



**MINUTES OF CONTINUED MEETINGS
OF THE BOARDS OF DIRECTORS OF THE
WOODMEN HEIGHTS METROPOLITAN DISTRICT NOS. 1, 2 and 3
FEBRUARY 10, 2016 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, February 10, 2016 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
Les Krohnfeldt, Vice President/Treasurer
James Morley, Secretary
Randle Case II, Asst. Secretary

Also in attendance were:

K. Sean Allen, Esq., White, Bear &
Ankele P.C. (by phone)
Terry Schooler, Schooler & Associates
Lori VonFeldt, Schooler & Associates
Kevin Walker, Schooler & Associates
Bryan Long
Ron Waldthausen
Mike DeGrant, Aspen View Homes

Scott Hente, Asst. Secretary, was absent and excused.

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 1:10 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: The agenda was approved with the addition of item 8.b. Marksheffel Extension (Executive Session). Motion was made by Director Randle Case II seconded by Director Krohnfeldt. Motion passed.

4. Approval of

the minutes: Director Lindsay Case moved to approve the January 13, 2016 minutes seconded by Director Krohnfeldt. Motion passed.

5. District Manager Report:

a. Market Status of Ground or Developers-

Mr. Schooler reported that Challenger Homes is now building homes at the Trails that has 30-40 lots as well as Quail Brush Creek of 40 lots. Challenger Homes will also be building in The Ridge at Cumbre Vista with a total of 60 lots.

Mr. DeGrant stated that Forest Meadows Filing 4 is out of lots for Aspen View and from 60 lots there are now only 10 left. Mr. DeGrant stated further that Aspen View would be starting pre-sales in Shiloh at the end of March and they are working towards a closing on filing 2 next month with filing 3 closing in July for a total of 265 lots.

Director Randle Case II asked about the progress on Sterling Ranch and Mr. Schooler indicated that they are currently doing earthwork and plan on building the first homes at the beginning of 2017.

Mr. Walker indicated that the Mini Storage would be expanding to double their space.

Director Morley said they are into their last filing (9) in Forest Meadows that has 61 lots and filing 8 is complete.

b. Shiloh Mesa Exclusion from District 3 and Inclusion into District 2

Director Lindsay Case opened the formal public hearing for the Shiloh Mesa exclusion and inclusion. There being no public comments Director Lindsay Case closed the hearing. Mr. Allen noted that petitions for exclusion and inclusion had been submitted by the property owner(s) and resolution for exclusion and inclusion were presented to the respective Boards. Director Morley moved to approve resolutions for the exclusion from District 3 for Shiloh Mesa and the inclusion into District 2 seconded by Director Randle Case II. Motion passed.

c. Update on Marksheffel Extension-

Mr. Schooler stated that they have been working with the City and developers to extend Marksheffel Road from Kenosha to Vollmer Road and trying to work out the funding that will be discussed in the Executive Session. Director Randle Case II commented that the goal is to approve an IGA with the City and Director Krohnfeldt stated that the City would prefer a development agreement that would model the Dublin Extension.

d. Discussion on Water Line Extension Payments-

Mr. Schooler said related to item 5.c. is the potential funding for the Marksheffel water line extension from Cowpoke to Marksheffel. Mr. Schooler presented the Board with an updated Tiered spreadsheet explaining what has been paid to date with revenue sources coming from the Cedarwood recoveries, platting fees, pond land credit sales, and water/sewer recoveries.

Mr. Schooler noted that there is currently about \$245K of outstanding debt in Tier 1 of small vendors that have been ongoing for about 10 years, Keller's park construction/maintenance, and Morley's performance bonds. Once Tier 1 is paid off then payments will start being made on Tier 2 debt.

Mr. Schooler presented a map to the Board showing the parcels of land to be platted on the 500-600 acres. Mr. Schooler explained that the District is collecting a \$500/acre platting fee, not to exceed \$370K, that will be used for a park at the Trails that Challenger Homes is developing. There is also a \$2,200/acre platting fee that is being collected for two parks and the Sand Creek Bridge as well as the \$5,000/acre platting fee for the Tiers. Mr. Schooler indicated that he has been talking to City staff regarding possible legal authority the District has to collect recoveries for the improvements that have given value to the adjoining properties. There are about 400-500 acres to be platted and another 400 acres of future inclusion area for a total of about 600-700 acres within 10 years that will be subject to the fee structure that would cover the existing \$5 million in debt that does not include C Bonds. The Board inquired about the Cedarwood recoveries and Mr. Schooler said that there is still about \$1.3 million that is being negotiated with them.

Mr. Schooler stated that the discussion regarding the platting fees and Tiers was to see if there were any funds available for the water line, but the current revenue sources are already intended to the Tiers. Mr. Allen noted that the Tier debt is not contractual so the Board may be able to change the tier resolution so long as revenues impacted by a potential use/allocation change are able to be so reallocated pending review of other documents/agreements/arrangements that may be impacted by such change, so it would not be just the tier resolution involved. Mr. Schooler indicated that currently as the funds have been coming available they have been used to cover the landscaping. Director Randle Case II commented that it is in the best interest of the District and obligation to attempt to leverage where it can to participate in capital improvements and the Board concurred. Mr. Schooler indicated that the cost to put the water line in would be about \$150K, but that current funds are being allocated for landscaping. Director Morley stated that he had negotiated the Black Forest Road amount with the bonding company from \$2M to about \$1.7M and has been making payments to them every month and that the District will eventually need to pay him back for and part of that negotiation included the landscaping, but was sympathetic to the water line issue and Aspen View needing to progress with their development. Director Morley stated further that the District has already paid about \$260K towards the landscaping and there is still about \$230K that is owed, but acknowledged the pressing need to get the water pipe done as well. The Board asked if there were any other unpledged funds coming into the District and Mr. Schooler said that he thought Cedarwood would be doing their next phase soon and may generate about \$300K, but hasn't had discussions with them yet. Director Morley suggested that Aspen View would be platting 15 acres and at \$5,000/acre that is \$75,000 and to have the developer offset their platting fees against the water line costs. Mr. Schooler indicated that he would contact Cedarwood. Mr. Allen said that the tier resolution would need to be amended to describe the various change in tier revenue allocations that exist today. The Boards instructed District Manager to put a memorandum together regarding the Tiered Resolution. Director Morley stated that he would figure out the actual cost for the water line and then confer with Mr. Schooler.

6. Financial Statement and Payables:

- a. Approval of Invoices-
Director Krohnfeldt moved to approve the invoices seconded by Director Randle Case II.
Motion passed unanimously.
- b. District Facility Fee/Permit Status/Delinquent Accounts-

Mr. Schooler indicated there was nothing new to report.

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

There was no public comment.

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

Executive Session. Pursuant to Section 24-6-402(4)(b) and (e), C.R.S., At 2:31 p.m. 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 and the Marksheffel Extension. 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 adjourned at 2:42 p.m.

9. Other Business:

- a. The next regular meeting is scheduled for April 6, 2016 at 1:00 p.m., if needed.

10. Adjournment: The meeting was adjourned at: 2:44 p.m.

Respectfully Submitted,

Lori VonFeldt, Manager