

**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 18, 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 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, November 18, 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  
Dan Herlihey

Directors Absent and Excused:

none

Also in Attendance:

Alan Pogue, White, Bear & Ankele, General Counsel  
Peggy Dowswell, District Administrator  
Rich Shannon, McWhinney Enterprises  
Stan Myers, Northern Engineering  
Dwayne Walker, Empire Management  
Jeff Barnes, City of Loveland  
Mark McDonald, CSU student

CALL TO  
ORDER

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

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COMBINED  
MEETING

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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

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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.

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AGENDA

The Board reviewed the agenda and added items regarding water rights and District Manager's report.

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APPROVAL OF  
MINUTES

The Minutes of the November 4, 2004 meeting were presented. Upon further discussion and upon motion duly made by Director Perry and seconded by Director Hill, it was unanimously

**RESOLVED** to approve the minutes of November 4, 2004 meeting, as presented.

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PAYABLES

Ms. Dowswell presented the Schedule of Payables as of November 18, 2004, totaling \$1,897,041, including checks 1064 through 1082. She noted that \$1,772,951 would be funded from bond proceeds and a capital advance was required from the Developer in the amount of \$123,878 to fund the expenditures not included in the 2004 Bond budget. The Board reviewed the payables and upon motion duly made by Director Perry and seconded by Director Herlihey, it was unanimously

**RESOLVED** to approve the Schedule of Payables as of November 18, 2004, totaling \$1,897,041 including checks 1064 through 1082.

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2005 BUDGET  
HEARING-APPROVE  
2005 BUDGETS

Director Hill opened the 2005 Budget Hearing to the public and Ms. Dowswell confirmed that notice of the hearing had been published in accordance with state budget law. There being no public input, the public hearing portion of the budget hearing was closed. Ms. Dowswell presented the revised 2005 Budget. The Board reviewed the Budget and requested that Ms. Dowswell adjust the 2005 capital projects expenditures, based on the balance of 2004 project costs that will occur in 2005. The Board also discussed the necessity of assessing the 35 mill levy for District No. 2, according to 2004 bond requirements. No levy is required for District No. 3 until the sooner of the first Certificate of Occupancy in the District, or January 1, 2009. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

**RESOLVED** to approve the 2005 Budget, subject to revision as noted above, and certify the Mill Levy of District No. 2 at 35 mills. **FURTHER RESOLVED** to approve the Resolutions to Adopt the Budgets, Certify the Mill Levy and Appropriate budgeted funds and approve all other documents related to the 2005 budget, which are attached hereto for the record.

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DEVELOPER  
ADVANCE AND  
REIMB AGRMT

Mr. Pogue noted that a new agreement would need to be in place to fund the capital projects anticipated in the 2005 budget, that would not be paid with the remaining bond proceeds. The Board discussed the need for the 2005 Advance and Reimbursement Agreement with CPW, and proposed that maybe a smaller agreement for \$3 million to \$5 million could be put into place, and an agreement for a larger amount when needed. The Board directed Mr. Pogue, Mr. Shannon and Ms. Dowswell to review the current agreement and report back to the board at the next meeting with a proposed 2005 agreement.

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DISTRICT  
MANAGER REPORT

Mr. Rich Shannon, District Manager, presented the Bond Job Cost report, noting that it is a work in progress. There is a Summary page of all of the projects to be funded with 2004 Bond proceeds. The detail pages follow, which show the contract amounts, change orders, spent other, other estimated costs and contingency for each project and the actual expenditures to date. Mr. Shannon noted that there were also placeholders for Engineering and Planning and Administrative costs, such as District Management, associated with capital expenditures. At the bottom left of the Summary page is a list of projects that could be funded if there were excess bond proceeds available. Mr. Shannon noted that he and Ms. Dowswell will be updating the schedule monthly, and will present a separate schedule of projects to be funded with Developer advances.

Mr. Shannon reported that the District needs to acquire water rights for its landscape commitments, noting there will be a significant amount needed around the LifeStyle Center. He reported that the District is negotiating to purchase water from several sources. He will return with an update for the Board at the next meeting. Director Barber asked if a grey water system was still in consideration at this time. Mr. Shannon responded that the front-end costs of a not-potable system were huge and there was no storage available for the water needed to supply in the bench season. He also noted that the airport did not allow any standing water within 60,000 feet of the airport. All of these factors combine to make the non-potable system infeasible at this time.

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LEGAL  
REPORT

Mr. Alan Pogue reported that he is still working with the City and Mr. Shannon on an agreement regarding the installation of traffic signals, per the City's preference to manage the installation and contractor for the signals. Upon further discussion and motion duly made by Director Perry and seconded by Director Hill, it was unanimously

**RESOLVED** to authorize legal counsel and district manager to negotiate the signal agreement with the City and authorize the President of the Board to approve and execute the agreement on behalf of the District.

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ENGINEER  
REPORT

Mr. Stan Myers, Northern Engineering, presented proposals for the engineering and approval process, one for the Rail Road Underpass and one for the Cordova Underpass. The first proposal, for the Rail Road Underpass, to take the design to 30% and to submit to Union Pacific, which would include the services of HDR and DTJ, is approximately \$82,500. Mr. Myers noted that he recommended HDR for the second proposal as well, as they have a good relationship with CDOT. The second proposal, for the Cordova Underpass, is based on a very rough estimate of \$30,000 to attend the various meetings necessary to determine options and begin this process. Upon further discussion and motion duly made by Director Hill and seconded by Director Perry, it was unanimously

**RESOLVED** to approve both proposals from Northern for the engineering and approval process for the Rail Road Underpass at \$82,500 and the Cordova Underpass at \$30,000.

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CONSTRUCTION  
MANAGER REPORT

Mr. Dwayne Walker, Empire Management, reported that Bid Pack 2A is approximately 50% complete. He is still working with the City and their contractor to get a price on a temporary signal on Highway 34.

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PUBLIC  
COMMENTS

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

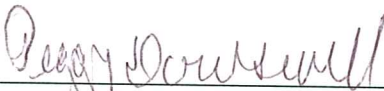
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ADJOURNMENT

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,

  
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Peggy Dowswell, Secretary for the Meeting