

PAINT BRUSH HILLS METROPOLITAN DISTRICT

Administrative Offices

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 · 800-741-3254
Fax: 303-987-2032

NOTICE OF REGULAR MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expires:</u>
Kim Griffin	President	2018/May 2018
Calvin Pollard	Vice President	2016/May 2016
Doug Burrer	Treasurer	2016/May 2016
Floyd Roberts	Assistant Secretary	2018/May 2018
John Bruszenski	Assistant Secretary	2016/May 2016

DATE: March 19, 2015
TIME: 7:00 p.m.
PLACE: Paint Brush Hills Metropolitan District Office
9830 Liberty Grove Drive
Falcon, Colorado 80831

I. ADMINISTRATIVE MATTERS

- A. Present Disclosures of Potential Conflicts of Interest.
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- B. Approve Agenda.
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- C. Public Comments. (For items not on the agenda, only. Comments limited to 3 minutes per person and are taken in order listed on the sign-in sheet).
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- D. CONSENT AGENDA – These items are considered to be routine and will be approved and/or ratified by one motion. There will be no separate discussion of these items unless a Board member so requests; in which event, the item will be removed from the Consent Agenda and considered in the Regular Agenda.

- Acknowledge Manager's Report (enclosure).
 - Acknowledge Staff Report (enclosure).
 - Acknowledge Operations Report (enclosure).
 - Approve Minutes of the February 19, 2015 Regular Meeting (enclosure).
 - Acknowledge 2015 Budget Priorities (to be distributed).
-

II. FINANCIAL MATTERS

- A. Review and approve the payment of claims for the period ending March 19, 2015, as follows (to be distributed):

General Fund:	\$
Debt Service Fund:	\$
Enterprise Fund:	\$
Total:	<u>\$</u>

- B. Review and accept unaudited financial statements for the periods ending February 28, 2015 (to be distributed).

- C. Update on refunding of Wells Fargo Capital Lease Purchase.

1. Discuss and consider approval of Farmers State Bank Capital Lease-Purchase and execution of documents necessary to effectuate the issuance of the Lease Purchase Agreement with Farmers State Bank (to be distributed).

III. LEGAL MATTERS

- A. _____
- B. _____

IV. EXECUTIVE SESSION (§§24-6-402(4)(b) & (e), C.R.S.) (if necessary)

- A. _____

V. OPERATIONS AND MAINTENANCE

A. Discuss and Consider Approval of Electronic Read Transmitter (ERT) installations.

B. Discuss and consider part-time meter readers.

C. Discuss and consider District Engineer's estimated cost for District Office and Shop facility (to be distributed).

VI. OTHER BUSINESS

A. _____

VII. ADJOURNMENT **THE NEXT MEETING IS SCHEDULED FOR APRIL 16, 2015.**



District Office
9830 Liberty Grove Drive
Falcon, CO 80831
Tel. 719-495-8188
www.pbhmd.com

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MANAGER'S REPORT

March 19, 2015 Regular Meeting

Note: The District's Legal Counsel, Jennifer Gruber Tanaka of White Bear Ankele Tanaka & Waldron, will attend this meeting via telephone.

Agenda Matters Background & Recommendations

I. ADMINISTRATIVE MATTERS

D. CONSENT AGENDA - These items are considered to be routine and will be approved and/or ratified by one motion. There will be no separate discussion of these items unless a Board member so requests; in which event, the item will be removed from the Consent Agenda and considered in the Regular Agenda.

- Acknowledge Manager's Report (enclosure).
Acknowledge Staff Report (enclosure).
Acknowledge Operations Report (enclosure).
Approve Minutes of the February 19, 2015 Regular Meeting (enclosure).
Acknowledge 2015 Budget Priorities (to be distributed).

Recommended Board Action: Approve Consent Agenda matters.

II. FINANCIAL MATTERS

A. Review and approve the payment of claims for the period ending March 19, 2015, as follows (to be distributed):

Table with 2 columns: Fund Name, Amount. Rows: General Fund, Debt Service Fund, Enterprise Fund, Total.

The final claims list will be distributed at the meeting.

Recommended Board Action: Approve the claims for the period ending March 19, 2015.

- B. Review and accept unaudited financial statements for the periods ending February 28, 2015 (enclosure).

