

RECORD OF PROCEEDINGS

**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
FALCON HIGHLANDS METROPOLITAN DISTRICT
HELD
JANUARY 18, 2011**

A special meeting of the Board of Directors of the Falcon Highlands Metropolitan District was duly held Tuesday, January 18, 2011 at 6:30 p.m., at Falcon Fire Protection District, 7030 Old Meridian Road, Peyton, Colorado 80831. The meeting was open to the public.

In attendance were Directors:

Dave Berry
Al Smith
Bobby Sorden

Directors Pace and Albright were not present and were not excused.

Also in attendance were:

Mathew Mendisco; Clifton Gunderson LLP
Becky Klausner; Clifton Gunderson LLP
Kevin Collins; Clifton Gunderson LLP
Dan Poremba; Development Advisors
Tom Mussallem; Development Advisors
Steve Dodd; Facility Manager, Water Treatment Plant

Call to
Order

Director Berry called the meeting to order at 6:30 p.m.

Quorum /
Approval of
Agenda

Director Berry declared a quorum present. Following review and discussion, upon a motion duly made by Director Berry, seconded by Director Sorden and, upon vote, unanimously carried, the Board approved the agenda as presented.

Minutes

The Board reviewed the December 15, 2010 regular board meeting minutes. Following review and discussion, upon a motion duly made by Director Smith, seconded by Director Berry and, upon vote, unanimously carried, the Board approved the minutes as presented.

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Administrative Matters

A. Review and Consider Adopting Annual Administrative Matters Resolution For 2011

Following review and discussion, upon a motion duly made by Director Berry, seconded by Director Smith and, upon vote, unanimously carried, the Board adopted the Annual Administrative Matters Resolution for 2011 as presented.

B. Water Plant Report – Steve Dodd

Mr. Dodd reviewed the water plant report with the Board. He stated that water operations were running smoothly and that they system has had no issues sense the upgrade of the new SCADA system. He stated that the 12 inch force main was still exposed, and that the plant needed a new flow meter.

Following discussion, upon a motion duly made by Director Berry, seconded by Director Smith and, upon vote, unanimously carried, the Board authorized 1) purchase of a new flow meter and 2) authorized an amount not to exceed \$2,000 to temporarily fix the 12 inch exposed water main.

Director Berry requested that Mr. Dodd coordinate with District Management on all issues going forward.

C. Manager's Report

Mr. Mendisco stated that Clifton Gunderson LLP, District Management, is starting to get a good idea of the District's issues and plans to have a formal management plan at the next meeting. Specific items that are currently being addressed:

1. Would the Board feel comfortable with paying John Popovich and Debbie Fan for their time during the management/accounting transition. The Board agreed that paying both John and Debbie was appropriate.
2. Currently, the District does not have legal counsel. Management would like to solicit two or three legal firms to make presentations to the Board at the next meeting. The Board agreed and instructed Management to move forward with acquiring Legal RFQ's for the next meeting.
3. Management discussed conversations via emailing and reminded the Board that they should not email the entire Board, as that would constitute a public meeting. In the future, Management asked that the Board members respond individually to avoid constituting a public meeting.

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4. Management acknowledged that currently there was not an engineer and asked the Board if they would approve soliciting two or three engineers to help with project specific issues and general engineering. The Board agreed and instructed management to contact two engineering firms and report back at the next meeting.
5. Management is working on a Policies and Procedures document for the District, which will also address Policies and Procedures for employees. This will be presented at the next meeting.
6. District Management will work with litigation counsel and report back to the Board.
7. Management will prepare salary comparisons and present to the Board at the next meeting.

Financial Matters

A. Accountant's Report

Mr. Collins and Ms. Klausner updated the Board on the current financial status of the District. Following discussion, the Board instructed accounting to:

1. Open a CSafe account and a Wells Fargo account for the District and close the existing accounts.
2. To solicit audit bids for the 2010 audit and present to the Board at the next board meeting.
3. Obtain a debit card for Steve Dodd, Facility Manager of the water treatment plant, to use for day-to-day operational expenses.
4. Update the Board on the developer tap fee agreement and disclosure reports for the bonds.

B. 2011 Budget

The Board stated that the public hearing had been opened and closed at the December meeting.

Following discussion, upon a motion duly made by Director Berry, seconded by Director Sorden and, upon a vote of 2 to 1 with Director Smith voting no, the Board approved the 2011 budget as presented.

Legal Matters

Mr. Mendisco will be doing follow up with litigation counsel and coordinate the legal RFQ process.

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Other

Business

A. Confirm Next Meeting Date, Time and Location

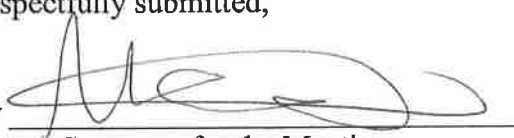
The Board set the 3rd Tuesday of every month at 6:30 p.m. as the regular meeting dates. Location of meetings will be held at the Falcon Fire Protection District.

Adjournment

Upon a motion duly made by Director Berry, seconded by Director Smith and, upon vote, unanimously carried, the Board adjourned the meeting at 9:25 p.m.

Respectfully submitted,

By



Secretary for the Meeting