

MINUTES OF THE JOINT ORGANIZATIONAL MEETING OF
THE BOARDS OF DIRECTORS

WOODMEN HEIGHTS METROPOLITAN DISTRICT NOS. 1, 2
and 3

Held: January 18, 2005, at 10:00 a.m. at 102 Pikes Peak Avenue,
Suite 200, Colorado Springs, Colorado.

Attendance

A joint organizational meeting of the boards of directors of Woodmen Heights Metropolitan District Nos. 1, 2 and 3 was called and held as shown above and in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve on the boards, were in attendance:

Lindsay J. Case
Les Krohnfeldt
Randle W. Case II
Robert Case

Director James Morley was absent. All director absences, if any, are deemed excused unless a contrary notation is recorded in these minutes.

Also present: Eric Smith; Steven Mulliken, Esq.; Virgil Sanchez; Jim Hamel; Scott Hente; Terry Schooler; Paul Howard; Douglas Miller; Darin Moffett; and K. Sean Allen, Esq., White, Bear and Ankele Professional Corporation, District General Counsel.

Combined Meeting

The districts are meeting in a combined board meeting. Unless otherwise noted below, the matters set forth below shall be deemed to be the action of Woodmen Heights Metropolitan District No. 1 ("District 1") with concurrence by Woodmen Heights Metropolitan District No. 2 ("District 2") and Woodmen Heights Metropolitan District No. 3 ("District 3").

Call to Order

The board determined to appoint Director Lindsay Case as acting

Chairman. Director Case noted that a quorum of each of the boards was present and called the organizational meetings of the boards of directors of Woodmen Heights Metropolitan District Nos. 1, 2 and 3 to order.

Affidavit of Director Qualifications

Mr. Allen presented Affidavit of Qualification of Director forms for review and execution by the board members. Each member present was requested to review the form and execute the same in the appropriate manner.

Disclosure Matters

Mr. Allen advised the boards that, pursuant to Colorado law, certain disclosures by the directors may be required prior to taking official action at the meeting. Mr. Allen presented the form of conflict disclosures to the directors, and gave instructions that the conflict disclosures be filled-out and returned to Mr. Allen's office as soon as possible. Mr. Allen also indicated that the conflict disclosures have to be filed with the Secretary of State at least 72 hours before all future meetings to the extent a disclosure is needed.

Organizational Resolution

The boards of directors considered the Organizational Resolution relative to certain organizational and administrative functions. After discussion, a motion was made by Director Randle Case II, and seconded by Director Krohnfeldt, to approve the resolution. The motion was unanimously approved.

Indemnification Resolution

The boards of directors considered an Indemnification Resolution submitted relative to when, how and under what conditions the districts will indemnify the directors for certain actions that a director may take while properly acting within the scope of his directorship. After discussion, a motion was made by Director Randle Case II, and seconded by Director Krohnfeldt, to approve the resolution. The motion was unanimously approved.

Financial Matters

Mr. Allen presented and explained various applications necessary for each District to obtain federal identification numbers, Colorado state tax exemption numbers, and Public Deposit Protection Act numbers for the districts.

Insurance Coverage

Mr. Allen presented a resolution and intergovernmental agreement for public official's liability and general liability coverage through the SDA's pool insurance program as well as applications to join the SDA. After discussion, a motion was made by Director Krohnfeldt, and seconded by Director Robert Case, to have the districts join the SDA. The motion was unanimously approved. A motion was made by Director Robert Case, and seconded by

Director Randle W. Case II, to approve the resolution and intergovernmental agreement. The motion was unanimously approved.

Appointment of
Consultants

Upon motion duly made by Director Krohnfeldt, and seconded by Randle W. Case II, and unanimously carried, to engage the firm of White, Bear and Ankele Professional Corporation as the districts' general counsel. The boards discussed engagement of Terry Schooler to serve as accountant and district manager, as well as Virgil Sanchez as engineer and Jim Hamel as construction manager. These services will be discussed at the next meeting. A motion was made by Director Robert Case, and seconded by Director Krohnfeldt, to engage Steve Mulliken to serve as consultant for inclusions into the Districts.

Inclusions, Hearing
Continued

Mr. Allen indicated that publication of the notice of inclusion hearings was made on January 6, 2005. Mr. Allen noted that certain potential inclusions which were not previously identified in the Service Plan require prior City approval. Director Lindsay Case informed the directors that the City was informed of the Districts' desires to include additional property not previously identified, and that the City's initial response was positive and will continue to review the request with approval expected in the near future. Director Lindsay Case opened the public inclusion hearings, and after a discussion, a motion was made by Director Krohnfeldt, and seconded by Director Randle W. Case II, to continue the inclusion hearings to February 2, 2005 at 9:00 a.m. The motion was unanimously approved.

Developer/Investor
Advances

Mr. Allen advised the boards that the districts will need the investors and developers of the project to advance and otherwise incur costs on behalf of and for the benefit of the districts until such time as the districts are able to secure alternative revenues. The districts will need to recognize such advances and agree to repay the advances for the organizational and ongoing capital advances as well as for the operational and ongoing administrative expenses. Mr. Allen informed the districts that formation and capital advances can be repaid from bond proceeds, but that operational and administrative advances cannot be repaid from bond proceeds. Additional discussion is expected at the next meeting.

Adjournment

There being no further business to come before the boards, and following discussion and upon motion duly made, seconded and unanimously carried, the boards determined to adjourn the meeting.

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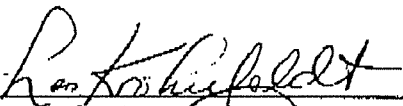
To: Linda Weisse c/o White, Bear & Ankele	From: Les Krohnfeldt
Fax: 303-858-1801	Date: February 28, 2005
Phone:	Pages: 2
Re: Woodmen Heights Metro Minutes	CC:

Signed copy of January 18th minutes of the Woodmen Heights Metro District Nos. 1, 2, & 3 follows at next page.

Les 

The foregoing minutes were approved by the boards of directors on February 2, 2005.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.



Secretary for the Meeting and Vice President