

## 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 JULY 16, 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 16<sup>th</sup> day of July, 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:

Calvin Pollard  
Doug Burrer  
Floyd Roberts  
John Bruszenski

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Roberts and, upon vote, unanimously carried, the absence of Director Griffin was excused. Director Griffin joined the meeting via speakerphone for the Executive Session discussions.

##### Also In Attendance Were:

Leon Gomes; Special District Management Services, Inc.

Jennifer Gruber Tanaka, Esq. and Casey Lekahal, Esq.; White Bear Ankele Tanaka & Waldron, P.C.

Ricardo Goncalves, PE; RG & Associates

Mitch Downs and Shawn Bowie; Osborne Parsons & Rosacker, P.C.

#### 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 disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. No conflicts 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 Roberts 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 June 18, 2015 Regular Meeting

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

### FINANCIAL MATTERS

Director Burrer joined the meeting.

Claims: The Board considered approval of the payment of claims for the period ending July 16, 2015, as follows:

General Fund	\$	31,916.19
Debt Service Fund	\$	-0-
Enterprise Fund	\$	<u>49,970.01</u>
<b>Total Claims:</b>	<b>\$</b>	<b><u>81,886.20</u></b>

Mr. Gomes reviewed the claims with the Board.

Following discussion, upon motion duly made by Director Roberts, seconded by Director Bruszenski and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending July 16, 2015, as presented.

Financial Statements: Mr. Gomes reviewed with the Board the unaudited financial statements for the period ending June 30, 2015.

Following review and discussion, upon motion duly made by Director

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Bruszenski, seconded by Director Roberts and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending June 30, 2015, as presented.

**2014 Audit:** Mr. Downs reviewed with the Board the audited financial statements of the District for the year ended December 31, 2014.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Roberts and, upon vote, unanimously carried, the Board accepted the audited financial statements for the year ended December 31, 2014 and authorized the execution of the Representation Letter, subject to review and incorporation of revisions from legal counsel and from the Board.

**2015 Budget Priorities:** Director Burrer reviewed the 2015 Budget Priorities and proposed 2016 Budget Priorities with the Board. Director Burrer requested that the Board be updated on the top five priorities. He also advised that he met with Mr. Gomes to begin the process of developing the 2016 Budget.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board acknowledged the 2015 Budget Priorities, as presented.

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### **LEGAL MATTERS**

**Londonderry Drive Landscape Easements:** Attorney Lekahal advised the Board that the District currently provides landscaping to roughly forty-eight private properties. He went on to detail options open to the District:

- Adverse Possession
- Public Purpose Exception (not well defined by the courts)
- Acquire Private Landscape Easements for Each Property

The Board agreed that the best course of action is to acquire private landscape easements from each individual landowner. The Board directed Mr. Gomes to prepare a letter to each property owner regarding the same.

**Creation of Sub-District:** Attorney Tanaka discussed with the Board a letter sent to the El Paso County Board of County Commissioners (“BOCC”) regarding the District’s Resolution Regarding Creation of a Sub-District. The BOCC has thirty days from the date of that letter to notify the District if the creation of the Sub-District requires an amendment to the District’s Service Plan. She noted that there has been no response to date from the BOCC and that the end of the thirty-day period is on July 23, 2015.

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### ENGINEER MATTERS

**Water Use Master Plan:** Mr. Goncalves reported to the Board that the creation of a Water Use Master Plan is underway. He noted that water usage in the District is much reduced from previous years. He reported that the annual per household usage is .36 acre feet, but cautioned against using this number for the District's base water usage. He stated that there is philosophical consideration for well redundancy that water supply be equal to the demand plus the pumping capacity of the highest capacity well. He also stated that he has determined that the District will need to add 500,000 gallons of additional water storage capacity.

**Well No. 6 Pilot Project:** Mr. Goncalves advised the Board that the Well No. 6 Pilot Project has been delayed due to an issue with the equipment supplier. He noted that he expects the project to start next week.

**Office and Shop Project:** Mr. Goncalves advised the Board that District operators had requested greater depth in the shop bays.

