

RECORD OF PROCEEDINGS

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE FALCON HIGHLAND METROPOLITAN DISTRICT

Held: September 27, 2014 at the Falcon Fire Station, 7030
Old Meridian Road, Peyton, CO 80831 at 9:00 a.m.

Attendance

The special 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

Absent: Director Barnett

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.
Tom Napolilli; KennedyJenks
Brian Bahr; 10957 Middlegate – Challenger Homes
Jonathan Moore; Rivers Development
David Rex; 10905 Bradbury Way
James Price; 7027 Honeycomb Dr.

Call to Order

Director Albright called the meeting to order and confirmed a quorum.

Community Comment

Resident, Dave Rex asked about the purpose of the District's maintenance fee and also about the kind of maintenance that is involved with the park across the street from his home.

Ms. Bartow explained that the District maintenance fee pays for the landscape maintenance that is provided to take care of the R.O.W.s and park areas. The fee is also used to pay for the electricity for the street and park lights. In addition, the monthly

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fee pays for the miscellaneous repairs and maintenance items that occur with the operations of the water treatment plant facility This includes the lease for the tractor and mower used in the maintenance program.

Brian Bahr from Challenger Homes asked about the Water District's ability to provide water service to the 158 lots platted in Filing #3. The response from the Board was that nothing has changed to the District's water supply situation from last year, and that the District still does not have the ability to provide potable water to Filing #3. The District is continuing to explore options with Woodmen Hills and Cherokee, but the options are limited due to inadequate funding resources to develop new water facilities.

Administrative Matters

A. Consider Approval of July 12, 2014 Special Meeting Minutes

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 July 12, 2014 special meeting minutes as presented.

B. Discuss Snow Removal – Steve Dodd

Mr. Dodd gave a brief overview of the past snow removal policy of the District. The Board asked Mr. Dodd to solicit bids for snow removal to help with big snows. The Board wants a snow removal budget set for 2015. Current policy would require Mr. Dodd to plow snow once it reaches 4" deep on the roadways.

C. Other

None.

Financial Matters

A. Review and Ratify Approval of Claims Totaling \$99,865.54 Represented by Check Numbers 2018 through 2065

Mr. Peak reviewed the claims list for ratification with 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 ratified approval of

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claims totaling \$99,865.54 represented by check numbers 2018 through 2065.

B. Review and Consider Approval of Current Claims

None.

C. Review and Consider Acceptance of Unaudited Financial Statements as of July 31, 2014

Ms. Bartow presented the unaudited financial statements as of July 31, 2014 to the Board. Following review and discussion, upon a motion duly made by Director Albright, seconded by Director Knuffke and, upon vote, unanimously carried, the Board accepted the financial statements as presented.

D. Review Communication Letter – Dazzio & Plutt, LLC

Ms. Bartow reviewed the Auditor's letter with the Board regarding the District's 2013 audit.

Legal Matters

A. Legal Report

Ms. Vander Wall reported that P.J. Anderson, Cygnet's attorney, is corresponding with attorneys representing the owners of the Tract C water rights. After the valuation process is complete, it appears that Cygnet will attempt to acquire the Tract C water rights free and clear and then be able to convey them to the District.

There was nothing to report on the Emergency Interconnect Agreement with Woodmen Hills Metropolitan District. The District has recently replaced its legal counsel with a new firm, who is in the process of getting up to speed on the District's legal issues.

The District has set a meeting with the County to address the roadway issues with the goal of having all of the streets taken over by the County. The meeting has been set for September 30, 2014.

B. Update Regarding NextEra Energy Easement

Counsel has not heard any more from NextEra regarding the easement agreement.

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C. Review and Ratify Developer Charges Deposit Agreement between FHMD and JJ2926, LLC

Following review and discussion, upon a motion duly made by Director Albright, seconded by Director Knuffke and, upon vote, unanimously carried, the Board approved the Developer Charges Deposit Agreement.

D. Review and Give Permission to El Paso County to Field Survey Meridian/McLaughlin Roundabout

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 agreement to allow County access to District property to perform survey services for the road.

E. Other

None.

Engineering Matters

A. Engineer Report

Mr. Napolilli gave a report that the metering data from Falcon's wells was provided to the Upper Black Squirrel Creek Ground Water Management District.

The District received a written statement from Petrock Fendel regarding the Cygnet's Tract C water rights. Cygnet is working to obtain a quit claim to secure these water right for the District.

Water consumption is up compared to last year as of mid-August. Mr. Napolilli offered several suggestions to help curb the water consumption in the future, which the Board took under consideration for another time.

Manager Matters

A. Manager Report

Mr. Peak reported on Mr. Dodd's job performance over the past year, and his employee evaluation. Following discussion, upon a motion duly made by Director Albright, seconded by Director Smith and, upon vote, unanimously carried, the Board approved the recommended 3.5% merit increase for Mr. Dodd, effective November 1st of this year.

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- B. Set Date for Public Hearing for 2015 Budget as December 8, 2014

The Board approved December 8th as the public hearing for the District's 2015 budget. The Board would like to have a brief work session at the November 10th meeting regarding special district finance and how the District uses its taxes and fees to operate and provide services.

- C. Other.

None.

Director Items

Director Albright raised his concerns over individuals driving heavy vehicles over the District's sidewalks and curbs. He would like to see the District issue notices asking those individuals to stop that kind of activity.

Other Business

- A. Confirm a Quorum for Next Meeting – Monday, November 10, 2014 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 Smith, seconded by Director Knuffke and, upon a vote, unanimously carried, the meeting was adjourned at 11:40 a.m.

Respectfully submitted,



Secretary for the Meeting