

RECORD OF PROCEEDINGS

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

Held: March 9, 2015 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:

Mark Albright
Al Smith
Lauren Swenson
Heather Knuffke

Others in attendance:

David Peak; CliftonLarsonAllen LLP
Carrie Bartow; CliftonLarsonAllen LLP
Barbara Vander Wall; Seter & Vander Wall, P.C.
Jeffrey Erb; Seter & Vander Wall, P.C.
Zach Bishop; DA Davidson
Julie Branch; Resident
James Price; Resident

Call to Order

Director Albright 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.

Community Comment

Ms. Branch, resident, asked when the Board vacancy will be filled and inquired about the status of the unfinished monument signs that had been installed by Challenger Homes. Director Smith responded that the monument sign committee was temporarily on hold due to lack of members. Ms. Branch asked for copies of financial reports for the last couple of years of the District's expenditures. Mr. Peak indicated that he would follow

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up with Ms. Branch regarding her verbal request for District's financial records.

Administrative Matters

- A. Consider Approval of December 8, 2014 Regular Meeting Minutes

Following review and discussion, upon a motion duly made by Director Knuffke, seconded by Director Swenson and, upon vote, unanimously carried, the Board approved the December 8, 2014 regular meeting minutes as presented.

- B. Review and Consider Adoption of 2015 Annual Administrative Matters Resolution

Following review and discussion, upon a motion duly made by Director Knuffke, seconded by Director Smith and, upon vote, unanimously carried, the Board approved the 2015 annual administrative matters resolution.

- C. Distribution of Conflict of Interest and Director Affidavit

The forms were completed in January and have been filed. No further action was required by the Board at this time.

- D. Other

None.

Financial Matters

- A. Ratify Approval of Claims Totaling \$22,768.81 Represented by Check Numbers 2136 through 2147

Following review and discussion, upon a motion duly made by Director Smith, seconded by Director Knuffke and, upon vote, unanimously carried, the Board ratified approval of claims totaling \$22,768.81 represented by check numbers 2136 through 2147.

- B. Review and Approval of Current Claims

Mr. Peak reviewed the current claims with the Board. 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 current claims

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totaling \$79,854.99 represented by check numbers 2153 through 2182.

C. Review and Consider Acceptance of Unaudited Financial Statements as of January 31, 2015

Ms. Bartow presented the unaudited financial statements as of January 31, 2015 to the Board. Following review and discussion, upon a motion duly made by Director Smith, seconded by Director Swenson and, upon vote, unanimously carried, the Board accepted the financial statements as presented.

D. Discussion on Bond Refinancing – Zach Bishop, D.A. Davidson & Co.

Ms. Bartow discussed with the Board details of the District's current debt. She introduced Mr. Zach Bishop, with D.A. Davidson & Co.; Mr. Bishop discussed the possibility of refinancing the District's Senior Bonds. Following discussion, upon a motion duly made by Director Albright, seconded by Director Smith and, upon vote, unanimously carried, the Board approved the engagement of D.A. Davidson subject to legal counsel's review and recommendation.

Legal Matters

A. Legal Report

Ms. Vander Wall reported on the water issues regarding the District's water ownership. Cygnet is in the process of obtaining the Tract C water rights and should complete the transaction in May, 2015.

B. Emergency Interconnect Intergovernmental Agreement with Woodmen Hills Metro District

Ms. Vander Wall informed the Board that Woodmen Hills Metro District ("WHMD") has advised that it does not want to proceed with the IGA with Falcon Highlands Metro District at this time, based primarily on WHMD's concerns that the interconnect would put undue pressure on WHMD's water system that could not be sustained. The Board discussed sending a letter to WHMD requesting reconsideration, with additional information regarding the District's water system, its water conservation policies, and its financing issues and future refunding opportunities.

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C. Resolution Establishing Temporary Water Use Restrictions

Mr. Erb distributed a draft Resolution for Temporary Water Use Restrictions During Scheduled or Unscheduled Events. Mr. Erb gave a brief overview of the draft Resolution, which would be implemented only during an event that adversely impacted the District's water supply and the water system. Following discussion, upon a motion duly made by Director Albright, seconded by Director Smith and, upon vote, unanimously carried, the Board approved the Resolution Establishing Temporary Water Use Restrictions as proposed.

D. Discuss Will Serve Letter for Cygnet's Taco Bell Proposal

The Will Serve letter for the commercial site for a Taco Bell is on hold until the District has completed its water supply analysis.

E. Other

None.

Engineering Matters

A. Engineer Report

There were no additional engineer items at this time.

Manager Matters

A. Manager Report

1. Review and Approve Engagement Letter with CliftonLarsonAllen LLP for 2015 Management and Accounting Services

Director Albright asked about having an evaluation of management and accounting services provided by CLA to rate their work performance in 2014. Director Albright noted his disappointment with the manager's reports, as not containing sufficient detail. He asked about the status of the "no trespassing on District property" letters which have been requested to be sent to the residents. Director Albright also inquired about the cracked concrete wall that is in need of repair. He requested that emails not be sent to his old email

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address. Mr. Peak agreed to follow up on these and other management-related items in a timely manner and respond to the Board regarding their status.

Following further discussion, upon a motion duly made by Director Smith, seconded by Director Knuffke and, upon vote, unanimously carried, the Board approved the 2015 engagement letter for Management and Accounting Services with CliftonLarsonAllen, LLP.

B. Other

None.

Director Items

A. Setup Booth/Sponsor at Memorial Day Weekend – Community Event

After the Board discussed the desire for a summer event, they agreed to host a “Meet and Greet” on Saturday, June 6th at 10:00 a.m. -12:00 p.m. at the community park.

Other Business

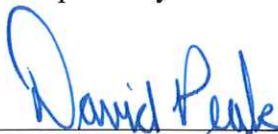
A. Confirm a Quorum for Next Meeting – Monday, May 11, 2015 at 6:00 p.m. at the Falcon Fire Station No. 3

A quorum was confirmed.

Adjournment

There being no further business to come before the Board, and upon motion duly made by Director Knuffke, seconded by Director Smith and, upon a vote, unanimously carried, the meeting was adjourned at 8:35 p.m.

Respectfully submitted,



Secretary for the Meeting