Recommended Board Action: accept unaudited financial statements for the periods ending February 28, 2015

- C. Discuss and consider refunding of Wells Fargo Capital Lease-Purchase.
 - 1. Discuss and consider approval of Farmers State Bank Capital Lease-Purchase (to be distributed).

Background: The Board-appointed committee consisting of Directors Burrer and Pollard, and me has negotiated with Farmers State Bank (FSB) to refinance the District's existing Wells Fargo Capital Lease-Purchase (CLP). The result of this negotiation was previously reported to the Board. The Water Rights Valuation Opinion rendered by District Water Counsel Paul Anderson was delivered to FSB on March 9, 2015. FSB is in the process of drafting the CLP agreement for review by Ms. Tanaka. The District will gain financially in two ways with the refinancing: 1. The release of approximately \$256,000 in the Wells Fargo Loan Payment Reserve Account; and 2. A CLP payment reduction of approximately \$25,000 per year for the term of the CLP.

Recommended Board Action: If the CLP Agreement has been reviewed and approved by Legal Counsel by this meeting, the recommended Board action is to approve the Farmers State Bank Capital Lease-Purchase Agreement and authorize Director Burrer and/or Director Pollard to execute the Agreement. If the Agreement has yet to reach the approval of Legal Counsel, the recommended Board action is to approve the Farmers State Bank Capital Lease-Purchase Agreement subject to final approval by Legal Counsel and authorize Director Burrer and/or Director Pollard to execute the Agreement.

III. LEGAL MATTERS

No Legal Matters

V. OPERATIONS AND MAINTENANCE

- A. Discuss and consider Electronic Read Transmitter (ERT) installations.
- B. Discuss and consider part-time meter readers.

Background: I am going to address A & B together. The reason for bringing this matter to you is that the physical requirements of meter reading has become

increasingly challenging to the current Operations Team. There are 495 properties in the District that do not have ERTs installed. This requires walking 14.64 miles each month to perform the meter reads for these properties. The ERT reads are performed by driving through the routes where ERTs exist. There are two proposed solutions: 1. Install ERTs at the 495 properties where they don't currently exist; and/or 2. Hire a part time meter reader.

The estimated cost of installing ERTs is \$100,000. I propose that the Board consider implementing this solution incrementally and hiring a part time meter reader in the meantime. I would have Kelcey doing meter reads and being responsible for this task, and hiring a part time meter reader to split the routes with her. The estimated cost for a part time meter reader is \$78 per month, working a maximum of six hours per month (\$10 per hour plus payroll costs).

Recommend Board Action: Create the position of Meter Reader (Part Time) and authorized the District Manager to begin recruitment to fill the position. Consider the incremental installation of ERTs beginning in 2016.

- C. Discuss and consider District Engineer's estimated cost for District Office and Shop facility (to be distributed).

District Engineer Rick Goncalves will present his cost estimates for the construction of the District Office and Shop.

As always, please feel free to contact me with any questions.

