

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE FALCON HIGHLANDS METROPOLITAN DISTRICT HELD AUGUST 10, 2013

A special meeting of the Board of Directors of Falcon Highlands Metropolitan District was held on Saturday, August 10, 2013 at the Water Treatment Plant, 7464 Antelope Meadows Circle, Peyton, CO 80831 at 6:00 p.m. The meeting was open to the public.

Attendance Directors in attendance were:

Mark Albright
Timothy Ladd
Heather Knuffke

Absent and excused were Directors Smith and Barnett.

Others in attendance:

David Peak; CliftonLarsonAllen LLP
Carrie Bartow; CliftonLarsonAllen LLP
Barbara Vander Wall, Esq.; Seter & Vander Wall, P.C.
Jeffrey Erb, Esq.; Seter & Vander Wall, P.C.
Dave Hazel; Multiband Renewables / Fowler Wind Energy
Kathy Fay; Multiband Renewables / Fowler Wind Energy
P.J. Anderson; Cygnet Land, LLC
Bill Louis; Flynn Wright & Fredman, LLC, Attorney for Fowler Wind Energy

Call to Order / Verify Quorum

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

Approval of Agenda

Following review, upon a motion duly made by Director Albright, seconded by Director Ladd and, upon vote, unanimously carried, the Board approved the agenda as amended for the Legal Matters to be discussed as first topic.

Legal Matters

- A. Legal Report
1. Discuss Request for "Letter of Availability of Water Service" from Cygnet Land, LLC

This item was tabled until the September meeting.

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B. Status of Fowler Wind Energy Easement Agreement

1. Representatives of Fowler Wind Energy addressed the Board and introduced Mr. Louis, attorney for their company. Mr. Louis described where Fowler Wind Energy is in the process. The company must submit its application by the end of August to El Paso County. It needs to have all of its land acquisitions and easements set to include with the application. Fowler Wind Energy is willing to install the power lines underground on the District's strip of land. Fowler is offering \$30,000 for the easement, which includes the power lines installed under ground, plus the District's legal fees estimated at \$6,000 plus. Fowler is willing to purchase the land from the District if appropriate, although it is not its preference, at a purchase price based on fair market value.
2. P.J. Anderson described future water and capital improvement sharing opportunities, and the possibility of forming a water authority to participate in the project.

Next, Mr. Anderson discussed Cygnet's request for an updated water supply report for the six acre site owned by Cygnet for commercial development. Ms. Vander Wall said that the District is evaluating the availability of water and needs related to the funding of an additional water supply. Mr. Anderson inquired about the District's existing water production .

The Board directed Mr. Peak to have the engineer, Tom Napolilli, to explore water needs to base future decisions on fees and tap charges.

3. Executive Session Pursuant to §24-6-402(4)(a); (b); (e), C.R.S. to Discuss the Potential Sale of Property or a Property Interest to Fowler Wind Energy; to Receive Legal Advice Regarding the Same; and to Determine the District's Negotiation Position Regarding the Same

Upon a motion and second, the Board determined to go into Executive Session for the purpose of consulting with the attorney on specific issues and developing negotiating positions relative to certain potential sale of property or a property interest matters, pursuant to C.R.S. § 24-6-402(4)(a), (b) and (e), at approximately 11:07 a.m.

The Board reconvened at approximately 12:02 p.m. and affirmed that no actions had been taken during the Executive Session.

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4. General Discussion, If Needed

Upon a motion duly made by Director Albright, seconded by Director Knuffke and, upon vote, unanimously carried, the Board agreed to retain ownership of the subject property as being in the best interest of the District at this time, and further agreed to offer the sale of an easement interest in the property to Fowler, under the following terms: (1) the easement is for buried transmission lines located both west and east of Meridian Road; (2) the purchase price of the easement is \$60,000; and (3) all of the District's out-of-pocket costs associated with the research and conveyance of the easement are to be reimbursed by Fowler.

The Fowler representatives indicated a willingness to work with the terms offered, and agreed to respond to the District within the next few days.

[*Messrs. Anderson, Louis and Hazel, and Ms. Fay departed at this time.]

Community Comment

None.

