

**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

October 19, 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 special meeting, open to the public, at the office of McWhinney Enterprises, 2725 Rocky Mountain Ave., Suite 200, Loveland, Colorado 80538; at 10:30 a.m. on Tuesday, October 19, 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
Ken Howell, Treasurer
Dean Barber, Asst. Sec/Asst. Vice Pres.

Directors Absent and Excused:

Dan Herlihey, Secretary

Also in Attendance:

Kim Casey, White, Bear & Ankele, Bond Disclosure Counsel
Peggy Dowswell, District Administrator
Rich Shannon, McWhinney Enterprises
Jeff Barnes, Accounting Manager, City of Loveland
John Duval, City Attorney, City of Loveland
Mike Hart, Finance Director, City of Loveland
Jon Moellenberg, RBC Dain Rauscher, Bond Underwriters
Jeff Lindquist, RBC Dain Rauscher, Bond Underwriters
Tom Peltz, Kutak Rock LLP, Bond Counsel
Jeff Winitsky, Kutak Rock LLP, Bond Counsel

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.

CONFLICT
OF INTEREST
DISCLOSURE

Ms. Dowswell 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 made no changes.

RBC DAIN
PRESENTATION
BOND MODELS

Mr. Jon Moellenberg, RBC Dain Rauscher, presented two different scenarios under which bonds could have been issued for the District, which clearly show that the District benefits greatly from the current variable rate/rated bond scenario by having at least \$13 million more for projects. He noted that all revenue factors remained the same, based on the analysis by King and Associates, who also incorporated a decreasing URA mill levy over time. One scenario assumed non-rated bonds with a fixed interest rate of 7.875%. Because of the higher interest rate, project funds would decrease \$13,278,431 in net proceeds available for projects with the same debt service. The second scenario assumed the same fixed interest rate of 7.875% as scenario one, and netted the same amount of project funds of \$43 million, but forced the debt issue amount to \$60.9 million and higher annual debt service. This scenario showed a cumulative decrease in excess revenue of \$13,498,735 by 2014. The year 2014 was chosen as a benchmark, as that would be the first year the District could refinance its debt, based on a 10-year call provision required in the non-rated fixed rate financing. Mr. Moellenberg noted that it was clear that the current variable rate bond scenario the District will issue under is significantly better for the District, the URA and all of the collective parties.

BOND DEAL/
INTEREST RATE
EXCHANGE AGRMT

Mr. Jeff Lindquist, RBC Dain Rauscher, made his presentation on the Interest Rate Exchange Agreement for the District bonds. First, he reviewed the background on the 2004 Bonds, noting the District could have chosen to issue bonds through public or private placement, fixed-rate or variable rate bonds, and could choose to create synthetic fixed rate debt through an interest rate exchange agreement. He noted the benefits of credit enhancement the District is receiving with the BNP Letter of Credit (LOC) allows the District to issue fixed or variable rate and reduces the interest rate on the bonds significantly.

He noted that to obtain the enhancement, the District and the Developer pledged RSF revenues, specific ownership taxes and a supplemental reserve to BNP. To bondholders, the District pledged TIF (URA property tax revenue), Metro District property tax revenue, the residential District contribution and the Debt Service reserve. The District has agreed to pay an annual LOC fee to BNP for a five-year period, annually renewable thereafter.

Mr. Lindquist continued, presenting the information on the Interest Rate Exchange Agreement, also called a "swap." He noted the swap provides risk management by fixing the interest rate through an agreement with a swap provider, which provides a much lower rate of financing than the traditional fixed rate financing. Both RBC Dain and BNP will be the swap providers. The swap agreement does have a market value and there are both negative and positive termination payments to the District, if it chooses to terminate the swap agreement within the first two years. Mr. Lindquist reviewed these costs, as well as the Disclosure Statement and Risks associated with the interest rate derivative transaction. He noted the swap agreement was not secured by a pledge of revenues. The revenue pledge first goes to the bondholders, then the LOC provider – BNP Paribas, and finally to the swap holders.

