

## RECORD OF PROCEEDINGS

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### MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT HELD NOVEMBER 20, 2014

A regular meeting of the Board of Directors (referred to hereafter as "Board") of the Paint Brush Hills Metropolitan District (referred to hereafter as "District") was held on Thursday, the 20<sup>th</sup> day of November, 2014, at 7:00 p.m. at the Paint Brush Hills Metropolitan District Office, 9830 Liberty Grove Drive, Falcon, Colorado 80831. The meeting was open to the public.

#### ATTENDANCE

##### Directors In Attendance Were:

Kim Griffin  
Calvin Pollard  
Doug Burrer  
Floyd Roberts  
John Bruszenski

##### Also In Attendance Were:

Leon Gomes; Special District Management Services, Inc.

Jennifer Gruber Tanaka, Esq., White Bear Ankele Tanaka & Waldron, P.C. (via conference phone)

See attached sign-in sheet for additional attendees.

#### DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential or Existing Conflicts of Interest: The Board discussed the requirements pursuant to Colorado law to disclose any potential or existing conflicts of interest to the Board of Directors and to the Secretary of State. Mr. Gomes reported that disclosures for those directors with potential or existing conflicts of interest were filed with the Secretary of State's Office and the Board at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Board. Mr. Gomes noted that a quorum of the Board was present and inquired into whether members of the Board had any additional disclosures of potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. No additional disclosures were noted.

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### ADMINISTRATIVE MATTERS

**Agenda:** Mr. Gomes reviewed the proposed agenda for the District's regular meeting.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, the Agenda was approved, as amended.

**Public Comments:** There was no public comment.

### CONSENT AGENDA

**Consent Agenda:** The Board considered the following actions:

- Acknowledge Manager's Report
- Acknowledge Staff Report.
- Acknowledge Operations Report.
- Approve Minutes of the October 9, 2014 Special Meeting and the October 16, 2014 Regular Meeting.
- Approve Trax Construction Independent Contractor Agreement for Asphalt Paving and Repair Services.
- Acknowledge 2014 Budget Priorities.
- Approve 2015 Office Lease Extension.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Roberts and, upon vote, unanimously carried the Board approved the consent agenda.

### FINANCIAL MATTERS

**Claims:** The Board considered approval of the payment of claims for the period ending November 20, 2014, as follows:

General Fund	\$	16,367.02
Debt Service Fund	\$	-0-
Enterprise Fund	\$	44,445.74
<b>Total Claims:</b>	<b>\$</b>	<b><u>60,812.76</u></b>

Mr. Gomes reviewed the claims with the Board.

Following review and discussion, upon motion duly made by Director Pollard, seconded by Director Griffin and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending November 20, 2014.

**Financial Statements:** Mr. Gomes reviewed with the Board the unaudited financial statements for the period ending October 31, 2014.

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Following review and discussion, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending October 31, 2014, as presented.

**2015 Budget Hearing:** The President opened the public hearing to consider the proposed 2015 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2015 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing.

No public comments were received and the public hearing was closed.

Mr. Gomes reviewed the estimated 2014 expenditures and the proposed 2015 expenditures.

Following discussion, the Board considered the adoption of the Resolution No. 2014-11-02: Resolution to Adopt the 2015 Budget and Appropriate Sums of Money, and Resolution 2014-11-03: Resolution to Set Mill Levies, for the General Fund at 22.107 mills, the Debt Service Fund at 0.000 mills, and Other Fund(s) at 0.000 mills, for a total mill levy of 22.107 mills, and upon motion duly made by Director Burrer, seconded by Director Roberts and, upon vote, unanimously carried, the Resolutions were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2014. Mr. Gomes was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of El Paso County and the Division of Local Government, not later than December 15, 2014. Mr. Gomes was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2015. Copies of the adopted Resolutions are attached to these minutes and incorporated herein by this reference.

**Wells Fargo Accounts:** The Board entered into discussion regarding District checking accounts at Wells Fargo.

Following discussion, the Board directed Mr. Gomes to transfer checking accounts to FSB.

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### LEGAL MATTERS

**Easement Agreement for Pump House No. 2:** Attorney Tanaka reported that a counter offer was received from the property owner of 11245 Cranston Drive as follows:

1. Increase easement purchase price to \$1,546;
2. The District pays for all fence modifications, relocation of the storage shed as necessary, and repair of the lawn as necessary. Any fence modification must be consistent with the current fence style. All of this must be done in coordination with the property manager (Ms. Denny Snowdon, Select Properties);
3. If the storage shed must be moved, it must be moved to a location that makes sense (i.e. doesn't block views, doesn't cause draining issues in the event of heavy rains, heavy snowmelt, etc.). This would also be done in coordination with the property manager; and
4. If the storage shed is damaged during any moves, the District will purchase a comparable storage shed as a replacement.

Attorney Tanaka stated that the conditions were reasonable in her opinion.

