



**MINUTES OF REGULAR MEETINGS
OF THE BOARDS OF DIRECTORS OF THE
WOODMEN HEIGHTS METROPOLITAN DISTRICT NOS. 1, 2 and 3
AUGUST 7, 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, August 7, 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
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
Virgil Sanchez
Bryan Long
Dave Mersman
Ross Clinger

Scott Hente, Assistant Secretary, was absent and excused.

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 9:08 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: The minutes will be approved at the September meetings.

5. BiggsKofford 2012 Audit:

Mr. Schooler reported that the audits are still in process. Director Krohnfeldt stated that he had talked with the auditors regarding the PILOT Agreement mechanics so they the auditors could describe the agreement in the report.

6. Resolution for the \$5,500 Platting Fee (5-Acre Park Escrow and Benefited Service Area Exhibit), New \$2,100 City Fee:

Mr. Allen noted that the \$5,500 fee was put in place July 2012 and that since that time finalization of the resolution was tracking the discussions with the City relative to the City/District IGA for fair and equitable participation requirements and a corresponding map. Mr. Allen further noted that at the last meeting the Board discussed including within the resolution a specific reference that \$500 of the \$5,500 Platting Fee be made relative to its allocation to certain park construction costs. After some discussion the Board agreed that the resolution should reference the IGA with the City and certain allocations of the fee revenue. Mr. Schooler stated that the IGA identifies an additional two parks other than the one noted in the \$5,500 Platting Fee resolution and a bridge. It is the City's intention to require there be a new infrastructure surcharge fee of approximately \$2,100/acre to pay for the two parks and the bridge. The Board discussed at length the creation of two new fees as required by the City pursuant to the IGA with the City. Mr. Sanchez noted that the amount of the park and bridge fees together as noted in the IGA is: \$2,172.77 and the Board concurred that the total combined amount be rounded to \$2,200/acre fee. A motion was made by Director Krohnfeldt to make the \$5,500/acre Platting Fee resolution clarification as to the City IGA and the \$500 park allocation, as well as a resolution to impose the City required fees totaling \$2,200/acre for the parks and bridge subject to the documents that will be provided at the September meeting. Director Morley seconded the motion. Motion passed.

7. City/District Intergovernmental Agreement (benefited service are and fair and equitable participation):

Director Randle Case inquired about the next meeting with the City and Mr. Sanchez said that they were waiting for a City Council meeting first to make sure all members of the City board understands the situation before moving forward.

8. Resolutions for Bridge Obligation Fee and Park Obligation Fee (per IGA with city):
See item 6.

9. Series 2012 "C" Cost Certification Status:

Mr. Schooler indicated that the auditors are checking into it and should be done soon.

10. District Manager Report:

- a. Update on City IGA regarding Annexation and Drainage/Bridge Credits-Director Randle Case II inquired as to how the drainage credits were being handled and Mr. Sanchez indicated that they are being done by City standards. Director Morley stated that there are still pond land credits and some drainage credits in the District and the District could sell the credits at market value, but should keep enough for those within the District that will need them. Mr. Sanchez indicated that he could provide a map to determine the surplus.

Director Morley requested to use some of the District pond land credits for two of his developments stating that when he is able he will transfer the credits back to the District. Director Krohnfeldt motioned to approve the conveyance of the credits to Director Morley seconded by Director Randle Case II. Motion passed.

b. Market Status of Ground or Developers-

Director Morley reported that he has platted Forest Meadows filings 6 and 6A and will be starting filing 7 soon because he is selling all the lots that he has. It was noted that the lot prices are up around \$55-58K.

Director Randle Case II said that they continue to work on their commercial properties. Director Lindsay Case indicated they have an apartment complex project, but no buyers yet.

Mr. Mersman stated that they are doing ads on a closeout for phases 2 and 3 at Cumbre Vista and are thinking about bringing in their next phase by doing a different route to bypass the second easement regarding the Sorpresa trial. There may be about 30 units and a 8-12 month supply.

c. Cumbre Vista Park 5 Year Maintenance Expiration/Ongoing Maintenance Performance and Reimbursement (proposed budget)-

Mr. Schooler reported that he had met with the Cumbre Vista neighbors and they are concerned about the deterioration of the park and even though the District has agreed to fund \$40K for the landscaping and maintenance KF-103 feels they will have to supplement what the District has already committed. KF-103 would like to be reimbursed for those funds of about \$25K which will bring the total to \$65K. The extra \$25K could be put into the tiered funding. Mr. Schooler indicated that there may be an opportunity for the District to make park maintenance commitments to Forest Meadows as monies become available. Director Morley stated that the maintenance in Forest Meadows is only about \$12K a year and the homeowners already pay into their HOA to take care of it and likely won't want to take the chance on the District's uncertain funding ability. Director Krohnfeldt motioned to increase the reimbursement for Cumbre Vista above the already approved \$40K for the Cumbre Vista landscape and maintenance for 2013 by \$25K with such additional future reimbursement amount to be allocated to the Tier reimbursements in order to honor the five year agreement initially made by the District with KF-103. Motion passed with Director Morley voting nay.

d. Spring Ranch GID Funding Status –

Mr. Sanchez indicated that he is working on the design to build ponds 3 and 6 and looking at a completion of possibly six months out.

e. KF-103 Maintenance Cost Pay Back-
See item 10c.

f. Request for District to manage Sorpresa Wall Construction-

Mr. Schooler said that the parties involved with Sorpresa lawsuit are requesting that the District manage the construction of the wall. The Board decided that discussion of possible litigation settlement matters be had in the executive session.

g. New Board Member Requests-

Mr. Schooler indicated that there are a couple term expirations in May 2014 for certain Board members and some Cumbre Vista homeowners have shown preliminary interest relative to District No. 2 board seats.

11. Financial Statement and Payables:

a. Approval of Invoices-

Director Morley requested the District assist in the final payment of \$8,000 to Howard & Jensen for the work they did on the Tin Can Granny lawsuit involving matters related to water and sewer easement remediation. The Board concurred.

Director Randle Case II motioned to approve the invoices as well as Howard & Jensen seconded by Director Morley. 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.

Mr. Schooler reported that Grant Langdon still owes delinquent District facility fees on 3 lots. Mr. Allen stated that the fees constitute perpetual liens that exist until paid, and the district may need to consider undertaking lien foreclosure litigation to force the owners of the lots subject to the delinquency to pay the delinquent amounts due.

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

Mr. Clinger questioned the \$2,200 City Fee and Mr. Schooler explained that properties benefiting from the District's provision of the Districts bridge and park improvements and services will have to pay the fee. Mr. Clinger then asked about being a Board member and Director Lindsay Case noted that one must be an eligible elector within a particular district to have standing and eligibility to hold a seat on a special district board.

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

Executive Session. At 11:01 a.m., pursuant to Section 24-6-402(4)(b) and (e), C.R.S., Director Randle Case II 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 11:18 a.m.

14. Adjournment: The regular meeting adjourned at 11:21 a.m.

The next regular meeting will be held on Wednesday, September 4, 2013 at 9:00 a.m.

Respectfully Submitted,

Terry E. Schooler, Manager