KUTAK
PRESENTATION
FLOW OF FUNDS

Mr. Tom Peltz, of Kutak Rock, bond counsel, present a diagram of the flow of funds, which shows the priority of payments of all revenues pledged to bondholders. There are two principal funds – the Revenue Bond Fund and the Collateral Revenue Fund. The Revenue Bond fund includes the revenues pledged to bondholders: TIF (URA property tax revenue), Districts No. 1 and No. 2 property tax revenue, the residential District (District No. 3) contribution and the PIF revenues up to amounts needed to pay debt service. The Collateral Fund includes revenues that may be called upon to support debt service, which include the PIF revenue, specific ownership taxes of Districts No. 1 and 2, and RSF revenue. If the Trustee does not call on these funds for debt service, they are released monthly to the respective entities. The bond documents require that each revenue source flows through its own account, making it easy for the Trustee to report amounts for all revenues collected. Mr. Peltz also noted that this flow of funds is consistent with the MFA (Centerra Master Financing and Intergovernmental Agreement).

APPROVAL OF
BOND DOCUMENTS
DISTRICT NO. 1

Mr. Peltz presented District No. 1's Resolution authorizing the issuance of \$57,000,000 Centerra Metropolitan District No. 1 Variable Revenue Bonds, Series 2004. Mr. Peltz noted this Resolution was substantially final, subject to some minor revisions most likely to be requested by BNP Paribas. Mr. Peltz reviewed the Resolution, noting that the pages 1-24 outlined the District's ballot questions, which gave it authority to proceed with the bond issuance. Pages 25 and 26 set forth the conditions upon which the bonds are issued, and beginning

on page 26, Section 1, the actual Resolution items are set forth of the District related to the bond transaction. The Bond Resolution approves the Official Statement, Pledge of Revenues, and the Financing Documents (the Indenture, the Letter of Credit, the Reimbursement Agreement, the Remarketing Agreement, the Interest Rate Exchange Agreement, the Tax Compliance Certificate, the Paying Agent Agreement, the Representation Letter and the Bond Purchase Agreement). Mr. Peltz asked the Board for their preference in appointing District Representatives who would be knowledgeable of the bond operations and could authorize transactions related to the bonds. The Board suggested Rich Shannon, Peggy Dowswell, Douglas Hill and Ken Howell as District Representatives. Upon motion duly made by Director Hill and seconded by Director Perry, it was unanimously

RESOLVED to approve District No. 1's Resolution authorizing the issuance of \$57,000,000 Centerra Metropolitan District No. 1 Variable Revenue Bonds, Series 2004, subject to the incorporation of the District Representatives and minor changes as required at bond close. **FURTHER RESOLVED** to appoint Rich Shannon, Peggy Dowswell, Douglas Hill and Ken Howell as District Representatives.

APPROVAL OF
BOND DOCUMENTS
DISTRICT NO. 2

Mr. Peltz presented District No. 2's Resolution approving the form and authorizing the execution of certain documents in connection with the issuance and sale of the \$57,000,000 Centerra Metropolitan District No. 1 Variable Revenue Bonds, Series 2004. Mr. Peltz noted this Resolution was substantially final, subject to some minor revisions most likely to be requested by BNP Paribas. Mr. Peltz reviewed the Resolution, noting that District No. 2 is approving and authorizing execution of documents related to the bond financing, and the documents to which it is a party, and confirms Pledge of Revenues. Upon motion duly made by Director Hill and seconded by Director Barber, it was unanimously

RESOLVED to approve District No. 2's Resolution approving the form and authorizing the execution of certain documents in connection with the issuance and sale of the \$57,000,000 Centerra Metropolitan District No. 1 Variable Revenue Bonds, Series 2004, subject to minor changes as required at bond close.

