

## RESOLUTION

**A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE PURCHASE AGREEMENT BETWEEN THE WOODMEN HILLS PUBLIC FACILITIES LEASING TRUST 2016, AS LESSOR, AND WOODMEN HILLS METROPOLITAN DISTRICT, ACTING BY AND THROUGH ITS WATER AND WASTEWATER ENTERPRISE, AS LESSEE, IN CONNECTION WITH A 2016 REFINANCING TRANSACTION AND A 2016 CAPITAL PROJECT; AND MAKING CERTAIN FINDINGS AND DETERMINATIONS AND AUTHORIZING OTHER ACTIONS IN CONNECTION THEREWITH.**

### RECITALS

A. The Woodmen Hills Metropolitan District (the “District”) is a quasi-municipal corporation organized and existing as a metropolitan district under the laws of the State of Colorado (the “State”), including particularly Title 32, Article 1, C.R.S. (the “Special District Act”), with the power to supply water and sewer services within and without the boundaries of the District.

The District is authorized pursuant to the Special District Act to (i) enter into contracts and agreements affecting the affairs of the District, (ii) acquire, dispose of and encumber real and personal property including, without limitation, rights and interests in property, leases and easements necessary to the functions or the operation of the District, and (iii) have the management, control and supervision of all the business and affairs of the District as defined in the Special District Act and all construction, installation, operation and maintenance of District improvements.

B. The District has established the operations of its water and wastewater facilities and funds as its “Water and Wastewater Enterprise” (the “Water and Wastewater Enterprise”).

The Water and Wastewater Enterprise is (i) a water activity enterprise established pursuant to Title 37, Article 45.1, C.R.S., for the purpose of providing water and sanitary sewer facilities, and (ii) currently constitutes an “enterprise” within the meaning of Article X, Section 20 of the Colorado Constitution.

C. The Board of Directors of the District constitutes the governing body of the Water and Wastewater Enterprise (the “Board”).

D. The Water and Wastewater Enterprise has heretofore entered into to an annually renewable First Amended and Restated Lease Purchase Agreement dated as of August 1, 2009 (the “2009 Lease”), with the Woodmen Hills Public Facilities Authority (the “Authority”) with respect to certain water treatment and transmission facilities, wells, and water rights (the “2009 Leased Property”) and the Authority, in turn, entered into a related Indenture of Trust dated as of August 1, 2009 (the “2009 Indenture”), with UMB Bank, n.a. ( the “2009 Trustee,” as the successor to American National Bank, the original trustee under the 2009 Indenture), as trustee, pursuant to which certain Certifications of Participation, Series 2009 (the “2009 Certificates”) were executed and delivered by the 2009 Trustee.

The Authority and the registered owners of 100% of the 2009 Certificates have agreed with the Water and Wastewater Enterprise that (i) the 2009 Certificates shall be redeemed and paid by the deposit in the Certificate Payment Fund created under the 2009 Indenture of certain Enterprise moneys and a portion of the proceeds of the 2016 Lease, and, in turn, the Series 2016 Certificate, each as defined and described below, causing the 2009 Certificates to be cancelled and the 2009 Indenture to be discharged and released as set forth in Article VII of the 2009 Indenture, (ii) the 2009 Lease shall be terminated and released and (iii) the 2009 Leased Property shall be released and conveyed to the Authority pursuant to the 2009 Indenture and related Assignment and Assumptions Agreements attached to the 2009 Lease, and, then, conveyed by the Authority to the Woodmen Hills Public Facilities Leasing Trust 2016 (the "Trust"), a trust to be created by the Trustee pursuant to the 2016 Indenture, each as described and defined below and the series of transactions set forth in (i), (ii) and (iii), together with providing for a portion of the costs of execution and delivery of the 2016 Lease and the Series 2016 Certificate from a portion of the proceeds of the 2016 Lease and, in turn, the Series 2016 Certificate, being defined herein as the "2009 Lease Refinancing Transaction."

