

RECORD OF PROCEEDINGS

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

Held: July 11, 2016 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, President
Heather Knuffke, Vice President
Grace Harman, Assistant Secretary/Treasurer

Others in attendance:

Thuy Dam and Cynthia Beyer, CliftonLarsonAllen LLP
Barbara Vander Wall, Seter & Vander Wall, P.C.
Tom Napolilli, Kennedy Jenks Consultants
Dan Hardesty, Resident; 10948 Hidden Ridge Circle
Tony Porter, Resident; 11150 Spotswood Terrace
H. Stephen Lewis, Visitor
David W. Hannum, Visitor
Wayne C. Harris, Property Owner
Kevin E. Haas, Resident; 10804 Hidden Ridge Circle

Call to Order Director Smith 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 6:06 p.m.

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

The Board acknowledged Director Swenson's resignation from the Board.

Acknowledge Resignation of Director Lauren Swenson

A. Discuss Board Vacancies

Ms. Beyer informed the Board that publication was being made in the *New Falcon Herald* and *The Daily Transcript*. The Board also requested that additional notices of the vacancies be placed in the following locations: 1)

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Director Matters copy is included in the water bills of the residents; 2) posted on the District's website; 3) posted on the Gables at Falcon Highlands' Facebook page; and 4) posted at the meeting locations for the District.

Community Comment Mr. David Hannum expressed the following concerns:

Mr. Hannum inquired about the availability for his client's property for Meridian Crossing Filing No. 1. He had received a letter from the District on February 19, 2016, indicating the District did not have any water for new service. He also had a letter from 2008 where the District had indicated it had water to serve his property. The District's consultants Mr. Tom Napolilli and Ms. Barb Vander Wall suggested a meeting with Mr. Hannum and his clients to discuss in more detail the water situation of the District.

Mr. Kevin Haas expressed the following concerns:

He had reported two issues to the District: 1) a section of curb and gutter that buckled near Bridal Vail & Sahalee Trail and 2) approximately 50 feet of sidewalk on Hidden Range Circle that was missing or never installed. Tom Napolilli told the Board that he had received the pictures Mr. Haas sent to CLA and had included that information in the Engineering Memo. Tom has spoken with the John Clack at the County about the two areas and has requested assistance from the County since both areas are within the street rights of way that have been accepted by the County for ownership and maintenance. He anticipates hearing back from the County next week.

In anticipation that FHMD may consider undertaking the repairs, a bid from Redman Pours, LLC, is being solicited. A field meeting with Steve Dodd is being arranged to review the scope of work.

Administrative Matters A. Consider Approval of the May 23, 2016 Special Meeting Minutes.

Following review, upon a motion made by Director Knuffke, seconded by Director Smith and, upon vote, unanimously carried, the Board approved the May 23, 2016 special meeting minutes are presented.

Ms. Beyer presented the Operator's Report to the Board as Mr. Dodd was unable to attend.

Operator's Report A. SCADA Update with Alpine Controls & Engineering, LLC

The SCADA system for the water plant crashed on July 6, 2016 and Mr. Dodd contacted Alpine Controls to fix the SCADA system.

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B. Cross- Connection Letters

The second notification letters have been sent out. The District has received about half of the reports back. Mr. Dodd will begin calling the remaining businesses to check on the status of the reports.

C. Status of District Landscape for Summer

The operators have been able to keep up with the landscaping and are able to complete additional landscaping on some of the District's larger parcels.

Financial Matters

A. Unaudited Financial Statements as of March 31, 2016

Thuy Dam presented the Unaudited Financial Statements as of May 31, 2016. Ms. Dam pointed out the budget variances for the District in the areas of District Management, Miscellaneous Expenditures, Legal Expenditures and Election Expenditures. It is expected that the categories will be within budget at year end. The District has received \$1,003 in Conservation Trust Fund proceeds for the year. The Board reviewed the District's cash and investments, updated through July 5, 2016.

Director Knuffke requested the District Manager to prepare a list of improvements for the District's park area that could utilize the Conservation Trust Funds.

Following review and discussion, upon a motion made by Director Smith, seconded by Director Harman and, upon vote, unanimously carried, the Board accepted the unaudited financial statements of May 31, 2016 as presented.

B. Ratify Approval of Previous Claims

Following review and discussion, upon a motion made by Director Smith, seconded by Director Harman and, upon vote, unanimously carried, the Board ratified approval of the previous claims totaling \$90,726.76.

C. Review and Approve 2015 Audit for Falcon Highlands Metropolitan District

Ms. Dam presented the draft 2015 audit for the District. The audit is currently in the review process with the Auditor. Following review and discussion, upon a motion made by Director Smith, seconded by Director Harman, and upon vote, unanimously carried, the Board approved the 2015

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audit subject to final legal, auditor and accounting review. Ms. Dam also presented to the Board an audit extension in the event, the 2015 audit was not completed by July 31, 2016. Following review and discussion, upon a motion made by Director Smith, seconded by Director Harman, and upon vote unanimously carried, the Board approved signing the 2015 Audit extension for the District.

