

RECORD OF PROCEEDINGS

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

Held: March 13, 2017 at Guadalajara Restaurant Meeting,
7336 McLaughlin Road, Peyton, CO 80831 5:30 p.m.

Attendance The special 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:

Heather Knuffke, President
Grace Harman, Vice President
Timothy Dickey, Secretary
Kevin Haas, Treasurer
Steven J. Davis, Assistant Secretary

Others in attendance:

Cynthia Beyer and Carrie Bartow, CliftonLarsonAllen LLP
Barbara Vander Wall, Seter & Vander Wall, P.C.
Katie Goodwin and Allen Thomas III, Kennedy/Jenks Consultants
Steve Dodd, Water Treatment Operator
Tony Porter, 11150 Spotswood Terrace, Peyton, CO

Call to Order Director Knuffke noted that a quorum of the Board was present and therefore called the special meeting of the Board of Directors of the Falcon Highlands Metropolitan District to Order at 5:47 p.m.

Approval of Agenda Upon a motion by Director Haas, seconded by Director Harman and, upon vote, unanimously carried, the Board approved the Agenda as presented.

Community Comments Tony Porter, a resident was present. Mr. Porter wanted to know who was responsible for the barricades and sinkholes in the District. The Board explained, the District had conveyed the streets in the District to El Paso County and El Paso County was responsible for the maintenance of the roads. Woodmen Hills Metro District is responsible for the wastewater treatment and the sewer facilities. El Paso County has placed the District's roads on its list for repairs,

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but it is uncertain at this time how long it will take to do the repairs.

Administrative Matters- Consent Agenda Consider Approval of February 13, 2017 Regular Meeting Minutes
Upon a motion by Director Knuffke, seconded by Director Harman and, upon vote, unanimously carried, the Board approved the Consent Agenda as presented, which included approval of the February 13, 2017 regular meeting minutes. The Board directed the District Manager to also add to the Consent Agenda the ratification of the previous claims.

Administrative Matters None.

Operator's Report – Steve Dodd A. Update on Operations
Mr. Dodd provided an update to the Board on the District's operations.

Mr. Dodd stated Alpine Controls should be at the water treatment plant on Thursday or Friday to check the SCADA system. Mr. Dodd will make sure that notices are posted on the bulletin boards throughout the District, and will confirm with Alpine Controls the day and hours for the pressure checks. The Board suggested having the part-time seasonal employee assist during the testing. The sidewalks should be repaired this Friday by All Trades Enterprises.

B. Report on Address for Low Pressure Checks

Mr. Dodd reported that the low pressure checks will be completed after system pressure checks are completed.

C. Update on Evening Pump Issues

Mr. Dodd reported he has been present in the evenings when he has been getting the pump alarms. He will continue to monitor the situation but may have to wait until the system checks are completed.

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D. Cathodic Protection Proposal

Mr. Dodd reported on the CW Divers inspection of the water tank. The test performed is good for up to 5 years. Minor corrosion pits were present which can be remedied by installing cathodic protection for the tank. CW Divers presented a proposal to do so in the amount of \$1,800.00.

After discussion, upon a motion by Director Haas, seconded by Director Harman and, upon vote, unanimously carried, the Board approved CW Diver's proposal not to exceed \$1,800.00 for the cathodic protection installation.

Financial Matters

A. Ratify Approval of Previous Claims

Director Dickey noted that he did not have "view only" access to the bills. Ms. Beyer will check on the status of this with the accounting department.

Upon a motion by Director Davis, seconded by Director Dickey and, upon vote, unanimously carried, the Board approved the ratification of previous claims.

B. Review and Consider Approval of Cash Position Sheet & Property Tax Schedule

Ms. Bartow presented the cash position sheet and the property tax Schedule to the Board.

Upon a motion by Director Knuffke, seconded by Director Dickey and, upon vote, unanimously carried, the Board approved the cash position sheet and the property tax schedule as presented.

C. Other

None.

Legal Matters

A. Legal Status Report

Ms. Vander Wall presented the legal report to the Board.

