

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT HELD SEPTEMBER 17, 2015

A Regular Meeting of the Board of Directors of the Paint Brush Hills Metropolitan District (referred to hereafter as "Board") was held on Thursday, the 17th day of September, 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:

Jennifer Gruber Tanaka, Esq. and Casey Lekahal, Esq., White Bear Ankele Tanaka & Waldron (via speakerphone)

David Boles, P.E., RG & Associates

Leon Gomes, District Manager

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential 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 conflicts were filed for applicable Directors at least 72 hours prior to the meeting. Mr. Gomes also 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 further conflicts were noted.

ADMINISTRATIVE MATTERS

Agenda: Mr. Gomes reviewed the proposed agenda for the District's Regular Meeting and request to add "Discuss and consider designation of Board Secretary" under Administrative Matters E, and "Discuss and consider proposal to submit Exemption Plat from Land Development Consultants, Inc." under Engineer Matters A.1.b.

Following discussion, upon motion duly made by Director Pollard,

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seconded by Director Roberts and, upon vote, unanimously carried, the Agenda was approved, as amended.

Public Comment: George & Nancy Murphy recently moved into the District. Mr. Murphy stated that when he received their first District billing that the charges are higher than Colorado Springs Utilities (CSU) and asked if the rates could be set so that they are comparable to the CSU rates. Mr. Gomes explained that the District's fees, rates, and charges are based on its operational costs and not based on being competitive with other water and sewer service providers. Mr. Murphy stated that he had requested and received the proper water pressure setting from District Operations Manager Steve Knepper. Mr. Murphy asked who was "over the District". Mr. Gomes explained that the District's Board of Directors are the ultimate decision maker for the District, and that, although the Colorado Department of Public Health & Environment (CDPHE) and the Colorado Division of Local Government (DLG) had regulatory oversight, they are only concerned about the District's compliance with rules, regulations, and statute. Mr. Murphy requested the contact information for CDPHE and DLG which Mr. Gomes agreed to provide by email.

Consent Agenda: The Board considered the following actions:

- Acknowledge Manager's Report;
- Acknowledge Staff Report;
- Acknowledge Operations Report;
- Approve Minutes of the August 20, 2015 Regular Meeting and the September 9, 2015 Special Meeting; and
- Adopt the revised Public Records Policy

Upon motion duly made by Director Griffin, seconded by Director Roberts and, upon vote, unanimously carried, the Board approved the Consent Agenda.

Designation of Board Secretary: Mr. Gomes, who serves as Board Secretary, recommended that a Director be designated by the Board to serve as Secretary. He explained that the Board had elected him as Board Secretary upon the recommendation of Special District Management Services, Inc. to facilitate the Secretary's signature on certain documents. He stated that, with the District now having a full time District Manager, the need for having the District Manager as the Secretary no longer exists. Attorney Tanaka also recommended that a Director serve as the Board Secretary.

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Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Griffin and, upon vote, unanimously carried, the Board appointed Director Roberts as Board Secretary.

FINANCIAL MATTERS

Claims: The Board considered the approval of the payment of claims for the period ending September 17, 2015 as follows:

General Fund:	\$26,589.28
Debt Service Fund:	\$0
Enterprise Fund:	<u>\$79,544.95</u>
Total Claims:	<u>\$106,134.23</u>

Mr. Gomes reviewed the claims with the Board.

Following review and discussion, upon motion duly made by Director Griffin, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending September 17, 2015, as presented.

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

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

2016 Budget Priorities: Mr. Gomes presented the proposed 2016 Budget Priorities as developed by Directors Burrer and Pollard, and him.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Pollard and, upon vote, unanimously carried, the Board adopted the 2016 Budget Priorities as presented.

2015 Budget Priorities: Mr. Gomes reviewed and updated the Board on the progress being made on first six priorities remaining on the 2015 Budget Priorities.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Roberts and, upon vote, unanimously carried, the Board acknowledged the updated 2015 Budget Priorities.

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2016 Budget Public Hearing: Mr. Gomes proposed that the Board set the date to consider the adoption of the 2016 Budget and hold the Public Hearing for same on November 19, 2015.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Pollard and, upon vote, unanimously carried, the Board set the date to consider the adoption of the 2016 Budget and hold the Public Hearing for same on November 19, 2015.

Director Burrer arrived during this portion and for the remainder of the meeting

Employee Retirement Plan: Director Burrer and Mr. Gomes will schedule a meeting with representatives of the Northwestern Mutual Financial Network to discuss the implementation of an employee retirement plan. The Board directed Mr. Gomes to get employee feedback on the option of either receiving a pay increase or implementing the retirement plan in 2016.

Certification of Delinquent Accounts to the County Treasurer: Mr. Gomes proposed that the Board set October 15, 2015 as the date of the Public Meeting at which time the Board will adopt a resolution to certify delinquent accounts to the County Treasurer for collection.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Roberts and, upon vote, unanimously carried, the Board set October 15, 2015 as the date to hold the Public Meeting to consider the adoption of a resolution to certify delinquent accounts to the County Treasurer for collection.