The Board entered into discussion regarding approval of the Easement Agreement for Pump House No. 2, with the above conditions. Following discussion, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved Easement Agreement for Pump House No. 2.

**Annual Administrative Resolution:** The Board discussed and considered the adoption of Resolution No. 2014-11-04: 2015 Annual Administrative Resolution.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Roberts and, upon vote, unanimously carried, the Board adopted Resolution No. 2014-11-04: 2015 Annual Administrative Resolution. A copy of the Resolution is attached hereto and incorporated herein by this reference.

**Independent Contractor Agreement with Special District Management Services, Inc.:** The Board entered into discussion regarding an Independent Contractor Agreement with Special District Management Services, Inc. for 2015 Accounting and District Management Services.

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Following discussion, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement with Special District Management Services, Inc., for 2015 Accounting and District Management Services, subject to finalization by legal counsel.

**Renewed Engagement Letter with White Bear Ankele Tanaka & Waldron, P.C. for General Counsel Services:** The Board discussed and considered a Renewed Engagement Letter with White Bear Ankele Tanaka & Waldron, P.C. for General Counsel Services.

Following discussion, upon motion duly made by Director Pollard, seconded by Director Roberts and, upon vote, unanimously carried, the Board approved the Renewed Engagement Letter with White Bear Ankele Tanaka & Waldron, P.C. for General Counsel Services.

**Fidelity Bonds and Designated Agent Endorsements:** Attorney Tanaka referenced the memorandum that was included in the Board Packet regarding the consideration of increasing the District's insurance coverage limit for Crime Coverage. She also discussed adding the Designated Agent Endorsement with the Board for consideration

The Board entered into discussion regarding Fidelity Bonds and Designated Agent Endorsements.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved increasing District Crime Coverage to \$500,000 and adding a Designated Agent Endorsement.

**Representations Matter:** Attorney Tanaka discussed with the Board the opportunity that may exist for her law firm to represent the Meridian Service Metropolitan District as general counsel and noted that the position would not be as water counsel or in litigation matters. She asked for any concerns that the Directors may have with her firm representing the district.

Following discussion, the Board deferred making a decision on this matter.

### **OPERATIONS AND MAINTENANCE**

**District Engineering Services Request for Proposals:** Mr. Gomes presented the Board with proposals for District Engineering Services from RG & Associates and TZA Water Engineers. He recommended that the Board engage RG &

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Associates. The Board discussed and considered the proposals for District Engineering Services.

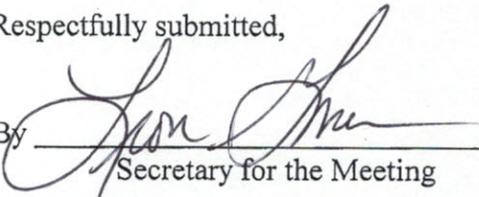
Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Roberts and, upon vote, unanimously carried, the Board approved the engagement of RG & Associates and directed legal counsel to prepare an Independent Contractor Agreement. The Board also approved the termination of the District's Independent Contractor Agreement with JDS-Hydro Consultants, Inc., and directed legal counsel to prepare a termination letter to this effect and directed Mr. Gomes to advise Mr. McGinn of the Board's decision.

### ADJOURNMENT

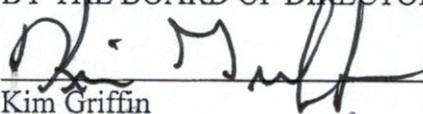
There being no further business to come before the Board at this time, upon motion duly made by Director Griffin, seconded by Director Pollard and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

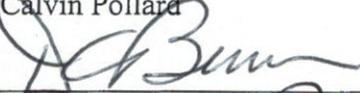
By \_\_\_\_\_

  
Secretary for the Meeting

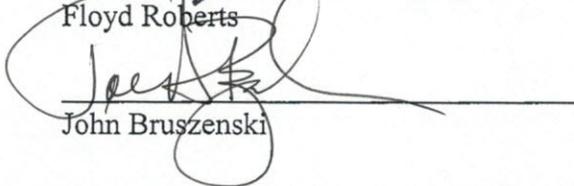
THESE MINUTES ARE APPROVED AS THE OFFICIAL NOVEMBER 20, 2014 MINUTES OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

  
\_\_\_\_\_  
Kim Griffin

  
\_\_\_\_\_  
Calvin Pollard

  
\_\_\_\_\_  
Doug Burre

  
\_\_\_\_\_  
Floyd Roberts

  
\_\_\_\_\_  
John Bruszenski

RESOLUTION NO. 2014 - 11 - 02

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT  
TO ADOPT THE 2015 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the Paint Brush Hills Metropolitan District ("District") has appointed the District Accountant to prepare and submit a proposed 2015 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2014, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place at the office of the District Manager, interested electors of the District were given the opportunity to file or register any objections to the proposed budget, and a public hearing was held on November 20, 2014 at 9830 Liberty Grove Drive, Falcon, Colorado; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or were planned to be expended from reserve fund balances so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any inter-fund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Paint Brush Hills Metropolitan District:

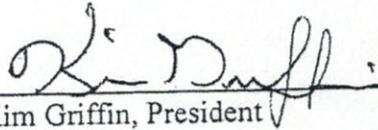
1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Paint Brush Hills Metropolitan District for the 2015 fiscal year.