In addition, the Water and Wastewater Enterprise and the registered owners of 100% of the Water and Wastewater Enterprise Revenue Refunding Bonds, Series 2009, in the outstanding aggregate principal amount of \$13,015,000 issued by the Water and Wastewater Enterprise of the District and the Recreational Facilities Enterprise Revenue Refunding Bonds, Series 2009, in the outstanding aggregate principal amount of \$2,890,000 issued by the Recreational Facilities Enterprise of the District (collectively, the "2009 Bonds") have agreed to the redemption, payment and cancellation of the 2009 Bonds owned by each of them, such redemption, payment and cancellation to be provided by the Water and Wastewater Enterprise from the proceeds of a certain Series 2016 Bond to be issued by the Water and Wastewater Enterprise and from other available moneys of the Water and Wastewater Enterprise. The Indenture under which such Series 2016 Bond is to be issued requires that a Reserve Fund is to be funded and maintained in the amount of a Reserve Requirement. The Water and Wastewater Enterprise has determined to provide for the initial Reserve Requirement amount to be deposited to the Reserve Fund created for the Series 2016 Bond and certain of the costs of issuance of the Series 2016 Bond to be provided from a portion of the proceeds of the 2016 Lease, and, in turn, the Series 2016 Certificate, such determination and provision being defined herein as the "2016 Bond Financing Amount," and together with the 2009 Lease Refinancing Transaction, the "2016 Refinancing Transaction."

E. The District and the Water and Wastewater Enterprise have determined to enter into necessary deeds, bills of sale and financing statements in respect of conveying its rights, title and interests in and to certain real and personal property constituting assets of the Water and Wastewater Enterprise to the Trust (the "2016 District Conveyancing Documents") and to authorize and approve the conveyance by the Authority to the Trust of the 2009 Leased Property as described in Recital D above, all in order to provide for the acquisition, construction and installation of (i) a new wastewater treatment facility and (ii) a new water storage facility, in order to provide for the financing costs related to this new project (the "2016 Capital Project"), in addition to providing for the 2016 Refinancing Transaction.

F. In order to provide for the 2016 Refinancing Transaction and the 2016 Capital Project (collectively, the "2016 Lease Transaction"), the Board has heretofore determined and hereby determines that it is in the best interests of the District and the Water and Wastewater Enterprise and the property owners and residents of the District and the Water and Wastewater Enterprise, that the

Water and Wastewater Enterprise, as lessee, enter into a new annually renewable Lease Purchase Agreement (Woodmen Hills Public Facilities Leasing Trust 2016) including Exhibits A through G thereto to be dated its date of execution and delivery (the "2016 Lease") providing for the lease, with an option to purchase, of the 2009 Leased Property and the 2016 Capital Project property (collectively, the "2016 Leased Property") from the Trust, as lessor.

G. There has been presented to the Board at or prior to this meeting (i) the substantially final forms of the 2016 District Conveyancing Documents, the 2016 Lease and the Declaration and Indenture of Trust (Woodmen Hills Public Facilities Leasing Trust 2016) including Exhibits A through C thereto to be dated its date of execution and delivery (the "2016 Indenture") to be entered into by UMB Bank, n.a., as trustee (the "Trustee"), pursuant to which the Trust will be created and under which a Certificate of Participation, Series 2016 in the principal amount of \$19,215,000 (the "Series 2016 Certificate") evidencing proportionate interests in the Trust's rights to receive certain revenues, including Base Rentals under the 2016 Lease, is to be executed and delivered by the Trustee and is to be sold by the Trust on a private placement basis.

H. Pursuant to Sections 32-1-902(3) and 18-8-308, C.R.S., all known potential conflicting interests of members of the Board were disclosed to the Colorado Secretary of State and to the Board in writing at least 72 hours in advance of this meeting. In accordance with Section 24-17-110, C.R.S., the appropriate Board members have made disclosure of their personal and private interests relating to the 2016 District Conveyancing Documents and the 2016 Lease in writing to the Colorado Secretary of State and the Board, and such officials have stated for the record immediately prior to the adoption of this Resolution the fact that they have said interests and the summary nature of such interests and the participation of said officials is necessary to obtain a quorum or otherwise enable the Board to act.

I. The undertaking and accomplishment of the 2016 Lease Transaction, including the execution and delivery of the 2016 District Conveyancing Documents, the 2016 Lease and all necessary related documents, and all procedures undertaken incident thereto are in full compliance and conformity with all applicable requirements, provisions and limitations prescribed by the constitution and laws of the State thereunto enabling. The Board desires to authorize the undertaking and accomplishment of the 2016 Lease Transaction, including the execution and delivery of the 2016 District Conveyancing Documents and the 2016 Lease and all related documents in connection therewith.

