

**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

November 4, 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, November 4, 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
Ken Howell
Dean Barber

Directors Absent and Excused:

Dan Herlihey

Also in Attendance:

Alan Pogue, White, Bear & Ankele, General Counsel
Peggy Dowswell, District Administrator
Rich Shannon, McWhinney Enterprises
Bret Boulter, McWhinney Enterprises
Stan Myers, Northern Engineering
Dwayne Walker, Empire Management
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.

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 added items regarding investment of bond proceeds, authorization for construction bidding, and discussion of December board meeting.

APPROVAL OF
MINUTES

The Minutes of the October 7th, 19th and 25th meetings were presented. Upon further discussion and upon motion duly made by Director Perry and seconded by Director Howell, it was unanimously

RESOLVED to approve the minutes of October 7, 2004; October 19, 2004 and October 25, 2004 meetings, as presented.

PAYABLES

Ms. Dowswell presented the Schedule of Payables as of November 4, 2004, totaling \$916,463, including checks 1042 through 1063. She noted that \$676,601 would be funded from bond proceeds and a capital advance was required from the Developer in the amount of \$239,180 to fund these expenditures. The Board reviewed the payables and upon motion duly made by Director Perry and seconded by Director Hill, it was unanimously

RESOLVED to approve the Schedule of Payables from August through November 4, 2004, totaling \$11,100, including checks 1042 through 1063.

2005 BUDGETS

Ms. Dowswell presented the proposed 2005 Budgets, noting that District No. 2 was required to assess a 35 mill levy, which would generate approximately \$16,000 in property tax revenue that would be transferred to District No. 1. This payment would defray operating costs in District No. 1, as no revenue was needed to meet debt service requirements for 2005. No mill levy is required on District No. 3, until the sooner of the first Certificate of Occupancy or January

1, 2009. General operating expenditures in District No. 1 are budgeted at \$523,850, to be funded from Developer advances and the \$16,000 noted prior. Debt Service expenditures are budgeted at \$2,870,000 to be funded from the Capitalized Interest account. Capital Expenditures are budgeted at \$50,022,945, largely funded from bond project funds on hand at the beginning of the year, and the balance from Developer advances. Districts No. 3 and 4 have zero budgets. The Board will hold its public budget hearing on November 18, 2004.

2004 AUDIT
RFP

Ms. Dowswell noted that an audit would be required for 2004 for District No. 1, due to the level of activity during the year. She suggested a Request for Proposal (RFP) be issued to three audit firms, with experience in auditing public entities, for the completion of the 2004 Audit. Upon further discussion and upon motion duly made by Director Hill and seconded by Director Howell, it was unanimously

RESOLVED to authorize consultants to proceed with an RFP for the 2004 Audit of District No. 1.

AWARD DISTRICT
MANAGER
CONTRACT

Ms. Dowswell noted that an RFP for District Management Services was published in the Loveland Reporter Herald on October 18, 2004. One sealed bid has been received in response to the ad. The bid was from McWhinney Real Estate Services. Mr. Rich Shannon presented the proposal on behalf of McWhinney Real Estate Services, noting that he felt the bid was fair, at a fixed rate of \$25,000/month, comparable to similar services provided by other district management firms at higher cost. He noted that the intent was to provide the district management services, based on hours to be provided by numerous experienced individuals in the company at reasonable hourly rates, below the market. Mr. Shannon also noted that the District benefits from having on-site management, from parties knowledgeable of the District and Centerra activities. Upon further discussion and upon motion duly made by Director Hill and seconded by Director Howell, it was unanimously

RESOLVED to award the District Management contract to McWhinney Real Estate Services, to be effective from November 2004 to December 2005, renewable annually.

GLIC DITCH
AGREEMENT

Mr. Pogue reported on the finalization of the GLIC ditch agreement and related easement, noting that a crossing fee of \$257,000 was required from the District in the agreement, plus payment of the cost GLIC's engineering and legal expenses related to the crossing. He noted that the agreement had been negotiated with Director Hill's approval and execution, and requested

ratification of the Agreement and Easement from the Board. Upon further discussion and upon motion duly made by Director Perry and seconded by Director Howell, it was unanimously

RESOLVED to ratify the GLIC Agreement and related Easement.

LEGAL
REPORT

Mr. Alan Pogue reported that he is working on an agreement with the City of Loveland regarding the installation of traffic signals, as the City prefers to manage the installation and contractor for the signals. He is also working with the City and Rich Shannon on the ability to name public easements to the District on plats within Centerra. Otherwise, agreements will need to be drawn up for every public easement granted to the District.

ENGINEER
REPORT

Mr. Stan Myers, Northern Engineering, reported that he is working on the engineering and approval process for two major underpasses – under Cordova and under I’25. He noted that CDOT sees the I’25 underpass as needing Federal Highway approval. Mr. Myers strongly recommended that the District begin this work, as it may take up to two years just to get the necessary approvals. He will work with Mr. Shannon to get proposals to the Board by the next meeting on the costs to begin this work.

CONSTRUCTION
MANAGER REPORT

Mr. Dwayne Walker, Empire Management, reported that he is working on the bid packages related to Centerra East 2B, including concrete, asphalt, sleeving and the signal on Highway 34. He is also working on biddings related to Hahn’s Peak, both the relocation of the water line, and the box culvert. Mr. Walker expressed strong concern that a temporary signal was needed along Highway 34 at the Lifestyle Center, to control the dangerous traffic conditions occurring now. Traffic goes 60 miles an hour in that area, and trucks are trying to cross two lanes to get to the site, and CDOT is unwilling to lower the speed limit along Highway 34. He will work with the City and their contractor to get a price on the temporary signal and believes it can be added to the contract under 2A. The Board requested that the Lifestyle Center also be approached in a cost sharing discussion. Upon further discussion and motion duly made by Director Perry and seconded by Director Hill, it was unanimously

RESOLVED to authorize the bidding of 2B and Hahn’s Peak related projects.

PUBLIC
COMMENTS

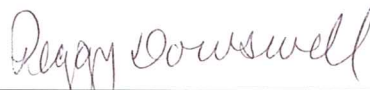
The Board opened the meeting to Public Comments. Upon receiving no comments, this portion of the meeting was closed.

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