

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT HELD JANUARY 15, 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 15th day of January, 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.

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 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 November 20, 2014 Regular Meeting and the December 11, 2014 Special Meeting
- Acknowledge 2015 Budget Priorities
- Norvell Construction Independent Contractor Agreement for one-million gallon water storage tank davits replacements

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

24-Hour Posting Place: The Board reviewed and considered the adoption of Resolution No. 2015-01-01: Resolution Regarding 24-Hour Posting Place.

Following discussion, upon motion duly made by Director Pollard, seconded by Director Roberts and, upon vote, unanimously carried, the Board adopted Resolution No. 2015-01-01: Resolution Regarding 24-Hour Posting Place. A copy of the Resolution is attached hereto and incorporated herein by this reference.

FINANCIAL MATTERS

Claims: The Board considered approval of the payment of claims for the period ending December 17, 2014, as follows:

General Fund	\$ 39,361.67
Debt Service Fund	\$ -0-
Enterprise Fund	\$ 42,227.44
Total Claims:	<u>\$ 81,589.11</u>

RECORD OF PROCEEDINGS

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 December 17, 2014, as presented.

The Board then considered approval of the payment of claims for the period ending January 15, 2015, as follows:

General Fund	\$	15,129.13
Debt Service Fund	\$	-0-
Enterprise Fund	\$	<u>48,138.66</u>
Total Claims:	\$	<u>63,267.79</u>

Mr. Gomes reviewed the claims with the Board.

Following review and 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 January 15, 2015, as presented.

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

Attorney Tanaka noted that there appeared to be an error in the percentages on the financial statements and Director Burrer confirmed that an error had been made. The Board directed Mr. Gomes is to address the error with the District Accountant.

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

HD Supply Charge Account: The Board entered into discussion regarding authorizing the establishment of a charge account with HD Supply.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, the Board authorized the establishment of a charge account with HD Supply.

RECORD OF PROCEEDINGS

Wells Fargo Capital Lease Purchase Financing: Mr. Gomes noted that the Wells Fargo Bank Capital Lease-Purchase would renew on March 31, 2015. He further noted that the Board has the option of renewing the lease-purchase with Well Fargo or refunding it with another financial institution. He noted that the Board had previously approached Farmers State Bank about refunding the lease-purchase, but the Board determined that there would be approximately \$313,000 in pre-payment penalty to Wells Fargo at that time.

The Board discussed and considered the renewal and/or refunding of Wells Fargo Capital Lease Purchase Financing.

Following discussion, the Board directed Mr. Gomes to work with Directors Pollard and Burrer to negotiate the terms of refinancing the loan with Farmers State Bank.

LEGAL MATTERS

Infrastructure Construction and Conveyance Agreement: The Board entered into discussion regarding an Infrastructure Construction and Conveyance Agreement between the District and 699 Properties, LLC for Paint Brush Hills Filing 13B.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Roberts and, upon vote, unanimously carried, the Board approved the Infrastructure Construction and Conveyance Agreement between the District and 699 Properties, LLC for Paint Brush Hills Filing 13B.

PJ Anderson, representing 699 Properties, LLC, requested that the Board approve a commitment for the remainder of Filing 13. The Board then discussed Mr. Anderson's request.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Burrer and, upon vote, unanimously carried, the Board committed to one-hundred-fifty single family equivalents, upon execution of an Infrastructure Construction and Conveyance Agreement between the District and 699 Properties, LLC, for Paint Brush Hills Filing 13 and subject to the issuance of commitment letters being issued by the District for each additional phase, subject to finalization by legal counsel.

Representations Matter: Attorney Tanaka discussed with the Board the possibility of her firm representing the Meridian Service Metropolitan District ("MSMD") as general counsel. She noted that the district had been referred to her firm by one of MSMD's consultants.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Pollard, seconded by Director Griffin and, upon vote, unanimously carried, the Board consented to White Bear Ankele Tanaka & Waldron, P.C. representing the Meridian Service Metropolitan District.

Park Lands Agreement: The Board discussed and considered a Park Lands Agreement by and between Lorson South Land Corp., El Paso County, and the District.

Following discussion, upon motion duly made by Director Pollard, seconded by Director Roberts and, upon vote, unanimously carried, the Board approved the Park Lands Agreement by and between Lorson South Land Corp., El Paso County, and the District on the condition that Lorson South Land Corp. execute a deed to the District for the park property prior work being performed on the property.

Covenant Enforcement: Mr. Gomes reported to the Board that he had a discussion with Jeff Mark of the Landhuis Company regarding covenants in Scenic View at Paint Brush Hills to determine who would be responsible for covenant enforcement. Mr. Mark responded that there would be covenants and he assumed that the District would be enforcing them. Mr. Gomes noted that in order for the District to have the power to enforce covenants, the District's Service Plan would need to be amended to add this power. He requested the Board's direction as to whether an amendment to the Service Plan to add Covenant Enforcement should be pursued.

The Board entered into discussion regarding amending the Service Plan to add Covenant Enforcement.

Following discussion, the Board determined not to have the District Service Plan amended to add Covenant Enforcement.