2015 Audit: Mr. Gomes presented a proposal from Osborne, Parsons & Rosacker to conduct the 2015 Audit for an amount not to exceed \$5,400.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the engagement of Osborne, Parsons & Rosacker to conduct the 2015 Audit for an amount not to exceed \$5,400.

LEGAL MATTERS

Londonderry Drive Landscape Easements: Attorney Tanaka reported that her firm prepared a letter on behalf of the District which addresses the landscape maintenance easements to be sent out by Mr. Gomes along with the landscape maintenance easements. In addition to

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the letter, Attorney Tanaka reported that her firm began providing customized Landscape Maintenance Easements to Mr. Gomes to be sent out to respective homeowners. Ms. Tanaka further reported that her firm will continue to provide additional Landscape Maintenance Easements as they are completed.

Conveyance of Scenic View at Paint Brush Hills Tract B: Attorney Tanaka recommended that the Board accept the conveyance of Scenic View at Paint Brush Hills Tract B subject to a title commitment to protect the District from any encumbrances which could cloud the title.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Roberts and, upon vote, unanimously carried, the Board accepted the conveyance of Scenic View at Paint Brush Hills Tract B subject to a title search and confirmation of a clear title.

ENGINEER MATTERS

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

District Office & Shop Project - El Paso County Fees: Mr. Gomes advised the Board that El Paso County requires that the District submit a Site Development Plan, Subdivision Exemption, 1041 Regulation Plan. The fees to the County for the submittals totals \$9,601.00. The Board directed Mr. Gomes to proceed with the submittals and cause the checks be issued for the payments of the fees to El Paso County.

District Office & Shop Project – Exemption Plat: Mr. Gomes presented a proposal from Land Development Consultants, Inc. for the submittal of the Subdivision Exemption Plat to El Paso County in an amount not exceed \$2,000.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Bruszenski and, upon vote, unanimously carried, the Board approved the proposal from Land Development Consultants, Inc. for the submittal of the Subdivision Exemption Plat to El Paso County in an amount not exceed \$2,000 and execution of the First Addendum of the Independent Contractor Agreement between Land Development Consultants, Inc. and the District for same.

OPERATIONS AND MAINTENANCE

Excavation and Pipeline Repair Independent Contractor Agreement with J.C. Jones Excavation, LLC: Mr. Gomes recommended the execution of an Independent Contractor Agreement

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between J.C. Jones Excavation, LLC and the District for excavation and pipeline repair services. He stated that the execution of the Agreement would provide the District with an additional on-call excavation contractor to contact in the event of a water line break.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the execution of an Independent Contractor Agreement between J.C. Jones Excavation, LLC and the District for excavation and pipeline repair services.

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 Pollard and, upon affirmative vote of at least two-thirds of the quorum present, the Board convened in Executive Session at 8:49 PM for the purpose of 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 8:52 PM upon motion duly made by Director Bruszenski, seconded by Director Roberts and, upon vote, unanimously carried.

ADJOURNMENT

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

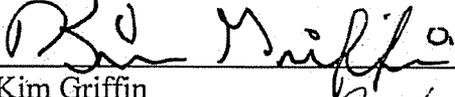
Respectfully submitted,

By _____
Secretary for the Meeting

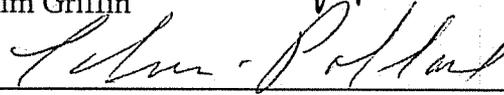
THESE MINUTES ARE APPROVED AS THE OFFICIAL
SEPTEMBER 17, 2015 MINUTES OF THE PAINT BRUSH HILLS
METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS

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SIGNING BELOW:

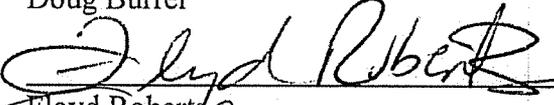


Kim Griffin

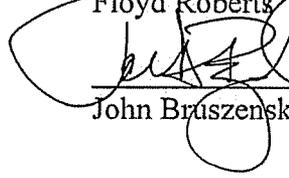


Calvin Pollard

Doug Burrer



Floyd Roberts



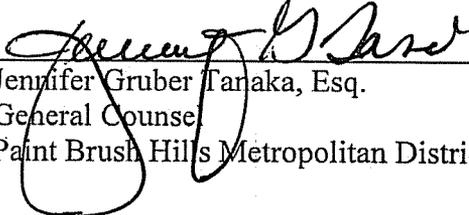
John Bruszenski

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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 September 17, 2015 for the sole purposes of conferencing with the District's legal counsel for the purposes of receiving legal advice on specific legal questions, for discussing matters subject to negotiation and personnel matters, as authorized by §§24-6-402(b), (e), and (f), 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.



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