

RECORD OF PROCEEDINGS

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

OF THE

FALCON HIGHLANDS METROPOLITAN DISTRICT

Held: Monday, September 28, 2015, at 6:00 p.m. at 7030
Old Meridian Road, Peyton, Colorado.

Attendance

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

Al Smith, Vice President
Heather Knuffke, Secretary / Treasurer
Lauren Swenson, Asst. Secretary

Absent: Mark Albright (absence unexcused).

Others in attendance:

Dave Peak, CliftonLarsonAllen, LLP
Derrick Kuhl, CliftonLarsonAllen, LLP
Carrie Bartow, CliftonLarsonAllen, LLP
Steve Dodd*, District employee
Barbara Vander Wall, Seter & Vander Wall, P.C.
Jeffrey Erb, Seter & Vander Wall, P.C.
Tom Napolilli, Kennedy/Jenks Consultants
and 6 members of the public

[*Departed where indicated.]

Call to Order

In the absence of Director Albright, Director Al Smith, serving as acting chair, 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.

Approval of Agenda

The Board approved the agenda as presented.

Community Comment

There was a comment regarding barking dogs and weeds on

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neighboring lots in the community. Director Knuffke advised that these types of issues are outside of the District's purview, which has a focus on water and sewer, as well as certain park and open space issues.

There was discussion regarding the sidewalks and common areas in the community, noting that the District has ownership of the sidewalks within the common areas.

There was a comment and discussion concerning a small portion of sidewalk located at Hidden Ridge Circle. Mr. Napolilli advised that he would research options and pricing to have the sidewalk completed.

There was discussion regarding property in the community being used as a dumping ground. Mr. Peak indicated that he believes the property is owned by Cygnet, and that he will follow up regarding having it cleaned up. Mr. Dodd agreed to provide a photo to the communication.

Board Vacancy

The Board discussed the existing vacancy on the Board. It was noted that no members of the community attended the August work session that was held for the purpose of providing information about special districts and Falcon Highlands Metro District for anyone interested in serving on the Board or learning more about the District. Ms. Julie Branch stated that she has withdrawn her letter of interest. The Board agreed to further solicit letters of interest from community members, in order to appoint a new director at the November board meeting.

Administrative Matters:

- July 13, 2015 Regular Meeting Minutes

The minutes of the regular meeting of July 13, 2015 were read. Upon motion, second and unanimous vote, the minutes were approved as presented.

- August 29, 2015 Special Meeting / Work Session Minutes

The minutes of the special meeting / work session of August 29, 2015 were read. Upon motion, second and unanimous vote, the minutes were approved, with the addition to acknowledge that no persons from the pool of director applicants attended the session.

- Update on Water Operations and Landscape Maintenance

Mr. Steve Dodd reported on the recent total coliform test that came back with a positive result. Mr. Dodd reported that this was caused by a lab failure. According to regulatory standards, as a result of the positive test result, the District is required to perform additional testing; the state has provided the District

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with extra time to meet the requirement.

Mr. Dodd reported that the District has new capabilities to respond to system issues on the computer through some upgrades provided by Alpine Controls.

The District's landscaping irrigation system is in the process of being shut down in preparation for the winter season.

Mr. Dodd advised that he is working on installation of a patch to the software that monitors the District's water system. The fix is estimated to cost more than the \$5,000 authorized by the Board at the last meeting. After further discussion, and upon motion, second and unanimous vote, the Board approved the increase in expenditure to \$7,500.

[*Mr. Dodd departed at this time.]

Financial Matters:

- Ratification of Claims
Totaling \$68,041 represented
by Check Nos. 2265 through
2308

The Board reviewed the claims listing through September 3, 2015, totaling \$68,041.13 represented by check nos. 2265 through 2308. Following discussion, and upon motion, second and unanimous vote, the Board ratified the approval of the claims.

