RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT HELD AUGUST 20, 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 20th day of August, 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 (for a portion of the meeting)
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, PE; RG & Associates

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.

ADMINISTRATIVE MATTERS

Agenda: Mr. Gomes reviewed the proposed agenda for the District's Regular Meeting.

Following discussion, upon motion duly made by Director Pollard, 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 July 16, 2015 Regular Meeting
- Ratify Future conveyance and Acceptance of Property Agreement between Lorson Southland Corporation and the District
- Ratify Private Detention Basin / Stormwater Quality Best Management Practice Maintenance Agreement and Easement among El Paso County, Lorson Southland Corporation and the District

Following discussion, upon motion duly made by Director Roberts, seconded by Director Griffin 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 August 20, 2015, as follows:

General Fund	$	31,018.22
Debt Service Fund	$	-0-
Enterprise Fund	$	49,212.39
Total Claims:	**$**	**80,230.61**

Mr. Gomes reviewed the claims with the Board.

Following discussion, upon motion duly made by Director Pollard, seconded by Director Bruszenski and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending August 20, 2015, as presented.

Financial Statements: Mr. Gomes reviewed with the Board the unaudited financial statements for the period ending July 31, 2015. He also distributed to the Board a document comparing the Enterprise Fund revenue for July 2015 with the revenue for July 2014, and the year-to-date revenue as of July 2015 with the year-to-date revenue as of July 2014.

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

2016 Budget Matters: The Board entered into discussion regarding the 2016 Budget and related issues.

Following discussion, the Board directed that a street lighting fee for Scenic View at Paint Brush Hills be added to the Fee Schedule to be included in an Amended and Restated Resolution Concerning the Imposition of Various Fees, Rates, Penalties, and Charges for Water and Sewer Services and Facilities to be presented to the Board for consideration.

2015 Audit: Mr. Gomes requested direction from the Board as to whether it wished him to submit Requests for Proposals from various auditing firms for the 2015 Audit, or to request a proposal for the 2015 Audit only from Osborne, Parsons & Rosacker. The Board entered into discussion regarding whether to seek proposals from various auditing firms or only from Osborne, Parsons & Rosacker for the 2015 Audit.

Following discussion, the Board directed Mr. Gomes to request a proposal from Osborne, Parsons & Rosacker to conduct the 2015 Audit.

2015 Budget Priorities: Mr. Gomes reviewed the 2015 Budget Priorities with the Board.

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

District Employee Retirement Plan: Director Burrer discussed the creation of a retirement plan for District employees. He advised that he met with representatives of the Northwestern Mutual Financial Network regarding establishing an employee retirement plan. He noted that the cost to set up the plan would be $1,000 and the annual cost would be $500. Mr. Gomes said that he would provide Director Burrer the contact information for the Lincoln Financial Group who also provide employee retirement plan services. Mr. Burrer stated that he would continue to research this matter and would have the District Manager participate in future meetings with retirement plan providers. No action was taken by the Board.

LEGAL MATTERS

Londonderry Drive Landscape Easements: Attorney Tanaka advised the Board that easement measurements have been received and that her firm is preparing the required landscape easement documents. She noted that Mr. Gomes will mail the respective easements along with a cover letter under his signature to the property owners of the properties requiring landscape easements.

Creation of Sub-District: Attorney Tanaka discussed with the Board the status of the creation of a Sub-District, noting that an election is in process for November 2015.

ENGINEER MATTERS

Director Burrer arrived at the meeting.

Engineer's Report: Mr. Goncalves discussed his report with the Board. A copy of the report is attached hereto and incorporated herein by this reference.

Water Use Master Plan: Mr. Goncalves presented a draft Water Use Master Plan to the Board, noting that an additional water supply will need to be procured.

Well No. 6 Pilot Project: Mr. Goncalves advised the Board that the Well No. 6 Pilot Project has been implemented.

Office and Shop Project: Mr. Goncalves presented floor plans for the Office and Shop to the Board.

Lift Station Emergency Capacity Analysis and Fourth Addendum to Independent Contractor Agreement with RG & Associates: The Board entered into discussion regarding a proposal for Lift Station Emergency Capacity Analysis and a Fourth Addendum to the Independent Contractor Agreement with RG & Associates.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the proposal for Lift Station Emergency Capacity Analysis and the Fourth Addendum to the Independent Contractor Agreement with RG & Associates.

Water Rate Study: The Board determined to postpone performing a water rate study until 2016.

OPERATIONS AND MAINTENANCE

Purchase of a 2015 Ford F150 Pickup from Phil Long Ford and Execution of Lease-Purchase Agreement with Farmers State Bank: The Board entered into discussion regarding the purchase of a 2015 Ford F150 Pickup from Phil Long Ford and the execution of a lease-purchase agreement with Farmers State Bank regarding same.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Roberts and, upon vote, unanimously carried, the Board approved the purchase of a 2015 Ford F150 Pickup from Phil Long Ford and the execution of a lease-purchase agreement, subject to review by Legal Counsel, with Farmers State Bank regarding same.

Planting of Trees in North Manchester Park and South Manchester Park from Franks & Beans, LLC dba F&B Landscaping and Independent Contractor Agreement and First Addendum to Independent Contractor Agreement: Mr. Gomes presented a proposal for tree planting at North Manchester and South Manchester parks from Franks & Beans, LLC dba F&B Landscaping. The Board entered into discussion regarding the proposal, an Independent Contractor Agreement and First Addendum to Independent Contractor Agreement regarding same. The Board directed that there be only Sensation Maple, Hackberry, and Honey Locust trees planted in the parks.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the proposal for the planting of Sensation Maple, Hackberry, and Honey Locust trees in North and South Manchester Parks from Franks & Beans, LLC dba F&B Landscaping, and the Independent Contractor Agreement and First Addendum to Independent Contractor Agreement regarding same.

ADJOURNMENT

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

Respectfully submitted,

By _____
Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL AUGUST 20, 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