

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

May 19, 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, May 19, 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:

Douglas Hill, President
Kim Perry, Vice President
Dan Herlihey, Secretary
Ken Howell, Treasurer
Dean Barber, Asst. Sec./Asst. Vice Pres.

Directors Absent and Excused:

None

Also in Attendance:

Alan Pogue, White, Bear & Ankele, General Counsel
Peggy Dowswell, District Administrator
Rich Shannon, McWhinney Enterprises, District Manager
Bret Boulter, McWhinney Enterprises
Stan Myers, Northern Engineering
Ginger Dodge, McWhinney Enterprises
Jeff Barnes, City of Loveland

CALL TO
ORDER

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

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 April 21, 2005 meeting were presented. The Board and Legal Counsel recommended a few changes – in that the Exclusion and Inclusion Hearings were for both Districts No. 1 and 2, and that the reference on page 3 to Northern's work order should read "Crossroads" not "Clydesdale." 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 April 21, 2005 meeting, as amended.

PAYABLES

Ms. Dowswell presented the Schedules of Payables as of May 16, 2005, totaling \$1,117,552, including checks 1222 through 1246. Ms. Dowswell noted that \$330,430 would be funded from capital advances from the Developer and \$779,744 would be funded from bond proceeds. With approval of the monthly payment certificate, there would not be an operating advance required from the Developer at this time. Director Barber asked for clarification on the Retainage process. Ms. Dowswell replied that the District was withholding 10% of the total billings, per each contract, until 50% of the job was complete, then no more retainage was withheld, equaling 5% retainage overall. Once the job is complete, and Empire has given their approval and directs the District to do so, the District publishes twice, in the local newspaper, a Notice of Final Payment and releases the retainage 10 days after the last publication. The Board also questioned whether any remaining bond funds could be used on the public infrastructure at Trend. Mr. Shannon replied that yes, the Trend expenses were eligible for bond funds; however, the priority of those bond funds is currently Centerra Parkway, north. The Board reviewed the payables and upon motion duly made by Director Barber and seconded by Director Herlihey, it was unanimously

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RESOLVED to approve the Schedules of Payables as of May 16, 2005, totaling \$1,117,552, including checks 1222 through 1246.

MONTHLY PAYMENT
CERTIFICATES

Ms. Dowswell presented the Monthly Payment Certificate for January through April 2005 in the amount of \$69,151.27 and for the 2004 year in the amount of \$25,637.35. These amounts represent actual operating & administrative costs incurred by the District that were originally advanced by the Developer. With these submittals, the District is requesting funding of these costs, to lessen the need to borrow from the Developer for future needs. In the future, the Certificates will be filed monthly with the Bond Trustee, for actual costs incurred the month prior. Upon motion duly made by Director Herlihey and seconded by Director Perry, it was unanimously

RESOLVED to approve the Payment Certificates for 2004 in the amount of \$69,151.27 and January-April 2005 in the amount of \$25,637.35.

DISTRICT NO. 1 & 2
CONTINUED PUBLIC
EXCLUSION HEARINGS

Mr. Pogue reported that the Exclusion Hearings were continued to today, from last month's board meeting. He reported that the Board has received petitions from the owners of two parcels for exclusion from District No. 1 boundaries (which are then to be included into District No. 2). Upon receiving no public comments, the Exclusion Hearing for District No. 1 was closed. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to adopt the Resolution to exclude two parcels from District No. 1.

Mr. Pogue reported that the Board has received petitions from the owners of three acres in two parcels for exclusion from District No. 2 boundaries (which are then to be included into District No. 1) and that the Exclusion Hearing was continued. Upon receiving no public comments, the Exclusion Hearing for District No. 2 was closed. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to adopt the Resolution to exclude the parcels from District No. 2.

DISTRICT NO. 1 & 2
CONTINUED PUBLIC
INCLUSION HEARINGS

Mr. Pogue reported that the Inclusion Hearings were continued to today, from last month's board meeting. He reported that the Board has received petitions for inclusion into the District No. 1 boundaries from the owners of three acres in

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two parcels into District No. 1 (which were excluded from District No. 2). Upon receiving no public comments, the Inclusion Hearing for District No. 1 was closed. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to adopt the Resolution to include the parcels into District No. 1.