[Remainder of this page intentionally left blank.]

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF WOODMAN HILLS METROPOLITAN DISTRICT, EL PASO COUNTY, COLORADO, ACTING IN THE CAPACITY OF THE GOVERNING BODY OF THE DISTRICT'S WATER AND WASTEWATER ENTERPRISE, AS FOLLOWS:**

**Section 1. Ratification of Actions; Recitals.** All actions heretofore taken, not inconsistent with the provisions of this Resolution, by the District, the Water and Wastewater Enterprise or the directors, the officers, the employees or the agents thereof, with respect to the 2016 Lease Transaction, the 2016 District Conveyancing Documents and the 2016 Lease are hereby ratified, approved and confirmed. The RECITALS are included in the terms of this Resolution, including the definitions set forth in such RECITALS.

**Section 2. Findings; Authorizations.**

(a) This Resolution is adopted pursuant to and in accordance with the authority conferred by the laws of the State and it is hereby determined that each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effect the purposes hereof.

(b) It is hereby found and determined that undertaking and accomplishment of the 2016 Lease Transaction, including (i) the conveyance by the Authority to the Trust of the 2009 Leased Property, (ii) the conveyance by the District to the Trust pursuant to the 2016 District Conveyancing Documents and (iii) the lease of the 2016 Leased Property from the Trust pursuant to the terms and conditions set forth in the 2016 District Conveyancing Documents and the 2016 Lease, is authorized pursuant to the constitution and laws of the State and the Service Plan of the District, is necessary, convenient and in furtherance of the purposes of the District and the Water and Wastewater Enterprise and is in the best interests of the property owners and residents of the District and the Water and Wastewater Enterprise.

(c) The 2016 Lease Transaction, including (i) the conveyance by the Authority to the Trust of the 2009 Leased Property, (ii) the conveyance by the District to the Trust pursuant to the terms and conditions of the 2016 District Conveyancing Documents and (iii) the lease of the 2016 Leased Property from the Trust under the terms and conditions of the 2016 Lease, is in all respects hereby authorized and approved.

**Section 3. Approval of 2016 District Conveyancing Documents and 2016 Lease.** The 2016 District Conveyancing Documents and the 2016 Lease are incorporated herein by reference and approved, and shall be executed and delivered by or on behalf of the Water and Wastewater Enterprise in the forms of such documents presented at this meeting, provided that (i) the 2016 District Conveyancing Documents and the 2016 Lease may be completed, corrected or revised as deemed necessary by the parties thereto in order to carry out the purposes of this Resolution, and (ii) such changes are not inconsistent with this Resolution. The President or such other officer(s) of the District and the Water and Wastewater Enterprise as may be authorized by the Board, and the Secretary of the District and the Water and Wastewater Enterprise, are hereby authorized and directed to execute the 2016 District Conveyancing Documents and the 2016 Lease and to affix the seal of the District thereto, and further to execute and authenticate such other documents, instruments or certificates as are deemed necessary or desirable in order to effect to the intent of this Resolution.

The Director of Water and Wastewater, defined in the 2016 Lease as the “Enterprise Manager,” and including designees, is authorized to execute, on an on-going basis, all documents providing for execution by the Enterprise Manager in the 2016 Lease.

**Section 4. No General Obligation or Other Indebtedness.** The obligation of the Water and Wastewater Enterprise to pay Base Rentals and Additional Rentals (both as defined in the 2016 Lease) is subject to annual appropriation by the Board and constitutes an undertaking of the Board to make current expenditures. No provision of this Resolution, the 2016 District Conveyancing Documents, the 2016 Lease, the 2016 Indenture or the Series 2016 Certificate shall be construed as constituting or giving rise to a general obligation or other indebtedness or a multiple fiscal year direct or indirect debt or other financial obligation of the District or the Water and Wastewater Enterprise within the meaning of any constitutional or statutory debt limitation, nor a mandatory charge or requirement against the District or the Water and Wastewater Enterprise in any ensuing fiscal year beyond the current fiscal year. On an annual basis the Water and Wastewater Enterprise may choose to not renew, and thereby terminate its obligations under, the 2016 Lease.