2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and filed in accordance with applicable law, and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 20<sup>th</sup> day of November, 2014.

PAINT BRUSH HILLS METROPOLITAN  
DISTRICT, a quasi-municipal corporation  
and political subdivision of the State of  
Colorado

  
\_\_\_\_\_  
Kim Griffin, President

ATTEST:

  
\_\_\_\_\_  
Leon Gomes, Secretary

(SEAL)

**EXHIBIT A**  
(Budget)

# PAINT BRUSH HILLS METROPOLITAN DISTRICT

## 2015 Budget Message

### Introduction

The budget reflects the projected spending plan for the 2015 fiscal year based on available revenues. This budget provides for the general operation of the District, a business like enterprise for the wastewater collection, water distribution and conservation trust revenue and expenditures.

The District's assessed value decreased 0.3% to \$14,886,810 in 2014 for the 2015 budget year. The District's mill levy remained the same at 22.107 mills. All taxes collected in the 2015 fiscal year are dedicated to the General Fund.

The District was formed in 1986 for the purpose of providing wastewater collection, water and park services. The District currently serves customers in the service area which is located in El Paso County. No change in the level of service is anticipated during 2015.

### Budgetary Basis of Accounting

The District uses funds to budget and report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions. The various funds determine the total District budget. District's General Fund and Capital funds are considered Governmental Funds and are reported using the economic resources focus and the accrual basis of accounting. The District's Sanitation Enterprise Fund is also reported using the economic resources focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

### Fund Summaries

**General Fund** is used to account for resources traditionally associated with government such as property taxes, and specific ownership tax. Expenditures which include district administration, legal services, park services and other expenses related to statutory operations of a local government. The General Fund's primary sources of revenue are property taxes and specific ownership taxes.

Water and Wastewater Enterprise Fund accounts for the operations that are financed and operated in a manner similar to private business enterprise, where the intent is that costs of providing services to the public on a continuing basis be financed primarily through user charges. Below are details of an outstanding Lease Purchase Agreement.

Paint Brush Hills Metropolitan District			
Principal and Interest	\$ 3,500,000		
Maturing in the Year	2005 Lease Purchase Agreement Amended 2013		
Ending December 31,	Principal	Interest	Total
2015	175,934	90,012	265,945
2016	183,427	82,518	265,945
2017	191,728	74,217	265,945
2018	200,155	65,790	265,945
2019	208,952	56,993	265,945
2020	217,993	47,953	265,945
2021	227,717	38,228	265,945
2022	237,726	28,220	265,945
2023	248,174	17,771	265,945
2024	259,053	6,892	265,945
2025	18,211	67	18,278
Total	175,934	90,012	265,945

**Emergency Reserve**

As required by the TABOR amendment to the Colorado Constitution, the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year expenditures in the General Fund.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT**  
**Assessed Value, Property Tax and Mill Levy Information**

	<b>2013</b>		<b>2014</b>		<b>2015</b>
	<b>Adopted Budget</b>		<b>Adopted Budget</b>		<b>Adopted Budget</b>
<b>Assessed Valuation</b>	\$ 15,435,880	\$	14,932,100	\$	14,886,810
<b>Mill Levy</b>					
General Fund	22.107		22.107		22.107
Debt Service Fund	0.000		0.000		0.000
Temporary Mill Levy Reduction	0.000		0.000		0.000
Refunds and Abatements	0.000		0.000		0.000
<b>Total Mill Levy</b>	<b>22.107</b>		<b>22.107</b>		<b>22.107</b>
<b>Property Taxes</b>					
General Fund	\$ 341,241	\$	330,104	\$	329,103
Debt Service Fund	-		-		-
Temporary Mill Levy Reduction	-		-		-
Refunds and Abatements	-		-		-
<b>Actual/Budgeted Property Taxes</b>	\$ <b>341,241</b>	\$	<b>330,104</b>	\$	<b>329,103</b>