Administrative Matters

A. Consider Approval of July 8, 2013 Special Meeting Minutes

Following review and discussion, upon a motion duly made by Director Albright, seconded by Director Ladd and, upon vote, unanimously carried, the Board approved the July 8, 2013 special meeting minutes as presented.

B. Regular Meeting Schedule

Mr. Peak agreed to prepare a proposed schedule of District meetings for the remainder of the year for consideration and adoption by the Board at the next meeting.

Financial Matters

A. Ratify Approval of Claims Totaling \$25,335.35, Represented by Check Numbers 1748 through 1760

Following review and discussion, upon a motion duly made by Director Albright, seconded by Director Ladd and, upon vote, unanimously carried, the Board ratified approval of claims totaling \$25,335.35, represented by check numbers 1748 through 1760.

B. Review and Consider Approval of Current Claims

Mr. Peak presented the current claims to the Board. Following review and discussion, upon a motion duly made by Director Albright, seconded by Director

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Ladd and, upon vote, unanimously carried, the Board approved the claims totaling \$40,980.20, represented by check numbers 1761 through 1780.

- C. Review and Consider Approval of Unaudited Financial Statements as of June 30, 2013

Ms. Bartow reviewed the unaudited financial statements as of June 30, 2013 with the Board. The Board accepted the financial statements as presented.

- D. Status of 2012 Draft Audit

Ms. Bartow reported that staff is processing the box of receipts received from P.J. Anderson at Cygnet in order to complete the 2012 audit.

Manager Items

- A. Manager's Update / Report

Mr. Peak reviewed his manager's report with the Board and also noted a report of vandalism to a mail box cluster. Mr. Dodd is looking into what it will take to replace the pod.

- B. Water Plant Operations Update / Report

Mr. Peak reported that there were no updates at this time.

Public Hearing / Inclusion

Ms. Vander Wall presented a petition for the inclusion of certain real property into the District, referenced as El Paso County Assessor Schedule No. 5312400009 and 5312400010, owned by the District. A notice of the meeting and a hearing on the petition had been published in the *Gazette*. Chairman Albright opened the public hearing on the inclusion and noting that there were no members of the public wishing to speak, closed the public hearing on the inclusion petition. It was noted that the petition was filed for the purpose of incorporating the property into the District's legal boundaries. Following discussion, and upon a motion duly made by Director Knuffke, seconded by Director Ladd and, upon vote, unanimously carried, the Board approved the petition as presented, and further accepted the Petition and approved the resolution ordering the inclusion of the subject property into the District's boundaries. The Board directed legal counsel to proceed with the filing of the appropriate documents with the District Court to complete the inclusion process.

Director Items

- A. Schedule Workshop for Board

The Board discussed having a workshop on District history, water resources, financials, technology, etc. Mr. Peak will have Tom Napolilli to present a workshop at the October meeting to go over water resources with the Board.

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B. Will Serve Letter

Following discussion, upon a motion duly made by Director Knuffke, seconded by Director Albright and, upon vote, unanimously carried, the Board authorized Mr. Napolilli to prepare the will serve letter.

C. Alternative Water Arrangements

Director Albright suggested that the District review potential arrangements with Woodmen Hills Metropolitan District for the provision of additional water to Falcon Highlands through an emergency interconnect arrangement. He also requested a review of the existing sewer tap fees and sewer tap availability for future development.

D. Monument Discussion

Mr. Erb presented a map with options depicting potential locations for a proposed District monument, identifying the community. The Board determined its first choice to be "Tract A" on the East and "Tract A" on the West, with no monument to be located in the far west area of the District. The second choice was Tract B in each of the two locations. The Board nominated Director Al Smith to serve as chair of the monument committee.

E. Director Knuffke requested that property located on Mitchel Vale Way be sent a letter requesting cleanup of debris.

Other Business

A. Set Next Board Meeting – Monday, September 9, 2013 at 6:00 p.m.

The Board confirmed the next meeting date.

Adjournment There being no other business to come before the Board, upon a motion duly made by Director Ladd, seconded by Director Knuffke and, upon vote, unanimously carried, the Board adjourned the meeting at 1:16 p.m.

Respectfully submitted,

By: David Penk
Secretary for the Meeting