

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 OCTOBER 15, 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 15th day of October, 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
Floyd Roberts
John Bruszenski

Also In Attendance Were:

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

Rick Goncalves, 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 Member Representative and Alternate Member Representative to the Colorado Special Districts Property and Liability Pool" under Administrative Matters H.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Roberts and, upon vote, unanimously carried,

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the Agenda was approved, as amended.

Public Comment: There was no public comment.

Consent Agenda: The Board considered the following actions:

- Acknowledge Manager's Report
- Acknowledge Staff Report
- Acknowledge Operations Report
- Approve Minutes of the September 17, 2015 Regular Meeting (enclosure 01.03)
- Ratify Amended Private Detention Basin / Stormwater Quality Best Management Practice Maintenance Agreement and Easement among El Paso County, Lorson South Land Corp., and the District

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

Notice of Wastewater Treatment Rate Increase pursuant to Intergovernmental Agreement between Woodmen Hills MD and the District dated June 2, 2011: Mr. Gomes informed the Board that the Woodmen Hills Metropolitan District ("WHMD") had notified the District in writing on October 1, 2015 that a Wastewater Treatment Fee ("Fee") increase was being considered by the WHMD Board of Directors. The proposed Fee for District customers and property owners is \$33.92 per month, an increase from the current rate of \$24.27 per month. Mr. Gomes requested direction from the Board as to any action it wished to take in this matter.

Following discussion, the Board directed Director Griffin and Mr. Gomes to request an analysis from WHMD as to how it arrived at the new Fee and to meet with representatives of WHMD to discuss same.

Cancellation of December 17, 2015 Regular Meeting: Mr. Gomes proposed cancelling the December 17, 2015 Regular Meeting, noting that all matters requiring action prior to the end of 2015 would be addressed during the November 19, 2015 Regular Meeting.

Following discussion, the Board directed that the December 17, 2015 Regular Meeting be cancelled.

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Board and Staff Holiday Social: Mr. Gomes requested direction from the Board regarding holding a Board and Staff Holiday Social during the month of December 2015. The Board directed Mr. Gomes to schedule a Board and Staff Holiday Social on December 10, 2015 4:00 PM at the Creekview Grill. The Board further directed, that if the Board and Staff Holiday Social is not able to be scheduled on December 10, 2015, the alternate dates in order of preference are December 17, 2015 and December 3, 2015.

Designation of Member Representative and Alternate Member Representative to the Colorado Special Districts Property and Liability Pool: Mr. Gomes requested that the Board designate him as the District's Member Representative to the Colorado Special Districts Property and Liability Pool (the "Pool") for the purpose of being able to update the District insurance coverage with the Pool. He stated that he is currently the Alternate Member Representative and that Director Roberts is the current Member Representative.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Roberts and, upon vote, unanimously carried, the Board appointed Mr. Gomes as the Member Representative and Director Roberts as the Alternate Member Representative to the Pool.

FINANCIAL MATTERS

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

General Fund:	\$35,662.15
Debt Service Fund:	\$0
Enterprise Fund:	\$71,067.86
Total Claims:	<u>\$106,730.01</u>

Mr. Gomes reviewed the claims with the Board.

Following review and 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 October 15, 2015, as presented.

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

Following discussion, upon motion duly made by Director Griffin,

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seconded by Director Pollard and, upon vote, unanimously carried, the Board accepted the unaudited financial statements of the District for the period ending September 30, 2015.

Distribution of 2016 Budget: Mr. Gomes presented the proposed 2016 Budget to the Board and noted that the Public Hearing regarding and the adoption of the 2016 Budget will be conducted at the November 19, 2016 Regular Meeting.

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 Griffin, seconded by Director Pollard and, upon vote, unanimously carried, the Board acknowledged the updated 2015 Budget Priorities.

Employee Retirement Plan: Mr. Gomes reported that he and Director Burrer met with Chad Alevras with Gregory and Associates, who represent the Lincoln Financial Group, to review their proposed Internal Revenue Code 457b Retirement Plan products. Mr. Gomes requested that the Board appoint an Employee Benefits & Compensation Committee to work with him in reviewing and making recommendations to the Board regarding an employee retirement plan, employee compensation, and paid time off.

Following discussion, Directors Burrer and Pollard were appointed to the Employee Benefits & Compensation Committee to review and make recommendations to the Board regarding an employee retirement plan, employee compensation, and paid time off.

Certification of Delinquent Accounts to the County Treasurer: Mr. Gomes presented Resolution No. 2015-10-01 Certifying Delinquent Water and Sewer Fees, Rates, Tolls, Penalties and Charges to El Paso County Treasurer for Collection.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Roberts and, upon vote, unanimously carried, the Board adopted Resolution No. 2015-10-01 Certifying Delinquent Water and Sewer Fees, Rates, Tolls, Penalties and Charges to El Paso County Treasurer for Collection.

