

**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

July 1, 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, July 1, 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
Dan Herlihey
Ken Howell
Dean Barber

Directors Absent and Excused:

None

Also in Attendance:

Alan Pogue, White, Bear & Ankele, General Counsel
Peggy Dowswell, District Administrator

CALL TO
ORDER

The meeting was called to order by President Doug 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 only changes in the order of items.

ADMINISTRATIVE
MATTERS

Mr. Pogue presented the items in the Administrative Matters resolution, noting they set forth the operations of the Board, direct District's legal counsel and other contractors in their administration of the District and deals with meeting dates, posting notices, elections and other general issues. Upon further discussion and motion duly made by Director Perry and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the Administrative Matters Resolution.

INDEMNIFICATION
RESOLUTION

Mr. Pogue presented the items in the Indemnification Resolution, noting it provides indemnification by the District to its Board members and employees (if any in the future. Upon further discussion and motion duly made by Director Perry and seconded by Director Herlihey, it was unanimously

RESOLVED to approve the Indemnification Resolution.

2004 BUDGET
HEARING

The Board opened the 2004 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 2004 Budget, which was revised per the Board's last instructions. Mr. Pogue explained that he felt it necessary to hold another budget hearing to formally approve the 2004 budget and appropriate funds, instead of continuing the hearing from the May meeting. The Board reviewed the Budget and made minor changes, which Ms. Dowswell will incorporate into the final Budget. Upon further discussion and motion duly made by Director Herlihey and seconded by Director Barber, it was unanimously

RESOLVED to approve the 2004 Budget and Appropriate \$244,400 in Expenditures in the General Fund, \$1,615,000 in the Debt Service Fund, and \$55,871,000 in the Capital Projects Fund. **FURTHER RESOLVED** to approve the Resolutions to Adopt the Budget and Appropriate budgeted funds and approve all other documents related to the 2004 budget, which are attached hereto for the record.

PAYABLES

Ms. Dowswell presented the Schedule of Payables as of July 1, 2004, totaling \$6,663.94. The Board reviewed the payables and upon motion duly made by Director Hill and seconded by Director Perry, it was unanimously

RESOLVED to approve the Schedule of Payables as of July 1, 2004 as presented.

IMPROVEMENTS
ACQUISITION
AGREEMENT

Mr. Pogue presented recent revisions in the draft of the Improvements Acquisition Agreement between the District and the Lifestyle Joint Venture (Centerra Lifestyle Center, LLC). Included in the District's approval process is the timely submittal of plans, drawings and construction invoices to the District, related to the improvements as they are constructed. Another point is that the Joint Venture, as a Constructor under the MFA, must agree to comply with the MFA bidding requirements as outlined in Exhibit L to the MFA. The Board agreed that the Agreement should allow for carrying costs of the improvements, as the Joint Venture will have to finance them for a significant amount of time. The Board discussed the cap on the total dollar amount of improvements the District will agree to pay, noting that this cap does not include the amount for the sewer line. Ms. Dowswell noted that she and Mr. Shannon have reviewed the list of estimated costs per each line item of public infrastructure, noting that the current cost of these is estimated at a total of \$21.4 million. This amount is higher than that originally estimated in the Costs that were an Exhibit to the District's Service Plan and the MFA. However, the District is realizing cost savings in other areas, and the Developer has noted that they will save approximately two-thirds of the \$3.6 million in Development Fees also set out in the Cost Exhibit. Upon further discussion and motion duly made and seconded, it was unanimously

RESOLVED to authorize the Board and Mr. Pogue, legal counsel, to negotiate on behalf of the District with the Joint Venture towards finalizing the Improvements Acquisition Agreement between the District and the Lifestyle Joint Venture (Centerra Lifestyle Center, LLC), and authorize the District's President of the Board to execute the final Agreement on behalf of the District.

INVITATIONS
TO BID

Ms. Dowswell noted that direction from the Board was needed to go forward with its public bid process and publishing the Invitations to Bid for the Myers (Heska), I'25 Bores and Bid Pack 2A projects. Upon further discussion and motion duly made by Director Hill and seconded by Director Herlihey, it was unanimously

RESOLVED to direct consultants to proceed with the Bid Process and publish the necessary Invitations to Bid, per the requirements in the MFA.

FUNDING AND
REIMBURSEMENT
AGREEMENTS

The Board discussed the parameters of these agreements, and Mr. Pogue noted that the Agreements would need to be in place prior to awarding construction contracts. Mr. Pogue will draft the agreements for the next meeting.

PUBLIC
COMMENTS

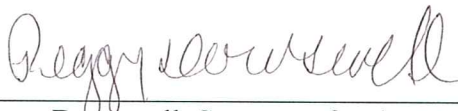
The Board opened the meeting to Public Comments. Upon receiving no comments, this portion of the meeting was closed.

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