



**MINUTES OF SPECIAL MEETINGS  
OF THE BOARDS OF DIRECTORS OF THE  
WOODMEN HEIGHTS METROPOLITAN DISTRICT NOS. 1, 2 and 3  
MARCH 11, 2020 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, March 11, 2020 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 W. Case II, Asst. Secretary  
Kyle Geditz, Asst. Secretary (arrived at 1:11 p.m.)

Also in attendance were:

K. Sean Allen, Esq., White Bear (by phone)  
Zach Bishop (by phone)  
Kevin Walker, WSDM  
Kristina Kulick, WSDM  
Bryan Long  
Dave Mersman  
Peter Morley

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:

The meeting was called to order at 1:05 p.m. by President Case.

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

President 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. Mr. Allen advised the Boards that,

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pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Mr. Walker reported that disclosures for those directors with potential or existing conflicts of interest were filed with the Secretary of State's Office and the Boards at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Board. Mr. Allen inquired into whether members of the Boards had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. No additional disclosures were noted. The Boards determined that the participation of the members present was necessary to obtain a quorum or to otherwise enable the Boards to act.

3. Approval of the Agenda: Director Geditz moved to approve the Agenda; seconded by Director Krohnfeldt. Motion passed unanimously.
4. Approval of the February 5, 2020 Minutes: President Case asked if Mr. Bishop had a chance to review the minutes. He indicated that he would review them after the meeting. After review, Director Krohnfeldt moved to approve the February 5, 2020 Meeting Minutes; seconded by Director Morley. Motion passed unanimously.
5. Update on Financial Planning – Zach Bishop: Mr. Bishop presented his slide show. He discussed the Current Debt Outstanding and the options to refinance some or all of the debt with taxable bonds because in this environment, there is significant savings. He noted the Board could wait until December 2021, but he wanted to share the possibilities. Mr. Bishop discussed the 2 options to refinance. First, the Board could refinance just the A and B bonds, or refinance the A, B and C bonds. Director Geditz arrived at 1:11 p.m. Mr. Bishop confirmed the bonds were already put into classes for the lender. President Case said he would like to discuss a refinance option of the whole package. Mr. Bishop discussed the 30 mill levy cap and the residential debt levy that totals roughly 44.5 mills. The assessed value has grown dramatically since 2012, so there is a lot of credit quality. President Case asked if the assumption is that the B bonds get booted, and if the City must approve the financing. Mr. Bishop confirmed the City must approve it.

Mr. Bishop discussed the full refinancing. He noted it looks good, but it would have to stretch debt to new 35-year maturity. Mr. Bishop said he would need to get feedback on if that is something the City would approve. Director Morley noted the principal numbers did not match on the presentation on slide 5 and slide 8. President Case asked how he allocated the cash. Mr. Bishop explained the \$49 Million is the difference in the C Bonds, and slide 5 does not include accrued interest that will be paid between now and 2021, so basically the escrow account to make interest payments and they must be paid through December 1<sup>st</sup>, 2021. This makes the total debt \$49 Million. Mr. Bishop explained it would save roughly 18% and it is a lot lower interest rate even though the debt is stretched out. It also drops the mill levy even more and starting next year it would be the mill levy we set in December. It would drop down to 23 mills from 33 mills essentially. President Case asked if the difference between those is to pay off the C Bonds. Mr. Bishop confirmed and explained if you don't pay off the C Bonds you save money because you are not paying off lower rate debt with higher rate debt, and it is also simple interest. Keep the debt as it is and let it mature and stay at 33 mills for 5 years through

2026. Mr. Bishop noted the Board could drop the mill levy to a lower level at that point, possibly 18 mills. If the C bonds were paid off the mill levy could drop immediately 10 mills or leave the C Bonds and lower the mill levy in 5 years and drop it even lower. Director Krohnfeldt asked if dropping the mill levy would offset the debt term with the City. Mr. Bishop said it could and they might since they take a conservative stand.

President Case asked about the debt owners of the C bonds and if they would support a payoff. Director Morley said speaking as a debt holder and a homeowner, if you cut taxes now instead of 7 years from now, they would want the tax lowered today versus waiting to see if the market gets worse or what could happen. He noted that obviously as a debt owner he would want to be paid. Director Morley discussed that he would love to get his \$3 Million back now but thinking of the homeowner they would want their taxes lowered. Director Morley asked about the differences in interest. Mr. Bishop explained that to pay off the C level debt we would have to put a subordinate bond behind that, so that is the combined. President Case asked why we cannot get a lower rate. Mr. Bishop explained the District is just now investment grade. President Case told Mr. Bishop to integrate the new concept of seeing the numbers that Director Morley said. Director Geditz asked if in both scenarios you have to extend maturity. Mr. Bishop confirmed that was the case. Mr. Walker explained the City will be looking at the mill levy, so this is a good thing and he likes the first option since the mill levy goes down immediately. The City will be uncomfortable with the C bonds, and the developer is getting paid. He thinks they could get over the time length though. Mr. Bishop agreed and thinks that socializing it first through Mr. Carl Schuler would be a good first step, and they can go to City Council later. Mr. Bishop offered to create a presentation for Mr. Schuler discussing all the details and questions. President Case said he would like to have this discussed in executive session and would like the Board to approve it first. Mr. Allen recommended adding in data to the presentation showing what would happen if the District does nothing. Show the existing rates and mill levy and what residents would pay to show the impact of the options, and what would be the costs of doing nothing versus the costs of a refinance. Mr. Bishop noted they could get a homeowner on their side as well after explaining the options. Director Geditz suggested including a slide that shows the average homeowner savings. Director Geditz discussed the importance of doing what is best for the homeowners and agreed they are going to want the savings now. Mr. Bishop noted it takes about 3 months to get the deal done and the market is just crazy right now. Mr. Walker suggested talking to Mr. Schuler about what the City's process is as well and get on the Council's Agenda as soon as possible. Mr. Bishop said he doesn't think the process starts until we have bond documents. Mr. Bishop explained that once the Board decides their approach, they can go to the City with a heads up first and then show them the bond documents for feedback. Director Case II asked if the mill levy is permanently dropped. Mr. Bishop explained it is still capped at 30 mills gallowgallagherized. President Case confirmed the debt is going out to 2055. Mr. Allen confirmed you can refinance for another 40 years within the statute. Director Case II noted we went to City Council back then and they approved the C bonds. Director Geditz said the argument is that it would be better for the homeowner. Director Morley noted the builders would want the mill levy to go down as well. Mr. Bishop said he will prepare the next level of analysis for the next board meeting in April. The Board agreed to meet on April 8, 2020 at 9:30 AM. Mr. Mersman asked what is currently happening with B bonds and accrued interest. Mr. Walker explained the Trustee takes the money out to pay the B bonds. Mr. Bishop left the meeting at 1:51 PM.