No provision of the 2016 Lease or the Series 2016 Certificate shall be construed or interpreted as creating an unlawful delegation of governmental powers or as a donation by or a lending of the credit of the District or the Water and Wastewater Enterprise within the meaning of Sections 1 or 2 of Article XI of the Colorado Constitution.

**Section 5. Reasonableness of Rentals; Appropriation of 2016 Base Rentals.** The Board hereby determines and declares that the Base Rentals due under the 2016 Lease constitute the fair rental value of the 2016 Leased Property and do not exceed a reasonable amount so as to place the Water and Wastewater Enterprise under an economic compulsion to renew the 2016 Lease or to exercise its option to purchase the 2016 Leased Property pursuant to the 2016 Lease. The Board hereby further determines and declares that the period during which the Water and Wastewater Enterprise has an option to purchase the 2016 Leased Property (*i.e.*, the maximum term of the 2016 Lease) does not exceed the useful life of the Leased Property.

The Board hereby appropriates the total amount of the Base Rentals due for calendar year 2016 as set forth in the 2016 Lease.

**Section 6. Acknowledgment of 2016 Indenture and Consent to Sale of Series 2016 Certificate.** The Board hereby acknowledges and consents to (i) the 2016 Indenture and (ii) the execution and delivery by the Trustee of, the form of, and the private placement sale of, the Series 2016 Certificate, all pursuant to the 2016 Indenture, in substantially the form of the 2016 Indenture presented at this meeting.

**Section 7. Execution of Additional Documents.**

(a) The President or, in the absence of the President, the Vice President, the Secretary of the District and the Water and Wastewater Enterprise and other appropriate officials or agents of the District and the Water and Wastewater Enterprise, including the Enterprise Manager, are hereby authorized and directed to execute and deliver, on behalf of the District or the Water and Wastewater Enterprise, any and all additional certificates, documents and other instruments, and to perform all other acts that they may deem necessary or appropriate, in order to implement and carry out the intent

of and the transactions and other matters authorized by this Resolution, including, but not limited to, the execution of the 2016 District Conveyancing Documents and the 2016 Lease, any releases and/or terminations of the 2009 Lease, any disbursement requisitions and such other documents, certificates and affidavits as may be necessary or appropriate in order to implement and carry out the transactions and other matters authorized by this Resolution.

(b) The Secretary of the District and the Water and Wastewater Enterprise is hereby authorized and directed to attest all signatures and acts of any official of the Board in connection with the matters authorized by this Resolution and to place the seal of the District on any document authorized and approved by this Resolution.

(c) The appropriate officers, officials or agents of the District and the Water and Wastewater Enterprise, including the Enterprise Manager, are authorized to execute, on behalf of the Water and Wastewater Enterprise, agreements concerning the deposit and investment of funds in connection with the transactions contemplated by this Resolution, and are specifically authorized and directed hereby to invest such funds in Permitted Investments as defined and provided in the 2016 Indenture.

(d) The covenants, agreements, recitals, findings, determinations, declarations and representations of the Water and Wastewater Enterprise and the District contained in the 2016 Lease or any related document shall be effective with the same force and effect as if specifically set forth in this Resolution, and such covenants, agreements, recitals, findings, determinations, declarations and representations are hereby adopted and incorporated herein by reference and acknowledged and authorized as the true and lawful acts of the Water and Wastewater Enterprise and the District.

(e) The execution of any instrument by the members of the Board or officers of the District shall be conclusive evidence of the approval by the Water and Wastewater Enterprise and the District of such instrument in accordance with the terms hereof and thereof.

**Section 8. Captions.** The captions to the various sections and subsections of this Resolution have been inserted solely for the convenience of the reader, are not a part of this Resolution and shall not be used in any manner to interpret this Resolution.

**Section 9. Severability.** If any section, subsection, paragraph, clause or provision of this Resolution or the documents hereby authorized and approved (other than provisions as to the payment of Base Rentals by the Water and Wastewater Enterprise during the Lease Term, provisions for the quiet enjoyment of the 2016 Leased Property by the Water and Wastewater Enterprise during the Lease Term and provisions for the conveyance of the 2016 Leased Property to the Water and Wastewater Enterprise or the District under the conditions provided in the 2016 Lease) shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution or such documents, the intent being that the same are severable.

