



**MINUTES OF REGULAR MEETINGS  
OF THE BOARDS OF DIRECTORS OF THE  
WOODMEN HEIGHTS METROPOLITAN DISTRICT NOS. 1, 2 and 3  
FEBRUARY 6, 2013 AT 9:00 A.M.**

Pursuant to posted notice, the regular meetings of the Boards of Directors of the Woodmen Heights Metropolitan District Nos. 1, 2 and 3 were held on Wednesday, February 6, 2013 at 9:00 a.m., at 102 E. Pikes Peak Avenue, Suite 200, Colorado Springs, CO 80903.

In attendance were Directors:

Lindsay J. Case, President  
Les Krohnfeldt, Vice President  
Randle Case II, Assistant Secretary  
Scott Hente, Assistant Secretary  
James Morley, Secretary/Treasurer

Also in attendance were:

K. Sean Allen, Esq., White, Bear &  
Ankele P.C. (by phone)  
Terry Schooler, Schooler & Associates  
Lori VonFeldt-Wingert  
Bryan Long  
Virgil Sanchez  
Dave Mersman  
Ross Clinger

Combined Meetings:

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”, “District 1” or the “Board”) with concurrence by Woodmen Heights Metropolitan District No. 2 (“District 2”) and Woodmen Heights Metropolitan District No. 3 (“District 3”).

1. Call to Order:

Director Lindsay Case called the meeting to order at 9:10 a.m.

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

Director Lindsay Case indicated that a quorum of the Board was present, and stated that each Director has been qualified as an eligible elector of the District pursuant to Colorado law. The Directors confirmed their qualification. Ms. VonFeldt-Wingert noted that the Directors’ disclosures of their potential conflicts of interest were filed pursuant to state law for the meeting.

3. Approval of

the Agenda: The agenda was approved.

4. Approval of

the minutes: Director Hente motioned to approve the December 5 and 12, 2012 minutes seconded by Director Krohnfeldt. Motion passed.

5. Resolution for the \$5,500 Platting Fee:

Mr. Schooler stated that Mr. Sanchez is still working with the City on the map. Mr. Sanchez confirmed saying that the city is attempting to create the map by linking the assessor's data with every single property, but they expect to have it and the District/City IGA completed by the end of March.

#### 6. Series 2012 "C" Cost Certification Status:

Mr. Allen stated that the resolution for the Series C Bonds was good for one year and since the potential developers were unable to submit the necessary reimbursement cost verification data to the District in time, a new resolution would have to be adopted. Mr. Schooler said that there was a recent ruling in another state by the IRS which calls into question the tax exempt nature of bonds issued through a servicing district.. Blake Jordan is bond counsel and will be advising the District on the ruling. Director Krohnfeldt motioned to adopt the resolution for the Series C Bonds that was amended by Mr. Jordan to extend the resolutions authority, seconded by Director Hente. Motion passed.

#### 7. District Manager Report:

- a. Update on City IGA regarding Annexation and Drainage/Bridge Credits-  
Mr. Schooler reported that after nearly 18 months the IGA with the City is finally close to being completed and will be presented to City Council. The map that Mr. Sanchez is working on with the City will be tied to the IGA.
  
- b. Market Status of Ground or Developers-  
Mr. Schooler stated that he has talked to Eric Smith and Larry Larson and the Cedarwood apartment complex, which has HUD approval, containing approximately 250 units is moving forward. Mr. Schooler stated further that according to the Participation Agreement the District has with Cedarwood they are expected to pay a fee to the District, which is being negotiated. Director Lindsay Case noted that there are three phases and Cedarwood possibly could end up paying a total of about \$1.2 million to the District in cost participation fees imposed by the City. Mr. Schooler said that the City is requiring Cedarwood to do the median and asked Mr. Allen if the District could still impose the 10 mills for O&M. Mr. Allen said that the mill levy on ground within a district needs to be uniformly imposed. Director Lindsay Case suggested that Mr. Sanchez delineate the medians on what Cedarwood will be obligated to operate and maintain

Mr. Schooler said that he didn't have an update on Brian Bahr's project, but heard it went from a 280 unit apartment complex to 208. Mr. Sanchez indicated that Mr. Bahr has been negotiating his annexation agreement with the City and he expects the project will be paying a full participation fee or joining the District as the City is in agreement with the District. It was noted that Mr. Bahr has an additional 30 acres coming online as well.

Mr. Schooler noted that there are two other projects: a self storage unit on 6 acres being developed by Craig Anderson and the Nazarene Church is working on 49 lots on 10 acres. Mr. Sanchez said the church has expressed a desire to exclude from the District and Mr. Schooler indicated that exclusion would be denied as bonds have been issued and water and sewer benefits have been provided by the District.

