

**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**

**September 2, 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, September 2, 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, 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, via phone  
Peggy Dowswell, District Administrator  
Rich Shannon, McWhinney Enterprises  
Bret Boulter, McWhinney Enterprises  
Jeff Barnes, City of Loveland

CALL TO  
ORDER

The meeting was called to order Director Hill, President of the Board, 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.

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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.

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AGENDA

The Board reviewed the agenda and made no changes.

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APPROVAL OF  
MINUTES

As all board members had not had a chance to review the minutes, the approval of minutes was deferred to a future meeting.

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PAYABLES

Ms. Dowswell presented the Schedule of Payables as of August 23, 2004, totaling \$216,868, including checks 1005 through 1018. Ms. Dowswell noted that the funding for these payables was from Developer advances through agreements previously put into place between the Developer and the District. She noted that there were two Capital Projects Funds – one that would be funded/reimbursed with 2004 Bond proceeds and one that would be funded now by the Developer and reimbursed with a future bond issue or Public Improvement Fee revenue. The Board reviewed the payables and upon motion duly made by Director Herlihey and seconded by Director Perry, it was unanimously

**RESOLVED** to approve the Schedule of Payables as of August 23, 2004, totaling \$216,868, including checks 1005 through 1018.

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APPROVAL OF  
BNP TERM SHEET

Mr. Rich Shannon presented the Indicative Term Sheet submitted by BNP Paribas for providing a Direct-Pay Letter of Credit (LOC) for the District's 2004 Bonds. As the deadline for accepting the Term Sheet was August 30, 2004, and BNP would not process through its credit committee until executed, President Hill has executed the Term Sheet Letter on behalf of the District. Mr. Shannon explained that the District has been pursuing the issuance of Variable-Rate bonds that of approximately \$57 million, which are backed with the Direct-Pay LOC by BNP. The term of the LOC is five years, with LOC fees ranging from 1%-3%, which equates to approximately 4.5% interest on the bonds, compared to a fixed-rate scenario which would mean an interest rate closer to 8%. The main issues in the LOC are the pledging of all revenues to the "reimbursement" to the LOC for the payments of interest and principal they make directly on the bonds.

The revenues pledged will be the TIF revenues (URA property tax revenues), Public Improvement Fees (PIF), and possibly the Retail Sales Fees (RSF) on Centerra, not including the Lifestyle RSF. Mr. Shannon also noted that an additional small letter-of-credit, in the amount of \$3 million, will be needed to back-up the larger LOC by BNP. The District's bonds are expected to close in conjunction with the construction loan on the Lifestyle Center, as both lenders will want to ensure the bonds and loan have closed. Upon further discussion and upon motion duly made by Director Perry and seconded by Director Herlihey, it was unanimously

**RESOLVED** to approve the BNP Paribas Indicative Term Sheet dated August 18, 2004, ratify execution by Director Hill and authorize Director Hill to further negotiate with BNP on behalf of the District.

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IMPROVEMENTS  
ACQUISITION  
AGREEMENT

Mr. Pogue reported on changes since the Board last reviewed this agreement. He reported that the agreement is written as a not-to-exceed amount of \$21.4 million for on-site public improvements at the Lifestyle Center. The agreement also provides for reimbursement of \$215,000 (or actual cost) for a public sanitary sewer line that runs through the site that the Joint Venture developer entity will construct on behalf of the District. Mr. Shannon noted that the original estimate for the on-site public improvements was \$16.5 million. That amount coupled with the estimate of \$3.5 million in development fees to support the Lifestyle Center, means the net impact against the \$21.4 million is an approximate \$1.5 million increase. However, other events have taken place to offset these costs and decrease the public infrastructure costs, such as making Fall River Road a private road instead of the proposed public road. Mr. Pogue noted that the process for approval of the public on-site costs at the Lifestyle center will be managed by the District, noting that the developer must submit drawings, monthly invoices, and their engineer's certification of costs. Also, the District's engineer, Northern, will be on-site for observation on a limited basis. Mr. Pogue asked the Board to re-approve the agreement, in light of the changes since the Board's first approval. Upon further discussion and motion duly made by Director Perry and seconded by Director Howell, it was unanimously

**RESOLVED** to approve the Improvements Acquisition Agreement with Centerra Lifestyle Center, LLC.

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GLIC DITCH

Mr. Pogue reported on the issues with the GLIC regarding agreement on their crossing fees to cross their ditch on the east side of I'25. GLIC has demanded an extremely high fee for the crossings. Mr. Pogue noted that October 1, 2004 is the drop-dead date for which the negotiations must be finalized, as that is the latest date to begin the public infrastructure work across the ditch. Upon further

discussion and upon motion duly made by Director Hill and seconded by Director Perry, it was unanimously

**RESOLVED** to authorize legal counsel to further negotiate with GLIC and to authorize legal counsel to commence condemnation proceedings to acquire the property necessary to construct the public improvements in the vicinity of the ditch, in the event that agreement is not reached with the GLIC ditch company.

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BOND JOB  
COST REPORT

Mr. Shannon reported that he has been working with Ms. Dowswell and Director Hill on creating an accounting of the bond proceeds for the Board. This report will track the bond proceeds by project and compare budget to actual. Mr. Shannon will bring the report back to the Board for review.

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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.

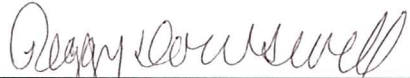
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ADJOURNMENT

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