Mr. Pogue reported that the Board has received petitions from the owners of two parcels for inclusion into District No. 2 boundaries (which were excluded from District No. 1) and that the Inclusion Hearing for District No. 2 was continued to this meeting. Upon receiving no public comments, the Inclusion Hearing for District No. 2 was closed. Upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to adopt the Resolution to include the parcels into District No. 2.

STREETLIGHT IGA

Mr. Shannon reported that the District is still in negotiations with the City of Loveland on an agreement to outline responsibilities for streetlights. The agreement in draft form sets forth that the streetlights will be viewed as City streetlights and the City will provide ongoing maintenance, after a lump sum payment by the District for increased energy and replacement light costs. Upon motion duly made by Director Perry and seconded by Director Herlihey, it was unanimously

RESOLVED to authorize Doug Hill, as president, to sign and execute the Streetlight Intergovernmental Agreement with the City of Loveland, after final review by legal counsel.

LIFESTYLE CENTER TST WORK ORDER

Mr. Shannon reported that the District needs to be involved at this time to review the public improvements on site at the Lifestyle Center, which includes working with Hoar Construction to review the costs to be submitted, working with Ms. Dowswell to develop the necessary documentation required and verify compliance with the MFA. Mr. Shannon recommended TST be retained for these services, as a cost of approximately \$22,000. Upon a motion duly made by Director Hill and seconded by Director Perry, it was unanimously

RESOLVED to approve the TST work order for the Lifestyle Center public improvement cost review, in the amount of \$22,000.

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MYERS GROUP CHANGE ORDER

Mr. Shannon reported that a change order is necessary for the Myers 1st bid package, associated with increased public improvements necessary around the Heska site. The Board has been advised of this upcoming change order, which is now estimated at \$460,000. The contractor is Connell Resources, which has quoted the same prices as in the original bid. There were a multiple of inquires and only one very good bid was received. Upon motion duly made by Director Herlihey and seconded by Director Perry, it was unanimously

RESOLVED to ratify the Connell change order to the Myers 1st bid in the amount of \$460,000.

DISTRICT MANAGER REPORT

Mr. Shannon reported that Mimi's cash registers were now in compliance with the PIF and RSF fees being separately stated on the receipts, and the City has worked hard to get them on board. Ms. Dowswell reported that she has been gathering the necessary documentation for the audit, which will also address the City's requests of the auditors. The auditors are expected at the end of the month.

LEGAL REPORT

Mr. Alan Pogue, legal counsel, reported that he is continuing work to work with Poag & McEwen's attorney to get the easements the District needs to complete its 75 foot landscape buffer and tie into the sidewalks at the Shops.

CONSTRUCTION MANAGER REPORT

Mr. Dwayne Walker, Empire Management, reported that all of the current projects are still on time and under-budget. Regarding the streets in 2B, he noted that work will start first on Cordova with US 34 commencing after Memorial Day (with the work on US34 mostly being at night). The temporary signal is still not here and he continues to discuss this matter with CDOT. Mr. Jon Erickson stated that work is ready to commence on the streets within the Myers Group, Phase 2, while Hahns Peak road construction is underway.

WATER REPORT

Director Herlihey reported on the water portfolio activity, noting that he is continuing to work with the District's consultants and the City to obtain the appropriate dedications. To get ahead of any change contemplated in the City's dedication requirements or increase in storage fees, this project is of high priority. The District's portfolio contains 150 acre fee that is in the City's water bank, Director Herlihey will do all he can to get full recognition of those shares. Currently, the District projects its future water needs for the District at approximately 350 acre feet for landscaping needs, over the next four years. Director Barber asked if the District was still considering a grey water system. Mr. Rich Shannon replied that is was still too expensive, required extensive

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storage facilities and there would be issues with the runway requirements of the airport.

PUBLIC
COMMENTS

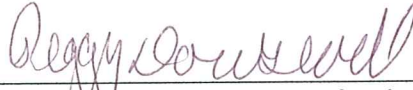
The Board opened the meeting to Public Comments. Upon receiving no comments, this portion of the meeting was closed.

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