Respectfully submitted,



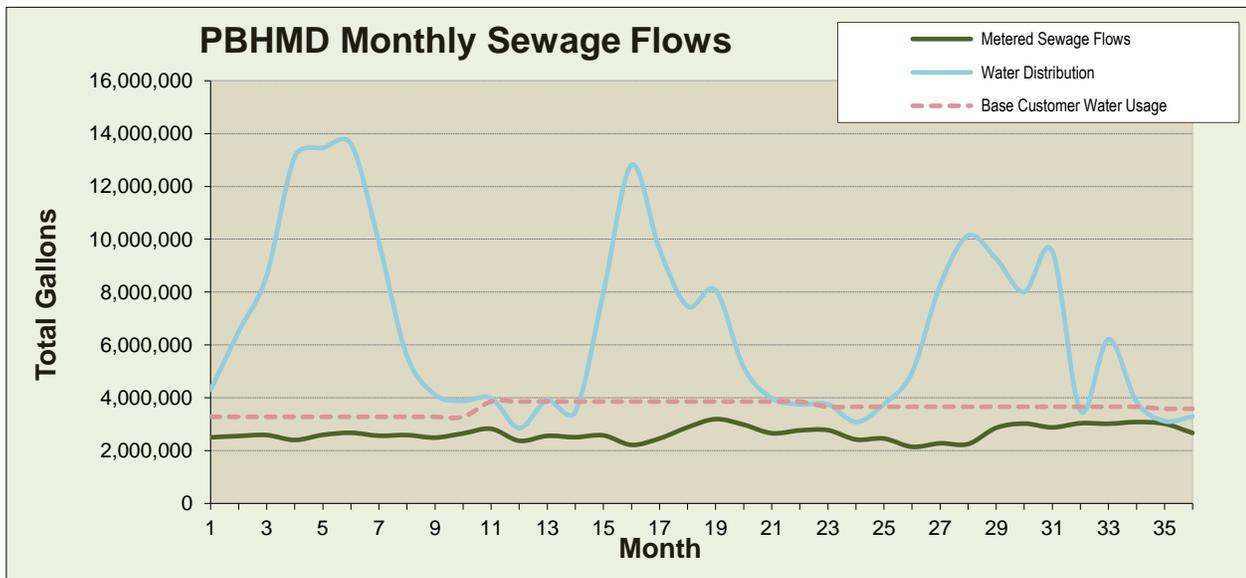
Leon Gomes
District Manager

PBHMD Staff Update:

1. Frazee Construction has finished and pressure tested the sewer system for Scenic View Development. They are now installing water system. Rider is inspecting their work.
2. Woodmen Hills has reportedly finished their cleaning/videoing of filings 4 & 5 sewer lines. Waiting for data and results.
3. Lindt shocked Well #6.
4. Dodge went in for bad fuel injector.
5. Layne pulled well equipment on Well #7. They also videoed Well #7, it looks really clean downhole.
6. Property Manager came to the office on March 11, 2015 to look over the house for the yearly inspection.
7. Turned on water service at 11298 Asbee Street.
8. Layne Christenson installed new filter on Well #8 and a new VFD for Well #9. Those Wells are operational. However, #8 needs a new flow meter that is now on order.
9. Wastewater meter pit had its yearly calibration performed.
10. 1.0 MG tank has had areas touched up during 1 year inspection process. Also, two new divot arms and brackets were installed while tanks were drained.
11. Tank is now being sealed and the first of a couple BacT's has been performed.

PBHMD 3 Year Sewage Meter Flow Data Summary

<u>Month/Year</u>	<u>Total Flow (gal)</u>		<u># days/month</u>	<u>Average MGD/Day</u>	<u>Monthly Water Distribution</u>	<u>Base Water Usage</u>	<u>Totalizer</u>
MAR '12	2,500,178	Totalizer non-op for 14 hrs on 3/5, so additional 46,178 gal added	31	0.081	4,296,923	3,277,989	
APRIL '12	2,552,000		30	0.085	6,503,553	3,277,989	
MAY '12	2,588,000		31	0.083	8,628,004	3,277,989	
JUNE '12	2,401,000		30	0.080	13,133,858	3,277,989	
JULY '12	2,595,000		31	0.084	13,453,776	3,277,989	
AUG '12	2,672,000		31	0.086	13,614,907	3,277,989	
SEPT '12	2,562,000		30	0.085	9,867,368	3,277,989	
OCT '12	2,588,000		31	0.083	5,570,803	3,277,989	
NOV '12	2,492,000		30	0.083	4,112,477	3,277,989	
DEC '12	2,650,000		30	0.088	3,879,285	3,277,989	
JAN '13	2,824,000		31	0.091	3,985,980	3,855,330	
FEB '13	2,370,000		28	0.085	2,852,674	3,855,330	
MAR '13	2,557,000		31	0.082	3,913,010	3,855,330	
APRIL '13	2,506,000		30	0.084	3,471,780	3,855,330	
MAY '13	2,575,000		31	0.083	7,985,090	3,855,330	
JUNE '13	2,216,000		30	0.074	12,811,130	3,855,330	
JULY '13	2,457,000		31	0.079	9,623,130	3,855,330	
AUG '13	2,881,000		31	0.093	7,462,390	3,855,330	
SEPT '13	3,192,000		30	0.106	8,074,420	3,855,330	
OCT '13	2,980,000		31	0.096	5,153,400	3,855,330	
NOV '13	2,657,000		30	0.089	3,985,600	3,855,330	
DEC '13	2,764,000		31	0.089	3,745,750	3,855,330	
JAN '14	2,774,000	Totalizer non-op for 4 days added 360000 to account	31	0.089	3,753,420	3,657,737	
FEB '14	2,419,000	Totalizer non-op for 4 days added 360000 to account	28	0.086	3,082,630	3,657,737	
MAR '14	2,455,000		31	0.079	3,754,280	3,657,737	
APR '13	2,143,000		29	0.074	4,956,020	3,657,737	
MAY '14	2,276,000		31	0.073	8,261,690	3,657,737	
JUNE '14	2,249,000		30	0.075	10,134,110	3,657,737	
JULY '14	2,861,000	NOTE: totalizer reset 7/9/14 11:30am - 198607 read before reset	31	0.092	9,259,520	3,657,737	2143000
AUG '14	3,021,000		31	0.097	8,001,780	3,657,737	5164000
SEPT '14	2,877,000		30	0.096	9,540,640	3,657,737	8041000
OCT '14	3,036,000		31	0.098	3,505,360	3,657,737	11077000
NOV '14	3,016,000		30	0.101	6,213,020	3,657,737	14093000
DEC '14	3,080,000		31	0.099	3,854,070	3,657,737	17173000
JAN '15	3,015,000		31	0.097	3,115,030	3,584,020	20188000
FEB '15	2,666,000		28	0.095	3,292,000	3,584,020	22854000
Avg./Month:	2,734,999 gal/month		30.4	0.090	(includes 2009/10 data)		
Avg/Day:	90,031 gal/day						