**Section 10. Repealer.** All bylaws, orders, resolutions and other instruments, or parts thereof, in conflict with this Resolution or with any of the documents hereby approved are hereby repealed only to the extent of such conflict. This repealer shall not be construed to revive any bylaw, order, resolution, or other instruments, or part thereof, heretofore repealed.

**Section 11. Effective Date.** This Resolution shall take effect immediately upon its adoption and approval.

[Signature page follows]

ADOPTED AND APPROVED this 28<sup>th</sup> day of March, 2016.



**WOODMEN HILLS METROPOLITAN DISTRICT,  
EL PASO COUNTY, COLORADO, ACTING BY AND  
THROUGH ITS WATER AND WASTEWATER  
ENTERPRISE**

By: *Lynne Bliss*  
President

Attest:

*Walter Porter*  
Secretary



**CERTIFICATION OF RESOLUTION**

STATE OF COLORADO )  
 )  
 COUNTY OF EL PASO ) ss.  
 )  
 WOODMEN HILLS METROPOLITAN DISTRICT )

I hereby certify that I am the duly appointed, qualified and acting Secretary of Woodmen Hills Metropolitan District, El Paso County, Colorado (the "District"), and further certify as follows:

1. The foregoing pages constitute a true and correct copy of a resolution (the "Resolution") authorizing the execution and delivery by the District, acting by and through its Water and Wastewater Enterprise (the "Water and Wastewater Enterprise"), of a Lease Purchase Agreement with the Woodmen Hills Public Facilities Leasing Trust 2016, which Resolution was passed and adopted by the Board of Directors of the District (the "Board"), acting in its capacity as the governing body of the Water and Wastewater Enterprise, at a special meeting of the Board (the "Meeting") held at the offices of District, 8046 Eastonville Road, Falcon, Colorado, within the District, on Monday, March 28, 2016, at the hour of 3:00 p.m., at which Meeting a quorum of the Board was present.

2. The Resolution was duly moved and seconded and the Resolution was adopted at the Meeting by an affirmative vote of a majority of the members of the Board as follows:

| Director        | Aye | Nay | Abstain | Absent |
|-----------------|-----|-----|---------|--------|
| Bliss, Lynne    | X   |     |         |        |
| Gonzales, Frank | X   |     |         |        |
| Kreps, Steve    |     |     |         | X      |
| Pizzi, Jan      | X   |     |         |        |
| Porter, Walter  | X   |     |         |        |

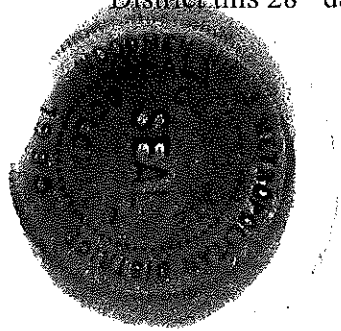
3. The members of the Board were present at the Meeting and voted on the passage of the Resolution as set forth above.

4. The Resolution was approved and authenticated by the signature of the President of the District, sealed with the District seal, attested by the Secretary of the District and recorded in the minutes of the Board.

5. Attached hereto is a copy of the notice of the Meeting, which notice was posted at three public places within the District and at the office of the Clerk and Recorder of El Paso County, Colorado, at least three days prior to the meeting, in accordance with law.

6. There are no bylaws, rules or regulations of the Board which prevent the immediate adoption of the Resolution set forth in the foregoing proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the District this 28<sup>th</sup> day of March, 2016.



*Walter Porter*

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Secretary, Woodmen Hills Metropolitan  
District

**ATTACHMENT I**  
**(Attach Notice of Meeting)**

**NOTICE OF SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE  
WOODMEN HILLS METROPOLITAN DISTRICT  
("Notice")**

PLEASE TAKE NOTICE THAT the Board of Directors of the Woodmen Hills Metropolitan District ("Directors") will hold a Special Meeting on Monday, March 28, 2016 at 3:00 p.m. at the Woodmen Hills Community Center West, 11720 Woodmen Hills Drive, Falcon, CO 80831. The purpose of the meeting is to consider the items on the Special Meeting Agenda ("Agenda"), a copy of which Agenda accompanies the providing of this Notice to the Directors and posting of the Notice to the public.