**PAINT BRUSH HILLS METROPOLITAN DISTRICT**

**GENERAL FUND**

**2015 ADOPTED BUDGET**

with 2013 Actual, 2014 Adopted Budget, 2014 Estimate

	2013 Actual	2014 Adopted Budget	2014 Estimate	2015 Adopted Budget
<b>BEGINNING FUNDS AVAILABLE</b>	\$ 134,668	\$ 286,120	\$ 100,642	\$ 113,873
<b>REVENUE</b>				
Property Tax	340,836	330,104	340,280	329,103
Specific Ownership Tax	36,734	26,500	34,500	34,000
Interest Income	982	1,000	300	200
Refunds	-	1,500	1,500	1,500
Tank Rental for Antennas	416	-	-	-
Miscellaneous Income	511	-	511	-
<b>Total Revenue</b>	<b>379,478</b>	<b>359,104</b>	<b>377,091</b>	<b>364,803</b>
<b>Total Funds Available</b>	<b>514,146</b>	<b>645,224</b>	<b>477,733</b>	<b>478,676</b>
<b>EXPENDITURES</b>				
Audit	5,513	5,200	3,975	4,200
Director's Fees	6,600	8,000	6,700	8,000
Employee Wages	34,876	31,770	30,548	27,325
Payroll Taxes	2,819	4,861	2,900	2,090
Payroll Processing	347	-	1,959	2,000
Health Insurance	-	6,012	5,633	6,257
Elections/Board Meetings	108	15,000	12,466	500
Insurance	19,634	20,457	22,968	23,500
Legal	47,518	25,000	48,000	50,000
Management	86,975	96,000	75,000	76,150
Miscellaneous	4,820	-	3,000	3,000
Bank Charges	707	500	1,000	1,000
Dues/Subscriptions/Conferences	1,894	2,500	1,500	2,000
Office Rent and Expense	18,107	15,600	15,355	15,847
Office Utilities	4,434	2,346	3,000	2,200
Office Equipment	710	-	-	6,930
Office Supplies	22,025	10,000	7,500	7,500
Postage	2,728	250	750	750
Telephone	5,194	1,800	1,800	1,800
Accounting	20,920	-	21,000	17,350
County Treasurer's Fees	5,113	4,952	5,104	4,937
Parks and Property-Entry Lighting	2,968	-	-	-
Parks & Property Ground Mtce	40,788	25,000	22,000	23,100
Parks Mtce & Repairs	8,937	1,000	1,000	1,000
Parks & Property Landscaping	3,473	6,000	1,500	7,000
Parks & Property Facility Improve	3,619	21,250	-	21,250
Stormwater Facilities Maintenance	-	15,000	-	1,000
Transfer to Enterpirse Fund	62,676	69,202	69,202	100,000
<b>Total Expenditures</b>	<b>413,505</b>	<b>387,700</b>	<b>363,860</b>	<b>416,686</b>

**PAINT BRUSH HILLS METROPOLITAN DISTRICT**

**GENERAL FUND**

**2015 ADOPTED BUDGET**

with 2013 Actual, 2014 Adopted Budget, 2014 Estimate

	2013 Actual	2014 Adopted Budget	2014 Estimate	2015 Adopted Budget
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Emergency Reserve	-	9,555	-	9,501
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<b>Total Expenditures Requiring Appropriation</b>	413,505	397,255	363,860	426,187
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<b>ENDING FUNDS AVAILABLE</b>	\$ 100,642	\$ 247,969	\$ 113,873	\$ 52,489
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**PAINT BRUSH HILLS METROPOLITAN DISTRICT**

**ENTERPRISE FUND  
2015 ADOPTED BUDGET**

with 2013 Actual, 2014 Adopted Budget, 2014 Estimate

	2013 Actual	2014 Adopted Budget	2014 Estimate	2015 Adopted Budget
4-501 BEGINNING FUNDS AVAILABLE	\$ 440,384	\$ 370,356	\$ 298,411	\$ 423,172
<b>REVENUE</b>				
4-520 Base Fees	252,709	259,560	245,000	262,800
4-521 Transfer Fees	1,608	6,120	500	3,000
4-525 Wastewater-Church	203	480	450	450
4-526 Wastewater-Residential	130,471	148,920	149,000	148,920
4-527 Wastewater-School	4,534	6,000	5,400	5,500
4-532 Water-Church	88	300	350	350
4-533 Water-Commercial	1,441	-	-	-
4-534 Water-Residential	327,430	599,062	323,760	325,000
4-536 Water-School	40,421	61,000	46,000	46,800
4-540 Availability of Service Fees	600	1,600	-	-
4-542 Meters	-	3,200	3,200	15,000
4-550 Inspection Fees	160	300	-	5,000
4-551 Tap Fees	6,516	54,529	50,000	215,000
4-555 Residential Repairs	705	3,205	-	-
4-558 Grants	1,915	-	-	-
4-560 Interest	218	300	150	300
4-562 Tank Rental-Antennas	4,064	4,800	4,800	4,800
4-565 Bulk Water Sales	-	1,500	-	1,000
4-575 Other Operating Revenue	133	-	2,000	2,000
4-590 Transfer from General Fund	62,676	69,202	69,202	100,000
<b>Total Revenue</b>	<b>835,891</b>	<b>1,220,078</b>	<b>899,812</b>	<b>1,135,920</b>
<b>Total Funds Available</b>	<b>1,276,275</b>	<b>1,590,434</b>	<b>1,198,223</b>	<b>1,559,092</b>
<b>EXPENDITURES</b>				
4-625 Employee Wages	82,591	95,000	141,541	148,250
4-626 Payroll Taxes	8,171	7,268	10,828	11,860
4-629 Health Insurance	-	9,879	10,373	12,513
4-630 Operator Phone Allowance	-	2,640	2,990	3,000
4-675 Legal	10,474	-	15,000	10,000
4-685 Miscellaneous Expense	-	-	100	-
4-715 Hydrologist	13,535	-	-	-
4-716 Engineer	31,227	30,000	24,535	25,000
4-725 Ground Mtce-Contract Labor	1,844	-	-	-
4-726 Ground Mtce-Parts	54	-	-	-
4-730 Analytical Testing	12,092	7,000	3,043	3,500
4-731 Chemical/Equipment	10,835	10,000	10,000	3,800
4-732 Misc Supplies and Tools	15,613	10,000	9,000	10,000
4-734 OPS Certification and Training	1,588	3,000	300	2,000
4-740 Billing Expense	11,188	8,500	21,500	21,500
4-741 Meter Reading	1,578	-	-	-
4-742 Radio Meter Repairs	3,706	-	-	-