Resolution Regarding Issuance of Credit Cards to Certain

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Employees: Mr. Gomes presented Resolution 2015-10-02 Authorizing Issuance of Credit Cards to Certain Employees. He noted that the purpose of the Resolution is to authorize the issuance of a District Farmers State Bank VISA credit card to him.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Roberts and, upon vote, unanimously carried, the Board adopted Resolution 2015-10-02 Authorizing Issuance of Credit Cards to Certain Employees.

LEGAL MATTERS

Resolution Regarding Election for Sub-district A Paint Brush Hills Metropolitan District: Attorney Lekahal presented Resolution 2015-10-03 Regarding Election for Subdistrict A – Paint Brush Hills Metropolitan District for the purpose of conducting a November 3, 2015 election for the Paint Brush Hills Metropolitan District Subdistrict A.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Roberts and, upon vote, unanimously carried, the Board adopted Resolution 2015-10-03 Regarding Election for Subdistrict A – Paint Brush Hills Metropolitan District.

ENGINEER MATTERS

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

District Office & Shop Project – Cost Estimate for 1041 Submission to El Paso County: Mr. Goncalves stated a 1041 submission to El Paso County was not within the scope of the Third Addendum to the Independent Contractor Agreement between RG & Associates and the District. He requested that the Board consider his proposal and cost estimate for the additional scope required to complete this submission to El Paso County.

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 to submit the 1041 requirements to El Paso County for an amount not to exceed \$15,000 and the execution of a Fourth Addendum to the Independent Contractor Agreement between RG & Associates and the District.

Lift Station Emergency Overflow Storage Capacity Analysis: Mr.

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Goncalves presented the Board with his analysis and cost estimates for increasing the emergency capacity of the Lift Station. He noted three proposed capacity increases and cost estimates based upon response time:

Response Time (hours)	Required Basin Volume (cubic feet)	Cost
2	13,969	\$58,002
4	27,939	\$92,075
6	41,909	\$120,653

Following review and discussion, the Board chose to defer action on this matter until additional development occurs in the District.

Wells 6 & 7 Water Treatment Pilot Program: Mr. Goncalves reported that there have been positive results from the current pilot project. He presented a proposal to move to a full-scale pilot to bring useable water into the water system rather than discharging it. He noted that the District's Manager of Water & Wastewater Operations, Steve Knepper, had concerns with the amount of water that is being wasted during the pilot. The cost of the proposed full-scale project will be \$135,000 plus engineering cost.

Following review and discussion, the Board chose to defer action on this matter and requested that Mr. Goncalves contact Mr. Knepper regarding his concerns with the amount of water being discharged.

Water Master Plan: Mr. Goncalves presented the final draft of the Water Master Plan to the Board for review and acceptance at a future meeting.

OPERATIONS AND MAINTENANCE

Colorado Department of Public Health & Environment 2016 Small Communities Grant Fund Application; Mr. Gomes stated that he placed this matter on the agenda for Board consideration to partially fund the installation of electronic read transmitters and, after reviewing the grant criteria, did not believe that the project met the grant criteria.

No action was taken by the Board regarding this matter.

PERSONNEL

Employee Paid Time Off: This matter was referred to the Employee

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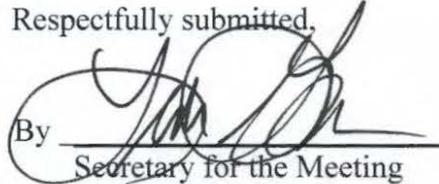
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Benefits and Compensation Committee.

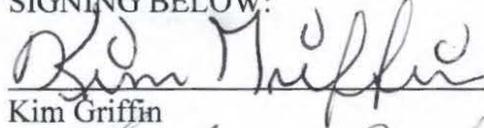
ADJOURNMENT

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.

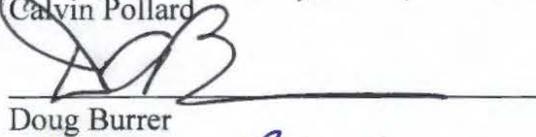
Respectfully submitted,

By 
Secretary for the Meeting

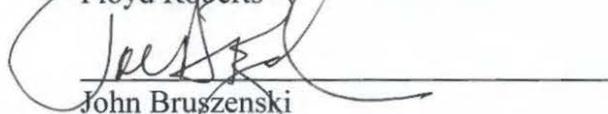
THESE MINUTES ARE APPROVED AS THE OFFICIAL
OCTOBER 15, 2015 MINUTES OF THE PAINT BRUSH HILLS
METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS
SIGNING BELOW:


Kim Griffin


Calvin Pollard


Doug Burre


Floyd Roberts


John Bruszenski