

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE FALCON HIGHLANDS METROPOLITAN DISTRICT

Held: December 8, 2014 at the Falcon Fire Station, 7030 Old
Meridian Road, Peyton, CO 80831 at 6:00 p.m.

Attendance

The regular meeting of the Board of Directors of the Falcon Highlands Metropolitan District was called and held as shown above in accordance with the statutes of the State of Colorado. The following Directors, having confirmed their qualifications to serve on the Board, were in attendance:

Al Smith
Lauren Swenson
Heather Knuffke

Absent: Directors Barnett and Albright

Others in attendance:

David Peak; CliftonLarsonAllen LLP
Carrie Bartow; CliftonLarsonAllen LLP
Barbara Vander Wall; Seter & Vander Wall, P.C.

Call to Order

Director Smith, as acting president called the meeting to order and confirmed a quorum.

Approval of Agenda

Upon a motion duly made by Director Smith, seconded by Director Knuffke and, upon vote, unanimously carried, the Board approved the agenda as presented and excused the absence of Directors Barnett and Albright.

Community Comment

Director Smith asked about the vandalism in the park. There was vandalism to the 2 park lights and possible break-in to cars.

Administrative Matters

A. Consider Approval of September 27, 2014 Special Meeting Minutes

Following review and discussion, upon a motion duly made by Director Smith, seconded by Director Knuffke and, upon vote, unanimously carried, the Board approved the September 27,

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2014 special meeting minutes as presented.

B. Other

None.

Financial Matters

A. Review and Ratify Approval of Claims Totaling \$35,831.58 Represented by Check Numbers 2111 through 2134

Mr. Peak reviewed the current claims with the Board. Following review and discussion, upon a motion duly made by Director Knuffke, seconded by Director Smith and, upon vote, unanimously carried, the Board ratified approval of claims totaling \$35,831.58 represented by check numbers 2111 through 2134.

B. Review and Consider Acceptance of Unaudited Financial Statements as of October 31, 2014

Ms. Bartow presented the unaudited financial statements as of October 31, 2014 to the Board and provided a brief explanation of the various revenues and expenditures found in the financials. Following review and discussion, upon a motion duly made by Director Knuffke, seconded by Director Smith and, upon vote, unanimously carried, the Board accepted the financial statements as presented.

C. Special District's Finances 101

Ms. Bartow made a presentation to the Board on the basis of how, what, where special districts are financed as a governmental entity. There was an extensive discussion with the Directors on the financial condition of the Falcon Highlands Metropolitan District. Ms. Bartow also reviewed the October unaudited financial with the Board. She provided a brief explanation of the various revenue funds and the line item expenditures found in the financials.

D. Conduct Public Hearing to Consider Amending the 2014 Budget; Consider and Adoption of the Resolution to Amend 2014 Budget

Not required.

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- E. Conduct Public Hearing to Consider Adoption of 2015 Budget, Appropriate Expenditures and Set Mill Levy; Consider and Adoption of the Resolution to Adopt 2015 Budget, Appropriate Expenditures and Set Mill Levy

Upon a motion duly made by Director Smith, seconded by Director Knuffke and, upon vote, unanimously carried, the Board opened the public hearing at 7:01 p.m. There were no public comments.

Upon a motion duly made by Director Smith, seconded by Director Knuffke and, upon vote, unanimously carried, the Board closed the public hearing at 7:02 p.m.

Ms. Bartow reviewed the highlight of the 2015 draft budget. After discussion, upon a motion duly made by Director Smith, seconded by Director Swenson and, upon vote, unanimously carried, the Board approved the 2015 Budget Resolution which adopted the 2015 budget, appropriated expenditures and set the mill levy.

- F. Review and Consider Approval of Engagement Letter with CliftonLarsonAllen, LLP for 2015 Accounting Services

The Board tabled approval of the engagement letter with CliftonLarsonAllen, LLP for accounting services. The Board requested that Mr. Peak send the engagement letter to the 2 absent directors and seek their input before consideration for approval of the engagement letter by the Board .

- G. Review and Consider Approval of Engagement Letter with Dazzio & Plutt, LLP for 2014 Audit

Upon a motion duly made by Director Smith, seconded by Director Knuffke and, upon vote, unanimously carried, the Board approved the engagement letter with Dazzio & Plutt, LLP for 2014 audit for a not to exceed \$8,500.

Legal Matters

- A. Legal Report
1. Water Issues – Ms. Vander Wall reported that Tom Napolilli, the District's Water Engineer has prepared a draft water report analyzing the District's water ownership, current supply and demand with the ability to provide water in the

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future. Cygnet is still in the process of working through the title issues related to Tract C water rights. Once Cygnet has the water rights Cygnet has agreed to then convey these water rights to the District for incorporation into its water portfolio.

2. Roadway Projects – Representative from both the County and the District met to discuss resolution of specific roadway in September. The County has prepared a budget for repairs to Filing 2 roadways. The repair work is expected to be completed in 2015. After the repairs are complete, the road will be conveyed to the County for ongoing maintenance. The Filing 1 roadways have not been accepted by the County. The County is estimating the costs for Filing 1 roadway repairs, but the source of funds for the repairs have not yet been identified.
3. Development – Cygnet Land has requested a “will serve letter” for a Taco Bell and Circle K developments. The District’s water engineer is in the process of completing the demand analysis from the water meter data to determine if there is sufficient water available. Until that determination has been made no will serve letter will be issued.

B. Other

None

Engineering Matters

A. Engineer Report

No report was given due to time constraints.

Manager Matters

A. Manager Report

Mr. Peak reported that he had spoken with NextEra Energy about their easement regarding the power line. NextEra Energy is in the process of obtaining County approval for a different route for the power lines.

Mr. Peak also informed the Board that PJ Anderson will be attending the next meeting to discuss water services, as well as

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Cherokee Metropolitan District manager, Sean Chambers.

B. Other

None.

Director Items

A. Monument Update

Director Smith reported the monument committee has dissolved and they will have to start over next year.

Other Business

A. Confirm a Quorum for Next Meeting – Monday, January 12, 2015 at 6:00 p.m. at the Falcon Fire Station No. 3

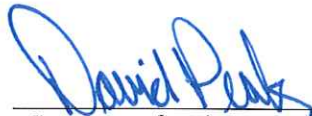
Mr. Peak was requested to follow up with the other Board members to confirm the meeting date. Director Smith asked Mr. Peak to contact Director Barnett and confirm that he still intends to be an active Board member.

A quorum was confirmed.

Adjournment

There being no further business to come before the Board, and upon motion duly made by Director Smith, seconded by Director Swenson and, upon a vote, unanimously carried, the meeting was adjourned at 8:58 p.m.

Respectfully submitted,



Secretary for the Meeting