond letter of credit provider. The 2004 Annual Compliance Certificate with the audited financial statements and Quarterly Compliance Certificates for the 1st and 2nd Quarter of 2005 were presented to the Board for approval and execution. Upon motion duly made by Director Herlihey and seconded by Director Perry, it was unanimously

RESOLVED to approve the BNP 2004 Annual Compliance Certificates and Quarterly Compliance Certificates for 1st and 2nd quarters of 2005.

MONTHLY PAYMENT
CERTIFICATION

Ms. Dowswell presented the Monthly Payment Certificate for Centerra Metropolitan District No. 1 to American National Bank for September through October 2005, for funding of administrative and operation costs. In the future, the Board will consider giving Ms. Dowswell the authority to review and approve the monthly payments certificates. Upon motion duly made by Director Whiton and seconded by Director Perry, it was unanimously

RESOLVED to approve the Payment Certificate for September through October 2005, in the amount of \$66,336.29, and authorize Director Perry execute the Certificate.

THOMPSON
CROSSING IGA

Mr. Pogue reported that the IGA with Thompson Crossing Metropolitan District No. 2 regarding the cost sharing of the traffic signal at US34 and Centerra Parkway has been negotiated and executed by both Districts. The District is in the process of completion of that signal. The terms of the agreement call for reimbursement up to \$196,000, or 40% of the cost, by Thompson Crossing, with a \$96,00 payment due now and the balance upon completion. Mr. Pogue noted that the City of Loveland was not a party to this agreement. Upon motion duly made by Director Howell and seconded by Director Whiton, it was unanimously

RESOLVED to ratify the approval and execution of the Thompson Crossing IGA regarding a traffic signal at US34 and Centerra Parkway.

MANAGER'S REPORT

Ms. Dowswell presented the Bond Job Cost Summary and answered questions from the Board. Mr. Dwayne Walker noted that he would like to work with Ms. Dowswell to capture tap fee and other water expenses on construction spreadsheets for projects. Director Perry noted that the CCOA Board has met the prior week and had approved and signed the landscaping maintenance agreement with the District.

LEGAL
REPORT

Mr. Pogue, legal counsel, noted that the Division of Local Government as well as the insurance pool is requiring that a Resolution to Exclude from Worker's Compensation be adopted by the District if the Board elects not to have worker's compensation coverage on the board members. Upon motion duly made by Director Herlihey and seconded by Director Whiton, it was unanimously

RESOLVED to approve the Resolution to Exclude from Worker's Compensation and the State of Colorado Worker's Compensation Exclusion and direct Pinnacle Consulting Group Inc. to file them with the appropriate parties.

Mr. Pogue also noted that the District Management Contract expires at the end of December 2005, unless extended by the parties by written extension agreement for successive annual periods. Mr. Pogue presented the extension agreement. Upon motion duly made by Director Whiton and seconded by Director Perry, it was unanimously

RESOLVED to approve the renewal of the District Management Contract through the end of December 2006, with McWhinney Real Estate Services, Inc.

Mr. Pogue also updated the Board regarding the sculpture park negotiations and the proposed agreement. At this point, the agreement is not acceptable to the District, and he will continue negotiations. Regarding elections, Mr. Pogue noted that Directors' Perry, Howell and Whiton's terms will expire in May 2006. Mr. Pogue noted that self nomination forms will need to be completed by all interested in running for the Board in January for the District to begin the process for the May board election.

CONSTRUCTION
MANAGER REPORT

Mr. Dwayne Walker, Empire Management, reported that the District's share of the construction was completed in time for the opening of the Promenade Shops at Centerra. He noted that initial acceptance by the City for the District's improvements on the East side and Hahns Peak were expected in the next 30 days. After City acceptance, the two year warranty begins. Mr. Walker reported some projects are near completion, and ready for final payments to be released. Ms. Dowswell noted that final payment notices will need to be published prior to release of retainage to the contractors.

ENGINEER'S REPORT

Mr. Stan Myers, District Engineer, reported that the PUC review time-frame has passed and the District did not receive any comments during the review period. The City of Loveland will get written approval of the underpass design. The Union Pacific Railroad is currently working with the City of Loveland to adopt a construction and maintenance agreement and this agreement is expected at the end of November. The bid process for the shoe fly is moving rapidly and this will happen before the bridge construction. Mr. Myers noted that the Railroad

was not willing to address the request to build a temporary pedestrian access along the railroad tracks for access under I-25. Mr. Myers noted that the final plans for North Centerra Parkway were completed on November 8th. Bidding for this project should commence in late January. Director Herlihey noted that the City's water dedication fees had been adopted at the second reading at the City Council meeting on November 15th. The native storage fee will increase January 1, 2006. The irrigation tap requests and payment for 2006 Centerra projects will be completed by the end of the year 2005. Director Herlihey also noted that Mr. Chad McWhinney had been successful in changing the name of Cordova Pass to Kendall Parkway and therefore, the street signs would need to be replaced.

PUBLIC
COMMENTS

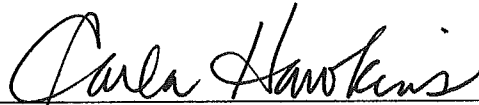
The Board opened the meeting to Public Comments. Upon receiving no further comments, this portion of the meeting was closed.

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,



Carla Hawkins, Secretary for the Meeting