PBHMD Well Status Report - January 2015

Well Levels

<u>WELL</u>	<u>APPROX. FLOW</u>	<u>OPERATIONAL</u>	<u>COMMENTS</u>	<u>Month/year</u>	<u>feet water over pump</u>
Well #1 (A-1)	60 gpm	Yes	Well working fine	April '10 Aug '10 July '13	282 175 140 on 340 off
Well #2 (A-2)	60 gpm	Yes	Well working fine	July '13	150 on 275 off
Well #3 (A-3)	55 gpm	No	Not equipped -- needs to be upsized		
Well #4 (LFH-1)	30-40 gpm	No	Equipment not set for pumping with low water level -- could fail at any time Probably will suck too much air after a few days Well has not been used since September 2007 -- power turned off at PH #3		
Well #5 (LFH-2)	45 gpm	No	Well not approved for public water system use at this time Sucks air after several hours of pumping		
Well #6 (A-4)	75 gpm	Yes	Well working fine Still battling odor issues from time to time		
Well #7 (LFH-3)	60 gpm	No	Well has equipment pulled and has been videod. Most items to re-equip have been delivered to Layne. They will start in a couple weeks. Staff has aquired new plumbing and meter for inside pumphouse and soon install		
Well #8 (A-5)	75 gpm	No	Well is now operational. Layne installed new filter in March Flow meter is non-functional but new one is ordered	April '10 July '12 July '13	450 178 on 425 off 185 on 420 off
Well #9 (LFH-4)	125 gpm	No	Well is now operational. Layne installed new VFD in March	April '10 April '12 July '12 July '13	450 580 178 on 425 off 185 on 420 off
Well #10 (A-6)	55 gpm	Yes	Well working fine	April '10 April '12 July '12 July '13	687 356 224 on 380 off 230 on 325 off
Well #11 (LFH-5)	100 gpm	Yes	Well working fine	April '10 April '12 July '12 July '13	757 640 278 on 380 off 335 on 600 off
Interconnect	90-200 gpm	Yes	Interconnect pumps have shut off intermitantly in past but not as of late.		

