

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
FALCON HIGHLANDS METROPOLITAN DISTRICT
HELD
AUGUST 8, 2022

A regular meeting of the Board of Directors of the Falcon Highlands Metropolitan District (referred to hereafter as the “Board”) was convened on Monday, August 8, 2022, at 5:30 p.m. The District Board meeting was held via Microsoft Teams. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Tonia Joyner, President
Kevin Haas, Treasurer

Directors Excused Were:

Timothy Dickey, Secretary

Also, In Attendance Were:

Krista Baptist, Korben Heim, and Carrie Bartow; CliftonLarsonAllen, LLP
Barbara Vander Wall, Esq.; Seter & Vander Wall, P.C.
David Lucas; Sherman & Howard, LLC

ADMINISTRATIVE MATTERS

Call to Order and Agenda: Director Joyner called the meeting to order at 5:31 p.m.

The Board reviewed the agenda for the meeting. Following discussion, and upon a motion duly made by Director Joyner, seconded by Director Haas and, upon vote, unanimously carried, the Board approved to amend the agenda to include item I. C., “Consider Appointment of Kevin Haas as Assistant Secretary in addition to Treasurer office.”

Quorum, Director Qualifications, Disclosure Items: Upon a motion duly made by Director Joyner, seconded by Director Haas and, upon vote, unanimously carried, the Board excused the absence of Director Dickey.

It was noted that a quorum of the Board was present. The Board discussed the requirements of Colorado law to disclose any potential conflicts of interest or potential breaches of fiduciary duty of the Board of Directors to the Secretary of State. The members of the Board were requested to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with statute. It was noted by Attorney Vander Wall that disclosures of potential conflicts of interest were filed with the Secretary of State for all directors, and no

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additional conflicts were disclosed at the meeting.

Appointment of Director Haas as Assistant Secretary and Treasurer:

Upon a motion duly made by Director Haas, seconded by Director Joyner and, upon vote, unanimously carried, the Board appointed Director Haas as the Assistant Secretary and Treasurer for the Board.

CONSENT AGENDA

Approval of Minutes:

- a. **February 10, 2022 Special Board Meeting Minutes**
- b. **May 9, 2022 Regular Board Meeting Minutes**
- c. **June 29, 2022 Special Board Meeting Minutes**

Acceptance of Unaudited Financial Statements as of April 30, 2022.

Ratification of Previous and Approval of Current Claims.

The Board approved the Consent Agenda, as presented.

FINANCIAL MATTERS

Other: Director Haas asked a question regarding the timing of the draft 2023 budget. It was noted that the preliminary assessed valuation would be provided to the District by the end of August, and the draft budget would be ready by the statutory date of October 15, 2022. No actions were taken.

LEGAL MATTERS

General Obligation Limited Tax Refunding Bonds, Series 2022 in a maximum aggregate principal amount not to exceed \$7,000,000 (the "2022 Bonds"); and (ii) the execution and delivery of an Indenture of Trust, a Bond Purchase Agreement or Placement Agent Agreement, as applicable, and all other documents, agreements and certificates necessary in connection with the issuance of the 2022 Bonds:

Attorney Vander Wall reviewed a summary of the bond transaction with the Board, including the documentation and steps taken to cause the reissuance of the lost third party lien Series 2004B-1 and 2006B-3 notes held by Cygnet Land and Falcon Highlands. Mr. Lucas reviewed further with the Board the underlying bond documents which are being presented for Board approval. Following review, upon a motion duly made by Director Haas, seconded by Director Joyner and, upon vote, unanimously carried, the Board approved the parameters resolution authorizing the District's General Obligation Limited Tax Refunding Bonds, Series 2022 in a maximum aggregate principal amount not to exceed \$7,000,000 (the "2022 Bonds"); and (ii) the execution and delivery of an Indenture of Trust, a Bond Purchase Agreement or Placement Agent Agreement, as applicable, and all other documents, agreements and certificates necessary in connection with the issuance of the 2022 Bonds.

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Resolution Authorizing: (i) an Amended and Restated Indenture of Trust related to the District's General Obligation Limited Tax Bonds, Series 2007 (the "2007 Bonds"); and (ii) the execution and delivery all other documents, agreements and certificates necessary in connection with the amendments made with respect to the 2007 Bonds. Bond counsel next reviewed with the Board the modifications to the Indenture of Trust for the District's 2007 Subordinate Bonds, memorialized in the Amended and Restated Indenture of Trust, including a release of the District's fees pledged as security, and the maturity date. Following review, upon a motion duly made by Director Haas, seconded by Director Joyner and, upon vote, unanimously carried, the Board approved the Resolution Authorizing: (i) an Amended and Restated Indenture of Trust related to the District's General Obligation Limited Tax Bonds, Series 2007 (the "2007 Bonds"); and (ii) the execution and delivery all other documents, agreements and certificates necessary in connection with the amendments made with respect to the 2007 Bonds.

