



**MINUTES OF SPECIAL MEETINGS
OF THE BOARDS OF DIRECTORS OF THE
WOODMEN HEIGHTS METROPOLITAN DISTRICT NOS. 1, 2 and 3
DECEMBER 14, 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 Tuesday, December 14, 2020 at 1:00 p.m., at 102 E. Pikes Peak Avenue, Suite 200, Colorado Springs, Colorado and via video and telephone conference.

In attendance were Directors:

Lindsay Case, President
Les Krohnfeldt, Vice President/Treasurer
Randle W. Case II, Asst. Secretary
James Morley, Secretary
Kyle Geditz, Asst. Secretary

Also in attendance were:

Kevin Walker, WSDM
K. Sean Allen, Esq., White Bear Ankele Tanaka & Waldron
Scott Hente

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 1:00 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, 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: The Board had no changes or comments on the Agenda.

4. C Bond Discussion

- a. Call Executive Session Pursuant to Section 24-6-402(4)(b) and (e), C.R.S., conference with general counsel regarding legal advice on specific legal questions related to Wells Fargo as Paying Agent, Redemption of Series 2015 C Bonds and Redemption Negotiation: Director Case II moved to enter executive session pursuant to Section 24-6-402(4)(b) and (e), C.R.S., conference with general counsel regarding legal advice on specific legal questions related to Wells Fargo as Paying Agent, Redemption of Series 2015 C Bonds and Redemption Negotiation; seconded by Director Krohnfeldt. Motion passed unanimously at 1:14 p.m. President Case moved to come out of executive session at 1:15 p.m.; seconded by Director Case II. Motion passed unanimously.

- b. Discuss and Consider Indemnity Agreements and Redemption of Series 2015 C Bonds: Mr. Walker discussed his memorandum on the Redemption of C Bonds and the issue that 3 bond holders do not have possession of the original bonds. Wells Fargo was responsible for delivering the bonds to the purchasers, and the purchasers never received them. Wells Fargo admits it does not have record of delivering them. Mr. Walker discussed that bonds could be replaced for a 3% insurance fee that would total over \$120,000 and take 6 to 8 weeks. Mr. Walker spoke to the purchasers and they would agree to indemnify the District and acknowledge they do not have possession of the bonds, and they will never present the bonds if they are found and would defend the District if they were ever presented to the District for payment. Mr. Walker explained only the known purchasers could present them to Wells Fargo, and if we have the indemnity of the known purchasers saying they do not have them and they would never present them, then the risk is very low for the District. Mr. Allen confirmed that after speaking to Wells Fargo, Mr. Thomas with D.A. Davidson, and bond counsel there is little risk to the District. President Case asked if the 3 purchasers and their companies will disband the company after receiving the money. Director Morley said the Short Stick entity will be disbanded because the deal is done, and the Morley Company Family Investment entity will continue to go on because that includes Sterling Ranch property and Apple Tree Golf Course property. The Board agreed the likelihood of risk to the District is very little. Director Geditz noted that they should include in the indemnity that the entities are not in receivership or are insolvent.

Director Case II moved to notify the public and advertise the bond payoff to approve the release of the \$100,000; seconded by Director Krohnfeldt. Motion passed. Director Morley abstained.

Mr. Allen noted that the public advertisement is non-binding and does not provide any legal basis to the withholding. After further discussion, Director Krohnfeldt moved to amend the previous motion to eliminate the \$100,000 withholding provision and public advertisement, and upon the indemnity of the purchasers the District will direct Wells Fargo to move forward and release the funds; seconded by Director Geditz. Motion passed unanimously. Mr. Allen clarified there is no 3% penalty with this option.

5. Public Comment: There was no public comment.
6. Adjournment: The Board adjourned the meeting at 1:41 p.m.

Respectfully Submitted,

By: Kristina Kulick for the Recording Secretary