

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

January 19, 2006

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, January 19, 2006. 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
Ken Howell, Treasurer

Directors Absent and Excused:

Douglas Hill, President
Dan Herlihey, Secretary

Also in Attendance:

Alan Pogue, White, Bear & Ankele, General Counsel
Rich Shannon, McWhinney Enterprises, District Manager
Peggy Dowswell, District Administrator
Bret Boulter, McWhinney Enterprises
Sylvester Mabry, McWhinney Enterprises
Ginger Dodge, McWhinney Enterprises
Jeff Barnes, City of Loveland
Jon Erickson, Empire Construction Management
Carla Hawkins, Pinnacle Consulting Group, Inc.

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CALL TO
ORDER

The meeting was called to order by Director Perry, 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 November 17, 2005 meeting were presented. Upon further discussion and upon motion duly made by Director Howell and seconded by Director Whiton, it was unanimously

RESOLVED to approve the minutes of the November 17, 2005 as presented.

PAYABLES

Ms. Dowswell presented the Schedule of Payables as of December 16, 2005 totaling \$881,288.73, December 22, 2005 totaling \$150,332.00 and January 19, 2006 totaling \$1,087,319.28 including checks 1567 through 1649. The Board reviewed the payables and upon motion duly made by Director Howell and seconded by Director Whiton, it was unanimously

RESOLVED to ratify the December Schedules of Payables and approve the January Schedules of Payables noted above, in the amounts noted above.

Ms. Dowswell presented the Schedule of Cash Status as of December 31, 2005 and updated as of January 19, 2006. She noted that the District had received the first payment of \$98,000 from Thompson Crossing Metro District for partial reimbursement of the US Hwy 34 traffic signal, per the IGA. Ms. Dowswell reviewed the cash balances in each of the Districts' accounts.

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APPROVAL FOR 2005 AUDITOR

Ms. Dowswell noted she had received a proposal from Reynolds, Henrie & Associates, P.C. for the completion of the 2005 Audit for District No. 1. The fee for the audit is not to exceed \$7,400 plus out of pocket expenses. Mr. Barnes requested that the Auditors include the procedures required by the City of Loveland as submitted last year under the MFA reporting. Upon motion duly made by Director Howell and seconded by Director Whiton, it was unanimously

RESOLVED to engage Reynolds, Henrie & Associates, P.C. to prepare the 2005 Audit and add services for the MFA reporting as required by the City of Loveland.

MONTHLY PAYMENT CERTIFICATE

Ms. Dowswell presented the Monthly Payment Certificate for Centerra Metropolitan District No. 1 to American National Bank for November through December 2005 in the amount of \$54,902.31, for administrative and operation costs. In the future, the District will request each quarter, enough funds to cover one-fourth of the budget. Upon motion duly made by Director Howell and seconded by Director Perry, it was unanimously

RESOLVED to approve the Monthly Payment Certificate for November through December 2005, and authorize Director Perry execute the Certificate.

MANAGER'S REPORT

Mr. Shannon updated the Board regarding the Centerra Parkway North road extension and discussions with the railroad company. He reported that the District and its consultants were discussing the challenge of completing smaller infill projects through a change order process, rather than a full bid process. In some cases the timing and scale are such that a change order to a current bid makes more sense to save the District time and money. Mr. Shannon noted that Mr. Mabry was working on the alignment of the road extension north of High Plains Village residential and Mr. Boulter was overseeing the work on the Trend parcel. Ms. Dowswell noted that she has requested further pay applications for the public improvements at the Shops at Centerra project and TST was currently reviewing the support and invoices for those public improvements.

AWARD BID FOR HIGH PLAINS CENTER

Mr. Jon Erickson presented the bid spread for the High Plains Neighborhood Center for the SW Streetscape improvements (HPNC-SWS05). The bids were opened on December 8, 2005 and, after review and verification of the bid, the lowest responsible bidder was Bath Inc. This project will carry with it a 2 year warranty period which will also include a maintenance contract once the installation is complete. The Board questioned whether Bath was large enough to handle this project. Mr. Erickson noted that Bath Inc. has completed similar sized projects, has been in business a long time and was a reputable company

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within northern Colorado. Upon motion duly made by Director Howell and seconded by Director Perry, it was unanimously

RESOLVED to award the High Plains Neighborhood Center SW Streetscape improvements project to Bath Inc.

ANNUAL ADMIN RESOLUTION

Mr. Pogue presented the annual Administrative Matters Resolution; noting that it outlines 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. It appoints the Reporter-Herald as the newspaper for legal notices, sets the meeting dates, posting locations, appoints the officers of the District, excludes worker's compensation for the Board, ratifies all the minutes and actions taken by the Board in 2005, and addresses general items as required by law. The Board decided to keep the slate of officers the same as in 2005. Upon motion duly made by Director Howell and seconded by Director Perry, it was unanimously

RESOLVED to approve the annual Administrative Resolution and reaffirm the current slate of officers.

ELECTION RESOLUTION

Mr. Pogue presented the Resolution for Election on May 2, 2006. Directors Perry, Howell and Whiton's terms expire in May 2006. Directors Perry and Howell signed their Self-Nomination forms for the election. The resolution allows for the cancellation of the May election if there are not more candidates running for office than there are open positions on the board. Upon motion duly made by Director Perry and seconded by Director Whiton, it was unanimously

RESOLVED to approve the Joint Resolution regarding May 2, 2006 Election.

LEGAL REPORT

Mr. Pogue presented agreements for the acquisition of water from McWhinney Real Estate Services and VDW Properties at \$9,800 per acre foot. Upon motion duly made by Director Perry and seconded by Director Howell, it was unanimously

RESOLVED to approve the water purchase agreements from McWhinney Real Estate Services and VDW Properties.

Mr. Pogue, Counsel, noted that the District had purchased water from McWhinney Property Group at \$10,000 per acre foot on December 22, 2005. This price was determined as a cost savings as the District did not have to pay an additional \$475 per acre foot for the storage transfer fee, as it did in the above purchases at \$9800 per acre foot. Upon motion duly made by Director Howell and seconded by Director Perry, it was unanimously

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RESOLVED to ratify the water acquisition agreement from McWhinney Property Group.

Mr. Pogue noted that he did not have an update regarding the sculpture park negotiations. Director Perry and Mr. Pogue will schedule a follow up meeting with the parties to work towards a resolution on this matter. Mr. Pogue stated he would keep the Board apprised of any current legislative issues that may impact metropolitan districts.

CONSTRUCTION MANAGER REPORT

Mr. Jon Erickson, Empire Management, reported that Empire was working on final acceptance for Myers 1st and 2nd, Hahns Peak and Centerra East roadway improvements. He stated that work has commenced on Myers 3rd. The arm signal on US Hwy 34 and Centerra Parkway was activated on January 18th. Ms. Dowswell reviewed the time frame to advertise for final release of funds for the Myers 1st and 2nd and Hahns Peak jobs, which has begun, with final payment release in mid-February. Director Perry asked that the release of retainage for the Architectural Finishes be delayed until punch list items can be resolved.

PUBLIC COMMENTS

The Board opened the meeting to Public Comments. Mr. Barnes asked about the bidding process for the public improvements at the Shops. Mr. Shannon replied that they used the same process as the District, as required under the MFA. 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