Additional Items Related to Refinance of 2004 Bonds/Restructure of 2007 Bonds.

a. Reissuance/Cancellation of 2004B-1/2006B-2/2006B-3 Notes.

i. Release and Discharge – Consent to release and discharge amounts owed by District, and as applicable, instructs Trustee to cancel and destroy the 2004B-1/2006B-2/2006B-3 Notes. By the following:

1. A&J Dennis Family Investments, LTD.
2. Cygnet Land, LLC
3. Falcon Highlands, LLC
4. RDS Ventures, LLC
5. Tamlin Ventures, LLC

Ms. Vander Wall reviewed the release and discharge documents for the Series 2004B-1, 2006B-2 and 2006B-3 Notes, executed by the noteholders Cygnet Land, LLC, Falcon Highlands, LLC and A&J Dennis Family Investments, Ltd., as well as release and discharge documents executed by RDS Ventures, LLC and Tamlin Ventures, LLC regarding contingent outstanding obligations which may be owed by the District.

ii. Omnibus Proxy – Consent by DTC. Ms. Vander Wall described the Omnibus Proxy documents related to the Consent by DTC, which is required as part of the bond transaction.

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- iii. **Funding of Reissuance Fees.** Ms. Vander Wall noted that US Bank charged the District with fees required for the lost instruments bonds and the reissuance of the Series 2004B-1 and Series 2006B-3 notes, which will be reimbursed by Cygnet Land, LLC in the amount of \$25,000 as part of the Settlement Agreement. Upon motion, second and unanimous vote, the Board ratified the payment of US Bank reissuance fees to the Bank.

Deed of Trust / Termination of Water Tap Fee and Infrastructure Improvement Fee Agreement and Release of Deed of Trust, between District, Cygnet Land, A&J Dennis Family Investments, LLC: Attorney Vander Wall reviewed the above items with the Board. No actions were taken.

Closing Schedule:

a. **Confirm Signatories for Execution of Bond Documents**

It was noted that the closing date was estimated to be August 23, 2022, and that final signatures would be on the documentation. Bond counsel discussed circulation of documents for execution; Director Joyner noted the dates that she will be out of town.

2022 Enterprise Bonds:

- a. **Status Update:** Attorney Vander Wall reviewed the status of the enterprise bonds with the Board, which will follow the closing on the refinance of the 2004 bonds and restructure of the 2007 bonds. Discussions are currently taking place regarding the capital improvements to include Phase 1, the water infrastructure, and a potential Phase 2 for other improvements, subject to financing capabilities.
- b. **District Water Connection Fees and Fee Resolution:** This item was tabled.
- c. **Engagement of King & Associates for Market Study:** Attorney Vander Wall reviewed with the Board. Following review, upon a motion duly made by Director Joyner, seconded by Director Haas and, upon vote, unanimously carried, the Board affirmed the engagement of King & Associates for a market study.
- d. **Schedule of Activities:** Attorney Vander Wall reviewed with the Board. No actions were taken.

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e. **Other:** Director Haas expressed his appreciation for recent progress by legal.

MANAGER
MATTERS

Manager Report: Ms. Baptist provided an update on the sound wall damage and billing, as well as the reporting of a water theft incident. It was noted that legal will be sending a notice as applicable.

Other: None.

ENGINEERING
MATTERS

Other: None.

DIRECTOR
MATTERS

Other: None.

EXECUTIVE
SESSION

Section 24-6-402(4)(a), (b) and (e), C.R.S. regarding (1) the receipt of legal advice related and matters subject to negotiation in (1) BLH #1, LLC and BLH #3, LLC v. Falcon Highlands Metropolitan District, et al., El Paso County District Court No. 2019 CV 31830 (the "Litigation") and (2) performance under the Settlement Agreement related to the Litigation: This item was tabled.

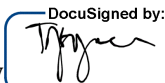
OTHER

Other: None.

ADJOURNMENT

There being no further business to come before the Board at this time, upon a motion duly made by Director Haas, seconded by Director Joyner and, upon vote, unanimously carried, the Board adjourned the meeting at 6:11 p.m.

Respectfully submitted,

By  _____
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President