WOODMEN HILLS METROPOLITAN DISTRICT

By: Walter Porter  
Walter Porter, Secretary and Director

Certification of Notification to the Directors

I, Christina LePage, Administrative Assistant, Woodmen Hills Metropolitan District ("District"), hereby certify that on March 25, 2016, at 3:00 p.m., I provided notice to the Board of Directors of the Woodmen Hills Metropolitan District – Lynne Bliss, Steve Kreps, Walter Porter, Jan Pizzi, and Frank Gonzales – by emailing to each at their respective email addresses as shown in the records of the District, by telephoning each at their respective telephone numbers as shown in the records of the District, and by depositing into the United States mail, first class, postage pre-paid a copy of this Notice together with a copy of the Agenda, to each at their respective mailing addresses as shown in the records of the District.

By: Christina LePage  
Christina LePage

Certification of Posting

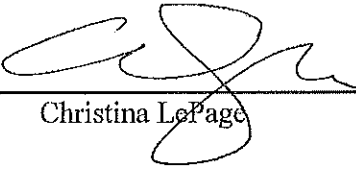
I, Christina LePage, Administrative Assistant, Woodmen Hills Metropolitan District ("District") hereby certify that on March 25, 2016, at 3:00 p.m., I posted at the locations set forth below a copy of this Notice together with a copy of the Agenda:

West Recreation Center  
11720 Woodmen Hills Drive, Falcon, CO

East Recreation Center  
9205 Meridian Ranch Boulevard, Falcon, CO

District Offices  
8046 Eastonville Road, Falcon, CO

Office of the El Paso County Clerk and Recorder  
1675 Garden of the Gods Road  
Colorado Springs, CO 80907

By:   
Christina LePage

**Woodmen Hills Metropolitan District  
Special Meeting of the Board of Directors**

Monday, March 28, 2016  
11720 Woodmen Hills Drive  
Falcon, CO 80831  
3:00 p.m.

Board of Directors and Term Expiration

|                |        |
|----------------|--------|
| Lynne Bliss    | 5/2018 |
| Steve Kreps    | 5/2018 |
| Walter Porter  | 5/2018 |
| Jan Pizzi      | 5/2016 |
| Frank Gonzalez | 5/2016 |

**AGENDA**

- Call to Order
- Roll Call
- Request for Motion for Executive Session (if needed)
- Pursuant to C.R.S. § 24-6-402 (4) (a), (b), and (e) (I), an Executive Session regarding the following -
  - a. Conference with legal for the purpose of receiving legal advice on specific legal questions; and,
  - b. Determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators; and,
  - c. The purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interests
- Public Session at 3:30p.m.
- Approval of the Agenda
- Public Comment on Items not on the Agenda
- Approval/Disapproval of Board Minutes – Board
  - a. Regular Board Meeting - February 25th, 2016
- Attorney's Report
- Accepting Financials – Board
  - a. Discussion of Financial Reports - February-2016 Financials
- Park & Recreation Report
- Water Report
- Resolution Authorizing the Execution and Delivery of Lease Purchase Agreement between the Woodmen Hills Public Facilities Leasing Trust 2016, as Lessor, and Woodmen Hills Metropolitan District, Acting by and through its Water and Wastewater Enterprise, as Lessee, in connection with a 2016 Refinancing Transaction and a 2016 Capital Project; and

Making Certain Findings and Determinations and Authorizing other Actions in Connection  
Therewith – Board

- A Resolution Authorizing the Issuance by the Woodmen Hills Metropolitan District, Acting by and through its Water and Waste Water Enterprise, of a Water and Wastewater Enterprise Revenue Refunding Board, Series 2016, and Authorizing Approving and Otherwise Providing for Various Matters Relating Thereto - Board
- A Resolution Authorizing the District to Take all Actions Reasonable and Necessary to Effectuate and Implement the Above-Stated Resolutions - Board
- Other Business
- Final Public Comment
- Executive Session (If Needed – same executive session subjects as set forth above)
- Adjournment

**Next regularly scheduled meeting April, 28th 2016 6:30 p.m.**

WOODMEN HILLS METROPOLITAN DISTRICT

By /s/ Walter Porter  
Director and Secretary