The Board then entered into discussion regarding the desired appearance of the facility. Director Burrer opined that the exterior of the High Plains Library has certain aesthetic qualities that might suit the Office and Shop Facility, namely stucco accented with wood.

Mr. Goncalves advised that he will bring building plans and elevations to the next Board meeting. He also explained the process of developing the building plans that will be used in the public bidding process.

### OPERATIONS AND MAINTENANCE

**Energy and Mineral Impact Grant Application for Electronic Read Transmitters ("ERT") Installation:** Mr. Gomes noted that the District plans to install 495 Electronic Read Transmitters ("ERT") and that the receipt of a grant from the Department of Local Affairs ("DOLA") will allow the District to accelerate the timeline for the ERT installations. He stated that the estimated cost of this project is \$99,000. He recommended that the District apply for a grant equal to forty percent of the estimated cost plus a ten percent contingency. He requested authorization to apply for a grant from DOLA for funding from the Energy Impact Assistance Fund in the amount of \$43,560 on or before August 1, 2015. The District's match would be \$65,340 for a total project budget of \$108,900. Director Burrer expressed concerns about the timing of the need for the District's funding of the project. Mr. Gomes noted that the District will have the opportunity to apply for the grant on December 1, 2015, April 1, August 1, and December 1 of subsequent years.

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The Board determined to defer this matter to the December 1, 2015 Regular Meeting.

**Construction of Gazebo in South Manchester Park:** Mr. Gomes noted that construction of a gazebo at South Manchester Park is the next project in the 2015 Budget Priorities. He recommended that the Board consider deferring this project to 2016.

The Board determined to defer this matter to the January 2016 Regular Meeting.

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### **EXECUTIVE SESSION**

Pursuant to Sections 24-6-402(4)(b) and (e), C.R.S., upon motion duly made by Director Bruszenski, seconded by Director Roberts and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 9:34 P.M. for the purpose of discussion, negotiations with third parties, and receiving legal advice, as authorized by Sections 24-6-402(4)(b) and (e), C.R.S.

Pursuant to Section 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 Section 24-6-402(4)(b), C.R.S.

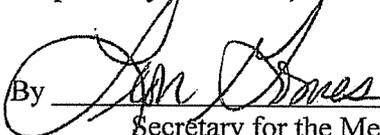
The Board reconvened in regular session at 10:28 PM.

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### **ADJOURNMENT**

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

Respectfully submitted,

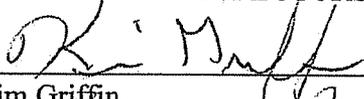
By   
Secretary for the Meeting

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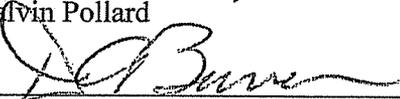
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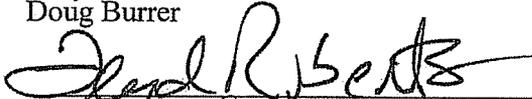
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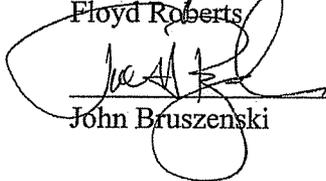
THESE MINUTES ARE APPROVED AS THE OFFICIAL JULY 16, 2015  
MINUTES OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT BY  
THE BOARD OF DIRECTORS SIGNING BELOW:

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

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

  
\_\_\_\_\_  
Doug Burrer

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

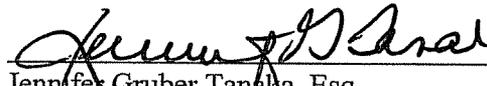
  
\_\_\_\_\_  
John Bruszenski

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### Attorney Statement Regarding Privileged Attorney-Client Communication

Pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as the attorney representing the Paint Brush Hills Metropolitan District, I attended the executive session on July 16, 2015 for the sole purposes of conferencing with the District's legal counsel for the purposes of receiving legal advice on specific legal questions and discussing matters subject to negotiation, as authorized by §§24-6-402(4)(b) and (e), C.R.S. I further attest that it is my opinion that all or a portion of the executive session discussion constituted attorney-client privileged communication as provided by §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 §24-6-402(2)(d.5)(II)(B), C.R.S.



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