

RECORD OF PROCEEDINGS

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

Held: Monday, May 8, 2017 at Falcon Fire Station No. 3
7030 Old Meridian Road, Peyton, CO 80831 at 5:30 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:

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

Absent: Heather Knuffke (absence excused).

Others in attendance:

Cynthia Beyer and Carrie Bartow, CliftonLarsonAllen LLP
Barbara Vander Wall*, Seter & Vander Wall, P.C. [*Arrived where indicated.]
Tom Napolilli, Kennedy/Jenks Consultants

Call to Order Director Harman noted that a quorum of the Board was present and therefore called the regular meeting of the Board of Directors of the Falcon Highlands Metropolitan District to Order at 5:39 p.m.

Approval of Agenda The Board approved a motion to amend the agenda by adding the approval of Core Contractors Agreement under Legal Items, and by adding "Parks Discussion" under Director Items.

Upon a motion by Director Haas, seconded by Director Harman and, upon vote, unanimously carried, the Board approved the amended agenda.

Community Comments No public was present.

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Administrative Matters- Consent Agenda Upon a motion by Director Haas, seconded by Director Harman and, upon vote, unanimously carried, the Board approved the Consent Agenda as presented.

Administrative Matters None.

Operator's Report – Steve Dodd A. Update on Operations
Mr. Dodd was not present at the Board meeting. Ms. Beyer provided the update on Operations. The mowing and weeding has begun.

B. Protection1 Security Install Updates

The Protection1 security updates will be installed this week.

C. Other

Director Haas noted for the Board that El Paso County had been out to the District to fix some of the roads within the last few weeks. Director Haas sent photographs of the roads to Tom Napolilli who forwarded them to El Paso County.

Financial Matters A. Review and Consider Approval of Financial Statements as of March 31, 2017

Ms. Bartow presented the Financial Statements as of March 31, 2017 with the Board.

Upon a motion by Director Haas, seconded by Director Davis and, upon vote, unanimously carried, the Board approved the financial statements as of March 31, 2017.

The Board asked Ms. Beyer to check with the CLA billing department as a resident complained on Facebook regarding being charged late fees when it took 18 days to cash his check.

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B. Other

Ms. Bartow indicated that the 2016 audit for the District would begin next week.

Legal Matters A. Legal Status Report

Ms. Beyer reported that legal counsel has been delayed due to an accident on the highway, but is expected to arrive soon.

The presentation of the legal report was deferred to later in the meeting.

B. Update on Financing

The update on the status of the District's finance was deferred to later in the meeting.

C. Update on Park Place Enterprises vs. Falcon Highlands Metropolitan District

The update on the Park Place Enterprises litigation was deferred to later in the meeting.

D. Approval of Employment Manual

The update to the Employment Manual was deferred to later in the meeting.

E. Other

None.

Engineering Matters

A. Water Engineer Report

Mr. Napolilli presented his Engineering Report.

Applied Ingenuity will return to the water treatment plant to complete the pump work, including cleaning of the pump. Mr. Napolilli requested the Board to approve change order No. 2 for Applied Ingenuity.

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Upon a motion by Director Haas, seconded by Director Harman and, upon vote, unanimously carried, the Board approved the change order No. 2 for Applied Ingenuity in the amount of \$2,135.00.

B. Status Report for Facility Plan

Mr. Napolilli presented his status report on the facility plan to the Board.

C. Petrock & Fendel Water Rights Investigation

During Mr. Napolilli's research for the facility plan, he discussed an issue with the Tract C water rights which includes Denver aquifer water rights. Without this water, the District may not have sufficient paper water to meet the needs of El Paso County regulations for future planning. Mr. Napolilli recommended Petrock & Fendel to do a water rights investigation to find these rights.

The Board recommended that Cygnet Land be contacted regarding the conveyance of the Tract C water.

Upon a motion by Director Haas, seconded by Director Harman and, upon vote, unanimously carried, the Board approved hiring Petrock & Fendel for a not to exceed amount of \$2,500 to research the Tract C water rights after Cygnet Land has been contacted regarding Tract C conveyance.

D. Arapahoe Well No. 1 Rehabilitation Update

Mr. Napolilli provided an update on the Arapahoe Well No. 1 Rehabilitation.