**PAINT BRUSH HILLS METROPOLITAN DISTRICT**

**ENTERPRISE FUND  
2015 ADOPTED BUDGET**

with 2013 Actual, 2014 Adopted Budget, 2014 Estimate

	2013 Actual	2014 Adopted Budget	2014 Estimate	2015 Adopted Budget
4-743 Meters-Residential Repairs/Replacement	250	2,981	1,000	3,000
4-750 Bulk Water Purchases	29,655	36,000	27,108	27,000
4-753 Tap Fees - WHMD IGA	-	16,000	18,000	60,000
4-755 Collection System Repair Mtce	2,104	30,000	2,000	5,000
4-756 Port-O-Let Fees	556	500	500	300
4-757 Pumphouse Mtce	3,510	5,000	500	5,000
4-758 Well Repair Mtce (Source Water)	3,183	20,000	18,000	20,000
4-759 Storage Tank Repairs/Mtce	124,352	1,000	3,695	2,500
4-760 Roadway and Waterline Repairs	7,937	6,000	12,000	15,000
4-769 Utilities	116,794	160,000	135,000	139,000
4-790 Vehicle Mtce & Operation Expense	5,403	18,000	10,000	15,000
4-791 Vehicle Repair	4,012	-	-	-
4-795 ORC-Wastewater	2,897	-	-	-
4-796 Wastewater-Other	9,415	-	-	-
4-797 Wastewater-Mtce, Repair, Equip	2,703	-	-	-
4-798 Wastewater Collection Exp	39,364	-	-	-
4-800 Water Oper-Orc	11,481	-	-	-
4-801 Water Other	827	-	-	-
4-850 Easements and Properties	499	4,000	499	2,500
4-852 Capital-Heavy Equip, Vehicles	420	11,000	8,400	55,000
4-853 Water Lines and Augmentation	20,588	-	-	-
4-854 Pumps Upgrade & Repair	188	-	-	-
4-855 Pumphouses	850	6,000	4,735	6,000
4-857 Booster Station	-	10,000	3,000	4,000
4-858 Water Infrastructure	(609)	-	-	-
4-862 Well Construction	-	200,000	2,500	206,000
4-875 Principal Wells Fargo Lease	-	161,408	161,408	175,933
4-876 Interest Wells Fargo Lease	104,532	104,538	104,538	90,012
4-878 FSB Lease Purchase-Principal	-	-	12,763	12,300
4-879 FSB Lease Purchase-Interest	-	-	195	264
4-910 Reserve for Contingencies	-	65,000	-	100,000
4-915 Captial Outlay Reserve	-	300,000	-	100,000
4-950 Depreciation & Amort	282,458	-	-	-
<b>Total Expenditures Requiring Appropriation</b>	<b>977,864</b>	<b>1,340,714</b>	<b>775,051</b>	<b>1,295,232</b>

**ENDING FUNDS AVAILABLE**

\$	298,411	\$	249,720	\$	423,172	\$	263,860
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Required Debt Service Reserve \$250,000

**PAINT BRUSH HILLS METROPOLITAN DISTRICT**

**CONSERVATION TRUST FUND  
2015 ADOPTED BUDGET**

with 2013 Actual, 2014 Adopted Budget, 2014 Estimate

	2013 Actual	2014 Adopted Budget	2014 Est Budget	2015 Adopted Budget
<b>BEGINNING FUND BALANCE</b>	\$ 5,592	\$ 14,162	\$ 11,591	\$ 21,591
<b>REVENUE</b>				
CTF Revenue	11,328	10,000	10,000	10,000
GOCO Grant	-	-	-	-
Interest	-	-	-	-
<b>Total Revenue</b>	11,328	10,000	10,000	10,000
<b>Total Funds Available</b>	16,920	24,162	21,591	31,591
<b>EXPENDITURES</b>				
Improvements	5,329	10,000	-	31,591
<b>Total Expenditures</b>	5,329	10,000	-	31,591
<b>Total Expenditures Requiring Appropriation</b>	5,329	10,000	-	31,591
<b>ENDING FUND BALANCE</b>	\$ 11,591	\$ 14,162	\$ 21,591	\$ 0

**CERTIFICATION:**

I, Leon Gomes, hereby certify that I am the duly appointed Secretary of the Paint Brush Hills Metropolitan District, and that the foregoing is a true and correct copy of the budget for the budget year 2015, duly adopted at a meeting of the Board of Directors of the Paint Brush Hills Metropolitan District held on November 20, 2014.

