

**MINUTES OF THE COORDINATED
SPECIAL MEETING OF**

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

HELD

September 29, 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 special meeting, open to the public, at the office of McWhinney Enterprises, 2725 Rocky Mountain Ave., Suite 200, Loveland, Colorado 80538; at 1:00 p.m. Thursday, September 29, 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
Jeff Whiton, Vice President/Assistant Secretary
Dan Herlihey, Secretary
Ken Howell, Treasurer

Also in Attendance:

Alan Pogue, White, Bear & Ankele, General Counsel
Peggy Dowswell, District Administrator
Rich Shannon, McWhinney Enterprises, District Manager
Bret Boulter, McWhinney Enterprises
Sylvester Mabry, McWhinney Enterprises
Jeff Barnes, City of Loveland
Alan Krcmarik, City of Loveland
Jon Erickson, Empire Management, Inc.
Jason Carroll, Clifton Gunderson
Trish Muller, Reynolds Henrie & Assoc.
Dave DeZutter, Reynolds Henrie & Assoc.

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.

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.

AWARD MYERS
CW-606-MP

Mr. Erickson noted that bids have been publicly bid and received for the Centerra Myers Group Partnership, 3rd Subdivision project and presented a bid spread summary summarizing the bids for all five received. He noted that after review of the bids, the responsible and qualified lowest bidder was Schmidt Earth Builders. Upon motion duly made by Director Whiton and seconded by Director Perry, it was unanimously

RESOLVED to award the Myers Group Partnership 3rd Subdivision Bid CW 606-MP to Schmidt Earth Builders.

EXCLUSION HEARINGS
DISTRICTS #2 & #4

Mr. Pogue reported that the Boards have received a petition for exclusion from the Districts No. 2 and No. 4's boundaries, a 40' strip of land on the east side of Centerra abutting Hwy '34. Mr. Pogue opened the Exclusion Hearings for Districts No. 2 and No. 4 to the public. He explained that the 40' strip originally was thought to be in the Hwy '34 right-of-way and is currently owed by Thompson Ranch LLP. Mr. Pogue confirmed that notice of the hearings had been published in accordance with state law. Upon receiving no further comments, the public hearing was closed.

BOARD ACTION
ON EXCLUSIONS FROM
DISTRICT #2 & #4

Upon review of the exclusion petition, and noting the 40' strip was never intended to be in the Districts nor had the Districts received any revenues to date nor expected any future revenues from this parcel, upon motion duly made by Director Herlihey and seconded by Director Hill, it was unanimously

RESOLVED to adopt the Resolution to exclude the 40' Parcel from Districts No. 2 and No. 4.

2004 AUDIT
APPROVAL

Mr. Jason Carroll introduced Dave DeZutter and Trish Muller, of Reynolds Henrie & Associates, the District's Auditors. Together, they presented the draft of the 2004 Audit for District No. 1. Mr. DeZutter stated that Reynold's Henrie had issued an "unqualified" opinion, which means the financial statements present fairly, in all material respects, the financial position of the District. Director Howell and Mr. Shannon reported they had reviewed the Audit in an earlier meeting and found it to be substantially complete, noting there were a few minor revisions necessary, which had been given to Mr. Carroll. It was noted that for this 2004 audit, a conversion to GASB 34 had been done to meet the new reporting requirement. Mr. DeZutter noted that the audit is required by the State, but also for bondholders and the City. Clifton Gunderson will make the necessary changes to finalize the audit and file it with the State Auditor once approved by the Board. Upon further discussion and upon motion duly made by Director Howell and seconded by Director Hill, it was unanimously

RESOLVED to approve the 2004 Audit incorporating the revisions noted above and to approve the execution of the Representation Letter.

SCULPTURE
PURCHASE

Mr. Shannon discussed the importance of Art in Public Places, and presented an opportunity for the District to purchase the sculpture "Joy" for display in the round-a-bout at the entrance to the Lifestyle Center. Mr. Shannon noted that the District will have several locations available for public art and this would be the District's first purchase. The total cost of the sculpture is \$100,000, with 50% paid now and the balance upon receipt. Upon motion duly made by Director Hill and seconded by Director Perry, it was unanimously

RESOLVED to approve the "Joy" sculpture, in the amount of \$100,000.

PUBLIC
COMMENTS

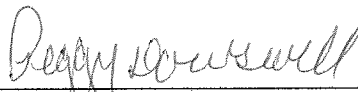
The Board opened the meeting to Public Comments. Upon receiving no further comments, this portion of the meeting was closed.

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,



Peggy Dowswell, Secretary for the Meeting