B. Update on Financing

Ms. Vander wall presented an update on the status of the

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refinancing efforts. The underwriter has requested permission from the Board to negotiate with the bond holders, regarding the proposed terms for the refinancing of the bonds, including consent by the subordinate bondholders for the restructure of the bonds. Ms. Vander Wall distributed a copy of the proposed term sheet for review. After further discussion, the Board agreed to the term sheet and directed that negotiations take place as indicated.

C. Other

Ms. Vander Wall updated the Board on the litigation with Park Place Enterprises, noting that a request for an additional stay is under review.

Engineering Matters

A. Water Engineer Report

Mr. Allen Thomas with Kennedy /Jenks reviewed the engineering report with the Board.

Mr. Thomas stated that Kennedy/Jenks is working with Bishop-Brogden and Associates on the well rehabilitation for the Arapahoe No. 1 Well.

B. Approval of Facility Plan Proposal

Ms. Katie Goodwin with Kennedy/Jenks presented the proposal from Kennedy/Jenks Consulting to the Board.

Upon a motion by Director Knuffke, seconded by Director Davis and, upon vote, unanimously carried, the Board approved the Kennedy/Jenks master facilities plan proposal of a not to exceed amount of \$30,000.00 and a targeted completion date for completion of the master facilities plan of July 10, 2017.

C. Other

Kennedy/Jenks is working with Alpine Controls for the review of the pump station.

Kennedy/Jenks has prepared a proposed "Emergency Response Plan" for the District which outlines the sequencing of events and contacts in the event of various types of emergencies. There were no additional changes from the Board.

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Manager
Matters

A. Manager's Report

Ms. Beyer presented the manager's report to the Board.

B. Cell Phone Recommendations Verizon, Sprint and AT&T.

Ms. Beyer presented cell phone provider services options, for use by the District and connections to the SCADA system. Director Davis will check with Mr. Dodd regarding the recommended cell phone and necessary applications.

C. Protection Recommendations – Protection1 Proposal

Protection1 provided a proposal for a reduction in the monthly charge to \$64.42 and an upgrade of \$1,274.88 for a DVR and a mini-dome camera.

After discussion, upon a motion by Director Haas, and a second, the Board accepted the proposal of \$64.42 from Protection1 and directed Ms. Beyer to negotiate a reduced rate for the equipment upgrades.

D. Update Contact with El Paso Sheriff re: Parking on Sidewalk Issue

Ms. Beyer reported she needed to contact the El Paso County Sheriff regarding the parking on the sidewalks and the chimney sweep business operating in the District.

E. Update on the Challenger Homes Trash

Ms. Beyer reported Challenger had not picked up the trash.

F. Update on Sinks on District Property

Ms. Beyer reported on the sink abandoned on District property, and noted that the sink has now been removed.

G. Deposit Status for Monument

Ms. Beyer reported on her research of Signarama, and the District's request for return of the deposited funds in the amount of \$8,467. She indicated that she is looking into the level of services performed by the sign company for the District, which may affect the amount available for reimbursement.

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Director Items Director Dickey reported he saw positive comments on Facebook regarding the recently installed mailbox lights.

The Board discussed the issue of properties which have unpaid past due charges on their accounts. The Board directed legal counsel to record a lien against the properties with the past due accounts in accordance with the District's collections policy.

The Board directed Ms. Beyer to contact the El Paso County Code Enforcement regarding the issue of vehicles parking on the sidewalk, and the issue of businesses being operated out of residential units.

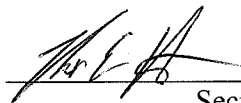
Director Knuffke informed the Board that she will be putting her house on the market in the next two weeks.

Other Business A. Set next Board meeting on April 10, 2017 at 5:30 p.m.

The Board confirmed quorum for the next Board meeting on April 10, 2017 at 5:30 p.m.

Adjournment There being no further business to come before the Board. Following discussion, upon a motion made by Director Dickey, seconded by Director Knuffke, the Board adjourned at 8:00 p.m.

Respectfully submitted,



Secretary of Meeting