By:   
Secretary

RESOLUTION NO. 2014 - 11 - 03

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT  
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the Paint Brush Hills Metropolitan District ("District") has adopted the 2015 annual budget in accordance with the Local Government Budget Law on November 20, 2014; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2015 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

WHEREAS, the amount of money necessary to balance the budget for general fund expenses from property tax revenue is identified in the budget; and

WHEREAS, the amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Paint Brush Hills Metropolitan District:

1. That for the purposes of meeting all general fund expenses of the District during the 2015 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

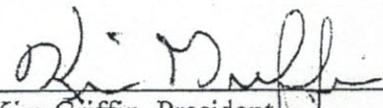
2. That for the purposes of meeting all debt service fund expenses of the District during the 2015 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That the District Accountant of the District is hereby authorized and directed to immediately certify to the Board of County Commissioners of El Paso County, Colorado, the mill levies for the District as set forth in the District's Certification of Tax Levies (attached hereto as **EXHIBIT A** and incorporated herein by reference), recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

*[Signatures on Following Page]*

ADOPTED this 20<sup>th</sup> day of November, 2014.

PAINT BRUSH HILLS METROPOLITAN  
DISTRICT, a quasi-municipal corporation  
and political subdivision of the State of  
Colorado

  
\_\_\_\_\_  
Kim Griffin, President

ATTEST:

  
\_\_\_\_\_  
Leon Gomes, Secretary

(SEAL)

**EXHIBIT A**  
(Certification of Tax Levies)

# CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners<sup>1</sup> of El Paso County, Colorado.

On behalf of the Paint Brush Hills Metropolitan District

(taxing entity)<sup>A</sup>

the Board of Directors

(governing body)<sup>B</sup>

of the Paint Brush Hills Metropolitan District

(local government)<sup>C</sup>

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 14,886,810 assessed valuation of: (GROSS<sup>D</sup> assessed valuation, Line 2 of the Certification of Valuation Form DLG 57<sup>E</sup>)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area<sup>F</sup> the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 14,886,810 (NET<sup>G</sup> assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/15/2014 for budget/fiscal year 2015  
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY <sup>2</sup>	REVENUE <sup>2</sup>
1. General Operating Expenses <sup>H</sup>	22.107 mills	\$329,103
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction <sup>I</sup>	< > mills	\$ < >
<b>SUBTOTAL FOR GENERAL OPERATING:</b>	<b>22.107 mills</b>	<b>\$329,103</b>
3. General Obligation Bonds and Interest <sup>J</sup>	_____ mills	\$ _____
4. Contractual Obligations <sup>K</sup>	_____ mills	\$ _____
5. Capital Expenditures <sup>L</sup>	_____ mills	\$ _____
6. Refunds/Abatements <sup>M</sup>	_____ mills	\$ _____
7. Other <sup>N</sup> (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
<b>TOTAL:</b> [ Sum of General Operating Subtotal and Lines 3 to 7 ]	<b>22.107 mills</b>	<b>\$329,103</b>

Contact person: (print) Leon Gomes Daytime phone: (303) 987-0835

Signed: [Signature] Title: District Accountant

*Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.*

<sup>1</sup> If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.

<sup>2</sup> Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's final certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

**THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.).** Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

**CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:**

**BONDS<sup>1</sup>:**

1.	Purpose of Issue:	_____
	Series:	_____
	Date of Issue:	_____
	Coupon Rate:	_____
	Maturity Date:	_____
	Levy:	_____
	Revenue:	_____
2.	Purpose of Issue:	_____
	Series:	_____
	Date of Issue:	_____
	Coupon Rate:	_____
	Maturity Date:	_____
	Levy:	_____
	Revenue:	_____
3.	Purpose of Issue:	_____
	Series:	_____
	Date of Issue:	_____
	Coupon Rate:	_____
	Maturity Date:	_____
	Levy:	_____
	Revenue:	_____
4.	Purpose of Issue:	_____
	Series:	_____
	Date of Issue:	_____
	Coupon Rate:	_____
	Maturity Date:	_____
	Levy:	_____
	Revenue:	_____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

**PAINT BRUSH HILLS METROPOLITAN DISTRICT  
ANNUAL ADMINISTRATIVE RESOLUTION  
(2015)**

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At the regular meeting of the Board of Directors ("Board") of the Paint Brush Hills Metropolitan District ("District"), El Paso County, Colorado, held at 7:00 P.M., on Thursday, November 20, 2014, at 9830 Liberty Grove Drive, Falcon, Colorado, it was moved to adopt the following Resolution:

WHEREAS, the District was organized as a special district pursuant to an Order and Decree of the District Court in and for the County of El Paso, Colorado (the "County") and is located entirely within the County; and

WHEREAS, the Board has a duty to perform certain obligations in order to assure the efficient operation of the District and hereby directs its consultants to take the following actions.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. The Board directs the District's Manager to cause an accurate map of the District's boundaries to be prepared in accordance with the standards specified by the Division of Local Government ("Division") and to be filed in accordance with § 32-1-306, C.R.S.
2. The Board directs the District's Manager to notify the Board of County Commissioners, the County Assessor, the County Treasurer, the County Clerk and Recorder, the governing body of any municipality in which the District is located, and the Division of the name of the chairman of the Board, the contact person, telephone number and business address of the District, as required by § 32-1-104(2), C.R.S.
3. The Board directs the District's Manager to prepare and file with the Division, within thirty (30) days of a written request from the Division, an informational listing of all contracts in effect with other political subdivisions, in accordance with § 29-1-205, C.R.S.
4. The Board directs the District's Accountant to cause the preparation of and to file with the Department of Local Affairs the annual public securities report for nonrated public securities issued by the District within sixty (60) days of the close of the fiscal year, as required by §§ 11-58-101, *et seq.*, C.R.S.
5. The Board directs the District's Manager to: 1) obtain proposals for auditors to be presented to the Board; 2) to cause an audit of the annual financial statements of the District to be prepared and submitted to the Board on or before June 30; and 3) to cause the audit to be filed with the State Auditor by July 31, or by the filing deadline permitted under any extension thereof, all in accordance with §§ 29-1-603(1) and 29-1-606, C.R.S. Alternatively, if warranted by § 29-1-604,

C.R.S., the Board directs the District's Manager to apply for and obtain an audit exemption from the State Auditor on or before March 31 in accordance with § 29-1-604, C.R.S.

6. The Board directs the District's Manager, if the District has authorized but unissued general obligation debt as of the end of the fiscal year, to cause to be submitted to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District, the District's audit report or a copy of its application for exemption from audit in accordance with § 29-1-606(7) C.R.S.

7. The Board directs the District's Accountant to submit a proposed budget to the Board by October 15, to prepare the final budget and budget message, including any amendments thereto, if necessary, and directs the District's Manager to schedule a public hearing on the proposed budget and/or amendments, and to post or publish notices thereof, to prepare all budget resolutions and to file the budget and budget message with the Division on or before January 30, all in accordance with §§ 29-1-101, *et seq.*, C.R.S.

8. The Board directs the District's Manager to cause the preparation of the Unclaimed Property Act report and submission of the same to the State Treasurer by November 1 if there is property presumed abandoned and subject to custody as unclaimed property, in accordance with § 38-13-110, C.R.S.

9. The Board directs the District's Accountant to prepare the mill levy certification form and directs the District's Manager to file the mill levy certification forms with the Board of County Commissioners on or before December 15, in accordance with § 39-5-128, C.R.S.

10. The Board designates *Colorado Springs Gazette* as a newspaper of general circulation within the boundaries of the District and directs that all legal notices shall be published in accordance with § 32-1-103(15), C.R.S., in *Colorado Springs Gazette*, unless otherwise designated by the Board or legal counsel.

11. The Board determines that each director may receive compensation for their services as directors subject to the limitations set forth in §§ 32-1-902(3)(a)(I) & (II), C.R.S.

12. The District hereby acknowledges, in accordance with § 32-1-902, C.R.S., the following officers for the District:

President:	Kim Griffin
Vice President:	Calvin Pollard
Treasurer:	Doug Burrer
Assistant Secretary:	Floyd Roberts
Assistant Secretary:	John Bruszenski
Secretary:	District Manager

13. The Board hereby determines that each member of the Board shall, for any potential or actual conflicts of interest, complete conflicts of interest disclosures and directs legal counsel to file the conflicts of interest disclosures with the Board and with the Colorado Secretary of State

at least seventy-two (72) hours prior to every regular and special meeting of the Board, in accordance with §§ 32-1-902(3)(b) and 18-8-308, C.R.S. Written disclosures provided by Board members required to be filed with the governing body in accordance with § 18-8-308, C.R.S. shall be deemed filed with the Board when filed with the Secretary of State. Additionally, at the beginning of each year, each Board member shall submit information to legal counsel regarding any actual or potential conflicts of interest and, throughout the year, each Board member shall provide legal counsel with any revisions, additions, corrections or deletions to said conflicts of interest disclosures.

14. The Board confirms its obligations under § 24-10-110(1), C.R.S., with regards to the defense and indemnification of its public employees, which, by definition, includes elected and appointed officers.

15. The Board hereby appoints the District's Manager as the official custodian for the maintenance, care and keeping of all public records of the District, in accordance with §§ 24-72-202, *et seq.*, C.R.S.