E. Other

Mr. Napolilli stated he spoke with John Clack at El Paso County, regarding the underdrain issues. Mr. Clack will speak with the county engineer and will let the District know the outcome.

Next week, the El Paso County will be fixing the curb and fill in some of the washed out areas in the Honeycomb areas.

Mr. Napolilli spoke with El Paso County regarding the barricaded area by Woodmen Hills Metropolitan District. El Paso County is

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working on vacating the right of way and giving it to the adjacent homeowners. Mr. Napolilli suggested this might be the time to include a water line in that area that can be connected at a later time.

The Board directed its district manager to send a letter of gratitude to Jon Clack and his supervisor at El Paso County for the assistance he has provided the District.

Mr. Napolilli stated he had contacted El Paso County Planning and Walmart and provided the irrigation water usage to determine if the irrigation requirements by the County can be reduced for Walmart.

[*Ms. Vander Wall arrived at this time.]

Manager Matters

A. Manager's Report

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

B. Discussion Regarding Removal of the Temporary Water Use Restrictions

Ms. Beyer suggested the temporary water use restrictions remain in place under the Arapahoe Well No. 1 rehabilitation is completed. The Board agreed with Ms. Beyer's suggestion.

C. Fence Updates

Ms. Beyer recommended that until El Paso County had a workable solution for the ditch issues, the homeowners should build the fence on their property. The District will continue to maintain the temporary fence and will post "No Trespassing" signs on it.

D. Update on Roof Repairs by Core Contractors

Ms. Beyer said roof repairs should begin in next couple of weeks.

E. Sanitary Survey Update

Ms. Beyer provided a post-packet item regarding the sanitary survey. The sanitary survey went well with no violations being reported.

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F. CDPHE-CCR Update

Mr. Napolilli is finalizing the Consumer Confidence Report.

G. District Website Update, Proposal Options & Comparison
(Need #'s of visitors)

Ms. Beyer informed the board that the number of visitors to the District's website are not tracked. Ms. Beyer presented proposals from two contractors, Michael Nearing and James McKeon. The Board tabled the District website discussion. The Board directed its district manager to contact James McKeon and continue with the current website management.

H. Other

Ms. Beyer informed the Board of a request to perform additional testing for the Park Place fire flows.

Upon a motion by Director Haas, seconded by Director Dickey and, upon vote, unanimously carried, the Board approved additional fire flow testing in a not to exceed amount of \$200.00.

Ms. Vander Wall presented her legal status report at this time. Ms. Vander Wall discussed the proposed employment manual, noting that there are no changes to the manual since it was distributed at the last meeting, and that she had not received any comments from the Board. After further discussion, and upon motion, second and unanimous vote, the Board approved the proposed employment manual, subject to final review and necessary modifications by the consultants.

Executive
Session

Upon a motion by Director Haas, seconded by Director Davis and, upon vote, unanimously carried, the Board agreed to enter into an executive session at approximately 7:00 p.m., pursuant to Section 24-6-402(4)(e) & (b), C.R.S., for the purposes of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations and instructing negotiators related to bond refunding; and conferencing with the attorney and receiving legal advice on such matters.

The Board returned from executive session at approximately 8:05 p.m. and affirmed that no actions had been taken while in executive session.

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Director Items A. Playground Update

Director Dickey updated the Board with the proposals. Director Dickey wanted to know what the medium was underneath the playground. Ms. Beyer will check with Steve Dodd if he knows what is underneath the playground.

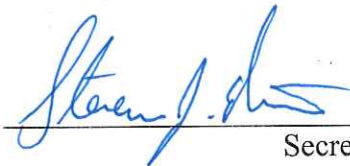
B. Other

Newsletter inserts are due by May 18, 2017 to include with the bills. Mr. Napolilli will provide additional irrigation information to Director Haas to include in an insert.

Other Business The Board confirmed quorum for the next Board meeting on June 12, 2017 at 5:30 p.m. Director Heather Knuffke's absence was excused for this meeting.

There being no further business to come before the Board.

Adjournment Following discussion, upon a motion made by Director Dickey, seconded by Director Davis, the Board adjourned at 8:08 p.m.



Secretary for the Meeting