

RECORD OF PROCEEDINGS

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

Held: May 11, 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:

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

Others in attendance:

David Peak and Chuck Reid; CliftonLarsonAllen LLP
Carrie Bartow; CliftonLarsonAllen LLP
Tom Napolilli; Kennedy/Jenks Consultants
Barbara Vander Wall; Seter & Vander Wall, P.C.
Jeffrey Erb; Seter & Vander Wall, P.C.
Julie Branch; Resident
Brandon Bryan; Resident

Call to Order

In the absence of Chairman Albright, Vice President Director Smith called the regular meeting of the Falcon Highlands Metropolitan District to order and confirmed a quorum.

Approval of Agenda

Upon a motion duly made by Director Knuffke, seconded by Director Smith and, upon vote, unanimously carried, the Board approved the agenda as presented and excused the absence of Director Albright.

Community Comment

Brandon Bryan, resident, addressed the Board regarding his request to purchase a small parcel of District-owned property that lies adjacent to his property. He expressed his desire to landscape the undeveloped area of land. The Board asked legal counsel to review the request and advise the Board of its options and next steps.

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Administrative Matters

A. Consider Approval of March 9, 2015 Regular Meeting Minutes

Following review and discussion, upon a motion duly made by Director Smith, seconded by Director Swenson and, upon vote, unanimously carried, the Board approved the March 9, 2015 regular meeting minutes as presented.

B. Other

Ms. Bartow presented an analysis of operation costs of the district over the last few years by category for review by the Board. Ms. Bartow reviewed the analysis, discussing issues that causes certain expenses to increase, including obtaining and reviewing documents to verify the costs spent on public improvements by the District in support of its bonds and other alleged outstanding obligations; repair of the well pump and motor; and completing audits.

Financial Matters

A. Ratify Approval of Claims Totaling \$28,800.44 Represented by Check Numbers 2183 through 2198

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 \$28,800.44 represented by check numbers 2183 through 2198.

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 Knuffke, seconded by Director Smith and, upon vote, unanimously carried, the Board approved the current claims totaling \$32,480.60 represented by check numbers 2199 through 2219 and check number 2220 in the amount of 180.00.

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

Ms. Bartow presented the unaudited financial statements as of March 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.

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D. Update on Bond Refinancing

Ms. Vander Wall reported that Blake Jordan, with Sherman & Howard, LLC has agreed to assist the District by reviewing the underlying bond documents. He will then issue a report with his recommendations. The cost for this review is estimated to be \$5,000. Following review and discussion, upon a motion duly made by Director Smith, seconded by Director Swenson and, upon vote, unanimously carried, the Board approved \$5,000 for Bond Counsel to complete the research report.

Legal Matters

A. Legal Report

1. Review and Consider Approval of Easement Request from Sterling Ranch MD
2. Review and Consider Approval of IGA with El Paso county Regarding Road Repairs

Ms. Vander Wall reviewed the easement request from Sterling Ranch Metropolitan District ("Sterling Ranch"), for the installation of a force sewer main near Vollmer Road along the south side of Woodmen Road to the new sewer lift station in Falcon. The line will run through a drainage tract of land owned by the District. The easement will also allow for the installation of water facilities if needed. The Board reviewed the maps and proposed easement for the project. The Board discussed that requirement that Sterling Ranch will be required to restore the property after its activities, and that it must take reasonable steps in the installation of the lines so as not to disturb any existing retaining walls. Following review and discussion, upon a motion duly made by Director Smith, seconded by Director Swenson and, upon vote, unanimously carried, the Board approved the easement as discussed, subject to compensation in the form of reimbursement of consultant costs associated with the easement review and processing.

Ms. Vander Wall reviewed the proposed intergovernmental agreement ("IGA") with El Paso County regarding road repairs in Filings 1 & 2. Pursuant to the IGA, the District will contribute \$50,000 toward the repairs and after completion of the work, the County will accept the roadways for ownership and maintenance. Following review and discussion, upon a motion duly made by Director Smith, seconded by Director

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Swenson and, upon vote, unanimously carried, the Board approved the IGA.

B. Update on Emergency Interconnect Intergovernmental Agreement with Woodmen Hills Metro District

Ms. Vander Wall reviewed the Woodmen Hills Metropolitan District rejection letter regarding the Emergency Interconnect Intergovernmental Agreement between the two Districts.

C. Review Watering Conservation Policy for 2015

Mr. Erb reviewed the water restriction/conservation policy that was put in place in 2014 and is still in effect. The Board agreed to continue with the enforcement of the water restriction/conservation policy in 2015.

D. Other

None.

Engineering Matters

A. Water Engineer Report

1. Residential and Commercial Water User

Mr. Napolilli updated the Board on his discussions with the commercial users regarding irrigation water use. Out of the 88 equivalent commercial domestic and irrigation water taps, it appears that the Culver's (D), C&B Golding, Inc. (D), Wal-Mart(I), Regency Centers (I), Park Place Enterprises (I) and the First Bank (I) are exceeding the equivalent average annual acre footage/SFE. Mr. Napolilli will revise the residential letter and commercial letter to include their actual usage with the June readings before sending to violators.

B. Water Availability

Mr. Napolilli reviewed the updated Water Availability Analysis for the proposed Cygnet Commercial Development with the Board. After further discussion the Board approved Kennedy/Jenks recommendation to suspend the sale of any additional taps until the refinancing of the bonds is completed.

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Manager Matters

A. Manager Report

1. Manager Report

Mr. Peak reviewed the manager's report with the Board. The Board indicated their appreciation for the new and informative report from the District Manager.

B. Review and Consider Approval of Mosquito Control Spray Programs

Mr. Peak reviewed the proposal from Colorado Mosquito Control for 6 sprayings this season starting in May/June. The Board gave their approval.

C. Other

None.

Director Items

A. Meet and Greet Summer Event – June 6th

A special mailing with an invitation will be sent to all residents along with postings of the special event on all of the mail boxes.

Other Business


A. Confirm a Quorum for Next Meeting – Monday, July 13, 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