

**MINUTES OF REGULAR MEETINGS
OF THE BOARDS OF DIRECTORS OF THE
WOODMEN HEIGHTS METROPOLITAN DISTRICT NOS. 1, 2 and 3
NOVEMBER 2, 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, November 2, 2016 at 1:00 p.m., at 102 E. Pikes Peak Avenue, Suite 200, Colorado Springs, CO 80903.

In attendance were Directors:

Lindsay 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 Tanaka & Waldron (by phone)
Terry Schooler, Schooler & Associates
Kevin Walker, Schooler & Associates
Lori VonFeldt, Schooler & Associates
Rebecca Hardekopf, Schooler & Assoc.
Bryan Long
Charles Manly, Keller Homes
Ron Waldthausen

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 as presented.

4. Approval of

the minutes: Director Krohnfeldt moved to approve the October 5, 2016 minutes seconded by Director Morley. Motion passed.

5. District Manager Report:

a. Market Status of Ground or Developers

Per the direction from the Board at the previous meeting, Mr. Walker presented an analysis of Alan Brown's property that is being switched from commercial to residential use to accommodate for the Copper Ridge apartment complex. The 38.6 acres of commercial land that was originally intended for an office industrial park is being switched to a 283 multi-family unit residential project. The Board was concerned that the lack of revenue that would have been produced from the commercial site might impact the debt service. Mr. Walker noted that with all things considered regarding commercial buildout in the area versus residential growth over a 24-year period there was estimated to be an approximately \$258K difference between the projected revenue from commercial use versus residential. The Board inquired about the mill levy and Mr. Allen stated that it is only a change of land use and resulting assessment percentage change for commercial versus residential, but no change of the mill levy since it's the same for both districts 2 and 3. The Board agreed that the analysis could be justified for future reference, if necessary.

Director Krohnfeldt said the church has 15 acres of commercial property under contract, but the closing has been extended for 6 months due to a right-in right-out issue.

b. Update on Marksheffel Extension/Funding Multi-Party Agreement-

Mr. Walker stated that the drainage report is projected to be signed tomorrow on the Marksheffel Road extension on Sand Creek that relates to the bridge and road extension, which includes changes to the detention pond. Director Krohnfeldt said that assurances would have to be posted on the extension, but the costs need to be determined. Mr. Walker stated once the report has been approved they would know more regarding costs. The Board requested copies of the drainage report and Mr. Walker said he would get a draft of it to the adjacent land owners.

The Board had a lengthy discussion regarding the fees that the City requires a developer to pay and Director Randle Case II felt that they were having to pay twice. Mr. Schooler indicated that the drainage and pond construction was a trade out of Pond 2 and Ponds 3 and 6 would accumulate credits. The Board thought WHMD developers were supposed to be taken off the list of having to pay the Sand Creek pond fees. Mr. Walker suggested looking at the audit to come up with an analysis of the fees. The Board agreed to continue the meeting on November 14, 2016 at 9:30 a.m. for further discussion.

c. Discussion on Water Line Extension Progress-

Mr. Walker indicated that work was currently being done on the 12" water line. Director Morley noted that the city would reimburse work done on water lines over 12" and if the District meets the criteria they need to make sure they get it back.

d. Black Forest Performance Bond Reduction and Forest Meadows Landscape Status-

Director Morley stated that he is still negotiating with Bond Safeguard and the \$500K hasn't been paid to them yet. Director Morley stated further that they are about 2 weeks from being done with the landscaping.

6. 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 1:55 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 ongoing litigation and judgment order compliance matters. 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 2:05 p.m.

7. Financial Statement and Payables:

- a. 2016 Amended/2017 Budget Discussion and Public Hearing-
Director Lindsay Case opened the public budget hearing for discussion and public comment. Mr. Manly from Keller Homes informed the Board that they were going to exceed the 2016 budgeted amount of \$50K for the landscape maintenance for Cumbre Vista and asked the Board to consider an \$18K increase to cover the costs. Mr. Schooler recommended increasing their 2017 Budget to \$70K as well since the 10 mills the District is collecting for O&M would be increasing about \$20K due to increased assessed values within the Districts. The Board had further discussion regarding the 2017 Budget and future assumptions. Upon no further discussion regarding the budgets Director Lindsay Case closed the hearing.

Director Krohnfeldt moved to amend the 2016 Budgets as presented and adopt the 2017 Budgets making adjustments as per the discussion, appropriate the revenues necessary to cover the expenditures, and certify the mill levy, seconded by Director Randle Case II. Motion passed unanimously.

- b. 2016 Amended Budget Resolution-
Director Randle Case II moved to approve the 2016 Amended Budget Resolution seconded by Director Krohnfeldt. Motion passed.
- c. 2017 Budget Resolution-
Director Randle Case II moved to approve the 2017 Budget Resolution seconded by Director Krohnfeldt. Motion passed.
- d. Approval of Invoices-
Director Krohnfeldt moved to approve the invoices seconded by Director Randle Case II. Motion passed unanimously.
- e. District Facility Fee/Permit Status/Delinquent Accounts-
Mr. Schooler stated there was nothing new to report.

8. New Business:

- a. Discussion and approval of the Resolution for Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges-

After a brief discussion, Director Randle Case II moved to approve the resolution for establishing guidelines for the processing and collection of delinquent fees and charges seconded by Director Krohnfeldt. Motion passed.

- b. 2017 Annual Administrative Resolution-
Director Randle Case II moved to approve the 2017 Annual Administrative Resolution seconded by Director Krohnfeldt. Motion passed.
- c. Special District Public Disclosure-
The Board approved the Special District Public Disclosure.

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

There was no public comment.

10. Other Business:

- a. Director Randle Case II moved to approve engagement of the Mulliken law firm for services related to the Pond 2, Ponds 3 and 6 negotiations with the City of Colorado Springs, seconded by Director Krohnfeldt. Motion passed.
- b. A continued meeting is scheduled for November 14, 2016 at 9:30 a.m.

11. Adjournment: The meeting was adjourned at: 2:19 p.m.

Respectfully Submitted,

By: Lori VonFeldt for the Recording Secretary