OPERATIONS AND MAINTENANCE

Proposals to Repair Wells 7, 8 and 9 and Independent Contractor Agreement for Pump and Pump Controls Maintenance: The Board entered into discussion regarding an Independent Contractor Agreement for Pump and Pump Controls Maintenance, a First Addendum to the Independent Contractor Agreement for a proposal to repair well 7, and a Second Addendum to the Independent Contractor Agreement for a proposal to repair of wells 8 and 9, between Layne-Christensen and the District.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Pollard, seconded by Director Bruszenski and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement for Pump and Pump Controls Maintenance, the First Addendum to the Independent Contractor Agreement for a proposal to repair well 7, and the Second Addendum to the Independent Contractor Agreement for a proposal to repair of wells 8 and 9 between Layne-Christensen and the District.

OTHER BUSINESS

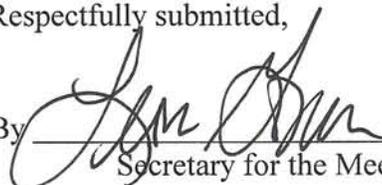
Scenic View Update: Mr. Gomes updated the Board regarding the development at Scenic View at Paint Brush Hills. He noted that the sewer main lines were in the process of being installed. District Staff has been overseeing and inspecting the infrastructure improvements.

ADJOURNMENT

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

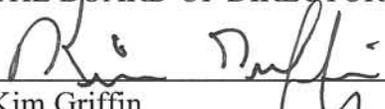
Respectfully submitted,

By

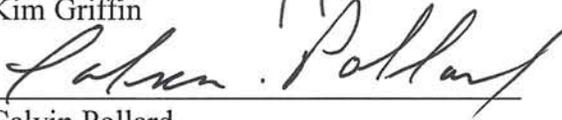

Secretary for the Meeting

RECORD OF PROCEEDINGS

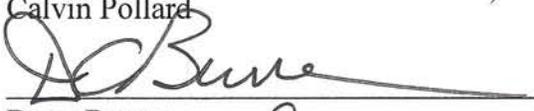
THESE MINUTES ARE APPROVED AS THE OFFICIAL JANUARY 15, 2015
MINUTES OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT BY
THE BOARD OF DIRECTORS SIGNING BELOW:



Kim Griffin



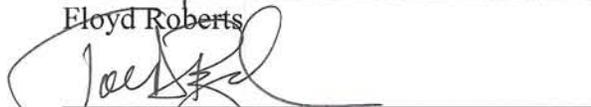
Calvin Pollard



Doug Burre



Floyd Roberts



John Bruszenski

Resolution No. 2015-01-01

RESOLUTION
OF THE BOARD OF DIRECTORS OF THE
PAINT BRUSH HILLS METROPOLITAN DISTRICT

DESIGNATING THE DISTRICT'S 24-HOUR POSTING LOCATION

WHEREAS, the Paint Brush Hills Metropolitan District (the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing pursuant to §§ 32-1-101, *et seq.*, C.R.S. (the "Special District Act"); and

WHEREAS, pursuant to § 24-6-402(1)(a), C.R.S., the District is a local public body and subject to the provisions of §§ 24-6-401, *et seq.*, C.R.S. (the "Open Meetings Law"), also known as the Sunshine Law; and

WHEREAS, pursuant to § 32-1-903(2), C.R.S., meetings of the Board of Directors of the District (the "Board") are required to be posted in three (3) public locations within the boundaries of the District at least seventy-two (72) hours before any regular or special meeting; and

WHEREAS, § 24-6-402(2)(c), C.R.S., provides that, in addition to any other means of full and timely notice, such as the posting requirements of the Special District Act, a local public body shall be deemed to have given full and timely notice if a notice of the meeting is posted in a designated public place within the boundaries of the local public body no less than twenty-four (24) hours prior to the holding of the meeting; and

WHEREAS, pursuant to § 24-6-402(2)(c), C.R.S., special districts shall designate annually, at the District's first regular meeting of each calendar year, the public place at which the notice of meetings given under the Open Meetings Law will be posted no less than twenty-four (24) hours prior to the meeting; and

WHEREAS, the Board has determined to designate one of the three posting locations used for meeting notices under the Special District Act as its designated posting location for notices under § 24-6-402(2)(c), C.R.S.

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

1. Pursuant to § 24-6-402(2)(c), C.R.S., the Board hereby designates the following location for the posting of its twenty-four (24) hour meeting notices thereunder:

The District Office, located at 9830 Liberty Grove Drive, Falcon, Colorado.

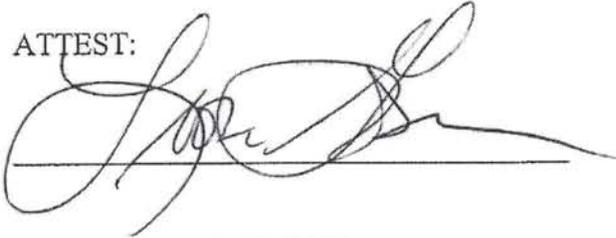
ADOPTED this 15th day of January, 2015.

PAINT BRUSH HILLS METROPOLITAN
DISTRICT



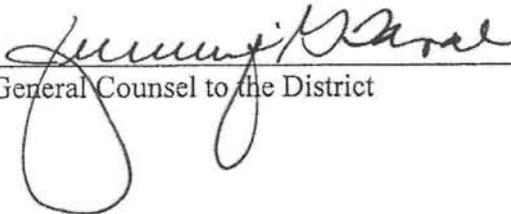
Officer of the District

ATTEST:



APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

[Signature Page to Resolution Designating the 24-Hour Posting Location.]