



**MINUTES OF REGULAR MEETINGS
OF THE BOARDS OF DIRECTORS OF THE
WOODMEN HEIGHTS METROPOLITAN DISTRICT NOS. 1, 2 and 3
AUGUST 1, 2018 AT 1:00 P.M.**

Pursuant to posted notice, the joint meeting of the Boards of Directors of the Woodmen Heights Metropolitan District Nos. 1, 2 and 3 was held on Wednesday, August 1, 2018 at 1:00 p.m., at 102 E. Pikes Peak Avenue, Suite 200, Colorado Springs, CO 80903.

In attendance were Directors:

Lindsay J. Case, President (by phone)
Les Krohnfeldt, Vice President/Treasurer
James Morley, Secretary
Randle Case II, Asst. Secretary
Kyle Geditz, Asst. Secretary

Also in attendance were:

K. Sean Allen, Esq., White Bear (by phone)
Josephus LeRoux, BiggsKofford
Braden Hammond, BiggsKofford
Dave Mersman, Keller Homes
Kevin Walker, WSDM
Lori VonFeldt, WSDM
Kristina Kulick, WSDM
Zach Bishop (by phone at 2:06 p.m.)

Combined Meeting:

The Boards of Directors of the Districts have determined to hold a joint meeting of the Districts and to prepare joint minutes of actions taken by the Districts in such meetings. Unless otherwise noted herein, all official action reflected in these minutes shall be deemed to be the action of all Districts. Where necessary, action taken by an individual District will be so reflected in these minutes.

1. Call to Order:

Director Krohnfeldt called the meeting to order at 1:05 p.m.

2. Declaration of Quorum/Director Qualifications/Disclosure Matters:

Director Krohnfeldt indicated that a quorum of the Boards was present and stated that each Director has been qualified as an eligible elector of the Districts pursuant to Colorado law. The Directors confirmed their qualification. Ms. VonFeldt noted that the Directors' disclosures of their potential conflicts of interest were filed pursuant to state law for the meeting and were made

part of the official minutes of the meeting by reference. The Boards determined that participation by the directors with potential conflicts of interest was necessary to obtain a quorum or otherwise enable lawful action to occur.

3. Approval of the Agenda:

Mr. Walker requested an addition to the Agenda under item 6.g - Geico Settlement – Damaged walls due to car crashes in Forest Meadows. Director Geditz moved to approve the agenda with the additional item; seconded by Director Morley. Motion passed unanimously.

4. Approval of the minutes:

Director Geditz moved to approve the March 7 and March 19, 2018 meeting minutes; seconded by Director Randle Case. Motion passed unanimously.

5. Audit Review - BiggsKofford:

Mr. Hammond reviewed the audit with the Board. He discussed the Auditor's Opinion and said the District will receive an unqualified opinion which is the highest level of assurance as well as the financial statements. He added that the notes in the audit are similar to prior years, with an update on the amended pilot agreement. Director Morley inquired about the repayment defeasance. Mr. Hammond explained that defeasance is when one bond is used to pay off another bond, but one is still outstanding. Director Krohnfeldt asked Mr. Allen and Mr. LeRoux about the District issued debt. Mr. LeRoux explained that they are now doing consolidated financials with Districts 1,2,3 and these were done together and not separated into 3 different reports. Mr. Allen confirmed it was District 1 that issued the debt in 2012 with pledged revenue from District Nos. 2 and 3. Mr. Hammond went over the Management letter. He pointed out the journal entries and that only 2 are adjustments. He said they did not identify any mis-statements or any unusual transactions. He added that the segregation of duties is decent especially due to the size of the District. He told the Board to make sure someone on the Board is reviewing the bank activity, management override controls and few people with access to the books. Mr. LeRoux said the books are in very good shape. Director Geditz moved to accept the 2017 Audit, seconded by Director Randle Case II. Motion passed unanimously. Director Krohnfeldt said he would like to have the audit done earlier next year and have the report by July 31st and a chance to meet before it is submitted. Mr. Hammond and Mr. LeRoux concurred. The Board thanked Mr. Hammond and Mr. LeRoux.

6. District Manager Report:

a. Marksheffel Rd Extension Status:

Mr. Walker said that there has been discussion with Kathleen Krager on design reviews and that she is not going to move forward with the design or pricing on the bridge, so she can figure out how much more money she has to complete the project. Mr. Miller said he has been going back and forth with the City since the bridge cost estimate did not take in account the utilities needed. He said he is presenting a new design on August 9th because CP&Y cannot figure out the utilities. Mr. Miller explained why they cannot bring the sewer in and they are not wanting it to hang off the bridge, but CSU said to have it hang it off the bridge. CP&Y is having resolving this issue so now Mr. Miller has taken the lead to get a solution. On August 9th they will meet with CSU and traffic. Mr. Miller explained the constraining item causing the most problems is the trail crossing. Gas and electric were not considered in the bridge design. He said this has been going on for 2 months or more. Mr. Miller stated he has designed two

solutions and is presenting them on the 9th. Director Morley asked about the status on Magellan and Kinder Morgan. Mr. Miller said they have finally defined what is going on with the easement. Mr. Walker clarified it was the easement to the District. Mr. Miller explained that all of the engineers are aware of the changes. Mr. Miller discussed the problems with the trail and crossing underneath and they are shooting for February to start construction. He said they do not have the right engineer and they only gave a small scope for the consultant to maneuver which is causing issues. They did not take any of the other factors into account when choosing the design of the bridge. They are going all the way back to the original design. Director Krohnfeldt asked about a review meeting after the meeting on the 9th. Mr. Walker said he will stay updated on what happens. Mr. Miller feels the biggest issue is going to be with CSU and the delay that will cause. Director Morley asked who is paying for the pavement. Mr. Walker said it has not been worked out because they are waiting to see how much the bridge is going to cost. Mr. Miller explained the issues with Ms. Krager and that CP&Y had not done their homework on utilities. He said that they did not include the constraints in the scope. Director Krohnfeldt asked if there is a way for the District to help. Mr. Miller said Ms. Krager is not the issue, but it is the scope that was incomplete and not done correctly but would keep the Board informed.