PBHMD Monthly Distribution - Yearly Comparison

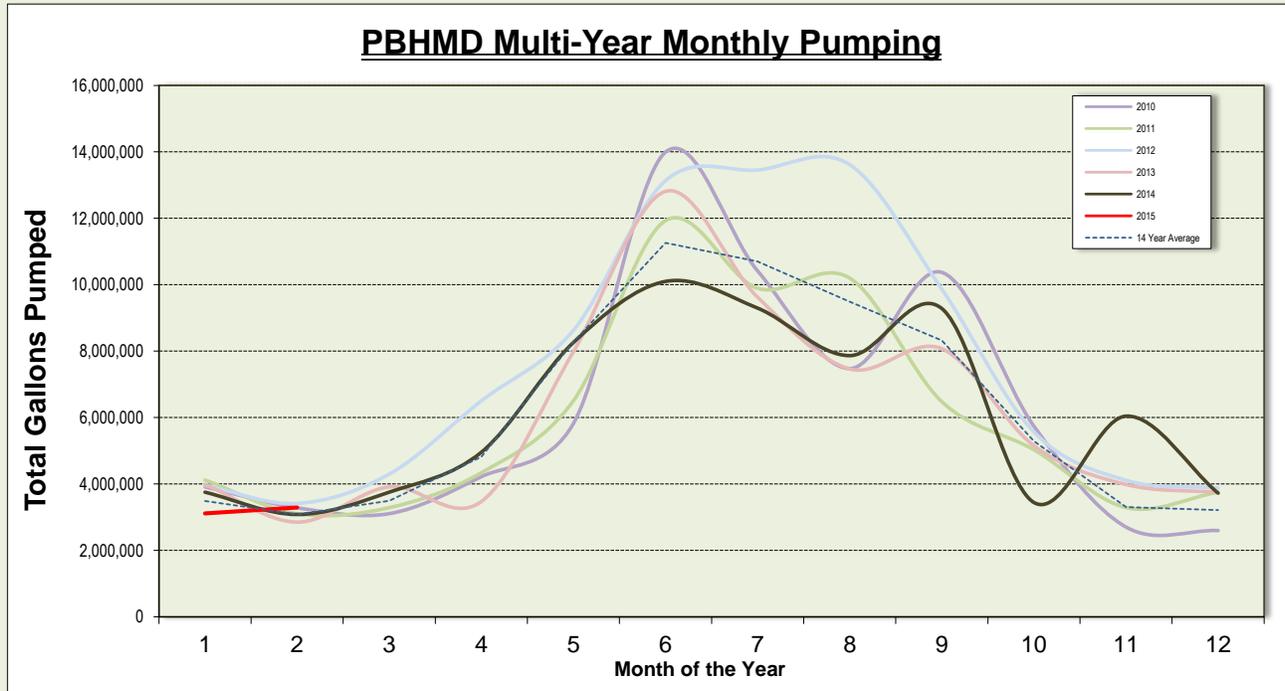
= Record Distribution for Month

= Highest and Lowest Historical Months

YEAR:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Average
MONTH:															
January	3,037,700	4,599,809	2,035,054	2,796,989	3,923,210	4,074,288	2,660,652	2,893,173	3,915,001	4,120,554	3,958,477	3,985,980	3,753,420	3,115,030	3,490,667
February	2,042,515	3,083,636	2,774,015	2,853,215	3,160,490	3,061,381	3,628,804	3,581,570	3,282,820	3,104,340	3,413,525	2,852,674	3,082,630	3,292,000	3,086,687
March	2,515,482	4,264,053	3,374,575	2,980,660	2,892,455	3,470,617	3,066,080	4,512,660	3,107,474	3,288,115	4,296,923	3,913,010	3,754,280		3,495,106
April	5,899,947	4,701,190	3,955,799	3,946,359	8,029,643	4,080,757	5,295,051	3,240,151	4,219,505	4,341,041	6,503,553	3,471,780	4,956,020		4,818,523
May	9,737,644	9,432,900	9,336,104	8,508,738	11,153,278	6,192,122	8,797,450	7,292,827	5,821,752	6,507,255	8,628,004	7,985,090	8,261,690		8,281,143
June	12,575,351	7,446,620	8,985,243	10,632,692	13,167,769	11,714,135	10,474,426	9,426,593	13,993,541	11,930,894	13,133,858	12,811,130	10,099,510		11,260,905
July	10,350,112	13,329,591	6,441,607	12,647,081	8,807,046	14,982,714	11,571,840	8,328,430	10,415,987	9,892,038	13,453,776	9,623,130	9,295,420		10,702,982
August	13,182,494	11,416,711	6,135,250	8,758,863	9,359,848	9,003,776	11,372,075	7,522,766	7,475,977	10,200,310	13,614,907	7,462,390	7,864,980		9,490,027
September	7,423,228	6,615,088	9,590,502	10,777,685	5,162,126	10,807,434	8,485,059	5,236,884	10,371,727	6,479,865	9,867,368	8,074,420	9,284,140		8,321,194
October	4,909,168	7,579,223	5,868,651	6,066,403	4,195,270	6,992,577	5,147,114	3,134,196	5,741,075	5,031,435	5,570,803	5,153,400	3,443,360		5,294,821
November	2,644,106	3,336,219	2,868,332	5,608,728	3,516,186	2,495,577	2,894,937	2,233,917	2,704,742	3,290,252	4,112,477	3,985,600	6,043,620		3,307,589
December	2,815,689	3,123,835	3,301,643	3,422,020	3,048,170	2,357,129	2,816,928	3,208,084	2,598,946	3,752,396	3,879,285	3,745,750	3,725,870		3,215,057
TOTALS:	77,133,436	78,928,875	64,666,775	78,999,433	76,415,491	79,232,507	76,210,416	60,611,251	73,648,547	71,938,495	90,432,956	73,064,354	73,564,940		75,106,878

