

**MINUTES OF THE COORDINATED  
ORGANIZATIONAL MEETING OF**

**CENTERRA METROPOLITAN DISTRICT NO. 1  
CENTERRA METROPOLITAN DISTRICT NO. 2  
CENTERRA METROPOLITAN DISTRICT NO. 3  
CENTERRA METROPOLITAN DISTRICT NO. 4**

**HELD**

**May 20, 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 organizational 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, May 20, 2004. Notice of the meeting has been duly posted with the Larimer County Clerk and Recorder and in three public places within the boundaries of each District.

ATTENDANCE:

Directors in Attendance:

Douglas Hill  
Kim Perry  
Dan Herlihey

Directors Absent and Excused:

Dean Barber

Also in Attendance:

Gary White, White and Bear, General Counsel  
Kim Casey, White and Bear, Bond Disclosure Counsel  
Peggy Dowswell, District Administrator  
Jason Carroll, CPA, Clifton Gunderson LLP  
Stan Myers, Northern Engineering, District Engineer  
Dwayne Walker, Empire Management, Inc.  
Rich Shannon, McWhinney Enterprises  
Ken Howell, McWhinney Enterprises  
Wendi Croft, McWhinney Enterprises  
John Duvall, City Attorney, City of Loveland

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CALL TO  
ORDER

The meeting was called to order by Mr. Gary White, general counsel to the Districts, noting that a quorum was present. The directors in attendance confirmed their qualifications to serve.

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NOTICE

Mr. White stated that Notice of the Organizational Meeting had been properly posted at least three days prior to the meeting in three public locations within each Districts' boundaries, a copy was sent to the City, under intergovernmental agreement requirements, and a copy was sent to the Larimer County Clerk and Recorder for posting on their bulletin board. The notice also included the agenda items. Also, Notice of the Public Hearing on the proposed Budget had been properly published at least three days prior to the meeting in the Loveland Reporter-Herald. Certification of such posting and publication is attached hereto.

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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.

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ORGANIZATION

Mr. White reported that the Districts held an Organizational Election May 4, 2004, with the majority of voters voting in favor of organizing the Districts. Mr. White also reported that the Order and Decrees organizing each District were entered by the District Court on May 18, 2004 and certified copies of each Decree will be recorded with the Larimer County Clerk and Recorder, and will be filed with the Division of Local Government and Larimer County Assessor.

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OATHS AND  
BONDS

Mr. White reported that the Oaths of Office for each Director have been signed and will be filed with the District Court, County Clerk and Recorder and Division of Local Government, as required by law.

Faithful Performance Bonds will be obtained for the Directors and Treasurer of each District in the amount of \$1,000 per Director and \$5,000 for the Treasurer as required by law. The Bonds will be filed with the District Court and Division of Local Government.

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DISCLOSURE OF  
POTENTIAL CONFLICT  
OF INTEREST

Mr. White discussed the law relating to conflicts of interest and ethical standards for public officials and the statutory requirements to disclose any potential conflict of interest to the Board and to the Secretary of State and further advised the Board regarding the requirements pertaining to general and specific conflicts. Thereupon, each Board member stated for the record their respective potential conflicts as follows: Directors Hill, Perry, and Herlihey are employees of McWhinney Real Estate Services, Inc., and associated with the primary landowner and developer within the District. Mr. White will file executed disclosures with the Secretary of State 72 hours prior to every Board meeting.

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ID NUMBERS

Mr. White reported that they will work with Ms. Dowswell to file applications for the Federal Employer Identification Number, State Tax Exemption Number, and Public Deposit Protection Act Numbers on behalf of each District.

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BOARD VACANCY

Mr. White indicated that since there were not enough candidates for Directors to serve, there is one vacancy on each Board. The Board will discuss the vacancy at their next meeting.

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ELECTION  
OF OFFICERS

The Board then turned to the issue of selecting Officers for the District, and upon nomination and motions duly made, seconded and unanimously carried, the following Officers were elected and approved as follows:

President/Treasurer:	Douglas Hill
Vice President	Kim Perry
Secretary:	Dan Herlihey
Assistant Secretary/ Asst. Treasurer:	Dean Barber

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AGENDA

The Board reviewed the agenda and made no changes.

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ADMINISTRATIVE  
MATTERS

Mr. White reported he will bring to the next meeting a Joint Resolution regarding Annual Administrative Matters, which outlines responsibility for and directs consultants as to completion of filings, reports, and other District requirements to stay in compliance with the law. Today the most important

matter to decide was the time and date of future meetings. Upon further discussion and motion duly made and seconded, it was unanimously

**RESOLVED** to set the 1<sup>st</sup> Thursday (beginning in July) and the 3<sup>rd</sup> Thursday (beginning in June) of every month as the Districts' regular meetings, to be held from 12 noon to 2pm in the McWhinney offices.

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INDEMNIFICATION  
RESOLUTION

Mr. White reviewed the law relating to liability of public officials, noting there are three levels of protection to the District and its officials: (1) Errors and Omissions coverage through the Districts' policy with the Special District Insurance Pool, (2) Governmental immunity, and (3) the Indemnification Resolution, to cover where there is no coverage under the two above. He noted he will return to the Board with a proposed Indemnification Resolution for each District providing for personal protection of the Directors, officers, and employees.