APPROVAL OF
BOND DOCUMENTS
DISTRICT NO. 3

Mr. Peltz presented District No. 3's Resolution approving the form and authorizing the execution of certain documents in connection with the issuance and sale of the \$57,000,000 Centerra Metropolitan District No. 1 Variable Revenue Bonds, Series 2004. Mr. Peltz noted this Resolution was substantially final, subject to some minor revisions most likely to be requested by BNP Paribas. Mr. Peltz reviewed the Resolution, noting that District No. 3 is

approving and authorizing execution of documents related to the bond financing, and the documents to which it is a party, and confirms Pledge of Revenues. Upon motion duly made by Director Perry and seconded by Director Hill, it was unanimously

RESOLVED to approve District No. 3's Resolution approving the form and authorizing the execution of certain documents in connection with the issuance and sale of the \$57,000,000 Centerra Metropolitan District No. 1 Variable Revenue Bonds, Series 2004, subject to minor changes as required at bond close.

APPROVAL OF
BOND DOCUMENTS
DISTRICT NO. 4

Mr. Peltz presented District No. 4's Resolution approving the form and authorizing the execution of certain documents in connection with the issuance and sale of the \$57,000,000 Centerra Metropolitan District No. 1 Variable Revenue Bonds, Series 2004. Mr. Peltz noted this Resolution was substantially final, subject to some minor revisions most likely to be requested by BNP Paribas. Mr. Peltz reviewed the Resolution, noting that District No. 4 is approving and authorizing execution of documents related to the bond financing, and the documents to which it is a party. District No. 4 has not pledged revenues as the total mill levy allowed is 35 mills for District No. 2 and No. 4 combined. District No. 2 has pledged to assess the 35 mills, so there is no need for District No. 4 to assess a mill levy at this time. Mr. Shannon noted that BNP still preferred to include District No. 4 in the bond transaction; however, District No. 4 is not limited if there is less than a 30 acre overlap of District No. 4's boundaries with District No. 2. Upon motion duly made by Director Hill and seconded by Director Howell, it was unanimously

RESOLVED to approve District No. 4's Resolution approving the form and authorizing the execution of certain documents in connection with the issuance and sale of the \$57,000,000 Centerra Metropolitan District No. 1 Variable Revenue Bonds, Series 2004, subject to minor changes as required at bond close.

DEVELOPER
REIMBURSEMENT

Mr. Rich Shannon reported that there are several phases of developer reimbursement that will be presented for reimbursement out of bond proceeds. These costs have been approved by the Board. The phases are: (1) Post MFA Organization/Formation costs and (2) Project and Engineering costs, both of which will be reimbursed out of bond proceeds upon close and have been approved by the City. The third phase of costs, Pre-MFA Organization/Formation costs, is still being negotiated with the City as to the timing of reimbursement and priority of payment.

THANKS TO ALL

Mr. Shannon thanked the bond team, on behalf of the Districts, for the enormous accomplishment of getting these District bonds issued. The bond deal is on the leading edge of public finance, and it took a great deal of effort from the entire team to get this done. Mr. Shannon acknowledged the contribution of the entire team, especially Tom Peltz, of Kutak Rock as bond counsel, Kim Casey of White, Bear & Ankele, as disclosure counsel, Rus Heise and Jon Moellenberg of RBC Dain Rauscher as underwriters, Stephanie Chichester and Stan Solodky of AG Edwards, as co-underwriters, Melanie Murakami, Mitch Ozawa and Robert Mimaki, of the BNP Paribas team. Mr. Shannon also thanked King and Associates, all consultants to the District, and the City for their cooperation and assistance in this process.

PUBLIC
COMMENTS

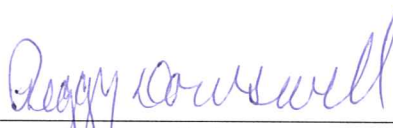
The Board opened the meeting to Public Comments. Upon receiving no comments, this portion of the meeting was closed.

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