b. COLA Reimbursement Update:

Mr. Walker said he has been working on this to see who owes what to whom regarding a pond credit transaction from 2015. District credits were sold to COLA at \$.50 on the dollar, COLA was paid 100% for the credits from the City, Cola then paid the difference to Director Morley, which should have come back to the District. Director Morley said he thought he owed \$14,000 and Mr. Walker thought he owed \$28,000. Director Morley said he will try to get this figured out with Mr. Walker by the next meeting.

c. Platting Fee Analysis – Tiers, Parks, Bridge:

Mr. Walker passed out a memo to the Board and said they are trying to get an understanding of where the District is at with all of the platting fees. He said there are basically 4 platting fees, updated in 2012 to \$5,500 to pay off Tier 1 reimbursement costs (\$5K/acre) and a park in the Trails (\$500/acre). The District has generated \$2 Million in total fees since 2013. The platting fees have been applied to all of the Tier 1 debt which is now repaid in full, so the revenues will be applied to the Tier 2 reimbursement items. Mr. Walker confirmed the park at the Trails has been completed and the District has disbursed some of those funds accordingly. Mr. Walker said from the \$1,700 park fee, \$550,000 has been collected and none of it has been disbursed. He went over improvements the fees were intended to be used for; park improvements incorporated into the regional detention pond. Mr. Walker suggested that if the Board wants to apply funds from the \$1,700/acre park fee differently the Board could adopt an amended fee resolution. The Board will continue to have discussions regarding the platting fees.

d. Contract Assignment for District Manager – from Schooler & Assoc. to WSDM, LLC:

Director Morley moved to approve the contract assignment from Schooler & Assoc. to WSDM, LLC; seconded by Director Geditz. Motion passed unanimously.

e. Landscape turnover progress and operations:

Mr. Walker explained that the District has taken over the landscape and maintenance. He said that the District is not paying to maintain the park in Forest Meadows yet this year but will be

cued to pay a portion next year and thereafter once the 2-year warranty is up. Mr. Walker added that the District is currently compensating the Forest Meadows HOA for the park, but most of the maintenance is under district management control.

f. Market Status of Ground or Developers:

Mr. Walker asked if there was anything new and commented that fewer acres have been platted in 2018. There were no other comments.

g. Geico Settlement – Wall Damage due to Car Crashes:

Mr. Walker reported that there was a partial settlement for the auto accident that damaged the District's wall. Of the cost to repair the wall, Geico's payout was under the repair cost by \$2,684. Mr. Walker said they reviewed the idea of litigating Geico, but Geico will not pay any more. Mr. Walker asked if they should pursue entering a payment agreement with the at fault driver to see if the District could recover any of the \$2,684. Director Geditz felt the District has a fiduciary responsibility to do so. Director Morley left the meeting at 2:18 p.m. The Board agreed, and authorized Mr. Walker to pursue the payment agreement.

7. Financial Statement and Payables:

a. CSM Sale and PILOT Modifications - Deed of Trust Partial Releases, Quit Claim, Release:

Mr. Walker thanked President Lindsay Case for going out of his way on his vacation to get the releases signed, notarized, and mailed overnight. Director Randle Case II asked what if this property subsequently becomes tax-exempt. Mr. Allen said that likely the seller and buyer would need to account for that in their purchase and sale agreements. Director Krohnfeldt inferred that provisions for sold property later returning to tax-exempt status is accounted for in the CSM land sales. President Lindsay Case asked how many acres are involved. Mr. Walker responded that it is 40 acres, 20 acres of multi-family market rent and the other 20 acres for affordable housing.

b. Bond Refinancing Potential – Zach Bishop (call around 2:00):

Zach Bishop joined the meeting by phone at 2:06 p.m. Mr. Walker asked Mr. Bishop to bring the Board up to speed on refinancing. Mr. Bishop said they are running the models now with the latest information. He also said he had a good conversation with Renee Vecka (bond holder) about them not being in the mindset to waive their bond protection, but Mr. Vecka had interest in senior debt which would be significant savings for the District. He also discussed taking some funds on hand to pay down subordinate debt. Mr. Bishop thinks that Mr. Vecka recognizes that without significant commercial development the bond doesn't pay. He will send results out tomorrow and follow up with Mr. Vecka and bring the information to the Board for consideration at the next District meeting. Mr. Bishop left the meeting at 2:11 p.m.

c. Budget Review - Request for Tree Replacement by KF 103:

Mr. Walker said this is the first year taking over a lot of the landscaping. In the past, they have reimbursed the HOA at Cumbre Vista. He said there was a request from Keller Homes for the District to replace dying trees in Cumbre Vista. Mr. Walker suggested reviewing this at end of year and not agree to do this at the moment to see what the watering billing is going to be through the summer. President Lindsay Case left the meeting at 2:28 p.m.

- d. Approval of Invoices: Ms. VonFeldt said the draw will be available next week because it is the 1st of the month and the invoices haven't come in yet.
- e. District Facility Fee/Permit Fee Status/Delinquent Accounts:
There was no discussion.

8. Public Comment (on items not already on the agenda):

There was no public comment.

9. Other Business:

- a. Next Regular Meeting Date: September 5th, 2018, if needed.

10. Adjournment: The meeting was adjourned at 2:29 p.m.

Respectfully Submitted,

By: Lori VonFeldt for the Recording Secretary