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DISTRICT  
SERVICES

Mr. White noted and the Board discussed the need for various services for the operation and management of the Districts. The discussion noted that for District Management Services, although R.S. Wells had previously had someone in a position to serve as District Manager, that position became vacant and R.S. Wells no longer has the personnel to be able to provide that service. Mr. White reported that personal services for the District do not normally have to be bid; however, if there is a possibility that an entity may bid which is related to the Developer or Board, it is recommended the Services be publicly bid and awarded at a Board meeting. Regarding other services, Mr. White reported that the Developer had engaged numerous consultants in the organization of the District, who could be engaged under the same terms and conditions. Upon motion duly made by Director Herlihey and seconded by Director Perry, it was unanimously

**RESOLVED** to engage the services of Clifton Gunderson, LLP, as District Accountant and Administrator, White and Bear as District General Counsel, Northern Engineering as District Engineer, and Empire Management as District Construction Manager. **FURTHER RESOLVED** to direct consultants to draft an agreement for District Management Services, and later to go to public bid for District Management Services.

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BANKING AND  
INSURANCE

Ms. Dowswell reported that District No. 1 would need to open a checking account. She also reported that the Districts were in the process of obtaining

insurance from the Colorado Special Districts Property and Liability Pool, which required the Districts to approve the Intergovernmental Agreement with the Pool and the related Resolution. Upon motion duly made by Director Perry and seconded by Director Herlihey, it was unanimously

**RESOLVED** to open a checking account at Home State Bank and approve all necessary banking resolutions and signatures to open the account. **ALSO RESOLVED** to approve the Resolution and Intergovernmental Agreement with the Colorado Special Districts Property and Liability Pool, designating Dan Herlihey as the Districts' Representative to the Pool.

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SECRETARY TO  
THE MEETINGS

The Board discussed their preference to have Ms. Dowswell serve as Secretary to the Board meetings and their preference to have the Secretary to the Meeting be the only required signature on the minutes. Upon motion duly made by Director Perry and seconded by Director Hill, it was unanimously

**RESOLVED** to appoint Ms. Dowswell as Secretary to the Meetings.

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INTERGOVERNMENTAL  
AGREEMENT

The Board discussed the Centerra Master Financing and Intergovernmental Agreement among District No. 1, Centerra Properties West, LLC, City of Loveland, Loveland Urban Renewal Authority, Centerra Public Improvement Collection Corp. and Centerra Public Improvement Development Corp. and the necessity to execute the Agreement in a timely manner. Upon motion duly made by Director Herlihey and seconded by Director Perry, it was unanimously

**RESOLVED** to approve the Centerra Master Financing and Intergovernmental Agreement and authorize the Districts' President, Doug Hill, and Secretary, Dan Herlihey, to execute the Agreement.

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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 was closed. Mr. Jason Carroll, of Clifton Gunderson, explained the necessity to formally approve a budget and appropriate funds annually to conform to state law. He presented the 2004 budget for District No. 1, which detailed estimated revenues and expenditures, reviewing on a fund by fund basis. He noted the District will have a General Fund for general operations; a Debt Service Fund for payment of bond principal and interest and paying agent fees; and a Capital Projects Fund to construct public improvements. The Board reviewed the Capital Projects Fund and directed, with the recommendation of

Mr. Walker, of Empire Management, that the budget be revised to reflect the approximate \$4.4 million in Structures that will have to be repaid to the Developer as it being currently expended. Clarification was made as to the \$2 million reimbursement reflected in the budget which is for District Organization costs expected to be reimbursed with initial bond proceeds. Mr. Shannon, of McWhinney Enterprises, also brought to the Board's attention that the public on-site improvements at the Lifestyle Center would be acquired at a future date, as the 2004 bond proceeds would not cover those costs. An agreement to reimburse for those costs will be brought before the Board within the next few meetings.

Mr. Carroll reported the 2004 budgets for Districts 2, 3 and 4 contained zero amounts for all categories, as there were no revenues or expenditures expected in these Districts. The Board directed consultants to revise the budget and return to the Board with the revised budget and appropriate resolutions.

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PIF/RSF  
COLLECTION

The Board deferred discussion of this item to a future meeting.

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MASTER IGA  
B/W DISTRICTS

The Board deferred discussion of this item to a future meeting.

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REIMBURSEMENT  
RESOLUTIONS

The Board deferred discussion of this item to a future meeting.

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REPORT ON  
DISTRICT BONDS

Ms. Kim Casey, of White and Bear, the Districts Bond Disclosure Counsel, reported that the District is beginning the process of issuance of tax exempt bonds. During this process, she will bring to the Board the necessary bond related resolutions and will be available to answer questions and aid in the Board's understanding of the process. For now, she recommended the Board declare its intent to issue tax exempt bonds for the construction of public improvements and reimbursement of allowable costs. Upon motion duly made by Director Hill and seconded by Directory Herlihey, it was unanimously

**RESOLVED** to declare the intention of the District to issue tax exempt bonds for the construction of allowable public improvements and reimbursement of allowable public costs.

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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.

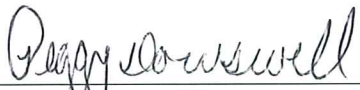
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ADJOURNMENT

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