6. District Manager Report: Mr. Walker reported there are no updates on the Marksheffel extension bridge other than they are still building the bridge. East Park Land Planning is in final form and being reviewed by Mr. Allen.

Mr. Walker discussed the District 1 inclusions and exclusions, and District Nos. 1 and 3 qualifying parcels are okay to stay where they are. The new plan is to dedicate that land to the District as open space, so they will just need to find a third party to take that and sign contracts. Mr. Walker noted the boundary of District No. 1 will not be changing and is the same as the qualifying parcel in District No. 3. Mr. Walker reported there are no changes in Quail Brush Creek. The parcels from Cumbre Vista should have their closings in the next two weeks.

Mr. Walker discussed a new quick claim request from Challenger regarding the right of way at the end of Ski Lane that the District owns. President Case asked if there was an asset consideration. The Board discussed if there is any value to the District. President Case asked how we received it. Mr. Walker explained it was part of Sorpresa. Director Morley noted that Challenger would pay something for it. Director Krohnfeldt moved to direct Mr. Walker to negotiate a deal with Challenger for \$10,000 and authorizing the appropriate officers to sign; seconded by Director Geditz. Motion passed unanimously.

Mr. Walker discussed the regional detention pond and that it has become slightly complicated because they think Woodmen Road would be responsible, but it is still moving forward. Mr. Walker discussed commercial development and questions surrounding how we are going to share O&M costs with commercial development. Mr. Walker explained an owner's association plan to facilitate development and continue to take stormwater ponds instead of the mowing on Marksheffel. He noted that whatever commercial property owners contribute over and above those costs and the shared in overhead, willing to share and contribute to an owner's association for their maintenance of frontage rather than splitting maintenance with commercial businesses. He explained they would pay 24% of what they contribute for maintenance, unless the District takes it on. The Board had no concerns and noted it mimics with what is done on residential. Director Geditz asked for clarification on the maintenance and the City streets. Mr. Walker confirmed it is just the landscaping. Mr. Walker will get that plan in writing for Board review.

The Board discussed the Market Status and noted discussions going on north of Woodmen Road. Development plans are being submitted and there is continued construction and sale of townhomes with a few attached products starting along Marksheffel. Aspen View is still working through their approval issues. Mr. Walker noted the delays for the liquor store on the SE corner of Marksheffel and Woodmen. Maverick is going up and almost complete. President Case asked about the number of units and confirmed it includes the projection of another 500, and 2700 units would be the max build out. Mr. Walker responded that he thinks there may be more out of the 500. Mr. Walker said he is actively talking to the City about the fire district exclusion status update. It could lower the mills by 8 so he is trying to get it done. Director Case II noted they are breaking ground on the new King Soopers. Mr. Walker discussed complaints from residents about their taxes going up. President Case suggested letting the homeowners know that the 8 mills is being held up by the Falcon and Black Forest and it

effects the homeowners and our capability. Mr. Walker said he will have Mr. Allen call and let the City know. President Case said he wants to make sure that Mr. Schuler is aware as well and any refinance must include this abuse of 8 mills.

7. Financial:

a. Financial Statement and Payables: Director Case II moved to approve Financials and Payables; seconded by Director Morley. Motion passed unanimously.

8. Public Comment: There was no public comment.

9. Other Business:

a. Next Regular Meeting Date – Scheduled for April 8, 2020 at 9:30 a.m.

10. Adjournment: The meeting was adjourned at 2:17 p.m.

Respectfully Submitted,

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By: Kristina Kulick for the Recording Secretary

THESE MINUTES ARE APPROVED AS THE OFFICIAL MARCH 11, 2020 MINUTES OF THE WOODMEN HEIGHTS METROPOLITAN DISTRICT NOS. 1, 2 and 3 BY THE BOARD OF DIRECTORS SIGNING BELOW:

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Lindsay Case, President

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Les Krohnfeldt, Vice President/Treasurer

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Randle Case, Assistant Secretary

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James Morley, Secretary

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Kyle Geditz, Assistant Secretary