- Current Claims

The Board reviewed the current claims through September 28, 2015, totaling \$63,378.37 represented by check nos. 2308 through 2328. Following discussion, and upon motion, second and unanimous vote, the Board ratified the approval of the claims.

- Financial Statements

Ms. Bartow presented to the Board the District's financial statements for the period ending July 31, 2015, and updated as of August 24, 2015. After review and discussion, and upon motion, second and unanimous vote, the Board accepted the financial statements as presented.

- Update on Bond
Refinancing

Ms. Vander Wall reported on Sherman & Howard's review of the District's bond records and discussion regarding a bond refinancing. Based on their review, it appears that the District will be in a position to refund its bonds. However, it is unknown at this time how much time and work will be required to reach a final determination, and the bond counsel work will be invoiced on an hourly basis. The Board agreed to proceed with the refunding with Sherman & Howard, and directed Ms. Vander

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Wall to have a letter of engagement prepared for Board consideration and approval.

- Preliminary Assessed
Valuation for 2016

The Board reviewed the preliminary assessed valuation for 2016. Ms. Bartow indicated that this is preliminary, as there may be adjustments following protests. Final assessed valuations are due by December 10th.

Legal Matters:

Ms. Vander Wall reviewed the legal status report with the Board.

- Update on Roadway
Repairs

The roadway repairs for the Falcon area have been completed by the County's contractor. The roadways are anticipated to be accepted for ownership by the County by year end, following completion of the entire repair project. Mr. Erb reported that the County has agreed to include the portion of Rolling Thunder Drive and Golden Sage Road south and east of the business park with the Filing 1 and 2 roadways for acceptance.

- Conveyance of Tract C
Water

Ms. Vander noted that Cygnet has provided a deed for the Tract C water to the District, following receipt of the corrected deed from Banning-Lewis Ranch Corporation. Upon motion, second and unanimous vote, the Board accepted the deed as presented.

- Substitution of Collateral

Mr. Erb provided a report on the request by Cygnet for the substitution of collateral under the tap agreement which secures the District's 2004 bonds. He indicated that the substitution will require discussion and approval by the bond trustee. Cygnet is aware of this, and has postponed the request pending the District's bond refinancing project.

- Update re monuments /
Agreement with Signarama

Mr. Erb reported on the status of the monument installation. A survey is being prepared to identify property lines for the easements for the monument signs. One easement is being provided by Cygnet, and a second easement is being provided by Mark Albright. Mr. Erb reviewed the proposed contract with Signarama for construction of the monuments. Upon motion, second and unanimous vote, the Board approved the contract as presented.

Engineering Matters:
- Water Engineer Report

Mr. Napolilli reviewed his water engineer report with the Board. The Board discussed the excessive water use and actions taken to bring the matters to individual property owners' attention.

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- Undrain at 7805 Antelope Circle

Mr. Napolilli presented options to the Board for the work required to resolve the underdrain issues at 7805 Antelope Circle. After further discussion, the Board agreed to proceed with the first option, and the expenditure of up to \$4,500 to perform the work required. It was noted that the property owner will need to agree to the work, provide access to the property, and release the District from liability for its repair activities. Mr. Napolilli agreed to discuss the project with the property owner.

Manager Matters:
- Manager Report

Mr. Peak reviewed his manager's report with the Board for the recent period.

- Other

There were no other management items presented for discussion at this time.

Director Items:
- Monument Signs

There was nothing to add to the monument sign discussion at this time.

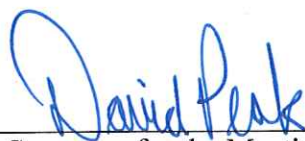
Other Business:
- Set Next Board Meeting and Budget Public Hearing

The Board agreed to hold a work session on the draft 2016 budget on October 19, 2015. The next regular meeting of the Board, and the public hearing on the 2016 budget, is scheduled for November 9, 2015.

Adjournment

There being no further business to come before the Board, the meeting was adjourned at approximately 9:30 p.m.

Respectfully submitted,



Secretary for the Meeting