D. Other

Director Knuffke inquired when the 2017 budget would be presented to the Board. Ms. Dam indicated the 2017 budget would be prepared in September and a draft submitted to the Board by October 15, 2016 with a budget hearing in November 2016. Director Smith inquired about the preparation of the capital improvements lists. He would like to see the capital costs, outlays and depreciation for the capital assets. Ms. Beyer stated the Capital Improvement Plan is anticipated to be presented to the Board by the September meeting.

Legal Matters A. Legal Report

Ms. Vander Wall told the Board that there were no changes on the water issues. Ms. Vander Wall asked the Board to approve the Pathway Needs and Database Analysis contract. The contract needed to be executed and had no changes from 2013. Following review and discussion, upon a motion made by Director Smith, seconded by Director Harman, and upon vote unanimously carried, the Board approved signing the Pathway Reads contract.

B. Alpine Controls & Engineering, LLC

Ms. Vander Wall presented to the Board for its approval a contract by Alpine Controls & Engineering, LLC to complete the necessary SCADA work for the District. Because the SCADA system crashed within the past week and after speaking with Mr. Dodd, Alpine Controls appeared to be the best option to repair the system since they were familiar with the system and gave a reasonable estimate to repair the hardware, software and labor and materials for an upgraded system. Following review and discussion, upon a motion made by Director Smith, seconded by Director Knuffke, and upon vote unanimously carried, the Board approved signing the Alpine Controls contract, subject to clerical error correction.

C. Update on Bond Refinancing

Ms. Vander Wall stated the bonds research is continuing. Bond counsel has received additional documents from US Bank to support the bond

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expenditures. Sherman & Howard is reviewing those documents and is preparing a spreadsheet to track the costs. Ms. Vander Wall indicated that the agreement with Sherman & Howard required prior Board approval once the original amount has been expended; the additional amount of \$10,000.00 was suggested for additional authorization. Following review and discussion, upon a motion made by Director Smith, seconded by Director Harman, and upon vote unanimously carried, the Board approved additional funding for Sherman & Howard in the amount of \$10,000.00.

Engineering Matters

A. Water Engineer Report

Mr. Napolilli presented his report. The District is still experiencing higher irrigation usage by the commercial users.

After discussion with the Board regarding that minimal response from the residential and commercial users that receive monthly letters from Kennedy Jenks; a billing format from Xcel Energy was reviewed that maybe a better way to inform the FHMD customers of their consumption history.

CLA was requested to investigate the costs to revise the current billing format to incorporate the previous year and the surrounding neighbors water consumption. The Board also requested that a comparison of the SFE per year from 2011-2016 for residential usage be prepared

B. Update on the Underdrains

Mr. Napolilli stated that El Paso County had contacted FHMD in early July and was expected to be preparing letters to send to the homeowners with underdrain issues. The County's new attorney and new engineer would be referencing County Statutes and Subdivision Regulations that prohibit discharging into the street rights of way. Based on FHMD's and County's field investigation there are approximately 8 lots that will be notified.

C. Curb and Gutter Repairs near Bridal Vail & Sahalee Trail

Mr. Napolilli stated that he is working with John Clack with El Paso County to request their assistance on the curb & gutter and sidewalk repairs since the streets in this Filing of Falcon Highlands have been accepted by the County for ownership and maintenance. The County has already spent its 2016 concrete budget but will contact dispatch to try and prioritize the repairs.

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D. Laramie Fox Hills Well No. 2

In order to place the Laramie Fox Hills #2 well in operation in accordance with the CDPHE permit requirements, Mr. Napolilli is working with Woodmen Hills on solutions to discharge the filter backwash from the well. Due to isolation of the well to existing development and any existing sewer infrastructure; a temporary connection to a manhole on the northwest corner of Golden Sage and Rolling Thunder Dr. is currently being investigated.

Manager Matters

A. Manager Report

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

B. Violation Notice – Treatment Technique Violation for Minimum Distribution System Residuals

Ms. Beyer stated that on June 23, 2016, the District had received a Notice of Violation from the CDPHE. On July 1, 2016, the Notice was rescinded. There was a clerical error on reporting of a chlorine residual level that was corrected.

C. Update on Steve Dodd's Job Description

Ms. Beyer presented the draft job description for Steve Dodd for their review. Director Smith inquired about the FLSA and its application to the District's personnel. Ms. Vander Wall indicated she would report on that research for the next meeting.

D. Monument Signs Update

Ms. Beyer stated that Signarama is obtaining the permit for the signs and once they had it from El Paso County, they could provide a schedule for placing the sign. Signarama will need to have a utility locate done to be sure there were no utility issues in the area.

A. Other

Director Items

Director Smith noted that he had an issue with his bill. He was charged a late fee but he had paid his bill on time. After several phone calls it was determined by the billing department, that his bill had been paid. This same issue has happened to other residents and Director Smith requested CLA investigate this matter.

Director Knuffke inquired what is done with the bills that are past due and

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does the District collect these funds. Ms. Vander Wall indicated that there is a way to certify collection of these fees but it is quite cumbersome and the District needs to make sure that the accounts have over \$150 to collect and are six months overdue.

The Board directed CLA to determine how the District compares to other water districts for delinquent amounts.

Other Business The Board determined that there would be a quorum for the next Board Meeting on September 12, 2016 at 6:00 p.m.

Adjournment There being no further business to come before the Board, the meeting was adjourned at 9:06 p.m.

Respectfully submitted,



Secretary for the Meeting