16. Pursuant to § 24-6-402(2)(c), C.R.S., the Board hereby designates the District Office located at 9830 Liberty Grove Drive, Falcon, Colorado, as the District's 24-hour posting place for notices of meetings.

17. The Board determines to hold regular meetings on the third Thursday of each month at 7:00 P.M., at the District Office located at 9830 Liberty Grove Drive, Falcon, Colorado. Notice of the time and place for all regular meetings shall be posted in accordance with § 32-1-903, C.R.S.

18. In the event of an emergency, the Board may conduct a meeting outside of the limitations prescribed in § 24-6-402(2)(c), C.R.S., provided that any actions taken at such emergency meeting are ratified at the next regular meeting of the Board or at a special meeting conducted after proper notice has been given to the public.

19. For the convenience of the electors of the District, and pursuant to its authority set forth in § 1-13.5-1101, C.R.S., the Board hereby deems that all regular and special elections of the District shall be conducted as independent mail ballot elections in accordance with §§ 1-13.5-1101, *et seq.*, C.R.S., unless a polling place election is deemed necessary and expressed in a separate election resolution adopted by the Board.

20. Pursuant to its authority set forth in § 1-1-111, C.R.S., the Board hereby appoints Leon Gomes of Special District Management Services, Inc., as the "Designated Election Official" of the District for any elections to be held. The Board hereby grants all powers and authority for the proper conduct of the election to the Designated Election Official, including, but not limited to, the power to enter into intergovernmental agreements on behalf of the District, call an election on behalf of the District, to approve the final form of ballot issues and questions, to prepare the TABOR notice, to appoint election judges and a canvass board and to cancel, if applicable, the election.

21. In accordance with § 1-11-103(3), C.R.S., the Board hereby directs the Designated Election Official to certify to the Division the results of any elections held by the District and, pursuant to § 32-1-1101.5(1), C.R.S., to certify results of any ballot issue election to incur general obligation indebtedness to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the district.

22. The Board directs the District's Manager to cause a notice of authorization of or notice to incur general obligation debt to be recorded with the County Clerk and Recorder within thirty (30) days of authorizing or incurring any indebtedness, in accordance with § 32-1-1604, C.R.S.

23. The Board directs the District's Manager to cause the preparation of and filing with the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District, if requested, the application for quinquennial finding of reasonable diligence in accordance with §§ 32-1-1101.5(1.5) and (2), C.R.S.

24. The Board directs the District's Manager to cause the preparation of and the filing with the Board of County Commissioners or the governing body of any municipality in which the District is located, the Division, the State Auditor, the County Clerk and Recorder and any interested parties entitled to notice pursuant to § 32-1-204(1), C.R.S., an annual report, if requested, in accordance with § 32-1-207(3)(c), C.R.S.

25. The Board directs the District's Manager to obtain proposals and/or renewals for insurance, as applicable, to insure the District against all or any part of the District's liability, in accordance with §§ 24-10-115, *et seq.*, C.R.S. The Board directs the District's accountant to pay the annual SDA membership dues, agency fees and insurance premiums, as applicable, in a timely manner.

26. The Board hereby opts to include elected or appointed officials as employees within the meaning of § 8-40-202(1)(a)(I)(A), C.R.S., and hereby directs the District's Manager to obtain workers' compensation coverage for the District.

27. The Board hereby directs the District's Manager to prepare the disclosure notice required by § 32-1-809, C.R.S., and to disseminate the information to the electors of the District accordingly. Further, the Board hereby designates the following website as the District's official website for the purposes thereof: [www.pbhmd.com](http://www.pbhmd.com).

28. The Board hereby directs its legal counsel, accountant, manager and all other consultants to adhere to the Colorado Special District Records Retention Schedule as adopted by the District.

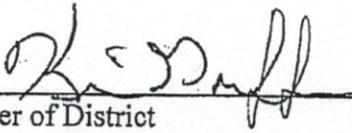
29. The Board hereby directs the District's Manager to prepare and record with the County Clerk and Recorder updates to the disclosure statement notice and map required by § 32-1-104.8, C.R.S., if additional property is included within the District's boundaries.

30. The Board directs the District's Accountant to prepare and submit the documentation required by any continuing disclosure obligation signed in conjunction with the issuance of debt by the District.

*[Remainder of page intentionally left blank].*

RESOLVED, APPROVED AND ADOPTED THIS 20<sup>TH</sup> DAY OF NOVEMBER, 2014.

PAINT BRUSH HILLS METROPOLITAN DISTRICT

  
\_\_\_\_\_  
Officer of District

ATTEST:

  
\_\_\_\_\_

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

  
\_\_\_\_\_  
General Counsel to the District

**CERTIFICATION OF RESOLUTION**

STATE OF COLORADO  
COUNTY OF EL PASO  
PAINT BRUSH HILLS METROPOLITAN DISTRICT

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a meeting held on Thursday, November 20, 2014, at 9830 Liberty Grove Drive, Falcon, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 20<sup>th</sup> day of November, 2014.

  
\_\_\_\_\_