Director Morley stated that all of his lots in Forest Meadows Filing 3 are sold to builders and he has built 45 lots in filing 5. Aspen View Homes, Saint Aubyn, and Journey continue to purchase lots from him and Mr. Sanchez is working on Forest Meadows Filing 6 with about 60 lots on 15 acres. It was noted that Journey Homes is talking to a bank regarding a separate piece of land within the District.

Director Randle Case II said that they are considering a 140 multifamily unit that will be for rent.

Director Krohnfeldt stated that the Center for Strategic Ministry is still focusing on senior living that will have an age requirement. They are trying to wrap up the agreement now and hope to go vertical by 2014. The church will not plat until then and will have to pay the \$5,500 Platting Fee.

Director Randle Case II reported that the 7-11 opened last December and they got the City to approve a driveway as a temporary road to Marksheffel so that people don't have to go all the way to Black Forest to get to it. Director Randle Case II said they are considering a strip mall where the hotel was going to go in and they are not sure what the big box will be yet. The Board discussed growth in the area and the desire for more residential lots development.

Mr. Schooler indicated that based on the intended growth the \$5,500 Platting Fee the District has the potential of receiving about \$350,000 to \$500,000, which will be significant in paying down the Tier 1 debt. Mr. Schooler said he is in the process of putting a budget together in hopes that the District will be able to take on certain landscaping obligations.

Mr. Mersman stated that Keller Homes only has 30 lots left and they are on hold because of the Sorpresa issue.

- c. Cumbre Vista Park 5 Year Maintenance Expiration/Ongoing Maintenance Performance and Reimbursement-  
There was no discussion.
- d. Spring Ranch GID Funding Status –  
Mr. Schooler indicated that the funding is in place and Mr. Sanchez is still working the design for both ponds 3 and 6. Mr. Sanchez said that he is getting contracts on both ponds and will back out what they can afford to build. Mr. Sanchez also noted that the city will be starting on Black Forest Road using the performance bonds any day now.
- e. Tier Reimbursement Policy Status-  
Director Morley requested that since he is being sued over the performance bonds he would like to have his bonds in Tier 1 and not the "C" Bonds. Mr. Schooler said that even after the current Tier 1 items get paid there will still be the \$5,500/acre Platting Fee coming into the District that the Board will need to decide how to allocated unpledged amounts. Mr. Allen offered to draft a platting fee allocation summary as to the Board's prior decisions on fee allocation and use.
- f. Drainage Fees-  
Mr. Sanchez indicated that he has been working with the City putting a map together as to what has been constructed and what improvements still need to be done.

## 8. Financial Statement and Payables:

- a. Approval of Invoices-  
Director Hente motioned to approve the invoices seconded by Director Randle Case II. Motion passed.

- b. District Facility Fee/Permit Status/Delinquent Accounts-  
A summary report of the District's residential and commercial facility fees (due at building permit) that have been collected was presented to the Board.

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

No discussion.

10. Executive Session Section 24-6-402(4)(b) and (e)-

The Board agreed to have a short meeting on March 6, 2013 to discuss the IGA, if needed, and not to reconvene into regular session after the executive session.

**Executive Session.** At 10:13 a.m., pursuant to Section 24-6-402(4)(b) and (e), C.R.S., Director Krohnfeldt motioned, and being supported by at an affirmative vote of at least two-thirds of the quorum in attendance, that the Boards convene in an executive session for the sole purpose of receiving specific legal advice regarding the Sorpresa lawsuit. Pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S., no record or electronic recording will be kept of those portions of the executive session that, in the opinion of the District's attorney, constitute privileged attorney-client communication pursuant to Section 24-6-401(4)(b), C.R.S. The Board did not engage in discussion of any matter not enumerated in Section 24-6-402(4)(b) or (e). The Board did not adopt any proposed policy, position, resolution, rule, regulation, or formal action. The executive session meeting was adjourned at 10:49 a.m.

11. Adjournment: The regular meeting adjourned at 10:49 a.m.

The next regular meeting will be held on Wednesday, April 3, 2013 at 9:00 a.m.

Respectfully Submitted,

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Terry E. Schooler, Manager

Attorney Statement

REGARDING PRIVILEGED ATTORNEY-CLIENT COMMUNICATION

Pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as the attorney representing the Woodmen Heights Metropolitan District Nos. 1, 2 and 3, I attended the executive session meeting referenced in the above minutes, for the sole purpose of discussing specific legal advice regarding settlement negotiations involving the Sorpresa ROW litigation. I further attest it is my opinion that all of the executive session discussion constituted a privileged attorney-client communication as provided by Section 24-6-402(4)(b), C.R.S. and, based on that opinion, no further record, written or electronic, was kept or required to be kept pursuant to Section 24-6-402(2)(b), C.R.S. and, based on that opinion, no further record, written or electronic, was kept or required to be kept pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S.

Signature \_\_\_\_\_  
Name and Title \_\_\_\_\_  
Date \_\_\_\_\_