December (prior year), January, February & March

BASE USE	3,690,797	2,826,870	2,983,127	3,349,544	3,413,614	2,928,166	3,451,083	3,378,345	3,277,989	3,855,330	3,657,737	3,584,020		3,366,385
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NOTES: Water pumped from the Meridian Ranch Interconnect was included from 2005 forward.

MONTHLY DISTRIBUTION REPORT

Paint Brush Hills Metropolitan District -- PWSID #CO0221690

Febraury 2015	Meter Read 1/31/2015 (gal)	Meter Read 2/28/2015 (gal)	Days Well 'ON' Febraury	Days Well 'ON' 2015	Febraury Distribution (gal)	Febraury Distribution (ac-ft)	YTD TOTAL Distribution (gal)	YTD TOTAL Distribution (ac-ft)
Well #1 (A-1)	105,265,200	106,254,000	13	22	988,800	3.03	1,536,900	4.72
Well #2 (A-2)	185,624,900	185,850,400	3	14	225,500	0.69	1,135,400	3.48
Well #3 (A-3)	99,976,880	99,976,880	n/a	0	0	0.00	0	0.00
Well #4 (LFH-1)	29,891,300	29,891,300	n/a	0	0	0.00	0	0.00
Well #5 (LFH-2)	11,664,500	11,664,500	n/a	0	0	0.00	0	0.00
Well #6 (A-4)	11,745,600	11,802,000	0	6	56,400	0.17	689,200	2.12
Well #7 (LFH-3)	1,319,390	1,319,390	n/a	0	0	0.00	0	0.00
Well #8 (A-5)	19,973,400	19,973,400	0	0	0	0.00	700	0.00
Well #9 (LFH-4)	58,369,600	58,369,600	0	0	0	0.00	0	0.00
Well #10 (A-6)	36,713,800	38,020,100	15	20	1,306,300	4.01	1,960,500	6.02
Well #11 (LFH-5)	105,431,200	106,023,700	5	8	592,500	1.82	983,600	3.02
MR Interconnect	1,999,100	2,196,600	1	2	197,500	0.61	490,100	1.50
Storage Tank Levels (ft)	23.0	28.0	n/a	n/a	-75,000	-0.23	-389,370	-1.20
TOTAL PUMPING:	<i>(Well & Interconnect Usage)</i>				3,367,000	10.33	6,796,400	20.86
TOTAL DISTRIBUTION:	<i>(Distribution = Pumping +/- Storage)</i>				3,292,000	10.10	6,407,030	19.66

PUMPING TOTALS:	YTD TOTAL USAGE vs. APPROPRIATIONS TALLIES:
Febraury Well Pumping: 3,367,000 gal	Annual Arapahoe (unappropriated): 4.72 ac/ft of 90.6 ac/ft
Febraury Well Pumping: 10.33 ac/ft	Annual Arapahoe (appropriated): 11.62 ac/ft of 182.0 ac/ft
YTD TOTAL Well Pumping: 6,796,400 gal	Annual Laramie-Fox Hills (appropriated): 3.02 ac/ft of 388.0 ac/ft
YTD TOTAL Well Pumping: 20.86 ac/ft	Annual MR Interconnect Water: 1.50 ac/ft of 85.0 ac/ft <i>(Guthrie alluvial water via Meridian Ranch Water Service Agreement)</i>
	Total Annual Available Water: 745.6 ac/ft

Storage capacity approx. 44,910 gal/ft (with both tanks in operation).
Large tank approx. 29,910 gal/ft -- Small tank approx. 15,000 gal/ft

