



**MINUTES OF CONTINUED MEETINGS  
OF THE BOARDS OF DIRECTORS OF THE  
WOODMEN HEIGHTS METROPOLITAN DISTRICT NOS. 1, 2 and 3  
JUNE 22, 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, June 22, 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  
Kevin Walker, Schooler & Associates  
Lori VonFeldt, Schooler & Associates  
Josephus La Rue, BiggsKofford  
Braden Hammond, BiggsKofford  
Mike DeGrant, Aspen View Homes  
Dave Mersman

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 Lindsay Case called the meeting to order at 1:08 p.m.

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

Director Lindsay Case 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.

4. Approval of

the minutes: Director Krohnfeldt moved to approve the April 12, 2016 minutes seconded by Director Randle Case II. Motion passed.

#### 5. 2015 Audit Presentation – Josephus (Seef) LeRoux, BiggsKofford:

Mr. Hammond presented a draft of the 2015 Audit to the Boards stating that there were no significant issues. It was noted that a new disclosure was added to the audit because of the authorization of the C Bonds as well as an update to the PILOT payment due to a land sale. Mr. Hammond stated that the prior auditors had imputed 7% interest carry for developer advances under the Tier reimbursement program, but have been informed that there are no contractual obligations of the Districts to make tier reimbursements with any interest, and therefore interest has been removed. Director Randle Case II indicated that the developers gave up their request for interest for Tiers 1 and 2 to help the District. Mr. Hammond and Mr. Mersman requested that the Districts pass an addendum to the tier policy to better evidence the interest component for audit purposes. The Board agreed to address the issue under line item 6.f. Mr. Hammond requested some assistance from Mr. Allen to update the contingency on Sorpresa. There being no further discussion on the audit Director Krohnfeldt moved to approve the 2015 Audit subject to the aforementioned changes and finalization seconded by Director Randle Case II. Motion passed.

#### 6. District Manager Report:

##### a. Market Status of Ground or Developers-

Director Krohnfeldt reported that they have a contract with Aspen View for four scheduled closings. One closing is complete and the next one is in a couple of weeks. They also have a potential closing at the end of September for commercial. The Board again noted their frustrations working with the City.

##### b. Update on Marksheffel Extension-

Mr. Walker stated that the developers had met with the City to work out funding for the Marksheffel extension and the following terms and conditions were discussed:

- The City will design, bid, and construct improvements with construction planned for Spring of 2017.
- The District may commit funds from the current escrow account and funds from the water line escrow as well as an additional \$50,000 from bridge contributions.
- The District will complete the Sand Creek drainage study.
- Adjacent property owners are responsible for the ROW dedication, design and rough grading of ROW, pro rata share of the remainder of costs to complete paving project, future curb, gutter and sidewalks, utilities.
- Sterling Ranch Metro District No. 2 will contribute design costs for County portion.
- Sterling Ranch Metro District No. 1 will be responsible for County portion of costs including rough grading, 404 permitting, utility extensions and a pro rata share of the remainder of costs attributed to the ROW dedication.

Mr. Walker requested authorization to continue with negotiations and to make the offer of District commitments as discussed to the City. Mr. Allen recommended codifying the concept into a multiparty development agreement once each party's terms and conditions have been finalized. Mr. Walker said that they are working on a contract to get all parties to agree to their respective rights, commitments and obligations. Director Krohnfeldt moved to approve the negotiations and obligations as stated with the City seconded by Director Morley. Motion passed. The Board briefly discussed the \$500/acre funds that are being collected for the bridge construction and decided to address the issue after negotiations were complete with the City.

- c. Discussion on Water Line Extension Payments-  
Mr. Walker stated that the Board had already agreed that a credit for the \$5,000/acre platting fee be allowed for Aspen View Homes when filing their single family lots in an amount of the verified public improvement material and installation costs it is undertaking. Director Morley moved to approve the credit arrangement with Aspen View seconded by Director Krohnfeldt. Motion passed.
- d. Cedarwood Proposal  
Mr. Walker indicated that he has been in discussions with Cedarwood regarding their annexation agreement to pay recoveries for Tutt Blvd and the 24" water line as they plat. The amount of the recovery owed is approximately \$1.2M plus approximately \$600K in interest. Cedarwood has offered \$475,000 as a compromised recovery payment. Mr. Schooler noted that the Cedarwood recoveries are a main source of revenue for application toward Tiers 1 and 2 reimbursements. The Board discussed and found the proposed settlement offer of \$475,000 to be too low, and directed Mr. Walker to continue negotiations with Cedarwood to reach a more reasonable settlement offer and agreement. Director Morley will work with the performance bond company to see if they will lower the amount owed to them. The Board will continue discussions at the next meeting.
- e. Updates on Black Forest Settlement and Funding for Forest Meadows Landscaping  
Director Morley reported that they were almost done with the landscaping and would give a full report at the next meeting.
- f. Tier Revenue Current and Alternative Pledged Report and Discussion  
Mr. Allen stated that when the Tier Policy initially contemplates that individual reimbursement agreements would be negotiated with each developer that sought reimbursement and that terms regarding interest and principal verification and reimbursement would be worked out within such acquisition and reimbursement agreements. Mr. Schooler noted that no such agreements were ever pursued and that it was no longer in the best interest of the District to have any interest carry for Tier reimbursements. Director Randle Case II noted that the developers who are in the C Bonds are receiving 3% interest because they are having to wait until everything else gets paid off. Director Krohnfeldt moved that regarding Tiers 1 and 2, in the best interest of the District, there be no interest component on any reimbursement made pursuant to the Tier Policy. The motion was seconded by Director Randle Case II. Motion passed.

7. Financial Statement and Payables:

- a. Approval of Invoices-  
Director Krohnfeldt moved to approve the invoices seconded by Director Morley. Motion passed unanimously.
- b. District Facility Fee/Permit Status/Delinquent Accounts-  
Mr. Walker noted that the fee collections are current.

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

There was no public comment.

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

There was no executive session.

10. Other Business:

- a. None

11. Adjournment: The meeting was adjourned at: 2:21 p.m.

Respectfully Submitted,

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By: Lori VonFeldt for the Recording Secretary