MONTHLY DISTRIBUTION REPORT

Paint Brush Hills Metropolitan District -- PWSID #CO0221690

2015	JANUARY Pumping (gal)	FEBRUARY Pumping (gal)	MARCH Pumping (gal)	APRIL Pumping (gal)	MAY Pumping (gal)	JUNE Pumping (gal)	JULY Pumping (gal)	AUGUST Pumping (gal)	SEPTEMBER Pumping (gal)	OCTOBER Pumping (gal)	NOVEMBER Pumping (gal)	DECEMBER Pumping (gal)	YTD TOTAL Pumping (gal)	Total Days Well On
Well #1 (A-1)	548,100	988,800											1,536,900	22
Well #2 (A-2)	909,900	225,500											1,135,400	14
Well #3 (A-3)	0	0											0	0
Well #4 (LFH-1)	0	0											0	0
Well #5 (LFH-2)	0	0											0	0
Well #6 (A-4)	632,800	56,400											689,200	6
Well #7 (LFH-3)	0	0											0	0
Well #8 (A-5)	700	0											700	0
Well #9 (LFH-4)	0	0											0	0
Well #10 (A-6)	654,200	1,306,300											1,960,500	20
Well #11 (LFH-5)	391,100	592,500											983,600	8
MR Interconnect	292,600	197,500											490,100	2
Storage Tanks (ft)	-314,370	-75,000											-389,370	
Total Distribution:	3,115,030	3,292,000	0	0	0	0	0	0	0	0	0	0	6,407,030	

NOTE: Gray shading indicates that well is off-line. February - large tank was off-line

General Information for PBHMD's Wells:											
PBHMD Well #	Well #1	Well #2	Well #3	Well #4	Well #5	Well #6	Well #7	Well #8	Well #9	Well #10	Well #11
Aquifer	Araphoe	Araphoe	Araphoe	Laramie-Fox	Laramie-Fox	Araphoe	Laramie-Fox	Araphoe	Laramie-Fox	Araphoe	Laramie-Fox
PBHMD's ID	A-1	A-2	A-3	LFH-1	LFH-2	A-4	LFH-3	A-5	LFH-4	A-6	LFH-5
Well Permit #	17048-F	30593-F	46553-F	47813-F	50877-F	55193-F	55192-F	60862-F	63429-F	64086-F	64084-F

Distribution Data

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT HELD FEBRUARY 19, 2015

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 19th day of February, 2015, 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 speakerphone)

Ricardo Goncalves; District Engineer

Steve Knepper; Operations Manager

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 the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Mr. Gomes noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. No conflicts were noted.

RECORD OF PROCEEDINGS

ADMINISTRATIVE MATTERS

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

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

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 January 15, 2015 Regular Meeting
- Acknowledge 2015 Budget Priorities

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 February 19, 2015, as follows:

General Fund	\$	22,493.83
Debt Service Fund	\$	-0-
Enterprise Fund	\$	58,807.42
Total Claims:	\$	<u>81,301.25</u>

Mr. Gomes reviewed the claims with the Board.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending February 19, 2015, as presented.

RECORD OF PROCEEDINGS

Financial Statements: Mr. Gomes reviewed with the Board the unaudited financial statements for the period ending January 31, 2015.

Following review and discussion, upon motion duly made by Director Pollard, seconded by Director Griffin and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending January 31, 2015, as presented.

Wells Fargo Capital Lease-Purchase Refunding with Farmers State Bank:

Mr. Gomes gave the Board the following update on the status of the Wells Fargo Capital Lease-Purchase Refunding with Farmers State Bank:

- Directors Burrer and Pollard, and Mr. Gomes met with Farmers State Bank representatives Randy Pieper and Scott Lutz on January 16, 2015.
- On January 23, 2015, Scott Lutz provided Mr. Gomes with the Capital Lease-Purchase preliminary terms as follows:
 - Interest Rate – 3.0% fixed for 10 years.
 - Loan Origination Fee - \$10,000 plus the cost of appraising the value of the water rights.
 - Attorneys' Fees - \$0
 - Loan Payment Reserve - \$0
- The FSB Loan Committee met on January 28, 2015 and approved the District's proposed Capital Lease-Purchase Refunding.
- A Loan Commitment Letter was executed by Director Pollard on behalf of the District.
- The District's Water Counsel, Paul Anderson, will prepare a legal description of the District's water rights and provide his opinion as to the value of the water rights in lieu of an appraisal.

Commitment Letter with Farmers State Bank for Refunding: The Board entered into discussion regarding the ratification of a Commitment Letter with Farmers State Bank for the Refunding.

Following discussion, upon motion duly made by Director Roberts, seconded by Director Bruszenski and, upon vote, unanimously carried, the Board ratified the Commitment Letter with Farmers State Bank for the Refunding.

Water Rights Legal Description and Valuation Opinion from District Water Counsel: The Board entered into discussion regarding the draft Water Rights Legal Description and Valuation opinion from District Water Counsel.

RECORD OF PROCEEDINGS

The Board directed Mr. Gomes to work with District Water Counsel Paul Anderson to determine what additional details were required to provide the District with a Final Water Rights Valuation Opinion and to determine if he has any issues with waiving privilege on the information contained in the report.

LEGAL MATTERS

EXECUTIVE SESSION: Pursuant to §§24-6-402(4)(b) and (e), C.R.S., upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 8:33 p.m. for the purpose of discussing negotiations with third parties and receiving legal advice, as authorized by §§24-6-402(4)(b) and (e), C.R.S.

Pursuant to §24-6-402(2)(d.5) (II)(B), C.R.S., no record will be kept of the remaining portion of this executive session that, in the opinion of the District's attorney, constitutes privileged attorney-client communication pursuant to §24-6-402(b), C.R.S.

The Board reconvened in regular session at 8:51 p.m. No action was taken by the Board.

OPERATIONS AND MAINTENANCE

Preliminary Layout Design and Cost Estimate for District Office and Workshop and First Addendum to Independent Contractor Agreement: Mr. Goncalves discussed with the Board a proposal from RG & Associates for preliminary layout design and cost estimate for District office and workshop. Mr. Goncalves also requested direction from the Board regarding a central water filtration system. Mr. Goncalves informed the Board that its consideration of a reverse osmosis filtration plant would be costly. In addition, there would be a twenty-five percent loss of water during the backwash process that is required with this type of filtration. The disposal of the resulting sediment could also be costly. He stated that sand can be removed from the water with sand separators or by reducing the well flow rate. If there is an issue with odor and taste, an aeration system either at the well or in a central location could be used.

Mr. Goncalves stated that the most compact method of providing water filtration is to install a granular activated carbon filter system. This system would require a fifteen foot by fifteen foot area. He also recommended scrubbing the wells. Mr. Gomes will request a proposal from Layne Christensen for this service.

Mr. Goncalves will provide the Board with a high-level cost estimate of developing a granulated activated carbon filter structure.

RECORD OF PROCEEDINGS

Director Burrer inquired about the possibility of an additional one-million gallon tank and its space requirement relative to the site development.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the proposal from RG & Associates for preliminary layout design and cost estimate for District office and workshop for an amount not-to-exceed \$4,500, and approved the First Addendum to the Independent Contractor Agreement. The Board directed Mr. Knepper to send water usage reports to Mr. Goncalves.

OTHER BUSINESS

2014 Annual Report: The Board reviewed the draft 2014 El Paso County Annual Report and Disclosure.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Griffin and, upon vote, unanimously carried, the Board approved the draft 2014 El Paso County Annual Report and Disclosure.

ADJOURNMENT

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

Respectfully submitted,

By _____
Secretary for the Meeting

RECORD OF PROCEEDINGS

THESE MINUTES ARE APPROVED AS THE OFFICIAL FEBRUARY 19, 2015 MINUTES OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

Kim Griffin

Calvin Pollard

Doug Burrer

Floyd Roberts

John Bruszenski

RECORD OF PROCEEDINGS

Attorney Statement Regarding Privileged Attorney-Client Communication

Pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as the attorney representing Paint Brush Hills Metropolitan District, I attended the executive session meeting Paint Brush Hills Metropolitan District convened at 8:33 p.m. on February 19, 2015 for the purpose of discussing negotiations with third parties and receiving legal advice as authorized by Sections 24-6-402(4)(b) and (e), C.R.S. I further attest it is my opinion that all of the executive session discussion constituted a privileged attorney-client communication as provided by Section 24-6-402(4)(b), C.R.S. and, based on that opinion, no further record, written or electronic, was kept or required to be kept pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S.

Jennifer Gruber Tanaka, Esq.
General Counsel
Paint Brush Hills Metropolitan District